

**NEW ZEALAND**  
EDUCATION

# Statement of Intent

## 2013-2016

## The Leadership Statement for International Education (2011)

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

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

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# Message from Board Chair

**In the 2011 Leadership Statement for International Education, the Government set out ambitious goals for the industry. Education New Zealand was established on 1 September 2011 to assist the industry to deliver on these goals.**

After a year and a half of strategy development, re-structure and product re-design, we are on the verge of rolling out a programme of new activities to help the industry grow at the pace necessary to achieve the goals. This will involve new and more sophisticated market prioritisation, a new suite of support services for the industry, new ways of communicating with the market, and a new brand. We have also been working across Government to put in place new policy settings to increase New Zealand's attractiveness to international students. Immigration policy settings and the work of the New Zealand Qualifications Authority on qualification recognition are critical to us.

While much of our activity in 2012 and early 2013 have been inward looking, we have not been ignoring opportunities for growth. The about to be released documentaries commissioned for the China market; the just signed agreement on a model polytechnic

with China; the agreement with Chile to expand the 'Penguins without Borders' scheme from 40 students to at least 500 a year; the agreements with Brazil to include New Zealand in the 'Science without Borders' and 'English without Borders' schemes; the collaborative activities we have encouraged amongst New Zealand education publishers at and since the Frankfurt Book Fair; and the first Indian senior government and industry representatives skills mission that will deliver vocational training for Indian students in India and New Zealand, are all examples of significant forward progress, and examples of what Education New Zealand can achieve.

While we have had some good successes, we need to be concerned about increased competition in key markets, downturns in demand in markets such as South Korea, and the impact of changes in policy. Changed work rights for low-level qualifications has had a big impact on student numbers over the last year. We predicted that this would be the impact, but were satisfied that, over the longer term, the policy change would encourage higher-quality and higher-value students to come to New Zealand. I note that most of our targets are value targets, not numeric.

While much of our activity in 2012 and early 2013 have been inward looking, **we have not been ignoring opportunities for growth.**



We are grateful that the Government has seen the importance of the work that we are doing to achieve its goals under the Business Growth Agenda and its goal of increasing New Zealand's export to Gross Domestic Product (GDP) ratio from 30 percent to 40 percent by 2025. The increase in resources voted to us in Budget 2013 is much appreciated. It will allow us to both intensify our marketing and brand development efforts, and to add new strings to our bow – for example, an outbound scholarship programme. This will be a powerful addition to our portfolio and, aside from increasing our domestic skill set, it will be most helpful in our negotiations with other Governments over the inclusion of New Zealand in their outbound scholarship programmes.

Education New Zealand will achieve nothing if it does not have strong support from the export education industry. Outreach to the industry, and involvement of the industry in our strategic planning is essential. Can I thank those who have been so willing to devote time to work with Education New Zealand over the past year. In particular, can I recognise the role of the Stakeholder Advisory Committee. The Board has greatly appreciated the advice provided by this committee and we want to make this group an even more integral part of our work in the year ahead.

Can I thank Grant McPherson and his team for their work over the last year, and wish them well for the challenging year ahead. And thank you to my fellow Board members for the huge effort and hours that you have put into Education New Zealand. We look forward to rolling out our new brand and revised strategy, and making an even bigger difference in the year ahead.

**Charles Finny** | Board Chair

# Part One:

## Our Strategic Context

# Our role

## Our purpose

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

## What we do

Education New Zealand (ENZ) was established in September 2011 as a Crown Agency, with the Ministry of Education as our monitoring agency. We are based in New Zealand, Belgium, Brazil, Chile, China, Germany, India, Indonesia, Malaysia, Saudi Arabia, South Korea, Taiwan, Thailand, the United States and Viet Nam. Our statutory functions are shown in Appendix Two.

We work with the diverse international education industry that encompasses six sectors: universities, institutes of technology, private training establishments, English language providers, schools, and offshore education service providers<sup>1</sup>.

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

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

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

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

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

## Our progress since being established

During ENZ's establishment phase, we continued to deliver our promotional programme while finalising our strategy, organisational structure and market priorities. We also made improvements to the promotional programme to increase its effectiveness, such as the establishment of digital campaigns in the lead-up to offshore events within a market.

We developed and launched the Education New Zealand brand as our corporate brand; using the New Zealand Way brand (the fern) that is used by government agencies to consistently promote New Zealand overseas.

Along with Tourism New Zealand and New Zealand Trade and Enterprise, we have been sponsoring the development of the New Zealand Story. It will create an overarching story to support export earnings growth across all export sectors.

To complement the New Zealand Story, we will launch a New Zealand Education Story that represents the industry's work. It will provide a story that can be used by the industry and ENZ to position and promote New Zealand export education in offshore markets. To complement this brand and support the rebuilding of Christchurch's export education industry, the 'Christchurch Educated' brand was launched in September 2012 and is being used to promote Christchurch export education providers.

Our student destination brand campaign was re-designed and launched in June 2013. This branding is only used offshore to target students who are looking at studying overseas. It will be used in all of our student marketing campaigns, events and activities.

Student lifecycle maps have been developed to identify challenges and barriers to industry growth. These were tested at our Student Voice forum, where students shared ideas and suggestions on their experiences with representatives from Immigration New Zealand, the New Zealand Qualifications Authority and the Ministry of Education.

As part of New Zealand Inc., we supported New Zealand education publishers at the 2012 Frankfurt Book Fair. We supported the development of a web-book to showcase education publishers' products. Since the Book Fair, two new rights deals have been confirmed, and many other education publishing rights deals are either in negotiation or under discussion.

To increase awareness of New Zealand as an attractive education destination, we used the Frankfurt Book Fair and the Asia Pacific Robotics Championships in Auckland to target potential international students.

Our work across other governments to build bilateral education links has been reflected in New Zealand becoming the pilot country for Chile's 'Penguins without Borders' programme<sup>2</sup>. New Zealand has also become one of four countries in the Brazilian 'Win the World' programme. These programmes have brought 40 Chilean students and 333 Brazilian students to study in New Zealand for the first two semesters of 2013. In addition, Brazilian tertiary students have come to New Zealand under the 'Science without Borders' programme. More secondary and tertiary students are expected to come to New Zealand under these programmes.

Over the next three years, our challenges will be to further increase the economic value from international students studying in New Zealand, support the industry to increase the provision of education products and services offshore, and help the industry to reverse the downward trend in international student numbers. The Government has confidence in our ability to deliver a significantly expanded work programme. It has approved a major funding increase of \$40 million over four years to expand our promotional campaigns within existing and emerging markets, establish international education scholarships for New Zealanders, and strengthen industry development.

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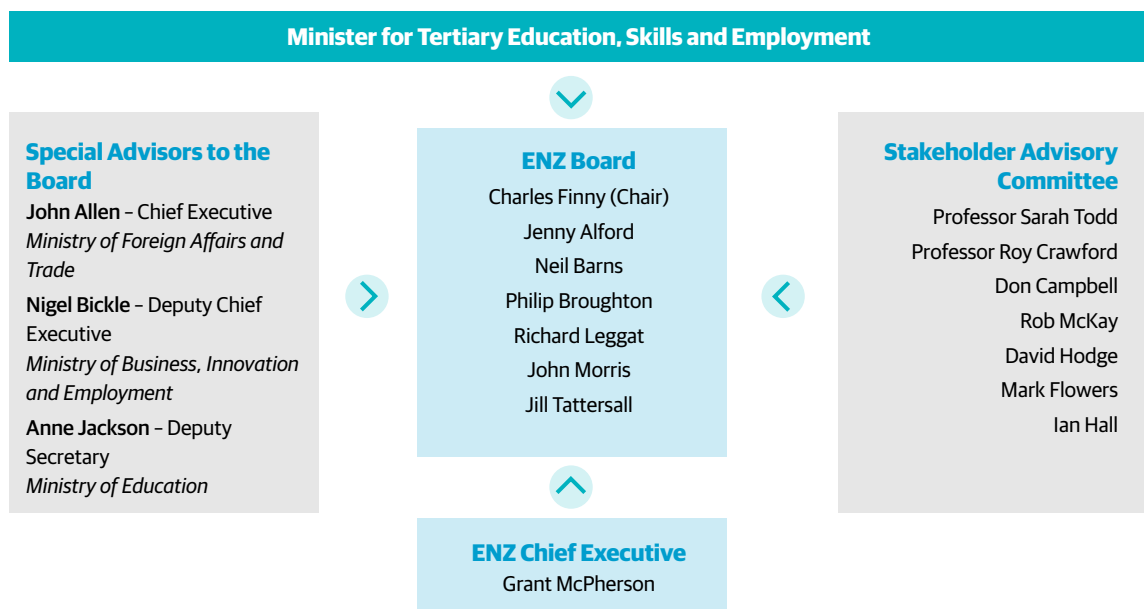
<sup>2</sup> The programme's name comes from the traditional black and white Chilean secondary school uniform.



# Our Board

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

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



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

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

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

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

# Government priorities

Our work has strong links to the Government's main priorities, in particular:

- › Building a more competitive and productive economy;
- › Rebuilding Canterbury.

As international education is one of New Zealand's most valuable service exports, we contribute to the Government's priority of building a more competitive and productive economy, and the Business Growth Agenda's work to build export markets. International education is one of the key areas identified to help achieve the Business Growth Agenda's export markets goal of increasing the ratio of exports to gross domestic product to 40 percent by 2025.

The international education scholarships for New Zealanders also support the building of a more competitive and productive economy by enabling recipients to enhance their skills for use in the New Zealand work force. These scholarships will also increase international connections between New Zealand and other countries through the building of lifelong friendships and networks, and strengthening New Zealanders understanding of other cultures.

As the number of international students studying in Canterbury has continued to decrease as a result of the Christchurch earthquakes, we will continue to support the rebuilding of Christchurch's international education industry.

We also support the Government's priority of responsibly managing the government's finances by operating to ensure we deliver our work programme efficiently and effectively, and deliver value for money.

## New Zealand's education system

New Zealand's education agencies, including ENZ, have developed a shared view of the key outcomes that will enable the agencies to collectively deliver on government priorities. We contribute to the shared education system outcome that 'the education system is a major contributor to economic prosperity and growth'. A summary of the education system's shared outcomes is shown in Appendix One.

## The Leadership Statement for International Education (2011)

The Government's goals for the international education industry are set out in the Leadership Statement for International Education.

It sets out ambitious targets for the size, scale and sustainability of the industry by 2025. The targets mean steady growth is needed in the economic value of international students and offshore products and services, and in the volume of international students.

The statement also includes objectives for the quality of international relationships that underpin the international education industry, and the cultural and academic benefits from international education experiences. The quality of New Zealand's international education industry and the relationships are as important as the achievement of the numerical targets.

The Leadership Statement is set out on the inside cover of this Statement of Intent.

# Our operating environment

## The international environment

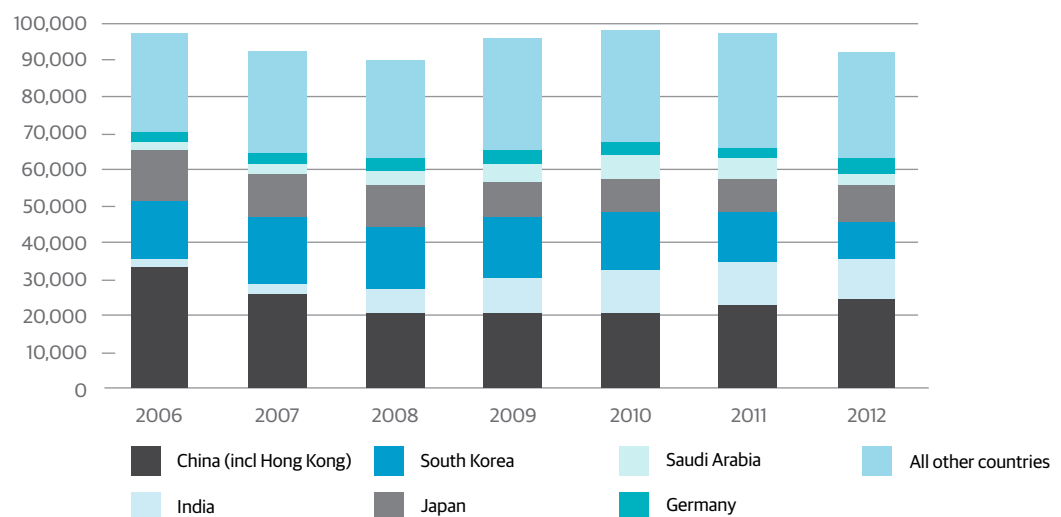
The global economy is expected to gradually improve over the new few years, following the uncertainty experienced in 2012 and early 2013<sup>3</sup>. Higher economic growth is expected to occur in China, Brazil, India and Indonesia compared to the rest of the world, which should benefit the international education industry as these are key source countries for international students.

## Future global demand for international education

New Zealand has been successful in attracting a small, but significant slice of the international student market. Nearly all of the global growth in international education to 2025 is expected to come from China and India, and to occur in the non-compulsory education sector. Also contributing to the global growth in international education to 2025 are Africa, the Middle East, Asia, Central America and South America where demand is expected to exceed three percent per year. New Zealand's high exchange rate is expected to dampen demand in some sectors and markets. One of the challenges facing the industry will be to take advantage of the forecast demand in spite of this.

China and India are expected to continue to be strong markets for international students for New Zealand, while other potential markets continue to emerge. New Zealand also has some established student attraction markets, such as Germany, Japan and South Korea. As many of the established markets have the potential for further growth, we now have the opportunity to increase our promotional activities in these markets so the industry can benefit from the potential growth. We will need to work to raise New Zealand's attractiveness within these markets.

Graph 1: Origin of international fee-paying students



Source: Export Education Levy 2012, Ministry of Education.

<sup>3</sup> This Statement of Intent includes calendar year and financial year information. A calendar year is shown as a single year, such as 2012, while dates such as 2012/13 refer to a financial year.

Some of New Zealand's export education products and services are already being delivered in China and India, while other export products and services have the potential to enter those markets. Emerging markets, such as Indonesia, also provide growth opportunities for export education providers from which sectors and sub-sectors<sup>4</sup> can benefit.

In 2012, we undertook a substantial market prioritisation exercise. We wanted to identify Tier 1 markets, where there is significant government and/or industry interest, and Tier 2 markets, where there are historical or emerging opportunities to focus our efforts. We identified China, India and Indonesia as Tier 1 markets and Brazil, Chile, Malaysia, the Middle East, South Korea, Thailand, and Viet Nam as Tier 2 markets. In addition, we identified Tier 3 markets that have either historical opportunities for at least one sector or emerging opportunities that we have started to investigate. Our Tier 3 markets include Colombia, Germany, Japan and the United States.

We have been developing a more sophisticated market/sector prioritisation matrix to reflect the fact that specific geographic locations, sectors and sub-sectors have varying levels of opportunity within a market. The matrix will be used to help prioritise our activities.

### **Increasing competition in international education**

Competition for international students is strengthening as more providers in English and non-English speaking countries enter the industry. New Zealand's main competitors are much larger and have more resources. The market's responsiveness to policy setting changes has continued to be demonstrated, especially regarding changes to immigration settings, settlement and work options.

New Zealand needs to be comparably attractive as a study destination in terms of price, quality and ease of access. We also need to leverage New Zealand's many strengths, including:

- › a world class English language education system
- › educators who encourage innovation and creative thinking
- › a relatively safe, multi-cultural environment
- › excellent lifestyle options
- › employment and immigration opportunities post-study.

### **Changing the way education products and services are delivered**

There has been a recent emergence and rapid global growth of massive open online courses (MOOCs). They provide a low-cost, easily-accessible way to learn. This method of learning bypasses some of the barriers to studying with an overseas institution and enables students to build their skills. The rapid innovation in the delivery of education products and services is creating opportunities for education providers and businesses to benefit via a much larger potential market for their products and services. It also creates a risk as potential students may see MOOCs as a viable alternative to travelling to a foreign destination. We will work with the industry to identify and benefit from these and any other opportunities that are yet to emerge.

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<sup>4</sup> Some examples of sub-sectors are secondary schools, export education publishing and export education technology.

## The wider New Zealand environment

### Working with other New Zealand government agencies

Education and immigration policies and settings, during studying and afterwards, can affect New Zealand's attractiveness to potential international students. One upcoming change will be the rollout of Immigration New Zealand's new IT system, which will change how student visa applications are lodged and processed.

We need to work closely with other government agencies to ensure the industry is fully informed of any proposed changes, ensure the industry's views of any changes are taken into account, and monitor the impact of those changes on application volumes and New Zealand's attractiveness as an education destination.

We work closely with the other New Zealand education sector agencies to collectively deliver on the government's education priorities, and with the other New Zealand Inc. agencies to ensure our education branding complements the New Zealand Way brand.

### Supporting Christchurch's international education industry

New Zealand is seen as a relatively safe destination, free of terrorism concerns, and warm and welcoming to visitors. However, the impact of the Christchurch earthquakes will continue to be felt by Christchurch and the wider New Zealand international education industry. The number of international students studying in Canterbury has decreased since the quakes so we are continuing to support Christchurch through targeted initiatives. The Christchurch Educated brand and strategy were launched in 2012 to support the rebuilding of Christchurch's international education industry.

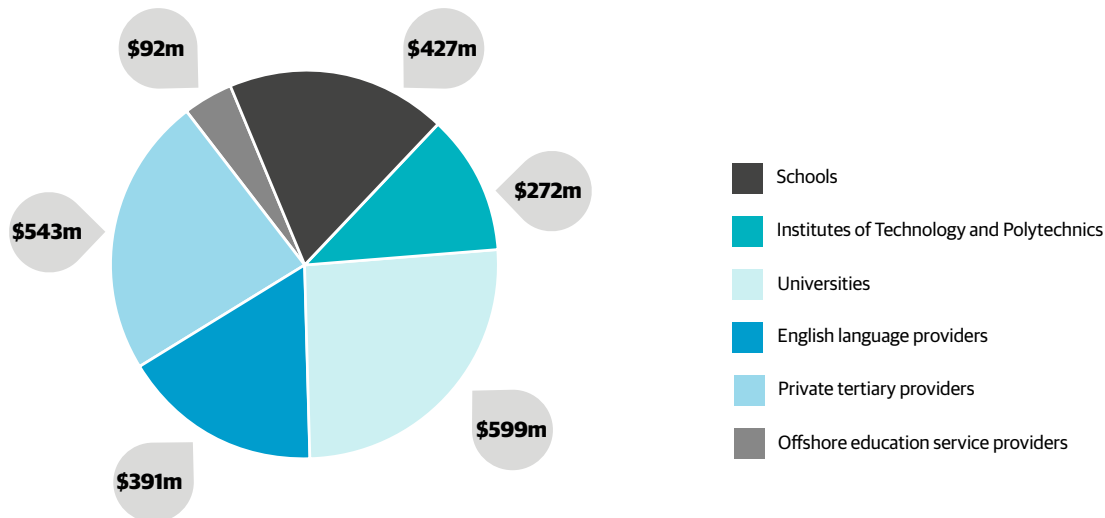
### Supporting New Zealanders to promote the quality of the education system and enhance their skills

One of New Zealand's strengths is its world-class education system. Students often rely on other students to recommend places to study as they can talk about their educational experiences. To promote the quality of New Zealand's education system, enable New Zealanders to enhance their existing skills and build key international relationships and networks, new international education scholarships will be set up for New Zealanders.

## New Zealand's international education industry

International education is ranked as one of New Zealand's most valuable service exports, along with tourism and commercial services.

Graph 2: Contributions to GDP by export education sector



Source: The Economic Impact of Export Education in 2011

International tuition revenue rose by two percent in 2012 compared to the previous year<sup>5</sup>. This is the highest level of revenue recorded since 2004. However, the number of fee-paying international students in New Zealand fell by six percent in 2012. Excluding the Canterbury region, the number of students in the rest of the country decreased by three percent in 2012. This follows a one percent decrease in 2011, reflecting that we are operating in a challenging environment. The number of Chinese and Japanese student enrolments rose in 2012. China remains the single most important source country, providing 27 percent of New Zealand's international students.

### Working with the industry to strengthen their capacity and capability

The growth potential of the industry's sectors and sub-sectors varies, both in scale and size. To achieve significant growth, education providers need to have the capacity and infrastructure to absorb increasing international student numbers and to deliver substantial projects offshore.

As the capability to benefit from growth opportunities varies between and within sectors, a focus on strengthening capability will also be required to assist them to identify and benefit from growth opportunities. As some opportunities may exceed the capacity or capability of a single provider, we will encourage them to collaborate so they can benefit from these opportunities.

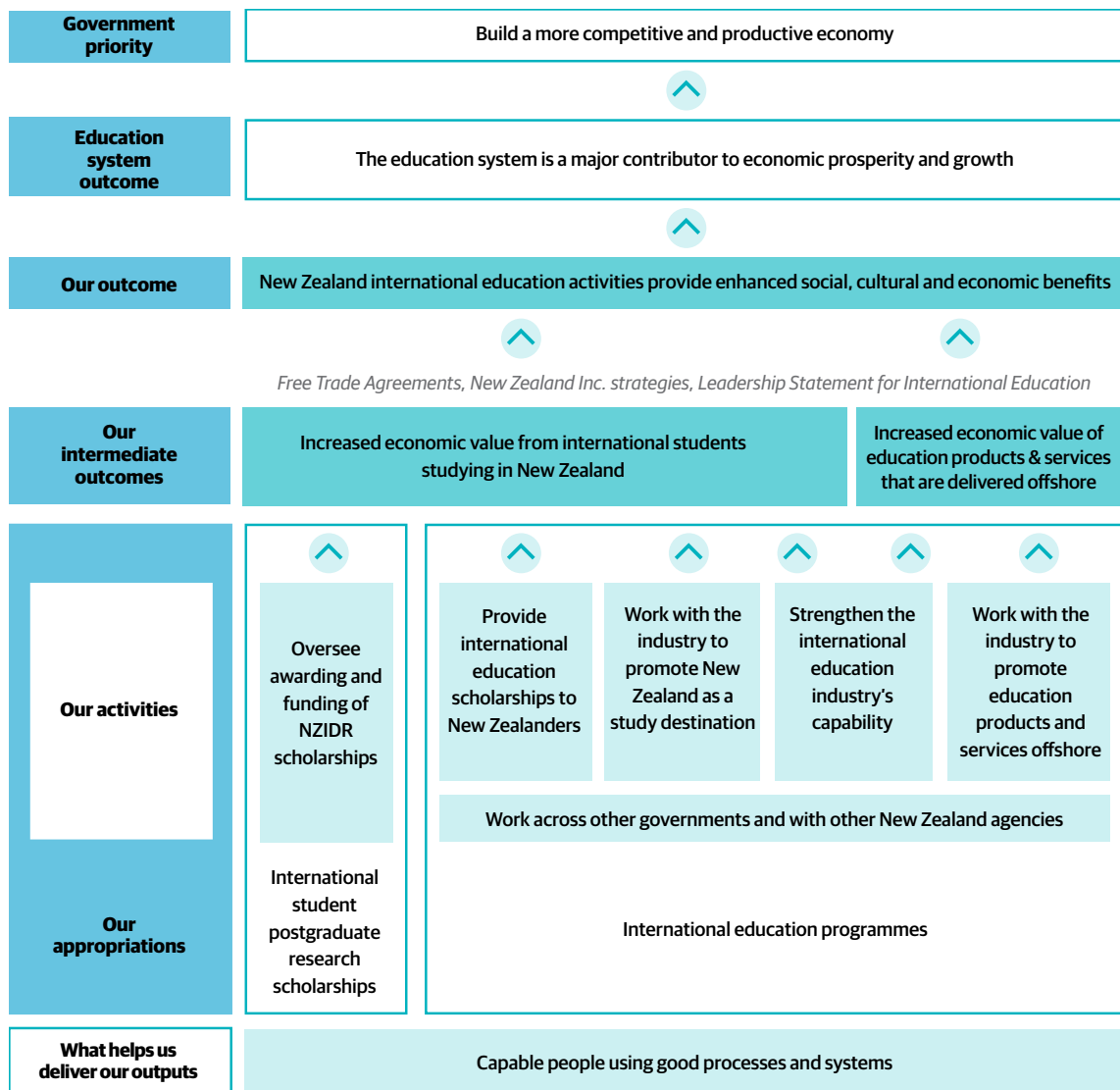
Our market intelligence tells us that countries are eager for help to strengthen their capability and for more local delivery of education services in their country. They are also looking for clear signs of commitment to long-term reciprocal relationships with the New Zealand government and providers. To take advantage of emerging offshore opportunities, products will need to be packaged and promoted in the right way and business models will need to be well-developed.

<sup>5</sup> Tuition revenue is collected as part of the Export Education Levy data and forms only one part of the industry's contribution to GDP. For example, international students' living costs are included in the industry's contribution to GDP.

# Our outcomes framework

This outcomes framework shows how our work contributes to the Government’s goals for economic growth and the education system. It illustrates the link between our work (our outputs), the impact we have, and the Government’s priority of building a more competitive and productive economy.

Together with the international education industry we are working to ensure that the industry contributes to the New Zealand economy and the education system. We have identified two key areas (intermediate outcomes) that contribute to New Zealand having a more internationally competitive and productive economy. These are the economic value from international students studying in New Zealand, and the economic value from New Zealand institutions and businesses delivering education products and services offshore.



Note: 'NZIDR scholarships', mentioned in the above diagram, stands for New Zealand International Doctoral Research Scholarships.

Our market/sector prioritisation matrix will be focused on identifying the geographic locations, sectors and sub-sectors that will help us achieve our two intermediate outcomes. It will assist us to focus and prioritise our activities, based on identifying what we expect can be achieved from specific locations and sub-sectors. We will monitor the results of our activities against our expectations to see whether we need to adapt our approach.

### **Intermediate outcome: Increased economic value from international students studying in New Zealand**

We are working to achieve this outcome through a mix of ongoing activities and new activities that are aimed at causing a step-change in international student numbers. One of the new activities will be the awarding of scholarships to New Zealanders to study in offshore institutions as students who are thinking about studying offshore often rely on the recommendations of other students.

As awareness of New Zealand as a potential study destination is low in some markets, such as Indonesia, we will need to increase awareness if we are to increase the number of potential students who consider studying in New Zealand.

Prior to the Christchurch earthquakes, only the Auckland region received more international students than Canterbury. Growing the number of international students who study in Christchurch will assist the city's recovery and benefit the wider New Zealand economy.

A capable industry is able to benefit from new and existing growth opportunities, and can successfully market themselves. Strengthening the capability of the industry will help to further increase the economic value from international students in New Zealand and reverse the downward trend in international student numbers.

### **Intermediate outcome: Increased economic value of education products and services that are delivered offshore**

We are working with the industry to identify and benefit from new and existing growth opportunities. We will work with providers to increase their profile and presence so they can enter new markets and expand existing markets for their education products and services. This includes encouraging education providers and businesses to collaborate so they can benefit from opportunities that exceed the capability or capacity of a single provider or business. We will also use our relationships across other governments and with potential partners to identify opportunities for increasing the export of our education products and services to other countries.



# Our operating intentions

## Intermediate outcome: Increased economic value from international students studying in New Zealand

### We are seeking to achieve:

- › increased economic value from students studying in New Zealand
- › increased international student numbers in New Zealand
- › increased awareness of New Zealand as a study destination
- › increased international student numbers in Canterbury
- › a more capable industry that is able to attract more international students.

### What will we do to achieve this?

#### *Work with the industry to promote New Zealand as a study destination*

We will use New Zealand's Education Story to position and promote New Zealand export education in offshore markets. We will also encourage the industry to use it in promotional activities targeted at attracting international students to New Zealand, as it represents the industry's work.

ENZ works with New Zealand institutions to co-ordinate and participate in a range of promotional events and activities which promote New Zealand as a world-class education destination. These events and activities are aimed at potential students, their families and agents. In June 2013, we launched the re-designed student destination brand campaign, and use it in all of our promotional events and activities to attract potential students, including our digital campaigns.

Diagram 1: ENZ's prioritisation of markets and activity levels



We will increase the scale of our existing activities and implement new activities to attract potential students from our Tier 1 and 2 markets, and from other emerging markets in Southeast Asia, Latin America and the Middle East.

We will also re-launch our promotional activities in the historical markets that are not Tier 1 or 2 markets, but where there is further growth potential, such as Japan. We will use targeted activities to attract potential students; often building on their governments' priorities of sending their students offshore for a period of study or encouraging English language proficiency.

Many of our current promotional activities are generic, rather than being targeted at specific sub-sectors. As the growth potential for each sub-sector within each market varies, we will also implement new activities that focus on growing specific sub-sectors.

Our marketing plans will continue to be developed and implemented. The plans identify the results we want to achieve and contain a 2013/14 marketing calendar of events, campaigns, and website and partnership activity.

We have sponsored the development of a documentary about Chinese students' experiences before, during and after studying in New Zealand. It was developed as a 'game-changer' activity and will be screened in China from June 2013 to increase awareness of New Zealand as a study destination. We expect the impact of the documentary to be seen in increased international student numbers from 2014.

Our long-term strategy for the Indian market is to continually build awareness leading up to the Cricket World Cup 2015, being hosted by New Zealand and Australia. This strategy will tap into India's passion for cricket. As part of our 'game-changer' activities for India, we are partnering with Stephen Fleming who will work as a brand ambassador. We are also trialling a number of marketing programmes including Facebook, direct marketing activity and events. The most successful of the marketing programmes trialled in April 2013 will be expanded during September, when ENZ's education fairs are held in India. During 2013/14, we will also identify and take to market a 'game-changer' idea targeting potential students in Indonesia, and develop additional 'game-changers' for some of our Tier 2 markets.

In a number of markets, potential students and their families often use education agents to assist them in investigating whether to study overseas. Education agents act as a key influence on the decision making process. We will strengthen our relationships with education agents to increase their preference for, and commitment to, New Zealand. We will focus on agents located in China, India and the Association of Southeast Asian Nations<sup>6</sup> countries, and those agents who are members of the New Zealand Specialist Agents Programme.

We will invest in market research to measure the awareness and reputation of New Zealand education within our key markets, and continue to identify further opportunities for growth and improved targeting of our promotional activities. This will ensure our promotional activities increase awareness at the required rate. We will also undertake in-depth research on the current and future state of Tier 1 and 2 markets regarding the position of New Zealand as an education destination in those markets and the opportunities, by sector, for attracting international students.

We will ensure that the information we provide to potential students, their families and agents is up-to-date and easy to understand. In 2013/14, we will re-launch our student website using the student destination brand campaign. This will ensure the website is clearly focused on encouraging student referrals to New Zealand education providers' websites.

***Work across other governments and with other New Zealand agencies***

Alongside the other New Zealand Inc. agencies, we will use the New Zealand Story as a shared foundation to position and promote New Zealand in international markets. This will complement our work to promote New Zealand as a country that international students can come to for a world-class education experience.

<sup>6</sup> The Association of Southeast Asian Nations is made up of ten countries that are located in Southeast Asia, including Indonesia, Malaysia, Thailand and Viet Nam.

Education and immigration policies and settings significantly affect New Zealand's competitiveness to attract international students. We maintain relationships with other New Zealand agencies, particularly where an agency's policy settings affect the international education industry. When other New Zealand agencies plan changes that are likely to impact on the industry, we ensure that the industry's views are taken into account. We monitor the impact of those changes on application volumes and New Zealand's attractiveness as an education destination.

An inter-agency steering group has been established to ensure advice to Ministers on international education is effectively 'joined-up', and that operational and policy opportunities and issues are identified and considered across government agencies. The steering group's initial work programme is focused on aligning information collection and distribution, and establishing an avenue for the Stakeholder Advisory Committee to raise sector initiatives and issues to the steering group.

Through our international network, we will build and maintain relationships across governments and with potential partners to identify opportunities for attracting international students to New Zealand and promote the quality of the education system.

We will leverage our bilateral international education agreements and programmes between New Zealand and other countries to increase student numbers, and encourage the development of more agreements and programmes. In 2013, international students have come to New Zealand under Chile's 'Penguins without Borders' programme and the Brazilian State of Pernambuco's 'Win the World' programme. We will support providers so they can leverage the New Zealand-China Vocational and Technical Education Model Programme to increase the number of international students in vocational and technical training partnership programmes.

As a member of New Zealand Inc. and the education sector, we will also support the New Zealand Qualifications Authority's work to achieve recognition of our qualifications by other governments. The international portability of qualifications is important in many of our key international student markets.

#### ***Strengthen the international education industry's capability***

One of the ways to grow the economic value from international students studying in New Zealand is to increase providers' ability to generate growth. We will significantly grow the International Education Growth Fund (IEGF)<sup>7</sup> to assist New Zealand institutions to enhance their business growth strategies using co-funding from ENZ and the industry.

To guide our work to strengthen the industry, we will develop a long-term strategic road map in partnership with the industry. We will develop appropriate support services, and undertake research that institutions can use to develop their business and marketing plans to help strengthen the industry's capability.

As part of the industry development programme, we will also develop and provide tools for the industry to use in attracting potential students. Seminars will also be run to inform providers about market opportunities.

#### ***Provide international education scholarships to New Zealanders***

The presence of skilled New Zealanders studying at offshore education institutions promotes the world-class quality of the New Zealand education system, while enabling them to enhance their existing skills. In 2013/14, we will set up and manage international education scholarships for New Zealanders to study overseas across a range of courses and international locations. This will include developing the systems and processes to promote the scholarships within New Zealand, managing the application process, and monitoring the payment of the scholarships. We will also encourage New Zealanders considering study offshore to take up existing scholarships offered by other government agencies and educational institutions.

<sup>7</sup> The IEGF and its activities also contribute to the intermediate outcome 'Increased economic value of education products and services that are delivered offshore'.

Impact measures

Measure	How measured	Baseline	Target <sup>8</sup>
Increase the economic value of the New Zealand international education industry.	Economic impact analysis studies using methodology agreed with Statistics New Zealand.	2011: \$2.7b (foreign exchange earnings)	2015: Increase value to \$3.5b. (foreign exchange earnings) 2018: Increase value to \$4.2b. (foreign exchange earnings) 2025: Increase value to \$5.0b. (foreign exchange earnings)
Increase the number of international students studying in New Zealand.	Export Education Levy, Ministry of Education.	2011: 97,003 international fee-paying students. <i>Trend</i> 2012: 91,732 international fee-paying students.	2013: Increase enrolments by 1% per annum. 2014: Increase enrolments by 4% per annum. 2015: Increase enrolments by 5% per annum.
Increase the number of international post-graduate students studying in New Zealand.	Tertiary Single Data Return, Ministry of Education.	2011: 10,241 international post-graduate students.	2013: Increase enrolments by 5% per annum. 2014: Increase enrolments by 6% per annum. 2025: Double the number of international post-graduate students to 20,000.
Increase awareness of New Zealand as an international education destination in Tier 1 and 2 countries.	Brand awareness survey, Education New Zealand.	2012/13: Develop and implement brand awareness survey.	2013/14: Establish baseline. 2014/15: Increase awareness based on 2013/14 results. 2015/16: Increase awareness based on 2013/14 results.
Increase the number of international students studying in Canterbury.	Export Education Levy, Ministry of Education.	2010: 15,201 enrolments (pre-earthquake). <i>Trend</i> 2011: 9,573 enrolments. 2012: 6,545 enrolments.	2013: Increase enrolments by 8% per annum. 2014: Increase enrolments by 10% per annum. 2015: Increase enrolments by 12% per annum.
Increase the number of introductions (between governments or institutions) made by Education New Zealand that resulted in new business for the industry.	Operational data, Education New Zealand.	New impact measure for 2013/14 <sup>9</sup> .	2013/14: 10 2014/15: 20 2015/16: 25

8 While the targets for 2025 are unchanged, some of the interim targets have been recalibrated, based on improved information since the publication of the *Statement of Intent 2012-15*, and reflect the increased funding levels from 2013/14.

9 We have assumed that 10 percent of introductions from the previous year will result in new business for the industry.

Measure	How measured	Baseline	Target <sup>8</sup>
Increase the proportion of international students who were satisfied or very satisfied with their overall experience.	I-graduate International Student Barometer Survey.	2011 and 2012 <sup>10</sup> : <ul style="list-style-type: none"> <li>› Secondary schools: 94%</li> <li>› Private training establishments: 87%</li> <li>› English language schools: 88%</li> <li>› Institutes of Technology and Polytechnics: 89%</li> <li>› Universities: 89%</li> </ul>	2014: <ul style="list-style-type: none"> <li>› Secondary schools: 95%</li> <li>› Private training establishments: 88%</li> <li>› English language schools: 89%</li> <li>› Institutes of Technology and Polytechnics: 90%</li> <li>› Universities: 90%</li> </ul> 2015: <ul style="list-style-type: none"> <li>› Secondary schools: 95%</li> <li>› Private training establishments: 89%</li> <li>› English language schools: 90%</li> <li>› Institutes of Technology and Polytechnics: 91%</li> <li>› Universities: 91%</li> </ul> 2016: <ul style="list-style-type: none"> <li>› Secondary schools: 95%</li> <li>› Private training establishments: 90%</li> <li>› English language schools: 91%</li> <li>› Institutes of Technology and Polytechnics: 92%</li> <li>› Universities: 92%</li> </ul>

## Intermediate outcome: Increased economic value of education products and services that are delivered offshore

### We are seeking to achieve:

- › increased economic value from the provision of education products and services offshore
- › increased international student numbers studying with New Zealand providers offshore
- › increased number of collaborative industry projects set up in target markets.

### What will we do to achieve this?

#### *Work with the industry to promote education products and services offshore*

Our staff will work with export education providers to increase their profile and presence so they can enter new markets and expand existing markets for their education products and services.

New Zealand's Education Story, which represents the industry's work, will be used to position and promote New Zealand export education in offshore markets. Providers and businesses will also be encouraged to use it in their promotional activities.

We will support the development of offshore projects designed to deliver financial and wider market benefits for the export education industry. Our support can include identifying business growth opportunities, advising a provider on a potential new market, or co-funding work by a group of providers to progress a venture. The support provided will vary, based on the sector or sub-sector needs, the stage they are at in identifying or developing an opportunity, and the potential growth.

<sup>10</sup> The surveys were run over two years, rather than during 2011, due to the Christchurch earthquakes.

We will also undertake more in-depth research on the current and future state of Tier 1 and 2 markets to identify opportunities, by sector, for the delivery of education products and services offshore.

**Work across other governments and with other New Zealand agencies**

Through our international network, we will build and maintain relationships across governments and with potential partners to identify opportunities for increasing the export of education products and services to other countries. We will also use our international network to promote the quality of New Zealand’s education products and services.

**Strengthen the international education industry’s capability**

One of the ways to grow the economic value of education products and services that are delivered offshore is to increase export education businesses ability to more effectively generate growth. The IEGF fund<sup>11</sup> will also assist export education businesses to develop sustainable business growth strategies.

As part of the industry development programme, we will work with sectors and sub-sectors to strengthen their capability so they are able to benefit from opportunities in the provision of products and services offshore. We will support the industry to work together and build relationships with offshore partners to benefit from these opportunities. This may include working with a particular sector, sub-sector or individual provider.

As some opportunities exceed the capability or capacity of a single provider or business, we will encourage education providers and businesses to collaborate so they can identify and benefit from those opportunities. We will also encourage them to share export stories and strengthen the capability of organisations that are less experienced in exporting, to learn from how others have achieved success. For example, in 2013 we supported the inaugural education technology conference; backing a rapidly developing and growing sub-sector.

**Impact measures**

Measure	How measured	Baseline	Target <sup>12</sup>
Increase the economic value of education products and services that are delivered offshore.	Economic impact analysis studies using methodology agreed with Statistics New Zealand.	2011: \$92m (foreign exchange earnings)	2015: Increase value to \$150m. (foreign exchange earnings) 2018: Increase value to \$240m. (foreign exchange earnings) 2025: Increase value to \$500m. (foreign exchange earnings)
Increase the number of international students enrolled with New Zealand providers offshore.	Tertiary Single Data Return, Ministry of Education.	2011: 3,000 international students enrolled with New Zealand providers offshore.	2013: Increase enrolments by 9% per annum. 2014: Increase enrolments by 10% per annum. 2025: 10,000 international students enrolled with New Zealand providers offshore.
Increase the number of new offshore collaborative industry projects set up in target markets to help grow international education.	Operational data, Education New Zealand.	2012/13: 3 new offshore industry projects set up in target markets.	2013/14: 6 2014/15: 10 2015/16: 10

<sup>11</sup> The IEGF and its activities also contribute to the intermediate outcome 'Increased economic value from international students studying in New Zealand'.

<sup>12</sup> While the targets for 2025 are unchanged, some of the interim targets have been recalibrated, based on improved information since the publication of the *Statement of Intent 2012-15*, and reflect the increased funding levels from 2013/14.

# Our organisational development

Our ability to support the international education industry and be their voice depends on ENZ having committed people with the right skills, supported by the right structure, systems and processes.

ENZ has continued to evolve and finalise its organisational structure, policies and processes to support our expanded work programme. Since our establishment, ENZ has focused on:

- › working with the international education industry and partner agencies to develop an integrated New Zealand strategy to achieve the international education growth goals
- › defining, aligning and developing the structure, systems, capability and resources to enable us to lead and support the growth of international education in a highly effective and efficient way.

With the completion of ENZ's establishment phase and the expansion of our work programme, we are focused on ensuring that our organisational development activities support the efficient and effective delivery of outputs. One of the ways we will measure this is through monitoring the ratio of administration expenses to core operating expenses.

## Our people

We currently employ approximately 60 people. They are based in New Zealand and internationally. This will increase as a result of our expanded work programme by approximately 12 people; with 50 percent of them expected to be based offshore.

To make sure our organisation is fit for purpose, we are implementing our People Strategy 2012-15. The People Strategy supports our purpose, spirit, focus, outcomes, outputs and work programme. The Strategy will evolve along with the direction and needs of the organisation. It forms a basis for future decision-making in terms of human resource operating procedures and processes, and is a guide to achieving the highest standards of employee performance.

Our organisational performance measures will gradually be reflected in individual performance agreements.

The key elements of our People Strategy are:

1. Planning resource requirements and attracting capability
2. Employee engagement and performance improvement
3. Developing our people
4. Recognising, retaining and rewarding our people.

## Good employer matters

We recognise that we need a diverse work force to effectively deliver services to our customers. We provide equal employment opportunities to make the most of the talents of all of our people.

Our status as a good employer will be assessed against the elements and criteria set out by the Human Rights Commission. Over the next three years we will continue to ensure that all elements are in place and working well through our People Strategy. We will implement ways of assessing employee engagement.

## Our technology

Information and communication technology (ICT) is vital to the effective delivery of our services. ICT is a vital component of our marketing, information delivery and capability building strategies.

During 2013/14 we will deploy several key ICT initiatives to improve the services we deliver. They are:

- › online delivery of agent training
- › a new student website (aimed at referring potential students to institutions' websites) [www.nzeducated.com](http://www.nzeducated.com)
- › enhancement of the student website for use on multi devices such as mobile phones and tablets.

By 1 July 2013 we will be operating with a new ICT infrastructure that will enable us to share information more effectively across ENZ – particularly with offshore employees. This will enable improved efficiency and effectiveness within the organisation. The new ICT infrastructure will also enable other significantly improved services, reliability and disaster recovery.

## Monitoring organisational capability

Measure	Baseline	Target 2013/14
Measure and increase employee engagement.	New measure for 2013/14.	Establish baseline by running an organisational culture survey.
Core unplanned turnover.	Unplanned turnover for the six months to 31 December 2012 was 2.3%.	No more than 5%.
Ratio of administration expenses to core operating expenses.	2012/13 target: Between 1:5 and 1:4. The ratio was 27% for the six months ending 31 December 2012, largely due to the implementation of the new organisational structure and recruitment costs for permanent employees.	Between 1:5 and 1:4.

## Our systems and processes

### Capital and asset management intentions

The value of our capital assets is small. The table below summarises the forecast value of our assets at 30 June 2013 and our capital investment intentions over the next three years.

	Forecast net book value at 30 June 2013	Comment on assets forecast at 30 June 2013	Purchases 2013-16
Property fit out	\$165,000	Wellington offices fitted out in 2012/13.	We will be reviewing the accommodation of the offshore offices. Some expenditure will be required for offshore offices.
Information technology	\$364,000	Infrastructure and basic building blocks in place.	We will look to leverage our ICT infrastructure to improve the services we deliver and to improve our organisational efficiency and effectiveness. This will be where we invest the most capital. Where it is sensible, we will seek to use shared services.



	Forecast net book value at 30 June 2013	Comment on assets forecast at 30 June 2013	Purchases 2013-16
Motor vehicles	\$14,000	We have three vehicles in offshore locations, all over seven years old.	We anticipate all three vehicles will be replaced before 30 June 2016.
Office equipment	\$0	Office equipment has zero book value.	Replacement of assets at the end of their useful lives.
Furniture and fittings	\$5,000	Low book value, but in generally reasonable condition.	Replacement of assets at the end of their useful lives.

### Risk management strategy

ENZ has a risk management and reporting framework that provides a consistent way to identify risks and assess them to determine the most important risks. We will:

- › monitor the risks regularly through the Audit and Risk Committee, which meets every two months
- › revise, where necessary, risk severity and likelihood levels
- › report any significant risks, and appropriate strategies to address them, to the Minister and the Ministry of Education as they arise.

We have identified ENZ's broad risks and mitigation strategies.

Risk	ENZ's mitigation strategies
<p><i>Changes to the international environment</i></p> <p>Changes to external factors that reduce New Zealand's competitiveness.</p>	<ul style="list-style-type: none"> <li>› Promote New Zealand as a world-class and high value destination.</li> <li>› Use ENZ's market intelligence and research to identify changes likely to affect the international education industry, including changes being made by New Zealand's competitor countries.</li> <li>› Implement programmes that build agent relationships, preference and commitment to New Zealand.</li> <li>› Promote the quality of education products and services that can be delivered offshore.</li> <li>› Support sectors and sub-sectors to explore other potential growth opportunities.</li> </ul>
<p><i>New Zealand's international education reputation</i></p> <p>Failure to build and maintain the reputation of New Zealand's international education industry.</p>	<ul style="list-style-type: none"> <li>› Promote New Zealand as a world-class and high value study destination as opposed to a commodity-level proposition.</li> <li>› Work with the industry to ensure New Zealand has the capability and capacity to accommodate an increase in international student numbers.</li> <li>› Work with other New Zealand Inc. agencies to align strategies and ensure that the industry's views of any changes planned by other agencies are taken into account.</li> <li>› Work with the industry to strengthen their capability in promoting and delivering New Zealand's international education products and services.</li> <li>› Use offshore alumni networks to showcase the quality of New Zealand's education system.</li> <li>› Work with other New Zealand education agencies to enable the collective delivery of the government's priorities for the education system.</li> </ul>

Risk	ENZ's mitigation strategies
<p><i>International education goals</i></p> <p>Failure to deliver on the Government's goals for international education.</p>	<ul style="list-style-type: none"> <li>› Undertake robust strategic and business planning, including defining clear goals and medium term targets.</li> <li>› Engage with the industry to gain their support of the goals and to support their work to achieve the goals.</li> <li>› Undertake regular reporting against approved plans.</li> <li>› Regularly monitor whether ENZ's activities are having the expected impact and, where required, adjust our activities to ensure the achievement of the goals.</li> </ul>
<p><i>Government policy settings</i></p> <p>Government policy settings reduce New Zealand's attractiveness to potential international students.</p>	<ul style="list-style-type: none"> <li>› Work with other New Zealand agencies including the Ministry of Education, the New Zealand Qualifications Authority, and the Ministry of Business, Innovation and Employment to develop and implement the cross-agency work programme. This will identify and implement opportunities to increase New Zealand's attractiveness as a study destination.</li> <li>› Work collaboratively with Immigration New Zealand and the New Zealand Qualifications Authority to ensure that visa and regulatory policies are balanced with maintaining and improving New Zealand's competitive edge in international education.</li> <li>› Engage with the other education agencies to promote understanding of New Zealand's education system in offshore markets.</li> </ul>
<p><i>ENZ's reputation with the industry</i></p> <p>Loss of trust in ENZ by New Zealand's international education industry.</p>	<ul style="list-style-type: none"> <li>› Develop and maintain a clear understanding of the industry's needs.</li> <li>› Use ENZ's communication channels to ensure the industry understands what ENZ does and is seeking to achieve.</li> <li>› Deliver high quality support to the industry to help strengthen their capability.</li> <li>› Monitor the quality of the products and services we deliver to the industry, and whether they meet industry needs.</li> </ul>
<p><i>Organisational performance</i></p> <p>Lack the internal capability and capacity to deliver ENZ's expanded work programme.</p>	<ul style="list-style-type: none"> <li>› Implement the People Strategy 2012-15 to ensure ENZ has the people capability to deliver its work programme.</li> <li>› Operate prudent financial management practices.</li> <li>› Operate an effective ICT infrastructure that will enable ENZ to share information more effectively across the organisation.</li> </ul>

### Ministerial consultation and reporting

We will consult with the Minister on areas of work that are closely aligned with the Government's objectives, any major capital investments, and proposals for major changes to the scope of our business.

The Minister will also be alerted to any substantial new risks that are identified.

We will provide the Minister with a quarterly report that includes an update on progress against the performance measures appearing in this Statement of Intent.

# Statement of Responsibility

The Statement of Intent has been prepared in accordance with the requirements of sections 141 and 142 of the Crown Entities Act 2004.

It sets out the medium-term intentions and undertakings of Education New Zealand, specifically the outcomes, impacts and outputs that Education New Zealand aims to deliver over the next three years.

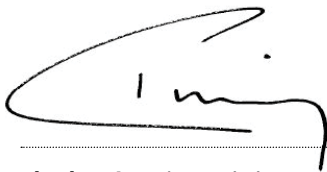
The performance to be achieved by Education New Zealand for the year ending 30 June 2014 that is specified in this Statement of Intent is as agreed with the Minister for Tertiary Education, Skills and Employment.

Pursuant to the Crown Entities Act 2004, we acknowledge responsibility for the preparation of the statements of forecast service performance and forecast financial statements, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

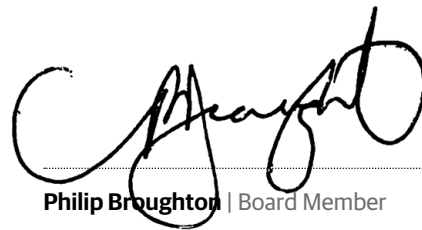
We acknowledge the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of Education New Zealand's performance and financial reporting.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2014 that were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed on behalf of the Board of Education New Zealand.



**Charles Finny** | Board Chair  
9 May 2013



**Philip Broughton** | Board Member  
9 May 2013

# Part Two:

## Statement of Forecast Service Performance

This Statement of Service Performance contains the information required by sections 141(1)(f) and 142(1)(b) of the Crown Entities Act 2004, to be reported against in Education New Zealand's Annual Report for 2013/14 and also audited.

# Education New Zealand appropriations

The table below summarises Education New Zealand's appropriations. They are defined in the Budget 2013 Estimates of Appropriations for Vote Tertiary Education.

## Summary of appropriations

\$000	2013/14	2014/15	2015/16	2016/17
Vote Tertiary Education				
<i>Non-departmental output expense</i>				
International education programmes	31,622	31,122	30,122	30,122
<i>Benefits and other unrequited expenses</i>				
International student postgraduate research scholarships	800	800	800	800
<b>Total baseline</b>	<b>32,422</b>	<b>31,922</b>	<b>30,922</b>	<b>30,922</b>

Note: The non-departmental appropriations have been increased by \$1.500 million in 2013/14 and \$1.000 million in 2014/15 as a consequence of an expense transfer from 2011/12. Those funds represent the financial support that the Government is providing to help sustainable growth in the Canterbury region within the international education industry.

## Cost of service statements

### International education programmes

\$000	SOI <sup>13</sup> budget 2012/13	Estimated actual 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16
Revenue					
Revenue from the Crown	21,622	25,622	31,622	31,122	30,122
Interest revenue	70	234	150	150	150
Other revenue	900	1,300	550	550	550
<b>Total revenue</b>	<b>22,592</b>	<b>27,156</b>	<b>32,322</b>	<b>31,822</b>	<b>30,822</b>
<b>Total expenditure</b>	<b>25,592</b>	<b>27,156</b>	<b>33,322</b>	<b>32,822</b>	<b>32,156</b>
<b>Surplus/(deficit)</b>	<b>(3,000)</b>	<b>-</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,334)</b>

<sup>13</sup> The SOI referred to is Education New Zealand's *Statement of Intent 2012-15*.

## International student postgraduate research scholarships

<b>\$000</b>	<b>SOI budget 2012/13</b>	<b>Estimated actual 2012/13</b>	<b>Forecast 2013/14</b>	<b>Forecast 2014/15</b>	<b>Forecast 2015/16</b>
Revenue					
Revenue from the Crown	800	800	800	800	800
Interest revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>
<b>Total expenditure</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Performance framework

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

## International education programmes

This appropriation is limited to the delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of managing and increasing the flow of international students and promoting international education linkages.

Performance measure	Target 2013/14	Forecast 2014/15	Forecast 2015/16
<b>Work with the industry to promote New Zealand as a study destination</b>			
<i>Quantity</i>			
Number of referrals to institutional websites from ENZ's student portal in Tier 1 and 2 countries.	40,000	60,000	80,000
<i>Quality</i>			
Percentage of participating institutions that are satisfied or above with the quality of ENZ's promotional events. (Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns) (2012/13 SOI target: 85%)	85%	90%	90%
Please refer to the impact measure, the awareness of New Zealand as an international education destination is increased in Tier 1 and 2 countries, on page 18 as a proxy measure for the quality of our work to increase awareness of New Zealand as a study destination. It is an impact measure to reflect the effectiveness of our work to promote New Zealand as a study destination.			
<b>Strengthen the international education industry's capability</b>			
<i>Quantity</i>			
Number of country or sector specific roadshows/ conferences held to assist the industry in networking and to identify business opportunities. (2012/13 SOI target: 2 country or sector specific per year.)	5	5	5
<i>Quantity</i>			
Industry professional development programme: Number of professional development events/seminars held. (2012/13 SOI target: 8 capability building events/seminars.)	12	12	12

Performance measure	Target 2013/14	Forecast 2014/15	Forecast 2015/16
<i>Quality</i>			
Industry professional development programme: Percentage of participants that are satisfied or above with the quality of ENZ's capability development programmes/seminars for their international education sector or sub-sector. (Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns) (2012/13 SOI target: 80% satisfied or above.)	80%	85%	85%
<i>Quality</i>			
Percentage of attendees that are satisfied or above with the quality of the ENZ-organised industry conference. (Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns) (2012/13 SOI target: 85%)	80%	85%	85%
<i>Quality</i>			
International education growth fund: Percentage of applications that are assessed and processed in accordance with specified criteria and guidelines.	100%	100%	100%
<i>Timeliness</i>			
Deliver the agreed Christchurch Industry Support Programme. (2012/13 baseline: Develop and deliver the 2012/13 work programme by 30 June 2013.)	2013/14 work programme is delivered by 30 June 2014.	2014/15 work programme is delivered by 30 June 2015.	Not applicable as the time limited funding ceases on 30 June 2015.
Please refer to the impact measure, increase the number of new offshore collaborative industry projects set up in target markets to help grow international education, on page 20 as a proxy measure for the quality of our work to encourage the industry to work together. It is an impact measure to reflect the effectiveness of our work to encourage collaboration.			
<b>Work across other governments and with other New Zealand agencies, and work with the industry to promote education products and services offshore</b>			
<i>Quantity</i>			
Number of commercial interactions worked on with foreign governments and/or the New Zealand industry. (2012/13 SOI target: 100)	200	250	300
Please refer to the impact measure, increase the number of introductions (between governments or institutions) that resulted in new business for the industry, on page 18 as a proxy measure for the quality of our work across governments, and between New Zealand and offshore institutions, to result in new business for the industry. It is an impact measure to reflect the effectiveness of our work across governments and with the industry to promote education products and services.			
<b>Provide international education scholarships to New Zealanders</b>			
<i>Quantity</i>			
Number of new and existing education scholarships for New Zealanders to study in other countries that are funded.	20	30-50	30-50



Performance measure	Target 2013/14	Forecast 2014/15	Forecast 2015/16
<i>Quality</i>			
Percentage of international education scholarships awarded to New Zealanders that are:	100%	100%	100%
› awarded in line with Government policies and published criteria			
› calculated accurately			
› paid to the correct payee, and			
› paid within the timeframes notified.			

### International student postgraduate research scholarships

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

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

Performance measure	Target 2013/14	Forecast 2014/15	Forecast 2015/16
Oversee awarding and funding of NZIDR scholarships			
<i>Quantity</i>			
Number of new and existing New Zealand International Doctoral Research Scholarships funded.	35-45	35-45	35-45
(2012/13 SOI target: 35-45)			

# Part Three

## Prospective Financial Statements

# Financial strategy

This financial strategy is an integral part of the overall organisational strategy. Education New Zealand will:

- › budget and manage operating expenditure to ensure the minimum level of retained earnings approved by the Board is maintained
- › ensure our working capital is managed to ensure we can pay our debts when they are due
- › budget and manage capital expenditure within available funding levels
- › have annual operating and capital budgets and subsequent budget update/reforecasts approved by the Board
- › operate within the financial delegations approved by the Board
- › operate prudently within organisation appropriate and robust internal controls
- › maintain a conservative investment strategy – investing in term deposits or interest bearing accounts with established organisations approved by the Board
- › utilise shared services where they are cost effective and improve effectiveness.

## Prospective statement of comprehensive income

\$000	Estimated actual 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16
<b>Revenue</b>				
Revenue from the Crown – Operating	25,622	31,622	31,122	30,122
Revenue from the Crown – Scholarships	800	800	800	800
Interest revenue	234	150	150	150
Other revenue <sup>14</sup>	1,300	550	550	550
<b>Total revenue</b>	<b>27,956</b>	<b>33,122</b>	<b>32,622</b>	<b>31,622</b>
<b>Expenditure</b>				
Personnel	9,283	9,950	9,950	9,950
Other expenditure	17,673	23,138	22,572	21,856
Depreciation	200	234	300	350
Scholarship expenses	800	800	800	800
<b>Total expenditure</b>	<b>27,956</b>	<b>34,122</b>	<b>33,622</b>	<b>32,956</b>
<b>Net surplus/(deficit)<sup>15</sup></b>	<b>-</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,334)</b>

<sup>14</sup> Generally, other revenue primarily represents costs recovered from education institutions for participation at offshore events. In 2012/13, \$600,000 of this revenue reflects additional revenue following a revision of the provision for Education New Zealand Trust liabilities held on the Education New Zealand balance sheet.

<sup>15</sup> ENZ is projecting deficits in the three out-years shown in this Statement of Intent. These deficits will be funded from retained earnings at 30 June 2013. The majority of the retained earnings at 30 June 2013 were provided by the Education New Zealand Trust.

## Prospective statement of movements in equity

\$000	Estimated actual position Year ending 30 June 2013	Forecast Year ending 30 June 2014	Forecast Year ending 30 June 2015	Forecast Year ending 30 June 2016
Equity				
Equity as at 1 July	5,834	5,834	4,834	3,834
Net surplus/(deficit)	-	(1,000)	(1,000)	(1,334)
Equity as at 30 June	5,834	4,834	3,834	2,500

## Prospective statement of financial position

\$000	Estimated actual position As at 30 June 2013	Forecast financial position		
	As at 30 June 2013	As at 30 June 2014	As at 30 June 2015	As at 30 June 2016
Assets				
Current assets	7,286	5,934	4,634	3,000
Fixed assets	548	900	1,200	1,500
<b>Total assets</b>	<b>7,834</b>	<b>6,834</b>	<b>5,834</b>	<b>4,500</b>
Liabilities				
Current liabilities	2,000	2,000	2,000	2,000
<b>Total liabilities</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Net assets</b>	<b>5,834</b>	<b>4,834</b>	<b>3,834</b>	<b>2,500</b>
<b>Equity</b>	<b>5,834</b>	<b>4,834</b>	<b>3,834</b>	<b>2,500</b>

### Prospective statement of cash flow

\$000	Estimated actual 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16
<b>Cash flows from operating activities</b>				
Receipts from the Crown - Crown Revenue	26,422	32,422	31,922	31,922
Other revenue	1,300	550	550	550
Payments to suppliers	(21,907)	(23,622)	(23,572)	(23,572)
Payments to employees	(9,300)	(9,900)	(9,950)	(9,950)
<b>Net cash flows from operating activities</b>	<b>(3,485)</b>	<b>(550)</b>	<b>(1,050)</b>	<b>(1,050)</b>
<b>Cash flows from investing activities</b>				
Interest revenue	234	150	150	150
Purchase of property, plant and equipment	(400)	(600)	(600)	(600)
<b>Net cash flows from investing activities</b>	<b>(166)</b>	<b>(450)</b>	<b>(450)</b>	<b>(450)</b>
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	(3,651)	(1,000)	(1,500)	(1,500)
Cash and cash equivalents at the beginning of the year	10,151	6,500	5,500	4,000
Cash and cash equivalents at the end of the year	<b>6,500</b>	<b>5,500</b>	<b>4,000</b>	<b>2,500</b>

# Notes to the prospective financial statements

The prospective financial statements are based on policies and approvals in place as at 1 May 2013 and are GST exclusive (except for payables and receivables which are GST inclusive). The forecasts are prepared under the Generally Accepted Accounting Practice (NZGAAP). Actual results may vary from the information presented here, and the variations may be material.

The prospective financial statements set out Education New Zealand's activities and planned performance. Use of this information for other purposes may not be appropriate.

These prospective financial statements have been prepared on the basis of assumptions as to future events that Education New Zealand reasonably expects to occur, associated with the actions that Education New Zealand reasonably expects to take, as at the date that this information was prepared.

# Statement of accounting policies

## Reporting entity

Education New Zealand 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, Education New Zealand's ultimate parent is the New Zealand Crown. Education New Zealand is funded primarily by government through Vote Tertiary Education.

Education New Zealand's primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return. Accordingly, Education New Zealand has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZIFRS). Education New Zealand is domiciled in New Zealand.

## Basis of preparation

### Statement of compliance

These prospective 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). This includes the requirement to comply with NZGAAP.

The financial statements comply with NZIFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This includes New Zealand Reporting Standard No. 42: Prospective Financial Statements (FRS-42).

The prospective financial statements have been prepared for the special purpose of the Statement of Intent 2013-16 of Education New Zealand to the Minister for Tertiary Education, Skills and Employment. They are not prepared for any other purpose and should not be relied upon for any other purpose.

These statements will be used in the Annual Report as the budgeted figures.

The preceding Statement of Intent narrative informs the prospective financial statements and the document should be read as a whole.

The preparation of prospective financial statements in conformity with FRS-42 requires management to make good judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material.

### Measurement base

The financial statements have been prepared on a historical cost basis.

### Functional and presentation currency

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

## 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

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

### Interest

Interest income is recognised using the effective interest method.

### Foreign currency

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

### Rental income

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line basis over the lease term.

### Grant expenditure

Grants are approved and administered by ENZ for a variety of purposes and periods. When approved they are recognised as a liability. Subsequent payment of the grant amounts is dependent on the recipient meeting terms and conditions laid out in the grant contract between ENZ and the recipient. At balance date for each different grant type an assessment is made, based on historical data of the probability of the grant actually being taken up. The asset and liability are then adjusted to reflect the revised probable future payment. Grant cessations reflect grant entitlements not taken up.

### Operating leases

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

### Cash and cash equivalents

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

### Debtors and other receivables

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

### Bank deposits

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



### Inventories

Inventories held for distribution are measured at cost (calculated using the First In First Out basis), adjusted, when applicable, for any loss of service potential. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal consideration the cost is the current replacement cost at the date of acquisition.

### Property, plant and equipment

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

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

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

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

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

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

### Depreciation

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

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

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

## Intangible assets:

### Software acquisition

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

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

### Amortisation

Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the prospective statement of comprehensive income.

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

Acquired computer software	3 years 33% SL
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### Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### Creditors and other payables

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

### Employee entitlements

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

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

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

### Superannuation schemes

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

**Reconciliation of forecast net surplus/(deficit) to net cash flow from operating activities**

<b>\$000</b>	<b>Estimated actual 2012/13</b>	<b>Forecast 2013/14</b>	<b>Forecast 2014/15</b>	<b>Forecast 2015/16</b>
<b>Net surplus/(deficit)</b>	-	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,334)</b>
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation expense	200	234	300	350
<b>Total non-cash items</b>	<b>200</b>	<b>234</b>	<b>300</b>	<b>350</b>
<b>Add/(less) movements in working capital items</b>				
(Increase)/decrease in debtors and receivables	(236)	66	-	(66)
(Increase)/decrease in prepayments	-	150	(350)	-
Increase/(decrease) in creditors and other payables	(3,198)	-	-	-
Increase/(decrease) in employee entitlements	(251)	-	-	-
<b>Net movement in working capital items</b>	<b>(3,685)</b>	<b>216</b>	<b>(350)</b>	<b>(66)</b>
<b>Net cash flow from operating activities</b>	<b>(3,485)</b>	<b>(550)</b>	<b>(1,050)</b>	<b>(1,050)</b>

**Goods and Services Tax (GST)**

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

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

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

**Income Tax**

Education New Zealand is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

**Output costs**

The output costs, as reported in the statement of objectives and service performance, report the cost of services for the outputs of Education New Zealand and represent the costs of providing the output.

**Cost allocation**

Education New Zealand has derived the cost of service for each significant activity of Education New Zealand using the cost allocation system outlined below.

### **Cost allocation policy**

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the pro-rata costs of the activities.

### **Criteria for direct and indirect costs**

'Direct costs' are those costs directly attributable to a significant activity.

'Indirect costs' are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

### **Cost drivers for allocation of indirect cost**

The cost of internal services not directly charged to activities is allocated to significant activities based on the pro-rata costs of the activities.

## **Critical accounting estimates and assumptions**

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

### **General assumption - cost levels**

These figures have been based on the assumption that interest rates, foreign exchange rates and general cost levels, will remain at similar levels to those at the time of the Statement of Intent preparation.

### **Property, plant and equipment useful lives and residual value**

At each balance date Education New Zealand reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Education New Zealand to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by Education New Zealand, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position.

Education New Zealand minimises the risk of this estimation uncertainty by:

- › physical inspection of assets
- › asset replacement programmes
- › review of second-hand market prices for similar assets
- › analysis of prior asset sales.

### **Financial instruments**

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

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

**Statement of cash flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Education New Zealand invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of Education New Zealand and records cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of Education New Zealand.

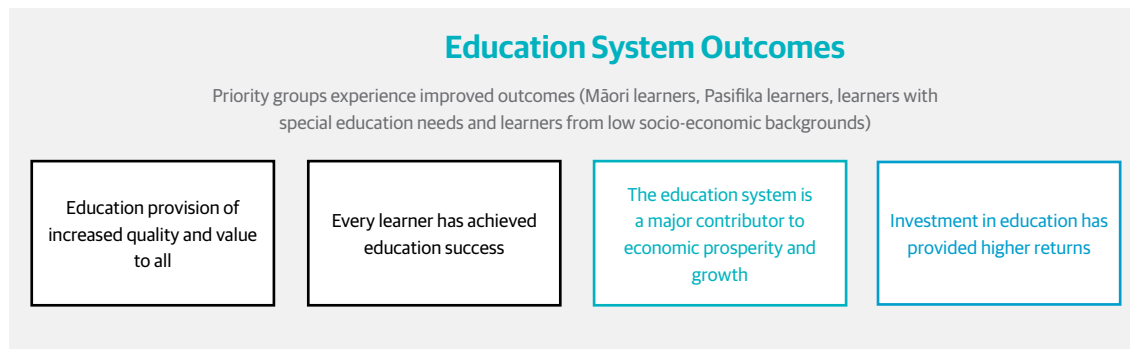
**Capital intentions**

Education New Zealand is forecasting to purchase office equipment, information technology items, building fit-out, furniture and fittings, and motor vehicles during the period covered by this Statement of Intent.

# Appendix One: New Zealand's Education System Outcomes

As part of New Zealand's education sector, we work with the other government agencies who work within New Zealand's education system. The other agencies are the Ministry of Education, New Zealand Qualifications Authority, Education Review Office, Tertiary Education Commission, Careers New Zealand and the New Zealand Teachers Council.

The agencies have worked together to develop a shared view of the key outcomes that will enable us to collectively deliver on government priorities. The outcomes support our shared vision for the education system and help explain our contribution to this vision.



The sector's success in achieving these outcomes is the result of agencies carrying out their core functions, working in partnership where agencies share common interests, and working together on issues that affect the sector as a whole. For example, ENZ uses the world-class quality of New Zealand's education system and the success of New Zealand students as promotional tools. ENZ's work is also supported by education agencies' quality assurance of educational providers and the qualifications system.

The Education Sector Leadership Board, of which ENZ is a member, oversees the education sector's work to ensure that an integrated, aligned and strategic approach is taken. The collaborative activities range from the Education Sector ICT Standing Committee taking a sector view on key technology investments to information exchanges between teams from the various agencies.

# Appendix Two: 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.

# New Zealand Government

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