

Ministry of Education | Te Tāhuhu o te Mātauranga

Annual Report 2026

for the year ended
30 June 2026

This document contains the following two reports:

Ministry of Education Annual Report 2026

This report explains how the Ministry of Education performed between 1 July 2025 and 30 June 2026. The Annual Report complies with the reporting requirements set out in the Public Finance Act 1989 and includes our service performance results and full financial statements for the year ended 30 June 2026. This report is presented to the House of Representatives pursuant to section 44(1) of the Public Finance Act 1989.

Vote Education Non-Departmental Appropriations Report 2026

This report provides performance information relating to non-departmental expenditure within Vote Education that is administered on behalf of the Minister of Education. It is included in the same document as the Ministry's Annual Report for the purposes of presentation to Parliament and publication but is not part of the Annual Report. This report is presented to the House of Representatives pursuant to section 19B of the Public Finance Act 1989 and begins on page 194.

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

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33 Bowen Street
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New Zealand Government
Te Kāwanatanga o Aotearoa

Ministry of Education | Te Tāhuhu o te Mātauranga

Annual Report 2026

**for the year ended
30 June 2026**

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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 pursuit of equitable and excellent outcomes for all learners is what continues to drive our work.

We continue to focus on progress towards the Government's targets to improve school student attendance and achievement. It is encouraging to see regular attendance increase year-on-year with the implementation of initiatives such as improved data and reporting, revamped Attendance Services introduced during 2025/26, and the requirement for schools to have an Attendance Management Plan which came into effect in Term 1 2026.

The Curriculum Insights and Progress Study (CIPS), which monitors student achievement and progress in the refreshed curriculum, is also showing early improvements, particularly in Year 6 maths and writing, interrupting the longstanding pattern of declining achievement between Years 4-8. While CIPS provides a system-level view of achievement, the launch of the Student Monitoring, Assessment and Reporting Tool (SMART) is helping schools track the progress of their students and provide clear feedback to teachers and whānau.

Over the past year we have led extensive consultation on updating the New Zealand Curriculum and Te Marautanga o Aotearoa to inform refreshed learning areas that reflect our changing world and support schools and kura to prepare learners for the realities they face today and in the future. The new curricula will be implemented progressively, giving schools time to prepare and plan for change.

The year has also seen progress in reforming senior secondary pathways, including decisions to replace NCEA with new subject-based qualifications from 2029. These reforms are intended to ensure that qualifications are credible, coherent and better aligned with the knowledge and skills people need for further education, training and employment. As with all significant change, careful implementation and strong engagement with the sector will remain critical to success.

Supporting children and young people with additional needs to access timely and effective support is essential to both attendance and achievement. Budget 2025 included major investment to strengthen learning support services, increasing support available to schools and learners. In 2025/26 we have delivered the first tranche of this investment, including the rollout of Learning Support Coordinators to more schools and expanding the Early

Intervention Service into Year 1. This helps more children and young people access the assistance they need to participate, progress and achieve in education.

Our work also continues to strengthen the tertiary education system and work-based learning. Te Pūkenga has been replaced by regional polytechnics, and Workforce Development Councils by Industry Skills Boards. These changes are aimed at making vocational education more responsive to regional and industry needs.

Over the past year, we have worked with other education agencies to carry out government decisions designed to improve the effectiveness of New Zealand's education system. This has included some changes to regulatory settings, with the Education Review Office now responsible for licensing and certifying early childhood providers, licensing school hostels and registering private schools. While regulatory responsibilities have shifted, early learning remains a key focus for the Ministry, and we continue to lead policy development, funding, curriculum design and the setting of standards, helping to support all tamariki to have access to high-quality early learning opportunities. We are also supporting the Government's review of early childhood education funding.

A significant amount of work has also gone into preparing for the establishment of the New Zealand School Property Agency as a new Crown entity responsible for planning, building, maintaining and administering New Zealand's school property portfolio. The Ministry retains responsibility for education policy and network decisions, including managing school network growth and determining where additional teaching spaces are needed to support current and future learner demands.

Alongside these changes, we've continued to strengthen the way we operate as a Ministry so that we are focused on the areas where we can make the greatest difference. At the start of 2026, I introduced a new leadership structure, and we are making changes to the way we work, allowing us to become more outward-focused, responsive, and delivery-oriented, with a stronger emphasis on supporting the needs of students and educators. This includes elevating our sector-facing delivery and learning support functions, strengthening our use of evidence and insights, enhancing our ability to harness digital and data-driven solutions, and doing our core work well.

Being responsive also requires us to be alert to external events, such as the fuel supply disruption and extreme weather events that affected many of our communities this year. These events reinforced the importance of coordinated planning, adaptability, and a system that is resilient and can continue to function under pressure.

Looking ahead, I am confident that the steps we are taking today will further strengthen our education system. We are committed to supporting equitable and excellent outcomes at every stage of education, from early learning to tertiary and into the workplace.



Ellen MacGregor-Reid

Te Tumu Whakarae mō te Mātauranga |
Secretary for Education
30 September 2026

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 the organisational health and capability of the Ministry
- › the financial statements fairly reflect the financial position of the Ministry as at 30 June 2026 and its operations for the year ended on that date
- › the forecast financial statements fairly reflect the forecast financial position of the Ministry for the financial year ending 30 June 2027.



Ellen MacGregor-Reid

Te Tumu Whakarae mō te Mātauranga |

Secretary for Education

30 September 2026

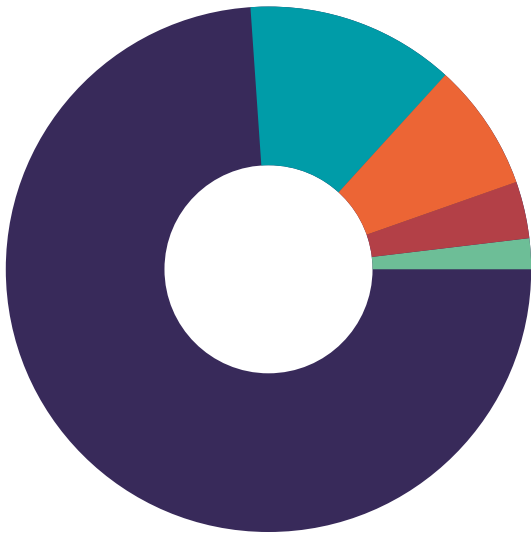
Part 1:

Sector overview

What we fund

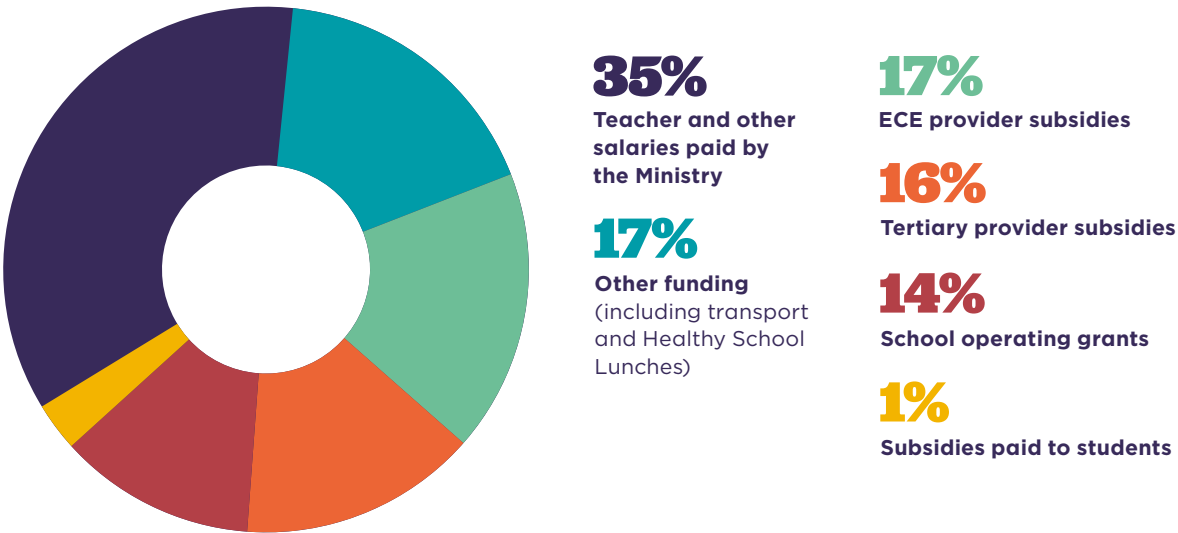
Around \$24 billion is spent annually through Votes Education and Tertiary Education. The broad distribution of funding in the education system is shown below.

Total education expenditure	
Student and staffing funding (excluding student loans)	\$17,770m
Property-related costs	\$3,207m
Capital Expenditure	\$1,941m
Ministry operating funding	\$921m
Crown Agent funding	\$168m
Total	\$24 billion



Most (74 percent) of the annual education funding is invested in students and staff across the Early Childhood Education (ECE), schooling, and tertiary sectors. This is shown below.

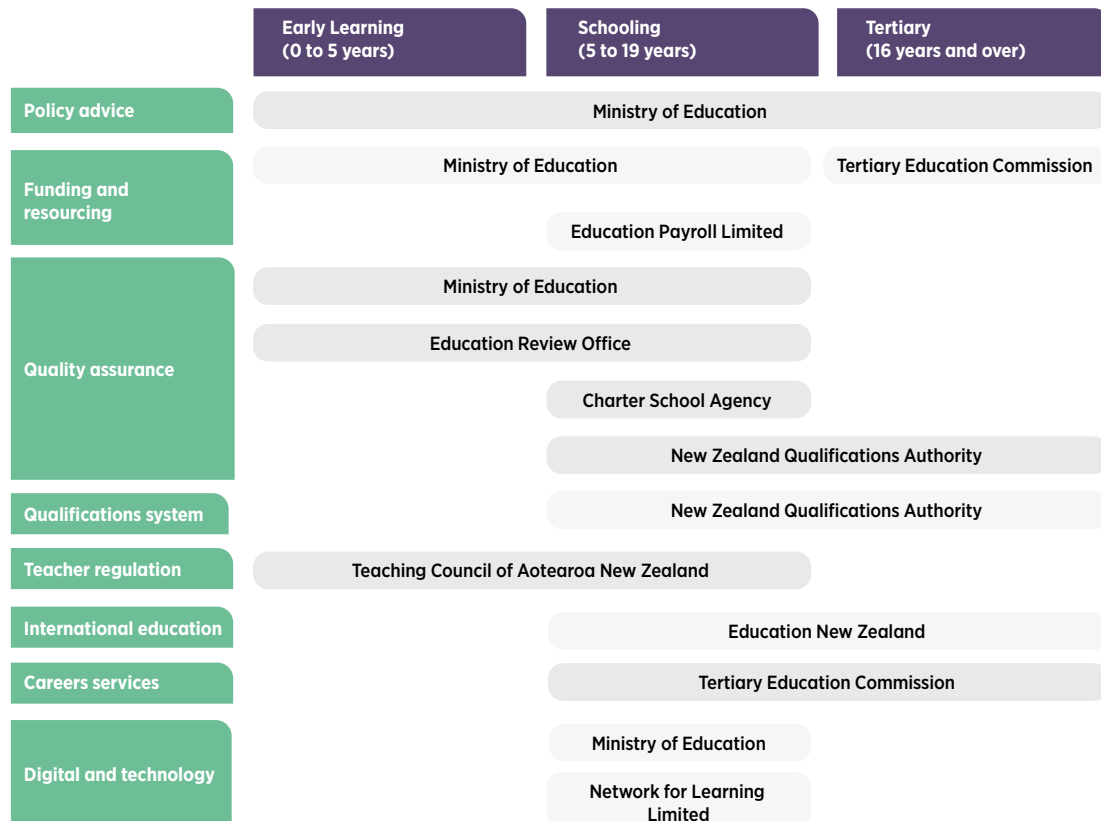
Student and staffing funding	
Teacher and other salaries paid by the Ministry	\$6,199m
ECE provider subsidies	\$3,065m
School operating grants	\$2,536m
Tertiary provider subsidies	\$2,887m
Subsidies paid to students	\$179m
Other funding (including transport and Healthy School Lunches)	\$2,904m
Total	\$17,770m



As part of our annual funding, the Ministry had Major Spending Decisions and significant Budget decisions in Budget 2024 and Budget 2025. We are required to report on these and this information is provided on pages 23 and 24.

Who we work with

There are many agencies working across the education sector. This includes Crown entities, departmental agencies, early learning services, schools and kura, and tertiary education organisations. Each entity contributes to the broader education outcomes and has their own performance framework and reporting.



Sector performance

In 2025/26, we supported over **1.5 million learners** across the early childhood education (ECE), schooling and tertiary sectors, and worked alongside more than **131,000 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.

Ngā Ara o Te Mātauranga: the pathways of education provides further details on system performance.



Early Childhood Education

We invest in quality, accessible **Early Childhood Education** (ECE) so children establish the strong foundations for learning needed for success at school and in later life and parents can participate in the wider 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.

Becoming Primary School Ready

Primary School

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



Secondary School

Secondary Education caters to students aged 13 to 19 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.

Becoming Post-School Ready

Tertiary Learning

Tertiary Education supports students beyond secondary school, offering a wide range of academic, vocational and professional pathways. The sector plays a critical role in preparing students for employment, research and lifelong learning, and supporting the economic output of the country.



We shape an education system that delivers equitable and excellent outcomes

193,000
children enrolled

34,000
teachers

4,400
licensed services

Key sector achievements and objectives

- › Changes to the ECE Reform Act clarified the purpose and objectives of regulating ECE and the guiding principles for regulatory decision-making.
- › More flexibility in workforce qualification requirements.
- › Revised licensing criteria to reduce compliance burden and simplify requirements.



466,000+
students

44,000+
teachers

1,927
schools

- › All state and state-integrated schools with Year 1–8 students to have access to a Learning Support Coordinator (LSC) by 2028.
- › The Student Monitoring, Assessment and Reporting Tool (SMART) for Years 3–10 introduced.
- › Refreshed curriculum content for English, Mathematics and Statistics, Te Reo Rangatira and Pāngarau released.



Becoming Secondary School Ready

311,000+
students

33,000+
teachers

573
schools

- › A new Foundational Award and New Zealand Certificate of Education (NZCE) and New Zealand Advanced Certificate of Education (NZACE) qualifications to be introduced in 2029 and 2030.
- › Targeted support provided so that secondary students achieve the literacy and numeracy, and te reo matatini and pāngarau, co-requisites.

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



556,000
students

20,000
academic staff

400*
providers

- › Vocational education reforms completed, including establishing 10 polytechnics and 8 Industry Skills Boards.
- › Final-year fees-free scheme discontinued.
- › New Tertiary Education Strategy (2025–2030) released.
- › New Tertiary Research Excellence Fund approved to replace the Performance-Based Research Fund.

**All registered and active Private Training Establishments (PTEs) have been included, whether or not they receive funding from the Tertiary Education Commission.*



Performance overview

How we know we're making a difference

Early Childhood Education

- › In 2025/26, there was an increase in attendance for children aged 3 and 4 attending ECE for 10 or more hours per week. Around 97 percent of children attend ECE in the six months before starting school.
- › Evidence suggests that, at school entry, around 80 percent of children are doing well in oral language, while 20 percent are struggling. However, we currently lack sector-wide data on school readiness.

Becoming Primary School Ready

Primary School

- › Overall student achievement in 2025 remained relatively stable compared with previous years. However, there were statistically significant improvements in the proportion of students achieving at or above curriculum expectations in Year 6 maths and writing.
- › Term Two primary school attendance continued to rise – attendance in 2026 was 18 percentage points higher than 2023. Note that the attendance data published in the corresponding section of our 2025 Annual Report was inaccurate and the correct data has been updated in this report.

Secondary School

- › More students are leaving school with Level 2 or an equivalent qualification, including more Māori and Pacific learners.
- › Term Two secondary school attendance continued to rise – attendance in 2026 was 16 percentage points higher than 2023. Note that the attendance data published in the corresponding section of our 2025 Annual Report was inaccurate and the correct data has been updated in this report.

Becoming Post-School Ready

Tertiary Learning

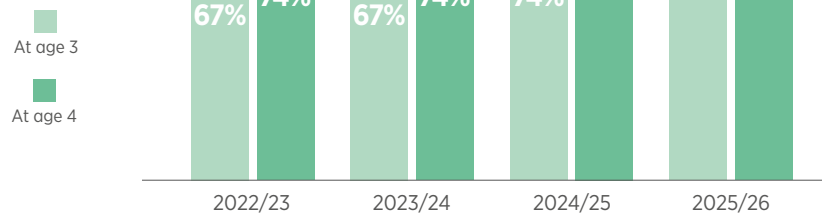
- › The number of domestic students completing qualifications increased by 5.9 percent in 2025, with 123,200 students completing a qualification — an increase of 6,785 students compared with 2024.
- › Major vocational education reforms have progressed to a stage where the sector can move its focus from implementing change to delivering the education and training programmes learners and employers need.

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

We shape an education system that delivers equitable and excellent outcomes

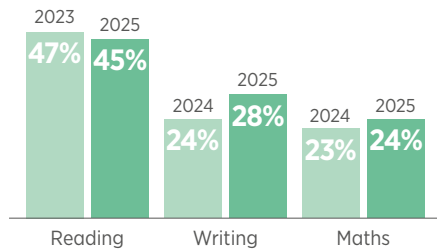
Participation in early learning

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



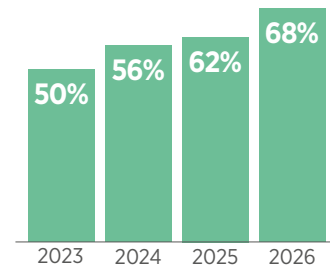
Achievement at primary school

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



Attendance at primary school

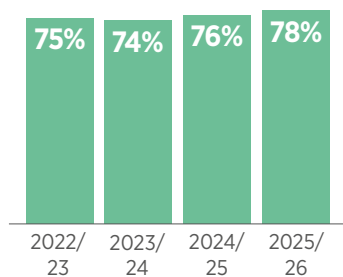
(students who are present for more than 90 percent of Term Two)



Becoming Secondary School Ready

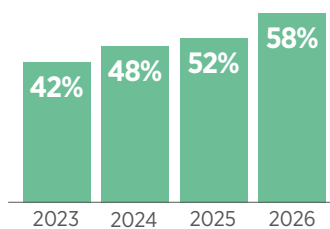
Achievement at secondary school

(school leavers with Level 2 or equivalent)



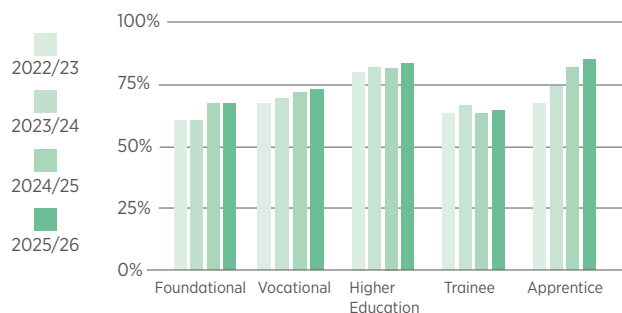
Attendance at secondary school

(students who are present for more than 90 percent of Term Two)



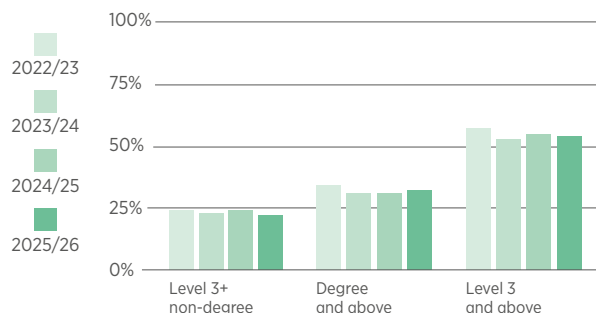
Achievement in tertiary education and training

(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)



Sector reflections

Our education system has real strengths, including a committed workforce, and broad access supported by universal entitlements in early learning, schooling and tertiary. However, social, technological, environmental and economic changes and challenges will continue to change the education landscape.

Resourcing the sector is driven by demand, need and location

The number of learners entering the system is expected to decline over the coming decade due to sustained lower birth rates, with school rolls forecast to fall after peaking in 2026 and tertiary enrolments also expected to decrease. ECE participation is expected to remain high initially, helping sustain demand for services and workforce capacity. The support needs of learners, however, are increasing and are exceeding the services available.

Migration will alter the make-up of the population but is not expected to offset overall population declines. These demographic shifts will affect demand, funding and workforce requirements across ECE, schooling and tertiary education, highlighting the need to adapt provision to changing regional and population needs.

The pace of change requires careful balancing

The education sector has navigated significant change over recent years, including responding to curriculum and assessment reforms, attendance initiatives, vocational education changes, regulatory reform and growing learner support needs, while continuing to deliver core services. Feedback from the sector consistently highlights the challenge of implementing multiple changes at the same time, alongside ongoing workforce, fiscal and operational pressures. As steward of the system, the Ministry needs to balance the need to improve outcomes with the sector's capacity to absorb and implement change, recognising that enduring improvement depends on reforms continuing to be well-sequenced, clearly communicated, and supported by appropriate guidance, capability-building and engagement.

Technology is changing what education delivers and how it operates

Technology, particularly artificial intelligence (AI), is changing what education prepares students for and how agencies work. AI is being widely used in the sector, but with limited system-wide cohesion or guidance. Schools have identified the need for Ministry leadership and policy guidance. The Ministry has a key role in helping the sector

take the opportunities being presented to transform education while managing risks, and supporting its technology capability and resilience and secure handling of data and information.

The Ministry also needs to leverage the benefits of AI within our organisation and has begun doing this. Investment will be needed in emerging technologies, the ageing IT infrastructure, workforce capability, and policy research and development so that the system can realise the value and benefits of AI.

Strengthening the system for Māori education remains a priority

Māori learners make up a significant (25 percent) and growing proportion of all learners within our schooling system. We have an education system where learners and their whānau can choose from English medium, Māori medium and Kaupapa Māori education options. The system is not yet delivering equitable outcomes for all students and persistent disparities in attendance and achievement remain.

Investment in Māori education, especially Māori-medium and Kaupapa Māori education settings, contributes not only to improved educational outcomes for Māori learners, but also to the vitality of te reo Māori and mātauranga Māori.

Further developments in Te Marautanga o Aotearoa, providing new curriculum resources, strengthening te reo Māori supports, investing in kaiako capability, providing pathways for training new kaiako and undertaking property upgrades in Māori medium and Kaupapa Māori kura, are also key in helping to support improved outcomes for ākonga Māori across the education system.

Our services and delivery need to be optimised to meet demand

Our services need to be nationally consistent, timely and responsive to local needs. We have focused on improving our service delivery models, strengthening our contract management capability, putting in place stronger performance expectations and improving our monitoring oversight.

Child wellbeing is foundational

Child and student wellbeing and mental health is a foundation to education achievement. The Children's Act 2014 requires the education sector and the Ministry to enforce strict child safety measures, such as safety checks for workers, policies on how to keep children safe, and how to identify, report and respond to suspected harm.

Students are supported through a system-wide approach where services are delivered through ECE, schools, and Ministry and cross-government programmes. We provide support and guidance to the sector, facilitate the sharing of public health information, and assist with significant events and issues.

In 2025/26, we provided support to the sector when asbestos was discovered in play sand products and continued to respond to feedback on the Healthy School Lunches programme to provide more variety and better meet demand and minimise wastage.

System resilience to external factors is essential

Recent years have reinforced the importance of system resilience. All education settings continue to respond to challenges ranging from extreme weather events and natural hazards to infrastructure issues, health concerns and operational disruptions. The Ministry works closely with ECE centres and schools to support them and responds quickly to issues.

The system needs to prepare for increased climate-related impacts from heat, flooding and storm damage. While the nature and impact of these risks is uncertain, the creation of a dedicated property entity through the New Zealand School Property Agency (NZSPA) should support the system's ability to respond to impacts on the school network.

Fiscal pressures and the case for transformation

The current uncertain fiscal context, international events causing flow-on effects such as increased fuel costs, our ageing population, inflation and increasing demand for public services mean that there is increasing pressure on public finances.

The Ministry is considering funding and system changes to drive value for money and meet learners' needs, reprioritisation of funding where the evidence demonstrates spending can be better used, and improving organisational operating efficiencies. A funding review is underway for ECE, and funding will be reviewed for schools' operational funding and tertiary education funding. Machinery of government changes will enable the Ministry and other education Crown agencies to work more efficiently and effectively with a clear purpose and mandate.

Looking ahead, demographic change, technological disruption, workforce availability, rising demand for learning support, and ongoing fiscal constraints will continue to shape the education system. The Ministry's challenge is to improve learner outcomes while ensuring public investment delivers value for money and the system remains sustainable over the long term.

Part 2:

About us

Our purpose

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 role

The Ministry oversees the education system from ECE through to tertiary 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 external providers.

Our role continually evolves to meet the changing needs and circumstances of the system. We are currently working through significant machinery of government changes, including the establishment of the New Zealand School Property Agency (NZSPA), ECE licensing transferring from the Ministry to the Education Review Office (ERO), and functions shifting from the Teaching Council to the Ministry.

Our funding

Around \$921 million (four percent) of the total education budget is Ministry operating funding. This includes expenditure on policy advice, curriculum, learning support and the delivery of frontline services.

How we are structured

The Ministry is organised into the following groups:

Te Mahau Education Services	Te Pou Kōrero Digital and Data
Te Pou Taunaki Learning Support	Te Pou Kaupapahere Policy
Te Poutāhū Curriculum Centre	Te Pou Tuarongo Māori Education
Te Pou Ohumahi Mātauranga Education Workforce	Te Pou Rangatōpū Corporate

The Ministry is progressing a programme of work designed to improve the way we deliver services and support to learners/ākonga, schools, kura, educators, whānau and communities. Further information is outlined on page 55.

Part 3:

Government 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:

- › **Increased student attendance:** 80 percent of students are present for more than 90 percent of the term by December 2030.
 - Recent progress reports assess achieving the target as "probable". As at 30 June 2026, 64.3 percent of students were present for more than 90 percent of Term Two.
 - Detailed information about our work programme towards this target is provided on pages 26 to 32. Detailed performance information related to student attendance is available on pages 26 to 32 and pages 83 to 87.
- › **More students at expected curriculum levels:** 80 percent of Year 8 students at or above the expected curriculum level for their age in reading, writing and mathematics by December 2030.
 - Recent progress reports assess achieving the target as "at risk". As at 30 June 2026, 45 percent of Year 8 students were at the expected levels for reading, 28 percent for writing and 24 percent for maths.
 - Detailed information about our work programme towards this target is provided on pages 33 to 43. Detailed performance information related to curriculum achievement is available on pages 33 to 43 and pages 73 to 77.

Ministerial priorities

The education portfolio has three Ministers who provide oversight:

- › Minister of Education — Hon Erica Stanford
- › Minister for Tertiary Education — Hon Penny Simmonds
- › Associate Minister of Education (Partnership Schools) — Hon David Seymour.

The Minister of Education has six priorities to lift achievement so that students are meeting or exceeding curriculum expectations, 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.
- › **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.

Additional detail on Minister Stanford's six priorities is published on education.govt.nz and progress against these priorities is included within this report.

Supporting Māori learner success

In December 2024, the Government released the Māori Education Action Plan (MEAP), which sets out its approach to closing the equity gap and lifting achievement and attendance for Māori students and all students learning in and through te reo Māori. The MEAP outlines a set of 'early actions' that are mapped against the Minister's six education priorities and are to be informed by Ka Hikitia – Ka Hāpaitia | the Māori Education Strategy and Tau Mai Te Reo | the Māori Language in Education Strategy – cross-agency strategies for the education sector to support Māori learners and te reo Māori.

The Māori Education Ministerial Advisory Group provides the Minister with independent advice on Māori education across English medium and Māori medium settings, as well as further development of the MEAP.

The Minister is committed to working directly with Te Matakahuki to identify shared priorities for Kaupapa Māori education.¹

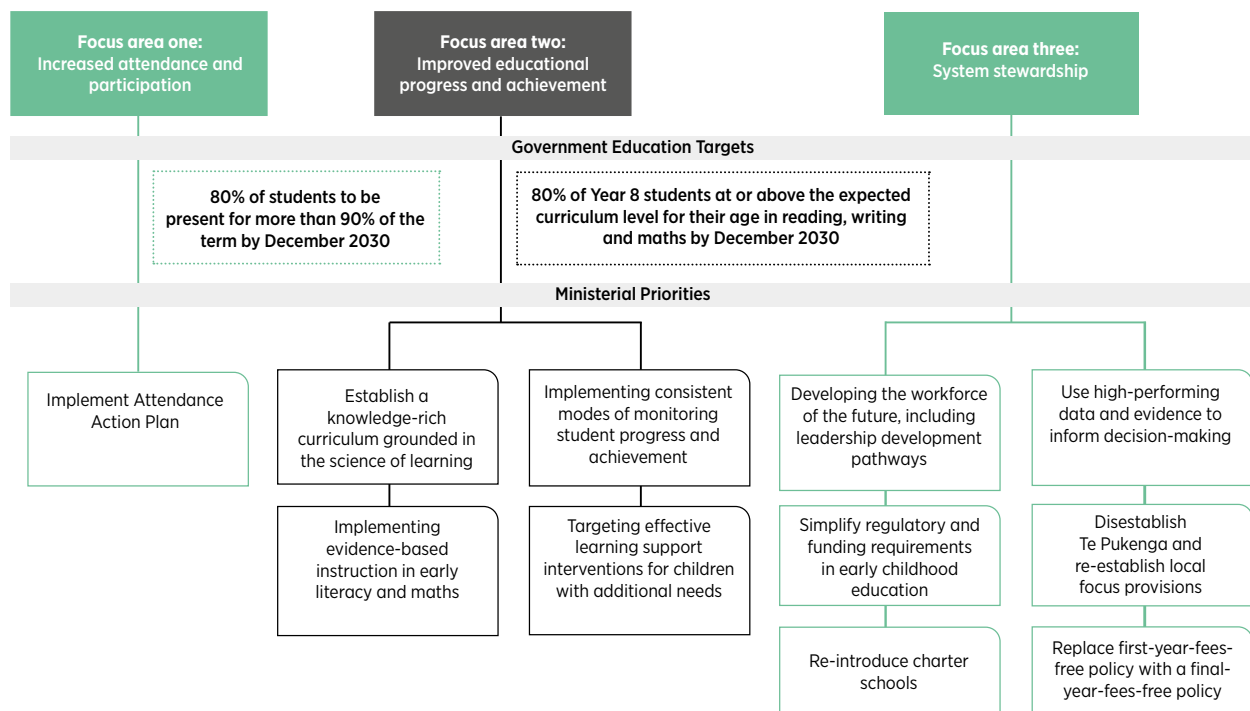
¹ There are four organisations that are collectively known as Te Matakahuki — Te Kōhanga Reo National Trust, Te Rūnanga Nui o Ngā Kura Kaupapa Māori o Aotearoa, Ngā Kura-ā-Iwi o Aotearoa, and Te Taihū o Ngā Wānanga (the collective of the three statutorily recognised Wānanga).

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

- › **Implement an Attendance Action Plan.** Implementation continues. In November 2025, legislation was passed to require all state and state-integrated schools to have Attendance Management Plans in place from Term 1 2026.
- › **Re-introduce charter schools.** Charter schools were reintroduced in January 2025.
- › **Simplify regulatory and funding requirements in ECE.** This is underway.
- › **Disestablish Te Pūkenga and re-establish local focus provision.** Ten regional polytechnics and all work-based learning organisations exited Te Pūkenga to operate as standalone or federated entities in January 2026. Te Pūkenga is due to be fully disestablished by the end of March 2027.
- › **Replace first-year fees-free policy with a final-year fees-free policy.** This was completed in January 2025. The fees-free policy will end in December 2026*.

Strategic Intentions

The Government's education targets and priorities are reflected through the three focus areas in the Ministry's Strategic Intentions 2025–2029. The relationship between targets, priorities and our Strategic Intentions is shown below:



* In Budget 2026, the Government announced that final-year fees-free will end on 31 December 2026.

Major Spending Decisions, significant Budget decisions and baseline savings

The Ministry is required to report on Major Spending Decisions, significant Budget decisions and baseline savings related to Budget 2024 and Budget 2025. This section introduces these areas and outlines where to find detailed information.

Major Spending Decisions

The Ministry had three Major Spending Decisions in Budget 2024 and one in Budget 2025.

Major Spending Decision	The investment	Where to find detailed information
Budget 2024		
Healthy School Lunches Programme	\$820 million over four years	Pages 31 and 80. Additional information is published on the Ministry of Education website .
Apprenticeship Boost	\$65 million over four years	Progress and results are published by the Ministry of Education , the TEC and the Ministry of Social Development .
Charter Schools	\$153 million over four years	Progress and results are published in the Charter School Agency's Annual Report and on its website.
Budget 2025		
Key Learning Support Investments	\$746 million over four years	Pages 33 to 43 and 79.

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 and Budget 2025 funding initiatives below are important to the public and Parliament and align with the Ministry's strategic objectives.

The significant budget decision	The investment	Where to find detailed information
Budget 2024		
Structured Literacy Approaches	\$67 million over four years	Pages 33 to 43 and 73 to 77.
Teacher Supply Supports	\$52 million over four years	Pages 46 to 50.
Establishment of Charter School Agency	\$153 million over four years	Progress and performance information is published in the Charter School Agency's Annual Report .
Commentary: \$153 million for Charter Schools has been identified as both a Major Spending Decision and a Significant Budget Decision.		
School Property Portfolio Depreciation Expenses	\$780 million over four years	
Budget 2025		
Learning Support – Early Intervention Service Strengthened and Extended to Year 1 Learners	\$226 million over four years	Pages 33 to 43 and 79.
Learning Support - Ongoing Resourcing Scheme Volume Funding for the Increasing Number of Eligible Students	\$122 million over four years	Pages 33 to 43 and 79.
Learning Support Coordinators for Schools with Year 1-8 Students	\$192 million over four years	Pages 33 to 43 and 79.

Baseline savings

Through Vote Education 2024/25 and the outyears, the Ministry's baselines were reduced by \$67.8 million. These savings were achieved through reductions in expenditure on contractors and consultants, professional fees, travel and meeting costs, and the Ministry's workforce. Savings decisions were carefully targeted to minimise impacts on direct services for students, teachers and leaders. Ongoing work is needed to continue managing a baseline savings budget gap arising from these reductions.

Consultant and contractor spending in 2025/26 was \$191.4 million, a reduction of \$6 million from the previous year.

Detailed financial information is provided in Part 6 of this report.

Part 4:

Progress against our strategic intentions

This section of the Annual Report outlines the Ministry's progress in delivering on our three medium-term focus areas as articulated in our Strategic Intentions 2025-2029.

Our three focus areas are:

Focus area one: Increased attendance and participation. This includes the sector's progress on increasing attendance, school transport and healthy school lunches.

Focus area two: Improved educational progress and achievement. This includes implementing new curricula and qualifications and delivering learning support to learners who need it.

Focus area three: System stewardship. This includes our work supporting sector reform, from early childhood through to tertiary, supporting the teacher workforce, addressing sensitive claims and managing the school property portfolio.

In 2026/27, machinery of government changes (including the establishment of the NZSPA, the transfer of regulatory functions related to licensing and certifying ECE services to the ERO, and functions shifting from the Teaching Council to the Ministry) will result in the need for us to update our Strategic Intentions.

Focus area one:

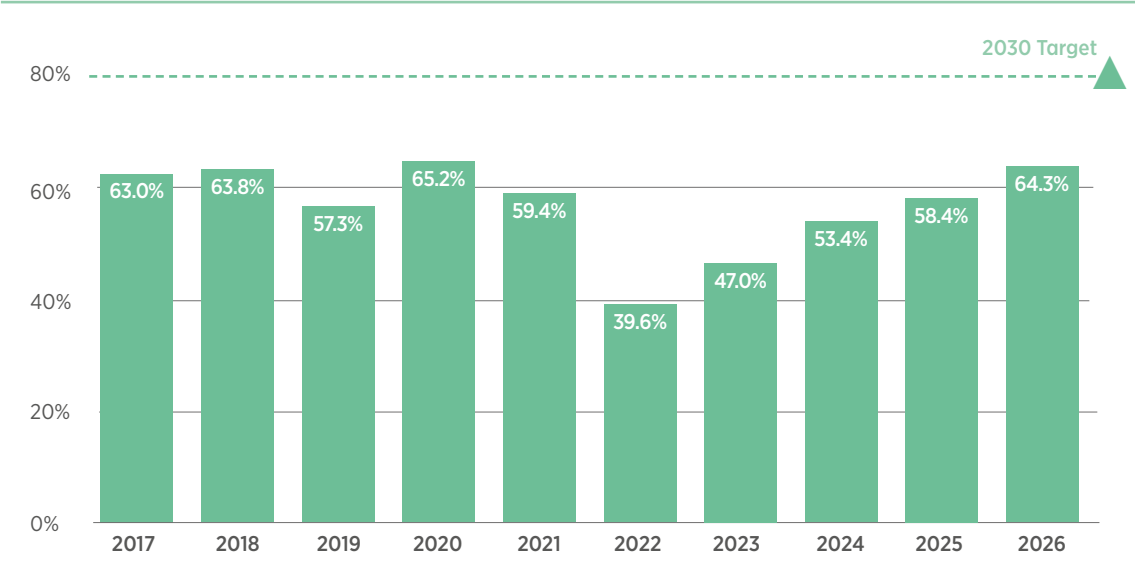
Increased attendance and participation

Our long-term vision is that all learners regularly attend and participate in primary and secondary school, ECE and tertiary education.

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 less than 40 percent of students regularly attended school.

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. We are taking a multi-year and multi-pronged approach to lift attendance rates across primary and secondary schools. We are continuing to use 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 are seeing positive results.

Percentage of primary and secondary school students who are present for more than 90% of Term Two²



Detailed performance information about the Ministry’s focus on increasing attendance and participation is available between pages 61 and 96, in the appropriations marked with the following symbol:



² In 2020 and 2021, the regular attendance statistics were modified to take account of COVID-19 lockdowns. Further information is available on Education Counts. Note that Term 2 attendance data is now reported in the current reporting year, rather than one year retrospectively as per previous Annual Reports.

Our reflections

Lifting attendance in primary and secondary schools is challenging but we are starting to see improvement

Attending school matters. It leads to better educational achievement, employment prospects and earning potential, and improves social outcomes. Attendance is a shared responsibility across parents, schools, boards and government, requiring targeted and responsive actions to make sustained changes in the system. As stewards of the system, we set expectations and use data and insights to monitor and respond to trends to meet the Government’s target.

Since 2024, regular attendance has increased from 53.4 percent (Term 2 2024) to 64.3 percent (Term 2 2026), alongside the implementation of key attendance initiatives. Chronic absence (students who are present 70 percent or less of the term) also declined between Term 2 2025 and Term 2 2026, from 9.3 percent to 7.1 percent.

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
All students	47%	53.4%	58.4%	64.3%	

Data and service innovations are enabling responsiveness

Regular attendance has increased since we implemented initiatives such as improved data and reporting, revamped Attendance Services and the Stepped Attendance Response framework for schools. From Term 1 2025, schools began submitting daily attendance data with refreshed codes and guidance. The Ministry, Attendance Services and schools actively use this data to target responses.

The Ministry is re-orienting its services to schools, introducing more consistent national practices through a new operating model, prioritising support for schools with the greatest need. The Government has amended the statutory environment, including increased accountability to boards, schools and parents. Parents receive attendance data as part of their student’s school report.

While improvements have been realised, further gains are needed and will be challenging to reach

Addressing barriers for specific cohorts is critical; once students are chronically absent, 55 percent will not achieve Level 2 NCEA and 92 percent will not get University Entrance. By age 25, almost half will receive a benefit. Due to the complex drivers, it is hard to make sustained changes and requires multi-agency actions and resource-intensive responses.

Supporting improved attendance outcomes for learners remains a focus for the Ministry. For Māori learners, who continue to experience lower rates of regular attendance than the national average, the Ministry is working alongside iwi, whānau, schools, kura and attendance providers to support locally responsive approaches that re-engage learners and strengthen educational participation.

Sickness still accounts for about 50 percent of absences. How minor illness is managed by

schools and parents is key to improving attendance, along with how parents understand the benefits of education and prioritise it, establishing good attendance habits early.

Attending ECE remains high but we lack sector-wide data on school readiness

The Ministry funds and licences ECE and contributes to increased attendance by reducing costs to parents and supporting centres to operate.

In 2025/26, there was an increase in attendance for children aged 3 and 4 attending ECE for 10 or more hours per week. Around 97 percent of children attend ECE in the six months before starting school. This establishes regular engagement in education for children and their families and better prepares them for school. However, participation intensity varies, with generally lower participation for Māori and Pacific children, disabled children and those from lower socio-economic backgrounds.

Evidence suggests that, at school entry, around 80 percent of children are doing well in oral language, while 20 percent are struggling, with poorer oral language concentrated among boys and children from lower socio-economic areas. However, we currently lack sector-wide data on school readiness.

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

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Age 3	67%	67%	74%	77%	↗
Age 4	74%	74%	81%	83%	↗

Participation in tertiary education remains steady, with small increases in achievement

The Ministry is responsible for the stewardship of the tertiary sector, with key functions carried out by the Tertiary Education Commission (TEC) and the New Zealand Qualifications Authority (NZQA). More information on the tertiary education sector can be found in the TEC Annual Report.

Overall, tertiary education participation in New Zealand compares favourably to many OECD countries. However, participation rates among school leavers have declined in recent years and remain significantly lower for young Māori and Pacific people. Lower participation contributes to disparities in employment outcomes.

In 2025/26, 54 percent of school leavers enrolled in Level 3 or higher tertiary education, which is a small decline from the previous year. Enrolments in Level 3+ non-degree programmes decreased slightly to 22 percent, while degree-level enrolments had a small increase to 32 percent.

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

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Level 3+ non-degree	24%	23%	24%	22%	→ or ↗
Degree and above	34%	31%	31%	32%	→ or ↗
Level 3 and above	57%	53%	55%	54%	→ or ↗

In 2025/26, there was a modest improvement in the percentage of students and work-based learners completing courses or credits at all levels except for at foundational level where there was no change from 2024/25.

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

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Foundational level	61%	61%	68%	68%	→ or ↗
Vocational level	68%	70%	71%	73%	→ or ↗
Higher education	81%	83%	83%	85%	→ or ↗
Work-based learners:					
Trainee	64%	67%	64%	65%	→ or ↗
Apprentices	68%	75%	83%	86%	→ or ↗

Our key activities in 2025/26

Improving school attendance through a new delivery model

In 2025/26, the Ministry completed a national procurement process for Attendance Services. This resulted in the establishment of a strengthened network of providers under new contracts with clearer expectations, performance measures and accountability settings. This expanded the service and reach to a broader cohort of students, including those who are chronically absent and non-enrolled. It also improved consistency in delivery through a more structured and disciplined service model.

The new arrangements include a mix of 61 Attendance Service Providers, across 83 catchment areas and 170 services via in-school provision, supporting both localised delivery and stronger system oversight. Early insights from implementation and the recent national health check of the Attendance Service indicate that the model is sound, with strong relationship-based practice, improved reach and emerging multi-agency collaboration. At the same time, the first year of delivery has highlighted key areas for continued focus, including building provider capability, improving system functionality, strengthening consistency of practice, and addressing broader barriers to attendance through more coordinated cross-agency responses.

Embedding consistent practice and strengthening accountability

Key activities have focused on embedding and operationalising attendance initiatives and strengthening consistent practice and accountability across the system. From Term 1 2026, all state and state-integrated schools in New Zealand are required to implement an Attendance Management Plan. These aim to improve student attendance by providing clear pathways to identify and address absences.

Supporting parents and whānau

Parents and whānau play a critical role in supporting regular attendance and establishing positive attendance expectations. The Ministry has used social media channels to promote conversations with parents and whānau about the importance of regular attendance, and has developed resources that schools can use to support attendance campaigns within their own communities.

As sickness-related absences remain the largest driver of student absence, over the last year the Ministry has worked with Health New Zealand to promote healthy habits and provide trusted health information to families. This has helped strengthen parental decision-making when children are unwell, including understanding when children should stay home and when they are well enough to attend school and continue learning.

Audit Office Report on the Healthy School Lunches and Early Childhood Education (ECE) food programmes

In June 2026, the Audit Office released its Report on the Healthy School Lunches and Early Childhood Education (ECE) food programmes.

The report focused on past performance of the early implementation of a single supplier under one delivery model of the programme. Since the report was commissioned, the Ministry had introduced a range of improvements, including strengthened monitoring arrangements and regular performance reporting. It outlined steps taken to enhance the measurement and management of the key performance areas of nutrition, food waste and surplus, which remain a priority focus for the programme.

The report provided observations on the 2024 procurement process and contingency planning. Improvements to the procurement process were made during 2025 through clearer supplier expectations, strengthened communications and the testing of contingency plans.

Assisting around 100,000 eligible students to get to and from school every day

In 2025/26, we provided 1,399 daily school bus routes across the country, serving 912 schools, and funded 364 schools and kura to organise and manage their own transport assistance.

We routinely review our services to ensure eligible students receive the transport support they are entitled to, and that services align with Ministry policy and funding requirements.

A review of school transport policy is underway to identify barriers students face to access school transport and determine what improvements could be made. It is expected to be completed in the next 12 months.

In 2025/26, we also provided specialised education school transport assistance (SESTA) to approximately 6,900 eligible students with mobility and/or safety needs.

We have initiated a system-wide review of SESTA operations as part of ongoing monitoring and continuous improvement, to identify improvements to processes and service delivery and strengthen confidence and role clarity across the sector.

Providing period products to school students

We have provided around 8.2 million period products to school students this past year.

We provide over 210,000 students with free access to a selection of pads and tampons each year, through the Ikura period products in schools programme. This programme is currently operating in 95.5 percent of eligible schools and enables students to feel confident and supported to come to school.

Our priorities for 2026/27

Strengthening Attendance Services, early intervention and data-driven support

We will continue embedding the redesigned Attendance Service Delivery Model to improve consistency, accountability, and timely support for students and whānau. This includes increasing targeted interventions for priority cohorts, particularly students with irregular attendance, and using monitoring and evaluation insights to better understand and address avoidable absences.

To support earlier and more effective intervention, we will enhance Attendance Service referral processes, and leverage real-time data to identify emerging issues sooner and enable faster responses. We will also strengthen provider capability, clarify national guidance and improve system functionality, while enhancing data quality, system integration, escalation pathways for complex cases, and visibility of students who are difficult to locate.

Enhancing collaboration, governance and accountability

We will strengthen cross-agency collaboration to provide more coordinated support for students who are disengaged from education, including increased data sharing and joint approaches across services. This will build on multi-agency pilots and support the national rollout of multi-agency forums from 2027, while sharing effective practices, scaling successful local approaches, and using Communities of Practice to promote innovation and collaboration.

We will also strengthen attendance governance and accountability through the introduction of new principal exemption rules from Term 1 2027, improving the transparency, consistency and oversight of exemption decisions across the system.

Focus area two:

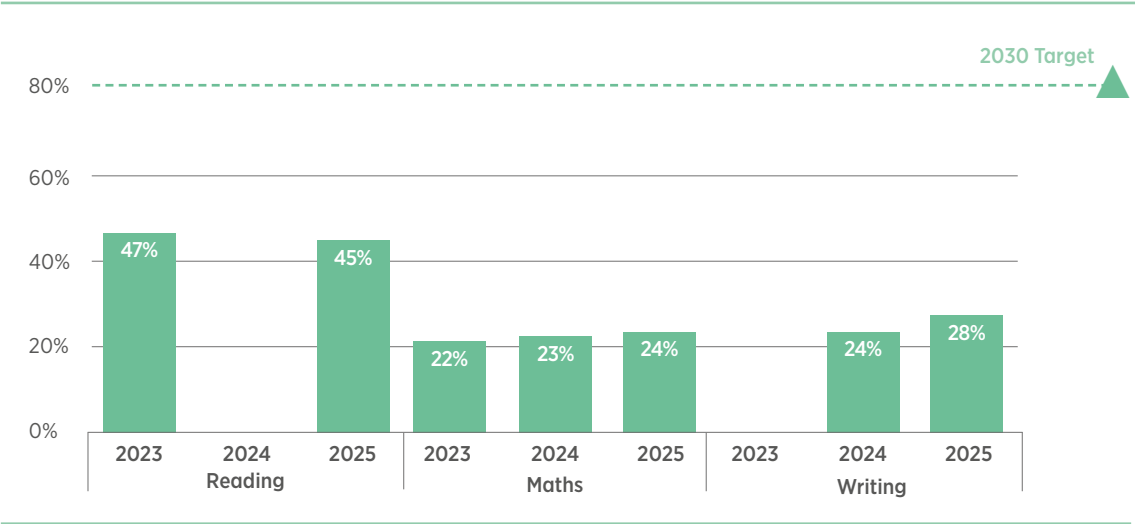
Improved educational progress and achievement

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. Decades of national and international monitoring have shown persistent challenges in lifting achievement.

In April 2024, the Government set the target for 80 percent of Year 8 students to achieve expected curriculum levels in reading, writing and mathematics by 2030. To support this, the Ministry is delivering a significant, multi-year programme of reform across curriculum, assessment and aromatawai, and system supports. These reforms represent a long-term shift to a more coherent, evidence-informed education system; one that supports consistent progress, lifts achievement and sets students up for success.

Percentage of Year 8 students at or above the curriculum level, by subject:³



3 Foundation assessments monitor progress in reading, writing, and mathematics. In 2023, reading and mathematics were assessed; in 2024, writing and mathematics. From 2025, reading, writing and mathematics are assessed every year.

To reach their full potential at school, it is important that students have the learning support they need. Demand for learning support has grown faster than service capacity in recent years, having grown by 13 percent since 2022/23. Rising demand, more complex learner needs and workforce capacity have led to longer wait times, particularly for the behaviour, communication and early intervention services. Our backlog and wait times for these services consistently fail to meet targets, indicating a persistent gap between expected and actual service performance.

Detailed performance information related to our learning support services is available on page 79.

Detailed performance information about the Ministry’s focus on improving educational progress and achievement is available between pages 61 and 96, in the appropriations marked with the following symbol:	
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Our reflections

We are strengthening our data and insights to better understand how schools and learners are performing

Over the past 12 months, we have been strengthening our use of data and insights to better understand student progress and achievement against the refreshed New Zealand Curriculum (NZC) and Te Marautanga o Aotearoa (TMoA).

We introduced new national checkpoints to see how well learners are progressing against the NZC and TMoA. These include the Phonics Checks and Hihira Weteoro assessments. We also developed the SMART assessment and aromatawai tool for learners in Years 3 to 10.

To better understand how learners are doing across the country, we expanded national monitoring studies for both curricula. These studies, the Curriculum Insights and Progress Study and Te Tīrewa Mātai, track learner progress in Years/Tau 3, 6, and 8 and provide a clearer national picture of achievement over time.

However, challenges remain, including the lack of a clear, joined-up view of student progress across the system, inconsistent use of new tools, limited ability to track progress over time and gaps in Kaupapa Māori and Māori medium education. The next phase of work includes trials of a new Maths and Pāngarau Check, and development of future Times Table and Division Checks announced through Budget 2026.

We are supporting primary schools with the new curriculum

Work on the new national curriculum continued, with investment in implementation and curriculum development. Over the last 12 months, further support was provided to schools and kura through professional learning, assessment and aromatawai tools and teaching resources. ERO findings showed that targeted support helped build teacher confidence and strengthen teaching practice. Feedback from principals, teachers and subject associations highlighted the need for more time to embed changes, clearer communication and stronger engagement with the sector throughout implementation. In response to sector feedback, implementation timelines for some learning areas and wāhanga ako were extended to allow more time for planning, professional learning and successful adoption across schools and kura. These experiences reinforced the importance of phased implementation and early engagement while balancing the need for improvement with the realities facing schools and kura.

We also expanded regional support for schools and kura. The Curriculum Advisory Service grew to 100 Curriculum Advisors, providing targeted advice on curriculum implementation, assessment and aromatawai, reporting, evidence use and capability building. The Leadership Advisory Service continued to support principals, tumuaki, senior leaders and boards through the significant curriculum changes by providing tailored advice, coaching and facilitation. Feedback highlighted the value of trusted, locally responsive support during a period of significant change.

We are seeing early signs of progress in student achievement in primary schools

Initial results show early signs of improvement in student achievement following investments in curriculum, assessment, teaching support and learning resources. National monitoring shows achievement under the New Zealand Curriculum has stabilised in Years 3, 6 and 8 for the first time in decades, with small improvements in maths and writing.

However, achievement remains uneven across learners and year groups with many students still below expected levels. Achievement gaps persist, and schools and kura are continuing to build confidence in using new tools and approaches, most of which have only been in place since the beginning of 2025. Sustained support and consistent implementation will be important to maintaining and improving outcomes over time.

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	2025/26	Desired trend
Reading	47%	47%	47%	45%	↗
Writing	35%	35%	24%	28%	↗
Mathematics	22%	22%	23%	24%	↗

Percentage of Year 6 students at or above the expected curriculum level for their age in reading, writing and mathematics:

	2023/24 Baseline year	2024/25	2025/26	Desired trend
Reading	52%	52%	52%	↗
Writing	N/A	33%	38%	↗
Mathematics	28%	30%	36%	↗

Percentage of Year 3 students at or above the expected curriculum level for their age in reading, writing and mathematics:

	2023/24 Baseline year	2024/25	2025/26	Desired trend
Reading	55%	54%	53%	↗
Writing	N/A	41%	41%	↗
Mathematics	28%	22%	25%	↗

We have received our first Te Tīrewa Mātai results

Te Tīrewa Mātai is a new kaupapa Māori study developed with Māori, in partnership with the New Zealand Council for Educational Research (NZCER) and the Ministry, to understand the progress and achievement of mokopuna learning through te reo Māori.

We have received the first results for Te Tīrewa Mātai. This is a major milestone in the development of a monitoring system for those learning through te reo Māori, and towards consistent monitoring across the education sector. The data was collected in late 2025 and is based on kaiako professional judgements, drawing on a range of evidence and assessment tools to evaluate mokopuna progress and achievement.

The data includes 340 mokopuna from 12 kura, representing approximately 4.1 percent of eligible mokopuna and 3.3 percent of eligible kura. While this sample is not yet large enough to draw representative conclusions, it will be expanded each year to strengthen future analysis.

The table below shows the results disaggregated by Pānui, Tuhituhi, and Pāngarau. For detailed performance information see pages 75 to 77 in this report. Further information about Te Tīrewa Mātai is available on the NZCER website.

<https://www.nzcer.org.nz/research/projects/te-tirewa-matai>

Percentage of mokopuna described as either exceeding or proficiently achieving curriculum expectations in 2025:

	Year 3	Year 6	Year 8
Pānui	70%	75%	67%
Tuhituhi	60%	58%	61%
Pāngarau	55%	58%	50%

Secondary school achievement remains a priority and we are working to create clearer and more coherent pathways for learners

More students are leaving school with Level 2 or an equivalent qualification, including Māori and Pacific learners. There are changes being introduced for secondary education over the next few years, including the new curriculum, a Foundational Award, and with the New Zealand Certificate of Education (NZCE) and the New Zealand Advanced Certificate of Education (NZACE) qualifications in 2029 and 2030. The new subject-based qualifications are designed to be easier to understand.

Percentage of school leavers with Level 2 or equivalent:

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
All students	75%	74%	76%	78%	

Qualification completion trends in the tertiary sector are stable

Qualification completions are important because tertiary graduates, on average, earn more than someone who goes straight from school into the labour market. Tertiary education provides foundational skills right through to advanced research-led teaching, with credentialed education (whether on-campus, online, or in the workplace).

The percentage of tertiary students and work-based learners who have completed qualifications within an expected period has remained broadly consistent over recent years. However, completion rates remain uneven across population groups. Māori, Pacific peoples, disabled students and work-based trainees are less likely to complete their qualifications and are more likely to drop out of tertiary education.

Details disaggregated by level of tertiary study are shown in the table below and the TEC provides further insights in its [Annual Report](#).

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

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Tertiary students:					
Foundation level ⁴	79%	75%	75%	77%	→ or ↗
Vocational level ⁵	80%	79%	79%	78%	→ or ↗
Higher education ⁶	80%	80%	80%	80%	→ or ↗
Work-based learners:					
Trainee	54%	51%	51%	54%	→ or ↗
Apprentices	65%	60%	59%	59%	→ or ↗

We are investing significantly in learning support

Budget 2025 included a \$747 million investment in learning support to expand services, improve access and strengthen early intervention. It also introduced demand-driven funding for the Ongoing Resourcing Scheme (ORS) to ensure learners with the highest needs receive timely and equitable support.

To reflect this investment, the Ministry established Te Pou Taunaki | Learning Support as a standalone business group to strengthen learning support services and improve outcomes for learners, whānau and those who support them. From Term 1 2026, we started rolling out Learning Support Coordinators (LSCs) in more schools and kura, more teacher aide hours, expanded specialist and early intervention services, and demand-driven ORS funding.

4 Foundation level qualifications take a few months to one year to complete.

5 Vocational level qualifications take one to two years to complete.

6 Higher education level qualifications take a minimum of three years to complete.

However, wait times for learning support services remain long and will take time to reduce

Demand for learning support has outpaced what the system can provide, and the number of children receiving support continues to grow. We are prioritising support for children who have been waiting the longest. In 2025/26, this has meant that average wait times have remained high or increased, even though the overall waitlist is getting smaller. We are increasing the learning support workforce and, in 2026/27, will implement learning support service agreements to help manage demand so that cases are closed when learning support goals have been achieved.

Our key activities in 2025/26

In 2025/26, we continued to deliver on our priorities to improve student progress and achievement. These included:

Strengthening the curriculum for schools and kura

Over the past 12 months, refreshed curriculum content for English, Mathematics and Statistics, Te Reo Rangatira and Pāngarau Years/Tau 0-10 was released. These refreshed learning areas and wāhanga ako became mandatory in schools and kura from the start of 2026. To support implementation, the Ministry developed teacher-only day resources, professional learning, teaching, planning and assessment and aromatawai resources and tools, all designed to support consistent classroom practice.

Curriculum development for other learning areas and wāhanga ako continued during 2025/26, with consultation a key part of developing the refreshed National Curriculum.

Draft curriculum content for Years 0-10 across a range of New Zealand Curriculum learning areas and Te Marautanga o Aotearoa wāhanga ako was released for public consultation, alongside the Curriculum framework. Schools and kura participated in trials of draft content, providing practical feedback based on classroom experience. Consultation also continued on the new Year | Tau 11-13 subjects, released in stages throughout 2026. Feedback from educators, schools, kura, and other stakeholders is being used to refine and finalise curriculum content before implementation.

Supporting schools and kura through curriculum and assessment change

National roadshows and sector engagement activities have helped schools, kura and education leaders prepare for the new national curriculum and upcoming assessment changes. A second round of roadshows in June 2026 focused on senior secondary curriculum, assessment and qualification reforms, helping build understanding, clarity and confidence around implementation.

The Ministry also provided curriculum-aligned learning resources and professional development:

- › new curriculum-aligned resources for Mathematics and Statistics, English, Science, Te Reo Rangatira, Pāngarau and Pūtaiao, including science and pūtaiao kits for primary and intermediate schools
- › digital learning resources for Years 9–10 maths, including teacher guidance, workbooks and classroom materials
- › professional learning and development for over 21,000 teachers and literacy specialists, including Structured Literacy Approaches and Rangaranga Reo ā-Tā training
- › assessment, aromatawai and implementation support, including planning resources, learning materials, guidance and training, to support consistent teaching, assessment and reporting practices.

Building capability for literacy and numeracy success

During 2025/26, the Ministry provided targeted support to help secondary learners achieve the literacy and numeracy, or te reo matatini and pāngarau, co-requisites. This included professional learning for kaiako and teachers, delivered in partnership with Māori education organisations, to strengthen teaching and learning across schools and kura and support learner success.

Evidence-based and data-informed initiatives, including the Numbers, Names, Needs Programme, helped accelerate learner progress and improve co-requisite attainment. As at 30 June 2026, 79 percent of Year 11 students had met the co-requisite requirements for literacy, and 78.4 percent for numeracy. This work will continue to build teacher capability and provide targeted support as the new qualifications system is introduced.

Developing consistent monitoring of student progress

The Ministry remains focused on a whole-of-pathway approach to assessment, aromatawai, reporting and monitoring. These changes are intended to improve the consistency of assessment and reporting, support earlier identification of learning needs, provide support where needed and provide clearer information about learner progress.

During 2025/26, we introduced the Student Monitoring, Assessment and Reporting Tool (SMART) for Years 3–10. Twice yearly assessment is mandatory for Years 3–8. SMART provides consistent information on student progress and achievement, supports readiness for NCEA co-requisites, and helps schools identify learning needs earlier through more consistent assessment practices. We also provided guidance, resources, and professional learning for reporting to parents and whānau, to help teachers and kaiako deliver clear, consistent information about how students are progressing in reading, writing and maths, pāngarau, pānui and tuhituhi.

Expanding digital tools and supports to strengthen writing and accelerated learning

During 2025/26, the Ministry expanded digital tools and resources to strengthen writing and support accelerated learner progress. These were made available through our Tāhūrangi curriculum platform. These include a digital writing tool to support the development of writing fluency and capability, and targeted acceleration supports designed to assist learners who require additional help to meet curriculum expectations.

Alongside these tools, we provided supporting resources, exemplars and professional learning opportunities to enable effective implementation in classrooms. Together, these supports are helping teachers to target teaching more effectively and support accelerated progress for learners.

Responding to growing demand for specialist learning support

The Ministry is taking a phased approach over several years to increase the number of learning support specialists. During the first half of 2025/26, preparation included recruiting additional specialists, increasing teacher aide hours, providing schools with guidance and resources to support the rollout of LSCs, and establishing new service delivery and professional learning arrangements. Implementation began in Term 1 2026, with most additional specialist roles now in place across key services, including Early Intervention, Behaviour and Communication, ORS and the Intensive Wraparound Service.

Rolling out more Learning Support Coordinators

LSC implementation began in Term 1 2026, with 474 schools receiving an in-school LSC. This gave more than 100,000 additional children access to earlier learning support and is the first stage of a three-year rollout that will provide all Year 1-8 learners in state and state-integrated schools with access to an LSC by 2028. Coverage is expected to increase from around 60 percent of learners in 2026 to 80 percent in 2027, reaching full nationwide coverage in 2028.

Expanding Early Intervention support

During 2025/26, 19,557 children received support from the Early Intervention Service (EIS). In 2026, the EIS was expanded to include Year 0-1 learners, supporting children through their transition to school. To meet growing demand and increase specialist capacity, the Ministry has also established new service delivery arrangements that will expand access to psychologists, speech-language therapists and other specialist support from August 2026.

Our priorities for 2026/27

Refreshing the curriculum and strengthening learning pathways

The National Curriculum Refresh is being carried out through a phased rollout to give schools and kura time to prepare for change while maintaining high-quality teaching and learning. The updated Years 0–10 curricula will be released in 2026, with implementation beginning from 2027 and continuing through to 2030. The final Years 11–13 curriculum will be published later in 2026 and progressively implemented between 2028 and 2030.

The curricula also includes new industry-led subjects for Years 12 and 13, developed in partnership with eight Industry Skills Boards to better align learning with employment, training and further education pathways. The phased rollout is intended to provide schools and kura with flexibility and transition time, supported by Ministry resources, guidance and professional learning.

Preparing schools and kura for qualification refresh

The Ministry will continue to prepare schools and kura for the phased introduction of the new qualification system from 2028 to 2030. Work will focus on developing the detailed rules, policies and processes required to support the new qualifications, alongside teaching resources, assessment guidance and professional learning. Through ongoing engagement and support, including the Networks of Expertise and Curriculum Advisory Service, schools and kura will be equipped with the knowledge, capability and confidence needed to successfully implement the changes and deliver positive outcomes for learners.

Embedding and sustaining progress in Literacy and Maths and Te Reo Māori and Pāngarau

The Ministry will continue to build on improvements in foundational learning by providing more high-quality teaching resources, tools and professional learning. Supported by Budget 2026 funding, these investments will help strengthen teaching practice and improve outcomes for learners in reading, writing and maths across Years 0–10.

Strengthening reporting to parents and whānau

The Ministry will continue to improve reporting to parents and whānau by providing clearer and more timely information about their child's progress and achievement in reading, writing and maths, or pānui, tuhituhi and pāngarau. It will also strengthen support for teachers and kaiako to build their confidence and capability in assessment, reporting and using data to support learner progress.

Continuing to build learning support capacity and capability

In 2027, the learning support workforce will be expanded by more than 130 additional specialist roles, alongside a total allocation of over 1.17 million teacher aide hours. The Ministry will continue rolling out professional learning and development for LSCs, providing flexible online training to build capability and support consistent practice across the growing LSC workforce.

We are increasing support for learners with additional needs by taking steps to address barriers for disabled students and investing in additional services and support. Budget 2026 funding will respond to the increased volume pressures for students with high health needs, deaf learners and families, and those requiring specialist support, including additional teacher aide support.

Modernising learning support through data, monitoring and digital services

Improving data and monitoring is a priority so we know how the system is performing, where we need to create capacity and what additional support is needed.

The Ministry will begin a phased digitisation of the systems behind our learning support services from Term 3 2026, improving access to learner information, streamlining support processes and enabling more coordinated, data-informed decision-making. This work aims to reduce administration, improve the experience for families, schools and practitioners, and strengthen the use of data to inform service delivery and future investment decisions.

Focus area three:

System stewardship

As system steward, the Ministry is accountable for shaping an education system that delivers equitable and excellent outcomes.

Our role continually evolves to meet the changing needs and circumstances of the system. 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.

Detailed performance information about the Ministry’s focus on system stewardship is available between pages 61 and 96, in the appropriations marked with the following symbol:

Our reflections

Strengthening our stewardship and regulatory role remains a priority for the Ministry

During 2025/26, the Ministry progressed significant legislative, policy and operational changes to define our role more clearly in the education system, strengthen accountability and ensure the system delivers high-quality services and value for public investment.

The Ministerial satisfaction rating has generally trended upwards since 2024, noting that the rating scale changed during the period.

Ministerial satisfaction with the Ministry of Education

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Satisfaction rating	7 out of 10	3 out of 10	7 out of 10	4 out of 5*	↗

**For 2025/26, we changed the Budget standard of all our Ministerial satisfaction measures to be “out of 5” instead of “out of 10”, in line with broader Department of Prime Minister and Cabinet (DPMC) direction.*

We are supporting legislative reform

The Education and Training (System Reform) Amendment Act 2026 introduced important reforms to strengthen accountability, improve coordination across the education system and support more effective delivery of services for learners. These changes clarify the roles and responsibilities of key education agencies, including by establishing the NZSPA to manage the school property portfolio, transferring regulatory functions for early learning, private schools and hostels to ERO, and refocusing the Teaching Council on its core functions.

Our investment in teachers and school leaders is developing 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 Initial Teacher Education (ITE) enrolments to the attraction, distribution and retention of qualified teachers. It also prioritises school leadership development, so that current and future principals and tumuaki are well supported to lead effectively in diverse educational settings.

We continue to manage increasing demand for sensitive claims and deliver on redress

The Ministry continues to work closely with the Crown Response Office and other redress agencies on the development and implementation of the significant redress work programme as part of the Government's response to the Royal Commission of Inquiry into Abuse in State Care. This work comprises 18 workstreams, which began in early 2025, and is expected to be completed by June 2027.

Demand for sensitive claims continues to place significant pressure on the Ministry, with 242 new eligible claims received in 2025/26 contributing to ongoing backlogs. Increasing volumes of personal record searches, Privacy Act 2020 requests, and requests from schools and school boards for advice on responding to historic abuse and neglect claims have further added to this pressure.

Following an Ombudsman investigation into the Ministry's sensitive claims process, recommendations were made to reduce processing times, improve the publication of guidance materials, and provide advice to the relevant Minister on claim management responsibilities for claims that sit with school boards. The Ministry accepted all recommendations and committed to actions to address them, with the Ombudsman noting satisfaction with the Ministry's response.

Our key activities in 2025/26

Progressing legislative reform

We progressed significant legislative changes to support the Minister's education priorities. These included the Education and Training (Vocational Education and Training System) Amendment Act 2025, Education and Training Amendment Act 2025, Education and Training (Early Childhood Education Reform) Amendment Act 2025 and Education and Training (System Reform) Amendment Act 2026.

Delivering a new Tertiary Education Strategy

In 2025/26, we developed and finalised a new Tertiary Education Strategy (TES), which sets the Government’s priorities for the tertiary education system and guides the TEC’s investment decisions. The TES prioritises strong pathways between education and employment, improved access to learning opportunities, stronger collaboration between education providers, employers and communities, and increased economic impact from tertiary education and research. It also supports growth in international education, helping to strengthen New Zealand’s global connections and attract more international students.

Modernising ECE Regulations

During the year, changes to the Education and Training (Early Childhood Education Reform) Amendment Act 2025 clarified the purpose and objectives of regulating ECE and the guiding principles for regulatory decision-making and introduced a new statutory Director of Regulation role. Changes to the ECE Regulations introduced a more graduated set of enforcement tools and we also revised licensing criteria to reduce compliance burden and simplify requirements. We have progressed work on allowing more flexibility in workforce qualification requirements and reviewing Persons Responsible within centre and home-based ECE services, and on revising licensing criteria for ngā kōhanga reo.

Continuing to support strong performance across the education Crown entities

As stewards of the education system, our role in monitoring the education Crown entities (Education New Zealand (ENZ), the NZQA and the TEC) supports strong performance and delivery of government priorities. During 2025/26, this included a focus on core functions, financial sustainability, value for money, major IT projects and managing cybersecurity risks.

The satisfaction rating from our Minister has consistently improved between 2024 and 2026.

Ministerial satisfaction with Crown entity monitoring and appointments

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Satisfaction rating by the Minister on monitoring advice provided by the Ministry	9 out of 10	5 out of 10	7 out of 10	4 out of 5*	↗

**For 2025/26, we changed the Budget standard of all our Ministerial satisfaction measures to be “out of 5” instead of “out of 10”, in line with broader DPMC direction.*

Understanding education system performance for Māori education

The Ministry has a key role in monitoring education system performance to ensure it delivers equitable and excellent outcomes for learners. During 2025/26, the Ministry published Ngā Haeata o Aotearoa 2024 – A Māori Education Indicators Report (Ngā Haeata 2024), an action from the Māori Education Action Plan (MEAP). The report provides a snapshot of how the education system is performing for Māori learners and all learners in education using indicators that align with Ka Hikitia – Ka Hāpaitia | the Māori Education Strategy and Tau Mai Te Reo | the Māori Language in Education Strategy.

The data presented in Ngā Haeata 2024 shows that while there are pockets of success in Māori education, significant shifts continue to be required to support all Māori learners and all learners in Māori language in education to achieve excellent and equitable outcomes.

Growing and retaining the teacher workforce

The Ministry continued to invest in initiatives to attract, train and retain teachers, contributing to growth across the education workforce. In 2025, the number of school teachers increased by 2.7 percent to 67,994, relief teachers increased 2.1 percent to 9,992, and first-time domestic enrolments in ITE rose by 19 percent to 4,290.

The Ministry also expanded pathways into teaching through initiatives such as the Go Rural: Isolated Placements Fund, the Teacher Bonding Scheme, support for iwi-led teacher workforce development, and additional employment-based teacher education places for Kaupapa Māori and Māori medium education. These initiatives were complemented by the arrival of more than 1,500 qualified overseas teachers.

Building leadership capability across the sector

The Ministry expanded support for school leaders through its leadership advisory service, delivering more than 7,000 one-to-one support engagements during 2025/26. A refreshed beginning principal programme was launched in April 2026, supporting 200 aspiring principals with targeted development, practical resources and access to workforce support tools.

Improving workforce planning and leadership insights

In 2025/26, the Ministry strengthened its understanding of current and future workforce needs by producing updated teacher supply and demand projections. This information helps target efforts to attract and retain teachers where they are most needed and supports work to improve access to subject specialist teachers in secondary schools, starting with maths. The Ministry also used data and insights to better understand pathways into school leadership, highlighting the need for flexible approaches that reflect different career journeys, school contexts and leadership development needs.

Managing employment relations and payroll services

The Ministry continued its role in supporting the education workforce through collective agreement negotiations, pay equity work and payroll services for around 106,000 school staff. During 2025/26, settlements were reached for 15 collective agreements covering teachers, principals and school support staff. The Ministry also progressed Holidays Act 2003 remediation, contacting more than 42,000 former school employees and making \$22.3 million available for eligible payments, with \$8.9 million paid during the year.

Supporting survivors of abuse in care

The Ministry's Wellbeing Support Service, launched in May 2024, provides practical and holistic support to survivors of abuse in care and their whānau while they wait for their claims to be resolved. Between 1 July 2025 and 30 June 2026, the service supported 97 claimants, helping with transport, travel and accommodation, access to medical and housing support, and referrals to other government agencies.

Under the Redress Implementation Plan, we are working with the Crown Response Office and other redress agencies to develop and deliver a more consistent approach to wellbeing support for survivors of abuse in care. This helps ensure survivors can access the support they need throughout the redress process. In 2025/26, 93 financial redress offers were made and approximately \$2.38 million was paid in redress payments, with a further seven claims resolved without financial compensation.

Our priorities for 2026/27 and beyond

Strengthening stewardship and regulation

In 2026/27, we will continue to strengthen our stewardship and regulatory role by supporting legislative reform, embedding ECE regulatory reforms, contributing to the review of the ECE funding system, and reviewing the tertiary education funding system and Youth Guarantee programme. We will also improve how we collect and use data and insights to better understand system performance and support decision-making, while updating our Strategic Intentions and leading work to maximise the benefits and manage the risks of AI in education.

Supporting effective education agencies

We will continue supporting the establishment of the NZSPA, including strengthening our monitoring role to provide assurance on its management of the school property portfolio, learning environment modernisation and new school builds. We will also adapt our approach to monitoring the Teaching Council and continue supporting the Minister through monitoring the performance of ENZ, the NZQA and the TEC.

Building stronger system performance

As part of our stewardship responsibilities, we will continue enhancing our regulatory functions and implementing the requirements of the Regulatory Standards Act 2025. This work will help strengthen accountability, improve system performance, and ensure the education system remains effective, responsive and focused on delivering better outcomes for learners.

Preparing the workforce for future needs

In 2026/27, the Ministry will continue to grow the teaching workforce to meet future demand, with a particular focus on secondary teachers and te reo Māori teaching capacity. Work will also continue to support and develop school leaders throughout the principal pipeline, while improving workforce insights to better understand future demand for te reo Māori teachers and secondary subject specialists.

Modernising digital infrastructure

The Ministry will continue to strengthen digital infrastructure, system safety, and performance monitoring through tools such as Pourato and the student outcome framework. It will also oversee the planned upgrade of school payroll technology and renegotiate the Master Services Agreement for school payroll services ahead of its expiry in June 2027.

Sustainable education property and network

The Ministry manages one of New Zealand's largest public property portfolios, worth more than \$29 billion and spanning over 2,100 state schools.

As part of our stewardship role, we work with school boards to provide fit-for-purpose school infrastructure as part of a flexible, sustainable portfolio. This has been supported by significant recent investment and a focus on value-for-money solutions.

Growing student populations, changing demographics, ageing assets and legacy property challenges continue to place pressure on existing school infrastructure. In response, the Ministry is focused on maintaining and optimising the portfolio through long-term investment planning, while reducing costs and improving efficiency by using standardised, repeatable property solutions.

Detailed performance information about the Ministry's focus on system stewardship is available between pages 61 and 96, in the appropriations marked with the following symbol:



Our reflections

We prepared for our school property function to transition to a stand-alone Crown entity

In June 2026, the Government passed the Education and Training (System Reform) Amendment Act 2026, which introduced a range of reforms to clarify key roles and responsibilities across the education system, including the establishment of the New Zealand School Property Agency (NZSPA). The NZSPA will be established as a Crown entity to manage, plan, build, maintain and administer the education property portfolio.

Our school property function remained focused on delivering consistent, value-for-money learning environments for schools while advancing the transition to the NZSPA. This included working closely with the Establishment Board, establishing a dedicated transition unit, and designing effective ways of working between the Ministry and NZSPA.

Our key activities in 2025/26

Improving the performance of the school property portfolio

Providing good quality infrastructure is an important part of our system stewardship role. In 2025/26, we progressed initiatives to reduce the cost and delivery time of new teaching spaces. We also began rolling out solar power to lower energy costs and improve resilience, advanced plans to replace diesel boilers in up to 70 schools and worked with schools to improve the quality and safety of their drinking water. We have started to prioritise asset recycling to meet demand for new teaching spaces efficiently and cost-effectively by relocating existing transportable buildings, allowing us to meet more need within available funding.

Condition of the school property portfolio

	2022/23	2023/24 Baseline year	2024/25	2025/26	Desired trend
Percentage of state schools that meet the Ministry's property-related condition standards	87%	87%	90%	92%	

Strengthening property planning and investment

In 2025/26, we made significant progress in standardising school property planning, design and delivery, leading to the release of our first catalogue of standard designs for different types of school buildings and teaching spaces. We have continued to improve investment planning processes by developing long-term investment plans and business cases to support transparent, evidence-based investment decisions. We also enhanced funding for school property maintenance through increased Five-Year Agreement funding rates and a one-off maintenance boost, helping schools address essential upkeep and accelerate maintenance work.

Delivering tangible improvements for small and remote schools

During 2025/26, the Small Schools Upgrade Programme | Ngā Iti Kahurangi achieved its 750th upgrade. The programme continued to enhance learning environments and safety in small and remote schools by installing LED lighting, acoustic panels, electrical safety upgrades, ceiling insulation and new carpeting. These upgrades improve comfort, warmth and functionality for students and staff.

Our priorities for 2026/27 and beyond

Supporting the establishment of the New Zealand School Property Agency

The NZSPA will become a standalone Crown agent, which is a type of Crown entity, on 1 October 2026. A key focus will be ensuring a smooth and efficient transition while improving how our services are delivered to schools in a transparent way.

We will prioritise clear and proactive communication with schools throughout the transition to the new Crown agency and following establishment. The NZSPA model will place schools at the centre of what they do by delivering excellent customer service and seeking meaningful feedback to drive continued improvement. As a high-performing agency, the NZSPA's improved service for schools will be underpinned by clear accountability, effective governance and strong commercial arrangements.

Strengthening network planning capability

We will continue to strengthen our network planning capability and infrastructure investment direction-setting role, to improve alignment between the Ministry and NZSPA and support evidence-based network and investment decisions as we stand up a new Investment Management function within the Ministry. This will enable NZSPA to respond to identified network needs and effectively deliver and manage the education property portfolio to support better outcomes for all students.

Part 5:

Assessment of operations and organisational health

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

In this section, we articulate our performance and the impact of our investments, and our health as an organisation. Key elements of understanding the effectiveness of our operations include knowing:

- › Sector performance
- › Service and operational performance
- › Organisational health and capability
- › Responding to our commitments
- › Appropriation performance.

Sector performance

The Ministry publishes a comprehensive assessment of the sector's performance called Ngā Ara o te Mātauranga: The pathways of education in September-October each year. This publication complements the Annual Report and can be found on www.education.govt.nz

Service and operational performance

Strengthening our organisation

The Ministry has embarked on an ambitious multi-year programme to improve our operational and service performance, maximise opportunities for new and improved ways of working, and manage cost pressures. Our senior leadership structure and governance model has been reviewed and reshaped to strengthen the organisation. Two new roles in the executive leadership team have been introduced that focus on data and digital and learning support. The new internal governance model is being embedded and takes an outcomes focus to the significant investment in education and an operational and service delivery focus to our work.

Using the opportunities AI can provide

The Ministry has made a strong start in considering how AI can support our people and incorporating it into our ways of working to improve our services. We have established a new data and digital role in the executive leadership team, an AI governance group that oversees our organisational approach and risk management. We are also building our workforce's AI knowledge and capability through professional development, guidance and providing access to AI tools, and developing a clear plan to improve and simplify our processes. Over time this will mean improved services and system efficiencies.

Recognising financial sustainability is an ongoing challenge

Responsible and sustainable financial management requires organisational capability, the ability to take advantage of new ways of working such as those that AI offer, and prudent long-term planning. The Ministry is actively managing forecast cost pressures for the 2026/27 year of \$35 million. We have implemented a three-year financial and non-financial business planning model for 2026/27 to improve our financial management. We are also focusing on our core role and functions, right sizing the organisation and looking at efficiencies in our service delivery.

Lifting contract management capability

Education services are delivered to the sector and learners directly by the Ministry, the sector and third-party providers. Some examples of third-party contracted services are attendance services and professional learning and development delivered to teachers. To support this, we need a strong procurement and contract management capability to ensure that contracted services are delivered successfully. We have made progress to build our capability but still need to lift it further.

Ensuring our technology assets perform well

The Government's Cabinet Office Circular CO(23)9 outlines the requirements for government departments to include relevant asset performance indicators for service critical assets in their Annual Reports. The Ministry is committed to being a responsible steward of our assets by ensuring they are fit-for-purpose and well-managed, and we report on the business-critical technology assets that, if damaged, would impact our ability to deliver core services.

We met or exceeded all six of our service critical asset indicators in 2025/26. Our performance is summarised against the indicators in the table below.

Measure	Standard	2024/25	2025/26	At a glance
The percentage of time our critical systems are available	99.85%	100%	100%	✓
The percentage of time our systems are available	95%	100%	100%	✓
The percentage of computers / user devices aged < 5 years	95%	100%	100%	✓
The percentage of critical systems requiring upgrade within the last 5 years, which have been upgraded	70%	100%	81%	✓
Number of critical (priority 1) faults per annum	80	19	21	✓
Average time to resolve priority 1 faults	120 mins	51 mins	46 mins	✓
Notes:				
<ul style="list-style-type: none"> We have removed three indicators that we reported on in 2024/25 as they were no longer applicable. We intend to review and refresh the service critical assets that we report in our 2027 Annual Report. 				

Organisational health and capability

Our workforce

The Ministry has a workforce of 4,185 full-time equivalent staff in the 2025/26 year. In 2025/26, our workforce has increased due to significant Budget announcements in learning support. The learning support workforce will continue to grow in proportion to the rest of our workforce to meet increasing demand for learning support services.

Our workforce is broken down as follows:

FTEs as at 30 June 2026	
Auckland	775
National Office - Wellington	1,483
Christchurch	347
Regional North Island	1,302
Regional South Island	278
Total	4,185

We need to ensure that our workforce has the right capabilities and expertise to deliver our core services, and aim to create a workplace where staff feel welcome and supported. We offer equal employment opportunities for all, make sure that our people systems, policies and processes are fair and transparent, and that appointment decisions are based on merit.

Following the results of the 2025 Te Taunaki Public Service Census, the Ministry developed an Action Plan for organisational and people development.

In 2025/26, we:

- › strengthened our leadership accountability and capability through leadership development programmes for new, experienced and aspiring leaders, talent and succession planning, and 360-degree feedback on leadership
- › employed additional specialist staff following significant Budget investment in learning support
- › prioritised professional development and learning for staff
- › supported staff going through organisational change, including by seeking input and feedback on change and providing wellbeing support
- › developed a training workshop for hiring managers, Recruiting Well, to support them in addressing bias in recruitment and selection processes
- › invigorated and promoted our employee-led networks, which enable staff to connect with and support each other and foster a sense of inclusion and belonging (a Neuro Diversity Network and Te Taukaea Māori Network were established)
- › participated in the Whaikaha | Ministry of Disabled People's internship programme for disabled students, which supports accessible recruitment, onboarding and support, and aims to increase confidence in employing disabled people.

Safe and healthy work environments

We are committed to providing and maintaining a safe, healthy and secure work environment. We do this in several ways, from meeting our Health and Safety at Work Act 2015 obligations to providing a range of wellbeing initiatives to staff, and ensuring offices are safe and fit-for-purpose.

In 2025/26, we:

- › joined the Business Leaders' Health and Safety Forum Pledge in 2025, with the Secretary for Education becoming a signatory to the pledge
- › developed a three-year Health and Safety Strategy and Workplan to respond to proposed legislative changes and strengthen the Ministry's approach to managing critical risks
- › undertook office improvements, including earthquake strengthening, security improvements and security training for staff
- › delivered staff wellbeing supports, including influenza and whooping cough vaccination programmes, access to the Employee Assistance Programme (EAP) Service, support for specific health needs and training in First Aid for staff.

Responding to our commitments

This section details how we meet our legal commitments as a government department and includes 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.

Te Tiriti o Waitangi | Treaty of Waitangi settlement commitments

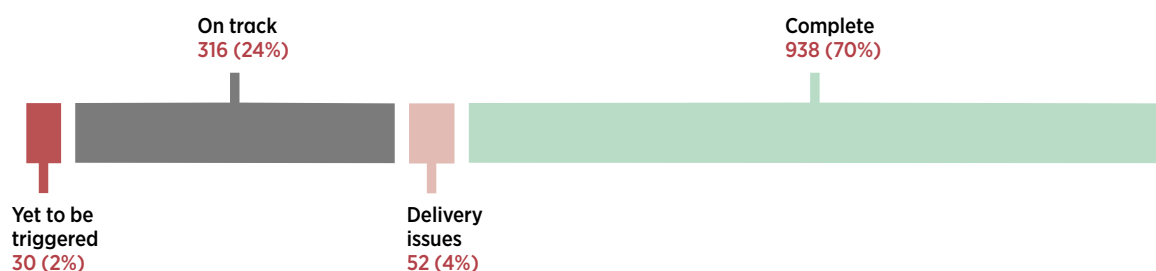
The Ministry is required to report annually on progress delivering on te Tiriti o Waitangi | Treaty of Waitangi settlements in its Annual Report and to Te Tari Whakataua | The Office of Treaty Settlements and Takutai Moana.

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.

In 2025/26:

- › we were responsible for 1,336 Treaty settlement commitments across all redress types
- › 70 percent of Ministry commitments have been completed, 24 percent are on track for completion, and 2 percent are yet to be triggered by the respective Post-Settlement Governance Entity (PSGE)
- › 4 percent (52) of our commitments have a reported status of 'delivery issues'. Of note:
 - One whole-of-government relationship agreement where the relevant iwi entity has not engaged with the Crown through the agreement in some years. Te Puni Kōkiri is continuing efforts to re-establish engagement
 - 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 commitments



These results reflect continued strong performance across the portfolio, with most commitments either completed or progressing as planned, and only a small proportion experiencing delivery challenges.

Development of Māori-Crown relations capability

Ongoing partnership with the education sector, iwi, NGOs and other agencies remains essential to delivering impact where it is most needed.

The Ministry is committed to meeting responsibilities under te Tiriti o Waitangi | Treaty of Waitangi and 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.

In 2025/26, we:

- › developed 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)
- › finalised our organisational Mātāpono and behaviours
- › provided learning opportunities to support staff in the understanding and application of te Tiriti o Waitangi | Treaty of Waitangi.

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.

In 2025/26, we:

- › continued to provide bilingual internal and external communications, including Budget 2025 resources, the education.govt.nz refresh, the parent portal and Māori Education Ministerial announcements
- › continued to offer te reo Māori courses for staff, pitched at the appropriate levels and contexts required for the range of Ministry roles.

Our commitment to child safety

The Ministry maintains a comprehensive Child Protection Policy that ensures that we comply with the requirements of the Children's Act 2014. This policy is publicly available on the Ministry's website and applies to all our employees, contractors and volunteers.

The Ministry monitors adherence to the policy and reports to the executive leadership team to uphold our obligations under the Act. The policy is reviewed every three years and will be next reviewed in 2027.

The Government has accepted the recommendations of the Dame Karen Poutasi review, reinforcing the importance of a skilled and capable children's workforce. The Ministry is leading the implementation of the recommendation on mandatory training for core children's workers. In partnership with other agencies, a foundation training module has been developed to establish consistent knowledge, understanding and language across the sector. This shared approach will help ensure workers have a common baseline of capability when supporting children and young people. The module will be progressively rolled out to approximately 20,000 core children's workers by the end of 2027, supporting a more coordinated, informed and effective workforce, and strengthening the safety and wellbeing of children and young people throughout New Zealand.

New Zealand Government Protective Security Requirements

The Ministry is required to manage personnel, physical and information security in line with the New Zealand Government Protective Security Requirements.

In 2025/26, we continued to strengthen protective security by implementing the Ministry's Information Security Classification Policy and introducing security classifications onto all documents stored and emails distributed.

Carbon Neutral Government Programme

The Ministry is required to report on greenhouse gas emissions for:

- › Te Tāhuhu o te Mātauranga Corporate Activities
 - **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
- › Te Tāhuhu o te Mātauranga School Activities
- › School Board Activities
- › Charter School Agency Activities.

In 2025/26, we achieved emissions reductions targets for our mandatory sources in all four categories for our Corporate Activities. Our full results are detailed in Appendix one.

Appropriation performance

In 2025/26, 65 of our 111 measures were achieved. Details on our appropriation measures are set out on pages 64 to 96.

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 in Part 4 of this report.

We need to improve our appropriation measures to better demonstrate the impact of our investments and get the right balance between service level, output measures and broader outcome measures of system performance. Our curriculum measures are a good example of this, as they are currently weighted towards the latter. Developing some of the new outcomes measures that are required is complex and will take longer for us to improve.

In 2025/26, we:

- › developed a new Outcome and Performance Framework – this framework aligns funding with key investment areas, provides stronger links between appropriations, programmes and outcomes, and supports multi-year planning and sustainable funding models
- › reviewed and restructured the Vote Education appropriations for 2026/27 onwards – the changes will help us better monitor and report on the effectiveness of services and investments across the education system, while providing greater transparency and accountability for how funding is spent
- › developed a performance measures roadmap to help us improve our performance measures and get the right balance of measures – an example of this is lifting the quality of our ECE and tertiary education measures so that they are of a comparable quality to our primary and secondary school measures.

In 2026/27, we will continue to develop and implement the performance measures roadmap, introduce new performance measures, and support this with data collection and evaluation.

Appropriation performance information

How to read this section

We report against the performance measures and standards set in the 2025/26 Vote Education and Vote Tertiary Education Estimates of Appropriations and in the Supplementary Estimates of Appropriation. These documents are available on the Treasury website.

We report on 99 measures in nine Vote Education appropriations, and 12 measures in two Vote Tertiary Education appropriations.

The performance information in this section relates to what we achieved in 2025/26 and includes the:

- › year-end results for measures in the Vote Education and Vote Tertiary Education appropriations that are administered by the Ministry of Education
- › actual expenses or capital expenditure against the appropriations for the year ended 30 June 2026.

Understanding appropriations

Parliament authorises public spending through Votes, such as Vote Education and Vote Tertiary Education. Each Vote is divided into appropriations, which set out what public funding can be spent on and the purposes for which it can be used.

Appropriations provide both transparency and accountability. They establish the legal authority for spending and allow Parliament and the public to monitor how government funding is being used and what results are being achieved.

Each appropriation includes a defined scope, funding amount and, where appropriate, performance measures. The Ministry reports against these appropriations each year to demonstrate how funding has been used and what has been delivered for learners, whānau and communities.

This report includes both financial and non-financial information for appropriations administered by the Ministry of Education.

Information on appropriations is also published annually in the Estimates of Appropriations and Supplementary Estimates.

Understanding the terminology

This is an overview of the different types of appropriations we refer to in this section:

Departmental Output Expenses	These are the outputs (goods and services) provided by the Ministry.
Departmental Other Expenses	These are residual operating costs that cannot be easily classified under appropriations such as Departmental Output Expenses.
Departmental Capital Expenditure	These are the costs the Ministry incurs to acquire, upgrade, or develop physical and intangible long-term assets.
Benefits or Related Expenses	These are costs incurred when the Ministry transfers resources (usually to individuals) and does not expect anything directly in return (for example, scholarships).
Non-Departmental Output Expenses	These are goods and services delivered by third-party providers (for example, Crown entities, Non-Governmental Organisations, or private suppliers) that are funded by the Ministry.
Non-Departmental Capital Expenditure	This refers to government funding authorised to acquire or develop Crown assets, provide equity injections, or issue loans to organisations outside government departments.
Multi-Category Appropriations (MCAs)	These combine various types of expenses (for example, departmental and non-departmental) into a single approved pool that provides the Ministry with financial flexibility to manage multiple cost categories toward one overarching goal.

Understanding the results in the performance tables

This is the key we use to show our year-end results for each measure in the performance tables:

Measures that met their performance standard	
Measures that did not meet their performance standard	
Measures for which data is unavailable or it is a baseline year	N/A

Alignment between our appropriations and our focus areas

We have aligned each of the appropriations we report on to at least one of the three focus areas in our Strategic Intentions. This is shown by the following symbols:



Increased attendance and participation



Improved educational progress and achievement



System stewardship

Disclosure of judgements

Our service performance information on pages 64 to 96 is prepared in accordance with the reporting standard **Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48) Service Performance Reporting**.

Our 2025/26 results have been audited, and we provide variance commentary where results differ from the performance standard. We also disclose measures that have been added, amended or deleted.

Where available, we have provided 2024/25 results for comparison although, for new measures, there may be no prior year information.

Changes to the Vote Education appropriation structure from 1 July 2026

In consultation with the Minister of Education and the Minister of Finance, we have changed the Vote Education appropriation structure for the financial year commencing 1 July 2026. Further information about this is provided on page 61 and full details of the changes to appropriations and measures is available on the Treasury website.

Vote Education

Summary of our performance in 2025/26

We met or exceeded the standard for 53 of the 99 measures in Vote Education in 2025/26. Our performance is summarised by appropriation in the table below.

Responsible Minister – Minister of Education

Appropriation	2025/26 result
School Property Portfolio Management	Achieved 5 out of 5 measures
Stewardship and Oversight of the Education System	Achieved 11 out of 11 measures
Support and Resources for Parents and the Community	Achieved 1 out of 1 measure
Loss on Disposal of Crown-owned Assets for Stafford Litigation Settlement	Achieved 1 out of 1 measure
Ministry of Education – Capital Expenditure PLA	Achieved 6 out of 6 measures
Improved Quality Teaching and Learning	Achieved 9 out of 26 measures
Outcomes for Target Student Groups	Achieved 8 out of 16 measures
Primary and Secondary Education	Achieved 9 out of 29 measures
Redress for Abuse in Care	Achieved 3 out of 4 measures
Total Vote Education	Achieved 53 out of 99 measures

School Property Portfolio Management



What type of appropriation this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve a well-managed, sustainable (socially, environmentally and economically) and equitable school sector property portfolio that delivers quality learning environments.
How we performed	We achieved 5 out of 5 measures.
Where to find more performance information about this appropriation	See pages 51 to 53.

Measure	Budget standard	2024/25	2025/26	At a glance
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%	67.00%	68.00%	
Percentage of state schools that are above the Ministry's property-related utilisation standards	Baseline year	18.00%	14.89%	N/A
Commentary: Out of nearly 2,100 state schools with valid utilisation data available, 305 schools were above our acceptable range, considering net area of the school in square metres and total roll.				
Percentage of state schools that are below the Ministry's property-related utilisation standards	Baseline year	10.90%	12.11%	N/A
Commentary: Out of nearly 2,100 state schools with valid utilisation data available, 248 schools were below our acceptable range, considering net area of the school in square metres and total roll.				
Percentage of state schools that meet the Ministry's property-related condition standards	82%	90.00%	92.40%	
Commentary: Out of nearly 2,100 state schools with valid condition data available, 1,921 schools met our acceptable standards of scoring 3 or better. In the 2025/26 financial year, 1,928 state schools have had updated condition data recorded through the annual visit; for a further 151 schools not visited in the financial year, we have used the latest data available.				
Percentage of state schools that meet the Ministry's property-related functionality standards	75%	88.00%	91.38%	
Commentary: Out of nearly 2,100 state schools with valid functionality data recorded through the School Evaluation of the Physical Environment, 1,505 schools met our acceptable standards of scoring 3 or better.				

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Expenses	3,396,080	3,428,010	3,191,628	3,186,463
Expense components:				
Capital charge	1,663,316	1,740,496	1,580,003	1,580,003
Depreciation	1,439,983	1,459,207	1,333,328	1,317,859
Finance costs	44,394	52,671	51,712	42,233
Management of the school property portfolio	248,387	175,636	226,585	246,368
Funded by:				
Revenue Crown	2,952,306	3,116,830	3,004,338	3,004,338
Other Revenue	184,544	3,186	27,404	43,474

Actual expenditure is \$241.547 million (7 percent) lower than Budget, mainly due to:

- › decreased depreciation (\$128.350 million) and capital charge (\$106.712 million) for the 30 June 2025 downward revaluation of the school property portfolio (land, buildings, site improvements, teacher housing and early childhood centres) (totaling \$235.062 million decrease)
- › 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 (\$58.843 million decrease)
- › transfer of funding for technology in schools' function to departmental output expense Support and Resources for Education Providers (within Primary and Secondary Education MCA) to support digital strategy (\$16.570 million decrease)
- › underspends to be carried forward to 2026/27 in the 2026 Pre-Election Economic and Fiscal Update to complete work programmes delayed due to circumstances beyond the Ministry's control (\$3.100 million decrease), and
- › savings returned to the centre (\$2.065 million).

Partially offset by:

- › a transfer from departmental output expense Support and Resources for Teachers and non-departmental output expense Professional Development and Support (within Improved Quality Teaching and Learning MCA) as part of the realignment of baseline savings targets (\$27.500 million increase)
- › writing-off costs of school property capital projects that have been closed, primarily due to cancellation and changes in scope (\$22.861 million increase)
- › funding covering capital charge, depreciation, programme overhead and project operational expenses for Budget 2025 initiatives School Property Roll Growth Classrooms, Learning Support Roll Growth & Property Modifications, School Property Māori Medium & Kaupapa Māori Roll Growth, and School Property New Schools, Expansions & Land Purchases (\$9.663 million increase)
- › funding for the detailed organisational design and business case to establish the New Zealand School Property Agency (\$7.500 million increase)
- › increased provision for litigation costs against parties involved in design and construction of defective school buildings offset by successful legal claims (\$3.962 million increase), and
- › capital to operating swap for school property rationalisation costs (\$3.462 million increase).

Services to Other Agencies RDA



What type of appropriation this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We 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.
How we performed	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 information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Expenses	3,439	5,500	3,615	3,152
Funded by:				
Revenue from other government agencies	3,439	5,500	3,615	3,152

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 2025/26 outturn reflects the prevailing level of demand for services to other agencies on a cost recovery basis.

Stewardship and Oversight of the Education System



What type of appropriation this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We 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.
How we performed	We achieved 11 out of 11 measures.
Our disclosures	For 2025/26, we have changed the Budget standard of all our Ministerial satisfaction measures to be "out of 5", in line with broader Department of Prime Minister and Cabinet (DPMC) direction.
Where to find more performance information about this appropriation	See pages 44 to 50.

Measure	Budget standard	2024/25	2025/26	At a glance
The satisfaction rating given by the Minister of Education with the overall performance of the Ministry	At least 3 out of 5	7 (out of 10)	4 out of 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	At least 3 out of 5	7 (out of 10)	4 out of 5	✓
The satisfaction rating given by the Minister of Education for the quality and timeliness of support for international visits and engagements	At least 3 out of 5	8 (out of 10)	5 out of 5	✓
Satisfaction of the portfolio Minister with the policy advice service	At least 4 out of 5	4 (out of 5)	4 out of 5	✓
Internal assessment of the quality of the Ministry's policy advice:				
• Mean	72%	69.20%	72%	✓
• Distribution target of scores — less than 10% scoring 2.5 or under, at least 90% scoring 3 or above, and at least 25% scoring 4 or above	Achieved	Not achieved	Achieved	✓
Timely delivery of Ministerial Services to the Office of the Minister/s	95%	98.01%	96.40%	✓
Quality of Ministerial Services content measured by acceptance rates by the Office of the Minister/s	95%	99.08%	98.20%	✓
Legislative timeframes met for Official Information Act 1982 requests	95%	98.86%	97.70%	✓
Forecasts of expenditure for early learning and primary and secondary schooling are accurate	Accurate within +/- 3% of actual values	Not achieved: Operational Funding (-2.31%) Teacher Salaries (-1.34%) ECE (-6.51%)	Achieved: Operational Funding (0.12%) Teacher Salaries (-2.33%) ECE (-1.26%)	✓
Provision and servicing of information requests:				
• Median time to turnover information requests	2 working days	1 working day	1 working day	✓

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Expenses	52,051	51,989	64,634	60,892
Funded by:				
Revenue Crown	54,788	51,979	64,624	64,624
Other revenue	-	10	10	-

Actual expenditure is \$8.903 million (17 percent) higher than Budget, due to:

- › a transfer from departmental output expense Support and Resources for Teachers and non-departmental output expense Professional Development and Support under Improved Quality Teaching and Learning MCA as part of the realignment of baseline savings targets (\$8 million increase)
- › additional funding for technical delivery and broader rollout of Te Rito (Data for Wellbeing initiative), a national information-sharing platform that enables ākonga and learner information to follow them throughout their education (\$3 million increase)
- › expense transfers from 2024/25 to 2025/26 in the Supplementary Estimates (\$1.295 million increase), and
- › funding to deliver the Learning Support Coordinators implementation plan to uplift and improve learning support (\$350,000 increase).

Partially offset by:

- › savings returned to the centre (\$2.942 million decrease), and
- › underspends to be carried forward to 2026/27 in the 2026 Pre-Election Economic and Fiscal Update to complete work programmes delayed due to circumstances beyond the Ministry's control (\$800,000 decrease).

Support and Resources for Parents and the Community



What type of appropriation this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We 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.
How we performed	We achieved 1 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
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.	80.00%	87.70%	90.00%	✓

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Expenses	16,441	15,246	15,126	14,529
Funded by:				
Revenue Crown	16,591	15,236	15,116	15,116
Other revenue	-	10	10	-

Actual expenditure is \$717,000 (5 percent) lower than Budget, due to:

- › a transfer to non-departmental output expense Schooling Improvement to cover claimant costs for the Education Services and Outcomes Kaupapa Inquiry (\$700,000 decrease), and
- › savings returned to the centre (\$597,000 decrease).

Partially offset by:

- › a transfer from departmental output expense Support and Resources for Teachers and non-departmental output expense Professional Development and Support (within Improved Quality Teaching and Learning MCA) as part of the realignment of baseline savings targets (\$500,000 increase), and
- › a transfer from non-departmental output expense Schooling Improvement to fund the Ministerial Advisory Group that provides independent advice and guidance on all matters relating to Māori education, in English medium and Māori medium education settings (\$80,000 increase).

Loss on Disposal of Crown-owned Assets for Stafford Litigation Settlement



What type of appropriation this is	Departmental Other Expenses			
What we intended to achieve with this appropriation	We intended to achieve accurate recognition of the loss on disposal expense of affected Crown-owned assets that are part of the Stafford v Attorney-General litigation settlement.			
How we performed	We achieved 1 out of 1 measure.			
Our disclosures	This is a new appropriation for 2025/26 with one new performance measure.			
Measure	Budget standard	2024/25	2025/26	At a glance
Assets have been derecognised in accordance with relevant accounting standards.	Achieved	New measure	Achieved	

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Unfunded other expenses	-	-	15,002	14,231

This is a new appropriation established to cover the loss on disposal expense incurred when disposing of Crown-owned assets, that are part of the Stafford v Attorney-General litigation settlement. The actual expense is for the derecognition of land transferred under the settlement. The land needed for education purposes will be leased back to the Crown.

Ministry of Education — Capital Expenditure PLA



What type of appropriation this is	Departmental Capital Expenditure
What we intended to achieve with this appropriation	We 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.
How we performed	We achieved 6 out of 6 measures.
Where to find more performance information about this appropriation	See pages 51 to 53.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of state schools with a teaching space deficit	Baseline year	5.50%	3.92%	N/A
Commentary: Out of nearly 2,100 state schools with valid data available, 80 schools have a deficit of more than one Teaching Space, based on in-zone students and the School Property Guide.				
Percentage of projects with Learning Support Modification delivered within 12 months	Baseline year	59.00%	75.80%	N/A
Commentary: Out of 314 LSPM projects that had an authorised budget in the previous financial year, 238 projects were completed with 12 months of the authorisation date.				
Percentage of new and replacement builds are delivered through standard or repeatable designs (including Offsite Manufactured Buildings)	Baseline year	51.00%	47.13%	N/A
Commentary: Out of the 657 new and replacement teaching spaces delivered during the year, 310 were delivered using a standard or repeatable design.				
Percentage of Ministry-led projects delivered on time	Baseline year	93.00%	93.93%	N/A
Commentary: Compared to a total of 989 Ministry-led projects planned for delivery during the year, 929 projects were delivered.				
Percentage of Ministry-led projects delivered on budget	Baseline year	92.00%	90.31%	N/A
Commentary: Out of the 929 Ministry-led projects delivered during the year, 839 were delivered within their set budget.				
Percentage of the additional student places forecast delivered	Baseline year	126.00%	110.61%	N/A
Commentary: Compared to a baseline (forecasted delivery) of 9,688 student places, 10,716 student places were delivered during the year.				

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Capital expenditure				
School property portfolio:				
Land	28,553	50,245	71,551	76,467
Buildings	1,669,111	1,661,691	1,813,467	1,712,171
Ministry-wide:				
Office furniture, fittings, and equipment	1,086	12,078	9,791	1,952
Computer hardware	4,436	5,000	120	2,901
Intangibles – computer software	31,882	36,252	45,872	19,547
Total capital expenditure	1,735,068	1,765,266	1,940,801	1,813,038

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 145).

Improved Quality Teaching and Learning



What type of appropriation this is	Multi-Category Appropriation (MCA)
What we intended to achieve with this appropriation	We intended to achieve improved professional development of the workforce and enhanced learning for age 0 to 18 years.
How we performed	We achieved 9 out of 26 measures across the entire MCA.
Our disclosures	For 2025/26, four new measures related to structured approaches to maths and literacy professional learning and development (PLD) were introduced.
Where to find more performance information about this appropriation	See pages 33 to 43.

Measure	Budget standard	2024/25	2025/26	At a glance
Number of enrolments for structured approaches to literacy PLD	Baseline year	12,631	27,142	N/A
Percentage of completion for structured approaches to literacy PLD	Baseline year	9.64%	66.00%	N/A
Percentage of total teaching workforce that has completed PLD for structured approaches to literacy	Baseline year	New measure	90.40%	N/A
Number of enrolments for structured approaches to maths PLD	Baseline year	New measure	23,401	N/A
Percentage of completion for structured approaches to maths PLD	Baseline year	New measure	55.40%	N/A
Percentage of total teaching workforce that has completed PLD for structured approaches to maths	Baseline year	New measure	57.00%	N/A

Category: Support and Resources for Teachers

What type of category this is	Departmental Output Expenses
What we intended to achieve with this category	We intended to achieve the enablement of a highly effective workforce that can address the personalised needs of all learners.
How we performed	We achieved 1 out of 1 measure in this category.
Our disclosures	For 2025/26, two measures related to the Tāhūrangi curriculum platform were removed and replaced with one new measure that shows regular traffic patterns and highlights traffic spikes that occur during new releases on the platform.
Where to find more performance information about this category	See pages 33 to 43.

Measure	Budget standard	2024/25	2025/26	At a glance
Number of resource pages being accessed on Tāhūrangi (curriculum hub) by unique user	Baseline year	New measure	1,445 pages by 186,805 unique users	N/A

Category: Curriculum Support

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this category	We 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.
How we performed	We achieved 1 out of 19 measures in this category.
Our disclosures	<p>For 2025/26:</p> <ul style="list-style-type: none"> • Three measures related to the percentage of Year 8 students meeting curriculum standards were removed and replaced with six new measures that are split by New Zealand Curriculum (NZC) and Te Marautanga o Aotearoa (TMoA). • To provide clearer insights into each curriculum, 12 new measures related to the percentage of Year 3 and 6 students meeting curriculum standards for the NZC and TMoA were introduced. • One new measure related to the distribution of maths resources was introduced. • The NZC results are derived from a sample-based study involving about 1,800 students and 80 schools at each year level. Reading and maths were assessed in 2023 and writing and maths were assessed in 2024. From 2025, reading, writing and maths will be assessed every year. Maths and reading have been benchmarked to the 2023 draft version of the refreshed curriculum. Writing has been benchmarked to the refreshed English curriculum versions used in 2024 and 2025 — the October 2024 English curriculum for Years 3 and 6, and the March 2025 draft English curriculum for Year 8.
Where to find more performance information about this category	See pages 33 to 43.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of Year 8 students meeting curriculum standards (NZC)				
• Maths	80%	New measure	24.00%	
• Writing	80%	New measure	28.00%	
• Reading	80%	New measure	45.00%	
<p>Commentary: See “Our disclosures” in the table above for additional information about the background to these results and pages 33 to 43 for additional information about our performance in 2025/26.</p> <ul style="list-style-type: none"> • Maths — The proportion of students achieving at or above the curriculum expectation in 2025 was similar to 2024 results. • Writing — Compared to 2024, a greater proportion of Year 8 students achieved at or above the curriculum expectation for their year level. The increase did not meet the threshold of statistical significance. • Reading — The proportion of students achieving at or above the curriculum expectation in 2025 was similar to those in 2023. 				
Percentage of Year 8 students meeting curriculum standards (TMOA)				
• Pāngarau	80%	New measure	50.00%	
• Tuhituhi	80%	New measure	61.00%	
• Pānui	80%	New measure	67.00%	
<p>Commentary: See “Our disclosures” in the table above for additional information about the background to these results and pages 33 to 43 for additional information about our performance in 2025/26.</p>				
Percentage of Year 6 students meeting curriculum standards (NZC)				
• Maths	80%	New measure	36.00%	
• Writing	80%	New measure	38.00%	
• Reading	80%	New measure	52.00%	
<p>Commentary: See “Our disclosures” in the table above for additional information about the background to these results and pages 33 to 43 for additional information about our performance in 2025/26.</p> <ul style="list-style-type: none"> • Maths – The proportion of students achieving at or above the curriculum expectation in 2025 was similar to 2024 results. • Writing – The proportion of students achieving at or above the curriculum expectation remained the same between 2024 and 2025. • Reading – The proportion of students achieving at or above the curriculum expectation in 2025 was similar to those in 2023. 				
Percentage of Year 6 students meeting curriculum standards (TMOA).				
• Pāngarau	80%	New measure	58.00%	
• Tuhituhi	80%	New measure	58.00%	
• Pānui	80%	New measure	75.00%	
<p>Commentary: see “Our disclosures” in the table above for additional information about the background to these results and pages 33 to 43 for additional information about our performance in 2025/26.</p>				

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of Year 3 students meeting curriculum standards (NZC)				
• Maths	80%	New measure	25.00%	
• Writing	80%	New measure	41.00%	
• Reading	80%	New measure	53.00%	
<p>Commentary: See “Our disclosures” in the table above for additional information about the background to these results and pages 33 to 43 for additional information about our performance in 2025/26.</p> <ul style="list-style-type: none"> • Maths and Writing – There was a statistically significant increase in the proportion of students achieving at or above the curriculum expectations from 2024 to 2025. • Reading – The proportion of students achieving at or above the curriculum expectation remained the same between 2023 and 2025. 				
Percentage of Year 3 students meeting curriculum standards (TMOA)				
• Pāngarau	80%	New measure	55.00%	
• Tuhituhi	80%	New measure	60.00%	
• Pānui	80%	New measure	70.00%	
<p>Commentary: see “Our disclosures” in the table above for additional information about the background to these results and pages 33 to 43 for additional information about our performance in 2025/26.</p>				
Percentage of eligible schools to have received kits and resources				
• Maths resources	90%	New measure	94.30%	

Category: Professional Development and Support

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this category	We 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.
How we performed	We achieved 1 out of 1 measure in this category.
Where to find more performance information about this category	See pages 33 to 43.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of Beginning Principals who report positive feedback about the support they have received from their Principal Advisors	90%	96.13%	96.80%	

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Total expenses for MCA as a whole	359,369	439,424	407,675	365,311
This is made up of the following category information:				
Departmental Output Expenses				
Support and Resources for Teachers	138,701	182,402	184,143	159,199
Non-Departmental Output Expenses				
Curriculum Support	90,931	116,858	110,630	98,313
Professional Development and Support	129,737	140,164	112,902	107,799
Funding for Departmental Output Expenses				
Revenue from the Crown				
Support and Resources for Teachers	151,560	182,392	184,133	184,133
Revenue from Others				
Support and Resources for Teachers	-	10	10	-

Actual expenditure is \$74,113 (16.9 percent) lower than Budget, mainly due to:

- › a transfer to departmental output expenses School Property Portfolio Management (\$27.500 million), Stewardship and Oversight of the Education System (\$8 million) and Support and Resources for Parents and the Community (\$500,000) as part of the realignment of baseline savings targets (totaling \$36 million decrease)
- › underspends to be carried forward to 2026/27, 2027/28 and 2028/29 in the 2026 Pre-Election Economic and Fiscal Update to complete work programmes delayed due to circumstances beyond the Ministry's control (\$23.747 million decrease)
- › savings in departmental and non-departmental output expenses (\$18.617 million decrease), and
- › reprioritising savings from professional learning development programmes to fund other education priorities (\$12 million decrease).

Partially offset by expense transfers from 2024/25 to 2025/26 in the Supplementary Estimates (\$16.330 million increase).

Outcomes for Target Student Groups



What type of appropriation this is	Multi-Category Appropriation (MCA)
What we intended to achieve with this appropriation	We intended to achieve equitable participation and increased engagement within the education system.
How we performed	We achieved 8 out of 16 measures across the entire MCA.
Where to find more performance information about this appropriation	See pages 26 to 43.

Measure	Standard	2024/25	2025/26	At a glance
Number of children receiving a specialist learning support service	34,225 – 45,720	52,926	53,978	✓

Category: Interventions for Target Student Groups

What type of category this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve equitable participation and education outcomes for targeted student groups.
How we performed	We achieved 2 out of 8 measures in this category.
Where to find more performance information about this category	See pages 33 to 43.

Measure	Budget standard	2024/25	2025/26	At a glance
Average number of days eligible children and young people wait to receive support after the request for support:				
• Behaviour Service	50 calendar days	54 calendar days	63 calendar days	✗
• Communication Service	75 calendar days	80 calendar days	106 calendar days	✗
Commentary: Children are only included in wait time calculations once they start receiving a service. This means picking up long waiting children (children waiting over the current average wait time) will increase average wait times even as the overall waitlist falls. Further information is available on pages 33 to 43.				
• Ongoing Resourcing Support	22 calendar days	11 calendar days	11.89 calendar days	✓
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 calendar days	118 calendar days	✗
• percentage within 45 calendar days	25%	23.60%	24.53%	✗
• percentage within 60 calendar days	40%	30.08%	31.20%	✗
Commentary: Children are only included in wait time calculations once they start receiving a service. This means picking up long waiting children (children waiting over the current average wait time) will increase average wait times even as the overall waitlist falls. Further information is available on pages 33 to 43.				

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of children whose behavioural issues have improved following their parent's completion of the Incredible Years Parent Programme	80%	79.80%	79.70%	
<p>Commentary: This result is comparable to previous years. 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.</p>				
Percentage of schools and kura who have opted in for access to free period products	80%	89.60%	96.00%	

Category: Food Programme for Schools and Early Learning

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to provide school lunches to students in schools and kura with high concentrations of disadvantage.
How we performed	We achieved 3 out of 3 measures in this category.
Our disclosures	For 2025/26, two measures related to the performance of the School Lunch Collective were introduced.
Where to find more performance information about this category	See page 31.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of schools in the programme that are provided with the required lunches through managed contracts	98%	99.20%	100.00%	
Percentage of lunches delivered to schools on time by the School Lunch Collective	Baseline year	New measure	99.92%	N/A
Percentage of surplus meals returned to the School Lunch Collective	Baseline year	New measure	17.18%	N/A
<p>Commentary: We are actively working with target schools and providers to reduce surplus by limiting ordering, improving variety and supporting consumption.</p>				

Category: Learning Support and Alternative Education

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve equitable participation and education outcomes for targeted student groups.
How we performed	We achieved 2 out of 2 measures in this category.
Our disclosures	For 2025/26, reference to NCEA has been removed from one measure related to the percentage of retained ākonga in Service Academies who achieve Level 2 or higher due to broader system changes to qualifications.
Where to find more performance information about this category	See pages 33 to 43.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of retained ākonga in Service Academies who achieve Level 2 or higher	75%	77.60%	79.81%	✓
Students' learning and achievement improved following positive outcomes while engaging with Resource Teacher Learning and Behaviour involvement	68%	86.11%	87.22%	✓

Category: Students Attendance and Engagement

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We 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.
How we performed	We achieved 0 out of 2 measures in this category.
Where to find more performance information about this category	For 2025/26, reference to NCEA has been removed from one measure related to the percentage of retained ākonga in Service Academies who achieve Level 2 or higher due to broader system changes to qualifications.
Where to find more performance information about this category	See pages 26 to 32.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of students who have been returned to schooling within:				
• 40 days following an exclusion	55%	47.43%	46.98%	✗
• 75 days following an exclusion	85%	74.73%	76.16%	✗
Commentary: The Ministry remains focused on improving the timeliness of returning students to education following exclusion. Ongoing work includes building staff capability and strengthening internal processes, including more robust monitoring practices.				

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Total expenses for MCA as a whole	1,489,495	1,562,482	1,593,234	1,522,314
This is made up of the following category information:				
Departmental Output Expenses				
Interventions for Target Student Groups	411,501	436,638	444,558	458,142
Non-Departmental Output Expenses				
Food Programme for Schools and Early Learning	245,988	232,203	229,625	177,354
Learning Support and Alternative Education	799,760	830,969	856,319	830,370
Students' Attendance and Engagement	32,238	62,672	62,672	56,422
Non-Departmental Other Expenses				
Additional School Lunch Expenses	8	-	60	26
Funding for Departmental Output Expenses				
Revenue from the Crown				
Interventions for Target Student Groups	408,446	433,258	441,178	441,178
Revenue from Others				
Interventions for Target Student Groups	1,290	3,380	3,380	1,622

Actual expenditure is \$40.168 million (2.6 percent) lower than Budget mainly due to:

- › savings returned to the centre (\$40.120 million decrease)
- › carry forward of underspends in the Healthy School Lunches and Early Learning Food programmes to 2026/27 and 2027/28 in the 2026 Pre-Election Economic and Fiscal Update (\$30 million decrease), and
- › expense transfers from 2025/26 to 2026/27 in the Supplementary Estimates (\$4.454 million decrease).

Partially offset by:

- › funding to deliver the Learning Support Coordinators implementation plan to uplift and improve learning support (\$11.406 million increase)
- › increased funding for demand-driven teacher salaries and school operational grants to reduce potential risks of unappropriated expenditure (\$7.999 million increase)
- › short-term funding for schools to meet increased demand for English for Speakers of Other Languages programmes. This demand is from new immigration, and New Zealand born children of migrants and refugees (\$6 million increase)
- › funding for education sector collective bargaining settlements (\$3.605 million increase), and
- › impact of higher-than-expected national roll projections on teacher salaries, school operations and Ongoing Resourcing Scheme grants (\$3.337 million increase).

Primary and Secondary Education



What type of appropriation this is	Multi-Category Appropriation (MCA)
What we intended to achieve with this appropriation	We intended to achieve inclusive, equitable and quality education which supports all students in Years 0 to 13.
How we performed	We achieved 9 out of 29 measures across the entire MCA.
Our disclosures	For 2025/26, reference to NCEA has been removed from three measures related to the percentage of school leavers with Level 2 or equivalent due to broader system changes to qualifications.
Where to find more performance information about this appropriation	See pages 26 to 50.

Measure	Budget standard	2024/25	2025/26	At a glance
Participation in primary and secondary education: the percentage of students attending school regularly	80%	58.40%	64.30%	
<p>Commentary: Nationally, 64.3% of students met the criteria for regular attendance in Term 2 2026. This is an increase of 5.9 percentage points from Term 2 2025 (58.4%). The gap to the government target of 80% of students attending regularly is 15.7 percentage points. Note that Term 2 2025 actuals were not available at the time of the 2025 annual report. The 2024 actual achievement was reported in the 2025 annual report. This has since been updated.</p> <p>Early initiatives under the Attendance Action Plan have contributed to an increased Ministry and sector-wide focus on improving regular attendance. Key actions include enhancing the quality of attendance data, setting clear expectations, and reinforcing the importance of students attending regularly.</p> <p>Two major initiatives went live in Term 1 2026, expected to drive further progress towards the target:</p> <ul style="list-style-type: none"> • Schools are required to have an Attendance Management Plan, providing clear pathways to identify and address absences. • The new Attendance Service, which aims to reduce chronic absenteeism and non-enrolment. 				
Percentage of school leavers with Level 2 or equivalent:				
• All	75%	76.08%	77.80%	
• Māori	75%	60.66%	63.30%	
• Pacific	75%	71.12%	73.50%	
<p>Commentary: Māori school leavers' attainment was lower than national levels, highlighting the need for continued system-level focus to ensure equitable access, support and outcomes for Māori learners.</p>				

Category: Support and Resources for Education Providers

What type of category this is	Departmental Output Expenses			
What we intended to achieve with this appropriation	We intended to achieve the effective and efficient governance, management and operation of early learning services, schools and kura.			
How we performed	We achieved 2 out of 4 measures in this category.			
Measure	Budget standard	2024/25	2025/26	At a glance
All resourcing payments are accurate and on time	100%	100%	100.00%	✓
Percentage of payroll payments to eligible teachers and school support staff which are:				
• accurately calculated	99.5%	99.70%	99.96%	✓
• processed in time for pay dates	99.5%	99.84%	99.38%	✗
Commentary: The volume of unprocessed instructions was higher in 2025/26 due to increased demand relating to employment agreement changes.				
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%	81.48%	✗
Commentary: Ten statutory interventions exceeded the three-month threshold: one due to replacing a specialist advisor and nine due to provider sourcing and workflow challenges. Results continue to depend on staff capability and training capacity across regional and national teams.				

Category: Primary Education

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve inclusive, equitable and quality education which supports all Year 0 to 8 students.
How we performed	We achieved 6 out of 12 measures in this category.
Our disclosures	For 2025/26, four measures related to Māori Language Programme Funding were removed from this category as they did not provide meaningful performance information. The Ministry is working to improve meaningfulness and appropriateness of performance measures in line with PBE FRS48 and has a continuous improvement work programme to respond to the Audit Office, the Treasury and stakeholder feedback.
Where to find more performance information about this category	See pages 26 to 32.

Measure	Budget standard	2024/25	2025/26	At a glance
Participation in primary education – The percentage of students attending school regularly:				
• Term 1	80%	68.95%	72.00%	
• Term 2	80%	62.00%	68.00%	
• Term 3	80%	54.33%	52.70%	
• Term 4	80%	60.46%	61.60%	
Commentary: See commentary on page 83. More information is available on pages 26 to 32. Note that Term 2 2025 actuals were not available at the time of the 2025 annual report. The 2024 actual achievement was reported in the 2025 annual report. This has since been updated.				
Percentage of primary schools who do not use exclusions as a disciplinary action	Maintain or improve	89.50%	88.11%	
Commentary: The percentage of primary schools not using exclusions as a disciplinary action decreased over 2025/26 with year end result marginally below the target. Refreshed guidelines and resources are available through the Ministry webpage along with continued support from NZSBA to help principals and boards meet their obligations and responsibilities. The guidance reinforces that exclusion is a last resort response to serious behaviour. We have seen increased engagement on our website since the refreshed guidance was released and feedback shows it has been well received.				
Retention rate for the primary teacher workforce:				
• all regular (non-relief) teachers	90%	91.60%	89.50%	
• Māori teachers	90%	91.10%	88.60%	
• Pacific teachers	90%	94.10%	89.80%	
Commentary: There has been more movement of primary teachers over the last year as some areas reach a surplus of primary teachers. This causes a mismatch in certain locations where teachers cannot secure a role and leave the workforce. Retention is expected to improve as the workforce adjusts to where shortages are.				

Category: School Risk Management Scheme

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve insurance cover for participating state and state-integrated schools by providing insurance protection.
How we performed	We achieved 1 out of 1 measure in this category.

Measure	Budget standard	2024/25	2025/26	At a glance
The scheme grows the percentage of schools that participate over time	55%	57.11%	58.00%	

Category: Secondary Education

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve inclusive, equitable and quality education which supports all Year 9 to 13 students and continuation of education to a tertiary level.
How we performed	We achieved 6 out of 12 measures in this category.
Our disclosures	<p>For 2025/26:</p> <ul style="list-style-type: none"> Four measures related to Māori Language Programme Funding were removed from this category as they did not provide meaningful performance information. The Ministry is working to improve meaningfulness and appropriateness of performance measures in line with PBE FRS48 and has a continuous improvement work programme to respond to the Audit Office, the Treasury and stakeholder feedback. Four measures related to the percentage of students achieving literacy and numeracy Co-requisite at Years 10 and 12 were removed from this category and replaced with two measures related to the percentage of students achieving literacy and numeracy at Year 11.
Where to find more performance information about this category	See pages 26 to 32.

Measure	Budget standard	2024/25	2025/26	At a glance
Participation in secondary education — The percentage of students attending school regularly:				
• Term 1	80%	60.84%	63.70%	
• Term 2	80%	52.20%	58.10%	
• Term 3	80%	46.45%	46.00%	
• Term 4	80%	47.42%	49.20%	
Commentary: See commentary on page 83. More information is available on pages 26 to 32. Note that Term 2 2025 actuals were not available at the time of the 2025 annual report. The 2024 actual achievement was reported in the 2025 annual report. This has since been updated.				
Percentage of secondary schools who do not use exclusions as a disciplinary action	Maintain or improve	44.56%	43.24%	
Commentary: Our budget standard is to maintain or improve on the baseline year (41.91%).				
Percentage of school leavers progressing directly from Level 2 and 3 or equivalent to Level 4 or above tertiary study	55%	56.94%	57.60%	
Percentage of students in secondary-tertiary programmes who achieve Level 2 or higher	80%	80.00%	80.15%	
Retention rate for the secondary teacher workforce:				
• all regular (non-relief) teachers	90%	89.90%	89.70%	
• Māori teachers	90%	89.50%	89.60%	
Commentary: Retention in the secondary sector is continuing to improve following the low point reached post-pandemic.				
• Pacific teachers	90%	91.20%	91.70%	
Percentage of students achieving literacy and numeracy at Year 11				
• Literacy	75%	New measure	79.00%	
• Numeracy	75%	New measure	78.40%	

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Total expenses for MCA as a whole	8,392,626	8,705,752	8,874,544	8,654,249
This is made up of the following category information:				
Departmental Output Expenses				
Support and Resources for Education Providers	216,795	160,251	189,357	221,474
Non-Departmental Output Expenses				
Primary Education	4,698,264	4,833,303	4,959,056	4,839,303
School Risk Management Scheme	4,733	6,800	6,800	5,037
Secondary Education	3,472,834	3,705,398	3,719,331	3,588,435
Funding for Departmental Output Expenses				
Revenue from the Crown				
Support and Resources for Education Providers	181,656	159,111	188,217	188,217
Revenue from Others				
Support and Resources for Education Providers	329	1,140	1,140	301

Information on the financial performance and operation of the School Risk Management Scheme is disclosed under the non-departmental schedules on page 170.

Actual expenditure is \$51.503 million (1 percent) lower than Budget, mainly due to:

- › savings returned to the centre (\$208.725 million decrease)
- › impact of higher-than-expected national roll projections on teacher salaries and schools' operational grants (\$37.581 million decrease)
- › underspends to be carried forward to 2026/27, 2027/28 and 2028/29 in the 2026 Pre-Election Economic and Fiscal Update to complete work programmes delayed due to circumstances beyond the Ministry's control (\$11.570 million decrease)
- › transfer to Charter Schools | Kura Hourua MCA to fund charter schools (\$10.109 million decrease)
- › savings from reducing the scope of the Te Rito programme to focus on core delivery components from July 2026 onwards (\$7 million decrease), and
- › savings from Cyber Security and Digital Support programmes to be allocated back into priority education initiatives with greater potential to improve educational outcomes (\$6 million decrease).

Partially offset by:

- › funding for Education Sector Collective Bargaining Settlements (\$86.314 million increase)
- › increased funding provision for demand-driven teacher salaries and schools' operational grants to reduce potential risks of unappropriated expenditure (\$56.100 million increase)
- › one-off additional grant for property maintenance provided directly to state schools, state-integrated schools and charter schools to complete essential maintenance works (\$51.750 million increase)
- › expense transfers from 2024/25 to 2025/26 in the Supplementary Estimates (\$16.590 million increase)
- › transfer of funding for technology in schools' function from departmental output expense School Portfolio Management to support digital strategy (\$16.570 million increase), and
- › funding for the increased default rate of KiwiSaver employer contributions from 3 percent to 3.5 percent from 1 April 2026 (\$2.341 million increase).

Redress for Abuse in Care



What type of appropriation this is	Multi-Category Appropriation (MCA)
What we intended to achieve with this appropriation	We intended to enable the Government's response to redress recommendations made by the Royal Commission of Inquiry into Abuse in Care.
How we performed	We achieved 3 out of 4 measures across the entire MCA.
Where to find more performance information about this appropriation	See page 49.

Measure	Budget standard	2024/25	2025/26	At a glance
Number of offers of redress completed during the year	160	57	100	
Commentary: In May 2025, the Government made a number of Redress announcements in response to the Royal Commission of Inquiry into Abuse in State Care, including increased redress system capacity and annual claim completion targets across the redress system. The redress system target for 2025/26 was 1,550 claims, of which the Ministry of Education was allocated the target of 160. In 2026, the Ministry's Sensitive Claims function implemented changes to streamline the claims process and increase its capacity to support the delivery of these targets.				

Category: Delivering redress for abuse in care

What type of category this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to design and deliver a well-functioning redress system.
How we performed	We achieved 2 out of 2 measures in this category.

Measure	Budget standard	2024/25	2025/26	At a glance
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%	100.00%	
The percentage of claimants who progress through the full assessment process and receive settlement documentation within 15 working days following their acceptance of any proposed settlement offer	80%	33.33%	100.00%	

Category: Support Services

What type of category this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to provide healing and support to people who report experiencing abuse in state care.
How we performed	We achieved 1 out of 1 measure in this category.

Measure	Budget standard	2024/25	2025/26	At a glance
The percentage of claimants who felt respected in their interaction with the wellbeing support service	90%	New measure	100.00%	

Category: Redress Payments

What type of category this is	Non-Departmental Other Expenses
What we intended to achieve with this appropriation	We intended to provide consistent and timely payments to people who have experienced abuse in care.
How we performed	An exemption was granted as the appropriation is one from which resources will be provided to a person or entity other than a department, a functional chief executive, and Office of Parliament, or a Crown entity under s15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments to people who have experienced abuse in care.

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Total expenses for MCA as a whole	-	9,559	12,827	9,724
This is made up of the following category information:				
Departmental Output Expenses				
Delivering redress for abuse in care	-	6,462	6,567	6,022
Non-Departmental Output Expenses				
Support Services	-	1,497	1,497	230
Non-Departmental Other Expenses				
Redress Payments	-	1,600	4,763	3,472
Funding for Departmental Output Expenses				
Revenue from the Crown				
Delivering redress for abuse in care	105	6,462	6,567	6,567
Revenue from Others				
Delivering redress for abuse in care	-	-	-	-

Actual expenditure is \$165,000 higher than Budget, due to an expense transfer from 2024/25 to 2025/26 in the Supplementary Estimates (\$3.268 million increase), partially offset by:

- › underspends to be carried forward to 2026/27, 2027/28 and 2028/29 in the 2026 Pre-Election Economic and Fiscal Update (\$11.570 million decrease), and
- › savings returned to the centre (\$542,000 decrease).

Vote Tertiary Education

Portfolio Ministers:

- › Minister of Education
- › Minister for Tertiary Education

Summary of our performance in 2025/26

We met or exceeded the standard for 12 of the 12 measures in Vote Tertiary Education in 2025/26. Our performance is summarised by appropriation in the table below.

Responsible Minister – Minister for Tertiary Education

Stewardship and Oversight of the Tertiary Education System	Achieved 11 out of 11 measures
Tertiary Education Institutions' Proceeds from Disposal of Crown Assets	Achieved 1 out of 1 measure
Total Vote Tertiary Education	Achieved 12 out of 12 measures

Stewardship and Oversight of the Tertiary Education System



What type of appropriation this is	Departmental Output Expenses
What we intended to achieve with this appropriation	We 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.
How we performed	We achieved 11 out of 11 measures.
Our disclosures	<p>For 2025/26:</p> <ul style="list-style-type: none"> • We changed the Budget standard of all our Ministerial satisfaction measures to be "out of 5", in line with broader Department of Prime Minister and Cabinet (DPMC) direction. • One measure related to the internal assessment of the quality of the Ministry's policy advice (mean) was changed to be "out of 100%".
Where to find more performance information about this appropriation	See pages 44 to 50.

Measure	Budget standard	2024/25	2025/26	At a glance
The satisfaction rating given by the portfolio Minister/s with the overall performance of the Ministry	At least 3 out of 5	7 (out of 10)	4 out of 5	✓
Internal assessment of the quality of the Ministry's policy advice				
• Mean	72%	3.46 (out of 5)	72.00%	✓
• Distribution target of scores — less than 10% scoring 2.5 or under, at least 90% scoring 3 or above, and at least 25% scoring 4 or above	Achieved	Not achieved	Achieved	✓
Satisfaction of the portfolio Minister/s with the policy advice service	At least 4 out of 5	4 (out of 5)	4 out of 5	✓
Forecast demand for tertiary education at Level 3 and above is accurate within an agreed average of actual values	Accurate within +/-3% of actual values	1.7%	0.49%	✓
The satisfaction rating given by the portfolio Minister/s on the quality of monitoring advice provided by the Ministry about Crown agencies	At least 3 out of 5	6 (out of 10)	3 out of 5	✓
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	Very good	✓
The satisfaction rating given by the portfolio Minister/s for the quality and timeliness of support for international visits and engagements	At least 3 out of 5	8 (out of 10)	4 out of 5	✓
Quality of Ministerial Services content measured by acceptance rates by the Office of the Minister/s	95%	99.82%	100.00%	✓
Timely delivery of Ministerial Services to the Office of the Minister/s	95%	99.82%	97.60%	✓
Legislative timeframes met for Official information Act 1982 requests	95%	100%	98.41%	✓

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Expenses	12,269	13,001	13,201	12,768
Funded by:				
Revenue Crown	13,012	13,001	13,201	13,201
Other revenue	90	-	-	250

Actual expenditure is \$233,000 lower than Budget due to savings returned to the centre (\$433,000 decrease), partially offset by reprioritisation of funding from the Tertiary Tuition and Training MCA to support the Ministry of Education to deliver on government priorities (\$200,000 increase).

The other revenue is recovery of policy advice about the Export Education Levy.

Tertiary Education Institutions’ Proceeds from Disposal of Crown Assets

What type of appropriation this is	Non-Departmental Capital Expenditure			
What we intended to achieve with this appropriation	We 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.			
How we performed	We achieved 1 out of 1 measure.			

Measure	Budget standard	2024/25	2025/26	At a glance
The Ministry of Education meets property sales obligations agreed with TEIs and abides by Ministers’ decisions regarding payment of asset sale proceeds	Achieved	Achieved	Achieved	

Financial information

	2024/25	2025/26		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
Non-departmental capital expenditure	-	-	20,616	6,350
TEI investments:				
Toi Ohomai Institute of Technology	-		6,350	6,350
Total investments in TEIs	-	-	6,350	6,350

This appropriation varies from year to year to make provision for the expected fiscally neutral transfers to Tertiary Education Institutions (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 2025/26 appropriation to 2026/27 due to delays in the sales expected by TEIs. The final amount of the expense transfer will be confirmed in the 2026 Pre-Election Economic and Fiscal Update.

Part 6:

Annual financial statements

The financial statements are presented in three parts – departmental (page 99), non-departmental (page 161) and appropriation statements (page 178).

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 2026. 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.

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Ministry of Education Departmental Financial Statements

Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
\$000		Notes	\$000	\$000	\$000
Revenue					
3,778,464	Revenue Crown	3	3,917,374	3,978,269	4,090,792
189,692	Other revenue	3	48,799	13,236	11,495
3,968,156	Total operating revenue		3,966,173	3,991,505	4,102,287
Expenses					
511,757	Personnel costs	4	546,591	447,875	544,330
1,475,171	Depreciation and amortisation	11,12	1,356,871	1,503,960	1,398,350
1,678,450	Capital charge	5	1,595,393	1,755,886	1,696,115
44,394	Finance costs	6	42,233	52,671	50,332
537,505	Other operating expenses	7	595,784	539,107	552,724
4,247,277	Total operating expenses		4,136,872	4,299,499	4,241,851
(279,121)	Net operating surplus/(deficit)		(170,699)	(307,994)	(139,564)
Remeasurements⁷					
(869)	Net impairment (loss) of non-current assets held for sale	10	(1,502)	-	-
(64)	Movement in discount rate for retiring and long service leave	16	-	-	-
(16,255)	Net unrealised (loss)/gain in fair value of derivative financial instruments	19	(1,623)	477	295
(296,309)	Net surplus/(deficit)		(173,824)	(307,517)	(139,269)
Other comprehensive revenue					
(2,134,236)	Net (loss) on property revaluations	11	(2,020,173)	-	-
(2,430,545)	Total comprehensive revenue and expense		(2,193,997)	(307,517)	(139,269)

Explanations of major variances against the original 2026 budget are provided in Note 22.

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

7 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 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
\$000	Notes		\$000	\$000	\$000
Assets					
Current assets					
83,062	Cash and cash equivalents		64,772	95,042	95,000
581,571	Debtors and other receivables	8	851,735	620,580	1,063,086
157,521	Prepayments	9	110,969	162,000	133,000
137,510	Non-current assets held for sale	10	131,022	142,312	127,920
5	Derivative financial instruments	19	1,131	-	-
959,669	Total current assets		1,159,629	1,019,934	1,419,006
Non-current assets					
31,669,877	Property, plant and equipment	11	30,062,062	34,163,508	32,587,434
141,056	Intangible assets	12	132,329	195,479	152,008
3,092	Derivative financial instruments	19	2,513	2,880	3,137
31,814,025	Total non-current assets		30,196,904	34,361,867	32,742,579
32,773,694	Total assets		31,356,533	35,381,801	34,161,585
Liabilities					
Current liabilities					
365,720	Creditors and other payables	13	302,982	347,984	352,748
-	Return of operating surplus to Crown	14	-	-	-
2,510	Provisions	15	4,342	150	250
48,649	Employee entitlements	16	57,000	42,000	49,000
15,083	Service concession liabilities	17	16,782	16,671	19,111
319	Derivative financial instruments	19	-	-	-
432,281	Total current liabilities		381,106	406,805	421,109
Non-current liabilities					
2,310	Provisions	15	2,250	2,175	1,665
17,617	Employee entitlements	16	18,128	14,000	17,615
570,358	Service concession liabilities	17	576,969	548,984	534,576
11,995	Derivative financial instruments	19	14,484	10,569	5,942
602,280	Total non-current liabilities		611,831	575,728	559,798
1,034,561	Total liabilities		992,937	982,533	980,907
31,739,133	Net assets		30,363,596	34,399,268	33,180,678

Taxpayers' equity					
9,048,413	General funds	18	9,731,055	9,561,864	10,525,667
22,690,720	Property revaluation reserves	18	20,632,541	24,837,404	22,655,011
31,739,133	Total taxpayers' equity		30,363,596	34,399,268	33,180,678

Explanations of major variances against the original 2026 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 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
\$000	Notes		\$000	\$000	\$000
33,420,474	Balance as at 1 July		31,739,133	33,872,317	32,472,972
(2,430,545)	Total comprehensive revenue and expense		(2,193,997)	(307,517)	(139,269)
Owner transactions					
989,288	Capital injections	18	858,789	836,467	882,326
(240,084)	Capital withdrawals	18	(40,329)	(1,999)	(35,351)
-	Return of operating surplus to Crown	14	-	-	-
31,739,133	Balance as at 30 June	18	30,363,596	34,399,268	33,180,678

Explanations of major variances against the original 2026 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 2026

2025 Actual		2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
\$000		\$000	\$000	\$000
Cash flows from operating activities				
3,507,224	Receipts from revenue Crown	3,635,804	3,729,063	3,803,657
44,747	Receipts from other revenue	41,102	12,910	11,495
(512,331)	Payments to suppliers	(552,926)	(539,982)	(553,599)
(525,367)	Payments to employees	(550,303)	(447,000)	(543,455)
(1,678,450)	Payments for capital charge	(1,595,393)	(1,755,886)	(1,696,115)
14,468	Goods and services tax (net)	(233)	-	-
850,291	Net cash flow from operating activities	978,051	999,105	1,021,983
Cash flows from investing activities				
181,713	Receipts from sale of property, plant and equipment	35,697	-	-
(1,689,320)	Purchase of property, plant and equipment	(1,773,740)	(1,729,015)	(1,755,267)
(31,882)	Purchase of intangible assets	(19,547)	(36,252)	(33,000)
(1,539,489)	Net cash flow from investing activities	(1,757,590)	(1,765,267)	(1,788,267)
Cash flows from financing activities				
989,288	Capital injections	858,789	836,467	882,326
(240,084)	Capital withdrawals	(40,329)	(1,999)	(35,351)
(22,103)	Return of operating surplus to Crown	-	-	(13,471)
(44,543)	Payment of finance charges on service concession arrangements	(42,041)	(53,019)	(50,549)
(11,688)	Repayment of service concession liabilities	(15,170)	(15,245)	(16,671)
670,870	Net cash flow from financing activities	761,249	766,204	766,284
(18,328)	Net (decrease)/increase in cash	(18,290)	42	-
101,390	Cash at the beginning of the year	83,062	95,000	95,000
83,062	Cash at the end of the year	64,772	95,042	95,000

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 2026 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/(deficit) with cash flow from operating activities

2025 Actual		2026 Actual
\$000		\$000
(296,309)	Net surplus/(deficit)	(173,824)
	Add/(less) non-cash items	
1,468,480	Depreciation, impairment and write-off on property, plant and equipment	1,368,688
27,369	Amortisation, impairment and write-off on intangible assets	28,274
869	Net impairment loss of non-current assets held for sale	1,502
16,255	Net unrealised loss on derivative financial instruments	1,623
4,481	Increase in non-current employee entitlements	511
154	(Decrease)/increase in non-current provisions	(60)
1,517,608	Total non-cash items	1,400,538
	Add/(less) items classified as investing or financing activities	
(146,373)	Net (gains) on sale of property, plant and equipment	(5,586)
44,394	Finance charges on service concession arrangements	42,233
(101,979)	Total investing or financing activities	36,647
	Add/(less) movements in working capital items	
(268,250)	(Increase) in debtors and other receivables	(282,844)
6,057	(Increase)/decrease in prepayments	(19,903)
11,758	Increase in creditors and other payables	7,254
(2,749)	Increase/(decrease) in current employee entitlements	8,351
(15,845)	Increase/(decrease) in current provisions	1,832
(269,029)	Total net movement in working capital items	(285,310)
850,291	Net cash flow from operating activities	978,051

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.

2025				2026		
Service Concession Liabilities	Derivative Financial Instruments	Total		Service Concession Liabilities	Derivative Financial Instruments	Total
Actual	Actual	Actual		Actual	Actual	Actual
\$000	\$000	\$000		\$000	\$000	\$000
582,317	(7,038)	575,279	Balance as at 1 July	585,441	9,217	594,658
(11,688)	-	(11,688)	Net cash flows	(15,170)	-	(15,170)
14,812	-	14,812	Additions	23,480	-	23,480
-	16,255	16,255	Fair value movements	-	1,623	1,623
585,441	9,217	594,658	Balance as at 30 June	593,751	10,840	604,591

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 2026

2025 Actual		2026 Actual
\$000		\$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		
939,680	• Not later than one year	884,381
1,317,794	• Later than one year and not later than five years	1,225,685
313,736	• Later than five years	283,149
2,571,210	Total school property capital commitments	2,393,215
Leasehold Improvements		
-	• Not later than one year	1,582
-	• Later than one year and not later than five years	-
-	• Later than five years	-
-	Total leasehold improvements commitments	1,582
Computer software assets		
1,532	• Not later than one year	176
-	• Later than one year and not later than five years	-
-	• Later than five years	-
1,532	Total computer software assets commitments	176
2,572,742	Total capital commitments	2,394,973
Non-cancellable operating leases		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
Ministry office premises		
17,569	• Not later than one year	24,514
66,247	• Later than one year and not later than five years	58,748
58,903	• Later than five years	52,791
School property		
69,547	• Not later than one year	70,719
254,410	• Later than one year and not later than five years	261,732
722,380	• Later than five years	692,226
Motor vehicles		
3,890	• Not later than one year	4,240
5,439	• Later than one year and not later than five years	5,236
-	• Later than five years	-

IT equipment		
969	• Not later than one year	3,508
-	• Later than one year and not later than five years	6,957
-	• Later than five years	-
1,199,354	Total non-cancellable operating lease commitments	1,180,671
3,772,096	Total commitments	3,575,644

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 \$2.339 million (2025: \$1.249 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 237 leases (2025: 220), each having an initial term of 21 years with rights of renewal at 21-year intervals.

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 2026

Quantifiable contingent liabilities

2025 Actual		2026 Actual
\$000		\$000
Legal proceedings and disputes		
812	Contractual disputes	582
29,000	Historical abuse claims in state educational institutions	36,730
29,812	Total quantifiable contingent liabilities	37,312

Contractual disputes cover alleged breaches of statutory duties and contracted conditions by the Ministry.

Historical abuse claims are claims lodged with the Ministry alleging abuse or neglect in state educational 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 contractual dispute cases where there is no direct financial claim, although they have implications for changes to policy and operations if successful.

Contingent assets

The Ministry has no contingent assets (2025: \$Nil).

Notes to the Departmental Financial Statements

for the year ended 30 June 2026

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 165.

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 2026 and were approved for issue by the Secretary for Education on 30 September 2026.

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

2.1 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 International Public Sector Accounting Standards Board (IPSASB) 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 and teacher housing 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 2026 is a full valuation year.

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.

Teacher housing has been valued using the market-based sales approach. The sales comparison approach is an estimate of value based on a comparison of the asset to similar assets that have sold recently. Adjustments are made to allow for factors such as age of sale, size, location, quality, condition, marketability, age of building, shape of site, access, contour, aspect and tenure.

The Optimised Depreciated Replacement Cost approach was adopted for early childhood centre buildings as they are designed specifically for early childhood centre teaching.

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 2026. The Ministry has applied an uplift factor based on the Capital Goods Pricing Index when establishing the inputs used in the 30 June 2026 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.

2025 unit rate	Component	2026 unit rate
\$1,447 m ²	Classroom – fit out	\$1,317 m ²
\$1,458 m ²	Classroom – services	\$1,318 m ²
\$1,016 m ²	Classroom – roof	\$927 m ²
\$2,935 m ²	Classroom building structures – single storey	\$2,641 m ²
\$652 m ²	Classroom building structures – per storey	\$651 m ²
\$1,140 m ²	Ancillary buildings	\$1,151 m ²
\$632 m ²	Covered way	\$632 m ²
\$5,339 m ²	Swimming pools	\$5,407 m ²
\$71,178 each	Boilers	\$72,144 each
\$140,350 each	Lifts – standard (3 floors)	\$140,280 each
\$7,318 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.
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.

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 2026 and a salary inflation factor of 2.5% (2025: 2.5%). The discount rates used are based on the yields on Government Bonds and range from 2.97% to 5.42% (2025: 3.14% to 5.54%).

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 a 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 2026 and were published in the 2025 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the 2025 Budget Economic and Fiscal Update (BEFU) for the 2025/26 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 2027 and are consistent with the best estimate financial forecast information submitted to the Treasury for the 2026 Budget Economic and Fiscal Update (BEFU) for the 2026/27 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.

It is important to note the forecast financial statements were produced before the legislation was passed on 6 July 2026 to establish the New Zealand School Property Agency (NZSPA) as a Crown entity to assume responsibility (from the Ministry) to manage, plan, build, maintain and administer the education property portfolio. This change is part of the Government's Education and Training (System Reform) Amendment Act 2026. The commencement date for NZSPA is on 1 October 2026. A new non-departmental capital expenditure appropriation New Zealand School Property Agency – Initial Transfer of Assets was established in Budget 2026 for \$32.235 million in 2026/27 to transfer school property net assets from the Ministry to the NZSPA.

The forecast financial statements were approved for issue by the Secretary for Education on 28 April 2026. 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 2027 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 2026/27 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 2025/26 was used as the opening position for the 2026/27 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 2027 will not be published.

2.2 - Establishment of the New Zealand School Property Agency

In April 2024, the Ministerial Inquiry into the Ministry's school property function was established. The inquiry concluded that the school property operating model required significant reform to improve accountability, decision-making and transparency for schools and communities. The Government subsequently announced on 18 July 2025 its intention to establish a Crown agent, the New Zealand School Property Agency (NZSPA), to control and manage school property on behalf of the Crown. On 25 June 2026, the Education and Training (System Reform) Amendment Act 2026 established NZSPA and provided for the statutory transfer of school property functions, property assets and liabilities from the Ministry of Education. The Act provided for commencement by Order in Council rather than on Royal Assent. The Order in Council was made on 31 August 2026 and NZSPA will commence operations on 1 October 2026. The school property land, early childhood (ECE), houses and public-private partnership assets, related liabilities, commitments and contingencies will transfer from the Ministry to NZSPA on that date.

The establishment of NZSPA and transfer of responsibility for school property, early childhood (ECE), houses and public-private partnership assets and related liabilities are non-adjusting events that will occur after balance date. Accordingly, no adjustments have been made to the assets and liabilities recognised in these financial statements. The transfer is expected to materially reduce the Ministry's asset base, liabilities and asset revaluation reserves and associated property-related expenditure -primarily depreciation and capital charge, from 1 October 2026.

What functions will transfer to NZSPA?

The functions which will transfer to NZSPA include:

- › Control, management and administration of the Crown's education property portfolio (as defined in the Education and Training Act 2020), including planning, design, acquisition and growing the portfolio, maintenance and disposal activities
- › support for regulated entities (as defined in the Education and Training Act 2020) undertaking capital projects and maintenance works funded by the Ministry
- › monitoring property performance and providing property-related advice to the Minister of Education and Secretary for Education; and
- › support for Crown Treaty settlement responsibilities relating to the education property portfolio.

The transfer of school property functions, assets and liabilities will also include associated employees, contracts, leases and operational arrangements supporting the school property function. These transfers will occur on 1 October 2026, after the signing of these financial statements.

What functions will remain with the Ministry?

Following the transfer of control of the assets and liabilities relating to school property, the Ministry will remain responsible for education policy, network planning, roll growth decisions, and determining which schools receive additional teaching spaces.

What is transferring and what remains with the Ministry?

As part of Budget 2026 technical initiatives, Cabinet authorised the transfer of school property assets and liabilities from the Ministry to NZSPA following its establishment. The final value of assets and liabilities to be transferred will be finalised as at 30 September 2026 for transfer to NZSPA on 1 October 2026, as required by the Order in Council dated 31 August 2026.

Based on the Ministry's position at 30 June 2026, the transfer is expected to include approximately \$30.9 billion of assets and \$845 million of liabilities. Assets where control is expected to transfer include school land, school buildings, Early Childhood Education buildings, houses, building improvements, public-private partnership assets, property-related receivables and other assets associated with the school property portfolio. Liabilities expected to transfer include public-private partnership liabilities, property-related creditors, derivative financial instruments and other liabilities directly associated with the portfolio. Commitments associated with the school property portfolio are also expected to transfer to NZSPA. The total value of capital commitments at 30 June 2026 was \$2.4 billion. In addition, there are non-cancellable operating lease commitments of \$1.0 billion at 30 June 2026 which are expected to transfer to NZSPA.

The values above are as reported in the 30 June 2026 financial statements and will be finalised through transfer accounts prepared as at 30 September 2026 in accordance with the Order in Council.

From 1 October 2026, expenditure relating to school property activities will no longer be reported as the Ministry's departmental expenditure. This includes annual depreciation expense of approximately \$1.4 billion, capital charge expense of approximately \$840 million, and personnel costs associated with approximately 450 FTEs.

Consequently, funding for the school property portfolio will transfer to new non-departmental appropriations supporting NZSPA, including approximately \$91.5 million for portfolio management and administration activities and approximately \$1.07 billion for the maintenance, renewal, development and operation of the school property portfolio, and associated capital expenditure funding of \$1.603 billion.

While responsibility for most school property functions, funding and assets will transfer to NZSPA upon establishment, a small number of property-related programmes and associated funding arrangements will remain with the Ministry initially. These areas have complex policy, funding, legal and operational considerations that require further analysis before any transfer decisions can be made. Further work will be undertaken following NZSPA's establishment to determine the most appropriate future arrangements for these programmes and the associated funding, assets and responsibilities.

The programmes that will remain include:

- › **School Contents Risk Management Scheme:** This scheme is funded through schools' operational funding arrangements and will remain the responsibility of the Ministry pending any future funding policy decisions.
- › **Property Maintenance Grant:** The grant forms part of schools' operational funding and will remain with the Ministry.
- › **Board-Owned Houses:** Approximately 800 board-owned houses (estimated value \$77 million) are proposed to remain outside the initial transfer pending further policy and legal consideration regarding their future ownership and management.

Why the Ministry considers control of the property portfolio transfers to NZSPA

› **Legal ownership remains with the Crown**

- While legal title to school property will remain with the Crown, NZSPA will assume responsibility for managing school property assets on behalf of the Crown and will lead property investment and delivery activities.

› **NZSPA will have the ability to direct the use of the assets**

- NZSPA will receive statutory powers relating to school property, including powers to inspect property, undertake repairs and maintenance, obtain information from school boards, and exercise approval and consent powers relating to the use of school land and buildings. Existing property-related powers currently exercised by the Secretary for Education will transfer to NZSPA.
- NZSPA will be accountable for investment decisions, acquisition and disposal activities, asset management, maintenance programmes, infrastructure delivery, operational property policy, and overall portfolio performance. NZSPA will be responsible for managing an approximately \$30.9 billion school property portfolio through an independent board with responsibility for operational decision-making and delivery outcomes.

› **NZSPA will receive the service potential and bear the consequences of decisions**

- NZSPA will plan, build, maintain and administer the school property portfolio and will bear the consequences of asset management decisions, including depreciation, repairs and maintenance expenditure, asset write-offs, and decisions relating to the acquisition and disposal of assets. NZSPA will retain any operational surpluses unless otherwise directed by the Minister of Finance.
- The Ministry of Education will not receive direct financial benefits from management of the school property portfolio and will retain strategic policy, network planning and monitoring functions.
- Accordingly, from 1 October 2026, NZSPA will have the substantive ability to direct the use of the school property portfolio and obtain the associated service potential. The Ministry therefore considers that control of the school property assets and liabilities transfers to NZSPA from that date, notwithstanding that legal ownership remains with the Crown.
- In reaching its conclusion that control transfers to NZSPA from 1 October 2026, the Ministry considered the indicators of control set out in the PBE Conceptual Framework. NZSPA will assume statutory powers currently exercised by the Secretary for Education and will be responsible for investment decisions, portfolio management, infrastructure delivery, maintenance programmes and property-related service delivery. Through these responsibilities, NZSPA will have the substantive ability to direct the use of the school property portfolio, obtain the associated service potential and be accountable for portfolio performance, while the Ministry retains responsibility for education policy, network planning and monitoring functions.

Transitional arrangements

During a transitional period, the Ministry will provide certain support services to NZSPA under a shared services arrangement. However, operational decision-making authority and responsibility for the school property portfolio will rest with NZSPA.

Funding for NZSPA will continue to be appropriated through Vote Education, subject to Parliamentary authority, applicable legislation, Cabinet decisions and delegated financial authorities. The Ministry considers that these funding arrangements do not alter NZSPA's responsibility for, or control of, the school property portfolio from 1 October 2026.

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:

2025 Actual		2026 Actual
\$000		\$000
<i>Non-exchange</i>		
23,728	Third party contributions to development of school building assets	27,134
6,745	Weathertightness settlements	2,096
1,272	Electric vehicle subsidy from Energy Efficiency & Conservation Authority (EECA)	1,526
90	Policy advice for Export Education Levy	250
170	ECE licensing application fees	132
187	Gains from insurance claims	6
<i>Exchange</i>		
6,626	School house rentals	6,709
146,426	Gains on sale of property, plant and equipment	5,627
3,439	Support services to other public entities	3,152
1,004	Subscription fees for Te Mana Tūhono Opt-in ICT Network and Cyber Security Support Programme for Schools	1,821
5	Miscellaneous revenue	346
189,692	Total other revenue	48,799

Third party contributions to the 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 for support services to other public entities, other than for sub-letting of office premises (above), is recognised as the services are rendered on a cost recovery basis.

Revenue in advance is recognised in the *Statement of Financial Position* (under Creditors and other 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:

2025 Actual		2026 Actual
\$000		\$000
506,214	Salaries and wages	514,386
14,097	Superannuation contributions to defined contribution plans	14,812
1,732	Increase in employee entitlements (refer to Note 16)	8,862
2,930	Training and development	4,337
(15,168)	Increase/(decrease) in restructuring provision (refer to Note 15)	1,200
(74)	Decrease in Holidays Act 2003 remediation provision (refer to Note 15)	(26)
555	Recruitment	1,387
1,471	Other personnel costs	1,633
511,757	Total personnel costs	546,591

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% (2025: 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:

2025 Actual		2026 Actual
\$000		\$000
739	Fees to auditors for audit of the financial statements	753
632	Fees to auditors for other services	583
138,464	Contracts for services	154,833
128,444	Specialist learning support service costs	132,093
70,315	Operating lease costs – school property	74,328
67,000	Maintenance of school property	60,710
47,189	ICT costs (including cloud-based computing services)	53,350
18,732	Write-off and impairment of property, plant and equipment (refer to Note 22)	39,627
22,049	Operating lease costs – office accommodation	28,991
14,429	Insurance	14,321
6,667	Travel, meetings and conference costs	11,221
2,183	Consultants	7,754
4,516	Operating lease costs – motor vehicles	4,861
3,795	Legal fees and litigation costs	3,957
2,307	Operating lease costs – office and IT equipment	3,374
(449)	Increase/(decrease) in lease reinstatement provision (refer to Note 15)	598
1,946	Write-off and impairment of intangible assets	464
21	Increase in provision for impairment of trade debtors (refer to Note 8)	69
53	Loss on sale of property, plant and equipment	41
64	Risk and Assurance Board member fees and expenses	39
18	Pacific Education Innovation Fund grants	-
529	Net foreign exchange (gains)/losses	(776)
7,862	Other	4,593
537,505	Total other operating expenses	595,784

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 2026 are \$555,800 fees to the auditors for the assurance engagement in relation to Education Payroll Services (2025: \$574,500).

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 of the Treasury (NZDM). 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:

2025 Actual		2026 Actual
\$000		\$000
	<i>Non-exchange</i>	
567,324	Debtor Crown	848,894
	<i>Exchange</i>	
1,040	Trade debtors (net)	2,335
527	Other receivables (including accrued revenue)	506
12,680	Receivable from sale of property, plant and equipment	-
581,571	Total debtors and other receivables	851,735

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:

2025				2026		
Gross	Impairment	Net		Gross	Impairment	Net
\$000	\$000	\$000		\$000	\$000	\$000
431	-	431	Not past due	1,326	-	1,326
280	-	280	Past due 31 - 60 days	615	-	615
276	-	276	Past due 61 - 90 days	211	-	211
123	(70)	53	Past due > 91 days	289	(106)	183
1,110	(70)	1,040	Total	2,441	(106)	2,335

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

2025 Actual		2026 Actual
\$000		\$000
110	Balance as at 1 July 2025	70
21	Increase in provisions made during the year	69
(61)	Debtors written off during the year	(33)
70	Balance as at 30 June 2026	106

Note 9 – Prepayments

Prepayments are comprised of:

2025 Actual		2026 Actual
\$000		\$000
130,497	School property capital expenditure programme	64,042
27,024	Operating and personnel expenses	46,927
157,521	Total prepayments	110,969

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 state school sites (land only) to be sold and leased back by the Ministry. This includes an iwi holding the Right of First Refusal under their specific Treaty settlement legislation to buy surplus land before it is put to the open market.

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:

2025				2026		
Land	Buildings	Total		Land	Buildings	Total
\$000	\$000	\$000		\$000	\$000	\$000
173,553	6,515	180,068	Balance as at 1 July 2025	130,122	7,388	137,510
4,003	2,317	6,320	Transfers from property, plant and equipment	4,708	1,284	5,992
(46,983)	(1,026)	(48,009)	Disposals	(9,677)	(1,301)	(10,978)
(451)	(418)	(869)	Net impairment (loss)/reversal recognised in net surplus or deficit	(1,569)	67	(1,502)
130,122	7,388	137,510	Balance as at 30 June 2026	123,584	7,438	131,022

The accumulated revaluation reserve balance associated with non-current assets held for sale as at 30 June 2026 was \$120.930 million comprising of land \$115.426 million and buildings \$5.504 million (2025: \$125.606 million comprising of land \$117.520 million and buildings \$8.086 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 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 from 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
Additions	76,467	1,712,171	1,952	2,901	1,793,491
Revaluations	(704,366)	(1,315,807)	-	-	(2,020,173)
Reversal of accumulated depreciation on revaluation	-	(1,317,859)	-	-	(1,317,859)
Reclassified to assets held for sale	(4,708)	(1,284)	-	-	(5,992)
Reclassified between classes	-	-	9	(9)	-
Disposals and write-offs	(14,231)	(25,368)	(480)	(14,918)	(54,997)
Balance as at 30 June 2026	5,944,583	24,092,326	75,442	22,621	30,134,972
Accumulated depreciation and impairment losses					
Balance as at 1 July 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 2025	-	-	48,198	22,427	70,625
Depreciation expense	-	1,317,859	8,543	2,659	1,329,061
Impairment losses	-	-	-	-	-
Eliminate on disposal or write-off	-	-	(465)	(8,452)	(8,917)
Eliminate on revaluation	-	(1,317,859)	-	-	(1,317,859)
Balance as at 30 June 2026	-	-	56,276	16,634	72,910
Carrying amounts					
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
As at 30 June 2026	5,944,583	24,092,326	19,166	5,987	30,062,062

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:

2025 Actual		2026 Actual
\$000		\$000
2,215,775	Buildings, including those financed under a service concession arrangement	2,104,709
534	Computer hardware	2,830
1,626	Office furniture, fittings (leasehold improvements) and equipment	722
2,217,935	Total work-in-progress	2,108,261

The Ministry leases motor vehicles and IT equipment. The financial commitments for these 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 private consortium 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 generally 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 in which they are incurred.

The Ministry has entered into interest rate swaps with the NZDM to mitigate exposure to interest rate risk for the three service concession arrangements. Interest rates swaps for Wakatipu High School and Rolleston College expansions became effective in March 2026. 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 because of high roll growth pressures and are located on the same sites as the original PPP schools. These expansions are:

PPP	School expansion	Completed in financial year
PPP2	Wakatipu High School	2022/23
PPP2	Rolleston College	2024/25
PPP1	Hobsonville Point Primary School	2025/26
PPP3	Matua Ngaru School	2025/26
PPP3	Te Uho o te Nikau Primary School	2025/26
PPP2	Ormiston Junior College	Scheduled 2026/27

The expansions that were or are being delivered in 2025/26 and 2026/27 have been/are being designed and delivered by the Ministry. This has mostly eliminated the financing, designing and construction components previously performed by the private partners. The operational services will still be delivered through the consortia. As no further debt has been injected by the consortia for these expansions, the resulting minimal increase in financial liability is limited to equity injection. The value of the assets is based on actual costs until revalued. No interest rate swaps were required to be entered into for these expansions.

The expansions will not extend the terms of the arrangements in place.

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:

2025 Actual		2026 Actual
\$000		\$000
151,539	Learning Infrastructure Partners LP – Buildings	156,491
57,780	Ministry – Land	57,000
209,319	Total carrying value	213,491

The expansion of Hobsonville Point Primary School was completed and became operational in the 2025/26 financial year, increasing capacity to accommodate continued 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:

2025 Actual		2026 Actual
\$000		\$000
395,955	Future Schools Partners LP – Buildings	420,662
57,400	Ministry – Land	55,071
453,355	Total carrying value	475,733

The expansion of Ormiston Junior College is expected to be completed and operational in the 2026/27 financial year, increasing capacity to accommodate continued roll growth in the area.

Future Schools Partners LP undertook refinancing of the PPP2 debt in December 2025, approximately three months ahead of schedule, capitalising on favourable market conditions.

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:

2025 Actual		2026 Actual
\$000		\$000
292,898	ShapEd NZ LP – Buildings	293,976
41,860	Ministry – Land	39,129
334,758	Total carrying value	333,105

The expansions of Matua Ngaru School and Te Uho o te Nikau Primary School were completed and became operational in the 2025/26 financial year, increasing capacity to accommodate continued 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
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
2026			
Quotable Value Limited	5,944,583	1,066,386	7,010,969
Internal assessment by experienced Ministry staff	-	23,025,940	23,025,940
Total valuation as at 30 June 2026	5,944,583	24,092,326	30,036,909

The decrease in land value has largely been driven by market movement. The Ministry's land portfolio is predominantly made up of large land holdings whereby much of the land is suitable for development purposes as an alternative use. QV's House Price Index shows residential property values have reduced by 0.4% nationally; however, as a general trend, development land in many areas, for example Auckland, has decreased at a greater rate than this. This reduction in Auckland development land can be largely attributed to intensive residential building over recent years. The Auckland Unitary Plan reforms contributed to this by intensifying land use, as did the low interest rate/high net migration environment seen over 2022 and 2023. There was a significant increase in townhouse and apartment supply, followed by a subsequent downturn in the economy, where demand eased. This has resulted in demand for raw development sites decreasing.

The building fair values have been assessed using the Depreciated Replacement Cost approach whereby construction costs are a key driver of fair value. Analysis of the Ministry's construction costs indicated construction costs of school buildings have decreased over the 12 months to 30 June 2026, largely driven by greater market competition due to the subdued construction sector, resulting in reduced margin being achieved.

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 (2025: no restrictions). For treatment of any surplus school land and houses identified for sale refer to Note 10 - Non-current assets held for sale.

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% New Building Standard (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:
 - \$580 million for any one loss and in the aggregate for natural disaster as at 30 June 2026
 - reinstatement to a further \$580 million for natural disaster as at 30 June 2026
 - 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:

Movements for each class of intangible assets are as follows:

	Acquired computer software	Developed computer software	Total
	\$000	\$000	\$000
Cost			
Balance as at 1 July 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 as at 30 June 2025	4,041	325,154	329,195
Additions	502	19,045	19,547
Disposals and write-offs	(306)	(13,320)	(13,626)
Reclassified between classes	(794)	794	-
Balance as at 30 June 2026	3,443	331,673	335,116
Accumulated amortisation and impairment losses			
Balance as at 1 July 2024	4,171	162,768	166,939
Amortisation expense	81	25,342	25,423
Disposals and write-offs	(860)	(3,363)	(4,223)
Balance as at 30 June 2025	3,392	184,747	188,139
Amortisation expense	73	27,737	27,810
Disposals and write-offs	(306)	(12,856)	(13,162)
Balance as at 30 June 2026	3,159	199,628	202,787
Carrying amounts			
As at 1 July 2024	441	136,173	136,614
Balance as at 30 June 2025	649	140,407	141,056
Balance as at 30 June 2026	284	132,045	132,329

There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities (2025: Nil).

There are software assets at a cost of \$118.381 million that are fully amortised but that are still in use (2025: \$117.396 million).

The total amount of software assets during development is \$10.037 million (2025: \$27.658 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:

2025 Actual		2026 Actual
\$000		\$000
<i>Exchange</i>		
8,412	Creditors	6,753
45,403	Accrued operating expenses	55,226
244,268	Accrued capital expenditure	177,431
23,816	Construction contract retentions	20,469
<i>Non-exchange</i>		
2,476	Deferred revenue (electric vehicle subsidy from ECCA)	1,751
30,950	Taxes payable	30,765
10,395	Accrued finance costs	10,587
365,720	Total creditors and other payables	302,982

The level of accrued capital expenditure reflects continued high levels of school property construction activity. However, compared to the prior year, a greater proportion of supplier invoices were processed and recorded before year end, reducing the value of completed works requiring accrual. Accruals are based on the percentage completion of construction contracts, which measures the extent of work completed relative to invoices recorded in the system.

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

Except as agreed between the Minister of Finance and Minister of Education, the Ministry must not retain any operating surplus that results from its activities. The calculation to determine the amount to be paid (if any) to the Crown is as follows.

2025 Actual		2026 Actual
\$000		\$000
(296,309)	Net surplus/(deficit)	(173,824)
16,255	Add net unrealised loss in fair value of derivative financial instruments	1,623
869	Add net unrealised impairment loss of non-current assets held for sale due to movements in the property market	1,502
64	Add unrealised loss in fair value for retiring and long service leave due to change in discount rates	-
(23,728)	Deduct retained earnings for the school property capital works programme	(27,134)
-	Deduct retained earnings portion of gain on sale of land occupied by 5 schools in the Wairarapa to fund the annual lease back cost under a Treaty settlement with Ngāti Kahungunu	(1,267)
-	Deduct retained earnings portion of gain on sale of land occupied by Matamata Primary School to fund the annual lease back cost under a Treaty settlement with Ngāti Ranginui	(13)
(2,390)	Deduct retained earnings for school property rationalisation	(3,462)
427,102	Add unfunded appropriation increases in depreciation resulting from the annual revaluation of the school property portfolio	179,644
-	Add unfunded other expense appropriation for derecognition of school property land transferred under the <i>Stafford v Attorney General</i> litigation settlement	14,231
(72,862)	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	-
(65,245)	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)	-
(2,012)	Deduct retained earnings for legal costs related to weathertightness issues	-
(369)	Deduct retained earnings for electric vehicle charging equipment (subsidy from ECCA)	-
6,059	Add unfunded write-off costs for school property projects that have been closed, primarily due to cancellation and changes in scope	-
1,946	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	-
(10,620)	Net operating deficit	(8,700)
-	Total return of operating surplus to Crown	-

As the calculation above results in a net operating deficit of \$8.700 million, there is no liability for return of operating surplus for 30 June 2026 (2025: \$ 10.620 million). 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 \$32.956 million (2025: \$34.810 million), although the MCA has an underspend of \$220.295 million (2025: \$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. There is a small balance remaining of that provision for positions yet to be decided. An additional provision has been recognised at 30 June 2026 for disestablished roles upon the transfer of the regulatory function for early childhood education, private schools, and hostels to the Education Review Office.

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.

2025 Actual		2026 Actual
\$000		\$000
Current portion		
1,105	Restructuring	2,982
1,122	Holidays Act 2003 remediation	1,096
283	Reinstatement of leased premises	264
2,510	Total current portion	4,342
Non-current portion		
1,633	Reinstatement of leased premises	2,250
677	Restructuring	-
2,310	Total non-current portion	2,250
4,820	Total provisions	6,592

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 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
Additional provisions made	909	-	2,581	3,490
Amounts used	(13)	(26)	(1,222)	(1,261)
Unused amounts reversed	(298)	-	(159)	(457)
Balance as at 30 June 2026	2,514	1,096	2,982	6,592

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.

2025 Actual		2026 Actual
\$000		\$000
Current portion		
29,556	Annual leave	31,961
3,850	Retirement gratuities	6,142
1,051	Long service leave	1,102
14,192	Other short-term employee entitlements	17,795
48,649	Total current portion	57,000
Non-current portion		
12,284	Retirement gratuities	14,286
5,333	Long service leave	3,842
17,617	Total non-current portion	18,128
66,266	Total employee entitlements	75,128

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 valuation for long service leave and retiring gratuities as at 30 June 2026 was conducted by Rosanna Ede, Actuarial Analyst and Member of the New Zealand Society of Actuaries and peer reviewed by Colin Downie, Actuary and 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 \$1.087 million higher/lower (2025: \$1.636 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 \$339,000 higher/lower (2025: \$21,000).
- › The increase in liability valuation from 30 June 2025 to 30 June 2026 due to the change in discount rates was \$17,000 (2025: \$64,000).

The increase in liabilities for long service leave and retirement gratuities over the year is due to:

- › Marginally higher-than-expected salary increases and a large increase in the number of employees that have or are nearing the entitlement for these benefits.
- › Changes to the service exit rate assumptions.
- › The increase in liability for other short-term employee entitlements is mainly due to the year-end payroll accrual increasing from eight to nine days.

Note 17 – Service Concession Liabilities

2025 Actual		2026 Actual
\$000		\$000
582,317	Balance as at 1 July 2025	585,441
14,812	Additions	23,480
(11,688)	Repayments	(15,170)
585,441	Balance as at 30 June 2026	593,751
15,083	Current portion	16,782
570,358	Non-current portion	576,969
585,441	Balance as at 30 June 2026	593,751

The additions to the service concession liabilities during the year relate to Project Agreement variations and PPP school expansions (refer to Note 11).

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

2025 Annual	2025 Quarterly		2026 Annual	2026 Quarterly
%	%		%	%
7.97%	1.99%	PPP1	8.00%	2.00%
7.71%	1.93%	PPP2	7.36%	1.84%
6.68%	1.67%	PPP3	6.71%	1.68%

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

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.

2025				2026		
General funds	Revaluation reserves	Total taxpayers' equity		General funds	Revaluation reserves	Total taxpayers' equity
\$000	\$000	\$000		\$000	\$000	\$000
8,543,637	24,876,837	33,420,474	Balance as at 1 July 2025	9,048,413	22,690,720	31,739,133
(296,309)	-	(296,309)	Net surplus/(deficit)	(173,824)	-	(173,824)
-	(2,134,236)	(2,134,236)	Net gain/(loss) on property revaluations	-	(2,020,173)	(2,020,173)
51,881	(51,881)	-	Transfers on disposal of property	38,006	(38,006)	-
989,288	-	989,288	Capital injections	858,789	-	858,789
(240,084)	-	(240,084)	Capital withdrawals	(40,329)	-	(40,329)
-	-	-	Return of operating surplus to the Crown	-	-	-
9,048,413	22,690,720	31,739,133	Balance as at 30 June 2026	9,731,055	20,632,541	30,363,596
			Property revaluation reserves consist of:			
			• Land	5,001,798		
			• Buildings	15,630,743		
22,690,720			Total property revaluation reserves	20,632,541		

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:

2025 Actual		2026 Actual
\$000		\$000
812,977	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	744,618
60,000	Expanding the Learning Support Network and delivering property modifications	75,000
39,620	Restore school property affected by North Island Weather Events	20,000
5,000	Marlborough Boys' College, Marlborough Girls' College and Bohally Intermediate redevelopments	6,110
-	Expansion of the Early Intervention Service into schools for learners with additional needs up to Year 1	3,272
4,938	Development of Pokapū Waka Kura, the school transport contract management system	2,509
-	School Building Seismic Remediation Programme	2,230
1,004	Hāwera Intermediate and Hāwera High School redevelopment programme	2,000
-	Development of a standardised assessment and aromatawai tool for Years 3-10 in reading, writing, maths, pānui, tuhituhi and pāngarau	1,168
-	Resourcing additional frontline learning support staff to meet the forecast demand increase of 2,479 learners who will need specialist support from the Behaviour Service and Communication Service	542
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	428
-	Resourcing for the Aspiring Principal Programme establishment and expansion of the Leadership Advisory Service	285
20,416	Development of Pourato, the online resourcing system for schools, Kura and the early learning sector	195
728	Development of an IT system to implement the Equity Index in schools and Kura	120
-	Additional resourcing for schools payroll compliance and remediation	72
-	Development of a standardised numeracy and pangarau screening and assessment tool for learners in Years 1 and 2	54
-	Implement the Attendance in Schools Package	48
-	Expansion of Te Kahu Toi, the Intensive Wraparound Service	32
70	Corporate capacity (facilities and ICT) to support a range of Budget initiatives	106
16,315	Expanding the Ngā Iti Kahurangi (Improving Classrooms in Small or Remote Schools) Programme	-
13,660	Reform of the Tomorrow's Schools System	-
7,230	School property energy efficiency initiatives and coal boiler replacement programme	-
2,000	Export Education Levy loan repayment	-

1,400	Development of the Data for Wellbeing Programme (Te Rito), an initiative focused on making education data more accessible to teachers to improve student outcomes	-
1,151	Add functionality and identity records to the Education Sector Logon system for secondary school students so that they can sit NCEA online securely	-
154	Resourcing for the ECE Funding Review	-
989,288	Total capital injections	858,789

Capital withdrawals were for the following:

2025 Actual		2026 Actual
\$000		\$000
	Transfers to departmental operating expense appropriation School Property Portfolio Management	
(108,750)	• to lease back school sites sold to iwi as part of the Treaty settlements process	(15,240)
(2,390)	• for school property rationalisation	(3,462)
-	• for legal costs related to school building weathertightness issues	(2,012)
(24,970)	• for school building warrant of fitness and condition assessments	-
(15,000)	• to lease land for new Kura	-
(12,864)	• to lease school buildings	-
(10,000)	• for school property repairs and maintenance	-
(2,807)	• for a Property Portfolio Management Tool	-
(50,245)	Carry forward of retained gains on sale of school property to fund land purchases in 2025/26	-
-	Transfers to non-departmental capital expenditure appropriation Schools Furniture and Equipment	(17,616)
(1,942)	Decisions to procure new schools under Public Private Partnership (PPP) contracts rather than through traditional procurement process	(1,999)
(4,120)	Transfers over all departmental operating expenditure appropriations for replacement of digital storage and server assets	-
(5,596)	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	-
(1,400)	Transfer to departmental operating expense appropriation Stewardship and Oversight of the Education System for the Data for Wellbeing Programme (Te Rito)	-
(240,084)	Total capital withdrawals	(40,329)

Note 19 – Financial Instruments

Categories

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

2025 Actual		2026 Actual
\$000		\$000
	Financial assets	
	Financial assets measured at amortised cost	
83,062	Cash and cash equivalents	64,772
1,040	Trade debtors (refer to Note 8)	2,335
84,102	Total financial assets measured at amortised cost	67,107
	Financial assets measured at fair value through surplus or deficit	
	Derivative financial instruments	
3,092	• Interest rate swaps	2,513
5	• Forward foreign exchange contracts	1,131
3,097	Total financial assets measured at fair value through surplus or deficit	3,644
87,199	Total financial assets	70,751
	Financial liabilities	
	Financial liabilities measured at amortised cost	
8,412	Creditors (refer to Note 13)	6,753
585,441	Service concession liabilities (refer to Note 17)	593,751
593,853	Total financial liabilities measured at amortised cost	600,504
	Financial liabilities measured at fair value through surplus or deficit	
	Derivative financial instruments	
11,995	• Interest rate swaps	14,484
319	• Forward foreign exchange contracts	-
12,314	Total financial liabilities measured at fair value through surplus or deficit	14,484
606,167	Total financial liabilities	614,988

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 – NZDM and forward foreign exchange contracts entered with Westpac. 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 contracts for trading purposes and has not adopted hedge accounting. The remeasurement gain in fair value of the foreign exchange contracts as at 30 June 2026 of \$1.445 million (2025: \$342,000 loss) 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 (2025: five) interest rate swaps with the NZDM and these are classified as non-current. As at 30 June 2026, the total notional principal outstanding was \$460.184 million (2025: \$473.749 million). The following table summarises the service concession interest rate swaps in place as at 30 June 2026:

	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 change in long-term interest rates over the 2025/26 financial year, the fair value of the interest rate swap derivatives has changed from a net liability of \$8.903 million as at 30 June 2025 to a net liability of \$11.971 million as at 30 June 2026. An unrealised loss of \$3.068 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 2026 and 2025 were valued at fair value using observable inputs (level 2).

The interest rate swaps are measured at fair value, determined by the NZDM 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 (2025: 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 2026 was:

2025 Actual		2026 Actual
\$000		\$000
20,170	United States dollar	20,432
215	European Union euro	-
20,385	Total	20,432

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 NZDM 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:

2025 Actual		2026 Actual
%		%
7.97%	PPP1	8.00%
7.71%	PPP2	7.36%
6.68%	PPP3	6.71%

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.

2025 Impact on net surplus/(deficit)		Change in interest rate	2026 Impact on net surplus/ (deficit)
\$000		%	\$000
35,189	Interest rate swaps	+1.00%	32,979
(37,949)	Interest rate swaps	-1.00%	(35,472)

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.

2025 Impact on net surplus/(deficit)		Change in foreign exchange rate	2026 Impact on net surplus/ (deficit)
\$000		%	\$000
(2,139)	Forward foreign exchange contracts	+10.00%	(829)
1,916	Forward foreign exchange contracts	-10.00%	3,527

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 NZDM (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 Treasury. 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 for the service concession liabilities which includes all future interest costs. Only the face value is 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
2026					
Creditors	6,753	-	-	-	6,753
Service concession liabilities	29,369	29,088	239,072	705,754	1,003,283
Contractual undiscounted cash flows	36,122	29,088	239,072	705,754	1,010,036
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

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							
2026							
Interest rate swaps	14,484	2,513					
• Outflow			(186,742)	(7,684)	(12,067)	(70,342)	(96,649)
• Inflow			172,349	1,863	8,904	61,010	100,572
Total net cash flows			(14,393)	(5,821)	(3,163)	(9,332)	3,923
Gross settled forward foreign exchange contracts	-	1,131					
• Outflow			(20,432)	(16,880)	(3,552)	-	-
• Inflow			21,563	17,810	3,753	-	-
Total settled gross			1,131	930	201	-	-
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)	-	-

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 (2025: \$Nil).

Key management personnel compensation disclosure

2025 Actual		2026 Actual
\$000		\$000
4,710	Remuneration and other benefits	4,675
11	Full-time equivalent staff	10.6

Key management personnel compensation includes the remuneration for the senior management team, which consists of the Secretary for Education and eight Deputy Secretaries (2025:9). During the year the number of Deputy Secretaries decreased from nine to eight, as one Deputy Secretary left part way through the year. There was also turnover among other Deputy Secretaries during the year, resulting in an average of 10.6 FTEs. The key management personnel compensation also includes the remuneration of the Chief Executive for School Property.

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

Explanations for major variances from the Ministry's 2026 budget figures are as set out below:

Statement of Comprehensive Revenue and Expenses

The implementation of Budget 2024 budget baseline efficiency savings to reprioritise work and implement better business processes resulted in a revision of personnel and operating expenses in the Supplementary Estimates.

Actual expenditure is \$162,627 million (4%) lower than Budget, mainly due to:

- › decreased depreciation (\$128.350 million) and capital charge (\$106.712 million) for the 30 June 2025 downward revaluation of the school property portfolio (land, buildings, site improvements, teacher housing and early childhood centres) (totalling \$235.062 million decrease), 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 (\$58.843 million decrease).

Partially offset by:

- › impact of higher than forecast operating expenses on the Support and Resources for Education Providers departmental output expense category of the Primary and Secondary Education multi-category appropriation (MCA). However, the MCA as-a-whole was underspent by \$220.295 million (\$32.117 million increase)
- › expense transfers from 2024/25 to 2025/26 in the Supplementary Estimates (\$29.933 million increase)
- › writing-off costs of school property capital projects that have been closed, primarily due to cancellation and changes in scope (\$22.861 million increase)
- › writing-off the carrying value of school sites (land) included in the *Stafford v Attorney-General* litigation settlement (\$14.231 million increase)
- › impact of higher than forecast operating expenses on the Interventions for Target Student Groups departmental output expense category of the Outcomes for Target Student Groups multi-category appropriation (MCA). However, the MCA as-a-whole was under spent by \$40.168 million (\$13.584 million increase)
- › funding for the National Certificates of Educational Achievement (NCEA) change programme (\$12.405 million increase)
- › funding covering capital charge, depreciation, programme overhead and project operational expenses for Budget 2025 initiatives School Property Roll Growth Classrooms, Learning Support Roll Growth & Property Modifications, School Property Māori Medium & Kaupapa Māori Roll Growth, and School Property New Schools, Expansions & Land Purchases (\$9.663 million increase)
- › funding for higher-than-expected national roll projections on Ongoing Resourcing Scheme (\$8.836 million increase), and
- › funding for the detailed organisational design and business case to establish the New Zealand School Property Agency (\$7.500 million increase).

A detailed explanation for changes to departmental output expense appropriations since the 2025 Budget Economic and Fiscal Update was approved by Parliament can be found in the Supplementary Estimates of Appropriations 2025/26 for Vote Education and Vote Tertiary Education.

The \$170.699 million net operating deficit is mainly due to:

- › unfunded appropriation increases in depreciation of \$90.086 million, \$278.160 million, and \$139.748 million for the upward revaluation of the school property portfolio as at 30 June 2022, 2023 and 2024 respectively, partially offset by \$200 million revenue Crown funding in Budget 2024 and \$128.350 million for downward revaluation of school property portfolio as at 30 June 2025 (totalling net (\$179.644) million deficit)
- › Unfunded other expense appropriation for derecognition of school property land transferred under the *Stafford v Attorney-General* litigation settlement (\$14.231 million deficit), and
- › Net departmental output operating deficits (\$8.700 million deficit).

Offset by:

- › retained earnings for the school property capital works programme (\$27.134 million surplus)
- › retained earnings for school property rationalisation (\$3.462 million surplus), and
- › retained earnings portion of gain on sale of land to fund the annual lease back to cost under Treaty settlements (\$1.280 million surplus).

Statement of Financial Position

The carrying value of property, plant and equipment is lower than budgeted by \$4,101.446 million due to:

- › the Budget (in May 2025) does not provide for the \$4,151.409 million net loss on school property revaluations as at 30 June 2025 (\$2,134.236 million loss) and 30 June 2026 (\$2,020.173 million loss) – it is Crown accounting forecasting policy not to budget for annual revaluation movements
- › not forecast disposals and write-offs in 2024/25 and 2025/26 (\$58.401 million decrease)
- › lower than forecast capital expenditure in 2024/25 and 2025/26 (\$23.602 million decrease), and
- › reclassifications to non-current assets held for sale and intangible assets (\$12.312 million decrease).

Offset by reduced depreciation for 30 June 2025 downward revaluation of the school property portfolio school buildings, site improvements, teacher housing and early childhood centres (\$147.207 million decrease).

The carrying the value of debtors and receivables is higher than budgeted by \$231.155 million mainly due to the impact on Debtor Crown in 2024/25 and 2025/26 of:

- › a lower than forecast level of capital expenditure on intangible assets (\$72.266 million increase)
- › realised carrying value of non-current assets held for sale (\$58.909 million increase)
- › additional third-party contributions to development of school building assets (\$38.778 million increase)
- › lower than forecast cash balance (\$30.270 million increase)
- › a lower than forecast level of capital expenditure on property, plant and equipment (\$23.602 million increase)
- › higher than forecast liability for operating creditors and other payables (\$21.205 million increase), and
- › higher than forecast liability for employee entitlements (\$19.064 million).

Partially offset by:

- › higher than forecast prepayments for operating and personnel expenses (\$16.927 decrease), and
- › absorption of operating deficits (\$19.320 million decrease).

Note 23 – Events after the Balance Date

Establishment of the New Zealand School Property Agency

On 25 June 2026, the Education and Training (System Reform) Amendment Act 2026 established the New Zealand School Property Agency (NZSPA) as a Crown agent. The Act provides for the transfer of the Ministry's school property functions, assets and liabilities and contingencies to NZSPA. Following an Order in Council made on 31 August 2026, NZSPA will commence operations and the transfer will take effect on 1 October 2026.

From that date, NZSPA will assume responsibility for the management and administration of the Crown's education property portfolio. The transfer will include associated school property assets and liabilities, employees, contracts, leases, commitments and other operational arrangements. The Ministry will retain responsibility for education policy, network planning and roll growth decisions.

The establishment of NZSPA and the transfer of the school property portfolio are non-adjusting events after balance date. Accordingly, no adjustments have been made to the assets and liabilities recognised in these financial statements.

Based on balances at 30 June 2026, approximately \$30.9 billion of assets and \$845 million of liabilities are expected to transfer to NZSPA. Commitments associated with the school property portfolio are also expected to transfer and were approximately \$3.4 billion at 30 June 2026. These amounts are preliminary and the final values will be determined through transfer accounts prepared as at 30 September 2026.

From 1 October 2026, expenditure relating to school property activities will no longer be reported as the Ministry's departmental expenditure. This includes annual depreciation expense of approximately \$1.4 billion, and capital charge expense of approximately \$840 million and personnel costs associated with approximately 450 FTEs.

Consequently, funding for the school property portfolio will transfer to new non-departmental appropriations supporting NZSPA, including approximately \$91.5 million for portfolio management and administration activities and approximately \$1.07 billion for the maintenance, renewal, development and operation of the school property portfolio, and associated capital expenditure funding of \$1.603 billion.

The transfer is expected to materially reduce the Ministry's asset base, liabilities and asset revaluation reserves and associated property-related expenditure -primarily depreciation and capital charge, from 1 October 2026.

Transfer of Regulatory Functions to the Education Review Office

On 1 September 2026, certain regulatory functions previously undertaken by the Ministry of Education transferred to the Education Review Office (ERO). These functions include regulatory responsibilities relating to early childhood education services, private schools and school hostels. The transfer was implemented through the Education and Training (System Reform) Amendment Act 2026 and associated commencement arrangements.

The transfer forms part of wider education system reforms. Following the transfer, ERO assumes responsibility for regulatory, licensing, monitoring and compliance activities associated with these areas. The Ministry continues to work with ERO to support an orderly transition.

Approval was received to transfer baseline funding and associated appropriations from Vote Education to Vote Education Review Office, including approximately \$13.0 million in 2026/27 and \$15.6 million per annum from 2027/28 onwards to support the ongoing delivery of the transferred functions.

Ministry of Education Non-Departmental Schedules

for the year ended 30 June 2026

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 2026

2025 Actual		Notes	2026 Actual	2026 Budget (unaudited)
\$000			\$000	\$000
2,019	Tertiary recoveries		6,678	-
7,314	Export education levies	4	7,277	4,079
2,672	Overseas student fees		1,876	3,757
11,036	Miscellaneous revenue		1,658	2,285
23,041	Total non-departmental revenue		17,489	10,121

Schedule of Non-Departmental Capital Receipts

for the year ended 30 June 2026

2025 Actual		2026 Actual	2026 Budget (unaudited)
\$000		\$000	\$000
2,855	Proceeds from the sale of teacher and caretaker housing	6,564	-
42	Partial repayment of concessionary loan	100	-
62,000	Tertiary Education Commission Balance Sheet Funding (non-cash)	-	-
64,897	Total non-departmental capital receipts	6,664	-

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

Schedule of Non-Departmental Expenses

for the year ended 30 June 2026

2025 Actual		Notes	2026 Actual	2026 Budget (unaudited)
\$000			\$000	\$000
Grant expenditure				
2,916,665	Early childhood education services		3,009,461	3,044,010
212,041	Other grant expenditure		221,194	228,415
Personnel related expenses				
226,611	Superannuation contributions and ACC levies		244,749	241,324
47,010	Teacher and support staff entitlements		(69,884)	38,606
80,092	Social assistance benefits		77,883	87,180
Fees to Auditors				
1,282	Fee for audit of schools' financial statements (Office of the Auditor-General appointed auditors)		1,335	1,400
575	Other assurance services (Ernst & Young)		556	571
261	Export Education levy	4	470	-
(1,098)	School contents risk management scheme underwriting result	4	(1,043)	1,198
1,862	Debt impairment	3	1,044	3,000
(129)	Fair value write down of loans and advances		-	-
73	Net unrealised losses (gains) on derivatives		(238)	-
(152)	Net foreign exchange losses/(gains)		(81)	-
-	Loss on Disposal of Board Assets for Stafford		2,343	-
2,494,846	GST input expense		2,574,302	2,598,881
Other operating expenses				
8,851,581	Operations funding to schools		9,242,428	9,335,537
3,880,648	Services from Tertiary Education Commission		3,775,506	3,767,517
81,604	Services from New Zealand Qualifications Authority		88,077	87,027
24,951	Services from Education New Zealand		23,633	28,932
208	Services from Education Payroll Limited		-	-
-	Services from New Zealand Institute of Skills and Technology		2,000	-
657,414	Services from third parties		610,362	671,592
19,476,345	Total non-departmental expenses		19,804,097	20,135,190

The fees to auditors for other assurance services of \$555,800 is for the delivery of education payroll services for school employees (2025: \$574,500 for Education Payroll Services).

Further details of non-departmental expenditure and appropriations by Vote are provided in the Appropriations Statements on pages 178 to 183. The *Appropriation Statements* cover both operating (above) and capital expenditure.

Schedule of Non-Departmental Assets

as at 30 June 2026

2025 Actual		Notes	2026 Actual	2026 Budget (unaudited)
\$000			\$000	\$000
Current assets				
256,892	Cash and cash equivalents		247,131	250,000
46,985	Debtors and other receivables	3	16,566	59,400
52,169	Prepayments		43,213	41,266
300	School contents risk management scheme recoveries		300	300
-	Derivative financial instruments		190	10
Non-current assets				
2,159	Concessionary loan	6	2,059	-
358,505	Total non-departmental assets		309,459	350,976

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 into the financial statements of the Government and are 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 into the financial statements of the Government and are not included in this schedule.

Schedule of Non-Departmental Liabilities

as at 30 June 2026

2025 Actual		Notes	2026 Actual	2026 Budget (unaudited)
\$000			\$000	\$000
Current liabilities				
1,392,924	Creditors and other payables	5	1,524,470	1,253,254
825,352	Teacher and support staff entitlements		662,092	716,816
633	School contents risk management scheme claims liability	4	856	1,111
67	Derivative financial instruments	6	19	4
2,218,976	Total non-departmental liabilities		2,187,437	1,971,185

The Holidays Act 2003 provision as at 30 June 2026 is \$421.040 million (2025: \$486.279 million).

The Ministry is undertaking a multi-year programme to remediate 19 historic breaches of the Holidays Act 2003 across 2,500 schools. A remediation calculator is being developed to determine individual entitlements, alongside an external assurance review. Focus is currently on the 2013–2025 remediation period, with substantive payments planned from 2027. Work to address earlier breaches (2010–2013) will follow, targeting to commence remediation payments for that period in the 2028/29 financial year. Initial estimate payments totalling \$61.09 million have been made to some current and former employees, and a further \$10.6 million is available to claim via the former employee portal. As work has progressed, further analysis on areas of non-compliance has resulted in an estimated liability reduction of \$86.02 million this financial year.

Other provisions include \$137.184 million for annual leave (2025: \$221.275 million) and \$57.612 million to correct the historic underpayment of long-term relievers' holiday pay (2025: \$57.612 million)

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

Schedule of Non-Departmental Commitments

as at 30 June 2026

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2025: \$Nil).

Schedule of Non-Departmental Contingent Liabilities and Assets

as at 30 June 2026

Quantifiable contingent liabilities

The Ministry, on behalf of the Crown, has no quantifiable contingent liabilities (2025: \$Nil).

Unquantifiable contingent liabilities

The Ministry, on behalf of the Crown, has no unquantifiable contingent liabilities (2025: \$Nil).

Contingent assets

The Ministry, on behalf of the Crown, has no contingent assets (2025: \$Nil).

Statement of Funds Held

for the year ended 30 June 2026

	Ngārimu VC and 28th (Māori) Battalion Memorial Fund	Pacific Education Foundation (PEF) Fund
	\$000	\$000
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
Contributions	217	954
Distributions	(153)	(628)
Revenue	39	18
Expenses	(98)	(35)
Balance at 30 June 2026 or 30 June 2025 for PEF	1,392	917

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 2026

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 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.

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 Expenses*.

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 2026 budget figures are for the year ended 30 June 2026, which are consistent with the best estimate financial information submitted to Treasury for the 2025 Budget Economic and Fiscal Update (BEFU) for the 2025/26 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).

2025 Actual		2026 Actual
\$000		\$000
17,906	Debtors	11,743
(9,173)	Less provision for impairment	(8,760)
38,252	Accrued revenue and other receivables	13,583
46,985	Total debtors and other receivables	16,566
	Represented by:	
46,985	Current	16,566
-	Non-current	
46,985	Total debtors and other receivables	16,566

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

	2025			2026		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Past due 1 - 90 days	8,320	(470)	7,850	2,190	(3)	2,187
Past due 91 - 180 days	343	(100)	243	499	(42)	457
Past due 181 - 360 days	807	(562)	245	926	(644)	282
Past due > 360 days	8,436	(8,041)	395	8,128	(8,071)	57
Total	17,906	(9,173)	8,733	11,743	(8,760)	2,983

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:

2025 Actual		2026 Actual
\$000		\$000
9,373	Balance as at 1 July 2025	9,173
1,688	Increase of impairment during the year	1,043
(1,888)	Debts written-off during the year	(1,456)
9,173	Balance as at 30 June 2026	8,760

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.

2025 Actual		2026 Actual
\$000		\$000
7,314	Levy revenue	7,277
(261)	Levy expenses	(470)
7,053	Surplus for the year	6,807

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 2026 is \$856,000 (2025: \$633,000). The valuation was undertaken as at 30 June 2026 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 \$223,708 (2025: \$238,185) and was calculated as the claim rate (2.02 claims per day) times the average delay (63.07 days) times the average claims cost (\$1,755.93).

The insurance underwriting result is as follows:

2025 Actual		2026 Actual
\$000		\$000
5,831	Insurance premium revenue	5,890
(3,046)	Outwards re-insurance premium expense	(3,109)
(1,556)	Claims expense	(1,027)
477	Claims liability adjustment from valuation	(223)
(608)	Administration costs	(488)
1,098	Insurance underwriting result	1,043

Note 5 – Creditors and Other Payables

Creditors and other payables is comprised of:

2025 Actual		2026 Actual
\$000		\$000
6,788	Creditors	4,554
169,060	Taxes payable	179,039
656,807	Grants funding payable to the Tertiary Education Commission (net)	752,513
560,269	Accrued expenses	588,364
1,392,924	Total creditors and other payables	1,524,470

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:

2025 Actual		2026 Actual
\$000		\$000
	Financial assets	
	Financial assets measured at amortised cost	
256,892	Cash and cash equivalents	247,131
17,906	Trade debtors (refer to Note 3)	11,743
274,798	Total financial assets measured at amortised cost	258,874
	Financial assets measured at fair value through surplus or deficit	
2,159	• Concessionary loan	2,059
-	• Forward foreign exchange contracts	190
2,159	Total financial assets measured at fair value through surplus or deficit	2,249
276,957	Total financial assets	261,123
	Financial liabilities	
	Financial liabilities measured at amortised cost	
6,788	Creditors (refer to Note 5)	4,554
6,788	Total financial liabilities measured at amortised cost	4,554
	Financial liabilities measured at fair value through surplus or deficit	
	Derivative financial instruments	
67	• Forward foreign exchange contracts	19
67	Total financial liabilities measured at fair value through surplus or deficit	19
6,855	Total financial liabilities	4,573

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 contracts 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 NZDM. 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 *Schedule of Non-Departmental Assets* and *Schedule of Non-Departmental Liabilities*, 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 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 2026 was:

2025 Actual		2026 Actual
\$000		\$000
4,285	Canadian dollar	4,440
-	United States dollar	3,647
-	European Union Euro	885
4,285	Total	8,972

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.

2025 Impact on net surplus/(deficit)		Change in foreign exchange rate	2026 Impact on net surplus/ (deficit)
\$000			\$000
(451)	Forward foreign exchange contracts	+10.00%	(661)
401	Forward foreign exchange contracts	-10.00%	1,186

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 NZDM (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 NZDM. 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	Between 6 months and 1 Year	Between 1 and 5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2026					
Creditors	4,554	-	-	-	4,554
2025					
Creditors	6,788	-	-	-	6,788

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	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							
2026							
Gross settled forward foreign exchange contracts							
- Outflow	-	-	(8,972)	(4,933)	(4,039)	-	-
- Inflow	-	-	9,143	5,049	4,094	-	-
Total settled gross	-	-	171	116	55	-	-
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)	-	-

Concessionary loan

In December 2022, Cabinet agreed to provide an interest-free loan to Nelson College. The loan is due to be repaid before 1 June 2027.

	Nelson College
	\$000
Opening fair value as at 30 June 2025	2,159
Fair value write-down	-
Repayments made this financial year	(100)
Closing fair value as at 30 June 2026	2,059

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 Non-Departmental Revenue

Tertiary recoveries are not budgeted for.

Schedule of Non-Departmental Expenses

Crown expenditure in Vote Education was \$272.066 million (2%) less than the initial Budget. This is due to a combination of lower output expenses, mainly in Food Programme for Schools and Early Learning, which will be partially transferred next year as an in-principle expense transfer. Also the Secondary Education Teacher salaries underspend, which was revised down in subsequent baseline updates to reflect changes in forecast for FTTE and average salary rates combined with a lower than expected uptake for Curriculum Support and Professional Learning & Development initiatives.

Crown expenditure in Vote Tertiary Education was \$110.562 million (3%) greater than the Budget. This was mainly due to a new appropriation Transition of Work-based Learning into Industry Skills Board established in 2025/26 to support the establishment of the new polytechnic and work-based training organisations in the redesigned vocational education and training network, which began operating on 1 January 2026. Additionally, this was due to Qualification Delivery driven by the drawdown of funding to the Balance Sheet Mechanism.

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 2025/26 for Vote Education and Vote Tertiary Education.

Appropriation Statements

for the year ended 30 June 2026

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 2026 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 99. All performance information for these outputs is included in Part 5 of this Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations

for the year ended 30 June 2026

Annual and permanent appropriations for Vote Education

Expenditure Actual 2025 \$000	Appropriation title	Expenditure Actual 2026 \$000	Approved appropriation budget ⁸ 2026 \$000	Location of end-of-year performance information ⁹
Departmental output expenses				
3,396,080	School Property Portfolio Management	3,186,463	3,191,628	1
3,439	Services to Other Agencies RDA	3,152	3,615	1
52,051	Stewardship and Oversight of the Education System	60,892	64,634	1
16,441	Support and Resources for Parents and the Community	14,529	15,126	1
3,468,011	Total departmental output expenses	3,265,036	3,275,003	
Departmental Other Expenses				
-	Loss on Disposal of Crown-owned Assets for Stafford Litigation Settlement	14,231	15,002	1
Departmental capital expenditure				
1,735,068	Ministry of Education-Capital Expenditure PLA	1,813,038	1,940,801	1
Non-departmental output expenses				
7,337	Contributions to Other Education-related Organisations	24,941	28,378	2
2,917,414	Early Learning	3,010,242	3,064,793	2
45,247	School Managed Network Funding	30,870	31,520	5
134,627	School Transport	266,875	272,081	2
128,101	School Transport Assistance	-	-	2
24,037	Schooling Improvement	25,970	33,189	2
1,547	Support for Early Learning Providers	309	4,500	2
7,346	Supporting Parenting	6,761	7,141	2
3,265,656	Total non-departmental output expenses	3,365,968	3,441,602	
Benefits or related expenses				
9,533	Home Schooling Allowances	10,572	10,724	3
10,664	Scholarships and Awards for Students	10,627	12,981	3
39,338	Scholarships and Awards for Teachers and Trainees	40,855	48,966	3
59,535	Total benefits or related expenses	62,054	72,671	
Non-departmental other expenses				
1,862	Impairment of Debts and Assets and Debt Write-Offs	1,044	3,000	3
136,937	Integrated Schools Property	144,411	145,580	2

8 These are the appropriations from the 2025/26 Supplementary Estimates, adjusted for any transfers under section 26A of the PFA 1989.

9 The key for the numbers in this column is located at the end of the tables.

Expenditure Actual 2025 \$000	Appropriation title	Expenditure Actual 2026 \$000	Approved appropriation budget ⁸ 2026 \$000	Location of end-of-year performance information ⁹
-	Loss on Disposal of Board-of-Trustees-Owned Assets for Stafford Litigation Settlement	2,343	2,800	1
-	Transfer of Assets to Charter Schools	-	2,900	1
138,799	Total non-departmental other expenses	147,798	154,280	
	Non-departmental capital expenditure			
73,451	Schools Furniture and Equipment	82,271	88,059	2
23,689	The Network for Learning Limited – Increased Investment	20,120	22,782	5
97,140	Total non-departmental capital expenditure	102,391	110,841	
	Multi-Category Expenses and Capital Expenditure (MCAs)¹⁰			
359,369	Improved Quality Teaching and Learning MCA	365,311	407,675	1
	Departmental output expense			
138,701	<i>Support and Resources for Teachers</i>	159,199	184,143	
	Non-departmental output expenses			
90,931	<i>Curriculum Support</i>	98,313	110,630	
129,737	<i>Professional Development and Support</i>	107,799	112,902	
1,489,495	Outcomes for Target Student Groups MCA	1,522,314	1,593,234	1
	Departmental output expense			
411,501	<i>Interventions for Target Student Groups</i>	458,142	444,558	
	Non-departmental output expenses			
245,988	<i>Food Programme for School and Early Learning</i>	177,354	229,625	
799,760	<i>Learning Support and Alternative Education</i>	830,370	856,319	
32,238	<i>Students Attendance and Engagement</i>	56,422	62,672	
	Non-Departmental Other Expenses			
8	<i>Additional School Lunch Expenses</i>	26	60	
82,201	Oversight and Administration of the Qualifications System MCA	88,077	88,077	4
	Non-departmental output expenses			
46,587	<i>Secondary School Assessments</i>	61,177	61,177	
35,614	<i>Standards and Qualifications Support</i>	26,900	26,900	

¹⁰ 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 2025 \$000	Appropriation title	Expenditure Actual 2026 \$000	Approved appropriation budget ⁸ 2026 \$000	Location of end-of-year performance information ⁹
8,392,626	Primary and Secondary Education MCA	8,654,249	8,874,544	1
	Departmental output expenses			
216,795	<i>Support and Resources for Education Providers</i>	221,474	189,357	
	Non-departmental output expenses			
4,698,264	<i>Primary Education</i>	4,839,303	4,959,056	
4,733	<i>School Risk Management Scheme</i>	5,037	6,800	
3,472,834	<i>Secondary Education</i>	3,588,435	3,719,331	
-	Redress for Abuse in Care MCA	9,724	12,827	1
	Departmental Output Expenses			
-	<i>Delivering redress for abuse in care</i>	6,022	6,567	
	Non-Departmental Output Expenses			
-	<i>Support Service</i>	230	1,497	
	Non-Departmental Other Expenses			
-	<i>Redress Payments</i>	3,472	4,763	
10,323,691	Total Multi-Category Expenses and Capital Expenditure	10,639,675	10,976,357	
19,087,900	Total annual and permanent appropriations for Vote Education	19,410,191	19,986,557	

Annual and permanent appropriations for Vote Tertiary Education

Expenditure Actual 2025 \$000	Appropriation title	Expenditure Actual 2026 \$000	Approved appropriation budget 2026 \$000	Location of end-of-year performance information
Departmental output expense				
12,269	Stewardship and Oversight of the Tertiary Education System	12,768	13,201	1
Non-departmental output expenses				
69,520	Administration of and Support for the Tertiary Education and Careers Systems	67,100	67,100	6
49,800	Centres of Research Excellence	49,800	49,800	6
-	Industry Standards-Setting Functions	25,000	25,000	6
25,846	International Education Programmes	24,103	28,869	7
-	Reestablishing the New Vocational Education and Training Network	2,000	14,000	6
38,619	Strategic Support for National and Regional Priorities	-	-	
24,000	Support for Wānanga	24,000	24,000	6
315,000	Tertiary Education Research and Research-Based Teaching	315,000	315,000	6
13,258	Tertiary Sector/Industry Collaboration Projects	7,285	8,937	6
65,000	Workforce Development Councils	-	943	6
601,043	Total non-departmental output expenses	514,288	533,649	
Benefits or related expenses				
20,557	Tertiary Scholarships and Awards	15,828	16,742	3
Non-departmental other expense				
148,830	Fees-free Payments	5,343	6,169	6
-	Transition of Work-based Learning into Industry Skills Boards	72,280	72,280	3
148,830	Total non-departmental other expenses	77,623	78,449	
Non-departmental capital expenditure				
-	Recapitalisation of the New Vocational Education and Training Network	6,000	25,200	8
-	Support for Lincoln University	5,000	5,000	9
-	Support for Polytechnic Property Management	16,900	16,900	8
3,257	Tertiary Education Commission – Final-year Fees Free	2,087	2,087	6
-	Tertiary Education Institutions' Proceeds from Disposal of Crown Assets	6,350	20,616	1
5,000	Vocational Education Data System	-	-	

Expenditure Actual 2025 \$000	Appropriation title	Expenditure Actual 2026 \$000	Approved appropriation budget 2026 \$000	Location of end-of-year performance information
8,257	Total non-departmental capital expenditure	36,337	69,803	
	Multi-Category Expenses and Capital Expenditure (MCAs)			
3,122,821	Tertiary Tuition and Training MCA	3,247,723	3,310,719	6
	Non-departmental output expenses			
99,352	<i>Access to and Success in Tertiary Education</i>	100,506	94,148	
312,043	<i>Foundation and Community Education</i>	302,867	329,811	
2,711,426	<i>Qualification Delivery</i>	2,844,350	2,886,760	
3,913,777	Total annual and permanent appropriations for Vote Tertiary Education	3,904,567	4,022,563	

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 4
2. In the Ministerial Vote Education report in relation to Non-Departmental Appropriations for the year ending 30 June 2026, 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
8. The recipient Tertiary Education Institutes Annual Reports
9. The Lincoln University Annual Report

Statement of Expenses and Capital Expenditure Incurred
Without, or in Excess of, Appropriation or Other Authority

for the year ended 30 June 2026

There was no unappropriated expenditure for the year ended 30 June 2026.

Statement of Departmental Capital Injections

for the year ended 30 June 2026

Expenditure Actual 2025	Appropriation Title	Expenditure Actual 2026	Approved Appropriation 2026
\$000		\$000	\$000
Vote Education			
989,288	Ministry of Education Capital Injection	858,789	942,939

A breakdown of capital injections is provided in the departmental financial statements under Note 18 – Taxpayers’ Equity.



Independent Auditor's Report

To the readers of the Ministry of Education's annual report for the year ended 30 June 2026

The Auditor-General is the auditor of the Ministry of Education (the Ministry). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the information required to be audited on his behalf.

Opinion

We have audited:

- The financial statements of the Ministry that comprise the statement of financial position, statement of commitments, and statement of contingent liabilities and contingent assets as at 30 June 2026, 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 99 to 160.
- The end-of-year performance information for appropriations of the Ministry for the year ended 30 June 2026 on pages 25 to 53, and 64 to 96.
- The statements of budgeted and actual expenses and capital expenditure incurred against appropriations and statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority and the statement of departmental capital injections for the year ended 30 June 2026 on pages 179 to 184.
- The schedules of non-departmental activities managed by the Ministry on behalf of the Crown, that comprises the schedules of assets, liabilities, commitments, contingent liabilities and contingent assets as at 30 June 2026, the schedules of revenue, capital receipts and expenses for the year ended 30 June 2026, and the notes to the schedules that include accounting policies and other explanatory information on pages 161 to 177.
- The statement of funds held for the year ended 30 June 2026 on page 165 to 166.

In our opinion:

- The financial statements of the Ministry present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with the Public Benefit Entity Standards.

- The end-of-year performance information for each appropriation for the year ended 30 June 2026 is appropriate and meaningful and prepared in accordance with the Ministry's measurement bases or evaluation methods and the Public Benefit Entity Standards, and presents fairly, 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.
- 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 statement of funds held for the year ended 30 June 2026 have been prepared, in all material respects, in accordance with the Treasury Instructions.

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 for the information to be audited* 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.

Emphasis of matter – Establishment of New Zealand School Property Agency

Without modifying our opinion, we draw attention to Note 2.2 to the financial statements, which describes the establishment of the New Zealand School Property Agency (the Agency) and the transfer of the Ministry's school property functions, assets and liabilities to the Agency with effect from 1 October 2026. As set out in Note 2.2, the transfer is expected to materially reduce the Ministry's assets, liabilities, appropriation funding and property related expenditure including depreciation, capital charge and employee related costs.

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 financial statements and end-of-year performance information for appropriations that are fairly presented and comply with the Public Benefit Entity Standards and legislative requirements.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of end of year performance information for an appropriation that is appropriate and meaningful; and
- the preparation of end-of-year performance information for an appropriation in accordance with the Ministry's measurement bases or evaluation methods and the Public Benefit Entity Standards and legislative requirements.

The Secretary for Education is responsible on behalf of the Ministry for preparing statements of budgeted and actual expenses and capital expenditure incurred against appropriation, a statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry, and statements of departmental capital injections, schedules of non-departmental activities managed by the Ministry on behalf of the Crown, and statement of funds held in accordance with the Public Finance Act 1989 and 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 is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

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 audit, our procedures are limited to checking that the information agrees to the Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2026. For performance information for appropriations, we agree any changes from the performance measures and standards in the Estimates to the Supplementary Estimates. For the forecast financial information for the year ending 30 June 2027, our procedures are limited to checking to the best estimate financial forecast information based on the Budget Economic Fiscal Update for the year ending 30 June 2027.

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 Secretary for Education.
- In respect of the end-of-year performance information for appropriations, we:
 - obtain an understanding of the process applied by the Ministry to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods and evaluate whether these present an appropriate and meaningful assessment of the Ministry's service performance.
 - evaluate whether the end-of-year performance information for appropriations is prepared in accordance with the Ministry's measurement bases or evaluation methods, in accordance with the Public Benefit Entity Standards.
- 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 managed by the Ministry on behalf of the Crown, 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- 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 Department in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out assurance engagements related to school payroll reporting, school healthy lunches reporting and supported the provision of a digital technology portal related to the 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
30 September 2026

Appendix one: Carbon Neutral Government Programme results

Background

The Ministry is required to report on greenhouse gas emissions for:

- › Te Tāhuhu o te Mātauranga Corporate Activities
 - 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
- › Te Tāhuhu o te Mātauranga School Activities
- › School Board Activities
- › Charter School Agency Activities.

The inventory reflects the scale, nature and variety of activities undertaken to support and deliver education to the state schooling sector.

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

- › 2025 target: 21 percent reduction in gross emissions to 4,538 tonnes CO₂e by 2024/25 from 5,744 tonnes CO₂e in 2018/19 (the base year). Achieved.
- › 2030 target: 42 percent reduction in gross emissions to 3,332 tonnes CO₂e by 2029/30 from 5,744 tonnes CO₂e in 2018/19 (the base year).

Ministry Corporate Activities Emissions results

The Ministry has further reduced emissions this year. This reduction has been achieved through a continued reduction in air travel compared with the base year and the transition of over half the Ministry’s vehicle fleet to fully electric vehicles. The Ministry’s energy emissions are also significantly lower than the base year, benefiting in part from a reduction in the electricity emissions factor.

Table 1: Ministry Corporate Activities Emissions Profile

Table 1 shows the mandatory emissions from all Ministry Corporate Activities, detailed by category and total annual emissions (tCO₂e), comparing our base reporting year (2018/19) to the current financial year.

Emissions category	2018/19 emissions (tonnes CO ₂ e)	2025/26 emissions (tonnes CO ₂ e)	Change from base year
Mandatory emissions sources			
Category 1: Direct emissions	1,577	591	▼ 63%
Category 2: Indirect emissions from imported energy	504	367	▼ 27%
Category 3: Indirect emissions from transportation*	3,229	1,568	▼ 51%
Category 4: Indirect emissions from products used by the Ministry	434	216	▼ 50%
Mandatory emissions subtotal	5,744	2,742	▼ 52%

* Methodological change between base year and current year (introduced 2024) for calculating emissions from domestic flights.

Gross Emissions Results

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. They are detailed by category and tCO₂-e, comparing the last financial year to the current financial year. The 2025/26 total gross emissions include the Charter School Agency, which is reporting for the first time this year. The Charter School Agency emissions are also detailed separately at Table 3.

Some emissions figures for 2024/25 were revised after the publication of the 2025 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 2024/25 emissions figures have now been verified.

Emissions category	2024/25	2025/26	Change from previous year
Mandatory emissions sources			
Category 1: Direct Greenhouse Gases (GHG) emissions and removals (vehicle fleet and natural gas)	596	591	▼ 1%
Category 2: Indirect GHG emissions from building electricity	466	367	▼ 21%
Category 3: Indirect GHG emissions from transportation (Ministry staff business travel, including air travel, accommodation and work from home)	1,197	1568	▲ 31%
Category 4: Indirect GHG emissions from products used (waste, water, wastewater and transmission and distribution for electricity and natural gas)	187	216	▲ 16%
Mandatory emissions subtotal	2,446	2,742	▲ 12%
Mandatory emissions sources			
Category 3: Indirect GHG emissions from transportation (Ministry staff commute and Ministry funded school transport)	32,901 [†]	33,104	▲ 1%
Category 4: Indirect GHG emissions from products used – purchased goods and services (including state school capital works in 2023/2024)	180,211 [†]	180,053	▼ 0%
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)	409,222 [†]	398,430	▼ 3%
Material emissions subtotal	622,333[†]	611,586	▼ 2%
Total emissions (tonnes CO₂e)	624,779[†]	614,328	▼ 2%

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

As per our Annual Report 2025, emissions from Purchased Goods & Services (PG&S) for schools have not been included. While the Ministry may choose to include these in future years, the current value of this reporting is considered limited.

The Ministry continues to report material emissions from Corporate PG&S. In 2025/2026, Category 4 material emissions represent Corporate PG&S emissions and state school capital works emissions.

Charter School Agency Emissions Profile

The Charter School Agency is reporting within the emissions profile of Te Tāhuhu o Te Mātauranga and will therefore not set a separate base year or reduction target. For transparency, the emissions profile of the Charter School Agency is set out below.

Table 3: Charter School Agency Emissions Profile

Mandatory emissions sources	2025/26
Category 1: Direct emissions	0
Category 2: Indirect emissions from imported energy	0.7
Category 3: Indirect emissions from transportation (staff business travel including air travel, accommodation and WFH)	21.7
Category 4: Indirect emissions from products used by the Agency	1
Mandatory emissions subtotal	23.4
Mandatory emissions sources	
Category 3: Indirect emissions from transportation (staff commute)	8.9
Material emissions subtotal	8.9
Total emissions (tonnes CO₂e)	32.3

Emissions Intensity Results

This table tracks the change in emissions alongside organisational and sectoral change in full-time equivalents (FTEs) and student numbers. The results show an increase of emissions per FTE between 2024/25 and 2025/26. The Charter School Agency is not included in this table.

Table 4: Emissions intensity results

Te Tāhuhu o te Mātauranga Corporate Activities	2024/25	2025/26	Change from previous year
Ministry FTEs	3,835	4,185	▲ 9%
Mandatory corporate emissions (tCO ₂ -e)	2,446	2,719	▲ 11%
Emissions intensity per FTE (tCO ₂ -e)	0.64	0.65	▲ 2%
Te Tāhuhu o te Mātauranga School Activities & School Board Activities	2024/25	2025/26	Change from previous year
State school ākonga (students)	714,358	714,169	▼ 0%
Total gross Te Tāhuhu School Activities & School Board Activities emissions (tCO ₂ -e)	592,236	594,500	▼ 2%
Emission intensity per ākonga (tCO ₂ -e)	0.83	0.83	▼ 2%

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 2025/2026, including Te Tāhuhu o te Mātauranga School Activities and School Board Activities, are unverified. The Ministry will include verified material emissions in our 2027 Annual Report.

Appendix two:

Vote Education

Non-Departmental

Appropriations Report

2026

Introduction to this report

In accordance with section 19B of the Public Finance Act 1989 (the Act), the Minister of Education is required to submit a report on those non-departmental appropriations in Vote Education that are not reported to Parliament through other reporting mechanisms and are not granted an exemption from performance reporting under section 15D of the Act. Appropriations that were granted an exemption from performance reporting under section 15D of the Act, or that are to be reported by other agencies, are listed at the end of this report.

The relevant appropriations included in this report are:

Appropriation type	Appropriation
Non-Departmental Output Expenses	<ul style="list-style-type: none">• Contribution to Other Education-Related Organisations• Early Learning• School Transport• Schooling Improvement• Support for Early Learning Providers• Supporting Parenting
Non-Departmental Other Expenses	<ul style="list-style-type: none">• Integrated Schools Property• Loss on Disposal of Board-of-Trustees-Owned Assets for Stafford Litigation Settlement
Non-Departmental Capital Expenditure	<ul style="list-style-type: none">• Schools Furniture and Equipment

This report outlines what was intended to be achieved by each of these appropriations, and the results delivered by third-party service providers funded by the Ministry of Education (the Ministry) within Vote Education.

This report includes financial and non-financial performance information for the relevant non-departmental appropriations for the period 1 July 2025 to 30 June 2026. Non-departmental output expenses within Vote Education multi-category appropriations (MCAs) are reported in the Ministry’s Annual Report.

This report has been prepared in line with the requirements set out in section 19C of the Public Finance Act 1989. It includes:

- › service performance information.
- › a statement of expenses and capital expenditure incurred against budget for each appropriation.

The performance information in this report has not been audited.

Summary of performance

Understanding the results in the performance tables

This is the key we use to show our year-end results for each measure in the performance tables:

Measures that met their performance standard	
Measures that did not meet their performance standard	
Measures for which data is unavailable, or it is a baseline year	N/A

Understanding the terminology

This is an overview of the different types of appropriations we refer to in this section:

Non-Departmental Output Expenses	These are goods and services delivered by third-party providers (e.g. Crown entities, Non-Governmental Organisations, or private suppliers) that are funded by the Ministry.
Non-Departmental Other Expenses	These are residual operating costs that cannot be easily classified under appropriations.
Non-Departmental Capital Expenditure	This refers to government funding authorised to acquire or develop Crown assets, provide equity injections, or issue loans to organisations outside government departments.
Benefits or Related Expenses	These are costs incurred when the Ministry transfers resources (usually to individuals) and does not expect anything directly in return (e.g. scholarships).

Summary of our performance in 2025/26

We met or exceeded 15 out of 17 non-financial performance measures in the relevant non-departmental appropriations in 2025/26. Our performance is summarised below:

Vote Education (Responsible Minister – Minister of Education)

Appropriation	2025/26 result
Contribution to Other Education-Related Organisations	Achieved 3 out of 3 measures
Early Learning	Achieved 2 out of 2 measures
School Transport	Achieved 2 out of 2 measures
Schooling Improvement	Achieved 1 out of 1 measure
Support for Early Learning Providers	Achieved 0 out of 1 measure
Supporting Parenting	Achieved 0 out of 1 measure
Integrated Schools Property	Achieved 1 out of 1 measure
Loss on Disposal of Board-of-Trustees-Owned Assets for Stafford Litigation Settlement	Achieved 1 out of 1 measure
Transfer of Assets to Charter Schools	Achieved 1 out of 1 measure
Schools Furniture and Equipment	Achieved 4 out of 4 measures

Alignment between our appropriations and our focus areas

We have aligned each of the nine non-departmental appropriations we report on to at least one of the three focus areas in our Strategic Intentions. This is shown by the following symbols:



Increased attendance and participation



Improved educational progress and achievement



System stewardship

Contribution to Other Education-Related Organisation



What type of appropriation this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to provide services to teachers, administrators and institutions that benefit the New Zealand education system, as well as support UNESCO-related activities.
How we performed	We achieved 3 out of 3 measures.

Measure	Budget standard	2024/25	2025/26	At a glance
System availability to teachers of the Teaching Council's online teacher portal Hapori Matatū	98%	99%	100%	✓
The percentage of users who find using Hapori Matatū very easy or easy to use	65%	78%	65%	✓
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	✓

Early Learning



What type of appropriation this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve access to early learning for all young children.
How we performed	We achieved 2 out of 2 measures.
Our disclosures	For 2025/26 we removed six measures to align with the Ministry's broader attendance targets.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of children attending early learning services for 10 or more hours a week on average at age 3 and at age 4:				
• at age 3	Maintain or improve	74%	77%	✓
• at age 4	Maintain or improve	81%	83%	✓

School Transport



What type of appropriation this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to reduce barriers to learning by providing safe transportation for eligible students.
How we performed	We achieved 2 out of 2 measures.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of journeys per annum completed without safety incident in the provision of transport options to eligible ākonga	99.9%	99.97%	99.97%	✓
Percentage of scheduled daily bus journeys per annum that provided services to ākonga	99.5%	99.76%	99.77%	✓

Schooling Improvement



What type of appropriation this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve improved education outcomes through supporting schools in their responsiveness to the needs of their communities, including iwi-strengthening projects.
How we performed	We achieved 1 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
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	126	✓

Support for Early Learning Providers



What type of appropriation this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve increased and equitable participation in early learning by creating more licensed child places through grants in the sector.
How we performed	We achieved 0 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
Number of contracted child places created to meet the needs of targeted communities as a result of the Targeted Assistance for Participation (TAP) Programme	350	N/A	N/A	N/A
Commentary: No new TAP funding was allocated for the 2025/26 financial year. This means new applications for TAP funding are on hold so new child places are only created from a declining group of legacy TAP contracts. TAP funding falls under the Ministerial Advisory Group (MAG) review of financial settings that was initially set to report back to Cabinet in September. However, this has now been pushed out to early 2027. It is not confirmed when sign-off will be completed.				

Supporting Parenting



What type of appropriation this is	Non-Departmental Output Expenses
What we intended to achieve with this appropriation	We intended to achieve improved support by parents, families and whānau for their children's education.
How we performed	We achieved 0 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
Number of children enrolled in early learning as a result of the Engaging Priority Families programme	870-1000	840	303	X
Commentary: Barriers to ECE have impacted efforts, including ECE centre availability, ECE placement wait lists and cost of living issues.				

Integrated Schools Property



What type of appropriation this is	Non-Departmental Other Expenses
What we intended to achieve with this appropriation	We 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.
How we performed	We achieved 1 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
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)	95%	97%	100%	

Loss on Disposal of Board-of-Trustees-Owned Assets for Stafford Litigation Settlement



What type of appropriation this is	Non-Departmental Other Expenses
What we intended to achieve with this appropriation	We intended to achieve accurate recognition of the loss on disposal expense of affected Boards-of-Trustees-Owned assets that are part of the Stafford v Attorney-General litigation settlement.
How we performed	We achieved 1 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
Assets have been derecognised in accordance with relevant accounting standards.	Achieved	New measure	Achieved	

Transfer of Assets to Charter Schools



What type of appropriation this is	Non-Departmental Other Expenses
What we intended to achieve with this appropriation	We intended to achieve the timely transfer and write-off of assets to establish charter schools.
How we performed	We achieved 1 out of 1 measure.

Measure	Budget standard	2024/25	2025/26	At a glance
Percentage of write-offs completed within three months of closure of the state school	Baseline year	New measure	100%	N/A

Schools Furniture and Equipment



What type of appropriation this is	Non-Departmental Capital Expenditure
What we intended to achieve 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.
How we performed	We achieved 4 out of 4 measures.

Measure	Budget standard	2024/25	2025/26	At a glance
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	158	✓
Schools are paid their furniture and equipment funding in accordance with their Five-Year Agreement budget allocation or Policy One funding:				
• accurately	98%	100%	100%	✓
• on time	98%	100%	100%	✓
Percentage of schools which have received network hardware replacement through Te Mana Tūhono programme	75%	73%	87.7%	✓

Statement of Expenses and Capital Expenditure Incurred against Budget

for the year ended 30 June 2026

Appropriation title	2025 Actual	2026 Budget	2026 Actual
	\$000	\$000	\$000
Non-departmental output expenses			
Contribution to Other Education-Related Organisations	7,337	28,378	24,941
Early Learning	2,917,414	3,064,793	3,010,242
School Managed Network Funding	45,247	31,520	30,870
School Transport	134,627	272,081	266,875
School Transport Assistance	128,101	-	-
Schooling Improvement	24,037	33,189	25,970
Support for Early Learning Providers	1,547	4,500	309
Supporting Parenting	7,346	7,141	6,761
Non-departmental other expenses			
Integrated Schools Property	136,937	145,580	144,411
Loss on Disposal of Board-of-Trustees-Owned Assets for Stafford Litigation Settlement	-	2,800	2,343
Transfer of Assets to Charter Schools	-	2,900	-
Non-departmental capital expenditure			
Schools Furniture and Equipment	73,451	88,059	82,271
The Network for Learning Limited – Increased Investment	23,689	22,782	20,120

Explanations for significant variances against Budget are provided below.

Non-departmental Output Expenses

- › **Contributions to Other Education-Related Organisations** was \$3.437 million (12%) under budget due to the new Teacher Fees and Levies funding superseding the previous contract, resulting in the previously allocated funding no longer being required.
- › **Early Learning Education** was \$54.551 million (2%) under budget as \$15 million of funding approved in Budget 2026 to manage the risk associated with demand-driven forecasting of early learning subsidies was not required. Expected demand for Funded Child Hours was lower than anticipated in the final quarter of the year resulting in an underspend.
- › **School Managed Network Funding** was \$650,000 (2%) under budget due to lower expenditure than forecast.
- › **School Transport** was \$5.206 million (2%) under budget due to lower-than-expected bus costs. Fuel cost pressures were lower than forecast because the GRA (Global rating adjustment) is applied retrospectively, resulting in some of the additional \$5 million funding remaining unused. Fuel cost pressures are expected to continue in 2026/27.
- › **Schooling Improvement** was \$7.219 million (22%) under budget mainly due to less than required demand for Schooling Improvement grants and delays in progressing cyber security initiatives. Consequently, an in-principle expense transfer for cyber security was approved in June 2026.
- › **Support for Early Learning Providers** was \$4.191 million (93%) under budget mainly due to lower expenditure than forecast due to no new Targeted Assistance for Participation (TAP) contracts.
- › **Supporting Parenting** was \$380,000 (5%) under budget mainly due to lower procurement of contracts for the Whānau In-home Learning programme.

Non-departmental Other Expenses

- › **Integrated Schools Property** was \$1.169 million (1%) under budget mainly due to lower expenditure than forecast with additional property maintenance grant top-up received in October Baseline Update 2025 not used in full.
- › **Loss on Disposal of Board-of-Trustees-Owned Assets for Stafford Litigation Settlement** was \$457,000 (16%) under budget mainly due to lower expenditure than forecast.
- › **Transfer of Assets to Charter Schools** was \$2.900 million (100%) under budget due to delays in finalising contract negotiations. An in-principle expense transfer of up to \$2.900 million has been approved to transfer this funding into 2026/27 when contracts are expected to be executed.

Non-departmental Capital Expenditure

- › **Schools Furniture and Equipment** was \$5.788 million (7%) under budget due to delays in the delivery of the capital programme of work. Consequently, an in-principle capital transfer was approved the 2026 March Baseline Update.
- › **The Network for Learning Limited – Increased Investment** was \$2.662 million (12%) under budget due to delivery efficiencies in Managed Network 3.0 (N4L Managed Network Upgrade) resulting in reduced costs.

Appropriations not reported

The following appropriations in Vote Education are not included in this report, for the reasons stated below.

To be reported in the Annual Report of another reporting entity

Reporting entity	Appropriation type	Appropriation
Network for Learning	Non-Departmental Output Expenses	School Managed Network Funding
Network for Learning	Non-Departmental Capital Expenditure	The Network for Learning Limited - Increased Investment

Exempted from reporting under the Public Finance Act 1989 (the PFA)

Appropriation type	Appropriation	Exemption (see notes)
Non-Departmental Benefits or Related Expenses	Home Schooling Allowances	Section 15D (2)(b)(ii) of the PFA
Non-Departmental Benefits or Related Expenses	Scholarships and Awards for Students	Section 15D (2)(b)(ii) of the PFA
Non-Departmental Benefits or Related Expenses	Scholarships and Awards for Teachers and Trainees	Section 15D (2)(b)(ii) of the PFA
Non-Departmental Other Expenses	Impairment of Debts and Assets and Debt Write-Offs	Section 15D (2)(b)(ii) of the PFA

Note that under section 15D(2)(b)(ii), a non-departmental appropriation or category may be exempted from reporting if end-of-year performance information is not likely to be informative in the light of the nature of the transaction or causal event giving rise to the expenses or capital expenditure.

He mea tārai e mātou te mātauranga
kia rangatira ai, kia mana taurite ai ōna huanga.

We shape an education system that delivers
equitable and excellent outcomes.

