

NEW ZEALAND
EDUCATION

Annual Report

2012-2013

Contents

The Leadership Statement for International Education (2011)

New Zealand's quality education services are highly sought after internationally, and expand our international social, cultural and economic engagement. Growing New Zealand's international education sector requires setting clear goals and objectives against which progress can be measured.

Goals	Objectives
New Zealand's education services delivered in New Zealand are highly sought after by international students.	New Zealand will, over the next 15 years, double the annual economic value of these services to \$5 billion, through increasing international enrolments in our tertiary institutions, private providers, and schools.
New Zealand's education services in other countries are highly sought after by students, education providers, businesses and governments overseas.	New Zealand will, over the next 15 years: <ul style="list-style-type: none"> › Develop and sustain mutually beneficial education relationships with key partner countries as a leading part of New Zealand Inc. strategies in Asia, the Pacific, the Middle East, Europe and the Americas. › Increase annual revenues from providing education services offshore to at least \$0.5 billion. › Increase the number of international students enrolled in providers offshore, from 3,000 to 10,000.
New Zealand makes the best possible use of its international education expertise to build skills in our work force, to grow research capability and to foster wider economic connections between New Zealand and overseas firms.	New Zealand will, over the next 15 years: <ul style="list-style-type: none"> › Double the number of international postgraduate students (particularly in programmes in addition to those at PhD level), from 10,000 to 20,000. › Increase the transition rate from study to residence for international students with bachelors level qualifications and above. › Increase New Zealanders' skills and knowledge to operate effectively across cultures.

Board Chair's foreword	2
Chief Executive's foreword	4
About Education New Zealand	6
Part One: International Education	9
The international education landscape 2012/13	10
The New Zealand context 2012/13	11
Part Two: Our Performance	15
Our outcomes for 2012/13	17
Our achievements	18
Our organisational development	32
Statement of Responsibility	36
Part Three: Statement of Service Performance	39
Part Four: Annual Financial Statements	43
Independent auditor's report	44
Notes to the financial statements	51
Appendix: Our Statutory Functions	72

Board Chair's foreword

I am pleased with Education New Zealand's performance over the past year. We have moved from an organisation that was focused on internal strategy and structure to one that is developing new ways to market New Zealand education and which is seeking to grow our markets. I believe we can see these efforts beginning to bear fruit.

Our major market China has been a priority. We have increased our marketing spend and expanded our physical footprint there, and we see continuing growth in the market. Reversing the trend in declining numbers of students studying in Christchurch has been another priority. There too, we believe that significant progress has been achieved.

A new co-funding grant scheme to build capability and develop markets has been designed and implemented. Our outreach to the industry has developed well and most sectors have achieved some growth. Against the backdrop of increasing international competition and a high exchange rate this is satisfying. We have made major progress in aligning domestic policy with our growth goals. This is particularly apparent in the

immigration policy space. And, we are well on the way to developing a new brand for the industry.

Finally, I note that in our initial development phase it was challenging to fully expend the funding provided by Government. Over the past year we have done this, and we have been able to argue successfully for increased funding. This, too, is a satisfying result.

But there is much still to achieve. Not all markets are performing well. The Republic of Korea, in particular, is giving us cause for concern but so have some of the markets in the Association of Southeast Asian Nations (ASEAN). Likewise not all sectors are growing. School enrolment, English language and the wider private training establishment markets have declined in size. And some of our offshore consultancies have had a challenging year. As I note above, international competition has become more intense and maintaining New Zealand's competitiveness has been a continuing challenge.

In the year ahead we will continue our focus on the China, India and ASEAN markets as our priority markets. But we will also be increasing our investment in North Asia, the Middle East, Europe, and the Americas (particularly Latin America). We will be expanding our grant scheme.

Against the backdrop of increasing international competition and a high exchange rate this is satisfying.

We have made major progress in aligning domestic policy with our growth goals.



The new brand will be launched in November. And we will be developing specific strategies to improve our performance in under-performing markets, and those sectors that have been in decline.

In all our work we will be working closely with other relevant agencies of Government: Immigration New Zealand; the New Zealand Qualifications Authority; the Tertiary Education Commission; the Ministry of Education; the Ministry of Business, Innovation and Employment; and others. And offshore we will continue to contribute to the New Zealand Inc effort alongside the Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise, and Tourism New Zealand with whom we coordinate closely.

We will be focusing, in particular, on how we can grow our earnings from activities in other jurisdictions and how we can better assist education institutions and businesses expand this work.

And we will be rolling out the new outbound scholarships that were announced in this year's Budget.

Can I thank my hard working and dedicated Board for their efforts, the advice received from our Stakeholder Advisory Committee, Chief Executive

Grant McPherson and his team for their dedication and determination to make a difference, and Minister Joyce for his support.

It is gratifying to see that we have made a difference to the sector over the past 12 months. But there is much work to do, and our impact needs to be even greater in the year ahead.

Education New Zealand has been given ambitious goals. We intend to deliver on these, but actual delivery is done by others, the international education industry. Can I thank the industry for its willingness to collaborate with Education New Zealand and for the guidance that is provided to the Board and executive team. New Zealand has an excellent education system. At Education New Zealand we are going to work even harder to share this with the world.

Charles Finny | Board Chair

Chief Executive's foreword

The 2012/13 year has been one of opportunities and challenges for New Zealand's international education industry, **and there are many positive things to reflect on.**



Education New Zealand has stayed strongly engaged with the industry during the year – encouraging and supporting them to become bolder and more innovative. We have seen the value in adopting a strategic and results-driven approach, and have executed plans that will bring growth.

Throughout the year Education New Zealand has focused on marketing and promoting New Zealand as a study destination, and in supporting the growth in delivery of New Zealand's high-quality education programmes, products and services in offshore markets.

Encouragingly, prospective students and partners overseas who know about New Zealand education hold very positive views of what New Zealand offers. With this in mind, awareness-raising has underpinned all of Education New Zealand's activities in its target markets this past year.

We are continuing to support the industry in harnessing the enormous potential offered by the growing middle class in Asia. The industry can take

heart that many of New Zealand's historical markets have stayed with us during testing times, and new markets have emerged.

We are telling a compelling and relevant story to our target audiences.

Education New Zealand has undertaken a significant amount of marketing and promotional activity over the year to raise awareness of New Zealand education in our target markets.

Digital marketing channels have proved to be a highly-effective method of reaching target audiences in many of our markets. Social media is the best way to reach a large youth audience in many countries, such as Brazil.

We are engaging with key influencers.

A particularly innovative piece of story-telling was produced this year for the China market – a television documentary series about studying and living in New Zealand, called *Dragons in a Distant Land*.

Education New Zealand has made significant progress in developing and utilising the key channels to market. We are more actively engaged with alumni – having incorporated alumni-hosting events into many of our offshore marketing programmes and establishing a New Zealand-educated alumni LinkedIn group.

We are working closely with our government partners.

A significant achievement this year has been Education New Zealand's increased presence and profile with those other government agencies that are critical to the success of New Zealand's industry. The establishment of an interagency steering group means Education New Zealand is now in a good position to directly influence policy and facilitate the removal of barriers to growth.

We have the support of our Minister, Hon Steven Joyce, who is always ready to champion the New Zealand Education Story at a government-to-government level, and to participate in offshore marketing and promotional activities.

We're also building stronger relationships with regional economic development agencies and city councils and helping them understand international education's importance to regional economies.

We have provided industry with information and support to help them build their capability and achieve their international education goals.

To help us gain a deeper understanding of the issues and concerns facing the industry, and gain insights on the things that are working well, we have sought feedback from a range of stakeholders. We heard from industry through meetings with sector representative groups, and from students through in-market research and the *Student Voice* forum.

We are seeing more joint initiatives – between Education New Zealand and industry but also, most importantly, between industry members. These partnerships demonstrate an increased understanding of how important it is for the industry to work together to raise New Zealand's profile and to bring all sectors – as a unified body – to the attention of prospective students and potential partners offshore.

The effectiveness of education diplomacy is not to be underestimated. Education New Zealand's partnering with governments to deliver programmes such as the successful *Penguins without Borders* scholarship programme with the Chilean government continues to be a priority.

We have built a strong team that is doing great work.

A particular strength of the team lies in the fact that it brings those with marketing expertise together with those who have strong sector and market experience, making for a powerful mix.

Acknowledgements

I would like to say what a privilege it is to lead such a talented and committed team and to work within an industry that is inspiring, dynamic and hardworking.

I would also like to thank our Board for their commitment and support, and our Stakeholder Advisory Committee for their careful advice and positive contributions.

In conclusion, I believe New Zealand is well-positioned to grow the numbers of students coming to our shores for education and their value to the New Zealand economy. I am equally as optimistic about the opportunities for our industry to grow the market offshore for our world-class education programmes, products and services.

I find it enormously satisfying to be part of an industry that not only contributes significantly to New Zealand's economic wealth but also brings invaluable social and cultural benefits to our society.

Grant McPherson | Chief Executive

About Education New Zealand

Our purpose

Education New Zealand's purpose is to take New Zealand's education experiences to the world for enduring economic, social and cultural benefits.

Our role

Education New Zealand (ENZ) was established in September 2011 as a Crown Agency. The Ministry of Education and the Ministry of Business, Innovation and Employment are our monitoring agencies. We are based in Wellington, Christchurch, Belgium, Brazil, Chile, China, Germany, India, Indonesia, Malaysia, the Republic of Korea, Saudi Arabia, Taiwan, Thailand, the United States and Viet Nam. Our statutory functions are shown in Appendix One.

We work with the diverse international education industry that encompasses six sectors: universities, institutes of technology (ITP), private training establishments (PTE), English language providers (ELS), schools, and offshore education service providers¹.

We work with the industry and across other governments to promote the quality of New Zealand's education system and New Zealand's expertise in providing education and training products offshore. This includes running promotional events and activities, alumni events, and agent training. From 2013/14², we will also manage international education scholarships for New Zealanders to enhance their skills for use in the work force, promote the quality of the education system, and promote understanding of other cultures.

As the capability and capacity of the industry varies between and within sectors, we work with the industry to strengthen its capability to achieve growth. We also assist the industry to identify new opportunities for growth. Our research and market intelligence identifies potential growth opportunities and measures the effectiveness of our strategies and activities.

To promote New Zealand offshore, we work closely with other New Zealand Inc agencies such as the Ministry of Foreign Affairs and Trade, Immigration New Zealand (part of the Ministry of Business, Innovation and Employment), Tourism New Zealand, and New Zealand Trade and Enterprise. We also work with other education agencies, such as the Ministry of Education which leads international education policy work and the New Zealand Qualifications Authority which works to promote and achieve the international portability of New Zealand qualifications.

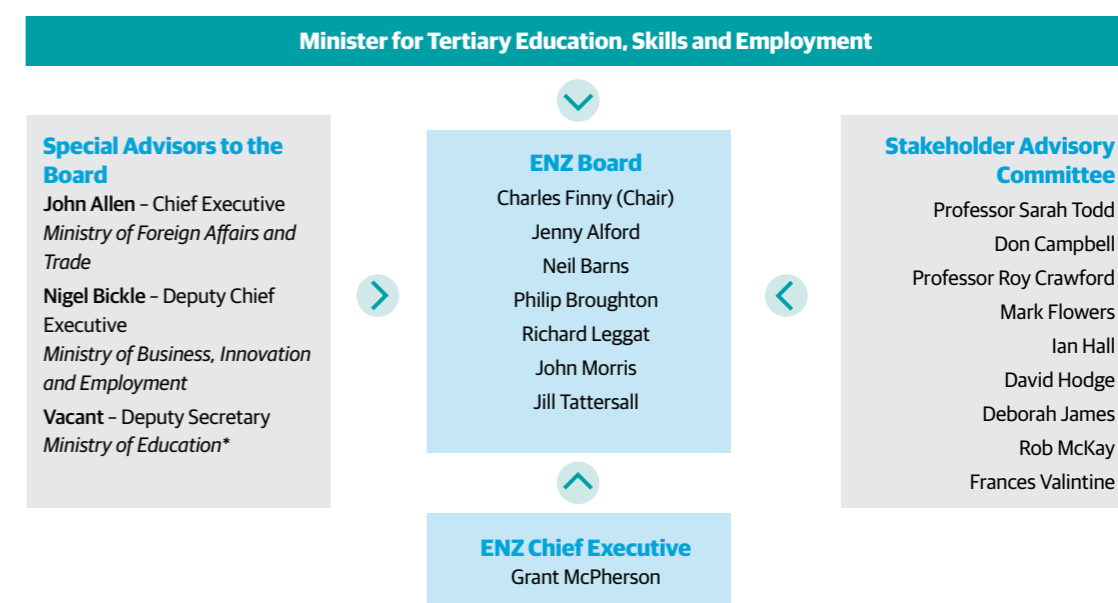
We provide information to potential students and their families about living and studying in New Zealand, and work with other agencies and the industry to ensure international students are adequately supported while living and studying here.

Our Board

The Board of Education New Zealand is made up of between five and seven members appointed by the Minister for Tertiary Education, Skills and Employment (this portfolio includes international education). The Board is responsible for the governance of the organisation, including setting the strategic direction and monitoring performance.

The Board usually meets monthly to carry out governance functions and deal with major issues.

Diagram 1: Governance of ENZ at 30 June 2013



* Anne Jackson was the delegate for Peter Hughes, Secretary for Education, until 26 June 2013.

On the Board's behalf, the Audit and Risk Committee monitors the financial and risk management of ENZ. The Committee is made up of Philip Broughton (Chair), Jenny Alford, Neil Barns and Jill Tattersall.

During the year, the Human Resources/Organisation Development Committee was established to assist the Board in fulfilling its responsibilities regarding human resources and organisation development policies and practice. The Committee is made up of Charles Finny (Chair), Richard Leggat and John Morris.

A Marketing and Brand Committee has also been set up.

A number of special advisors to the Board help guide and shape our work, and ensure connections with the strategic direction of other agencies.

A Stakeholder Advisory Committee provides the Board with expert advice, based on their knowledge and experience within the international education industry, to ensure the needs of the industry are taken into account.

¹ Offshore education service providers deliver export education products and services offshore, such as export education publishing, export education technology, and export education consultancies.

² This Annual Report includes calendar year information and financial year information. With the exception of Part Four, a calendar year is shown as a single year, such as 2012, while dates such as 2012/13 refer to a financial year. In Part Four, all information relates to a financial year.

I've had the privilege of working with ENZ both as Chief Executive of an ITP which is heavily involved in internationalisation and international education, and also as a member of the ENZ Stakeholder Advisory Committee. I've been impressed with the ENZ team's exceptional commitment to advancing New Zealand's international education.

The Minister has set us all a tremendous challenge of doubling the economic value of international education to New Zealand and ENZ is playing a key part in achieving this. It is an extremely complex challenge, requiring thoughtful and creative leadership. In my view, ENZ is to be commended in the progress made so far.

Mark Flowers | Chief Executive Waikato Institute of Technology and an ENZ Stakeholder Advisory Committee member

Part One:

International education

The international education landscape 2012/13

International education is an important enabler in strengthening the economic, cultural and social links between countries. It creates international connections through the building of life-long friendships and networks. The OECD estimates that nearly 4.3 million students were enrolled in tertiary education outside their country of citizenship in 2011³. Asian students represented over half of those students – most were from China, India and the Republic of Korea.

Competition for international students has increased as more providers in English and non-English speaking countries seek to increase their market share. Some non-English speaking countries are now delivering courses in English to attract a greater share of the global international education market as most international students study in English speaking countries.

New Zealand's competitors include Australia, Canada, Ireland, the United Kingdom, and the United States. In 2012, some of New Zealand's competitors recorded increases in international student numbers while others recorded decreases. Canada recorded an 11 percent increase in international student enrolments in 2012 and welcomed over 100,000 international students – a record number for Canada. In contrast, Australia recorded a 7 percent decrease in international student enrolments in 2012. In the first four months of 2013, international student enrolments in Australia continued to fall; their vocational education and training sector fell by 14 percent, and their schools and higher education sectors fell by 5 percent.

Potential students may see massive open online courses (MOOCs) as an alternative to travelling to a foreign destination to study as MOOCs bypass some of the barriers to studying with an overseas institution. While there has been massive growth of MOOCs over the last year, it is too early to tell how MOOCs will affect demand for international education globally. In 2013/14, the first MOOCs taught by New Zealand universities will be launched.

³ Source: OECD Education at a Glance 2013: OECD Indicators, OECD.

The New Zealand context 2012/13

Prior to 2013, only full fee-paying international students were counted when measuring the value of the industry or the number of international students studying with New Zealand providers. This definition was based on how the Education Act 1989 defined international and domestic students. We assessed whether this was an appropriate definition as many international students, such as PhD students and exchange students, were not counted.

The OECD defines international students as 'students who have crossed borders expressly with the intention of study'. We identified that this did not include those students who are enrolled with New Zealand providers offshore, for example a student who is studying in China but is enrolled with a New Zealand provider.

Based on the OECD definition, we have defined international students as 'students who are non-residents of New Zealand who have entered into New Zealand expressly with the intention to study, or have enrolled in a New Zealand provider offshore'. As a result, ENZ now includes international PhD students, exchange students, New Zealand Aid students and foreign research postgraduate students in its measurement of the number and economic value of international students.

The value of the industry

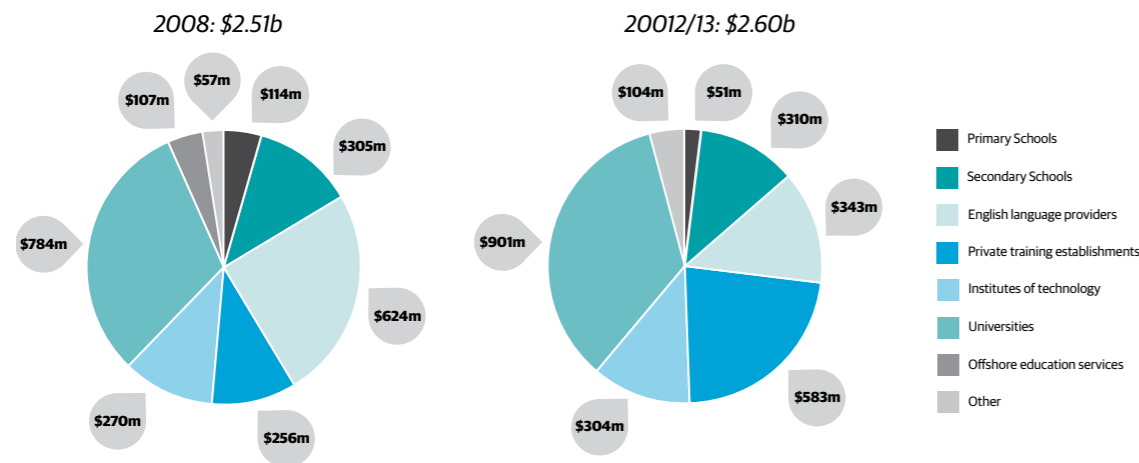
One of the objectives in the Leadership Statement for International Education is to double the value of the industry to \$5 billion by 2025. International education is also one of the key areas to help achieve the Business Growth Agenda's export markets goal of increasing the ratio of exports to gross domestic product to 40 percent by 2025.

We have been working with the industry to support it to achieve these objectives. We funded research by economists Infometrics to calculate the economic value of the industry. Due to changes to the 'international student' definition, Infometrics also calculated a comparable value of the industry for 2008.

The Economic Impact of International Education Report 2012/13⁴ showed the international education industry's value was \$2.60 billion in 2012/13, slightly up from a comparable valuation in 2008 of \$2.51 billion.

⁴ Infometrics produced this report for ENZ in cooperation with the Ministry of Education, Statistics New Zealand, and the Ministry of Business, Innovation and Employment. It is available on our website for the industry www.educationnz.govt.nz. During the development of the research methodology, Statistics New Zealand recommended that the industry be measured at its' gross value (i.e. not adjusted for foreign exchange earnings). This included the value of offshore education services which were valued at \$70 million in the *Economic Impact of Export Education 2008* report, but is valued at \$107 million in the 2012/13 report.

Graph 1: Value of the international education industry by sector⁵



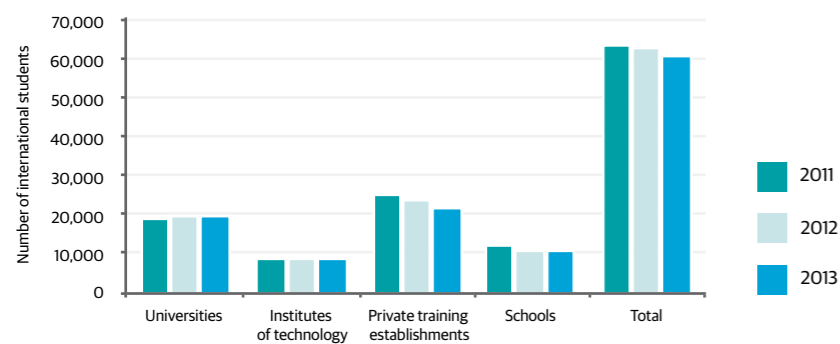
Source: The Economic Impact of International Education 2012/13, Infometrics.

International education is New Zealand's fifth most valuable export. The industry's value sits between crude oil (worth \$2.2 billion) and logs, wood and wood articles (worth \$3.2 billion). It supports more than 28,000 jobs in New Zealand – 13,600 jobs directly and 14,600 indirectly.

Student attraction

New Zealand has continued to be successful in attracting a small, but significant slice of the international education market. In the first four months of 2013, 60,904 international students were enrolled in New Zealand. This represented a 3 percent decrease compared to the same period in 2012. The decrease in enrolments in the PTE and schools sectors offset growth in the other sectors.

Graph 2: Number of international students by sector for January to April



Source: Single Data Return for 1 January – 30 April 2013, Ministry of Education.

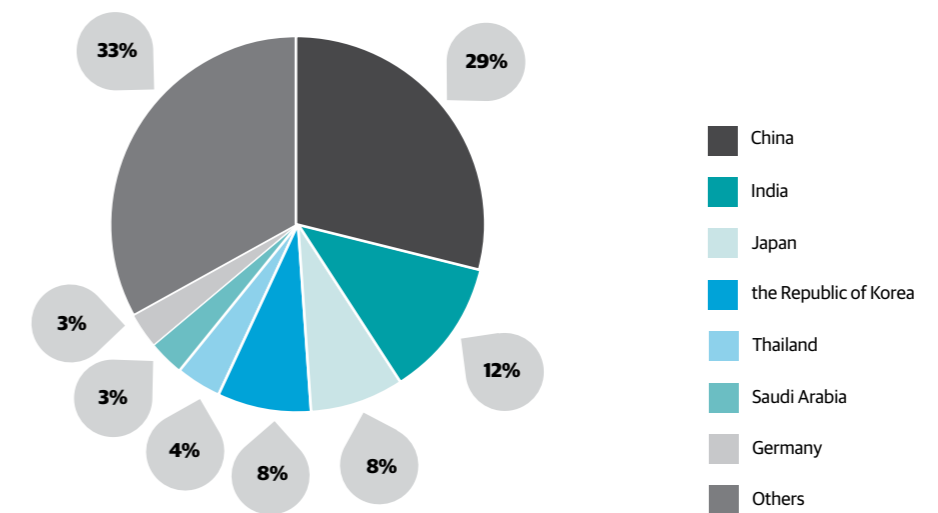
The relatively high New Zealand dollar, increased domestic education investment in key offshore markets, and greater competition from countries such as Canada, the United Kingdom and the United States have put pressure on New Zealand providers to maintain and grow market share.

While the Auckland region has continued to receive the largest number of international students, it also experienced the greatest decrease in international enrolments. This was due to the decrease in student numbers in the PTE sector.

By contrast, international student enrolments in the Canterbury region are showing the first signs of recovery after the 2011 earthquakes. Slightly fewer international students studied in Canterbury in the first four months of 2013 than in the same period in 2012. Growth in the region's PTE sector and secondary school sub-sector were offset by decreases in the other sectors. The number of students at Canterbury universities has continued to decline, but at a slower rate than in previous years.

Three countries (China, India and Japan) accounted for nearly half of the international students enrolled in New Zealand in the first four months of 2013. Although overall student numbers have decreased, the number of international students from China, our largest student attraction market, continued the year-on-year trend of growth with a 5 percent increase.

Graph 3: Origin of international students in January to April 2013



Source: Single Data Return for 1 January – 30 April 2013, Ministry of Education.

Overall demand for science, technology, engineering and mathematic subjects increased, in line with global demand trends. The number of enrolments in these subjects has increased by 4 percent in universities and 10 percent in ITPs compared to the first four months of 2012.

Postgraduate students

One of the objectives of the Leadership Statement for International Education is to double the number of international postgraduate students (particularly in addition to those at PhD level) studying in New Zealand to 20,000 by 2025. In the first four months of 2013, 9,442 international students were enrolled to study postgraduate qualifications, an 8 percent increase compared to the same period in 2012. This was driven by a 24 percent increase in Masters' degree enrolments and a 6 percent increase in PhD enrolments.

New Zealand universities are gradually introducing the 180 credit Masters as a postgraduate study option following changes to the definition for Masters' degrees by the New Zealand Qualifications Authority which allows 180 credit Master's programmes. The 180 credit Masters' degrees are expected to provide an attractive option for international students and may further increase the number of international postgraduate students studying in New Zealand.

⁵ The 2008 economic value by sector includes "Other" with a value of \$57 million as the data showing the number of exchange students, New Zealand Aid students and foreign research postgraduate students by sector is not available.

Offshore education service provision

Students enrolled with New Zealand providers offshore

Increasing the number of students enrolled at providers offshore to 10,000 by 2025 is one of the objectives in the Leadership Statement for International Education. In 2012, 3,004 students were enrolled with New Zealand providers offshore, a 6 percent increase compared to 2011.

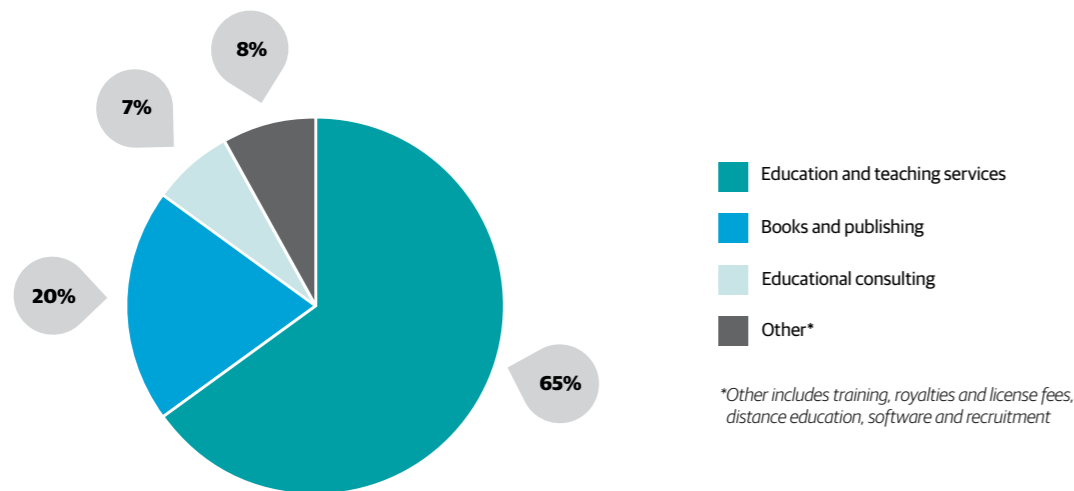
Through the International Education Growth Fund, we are co-funding some projects that are designed to further increase the number of students studying with New Zealand providers in a number of countries.

The value of offshore education services

In the Leadership Statement for International Education, one of the objectives is to increase the revenue from education services offshore to \$500 million by 2025. New Zealand currently delivers education products and services throughout the world, including the Middle East, China and India.

It can be difficult to get accurate data to measure this sector. Infometrics has undertaken a comprehensive assessment of the sector as part of their work to measure the economic value of the industry. Research showed the value of offshore education services had decreased from \$107 million in 2008 to \$104 million.

Graph 4: The value of offshore education service provision 2012/13



Source: The Economic Impact of International Education 2012/13, Infometrics.

As part of the research, offshore education service providers were asked to identify barriers to growth. Obtaining funding to start-up and then expand, and the resulting impact on cash flow, were seen by those surveyed as the most significant barriers to increasing revenue. Other barriers to growth included the mutual recognition of qualifications between countries, competition from other foreign offshore providers, and attracting and retaining professional staff offshore.

The research identified that two regions dominate where the revenue comes from: the Middle East and Asia (which account for 39 percent and 45 percent respectively). It also highlighted the various ways some providers use the provision of education products or services offshore as a marketing tool to bring international students to New Zealand.

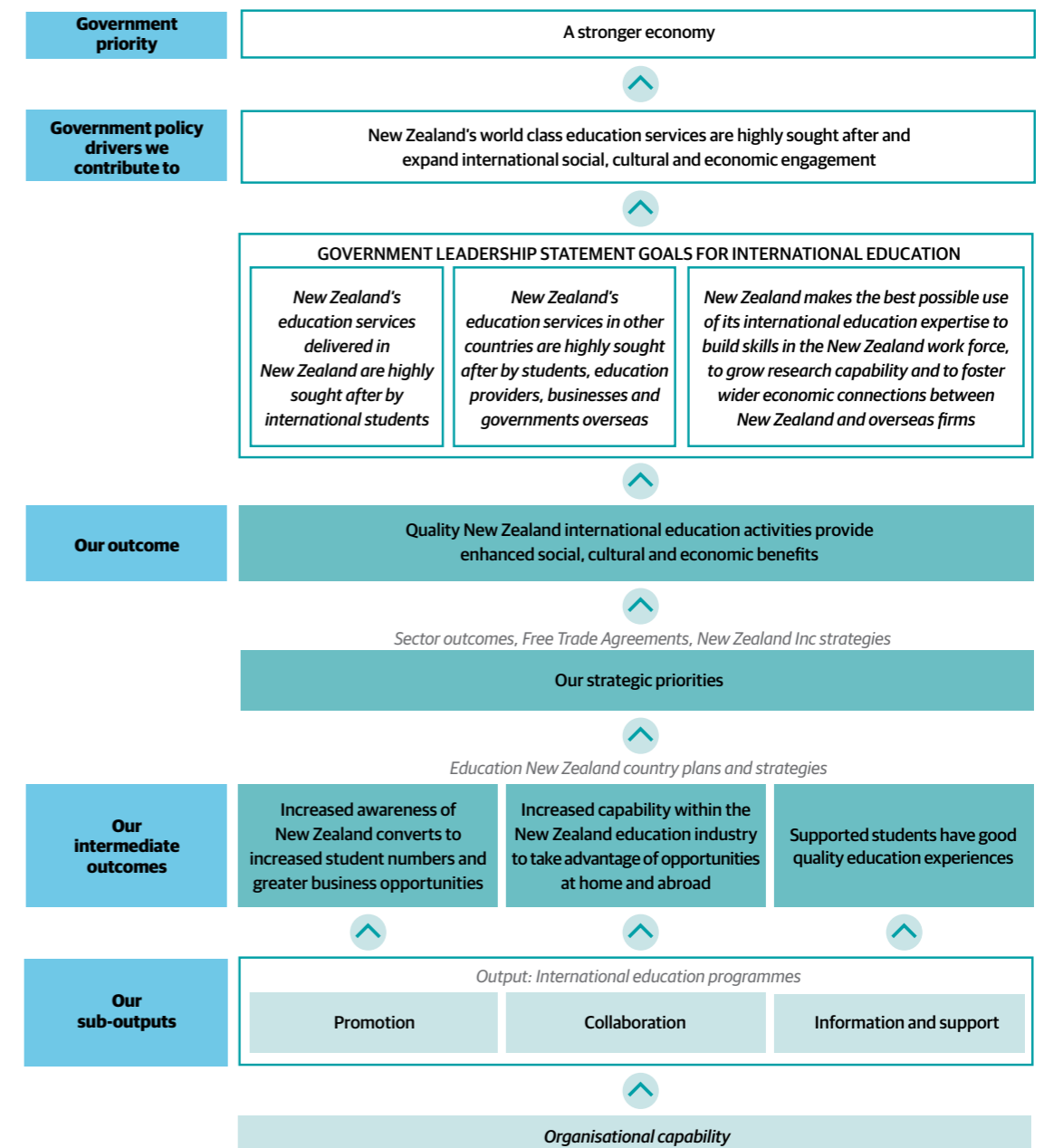
To encourage the growth in this sector, we co-hosted an inaugural conference for companies working in the education technology sub-sector and co-funded activities to increase the value of goods and services provided offshore. Our research programme also identified potential business opportunities in many of our markets, and we promoted New Zealand's expertise in providing education and training products and services offshore.

Part Two: Our performance

Our outcomes for 2012/13

During 2012/13, we focused on delivering our outputs and working to achieve our overall outcome. In our Statement of Intent 2012-15, we set out the activities we planned to deliver and how we intended to measure the impact of those activities.

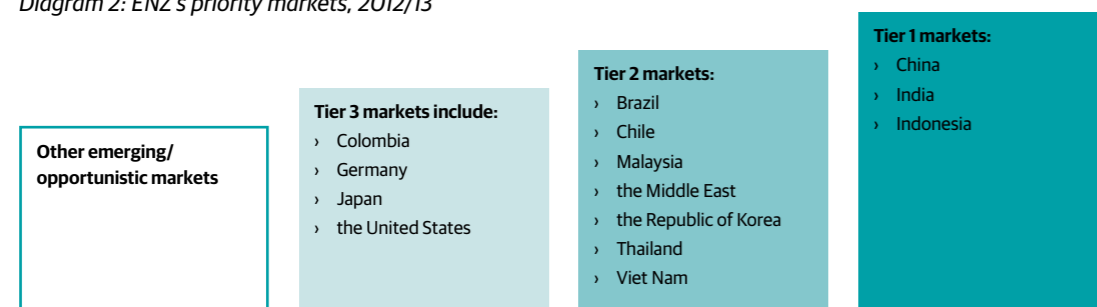
Our work was organised into three sub-outputs to achieve our intermediate outcomes. These sub-outputs are the delivery mechanisms for our activities and our progress against these is set out in the 'Our achievements' section.



Our achievements

In 2012, we undertook a substantial market prioritisation exercise. It identified Tier 1 markets, where there is significant government and/or industry interest, and Tier 2 markets, where there are historical or emerging opportunities to focus our efforts. We identified China, India and Indonesia as Tier 1 markets and Brazil, Chile, Malaysia, the Middle East, the Republic of Korea, Thailand and Viet Nam as Tier 2 markets. Colombia, Germany, Japan and the United States were identified as Tier 3 markets where there were existing opportunities for at least one sector or emerging opportunities that we had started to investigate. This market prioritisation was used to direct our activities during 2012/13.

Diagram 2: ENZ's priority markets, 2012/13



In 2013, we reviewed our market prioritisation based on our market intelligence and research. This resulted in an updated view of our priority markets. This has been used to inform our business planning for 2013/14.

Sub-output: Promotion

We worked with the industry and across other governments⁶ to promote the quality of the education system and New Zealand's expertise in providing education and training products offshore.

We finalised and implemented marketing plans for our Tier 1 and 2 markets to guide our promotional activities. Each plan identified planned activities through to December 2013 and the results we are seeking to achieve.

Running or attending promotional events

We attended or ran 29 promotional events in Tier 1 markets, 37 in Tier 2 markets and 10 in Tier 3 markets. The events included New Zealand Education fairs, commercial education fairs, education agent seminars, alumni events, and roadshows in schools.

Improvements were made to our promotional programme to increase its effectiveness. We started running digital campaigns in each market in the lead up to events to remind potential students and their families to attend. We also redesigned the signage used in the booths at commercial education fairs, using the New Zealand Way brand (the fern) which is used by government agencies to consistently promote New Zealand overseas. This aligns our promotional work with Tourism New Zealand, New Zealand Trade and Enterprise, and the Ministry of Foreign Affairs and Trade.



Image of the redesigned booths for commercial education fairs.

Raising awareness of New Zealand as an education destination

Early research indicates that there is lower awareness of New Zealand as an education destination in our Tier 1 markets compared to many of New Zealand's competitor countries⁷. ENZ will need to increase awareness if we are to increase the number of students and parents considering New Zealand as an education destination.

We commissioned the development of the *Dragons in a Distant Land* documentary series for Chinese television to increase awareness. It features Chinese students, their parents and alumni who provide a window into Chinese students' experiences before, during and after studying in New Zealand. The series was developed as a game changer activity for the China market, our largest student attraction market. The series was launched during the Prime Minister's visit to China in April 2013 and will be screened on Chinese television from August 2013.

During the year, we ran an awareness campaign on China's search engine 'Baidu' to target potential students. For the duration of the campaign, China overtook India as the largest source of traffic to our student attraction website www.studyinnewzealand.com⁸. The number of unique Chinese visitors has also grown from an average of 1,500 per month before the campaign was launched to 22,000 per month.

We developed and implemented our strategy for the Indian market which is to continually build awareness in the lead up to the Cricket World Cup 2015, being hosted by New Zealand and Australia. This strategy will tap into India's passion for cricket. A number of marketing programmes were undertaken, including Facebook, direct marketing activity and events. This was intended to identify the activities that are the most successful in India. The most successful activities will be run in conjunction with our education fairs in 2013/14. We have also started partnering with Stephen Fleming who will work as a brand ambassador in India.

Promoting New Zealand at the Frankfurt Book Fair 2012

New Zealand is world renowned for its innovation and expertise in education publishing. As New Zealand was the 2012 Guest of Honour at the Frankfurt Book Fair, we worked with other government agencies and the Publishers Association of New Zealand (PANZ) to tell New Zealand's story to media, international publishing companies and the Fair's approximately 300,000 visitors.

PANZ and ENZ provided funding for nine education publishers to attend the Fair and operate a trade stand in the New Zealand Pavilion to meet potential customers. We also funded the production of an interactive web-book 'Learning Landscape' to showcase the products of 14 education publishers and tell New Zealand's export education publishing story. Over 300 copies of the web-book were distributed during the Fair.

⁶ Our work across governments to promote the international education industry is covered under the Sub-output: Collaboration.

⁷ The competitor countries measured in our awareness research are Australia, Canada, Ireland, Malaysia, Singapore, the United Kingdom and the United States.

⁸ This website will fully take over as our student attraction website from www.NewZealandEducated.com in 2013/14.

Since the Fair, seven new rights deals have been confirmed, with more potential deals under negotiation or discussion. Offshore based staff also used printed copies of the web-book to support education publishers during visits to offshore markets. Following the success of the Fair, we agreed to provide further support and co-funding to PANZ to strengthen the education publishing sub-sector and develop export connections.

We also used the opportunity of the Fair to raise awareness of New Zealand as an education destination to potential German students; Germany is New Zealand's eighth largest student attraction market. In the lead up to the Fair, we ran two online competitions targeting secondary school students and culinary students, using social media and our student attraction website. We organised alumni to act as hosts in the New Zealand Pavilion and hand out information about studying in New Zealand to highlight the education experience international students can have.

Following the Fair, there was a 38 percent increase in German registrations in our Lead Management system. This system captures information about potential students who interact with our student attraction website, for example potential students who sign up to attend an education fair.

Promoting New Zealand's expertise in providing education and training products and services

We promoted New Zealand's expertise in providing education and training products and services offshore. Our offshore based staff introduced New Zealand businesses to potential customers in-market, promoted the quality of the New Zealand education system across governments and hosted delegations of people interested in New Zealand's education system.

An Indian delegation - including representatives from the India New Zealand Education Council's skills development and vocational education work group and the Federation of Indian Chambers of Commerce and Industry - visited New Zealand to explore skills development opportunities. We showcased New Zealand's expertise and capability in skills development and vocational education, particularly New Zealand's close connection between industry and education, and flexible work and institution based training models.

The Industry Training Federation and some member industry training organisations (ITOs) have partnered with ENZ to explore opportunities for in-country qualification development and the provision of work based training initiatives. Many countries have recognised the world leading model of work based training developed in New Zealand and the unique manner in which the training and employment link has led to significant increases in the skill set of the New Zealand work force.

ITOs and vocational education providers have been able to leverage off ENZ's significant international connections. The mix of facilitated visits by international delegations to New Zealand

and the coordination of New Zealand delegations visiting other countries has been a huge advantage for building commercial opportunities that individual entities could not develop themselves. ENZ fully understands the 'education and economic' link and the opportunities that could exist if all relevant tertiary participants take a coordinated approach to international education development. Our relationship with ENZ is a true 'partnership' model and is set to prosper into the future as more initiatives and opportunities are developed.

Mark Oldershaw | Chief Executive of the Industry Training Federation

Hosting media visits to promote New Zealand as an education destination

To showcase the educational and cultural opportunities available to students studying in New Zealand, we hosted visits by international media. This is another way of raising awareness of New Zealand as a world class education destination in our priority markets.

As Brazil, one of our Tier 2 markets, is among the top user countries of Facebook, Twitter and YouTube, we used these media channels to raise New Zealand's profile in this market.

ENZ and Conversa⁹ co-hosted a visit by well-known Brazilian personality and blogger Cid Nao Salvo to highlight the study options available and the adventure tourism activities that students can undertake while here. He visited some English language providers, a flying school and a media design school to meet staff and students, and took part in adventure activities in the North Island. Cid Nao Salvo blogged about his experiences during and after his visit; over 1.8 million unique visitors viewed his pages and over 17,000 viewed the videos that he posted.



Picture of Cid Nao Salvo

With New Zealand Māori Tourism, we co-hosted a visit by bloggers from the 'Jovem Nerd' website (meaning Young Nerds), an important entertainment media channel in Brazil. The Jovem Nerds created five videos of their experiences; two of the videos were screened in 2012/13 with the rest published in July 2013. Their visit focused on the English language sector. The providers featured in their videos reported significantly increased Brazilian traffic to their websites. The number of hits to our student attraction website also increased from an average of 80 unique Brazilian visitors per day to an average of 500 per day when the videos were released. Based on this success, we will identify key opinion leaders in other markets to replicate this type of promotion.

We also hosted a visit by journalists from four Indonesian media organisations. Awareness of New Zealand as an education destination is probably low in Indonesia as only 562 Indonesian students studied here in 2012. The visit focused on introducing the journalists to 'trail blazing' Indonesian students who are studying in New Zealand.

⁹ Conversa is a social media agency working with educational providers in New Zealand. It targets students from overseas, focusing on the Brazilian market.

Promoting New Zealand as an education destination to education agents

In a number of markets, potential students and their families often use education agents to assist them in investigating whether to study overseas and where to study.

We hosted familiarisation visits by selected offshore education agents. The visits showcased New Zealand as an education destination and educated agents about the employment options available post-study. The visits included meetings with education representatives and employers, and visits to various education campuses. The agents were nominated by the industry and ENZ's staff, and came from China, India, Indonesia, Japan, the Republic of Korea and Thailand.

To complement the ENZ-organised visits, we also funded 12 agent familiarisation visits that were organised by various regional groups in New Zealand. These visits directly promoted the educational and cultural experiences of individual regions to education agents.

Supporting the rebuilding of Canterbury's international education industry

Only the Auckland region receives more international students than Canterbury. In 2013, the impact of the Christchurch earthquakes on the international education industry has started to reduce with increasing numbers of students enrolled in the region's PTE sector and secondary school sub-sector.

The 2012/13 Christchurch Industry Support Programme was developed and implemented to guide the activities that support the rebuilding of the international education industry. We supported the development and launch of the 'Christchurch Educated' brand. The brand is being used by the industry to promote Christchurch.

Christchurch providers' visits to China, Japan, the Republic of Korea, Taiwan and Thailand were supported as they are historical markets for the region. During a visit to the Republic of Korea, four ENZ-sponsored education scholarships were launched to encourage international students to study in Christchurch. We also implemented an international digital marketing strategy to promote Christchurch as an education destination, targeting potential students in Japan, the Republic of Korea and the United States.

We supported the development of the Canterbury Tertiary Pathway Accord between Christchurch Polytechnic Institute of Technology, Lincoln University and the University of Canterbury. The Accord aims to implement a range of initiatives to encourage international students who are currently attending Canterbury secondary schools to undertake their tertiary education in Canterbury.

We also supported agent familiarisation visits to showcase the opportunities available in Christchurch.

In 2011/12, we worked with Immigration New Zealand and the New Zealand Qualifications Authority to develop a work rights policy for English language students studying in Christchurch's quality education providers. The policy was designed to help Canterbury providers recover from the 2011 earthquakes as the industry identified that eligibility for work rights would help attract students. In August 2012, Immigration New Zealand launched this pilot policy for a term of 18 months. This pilot has been successful for the category one providers whose students have work rights.

Avonmore offers vocational courses in hairdressing, hospitality, management, travel and tourism, and computer network engineering. We started marketing and recruiting international students in 2003. Leading up to 2011, we developed relationships with agents in Christchurch, China and India, and gradually built enrolments until the February 2011 earthquake destroyed our facilities and capability. We relocated to temporary premises throughout the city, and did our best to retain and teach our students.

Since the earthquake, ENZ supported early initiatives: providing hope and some reassurance that they cared and were ready to help.

We are very grateful and appreciate the following initiatives which have made a difference:

- › 50/50 travel connection funding to markets – this enabled us to travel and assure our agents that we were still in business
- › Scholarships – this has helped attract new students in new markets to Christchurch
- › Website review – while we had recently launched a new website, the review was insightful and invaluable
- › In-bound agent visits – meeting a range of agents from China, Indonesia, the Republic of Korea and India has increased our agent network at virtually no cost and was a life saver.

ENZ's proactive strategies have kept many PTEs spiritually and financially in the market.

These initiatives were part of our decision to reinvest in a new campus in the city which was recently opened by the Prime Minister. Our 2013 enrolments are slightly ahead of pre-quake level which is remarkable.

ENZ has made a difference. Success should not be measured by just increased enrolments; keeping the private sector's capital and interest in the market is pivotal in building international student enrolments.

Mike Hadley | Director of Avonmore Tertiary Institute

Impact measures

Impact measure	Baseline	Target	Result
Increase the New Zealand Educated brand awareness amongst main English speaking destination countries.	<i>Proxy measure</i> 2009: Ranked as 5th with 1.9% share of non-resident students enrolled in tertiary education ¹⁰ .	2012/13: Ranked as 5th.	2011: Ranked as 5th with 1.7% share of non-resident students enrolled in tertiary education ¹² .
	<i>Trend</i> 2010: Ranked as 5th with 1.7% share of non-resident students enrolled in tertiary education ¹¹ .	<i>New baseline</i> 2012/13: Commission the development of a new agreed model for assessing brand awareness.	2012/13: We commissioned brand awareness research which started being conducted in our Tier 1 markets, Japan and most of our Tier 2 markets ¹³ . The baseline will be established in 2013/14.
Awareness of New Zealand as an education destination ¹⁴ .	2011/12: 36,000 people accessed the New Zealand Educated website ¹⁵ .	2012/13: 39,000	
	<i>Revised baseline</i> 2011/12: 560,446 people accessed the New Zealand Educated website.		2012/13: 972,517 people accessed the New Zealand Educated website.

Sub-output: Collaboration

As the capability and capacity of the industry varies between and within sectors, we worked with the industry to strengthen its capability so it could benefit from growth opportunities. We worked across other governments to represent New Zealand government and education aspirations, and to develop joint work programmes to achieve mutual goals. As education and immigration policies and settings can affect New Zealand's attractiveness to potential international students, we worked with other New Zealand government agencies on joint work programmes.

Strengthening industry capability

We sponsored a series of sector-specific best practice seminars for the PTE, ELS, ITP and university sectors using the results of the 2011/12 International Student Barometer (ISB) surveys. The seminars were run by i-graduate, the British organisation that manages and runs the ISB globally, and were held in Auckland, Wellington and Christchurch. The seminars covered the strengths and weaknesses of international students' experiences compared to New Zealand's competitor countries and provided best practice examples.

Other seminars provided the industry with an overview of branding in the China market and the opportunities and challenges for education providers interested in the Indian market. We also held informal workshops to build the industry's knowledge of Indonesia as a potential market and identify opportunities in that market.

Supporting collaboration in the education technology sub-sector

The education technology (EdTech) sub-sector is a growing sub-sector globally. It has the potential to make an important contribution to the Leadership Statement for International Education's objective of increasing the value of offshore education services to \$500 million by 2025.

In September 2012, Learning Media, Grow Wellington and ENZ held a workshop to explore whether the EdTech sub-sector was interested in working together to maximise potential export opportunities. The attendees included developers, online publishers, technology thought leaders and academics. The agreed next steps were to:

- › pull together examples of the various products and services that illustrate the sub-sector to spread the word about its potential
- › investigate whether to hold an EdTech conference/expo in 2013
- › talk about the collaborative EdTech idea with others from the sub-sector.

In response to the interest shown at the workshop, Grow Wellington and ENZ co-hosted the inaugural EdTech for Export Conference in April 2013. The conference was targeted at companies currently working in the sub-sector.

The conference attracted over 200 registrations, double the target number. The participants included technology providers, publishers and content developers, game and application developers, hardware and software developers, and education and training providers. Feedback from participants indicated that:

- › 90 percent would attend the conference again
- › 82 percent achieved their personal or business objectives
- › 82 percent made meaningful connections that could lead to future business opportunities.

Launching the International Education Growth Fund

We launched the International Education Growth Fund (IEGF). Through the IEGF, we provide matched funding for up to 50 percent of the total cost of short-term projects for the industry. The funded projects are intended to increase the number of international students coming to New Zealand or at New Zealand institutions offshore, increase the value of goods and services provided offshore, or increase the value of existing activities.

In April 2013, we called for applications from the industry. In total, 80 applications were received. We approved 29 applications worth a total of \$1.005 million. We discussed with the applicants how else we could support their growth plans, particularly where co-funding was not approved.

In 2013/14, we will monitor the projects that have been approved funding. The IEGF will also be expanded using the additional funding provided under Budget 2013 to strengthen the industry. The next call for applications is planned for September 2013.

Working across governments in South America

During the year, our work to build bilateral relationships across other governments has been particularly successful in South America. South America includes two of our Tier 2 markets, Brazil and Chile, and other markets that have the potential to grow significantly in terms of student attraction and the delivery of education products and services.

New Zealand was selected as one of four pilot countries to receive Brazilian secondary school students under the 'Win the World' programme funded by the Brazilian State of Pernambuco. Under this programme, 333 students studied here for the first two school terms of 2013.

10 Source: Education at a Glance 2011: OECD Indicators, OECD.
 11 Source: Education at a Glance 2012: OECD Indicators, OECD.
 12 Source: Education at a Glance 2013: OECD Indicators, OECD.
 13 We are not conducting brand awareness research in Chile and Saudi Arabia, two of our Tier 2 markets in 2012/13.
 14 Source: Operational data, Education New Zealand.
 15 The baseline, and the subsequent 2012/13 target, reported in the *Statement of Intent 2012-15* was the number of people who had opted into our Lead Management system, not the number of people who accessed the New Zealand Educated website in 2011/12. A revised baseline has been included to provide a year-on-year comparison.

We secured the inclusion of New Zealand universities in the Brazilian Government's 'Science without Borders' scholarship programme from 2013 onwards. We worked with New Zealand's universities to negotiate the text of their agreement with the Brazilian funding agency, the National Council of Technological and Scientific Development. The agreement was signed during the Prime Minister's visit to Latin America. This programme provides scholarships for Brazilian tertiary students to study overseas, focusing on science, technology and innovation. Applications under the programme were due to Brazil's funding agency on 29 July 2013.

New Zealand was selected as the pilot country for Chile's 'Penguins without Borders' programme¹⁶. Under this programme, 40 students studied here for the first two school terms of 2013, with a further 101 students for the last two terms. More students are expected to study in New Zealand under this programme in 2014.

In recognition that the 'Penguins' programme has built links between New Zealand and Chilean secondary school students, New Zealand's Minister of Education launched the 'Flying Kiwis' programme during her visit to Chile in June 2013. The programme will see seven 15 and 16 year-old Spanish language students from New Zealand, accompanied by a Spanish language teacher, travel to Chile later in 2013. The students will come from the schools that hosted the first group of 'Penguins'. The 'Flying Kiwis' will stay with the families of the 'Penguins'.



The first group of 'Penguins' in New Zealand.

Supporting New Zealand Week in Malaysia

The Ministry of Foreign Affairs and Trade holds a New Zealand Week in Malaysia each year to raise New Zealand's profile. As a New Zealand Inc agency, we supported the week and used it to increase awareness of New Zealand as an education destination.

Along with New Zealand Trade and Enterprise, we supported the Minister for Tertiary Education, Skills and Employment's visit to Malaysia to promote international education and trade relationships and opportunities. While in Malaysia, the Minister signed the Bilateral Arrangement on Higher Education to strengthen, promote and develop higher education co-operation between the two countries. The Minister also launched the New Zealand Educated alumni LinkedIn site at an alumni event.

We sponsored the Malaysia Virtual Re-Start Fashion Competition which was designed to raise the profile of the New Zealand tertiary institutions that provide fashion courses. The competition involved New Zealand and Malaysian design students collaborating to design clothing collections with a fashion show held as part of the Gala Dinner.

We also held a number of school roadshows and education fairs in Malaysia during the week.

Working with other New Zealand agencies

ENZ worked closely with other agencies to leverage our, and the other agencies, efforts to achieve common goals. We worked with the New Zealand Qualifications Authority as they reviewed the definition for a Masters' degree. The changed definition was implemented during the year and we expect this to be an attractive option for international students.

An interagency steering group was established to ensure that advice to Ministers was effectively 'joined up' by aligning work programmes, and that operational policy opportunities and issues were identified and considered across government agencies. During the year, agencies started working on the deliverables contained in the initial work programme and agreed a communications protocol for international education. In August 2013, international education, immigration and tourism cross-agency data will be released as a result of the agencies' work to align information collection and distribution.

In response to the success of the work rights pilot policy for English language students studying in Christchurch's category one providers, the interagency steering group recommended to Ministers that the policy be extended nationwide in 2013/14. The steering group also developed a partnership model for education providers which will be piloted in early 2014.

Developing the New Zealand Education Story

Along with Tourism New Zealand and New Zealand Trade and Enterprise, we have been sponsoring the development of the New Zealand Story. It is being designed to be an overarching story to support export earnings growth across all export industries. The New Zealand Story is expected to be launched in 2013/14.

To complement the New Zealand Story, we have been developing the New Zealand Education Story to represent the international education industry's work. This work commenced in January 2013. During the year, we defined the project, engaged with stakeholders, defined what should be included in the accompanying marketing toolkit, defined the Story's attributes, tested the proposed Story and developed the creative materials to be used in the Story.

The New Zealand Education Story is intended to be powerful and appealing so education providers, education and immigration agents, and offshore education service providers use it to attract more international students and to increase the provision of education products and services offshore.

To ensure that it achieves these outcomes, we have identified the unique benefits of a New Zealand education with extensive input from students, alumni, education providers, education service providers, and education and immigration agents. We have also used insights gained from our brand awareness research and our research programme.

In August 2013, we will test and validate the proposed New Zealand Education Story with key stakeholders from each sector of the industry and with international students who are currently studying in New Zealand to ensure that it resonates with them.

The New Zealand Education Story will be presented to the industry at the New Zealand International Education Conference 2013 in November 2013. A marketing toolkit to assist in telling the New Zealand Education Story will also be launched at the Conference. It will include a brand video, campaign creative concepts, ENZ's re-launched student attraction website, an image library and brand guidelines. The toolkit will provide the foundation for the industry to tell their individual brand stories.

¹⁶ The programme's name comes from the traditional black and white Chilean secondary school uniform.

Impact measures

Impact measure	Baseline	Target	Result
Value of the New Zealand education industry.	<p>2008: The industry was valued at \$2.3b (foreign exchange earnings)¹⁷.</p> <p><i>Trend</i></p> <p>2011/12: The industry was valued at \$2.7b (foreign exchange earnings)¹⁸.</p> <p>Of this, offshore education services were worth \$109m.</p> <p><i>Comparable baseline</i></p> <p>2008: The industry was valued at \$2.51b (gross value²⁰)²¹.</p> <p>Of this, offshore education services were worth \$107m.</p>	2014/15: Increase by \$1b to \$3.7b (foreign exchange earnings) ¹⁹ .	<p>2012/13: The industry was valued at \$2.60b (gross value)²².</p> <p>Of this, offshore education services were worth \$104m.</p>
Level of collaboration within the international education industry ²³ .	2011/12: 2 collaborative projects within the international education industry that include ENZ.	2012/13: 3	2012/13: 7 collaborative projects have been established.

17 Source: The Economic Impact of Export Education 2008, Infometrics.
 18 Source: The Economic Impact of Export Education in 2011, Infometrics.
 19 The target was set using a 2011 update by Infometrics of *The Economic Impact of Export Education 2008* report. The update estimated that the industry was valued at \$2.7 billion in 2011. While it provided a useful indication of the value of the industry, the update was not a comprehensive study. The 2011 update is not comparable to the 2012/13 result.
 20 During the development of the 2012/13 research to measure the value of the industry, Statistics New Zealand recommended that the gross value should not be adjusted for foreign exchange earnings, therefore the economic value is measured terms of gross value. The gross value is simply the spending by students in New Zealand, irrespective of how it is financed. To calculate foreign exchange earnings, expenditure in New Zealand that is financed by students' earnings in New Zealand is subtracted.
 21 Source: The Economic Impact of the International Education Industry 2012/13, Infometrics.
 22 Source: The Economic Impact of the International Education Industry 2012/13, Infometrics.
 23 Source: Operational data, Education New Zealand.

Sub-output: Information and support

During the year, we provided information and support to potential students and their families, education agents, and the international education industry through our websites, by publishing newsletters and holding or attending events. Providing information and support to the industry enables them to identify and benefit from opportunities for growth.

Information is linked to student support; it enables potential students and their families to make an informed decision about where to study overseas and creates realistic expectations of their experiences while studying in New Zealand. As potential students and their families, in some markets, often rely on advice from other students and education agents, we need to ensure students enjoy their experiences and agents understand what New Zealand has to offer.

Learning about international students experiences

We held the inaugural *Student Voice* forum to learn about international students' experiences and find out how we can improve the overall education experience in New Zealand. Representatives from Immigration New Zealand, the New Zealand Qualifications Authority and the Ministry of Education also attended the forum to learn about the students' experiences. The 22 students came from around the world and were studying at a range of institutions across New Zealand.

During the forum, the students talked about their arrival and study experiences, their experiences with education agents, the ENZ websites and their understanding of New Zealand's visa requirements. We tested our planned marketing concepts and our understanding of the international student lifecycle and key decision-making points using the lifecycle maps that we developed in 2011/12.

We are using the results of the forum, including their feedback on the lifecycle maps, in all aspects of our marketing. All the attending students rated the forum as excellent. A second *Student Voice* forum will be held in October 2013.



Attendees of the Student Voice forum 2012.

Supporting New Zealand International Doctoral Research Scholarship recipients

In April 2013, we held a workshop with the current New Zealand International Doctoral Research Scholarship (NZIDRS) recipients to learn about their expectations and experiences in applying for the scholarships, enrolling at a university, and arriving and studying in New Zealand. The attendees ranged from recent arrivals to students in their third year of study.

Overall students were very positive about their experience to date, and have enjoyed being in New Zealand and undertaking their studies. Their suggested improvements included having the ability to lodge the NZIDRS applications online and providing more information about immigration processes on our website. We have started exploring these suggested improvements for implementation in 2014.

Improving the information and support provided to education agents

In partnership with Immigration New Zealand, we administer the New Zealand Specialist Agent (NZSA) programme which accredits education agents who can demonstrate a sound understanding of New Zealand's education landscape after they have undergone a thorough training and assessment programme.

We completed a review of the NZSA programme to ensure it is fit for purpose and meets the needs of education providers, potential students and education agents. The suggested improvements included:

- › providing more regular communications to education agents
- › giving more agents the opportunity to learn about New Zealand's education system and the benefits of studying in New Zealand through an e-learning programme
- › giving more agents the tools to clearly explain and promote the benefits of studying in New Zealand once they have completed an e-learning programme
- › creating an exclusive group of New Zealand Specialist Agents who meet strict quality and recruitment criteria.

In response to the review, we launched a monthly newsletter for education agents and developed an e-learning programme for agents. The e-learning programme will allow all agents to study at their own pace anywhere, rather than ENZ running training seminars targeted only at NZSA agents. The programme will also be 'future proofed' so we can easily update it to ensure the programme stays up to date and relevant. The programme was launched in July 2013 to existing NZSA agents and in August 2013 to non-NZSA agents.

Undertaking research for the industry

We completed a significant research programme during the year. The research provided up-to-date information about our Tier 1 and 2 markets, and potential opportunities for growth by sector. The final reports are available to New Zealand providers and businesses on request.

The research programme identified:

- › student attraction and education business opportunities in Indonesia
- › student attraction and education business opportunities, by sector, for key Chinese cities
- › education business opportunities in the Middle East
- › student attraction and education business opportunities in Japan, Malaysia, the Republic of Korea, Thailand, and Viet Nam.

A large scale research report on the Indian market was also completed as part of the research programme. It included the results of a student survey, trends in decision making, competitor country analysis and areas of focus to improve New Zealand's competitiveness in India.

The research into Indonesia, a relatively new market for New Zealand, was used in our capability building seminars to build the industry's knowledge of Indonesia and potential opportunities in the Indonesian market.

We funded research into the economic impact of the industry to provide an update of the industry's value and to develop an agreed methodology for future updates of the industry's economic value. The results of the update are shown in Part One of this Annual Report.

Updating how we communicate with the industry

We updated and re-launched our website for the international education industry www.educationnz.govt.nz. The website was re-designed to improve its usability. Many of the changes were based on the searches users made and the pages they visited. The changes included:

- › creating a 'Markets and Research' area that contains country analysis for Tier 1 and 2 markets
- › moving the 'Agents' area to reflect that it is the second most-visited page
- › including additional information on agents.

We started holding webinars as a way of communicating with the industry or specific sectors, and responding to their questions in a group setting. We held webinars for the schools sector, for agents and their partners, and for institutions that are interested in our planned activities for the China market. Our first webinar was held with the schools sector, where we talked about our priorities and country focus and how they affect the sector including our research, planning and marketing activities. The webinars have proven to be a popular way of communicating with the industry and more are planned for 2013/14.

Impact measures

Impact measure	Baseline	Target	Result
Percentage of international education industry organisations that consider that Education New Zealand has added value to their business.	2012: Baseline being developed by first industry survey.	2012/13: 70%	2012/13: The 2012 Industry Survey and the 2013 Industry Survey did not include questions that would allow the establishment of a baseline.
International students report good information enhanced their New Zealand education experience ²⁴ .	2012/13: Baseline being developed using Ministry of Education i-graduate survey information from 2007 and 2011/12 ²⁵ . I-graduate enables international benchmarking of student experience.	2012/13: Establish baseline.	2011/12: The proportion of international students who were satisfied or very satisfied with their overall experience was: <ul style="list-style-type: none"> › Secondary schools: 94% › Private training establishments: 87% › English language: 88% › Institutes of technology: 89% › Universities: 89%. <p><i>Note that the 2007 i-graduate survey results are not comparable due to changes in methodology. The primary schools sub-sector is not measured.</i></p>

²⁴ Source: 2011/12 International Student Barometer surveys, i-graduate.

²⁵ The i-graduate International Barometer surveys were run over two years due to the Christchurch earthquakes.

Our organisational development

We have been building and developing our people, systems and processes, and infrastructure to support our work programme. As a new organisation, we continued to evolve and finalise our organisational structure, policies and processes.

A new organisational structure was implemented to ensure that we would be able to deliver our work programme. We completed a review of the Corporate Services function to ensure that it meets ENZ's needs.

We developed and launched the Education New Zealand brand as our corporate brand; using the New Zealand Way brand. While updating our website for the industry, we updated the branding used on it so that it is consistent with our corporate brand.

To ensure that we deliver our outputs effectively and efficiently, the target of administration expenses to core operating expenses was set at 20 to 25 percent. For 2012/13, administration expenses to core operating expenses were 20 percent; at the lower end of the target range.

Our technology

Launching our digital strategy

Digital channels are one of our key channels to communicate with the international education industry, potential international students and their families. Through our digital channels, we can provide information and support to the industry about events and potential opportunities for growth. We can also use it to promote New Zealand as an education destination to potential students and their families, as well as education agents.

During the year, we launched our Digital Strategy which is comprised of four components:

1. Digital capability – getting the foundations right
2. Acquisition and attraction – using our digital assets to engage with potential international students
3. Retention and advocacy – re-engagement
4. Education business development/industry support tools.

Our information and communications technology strategy

We developed an Information and Communications Technology (ICT) Strategy to ensure that our ICT platform was fit for purpose, secure and reliable. The strategy delivers a phased approach to improving our ICT services. It was developed following consultation with other government agencies on how to best deliver our ICT services as we seek to use shared back office services where sensible.

Phases 1 and 2 of the strategy were implemented to, firstly stabilise our existing ICT infrastructure, then implement a new ICT infrastructure. Our work to stabilise our current infrastructure (Phase 1) was largely implemented via one.govt²⁶ and the all-of-government shared services platform.

The completion of Phase 2 will enable us to deliver our digital strategy. We have also started to develop Phase 3 – a strategy to leverage the new infrastructure by using applications to improve our collaboration, communication and efficiency. Phase 3 is planned for completion in 2013/14.

Our people

Culture

Our spirit values are a foundation stone for the organisation. The values that reflect our spirit are inspirational leaders, business savvy, innovative, knowledgeable, connectors, passionate, welcoming, trustworthy, and one team.

They inform our recruitment practices and selection criteria, are woven through our induction programme for new employees, and influence how we work together. The Leadership Team is expected to model our spirit, and their performance, along with all employees, is measured in terms of how they behave and the outputs they deliver. ENZ has zero tolerance for harassment or bullying.

We implemented an induction programme for new staff, weaving our spirit throughout the programme and using input from the government agencies we work with to ensure our staff understand the role those agencies have in relation to international education.

To bring our spirit to life, staff were asked how it could be reflected in the redesign of our Wellington office. Before the refit was proposed, staff asked that a glass wall, which had faced arriving visitors, be removed to create a more welcoming environment.

Family flexibility

ENZ accepts its responsibility to act as a good employer and tries to build flexibility into employees' work practices. It is reasonably common for staff to change their hours or location of work to accommodate the needs of their family either temporarily or longer term, and family friendly practices are reflected in a clause in our standard employment agreement.

Recognising that many of our staff work extra hours and sometimes need to travel or be available for phone calls from people in other time zones, ENZ held two functions during the year to which family members were invited (one of these coincided with a Matariki celebration).

Health and safety

We continued to work to meet the requirements under the Health and Safety in Employment Act by:

- › supplying air purifiers to two offshore offices
- › appointing Fire wardens and First Aid trainers in the Wellington office
- › offering and paying for flu vaccines, and placing hand sanitising gels and tissues around the Wellington office to reduce the spread of colds and flu
- › providing access to EAP services for staff free of charge and confidentially
- › offering new work station assessments following the refit of the Wellington office and supplying additional equipment (such as footstools) where recommended.

Civil defence supplies in the Wellington office are regularly reviewed, and awareness of where these are stored and how to access them is a routine part of induction for new staff. As non-Wellington based staff are co-located with other organisations, civil defence supplies are provided by those organisations.

ENZ offices are accessible to people with disabilities. Staff are invited to disclose any disabilities once they have been accepted for employment so that we are able to ensure any adjustments to the work environment are made.

²⁶ One.govt is a comprehensive suite of wide area network and internet services available to government agencies. Its' syndicated agreement means that agencies don't have to enter into procurement cycles as the contract negotiations and management are centralised.

Our work force profile

Staff numbers

Number of full-time equivalents	30 June 2013
Permanent and fixed term staff	59.5
Contractors for service	8
Secondments to ENZ	2
Total	69.5

The use of contractors has steadily declined in 2012/13 with some contractors replaced by permanent staff and others no longer needed as the transition from the Education New Zealand Trust was completed. Contractors are likely to continue to be used where short term and/or specialist skills are required. We expect the number of contractors being used to reduce further by the end of 2013.

Resignations, turnover and length of service

	30 June 2012	30 June 2013
Annual turnover (excludes redundancies and fixed term contract completions)	22%	13%

Exit interviews are offered to departing staff. These have not indicated any trends causing concern about the organisation's culture or the development opportunities available to staff. The reasons provided have included the employees' domestic situation, change related, career progression and performance issues. The average length of service of all staff is one year, reflecting ENZ's establishment on 1 September 2011 and the implementation of a new organisational structure in 2012/13.

Leave balances

At 30 June 2013, New Zealand based and seconded staff have an average of 11.7 days annual leave owing to them. Of these, four staff have over 25 days owing to them and we are looking at ways for these staff to take more time off. Sick leave balances are also being monitored and are not causing concern.

Employment relations

All staff are employed on individual employment agreements. The standard terms and conditions are regularly reviewed to ensure they are legally compliant. While ENZ does not have collective employment arrangements, two staff are Public Service Association (PSA) members.

Permanent employees are offered regular performance reviews. They participate in the reviews actively with self-assessments, performance planning and the identification of development opportunities integral to the process. Remuneration is reviewed annually, taking into account market conditions, performance and affordability.

Redundancies

Since 30 June 2012, 10 staff received compensation and other benefit payments in relation to redundancy due to ENZ's establishment and the refining of our capability needs. The total cost of these was \$232,414. Seven of these redundancies occurred in July and August 2012.

Secondments

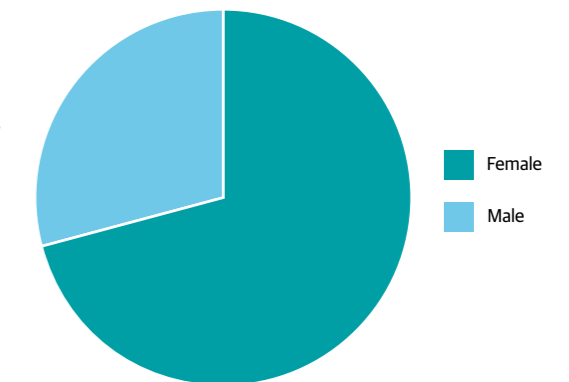
Because of ENZ's small size, secondments are a good way of bringing in expertise on a fixed term basis and building linkages with other organisations, including other New Zealand Inc agencies. We currently have one secondee in our Christchurch office from the Canterbury Development Corporation.

In early 2013/14, we will second a manager from the Ministry of Foreign Affairs and Trade to our Wellington office for three months and second one of our staff to work in Oman for two months. We will also second an Immigration New Zealand employee to work in our office in Saudi Arabia, and second a Ministry of Foreign Affairs and Trade employee to enhance our capability in Colombia until the end of December 2013.

Gender distribution

Seventy one percent of ENZ's staff are female. Of the group who are managers of staff, 60 percent are female. Flexible work arrangements have been offered to male and female staff in equal proportion where they have needed to alter their work hours or location to meet family responsibilities.

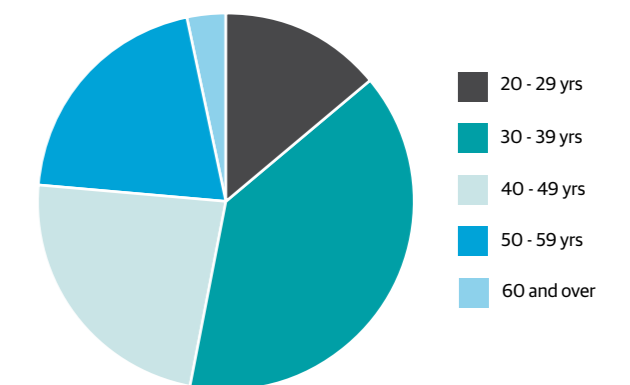
Graph 5: Gender distribution at 30 June 2013



Age distribution

The age distribution of staff does not cause any concern. There are similarities between the average age of New Zealand based staff (42.9 years) compared with offshore based staff (39.2 years). Organisations which have a higher proportion of staff nearing retirement would be placing a higher focus on succession planning. With the average length of service being one year and the age distribution outlined above, it suggests that we are at a lower risk in terms of losing key staff in the short term.

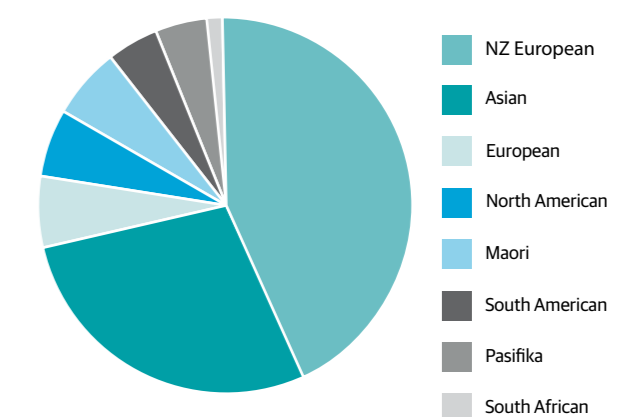
Graph 6: Age distribution at 30 June 2013



Ethnic diversity

One of ENZ's strengths is its ethnically diverse work force - and this is amongst the New Zealand based staff as well as internationally. In the Wellington office, 40 percent of staff have a non-New Zealand European ethnic background. This provides us with access to a rich mixture of cultural knowledge, languages and networks alongside our offshore based staff.

Graph 7: Ethnic diversity at 30 June 2013



A recent addition to staff induction packs is Te Kete Tikanga Māori, which will enhance our ability to welcome international visitors and our engagement with Māori. Short weekly waiata practices were instituted during the last quarter of 2013.

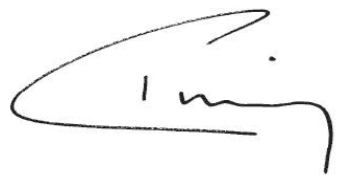
Statement of Responsibility

In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of Education New Zealand's financial statements and statement of service performance, and for the judgements made in them.

The Board of Education New Zealand has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

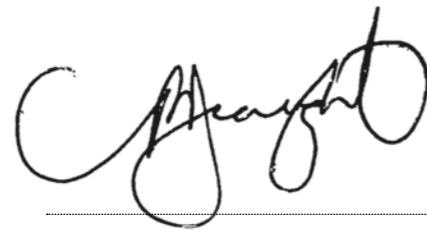
In the Board's opinion, the annual financial statements and statement of service performance for the year ended 30 June 2013 fairly reflect the financial position and operations of Education New Zealand.

Signed on behalf of the Board of Education New Zealand.



Charles Finny | Board Chair

31 October 2013



Philip Broughton | Board Member

31 October 2013

Part Three: Statement of Service Performance

This Statement of Service Performance reports against the performance measures in ENZ's *Statement of Intent 2012-15*. It covers the period from 1 July 2012 to 30 June 2013.

International education programmes

\$000	2012/13 Actual	2012/13 Budget	Variance
Revenue			
Revenue – Crown*	25,622	21,622	4,000
Revenue – Other	1,977	970	1,007
Total Revenue	27,599	22,592	5,007
Expenditure			
	27,506	25,592	(1,914)
Surplus/(Deficit)	93	(3,000)	3,093

Explanations of major variances against budget are provided in note 25.

* A \$4 million in-principle expense transfer from 2011/12 to 2012/13 to develop and implement initiatives to build awareness of New Zealand education opportunities was approved after the Statement of Intent 2012-15 was prepared.

International student postgraduate research scholarships

\$000	2012/13 Actual	2012/13 Budget	Variance
Revenue			
Revenue – Other	800	800	-
Total Revenue	800	800	-
Expenditure			
	865	800	(65)
Surplus/(Deficit)	(65)	-	(65)

Explanations of major variances against budget are provided in note 25.

Statement of service performance

Our focus is on delivering a high level of activity in support of the international education industry to achieve our outcomes and the government's goals for international education.

International education programmes

This appropriation is limited to the 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 managing and increasing the flow of international students and promoting international education linkages.

Performance measure	Target	Actual performance	
Promotion			
Growth in the rate of awareness in target countries and subsequent conversions (from awareness) in student enrolments at New Zealand education institutions.	Develop and implement decision-making matrix.	Achieved	An awareness and conversion matrix was developed and implemented for use in our monthly awareness and preference research.
Awareness			
Increase online presence and engagement in target markets.	39,000	Achieved	51,263 people have opted into our Lead Management system since it was established by the ENZ Trust. When ENZ was established on 1 September 2011, 36,000 people had opted into the Lead Management system.
Conversion			
Increase in the number of referrals by agents in 5 target countries.	3,900 referrals	Not achieved	3,790 referrals were made by agents in 5 target countries in 2012/13. In 2012/13, we undertook a review of the New Zealand Specialist Agents programme to ensure that it was fit for purpose. We also hosted familiarisation visits by education agents to showcase New Zealand as an education destination. We expect these activities to be reflected in increased referrals from education agents in 2013/14.
Quality			
Participating institutions express levels of satisfaction with Education New Zealand's promotional activities.	85%	Achieved	96% of participating institutions rated the events as satisfied or above ²⁷ .

²⁷ Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns.

Performance measure	Target	Actual performance
Christchurch recovery		
Increase the number of international students studying in Canterbury.	Arrest decline and maintain 2011 levels.	Not achieved 7,135 international students studied in Canterbury in 2012, a decrease from 9,746 in 2011. 5,112 international students studied in Canterbury in the first four months of 2013, a slight decrease from 5,138 for the same period in 2012. During the year we developed and implemented the 2012/13 Christchurch Industry Support Programme to support the rebuilding of the international education industry. We also agreed a three-pillar multi-year programme of support to help recovery of student numbers at a leading tertiary provider.
Collaboration		
Strengthen industry collaboration (by discipline, sector and region) to help grow international education in key markets in line with New Zealand's economic agenda.	3 new offshore industry projects set up in target markets.	Achieved 9 new offshore industry projects were set up in 2012/13. The first contestable round of the International Education Growth Fund was held. ENZ approved 29 industry projects, including offshore projects, for co-funding.
International education, country, or New Zealand Inc region strategy objectives and targets achieved through Education New Zealand representative activities.	60%	Not achieved In 2012/13, 40% (2 of the 5) New Zealand Inc targets that we monitor for China and India are on track to be achieved by 2015. New Zealand Inc strategy: China Of the 4 targets that we monitor for the China Strategy, 2 are on track. They are: › increasing the number of onshore enrolments ²⁸ to 25,000 › increasing the value of the industry by 20%. The baseline for the third target, growing the educational consultancy services, was established through <i>The Economic Impact of International Education 2012/13</i> report. The fourth target, doubling the number of enrolments in China, is not on track as the number of enrolments in China was unchanged between 2011 and 2012. In 2012/13, the New Zealand-China Technical and Vocational Education and Training Model Programme was launched which is expected to lead to more joint programmes and increase the number of enrolments in China.

28 Onshore enrolments refers to international students who are enrolled to study in New Zealand.

Performance measure	Target	Actual performance
New Zealand Inc strategy: India		
The target that we monitor relates to increasing the number of onshore enrolments. This target is not on track as the number of full fee-paying Indian students studying in New Zealand decreased in 2012. In 2012/13, we undertook a number of marketing programmes to increase the number of onshore enrolments, including Facebook, direct marketing activity and events. The most successful of these programmes will be run in conjunction with our education fairs in 2013/14. We also started partnering with Stephen Fleming who will work as a brand ambassador in India.		
Number of commercial interactions worked on with foreign governments and/or the New Zealand industry by type and by institution globally.	100	Achieved 140 verified commercial interactions have been recorded in the system.
Information and support		
Industry capability development		
Develop and deliver an industry professional development programme, designed to increase the capability of different industry providers to target suitable markets.	8 seminars or capability building events. 1 major networking opportunity per year with 80% satisfaction.	Achieved 14 seminars were held. The New Zealand International Education Conference (NZIEC) 2012 was held in November 2012. 97% of attendees rated NZIEC 2012 from 'fair' to 'fantastic' ²⁹ .
An annual survey each year assesses industry capability needs.		The 2012 Industry Survey asked the industry to rank which professional development/capability building activities that they would most like: › 58% selected marketing, promotion and student recruitment › 22% selected how to work with agents and build networks › 11% selected how to use the internet and social media › 9% selected codes of compliance and country regulations.
Provide informal opportunities for industry to network and identify business opportunities, related to a specific country or sector e.g. India or agriculture.	2 country or sector specific per year.	Achieved 7 opportunities were held for the industry to network and identify business opportunities.

29 Survey satisfaction ratings = Fantastic, Very Good, Good, Fair, Disappointing.

Performance measure	Target	Actual performance	
<i>Quality</i>			
Survey of participants regarding quality of capability development programmes/ seminars delivered.	80% satisfied or above.	Achieved	91% were satisfied in 2012/13 ³⁰ .
<i>Evidence base and information provision</i>			
Develop student information and support strategy, working with other agencies, to ensure students are well satisfied with their study experience (includes holding a student conference/workshop).	Develop strategy in conjunction with other agencies by 30 June 2013.	Not achieved	A formal student information and support strategy was not developed. Instead we worked with other agencies, the interagency steering group and the industry to address issues raised by the results of the 2011/12 International Student Barometer surveys. We hosted our first international student forum, <i>Student Voice</i> , in September 2012 to learn about current students' experiences.

International student postgraduate research scholarships

This appropriation is limited to scholarships available to international students wishing to study in New Zealand. We want to make sure we use them as a strategic marketing tool and to attract the right students, but the volume is unlikely to change due to specific budget constraints.

Our role for this appropriation is largely administrative. We receive the scholarship applications, provide the applications to a selection panel made up of university representatives for their decision, notify successful and unsuccessful applicants, and provide funding to the institutions attended by the scholarship recipients.

Performance measure	Target	Actual performance	
Information and support			
<i>Scholarships</i>			
Number of new scholarships awarded and/or existing scholarships funded.	35-45	Achieved	39 New Zealand International Doctoral Research Scholarships were funded.

³⁰ Ratings are based on an average of all the scores from the following questions/statements: seminars were interesting; seminars were relevant/useful; whether attendees would implement ideas learned from the seminar; and whether they would recommend the seminar to a colleague.

Part Four:

Annual Financial Statements

Independent auditor's report



To the readers of Education New Zealand's financial statements and non-financial performance information for the year ended 30 June 2013.

The Auditor-General is the auditor of Education New Zealand (ENZ). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of ENZ on her behalf.

We have audited:

- the financial statements of ENZ on pages 47 to 71, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of ENZ that comprises the statement of service performance on pages 39 to 42 and the impact measures on pages 24, 28 and 31.

Opinion

In our opinion:

- the financial statements of ENZ on pages 47 to 71:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect ENZ's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of ENZ on pages 39 to 42 and, 24, 28 and 31:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects ENZ's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
 - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of ENZ's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control 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 ENZ's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported non-financial performance information within ENZ's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect ENZ's financial position, financial performance and cash flows; and
- fairly reflect its service performance and outcomes.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Crown Entities Act 2004.

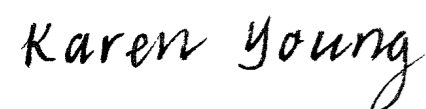
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have conducted an assurance review over certain organisational policies, which is compatible with those independence requirements. Other than the audit and the assurance review, we have no relationship with or interests in ENZ.



Karen Young

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Statement of comprehensive income for the year ended 30 June 2013

Education New Zealand was established on 1 September 2011, therefore the comparative 2012 data covers a period of 10 months.

\$000	Note	2013 Actual	2013 Budget	2012 Actual
Revenue				
Revenue from the Crown – operating	2	25,622	21,622	10,223
Revenue from the Crown – scholarships	2	800	800	1,333
Other income	3	1,685	900	4,958
Interest income		292	70	186
Total revenue		28,399	23,392	16,700
Expenditure				
Personnel costs	4	9,031	5,800	4,334
Other expenses	5	18,315	19,754	5,382
Scholarship expenses	6	865	800	1,180
Depreciation expense	10	160	38	58
Total expenditure		28,371	26,392	10,954
Net surplus/(deficit)		28	(3,000)	5,746
Other comprehensive income		-	-	-
Total comprehensive income		28	(3,000)	5,746

Explanations of major variances against budget are provided in note 25.

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

\$000	Note	2013 Actual	2013 Budget	2012 Actual
Assets				
Current assets				
Cash and cash equivalents	7	9,545	2,500	10,151
Debtors and other receivables	8	450	880	1,223
Investments	9	2,000	-	2,500
Prepayments		504	-	81
Total current assets		12,499	3,380	13,955
Non-current assets				
Property, plant and equipment	10	426	120	178
Intangible assets	11	415	-	-
Total non-current assets		841	120	178
Total assets		13,340	3,500	14,133
Liabilities				
Current liabilities				
Creditors and other payables	12	4,425	500	7,703
Employee entitlements	13	435	500	474
Provisions	14	2,618	-	122
Total current liabilities		7,478	1,000	8,299
Total liabilities		7,478	1,000	8,299
Net assets		5,862	2,500	5,834

Explanations of major variances against budget are provided in note 25.

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

\$000	Note	2013 Actual	2013 Budget	2012 Actual
Balance at 1 July		5,834	5,500	-
Comprehensive income				
Net surplus/deficit		28	(3,000)	5,746
Other comprehensive income		-	-	-
Total comprehensive income		5,862	2,500	5,746
Owner transactions				
Transfer of assets from Ministry of Education		-	-	88
Balance at 30 June	15	5,862	2,500	5,834

Explanations of major variances against budget are provided in note 25.

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2013

\$000	Note	2013 Actual	2013 Budget	2012 Actual
Cash flows from operating activities				
Receipts from the Crown – operating		25,622	21,622	14,223
Receipts from the Crown – scholarships		800	800	1,333
Receipts from other revenue		1,022	900	4,026
Interest received		298	70	123
Payments to suppliers		(18,152)	(20,554)	(6,617)
Payments to employees		(5,460)	(5,800)	(4,022)
Goods and services tax (net)		454	-	(651)
Net cash flow from operating activities	16	4,584	(2,962)	8,415
Cash flows from investing activities				
Payments for new term deposits		-	(10,000)	(2,500)
Purchase of property, plant and equipment		(410)	(400)	(121)
Purchase of intangible assets		(415)	-	-
Receipt from maturity of term deposits		500	10,362	4,357
Net cash flow from investing activities		(325)	(38)	1,736
Cash flows from financing activities				
Net cash flow from financing activities		-	-	-
Return of unspent levy funding for the ENZ Trust		(4,865)	-	-
Net increase/(decrease) in cash and cash equivalents		(606)	(3,000)	10,151
Cash and cash equivalents at the beginning of the year		10,151	5,500	10,151
Cash and cash equivalents at the end of the year		9,545	2,500	10,151

The GST (net) component of operating activities reflects the net GST paid to the Inland Revenue Department (IRD). The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. The net GST paid to the IRD includes the GST relating to investing activities.

Explanations of major variances against budget are provided in note 25.

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

Education New Zealand is a Crown entity as defined by the Crown Entities Act 2004. We were established on 1 September 2011 under the Education Act 1989 (the Education Amendment Act 2011). Our ultimate parent is the New Zealand Crown. We are funded primarily by government through Vote Tertiary Education.

Our primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return. Accordingly, we have designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

These financial statements are for the year ended 30 June 2013, and were approved by the Board on 15 October 2013.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Education Act 1989 (the Education Amendment Act 2011), which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with NZ GAAP as appropriate for public benefit entities and they comply with NZ IFRS.

Measurement base

The financial statements have been prepared on a historical cost basis except for some non-financial assets and liabilities which are stated at fair value.

Functional and presentation currency

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

Changes in accounting policies

There have been no significant changes in accounting policies during the year ended 30 June 2013.

There have been no revisions to accounting standards during the financial year which have had an effect on ENZ's financial statements.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

There is one standard, amendment, or interpretation issued but not yet effective that has not been early adopted, and that is relevant to the Service. NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, ENZ will be required to apply the Public Benefit Entity (Tier 1 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, ENZ will transition to the new standards in preparing its 30 June 2015 financial statements. ENZ has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The following significant accounting policies, which materially affect the measurement of financial results and financial position, have been applied consistently to all periods presented in these financial statements.

Significant accounting policies

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

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown

We are primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of ENZ meeting its objectives as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised using the effective interest method.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term, highly liquid investments, with original maturities of three months or less.

Debtors and other receivables

Debtors and other receivables are measured at fair value, less any provision for impairment.

Investments

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

For bank deposits, impairment is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank will enter into receivership or liquidation, and default in payments are considered indicators that the deposit is impaired.

Property, plant and equipment

Property, plant, and equipment asset classes consist of building fit out, computers, furniture and fittings, office equipment and motor vehicles.

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

Additions

The 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 us and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

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 statement of comprehensive income.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

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

Depreciation

Depreciation is provided using the straight line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Building fit out	The shorter of 10 years 10% straight line (SL) or the remaining term of the lease of the building that has been fitted out
Computers	4 years 25% SL
Office equipment	5 years 20% SL
Furniture and fittings	5 years 20% SL
Motor vehicles	4 years 25% SL

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets:**Software acquisition**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of our websites are recognised as an expense when incurred.

Amortisation

Amortisation begins when the 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 statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years 33% SL
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Impairment of non-financial 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Employee entitlements that we expect 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, annual leave earned, but not yet taken at balance date, and sick leave. For some offshore employees this also includes accruals for severance payments as provided by local legislation.

We recognise a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent we anticipate it will be used by employees to cover those future absences.

We recognise a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes**Defined contribution schemes**

We have obligations for contributions to KiwiSaver which is a defined contribution superannuation scheme. The contribution is recognised as an expense in the statement of comprehensive income as incurred.

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.

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

Grant expenditure

We approve and administer grants for a variety of purposes and periods. We recognise a liability for grants when the following conditions have been met:

- the expenditure has been approved
- there are no substantive conditions for the funding recipient to fulfil
- it is probable (more likely than not) that the funded proposal will be completed and that our commitment will crystallise.

Scholarships

Scholarship costs are recognised as expenditure over the period of the scholarship.

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Comparative data

Education New Zealand was established on 1 September 2011, therefore the comparative 2012 data covers a period of 10 months.

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the 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.

The following critical judgments have been exercised in applying our accounting policies for the period ended 30 June 2013.

Provisions

Within our provisions accounting policy, the following conditions must be met for grants to be recognised as a liability on signing. These conditions have required critical judgments.

- a. There are no substantive conditions for the funding recipient to fulfil.

We have reviewed all relevant contracts and considered whether or not there are substantive conditions for the funding recipient to fulfil. Where there are not we have recorded the grant as a liability on approval of the grant.

- b. It is probable (more likely than not) that the funded proposal will be completed and that our commitment will crystallise.

Based on experience and an assessment of the individual contracts we judge that it is probable that all funded proposals without substantive conditions to fulfil will be completed.

2. Revenue from the Crown

We have been provided with funding from the Crown for specific purposes as set out in the Education Amendment Act 2011 and the scope of the relevant Crown appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding.

We received funding from the Crown for scholarships as set out in the Statement of Intent, and the scope of the relevant Crown appropriation.

3. Other income

\$000	2013 Actual	2012 Actual
Recovery for events and fairs, and agents, accreditation	671	1,053
Education New Zealand (ENZ) Trust Income	996*	903
Trust donation on transfer 1 September 2011	-	2,980
Sundry income	18	22
Total other income	1,685	4,958

*This reverses out income in advance that is no longer required.

4. Personnel costs

\$000	2013 Actual	2012 Actual
Salaries and wages	5,013	2,581
Other personnel-related costs	1,087	514
Contractors	2,645	1,016
Restructuring costs	121	122
Defined contribution plan employer contributions	91	39
Increase/(decrease) in employee entitlements	74	62
Total personnel costs	9,031	4,334

Employer contributions to defined contribution plans are contributions to KiwiSaver.

5. Other expenses

\$000	2013 Actual	2012 Actual
Fees to Audit New Zealand for audit of financial statements	63	43
Fees to Audit New Zealand for other services*	11	-
Board members' fees	125	91
Advertising, events and fairs	7,260	2,098
Research, policy and other advice	3,487	1,083
Ministry of Foreign Affairs and Trade support services charges	520	468
Industry development	2,598	-
ENZ Trust operating expenses	(66)	307
Operating lease expenses	177	127
Other operating expenses	2,986	573
Staff travel	1,154	592
Total other expenses	18,315	5,382

* The fees paid for services were for an assurance review over certain organisational policies.

6. Scholarship expenses

\$000	2013 Actual	2012 Actual
Scholarship payments	865	1,111
Administration costs	-	69
Total scholarship expenses	865	1,180

During 2012/13 we received \$800,000 of revenue from the Crown to fund the costs of scholarships that were provided to some international students commencing and/or continuing their studies in New Zealand universities.

7. Cash and cash equivalents

\$000	2013 Actual	2012 Actual
Cash at bank and on hand	3,045	5,138
Term deposits with maturities less than 3 months	6,500	5,013
Total cash and cash equivalents	9,545	10,151

Cash at bank is non-interest bearing. The on-call account and term deposits earn interest at rates set from time to time by the banks we bank and invest with.

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

8. Debtors and other receivables

\$000	2013 Actual	2012 Actual
Debtors and other receivables	263	614
GST receivable	187	641
Less: provision for impairment	-	(32)
Total debtors and receivables	450	1,223

The carrying value of receivables approximates their fair value.

The ageing profile of receivables at year end is detailed below:

\$000	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	48	-	48	1,100	-	1,100
Past due 1 - 30 days	9	-	9	52	-	52
Past due 31 - 60 days	35	-	35	4	-	4
Past due 61 - 90 days	-	-	-	21	-	21
Past due over 90 days	1	-	1	78	32	46
Total	93	-	93	1,255	32	1,223

All receivables greater than 30 days in age are considered to be past due.

Movements in the provision for impairment of receivables are as follows:

\$000	2013 Actual	2012 Actual
Opening balance	32	32
Additional provisions made during the year	11	-
Receivables written off during the year	(43)	-
Total debtors and receivables	-	32

9. Investments

\$000	2013 Actual	2012 Actual
Current portion		
Term deposits	2,000	2,500
Total current portion	2,000	2,500
Non-current portion		
Term deposits	-	-
Total non-current portion	-	-
Total investments	2,000	2,500

There is no impairment provision for investments.

The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

10. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

\$000	Furniture & office equipment	Computer hardware	Motor vehicles	Leasehold improve- ments	Assets under construction - hardware	Total
Cost or valuation						
Balance at 1 September 2011	-	-	-	-	-	-
Additions at cost	83	38	-	-	-	121
Additions at fair value	27	44	44	-	-	115
Disposals	-	-	-	-	-	-
Balance at 30 June 2012	110	82	44	-	-	236
Balance at 1 July 2012	110	82	44	-	-	236
Additions at cost	4	132	-	204	70	410
Additions at fair value	-	-	-	-	-	-
Disposals	-	(2)	-	-	-	(2)
Balance at 30 June 2013	114	212	44	204	70	644
Accumulated depreciation and impairment losses						
Balance at 1 September 2011	-	-	-	-	-	-
Depreciation expense	30	14	14	-	-	58
Balance at 30 June 2012	30	14	14	-	-	58
Balance at 1 July 2012	30	14	14	-	-	58
Depreciation expense	77	53	17	13	-	160
Elimination on disposal	-	-	-	-	-	-
Balance at 30 June 2013	107	67	31	13	-	218
Carrying amounts						
Balance at 1 September 2011	-	-	-	-	-	-
Balance at 30 June 2012 and 1 July 2012	80	68	30	-	-	178
Balance at 30 June 2013	7	145	13	191	70	426

11. Intangibles

\$000	Acquired software	Internally generated software	Assets under construction - software	Total
Cost				
Balance at 1 September 2011	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2012	-	-	-	-
Balance at 1 July 2012	-	-	-	-
Additions	-	-	415	415
Disposals	-	-	-	-
Balance at 30 June 2013	-	-	415	415

The balance at 30 June 2013 is all work-in-progress.

12. Creditors and other payables

\$000	2013 Actual	2012 Actual
Creditors	2,995	1,139
Accrued expenses	1,378	678
Provision for return of unspent funding to Ministry of Education	-	4,865
Revenue-in-advance	-	976
Other payables	52	45
Total creditors and other payables	4,425	7,703

Creditors and other payables are non-interest bearing and are normally settled on less than 30 day-terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

13. Employee entitlements

\$000	2013 Actual	2012 Actual
Salaries and wages		
Accrued salaries and wages	167	127
Provision for resigning leave	-	96
Annual leave	268	251
Total personnel costs	435	474

14. Provisions

\$000	2013 Actual	2012 Actual
Current portion		
Restructuring	-	122
Provision funding contracts	2,618	-
Total current portion	2,618	122
Total provisions	2,618	122

Movements for each class of provisions are as follows:

\$000	Restructuring	Funding contracts	Total
Cost			
Balance at 1 September 2011	-	-	-
Additional provisions made	122	-	122
Amounts used	-	-	-
Balance at 30 June 2012	122	-	122
Balance at 1 July 2012	122	-	122
Additional provisions made	-	2,618	2,618
Amounts used	(122)	-	(122)
Balance at 30 June 2013	-	2,618	2,618

15. Equity

\$000	2013 Actual	2012 Actual
General funds		
Opening balance	5,834	-
Net surplus	28	5,746
Transfer of assets from Ministry of Education	-	88
Balance at 30 June	5,862	5,834

16. Reconciliation of net surplus to net cash flow from operating activities

\$000	2013 Actual	2012 Actual
Net surplus	28	5,746
Add/(Less) non-cash items		
Income-in-advance to income	(976)	(657)
Depreciation expense	160	58
Total non-cash items	(816)	(599)
Add/(Less) movements in working capital items		
(Increase)/Decrease in debtors and receivables	319	(932)
(Increase)/Decrease in prepayments	(423)	(81)
Increase/(Decrease) in creditors and other payables	2,565	4,362
Increase/(Decrease) in provisions	2,496	122
Increase/(Decrease) in employee entitlements	(39)	190
Return of unspent levy funding for the ENZ Trust	-	258
(Increase)/Decrease in GST	454	(651)
Net movements in working capital items	5,372	3,268
Net cash flow from operating activities	4,584	8,415

17. Capital commitments and operating leases

Capital commitments

ENZ did not have any capital commitments at balance date.

Operating leases as lessee

Operating lease commitments are for office rent for the Wellington office.

The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows:

\$000	2013 Actual	2012 Actual
Not later than one year	149	149
Later than one year and not later than five years	60	209
Later than five years	-	-
Total non-cancellable operating leases	209	358

We lease our Wellington premises. The lease expires on 26 November 2014, with two rights of renewal of three years each.

We lease office premises in overseas locations from the Ministry of Foreign Affairs and Trade. The lease periods vary, with some leases expiring between 31 March 2015 and 30 March 2019. In other instances there is a three years default period. These leases are not reflected above because the arrangements are included in the memorandum of understanding for support services with the Ministry of Foreign Affairs and Trade.

18. Contingent assets and liabilities

ENZ did not have contingent assets at 30 June 2013 (2012 Nil). ENZ did not have contingent liabilities at 30 June 2013 (2012 Nil).

19. Related party transactions

All related party transactions have been entered into on an arm's length basis.

We are a wholly owned entity of the Crown. The government significantly influences our role in addition to being its major source of revenue.

Significant transactions with government-related entities

We have received funding from the Crown of \$26.42 million (2012 \$11.56 million) during the year ended 30 June 2013 for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations. The debtor-Crown at year end is \$Nil (2012 Nil).

Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities we are required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. We are exempt from paying income tax.

We also purchase goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for year ended 30 June 2013 totalled \$5.70 million (2012 \$2.25 million). There is a balance outstanding of \$0.622 million at year end (2012 \$0.21 million). These purchases included the purchase of electricity from Genesis Energy, \$0.570 million air travel from Air New Zealand, \$1.99 million (2012 \$1.43 million) to tertiary education providers for scholarships and contributions to international events and fairs, and \$2.93 million (2012 \$0.54 million) in total to New Zealand Trade and Enterprise and the Ministry of Foreign Affairs and Trade for payment for services (including support services) delivered overseas.

We received reimbursement for expenses incurred on behalf of entities controlled, significantly influenced, or jointly controlled by the Crown. Receipts from these government-related entities for the year ended 30 June 2013 totalled \$0.463 million (2012 \$0.533 million). There is a balance of \$0.048 million (2012 \$0.148 million) outstanding at year end. These reimbursements included receipts from the tertiary education providers for costs incurred on their behalf in relation to events overseas.

Key management personnel compensation

\$000	2013 Actual	2012 Actual
Board fees, salaries and other short-term employee benefits	1,116	886
Post-employment benefits	22	8
Termination benefits	-	23
Total key management personnel compensation	1,138	917

Key management personnel include the Board, Chief Executive, and the five other members of the Leadership Team.

A number of companies in which ENZ Board members have an interest are members of industry groups. All transactions with these industry groups are on the same basis as all other industry groups and are not considered related party transactions.

The schedule below presents material related party transactions for the year ended 30 June 2013, which were at arms' length on normal commercial terms. No permissions to act despite being interested in a matter, in terms of section 68 of the Crown Entities Act 2004, were granted in the year ended 30 June 2013. All items are shown exclusive of GST.

Name of Board member and entity	Relationship	Transaction	Amount (\$)	Balance outstanding as at 30 June 2013 (\$)
Charles Finny (Chair)				
ENZ purchased the following:				
Victoria University of Wellington	Council Member	Scholarships	50,000	-
		India Studies Research Grant	242,544	242,544
		Sponsor Chair of Malay Studies	96,956	-
		India Research Conference	10,495	-
		Share of missions to China/Brazil	9,661	-
New Zealand Trade and Enterprise	Board Member	Support services delivered overseas	147,003	22,670
Latin America New Zealand Business Council	Director	Annual membership fee	1,140	-
		Attendance at Latin American event	25	-
ENZ received the following:				
Victoria University of Wellington	Council Member	Recoveries for ASEAN events and fairs	24,722	-
In 2012, ENZ paid \$160,010 to Victoria University of Wellington for scholarships and received \$38,322 from Victoria University of Wellington for the reimbursement of expenses incurred overseas on the university's behalf.				
Neil Barns				
ENZ purchased the following:				
Bay of Plenty Polytechnic	Deputy Chair	Malaysian fashion event funding	2,435	-
Polytechnics International New Zealand Ltd	Contract for service under negotiation	Indian skills delegation travel reimbursements	1,966	-

Name of Board member and entity	Relationship	Transaction	Amount (\$)	Balance outstanding as at 30 June 2013 (\$)
ENZ received the following:				
Bay of Plenty Polytechnic	Deputy Chair	Reimbursements for costs incurred in promoting the polytechnic at events overseas	2,621	-
Waiariki Institute of Technology	Deputy Chair	Reimbursements for attendance at International Exhibition and Conference on Higher Education (IECHE) seminar and events and fairs in Chile and Indonesia	8,810	-

In 2012, ENZ received \$21,323 from the Bay of Plenty Polytechnic for the reimbursement of expenses incurred overseas on the polytechnic's behalf.

Richard Leggat

ENZ purchased the following:

New Zealand Post	Director	Office postage and courier expenses	1,439	-
Tourism New Zealand	Director	ENZ's share of producing the 'New Zealand Story'	22,097	-
		Attendance at World Youth Student and Educational Travel Confederation conference (Sydney) and travel fair costs (Astindo)	4,769	-

Jenny Alford

ENZ received the following:

Auckland UniServices	Former General Manager	Reimbursement attendance at IECHE seminar and Study Abroad Korea fair	5,000	-
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20. Board member remuneration

\$000	2013 Actual	2012 Actual
C Finny (Chair)	32	39
J Alford	16	13
N Barns	16	13
P Broughton	16	-
J Morris (from 1 September 2012)	13	-
R Leggat	16	-
J Tattersall	16	13
E Valintine	-	13
Total Board member remuneration	125	91

Stakeholder Advisory Committee members are appointed by the Minister for Tertiary Education, Skills and Employment as voluntary members with no remuneration. The members of the Board's sub-committees are not paid separately in addition to the board fees.

We have provided a deed of indemnity to Directors for certain activities undertaken in the performance of our functions.

We have Director's and Officer's Liability and Professional Indemnity insurance cover in respect of the liability or costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation.

21. Employee remuneration

	2013 Actual	2012 Actual
Total remuneration paid or payable		
\$100,000 - 109,999	2	1
\$110,000 - 119,999	1	1
\$120,000 - 129,999	1	1
\$130,000 - 139,999	3	1
\$140,000 - 149,999	-	1
\$150,000 - 159,999	2	-
\$160,000 - 169,999	2	-
\$170,000 - 179,999	1	-
\$200,000 - 209,999	1	-
\$290,000 - 299,999	1	-
Total employees	14	5

A number of employees are staff from New Zealand who have been seconded to offshore roles or are locally engaged offshore staff who are paid in local currency.

During the year ended 30 June 2013, 10 (2012 1) staff received compensation and other benefit payments in relation to cessation totalling \$232,414 (2012 \$23,000).

22. Events after balance date

There were no significant events after balance date that required the financial statements to be adjusted.

23. Financial instruments

23A. Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

\$000	2013 Actual	2012 Actual
Loans and receivables		
Cash and cash equivalents	9,545	10,151
Debtors and other receivables	450	1,223
Investments - term deposits	2,000	2,500
Total loans and receivables	11,995	13,874
Financial liabilities measured at amortised cost		
Creditors and other payables	4,425	7,703
Total financial liabilities measured at amortised cost	4,425	7,703

23B. Financial instrument risks

Our activities expose it to a variety of financial instrument risks, including credit risk and liquidity risk. ENZ has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

Credit risk is the risk that a third party will default on its obligations to us causing it to incur loss.

Due to the timing of its cash inflows and outflows we invest surplus cash with a registered bank.

We have processes in place to review the credit quality of customers prior to the granting of credit.

In the normal course of business we are exposed to credit risk from cash and term deposits with banks, debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. We have experienced no defaults of interest or principal payments for term deposits. We hold no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings:

\$000	2013 Actual	2012 Actual
Counterparties with credit ratings		
Cash at bank and term deposits	-	-
AA-	11,545	12,651
Total cash at bank and term deposits	11,545	12,651
Counterparties without credit ratings		
Debtors and other receivables	450	1,223
Total debtors and other receivables	450	1,223

Liquidity risk*Management of liquidity risk*

Liquidity risk is the risk that we will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. We primarily manage liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

\$000	Carrying amount	Contractual cash flows	Less than 6 months	6 - 12 months	Later than 1 year
2012					
Creditors and other payables	7,703	7,703	7,703	-	-
Total	7,703	7,703	7,703	-	-
2013					
Creditors and other payables	4,425	4,425	4,425	-	-
Total	4,425	4,425	4,425	-	-

24. Capital management

Our capital is equity which comprises accumulated funds. Equity is represented by net assets.

We manage our equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that ENZ effectively achieves its objectives and purpose, while remaining a going concern.

25. Explanation of major variances against budget

Explanations for major variances from our budgeted figures in the Statement of Intent are as follows:

Statement of comprehensive income

Revenue from the Crown - operating is \$4 million higher than the Statement of Intent budget. This difference reflects an in-principle expense transfer of \$4 million from 2011/12 to 2012/13.

Other income is \$0.785 million higher than the Statement of Intent budget. This is primarily attributable to the reversal of a revenue-in-advance liability transferred from the ENZ Trust.

Personnel costs are significantly higher than the Statement of Intent budget. The Statement of Intent budget was prepared shortly after our establishment and did not reflect the final approved organisation structure.

Statement of financial position

The higher than forecast cash and cash equivalents balance reflects that creditors and liabilities were higher than forecast. The Statement of Intent budget was prepared shortly after our establishment, at that point there was no experience of expenditure patterns.

Statement of changes in cash flows

The material differences in the statement of cash flows between actual cash flows and those in the Statement of Intent budget are attributable to the reasons detailed above on the differences in the statement of comprehensive income and the statement of financial position.

Appendix: Our statutory functions

The functions of Education New Zealand are specified in section 270 of the Education Amendment Act 2011.

Our statutory functions are to:

- › deliver strategies, programmes and activities for promoting, together with providers and other government agencies, New Zealand education overseas
- › promote New Zealand as an educational destination for international students
- › promote the provision of New Zealand education and training services overseas
- › manage, in collaboration with other government agencies, activities undertaken by representatives appointed to act on behalf of the New Zealand Government in relation to international education
- › carry out research on international education markets and marketing strategies
- › administer any international programmes or activities that are consistent with the Government's policy on international education
- › provide information, advice, and assistance to providers on strategies to promote industry co-ordination and professional development
- › provide information to international students about living and studying in New Zealand
- › work with other agencies to ensure that international students are adequately supported while living and studying in New Zealand
- › foster collaborative networks with former international students.

Education New Zealand

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