

Education New Zealand

Statement of
Performance
Expectations
2022/23

Tauaki Koronga
Tutukinga Mahi
2022/23

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CONTENTS

NGĀ IHIRANGI

Statement of Responsibility	3
Our Operating Intentions	4
PART ONE Statement of Performance Expectations	12
Statement of Performance Expectations	13
Performance Framework	14
PART TWO Prospective Financial Statements	16
Financial Strategy	17
Notes to the Prospective Financial Statements	20
Statement of Accounting Policies	21

STATEMENT OF RESPONSIBILITY

The Statement of Performance Expectations has been prepared in accordance with the requirements of sections 149E and 149G of the Crown Entities Act 2004.

The performance to be achieved by Education New Zealand Manapou ki te Ao for the year ending 30 June 2023 that is specified in this Statement of Performance Expectations is as agreed with the Minister of Education.

Pursuant to the Crown Entities Act 2004, we acknowledge responsibility for the preparation of the statements of forecast service performance and prospective financial statements, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

We acknowledge the responsibility for establishing and maintaining a system of internal



Steve Maharey | Board Chair
23 June 2022

TAUAKI KAWENGA

control designed to provide reasonable assurance as to the integrity and reliability of Education New Zealand's performance and financial reporting.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2023 that were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed on behalf of the Board of Education New Zealand.



Lyn Provost | Deputy Board Chair
23 June 2022

OUR OPERATING INTENTIONS

Education New Zealand Manapou ki te Ao (ENZ) is a Crown Agency with a dedicated focus on international education which delivers social, cultural and economic benefits for all of New Zealand. Our work ensures that international education provides enduring benefits for New Zealand by taking New Zealand education experiences to the world as well as supporting overseas and onshore study opportunities for New Zealanders.

The global international education landscape has shifted dramatically since the onset of the COVID-19 pandemic in early 2020. The progressive reopening of New Zealand's borders, and the current refresh of the New Zealand International Education Strategy 2022-2030 (NZIES), have provided the impetus for ENZ to focus on accelerating the rebuild of New Zealand's onshore offerings in a way that is sustainable and resilient over the period covered by this SPE.

The refreshed NZIES, which is currently being finalised, will see a two-phase approach to rebuilding the sector in the coming years. Through Phase One, ENZ will focus its efforts on promoting New Zealand's high-quality and high-value education, rebuilding preference for New Zealand as an attractive international education destination. We will utilise our existing networks and expertise, and work with the sector, to ensure that New Zealand is top of mind for global students who are considering international study.

We will continue to lead the sector's efforts to diversify, utilising funding from the Covid Response and Recovery Fund to develop recommendations on products and services that will contribute to the longer-term sustainability of

Ā MĀTOU KORONGA TAHA WHAKAHAERE

the sector. These recommendations will be reported to the Government by September 2023.

In line with the Minister's expectations, we will work closely with agencies to ensure that the voice of international education is part of wider government considerations. We will also ensure the international education sector is aware of government decisions and priorities for the sector.

ENZ's vision

Our vision is that New Zealand's unique and high value education offering is highly sought after and that it enhances our global reputation for leading new thinking. To do this, we give effect to the Government's goals for international education by providing a range of targeted services such as marketing, promotion and overseas representation. Our purpose is also focused on accelerating the recovery and transformation of international education, which contributes to wider government efforts to reconnect New Zealand with the world.

ENZ has a leading role in rebuilding international education to a sustainable, diverse, and resilient sector. Our work with the sector and other key stakeholders, both domestically and globally, will enable New Zealand's educational system to be presented to the world in a way that acknowledges the importance of Te Tiriti and a Māori world view.

Our outcomes framework

This Statement of Performance Expectations for 2022/23 outlines our performance targets. These have been developed alongside the impact measures that are outlined in ENZ's new Statement of Intent 2022-2026. Both the Statement of Intent and Statement of Performance Expectations are based on our strategic framework. They provide our four key objectives, what we will deliver and how we will measure the impact of what we do. This document should also be read in conjunction with the key strategic documents for New Zealand's international education sector, including the refreshed NZIES.

Our operating environment

International education has a key role to play in reconnecting New Zealand to the world and spurring New Zealand's economic recovery by encouraging the world to re-engage with our international education offerings.

To mobilise the rebuild of the international education sector in alignment with the Government's objectives as they are outlined in Phase One of the refreshed NZIES, our strategic interventions in 2022/23 will focus on rebuilding our onshore education offerings in a way that is sustainable and resilient. ENZ will also work to understand and rebuild sector capability, mobilise the sector to access key markets and undertake targeted in-market activities to raise brand awareness.

Crown funding to replace the suspended Export Education Levy has not been allocated for 2022/23. Consequently, ENZ has adopted a tighter focus on New Zealand's key markets, which will drive a more nuanced marketing and promotion approach. We have also reviewed our short-term investment in a number of areas such as research and some activities related to longer term connections.

In addition, the diversification of education products and service offerings that ENZ is piloting, funded through the COVID-19 Response and

Recovery Fund, will lead to a more sustainable and resilient international education sector across the duration of the refreshed NZIES.

We support the responsible management of the Government's finances by ensuring we deliver our work programme efficiently and effectively, and by delivering value for money.

ENZ will continue to address the changes in our operating environment due to the significant multi-year impacts of the COVID-19 pandemic on the New Zealand international education sector.

ENZ's Strategic Framework



KONO
Kono is a woven food basket; nourishing the organisation with its range of offerings – the idea that the enablers 'provide' for the whole organisation, and are vital to the well-being of every area.



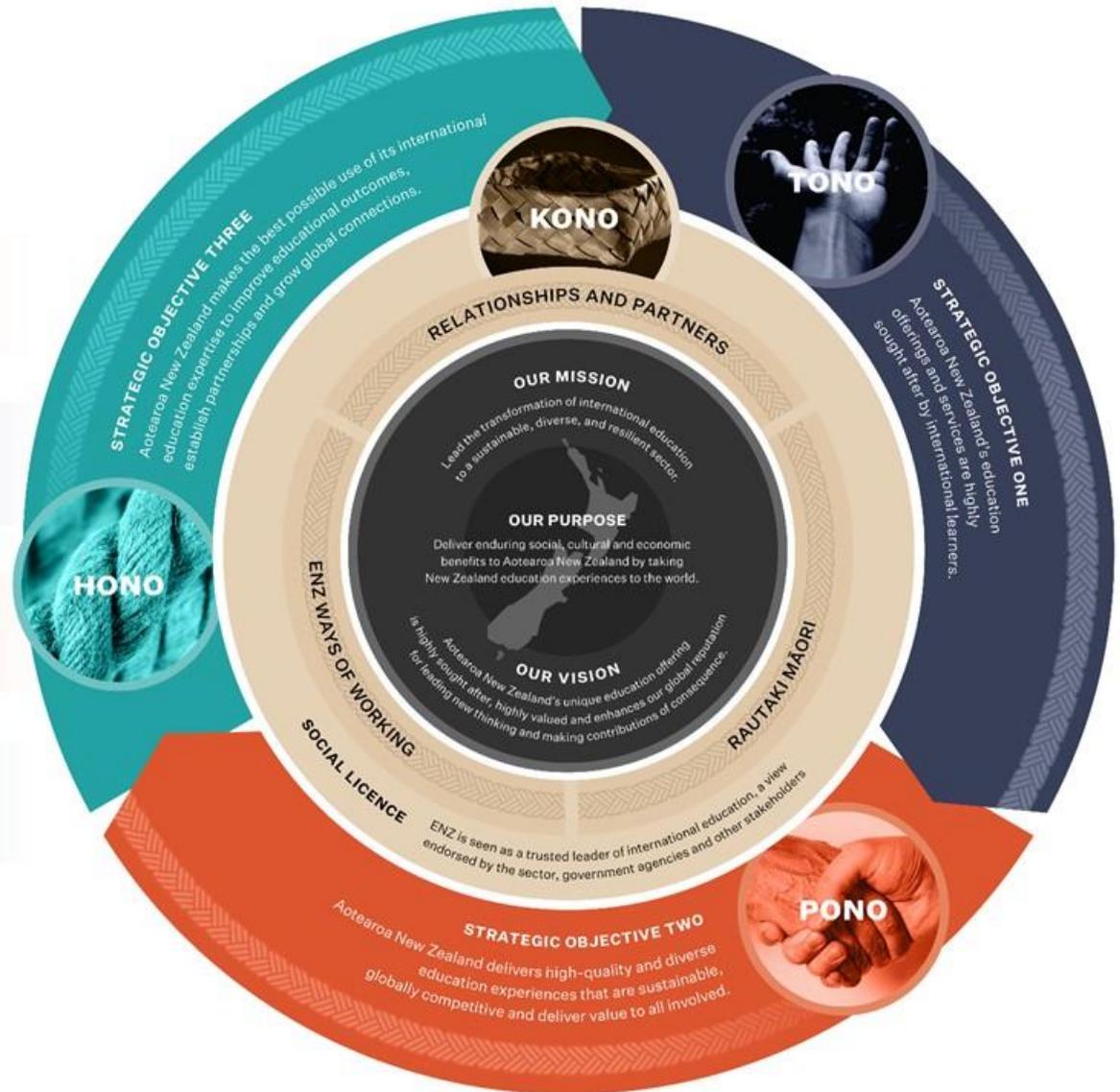
TONO
Tono is to extend an invitation or request. In this context it is about understanding what we have to offer and what learners and markets need, in order to extend a compelling invitation to learn with Aotearoa New Zealand.



PONO
Pono is about truth, integrity and authenticity. In this context it is about creating and upholding the highest standards of student experience and delivery.



HONO
Hono is to connect and bind. In this context it refers to the myriad networks and relationships we build and draw on to give effect to our role and aspirations.



Our focus for 2022/23

The refreshed NZIES reflects the changes in the global and domestic international education context, and the Government's priorities in ensuring the sector is resilient to future shocks. It focuses on a strong, equitable, high-quality education system with a vibrant international focus, and globally connected students, workers and education providers. All of ENZ's work is, and will continue to be, underpinned by the refreshed NZIES.

We are already stepping up our efforts to promote New Zealand's high-value education offering to international students and building New Zealand's international education brand preference. We will focus our efforts on key markets, ensuring that we are utilising our funding most effectively and mobilising the sector to maximise gains.

We will continue to support the delivery of wider government objectives through the administration of the scholarship programmes ENZ delivers and the diversification of products and services work programme funded through the COVID-19 Response and Recovery Fund.

Tono: Promoting New Zealand's education offering

ENZ's immediate focus area is rebuilding student mobility and New Zealand onshore offerings in a way that is resilient and sustainable. For Phase One of the refreshed NZIES, we will focus on demonstrating that New Zealand is ready to welcome international students again, supporting government efforts to reconnect with the world.

We will intensify our marketing efforts for a New Zealand education from 'protect the brand', which was the focus while New Zealand's borders were closed, to 'promote the brand'. Alongside our digital marketing campaigns, this will mean refocusing on engagement with stakeholders in key markets, in-market initiatives and working closely with the international education sector to

accelerate their efforts to reconnect with their international partners and markets. We will focus on providing insight and intelligence to the sector that will support effective decision-making, and help them maximise existing and new opportunities.

We will also share our insights and intelligence within government, supporting our partner agencies in decision-making and policy considerations.

We will undertake targeted public relations activities, focusing on our top five markets – China, India, Japan, the United States and Viet Nam – as well as a small number of other key markets. We will develop a nuanced marketing approach depending on the sector's needs and drivers in each market to build and promote New Zealand's international education brand preference. We will also continue to undertake research on market perceptions of quality and how New Zealand's education is perceived internationally.

In supporting excellent student experience, we will deliver clear, timely and learner-focused information about studying with New Zealand education providers to learners and agents.

We will also review the Education New Zealand Recognised Agency Programme to support a thriving international education sector, ensuring that it supports high-quality agents who are contributing to a high-value sector.

Pono: Diversifying education products and services

Alongside our efforts to rebuild New Zealand's profile, we will continue our work to support the sector to diversify, utilising the second tranche of our COVID-19 Response and Recovery Fund appropriation which is \$4.0m for 2022/23¹. This funding is being deployed to test and develop recommendations on systems, products and channels to diversify education products and services that will contribute to the sustainable

¹ This includes the \$1.3 million being sought for drawdown via the Chief Executives' Group for the New Zealand owned platform.

development of the sector. ENZ will provide recommendations to the Government by September 2023. ENZ has not received funding beyond this date, but a critical question for the education products and services being tested and developed is their future sustainability. We will consider funding requirements for new systems, products and channels as we develop our recommendations.

We will focus on collaboration and co-creation with iwi, Māori and Māori providers of education products and services, to transform the understanding of international education and ensure that the education system delivers with, and for Māori in the international context.

Hono: Connections with the world

ENZ will make use of its international network to reinvigorate the sector's relationships, and New Zealand's relationships more broadly, by rebuilding and promoting partnerships and academic reciprocity. This will include a refocus on in-market initiatives and events, leveraging diplomatic engagement and supporting Ministerial travel to key markets, recognising the importance of face-to-face relationships and interaction to rebuild New Zealand's reputation as a partner for international education.

ENZ will identify opportunities in key markets for engagement and connection, and work closely with the sector to mobilise them

Hono: Developing global citizens

The recommencement of the Prime Minister's Scholarships for Asia and Latin America (PMSA/LA) will see a stronger focus on ensuring more New Zealanders have access to opportunities for international education.

ENZ is reviewing the settings of the PMSA/LA and adjusted them in line with the Government's priorities of improving access to and outcomes from international education from a more diverse group of New Zealanders. ENZ will work with providers and develop promotional initiatives that will encourage a more diverse group of PMSA/LA recipients.

Manaaki New Zealand Scholarship Programme (MNZSP)

ENZ and the Ministry for Foreign Affairs and Trade (MFAT) have agreed to terms for ENZ to undertake the operational management of the MNZSP for an initial five-year-period. The partnership between the two agencies will enhance international education relationships with developing country partners, and deliver closer connections with scholarship partners and tertiary education providers. The agreement is a significant lever to contribute to achieving the goals of the refreshed NZIES, and aligns strongly to ENZ's four-year strategic framework.

We intend to leverage the MNZSP to broaden scholarship opportunities across the New Zealand tertiary sector, contributing to the delivery of Phase Two of the NZIES through diversifying the sector's education offering.

Kono: ENZ's capability

Our capabilities, systems and processes position us well to make a significant contribution towards the goals of the refreshed NZIES.

In the context of our strategic objectives, we believe that ENZ's core capability lies in its rich basket of services that help us put our best foot forward both internally and externally. We will continue to grow and refine our capabilities, systems and processes. Kono nourishes the organisation to support the delivery of our Strategic Objectives.

Through Kono, we will continue supporting the sector to rebuild from the impacts of the pandemic and broaden understanding of the value of international education by New Zealanders and providers. During the year, we expect to finalise a valuation of the broader impacts of international education. This work will provide a deeper understanding of not only the economic benefits, but also the social and cultural benefits that international education brings for all New Zealanders.

ENZ's Rautaki Māori, our Māori Strategy's three Ngā Whaingā are woven into ENZ's purpose,

culture and corporate brand. ENZ will continue to lift leadership and revitalise staff's cultural capability and practice to support meeting our public sector objectives for strengthening the Māori-Crown relationship.

ENZ has created a dedicated operations management function to lead the planning, development, tracking, monitoring, and reporting of ENZ's business operational performance requirements. This includes criteria setting, prioritisation, capability, and tracking, as well as the planning and reporting requirements of programmes and projects across ENZ.

We will continue working collaboratively with other New Zealand government agencies as well as strengthening links with International Education Ministers and the Chief Executives' Group.

NZIES	Excellent education and student experience	Sustainable growth	Global citizens	
ENZ Strategic framework 2021-2025	<p>TONO</p> <p>Education offerings and services are highly sought after</p>	<p>PONO</p> <p>High quality and diverse education experiences that are sustainable, competitive and deliver value</p>	<p>HONO</p> <p>New Zealand makes the best possible use of its international education expertise to improve education outcomes, establish partnerships and grow global connections</p>	<p>KONO</p> <p>ENZ's core capability lies in its Kono or rich basket of services that nourishes the organisation to put its best foot forward, internally and externally.</p>
Impact measures 2022-26				
Statement of Intent 2022-2026	<ul style="list-style-type: none"> • Prospective international students' preference for a New Zealand education is increased • Number of students studying towards a New Zealand qualification onshore and offshore is increased 	<ul style="list-style-type: none"> • The economic contribution from New Zealand's international education sector is increased • The international education sector continues to diversify its products, services and modes of delivery for international students² • The % of the sector's value from markets outside the top two markets is increased • The % of international students enrolled to study outside Auckland is increased • International students have a positive experience 	<ul style="list-style-type: none"> • Build impactful global connections and partnerships for iwi, institutions and government • Broader access by New Zealanders to international education experiences 	<ul style="list-style-type: none"> • ENZ staff have an understanding of and are empowered to uphold the principles and articles of Te Tiriti

² ENZ has received CRRF funding to test and develop recommendations on systems, products and channels to diversify education products and services by September 2023. It has not received funding beyond this date, however a critical question for the education products and services being tested and developed is sustainability. We will consider funding requirements for new systems, products and channels as we develop our recommendations.

Performance measures 2022/23				
<p>Statement of Performance Expectations 2022/23</p>	<ul style="list-style-type: none"> The % of Active Visits to studywithnewzealand 	<ul style="list-style-type: none"> Deliver recommendations on diversified products and services per CRRF funding requirements 	<ul style="list-style-type: none"> Number of impactful global connections to New Zealand providers in target markets 	<p>Supporting the rebuild of the international education sector by leading the implementation of the government's Strategic Recovery Plan's 'Transforming to a more sustainable future state' workstream, with:</p> <ul style="list-style-type: none"> Improved confidence and resilience within the international education sector Facilitate cross-Government collaboration via the Chief Executives' group and strengthening links with International Ministers The percentage of facilitated customers who agree ENZ's services and support have added value to their organisation. The percentage of users satisfied with the information and intelligence provided by ENZ.

PART ONE STATEMENT OF PERFORMANCE EXPECTATIONS

WĀHANGA TUATAHI TAUAKI KORONGA TUTUKINGA MAHI

This Statement of Performance Expectations contains the information required by section 149E(2) of the Crown Entities Act 2004, to be reported against in Education New Zealand's Annual Report for 2022/23 and also audited.



STATEMENT OF PERFORMANCE EXPECTATIONS

TAUAKI KORONGA TUTUKINGA MAHI

The table below summarises ENZ's appropriations. They are defined in the Budget 2022 Estimates of Appropriations for Vote Tertiary Education.

Summary of appropriations

\$000	2022/23
Vote Tertiary Education	
Non-departmental output expense	
International education programmes	31,247
Benefits and other related expenses	
Tertiary scholarships and awards	3,750
Total baseline	34,997

Cost of service statements

Total appropriations

\$000	Revised Budget 2021/22	Estimated actual 2021/22	Forecast 2022/23
Revenue			
Revenue from the Crown	30,996	30,997	30,997
Revenue from the Crown – EEL ³	3,267	3,267	-
Revenue from the Crown – CRRF ⁴	7,150	7,150	4,000
Interest revenue	76	68	68
Other revenue	33	-	500
Total revenue	41,522	41,482	35,565
Total expenditure	41,522	41,482	35,565
Surplus	-	-	-

³ Export Education Levy replacement funding of \$3.267m ends in 2021/22. The EEL is currently suspended and is due to be reviewed as part of the refreshed NZIES.

⁴ Covid-19 response and recovery funding of \$3.000m for Brand, Marketing and Awareness in 2021/22 only, and funding for Diversification of products and services of \$4.150m in 2021/22 and \$4.000m in 2022/23.

PERFORMANCE FRAMEWORK

ANGA TUTUKINGA MAHI

Our focus is on delivering a range of initiatives and activities in support of the international education sector to achieve our outcomes and the Government's goals for international education.⁵ The measures outlined below will help us assess how well we are delivering our work programme and contributing to the Government's goals for international education.

International education programmes

This appropriation is limited to delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of supporting sector recovery, delivering an excellent student experience, developing sustainability and resilience and developing global citizens.

What is Intended to be achieved with this appropriation?

This appropriation is intended to achieve enhanced social, cultural and economic benefits to New Zealand through New Zealand international education activities.

\$000	Revised Budget 2021/22	Estimated actual 2021/22	Forecast 2022/23
Revenue			
Revenue from the Crown	27,246	27,247	27,247
Revenue from the Crown – EEL	3,267	3,267	-
Revenue from the Crown – CRRF	7,150	7,150	4,000
Interest revenue	76	68	68
Other revenue	33	-	500
Total revenue	37,772	37,732	31,815
Total expenditure	37,772	37,732	31,815
Surplus	-	-	-

Performance measure	Actual 2020/21	Target 2021/22	Target 2022/23
Tono: Promoting New Zealand's education offering			
The percentage of Active Visits ⁶ on ENZ's studywithnewzealand.govt.nz website. ⁷	New measure in 2022/23	New measure in 2022/23	≥ 75%
Pono: Diversifying education products and services			
Deliver recommendations on diversified products and services per CRRF funding requirements.	New measure in 2022/23	New measure in 2022/23	Draft report completed by 30 June 2023
Hono: Connections with the world			
Number of impactful global connections to New Zealand providers in key markets. ⁸	New measure in 2022/23	New measure in 2022/23	Establish baseline

⁵ The Government's goals are set out in the refreshed International Education Strategy 2022- 2030 that is currently being finalised.

⁶ 'Active visits' are defined as those where the visitor engages with the website content, e.g. clicking links, scrolling and viewing multiple pages or video. It is considered a measure of both the quality of the traffic to the website and the quality of the content on the website.

⁷ In December 2021, ENZ migrated its 'study in New Zealand' website to 'study with New Zealand' to reflect the shift in focus from student mobility to seeking to enrol students outside New Zealand as well. As a result, the 'study in New Zealand' website no longer seeks active visits or registrations from students – these are sought on the 'study with New Zealand' website.

⁸ ENZ defines an 'impactful global connection' through a framework that accounts for reciprocity, a clear student, academic or research exchange or benefit, timeframe for potential outcomes of the connection and potential economic value to the institution and/or New Zealand.

Performance measure	Actual 2020/21	Target 2021/22	Target 2022/23
Kono: ENZ's capability			
Supporting the rebuild of the international education sector by leading the implementation of the Government's Strategic Recovery Plan's 'Transforming to a more sustainable future state' workstream, with:			
— improved confidence and resilience within the international education sector ⁹	New measure in 2021/22	Establish baseline	Achieved
— facilitating cross-government collaboration via the Chief Executives' group and strengthening links with International Ministers ¹⁰	New measure in 2021/22	Achieved	Achieved
The percentage of facilitated customers ¹¹ who agree ENZ's services and support have added value to their organisation.	Not measured ¹²	At least ≥ 75%	At least 85%
The percentage of users satisfied with the information and intelligence provided by ENZ.	Not measured ¹³	≥ 87% of users rate it as good or higher	≥ 87% of users rate it as good or higher

Tertiary scholarships and awards

This appropriation is limited to providing scholarships and other awards in the tertiary sector to students, researchers and teachers, within New Zealand and internationally

ENZ receives funding through this appropriation to fund the Prime Minister's Scholarship for Asia and Latin America. The administration costs for running the scholarship programmes sit within the International education programmes appropriation.

What is Intended to be achieved with this appropriation?

This appropriation is intended to achieve access to wider international educational opportunities for skilled New Zealanders to enhance their existing skills. Due to the COVID-19 pandemic, no scholarships were awarded by ENZ in 2020/21.

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education and Training Act 2020.

\$000	Revised Budget 2021/22	Estimated actual 2021/22	Forecast 2022/23
Revenue			
Revenue from the Crown	3,750	3,750	3,750
Total revenue	3,750	3,750	3,750
Total expenditure	3,750	3,750	3,750
Surplus	-	-	-

⁹ This measure is intended to reflect ENZ's role in leading the 'Transforming to a more sustainable future state' workstream as set out in the Recovery Plan. ENZ works with the sector to support a diversified international education sector. surveys the international education sector annually to understand the current state of sector performance. As a result of COVID-19, Education New Zealand will specifically include questions about capacity and capability, as well as confidence.

¹⁰ This is a new measure intended to reflect ENZ's role in supporting the implementation of the Recovery Plan. ENZ's work with managing the Chief Executives' Group will contribute to the New Zealand education sector rebuild and reset longer-term. This measure reflects the longer term/multi-year nature of the sector's recovery from the COVID-19 pandemic and the objectives of the refreshed NZIES.

¹¹ 'Facilitated customers' are large education providers, peak bodies and regional partners that ENZ business development managers work actively with to provide growth-focused services and targeted support.

¹² Due to the significant impact of COVID-19 on the international education sector and the cross agency work to provide communications and support to the international education sector, ENZ did not survey the sector about ENZ's work.

¹³ Due to the significant impact of COVID-19 on the international education sector and the cross agency work to provide communications and support to the international education sector, ENZ did not survey the sector about ENZ's work.

**PART TWO
PROSPECTIVE
FINANCIAL
STATEMENTS**

**WĀHANGA
TUARUA
TAUAKI AHUMONI KI
TUA**



FINANCIAL STRATEGY

RAUTAKI AHUMONI

This financial strategy is an integral part of the overall organisational strategy. ENZ will:

- budget and manage operating expenditure within available funding levels whilst ensuring that ENZ achieves value for money and meets operational targets
- budget and manage capital expenditure within available funding levels. A capital expenditure and funding reconciliation will be completed at the end of each financial year
- have annual operating and capital budgets approved by the Board. Updates to budgets will be approved by the Board
- operate within the financial delegations approved by the Board
- operate within organisation appropriate and robust internal controls, as set out in the 'Internal Control Framework'
- maintain a conservative investment strategy – investing in term deposits or interest-bearing accounts with banks registered in New Zealand that have a “high grade” or better credit rating
- make use of shared services where they are cost effective and improve efficiency
- seek to allocate our resources to achieve the maximum impact for a given level of risk. We are focused on strategic financial management and achieving value for money.

Prospective statement of comprehensive revenue and expense

\$000	Estimated actual 2021/22	Forecast 2022/23
Revenue		
Revenue from the Crown - Operating	37,664	31,247
Revenue from the Crown - Scholarships	3,750	3,750
Interest revenue	68	68
Other revenue	-	500
Total revenue	41,482	35,565
Expenditure		
Personnel	13,668	14,009
Other expenditure	23,830	17,593
Depreciation and amortisation expense	234	213
Scholarship expenses	3,750	3,750
Total expenditure	41,482	35,565
Surplus	-	-
Total comprehensive revenue and expense	41,482	35,565

Prospective statement of movements in equity

\$000	Estimated actual year ending 30 June 2022	Forecast year ending 30 June 2023
Equity		
Balance at 1 July	2,798	2,798
Deficit	-	-
Balance at 30 June	2,798	2,798

Prospective statement of financial position

\$000	Estimated actual year ending 30 June 2022	Forecast year ending 30 June 2023
Assets		
Current assets	5,638	5,761
Non-current assets	210	87
Total assets	5,848	5,848
Liabilities		
Current liabilities	3,050	3,050
Total liabilities	3,050	3,050
Net assets	2,798	2,798
Equity	2,798	2,798

Prospective statement of cash flows

\$000	Estimated actual 2021/22	Forecast 2022/23
Cash flows from operating activities		
Receipts from the Crown	41,414	34,997
Receipts from other revenue	-	500
Payments to suppliers	(27,850)	(21,543)
Payments to employees	(13,668)	(14,009)
Net cash flows from operating activities	(104)	(55)
Cash flows from investing activities		
Interest received	68	68
Purchase of property, plant, and equipment	(90)	(90)
Net cash flows from investing activities	(23)	(23)
Net cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(126)	(77)
Cash and cash equivalents at the beginning of the year	914	788
Cash and cash equivalents at the end of the year	788	711

Reconciliation of forecast net deficit to net cash flow from operating activities

\$000	Estimated actual 2021/22	Forecast 2022/23
Surplus	-	-
Add non-cash items		
Depreciation and amortisation expense	234	213
Total non-cash items	234	213
Less items classified as investing or financing activities		
Interest received	(68)	(68)
Total items classified as investing or financing activities	(68)	(68)
Add/(less) movements in working capital		
Decrease/(Increase) in receivables	477	(200)
Decrease in prepayments	811	-
(Decrease) in payables	(1,402)	-
Increase in provisions	140	-
(Decrease) in employee entitlements	(296)	-
Net movement in working capital items	(270)	(200)
Net cash flow from operating activities	(104)	(55)

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

KŌRERO TĀPIRI KI NGĀ TAUAKI AHUMONI KI TUA

The prospective financial statements are based on policies and approvals in place as at 1 March 2022 and are GST exclusive (except for payables and receivables which are GST inclusive). The forecasts are prepared under the generally accepted accounting practice (NZ GAAP). Actual results may vary from the information presented here, and the variations may be material.

The prospective financial statements set out ENZ's activities and planned performance. Use of this information for other purposes may not be appropriate.

These prospective financial statements have been prepared based on assumptions as to future events that ENZ reasonably expects to occur, associated with the actions that ENZ reasonably expects to take, as at the date that this information was prepared.

The significant assumptions are outlined under critical accounting estimates and assumptions.

STATEMENT OF ACCOUNTING POLICIES

TAUAKI KAUPAPA HERE MAHI KAUTE

Reporting entity

Education New Zealand (ENZ) is a Crown entity as defined by the Crown Entities Act 2004 and was established on 1 September 2011 under the Education Act 1989 (the Education Amendment Act 2011). As such ENZ's ultimate parent is the New Zealand Crown. ENZ is funded primarily by the Government through Vote Tertiary Education.

ENZ's primary objective is to provide public services to the New Zealand public as opposed to that of making a financial return. Accordingly, ENZ has designated itself as a public benefit entity (PBE) for the purposes of New Zealand Equivalents to International Public Sector Accounting Standards (IPSAS). ENZ is domiciled in New Zealand.

Basis of preparation

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Education and Training Act 2020 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared and presented in accordance with Tier 1 PBE accounting standards. ENZ qualifies under the Tier 1 reporting framework as it is a public benefit entity with total annual expenditure in excess of \$30 million. This includes PBE FRS 42, Prospective Financial Statements.

The prospective financial statements have been prepared for the special purpose of the Statement

of Performance Expectations 2022-2023 of ENZ to the Minister of Education. The financial statements are not prepared for any other purpose.

The prospective financial statements will be used in the Annual Report as the budgeted figures.

The Statement of Performance Expectations narrative informs the prospective financial statements, and the document should be read as a whole.

The preparation of prospective financial statements in conformity with PBE FRS 42 requires management to make good judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual financial results achieved for the period covered are likely to vary from the information presented and variations may be material.

Measurement base

The prospective financial statements have been prepared on a historical cost basis.

Presentation currency and rounding

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

Significant accounting policies

The following accounting policies, which significantly affect the measurement of financial performance and of financial position, have been consistently applied.

Revenue

Revenue is measured at fair value and is recognised as income when earned and is reported in the financial period to which it relates.

Revenue from the Crown

ENZ is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of ENZ meeting the objectives specified in this Statement of Performance Expectations.

Interest revenue

Interest income is recognised using the effective interest method.

Co-funding expenditure

Co-funding arrangements are approved and administered by ENZ for a variety of industry development purposes and periods. Subsequent payment of the co-funding amounts is dependent on the recipient meeting terms and conditions laid out in the co-funding contract between ENZ and the recipient.

At balance date each individual co-funding arrangement is assessed to determine the extent to which the conditions attached to the funding have been satisfied and therefore the amount of funds that will be granted. Co-funding arrangements with unfulfilled conditions are recognised as a future commitment.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the spot exchange rate at the date of transaction.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to ENZ are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the prospective statement of comprehensive revenue and expense.

Cash and cash equivalents

Cash and cash equivalents include cash held on call with the bank.

Receivables

Short term receivables are measured at face value, less any provision for impairment.

Investments

Bank term deposits

Investments in term deposits are with registered banks and are measured at the amount invested.

Property, plant, and equipment

Property, plant, and equipment asset classes refer to computer hardware.

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

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

Work in progress is recognised at cost.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

The costs of day-to-day servicing of property, plant and equipment are recognised in the prospective statement of comprehensive revenue and expense as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the prospective statement of comprehensive revenue and expense.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write down the cost (or valuation) of the assets over their useful economic lives. The useful economic lives and associated depreciation rates of major asset classes have been estimated as follows:

Computer hardware	3 years, 33.3% per annum
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Intangible assets

Development of intangible assets

Any costs directly attributable to developing internal software applications and digital services to bring them into operation are recognised as an intangible asset. Costs associated with maintaining intangible assets are recognised as an expense when incurred.

Amortisation

Amortisation begins when the intangible asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the prospective statement of comprehensive revenue and expense. The useful economic life and associated amortisation rate of the major asset classes have been estimated as follows:

Digital assets	4 years, 25% per annum
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Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, and where the carrying values exceed the estimated recoverable amount, an asset is written down to its recoverable amount. Losses resulting from impairment are reported in the prospective statement of comprehensive revenue and expense.

Payables

Payables are recorded at their face value.

Employee entitlements

Short term employee entitlements

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

ENZ recognises a liability and an expense for bonuses where there is a likelihood that we will pay them.

Long term employee entitlements

Employee entitlements that are due to be settled beyond 12 months, which include provisions for post-employment benefits payable to some employees upon cessation of employment, are reported at current value.

Superannuation schemes

Defined contribution schemes

Our obligations for contributions to KiwiSaver are accounted for as a defined contribution superannuation scheme and recognised in the prospective statement of comprehensive revenue and expense.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Lease make-good

Where there is an indication or expectation from the lessor that a building is to be returned to its original condition at the end of the lease period, a provision for the estimated cost to make good the premise is made. Lease make-good provisions are recorded at cost and are recognised on a straight-line basis over the period of the lease.

Scholarships

ENZ approves and administers the granting of scholarships, both for New Zealand students to study abroad and for international students to study in New Zealand.

Scholarship costs are recognised as expenditure when the conditions of the arrangement are fulfilled.

Equity

Equity is comprised of accumulated funds and is measured as the difference between total assets and total liabilities.

Goods and Services Tax (GST)

All items in the prospective financial statements, including appropriation statements, are stated exclusive of 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 is included as part of receivables or payables in the prospective statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

We are a public authority and consequently are exempt from income tax. Accordingly, no provision has been made for income tax.

Critical accounting judgements, estimates and assumptions

In preparing these prospective financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and

assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

Specific assumptions

Interest revenue is based on the average investment balance held with a 1.5% rate of return applied.

Other revenue relates to various cost recoveries and assumes ENZ will not charge for events and fairs.

Personnel costs increase by 2.5% on average.

Foreign exchange rates will remain at a similar level.

Minor capital expenditure covers the lifecycle replacement of furniture, office equipment and computer hardware, and to complete minor property fitouts.

A provision has been made for future restoration costs relating to make-good clauses on office rental leases. The calculation of this provision requires assumptions as to the extent, if any, that landlords will enforce the lease make-good clauses and estimates of the cost of restoration.



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