

TAUĀKĪ WHĀINGA MAHI

STATEMENT OF PERFORMANCE EXPECTATIONS

2024/25

REANZ

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Presented to the House of Representatives under Sections 150–157 of the *Crown Entities Act 2004*.

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"We're increasing the number of places that students, researchers, and educators can get access to eduroam as part of a focused strategy to reduce digital inequity in Aotearoa. This move will mean thousands more students will be able to log on more easily and complete their assignments, conduct research on the go, and connect and collaborate with others.

Student privacy is a key concern for REANNZ and eduroam. Recognising this need for privacy, the eduroam service is designed in a way that we don't need to know end-user identity to provide the service."

– Amber McEwen, REANNZ CEO

FOREWORD FROM THE BOARD /

On behalf of the Board, I am pleased to provide REANNZ’s Statement of Performance Expectations 2024/25. The priorities and initiatives outlined in this document support REANNZ’s ambitions described in the Statement of Intent 2023–2026.

REANNZ is critical infrastructure for the research and education sectors in New Zealand. We are Aotearoa’s National Research Education Network (NREN), delivering global NREN services and a high-speed data network to support data-intensive research.

REANNZ’s work enables research innovation and impact and ultimately economic impact and growth for New Zealand Inc, connecting the research and education sector to the broader innovation sector for pre-commercial research-based collaboration.

REANNZ is three years into delivering a five-year strategy and we are making good progress towards building a flexible, responsive organisation that is strongly connected to the research and education sector.

REANNZ has invested time over the past year to better understand sector needs; and worked with the sector to co-develop a product and services roadmap.

This year, we’ll continue to work with our members and respond to their changing needs. REANNZ will be wherever they are, aggregating their requirements and working with the commercial sector to deliver solutions.

REANNZ will continue to Increase interoperability and security for our members by developing our product and services in cyber security, identity and access management and management information reporting.

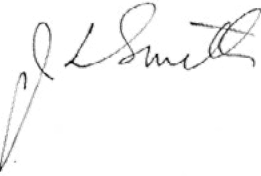
REANNZ also manages capacity on the Hawaiiiki international cable on behalf of the Crown. Under the terms of our agreement, this capacity will increase over the next few years. This creates a significant opportunity to create more value for the sector, and New Zealand Inc, by broadening the scope of our activities and bringing on new membership to make the most of this increase in capacity.

Last year, REANNZ increased its participation in the global community, identifying areas of best practice across the GREN network and leveraging these for the benefit of our members as part of our product roadmap work.

Over the coming year, REANNZ will continue to invest in our global relationships, bringing GREN development solutions back to the New Zealand market for the benefit of our members and New Zealand Inc.

Following on from the National Network Strategic Review we conducted last year, REANNZ has worked with commercial providers to extend the reach of our network and services into the regions, an important enabler for digital equity.

In recognition of the ongoing importance of digital equity to support communities, REANNZ will continue to support mātauranga Māori, engaging with iwi and the Māori research and education community to build relationships and partnerships; and understand how to support their aspirations while we continue to work on our own cultural capability.



Janine Smith MNZM
Chair



30 June 2024

WHO WE ARE /

REANNZ is 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.

“MAE offers our members customisation and flexibility. It solves unique connectivity challenges – such as making remote locations feel more like an urban site with the same type of services and consistency. Plus, because it’s a managed service, we’re always proactively monitoring it and will reach out to our members directly if there’s a problem.”

– Dan Twohill, Team Lead Network Services, REANNZ

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 all 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 deliver value by partnering with over 120 research and education networks around the world. Essentially, we help connect scientific enterprises, providing access to the infrastructure and solutions the sector needs to collaborate and create impact. By being part of this community, REANNZ can guarantee consistent data transfer capability worldwide.

What's an NREN?

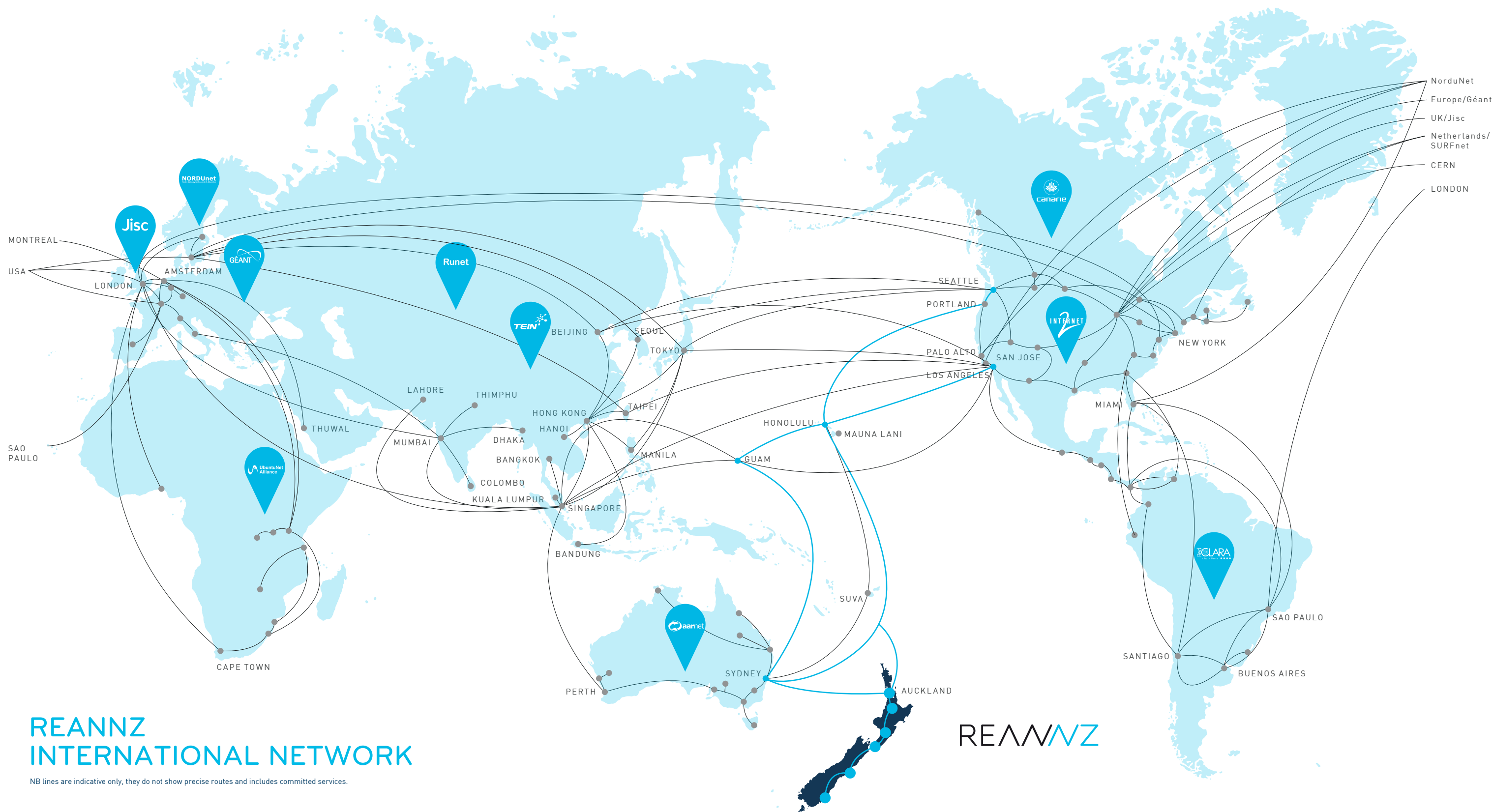
NREN stands for ‘national research and education network’.

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

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?

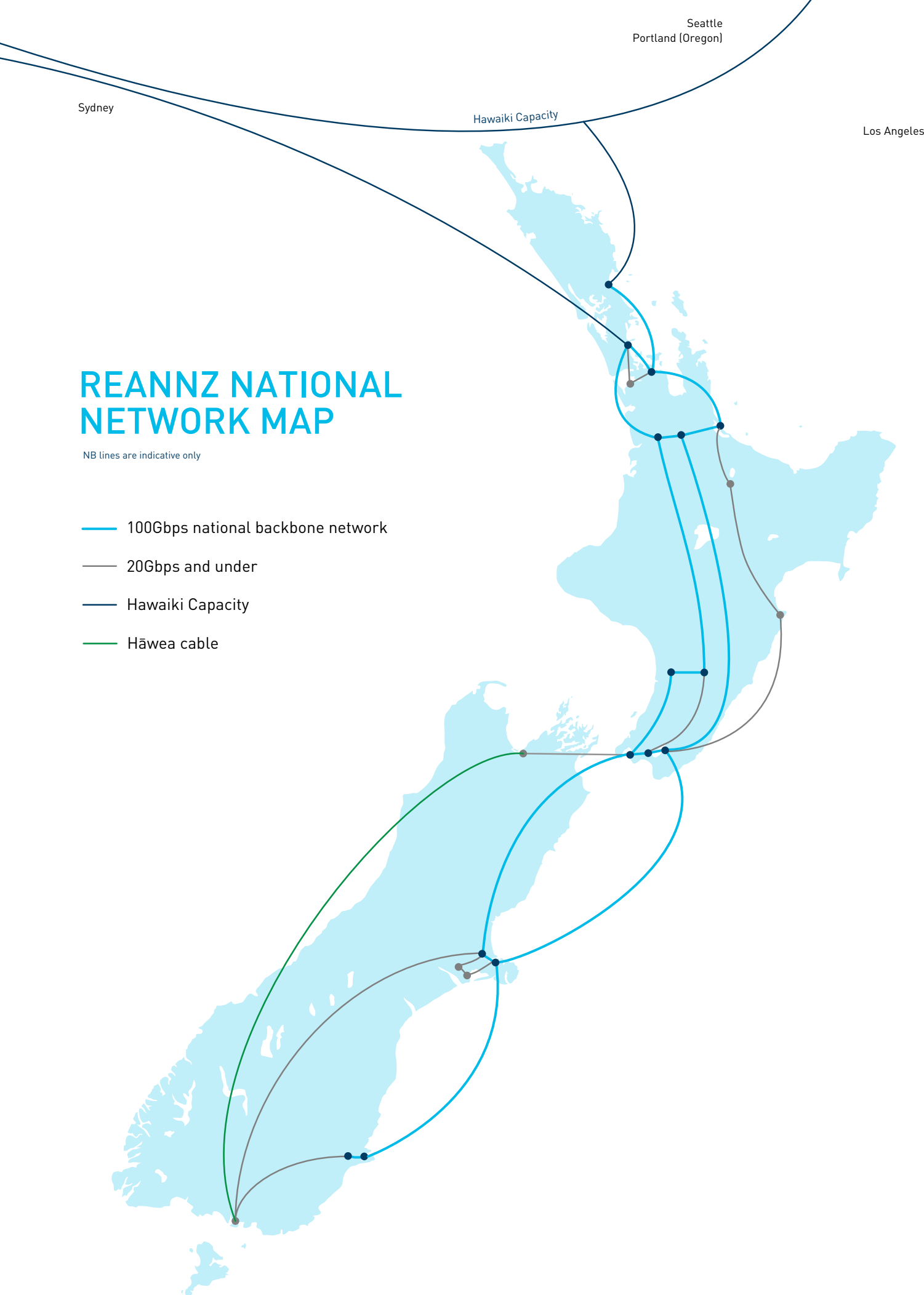
GLOBAL RESEARCH AND EDUCATION COMMUNITY /



REANNZ NATIONAL NETWORK MAP

NB lines are indicative only

- 100Gbps national backbone network
- 20Gbps and under
- Hawaiki Capacity
- Hāwea cable



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 have 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 - seeking new and exciting ways to deliver for our community.

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

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 2-3 years, we will continue to build a stronger, more connected network that is the backbone of Aotearoa’s research and education community.

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



Mātauranga Māori will be embedded in our strategy and practices.

Supporting the aspirations of the Māori research and education community is an integral part of REANNZ’s work.



We’ll connect Aotearoa.

Providing all researchers, educators and students with access to the infrastructure and connectivity they need to advance their work wherever they are.



We’re building our global connections.

Investing in and leveraging our global relationships, bringing GREN solutions to the New Zealand market to deliver cost savings and global connectivity.



We'll make it easy.

Working in partnership with the research and education sector to improve inter-operability and consistency, co-designing products and services to respond to members’ changing requirements.

Over the past year, we’ve made good progress implementing our strategy.

We’ve listened to the sector, increased the flexibility and accessibility of our network and worked together with the sector to co-design our products and services roadmap. Off the back of our National Network Strategic Review, REANNZ now aggregates sector demand and partners with the commercial sector to develop solutions. We’ve worked with commercial providers to extend the reach of our network and services into the regions, an important enabler for digital and cyber equity.

We have increased our leadership role and participation in the GREN, actively identifying areas of best practice internationally and leveraging these for the benefit of REANNZ members as part of our product roadmap work.

We’ve focused on building awareness and capability to support mātauranga Māori; understanding the requirements of Māori researchers and the challenges of managing sovereign data; and onboarding new Māori research organisations. This year our strategic priorities and initiatives to support mātauranga Māori are integrated across our other strategic initiatives, reflecting our strategy to integrate mātauranga Māori into all aspects of our work.

WHERE WE'RE HEADING /

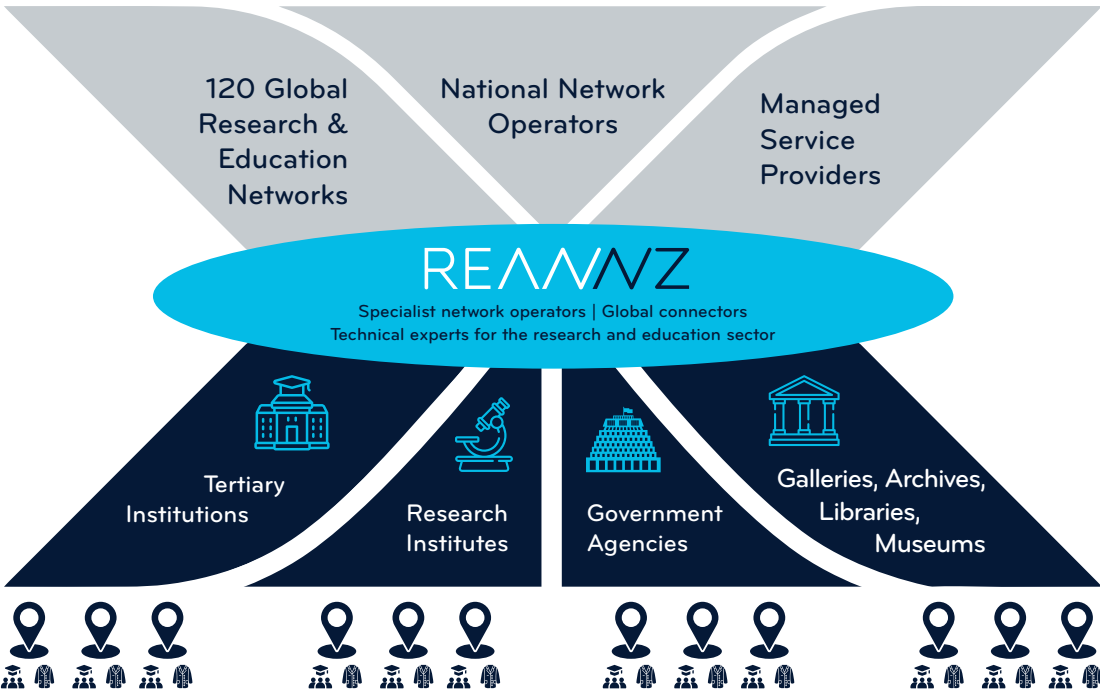
REANNZ is two years into delivering a five-year strategy and we are making steady progress. The research and education sector and the technology that supports it continues to change. REANNZ is changing with it to ensure we can continue to deliver critical infrastructure for the sector.

The research and education sectors are changing, with more focus on remote and cloud-based computing; and increasing demand for seamless access to trusted research environments. In New Zealand, data sovereignty, security and digital equity are increasing concerns.

The sector sees a critical role for REANNZ to support highly secure and controlled computing environments that allow researchers to access and collaborate on sensitive data in a single environment. We can broker common capability and scalable solutions on behalf of the sector, leveraging network and identity services and international experience and products to create trusted research environments.

We also see opportunity to better support the research and education sectors to connect to the broader innovation and commercial sector to boost pre-commercial, research-based collaboration.

REANNZ operates a business-to-business model. We provide connectivity and services to our members so that they can connect and collaborate within their own organisations and with the wider research and education sectors, nationally and globally.



As we further implement our strategy, we will work with our members so REANNZ is wherever they need us, aggregating their requirements and working with the commercial sector to deliver solutions.

We'll continue to extend and strengthen the network and work on digital equity. We'll support safe and connected learning and research environments. We'll increase the interoperability and security of the sector by driving consistent development and adoption of key products and services in cyber security, identity and access management and management information reporting.

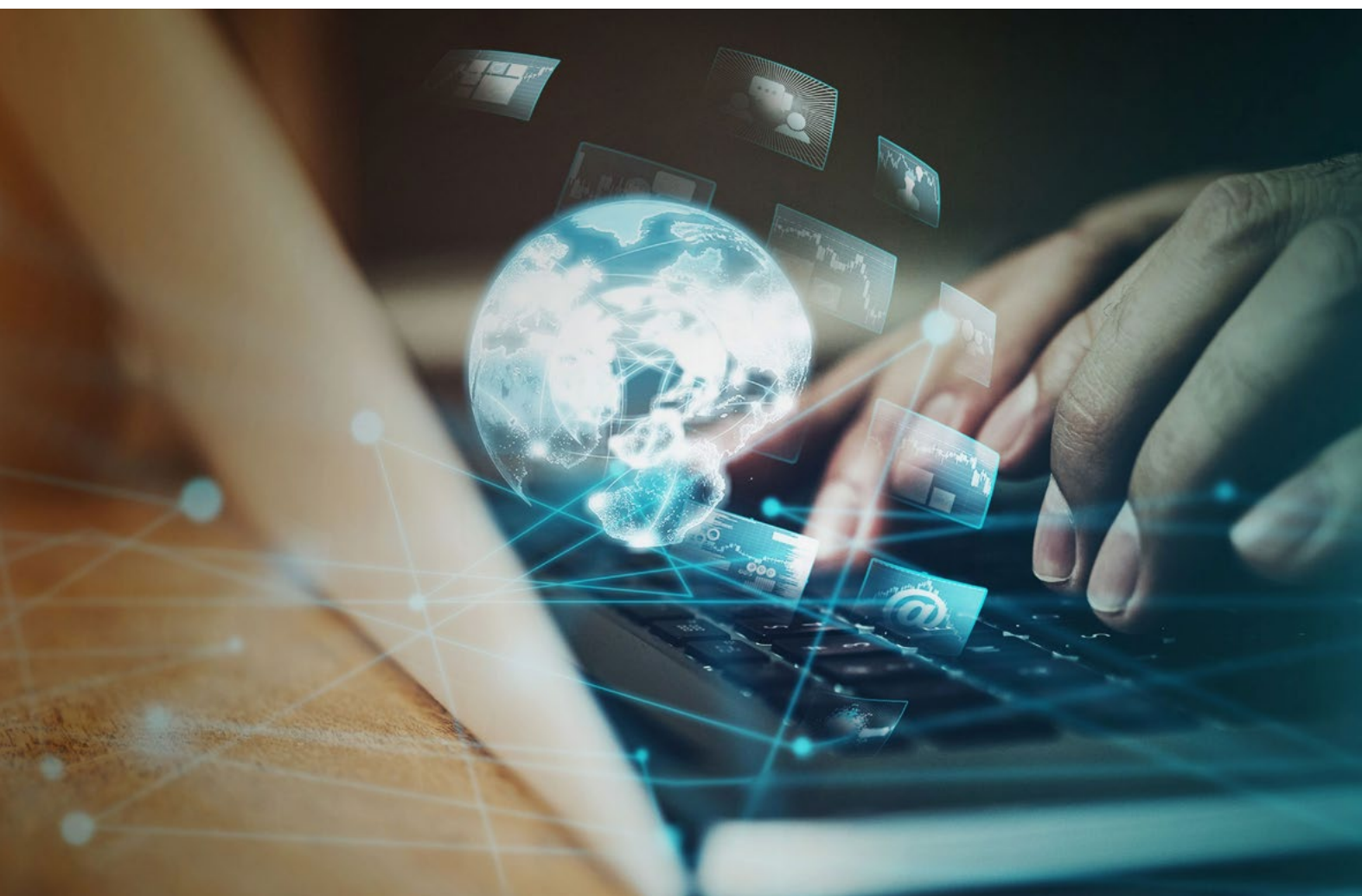
We will continue to invest in and leverage our global relationships and be a "fast follower", bringing GREN solutions to the New Zealand market to deliver cost savings and global connectivity for New Zealand Inc.

REANNZ will continue to engage with iwi and the Māori research and education community to build relationships and partnerships; understand how to support their aspirations; and grow Māori researcher representation in our membership.

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 our advanced global network and services so they can change the world.

Currently we are unable to separate the costs associated with our SSIF funding. However, once our new ERP is in place, we will have more ability to match our cost base with our revenue streams.

Our new ERP is scheduled to be operational from July 2025 which means we will be able to provide the necessary reporting for the financial year ending 30 June 2026 and beyond.



"REANNZ has partnered with Aotearoa People's Network Kaharoa (APNK) to provide students with secure eduroam WiFi access at 165 public libraries across Aotearoa. eduroam enables students, researchers and staff from participating institutions to use the network – whether they are inside the library or accessing the network when the library is closed – as over 70% of the APNK library locations offer the network 24/7."

– Joan Simpson, APNK Business Development and Operations Manager



PRIORITIES AND MAJOR INITIATIVES 2024/25 /

Supporting Mātauranga Māori

Over the past 18 months REANNZ has focused on building awareness and capability to support mātauranga Māori. We've educated staff on Te Tiriti and te reo so that staff can credibly represent REANNZ in conversations with the Māori research and education sectors. REANNZ has worked to understand the requirements of Māori researchers and the challenges of managing sovereign data; and onboarded new Māori research organisations.

This year, REANNZ will continue to engage with iwi and the Māori research and education community to build relationships and partnerships; understand how to support their aspirations; and grow Māori researcher representation in our membership.

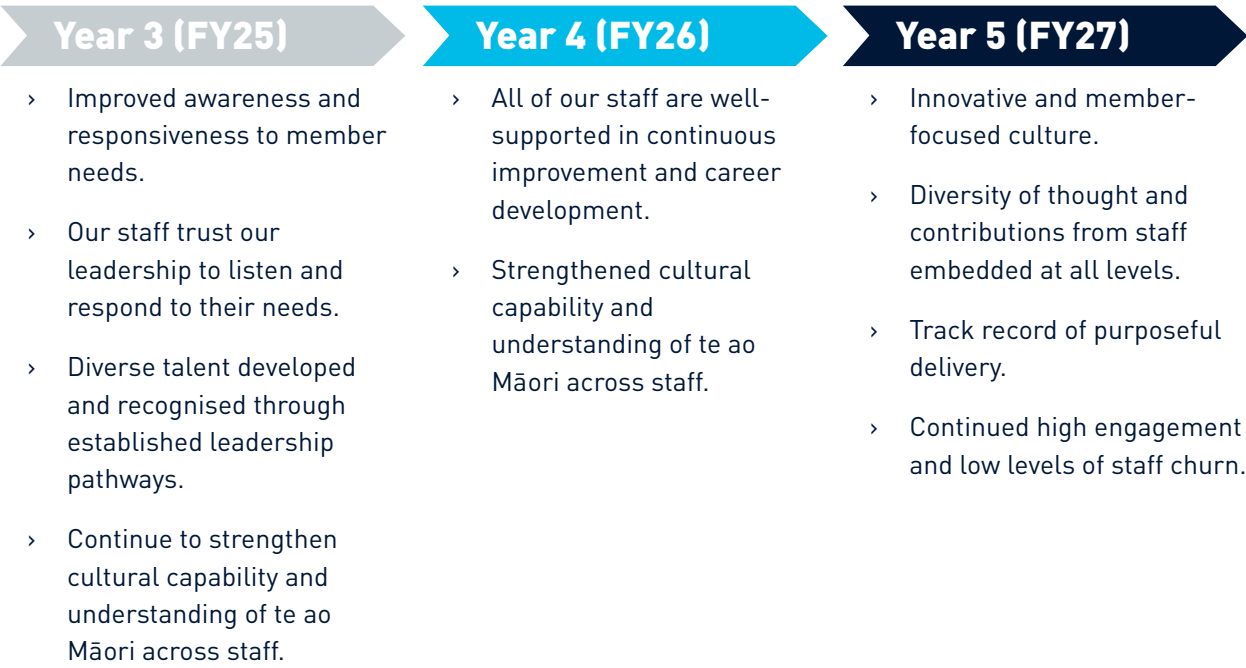
This year our strategic priorities and initiatives to support mātauranga Māori are integrated across our other strategic initiatives. This reflects our strategy to integrate mātauranga Māori into all aspects of our work.

People and Culture

REANNZ is successfully building a culture that aligns to our strategy and serves the sector. Over the past year we have invested in training and development; and started to build the cultural competency of our staff as a first step towards increasing our impact for the Māori research and education sectors.

REANNZ has highly skilled, technical staff who are in short supply across New Zealand. We want to maintain our positive staff engagement scores and ensure that REANNZ is a preferred employer in the sector. As REANNZ continues to implement its strategy, we will need to acquire new skills, diversify our talent base and continue to build our skills in te ao Māori to drive even more impact for the sector.

Expected Outcomes



FY25 Initiatives

- › Continue to invest in and actively support professional development for leadership and all staff.
- › Programme to encourage staff engagement and respond to the voice of staff.
- › Continue to elevate and promote the voice of members within REANNZ.
- › Staff-led committee established to embed our shared understanding of te ao Māori across REANNZ.

Performance indicators

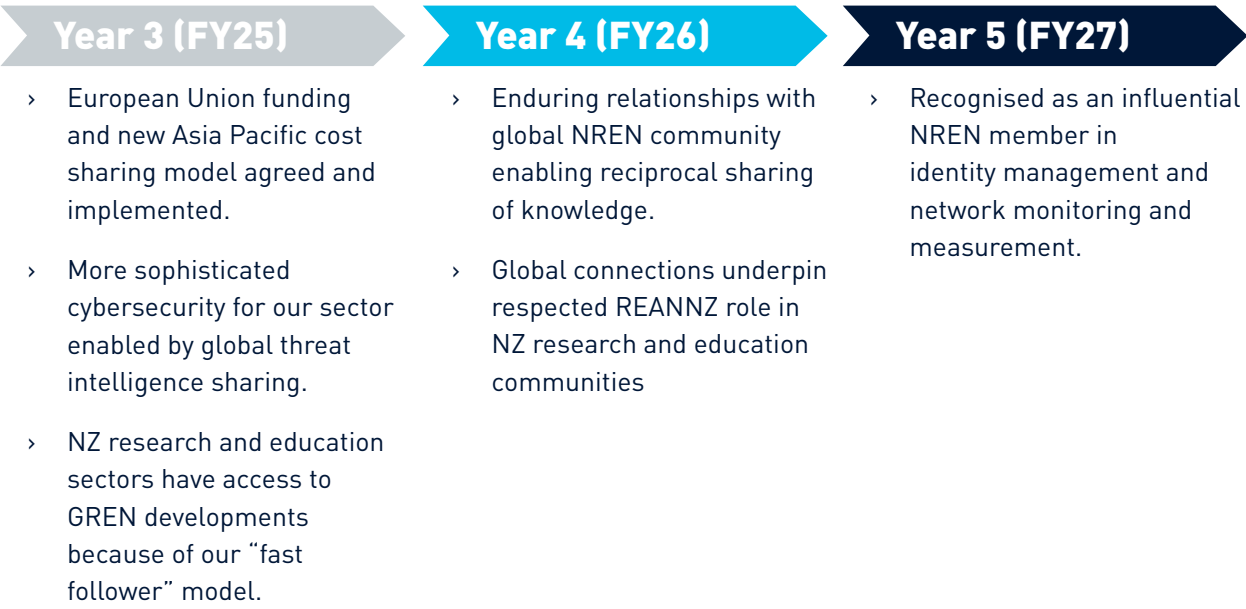
Performance Indicator	Target 2023/24	Expected 2023/24	Target 2024/25
Staff engagement	Employee engagement	Employee engagement > 65%	Employee engagement > 65%
Professional development	All leadership attend at least one tailored skills seminar. Emerging leaders attend at least 2 high performance leadership workshops.	Achieved	85% of staff apply new learning in their role.
Professional development in te ao Māori	Embed key elements of tikanga into the REANNZ values. 95% of staff complete at least 2 cultural capability courses. Attend at least 1 te ao Māori competency training workshop.	Achieved	> 85% of staff attend at least one te ao Māori competency training workshop.

Building our Global Connections

The success of REANNZ’s ability to leverage our global connections comes down to the strength of our global relationships. Over the past eighteen months, we have increased our participation in the GREN and taken a greater leadership role in the Asia-Pacific region. We’ve identified areas of best practice across the GREN and leveraged these for the benefit of REANNZ members as part of our product roadmap work; and have found opportunities to share our skills and insights with the global community.

This year, we will continue to invest in and leverage our global relationships to be a “fast follower”, bringing GREN solutions to the New Zealand market to deliver cost savings and global connectivity for New Zealand Inc.

Expected Outcomes



FY25 Initiatives

- › Systematically identify, prioritise and leverage GREN best practice to meet the needs of our members.
- › Leadership role in renegotiating EU funding and establishing a new NREN APAC cost sharing model across Asia Pacific.
- › Finalise Cybersecurity Threat Intelligence MOU with AARNet and other 5-eyes NREN partners.
- › Actively participate in global working groups in Engineering, MANRS, and the Pacific Islands Research and Education Network.
- › Work across the GREN to understand the role NRENs have in supporting indigenous data sovereignty.

Performance indicators

Performance Indicator	Target 2023/24	Expected 2023/24	Target 2024/25
Fast follower of global expertise	> 50% of new products proven overseas	> 50%	Product roadmap contains > 50% of new products already proven overseas
Enabler of cost efficiencies	Leverage NREN relationships and expertise to reduce cost for members and Government	Achieved	Leverage NREN relationships to ensure REANNZ continues to access the following international network capability at no cost: <ul style="list-style-type: none">PoPs at Guam and HawaiiCapacity on Guam-Hawaii linkCapacity on the Internet2 backbone to EuropeTransit to AWS compute in the USLeverage APONET relationships for backup network paths
Enhance NREN and sector relationships	6 technical presentations at both regional and international conferences	Achieved	6 technical presentations at both regional and international conferences
Maintain relationships: Attend key events	Attend 3 regional and 3 international conferences	Achieved	Attend 3 regional and 3 international conferences

Connecting Aotearoa

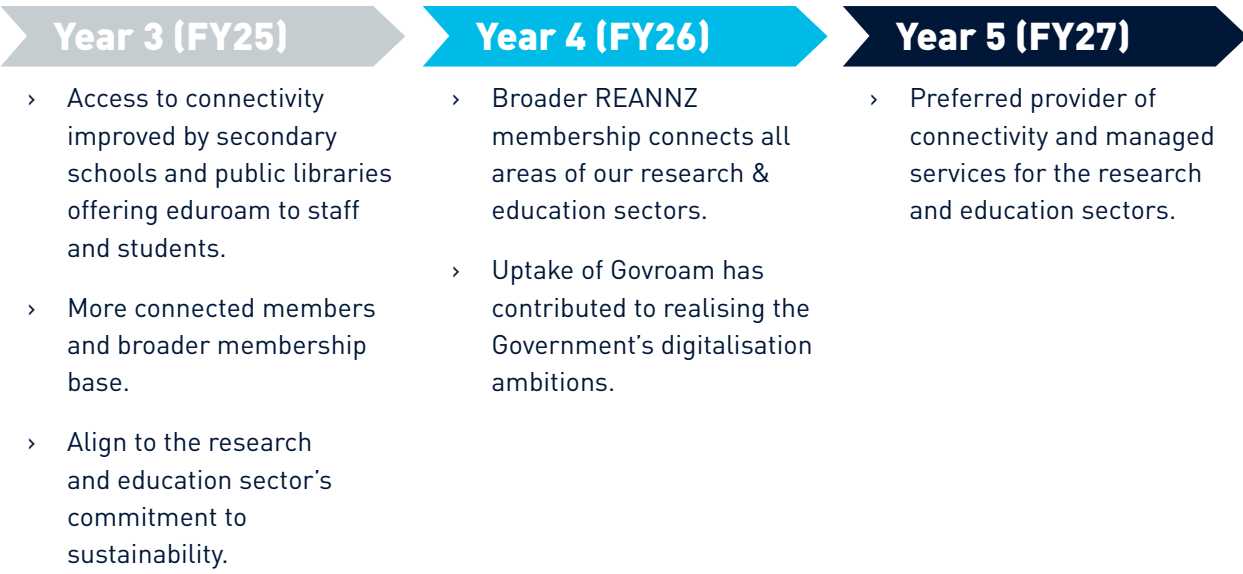
REANNZ provides researchers and educators with access to the infrastructure and connectivity they need to advance their work wherever they are. We must constantly evolve to respond to changes in the sector and the technology that supports it.

To ensure we’re flexible enough to respond to our members’ changing needs, REANNZ has shifted from being a network provider to aggregating sector demand and partnering with the commercial sector to extend our network. We’ve worked with mobile, satellite and wireless operators to provide connectivity wherever our members are in New Zealand; and rolled out eduroam across New Zealand to provide a seamless way for researchers and educators to connect and to support digital equity. We’ve built our membership in the government and education sectors.

This year, we’ll continue to work with our members so REANNZ can be wherever they need us, aggregating their technology requirements and working with the commercial sector and the GREN to deliver solutions.

We’ll extend the reach of core products such as eduroam and introduce new products like Govroam to provide ubiquitous access; and look at ways to connect the research and education sector to the broader innovation and commercial sector to boost pre-commercial, research-based collaboration.

Expected Outcomes



FY25 Initiatives

- › **Extend the eduroam footprint to provide connectivity anywhere students gather to engage and learn.**
- › **Jointly with Marae Connect engage iwi to roll out eduroam across marae.**
- › **Pilot Govroam for the public sector, supporting public servant mobility and complementing government priorities around digitalising government.**
- › **Baseline the energy efficiency of the network by undertaking a carbon audit.**

Performance indicators

Performance Indicator	Target 2023/24	Expected 2023/24	Target 2024/25
Facilitate universal connectivity and digital equity	Work in partnership with members and strategic partners to increase eduroam footprint by 20%.	Achieved	Roll out Govroam pilot. Increase REANNZ membership by 10%. Increase eduroam footprint by 20%.
Strengthen relationships with iwi and Māori research sector	Continue work started in FY23 by engaging with three Māori research community programmes to support connectivity and/or identity management solutions.	Underway	Engage a further three Māori-led research and education programmes to support connectivity, mobility and identity management solutions.
Solutions launched to enable researchers to connect wherever they are	4G remote pilot programmes (use cases) moved into production. Starlink satellite capability evaluated and delivered.	Achieved	Enable eduroam over mobile data (4G/5G) with telco providers, and over the networks of Wireless ISPs (WISPs) to further support student and researcher mobility.
Future-proof REANNZ	Create a scalable model for connecting regional sites.	Achieved	National Network Strategic Review hardware implemented across the national network.
Capacity to support data intensive traffic	National backbone capacity 100 Gbps International backbone capacity 120 Gbps	Achieved Achieved	National backbone capacity 100 Gbps International backbone capacity 140 Gbps
Network reliability to support real-time services	Packet delay variation: < 0.01% of hourly measurements across the core network have > 20ms of packet delay variation.	Achieved	Packet delay variation: < 0.01% of hourly measurements across the core network have > 20ms of packet delay variation.
Network reliability to support large data transfers	Packet loss: < 0.0001%	Achieved	Packet loss: < 0.0001%
Commitment to sustainability	Consider energy efficiency when evaluating capital expenditure.	Achieved	Baseline energy efficiency of the national network.

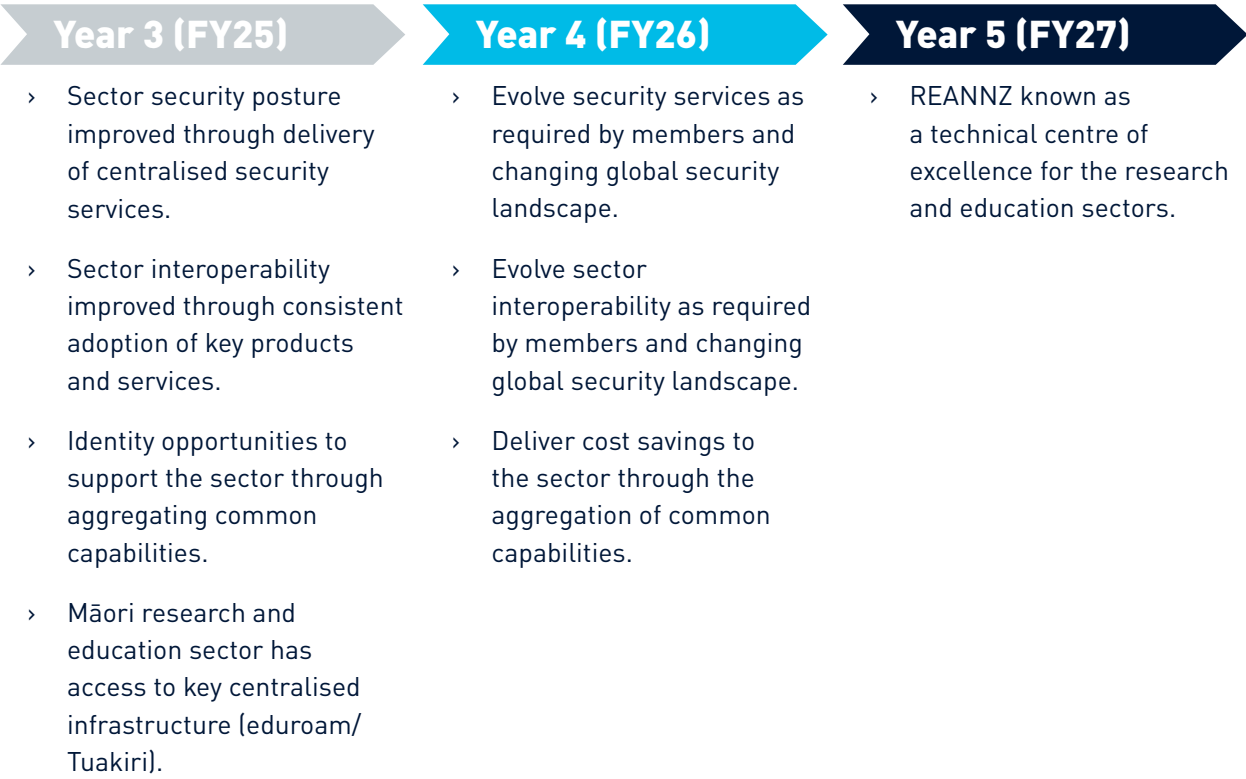
Making it easy

Over the past two years, we’ve engaged with our members to understand how REANNZ can best support data intensive research and collaboration in New Zealand; and we have co-developed a member-endorsed product and services roadmap.

The sector sees a critical role for REANNZ to support highly secure and controlled computing environments that allow researchers to access and collaborate on sensitive data in a single environment. We will aggregate common capability and scalable solutions on behalf of the sector, leveraging network and identity services and international experience and products to support trusted research environments.

This year, we will continue to increase interoperability and security for our members by driving consistent adoption of key identity management products (Tuakiri and eduGAIN). We will develop our product and service offering in cyber security, identity and access management and management information reporting.

Expected Outcomes



FY25 Initiatives

- Evolve product roadmap to reflect members’ changing needs.
- Engage with members to raise awareness and utilisation of REANNZ products and services.
- Improve sector security posture by applying network level mitigations.
- Work with Māori research sector to provide access to our network and services such as eduroam and Tuakiri.
- Agree a community aggregation model with the sector.
- Deliver Management Information Systems reporting to meet member needs for insight.

Performance indicators

Performance Indicator	Target 2023/24	Expected 2023/24	Target 2024/25
Valued by members	REANNZ network valuable and essential 80%	75%	REANNZ network valuable and essential 80%
Responsiveness to members	Issue resolution in a timely manner > 80%	> 80%	Issue resolution in a timely manner: > 80%
Member-led strategy	Product and solutions roadmap completed and endorsed by members.	Achieved	Develop community aggregation model to support the sector by consolidating member demand for data storage and security services.
Better connected members	Number of Optional Service Agreements signed +25%	25%	> 25% uptake rate of non-network products by members in year 1. +25% increase their utilisation of eduroam.
Cross-sector interoperability	High level trust and identity product roadmap to be refined and ratified with members by 30 Sept 2023.	Achieved	Implement Tuakiri Managed idP service at 4 members. Develop 2 use cases for Tuakiri Identity Management services.
Continuity of service	Network availability over time: 99.95%	Achieved	Network availability over time: 99.95%



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 2024 \$ 000		Budget 2025 \$ 000
	Revenue	
6,250	Grant revenue	6,750
7,316	Network revenue	8,050
3,325	Other revenue	3,058
1,594	Interest revenue	1,653
18,485	Total Revenue	19,511
	Network Expenses	
8,584	Network Operating Expenses	8,410
316	Depreciation	702
2,418	Network Personnel	2,890
11,318	Total Network Expenses	12,002
7,167	Gross Surplus	7,509
	Other Expenses	
85	Depreciation	60
2,308	Employment expenses	2,617
2,478	Other Operating Expenses	3,049
4,871	Total Other Expenses	5,726
2,296	Surplus excluding (losses)	1,783
	Other (Losses)	
(276)	Foreign currency (losses)	(317)
(100)	Impairment (Losses) on PPE and Intangibles	-
(376)	Total (Losses)	(317)
1,920	Net Surplus	1,466
1,920	Total Comprehensive Revenue and Expense	1,466

Research and Education Advanced Network New Zealand Limited

Prospective Statement of Financial Position
As at 30 June

Forecast 2024		Budget 2025
\$ 000		\$ 000
	Current Assets	
4,143	Cash and cash equivalents	4,052
30,460	Investments	30,441
38	Derivative financial instruments	-
1,643	Receivables	1,854
-	GST Receivable	-
258	Prepayments	258
1,652	Prepaid network expenses	1,980
38,194	Total Current Assets	38,585
	Non-Current Assets	
15,444	Prepaid network expenses	15,428
1,493	Property, plant, equipment and intangibles	3,287
-	Derivative financial instruments	-
16,937	Total Non-Current assets	18,715
55,131	Total Assets	57,300
	Current Liabilities	
498	Accounts Payable and accrued expenses	508
167	GST payable	206
299	Employee entitlements	356
1,740	Deferred revenue	2,020
-	Derivative financial instruments	301
2,704	Total Current Liabilities	3,391
	Non Current Liabilities	
348	Derivative financial instruments	364
348	Total Non Current Liabilities	364
3,052	Total Liabilities	3,755
52,079	Net Assets	53,545
	Equity	
16,001	Share capital	16,001
4,100	Capital contribution	4,100
31,978	Accumulated surplus	33,444
52,079	Total Equity	53,545

Research and Education Advanced Network New Zealand Limited

Prospective Statement of Cash Flows
for the Year ending 30 June

Forecast 2024		Budget 2025
\$ 000		\$ 000
	Cash Flows from Operating Activities	
	Cash was provided from (applied to)	
6,250	Grant revenue	6,750
7,753	Network revenue	8,119
3,329	Other revenue	3,058
1,538	Interest received	1,672
61	Net GST	38
(10,954)	Payments to suppliers & employees	(12,842)
(3,289)	Prepayments for network connectivity	(4,330)
35	Realised gain on foreign currency	-
4,723	Net Cash Flow from Operating Activities	2,465
	Cash Flows from Investing Activities	
	Cash was provided from (applied to)	
(653)	Purchase of plant & equipment	(2,556)
(171)	Purchase of intangible assets	-
(2,900)	Term deposit investments	-
(3,724)	Net Cash Flow from Investing Activities	(2,556)
	Cash Flows from Financing Activities	
	Cash was provided from (applied to)	
-	Net Cash Flow from Financing Activities	-
999	Net Increase/(Decrease) in Cash Held	(91)
3,144	Cash at beginning of the year	4,143
4,143	Cash at end of year	4,052
	Represented by:	
4,143	Cash at Bank	4,052

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 0.67 USD to 1 NZD.
- Transactions paid for in Australian dollars (AUD) have been converted to New Zealand dollars at a rate of 0.93 AUD to 1 NZD.
- The short-term deposit rate is 5.5% per annum.

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.

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 Tier 2 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, which includes the requirement to comply with

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 Prospective Statement of Comprehensive Revenue and Expense.

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

‘Cash’ includes investments that are readily convertible into cash and used by REANNZ as part of its day-to-day cash management.

‘Operating activities’ include all transactions and other events that are not investing or financing activities.

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

‘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

delivers an agreed work plan and the grant is recognised as revenue when paid because there are no other conditions attached.

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 calculated using the effective interest method 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 fall into the following classes, which are measured at cost less accumulated depreciation and impairment losses:

- Leasehold improvements
- Routers, switches and optical equipment
- Information technology equipment
- Office equipment
- Point of Presence (PoP) equipment
- Fibre and fibre housing.

Additions

The cost of an item of property, plant and equipment 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 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 on property, plant and equipment is provided 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:		
Leasehold improvements		3-5 years
Routers, switches and optical equipment		5–7 years
Information technology equipment		3 years
Office equipment		5 years
PoP equipment		–7 years
Fibre and fibre housing		20 years

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

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 service amount, the asset is impaired and the carrying amount is written down to the recoverable service amount. The impairment loss is then recognised as an expense 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 or equipment that are not carried at a revalued amount, the total impairment loss is 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.

Intangible assets

Intangible assets are tested annually for impairment.

An indefinite intangible asset refers to a valuable non-physical asset that has no foreseeable limit to its useful life. When recognising and initially measuring these assets, REANNZ has established that they are identifiable, under its control, and likely to generate future economic benefits. These assets are initially recorded at cost.

Impairment of intangible assets

For intangible assets the entity will assess if there are impairment indicators.

For indefinite useful life intangible assets, an impairment test has to be done annually. At year end, the carrying value of an indefinite intangible asset will be assessed and any market adjustment will be recognised in the 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.

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 Prospective 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 lease assets within property, plant and equipment, as the risks and rewards of ownership have transferred to REANNZ.



REANNZ