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Education New Zealand Quarterly Report

1 April – 30 June 2023



Contents

Education New Zealand Quarterly Report	1
Performance summary	3
Financial performance to 30 June 2023	3
Summary	4
New Zealand Manaaki Scholarships Programme (MNZSP)	4
ENZ's Impact, Performance and Organisational measures	6
Impact measures	6
Performance measures.....	10
Organisational capability	13

Proactive Release

Performance summary

Of ENZ's nine impact measures for 2022/23, eight have been achieved. The impact measures were developed for ENZ's new Statement of Intent for 2022-2026, reflecting expected changes to our operating environment with the refreshed New Zealand International Education Strategy 2022-2030 (NZIES) which was published in July 2022, and the re-opening of New Zealand's borders from August 2022 which was announced in February 2022. Because of these anticipated changes, a number of the impact measures were new, and therefore set a target of establishing a baseline.

ENZ was instructed by the Minister of Education to develop a new Statement of Intent for 2023-2027 following the publication of the refreshed NZIES. The impact measures for the Statement of Intent 2023-2027 more closely align with the NZIES, and therefore will not be comparable to the results reported here.

Of the seven performance measures that were outlined in ENZ's Statement of Performance Expectations 2022/23, three were achieved and one target is being finalised for full reporting in ENZ's Annual Report 2022/23. More detail is provided in the comments alongside each measure.

This report also includes two measures under organisational capability.

Financial performance to 30 June 2023

STATEMENT OF FINANCIAL PERFORMANCE	For the 12 months to 30 June 2023		
	Actual 2022/23	Budget 2022/23	Actual 2021/22
\$000s			
Operating Revenue			
Revenue from the Crown - Operating	31,248	31,247	34,398
Revenue from the Crown - EEL	0	0	3,266
Other revenue	1,392	568	303
Total operating revenue	32,640	31,815	37,967
Scholarship Revenue			
Revenue from the Crown - scholarships	3,750	3,750	3,750
Total scholarship revenue	3,750	3,750	3,750
Operating Expenditure			
Personnel costs	15,405	14,009	14,576
Other expenses	17,200	17,593	23,078
Depreciation & amortisation expenses	225	213	211
Total operating expenditure	32,830	31,815	37,865
Scholarship expenditure			
Scholarship expenses	3,739	3,750	3,753
Total scholarship expenditure	3,739	3,750	3,753
Net surplus / (deficit)	(179)	0	99

STATEMENT OF FINANCIAL POSITION	As at 30 June 2023		
	Actual 2022/23	Budget 2022/23	Actual 2021/22
\$000s			
Assets			
Total current assets	7,554	5,761	11,900

Total non-current assets	495	87	312
Total assets	8,049	5,848	12,212
Liabilities			
Total current liabilities	5,101	2,800	9,106
Total non-current liabilities	231	250	209
Total liabilities	5,332	3,050	9,315
Net assets	2,717	2,798	2,897

STATEMENT OF CASH FLOW	As at 30 June 2023		
	Actual 2022/23	Budget 2022/23	Actual 2021/22
\$000s			
Cash flows from operating activities			
Receipts from the Crown	34,998	34,997	41,414
Receipts from Other revenue	888	500	230
Payments to suppliers, employees and IRD	(40,201)	(35,552)	(35,853)
Net cash flow from operating activities	(4,315)	(55)	5,791
Cash flow from investing activities	519	(22)	(576)
Net increase/(decrease) in cash	(3,796)	(77)	5,215
Cash at the beginning of the year	6,129	788	914
Cash at the end of the year	2,333	711	6,129

Summary

ENZ has recorded its full year result, an overall deficit of \$0.179m or less than 1% on forecasted expenditure of \$36.644m. The result remains unaudited until Audit NZ conduct their field audit in October. Based on the interim audit feedback we do not anticipate any issues receiving the final audit opinion from Audit NZ.

New Zealand Manaaki Scholarships Programme (MNZSP)

ENZ has recently taken on the management of the Manaaki Scholarship on behalf of MFAT. This resulted in ENZ receiving \$25.992m of scholarship revenue which is passed onto education providers, plus \$2.069m of operating revenue to deliver the programme in 2022/23. MFAT continues to receive the appropriation from the Crown.

STATEMENT OF FINANCIAL PERFORMANCE	For the 12 months to 30 June 2023		
\$000s	Actual 2022/23	Budget 2022/23	Forecast 2022/23
Scholarship Revenue			
Revenue from MFAT	25,992	30,051	25,992
Total scholarship revenue	25,992	30,051	25,992
Operating Revenue			
Revenue from MFAT - Operating	2,069	2,738	2,069
Total operating revenue	2,069	2,738	2,069

Scholarship expenditure
Scholarship expenses
Total scholarship expenditure
Operating Expenditure
Personnel costs
Other expenses
Total operating expenditure
Net surplus/(deficit)

	25,992	30,051	25,992
	25,992	30,051	25,992
	1,506	1,820	1,506
	563	918	563
	2,069	2,738	2,069
	-	-	-

STATEMENT OF FINANCIAL POSITION
\$000s
Assets
Total current assets
Total non-current assets
Total assets
Liabilities
Total current liabilities
Total non-current liabilities
Total liabilities
Net assets

As at 30 June 2023
Actual 2022/23
14,636
-
14,636
14,636
-
14,636
-

The Statement of Financial Position is comprised of cash, debtors, creditors, and accrued scholarship liabilities.

ENZ received a \$12.0m starting float from MFAT in December 2022 to ensure ENZ had sufficient working capital at the start of operations. Throughout the year, MFAT provided ENZ funding on receipt of an invoice from ENZ e.g., cash accounting basis. At year end MFAT advanced additional funding to ensure cash at bank sufficiently covered accrued scholarship liabilities.

ENZ's Impact, Performance and Organisational measures

Impact measures

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On Track ¹
A. International student perceptions of education quality.	Increase	7.7 out of 10	7.7 out of 10	8.2 out of 10	Achieved
Comment	<p>The perceptions of education quality, as measured in the annual Kantar Brand research, have increased over 2021/22 levels. This is a good result and likely reflective of, alongside other activities, the marketing campaigns and in-market efforts since the borders reopened to “put New Zealand back on the map”.</p> <p>Survey respondents were 16-25-year-olds who were interested in studying overseas. In each of nine markets*, 20% of students were aged 16-17 and 80% were 18-25. The survey was run from the 2nd of June to the 21st of June 2023.</p> <p>*China is separated into China Tier 1 (Beijing, Shanghai and Guangzhou) and China Tier 2.</p>				
B. Number of students studying towards a New Zealand qualification onshore and offshore ²	Establish baseline	N/A	N/A	Total students 2022: 41,360 Total students onshore: 33,170 Total students offshore: 10,125	Achieved
Comment	<p>For 2022: Total students: 41,360 Total students onshore: 33,170 Total students offshore: 10,125</p> <p>For comparison: For 2021:</p>				

¹ **Key:** ✓ on track to achieve full year target ✗ not on track to achieve full year target ○ Not measured in this quarter but expects to be reported in Q4.

² This measure is also reporting on the end of year performance information set out in the Vote Tertiary Education Estimates 2022/23. A new baseline is to be established in 2022/23.

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On Track ¹
	<p>Total students:49,285 Total students onshore: 41,100 Total students offshore: 9,075</p> <p>For 2020: Total students: 76,883 Total students onshore: 71,628 Total students offshore: 5,725</p> <p>2019 Total students: 115,704 Total students onshore: 113,549 Total students offshore: 2,340</p> <p>This information is supplied by MOE. Note that the number of students may not sum to the total as a student may study on and offshore in a year.</p>				
C. The economic value from New Zealand's international education sector. ³	Increase	\$3.03 billion	\$790 million	\$1.278 billion	Achieved
Comment	<p>In November 2022 EY completed a Baseline Valuation: <i>Broader benefits of international education for New Zealanders</i>. This was released in early 2023. This contained two economic components: an immediate and a longer-term value.</p> <p>EY constructed a model for the immediate economic benefits which calculated the benefits comprised the following components:</p> <ul style="list-style-type: none"> • Student expenditure (non-tuition, general) (excl. GST) • Student expenditure (non-tuition, tourism) (excl. GST) • Student earnings • Visiting family & friends tourism expenditure • Student tuition fees (excl. GST) 				

³ This measure is also reporting on the end of year performance information set out in the Vote Tertiary Education Estimates 2022/23. The target in the Vote Tertiary Education Estimates 2021/22 was \$1.200million

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On Track ¹
	<p>For the 2021 and 2022 years the actual numbers of international students were not available at that point in time, so EY constructed a forecast for student numbers in those years.</p> <p>Actual student numbers have since become available from MOE Enrolment data for these two years, namely 49,285 students in 2021 and 41,360 students in 2022.</p> <p>We have updated the EY model by subsector with actual student numbers for 2021 and 2022.</p>				
D. The international education sector diversifies its offerings for international students	Establish baseline	N/A	N/A	Achieved	Achieved
Comment	<p>The CRRF programme has identified a number of opportunities and blockers to diversification of both product offerings and delivery models. The baseline for innovation across the sector is low and typically occurs on the fringes of the sector, with a need to build both capability and competency. A series of recommendations for both MoE and ENZ are detailed with supporting evidence in the CRRF report, which is currently in final draft phase.</p>				
E. The percentage of the international education sector's economic value coming from outside New Zealand's top two markets.	Increase	53%	N/A	48%	Not achieved
Comment	<p>The economic benefit coming from specific markets was not calculated in the EY Baseline Valuation: <i>Broader benefits of international education for New Zealanders</i>. This was not reported in 21/22.</p> <p>In 2022/23 we have calculated the immediate economic benefit using the EY model (New Zealand's top two markets are China and India). Data provided by MOE shows the number of students by country and by subsector.</p> <p>Using the EY model the immediate economic benefits from Chinese students is \$543 million and Indian students \$123 million.</p>				
F. The percentage of international students enrolled to study outside Auckland. ⁴	Increase	50%	50.3%	51.5%	Achieved
Comment	<p>Enrolment data supplied by MOE: Total student onshore: 33,170</p>				

⁴ This measure is also reporting on the end of year performance information set out in the Vote Tertiary Education Estimates 2022/23. The target in the Vote Tertiary Education Estimates 2021/22 was to at least maintain the 2021/22 percentage.

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On Track ¹
	Auckland:16,120 (48.5%)				
G. The percentage of international students who were satisfied or very satisfied with their overall experience. ⁵	Establish baseline	85%	Not comparable	84%	Achieved
Comment	<p>Given the result includes the Covid period and the challenges international students have faced, this is considered a good result. The result as a point estimate indicates a drop, however statistically it is not different from the similar measure that was used for 2021.</p> <p>The survey was completed by 4755 international students (current and recently graduated). The result is the percent (%) who answered 6 to 10 on a 10-point scale where 0=Poor, 5=Adequate-just Ok, 10=Excellent.</p>				
H. New Zealand institutions have improved quality of connections with international partners in key markets	Establish baseline	N/A	N/A	Baseline established	Achieved
Comment	ENZ intends to report on this measure in its Annual Report 2022/23.				
I. Increase in participation in the Prime Minister's Scholarships for Asia and Latin America by Māori and Pasifika	Establish baseline	N/A	N/A	25.2% for Māori	Achieved
Comment	Between 2022/23 a total of 96 participants who identified as Māori travelled as part of the Prime Minister's Scholarship to Asia and Latin America across both group and individual programmes. This equates to 25.2% of the total scheme (total students who travelled was 380). It is worth noting that this involves scholars awarded for both the 2021/22 and 2022/23 rounds.				

⁵ This measure is also reporting on the end of year performance information set out in the Vote Tertiary Education Estimates 2022/23. The target in the Vote Tertiary Education Estimates 2021/22 was to have an increase from 2021/22 result.

Performance measures

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On track
Percentage of Active Visits on ENZ's studywithnewzealand.govt.nz website. ⁶	≥ 75%	N/A	N/A	45.6%	Not achieved
Comment	<p>We did not achieve the active visit target for 2022/23.</p> <p>Active visits were low in Q1 and Q2 because we drove visitors to SWNZ to generate awareness that the border was open. While good awareness was generated as planned, the lower level of active visits was not expected and resulted in changes to the campaign creative to improve performance. Further, we had challenges with measuring this data in Q1 and Q2, which was reported previously. This was noted and corrected on 8 December 2022. We are closely monitoring active visits on Study with New Zealand and have established stronger reporting tools to keep track of performance.</p> <p>The Q1/Q2 performance impacted the active visits % for the whole year. In the last two quarters of the year, active visits have improved closer to target.</p> <p>We also note a correction to the result reported for Q3, which was due to human error. Using the new reporting tools noted above, the % of active visits to the SWNZ website in Q3 is substantially higher:</p> <p>Q3 70.7% (38.2% reported in Q3) Q4 68.8% Q3&4 69.7% (utilising new reporting tools)</p> <p>The target is based on performance of the previous Study in New Zealand website, set at 75% for the 2019/20 year.</p> <p>Full year result provided and checked by SpeakData Limited.</p>				
Deliver recommendations on diversified products and services per CRRF funding requirements	Draft report completed by June 2023	N/A	N/A	Draft report finalised	Achieved

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.

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On track
Comment	<p>The draft CRRF report has distilled three years of programmes, insights, opinions and a dynamic and disruptive education industry into a report of insights and recommendations on how to build a sustainable and diverse international education sector.</p> <p>Treasury have seen the first draft and responded with productive feedback. The team is on track to deliver this in September following Board endorsement.</p>				
Number of impactful global connections to New Zealand providers in key markets. ⁷	Establish baseline	N/A	N/A		○
Comment	ENZ intends to report on this measure in its Annual Report 2022/23 as the data is not yet available.				
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 ⁸⁹	Achieved	N/A	N/A	40% Confidence 36% Resilience	Achieved
Comment	<p>ENZ surveyed managed (facilitated) customers during the period 26 June to 9 July 2023 and unmanaged (unfacilitated) customers during the period 3 – 16 July 2023. Managed customers are defined as large education providers, peak bodies and regional partners that ENZ business development managers work actively with; whereas unmanaged customers engage indirectly with ENZ.</p> <p>Invitations were sent to 166 managed customers yielding a response rate of 34%, and 2682 unmanaged customers with a response rate of 9%. Education product and services providers and universities</p>				

⁷ 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.

⁸ 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. ENZ 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.

⁹ This result also reports on a measure from the 2022/23 Estimate of Appropriation

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On track
	<p>comprised the predominant managed organisation types at 32% and 30% respectively, compared to schools, which comprised 70% of unmanaged customers.</p> <p>40% of all respondents reported that they were confident that the international education sector was moving in the 'right direction'; managed respondents were statistically less confident than non-managed. Approximately 36% of all respondents reported that they believed the sector was resilient.</p> <p>We are in the early stages of analysing the results and will have additional insight for the Annual Report.</p>				
- facilitating cross-government collaboration via the Chief Executives' Group and strengthening links with international Ministers ¹⁰	Achieved	N/A	4 meetings	Achieved	Achieved
Comment	<p>The Chief Executives Group met four times in 2022 and as set out in the expectations in the Group's Terms of Reference.</p> <p>In Feb 2023, the Minister of Education agreed to close-off the International Education Recovery Plan and disband the associated Chief Executive's group.</p>				
The percentage of facilitated customers that agree ENZ's services and support have added value to their organisation. ^{11 12}	≥ 85%	N/A	82%	73%	Not achieved
Comment	<p>Based on the sector survey conducted 26 June to 9 July 2023, 73% of managed customers agree or strongly agree that ENZ's services and support over the last 12 months has added value to their organisation, down from 82% in 2022.</p> <p>Top level results indicated mixed views across the sub-sectors that reflect different operating environments. For example, responses from regional partners reflect ENZ's decision to withdraw regional partnership funding, our engagement with Te Pūkenga has shifted from working with 16 individual business units to one, and universities received notification of further direct funding from central government while the survey was live.</p>				

¹⁰ This result also reports on a measure from the 2022/23 Estimate of Appropriation

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 This result also reports on a measure from the 2022/23 Estimate of Appropriation

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year result	On track
	<p>Managed customers reported using a larger range of ENZ support and services and support than non-managed customers. Using more services (up to 3) was associated with greater value in ENZ, with this effect being stronger for non-managed customers. Business and market advice was the most used service by managed customers, whereas E-News was the most used service overall.</p> <p>We are in the early stages of analysing the results and comments and will have additional insight for the Annual Report. However, ENZ will set clearer prioritisation/segmentation criteria around who we work with and how we measure success when developing our new engagement model in FY23/24.</p>				
The percentage of users satisfied with the information and intelligence provided by ENZ	≥ 87% of users rate it as good or higher	N/A	61%	58%	Not achieved
Comment	<p>Based on the sector survey conducted during 26 June to 9 July 2023, 58% of managed customers indicated that they are satisfied with the quality of information and intelligence provided by ENZ.</p> <p>We are in the early stages of analysing the results and will have additional insight for the Annual Report.</p>				

Organisational capability

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year Result	On track
J. ENZ staff have undertaken te reo Māori and cultural training	Establish baseline	N/A	N/A	86%	Achieved
Comment	<p>This measure was included in ENZ's Statement of Intent 2022-2026 as an impact measure, however it is reported here as an organisational measure.</p> <p>Staff were asked to complete Te Rito bi-cultural training modules as part of their cultural capability training.</p> <p>The full year result reflects staff completing courses 1-4 of Te Rito training.</p> <p>As of 14 July, 58 staff had completed courses 5-7 of Te Rito, 18 were in progress and 19 have not yet started. Staff were expected to complete courses 5-7 on 14 July 2023.</p>				

	Target 2022/23	2020/21 Full Year Result	2021/22 Full Year Result	2022/23 Full Year Result	On track
	<p>Between October 2022 and July 2023, ENZ offered three Level One Te Reo courses for staff. Each course comprised two classes per week for eight weeks. Each class had an average of eight attendees.</p> <p>ENZ has monitored attendance rather than completion. Staff who left ENZ or joined ENZ may not have completed the full eight weeks of a course. This has meant some uncertainty in verifying completion rates.</p> <p>For 2023/24, we are asking staff to self-report attendance so that we can provide a more definite picture of attendance and completion.</p>				
Decrease ENZ's gross carbon emissions ¹³	Establish baseline	N/A	N/A	Completed	Achieved
Comment	<p>This measure was included in ENZ's Statement of Intent 2022-2026, however it is not an impact measure.</p> <p>ENZ has gathered the baseline information required under CNGP reporting requirements. The auditors are currently assessing this data to confirm or notify ENZ of any additional requirements.</p> <p>There is further data required for the next 12 months that was not required for this audit, so the baseline for the next three years will evolve.</p> <p>At this point we are confident we have met our target for this base year. We expect confirmation of this from the auditors by 1 October 2023 for inclusion in ENZ's Annual Report 2022/23.</p>				

¹³ ENZ will set a gross emissions reduction target for 2025 and 2030 consistent with a 1.5 degree pathway, measured against 2022/23 as a base year and based on ENZ's reduction potential.