
STATEMENT OF PERFORMANCE EXPECTATIONS

2017-2018





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STATEMENT OF RESPONSIBILITY

The Statement of Performance Expectations has been prepared in accordance with the requirements of sections 149E and 149G of the Crown Entities Act 2004.

The performance to be achieved by Education New Zealand for the year ending 30 June 2018 that is specified in this Statement of Performance Expectations 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 2018 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

15 June 2017



Philip Broughton | Board Member

15 June 2017

EDUCATION NEW ZEALAND'S OUTCOME FRAMEWORK

Together with the international education industry, Education New Zealand (ENZ) is working to ensure that New Zealand's international education activities provide enhanced social, cultural and economic benefits for New Zealand.

This *Statement of Performance Expectations* outlines our performance targets for 2017/18, and what we will do to achieve them. It should be read in conjunction with Education New Zealand's *Statement of Intent 2017-2021* which sets out our medium term strategy and describes what we will do towards achieving our outcome and how we will measure the impact of what we do.

To ensure New Zealand benefits from international education, we will lead the international education industry in thinking and implementation. We will monitor the value of the international education industry to New Zealand and the proportion of international students who are satisfied with their overall experience in New Zealand.

Telling the story of the benefits of international education within New Zealand will help New Zealanders to understand the wider benefits of international education for their communities and ensure that students

are made welcome. Fostering positive experiences for New Zealand students and communities will ensure a sustainable industry into the future. We will measure public awareness of the contribution of international education to New Zealand.

Working to diversify New Zealand's student attraction markets and encouraging New Zealanders to spend time studying offshore will increase student mobility for value to New Zealand. Diversifying where international students study within New Zealand will spread the benefits of international education across New Zealand. Our key impact measures in this area are:

- increase the economic value per international student
- increase the number of international students enrolled to study outside Auckland

We will continue to identify opportunities that will increase the economic value of education services delivered offshore.

We will also continue to improve our ability to work with the industry, other government agencies and stakeholders to sustainably increase the value of the industry to New Zealand and ensure we have the platforms and tools to do so.

PART ONE

Statement of Performance Expectations

This Statement of Performance Expectations contains the information required by section 149E(2) of the Crown Entities Act 2004, to be reported against in Education New Zealand's Annual Report for 2017-2018 and also audited.



EDUCATION NEW ZEALAND

APPROPRIATIONS

The table below summarises Education New Zealand's appropriations. They are defined in the Budget 2017 Estimates of Appropriations for Vote Tertiary Education.

Summary of appropriations

\$000	2017/18
Vote Tertiary Education	
<i>Non-departmental output expense</i>	
International education programmes	31,072
<i>Benefits and other related expenses</i>	
Awards for outbound New Zealand students	3,750
Scholarships for inbound international students	800
Total baseline	35,622

Cost of service statements

Total appropriations

\$000	Budget	Estimated	Forecast
	2016/17	actual 2016/17	2017/18
Revenue			
Revenue from the Crown	33,539	33,539	35,622
Interest revenue	210	220	200
Other revenue	2,400	2,400	2,706
Total revenue	36,149	36,159	38,528
Total expenditure	37,334	36,859	38,528
Deficit	(1,185)	(700)	-

International education programmes

\$000	Budget 2016/17	Estimated actual 2016/17	Forecast 2017/18
Revenue			
Revenue from the Crown	29,239	29,439	31,072
Interest revenue	210	220	200
Other revenue	2,400	2,400	2,706
Total revenue	31,849	32,059	33,978
Total expenditure	32,849	33,059	33,978
Deficit	(1,000)	(1,000)	-

Awards for outbound New Zealand students

\$000	Budget 2016/17	Estimated actual 2016/17	Forecast 2017/18
Revenue			
Revenue from the Crown	3,500	3,300	3,750
Interest revenue	-	-	-
Other revenue	-	-	-
Total revenue	3,500	3,300	3,750
Total expenditure	3,500	3,300	3,750
Surplus/(deficit)	-	-	-

Scholarships for inbound international students

\$000	Budget 2016/17	Estimated actual 2016/17	Forecast 2017/18
Revenue			
Revenue from the Crown	800	800	800
Interest revenue	-	-	-
Other revenue	-	-	-
Total revenue	800	800	800
Total expenditure	985	500	800
Surplus/(deficit)	(185)	300	-

PERFORMANCE FRAMEWORK

Our focus is on delivering a high level of activity in support of the international education industry to achieve our outcomes and the government's goals for international education. The measures in these pages will help us assess how well we are delivering our work programme and contributing to the government's goals for international education.

International education programmes

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

What is intended to be achieved with this appropriation?

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

Performance measure	2016/17 target	2017/18 target
<i>Timeliness</i>		
International Education Senior Officials' Group and government agencies have an agreed government wide approach to international education.	New measure in 2016/17	Approach agreed by 30 June 2018
<i>Quantity</i>		
Usage of ENZ's information and intelligence by government agencies ¹ .	Establish baseline	≥2016/17 result
<i>Quality</i>		
Percentage of industry members satisfied ² with the information and intelligence provided by ENZ.	Overall rating = good	Overall rating = good or higher

¹ Measured by a survey of New Zealand government agencies.

² Survey ratings = Excellent, Very good, Good, Neither good nor poor, Poor, Very poor, Dreadful.

Performance measure	2016/17 target	2017/18 target
<i>Quality</i>		
Number of key messages about the benefits to New Zealand from international education delivered through third parties ³ .	New measure in 2017/18	Establish baseline ⁴
<i>Quantity</i>		
Number of referrals to institutional websites from ENZ's studyinnewzealand.govt.nz website. (2015/16 actual: 123,538 referrals)	80,000	120,000
<i>Quality:</i>		
Percentage of Active Visits ⁵ on ENZ's studyinnewzealand.govt.nz website.	New measure in 2017/18	Establish baseline ⁶
<i>Quantity</i>		
Number of registrations to ENZ's Student Membership Programme ⁷ through the studyinnewzealand.govt.nz website.	New measure in 2017/18	Establish baseline ⁸
<i>Quantity</i>		
Usage of the Skills Lab. (2016/17 estimated actual: 400 registered users)	Establish baseline	≥2016/17 result
<i>Quantity</i>		
Usage of the Brand Lab.	50,000 downloads	50,000 downloads
<i>Quality</i>		
Percentage of users that are satisfied ⁹ with the quality of ENZ's services and support. (2015/16 actual: 80.4% satisfaction with the quality of ENZ's services and support)	≥2015/16 result	≥2016/17 result

³ Third parties include media, opinion leaders and broadcast production.

⁴ In 2016/17, approximately 25 media articles reflecting ENZ's key messages about the benefits of international education were published by third parties.

⁵ 'Active Visits' is ENZ's key content engagement metric, and is considered a measure of both the quality of the traffic to the website and the quality of the content on the website. Active visits are defined as those where the visitor interacts with website content, e.g. clicking links, scrolling and viewing multiple pages or video.

⁶ A conversion rate of 20% or higher is considered an indicator of quality website content by industry standards. ENZ's target conversion rate is 50%.

⁷ ENZ's Student Membership Programme is a new database marketing activity that integrates ENZ's student engagement activity and captures data on the student's journey from attraction to New Zealand, through the study experience, and as alumni post-study.

⁸ The target range for this measure is 60,000-100,000 registrations.

⁹ Survey ratings = Excellent, Very good, Good, Neither good nor poor, Poor, Very poor, Dreadful.

Performance measure	2016/17 target	2017/18 target
<i>Quality</i>		
Percentage of users that agree ¹⁰ ENZ's services and support have added value to their organisation. (2015/16: 66.7% agreed ENZ's services and support have added value)	≥2015/16 result	≥2016/17 result
<i>Timeliness</i>		
Develop and document an agreed approach for supporting growth in delivery of education services offshore.	New measure in 2017/18	Approach agreed by 31 December 2017

Awards for outbound New Zealand students

This appropriation is limited to awards granted to provide assistance to scholars, researchers and teachers to undertake placements abroad and to participate in reciprocal education exchange arrangements with partner countries in selected areas of priority study, teaching and research.

ENZ receives funding through this appropriation to fund the Prime Minister's Scholarships for Asia and the Prime Minister's Scholarships for Latin America. The

administration costs for running the scholarship programmes sit within the International Education Programmes appropriation.

What is intended to be achieved with this appropriation?

This appropriation is intended to achieve access to wider international educational opportunities for skilled New Zealanders to enhance their existing skills.

Performance measure	2016/17 target	2017/18 target
<i>Quantity</i>		
Number of new and existing Prime Minister's Scholarships funded.		
<ul style="list-style-type: none"> Asia Latin America 	450-550	450-550
(2015/16 actual: 419 new and existing Prime Minister's Scholarships for Asia were funded)	Establish baseline	≥2016/17 result

¹⁰ Survey ratings = Strongly agree, Agree, Neither agree nor disagree, Disagree, Strongly disagree, Don't know.

Performance measure	2016/17 target	2017/18 target
Quality		
Percentage of the Prime Minister's Scholarship recipients who record that the scholarship has benefited their future career aspirations. ¹¹		
<ul style="list-style-type: none"> • Asia • Latin America 	<p>95%</p> <p>95%</p>	<p>95%</p> <p>95%</p>
(2015/16 actual: 100% of Prime Minister's Scholarships for Asia recipients agreed or strongly agreed that the scholarship has benefited their future career aspirations)		

Scholarships for inbound international students

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

ENZ receives funding through this appropriation to fund the New Zealand International Doctoral Research Scholarships. The administration costs for running this scholarship programme sits within the

International Education Programmes appropriation.

What is intended to be achieved with this appropriation?

This appropriation is intended to achieve an increase in New Zealand's economic value from international students studying in New Zealand.

Performance measure	2016/17 target	2017/18 target
Quantity		
Number of new and existing New Zealand International Doctoral Research Scholarships funded.	10-20	10-20
(2015/16 actual: 21 new and existing New Zealand International Doctoral Research Scholarships were funded)		

¹¹ Survey ratings = Strongly agree, Agree, Disagree, Strongly disagree.

PART TWO

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 within available funding levels whilst ensuring that ENZ achieves value for money and meets operational targets
- budget and manage capital expenditure within available funding levels. A capital expenditure and funding reconciliation will be completed at the end of each financial year
- have annual operating and capital budgets approved by the Board. Updates to budgets will be approved by the Board
- operate within the financial delegations approved by the Board
- operate within organisation appropriate and robust internal controls, as set out in the 'Internal Control Framework'
- maintain a conservative investment strategy – investing in term deposits or interest bearing accounts with banks registered in New Zealand that have a “high grade” or better credit rating
- make use of shared services where they are cost effective and improve efficiency
- start moving from a cost model to an investment model where we allocate our resources in order to achieve the maximum impact for a given level of risk.

Prospective statement of comprehensive revenue and expense		
\$000	Estimated actual	Forecast
	2016/17	2017/18
Revenue		
Revenue from the Crown – Operating ¹²	29,439	31,072
Revenue from the Crown – Scholarships	4,100	4,550
Interest revenue	220	200
Other revenue ¹³	2,400	2,706
Total revenue	36,159	38,528
Expenditure		
Personnel ¹⁴	11,347	11,688
Other expenditure	21,308	21,924
Depreciation and amortisation expense	404	366
Scholarship expenses	3,800	4,550
Total expenditure	36,859	38,528
Deficit	(700)	-
Total comprehensive revenue and expense	(700)	-

Prospective statement of movements in equity		
\$000	Estimated actual position	Forecast
	Year ending	Year ending
	30 June 2017	30 June 2018
Equity		
Balance at 1 July	3,431	2,731
Deficit	(700)	-
Balance at 30 June	2,731	2,731

¹² In 2017/18 additional revenue includes an additional \$1.7m from Budget 2017, reinstatement of revenue for ENZ's NZ Story contribution of \$0.383m (2016/17: contribution removed from ENZ's appropriation), \$0.050m to cover increased scholarship management costs which is transferred from Scholarship revenue, offset by a \$0.5m reduction in the Export Education Levy to \$1.0m.

¹³ Other revenue includes costs recovered from education institutions for participation at offshore events and English language training programmes which are funded by the Ministry of Foreign Affairs and Trade.

¹⁴ Salaries and wages are forecasted at \$7.9m in 2017/18 (2016/17: \$7.6m); Other personnel costs at \$3.8m in 2017/18 (2016/17: \$3.7m).

Prospective statement of financial position		
\$000	Estimated actual as at 30 June 2017	Forecast financial position as at 30 June 2018
Assets		
Current assets	6,040	6,241
Non-current assets	591	390
Total assets	6,631	6,631
Liabilities		
Current liabilities	3,900	3,900
Total liabilities	3,900	3,900
Net assets	2,731	2,731
Equity	2,731	2,731

Prospective statement of cash flow		
\$000	Estimated actual 2016/17	Forecast 2017/18
Cash flows from operating activities		
Receipts from the Crown	33,539	35,622
Receipts from other revenue	2,400	2,706
Payments to suppliers	(25,542)	(26,474)
Payments to employees	(11,347)	(11,688)
Net cash flows from operating activities	(950)	166
Cash flows from investing activities		
Interest received	220	200
Receipt from maturity of term deposits	1,000	-
Purchase of property, plant and equipment	-	(165)
Net cash flows from investing activities	1,220	35
Net cash flows from financing activities		
	-	-
Net increase in cash and cash equivalents	270	201
Cash and cash equivalents at the beginning of the year	420	690
Cash and cash equivalents at the end of the year	690	891

Reconciliation of forecast net deficit to net cash flow from operating activities		
\$000	Estimated actual 2016/17	Forecast 2017/18
Deficit	(700)	-
Add non-cash items		
Depreciation and amortisation expense	404	366
Total non-cash items	404	366
Less items classified as investing or financing activities		
Interest received	(220)	(200)
Total items classified as investing or financing activities	(220)	(200)
Add/(less) movements in working capital items		
(Increase) in receivables	(95)	-
Decrease in prepayments	200	-
(Decrease) in payables	(651)	-
Increase in provisions	276	-
(Decrease) in employee entitlements	(164)	-
Net movement in working capital items	(434)	-
Net cash flow from operating activities	(950)	166

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS

The prospective financial statements are based on policies and approvals in place as at 1 March 2017 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.

The significant assumptions are outlined under critical accounting estimates and assumptions.

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

ENZ's primary objective is to provide public services to the New Zealand public as opposed to that of making a financial return.

Accordingly, ENZ has designated itself as a public benefit entity (PBE) for the purposes of New Zealand Equivalents to International Public Sector Accounting Standards (IPSAS). ENZ is domiciled in New Zealand.

Basis of preparation

Statement of compliance

The 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) which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZGAAP).

The prospective financial statements have been prepared and presented in accordance with Tier 1 PBE accounting standards. ENZ qualifies under the Tier 1 reporting framework as it is a public benefit entity with total annual expenditure in excess of \$30 million. This includes PBE FRS 42, Prospective Financial Statements.

The prospective financial statements have been prepared for the special purpose of the Statement of Performance Expectations 2017-2018 of ENZ to the Minister for Tertiary Education, Skills and Employment. The financial statements are not prepared for any other purpose.

The prospective financial statements will be used in the Annual Report as the budgeted figures.

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

The preparation of prospective financial statements in conformity with PBE 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 variations may be material.

Measurement base

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

Presentation currency and rounding

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

Significant accounting policies

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

Revenue

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

Revenue from the Crown

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

Recovery for events and fairs

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

Interest revenue

Interest income is recognised using the effective interest method.

Co-funding expenditure

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

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

Foreign currency transactions

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

Operating leases

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

Cash and cash equivalents

Cash and cash equivalents include cash held on call with the bank.

Receivables

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

Investments

Bank term deposits

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

Property, plant and equipment

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

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

Additions

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

Work in progress is recognised at cost.

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

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

Disposals

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

Depreciation

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

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

Intangible assets

Software development

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

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

Amortisation

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

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

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

Payables

Payables are recorded at their face value.

Employee entitlements

Short term employee entitlements

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

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

Long term employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Lease make-good

Where there is an indication or expectation from the lessor that a building is to be returned to its original condition at the end of the lease period, a provision for the estimated cost to make good the premise is made. Lease make-good provisions are recorded at cost and

are recognised on a straight-line basis over the period of the lease.

Onerous contracts

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

Scholarships

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

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

Equity

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

Goods and Services Tax (GST)

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

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

The net GST paid to, or received from, Inland Revenue (including the GST relating to investing and financing activities), is classified

as an operating cash flow in the prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Critical accounting judgements, estimates and assumptions

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

Specific assumptions

Interest revenue is based on the average investment balance held with a 4% rate of return applied.

Other income is based on a similar number of events and fairs being run in 2017/18 and no change to the event charging model.

Personnel costs are based on our current headcount level being maintained with an average 3% annual inflation adjustment for salaries and related costs.

Scholarship appropriations will be fully allocated in 2017/18.

Interest rates and foreign exchange rates will remain at a similar level.

We are forecasting minor capital expenditure for office equipment, information technology hardware, furniture and fittings and to complete some minor property fit-outs.

A provision has been made for future restoration costs relating to make-good clauses on office rental leases. The calculation of this provision requires assumptions as to the extent, if any, that landlords will enforce the lease make-good clauses and estimates of the cost of restoration.

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