Charter School Agency
Te Tari Kura Hourua

E.117

Annual Report 2026

For the year ended 30 June 2026

New Zealand Government
Te Kāwanatanga o Aotearoa

Presented to the House of Representatives pursuant to

section 44 of the Public Finance Act 1989

Charter School Agency

October 2026

ISBN I978-1-75991-342-1 (Print)

ISBN I978-1-75991-342-4 (Online)

Published by the Charter School Agency, October 2026

Charter School Agency

Te Iho, 1 Bowen Street Wellington 6011

PO Box 1666, Wellington 6140

https://www.charterschools.govt.nz

Mail to: agency@charterschools.govt.nz

Crown copyright 2026

This work is licensed under the Creative Commons Attribution 3.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms. To view a copy of this licence, visit http://creativecommons.org/licenses/by/3.0/nz/. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

Contents

Statement of responsibility 3
Chief Executive foreword 4
The year in review 6
Our purpose 7
Progress towards our strategic intentions 9
Assessment of operations 10
Implementing the Government's priorities 11
Year-end performance information on appropriations 13
Annual financial statements 25
Charter School Agency Departmental Financial Statements 27
Notes to the Departmental Financial Statements 32
Charter School Agency Non-Departmental Schedules 43
Notes to the Non-Departmental Schedules 45
Appropriation Statements 49
Independent auditor's report 51
Appendix 1: Performance Management Framework 56

Statement of responsibility

Tuākī o te haepapa

I am responsible, as Chief Executive of the Charter School Agency (CSA), for the financial and performance information as required section 45C of the Public Finance Act:

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

In my opinion:

- the Annual Report fairly reflects the operations, progress and the organisational health and capability of the CSA
- the financial statements fairly reflect the financial position of the CSA as of 30 June 2026 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the CSA as of 30 June 2027 and its operations for the year ending on that date.

Sean Teddy

Chief Executive

Charter School Agency | Te Tari Kura Hourua

29 September 2026

Chief Executive foreword

Kupu Whakataki a te Tumu Whakarae

At its heart, the charter school model is simple. We provide charter schools similar funding to state schools and more flexibility in how they use it. In return, they are accountable for delivering strong results, particularly for student attendance and achievement. So far, most charter schools have met or exceeded their performance standards, despite the challenges of setting up schools in a very short space of time.

Charter schools deliver education differently, they respond to what families and communities want. Iwi are taking control of their own education, Pasifika girls have a school grounded in their culture, aspiring artists and athletes have specific education pathways, and parents can choose a school that provides a bilingual or classical education. Neurodiverse students can go to a school designed for their learning, and students who struggled to attend school now have options. Students who can't go to their local secondary school can sign up to New Zealand's first online academy.

The sponsors and leaders of charter schools are committed to educational excellence, but there remain misunderstandings about what they deliver. I thought it would be helpful to dispel a few common misconceptions.

Seventy-five per cent of teaching staff at charter schools must be registered teachers and any others must be accredited by the Teaching Council. Very few charter schools are for-profit. Charter school teachers can, and do, join unions.

There is more oversight and accountability for charter schools. They are subject to the same regulation as state schools through the Education Review Office, the Teaching Council and NZQA. They also face further scrutiny by the independent Charter School Authorisation Board. They must publish academic, attendance and financial performance through an audited annual report.

While there is more freedom in what they teach and how they teach it, as a bottom line they must demonstrate that they are doing as well as, if not better than, state schools.

Charter Schools are free to attend, and are funded at the same rate as equivalent state schools.

There were 12 new schools approved in the year to 30 June 2026. Combined with roll growth the total number of students at charter schools increased from 287 to 1,721.

There continues to be interest from state schools wanting to convert. They are seeking greater flexibility over what and how they teach, how they use their resources, and how they can meet the needs of their communities. Converting state schools has proved challenging. We are working with sponsors to improve the model so that employment, property and funding arrangements give schools more flexibility while protecting staff interests, managing public assets and maintaining value for money.

The Charter School Agency's second year of operations progressed new ways of delivering education in New Zealand, and showed what is possible by thinking differently and focussing on results for students. I am looking forward to sharing the lessons we have learned about what makes charter schools a great opportunity and applying them to the wider education system.

Sean Teddy

Chief Executive

Charter School Agency | Te Tari Kura Hourua

The year in review

Charter schools contracted to open at 30 June 2026

	Open	Contracted to open	Total
2025 cohort	8	-	8
2026 cohort	9	2	11
2027 cohort	-	2	2
TOTAL	**17**	**4**	**21**

Charter school roll growth 2025/26

Roll at June 2026	1,721
Roll at July 2025	287
Roll growth 2025/26	1,434
% growth in roll	500%

Charter school attendance rates

	Regular attendance compared to EQI equivalent school attendance rates
Below	29%
Matched	14%
Exceeded	57%

Charter schools that met their minimum achievement rates for year 3-10 students

	Minimum achievement rate	
	Achieved	Not achieved
Reading	83%	17%
Writing	83%	17%
Mathematics	100%	-

*EQI estimates the extent to which students face socio-economic barriers to educational achievement.

Charter school numbers

Nine new charter schools opened for term 1 in 2026. They joined the eight schools that opened in 2025, doubling the number of open charter schools.

Two other new charter schools are due to open in term 3 2026 and another two in term 1 2027 (i.e. in 2026/27).

The total number of charter schools contracted at 30 June 2026 was 21.

Roll growth

Charter school student rolls increased from 287 in July 2025 to 1,721 at the end of June 2026. This growth in student numbers is equivalent to a 500% increase on the July 2025 roll.

Regular attendance

Of the seven charter schools open for a full school year reporting regular attendance:

- four schools outperformed comparable state schools
- one matched their performance
- two were below comparable state schools.

Achievement in core subjects

Of the six charter schools teaching years 3-10 in 2025, five reported that they met their minimum performance threshold for reading and writing, and all six for mathematics.

The minimum performance threshold for achievement is the percentage of students who are at or above the curriculum level. The threshold differs for each school and is dependent on the school's Equity Index (EQI)*.

Our purpose

Tō mātou take

The Charter School Agency (CSA) is a departmental agency hosted by the Ministry of Education (MoE) and accountable to the Associate Minister for Education, Hon. David Seymour. The purpose of the CSA is to improve educational outcomes by implementing and operating the model for charter schools | kura hourua.

The CSA's core functions and responsibilities include:

- being the secretariat for the Authorisation Board.
- contracting with school sponsors and managing the contracts.
- monitoring and reporting on what has been achieved with contracts.
- providing advice to the Authorisation Board on interventions with schools.
- advising ministers on matters related to the operation of charter schools.
- working with other statutory bodies.

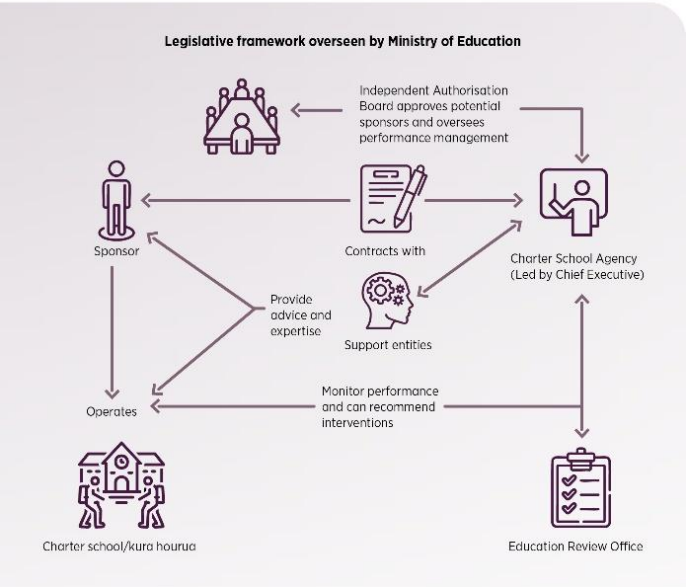
The charter school model

The main parts in the charter schools | kura hourua model are:

- The independent Authorisation Board makes decisions on the approval of sponsors, and the use of interventions when a charter school is not performing well.
- The CSA is the secretariat to the Authorisation Board and contracts with the schools.
- Sponsors operate charter schools.

The MoE is responsible for the policy and legislation setting the overall framework for the New Zealand education system, and the Education Review Office (ERO) evaluates charter schools at the pre-opening phase and through regular review processes.

Key elements of the charter school/kura hourua model



Our strategic framework

Tā mātou anga rautaki

Our work contributes to education sector and system priorities

OUR VISION

Every child has the opportunity to learn, grow and succeed

The outcome we seek

Improved educational outcomes

OUR MISSION

To lift student achievement, strengthen and diversify our education system

Strategic intentions: What we want to achieve

- Increased student attendance
- Improved student achievement
- System stewardship

Our impacts: The difference we make through the charter school model

- Increased flexibility for educators
- More diverse choices for students and families
- Increased accountability and transparency
- Greater innovation and system performance

Our strategic priorities: How we will deliver results

- Support effective and robust authorisation
- Grow the charter school network to offer choice and flexibility
- Drive accountability and charter school performance
- Replicate success and innovation across the system

Enabled by:

- Good data and evidence
- Strong sector relationships and engagement
- Fit for purpose, resilient and sustainable agency

Our outputs: What we do and our core functions

Indicators for success (service performance measures)

Board and Ministerial Servicing

- Ministerial satisfaction survey.
- Authorisation Board satisfaction survey.

Applications and contracting

- Number of charter school contracts signed.
- Authorisation Board satisfaction survey.
- Time taken to pay establishment funding.
- Student roll numbers show an increasing trend.

Performance and monitoring

- The Agency produces and submits performance monitoring reports to the Authorisation Board.
- Percentage of charter schools operating that met their minimum performance threshold.
- Charter schools showing an improvement in attendance and achievement from baseline.
- Authorisation Board satisfaction survey.

Progress towards our strategic intentions

Te kokenga ki ā mātou takune rautaki

The CSA is focused on achieving three strategic outcomes:

Increased student attendance

Charter schools are contracted to deliver attendance results that meet or exceed comparable state schools.

By creating diverse educational environments tailored to the needs of students, charter schools are better able to address barriers to attendance. Several charter schools are also specifically working with students with historically low attendance rates. Initial attendance data for the first cohort of charter schools showed that the majority met their set attendance thresholds.

Improved student achievement

Charter schools are contracted to improve their students' academic progress and achievement over time.

The greater flexibility charter schools have to innovate, including in the design of curriculum, allows them to deliver education that fosters academic achievement regardless of individual students' socio-economic barriers or learning challenges. Most of the first charter schools met their set academic performance thresholds.

System stewardship

The charter school initiative is a response to some of the long-term challenges facing the education system in New Zealand.

The CSA supported education delivery by contracting charter schools to deliver new and innovative education. We work with the MoE on evaluative information that will allow successful practices within the charter school network to be shared and potentially scaled across the wider education system. Sharing the knowledge about charter school performance with other sector stakeholders will also influence thinking about how education can be successfully delivered in the future.

Assessment of operations

The CSA's purpose and functions are described in the performance framework in Appendix 1. The key activities CSA undertook in 2025/26 were:

The CSA supports the Board to deliver its statutory functions - approving sponsors, overseeing school performance and applying interventions. This includes providing monitoring information as well as responding to requests from the Authorisation Board for information on charter school performance; and keeping the Board informed of applications and sponsor approval process.

The Charter School Authorisation Board considered 52 applications for new charter schools during 2025/26. By 30 June 2026 14 had been approved by the Board for contract negotiations and 13 had signed contracts.

The CSA monitors the performance of charter schools - through regular reporting and advising the Authorisation Board on interventions where a school fails to meet its performance obligations. A performance management framework is used to hold sponsors accountable for the delivery of quality education. (The framework is attached as Appendix 1). The CSA provides the Authorisation Board with data and insights into school performance.

For the seven schools that opened in term 1 2025, the first time their performance data became publicly available was in their annual reports published in May 2026. These annual reports showed five of the schools exceeded their targets for attendance, and five exceeded their achievement targets.

The CSA works to grow the charter school network – by engaging with sponsors, school Board members, schools and community stakeholders as part of the pre-application process.

As at 30 June 2026 there were 17 charter schools open. Another five have been approved by the Authorisation Board and four have signed contracts. Two will open at the start of term 3, 2026 and two at the start of term 1, 2027.

For more detail on the CSA's 2025/26 operations and deliverables, see the year-end performance information on appropriations section on page 14.

Implementing the Government's priorities

Te whakatinana i ngā whakaarotau a te Kāwanatanga

Major Spending Decision: Charter Schools | Kura Hourua

In October 2024, Cabinet agreed to establish an enduring system for monitoring and reporting on major operating spending, savings and revenue decisions ("major decisions") of government. The charter schools initiative was included on a list of major decisions from Budget 2024 that will be subject to the requirements of this system. [CAB-24-MIN-0413 refers].

The initiative provided funding for the establishment of approximately 15 new charter schools and the conversion of around 35 state schools into charter schools, along with appropriate support. The intended result of the initiative was improved educational outcomes in terms of student attendance and achievement.

The CSA was established as a departmental agency on 1 July 2024 and was not part of the Budget 2024 initial baseline exercise. The new Budget funding was only to go towards establishing charter schools, depending on demand and suitability.

What was allocated in Budget 2024

2024/25	2025/26	2026/27	2027/28
$23.216m	$57.340m	$36.645m	$35.889m

Through Budget 2024 $153.090 million over four years was allocated for establishing and operating charter schools.

Our progress as of 30 June 2026.

At the end of June 2026 there were 17 charter schools in operation. Another two will open at the start of term 3, 2026 and two at the start of term 1, 2027. All of these are new charter schools. There are three state schools that have been approved to convert to charter schools by the Authorisation Board. Of these, one is progressing to contracting.

As part of the Supplementary Estimates 2025/26, a new appropriation in Vote Education was created to adjust student funding for charter school roll number changes. This demand-driven appropriation will cover all charter schools ongoing operational funding from 2026/27 and means that CSA is able to access funding for newly converting charter schools on an ongoing basis via baseline adjustments.

The CSA has been reporting on the charter schools initiative as part of the major decisions process every six months. Please refer to the 'corporate documents' section on the CSA website, where you can find our detailed reporting on major spending decisions.

Government targets

Increased student attendance

In 2025 the government set a performance target for student attendance: 80% of students to be present for more than 90% of the term. The MoE is the lead agency for this target and an attendance action plan was established in April 2024.

Charter schools have the same standardised attendance target, with minimum performance thresholds adjusted depending on each school's assessed EQI. The most recent data shows 64.5% of students attended school for more than 90% of half days in term 2 2026, which is comparable with the state system.

Some charter schools work with students with historically low attendance rates, including:

- The BUSY School is focused on providing vocation-focused education for at-risk and disengaged senior high school students in Auckland.
- Christchurch North College was established to provide a fresh start for year 7-11 students who found traditional education challenging.
- Mastery Schools New Zealand - Arapaki is an academic intervention school in Christchurch for year 1-8 students who have disengaged from school or are at risk of disengaging from their learning.

Our progress at 30 June 2026

The initial seven charter schools are showing strong attendance results, with 57% of schools (four) exceeding the attendance rates of comparable state schools, and another 14% (one) with a matching rate.

More students at expected curriculum levels

The Government's student achievement target is: 80% of year 8 students at or above the expected curriculum level for their age in reading, writing and mathematics by December 2030. The Government has set a data baseline for the three target learning areas and has begun measuring against them on a national basis.

The CSA measures performance against targets for each learning area by EQI and reports regularly to the Authorisation Board.

Our progress as at 30 June 2026

All but one of the six charter schools offering education in years 3-10 (the specific charter school measures) are exceeding their reading and writing performance thresholds. The one school that didn't is working with students with significant academic challenges and has demonstrated progress against students' baseline measures. All charter schools are exceeding their performance thresholds for mathematics.

Year-end performance information on appropriations

He mōhiohio whakatutukinga mutunga-tau mō ngā tukunga pūtea

Note on data: The 2025/26 results for the performance of charter schools reported below are based on the first 12 months of data for those schools that opened in term 1 2025 (i.e. data for the school year to December 2025). Data relating to the performance of the CSA is for the period 1 July 2025 to 30 June 2026.

Multi-category Expenses and Capital Expenditure

The single overarching purpose of this appropriation is to implement, support, monitor and fund charter schools | kura hourua for delivery of education to enrolled school students in Years 0 to 13.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Satisfaction of the portfolio minister with the advice and services	4/5	3.33	5/5	**Achieved**
The Minister rating was 5 – extremely satisfied. This result was an improvement on the rating provided in 2024/25 and exceeded the 2025/26 budget standard. **Relevance:** This measure determines the Minister's rating of satisfaction on the advice and services provided by the CSA. The quality of our advice and services will have a direct impact on the level of Minister satisfaction showing our commitment to system stewardship and contribution to overall education system outcomes. **Measurement approach:** The Minister was asked to rate five facets of the CSA's performance and the Minister's rating was based on a five-point scale - where 1 means unsatisfied and 5 means extremely satisfied. The ratings were averaged for reporting.				

Resourcing and Oversight of Charter Schools

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
The Agency produces and submits performance monitoring reports to the Authorisation Board, including attendance reports each term and a six-monthly report covering all performance outcome areas	Achieved	n/a	Achieved	**Achieved** New measure for 2025/26
The CSA supports the Authorisation Board by providing attendance reports each school term, along with a summary of each charter school's annual self-audit report and an end of year performance report. During				

2025/26 the CSA provided six reports were provided to the Authorisation Board: four attendance reports and two summary reports.

Relevance: The Performance Management Framework sets out the required performance outcomes, measures, and targets, and outlines the methods used to track charter school performance. It is used to hold charter school sponsors to account and to provide the Government and the public with assurance that charter schools are delivering quality education.

Measurement approach: This is a count of whether the CSA provided attendance reports each term and two six-monthly performance reports.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Total number of charter school (sponsor) contracts signed	35-50	9	21	**Not Achieved**

During 2025/26 the CSA signed 12 contracts with charter school sponsors. However, the budget target of having a minimum of 35 charter schools open by 30 June 2026 was not met. This is because the target figure included expected conversions of state or state integrated schools to charter schools. No school conversions have yet occurred and the 21 charter schools with contracts are all new schools. There is interest from state schools and potential sponsors in converting, however the CSA is working on a number of conversion-related policy matters which it expects to resolve in early 2026/27.

Relevance: This measure directly reflects the CSA's strategic priority to grow the charter school network. Delivering 35 - 50 charter schools over 2024/25 and 2025/26, depending on demand and suitability, was the stated objective of the Budget initiative to establish the CSA.

Measurement approach: This is a count of the total number of sponsor contracts signed since establishment of the CSA until the end of the financial year being reported.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Student roll numbers across the charter school network show an increasing trend	Baseline year	287	1,721	New measure 2025/26 is the baseline year

This is a new measure introduced to reflect the CSA's priority in growing the charter school network.

The June 2026 roll number was 1,721. This includes the roll numbers of the 2025 schools that have been open for 18 months and the rolls of the 2026 schools open for six months. This roll number compares to a July 2025 roll number of 287 for the first seven 2025 schools.

Relevance: As part of the growth of the charter school network, an increase in the number of students attending charter schools is expected.

Measurement approach: This measure is based on the July roll return each year and the July 2025 figure has been included for comparison purposes only.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Percentage of charter schools operating in the financial year that met their minimum performance threshold for attendance	70-100%	n/a	71%	**Achieved** New measure - 2025/26 is the baseline year

The first charter schools opened in term 1 2025. For these schools the attendance outcomes at the end of the 2025 school year is the baseline data for measuring attendance. Since this reporting period falls outside of the period for the CSA's annual report 2024/25, progress on this measure can only be reported in the period to 30 June 2026.

For 2025/26, five out of the seven schools were at or above their attendance threshold – a 71% result.

Note that the Budget standard was previously 80-100%. It has been lowered to account for the small number of charter schools in the network during the 2025 and 2026 school year.

Relevance: This measure relates to the "increased student attendance" outcome and links with our strategic priority to "drive accountability and charter school performance". Charter schools are accountable for ensuring their students are engaged and attending school regularly.

Measurement approach: The minimum performance threshold for attendance is the percentage of students who are regularly attending school for more than 90 percent of the term. The minimum performance threshold for regular attendance is dependent on a school's EQI. Minimum performance threshold is defined in each sponsor contract. The measure is equal to the number of charter schools whose regular attendance is at or above their minimum performance threshold divided by the total number of charter schools in the portfolio.

Note that because of changes agreed in the 2025/26 Supplementary Estimates, this measure has moved to the new demand driven appropriation for 2026/27 onwards.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Percentage of charter schools in the financial year that met their minimum performance threshold for achievement (years 3 -10)	70-100%	n/a	Reading – 83% Writing – 83% Mathematics – 100%	**Achieved** New measure - 2025/26 is the baseline year

2024/25 was to be the baseline year for measuring achievement of the first charter schools – those which opened in term 1 2025. Before 2024/25 achievement was reported, the Budget standard was, however, lowered to account for the small number of charter schools in the network during the 2025 and 2026 school year. For 2024/25 it was 80-100%, it is now 70-100%. The previous achievement measure combined reading, writing, and mathematics, which did not provide a clear indication of progress in each subject. Separate achievement measures for each subject are now reported, giving a more accurate account of the progress charter schools are making in each area.

For 2025/26, five out of the six schools measured (ie that taught years 3-10) were at or above the standard - 83% - for reading and writing. All six schools were above the standard for mathematics.

The achievement outcomes at the end of the 2025 school year now formally become the performance baseline for the CSA.

Relevance: This measure relates to the "improved student achievement" outcome and links with our strategic priority to "drive accountability and charter school performance." Charter schools are expected to improve students' educational achievement and progress.

Measurement approach: This measure is equal to the number of schools who have met their minimum performance threshold for all areas of achievement (where applicable), divided by the total number of charter schools in the portfolio. The minimum performance threshold for achievement is the percentage of students who are at or above the curriculum level (e.g. for reading/writing/mathematics) or who attain qualifications (years 11 and above). The minimum performance threshold is dependent on the school's EQI and the minimum performance threshold for each school is defined in the school's sponsor contract.

Note that because of changes agreed in the 2025/26 Supplementary Estimates, this measure has moved to the new demand driven appropriation for 2026/27 onwards.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Percentage of charter schools operating that maintain or improve their student attendance rates	70-100%	n/a	n/a	Not applicable - new measure 2025/26 is the baseline year

This measure reports the percentage of charter schools operating that maintain or improve their regular student attendance rates. For this measure "maintain" means the school's achievement rates remains at or above its contracted EQI threshold, while "improve" means the school demonstrates progress toward education sector targets compared to the previous reporting period. Once a charter school surpasses the education sector target, it is expected to maintain performance at or above that level in subsequent periods.

The target has been amended to clarify that the baseline target is set in 2025/26, capturing the charter schools that opened in term 1, 2025. In 2026/27, these schools' targets will be compared against their 2025/26 baseline results.

For 2025/26 five out of the seven schools were at or above their attendance threshold – a 71% result. This is the baseline for comparison in the 2026/27 annual report.

Relevance: Through this measure, charter schools are contributing to broader Government targets relating to education sector and system outcomes for attendance and achievement.

Measurement approach: This measure compares each charter school in the network with itself (after completing a full school year) and compares its regular attendance rate to the previous year. The percentage reported reflects the total number of schools with comparable information showing a positive trend.

Note that because of changes agreed in the 2025/26 Supplementary Estimates, this measure has moved to the new demand driven appropriation for 2026/27 onwards.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Percentage of charter schools operating that maintain or improve their student achievement rates (Years 3 to 10) in: • **Reading** • **Writing** • **Mathematics**	70-100%	n/a	n/a	Not applicable - new measure 2025/26 is the baseline year

This measure reports the percentage of charter schools operating that maintain or improve their achievement rates across reading, writing and mathematics. It compares each charter school in the network with itself (after completing a full school year) and compares its achievement rates for years 3-10 to the previous year. Once a charter school surpasses the education sector target, it is expected to maintain performance at or above that level in subsequent periods.

This is a revised measure. The previous measure combined reading, writing, and mathematics, which did not provide a clear indication of progress in each domain.

"Maintain" means the school's achievement rates remain at or above its contracted EQI band threshold, while "improve" means the school demonstrates progress toward Education sector targets compared to the previous reporting period. Once a charter school surpasses the education sector target, it is expected to sustain performance at or above that level in subsequent periods.

The target has been amended to clarify that the baseline is set in 2025/26, capturing the first charter schools. In 2026/27, these schools' targets will be compared against their 2025/26 baselines.

For 2025/26, five out of the six schools measured (ie that taught years 3-10) were at or above the standard for reading and writing- 83% -and all six were at or above the standard for mathematics – 100%.

Relevance: Through this measure, charter schools are contributing to broader Government targets relating to education sector and system outcomes for attendance and achievement.

Measurement approach: The percentage reported reflects the total number of schools with comparable information showing a positive trend.

Note that as a result of changes agreed in the 2025/26 Supplementary Estimates, this measure has moved to the new demand driven appropriation for 2026/27 onwards.

Charter School Authorisation Board

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Satisfaction of the Authorisation Board Chair on the quality of performance monitoring insights provided by the Agency	4/5	5/5	5/5	**Achieved**

The Board Chair indicated that she was extremely satisfied with the quality of performance monitoring insights provided by the CSA. The rating of 5/5 means the performance target was met.

Relevance: This measure reflects the CSA's core function of being secretariat to the Authorisation Board.

Measurement Approach: The Authorisation Board Chair completes a standard satisfaction survey with a range of questions for the financial year 2024/25. The ratings are based on a five-point scale where 1 means unsatisfied and 5 means extremely satisfied.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Satisfaction of the Authorisation Board Chair on sponsor application and approval process by the Agency	4/5	5/5	5/5	**Achieved**

The Board Chair indicated that she was extremely satisfied with the sponsor application and approval process run by the CSA. The rating of 5/5 means the performance target was met.

Relevance: This measure reflects the CSA's core function of being secretariat to the Authorisation Board that approves sponsors for new and converting charter schools, oversees school performance, and decides on

interventions with schools. The CSA's management of the applications process, reporting and advice to the Authorisation Board as part of the charter school model helps to grow the charter school network to offer choice and flexibility.

Measurement approach: The Authorisation Board Chair completes a standard satisfaction survey with a range of questions for the financial year 2024/25. This is based on a five-point scale where 1 means unsatisfied and 5 means extremely satisfied. Results are averaged by the CSA and reported in its annual report.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Satisfaction of the Authorisation Board Chair on the secretarial support and general advice provided by the Agency	4/5	5/5	5/5	**Achieved**

The Board Chair indicated that she was extremely satisfied with the secretarial support and general advice provided by the CSA. The rating of 5 means the performance target was met.

Relevance: This measure reflects the CSA's core function of being secretariat to the Authorisation Board that approves sponsors for new and converting charter schools, oversees school performance, and decides on interventions with schools. The success of this measure is influenced by the CSA's ability to support effective and robust authorisation.

Measurement approach: The Authorisation Board Chair completes a standard satisfaction survey with a range of questions for the financial year 2024/25. This is based on a five-point scale where 1 means unsatisfied and 5 means extremely satisfied. Results are averaged by the CSA and reported in its annual report.

Charter Schools (Primary Education)

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Percentage of charter school (Primary Education) sponsors whose funding was processed and paid out in line with their contractual terms	100%	100%	100%	**Achieved**

In 2025/26, payments were made to thirteen contracted sponsors with primary year levels in line with their relevant contractual terms.

Relevance: This measure links to growing the charter school network to offer choice and flexibility and part of this is ensuring sponsors are funded to offer quality education.

Measurement approach: This measure looks at sponsors who are offering primary education noting some charter schools will include students across various year groups so some overlap between primary and secondary year groups is possible. Measure looks at instalment schedule for entitlement funding and that sponsor paid either quarterly or six-monthly (per contract terms).

Note that because of changes agreed in the 2025/26 Supplementary Estimates, this measure and Budget category has been removed from the CSA's appropriation for 2026/27 onwards.

Charter Schools (Secondary Education)

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*

Percentage of charter school (Secondary Education) sponsors whose funding was processed and paid out in line with their contractual terms	100%	100%	100%	**Achieved**

In 2025/26, payments were made to seventeen contracted sponsors with secondary year levels (including composite year levels) in line with their relevant contractual terms.

Relevance: This measure links to growing the charter school network to offer choice and flexibility and part of this is ensuring sponsors are funded to offer quality education.

Measurement approach: This measure looks at sponsors who are offering secondary education noting some charter schools will include students across various year groups so some overlap between primary and secondary year groups is possible. Measure looks at instalment schedule for entitlement funding and that sponsor paid either quarterly or bi-annually, per contract terms.

Note that because of changes agreed in the 2025/26 Supplementary Estimates, this measure and Budget category has been removed from the CSA's appropriation for 2026/27 onwards.

Charter schools support services

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
The Agency maintains a directory of support partners available to sponsors and applicants	Achieved	n/a	Achieved	**Achieved** New measure for 2025/2026

During their first six months of operation charter schools can access Crown-funded support provided independently of the CSA and the Authorisation Board. It provides sponsors and applicants with access to support partners

The CSA maintains a directory of support partners available to help charter schools on the CSA website at Support for schools :: Charter Schools | Kura Hourua

In addition, charter schools can choose to use support partners not on the CSA list, but they must be approved by the CSA before they are eligible for payments.

At 30 June 2026 there were seven support partners listed on the CSA website, each with experience and expertise across a range of subjects. In addition, five support partners have been identified by charter schools and vetted and approved by the CSA.

Relevance: This measure records whether the CSA has made available information on potential support partners for charter schools with the expertise relevant to the establishment of a charter school.

Measurement approach: This is an output measure with the presence of the support partner directory on the CSA website being the primary measure.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Sponsors of new charter schools from the 2025 application round who accessed establishment support, and or support within the first six months of operations, were	100%	n/a	100%	**Achieved** New measure for 2025/2026

reimbursed in line with their entitlements				

During 2025/26 eighteen invoices worth $236,000 were reimbursed. All were for support received during the first 6 months of operations and were within the specified range of entitlements.

Relevance: This measure identifies whether the CSA reimbursed sponsors within their first six months of operations and in line with the entitlements specified on the CSA website.

Measurement approach: This measure is a count of support reimbursement payments to sponsors of new charter schools from the 2025 application round who were paid within their first six months of operations in accordance with the specified entitlements.

Charter schools establishment and transition funding

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Time taken to pay establishment funding after contracts are signed, for schools opening within six months	<10 working days	n/a	<10 working days	**Achieved**

During 2025/26 $21,437,000 of establishment funding was provided to 13 schools. All funding was paid within 10 working days of the charter school sponsors signing their contracts.

Relevance: The CSA strives to ensure sponsors are paid as quickly as possible after contracts are signed.

Measurement approach: This measure tracks the time between the contract signing date and when establishment funding payments are processed or paid out within the financial year. The payments being counted are for schools that will commence operations within 6 months, consistent with Public Finance Act guidelines.

Deleted measure – Quality of CSA advice

Performance measure	*Budget standard 2025/26*	*Performance 2023/24*	*Performance 2024/25*	*Comment*
The quality of the Agency's advice (as assessed annually using the policy project guidelines)	3.5/5	n/a	3.1/5	**Not reported in 2025/2026**

The measure "The quality of the CSA's advice (as assessed annually using the policy project guidelines)" has been removed, as the CSA is not a policy organisation. Although the CSA is not a policy agency, we seek to provide quality advice on implementing and operating the model for charter schools and also seek to continuously improve the quality of our written advice.

The other supporting measures in the multi-category appropriation help to tell a meaningful story of the CSA's performance.

Charter School Agency – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the CSA as authorised by section 24(1) of the Public Finance Act 1989.

Performance measure	*Budget standard 2025/26*	*Performance 2024/25*	*Performance 2025/26*	*Comment*
Compliance with Capital Asset Management Plan	Achieved	n/a	Achieved	**Achieved** New measure for 2025/26
During 2025/26 nil capital expenditure occurred, which was compliant with the Capital Asset Management Plan. **Relevance:** This appropriation is intended to ensure there is investment in the renewal, upgrade, replacement or development of assets in supporting the delivery of the CSA's core functions and services. **Measurement approach:** This is a check-list measure based on the high-level Capital Asset Management Plan. The MoE's Finance team records the CSA's capital expenditure and the CSA's Finance Lead and Ministry CFO provides assurance for annual reporting purposes.				

Organisational health and capability

Our organisation and workforce

As at 30 June 2026 the CSA had 12.8 FTE, a decrease of 3.8 FTE on 30 June 2025. 11.8 were permanent employees and 1.0 were fixed-term employees. All roles are filled with payroll staff, and there are no contractors. No further staff increases beyond the 30 June 2026 FTE figure of 12.8 are budgeted or planned in 2026/27.

Staff health, safety and wellbeing

The CSA has adopted the MoE's policies and procedures on health, safety and wellbeing, including EEO.

The CSA also has additional measures in place due to our location in Te Iho. These include appointment of trained floor wardens, and membership on the building's Health and Safety Committee and the Te Iho building governance committee. The CSA undertook a Business Continuity Planning process in 2025/26.

Remuneration and retention

CSA staff are technically employed by the MoE. Staff in roles that are within coverage of the Ministry's PSA Collective Employment agreement would be expected to progress each year through remuneration steps (unless an individual is subject to a performance improvement plan).

CSA average salary at 30 June 2026 was $138,447 - a decrease of $2,241 from last year's average of $140,687.

There is no unplanned turnover figure for CSA for this year. The calculation for unplanned turnover requires permanent exit headcount and all exits for CSA for 2025/26 were fixed-term employees.

Carbon Neutral Government Programme reporting

The CSA was exempt from the Carbon Neutral Government Programme reporting in the first financial year following its establishment. For the 2025/26 reporting the CSA was included in the MoE's emissions profile calculation and reporting, with the CSA's component separately identified. This is reported in the table overleaf.

Charter school Agency emissions reporting 2025/26

Mandatory emissions sources	
Category 1: Direct emissions	0
Category 2: Indirect emissions from electricity supplied	0.7
Category 3: Indirect emissions from staff business travel including air travel, business travel accommodation, and staff working from home	21.7
Category 4: Indirect emissions from waste from office buildings; water; wastewater and transmission and distribution of electricity	1
Mandatory emissions subtotal	**23.4**
Material emissions sources	
Category 3: Indirect emissions from staff commute	8.9
Material emissions subtotal	**8.9**
Total emissions (tonnes CO2-e)	**32.3**

Reduction targets

Because we are reporting within the emissions profile of the MoE, the CSA will not set a separate base year or reduction target.

The MoE set the following 2030 emissions reduction target for its mandatory sources in categories 1 to 4: 42 percent reduction in gross emissions by 2029/30 from 2018/19 (the base year). The MoE's recent reductions from base year have been achieved through a continued focus on air travel, the transition of vehicles in the fleet to fully electric vehicles and a reduction in the electricity emissions factor. The CSA will look to support the MoE's emission reduction activity through active management of air travel and the use of electric hire cars where available.

Service critical assets

Cabinet Office Circular CO (23) (9) requires information on how the CSA's service critical assets performed against asset performance standards to be included in its annual report.

The CSA has only one service critical asset – our website - and our performance against the standard is as follows:

Asset	Relevance	Assessment of Performance	Indicator	Standard	2024/25	2025/26
CSA website	Our website is a primary channel for publishing information and guidance for interested sponsors applying to be a charter school. It also provides information on charter schools for interested parties and press releases and contact details for media queries.	Website is operating and available	Availability	100%*	100%	100%

* Monitoring of the website indicates no outages or crashes.

Annual financial statements

The financial statements are presented in three parts – departmental (page 27), non-departmental (page 43) and appropriation statements (page 49).

The departmental financial statements cover all financial resources used by the Charter School Agency to deliver the goods or services purchased by the Charter School Agency for the financial year ended 30 June 2026. They also include forecast financial statements for the following financial year.

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

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

Contents

Charter School Agency Departmental Financial Statements 27
Statement of Comprehensive Revenue and Expenses 27
Statement of Financial Position 28
Statement of Changes in Taxpayers' Equity 29
Statement of Cash Flows 29
Statement of Commitments 31
Statement of Contingent Liabilities and Contingent Assets 31
Notes to the Departmental Financial Statements 32
Charter School Agency Non-Departmental Schedules 43
Schedule of Non-Departmental Revenue 43
Schedule of Non-Departmental Capital Receipts 43
Schedule of Non-Departmental Expenses 44
Schedule of Non-Departmental Assets 44
Schedule of Non-Departmental Liabilities 44
Schedule of Non-Departmental Commitments 45
Schedule of Non-Departmental Contingent Liabilities and Assets 45
Notes to the Non-Departmental Schedules 46
Statement of Budgeted and Actual Expenses and Capital Expenditure Incurred against Appropriations 49
Statement of Departmental Capital Injections 50
Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority 50

Charter School Agency Departmental Financial Statements

for the year ended 30 June 2026

Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
$000		Notes	$000	$000	$000
	Revenue				
6,829	Revenue Crown	3	5,708	8,424	3,950
6,829	**Total operating revenue**		**5,708**	**8,424**	**3,950**
	Expenses				
3,423	Personnel costs	4	2,933	2,482	2,482
2,493	Other operating expenses	5	1,921	5,942	1,468
5,916	**Total operating expenses**		**4,854**	**8,424**	**3,950**
913	**Net surplus**		**854**	**-**	**-**
-	Other comprehensive revenue and expense		**-**	**-**	**-**
913	**Total comprehensive revenue and expense**		**854**	**-**	**-**

Statement of Financial Position

for the year ended 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
$000		Notes	$000	$000	$000
	Assets				
	Current assets				
162	Cash and cash equivalents		396	200	170
1,353	Debtors and prepayments	6	1,053	-	22
1,515	**Total current assets**		**1,449**	**200**	**192**
	Non-current assets				
23	Intangible assets		13	-	8
23	**Total non-current assets**		**13**	**-**	**8**
1,538	**Total assets**		**1,462**	**200**	**200**
	Liabilities				
	Current liabilities				
309	Creditors and other payables	7	233	-	-
913	Return of operating surplus to Crown	8	854	-	-
235	Employee entitlements	9	109	-	-
1,457	**Total current liabilities**		**1,196**	**-**	**-**
	Non-current liabilities				
51	Employee entitlements	9	66	-	-
51	**Total non-current liabilities**		**66**	**-**	**-**
1,508	**Total liabilities**		**1,262**	**-**	**-**
30	**Net assets**		**200**	**200**	**200**
	Taxpayers' equity				
	General funds		30	120	200
30	Capital injections	11	**170**	**80**	**-**
30	**Total taxpayers' equity**		**200**	**200**	**200**

Explanations of major variances against the approved 2025/26 budget are provided in Note 13. The accompanying notes form part of these financial statements.

Statement of Changes in Taxpayers' Equity

for the year ended 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
$000		Notes	$000	$000	$000
-	Balance as at 1 July 2025		30	120	200
913	Total comprehensive revenue and expense		854	-	-
	Owner transactions				
30	Capital injections	11	170	80	-
(913)	Return of operating surplus to Crown	8	(854)	-	-
30	**Balance as at 30 June 2026**		**200**	**200**	**200**

Explanations of major variances against the approved 2025/26 budget are provided in Note 13.
The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2026

2025 Actual		2026 Actual	2026 Budget (unaudited)	2027 Forecast (unaudited)
$000		$000	$000	$000
	Cash flows from operating activities			
5,476	Receipts from revenue Crown	6,054	8,424	3,943
(2,264)	Payments to suppliers	(1,949)	(5,934)	(1,451)
(3,115)	Payments to employees	(3,076)	(2,482)	(2,482)
-	Payments for capital charge	(2)	(8)	(10)
65	Goods and services tax (net)	(50)	-	-
162	**Net cash flow from operating activities**	**977**	**-**	**-**
	Cash flows from investing activities			
(30)	Purchase of intangible assets	-	-	-

(30)	**Net cash flow from investing activities**	**-**	**-**	**-**
	Cash flows from financing activities			
30	Capital injections	170	80	-
-	Return of operating surplus to Crown	(913)	-	-
30	**Net cash flow from financing activities**	**(743)**	**80**	**-**
162	**Net increase in cash**	**234**	80	**-**
-	Cash at the beginning of the year	162	120	170
162	**Cash at the end of the year**	**396**	**200**	**170**

Reconciliation of net surplus with cash flow from operating activities

2025 Actual		2026 Actual
$000		$000
913	**Net surplus**	**854**
	Add/(less) non-cash items	
7	Amortisation, impairment and write-off on intangible assets	10
51	Increase in non-current employee entitlements	15
58	**Total non-cash items**	**25**
	Add/(less) movements in working capital items	
(1,288)	(Increase)/decrease in debtors and other receivables	250
244	Increase/(decrease) in creditors and other payables	(26)
235	Increase in current employee entitlements	(126)
(809)	**Total net movement in working capital items**	**98**
162	**Net cash flow from operating activities**	**977**

Explanations of major variances against the approved 2025/26 budget are provided in Note 13.
The accompanying notes form part of these financial statements.

Statement of Commitments

as at 30 June 2026

2025 Actual		2026 Actual
$000		$000
	Non-cancellable operating leases	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
	Agency office premises	
191	• Not later than one year	175
763	• Later than one year and not later than five years	737
1,524	• Later than five years	1,434
2,478	**Total non-cancellable operating lease commitments**	**2,346**

Non-cancellable operating leases

The CSA has leased office space. The amounts disclosed above as future commitments are based on the current lease terms.

This lease expires in June 2038.

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

Statement of Contingent Liabilities and Contingent Assets

as at 30 June 2026

Quantifiable contingent liabilities

The CSA has no quantifiable contingent liabilities.

Unquantifiable contingent liabilities

The CSA has no unquantifiable contingent liabilities.

Contingent assets

The CSA has no contingent assets.

The accompanying notes form part of these financial statements.

Notes to the Departmental Financial Statements

for the year ended 30 June 2026

Note 1 – Reporting Entity

The CSA is a departmental agency as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the CSA's operations includes the Public Finance Act 1989 (PFA) and the Public Service Act 2020. The CSA's ultimate parent is the New Zealand Crown.

In addition, the CSA has reported on Crown activities that it administers in the non-departmental schedules on page 43.

The CSA is accountable and responsible for the delivery of charter schools. It does not operate to make a financial return.

The CSA has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes complying with generally accepted accounting practice (GAAP).

The financial statements of the CSA are for the year ended 30 June 2026 and the Chief Executive approved them for issue on 30 September 2026.

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

Basis of preparation

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

Statement of compliance

The financial statements of the CSA have been prepared in accordance with the requirements of the PFA, which include the requirement to comply with GAAP, and Treasury Instructions.

The financial statements have been prepared in accordance with and comply with Tier 1 PBE Accounting Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000).

Changes in accounting policies

There have been no changes in accounting policies during the year and the CSA's accounting policies have been applied consistently throughout the year.

Standards issued and not yet effective and not early adopted

Standards and amendments issued, but not yet effective, and that are relevant to the CSA are:

PBE Conceptual Framework Update

Effective for annual reporting periods beginning on or after 1 January 2028.

- Updates to the guidance on materiality;
- Clarification of the concept of 'prudence' in the context of faithful representation;
- Updates to the definition of an asset and a liability and related guidance; and
- New guidance on the unit of account and binding arrangements that are equally unperformed.

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

Significant accounting policies

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

Goods and services tax

Items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue (IR) is included as part of the receivables or payables in the statement of financial position.

The net GST paid to, or received from, IR, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The CSA is a public authority and consequently is exempt from income tax. Accordingly, no provision has been made for income tax.

Equity

Equity is the Crown's investment in the CSA and is measured as the difference between total assets and total liabilities.

Critical accounting judgements, estimates and assumptions

In preparing these financial statements, the CSA has made estimates about the future. These estimates and assumptions may differ from the subsequent actual results. The CSA continually evaluates estimates and assumptions, which are based on historical experience and other factors, including expectations of future events that the CSA believes to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of:

- measuring long service leave and retirement gratuities – refer to Note 9.

Budget and forecast figures

The 2026 budget figures are for the year ended 30 June 2026. They are consistent with the CSA's best estimate financial forecast information submitted to the Treasury for the Budget and Economic and Fiscal Update (BEFU) for the 2025/26 financial year.

The 2027 forecast figures are for the year ending 30 June 2027 and are consistent with the best estimate financial forecast information submitted to the Treasury for the BEFU for the year ending 2026/27.

The forecast financial statements have been prepared to communicate forecast financial information for accountability purposes, as required by the Act. The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2027 forecast figures have been prepared in accordance and comply with PBE FRS 42 *Prospective Financial Statements*.

The Chief Executive approved the forecast financial statements for issue on 13 April 2026.

The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all the required disclosures. Although the CSA regularly updates its forecasts, it will not publish updated forecast financial statements for the year ending 30 June 2027.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the CSA's purpose and activities and are based on several assumptions about what may occur during the 2026/27 year. They have been compiled on the basis of existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions were as follows:

- The CSA's activities and output expectations are focused on the Government's priorities
- Personnel costs were based on current wages and salary costs and full-time equivalent (FTE) levels and staff turnover, adjusted for anticipated remuneration changes

- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the CSA's best estimate of future costs that will be incurred.

The actual financial results achieved for 30 June 2027 are likely to vary from the forecast information presented, and the variations might be material.

Note 3 – Revenue

Accounting policy

Revenue Crown

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

Note 4 – Personnel Costs

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Employee contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

A breakdown of personnel costs is as follows:

2025 Actual		2026 Actual
$000		$000
2,968	Salaries and wages	2,880
62	Defined contribution plan employer contributions	53
286	Increase/ (decrease) in employee entitlements	(43)
107	Other personal expenses	43

3,423	**Total personnel costs**	**2,933**

Note 5 – Other Operating Expenses

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Other expenses

Other expenses are recognised as goods and services are received.

A breakdown of other operating expenses is as follows:

2025 Actual		2026 Actual
$000		$000
50	Fees to auditors for audit of the financial statements	52
52	Fees for other assurance services[(i)]	-
1,485	Contracts for services	1,431
556	Legal fees	119
101	Consultants	8
100	Travel, meetings and conference costs	68
30	Operating lease costs – office accommodation	180
14	ICT costs (including cloud-based computing services)	14
105	Other operating expenses	49
2,493	**Total other operating expenses**	**1,921**

(i) Fees for other assurance services received in the previous year relate to probity assurance conducted by Audit New Zealand.

Note 6 – Debtors and Prepayments

Accounting policy

Debtor Crown

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

2025 Actual		2026 Actual
$000		$000
1,353	Debtor Crown	1,007
-	Prepayments	46
1,353	**Total debtors and prepayments**	**1,053**

Note 7 – Creditors and Other Payables

Accounting policy

Short-term payables are recorded at the amount payable.

Creditors and other payables is comprised of:

2025 Actual		2026 Actual
$000		$000
243	Accrued operating expenses	217
66	Taxes payable	16
309	**Total creditors and other payables**	**233**

Note 8 – Return of Operating Surplus to Crown

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

2025 Actual		2026 Actual
$000		$000
913	Net surplus for the year	854
913	**Total return of operating surplus to Crown**	**854**

The return of operating surplus to the Crown is required to be paid by 31 October of each year.

Note 9 – Employee Entitlements

Accounting policy

Short-term employee entitlements

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

Long-term employee entitlements

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

Presentation of employee entitlements

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

2025 Actual		2026 Actual
$000		$000
	Current portion	
114	Annual leave	56
-	Retirement gratuities	32

121	Other short-term employee entitlements	53
235	**Total current portion**	**141**
	Non-current portion	
44	Retirement gratuities	30
7	Long service leave	4
51	**Total non-current portion**	**34**
286	**Total employee entitlements**	**175**

The calculations for long service leave and retirement gratuities were determined by an independent actuary, where the main economic assumptions applied were discount rates prescribed by the Treasury, the salary inflation factor and resignation rates.

The actuary who provided the valuation for long service leave and retiring gratuities as at 30 June 2026 was Jonathan Eriksen, Fellow of the New Zealand Society of Actuaries.

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

- If the salary inflation factor were to differ by 1.5% from the estimate, with all other factors held constant, the carrying amount of the combined liability for long service leave and retirement gratuities and the surplus/deficit would be estimated $2,250 higher/lower.
- If the resignation rates were to differ by 50% from the estimate, with all other factors held constant, the carrying amount of the combined liability for long service leave and retirement gratuities and the surplus/deficit would be estimated $150 higher/lower.

Note 10 – Financial Instruments

Accounting policy

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

Credit risk

Credit risk is the risk that a third party will default on its obligations to the CSA, causing it to incur a loss. In the normal course of business, credit risk arises from receivables and deposits with banks. The CSA's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of these financial assets at balance date. The CSA is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank.

Liquidity risk

Liquidity risk is the risk that the CSA will encounter difficulty raising liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, the CSA closely monitors forecast cash requirements with expected cash drawdowns from the NZDM. The CSA maintains a targeted level of available cash to meet liquidity requirements.

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

2025 Actual		2026 Actual
$000		$000
	Financial assets measured at amortised cost	
162	Cash and cash equivalents	396
1,353	Receivables (excluding taxes receivable)	1,053
1,515	**Total financial assets measured at amortised cost**	**1,449**
	Financial liabilities measured at amortised cost	
-	**Total financial liabilities measured at amortised cost**	**-**

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

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

entitlement is established by Parliament when it passes the Appropriation Acts for the financial year.

Note 11 – Capital Management

The CSA's capital is its taxpayers' equity, which comprises general funds and is represented by net assets.

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

The objective of managing the CSA's equity is to make sure the CSA effectively achieves its goals and objectives that it has been established for while remaining a going concern.

Note 12 – Related Party Transactions and Key Management Personnel

Related party transactions

The CSA is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect that the CSA would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The CSA has no related party transactions that are required to be disclosed at year end (2025: none).

Key management personnel compensation disclosure

2025 Actual		2026 Actual
670,307	Remuneration and other benefits	630,855
2	Full-time equivalent staff	2

Key management personnel compensation includes the remuneration for the senior management team, which consists of the Chief Executive and one senior management position.

Note 13 – Explanation of Major Variances against Budget

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

Statement of Comprehensive Revenue and Expenses

- Revenue Crown was lower than budgeted by $2.716 million due to fiscally neutral adjustments from departmental output expense Resourcing and Oversight of Charter Schools to non-departmental output expense Charter School Support Services and Charter Schools (Secondary Education) within the Charter Schools | Kura Hourua MCA.
- Personnel costs were higher than budgeted by $0.451 million due to a re-classification of costs between Personnel and Other Operating.
- Other operating expenses were lower than budget by $4.021 million due to unexpected delays in contracting sponsors and changes to expected school start dates.

Statement of Financial Position

- No debtor and creditor amounts were budgeted as the CSA had expected to utilise its available funding and original assumed minimal timing differences in payments.
- The CSA also forecasted to break even hence no budget for a return of operating surplus.

Statement of Cash Flows

- Receipts from revenue Crown was underbudget by $2.370 million due to unexpected delays in contracting sponsors and changes to expected school start dates.
- Payments to suppliers was underbudget by $3.985 million due to unexpected delays in contracting sponsors and changes to expected school start dates. Payments to employees was over budget by $0.594 million due to a re-classification of costs between Personnel and Other Operating.

Note 14 – Events after the Balance Date

There have been no events after the balance sheet date requiring the disclosure in these financial statements.

Charter School Agency Non-Departmental Schedules

for the year ended 30 June 2026

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

Schedule of Non-Departmental Revenue

for the year ended 30 June 2026

2025 Actual	Notes	2026 Actual	2026 Budget (unaudited)
$000		$000	$000
-	Miscellaneous revenue	-	-
-	**Total non-departmental revenue**	**-**	**-**

Schedule of Non-Departmental Capital Receipts

for the year ended 30 June 2026

2025 Actual		2026 Actual	2026 Budget (unaudited)
$000		$000	$000
		-	-
	Total non-departmental capital receipts	**-**	**-**

Schedule of Non-Departmental Expenses

as at 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)
$000		Notes	$000	$000
10,915	Grant expenditure		47,918	48,611
1,645	GST input expense		7,225	7,262
141	Other operating expenses		471	200
12,701	**Total non-departmental expenses**		**55,614**	**56,073**

Further details of non-departmental expenditure and appropriations by Vote are provided in the *Appropriations Statements* on page 50. The *Appropriation Statements* cover both operating (above) and capital expenditure.

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

Schedule of Non-Departmental Assets

as at 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)
$000		Notes	$000	$000
	Current assets			
-	Cash and cash equivalents		386	-
-	Debtors and other receivables		54	-
-	**Total non-departmental assets**		**440**	**-**

Schedule of Non-Departmental Liabilities

as at 30 June 2026

2025 Actual			2026 Actual	2026 Budget (unaudited)
$000		Notes	$000	$000
	Current liabilities			
81	Creditors and accrued expenses	3	104	-

2025 Actual			2026 Actual	2026 Budget (unaudited)
$000		Notes	$000	$000
81	**Total non-departmental liabilities**		**104**	**-**

Schedule of Non-Departmental Commitments

as at 30 June 2026

The CSA, on behalf of the Crown, has no non-cancellable capital or lease commitments.

Schedule of Non-Departmental Contingent Liabilities and Assets

as at 30 June 2026

Quantifiable contingent liabilities

The CSA, on behalf of the Crown, has no quantifiable contingent liabilities.

Unquantifiable contingent liabilities

The CSA, on behalf of the Crown, has no unquantifiable contingent liabilities.

Contingent assets

The CSA, on behalf of the Crown, has no contingent assets.

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

Notes to the Non-Departmental Schedules

for the year ended 30 June 2026

Note 1 – Reporting Entity

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

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

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

Basis of preparation

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

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

Significant accounting policies

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

Grant expenditure

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

Commitments

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

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are reported in the *Schedule of Non-Departmental Commitments*

at the lower of the remaining contractual commitment and the values of those penalty or exit costs (that is, the minimum future payments).

Goods and services tax (GST)

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

Budget figures

The 2026 budget figures are for the year ended 30 June 2026. They are consistent with the CSA's best estimate financial forecast information submitted to the Treasury for the Supplementary Estimates (Supps) for the 2026/27 financial year.

Creditors and other payables are non-interest bearing and are normally settled within 30 days. Therefore, due to their short-term nature creditors and other payables are not discounted and their carrying value approximates their fair value, so are classified as current liabilities.

Note 3 – Creditor and Other Payables

Creditors and other payables is comprised of:

2025 Actual		2026 Actual
$000		$000
80	Creditors	-
1	Accrued expenses	104
81	**Total creditors and other payables**	**104**

Creditors and other payables are non-interest bearing and are normally settled within 30 days. Therefore, due to their short-term nature creditors and other payables are not discounted and their carrying value approximates their fair value, so are classified as current liabilities.

Note 4 – Financial Instruments

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

Credit risk

Credit risk is the risk that a third party will default on its obligations to the CSA, causing it to incur a loss. In the normal course of business, credit risk arises from receivables and deposits with banks. The CSA is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank.

Liquidity risk

Liquidity risk is the risk that the CSA will encounter difficulty raising liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, the CSA closely monitors forecast cash requirements with expected cash drawdowns from the NZDM. The CSA maintains a targeted level of available cash to meet liquidity requirements.

Categories

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

2025 Actual		2026 Actual
$000		$000
	Financial Assets (all at amortised cost)	
-	Cash and cash equivalents	386
-	Debtors	54
	Total financial assets measured at amortised cost	**440**
	Financial Liabilities (all at amortised cost)	
81	Creditors	0
81	**Total financial liabilities measured at amortised cost**	**0**

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

Note 5 – Explanation of Major Variances against Budget

Explanations for major variances from the CSA's non-departmental Budget figures are as follows:

Schedule of assets

- When setting the budget, the CSA assumed that all available funding would be utilised and timing of receivables (if any) would be settled during the year.

Appropriation Statements

for the year ended 30 June 2026

The following statements report information about the expenses and capital expenditure incurred against each appropriation under Vote Education administered by the CSA for the year ended 30 June 2026 in compliance with section 45A of the PFA 1989.

Total departmental output expenses and appropriations equal total operating expenses in the *Statement of Comprehensive Revenue and Expenses* on page 27. All performance information for these outputs is included in Part 2 of this Annual Report.

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

for the year ended 30 June 2026

Annual and permanent appropriations for Charter School Agency - Vote Education

Expenditure Actual 2025	Appropriation Title	Expenditure Actual 2026	Approved Appropriation Budget[1] 2026
$000		$000	$000
	Departmental capital expenditure		
30	Charter School Agency - Capital Expenditure PLA	170	170
	Non-Departmental Other Expenses		
-	Transfer of Assets to Charter Schools	-	2,900
	Multi-Category Expenses and Capital Expenditure (MCAs)		
	Charter Schools | Kura Hourua MCA		
	Departmental Output Expenses		
5,916	Resourcing and Oversight of Charter Schools	4,854	5,708
	Non-Departmental Output Expenses		

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

Expenditure Actual 2025	Appropriation Title	Expenditure Actual 2026	Approved Appropriation Budget[1] 2026
$000		$000	$000
141	Charter School Authorisation Board	198	200
5,557	Charter Schools (Primary Education)	16,596	16,632
5,358	Charter Schools (Secondary Education)	31,321	32,423
	Non-Departmental Other Expenses		
-	Charter School Support Services	274	1,200
16,972	**Total Multi-Category Expenses and Capital Expenditure**	**53,243**	**56,163**
17,002	**Total annual and permanent appropriations for Vote Education**	**53,413**	**59,233**

The location of the end-of-year performance information for the above appropriations are in Part 2 of the CSA's annual report.

Statement of Departmental Capital Injections

for the year ended 30 June 2026

Expenditure Actual 2025	Appropriation Title	Expenditure Actual 2026	Approved Appropriation 2026
$000		$000	$000
	Vote Education		
30	Charter School Agency Capital Injection	170	170

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

for the year ended 30 June 2026

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

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Charter School Agency's annual report for the year ended 30 June 2026

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

Opinion

We have audited:

- The financial statements of the Agency that comprise the statement of financial position, statement of commitments, and statement of contingent assets and contingent liabilities as at 30 June 2026, the statement of comprehensive revenue and expenses, statement of changes in taxpayers' equity, and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information on pages 26 to 42.
- The end-of-year performance information for appropriations of the Agency for the year ended 30 June 2026 on pages 13 to 21.
- The statements of expenses and capital expenditure of the Agency for the year ended 30 June 2026 on pages 49 to 50.
- The schedules of non-departmental activities managed by the Agency on behalf of the Crown, that comprises the schedules of assets, liabilities, commitments, contingent assets, and contingent liabilities as at 30 June 2026, the schedules of expenses and revenue for the year ended 30 June 2026, and the notes to the schedules that include accounting policies and other explanatory information on pages 43 to 48.

In our opinion:

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

- The end-of-year performance information for each appropriation for the year ended 30 June 2026 is appropriate and meaningful and prepared in accordance with the Agency's measurement bases or evaluation methods and Public Benefit Entity Standards, and presents fairly, in all material respects:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred.
- The statements of expenses and capital expenditure have been prepared, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- The schedules of non-departmental activities which are managed by the Agency on behalf of the Crown have been prepared, in all material respects, in accordance with the Treasury Instructions.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the information to be audited* section of our report.

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

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

Responsibilities of the Chief Executive the information to be audited

The Chief Executive is responsible on behalf of the Agency for preparing financial statements and end-of-year performance information for appropriations that are fairly presented and comply with Public Benefit Entity Standards and legislative requirements.

This includes:

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

The Chief Executive is responsible on behalf of the Agency for preparing Statements of expenses and capital expenditure and schedules of non-departmental activities managed by the Agency on behalf of the Crown, in accordance with the Public Finance Act 1989 and Treasury Instructions.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Agency for assessing the Agency's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Agency, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.

- In respect of the end-of-year performance information for appropriations, we:

    - obtain an understanding of the process applied by the Agency to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods and evaluate whether these present an appropriate and meaningful assessment of the Agency's service performance.

    - evaluate whether the end-of-year performance information for appropriations is prepared in accordance with the Agency's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards.

- We evaluate whether the schedules of non-departmental activities have been prepared in accordance with legislative requirements.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises all of the information included in the annual report other than the information we audited and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Agency in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Agency.

Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
29 September 2026

Charter School Agency
Te Tari Kura Hourua

New Zealand Government
Te Kāwanatanga o Aotearoa

Charter Schools | Kura Hourua: Performance Management Framework

Charter schools are an alternative way of delivering education to meet the needs and preferences of students. Charter schools will have greater flexibility to innovate, including in the design of a school's structure, governance, and curriculum. In exchange for greater flexibility, they are subject to increased oversight and accountability through the performance management framework.

The framework sets out clearly defined performance outcomes, measures and targets, as well as the methods used to track these. It will be used to hold sponsors to account and provide the Government and the community with assurance that charter schools are delivering quality education.

Outcomes	Measures	Targets	Method	Reporting
Attendance	Attendance at school (mean attendance)	80% of learners regularly attending	Electronic attendance register	Daily, each term, an annual self-audit due 30 September 2025 and an end of year report due 15 February 2026
Achievement	**Primary: Years 3 to 10** • Reading or pānui • Writing or tuhituhi • Mathematics or pāngarau	80% of learners are at or above the expected curriculum level	Assessment tools such as: • e-asTTle (MoE) • Progressive Achievement Tests (PATs - NZCER) • Te Waharoa Ararau (MoE)	Annual self-audit due 30 September 2025 and an end of year report due 15 February 2026
	Secondary: Years 11 and above • Qualification attainment	95% of school leavers reach NCEA level 2 or above	NCEA Level 2 attainment / equivalent in an approved qualification	Annual self-audit due 30 September 2025 and an end of year report due 15 February 2026
Financial performance	**Financial health** Key indicators include operating surplus, working capital ratio, debt/equity ratio, operating cash, enrolment variance. **Financial probity** • Discharge of all contractual obligations before using any profit • Notification when any source of anticipated funding (on which the ongoing viability of the sponsor or school(s) is dependent) will not be available • Notification of any failure to pay debt from borrowed money; or of any expectation they will fail to pay this debt in future • Related party disclosure • Sensitive expenditure policies in place • Expected use of funds and financial plans	• Operating surplus: 2-5% • Working capital ratio: 2:1 • Debt/equity ratio: 0.5:1 • Operating cash: Positive cashflow forecast = actual • Enrolment variance: Contextual measure assessed in reports as either: Growing, Stable, or Decreasing.	Annual self-audit due 30 September 2025 (includes independently audited financial statements) and an end of year report due on 15 February 2026	Annual self-audit due 30 September 2025 (includes independently audited financial statements) and an end of year report due 15 February 2026
Standard minimum compliance (SMC)	• Employment of certificated teachers and LATs • Student enrolment requirements • School day, hours and term date requirements • Property • Reporting requirements • Insurance • Transport provision requirements (if applicable)	SMC measures do not require performance targets. A sponsor's failure to meet standards carries an immediate risk to students and/or school operations.	Annual self-audit including a sponsor assurance statement and a self-audit check	Annual self-audit due 30 September 2026

Intervention framework

The Intervention Framework sets out specific actions that can be used where a charter school is not meeting its contractual or legislative obligations. The Authorisation Board will consider progress over time when applying an intervention.

Interventions set in legislation and used by the Authorisation Board:

- Require a sponsor to provide specific information or carry out a specific action
- Require the Education Review Office to conduct a review of the school
- Replacement of the sponsor
- Termination of the contract

Performance monitoring

The Charter School Agency and the Education Review Office have worked closely to develop a robust monitoring approach for charter schools. The Charter School Agency will be responsible for day-to-day monitoring of charter schools and will report as required to the Authorisation Board.

The legislative framework for charter schools sets out that:

- Sponsors will be held accountable to performance outcomes and that they will provide information on performance outcomes
- Contracts can specify what performance information is to be provided using specific tools or submission of data
- Performance measures and targets may be standardised across schools or a group of schools
- Charter schools must complete an annual self-audit, including a set of independently audited financial accounts

With the child at the heart of what we do,
we achieve better outcomes together.