TAUĀKĪ WHĀINGA MAHI

STATEMENT OF PERFORMANCE EXPECTATIONS

2023/24

REANNZ

CONTENTS /

"Modern research and education are a collaborative enterprise. For the University of Otago, REANNZ represents one of the core ways that technology enables global, national and local collaboration.

The university's strong local collaborations with Te Pūkenga, Crown Research Institutes, primary schools and private industry are in part made more powerful by the connections enabled by REANNZ.

Internationally, REANNZ's access to global NREN networks offer collaboration opportunities that would simply not be possible without our shared national NREN."

– Wallace Chase, Head of Infrastructure, University of Otago

FOREWORD
FROM THE BOARD /

On behalf of the Board, we are pleased to provide REANNZ's Statement of Performance Expectations 2023/24. The priorities and initiatives outlined in this document support REANNZ's ambitions described in the Statement of Intent 2023–2026.

This Statement of Intent was reviewed and updated last year to reflect the strategic direction and the changing needs of the research, science, innovation and education sectors in New Zealand.
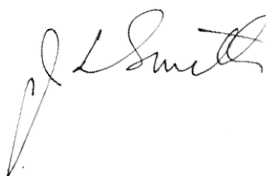
REANNZ is Aotearoa's National Research Education Network (NREN) and has the responsibility to deliver global NREN services to the research and education community and deliver a high-speed data network to support data-intensive research.

Post-pandemic, REANNZ management has been able to travel to international conferences to connect with other NRENs, deepening relationships with the global community and enhancing their understanding of how this community are adapting to the changing market environment. This year, they will further develop these international relationships and grow their knowledge of the technical solutions being adopted by other NRENs.

As planned, REANNZ reviewed member and stakeholder engagement over the past year. This has resulted in a deeper understanding of the different expectations that New Zealand members have as they too adapt to a changing environment. As a result, there is now additional focus on providing tailored services around security and privacy.

In recognition of the importance of digital equity to support communities, REANNZ has reviewed how it can extend the network and services to the regions so that it can help Mātauranga Māori researchers and educators share indigenous knowledge with both Aotearoa and the world. And, over the coming year, both the Board and REANNZ staff will continue their journey to build their own cultural confidence and understanding.

In the coming year, REANNZ will also continue to work with the government on Te Ara Paerangi and the Data and Digital Research Institute while remaining actively engaged with our public sector colleagues.

Janine Smith MNZM
Chair

30 June 2023

Ross Peat
Deputy Chair

WHO WE ARE /

We're a Crown-owned membership organisation that operates and supports a specialist high-performance digital network engineered to meet the unique performance demands of Aotearoa's research and education sector.

Our high-performance digital network connects researchers to each other within Aotearoa and across the globe. Through our network, they're able to collaborate and contribute to global science initiatives and ground-breaking studies.

Our members include museums, libraries, Crown research institutes, wānanga, universities, Te Pūkenga – New Zealand Institute of Skills and Technology, independent research organisations and government organisations.

VISION /

A globally connected and thriving research and education sector.

MISSION /

Connecting researchers and educators so they can change the world.

OUR PURPOSE /

CONNECTING RESEARCHERS. EVERYWHERE.

We provide New Zealand's National Research and Education Network (NREN). It offers our members the technology and infrastructure to collaborate with and contribute to global science initiatives and ground-breaking studies.

New Zealand's NREN connects to over 120 other NRENs around the world, creating regional partnerships and international communities that promote collaboration.

"REANNZ is uniquely positioned
to work with Ministry of Education
to expand the reach of eduroam
to the compulsory education sector.

This will support Ministry's vision of
providing ubiquitous and equitable
access to all students in Aotearoa."

– Mehrdad Fatemi, Digital Equity Programme Director,
Ministry of Education

OUR NETWORK /

Since we launched our network, it has become the backbone of Aotearoa's innovation, research and education sectors. It is designed to move and share data around the country, and across the world, at a scale that isn't consistently possible using a standard network. Capacity alone is not sufficient; other technical features and dedicated data transfer support make it possible for Kiwi researchers and educators to collaborate on a global scale.

Today, our network supports thousands of people across the research and education sectors within Aotearoa.

The network connects into high-performance computing tools like the supercomputer within the National eScience Infrastructure (NeSI) and provides access to specialist scientific instruments, like the Australian Synchrotron, and on-site storage arrays.

Alongside our specialist network, we support the sector with the products, tools and services they need to collaborate, educate and deliver excellent research.

We also partner with other research and education networks around the world. Essentially, we help connect scientific enterprises, providing access to the infrastructure and resources the sector needs to change the world. By being part of this community, REANNZ can guarantee consistent data transfer capability worldwide.

What's an NREN?

NREN stands for 'national research and education network'.

NRENs are specialised internet providers set up by countries around the world to help innovators, researchers and educators share data as they collaborate on studies and initiatives.

These advanced networks connect to each other across local networks and subsea cable systems.

Did you know the internet, emails and social media were all invented on NRENs?

GLOBAL RESEARCH AND EDUCA

MONTREAL

USA

LONDON

AMSTERDAM

SAO
PAULO

THUWAL

LAHORE

THIMPHU

MUMBAI

DHAKA

BANGKOK

COLOMBO

KUALA LUMPUR

BEIJING

SEOUL

TOKYO

TAIPEI

HONG KONG

HANOI

MANILA

SINGAPORE

BANDUNG

CAPE TOWN

PERTH

SYDNEY

NORDUnet

Jisc

GÉANT

Runet

TEIN

UbuntuNet
Alliance

aarnet

GUA

REANNZ
INTERNATIONAL NETWORK

These lines are indicative only and do not show precise routes.

NorduNet

Europe/Géant

UK/Jisc

Netherlands/
SURFnet

CERN

LONDON

SEATTLE

PORTLAND

NEW YORK

PALO ALTO

SAN JOSE

LOS ANGELES

MIAMI

HONOLULU

MAUNA LANI

AM

SAO PAULO

SUVA

SANTIAGO

BUENOS AIRES

AUCKLAND

REANNZ

REANNZ NATIONAL
NETWORK MAP

NB lines are indicative only

—— 100Gbps national backbone network

—— 20Gbps and under

—— Hawaiki Capacity

These lines are indicative only and do not show precise routes.

Sydney

Seattle
Portland (Oregon)

Hawaiki Capacity

Los Angeles

OUR PEOPLE /

Our people come from all walks of life – combining their technical expertise with a whole-hearted focus on members and their needs. They're united around a single purpose – to make a positive impact on New Zealand through research and education.

Specialist network operators

We manage an Advanced Network, providing seamless, real-time transfer of critical research data. We are part of an international federation of network operators dedicated to the research and education sector.

Global connectors

As a partner in the global research and education network, we connect New Zealand to the global research community, providing access and identity services so members can connect and collaborate wherever they are.

Technical experts for the research and education sector

We provide a range of products and services to support the specialist needs of our members in the research and education community, helping them move data and enabling collaboration.

OUR MINDSET /

Our people are curious and open to trying new things. They work hard to create solutions that can support the wider community. Regardless of our individual roles in REANNZ, we act as one. Together, we want to create a place where everyone can collaborate and make a difference.

Our core competencies support us to achieve our aspirations for our organisation, our members and the sector:

Lead by example – accountable for our actions.

Act as one team – working as one team in partnership with our members and stakeholders.

Open to all – creating a diverse workplace where everyone feels welcome.

Be purposeful – creating impact by doing what we say we will.

Be curious – seek new and exciting ways to deliver for our community.

Aspire to excellence – we aim to be excellent in all that we do.

"We had issues with connectivity at some of our remote sites, however REANNZ was able to help us with a great solution.

Utilising REANNZ's product MAE Flex, our people at these remote sites are now able to connect by using mobile 4G services that feed back into the REANNZ network.

REANNZ were supportive and worked well alongside our team to solve our problem."

– David Dyer, Manager Technology Services, Plant and Food

STRATEGIC INTENT /

REANNZ connects researchers and educators – so they can change the world.

We're a Crown-owned membership organisation that powers Aotearoa's research and education network.

Through our high-performance digital network (or NREN), we connect researchers and educators to each other within Aotearoa and in more than 120 countries across the globe. We enable them to collaborate and contribute to data-intensive and complex science and research initiatives. We provide connectivity across their labs, offices and campuses, and we verify their identities with other global research organisations.

Over the next 3-5 years, we'll be building a stronger, more connected network that is the backbone of Aotearoa's research community.

The world is changing, and we are changing with it. As part of our new strategy, we're making make four key shifts:

Mātauranga Māori will be embedded in our strategy and practices.

Supporting the aspirations of the Māori research and education community will become an integral part of REANNZ's strategy.

We'll connect Aotearoa.

Increasing REANNZ's connection to the global NREN federation for the benefit of New Zealand. Increasing access to global thinking and expertise.

We're building our global connections.

We'll continue to develop our knowledge and increase our participation and contribution to the global NREN community. This will ensure that the knowledge and value of the network can be used for the benefit of Aotearoa.

We'll make it easy.

We will work in partnership with the research and education sector to develop a consistent user experience, focused on improving interoperability, consistency and co-design.

Over the past year, we've had a lot of highlights as we delivered on our strategy. We successfully undertook our National Network Strategic Review. This was designed to ensure that we could continue to meet our members networking and connectivity requirements. As part of this, we ran a successful procurement process with multiple stakeholders to look at national connectivity requirements. We've now formally selected One NZ (formerly Vodafone NZ) as our new connectivity vendor to provide additional network paths and build more resiliency for the sector. They will partner with us to strengthen the network over the next four years – making it more flexible and more accessible to researchers and educators, wherever they are.

Following on from this we're undertaking a review of our regional connectivity, looking at how we deliver more services and connectivity into the regions. Our members will contribute to this by providing us with use cases, and we'll be looking at how we can help contribute to digital equity in the process.

WHERE WE'RE HEADING /

It's clear our world is changing and the nation may face more unprecedented challenges in the future. REANNZ's powerful network offers huge possibility and potential for researchers and educators.

REANNZ has traditionally taken a linear approach to connectivity focusing on connecting from the centre and reaching out to member's main sites.

But we've changed up our approach over the past year to make us future-fit. We know our members need connectivity across the entire research and education system to support their cross-sector collaborations and multi-institutional partnerships.

The future calls for more flexibility as our members move out of traditional research institutions into the field and bring regional expertise into the centre. At a structural level, this means the ability to connect across different sites, no matter the location or size. At a services level this means the provision of services designed to foster collaboration and interoperability - positioning REANNZ as an interwoven support structure for the system.

Over the next five years we are looking at how we can be agile, future-focused, and connected to the communities we serve. We'll work towards embedding Te Tiriti into everything we do. We will drive more benefit for the sectors we serve by increasing REANNZ's global participation, and we'll increase access to our services so all our members can participate, wherever they are.

We'll also be continuing to extend and strengthen our network. This includes our work on digital equity, which responds to our members' demands to have safe, connected learning environments. And we'll be progressing our work with researchers so we can meet their research needs and help them overcome any connectivity challenges in the regions.

Our key initiatives and performance measures are designed to achieve REANNZ's vision of a globally connected and thriving research and education sector. We will deliver this by connecting researchers and educators with an advanced global network and services so they can change the world.
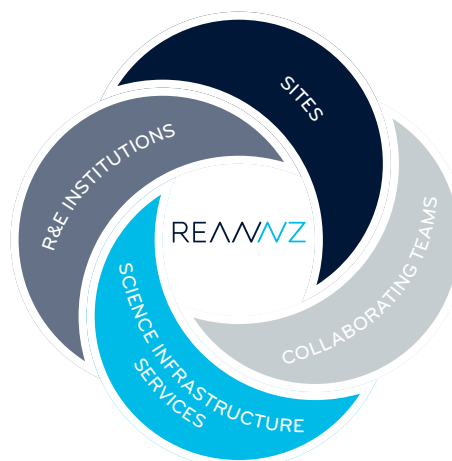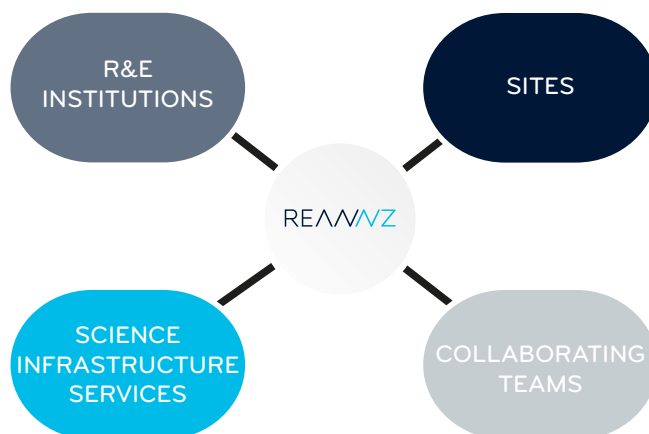
PRIORITIES AND MAJOR INITIATIVES 2023/24 /

People and Culture

Building a culture that is aligned to our strategy and serves the sector. Building a culture of continuous improvement. Strengthening our organisational foundations through training, process and system improvement.

Year 1 (FY23)	Year 2 (FY24)	Year 5 (FY27)
› Continue to leverage competency framework development	› Continue to grow REANNZ's reputation as a desirable place to work	› Innovative and member-focused culture
› Leadership team become effective influencers who can contribute to strategic success	› Continue to invest in personalised leadership training and mentoring for high potential staff members	› Diversity of thought and contributions from staff embedded at all levels
› Establishing leadership pathways for diverse talent	› Further develop our purpose-driven culture	› Track record of purposeful delivery
		› Continued high engagement and low levels of staff churn

FY2023/24 initiatives:

› **Continued investment in leadership training**

› **Increase employee engagement**

› **Competency and supporting professional development**

Performance measures

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Impact measure:				
Staff satisfaction surveys	Employee satisfaction score →60%.	Achieved	Achieve satisfaction score →65%.	Continue bi-annual survey to regularly measure the overall welfare and happiness of the team and identify areas where we can make positive changes based on "voice of staff".

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Output measures:				
Leadership training	Develop senior leadership capabilities.	Achieved	All senior leadership team members attend at least one tailored leadership skills training seminar. Emerging leaders to attend at least two high-performance leadership training workshops.	Leadership development contributes to improving REANNZ's culture, employee engagement, member satisfaction and delivery of strategic outcomes.
Professional development	Implement technical capabilities and competencies framework to bring clarity around roles and accountabilities.	Achieved	Ensure 100% of staff attend at least one te ao Māori competency training workshop.	Professional development is an integral part of our competency framework and supports our continuous improvement and career development philosophy.

Supporting Mātauranga Māori

Supporting the aspirations of the Māori research and education community will become an integral part of REANNZ's strategy.

Year 1 (FY23)	Year 2 (FY24)	Year 5 (FY27)
Build internal capability and understanding of Mātauranga Māori	Build relationships and partnerships with iwi and the Māori research community	Mātauranga Māori initiatives integrated into all aspects of our strategy
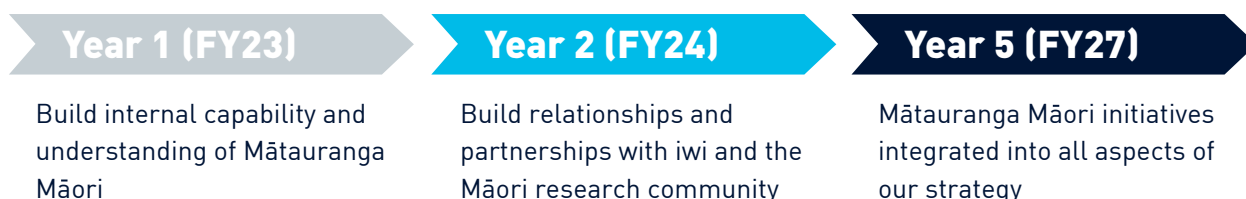
FY2023/24 initiatives:

› **Continue our Mātauranga Māori journey by working with Māori-led research programmes to identify areas where REANNZ can support**

› **Increase our understanding of te ao Māori**

› **Incorporate principles of tikanga Māori into our organisation**

Performance measures

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Impact measure:				
Cultural Capability Programme with learning tools and resources to help REANNZ staff strengthen their cultural capability	Multi-year programme developed by 30 August 2022.	Achieved	Increase understanding of te ao Māori by embedding key elements of tikanga (Whanaungatanga, Manaakitanga, Kotahitanga, Rangatiratanga) into REANNZ values by the end of FY24.	REANNZ staff understand te ao Māori and REANNZ's role in supporting Mātauranga Māori and inform decision-making.
Output measures:				
Training our people	Three iwi and Māori research community stakeholders actively engaged with REANNZ's engagement team.	Achieved	95% of permanent staff have participated in a minimum of two foundational cultural capability courses. For FY24 these courses will be focused on understanding tikanga and introduction to te reo Māori.	Increasing staff capability and understanding of Mātauranga Māori.
Iwi and Māori research community engagement	Three iwi and Māori research community stakeholders actively engaged with REANNZ's engagement team.	Underway	Continue work started in FY23 by engaging with three Māori research community programmes to support connectivity and/or provide identity management solutions.	REANNZ will build relationships and partnerships with iwi and the Māori research community to further understand their research needs.

Building our global connections

Increase participation and contribution to the global community and NREN-led initiatives for the benefit of Aotearoa.

Year 1 (FY23)	Year 2 (FY24)	Year 5 (FY27)
› Increase global participation	› Take a leadership position in network monitoring and measurement	› Recognition as an influential NREN member in our specific focus areas of identity management and network monitoring and measurement
› Contribute to global identity management work	› Continue to build contribution to global identity management capability	
› Support key global initiatives in our areas of strength	› Work on global initiatives to secure the GREN	
› Support new international cables to Aotearoa (as needed)		

FY2023/24 initiatives:

› **Champion MANRS (Mutually Agreed Norms for Routing Security) with members and in the APAC region**

› **Attend CEO Forum(s) and key conferences**

› **Maintain involvement in international cable discussions**

› **Host New Zealand eResearch 2024 conference**

Performance measures

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Impact measure:				
Contribute to the global NREN community by leading the global discussion in areas of our expertise.	6 technical presentations at both regional and international conferences.	Achieved	6 technical presentations at both regional and international conferences.	Contributing to the global NREN community by being technical experts in MANRS compliance.
Output measures:				
Attend key conferences	Attend 3 regional and 3 international key conferences.	Achieved	Attend 3 regional and 3 international key conferences.	Increasing REANNZ global participation

Connecting Aotearoa

Ensuring researchers and educators have access to the infrastructure and connectivity they need to advance their work wherever they are – reaching beyond the boundaries of our core network. Build our membership and work with stakeholders to ensure our delivery models support this.

Year 1 (FY23)	Year 2 (FY24)	Year 5 (FY27)
› Deliver the National Network Strategic Review (NNSR)	› Connect the regions by implementing the NNSR regional reach programme	› Connectivity broker for the sector
› Partner to extend the network	› Expand our membership to connect all areas of the research & education sector.	
› Support Ministry of Education digital equity initiatives	› Continue to support Ministry of Education digital equity initiatives	

FY2023/24 initiatives:

› **Digital equity and ubiquitous access: working across the sector to roll out eduroam across marae, libraries and other meeting places to support the ambition to give all students a safe and secure pace to study**

› **Connecting the research and education sector: expanding our membership into the GLAM sector (galleries, libraries, archives, museums), independent research organisations and health (teaching hospitals) sector**

› **Connect the regions: partnering with mobile, satellite and wireless operators to provide connectivity to the corners of Aotearoa where research is being undertaken**
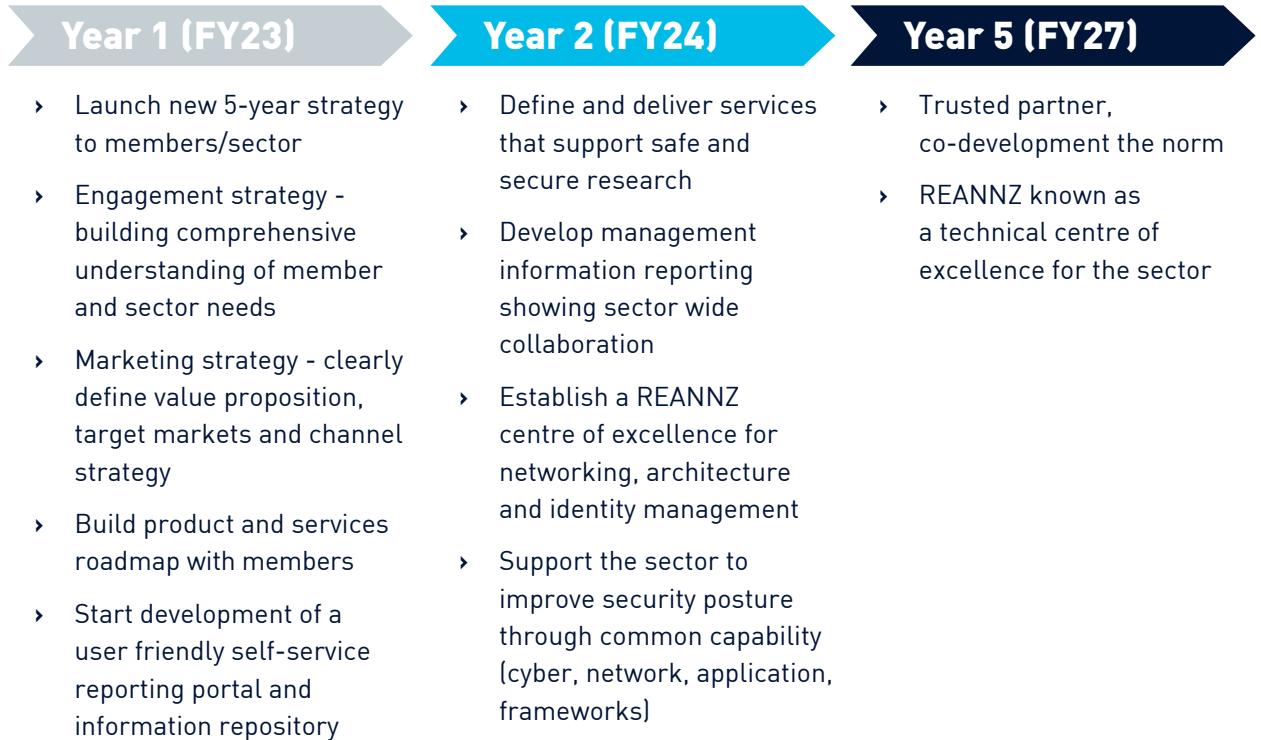
Performance measures

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Impact measure:				
Better connected members	Number of Optional Service Agreements signed.	Over 25	Increase service penetration and the Number of Optional Service Agreements signed by 25%.	Increased uptake of REANNZ services will enable members to connect and collaborate with the national and international community, build capability, and solve data transfer challenges.
Output measures:				
National Network Strategic Review connectivity	National Network connectivity completed by 1 April 2023.	Achieved	Create a scalable model by 30 June 2024 for connecting regional sites.	This programme will ensure that REANNZ and the network remain well equipped to support the next generation of research, innovation, and education activity.

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Packet delay variation	Less than 0.01% of hourly measurements across the core network have over 20ms of packet delay variation.	Achieved	Less than 0.01% of hourly measurements across the core network have over 20ms of packet delay variation.	Packet delay variation, often known as 'jitter,' is particularly an issue for real-time services such as voice or video where a human user is involved. High packet delay variation can lead to these services being unusable.
Packet Loss	Less than 0.0001%	Achieved	Less than 0.0001%	Packet delivery is a key element of network quality and one of the defining features of research and education networks. A major differentiator of research and education networks is the aim to eliminate packet loss as it is catastrophic for large data transfers typical of our user groups.
Solutions launched to enable researcher to connect wherever they are.	4G capability has been delivered. Satellite and RBI products available.	Underway (4G and RBI delivered)	4G remote pilot programmes (use cases) moved into production. Starlink satellite capability evaluated and delivered.	Critical that REANNZ continues to invest in a suite of connectivity solutions that remove geographical barriers for researchers, wherever their research takes them.
Advanced network Bandwidth available		Achieved		National research and education networks are engineered to have sufficient headroom capacity to support the bursts of data intensive traffic commonly found in data intensive research fields.
- national backbone capacity	100 Gbps		100 Gbps	
- international network capacity	100 Gbps		120 Gbps	

Making it easy

Leveraging our whole-of-sector view to upskill and build capability across the sector. Be a technical centre of excellence – specialising in networking, architecture and identity management.

Year 1 (FY23)	Year 2 (FY24)	Year 5 (FY27)
› Launch new 5-year strategy to members/sector	› Define and deliver services that support safe and secure research	› Trusted partner, co-development the norm
› Engagement strategy - building comprehensive understanding of member and sector needs	› Develop management information reporting showing sector wide collaboration	› REANNZ known as a technical centre of excellence for the sector
› Marketing strategy - clearly define value proposition, target markets and channel strategy	› Establish a REANNZ centre of excellence for networking, architecture and identity management	
› Build product and services roadmap with members	› Support the sector to improve security posture through common capability (cyber, network, application, frameworks)	
› Start development of a user friendly self-service reporting portal and information repository		

FY2023/24 initiatives:

› **Collaborate and seek perspective from the sector to create a more member-centric product roadmap**

› **Develop flow reporting capability to provide a detailed view of sector collaboration**

› **Through continuous improvement activity, free up resource to support members with their networking, architecture and identity management requirements**

Performance measures

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Impact measure:				
Member satisfaction and engagement (data intensive research)	Greater than 80%	Achieved	Greater than 80%	The proportion of members consider that the REANNZ network enables data intensive research.
Member satisfaction and engagement (value)	Greater than 80%	Achieved	Greater than 80%	The proportion of members consider that the REANNZ network is valuable or essential to their organisation.

Performance Measure	Target 2022/23	Expected 2022/23	Target 2023/24	Why this measure is important
Output measures:				
Develop the Tuakiri service to deliver interoperability for the research and education sector.	Tuakiri product roadmap developed by 30 September 2022.	Achieved	High level trust and identity product roadmap to be refined and ratified with Members by 30 Sept 2023.	REANNZ sets the standard for federated access to the research and education sector. A common approach to federated identity management is a key driver in cross-sector interoperability.
Digital equity proposition developed and launched	Digital equity proposition developed and launched by December 2022.	Proposition developed	Work in partnership with Members and strategic partners to increase eduroam microsite footprint by 20%.	Working in partnership with education institutions such as the Ministry of Education, Te Pūkenga and Universities will help address digital equity and develop the future talent pipeline for the sector.
Member endorsed product and solutions roadmap	Member endorsed product and solutions roadmap signed off by December 2022.	Achieved	Product and solutions roadmap deferred till completion of the NNSR project. The product and solutions roadmap will completed and endorsed by September 2023.	A member informed product roadmap ensures REANNZ future investment decisions are made with members needs at the core.
Issues resolution timeliness The proportion of members that consider any issues are resolved in a timely manner	80%	80%	Greater than 80%	Addressing any issues, queries, or requests from our members in a timely manner, supports and promotes research and science
Network availability	Network available at least 99.95% of the time.	Achieved	Network available at least 99.95% of the time.	Members can connect whenever and wherever they are.

PROSPECTIVE FINANCIAL STATEMENTS /

Research and Education Advanced Network New Zealand Limited

Prospective Statement of Comprehensive Revenue and Expense for the Year ending 30 June

Forecast 2023 $ 000		Budget 2024 $ 000
	Revenue	
6,250	Grant revenue	6,250
6,407	Network revenue	6,687
4,065	Other revenue	3,520
920	Interest revenue	1,408
15,432	**Total Revenue**	**17,865**
	Network Expenses	
9,769	Network Operating Expenses	8,297
886	Depreciation and amortisation	1,580
2,469	Network Personnel	2,773
13,124	**Total Network Expenses**	**12,650**
4,519	**Gross Surplus / (Loss)**	**5,215**
	Other Expenses	
87	Depreciation and amortisation	98
2,069	Employment expenses	2,202
2,195	Other Operating Expenses	2,706
4,351	**Total Other Expenses**	**5,006**
168	**Surplus / (Deficit) excluding gains / (losses)**	**209**
	Other Gains/(Losses)	
(107)	Foreign currency gains / (losses)	90
(107)	**Total Gains/ (Losses)**	**90**
61	**Net Surplus / (Deficit)**	**299**
61	**Total Comprehensive Revenue and Expense**	**299**

Research and Education Advanced Network New Zealand Limited

Prospective Statement of Financial Position
As at 30 June

Forecast 2023 $ 000		Budget 2024 $ 000
	ASSETS	
	Current Assets	
2,434	Cash and cash equivalents	2,888
27,905	Investments	21,391
124	Derivative financial instruments	90
230	Receivables	230
57	GST Receivable	-
176	Prepayments	132
2,091	Prepaid network expenses	1,500
33,017	**Total Current Assets**	**26,231**
	Non-Current Assets	
14,895	Prepaid network expenses	14,100
3,588	Property, plant, equipment and intangibles	11,234
90	Derivative financial instruments	-
18,573	**Total Non-Current assets**	**25,334**
51,590	**TOTAL ASSETS**	**51,565**
	LIABILITIES	
	Current Liabilities	
655	Accounts Payable and accrued expenses	655
-	GST payable	19
272	Employee entitlements	286
332	Lease liability	332
15	Deferred revenue	-
10	Deferred lease incentive	10
2,385	Unspent capital funding	-
3,669	**Total Current Liabilities**	**1,302**
	Non-Current Liabilities	
997	Lease liability	665
24	Deferred lease incentive	14
1,021	**Total Non Current Liabilities**	**679**
4,690	**TOTAL LIABILITIES**	**1,981**
46,900	**NET ASSETS**	**49,584**
	EQUITY	
16,001	Share capital	16,001
1,715	Capital contribution	4,100
29,184	Accumulated surplus	29,483
46,900	**TOTAL EQUITY**	**49,584**

Research and Education Advanced Network New Zealand Limited

Prospective Statement of Cash Flows
for the Year ending 30 June

Forecast 2023 $ 000		Budget 2024 $ 000
	CASH FLOWS FROM OPERATING ACTIVITIES	
	Cash was provided from (applied to)	
6,250	Grant revenue	6,250
6,412	Network revenue	6,702
4,033	Other revenue	3,519
614	Interest received	1,423
(190)	Net GST	45
(12,270)	Payments to suppliers & employees	(11,090)
(3,787)	Prepayments for network connectivity	(3,570)
98	Realised gain on foreign currency	-
1,160	**Net Cash Flow from Operating Activities**	**3,279**
	CASH FLOWS FROM INVESTING ACTIVITIES	
(1,944)	Purchase of plant & equipment	(9,325)
37	Sale of plant & equipment	-
(6,250)	Term deposit investments	6,500
(8,157)	**Net Cash Flow from Investing Activities**	**(2,825)**
	CASH FLOWS FROM FINANCING ACTIVITIES	
	Cash was provided from (applied to)	
4,100	MBIE capital funding	-
4,100	Net Cash Flow from Financing Activities	-
(2,897)	**Net Increase/(Decrease) in Cash Held**	**454**
5,331	Cash at beginning of the year	2,434
2,434	**Cash at end of year**	**2,888**
	Represented by:	
2,434	**Cash at Bank**	**2,888**

Nature and purpose of prospective financial statements

The Prospective Financial Statements have been prepared to the best of our knowledge and belief as an indication of REANNZ's future financial performance. Actual financial results achieved for the period covered may vary from the information presented, and potentially in a material manner.

The purpose of the Prospective Financial Statements is to inform readers of this Statement of Performance Expectations of REANNZ's best estimate of its future financial performance at the date of publication, and to comply with the company's specific reporting and disclosure obligations. The statements may not be suitable for other purposes.

Notes to the Prospective Financial Statements

Significant Assumptions

The following assumptions have been made in the preparation of the prospective financial statements:

- Transactions paid for in United States dollars (USD) have been converted to New Zealand dollars at a rate of 0.62 USD to 1 NZD.

- Transactions paid for in Australian dollars (AUD) have been converted to New Zealand dollars at a rate of 0.90 AUD to 1 NZD.

- The short-term deposit rate is 5.25% per annum.

Reporting Entity

The reporting entity is Research and Education Advanced Network New Zealand Limited ('REANNZ'), a Crown entity as defined by the Crown Entities Act 2004 and a New Zealand incorporated company. As a Crown entity, REANNZ's ultimate parent is the New Zealand Crown.

REANNZ primary objective is to establish, own and operate a high-speed communications network for the research and education sector. As such, REANNZ's aim is to provide services to the public, rather than make a financial return.

Accordingly, REANNZ has designated itself as a Public Benefit Entity ('PBE') for the purposes of PBE accounting standards with reduced disclosures.

Basis for preparation

Statement of compliance

The Prospective Financial Statements have been prepared in accordance with the Crown Entities Act 2004, and with generally accepted accounting practice in New Zealand (NZ GAAP).

These Prospective Financial Statements comply with PBE accounting standards, which include PBE FRS 42 Prospective Financial Statements.

REANNZ elected to report in accordance with Tier 2 PBE accounting standards with reduced disclosure requirements and is eligible to report as a Tier 2 reporting entity on the basis that it does not have public accountability and is not large.

Presentation currency and rounding

The Prospective Financial Statements are presented in New Zealand dollars, rounded to the nearest thousand ($000). The functional currency of REANNZ is New Zealand dollars.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability. REANNZ accounting policies, therefore, are designed to report the substance of the underlying transactions undertaken by the entity.

The following significant accounting policies have been adopted in the preparation and presentation of the Prospective Financial Statements.

Goods and services tax (GST)

These Prospective Financial Statements are prepared on a GST-exclusive basis except for accounts receivable and accounts payable, which include GST.

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

Foreign currency transactions

Transactions in foreign currencies, including those for which forward foreign exchange contracts are held, are translated to New Zealand dollars (the functional currency) at the spot rate on the date of transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

Income tax

As a public entity under Section CW 38(2) of the Income Tax Act 2007, the company is exempt from income tax. Accordingly, no provision has been made for income tax.

Statement of Cash Flows

The Prospective Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Revenue and Expense.

Definitions of the terms used in the Prospective Statement of Cash Flows are:

'Cash' includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash used by REANNZ as part of its day-to-day cash management.

'Investing activities' are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

'Operating activities' include all transactions and other events that are not investing activities.

"Financing activities' are those activities relating to changes in equity.

Revenue

The specific accounting policies for significant revenue items are explained below.

Grant revenue

REANNZ is funded in part by the Crown from the Strategic Science Investment Fund (SSIF). The SSIF operational grant is provided to partially fund the delivery of specialist services and activities to meet the Government's goals for research and education. REANNZ must report to the Ministry of Business,

Innovation & Employment on a quarterly basis to fulfil the terms of the contract for operational funding. The grant is recognised as revenue when paid because there are no other conditions attached.

Additional SSIF Capital for Infrastructure funding was provided for technical investment in the REANNZ network. The funding is ringfenced and recognised as equity once funds have been spent.

Network and other revenue

Revenue is measured at the fair value of the consideration received or receivable. All transactions are exchange transactions.

Receivables and debtors

Accounts receivable are recorded at the amount due less an allowance for credit losses. REANNZ applies the simplified credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, receivables have been assessed on an entity-type basis as this determines shared credit risk characteristics.

Receivables are expensed in the Prospective Statement of Comprehensive Revenue and Expense when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Derivative financial instruments

REANNZ enters into derivative financial instruments, including forward foreign exchange contracts, as part of its normal operations to manage its exposure to foreign exchange rate risk. REANNZ does not hold or issue derivatives for trading purposes. REANNZ has not adopted hedge accounting.

Derivatives are initially recognised at the fair value on the date a derivative contract is entered into and are subsequently revalued at each balance date, with the resulting gain or loss recognised in the Prospective Statement of Comprehensive Revenue and Expense.

A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise the full fair value of forward foreign exchange derivatives are classified as non-current.

Property, plant and equipment

Property, plant and equipment, and intangible assets fall into the following classes, which are measured, at cost less accumulated depreciation or amortisation and impairment losses:

- Leasehold improvements

- Routers, switches and optical equipment

- Information technology equipment

- Office equipment

- Point of Presence (PoP) equipment

- Fibre and fibre housing

- Intangible assets

Additions

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

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

In most instances, an item of property, plant and equipment and intangible assets is initially recognised at cost. Where an asset is acquired through a non-exchange transaction, the asset will be recorded at fair value 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 REANNZ and the cost of the item can be measured reliably.

The costs of servicing property, plant and equipment are recognised in the Prospective Statement of Comprehensive Revenue and Expense as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds of disposal with the carrying amount of the asset. Gains and losses on disposal are included in the Prospective Statement of Comprehensive Revenue and Expense.

Depreciation and amortisation

Depreciation and amortisation on property, plant and equipment and intangible assets is calculated on a straight-line basis, from the time the asset is in the location and condition necessary for its intended use. This basis allocates the cost or value of the asset, less its residual value, over its estimated useful life.

The depreciation method, estimated useful lives and residual values of property, plant and equipment are reviewed annually to assess appropriateness.

The following estimated useful lives are used in the calculation of depreciation and amortisation:

Leasehold improvements	6 years
Routers, switches and optical equipment	3–8 years
Information technology equipment	3 years
Office equipment	5 years
PoP equipment	8 years
Fibre and fibre housing	4–20 years
Intangible assets	4–5 years

Leasehold improvements are depreciated on the basis of estimated useful life or the remaining lease term, whichever is shorter.

Right of use assets have been classified as fibre and fibre housing assets and are depreciated over the length of the lease term.

Impairment of property, plant and equipment and intangible assets

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

Non-cash generating assets

At each reporting date, assets are reviewed by the Directors to determine whether there are any events or changes in circumstances that indicate that carrying amounts may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its estimated recoverable amount.

If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is then recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expense.

Where an item of property, plant or equipment has been revalued, any impairment loss is recognised against the

revaluation reserve for that class of asset. Where this results in a debit balance in the revaluation reserve, the balance is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

Any reversal of an impairment loss is recognised in the Prospective Statement of Comprehensive Revenue and Expense. Impairment losses can only be reversed to the extent that the carrying amount of the asset matches the carrying amount as calculated under the cost less accumulated depreciation method.

For items of property, plant, equipment and intangible assets that have been revalued, any reversal of impairment loss is credited back to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Prospective Statement of Comprehensive Revenue and Expense, a reversal of impairment loss is also recognised in the Prospective Statement of Comprehensive Revenue and Expense.

Payables

Short-term payables are recorded at the amount payable.

Employee entitlements

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

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Provisions

Provisions are 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 than an outflow of future economic benefits or service potential will be required to settle the obligation; and a reliable estimate of the obligation amount can be made.

Provisions are measured at the present value of the amount expected to be required to settle the obligation.

Commitments and contingencies

A schedule of commitments and contingencies is not separately disclosed in these Prospective Financial Statements.

Operating leases

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

Lease incentives received are recognised in the Prospective Statement of Comprehensive Revenue and Expense as a reduction of rental expense over the lease term.

Where the leased items are not in use, the operating lease payments will be treated as a prepayment in the Prospective Statement of Financial Position. Once the items begin to be used in deriving revenue, these prepayments are released to the Statement of Comprehensive Revenue and Expense on a straight-line basis over the period of the remaining operating lease term.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, prepaid finance leases where REANNZ is the lessee are recognised as an asset in the Prospective Statement of Financial Position at the fair value of the leased item.

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

Indefeasible Rights of Use (IRUs) have been granted to REANNZ over specific fibre pairs and have been accounted for as finance leases as the risks and rewards of ownership have transferred to REANNZ.

REANNZ has recently been granted a right to use specific network paths. REANNZ has capitalised the finance leased asset and set up a lease liability for the value of the asset recognised.

REANNZ