



NEW ZEALAND
EDUCATION

ThinkNew®

ANNUAL REPORT

2015-2016



ABOUT EDUCATION NEW ZEALAND

Our purpose

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

Who we are

ENZ is a Crown Agency. The Ministry of Education and the Ministry of Business, Innovation and Employment are our monitoring agencies. In New Zealand, staff are based in Auckland, Hamilton, Wellington and Christchurch. Offshore staff are in Brazil, Chile, China, Colombia, Germany, India, Indonesia, Japan, Malaysia, Republic of Korea (Korea), Saudi Arabia, Taiwan, Thailand, the United States of America and Viet Nam. Our statutory functions are shown in Appendix One.

ENZ works with New Zealand's diverse international education industry which is made up of New Zealand's universities, institutes of technology and polytechnics (ITPs), industry training organisations, private training establishments (PTEs), English language providers (ELS) and schools. We also works with organisations that undertake education delivery offshore including education providers, publishers, consultancy services and education technology businesses.

The consumers and users of many of our services are and will continue to be international education providers. ENZ must to understand their needs and address them as customers. But having a strong focus on the needs of existing and potential international students is also extremely important. Placing international students at the centre of our approach is vital if ENZ is to stay abreast of current and future needs and trends, avoid capture by existing providers and ensure New Zealand continues to present an attractive, compelling proposition to internationally mobile learners.

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In accordance with the Crown Entities Act 2004,
we approve this Annual Report on behalf of Education New Zealand's Board.



Charles Finny | Board Chair

31 October 2016



Philip Broughton | Board Member

31 October 2016

BOARD CHAIR'S FOREWORD

“In 2016 we find ourselves well on track to delivering on the \$5 billion target – much earlier than was previously thought likely.”



One of the reasons we were set up in 2011 was to try to remove the volatility that had previously been a feature of New Zealand's export education performance. We were tasked with growing the earnings of the international education industry to \$5 billion a year by 2025 and to make this level of earnings sustainable into the future.

In 2016 we find ourselves well on track to delivering on the \$5 billion target – much earlier than was previously thought likely. The latest valuation of the economic contribution being made by students studying in New Zealand was \$3.539 billion. While the value from activity in other markets stands at \$242 million. In total New Zealand is sitting at \$3.781 billion. We have embarked on a new industry valuation and plan to finalise and publish it in November 2016. Early indications are that the industry valuation will be over \$4 billion.

There has been very rapid growth in student numbers from India over the last three years. Some of this growth has not been at the quality end and it has encouraged poor practice from agents in-market and from some institutions here in New Zealand. This is unacceptable. We have therefore been taking steps to address the problems that we have discovered. The result will be a lower number of students from India in the short term.

Over the longer term we look forward to welcoming as many high quality Indian students who want to come to New Zealand to study higher end qualifications who meet our entry criteria. We look forward to working in India and here with stakeholders to ensure that we have a sustainable level of Indian students in New Zealand and that this vital part of the bilateral relationship is not put further at risk by the actions of a few.

This softening in Indian student numbers makes our task in developing diversification markets all the more important. Activity has therefore increased in the Americas, Europe and the Association of South East Asian Nations (ASEAN). Lower oil prices make increased student recruitment in the Middle East challenging.

As a Board we are constantly striving to improve organisational performance. To this end we asked the State Services Commission to include ENZ in the programme of entities in the Performance Improvement Framework process. This was a major exercise for a small entity but the results have proven most useful.

As a result you will see ENZ assume a more obvious leadership role in the policy space around international education. There will also be an even greater focus on issues such as pastoral care, the overall quality of the student experience and on the wider benefits being delivered to the education

sector by the work that we do. As has already been announced, we have begun work on updating the Leadership Statement on International Education and developing a new strategy. We look forward to working closely with the whole sector to deliver a strategy that reflects all interests.

We believe that our work delivers benefits well beyond New Zealand's borders. ENZ is keen to expand the activity of the New Zealand education sector in other jurisdictions. We are also keen to encourage even more New Zealand students to experience other cultures and languages by spending time offshore as part of their study. We are therefore delighted that the Government has agreed to increased support for the Prime Minister's Scholarship for Asia programme. We are also delighted that the Prime Minister's Scholarship for Latin America programme has been launched.

Part of our challenge is ensuring that New Zealand has the right policy settings for international education. This involves working closely with a wide range of Government agencies. Immigration New Zealand and New Zealand Qualifications Authority are obvious partners, but we also work very closely with the Ministry of Education, Ministry of Business, Innovation and Employment, New Zealand Trade and Enterprise, Ministry of Foreign Affairs and Trade, Tourism New Zealand, the Film Commission, Tertiary Education Commission and others.

Can I thank all these ministries and agencies for their support over the past year. It is good to see New Zealand Inc. working so effectively.

It has been a very active and successful year. The year ahead looks all the more challenging. Can I thank the Board for its hard work. In particular can I acknowledge Neil Barns, one of our founder Directors who has finished his time on the Board. Frances Valentine has also finished her term on the Board. Frances contributed greatly with her focus on the future of education and the impact of new technologies. We will miss both their contributions.

In addition, can I thank Board members Philip Broughton, Richard Leggat, John Morris and Victoria Spackman for their continuing service. I look forward to continuing to work with them in the coming year.

Finally can I thank Chief Executive Grant McPherson and his team for their dedication and to the wider industry for delivering such impressive results. We look forward to working as closely as possible with the industry over the year ahead.

Charles Finny | Board Chair

CHIEF EXECUTIVE'S FOREWORD



As borders continue to shrink, education has emerged as a global connector. The provision of international knowledge, skills and networks is increasing exponentially in importance. With almost five million globally mobile students – and growing – the sector is also highly competitive. As a collective, we can be proud of the progress we have made, with student enrolments up and international education New Zealand's fifth largest export market. To date, ENZ's journey has involved building our capability; the challenge now is to ensure a sustainable future.

Together with the Ministry of Education, ENZ is coordinating the development of a New Zealand International Education Strategy. This work will crucially involve input from our partner agencies, providers, students and their communities, and businesses across the country. Areas of interest are student satisfaction and wellbeing, community and cultural experiences, promotion of New Zealand's education expertise, regional communities, effective collaboration as well as global trends and intelligence.

While we will continue to put energy into attracting students to New Zealand, the delivery of education and qualifications offshore remains an area of enormous potential. We are in the early stages of development but ENZ is committed to working with New Zealand education providers to identify opportunities to build and leverage relationships in other markets. Transnational partnerships and programmes not only offer economic benefit, their prestige value can add significant value to New Zealand's international reputation and brand. However, growth in offshore markets requires us to keep pace with changes in international educational thinking and design, and we recognise that support is needed here.

The trigger for the refreshed approach was the Performance Improvement Framework (PIF). It recognised that while ENZ, and the education sector, has performed well, there has been significant change within international education in the period since the Leadership Statement was completed in 2011.

With growth comes challenges – and many of these are faced not just by New Zealand. They include uneven economic performance and changing government policies, quality of applications, expectation management, social licence in

“Technology is playing an increasingly important role in supporting and developing students, providers and businesses.”

domestic markets, and the safety and wellbeing of international students. Our increasing focus on a multi-agency approach in addressing these issues, including cross-border information sharing and collaboration, reflects a maturing of the sector and is set to continue.

An important piece of work that began this year is a proactive approach to telling the international education story to New Zealanders. To foster a responsive and supportive environment, there is a clear need to build a deeper understanding of the international education sector, both the benefits and the challenges. This requires rebalancing our focus across social, cultural and economic values

as well as outcomes and experiences. To do so, we need to work together to measure the impact that students have on the quality of New Zealand education and on wider society. How are students meeting labour market skill needs? What is their contribution to providers and communities? What overall experience do visiting students have in New Zealand?

The past year has seen the introduction of a Regional Partnership Programme. This programme, developed for 14 regions, has put in place a foundation for communities to engage with and benefit from the sector. We are delighted to see particularly positive enrolment figures coming out of Bay of Plenty, Marlborough and the Nelson/Tasman area.

Technology is playing an increasingly important role in supporting and developing students, providers and businesses. Through investment in digital and social channels, we are building communities, enabling transparent communication and ensuring that international audiences get the right messages. We are also looking at how we use technology at events. The virtual reality headsets we developed, offering 360-degree experiences of life in New Zealand, proved popular at recent international expos. Another initiative,

The Skills Lab, an online toolkit to help providers develop skills and stimulate growth has been a welcome resource, offering comprehensive, readily available information.

We hugely value the support we receive across the sector. Minister Hon Steven Joyce is a strong advocate of international education. Our relationships with partner agencies are a valuable source of counsel and collaboration. To education providers – we thank you for your hard work, and will strive to improve the environment in which you operate. We are also appreciative of our passionate education associations and community groups, an important voice as the sector evolves. Finally, I would like to thank the Education New Zealand Board, and our team at ENZ, for your ongoing energy and commitment.

This year has been something of a step-change for international education in New Zealand. Awareness of the New Zealand offering is growing and we are entering a new and exciting phase of growth and progress. The year ahead will continue to throw up challenges but we are ready. I look forward to seeing New Zealand's global standing in international education grow and mature.



Grant McPherson | Chief Executive

PART ONE

International education



THE INTERNATIONAL EDUCATION LANDSCAPE 2015/16

International education strengthens the social, cultural, and economic fabric of our nation. Stronger international connections between New Zealand and other countries encourages diversity and acceptance of other cultures, creating social wellbeing and increasing the vibrancy of communities. It helps forge enduring friendships and relationships, providing strong networks and access to new ideas, solutions, and opportunities. This in turn establishes a foundation for strong economic activity, providing pathways for innovation and business growth.

International markets and developments

The global economy experienced patchy growth throughout 2015/16¹. New Zealand's two largest international student markets, China and India, saw strong economic growth. More students from those countries studied with New Zealand providers in 2015. Changes made in October 2015 to the English language requirements for

international students are expected to affect the 2016 student enrolments from India and the Philippines.

Uncertainty about economic performance and stability in several regions is likely to continue. This will play a role in shaping the environments in which international students make decisions about where to study. ENZ will continue to monitor its key markets and adjust its activities accordingly to promote sustainable growth in international student enrolments.

The competitive market place

Currently there are almost 5 million globally mobile students. This figure is expected to grow to 8 million in the next 10 years². The recently published British Council report, "The shape of international education to 2025", identifies a range of factors that will impact future trends in student mobility. These include demographic changes, increased expenditure on education and changes in the modes of delivery of education³.

New Zealand's main competitors are Australia, Canada, Ireland, the United Kingdom and the United States. While data about international student enrolments can be inconsistent due to different interpretations of what constitutes an international student, Australia, Canada and the United States experienced strong growth in 2015 from similar markets to New Zealand. In 2015 there were 125,011 international student enrolments with New Zealand providers, a 13 percent increase compared to 2014.

Australian international student enrolments increased by 10 percent to 644,504 in 2015, which was due to an increase in international student enrolments from India, China, Taiwan, Brazil and Thailand. However the rate of growth in Indian student enrolments fell from 16 percent in 2014 to 11 percent. In 2016 the Australian federal government released its draft National Strategy for International Education which recommended diversifying its markets.

Canada's international student enrolments increased by 8 percent to 223,291 in 2015, with growth largely driven by India and China. The proportion of total international student enrolments in Canada from these markets has increased between 2010 and 2015. During that period, Chinese student enrolments increased from 22 percent of the total international student enrolments to 30 percent and India student enrolments increased from 9 percent to 14 percent.

The United States continued to be the most preferred destination for international students in the 2014/15 academic year with numbers increasing by 10 percent to 972,926. China, India and Korea continued to be the top three markets, although there was a decline in the number of students coming from Korea. Of the students studying at United States colleges and universities, the proportion of Chinese students has increased from 18 percent in 2009/10 to 31 percent in 2014/15.

¹ This Annual Report includes financial year and calendar year information. With the exception of Part Four, dates such as 2015/16 relate to a financial year while a calendar year is shown as a single year, such as 2015. All information in Part Four relates to a financial year.

² <http://wenz.wes.org/2016/05/placing-international-student-mobility-in-a-quality-and-ethical-perspective/>

³ British Council's The Shape of International Education to 2025.

THE NEW ZEALAND CONTEXT 2015/16



The consolidation of marketing and recruitment work in a more strategic way has enabled ENZ and the industry to undertake better targeted activities, and to focus on gaining a deeper understanding of what international students are seeking from their experience.

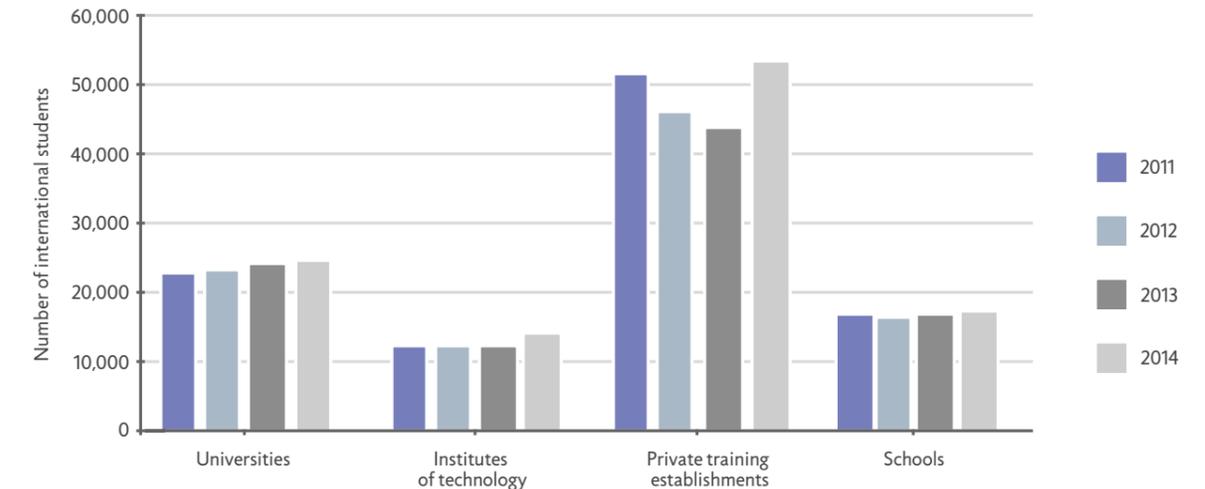
The New Zealand international education industry grew strongly in 2015, earning tuition fee revenue of \$1 billion for the first time. This is an important milestone and a strong reflection on the efforts being made to boost growth in the industry. At the same time, there is a need to ensure that international students coming to New Zealand continue to be supported by their institutions, the communities in which they study and the New Zealand agencies with whom they interact.

The international education industry's value

ENZ is currently working on an updated valuation of the international education industry as a whole which will be published in November 2016. The latest estimated valuation from Statistics New Zealand has 'education travel services' at \$3.1 billion for 2015⁴. Among all New Zealand's exports, international education showed the third fastest growth between 2012 and 2015.

International education is New Zealand's second largest service export, behind tourism.

Graph 1: Number of international student enrolments by sector



Source: Export Education Levy and Tertiary Single Data Return, Ministry of Education.

International students studying with New Zealand providers

In 2015, the strong growth of the previous year continued. International student enrolments increased by 13 percent to 125,011. The strongest growth was experienced in the ITP sector, which grew by 23 percent and also saw 23 percent growth in certificate and diploma enrolments. The PTE sector grew by 19 percent and saw 46 percent growth in postgraduate enrolments.

ENZ received additional funding of \$2 million spread over two years from the Export Education Levy to expand its Regional Partnership Programme in 2015/16⁵. The programme continues to support a range of activities to promote regional growth. Auckland and Canterbury continued to be the main destinations for international students in 2015, but Bay of Plenty, Marlborough and Nelson/Tasman also experienced significant growth in student enrolments.

ENZ uses both student visa information and enrolment data to measure international student volume and trends⁶. In January to June 2016, the number of approved student visas was similar to the number approved in January to June 2015.

ENZ implemented its new market prioritisation model in 2015/16 with the following prioritisation:

- > **Rebalance:** China and India are major sources of students and will stay that way for the foreseeable future. Rebalancing, however, provides the opportunity to test and grow other markets that may offer a stronger return on investment.
- > **Promote:** This is a group of countries where ENZ believes the right investment and approach will deliver strong growth.
- > **Explore:** This is a small group of countries where ENZ believes there will be good growth prospects in 5 to 10 years.

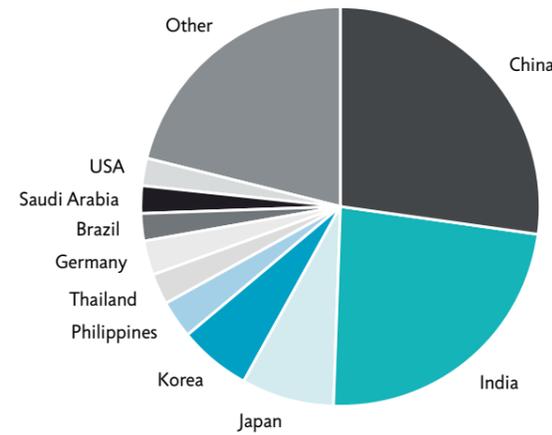
⁴ Education travel services does not include the \$242 million value of education service exports.

⁵ ENZ received \$750,000 in 2015/16 for the Regional Partnership Programme, and \$1.25 million in 2016/17.

⁶ International students who undertake a course for less than three months are not required to enter on a student visa. International students who choose to enter on a visitor visa (usually from visa-free nationalities) are not captured in the student visa information. This impacts the PTE and ELS sectors.

During 2015/16, ENZ focused on raising awareness of and promoting New Zealand in its promote markets, which included Japan, the United States and Viet Nam, and on investigating opportunities in its explore markets, which included Colombia and the Philippines.

Graph 2: New Zealand's top 10 source markets of international students in 2015



Source: Export Education Levy and Tertiary Single Data Return, Ministry of Education.

Value of offshore educational products and services

In 2015, ENZ sought an updated valuation by surveying participants in the export of education services industry. The estimated value of educational service exports was \$242 million.

In 2015 there were 3,495 international students enrolled with New Zealand providers offshore. This was a 3 percent increase on the previous year.

In 2015/16, ENZ supported a number of New Zealand institutions to help them formulate strategies to deliver education services offshore. Offshore delivery is often undertaken in partnership with offshore education providers or agencies, and tends to occur on a project by project basis. Establishing and building relationships is an important component of successful long term offshore delivery planning.

During 2015/16, ENZ supported the delivery of a workshop to a number of education providers who are focusing on offshore delivery of education services and products. The objective of the workshop was to help providers better understand the principles and approaches to pricing, pricing strategies, and risk management as it relates to pricing. We will continue to support and work with education providers to identify and develop opportunities for growth.

PART TWO

Our performance



OUR OUTCOMES FOR 2015/16

Strategic context

As one of New Zealand's most valuable exports, international education provides a significant contribution to the Business Growth Agenda's (BGA) export markets goal of increasing the ratio of exports to gross domestic product to 40 percent by 2025. It strengthens our social, cultural, and economic links with the rest of the world, helping Government to establish a stronger foundation for our ongoing prosperity.

The Government's wider goals for the international education industry are set out in the Leadership Statement for International Education. This statement sets out targets for the size, scale and sustainability of the industry by 2025. The Leadership Statement includes objectives for the quality of international relationships, and the cultural and academic benefits from international education experiences. The quality of New Zealand's international education industry, and the relationships that underpin it, are as important as the achievement of the targets themselves.

As part of New Zealand's education system, ENZ also works with other New Zealand education agencies to collectively deliver on the Government's priorities for education. In particular, we contribute to the shared long term outcome for the education system that 'New Zealanders have skills and knowledge for work and life'. In the Tertiary Education Strategy 2014-2019, we also contribute to the strategic priorities of 'Growing international linkages' and 'Strengthening research-based institutions'. During the year, we did this by providing support to tertiary education institutions to build their capability, and assisting tertiary education institutions to market to and recruit international students.

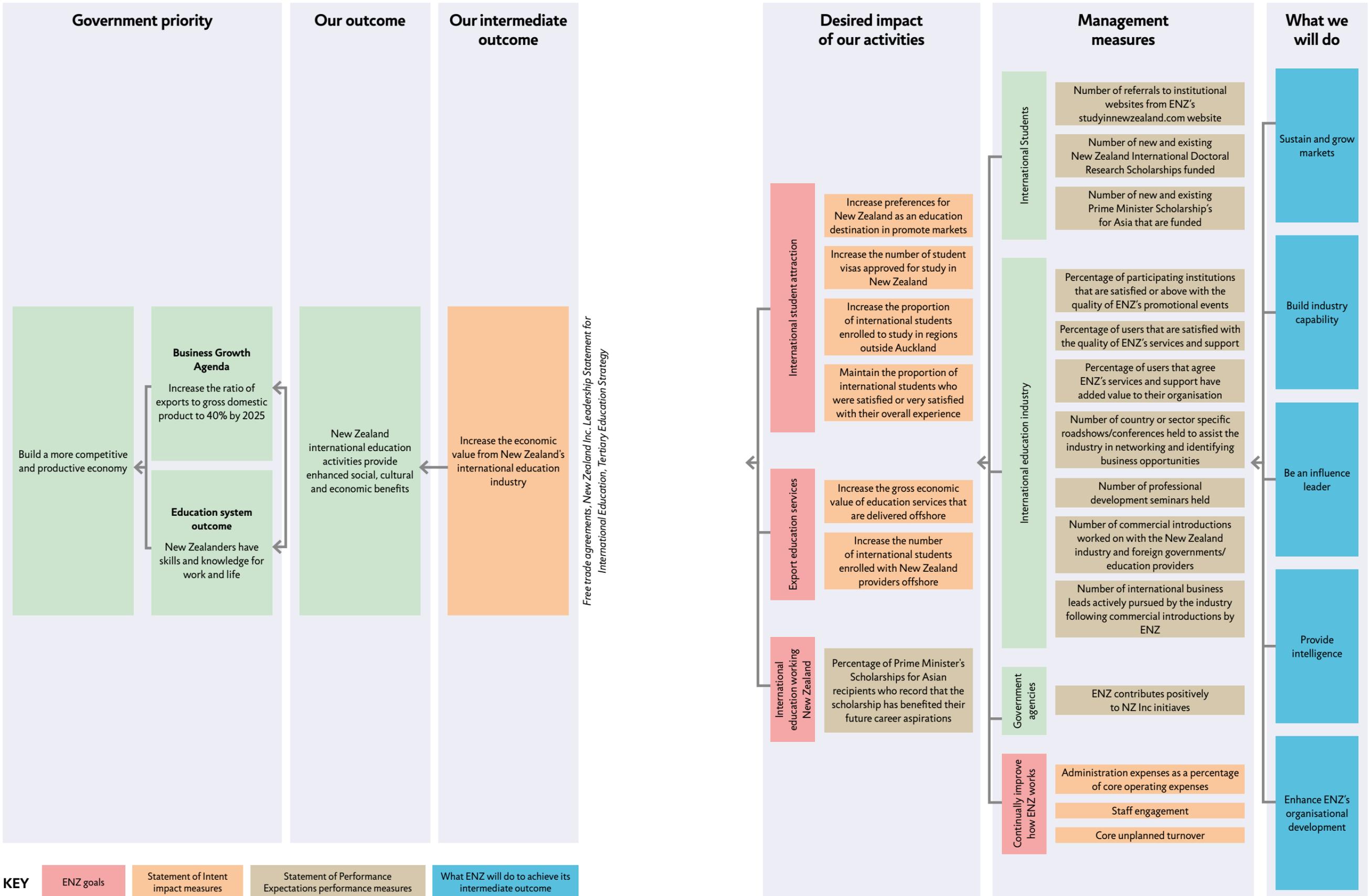
Our 2015/16 outcomes

ENZ's outcome framework is aligned closely with the BGA, the Leadership Statement, and the Tertiary Education Strategy. Our 2015/16 priorities are outlined in our Statement of Intent 2015-2019 and Statement of Performance Expectations 2015-2016.

Our work was organised into one intermediate outcome: Increasing economic value from New Zealand's international education industry.

The delivery mechanisms for activities and progress against the activities is set out in the 'Our achievements' section.





OUR ACHIEVEMENTS

Sustain and grow markets

ENZ works with NZ Inc agencies to position and promote New Zealand as an international education destination, and to promote the delivery of New Zealand education in offshore markets. Our aim is to ensure that New Zealand’s education offering is well regarded, well known and well considered by potential international students. The New Zealand Education Story and ‘Think New’ brand are a significant part of this work.

Developed Country Activity Plans

The prioritisation of ENZ’s markets as rebalance, promote and explore provided the opportunity to develop organisation wide operational plans for each of these markets, which would capture the wide variety of work undertaken by ENZ. The first Country Activity Plans were successfully implemented for the second half of 2015, in line with the New Zealand academic year.

The Country Activity Plans have enabled us to:

- > take both a strategic and operational view of all activities taking place in each market
- > target investment and identify opportunities for integrating activities, including across NZ Inc agencies.

Broadened and deepened our online presence and engagement

Online presence and engagement are critical elements of raising awareness of and promoting New Zealand as a quality international education destination. ENZ has focused on enhancing its digital channels and on focusing on key markets in line with the Country Activity Plans and prioritisation of our markets.

The Study in New Zealand website

There was record performance for potential student referrals from ENZ’s student facing website to education institutions or agents in 2015/16. We focused on visitor quality over quantity, and continued bespoke content programme, enhanced digital platforms and strategic country level optimisation of media activity. The record number of 123,538 referrals in 2015/16 was achieved even though there were 30 percent fewer website visitors, reflecting a strong focus on quality of visitors.

In January 2016, the website domain transitioned from studyinnewzealand.com to studyinnewzealand.govt.nz. This government association provides visitors greater reassurance and enhances search engine optimisation.

Social media presence

Type of social media	ENZ’s community size at 30 June 2016
Facebook	764,456
Twitter (global page)	24,013
Twitter (Saudi-specific)	38,748
Instagram	16,144
Weibo	27,141
WeChat	12,264
Total	875,593

Community engagement remained extremely high at around 20 percent on average over the year (the social engagement benchmark is 7 percent). The total number of referrals from ENZ’s social community has increased by 56 percent since January 2016, with an average of 442 referrals per month.

Facebook

ENZ’s Facebook page continues to perform significantly higher than competitors with a community size larger than Australia, Canada and Ireland. In March 2016, the Study in New Zealand Facebook page reached its best-ever Likealyzer⁷ score of 96, compared to an industry standard of 57.

ENZ ran a Facebook Market Page pilot in Japan, allowing targeted users to go to the Japan Market Page in Japanese rather than ENZ’s main global page in English. Early indications show a 34 percent increase in followers since January 2016 and a 92 percent increase in the reach of Japan specific posts. We will consider the benefits of Market Pages in other languages.

Instagram

Generation Study Abroad Scholarship recipients from the United States were asked to be ‘Kiwi Ambassadors’ on ENZ’s Instagram profile, providing all the content by sharing their New Zealand study adventures on Instagram. Their activity generated significant momentum, and the profile had 16,144 followers by June 2016. ENZ has used the content generated by these students across other platforms to tell authentic and engaging New Zealand education stories.

Weibo and WeChat, China

In February 2016 ENZ ran a social media campaign across our Weibo and WeChat platforms focused on raising awareness of New Zealand education, and showcasing good news stories that position New Zealand as an innovative place to study and a place where Chinese students are. ENZ engaged six key opinion leaders in China to help promote the campaign, and as a result gained 6,309 new followers across the two platforms.

⁷ Likealyzer is a measurement tool that analyses the content shared, follower growth, engagement from followers and response rates to give a score out of 100.

Developed education sector stories to market New Zealand education

The development of individual sector stories was identified by industry as a key activity in the overarching and sector strategic roadmaps in June 2014. Three stories were launched during the year; the culmination of two years of extensive work and collaboration with industry.

The sector stories present a clear proposition for each sector:

- > The university sector story focuses on the idea that when it comes to New Zealand universities, ‘every choice is exceptional.’
- > The professional and vocational education (PAVE) story focuses on the visual device of hands to link with the message that PAVE is all about applied learning.
- > The school sector story tells how children from all around the world flourish in New Zealand.

Each story includes a sector video and visual assets that are available on the Brand Lab for download, including translated content. The Brand Lab provides international education providers with resources to support their marketing efforts

The stories are being used widely by the industry and ENZ. We have seen high levels of views and engagement with the films, and seen industry using the stories in their marketing collateral and offshore activity.

ENZ is continuing its work on the development of the remaining sector stories.



Colombian Game on English students' rugby training at Blake Park.

Expanded the successful Game on English programme

ENZ worked with several government agencies and partners to expand the Game on English programme, which was first launched for the Japanese market in 2014. The programme combines expert sports training with English language learning. Examples of the expansion include:

- > Pathways College at Waikato University and the Waikato Rugby Union hosted 12 Japanese high school students for intensive rugby coaching and English language tuition.

- > The four winners of Game On English: Golf scholarships for Korean students completed a four-week scholarship programme in January 2016 and gained the opportunity to improve both their golf scores and English language skills.
- > Twelve high school students and three coaches undertook three weeks of English language classes at the Mount Maunganui Language Centre, and completed a rugby development programme at The University of Waikato Adams Centre For High Performance. The students had a fully immersive New Zealand experience and learnt about Maori culture including kapa haka.

Hosted media and agent familiarisation visits

As well as education media, ENZ hosted influencers of a wider, more mainstream audience. The purpose of these visits was to raise awareness about New Zealand's unique offerings and the ways in which the New Zealand education system can meet different education needs.

In countries where social media is more influential, ENZ hosted key opinion leaders with a significant online presence. From Saudi Arabia, ENZ hosted well-known social media and education influencer Loay Al Shareef. Loay who profiles English language destinations via Snapchat, Twitter and his Youtube channel *Fallimha*.

ENZ plans to continue hosting media in New Zealand on a regular basis.

Focused on supporting growth from the United States, a promote market

ENZ appointed a fixed term Senior Market Manager in the United States from January 2016 with additional Export Education Levy funding.

The United States is predominantly a university market, and students rely on their own universities for international study opportunities.

ENZ promoted and supported a number of scholarship programmes for United States students during 2015/16. The programmes included the Generation Study Abroad initiative which is run by the United States Institute of International Education, to encourage students to choose New Zealand. ENZ and New Zealand universities supported Generation Study Abroad Travel and Excellence Awards. A total of 13 Generation Study Abroad Travel and Excellence Awards were awarded to students to support their study in New Zealand for Semester One 2016. The key drivers of the awards are to grow awareness of New Zealand in the United States market and provide content for ENZ's social media platforms.

ENZ also funded a Go Overseas scholarship programme, one of the first funded study abroad

scholarships offered to United States students by a foreign government and will continue to fund it in 2016 and 2017.

Hosted a strong New Zealand presence at NAFSA

The 2016 NAFSA Annual Conference and Expo was held from 29 May to 3 June 2016 in Denver, United States. The conference's theme was 'Building Capacity for Global Learning'. Approximately 11,000 delegates attended the 2016 conference, representing 110 countries.

ENZ was a platinum sponsor of the conference, which provided New Zealand with a short speaking slot at the beginning of the opening plenary session, a 10-minute performance by Te Tini a Maui (a kapa haka group from Vancouver) during the opening plenary session and the screening of the university sector story at all plenary sessions throughout the conference.

ENZ supported the attendance of seven New Zealand universities and five ITPs at NAFSA. Feedback from New Zealand institutions at the conference suggested that the increased New Zealand presence and profile was highly successful, with a notable increase in new partners seeking out the New Zealand booth.



Te Tini a Maui performing at the 2016 NAFSA Annual Conference and Expo.

Focused on supporting growth from Viet Nam, a promote market

ENZ pursued a number of strategic opportunities in Viet Nam, where government relationships are an important factor in market access, and where education agents are key influencers on students' decisions about where to study offshore.

A refreshed New Zealand-Viet Nam Cooperation Agreement was signed in August 2015 which led to the development of the New Zealand-Viet Nam Strategic Engagement Plan on Education. The plan will help shift the education relationships between

New Zealand and Viet Nam to a more strategic level by focusing on activities that are beneficial to both countries.

Minister Joyce visited Viet Nam in June 2016 when he met select representatives from across the Vietnamese education sector and attended the New Zealand-Viet Nam Culinary Collaboration event. The event was attended by more than 170 key education, business and government contacts and received a notable amount of media attention in both Viet Nam and New Zealand. The event successfully allowed ENZ to showcase the quality and innovation in the New Zealand education system.



New Zealand-Viet Nam New Zealand culinary collaboration event.

Focused on supporting growth from Japan, a promote market

A series of well-attended seminars targeting Japanese high schools interested in group visits to New Zealand were delivered in four Japanese cities in partnership with Air New Zealand. A group of 10 teachers selected from the seminars undertook a week-long familiarisation visit to New Zealand in August 2015. Feedback was excellent, with strong leads generated from three participants to date.

In April 2016, ENZ hosted journalists from the Cheer Up English language study abroad website and the widely-distributed and highly-regarded Ryugaku ('study abroad') Education Journal. The visit to New Zealand showcased the strength of New Zealand's school curriculum, the quality of homestays, and some unique and creative programmes combining English, sports and hospitality. ENZ also hosted the Editor-in-Chief of Japan's Rugby Magazine in response to the demand for edu-sport programmes since the launch of the Game On English programme.

In May 2016 worked with Air New Zealand and Tourism New Zealand to host a series of university seminars in Tokyo and Osaka which were attended by guests and representatives from universities and technical colleges. The seminars were part of the NZ Inc joint effort to promote New Zealand as a study abroad destination for Japanese universities. Ten participants were then chosen to visit New Zealand universities and ITPs in June 2016.

Focused on first steps in Colombia, an explore market

ENZ undertook a wide range of activities in Colombia during 2015/16, much of which was supported by additional Export Education Levy funding. Social media is a strong influencer for Colombian students, as are education agents and government agencies, and ENZ's focus has been on raising awareness of New Zealand as an education destination.

ENZ hosted a Colombian television crew to film a documentary for the popular Contador de Historias

('The Storyteller') series. The filming followed the lives of two Colombian students in New Zealand; a PhD student and an undergraduate student. The programme aired on Nuestra Tele Noticias 24 (NTN24) whose transmission reaches 37 million Hispanics in Canada, United States, the Caribbean, and Central and South America.

ENZ hosted four Colombian education agents in New Zealand, focusing on education offerings in Hawkes Bay, Wellington, Canterbury and Otago. ENZ also hosted two officials from Colombian scholarship/loan agency Colfuturo on a visit to New Zealand. These officials met with universities' international offices to discuss partnership agreements and better understand each university's unique offerings.

Focused on maintaining New Zealand as a destination of choice in China, a rebalance markets

China continues to be New Zealand's largest market for international students. As a rebalance market, ENZ focuses on ensuring New Zealand continues to be a destination of choice and on maintaining strong and effective government relationships.

Supported Minister Joyce's visit to China

ENZ supported Minister Joyce's visit in October 2015, where he attended the China – New Zealand Vocational Education Cooperation Symposium in Beijing. The symposium was a feature of the International Forum on Vocational Education at the China Annual Conference for International Education 2015 where ENZ secured New Zealand's status as country of honour. This status reflects ENZ's strong relationship with the organising body, the China Education Association for International Exchange.

The symposium was part of three days of activities to promote closer links between New Zealand education institutions and their Chinese counterparts, foster closer alumni relationships with Chinese students who have studied in New Zealand, and promote New Zealand as an education destination.



China Annual Conference for International Education 2015.

Supported Massey University mission to China

Vice-Chancellor of Massey University, Hon Steve Maharey, led a large delegation from Massey University to China. A focal point of the mission was the signing of a Memorandum of Understanding and a Student Exchange Agreement focused on creative arts with the Peoples Liberation Army Academy of Arts in Beijing. The agreement will result in more Chinese students coming to Massey and will provide the opportunity for Massey students learning the creative arts to study in China. Mr Maharey described the agreement as New Zealand's most significant arts and cultural agreement signed with China.

Promoted New Zealand at events

There are two main recruitment seasons on the international education calendar; March to April and late August to November. During these times, ENZ participated in or ran 36 brand events in 14 countries, including both commercial and New Zealand only education fairs, to promote New Zealand as a study destination to students, their families and decision makers.

In addition, ENZ hosted 37 events for education agents, institutions and Immigration New Zealand to build and strengthen relationships. These events are also an opportunity for ENZ and Immigration New Zealand to update agents on the latest trends and policies within the market.

Be an influence leader

Education and immigration policies and settings significantly impact the growth of the international education industry. ENZ works alongside both central and local government agencies to promote the benefits of international education and New Zealand's education offering, and to ensure that international education is considered in the development and implementation of policy. ENZ also works to raise awareness of international education within New Zealand to help build support for education providers and regions.

Focused on enhancing ENZ's scholarship programmes

The Prime Minister's Scholarships for Asia (PMSA) were launched in 2012. ENZ undertook an operational audit of the programme as part of its internal audit programme, which helped affirm its quality and effectiveness. Some changes were suggested to enhance the governance, accessibility and transparency of the programme.

Following the review, ENZ proposed some changes to the operation of the PMSA including:

- > clarification of the fixed costs covered by the scholarship to provide certainty to students applying for a PMSA
- > enhanced flexibility for the PMSA selection panel to ensure funding reflects market conditions.

These changes, along with the criteria for the Prime Minister's Scholarships for Latin America (PMSLA) were agreed by Cabinet in early 2016/17 so both scholarships operate within the same framework.

Applications for the first round of the PMSLA closed in October 2016 and will be awarded in November 2016.

Worked with NZ Inc agencies on a strategic approach to Government scholarships

In 2015 ENZ commissioned a report on the international scholarships landscape in New Zealand and identify strategies for ENZ and New Zealand government agencies to more effectively leverage scholarships. The report estimated that more than \$71 million per year is invested in scholarship programmes across government, however it found that the scholarships may not be used to their full potential. A key area identified for further work was interagency collaboration on management of scholarships.

In May and June 2016, the outcome of the review was discussed with the New Zealand government agencies who offer scholarships. All agencies supported a more strategic and coordinated approach to scholarship management. Work is continuing to establish a cross-agency working group dedicated to a more strategic and streamlined approach to scholarships.

Told the international education story in New Zealand

Researched public perceptions of international education

In April 2016 ENZ initiated research into public perceptions of international education among New Zealanders to help ensure that the industry, and international students, are supported in New Zealand's communities. The purpose of the research was to establish a baseline for ENZ's ongoing work to grow awareness of and support for international education industry in New Zealand.

The research found that:

- > New Zealanders value an open-minded, friendly and welcoming New Zealand
- > the majority of people support different ideas, approaches and innovation in New Zealand workplaces
- > many New Zealanders can see a clear link between international education and how New Zealand is perceived from the outside.

The research identified opportunities to highlight the key tangible benefits to New Zealand of international education, and to connect with New Zealanders on a personal level. It also showed there is a need to demonstrate the economic benefits of international education beyond tertiary fees in a more transparent and relevant manner.

ENZ will use the benchmark data and insights gained from the research to help inform ENZ's communications strategy.

Promoted ENZ's work with New Zealand education agencies

In April 2016, ENZ hosted a meeting of CALYPSO, a group that comprises the senior leadership teams of New Zealand's education agencies. ENZ showcased international education and the work ENZ does, and encouraged agencies to consider how their organisation could better support international education. A cross-section of people involved in international education presented to CALYPSO, including international and New Zealand students, a school's international director, a school and the chief executive of an education publishing firm doing work offshore.

Attended the International Society for Technology in Education 2016 Conference

ENZ and the New Zealand Technology Industry Association led four New Zealand organisations to explore opportunities at the International Society for Technology in Education 2016 Conference, one of the world's premier educational technology conferences and expos.

ENZ contributed to networking and information sessions for the organisations with influential United States EdTech contacts and Hapara, an EdTech company that originated in New Zealand and still has its development team in Auckland. These connections have come from the EdTech for Export conferences which ENZ has organised for the last three years.

Focused more closely on international students safety and wellbeing

A number of assaults and other incidents during 2015/16 highlighted the need for ENZ, international education providers and other government agencies to focus more closely on international student safety and wellbeing. As an outcome of some of those incidents, the International Education Senior Officials Group⁸ (IESOG) coordinated a number of activities to which ENZ contributed, including:

- > capturing initiatives that Auckland providers have in place to support and improve student safety
- > identifying key actions to improve safety and wellbeing, and establishing a cross-agency governance group to oversee the development of a wellbeing strategy and associated operational activity
- > proactively promoting the benefits of international education to New Zealanders to ensure there is strong social license for sustainable industry growth.

In 2016/17 agencies will work to develop a Student Wellbeing Strategy.

Working with other agencies

In addition to being a vital part of New Zealand's international education industry, graduating Indian students play a role in lifting New Zealand's skill base, for example in the IT sector.

Three years of exponential growth in the number of Indian international students enrolled to study in New Zealand increased attention on the market. Media interest also focused on the negative experiences of a small number of Indian students in New Zealand, and on the behaviour of a small number of education agents and providers.

ENZ established a cross-agency group towards the end of 2015/16. The group's purpose is to report on initiatives and activity aimed at managing market risks, preserving and protecting New Zealand's reputation, and continuing to develop India's education opportunities in a sustainable way.

Provide intelligence

Our knowledge of the global international education market is a valuable resource for industry and a key driver for ENZ's marketing activities. We utilise knowledge and data to help us identify growth opportunities for industry, including a focus on opportunities for offshore delivery of New Zealand educational products and services.

Conducted focus groups and in-depth interviews in Asia

ENZ's research partner, TNS, conducted focus groups and in-depth interviews in China, India, Japan, Viet Nam and Thailand during June and

early July 2016. Interviewees included student considerers of international study, education agents and parents. The research was intended to ensure the questions asked in ENZ's twice-yearly quantitative brand health monitor are still relevant, gather insight into the student decision making journey, and explore perceptions around the New Zealand 'Think New' education brand.

The research showed that there is scope to further target messaging around New Zealand's education offering, and that students' perceptions of how they will benefit from a New Zealand education experience can vary significantly. The research also provided a number of more in-depth insights into New Zealand's education brand that ENZ will use to refine New Zealand's brand positioning.

Developed new student personas

During the year ENZ determined that new marketing personas⁹ would be valuable to provide a deeper understanding of ENZ's target audiences. ENZ undertook extensive research to develop four new personas, including targeted interviews with past, current and potential international students and the parents of current international students. The new personas that were developed are Adventurer, Contributor, Searcher and Future Maker.

ENZ developed a training module for industry to better understand the personas and to explore how they can be used to focus recruitment and student experience activities. The student personas are now being incorporated into ENZ's marketing activity, including digital advertising targeting and social media.

⁸ The group comprises ENZ, the Ministry of Education, Immigration New Zealand, the Ministry of Business, Innovation and Employment, the New Zealand Qualifications Authority, Tertiary Education Commission and the Ministry of Foreign Affairs and Trade. It provides joined up advice on international education policy and operational matters to the Minister for Tertiary Education, Skills and Employment and Minister of Immigration.

⁹ Personas provide fictional descriptions of current international students and can help in the development of new products and services.

Institution digital tracking/ referral tracking pilot

A pilot study was set up in July 2015 to discover what potential international students do on institution websites after being referred there by ENZ's student facing website. The pilot included all universities and several ITPs. Specific institutions' findings include:

- > University of Auckland reported that the rate of students starting the online enrolment process was 100 percent better than its site average.
- > University of Waikato reported that studyinnewzealand.govt.nz was among its top performers for referring students who completed the online course enrolment process
- > Massey University reported a 40 percent increase in time spent on their site
- > Otago Polytechnic reported that the rate of students starting the online enrolment process was 300 percent better than its site average.

ENZ is now working with institutions to define a quality student's journey from studyinnewzealand.govt.nz to their sites.

Added regional data to the student visa dashboard

ENZ worked with Immigration New Zealand to improve the availability of regional student visa data on a more regular basis to inform the monthly student visa dashboard. The regional dashboard presents and analyses New Zealand's regional international student visa trends showing where in New Zealand international students are choosing to study, and what sectors they're in by region.

The regional dashboard has been well received by industry as it will show the impact of where providers in a region are working together to boost growth.

Build industry capability

ENZ works closely with education providers to strengthen their ability to identify and benefit from new and existing growth opportunities.

We host professional development events, provide co-funding for industry-led growth initiatives and support the implementation of the sector specific and overarching industry roadmaps.

Supported industry to progress its goals in the strategic industry and sector roadmaps

The industry and sector specific roadmaps were launched in August 2014, and map out the strategic choices and specific actions that industry has identified as key enablers of future success.

In November 2015, ENZ hosted industry workshops around New Zealand to review each sector's status, whether there have been significant changes in the operating environment, and each sector's future priorities. More than 200 participants attended and more than 85 percent of them indicated that they are more optimistic about their international education business than a year earlier.

Industry identified the following priorities as critical for driving future growth:

- > strengthening cross-sector collaboration and pathways
- > continuing market-led product development
- > growing capability
- > diversifying markets
- > balancing growth across New Zealand.

Expanded the Regional Partnership Programme

ENZ used additional Export Education Levy funding to expand the Regional Partnership Programme. The programme targets growing international education in partnership with education providers, representative groups and local government and economic development agencies in regions across the country.

ENZ continued to support the growth strategies of 14 regions, with eight new strategies under development or launched. Activities included developing regional collateral, coordinating offshore missions and inbound familiarisation groups, new product development and enhancing the student experience. The Manawatu, Nelson/Tasman/Marlborough, Queenstown and Taranaki regional agencies appointed new co-funded international education coordinators to implement their strategies.

Supported regional growth strategies Supported the enhancement of New Zealand's regions' online presence

ENZ developed collateral for its student facing website to promote New Zealand's regional education offerings and enhance understanding of the distinctively different educational experiences that New Zealand has to offer.

Alongside this, ENZ developed a regional portal on the website which will include information, search options, maps and other tools to enable potential students to learn more about studying, living and working in each selected region in New Zealand. The portal will enable ENZ to take a consistent approach to marketing the regions and ensure regional themes complement the overarching national story.

The goal is to increase website referrals to institutions and regional cluster websites by 10 percent by 31 December 2016. The portal went live on 29 July 2016.

Supported agent familiarisation visits to New Zealand's regions

Representatives of key agencies in Colombia, Brazil, Saudi Arabia and Korea were hosted on regional familiarisation visits to New Zealand. The visits were designed to highlight the diversity of education provision and lifestyle in New Zealand's regions, with each group visiting provincial and metro centres. Emphasis was placed on showing education pathways, applied learning and creative technologies. Networking events with New Zealand providers allowed the visiting agents to meet a wide range of existing and new partners.

Hosted a regional pavilion at the ANZA Agent Workshop

ENZ facilitated and organised a regional international education presence at the Australia New Zealand Association Workshop in Melbourne in April 2016. This 'one country, many regions' approach presented a compelling message to education agents from 170 global organisations.

Developed the Skills Lab

ENZ developed the Skills Lab as an online toolkit to help international education providers grow their business. It provides projects, advice and tips on a range of topics including marketing, public relations, business planning, customer engagement and market development. The Skills Lab provides ENZ with the ability to provide capability development support and advice to industry on

a comprehensive and ongoing basis rather than relying on fixed seminars, and provides industry with readily available information when they need it. The Skills Lab sits alongside ENZ's Brand Lab.

ENZ tested the Skills Lab with more than 100 education providers and received positive feedback. The Skills Lab was formally launched in August 2016.



New Zealand's regional international education presence at ANZA Agent Workshop.

Supported the establishment of the SIEBA clearing house

ENZ partnered with the Schools International Education Business Association (SIEBA) to establish a clearing house that education agents, ENZ offshore staff and New Zealand schools can use to progress requests to place international school student groups into schools. The clearing house brings efficiency to a previously 'impromptu' system, utilises capacity in lesser known schools and provides ENZ with a mechanism to efficiently administer any government-to-government schemes involving groups of international students to multiple schools.

Reviewed the ENZ Recognised Agent programme

ENZ contracted Martin Jenkins & Associates to review the ENZRA programme. Its primary finding was that ENZRA is ineffective as a quality assurance function.

ENZ continued to review the programme by surveying education agents and providers and government agencies. ENZ also analysed agent impacts and use in ENZ's priority markets. The review will be completed in the second quarter of 2016/17.

Through the review period, ENZ continued to support agents who engage effectively with New Zealand providers via agent seminars, in-market support and ENZ's broader in-country marketing and promotion of New Zealand as a high quality education destination.

Co-funded projects through the International Education Growth Fund

The 2016 round of ENZ's International Education Growth Fund attracted 49 applications from across the New Zealand international education industry, with up to \$500,000 available in total for co-investment. Contracts with successful applicants are in the final stages of being negotiated. Below are two examples of the outcomes achieved through ENZ's co-funding.

Supported Biozone Academy online platform development

Biozone Academy received co-funding to support the enhancement of its pilot stage online platform in the United States. Biozone Academy had more than 200 United States schools signed up to get early access to the platform, and the funding enabled them to improve the user experience and provide a better platform.

One of the largest school districts in the United States was involved in a pilot of BIOZONE's print-media products, and expressed strong interest in trialling the digital platform.

Supported Code Avengers' push into international markets

ENZ provided co-funding to Code Avengers to support their expansion into new markets. The co-funding has enabled them to grow their business team, translate their resources into other languages, develop new products and improve their reach within the international code camp market.

Code Avengers is now delivering online products and services in three additional languages, and is working on translating its products and services into several more.

Ran industry development seminars around New Zealand

ENZ ran seminars at six locations around New Zealand. The seminars were on personas: understanding your audience, and creating effective digital marketing programmes. Feedback since the seminars has been that many institutions have adopted the use of personas within their marketing, and that there has been strong uptake of the School sector story material by schools. ENZ will work more closely with regional education groups to provide professional development in line with their requirements.

Hosted the New Zealand International Education Conference 2015

ENZ hosted the New Zealand International Education Conference 2015 in Hamilton in August 2015. The conference's theme was Accelerate your Growth. It was attended by more than 450 delegates and provided delegates with the opportunity to undertake professional development, learn about market opportunities and network. ENZ staff delivered seminars, workshops and breakout sessions covering a variety of topics. The survey of delegates indicated that 94 percent of attendees rated the conference as good, very good or excellent, while 83 percent agreed or strongly agreed that the conference added value to their organisation.

Co-hosted an offshore delivery symposium

ENZ partnered with Victoria University of Wellington to host a symposium on offshore delivery that was attended by more than 70 participants from across the university, ITP, PTE and educational services sectors. The symposium was opened by Tim Fowler, Chief Executive of the Tertiary Education Commission, and keynote speakers included Boston-based Richard Garrett from The Observatory on Borderless Higher Education, an education think tank with a focus on trans-national education. Mr Garrett was very positive about the huge global opportunity and the trans-national education potential for New Zealand.

Impact measures

Overall the impact measures showed mixed results for 2015/16. The value of New Zealand's international education industry grew in 2015 due to increasing numbers of international students studying in New Zealand. However the aim of increasing preference for New Zealand as a study destination in ENZ's promote markets and the number of international students studying with New Zealand providers offshore has seen slower growth. Despite this ENZ believes the new valuation of the industry's value has exceeded the \$3.0 billion target set for 2015.

Measure	Baseline	Target	Result
Increase the gross economic value of the New Zealand international education industry.	2008: \$2.51b ¹⁰ <i>Trend</i> 2012: \$2.60b ¹¹ 2014: \$2.85b ¹²	2015: Increase value to \$3.0b.	Statistics New Zealand valued exports of 'education travel' at \$3.539 billion for the year ended June 2016, up from \$3.044 billion in the year ended June 2015 ¹³ . This valuation did not include the \$242 million value of education delivered offshore.

Commentary: The 2015 target was achieved. An updated valuation of the economic contribution of international students to New Zealand is currently being undertaken by ENZ which will be combined with the valuation of education delivered offshore to provide an updated industry valuation.

Measure	Baseline		Target		Result
	Market	Baseline 2014/15:	Target 2015/16:	Result 2015/16:	
Increase the preference for New Zealand as an education destination in promote markets.	Brazil	3%	>3%	2%	
	Indonesia	6%	>6%	5%	
	Japan	6%	>6%	6%	
	Saudi Arabia	2%	>2%	0%	
	Thailand	7%	>7%	6%	
	USA	9%	>9%	5%	
	Viet Nam	3%	>3%	4%	

Commentary: The 2015/16 of increasing preference was not achieved. The overall change from 5% in 2014/15 to 4% in 2015/16 was not statistically significant due to the sample size.

Increase the number of student visas approved for study in New Zealand.	2012: 69,269 student visas approved. <i>Trend</i> 2013: 70,269 student visas approved. 2014: 84,414 student visas approved.	2015: Increase student visas approved by at least 5,000 compared to 2014.	2015 ¹⁴ : 10,407 more student visas were approved compared with 2014.
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Commentary: The 2015 target was achieved.

Increase the proportion of international students enrolled to study in regions outside Auckland. ¹⁵	2012: 39% <i>Trend</i> 2013: 40% 2014: 38%	2015: Increase the proportion of international students enrolled to study in regions outside Auckland compared to 2014.	2015 ¹⁴ : 37%
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Commentary: The 2015 target was not achieved with slightly fewer international students studying outside Auckland. ENZ will continue to implement its expanded Regional Partnership Programme in 2016/17 with the aim of increasing the proportion of international students studying outside Auckland.

¹⁰ Source: The Economic Impact of the International Education Industry 2012/13, Infometrics. The industry value included the \$107 million value of education delivered offshore.

¹¹ Source: The Economic Impact of the International Education Industry 2012/13, Infometrics. The industry value included the \$104 million value of education delivered offshore.

¹² Source: The Economic Impact of International Education 2014, Infometrics. The industry value included the \$104 million value of education delivered offshore.

¹³ Source: http://www.stats.govt.nz/browse_for_stats/industry_sectors/imports_and_exports/goods-services-trade-by-country.aspx.

¹⁴ As the student visa numbers are calculated on a calendar year basis, the 2016 student visa results will not be available until early 2017

¹⁵ This is a new measure that is being reported for the first time in 2015/16.

Measure	Baseline	Target		Result		
		Baseline 2011/12 ¹⁷	Trend 2013 ¹⁸	2014 ¹⁹	Target 2015	Result 2015 ¹⁹
Maintain the proportion of international students who were satisfied ¹⁶ or very satisfied with their overall experience.	Sector					
	Secondary school	94%			94%	93%
	Private training establishments	87%		88%		
	English language schools	88%		89%		
	Institutes of technology	89%	89%		89%	88%
Universities	89%	88%		88%	90%	

Commentary: The 2015 target was exceeded for the university sector and nearly achieved for the secondary schools and institutes of technology sectors.

Increase the gross economic value of education services that are delivered offshore.	A comparable baseline is not available.	2015: Increase value to \$150m.	2016: \$242m ²⁰
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Commentary: A 2016 valuation for education delivered offshore found that its contribution to GDP was \$242 million. This is not comparable to prior valuations²¹ as the new valuation calculates the value of the sector (not the export revenue) and a wider sample of firms and activities was included. The new methodology is consistent with how the value of international students in New Zealand is calculated.

Increase the number of international students enrolled with New Zealand providers offshore.	2012: 3,056 international students enrolled with New Zealand providers offshore. <i>Trend:</i> 2013: 3,270 international students enrolled with New Zealand providers offshore. 2014: 3,392 international students were enrolled with New Zealand providers offshore.	2015: Increase enrolments to 4,000 students.	2015 ²² : 3,495 offshore enrolments with New Zealand providers.
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Commentary: The 2015 target of increasing enrolments to 4,000 students in 2015 was not achieved. ENZ has been working with other agencies to develop policies that will enable providers to get government support to enrol New Zealanders for study at offshore locations with the aims of:

- internationalising New Zealanders
- providers setting up in more offshore locations which will then attract international students to study with them offshore.

ENZ'S ORGANISATIONAL DEVELOPMENT

In 2015/16 ENZ continued to develop our people and build and improve our systems, processes and infrastructure to deliver our work programme and support the international education industry.

Monitoring organisational capability

Measure	Baseline	Target	Result
Measure and increase employee engagement.	2013/14: ENZ ranked in the top third of government agencies. <i>Trend:</i> 2014/15: ENZ ranked in the top quartile of government agencies. ENZ had a score of 77.4% for the engagement index, and a score of 72.0% for the performance (satisfaction) index.	Be in the top quartile of the staff engagement performance index for public sector organisations as measured by an employee engagement survey.	As a result of staff feedback the survey launch has been postponed to run in the first quarter of 2016/17.
Core unplanned turnover.	For the year ending 30 June 2014: 9% <i>Trend:</i> For the year ending 30 June 2015: 11%	No more than 12%.	Unplanned turnover was 10% as at 10 June 2016.
Ratio of administration expenses to core operating expenses.	2013/14: 11% <i>Trend:</i> 2014/15: 14%	Between 13-18%.	The full year result is 15%.

¹⁶ Survey ratings are Very Satisfied, Satisfied, Dissatisfied, Very Dissatisfied.

¹⁷ ENZ and the Ministry of Education contracted i-graduate to run the 2011/12 surveys.

¹⁸ The institutions contracted i-graduate to run the 2013 surveys.

¹⁹ ENZ contracted i-graduate to run the 2014 and 2015 surveys.

²⁰ Source: Development and Implementation of a new Valuation Methodology for New Zealand's Education Services Exports, Covex and Infometrics.

²¹ The 2008 valuation was \$107 million and the 2012 valuation was \$104 million. These calculated the export revenue rather than the value of the sector.

²² As the student enrolment numbers are calculated on a calendar year basis, the 2016 student enrolment numbers will not be available until mid-2017

Underwent a Performance Improvement Framework review

ENZ underwent a Performance Improvement Framework (PIF) review to take stock of progress and to identify opportunities for improvement. Since being established, ENZ has focused on promoting New Zealand education, developing the New Zealand education brand and energising and building the capability of New Zealand education providers.

ENZ's role is complex, involving working with international students, New Zealand education providers, other government agencies in New Zealand and overseas, and across New Zealand's education and economic development systems. The review identified that ENZ's key objectives need to be:

- > leading international education
- > telling the story to New Zealand
- > driving student mobility for value to New Zealand
- > driving education delivery offshore.

Since the review was published in April 2016, ENZ's Board and Leadership Team have been working with key government agency stakeholders, to develop the actions required to achieve these objectives.

Some key themes emerged as part of this work are:

- > the speed of change is a challenge, as the industry is evolving rapidly which presents a challenge in designing ENZ's interventions
- > ENZ needs a strong coherent strategy which defines exactly what is important to it and what it will do, and not do, as ENZ has an industry-wide responsibility but lacks the resources to touch every part of the industry
- > building ENZ's market intelligence capability will determine the effectiveness of ENZ's interventions and initiatives and must drive effective value propositions and brand strategies
- > to act as the brand guardian for international education, ENZ must be able to ensure industry alignment and address areas of concern that threaten the brand and industry.

ENZ expects to finalise the four year excellence horizon in 2016/17.

Reviewed ENZ's Safety and Wellbeing policies and practices

ENZ reviewed its Safety and Wellbeing policies and practices to ensure they are in line with the new Health and Safety at Work Act that became effective on 4 April 2016.

ENZ worked to ensure all staff have a comprehensive understanding of their responsibilities under the Act, and within ENZ's policies and practices. ENZ's Safety and Wellbeing Committee meets quarterly to discuss key concerns and ideas that enable staff to feel safe and well at work. Safety and wellbeing are promoted through our staff meetings, team meetings, emails, staff newsletters and ENZ's intranet page.

Approximately a third of ENZ's staff are based offshore. ENZ's Wellington office contacted each of them to discuss safety and wellbeing which allowed ENZ to understand their needs specific to their locations, and put in place actions to help them feel safer and healthier at work.

Our technology and systems

ENZ completed the third and final phase of its ICT programme in 2015/16. The programme focused on improved access security, a refreshed standard operating environment, communications (including ENZ's corporate intranet) and mobility.

Started developing a document management system

ENZ began work on a document management system to provide an environment where in one organised, intuitive and searchable location, ENZ staff can find the information and collaboration areas they need. The system, named DENZEL (Digital ENZ Enterprise Library) will also support ENZ's regulatory compliance through robust governance planning and document record management capabilities. DENZEL underwent a design and build stage in 2015/16, followed by testing, staff training and implementation in the first quarter of 2016/17.

Implemented dedicated internet connections for offshore staff

ENZ established private internet connections to ENZ staff at the following offshore sites: Bangkok, Beijing, Berlin, Guangzhou, Ho Chi Minh City, Jakarta, Kuala Lumpur, Riyadh, Seoul, Shanghai, Tokyo and Los Angeles in 2015/16. The private connections provide a high degree of reliability, manageability and control to ENZ, with guaranteed performance characteristics. In the first quarter of 2016/17 three more sites at Mumbai, New Delhi and Sao Paulo were connected, and Bogota will be connected in the second quarter of 2016/17. This will enable ENZ's international staff to more effectively use the new document management system.

Our people

Reviewed the Stakeholders, Communications and Intelligence team

The structure and capabilities of our Stakeholders, Communications and Intelligence team was reviewed to ensure it is providing the most effective and efficient support to its stakeholders. The team works across ENZ to provide links to other government agencies, key stakeholders such as the responsible Minister and ENZ's Board, communications and public relations services, and work with other agencies to provide intelligence to ENZ and the industry.

As the PIF review clarified the need for broader and deeper intelligence services, and closer links across government, the new team has aligned its responsibilities to meet those needs.

Seconded a staff member to Colombia

ENZ used additional EEL funding to second a staff member to Bogota, Colombia, for six months to explore opportunities. Colombia was identified as a secondment opportunity as ENZ's staff member in Santiago, Chile speaks Spanish and Chile is a mature market for ENZ. Promising outcomes from marketing activities in those six months mean that ENZ has appointed the staff member to Bogota on a permanent basis.

Culture

Following a review of our values in 2014/15, ENZ launched its new Ways of Working. The three pillars of our Ways of Working are: Think Bold, Think Open and Think Team. Staff actively fed into the development of these, and they have been implemented into our performance management framework, culture and daily interactions. ENZ continued to use a Team Management Index to identify staff working preferences and styles and to enhance our ability to work together.

In the first quarter of 2016/17 we carried out our fourth staff engagement survey.

Employee development, promotion and exit

Professional learning and development form part of staff annual performance agreements. The agreements are put into place at the beginning of the financial year and reviewed as part of the performance and remuneration review process at the end of each year.

Some of the opportunities available to staff include internal and external secondments particularly with our NZ Inc partners, project work, tertiary study assistance, coaching and mentoring, formal training programmes and on-the-job-training.

Exit interviews are offered to departing staff. The intention of these exit interviews is to continually improve the workplace environment and experience for staff. The interviews have not indicated any trends causing concern about the organisation's culture or the development opportunities available to staff.

Recruitment, selection and induction

ENZ's human resources/organisational development team use their well established relationships with external organisations and online media to assist with staff recruitment and selection. Equal employment opportunity principles are applied throughout the selection process and have resulted in the rich ethnic mix of staff as shown in our staff profile. A robust induction programme also forms an integral part of training new staff.

Remuneration, recognition and conditions

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 belong to the Public Service Association.

Permanent employees and fixed term staff on long-term agreements participate in regular performance reviews. They participate in the review actively with self-assessments, performance planning and the identification of development and learning opportunities being integral to the process. Remuneration is reviewed annually, taking into account market conditions, performance and affordability. Staff have the ability to receive an increase to their remuneration and in rare instances a lump sum payment in recognition of their performance over the previous 12 months.

Flexibility and work design

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, for example working from home, to accommodate the needs of their families, either temporarily or longer term, and family friendly practices are reflected in a clause in our standard employment agreement.

Harassment and bullying prevention

ENZ is committed to providing a work environment that is free from any form of workplace harassment including bullying. Our workplace harassment policy provides expectations, clear guidelines and processes to assist managers and staff in the resolution of any workplace harassment complaints raised by any staff member.

An equal employment opportunities workplace

ENZ actively seeks to be a good employer through our values, our recruitment, retention and development policies and our engagement with staff. ENZ actively supports staff in their professional development, and will continue to focus on talent management, succession planning and retention.

Our workforce profile

Staff numbers

At 30 June 2016 ENZ's staff numbers slightly decreased to 77 full-time equivalents compared to 30 June 2015 when there were 78.1 full-time equivalents²³. The number of contractors increased as contractors are used where short term and/or specialist skills are required.

Turnover and length of service

The average length of service for all permanent ENZ staff, both within New Zealand and offshore is 2 years and 6 months. This has increased from 2 years and 3 months at 30 June 2015.

Leave balances

As at 30 June 2016, ENZ staff had an average of 13.96 days of annual leave owing to them.

Redundancies

During 2015/16, three staff members received compensation and other benefit payments in relation to cessation totalling \$105,197.

Gender distribution

Reflecting our commitment to equal employment opportunities, 63 percent of ENZ's staff are female. Of the group who are managers, 66 percent are female.

Flexible working 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.

Age distribution

The age distribution of staff does not cause any concern. There are similarities between the average age of New Zealand-based and offshore staff. Organisations with a higher proportion of staff nearing retirement would place more emphasis on succession planning. ENZ's average length of service and age distribution suggests we are less likely to lose key staff due to retirement in the short term.

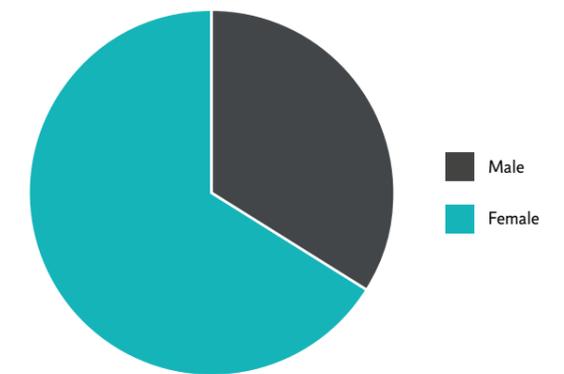
Ethnic diversity

One of ENZ's strengths is its ethnically diverse workforce. In the Wellington office, 25 percent of staff had a non-New Zealand European background and globally. This diversity continues to provide access to a rich mixture of cultural knowledge, languages and networks alongside our offshore staff.

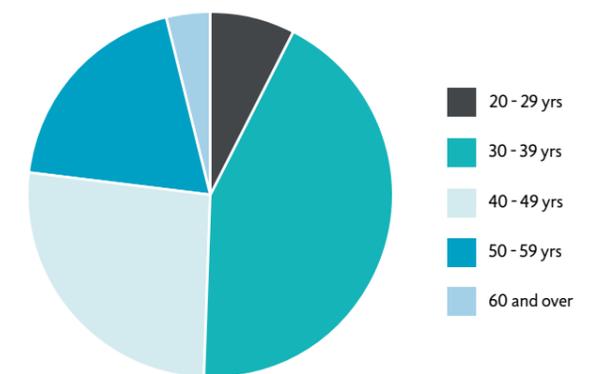
Disability

Staff are invited to disclose any disabilities once they have been accepted for employment so ENZ can make any necessary adjustments to the work environment. Our offices are accessible to people with disabilities.

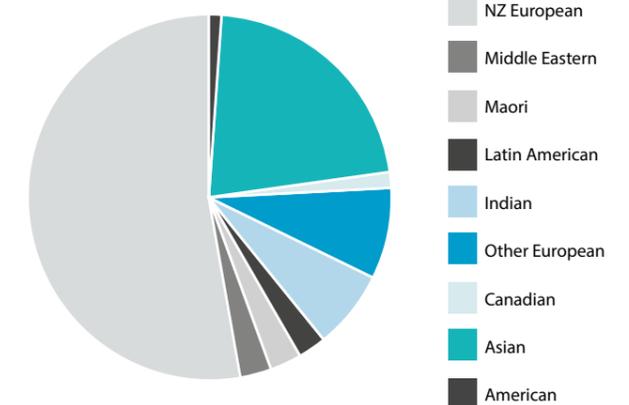
ENZ's gender distribution at 30 June 2016



ENZ's age distribution at 30 June 2016



ENZ's ethnic diversity at 30 June 2016



²³ In ENZ's Annual Report 2014-2015 contractors were included in the number of full-time equivalents rather than being excluded.

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of Education New Zealand's financial statements and statement of performance, and for the judgements made in them.

We are responsible for any end-of-year performance information provided by Education New Zealand under section 19A of the Public Finance Act 1989.

We have 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 our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Education New Zealand for the year ended 30 June 2016.

Signed on behalf of the Board:



Charles Finny | Board Chair

31 October 2016



Philip Broughton | Board Member

31 October 2016

PART THREE

Statement of Performance

This Statement of Performance reports against the performance measures in ENZ's Statement of Performance Expectations 2015-2016. It covers the period from 1 July 2015.



Total appropriations

\$000	2016 Actual	2016 Budget	2016 Revised Budget
Revenue			
Revenue – Crown	32,438	30,922	32,438
Revenue – Other	2,452	1,670	1,670
Total Revenue	34,890	32,592	34,108
Expenditure			
Expenditure	37,025	34,926	36,442
Deficit	(2,135)	(2,334)	(2,334)

International education programmes

\$000	2016 Actual	2016 Budget	2016 Revised Budget
Revenue			
Revenue – Crown	31,638	30,122	31,638
Revenue – Other	2,452	1,670	1,670
Total Revenue	34,090	31,792	33,308
Expenditure			
Expenditure	36,520	34,126	35,642
Deficit	(2,430)	(2,334)	(2,334)

International student scholarship scheme

\$000	2016 Actual	2016 Budget	2016 Revised Budget
Revenue			
Revenue – Crown	800	800	800
Revenue – Other	-	-	-
Total Revenue	800	800	800
Expenditure			
Expenditure	505	800	800
Surplus	295	-	-

STATEMENT OF 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.

What is intended to be achieved with this appropriation?

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

Performance measure	2014/15 performance	2015/16 target	2015/16 actual performance
<i>Quality</i>			
Percentage of users ²⁴ that are satisfied ²⁵ with the quality of ENZ’s services and support. ²⁶	The 2015 Industry Survey recorded 80.7% satisfaction.	≥ 2014/15 result	Nearly achieved The 2016 Industry Survey recorded 80.4% satisfaction with the quality of ENZ’s services and support.
<i>Quality</i>			
Percentage of users ²⁴ that agree ENZ’s services and support have added value ²⁷ to their organisation. ²⁶	The 2015 Industry Survey recorded 70.1%.	≥ 2014/15 result	Not achieved The 2016 Industry Survey recorded 66.7%.
<i>Quantity</i>			
Number of referrals to institutional websites from ENZ’s studyinnewzealand.com website. ²⁶	ENZ achieved 80,403 referrals.	60,000	Exceeded ENZ achieved 123,538 referrals, more than double its 2015/16 target. ENZ focused on increasing media efficiencies, optimising media buys and targeting to the strongest performing options. This was supported by an on-going programme of increased content and translated content on the website.

24 Users are defined as international education industry participants including education providers and organisations that deliver educational products and services offshore.

25 Satisfaction survey ratings = Excellent, Very good, Good, Neither good nor poor, Poor, Very poor, Dreadful.

26 This measure is also reporting back on the end of year performance information set out in the Vote Tertiary Education Estimates 2015/16.

27 Survey ratings = Strongly agree, Agree, Neither agree nor disagree, Disagree, Strongly disagree, Don’t know/too soon to tell.

Performance measure	2014/15 performance	2015/16 target	2015/16 actual performance	
<i>Quality</i>				
Percentage of participating institutions that are satisfied or above ²⁸ with the quality of ENZ's promotional events.	Industry feedback from survey results show a 92% satisfaction rating.	90%	Achieved	Following the full year fair and event activity undertaken to date industry feedback from survey results show a 91.45% satisfaction rating.
<i>Quantity</i>				
Number of new and existing Prime Minister's Scholarships for Asia that are funded.	419 Prime Minister's Scholarships for Asia were funded.	150-200	Exceeded	283 Prime Minister's Scholarships for Asia recipients were funded in 2015/16. More short term scholarships were funded than forecast as the scholarship can be awarded for study between six weeks and two years.
<i>Quality</i>				
Percentage of Prime Minister's Scholarships for Asia recipients who record that the scholarship has benefitted their future career aspirations.	99% of recipients recorded that the scholarship has benefitted their future career aspirations.	95%	Achieved	100% of recipients recorded that the scholarship has benefitted their future career aspirations.
<i>Quantity</i>				
Number of commercial introductions worked on with the New Zealand industry and foreign governments/education providers.	292 introductions were facilitated.	250	Exceeded	362 introductions were facilitated in 2015/16.
<i>Quantity</i>				
Number of international business leads actively pursued by the industry following commercial introductions by ENZ. ²⁹	123 leads were actively pursued.	40	Exceeded	67 leads were actively pursued in 2015/16.
<i>Quantity</i>				
Number of professional development seminars held.	23 professional development events/seminars were held.	12	Achieved	12 seminars were held around New Zealand.

28 Satisfaction survey ratings = Excellent, Mostly happy, Satisfied, Some concerns, Dissatisfied.
 29 This measure is also reporting back on the end of year performance information set out in the Vote Tertiary Education Estimates 2015/16.

Performance measure	2014/15 performance	2015/16 target	2015/16 actual performance	
<i>Quantity</i>				
Number of country or sector specific roadshows/conferences held to assist the industry in networking and identifying business opportunities.	5 country or sector specific roadshows/conferences were held.	5	Achieved	5 seminars were held.
<i>Quality</i>				
ENZ contributes positively ³⁰ to NZ Inc initiatives. ³¹	New measure in 2015/16.	≥2014/15 result	Baseline established	50% of agencies indicated that ENZ contributes to NZ Inc initiatives. The baseline was established in 2015/16 rather than in 2014/15.

International student scholarship scheme

This appropriation is limited to scholarships available to international students wishing to study in New Zealand.

What is intended to be achieved with this appropriation?

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

Performance measure	2014/15 performance	2015/16 target	2015/16 actual performance	
Sustain and grow markets				
<i>Quantity</i>				
Number of new and existing New Zealand International Doctoral Research Scholarships funded.	24 new and existing New Zealand International Doctoral Research Scholarships were funded.	10-20	Achieved	21 new and existing New Zealand International Doctoral Research Scholarships were funded in 2015/16.

30 Survey ratings = Positively contributes, Contributes, Partially contributes, Does not contribute positively, Unsure of ENZ's contribution.
 31 This measure is also reporting back on the end of year performance information set out in the Vote Tertiary Education Estimates 2015/16.

PART FOUR

Annual Financial Statements



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2016

\$000	Note	2016 Actual	2016 Budget	2015 Actual
Revenue				
Revenue from the Crown — operating	1	31,638	30,122	31,122
Revenue from the Crown — NZIDRS scholarships	1	800	800	800
Other revenue	2	2,159	1,400	1,591
Interest revenue		293	270	392
Total revenue		34,890	32,592	33,905
Expenditure				
Personnel costs	3	10,473	10,702	10,746
Other expenses	4	25,589	23,083	22,449
NZIDRS expenses	5	505	800	690
Depreciation and amortisation expenses	9,10	458	341	391
Total expenditure		37,025	34,926	34,276
Deficit		(2,135)	(2,334)	(371)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		(2,135)	(2,334)	(371)

Explanations of major variances against budget are provided in note 22.

Revenue from the Crown — operating includes \$3.781 million funded from the Export Education Levy (2014/15: \$2.265 million). The Export Education Levy Annual Report is published by the Ministry of Education [www.educationcounts.govt.nz] and is tabled in Parliament.

Revenue from the Crown — scholarships funds the International Student Scholarship Scheme (New Zealand International Doctoral Research Scholarship, NZIDRS).

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

\$000	Note	2016 Actual	2016 Budget	2015 Actual
Assets				
Current assets				
Cash and cash equivalents	6	420	819	634
Receivables	7	155	250	227
Investments	8	6,000	5,500	8,000
Prepayments		300	100	239
Total current assets		6,875	6,669	9,100
Non-current assets				
Property, plant and equipment	9	535	905	701
Intangible assets	10	460	425	519
Total non-current assets		995	1,330	1,220
Total assets		7,870	7,999	10,320
Liabilities				
Current liabilities				
Payables	11	3,651	3,137	3,553
Employee entitlements	12	521	400	487
Provisions	13	171	2,200	661
Total current liabilities		4,343	5,737	4,754
Non-current liabilities				
Employee entitlements	12	43	-	-
Provisions	13	53	-	53
Total non-current liabilities		96	-	-
Total liabilities		4,439	5,737	4,754
Net assets		3,431	2,262	5,566

Explanations of major variances against budget are provided in note 22.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

\$000	Note	2016 Actual	2016 Budget	2015 Actual
Balance at 1 July		5,566	4,596	5,937
Comprehensive revenue and expense				
Total comprehensive revenue and expense		(2,135)	(2,334)	(371)
Balance at 30 June	14	3,431	2,262	5,566

Equity relates solely to accumulated funds.

Explanations of major variances against budget are provided in note 22.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

\$000	Note	2016 Actual	2016 Budget	2015 Actual
Cash flows from operating activities				
Receipts from the Crown — operating		31,638	30,122	31,122
Receipts from the Crown — NZIDRS scholarships		800	800	800
Receipts from other revenue		2,201	1,400	1,535
Payments to suppliers		(28,229)	(23,883)	(25,063)
Payments to employees		(8,580)	(10,702)	(8,868)
Goods and services tax (GST)		(56)	-	75
Net cash flows from operating activities	14	(2,226)	(2,263)	(399)
Cash flows from investing activities				
Payments for new term deposits		(2,000)	(1,500)	(2,000)
Interest received		246	270	341
Purchase of property, plant and equipment		(109)	(90)	(472)
Purchase of intangible assets		(125)	(125)	(300)
Receipt from maturity of term deposits		4,000	4,000	2,500
Net cash flows from investing activities		2,012	2,555	69
Net cash flows from financing activities				
Net increase/(decrease) in cash and cash equivalents		(214)	292	(330)
Cash and cash equivalents at the beginning of the year		634	527	964
Cash and cash equivalents at the end of the year		420	819	634

Explanations of major variances against budget are provided in note 22.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of accounting policies

Reporting entity

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

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

These financial statements are for the year ended 30 June 2016, and were approved by the Board on 13 October 2016.

Basis of preparation

ENZ's financial statements have been prepared on a going concern basis.

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).

These financial statements have been prepared and presented in accordance with Tier 1 PBE accounting standards. ENZ qualifies under the Tier 1 reporting framework as it is a public benefit entity with total annual expenditure in excess of \$30 million.

These financial statements comply with PBE accounting standards.

Measurement base

ENZ's financial statements have been prepared on an historical cost basis.

Presentation currency and rounding

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

Standards issued and not yet effective and not early adopted

In December 2015, the External Reporting Board issued amendments to a number of PBE accounting standards. The amended standards apply for reporting periods beginning on or after 1 January 2016. We will apply these standards in the financial year ending 30 June 2017.

ENZ has assessed that the application of these standards will not have a material impact on the financial statements in the year ended 30 June 2017.

Significant accounting policies

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

Revenue

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

Revenue from the Crown

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

Recovery for events and fairs

We recover some of the cost of events that promote education in New Zealand, e.g. education fairs and agent seminars, from participants.

Interest revenue

Interest revenue is recognised using the effective interest method.

Co-funding expenditure

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

At balance date each individual co-funding arrangement is assessed to determine the extent to which the conditions attached to the funding have been satisfied and therefore the amount of funds that will be granted. Co-funding arrangements with unfulfilled conditions are recognised as a future commitment – refer note 15.

Foreign currency transactions

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

Operating leases

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

Cash and cash equivalents

Cash and cash equivalents included cash at bank and deposits held on call with the bank.

Receivables

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

Investments

Bank term deposits

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

Property, plant and equipment

Property, plant, and equipment asset classes consist of leasehold improvements and make-good, computer hardware, furniture and office equipment and motor vehicles.

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

Additions

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

Work in progress is recognised at cost.

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

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

Disposals

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

Depreciation

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

Leasehold improvements & Leasehold make-good	The lesser of either 10 years, with an annual depreciation rate of 10%, or over the remaining term of the lease of the building that has been fitted out	
Computer hardware	3 years	33.3% per annum
Furniture & office equipment	5 years	20% per annum
Motor vehicles	4 years	25% per annum

Intangible assets

Software development

Costs that are directly associated with the development of software are recognised as an intangible asset. These costs include software development, employee costs and any directly attributable overheads.

Costs associated with maintaining computer software and the development and maintenance of ENZ websites are recognised as an expense when incurred.

Amortisation

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

Developed computer software	4 years	25% per annum
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Impairment of property, plant and equipment and intangible assets

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

Payables

Payables are recorded at their face value.

Employee entitlements

Short term employee entitlements

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

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

Long term employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Lease make-good

Where there is an indication or expectation from the lessor that a building is to be returned to its original condition at the end of the lease period, a provision for the estimated cost to make good the premise is made – see note 13 Provisions. Lease make-good provisions are recorded at cost and are recognised on a straight-line basis over the period of the lease.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract.

Scholarships

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

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

Equity

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget

The budget was approved by the Board and presented in ENZ's Statement of Performance Expectations 2015-2016. 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.

The revised budget includes an additional \$1.516 million of funding from the Export Education Levy. This funding was approved by Cabinet in September 2015 to enable ENZ to undertake additional international education regional development and market diversification activities in 2015/16. The additional funding was budgeted to be fully utilised.

Critical accounting judgments, estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

ENZ has exercised judgment when recognising expenditure on co-funding agreements, to determine if conditions of the arrangement have been fulfilled. Unfulfilled conditions are treated as future commitments – refer note 15 Co-funding commitments.

A provision has been made for future restoration costs relating to make-good clauses on office rental leases. The calculation of this provision requires assumptions as to the extent, if any, that landlords will enforce the lease make-good clauses and estimates of the cost of restoration. These uncertainties may result in future actual expenditure differing from amounts currently provided. Provisions are periodically reviewed and updated, based on information available at the time. The carrying amounts are disclosed in note 13 Provisions.

2. Other revenue

\$000	2016 Actual	2015 Actual
Other revenue under exchange transactions		
Recovery for events and fairs	1,062	967
Gain on sale of property, plant and equipment	-	30
Other revenue	1,049	585
Total other revenue under exchange transactions	2,111	1,582
Other revenue under non-exchange transactions		
Other revenue	48	9
Total other revenue under non-exchange transactions	48	9
Total other revenue	2,159	1,591

Asset disposals

There were no asset sales in 2015/16 that resulted in a gain on asset disposals (2014/15: two motor vehicles were sold, resulting in a gain of \$30,000).

3. Personnel costs

\$000	2016 Actual	2015 Actual
Salaries and wages	8,419	8,493
Other personnel related costs	715	914
Contractors	1,074	1,016
Restructuring costs	-	36
Employer contributions to KiwiSaver	190	185
Increase in annual leave	32	102
Increase in post-employment benefits	43	-
Total personnel costs	10,473	10,746

Employee remuneration

During the year the number of ENZ employees who received remuneration and other benefits in excess of \$100,000 were:

Remuneration range	2016 Actual	2015 Actual	Remuneration range	2016 Actual	2015 Actual
\$100,000 – 109,999	6	7	\$210,000 – 219,999	2	3
\$110,000 – 119,999	3	3	\$220,000 – 229,999	2	-
\$120,000 – 129,999	6	9	\$230,000 – 239,999	-	1
\$130,000 – 139,999	7	4	\$250,000 – 259,999	1	-
\$140,000 – 149,999	3	-	\$260,000 – 269,999	-	1
\$150,000 – 159,999	1	1	\$270,000 – 279,999	1	-
\$160,000 – 169,999	1	1	\$300,000 – 309,999	-	1
\$180,000 – 189,999	1	1	\$330,000 – 339,999	1	-
\$190,000 – 199,999	1	1			
Total employee remuneration				36	33

During the year three staff members received compensation and other benefit payments in relation to cessation totalling \$105,197 (2014/15: two staff members received \$101,037).

4. Other expenses

\$000	2016 Actual	2015 Actual
Audit fees to Audit New Zealand for audit of financial statements	65	72
Board member remuneration	128	116
Advertising, events and fairs	9,023	9,822
Research, policy and other advice	5,844	3,024
Co-funding arrangements	2,848	2,009
Operating lease expenses	312	239
Loss on disposal of property, plant and equipment	1	10
English language training programmes – funded by Ministry of Foreign Affairs and Trade	894	-
Other operating expenses	3,076	3,689
Scholarship payments – Prime Minister's Scholarships for Asia	1,838	1,909
Staff travel	1,560	1,559
Total other expenses	25,589	22,449

Operating leases

ENZ entered a six year agreement to lease Wellington premises from 1 August 2014. The lease expires on 31 July 2020, with one right of renewal of six years.

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

\$000	2016 Actual	2015 Actual
Not later than one year	295	279
Later than one year and not later than five years	906	1,148
Later than five years	-	25
Total non-cancellable operating leases	1,201	1,452

5. NZIDRS expenses

New Zealand International Doctoral Research Scholarships (NZIDRS) enable international students to come to New Zealand to undertake or continue PhD study. These scholarships are funded through the International Student Scholarship Scheme appropriation. Total NZIDRS expenses in 2015/16 were \$0.505 million (2014/15: \$0.690 million).

Please note expenses for the Prime Minister's Scholarships for Asia are separately disclosed under note 4 Other expenses.

6. Cash and cash equivalents

Cash at bank was non-interest bearing. The on-call account earned interest at rates set by the bank. ENZ had cash and cash equivalents at 30 June 2016 of \$0.420 million (30 June 2015: \$0.634 million).

7. Receivables

\$000	2016 Actual	2015 Actual
Receivables under exchange transactions		
Interest receivable from bank	47	50
Receivables from the sale of services	4	52
Total receivables under exchange transactions	51	102
Receivables under non-exchange transactions		
Recoverables from scholarships	-	77
Goods and services tax (GST) receivable	104	48
Total receivables under non-exchange transactions	104	125
Total receivables	155	227

The ageing profile of receivables at 30 June 2016 was:

\$000	2016 Actual	2015 Actual
Not past due	152	219
Past due 1 – 30 days	-	6
Past due 31 – 60 days	3	2
Total	155	227

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

There were no movements in the provision for impairment of receivables in 2015/16 (2014/15: nil).

8. Investments

Our investments were term deposits with maturity dates no greater than 180 days. The carrying amounts of investments represent their fair value. There was no impairment provision. ENZ had investments of \$6.000 million at 30 June 2016 (30 June 2015: \$8.000 million).

9. Property, plant and equipment

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

\$000	Furniture & office equipment	Computer hardware	Motor vehicles	Leasehold improvements	Assets under construction	Total
Cost						
Balance at 1 July 2014	136	489	174	204	2	1,005
Additions at cost	75	53	74	305	9	516
Disposals	(107)	(54)	(44)	(204)	-	(409)
Balance at 30 June 2015	104	488	204	305	11	1,112
Balance at 1 July 2015	104	488	204	305	11	1,112
Additions/transfers at cost	12	81	-	27	(11)	109
Disposals	(15)	(18)	-	-	-	(33)
Balance at 30 June 2016	101	551	204	332	-	1,188
Accumulated depreciation						
Balance at 1 July 2014	111	181	47	193	-	532
Depreciation expense	17	153	37	57	-	264
Elimination on disposal	(93)	(44)	(45)	(203)	-	(385)
Balance at 30 June 2015	35	290	39	47	-	411
Balance at 1 July 2015	35	290	39	47	-	411
Depreciation expense	18	151	51	54	-	274
Elimination on disposal	(14)	(18)	-	-	-	(32)
Balance at 30 June 2016	39	423	90	101	-	653
Carrying amounts						
Balance at 1 July 2014	25	308	127	11	2	473
Balance at 1 July 2015	69	198	165	258	11	701
Balance at 30 June 2016	62	128	114	231	-	535

Capital commitments

At 30 June 2016 ENZ had nil commitments in respect of property, plant and equipment (30 June 2015: nil).

10. Intangible assets

ENZ's intangible assets are all classified as internally developed software. At 30 June 2016 the assets in this class consisted of the student website, our internal intranet and operating environment.

There have been no indicators that the useful economic lives of our internally developed software assets will be materially different to that estimated when they became available for use.

Movements for the internally developed software asset class were as follows:

\$000	Internally developed software	Total
Cost		
Balance at 1 July 2014	415	415
Additions	300	300
Disposals	-	-
Balance at 30 June 2015	715	715
Balance at 1 July 2015	715	715
Additions	125	125
Disposals	-	-
Balance at 30 June 2016	840	840
Accumulated amortisation and impairment losses		
Balance at 1 July 2014	69	69
Amortisation expense	127	127
Balance at 30 June 2015	196	196
Balance at 1 July 2015	196	196
Amortisation expense	184	184
Elimination on disposal	-	-
Balance at 30 June 2016	380	380
Carrying amounts		
Balance at 1 July 2014	346	346
Balance at 1 July 2015	519	519
Balance at 30 June 2016	460	460

Capital commitments

At 30 June 2016 ENZ had nil commitments in respect of intangible assets (30 June 2015: \$0.166 million).

11. Payables

\$000	2016 Actual	2015 Actual
Payables under exchange transactions		
Creditors	2,285	1,907
Accrued expenses	667	643
Total payables under exchange transactions	2,952	2,550
Payables under non-exchange transactions		
Fringe benefit tax payable	6	21
Co-funding payable	403	357
Scholarships payable	290	625
Total payables under non-exchange transactions	699	1,003
Total payables	3,651	3,553

12. Employee entitlements

\$000	2016 Actual	2015 Actual
Current Portion		
Accrued salaries and wages	61	59
Annual leave	460	428
Total current portion	521	487
Non-current portion		
Post-employment benefits	43	-
Total non-current portion	43	-
Total employee entitlements	564	487

13. Provisions

\$000	2016 Actual	2015 Actual
Current portion		
Co-funding arrangements	171	661
Total current portion	171	661
Non-current portion		
Lease make-good	53	53
Total non-current portion	53	53
Total provisions	224	714

Movements for each class of provision were as follows:

\$000	Co-funding arrangements	Lease make-good	Onerous lease	Total
Cost				
Balance at 1 July 2014	1,102	-	48	1,150
Additional provisions made	773	53	-	826
Amounts used	(1,214)	-	(48)	(1,262)
Balance at 30 June 2015	661	53	-	714
Balance at 1 July 2015	661	53	-	714
Additional provisions made	2,756	-	-	2,756
Amounts used	(3,246)	-	-	(3,246)
Balance at 30 June 2016	171	53	-	224

Co-funding arrangements

Refer to Note 1, Statement of Accounting Policies: Co-funding expenditure, for further information.

Onerous lease

ENZ had a non-cancellable lease for office space which expired in November 2014.

Lease make-good

ENZ is required to return any leased premise to its original state at the expiry of the lease. Refer to Note 1 Statement of accounting policies: Critical accounting judgments, estimates and assumptions, for further information.

14. Reconciliation of net deficit to net cash flow from operating activities

\$000	2016 Actual	2015 Actual
Deficit	(2,135)	(371)
Add non-cash items		
Depreciation and amortisation expense	458	391
Total non-cash items	458	391
Add/(Less) items classified as investing or financing activities		
Interest received	(246)	(341)
(Gain)/Loss on disposal of property, plant and equipment	1	(20)
Total items classified as investing or financing activities	(245)	(361)
Add/(Less) movements in statement of financial position items		
Decrease in receivables	128	50
(Increase) in prepayments	(61)	(98)
Increase in payables	98	425
(Decrease) in provisions	(490)	(436)
Increase/(Decrease) in employee entitlements	77	(74)
(Increase)/Decrease in Goods and services tax (GST)	(56)	75
Net movements in working capital items	(304)	(58)
Net cash flow from operating activities	(2,226)	(399)

15. Co-funding commitments

At 30 June 2016 ENZ had commitments relating to co-funding arrangements of \$1.258 million (30 June 2015: \$1.211 million), with substantially all payments to be made within one year.

16. Contingent assets and liabilities

ENZ had nil contingent assets as at 30 June 2016 (30 June 2015: nil). ENZ had nil contingent liabilities as at 30 June 2016 (30 June 2015: nil).

17. Related party transactions

Education New Zealand is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those it is reasonable to expect that we would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (e.g. Government departments and Crown funded tertiary institutions) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

There were no material related party transactions required to be disclosed.

Key management personnel remuneration

ENZ's key management personnel are the Board, Chief Executive and the Senior Leadership team.

The remuneration to key management personnel was:

\$000	2016 Actual	2015 Actual
Board members	128	116
Leadership team	1,558	1,483
Total key management personnel remuneration	1,686	1,599

The number of full time equivalent (FTE) key management personnel was:

FTE	2016 Actual	2015 Actual
Board member full-time equivalent personnel	0.88	0.79
Leadership team full-time equivalent personnel	6.91	6.32
Total full-time equivalent personnel	7.79	7.11

The full-time equivalent for Board members was determined using the number of days of commitment to ENZ per annum, as set out in each member's letter of appointment to the Board. The full-time equivalent for the seven members of the Leadership team, including the Chief Executive, was determined using the contracted hours, as set out in each member's employment agreement.

18. Board member remuneration

\$000	2016 Actual	2015 Actual
C Finny (Chair)	32	32
N Barns	16	16
P Broughton	16	16
J Morris	16	16
R Leggat	16	16
F Valintine	16	16
V Spackman	16	-
J Tattersall (to 31 August 2014)	-	4
Total Board member remuneration	128	116

Members of the Stakeholder Advisory Committee are appointed by the Minister for Tertiary Education, Skills and Employment. Membership is voluntary with no remuneration.

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

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

19. Events after balance date

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

20. Financial instruments

ENZ, as part of its everyday operations, is party to financial instruments that have been recognised in our financial statements. These financial instruments include accounts payable and accounts receivable, cash and short term deposits.

All financial instruments are recognised in the statement of financial position, and revenues and expenses in relation to all financial instruments are recognised in the statement of comprehensive revenue and expense.

A. Financial instrument categories

The carrying amounts of financial assets and liabilities were:

\$000	2016 Actual	2015 Actual
Cash, receivables and investments		
Cash and cash equivalents	420	634
Receivables	155	227
Investments	6,000	8,000
Total cash, receivables and investments	6,575	8,861
Payables		
Payables	3,651	3,553
Total payables	3,651	3,553

B. Financial instrument risks

Our activities expose us to the following financial instrument risks: market risk, credit risk and liquidity risk. We have policies and procedures to manage the risks associated with financial instruments. These policies and procedures do not allow us to enter into any transactions that are speculative in nature.

Market risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

We limit our exposure to fair value interest rate risk by placing funds in bank term deposits with maturity dates no greater than 180 days. ENZ does not actively manage our exposure to fair value interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

ENZ only maintains a bank account denominated in New Zealand dollars. However, we do purchase goods and services overseas that require us to enter into transactions denominated in foreign currencies. This activity exposes us to currency risk. ENZ does not actively manage our exposure to currency risk.

Credit risk

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

In the normal course of business ENZ is exposed to credit risk from cash and term deposits held with banks and receivables. For each of these the maximum credit exposure is best represented by the carrying amount in the statement of financial position. There have been no defaults in the payment of interest or return of principal on our term deposits.

ENZ limits its credit risk by only placing funds in an on-call account or term deposits held with banks registered in New Zealand that have a minimum Standard and Poor's credit rating of AA-.

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.

The credit quality of ENZ's financial assets as at 30 June 2016 was:

\$000	2016 Actual	2015 Actual
Counterparties with credit ratings AA-		
Cash at bank and term deposits	6,420	8,634
Receivables	47	51
Total counterparties with credit ratings AA-	6,467	8,685
Counterparties without credit ratings		
Receivables with no defaults in the past	108	176
Total counterparties without credit ratings	108	176

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that ENZ will not have sufficient cash on hand to meet commitments as they fall due. ENZ manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

Our financial liabilities were payables. All of our payables fell due within three months. The carrying amount of payables was equivalent to the contractual cash flows, as ENZ expected to make all payments by the due date. The carrying amount of our payables as at 30 June 2016 was \$3.651 million (30 June 2015: \$3.553 million).

21. Capital management

ENZ's capital is equity, which is comprised of accumulated funds. Equity is represented by net assets.

ENZ is subject to the financial management and accountability provisions of the Crown Entities Act 2004. The act imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. ENZ has complied with the provisions of the act for the year ended 30 June 2016.

ENZ manages its financial dealings prudently, enabling the business to meet its objectives.

22. Explanation of major variances against budget

Explanations for major variances from our budgeted figures presented in the Statement of Performance Expectations 2015/16 are as follows:

Revenue from the Crown – Operating was higher than budgeted because ENZ received an additional \$1.516 million of funding from the Export Education Levy. This funding was approved by Cabinet in September 2015 to enable ENZ to undertake additional international education regional development and market diversification activities in 2015/16.

Other revenue was higher than budgeted mainly because ENZ received new funding of \$0.894 million from the Ministry of Foreign Affairs and Trade in 2015/16. The purpose of the funding was to enable ENZ to provide services in relation to English language training programmes for rural students from the Republic of Korea. These services form part of the cooperation activities under the free trade agreement between New Zealand and the Republic of Korea.

Other expenses was higher than budgeted because the above funding was fully utilised.

Scholarship expenses were lower than budgeted due to:

- > six students that completed their course and confirmed they did not need to draw down the full scholarship available to them
- > a student that withdrew from their course
- > a student that completed their course early.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Education New Zealand's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of the 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 the performance information, including the performance information for appropriations, of ENZ on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- > the financial statements of ENZ on pages 48 to 70, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- > the performance information of ENZ on pages 32 to 35 and 42 to 45.

In our opinion:

- > the financial statements of ENZ:
 - > present fairly, in all material respects:
 - > its financial position as at 30 June 2016;
 - > its financial performance and cash flows for the year then ended; and
 - > comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Reporting Standards.

> the performance information:

- > presents fairly, in all material respects, ENZ's performance for the year ended 30 June 2016, including:
 - > for each class of reportable outputs:
 - > its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - > its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - > what has been achieved with the appropriations;
 - > the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - > complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2016. 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 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 the 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 the 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 the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the 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 performance information 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 performance information within ENZ's framework for reporting performance;
- > the adequacy of the disclosures in the financial statements and the performance information; and
- > the overall presentation of the financial statements and the performance information.

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

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 performance information that:

- > comply with generally accepted accounting practice in New Zealand and Public Benefit Entity reporting standards;
- > present fairly ENZ's financial position, financial performance and cash flows; and
- > present fairly ENZ's performance.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and 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 the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit.

Our responsibility arises from the Public Audit Act 2001.

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.

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

Karen Young

Karen Young

Audit New Zealand

*On behalf of the Auditor-General
Wellington, New Zealand*

APPENDIX ONE: 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.

APPENDIX TWO: OUR BOARD

ENZ's Board 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 its strategic direction and its monitoring performance.

The Board regularly meets to carry out governance functions and address major challenges impacting the industry.

On the Board's behalf, the Audit and Risk Committee monitors the financial and risk management of ENZ.

The Human Resources/Organisation Development Committee assists the Board in fulfilling its responsibilities regarding human resources and organisational development policies and practices.

A number of special advisors to the Board help guide and shape the Board's work and ensure connections with the strategic direction of other agencies. The special advisors are:

- > the Chief Executive of the Ministry of Education
- > the Chief Executive of the Ministry of Foreign Affairs and Trade
- > the Deputy Chief Executive Labour, Science and Enterprise from the Ministry of Business, Innovation and Employment
- > the Deputy Chief Executive Immigration New Zealand from the Ministry of Business, Innovation and Employment.

The Board receives feedback from the industry through holding sector 'deep dive' sessions at Board meetings. The sessions are intended to provide the Board with in-depth analysis of a sector from members of that sector and enables the Board to probe into issues more deeply.

Diagram 1: Governance of ENZ at 30 June 2016



New Zealand Government

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