

## STATEMENT OF PERFORMANCE EXPECTATIONS 2023/24

## TAUAKI KORONGA TUTUKINGA MAHI 2023/24

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# 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 2024 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

# TAUAKI KAWENGA

internal 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.



**Tracey Bridges** | Board Chair  
23 June 2023



**Lyn Provost** | Deputy Board Chair  
23 June 2023



## OUR OPERATING INTENTIONS

Education New Zealand Manapou ki te Ao (ENZ) is a Crown Agent with a dedicated focus on international education. Our role as a Crown Agency is to work with others to deliver on the international education outcomes and services prioritised by the government for New Zealanders. We give effect to government policy, and as part of the wider public service, we uphold the purpose, principles and values of the public service when carrying out our functions. We factor the Government's goals for the Public Service and the wider public sector into our strategic and operational plans, to ensure we are reflecting the government's objectives, where appropriate.

International education 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 been altered since the onset of the COVID-19 pandemic. With the border reopening, international students are now coming to Aotearoa New Zealand to study and New Zealanders are travelling offshore for study. The early signs are promising, but there are still many unknowns that could affect the rebuild of the sector, including our competitors' investments and international education offerings and the emergence of new competitors.

## Ā MĀTOU KORONGA TAHA WHAKAHAERE

The refreshed New Zealand International Education Strategy 2022-2030 (NZIES) sets the overarching direction for ENZ to focus its efforts on the rebuild and recovery of the sector in the short-term while focusing international education to deliver high value benefits to all New Zealanders in the longer term. Both these areas are ENZ's focus over the period covered by this SPE.

In delivering on the NZIES outcomes, for 2023/24, ENZ will focus significant efforts on growing inbound student mobility through building preference for and promoting Aotearoa New Zealand as an attractive international education destination and supporting the rebuilding of international education providers' capability and capacity. 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 play a key role in supporting the sector diversify, by developing recommendations on products and services that will contribute to the longer-term sustainability of the sector (which was funded previously from the COVID Response and Recovery Fund (CRRF)), which will be reported to the Government by September 2023. ENZ will also continue to support and build on the CRRF-funded work through the co-designing of a transformation strategy for a new international education future.

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 to transform lives through Aotearoa New Zealand's international education experiences. With this focus, ENZ will achieve the outcome of the NZIES of enabling a thriving and globally connected Aotearoa New Zealand through world-class international education.

Our name, Manapou ki te Ao, has two parts. 'Manapou' means supporting and sustaining life, which allows growth and progression. 'ki te Ao' is a call to action for us to take New Zealand's education to the world. Together, our name defines our part in enabling students to flourish and in creating the world's next generation of problem solvers.

Over the next four years, with Te Tiriti as our foundation, ENZ will empower and connect the international education sector globally and partner for mutual economic, social and cultural benefits for Aotearoa New Zealand.

ENZ plays a key 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 strategic framework

This Statement of Performance Expectations for 2023/24 outlines our performance measures. These have been developed alongside the impact measures that are outlined in ENZ's new Statement of Intent 2023-2027.

Both the Statement of Intent and Statement of Performance Expectations are based on our revised strategic framework which shows our five goals, 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, in particular the 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 the NZIES, our strategic initiatives in 2023/24 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.

Given the pace of the sector rebuild, we do not anticipate receiving any Export Education Levy for 2023/24. Furthermore, baseline funding will decrease further from 2022/23 to 2023/24 with the completion of time limited funding to support work to diversify international education products and services. Consequently, ENZ has adopted a tighter investment focus within 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, including social license.

In addition, the diversification of education products and service offerings that ENZ has piloted, funded through the COVID-19

Response and Recovery Fund, will lead to insights to support 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.

further discussion on the development of these measures in our 2023/24 Annual Report when we report our achievements against them.

## **Our focus for 2023/24**

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

We are 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 target 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 including the administration of the scholarship programmes ENZ delivers and developing and finalisation of the recommendations for the diversification of products and services work programme funded through the COVID-19 Response and Recovery Fund.

We have established a number of new performance measures for the 2023/24 year to better demonstrate the alignment between our work and the NZIES. We will provide

# MANAPOU KI TE AO STRATEGY 2023-2027



## Ngā Manapou



## Outcome

A thriving and globally connected Aotearoa New Zealand through world-class international education

## Vision

Transforming lives through international education experiences

## Strategic statement

With Te Tiriti as our foundation, we will empower and connect the international education sector globally and partner for mutual economic, social and cultural benefits for Aotearoa New Zealand

## Goals

1 Grow inbound student mobility for Aotearoa New Zealand



2 Support sector capability development



3 Build global connections



4 Encourage and support innovation in the sector



5 Drive operational excellence



## **Goal 1: Grow inbound student mobility for Aotearoa New Zealand**

### ***Increase awareness of New Zealand as an international education destination***

*by delivering a programme of brand and in-market activity informed by the sector, for the key markets, targeting the knowledge/experience student segment.*

For the 2023/24 year, ENZ will continue to prioritise its efforts around NZIES focus area one to help providers of international education to build back their onshore offerings. This work will build on the work started in 2022/23 when New Zealand reopened its borders.

ENZ will focus the majority of its investment in eight target markets: Greater China, India, Viet Nam, Thailand, USA, South Korea, Japan and Germany. We will also invest tactically and nurture relationships in Brazil, Chile, Colombia, Indonesia, and Malaysia, as well as within Europe and the Middle East.

ENZ's marketing efforts will be focused on brand awareness and increasing preference towards learners choosing a New Zealand education. Our approach will be nuanced to suit each market and the requirements of the sector.

ENZ will increase its work with education agents, attending and hosting education events, digital marketing campaigns, public relations and targeted in-market initiatives.

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 continue to undertake research on market perceptions of quality and how New Zealand's education is perceived internationally.

We will also share our insights and intelligence within government, supporting

our partner agencies in decision-making and policy considerations.

### ***Support the international student experience***

In supporting excellent student experience, we will continue to deliver clear, timely and learner-focused information about studying with New Zealand to learners. We will focus on NauMai NZ as our key channel for achieving this and continue to promote NauMai NZ to international students as a key source of relevant information to support their learner journey with New Zealand.

## **Goal 2: Support Sector Capability and Development**

### ***Build international education sector capability***

*by upgrading our sector engagement and services approach and offerings to meet the sector's current needs.*

ENZ will continue to use its expertise and insights to support providers in taking advantage of new opportunities, broadening their perspectives and ensuring there is a clear line of sight between the Government's priorities for international education, and the sector's ability to deliver on these.

We will work with the different sub-sectors to develop their international brand and value propositions for individual products and services.

We also intend to review our services framework to ensure we are meeting the sectors needs moving forward.

We will hold the New Zealand International Education Conference in person for the first time since 2019, providing an opportunity for the international education sector to share ideas and experiences, as well as hearing from international education experts.



ENZ will also work alongside Christchurch NZ to bring the ICEF Australia New Zealand Agent Conference to Christchurch in April 2024, which will bring together Australia and New Zealand's international education sectors with international education agents from around the world.

ENZ will work on a scholarships framework to further optimise the different scholarships it administers. The aim is to improve the opportunities for the sector to leverage scholarships to enhance inbound and outbound student mobility, benefiting both New Zealand and international students.

### **Goal 3: Build Global Connections**

#### ***Maintain and grow global connections with key stakeholders***

*by recalibrating ENZ's international footprint and further developing international education as a soft diplomacy tool for the benefit of NZ Inc.*

ENZ will make use of its international network to nurture and grow the sector's relationships, and New Zealand's relationships more broadly, by rebuilding and promoting partnerships and academic reciprocity. We will identify opportunities in targeted markets for engagement and connection, and work closely with the sector to mobilise them.

Our efforts will include a refocus on in-market initiatives and events, leveraging diplomatic engagement and supporting Ministerial travel to targeted markets, recognising the importance of face-to-face relationships and interaction to increase New Zealand's reputation as a partner for international education.

#### ***Develop and implement a consistent approach to the allocation, support and measurement of ENZ managed scholarships globally***

ENZ's efforts will see the Prime Minister's Scholarships for Asia and Latin America (PMSA/LA) having 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 aligning them to 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, with a particular focus on increasing Māori participation in the schemes.

#### ***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, with the long-term intention for this partnership to be a multi-decade one. 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 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 and ensuring that the outcomes for the scholars are enhanced.

### ***Build and maintain indigenous-to-indigenous connections and relationships***

ENZ will continue to look for new opportunities to develop indigenous to indigenous networks while ensuring existing relationships and sustainable and current.

We will continue to collaborate and co-create with iwi/hapū, Māori and Māori providers of education products and services, to create and sustain long lasting relationships to ensure that the education system delivers with, by and for Māori in the international context.

### **Goal 4: Encourage and Support Innovation in the sector**

#### ***Support innovation in the sector***

*by delivering the CRRF programme report and build on this, developing transformational building blocks with the sector for a new international education future. Support the EdTech sector export endeavours and PTE initiatives.*

Alongside our efforts to rebuild New Zealand's profile, we will continue our work to support the sector to diversify. In the first quarter of 2023/24, ENZ will be developing insights from the CRFF funded programme. We will work with MoE to develop and finalise recommendations on systems and approaches that will contribute to the sustainable development of the sector. ENZ will provide recommendations to the Government by September 2023. These insights and recommendations will also feed into the development of Focus Area Two of the NZIES which is to 'build a new international education future'.

We will work with the sector and government agencies on transformational building blocks for a new international education future. We will continue to work closely with NZ Inc

agencies and the sector to build capability in this area as required.

### **Goal 5: Drive Operational Excellence**

#### ***In giving effect to the Crown's Te Tiriti responsibilities we will embed Te Tiriti as an ENZ foundation, and enhance and maintain relationships with mana whenua***

We will recognise ENZ's kawanatanga role in treaty relationships with mana whenua within both domestic and international educational contexts. We will commit to ongoing organisational growth in understanding the provisions of Te Tiriti and how these apply in an international educational setting.

#### ***Bring our Ngā Manapou values to life and continue to build our safety and wellbeing culture.***

We will continue to focus on bringing our Ngā Manapou values to life through supporting initiatives which embed our Ngā Manapou and recognising our people through our Manatoa programme for those who exemplify our values in their mahi and interactions with others.

We will continue to focus on increasing cultural competence and capability within ENZ. This includes resources and activities to encourage staff to improve their te reo Māori skills.

We are committed to enriching the safety and wellbeing of our global whānau, with achievements against our focus areas being measured by a composite organisation health dashboard.

#### ***Enhance relationships with core Government partners***

To support ENZ as an expert voice on international education within government.

We will continue working collaboratively with other New Zealand government agencies as well as strengthening links through our representation on the Economic Chief Executives Forum and the NZIES Senior Officials Group.

***Take a customer-centric approach***

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

In the context of our strategic goals, 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 develop a cross-functional sector/customer engagement framework underpinned by a CRM tool.

We will continue to grow and refine our capabilities, systems and processes, including integrating Power BI with our existing financial system allowing us to adopt enhanced analytics and reporting capabilities.

We will continue supporting the sector to rebuild and broaden understanding of the value of international education by New Zealanders and providers.

# ENZ PERFORMANCE MEASURES 2023/24

NZIES Goals	Goal One: Excellent education and student experience	Goal Two: Sustainable and resilient	Goal Three: Global citizens	Focus areas one and two: Build and recovery, build a new future for the international education sector	
ENZ Goals	Grow inbound student mobility for Aotearoa New Zealand	Support industry capability development	Build global connections	Encourage and support innovation in the sector	Drive operational excellence
Performance measures 2023/24	<p><b>Increased brand awareness in targeted markets</b> Target: 30%</p> <p><b>Increased number of students proactively gathering information about New Zealand as an international education destination</b> Target: Establish baseline (new measure for 2023/24)</p> <p><b>International students find information provided via NauMai NZ to support their time studying with NZ useful</b> Target: Establish baseline (new measure for 2023/24)</p>	<p><b>ENZ-run events are valued by the sector</b> Target: Establish baseline (new measure for 2023/24)</p> <p><b>ENZ engagement and collaboration with its sector customers</b> Target: ≥16 for 2023/24</p> <p><b>MaiENZ offers value to sector users as measured by quarterly NPS</b> Target: Establish baseline (new measure for 2023/24)</p>	<p><b>International education is a key plank in NZ's bilateral relationships in targeted markets</b> Target: Establish baseline (new measure for 2023/24)</p> <p><b>Sector representatives on inbound and outbound ENZ-led delegation visits show high satisfaction</b> Target: Establish baseline (new measure for 2023/24)</p> <p><b>The sector is satisfied with the number of quality international introductions for the sector facilitated by ENZ</b> Target: Establish baseline (new measure for 2023/24)</p> <p><b>Increased participation in the PMSA/LA by Māori students</b> Target: 25%</p>	<p><b>Deliver insights and recommendations on diversified products and services per CRRF funding requirements</b> Target: Establish baseline (new measure for 2023/24)</p> <p><b>Work with the sector and government agencies on transformational building blocks for a new international education future</b> Target: Building blocks developed by March 2024</p>	<p>These management measures sit in ENZ's Statement of Intent 2023 - 2027.</p> <p><b>ENZ staff have an understanding of and are empowered to uphold the arā and principles of Te Tiriti</b> Target: 85%</p> <p><b>Staff are satisfied with the actions taken by ENZ to build and maintain safety and wellbeing.</b> Target: Establish baseline (new measure for 2023/24)</p>

# 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 2023 Estimates of Appropriations for Vote Tertiary Education.

## Summary of appropriations

\$000	2023/24
Vote Tertiary Education	
Non-departmental output expense	
International education programmes	27,247
Benefits or related expenses	
Tertiary scholarships and awards	3,750
Total baseline	30,997

## Cost of service statements

### Total appropriations

	Budget	Estimated Actual	Forecast
\$000	2022/23	2022/23	2023/24
Revenue			
Revenue from the Crown (excl EEL)	34,997	34,997	30,997
EEL	-	-	-
Interest revenue	68	68	150
Other revenue	500	500	1,150
Total revenue	35,565	35,565	32,297
Total expenditure	35,565	35,565	32,297

# 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.<sup>1</sup> 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.

	Budget	Estimated Actual	Forecast
\$000	2022/23	2022/23	2023/24
<b>Revenue</b>			
Revenue from the Crown (excl EEL)	31,247	31,247	27,247
EEL	-	-	-
Interest revenue	68	68	150
Other revenue	500	500	1,150
<b>Total revenue</b>	<b>31,815</b>	<b>31,815</b>	<b>28,547</b>
<b>Total expenditure</b>	<b>31,815</b>	<b>31,815</b>	<b>28,547</b>
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Government's goals are set out in the refreshed International Education Strategy 2022- 2030 that is currently being finalised.

## Non-financial performance measures

	Actual	Target	Target
\$000	2021/22	2022/23	2023/24
Grow inbound student mobility for Aotearoa New Zealand			
Increased brand awareness in targeted markets.			30%
Increased number of students proactively gathering information about New Zealand as an international education destination.	New measure	New measure	Establish baseline
International students find information provided via NauMai NZ to support their time studying with NZ useful.	New measure	New measure	Establish baseline
Support industry capability development			
ENZ-run events are valued by the sector.	New measure	New measure	Establish baseline
ENZ engagement and collaboration with its sector customers.	New measure	New measure	≥16
MaiENZ offers value to sector users as measured by quarterly NPS (Net Promoter Score).	New measure	New measure	Establish baseline
Build global connections			
International education is a key plank in NZ's bilateral relationships in targeted markets.	New measure	New measure	Establish baseline
Sector representatives on inbound and outbound ENZ-led delegation visits show high satisfaction.	New measure	New measure	Establish baseline
The sector is satisfied with the number of quality international introductions for the sector facilitated by ENZ.	New measure	New measure	Establish baseline
Encourage and support innovation in the sector			
Deliver insights and recommendations on diversified products and services per CRRF funding requirements.	New measure	Draft report completed by 30 June 2023	Final report completed
Work with the sector and government agencies on transformational building blocks for a new international education future.	New measure	New measure	Building blocks developed by March 2024

## 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.

	Budget	Estimated Actual	Forecast
\$000	2022/23	2022/23	2023/24
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	-	-	-

## Non-financial performance measures

	Actual	Target	Target
\$000	2021/22	2022/23	2023/24
Build global connections			
Increased participation in the PMSA/LA by Māori students.			25%

# 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 Actuals 2022/23	Forecast 2023/24
<b>Revenue</b>		
Revenue from the Crown – operating	31,247	27,247
Revenue from the Crown – scholarships	3,750	3,750
Interest revenue	68	150
Other revenue (refer to Statement of Accounting Policies)	500	1,150
Total revenue	35,565	32,297
<b>Expenditure</b>		
Personnel costs	14,940	15,314
Other expenditure	16,594	12,908
Depreciation and amortisation expense	281	325
Scholarship expenses	3,750	3,750
Total expenditure	35,565	32,297
Net surplus	-	-
Total comprehensive revenue and expense	35,565	32,297

## Prospective statement of movements in equity

\$000	Estimated Actual year ending 30 June 2023	Forecast year ending 30 June 2024
<b>Equity</b>		
Equity as at 1 July	3,179	3,179
Net deficit	-	-
Balance as at 30 June	3,179	3,179

## Prospective statement of financial position

\$000	Estimated Actual year ending 30 June 2023	Forecast year ending 30 June 2024
<b>Assets</b>		
Current assets	6,053	6,053
Fixed assets	176	176
Total assets	6,229	6,229
<b>Liabilities</b>		
Current liabilities	3,050	3,050
Total liabilities	3,050	3,050
Net assets	3,179	3,179
Equity	3,179	3,179

## Prospective statement of cash flows

\$000	Estimated Actuals 2022/23	Forecast 2023/24
<b>Cash flows from operating activities</b>		
Receipts from the Crown	34,997	30,997
Receipts from other revenue	500	1,150
Payments to suppliers	(26,388)	(16,658)
Payments to employees	(14,940)	(15,314)
Net cash flows from operating activities	(5,831)	175
<b>Cash flows from investing activities</b>		
Interest received	68	150
Payments for new term deposits	-	-
Receipt from maturity of term deposits	500	-
Purchase of property, plant and equipment	(145)	(325)
Receipt from sale of property, plant and equipment	-	-
Purchase of intangible assets	-	-
Net cash flows from investing activities	423	(175)
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(5,408)	-
Cash and cash equivalents at the beginning of the year	6,411	1,003
Cash and cash equivalents at the end of the year	1,003	1,003

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

\$000	Estimated Actuals 2022/23	Forecast 2023/24
Surplus	-	-
Add non-cash items		
Depreciation and amortisation expense	281	325
Total non-cash items	281	325
Less items classified as investing or financing activities		
Interest received	(68)	(150)
(Gain) / Loss on disposal of property, plant and equipment	-	-
Total items classified as investing or financing activities	(68)	(150)
Add/(less) movements in working capital items		
(Increase)/decrease in debtors and receivables	247	-
(Increase)/decrease in prepayments	(26)	-
Increase/(decrease) in payables	(5,934)	-
Increase/(decrease) in provisions	168	-
Increase/(decrease) in employee entitlements	(499)	-
Net movement in working capital items	(6,044)	-
Net cash flow from operating activities	(5,831)	175



# 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:

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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:

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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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