



**Te Tāhuhu o  
te Mātauranga**  
Ministry of Education

# **Export Education Levy Annual Report 2022/3**

for the financial year ended 30 June 2023



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## Background | 1

This document reports on the administration of the Export Education Levy (the EEL) and provides financial statements for the financial year ended 30 June 2023.

The EEL is payable by any education provider that enrolls international fee-paying students. For the second half of the financial year 2022/23, the EEL was set at 0.89 percent of international student tuition fee income for private training establishments (PTEs), and 0.50 percent for all other providers.

The Ministry of Education (the Ministry) is the administrator of the EEL.

### 1.1 Purposes of the Export Education Levy

In 2003, the Government introduced the EEL to fund a clearly defined set of activities that benefit the international education sector.

Funds accrued from the collection of the levy may be applied for the following purposes<sup>1</sup>:

- the development, promotion, and quality of the export education sector, and support (financial or otherwise) of other bodies engaged in these activities;
- making payments to cover the costs of refunds, reimbursements, or alternative course arrangements if a PTE provider has not provided, or is unable to provide, a course of study or training
- administration and audit of the international component of the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021
- administration of the levy, and
- funding the operation of the International Student Contract Dispute Resolution Scheme (DRS)<sup>2</sup>

### 1.2 Suspension of EEL obligations

The COVID-19 pandemic caused major disruption to international travel and education over the past three years. New Zealand's COVID-19 related border closures prevented new international

students from entering the country in 2020, 2021 and the first half of 2022 calendar years.

To provide some relief to education providers, Cabinet suspended payment of EEL obligations between 1 January 2020 and 31 December 2022.

These dates include half the period of this report; therefore, the EEL has had minimal expenditure, and the content has been significantly condensed.

## 1.3 Government Agencies' Responsibilities

### Ministry of Education

#### Annual Report to Parliament

Prior to 23 August 2023, section 540(5) of the Education and Training Act 2020 referred to the requirement for an annual report:

*As soon as practicable after 1 July in each year, the agency responsible for the administration of the levy must present to the Minister an annual report on the administration of the levy, which must include audited financial statements prepared in accordance with generally accepted accounting practice, and the Minister must present a copy of the report to the House of Representatives.*

Section 540(5) was repealed on 23 August, meaning that there is no longer a legislative requirement to provide the Minister of Education an audited copy of the report to table in Parliament.

The EEL will be included in the Ministry's financial audit from 2024. In the interim, the Ministry sees the continuation of providing the Minister an EEL annual report as best practice.

#### Administration of the Export Education Levy

The EEL is collected from education providers by the Ministry and held in a separate EEL account, administered by the Ministry.

#### Policy Development

The Ministry leads the development of policy on the EEL and reports to the Minister of Education. The Ministry works in consultation with other agencies and with international education providers.

<sup>1</sup> Section 540 of the Education and Training Act 2020 (prior to August 2023)

<sup>2</sup> Section 536 of the Education and Training Act 2020

### Reimbursement for international students

The Ministry, in conjunction with the New Zealand Qualifications Authority (NZQA), has responsibility for reimbursing the international students affected by the closure of PTEs, individual PTE programmes, or private schools. This can include direct refunds to international students of tuition fees paid or funding costs incurred in transferring international students to another provider.

### **New Zealand Qualifications Authority**

NZQA is responsible for the quality assurance of non-university tertiary education providers (TEOs) and the administration of the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021. An EEL activity is to apply funds to the administration and audit of the code in respect of international students.

### **Education New Zealand**

Prior to the levy suspension, ENZ utilised EEL funding, alongside Crown baseline funding to fund the delivery of promotions, market research and professional development projects for the international sector. When reinstating the EEL from 1 January 2023, the Minister of Education agreed to discontinue funding to ENZ for promotional and marketing activities. These activities have continued with Crown baseline funds.

## **Policy Context | 2**

### **2.1 Reinstatement of Export Education Levy**

In October 2022, Cabinet agreed to the reinstatement of the EEL from 1 January 2023.

Suspension of the levy was a temporary measure to support international education providers while the border was closed as part of New Zealand's COVID-19 response.

With the borders fully re-opening from 1 August 2022, it was deemed time to reintroduce the levy to restore the principle of cost sharing between the industry and the Crown for international education activities.

### **2.2 Continued support for International Education**

With COVID-19 and the suspension of EEL obligations having a considerable impact on the EEL finances, the Government continued to support legislatively required EEL activities that could not be covered by remaining EEL funds. This included a Budget 2022 bid to fund the international components of the Code of Practice 2021.

Unused COVID Response and Recovery Fund (CRRF) funds from the 2021/22 financial year were brought forward to 2022/23 to fund the International Student Well-being Activity Fund, and provision for reimbursements resulting from PTE closures. Administration of the EEL and the DRS were able to be funded via the EEL. Promotion of New Zealand education, marketing and professional development continued via ENZ baseline funding.

## **EEL income and Expenditure | 3**

The EEL collected income of **\$2,810,750** from providers for the financial year ended 30 June 2023 (Figure 1). Combined with interest, the total EEL income for the 2022/23 financial year was **\$2,962,238**. This income came from the EEL collection of Trimester 1 2023, which was the only period during the financial year that the EEL could be collected.

Total expenditure for the year ended 30 June 2023 was **\$93,018**, which comprised of \$110,000 for the administration of the DRS; and \$76,514 for the administration of the EEL. These costs were offset by two separate debt adjustments of \$20,973 and \$114,469.

In 2020, Cabinet approved a temporary advance of up to \$6 million for the EEL to ensure all its payments were met. \$4 million was advanced in 2018/19. The advances were funded by a capital withdrawal from the Ministry. The borrowings are classified as non-current liabilities and have no contractual repayment date.

## **Details of expenditure | 4**

### **4.1 Dispute Resolution Service**

The International Student Contract DRS came into force on 1 July 2016 and is funded by the EEL. The DRS was established to resolve contractual and financial disputes between international students and education providers. FairWay Resolution Limited administers the DRS as iStudent Complaints.

During the financial year ended 30 June 2023, a total of \$110,000 from 1 January 2023 was funded from the EEL for the international DRS. This was used for operating costs covering depreciation and amortisation, personnel, interpreters, occupancy, Information and Communication Technology, Finance, Human Resources support, and travel.

For the year ended 30 June 2023, iStudent Complaints conducted 6 facilitations. It also received 58 enquires from international students

through a range of methods (Table 1). This was a decrease of 4 enquires compared with the 2021/22 reporting year.

Of the 58 new enquires received, 20 were accepted, with 35 percent involving offshore students, and 65 percent involving onshore students. Nineteen claims were not accepted, 14 withdrew or did not proceed (this number includes early resolution), and 5 were carried forward to the 2023/24 period.

Table 1: Number of enquires

Number of enquires	2021/22	2022/23
Brought forward (balance 1 July)	3	1
New enquires	62	58
Not accepted	21	19
Enquires withdrawn / not proceeding	22	12
Accepted cases	19	20
Cases withdrawn	2	2
Carried forward (Balance on 30 June)	1	5

Of the 20 cases accepted, just over half were for refunds after course withdrawal, and the remaining nine for a variety of other reasons including compensation, course closure, and contract termination (Table 2).

Table 2: Case Type

Case type	2021/22	2022/23
<b>Total</b>	<b>19</b>	<b>20</b>
Refund – Withdrawal	11	11
Other	2	3
Compensation	0	3
Refund – course closure	2	1
Misrepresentation	1	1
Contract – Termination	1	1
Safety & Wellbeing/ COVID-19	1	0
Refund – Quality of provision (academic)	1	0

The iStudent Complaints website had 47,444 users and 55,577 page views this year, and the iStudent Complaints Facebook page has 73,400 followers. Almost 800 education providers are subscribed to the iStudent Complaints newsletter, which is issued four times a year.

## 4.2 Administration of the Export Education Levy

The administration of the EEL is carried out by the Ministry. The Ministry's administrative costs totaled **\$76,514** during the year ended 30 June 2023.

Administration includes levy collection, management of the EEL funds, policy work associated with the EEL, computer hardware and software costs, debt write-off and the publication of the EEL report.

## Export Education 2022 statistics | 5

The information below was not levied upon as the data was collected for the period where the EEL was still cancelled. This data is to show the numbers of the international education sector during a time where New Zealand borders were closed or beginning to re-open.

### 5.1 Student numbers

For the 2022 calendar year, there was a total of 30,105 international students studying in New Zealand. This is a decrease of 19.98 percent from 2021 numbers (Table 3)

Table 3: Number of international fee-paying students

Number of international fee-paying students 2021-2022

Education sector	Provider type	2021	2022	
Schools	Primary/Intermediate	960	800	
	Secondary/Composite/Special	5,435	5,130	
Total schools		6,385	5,925	
Tertiary education organisations	Government-funded providers			
	Universities	14,440	13,220	
	Te Pūkenga	7,170	4,820	
	Wānanga	0	5	
	Private training establishments	5,820	3,940	
	Total government-funded providers		27,210	21,870
	Non-government funded providers			
	Private training establishments	3,880	2,310	
	Subsidiary providers	160	0	
	Total non-government funded providers		4,035	2,310
Total tertiary education organisations		31,235	24,180	
Total students		37,620	30,105	

### 5.2 Tuition Fees

For the calendar year ended 2022 a total of \$483,303,534 was collected in tuition fee income (GST excluded). This is an 18.63 percent decrease from the 2021 calendar year (Table 4).

Table 4: Tuition fee income to providers 2021-2022

Tuition fee income (GST Excl) to providers 2021-2022

Education sector	Provider type	2021	2022	
Schools	Primary/Intermediate	\$8,583,484	\$4,840,522	
	Secondary/Composite/Special	\$84,295,093	\$58,913,691	
Total schools		\$92,878,576	\$63,754,213	
Tertiary education organisations	Government-funded providers			
	Universities	\$348,554,390	\$319,145,452	
	Te Pūkenga	\$67,536,848	\$40,488,366	
	Wānanga	\$0	\$26,400	
	Private training establishments	\$68,440,991	\$49,015,359	
	Total government-funded providers		\$484,532,229	\$408,675,577
	Non-government funded providers			
	Private training establishments	\$16,340,290	\$10,873,744	
	Subsidiary providers	\$264,194	\$0	
	Total non-government funded providers		\$16,604,485	\$10,873,744
Total tertiary education organisations		\$501,136,714	\$419,549,321	
Total tuition fees		\$594,015,290	\$483,303,534	

## Financial statements for the year ended 30 June 2023

### Statement of Responsibility

The Ministry of Education, as the agency responsible for administering the Export Education Levy, has prepared these financial statements. The Secretary for Education accepts responsibility for the preparation of the annual financial statements, and they have been prepared in accordance with generally accepted accounting practice.

Appropriate systems of internal control have been employed to ensure that all transactions are executed with appropriate authorisation, that all transactions are correctly processed and accounted for in the financial records, and that the assets are properly safeguarded.

In our opinion, the financial statements fairly reflect the financial position as at the end of the financial year and the financial performance and cash flows for the financial year ended 30 June 2023. We authorise the issuance of these financial statements on 3 October 2023.



Iona Holsted  
Te Tumu Whakarae mō to Mātauranga  
Secretary for Education

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF EXPORT EDUCATION LEVY'S**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

The Auditor-General is the auditor of the Export Education Levy (the Levy). The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Levy on his behalf.

**Opinion**

We have audited:

- the financial statements of the Levy on pages 9 to 17, that comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

**In our opinion:**

- the financial statements of the Levy on pages 9 to 17:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Our audit was completed on 3 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Ministry of Education and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

**Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

**Responsibilities of the Ministry of Education for the financial statements**

The Ministry of Education is responsible on behalf of the Levy for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Ministry of Education is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

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

The Ministry of Education's responsibilities arise from the Education and Training Act 2020.

### **Responsibilities of the auditor for the audit of the financial statements**

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

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

We did not evaluate the security and controls over the electronic publication of the financial statements.

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Levy's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Ministry of Education.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Ministry of Education and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Levy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Levy to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Ministry of Education is responsible for the other information. The other information comprises the information included on pages 2 to 5 and 18 but does not include the financial statements and our auditor's report thereon.

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

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

### **Independence**

We are independent of the Levy in accordance with the independence requirements of the Auditor- General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Levy.



Grant Taylor Ernst & Young  
On behalf of the Auditor-General Wellington, New  
Zealand

## Statement of Financial Performance

For the year ended 30 June 2023

	Notes	2023	2022
		\$	\$
<b>Income</b>			
Export education levies	1	2,810,750	-
Interest received		151,488	29,243
<b>Total Income</b>		<b>2,962,238</b>	<b>29,243</b>
<b>Expenditure</b>			
Dispute resolution service		110,000	-
Bad debt expense		20,973	-
Doubtful debt expense	2	(114,469)	17,555
Operating costs		76,514	-
<b>Total Expenditure</b>		<b>93,018</b>	<b>17,555</b>
<b>Net Surplus for the Year</b>		<b>2,869,220</b>	<b>11,688</b>

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

## Statement of Financial Position

As at 30 June 2023

	Notes	2023	2022
<b>Equity</b>		\$ 2,428,663	\$ (440,557)
<b>Current Assets</b>			
Cash at bank	4	5,657,398	3,559,443
Accounts receivable	2, 4	766,240	-
GST receivable		5,025	-
<b>Total current assets</b>		<b>6,428,663</b>	<b>3,559,443</b>
<b>Non-Current Liabilities</b>			
Borrowings	3, 4	4,000,000	4,000,000
<b>Total non-current liabilities</b>		<b>4,000,000</b>	<b>4,000,000</b>
<b>Net Assets</b>		<b>2,428,663</b>	<b>(440,557)</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the year ended 30 June 2023

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Equity at the beginning of the year</b>	(440,557)	(452,245)
Net surplus for the year	2,869,220	11,688
<b>Equity at the end of the year</b>	<u>2,428,663</u>	<u>(440,557)</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the year ended 30 June 2023

	2023	2022
	\$	\$
<b>Operating Activities</b>		
<b>Cash Inflows</b>		
Export Education Levy	2,138,006	-
Interest	151,488	29,243
	<b>2,289,494</b>	<b>29,243</b>
<b>Cash Outflows</b>		
GST (net)	(5,025)	-
Personnel	(74,130)	-
Suppliers	(112,384)	-
	<b>(191,539)</b>	-
<b>Net cash flows from operating activities</b>	<b>2,097,955</b>	<b>29,243</b>
Cash at the beginning of the year	<b>3,559,443</b>	<b>3,530,200</b>
<b>Cash at the end of the year</b>	<b>5,657,398</b>	<b>3,559,443</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **Statement of Commitments, Contingent Assets and Liabilities**

### **Statement of Commitments**

There are no commitments at 30 June 2023 (2022: \$Nil).

### **Statement of Contingent Assets**

There are no contingent assets at 30 June 2023 (2022: \$Nil).

### **Statement of Contingent Liabilities**

There are no contingent liabilities at 30 June 2023 (2022: \$Nil).

## Notes to the Financial Statements

### Note 1- Summary of significant accounting policies

#### *Statement of compliance and basis of preparation*

##### **Statement of compliance**

The Export Education Levy (the Levy) is a scheme administered by the Ministry of Education (the Ministry) in accordance with sections 540 and 641 of the Education and Training Act 2020 (the "Act") (previously sections 238Q and 238R of the Education Act 1989).

The financial statements of the Export Education Levy have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE RDR) standards.

##### **Basis of preparation**

All transactions in the financial statements are reported using the accrual basis of accounting.

In response to significant financial hardship being faced by the international education sector due to COVID-19, the obligation for providers to pay the levy was suspended in 2020 and 2021, and further revoked in 2022.

In October 2022, Cabinet confirmed that the EEL would be re-introduced on 1 January 2023, following New Zealand's decision to re-open its borders to international travel.

##### **Measurement base**

The financial statements have been prepared on an historical cost basis, unless otherwise stated.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated.

#### *Specific accounting policies*

##### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of any entity and a financial liability or equity instrument of another entity.

##### **Financial assets**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are to the acquisition of the financial asset. The levy's financial assets include cash, trade, and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Losses arising from impairment are recognised in the statement of financial performance.

Impairment of financial assets is established when there is objective evidence that EEL will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced using a doubtful debts provision, and the amount of the loss is recognised in the net surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (i.e., not past due).

### **Financial liabilities**

All financial liabilities are recognised initially at fair value and, in the case of accounts payable, net or directly attributable transaction costs. The levy's financial liabilities are accounts payable and borrowings which are recognised at the amount borrowed.

After initial recognition, accounts payable are subsequently measured at amortised cost using the effective interest rate method. Accounts payable arise from exchange transactions.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Accounts payable are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature, they are not discounted.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the effective interest rate.

### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits or services potential will flow to EEL and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Levy revenue is derived from levies paid by participating educational institutions when earned. PBE IPSAS 23 requires revenue from non-exchange transactions such as levies, to be recognised as revenue as soon as the inflow of resources can be recognised as an asset in the financial statements, unless the inflow of resources meets the definition of and recognition criteria for a liability. Non-exchange revenue from levies can only be deferred and recognised as a liability if there is a condition attached to the income that requires an entity to use the income as specified by the grantor or return the cash (or other resources transferred under the grant) if the entity does not perform as specified.

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

### **Expenditure**

Expenses are largely recognised as support to pay costs incurred by ENZ and the administration of the Code of Practice. ENZ operates a work programme on behalf of the industry in the areas of professional development, marketing and research. This is recognised as an expense when EEL reimburses the Ministry who are appropriated to pay ENZ.

If a private training establishment does not provide the course of study or training and does not refund international students for tuition fees or any other payments, the levy may be used to reimburse those students. The expense is recognised when a reimbursement is made to the Ministry who are appropriated to pay the refund.



## Goods and Services Tax

All items in the financial 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, it is recognised as part of the related asset or expense.

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

Cash flows are included in the *Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

The Ministry as agent for the levy is a registered person in terms of the Goods and Services Tax Act 1985. All statements are GST exclusive except for accounts payable and accounts receivable in the Statement of Financial Position.

## Equity

Equity is measured as the difference between total assets and total liabilities and comprises the accumulated surpluses and deficits since the formation of the levy.

## Significant accounting judgements, estimates and assumptions

The preparation of the EEL's financial statements does not require management to make any significant judgements, estimates or assumptions.

## Note 2 - Accounts Receivable

	2023	2022
	\$	\$
<i>Exchange</i>		
Other receivables	622,207	134,585
Provision for doubtful debts	(20,116)	(134,585)
<i>Non-exchange</i>		
Levy income due but not received	164,149	-
	<b>766,240</b>	<b>-</b>

### Note 3 – Borrowings

Cabinet approved a temporary advance up to \$6 million for EEL to ensure all its payments are met. \$4 million was advanced in 2018/19. The advances were funded by a capital withdrawal from the Ministry.

The borrowings are recognised initially at fair value and are interest-free. Borrowings are classified as non-current liabilities and have no contractual repayment date.

### Note 4 - Financial Instruments

Financial instruments as at 30 June 2023 are categorised as follows:

	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>
Cash at bank	5,657,398	-
Accounts receivable	766,240	-
Borrowings	-	4,000,000
	<b>6,423,638</b>	<b>4,000,000</b>

Financial instruments as at 30 June 2022 are categorised as follows:

	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>
Cash at bank	3,559,443	-
Borrowings	-	4,000,000
	<b>3,559,443</b>	<b>4,000,000</b>

### Note 5 - Related Party Disclosure

The Ministry is a related party of EEL. The Ministry administers EEL and provides policy advice to the government. These services are provided on an arm's length basis.

Most of the transactions with the Ministry are reimbursements for payments appropriated and paid made by the Ministry to third party providers.

### Note 6 – Events after balance date

There have been no events after balance date requiring disclosure.

## Appendix One

### **Government Agencies' Responsibilities Ministry of Education**

#### *Annual Report to Parliament*

*Prior to 23 August 2023, section 540(5) of the Education and Training Act 2020 referred to the requirement for an annual report:*

*As soon as practicable after 1 July in each year, the agency responsible for the administration of the levy must present to the Minister an annual report on the administration of the levy, which must include audited financial statements prepared in accordance with generally accepted accounting practice, and the Minister must present a copy of the report to the House of Representatives.*

*Section 540(5) was repealed on 23 August, meaning that there is no longer a legislative requirement to provide the Minister of Education an audited copy of the report to table in Parliament.*

*The EEL will be included in the Ministry of Education's financial audit from 2024. In the interim, the Ministry sees the continuation of providing the Minister an EEL annual report as best practice.*

#### *Administration of the Export Education Levy*

The EEL is collected from education providers by the Ministry of Education. It is held in a separate EEL account and administered by the Ministry.

#### *Policy Development*

The Ministry leads the development of EEL policy and reports to the Minister of Education. The Ministry works in consultation with other agencies and with the international education sector.

#### *Reimbursement for international students*

The Ministry, in conjunction with NZQA, has responsibility for reimbursing international students affected by the closure of private training establishments (PTEs), individual PTE programmes, or private schools. This can include direct refunds to international students of tuition fees paid or funding costs incurred in transferring international students to another provider.