



NEW ZEALAND
EDUCATION

ThinkNew®

ANNUAL REPORT

2014-2015



ABOUT EDUCATION NEW ZEALAND

Our purpose

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

What we do

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

We work with the diverse international education industry that encompasses six sectors: universities, institutes of technology Providers (ITPs), Private Training Establishments (PTEs), English language providers (ELS), schools and offshore education service providers.

We work with the industry and with other governments to promote the quality of the New Zealand education system and New Zealand's expertise in providing education and training offshore. This includes running promotional events and activities, alumni events and agent training.

For 2014/15 our tier 1 markets were China, India and ASEAN¹. These were markets where there was significant government and/or industry interest. We also identified tier 2 markets where there were historical or emerging opportunities to focus our efforts. The Americas, Europe, the Middle East, Japan and Korea were our tier 2

markets. In 2014/15 we also reviewed our market prioritisation, identifying where we need to focus our efforts from 2015/16.

As the capability and capacity of the industry varies between and within sectors, we work with the industry to build its capability so it can benefit from growth opportunities.

To promote New Zealand offshore, we work closely with other New Zealand government 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 assist the industry to identify new opportunities for growth. Our research and market intelligence identify potential growth opportunities and measure the effectiveness of our strategies and activities.

We provide information to potential international students and their families about living and studying in New Zealand². We also work with other agencies and the industry to ensure international students are adequately supported while living and studying here.

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



Charles Finny | Board Chair

30 October 2015



Philip Broughton | Board Member

30 October 2015

¹ The Association of Southeast Asian Nations is made up of 10 countries that are located in Southeast Asia, including Indonesia, Malaysia, Thailand and Viet Nam.

² We define international students as students who are non-residents of New Zealand who have entered New Zealand expressly with the intention to study or have enrolled in a New Zealand provider offshore. ENZ counts international PhD students, exchange students, NZ Aid students, foreign research postgraduate students and full fee-paying international students as international students.

BOARD CHAIR'S FOREWORD

“The work we do at Education New Zealand generates close to \$3 billion in value for the New Zealand economy. This is shared by education institutions and the wider community.”



Education New Zealand has just completed another successful year. We have achieved or surpassed most of our targets for the year. The work done on international student attraction has been particularly impressive. There is still more work to be done to define the full range of opportunities that exist for commercial activity in other jurisdictions and to determine how best Education New Zealand can assist education companies and institutions to realise these opportunities.

Short to medium term the greatest returns may be achieved for New Zealand by attracting students to study in New Zealand. However in the medium to long term that equation might change as education systems in some of our markets develop and technology makes distance learning all the more accessible and affordable. New Zealand needs to be part of this developmental process and be at the cutting edge of the opportunities created by new technologies.

Aside from the growth in international student numbers in New Zealand, consolidation of our ‘Think New’ brand and the work on implementing the industry’s strategic roadmaps were highlights for the year.

The work we do at Education New Zealand generates close to \$3 billion in value for the New Zealand economy. This is shared by education institutions and the wider community. It allows education institutions to invest more in improving the teaching experience, in their campus infrastructure and in their research. Most of this benefit is flowing into the Auckland economy, as this is where the great majority of international students choose to study. Education New Zealand does not want to see any decline in the number of students in Auckland (indeed, we would like to see this number continue to grow) but we would like to see more of the benefit from international education shared around the country. Work began, in the 2014/15 financial year, encouraging this domestic diversification and this programme will intensify in 2015/16. We are delighted with the support we are receiving from local government, economic development agencies, business groupings and the international education industry to assist this work.

We also need to pay careful attention to international market diversification. China and India are by far our largest source countries. And the growth in numbers from India has been very rapid in the past two years. Keeping these markets growing and ensuring that New Zealand is attracting the best students from them will remain

a continuing challenge. We don’t see the current level of growth achieved out of India as sustainable. We therefore need to work hard to develop a range of other markets if we are to keep the overall sector growing. Again, this work began in 2014/15 and has continued into 2015/16.

Keeping New Zealand’s domestic policy settings competitive with other high quality English language education systems remains a challenge and requires a whole-of-Government effort. We greatly value the leadership provided by our Minister, Hon Steven Joyce, and the support received from other ministries and agencies across government. The interactions with Immigration New Zealand and wider Ministry of Business, Innovation and Employment, the New Zealand Qualifications Authority, the Tertiary Education Commission, the Ministry of Education, Tourism New Zealand, New Zealand Trade and Enterprise and the Ministry of Foreign Affairs and Trade onshore and offshore are much appreciated. This is also true for our work with a wide range of foreign governments, in New Zealand and around the world.

The results achieved in international education may be coordinated and assisted by Education New Zealand but are delivered by the industry. New Zealand has one of the finest education

systems in the world, which is increasingly developing new skill sets to allow it to compete strongly to sell the New Zealand education opportunity to students and governments around the world. The industry can be very proud of what it achieved in 2014/15.

Grant McPherson and his team at Education New Zealand have completed another excellent year. I thank them for their dedication. I would also like to thank the Board for their hard work, wisdom and advice throughout the year.

Things are going well, but we can always do even better. For this reason we have volunteered to be part of the Performance Improvement Framework organised by the State Services Commission. This process is just beginning as this Report goes to print but should be completed by the end of 2015. This is something we have asked for and we look forward to the new ideas it might generate.

Charles Finny | Board Chair

CHIEF EXECUTIVE'S FOREWORD



The 2014/15 year was one of significant growth for New Zealand's international education industry, with international student communities growing within many education providers across the country.

International student numbers reached levels not seen in a decade, with the expansion and promotion of New Zealand's 'Think New' education brand continuing to build awareness of, and preference for, New Zealand education in key countries. Competitive policy settings are ensuring New Zealand is on the radar as students and parents decide on their best options for an overseas education. As a result, the value of the industry to New Zealand reached \$2.85 billion in 2014, with international student numbers increasing across almost all sectors of the industry.

In turn, more New Zealanders studied abroad through the Prime Minister's Scholarships for Asia. Since its launch in 2013, more than

470 scholarships have been awarded and more than \$3 million invested in giving Kiwi students the opportunity to build their international skills.

In an increasingly connected world, the flow of students to and from New Zealand is building our international links. More than a million students have studied in New Zealand, connecting and sharing with other students and contributing to their development and that of their education provider. Many former international students remain champions of New Zealand, the town or city they studied in, and the qualities of our education system long after completing their studies. We value these global connections.

From a global perspective, ENZ reviewed our market prioritisations in 2014/15, to ensure we are attracting students from a broad range of countries, and that we are exploring markets that are important future sources of growth. We need a diversified industry to withstand any significant changes in our major markets China and India. We also need sustainable and quality growth from all our markets.

Here in New Zealand, ENZ would like to see the benefits of international education realised in more regions around the country. While the Bay of Plenty, Canterbury, Southland and Taranaki experienced notable double-digit growth in enrolments in 2014, the majority of new students enrolled in Auckland institutions. Canterbury's international student numbers returned to close to pre-quake levels in 2014/15 – a particularly pleasing result as the successful four-year Christchurch Industry Support Programme reached its conclusion in June.

“More than a million students have studied in New Zealand, connecting and sharing with other students and contributing to their development...”

ENZ is committed to supporting Christchurch, and other regions, through our Regional Partnership Programme, developed in 2014/15. The Programme targets growing international education in partnership with education providers, representative groups and local government and economic development agencies in regions across the country. Results are encouraging to date, and we are looking forward to expanding the programme in 2015/16.

While the unique experience of studying in New Zealand is essential to growth, so too is greater delivery of New Zealand's education services and products internationally. Globally only a small proportion of international students travel overseas to study; the vast majority study from the comfort of their own country. How these students are given the opportunity to benefit from New Zealand education without travelling to New Zealand is an opportunity for the industry. Highlights in 2014/15 include continued investment through the International Education Growth Fund in a range of projects aimed at increasing the value of education programmes and services delivered offshore. But, to ensure we remain on track towards our 2025 goals, international delivery will be a particular focus for ENZ in 2015/16.

More than ever, our relationships with education providers and other government agencies are vital to our success. I would like to acknowledge the education providers and businesses, whose drive, determination and engagement is growing our industry, and the many government agencies committed to growing international education for New Zealand, particularly the Ministry of Business, Innovation and Employment, the New Zealand Qualifications Authority, the Tertiary Education Commission, the Ministry of Education, Tourism New Zealand, New Zealand Trade and Enterprise and the Ministry of Foreign Affairs and Trade here in New Zealand and around the world.

I would also like to acknowledge the dedication and commitment of the wider ENZ team and my leadership team, the support and guidance from the Board and the Stakeholder Advisory Committee, and the unwavering support for international education from Minister Joyce.

The outlook for the industry is bright, and Education New Zealand is well positioned to support the industry to build on this year's positive results. We will continue working with the industry to grow a sustainable, diversified and quality international education industry for New Zealand.



Grant McPherson | Chief Executive

PART ONE

International education



THE INTERNATIONAL EDUCATION LANDSCAPE 2014/15

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

To take advantage of the benefits that international education brings, ENZ must keep abreast of changes to the education landscape, and help position New Zealand to take advantage of new and emerging opportunities within that landscape. This means keeping an eye on offshore markets and developments, the actions of our international competitors, and the impacts of our domestic policy settings that drive the international education experience.

International markets & developments

The global economy continued to grow in 2014/15³ at a similar level to the previous year. Some of New Zealand's key student attraction markets, such as China and Brazil, saw economic growth slow while others, such as India and the Association of Southeast Asian Nations (ASEAN), saw higher levels of economic growth. India represents our strongest growth market, however, we also remain alert to the opportunities that may arise from Southeast Asia, Latin America and other jurisdictions.

Overall, the global international education industry has been experiencing an increase in demand from globally mobile students. China and India continued to be significant student attraction markets for New Zealand and its competitor countries.

The competitive market place

New Zealand's main competitors are Australia, Canada, Ireland, the United Kingdom and the United States. While data about their international student enrolments can often be inconsistent due to different interpretations of what constitutes an international student, there is enough evidence to suggest strong growth in a number of areas.

For example, in Australia, our closest competitor, the number of international student enrolments in Australia increased by 12 percent in 2014. Australia's fastest growing markets were India, China, Brazil, Viet Nam and Thailand. To support its international education industry, the Australian federal government released its draft National Strategy for International Education. The strategy recognised Australia's reliance on Asia and recommended that its industry pursue market diversification strategies, specifically in Africa, Latin America and the Middle East.

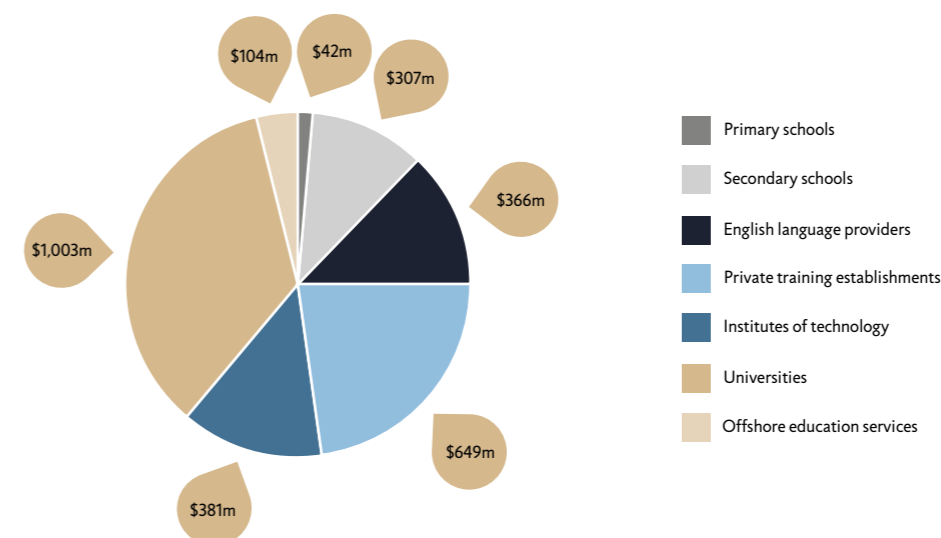
Overall international tertiary students in the United States in 2013/14 were at record levels with an 8 percent increase compared to 2012/13. Nearly 80 percent of this growth came from China, Saudi Arabia and India.

Trans-national education and technology changes continued to impact education. Trans-national education was a popular choice by students and their families globally. Technology is being integrated at all levels of education. These will continue to impact education delivery and learning expectations.

³ This Annual Report includes financial year and calendar year information. With the exception of Part Four, dates such as 2014/15 relate to a financial year while a calendar year is shown as a single year, such as 2014. All information in Part Four relates to a financial year.

THE NEW ZEALAND CONTEXT 2014/15

Graph 1: Value of the international education industry by sector



Source: The Economic Impact of International Education 2014, Infometrics.

The growth experienced by the international education industry in 2013/14 continued in 2014/15. The launch and promotion of New Zealand’s ‘Think New’ education brand in 2013 and its use in global marketing and public relations activity has been a key catalyst for the increasing awareness and active consideration of New Zealand by international students.

The increase in 2014/15 indicates that New Zealand’s international education industry is well placed to continue growing in line with the government’s goals for international education. However there are challenges that will need to be managed in the future. These include the diversity and sustainability of the increase in international student numbers and the growing role of trans-national education.

The challenges highlight the importance of the international education industry’s strategic roadmaps, which prioritise the actions needed for each sector to increase growth and sustainability.

The international education industry’s value

Increasing the value of the international education industry to \$5 billion by 2025 is a significant goal of the Leadership Statement for International Education (the Leadership Statement)⁴. In 2014, the value of the industry was estimated to have increased to \$2.85 billion⁵, up from \$2.60 billion in 2012⁶. This was driven by an increase in international student numbers in 2014. An increase in value was achieved in all sectors except for the primary school sector.

In 2014 the industry continued to be New Zealand’s fifth largest export, with its value sitting between logs, wood and wood articles (\$4.02 billion) and air transport (\$1.99 billion)⁷. It supported more than 30,000 jobs in New Zealand.⁸

International students studying in New Zealand

New Zealand’s international education industry experienced significant growth in 2014 with enrolments the highest they have been since 2004. The number of international students studying in New Zealand increased by 13 percent in 2014 with 110,281 international students studying in New Zealand. The most significant growth occurred in the private training establishment (PTE) sector, which increased by 37 percent, and ITP sector, which increased 15 percent.

ENZ continues to promote a range of activities designed to support regional growth across

the nation. Record growth was experienced in Auckland in 2014 with further growth also experienced in Canterbury, the Bay of Plenty, the Waikato and Southland.

ENZ’s time-limited funding to specifically support the rebuilding of the Canterbury international education industry ended on 30 June 2015. While in 2014, enrolments in Canterbury had not recovered to pre-earthquake levels, the growth seen in 2013 continued with an 18 percent increase to 9,368 students. From 2015/16, we will continue to support the region’s international education industry through our Regional Partnership Programme.

⁴ The Leadership Statement is located at: http://enz.govt.nz/sites/public_files/Leadership%20Statement%20for%20International%20Education.pdf

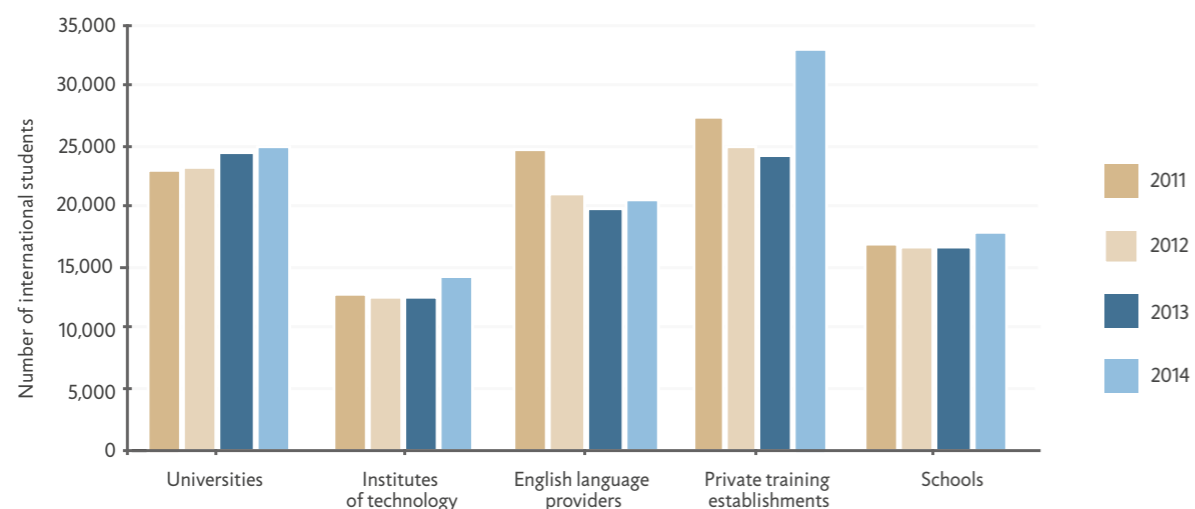
⁵ Source: The Economic Impact of International Education 2014, Infometrics.

⁶ The value of offshore education services was not estimated by Infometrics in 2014. Offshore education service providers deliver education services offshore such as education publishing, education technology and education consultancies.

⁷ Economic contribution of international education to New Zealand 2014 Infographic, Education New Zealand

⁸ Source: New Zealand International Education Snapshot: 2014 full year report, Education New Zealand.

Graph 2: Number of international student enrolments in New Zealand by sector



Source: Tertiary Single Data Return, Ministry of Education.

The growth in international student numbers is expected to have continued in the first half of 2015. ENZ uses both student visa information and enrolment data to measure international student volume and trends⁹. In January to June 2015, the number of student visas approved increased by 10 percent compared to January to June 2014. Both first time student visas (the first time a student visa is issued to a student) and returning student visas increased. The ITP, university and PTE sectors have experienced their strongest January to June growth, up 50 percent, 9 percent and 4 percent respectively.

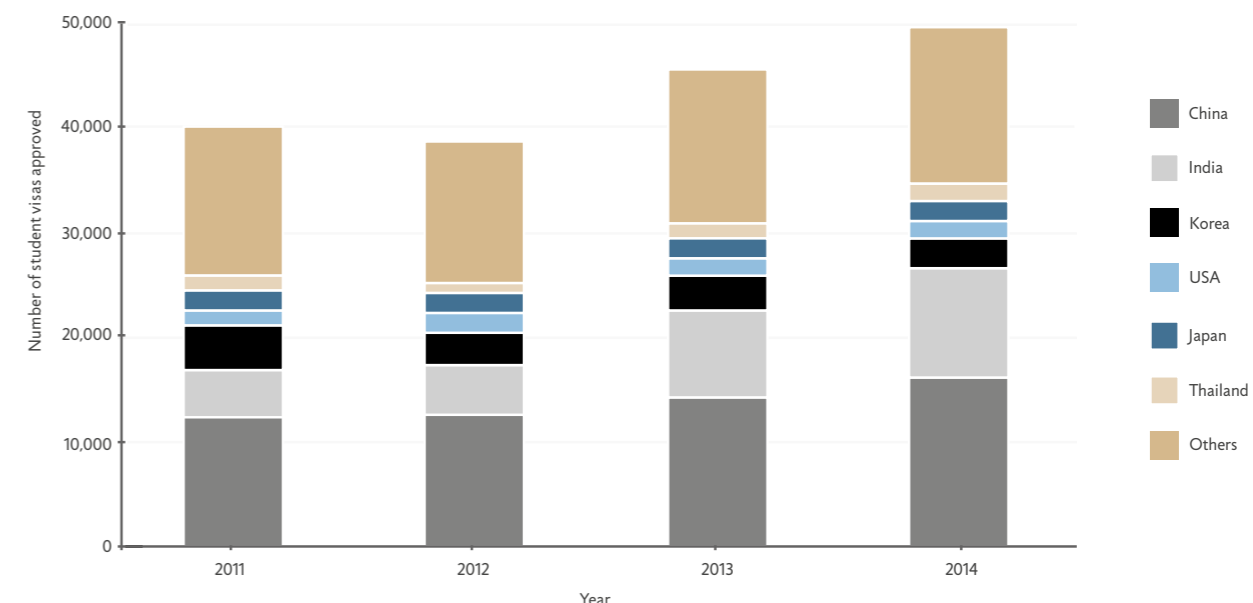
The growth in student visas has been driven by China, India, the Philippines, the United States and Brazil. In contrast, decreases in the number of student visas approved have been seen for some student attraction markets, such as Saudi Arabia, the Republic of Korea (Korea) and Germany.

In 2015, we reviewed our market prioritisation to make sure our activities are focused on growing the industry. We identified markets that we will:

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

The prioritised ‘rebalance’, ‘promote’ and ‘explore’ markets are listed on ENZ’s corporate website www.enz.govt.nz. This change in market prioritisation was implemented on 1 July 2015.

Graph 3: Number of student visas approved by source country, January – June 2015



Source: Operational data, Immigration New Zealand

International postgraduate students

Increasing the number of international postgraduate students enrolled with New Zealand providers to 20,000 by 2025 is one of the Leadership Statement’s objectives.

New Zealand is on track to achieve this objective by 2025 as 14,327 international postgraduate students were enrolled in the publicly funded tertiary sector in 2014. This 18 percent increase compared to 2013 was driven by a 23 percent increase in

Masters level enrolments and a 7 percent increase in Doctoral level enrolments.

The 2014 increase continued the year-on-year growth in postgraduate enrolments experienced since 2011, reflecting ENZ’s success in growing awareness of New Zealand as a high quality study destination.

⁹ International students who undertake a course for less than three months are not required to enter on a student visa. International students who choose to enter on a visitor visa (usually from visa-free nationalities) are not captured in the student visa information. This impacts the PTE and ELS sectors.

Offshore education products and services

Value of offshore education products and services

Increasing the value of education products and services delivered offshore to \$500 million by 2025 is an objective of the Leadership Statement. Progress against this objective was not re-measured in 2014 when Infometrics estimated the value of the industry.

In 2012, Infometrics estimated the value of offshore education services at \$104 million. At that time, the research identified the Middle East and Asia as the two dominant regions in terms of economic value.

In 2014/15, deals to deliver education products and services were struck and we provided co-funding, through the International Education Growth Fund (IEGF), for projects aimed at increasing the value of education products and services delivered offshore. For example, 12 education technology projects received co-funding through the September 2014 round. However the sector's value will not be known until a new assessment is completed in 2015/16.

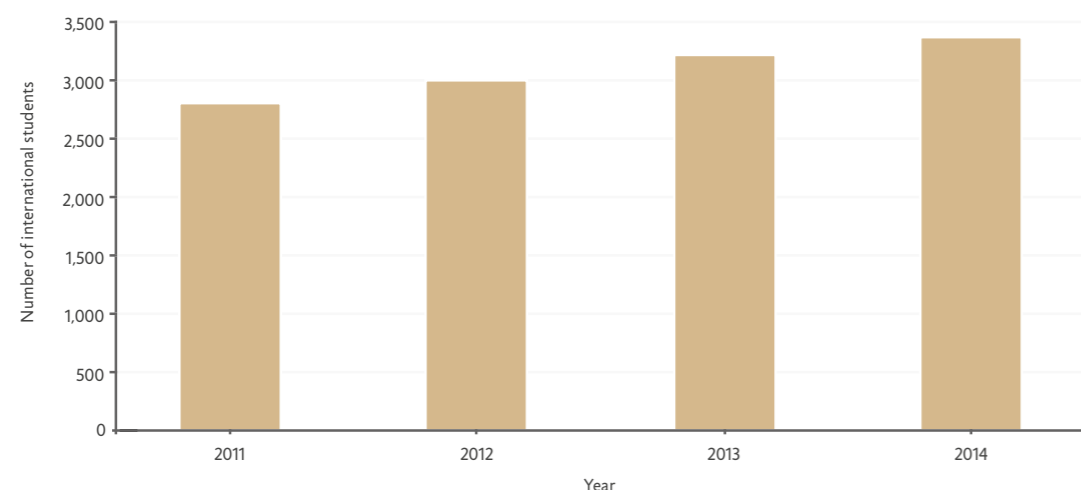
Students enrolled with New Zealand providers offshore

A further objective of the Leadership Statement is to increase the number of international students enrolled with New Zealand providers offshore to 10,000 by 2025. Based on enrolment data from the Ministry of Education, the 2014 data showed 3,392 international students were enrolled with New Zealand providers offshore, a 4 percent increase compared to 2013. Similar increases were experienced in 2012 and 2013.

Despite this progress, ENZ will need to further increase the rate of growth to meet the 2025 target. Work is already underway to identify the potential barriers – and any further activities that will encourage New Zealand education providers to deliver further education experiences offshore.

In 2015/16, ENZ will also seek to improve the way that offshore enrolments are counted. Currently, enrolment data may exclude students enrolled in transnational education programmes¹⁰, which may result in an under-count.

Graph 4: Number of international students enrolled with New Zealand providers offshore



Source: Tertiary Single Data Return, Ministry of Education.

¹⁰ These programmes comprise international students studying a New Zealand qualification offshore – delivered through a co-joint programme between a New Zealand and overseas provider.

PART TWO

Our performance



OUR OUTCOMES FOR 2014/15

Strategic context

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

The Government's wider goals for the international education industry are set out in the Leadership Statement for International Education. This statement sets out targets for the size, scale and sustainability of the industry by 2025. The targets recognise that to be successful, growth is needed in the industry's value, particularly in the value of education services delivered offshore. The volume of international students studying with New Zealand providers also needs to continue to grow.

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

As part of New Zealand's education system, ENZ also works with other New Zealand education agencies to collectively deliver on the Government's

priorities for education. In particular, we contribute to the shared long term outcome for the education system that 'New Zealanders have skills and knowledge for work and life'.

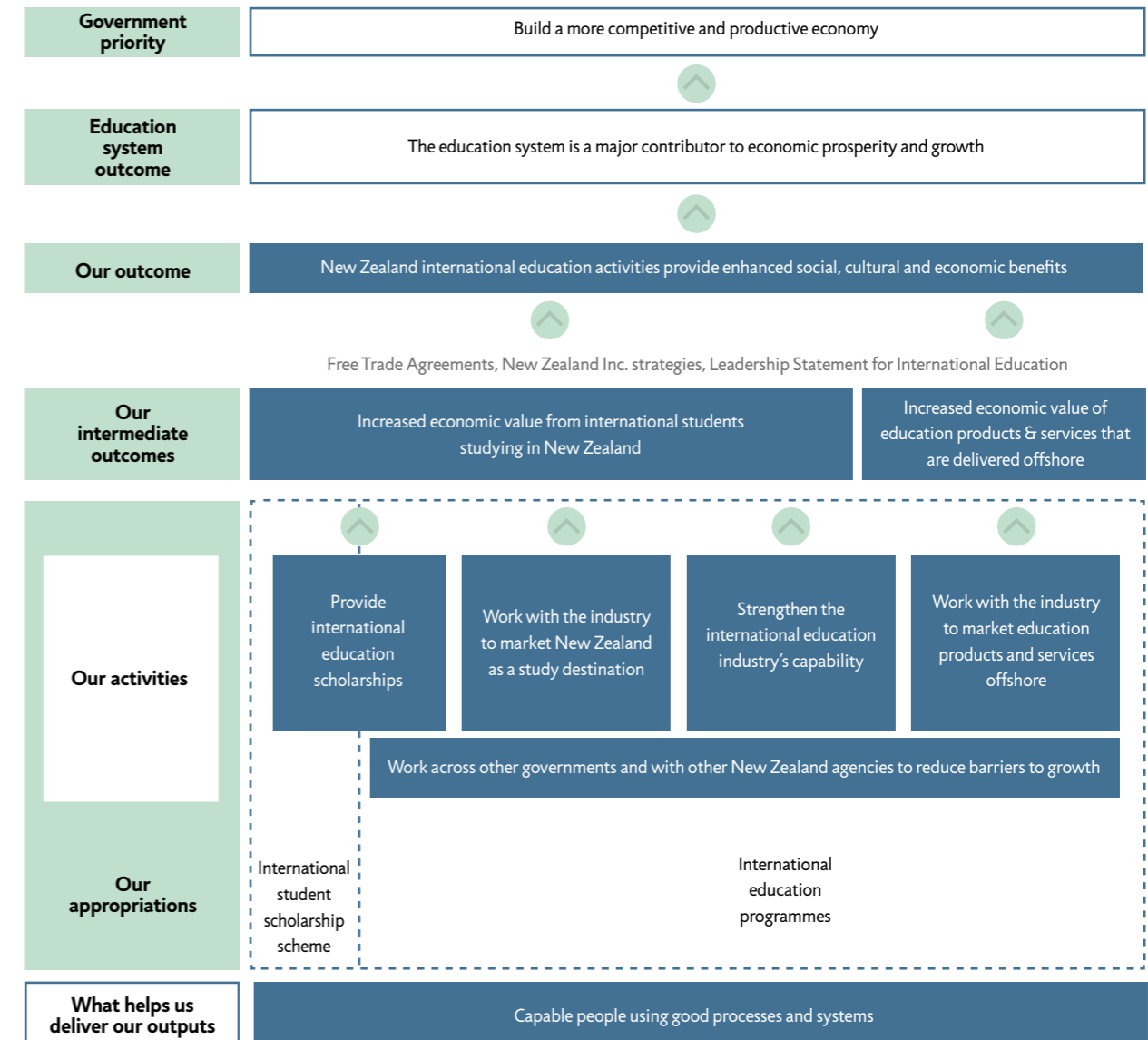
In the Tertiary Education Strategy 2014-2019, we also contribute to the strategic priorities of 'Growing international linkages' and 'Strengthening research-based institutions'. During the year, we did this by providing support to tertiary education institutions to build their capability, and assisting tertiary education institutions to market to and recruit international students.

Our 2014/15 outcomes

ENZ's outcome framework is aligned closely with the BGA, the Leadership Statement, and the Tertiary Education Strategy. Our 2014-15 priorities are outlined in our Statement of Intent 2014-2018 and Statement of Performance Expectations 2014-2015.

Our work was organised into two intermediate outcomes: Increasing economic value from international students studying in New Zealand; and increasing economic value of education products and services that are delivered offshore.

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



OUR ACHIEVEMENTS

Work with the industry to market New Zealand as a study destination

ENZ has worked closely with its industry partners to establish a foundation for positioning and promoting New Zealand to international markets. Focus has been on:

- > using the 'Think New' brand to position and promote New Zealand education in offshore markets
- > emphasising New Zealand's Education Story to represent the industry's work
- > promotional events
- > targeting digital marketing, through both social media and advertising, to potential students and parents.

New Zealand's international education brand values

Since developing and launching the New Zealand Education Story and the Brand Lab in 2013, ENZ's marketing has continued to focus on the brand attributes that underpin New Zealand's international education offering:

- > **Learn:** Students will learn in a world-class education system, taught by professional, passionate teachers who have only one thing in mind – students' success. Students will be challenged to think differently and to push boundaries in an atmosphere of encouragement and excellence
- > **Live:** New Zealand is a safe, friendly place, and a welcoming and open country where 'the new' is celebrated. New Zealanders want to include students and help them experience the full richness of this extraordinary place

- > **Work:** Students who study in New Zealand gain skills that can lead to employment in New Zealand or offshore.

In 2014/15, ENZ started to facilitate the development of sector stories for the ITP, university and school sectors in close consultation with a working group from each. Building strong sector brands was identified as a priority by these sectors during the development of the sector specific strategic roadmaps. These sector stories will be finalised in 2015/16.

Promoted New Zealand at events

Ran or attended promotional events

There are two main recruitment seasons on the international education calendar; March to April and late August to November. ENZ participated in a number of fairs and events to promote New Zealand as a study destination to students, their families and decision makers during these times.

We participated in 74 events in 2014/15 including New Zealand Education fairs, commercial education fairs, education agent seminars, alumni functions and school roadshows.

Following the previous year's success, in India we assisted education agents to run four New Zealand-only education fairs. These were once again well run and well attended by both institutions and students. The fairs collectively attracted 40 New Zealand education providers (an increase of 10 compared to the previous year) and around 1,000 prospective students (slight decrease on previous year).

Participated in virtual education fairs in Latin America

We piloted a virtual education fair for the Latin American market which attracted more than 1,200 attendees. At a virtual education fair, there are realistic looking halls or pavilions with booths to showcase institutions. The benefits for education institutions are lower participation costs than normal education fairs, and no limit to the number of prospective students able to attend. Attendees were able to view videos, pick up brochures and business cards, and chat with education providers' representatives in real time.

All of New Zealand's universities took part in the fair. English New Zealand, Tourism New Zealand, Immigration New Zealand and Colfuturo¹¹ also took part. Feedback suggested that institutions received a high number of good quality leads from the event.

Participated in a virtual education fair in the United States

ENZ participated in a virtual Study Abroad fair via a 30 minute key note presentation delivered via video conferencing. Hosts of the fair included the Institute of International Education (IIE), and the United States Department of State. The fair supported Institute of International Education's Generation Study Abroad initiative which seeks to double the number of American students who study abroad.

ENZ had one of the six most popular booths out of the 54 booths at the fair with 224 visitors and 92 people attending part or all of the 30 minute presentation given by ENZ.

Focused on digital and social media marketing

At the start of the 2014/15 year, our overall social media community size was 120,000. By 30 June 2015, the community size was 576,000. ENZ's

engagement also increased significantly. ENZ's Facebook engagement¹² is approximately 21 percent, compared to best practice of around 7 percent.

This improvement means New Zealand is now a social media market leader in international education. ENZ's social media activity includes Facebook, Twitter, Weibo¹³ in China, WeChat¹⁴ and Instagram.

Continued the 'Always On' digital strategy for 2014/15

We continued implementing our 'Always On' digital marketing strategy for six priority countries, developing country-specific content for China, India, Thailand, Viet Nam, Indonesia and Malaysia. 'Always On' means we have continuous in-market digital activity, enabling us to consistently drive awareness and active consideration.

For each country we developed a 'home' page and sector level pages (i.e. universities, ITPs, schools, PTEs and ELS).

Programme-specific pages for popular courses in each country were also developed and tested throughout the year. These include engineering, science and technology, maths, fashion design, law, economics and agricultural science. These pages will be launched in stages during the 2015/16 year.

Ran a 'Day in the Life' social media campaign

ENZ ran a four week brand engagement campaign called 'A Day in the Life' which focused on engaging with prospective students. The campaign included five short videos, each of which follow a current international student through a typical day in their New Zealand life. Watching a video took students through to a campaign page where they could learn more about the students in the videos, ask questions about life in New Zealand and join ENZ's social media community.

¹¹ Colfuturo is a Colombian agency that provides loans for Colombian postgraduate students to study abroad and administers the Colombian science and innovation agency's scholarship programme.

¹² Engagement means engaging with ENZ's Facebook page in some way such as sharing content, liking or commenting.

¹³ Weibo is a Chinese microblogging website akin to a hybrid of Twitter and Facebook.

¹⁴ WeChat is a mobile text and voice messaging communication service.

The videos were promoted via social media and other media channels and ran alongside engaging social media content about studying and living in New Zealand, online question and answer sessions with the five students and a toolkit for the international education industry and agents to leverage the campaign.

The videos were viewed by close to 250,000 people and were most popular in Viet Nam, Malaysia, Saudi Arabia, Indonesia and India. The videos gained more than 111,000 'likes', 1,100 'shares' and almost 1,500 questions or comments about the videos and related content posts on Facebook. Overall, the campaign brought 32,000 new followers to our social media channels. This was one of ENZ's most successful engagement campaigns to date.

Ran a successful 'Invite a Friend' marketing campaign

ENZ ran a marketing competition called 'Invite a Friend', targeting international students currently studying in New Zealand. Students invited a friend from their home country to join them for a 10 day tour of New Zealand, promoting New Zealand as both an education and adventure destination.

More than 4,366 international students currently in New Zealand invited more than 3,300 'friends' from more than 100 countries. The top five source countries were China, India, the United States, Brazil and the Philippines. ENZ's global social media audience voted for the winning pair and chose what the students would do on their tour.

The winners, a journalism student at Victoria University of Wellington and her friend who is studying journalism in China, will undertake their tour of New Zealand in July 2015. ENZ is using the coverage of their trip to promote New Zealand via its social media channels.

Launched a blog in Korean

ENZ launched a blog in Korea for students to find information on studying in New Zealand. Research showed blogs to be a significant influence on decision making for potential international students in this market, and a trusted source of information for nearly 40 percent of parents.

The blog includes general news about New Zealand, information on studying in New Zealand and visa information. Blog readers are able to comment and ask questions, search for information and share the blog via social media. The blog encourages students to continue through to ENZ's Study in New Zealand website.

Study in New Zealand Instagram competition

In March 2015 we started trialling the use of Instagram as a promotional tool. Fifteen United States scholarship students in New Zealand were challenged to capture one moment per week of their New Zealand study experience. The students competed to be crowned 'the best contributor' in return for a contribution towards a New Zealand 'adventure' of their choice. The students' authentic content and storytelling helped generate almost 1,600 followers on Instagram. ENZ plans to run the competition again in 2015/16.

Ran a competition in Saudi Arabia

ENZ received almost 2,500 entries for the #WhyNewZealand competition in Saudi Arabia. The competition was designed to raise awareness of New Zealand as a study destination in the market and was launched by the Prime Minister during his visit to the region. ENZ also launched an Arabic language home page to coincide with the Prime Minister's visit.

The competition required entrants to promote New Zealand education on Arabic social media. Over eight weeks, the competition generated 17,400 Twitter followers and 5.9 million 'impressions' across Twitter and Facebook.

The competition provided seven 16-week academic English Language scholarships as well as return flights to New Zealand and was sponsored by seven universities and institutes of technology.

Launched Weibo and WeChat presence

In August 2014 we launched the ENZ Weibo and WeChat accounts to extend the New Zealand education social media reach in China. The Weibo account now has over 20,600 followers (up from 4,500 in October 2014), and the WeChat account has 4,660 followers.



The Honourable Steven Joyce meets with students in Chile.

Promoted New Zealand in Latin America

ENZ led the coordination of Minister Joyce's nine-day visit to Latin America. The visit encompassed five cities in three countries (Chile, Colombia and Brazil), and included bilateral meetings with the Chilean Minister of Education, the Colombian Vice Minister of Higher Education and the Brazilian Minister of Education.

The objectives of the visit were to promote high level, government-to-government relationships, establish relationships with new government administrations, build momentum for more comprehensive engagement, and raise New Zealand's education profile in agriculture and science and innovation.

Minister Joyce also spoke at the opening session of FAUBAI, Latin America's largest education conference, met prospective international students in Colombia, and presented to the Brazilian Federal Education Senate Committee.

ENZ's Chief Executive led a tertiary-level education delegation to Latin America at the same time. The visit generated strong institutional and government engagement opportunities for the delegates, who continue to follow up on the opportunities presented.

The visit also generated strong local media interest and received extensive coverage in all three countries, focusing on New Zealand's education offering to Latin American students. ENZ is working with other agencies including the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to follow up the outcomes and opportunities from the visit.

Ran student competitions in South and Southeast Asia

ENZ ran two student competitions in key South and Southeast Asia (SSEA) markets to raise awareness of New Zealand.

The first competition was a South and Southeast Asia Marketing Strategy Competition to encourage fresh thinking about the region among the New Zealand international education industry. The competition was also designed to raise New Zealand's education profile in India, Indonesia, Malaysia, Thailand and Viet Nam.

The competition targeted students at leading business and marketing education institutions in the region. Students had to submit a 12 month marketing strategy designed to promote New Zealand as an education destination in their own country.

The five winning students will come to New Zealand for a four-week internship at selected education providers between July and September 2015.

The second competition was targeted at secondary school students in Southeast Asia. Students submitted a 700-word essay promoting their view on the theme of ‘Think New: Think New Zealand’. This competition aimed to help students research and learn about what it would be like to live and learn in New Zealand. Winning students came from Malaysia, Indonesia, Thailand and Viet Nam. Each student received a prize and had their essay published in a prominent publication in their country.

Coordinated ENZ’s largest media familiarisation programme to date

We hosted five media familiarisation visits to New Zealand that were targeted at key ENZ markets, and included 21 members of the media from seven target markets, including a key opinion leader. The visits covered 20 different education providers from all sectors.

Our media familiarisation programme aims to:

- > generate high quality, in-depth, coverage about New Zealand education
- > build understanding and rapport with target media in key markets
- > raise awareness of and build preference for New Zealand as a study destination.

Four visits by media were hosted from South and Southeast Asia. Indonesia and Malaysia were combined into one visit, as was a visit by journalists from Thailand, Viet Nam and the Philippines.

This latter visit was delivered under the umbrella of ASEAN 40 celebrations¹⁵. Two Indian journalists from targeted publications were hosted on two separate visits.

ENZ hosted key opinion leader and cartoonist Ding Yichen and a small team from Sina Education, the education outlet of Sina.com. Ding Yichen has five

million followers on Weibo, and Sina Education is a professional education-focused online media platform. During the trip she produced posts illustrating her New Zealand experiences, which have been viewed 18 million times to date. Sina.com published content about New Zealand on a specific mini site which generated thousands of comments and grew ENZ’s Weibo account followers by 11 percent during the visit.

Work with the industry to market education products and services offshore

Co-hosted the EdTech for Export Conference

A high value education technology (EdTech) sector draws on New Zealand’s quality education, innovative approach to problem solving, and its publishing and ICT expertise to develop products which can easily be sold in markets around the world.

The 2015 EdTech for Export Conference in Wellington was attended by more than 120 sector representatives. ENZ collaborated with Grow Wellington to promote and host the conference. Attendees included businesses operating in the hardware, software and game development, education publishing and education services sub-sectors.

Speakers and panel members included educators, investors and exporters already involved in the use and export of EdTech products and services, both within New Zealand and from overseas.

Supported the establishment of an EdTech peak body

Progress was made on implementing an EdTech sector roadmap priority, with more than 40 sector representatives attending networking meetings hosted by ENZ in Auckland, Wellington and Dunedin to consider a proposal to establish an

EdTech grouping. Following these events the New Zealand Technology Industry Association (NZTech) launched an EdTech Community to develop a collaborative network to support activities and make connections that support export growth. ENZ has purchased market research for the EdTech community and contributes to the development of its work programme through membership of its EdTech Advisory Group.

Promoted New Zealand’s education publishers

ENZ, Wendy Pye Group, ESA Publications, MJA Publishing, Lanky Hippo Publishing, the New Zealand Council for Educational Research and Clean Slate Press attended the Taipei International Book Exhibition 2015 alongside other New Zealand publishers and leading authors. ENZ provided funding to the Publishers Association of New Zealand to support the New Zealand pavilion and education publishers’ participation at the exhibition.

The Taipei International Book Exhibition is the largest book fair in Asia and in 2015 attracted around 560,000 people. The exhibition enabled New Zealand education publishers to explore new markets and opportunities at an event where New Zealand had Guest of Honour status.

We also delivered presentations to the large number of young people attending the exhibition, profiling New Zealand as a high quality education destination that fosters innovation and creativity in its students.

Prior to attending the exhibition the education publishers visited Hong Kong to meet publishing contacts, and four of the education publishers participated in an ENZ supported visit to Korea.

As a result of the market visits and attending the exhibition, education publishers reported that two contracts were secured for China, a distribution agreement was signed, and 22 active leads were being followed up.

Supported promotion and delivery of offshore projects

Supported Skills Organisation

We supported the Skills Organisation in securing a training contract in Saudi Arabia. The contract will see the Skills Organisation deliver skills standards in the finance sector. ENZ facilitated in-market legal support for the contract and attended a meeting with the Director-General of the Institute of Banking. This contract is the first signed by a New Zealand industry training organisation in Saudi Arabia.

Supported opening of Waikato Institute of Technology campuses in Saudi Arabia

Waikato Institute of Technology (Wintec) opened its Colleges of Excellence campuses in Saudi Arabia, with approximately 500 students attending in the first week. Wintec was part of a consortium with Mondragon Educaion of Spain to deliver the Colleges of Excellence in partnership with the Saudi Technical Vocational Training Corporation. ENZ provided support and advice to Wintec in New Zealand and in-market.

Supported New Zealand Qualifications Authority commercialisation contract

The New Zealand Qualifications Authority signed a commercialisation agreement with the Thailand Professional Qualification Institute. This is the body responsible for developing occupational standards and accrediting professional qualifications in Thailand. We supported the development of the agreement, providing advice and material assistance to the New Zealand Qualifications Authority in its exploration of the commercialisation of the New Zealand Qualifications Authority activities and intellectual property. The agreement with the New Zealand Qualifications Authority is the first commercial contract the Thailand Professional Qualification Institute has signed with a government organisation outside Thailand.

¹⁵ In 2015 ASEAN and New Zealand celebrated the 40th anniversary of their formal partnership.

Ran the Christchurch Industry Support Programme

ENZ's Christchurch Industry Support Programme was launched on 29 March 2012 and concluded on 30 June 2015. ENZ funded the \$5 million three year programme, through Christchurch Educated, that was intended to guide the activities supporting the rebuilding of the international education industry in the region following the Canterbury earthquakes.

Strengthening the region's relationships with Chinese provinces

In September 2014 we held a 'Christchurch Educated Festival of Education' in Chengdu city, Sichuan province, China with 53 delegates from Christchurch attending. The festival included a forum for education professionals, visits to Sichuan schools and an education 'Expo' to showcase New Zealand's education and lifestyle to students. The festival supported the Memorandum of Understanding between Christchurch Educated and the Education Department of Sichuan Province which included a plan to increase cultural exchanges, student and teacher exchanges, and collaboration.

Part of the delegation also visited Jiangmen city, Guandong province to discuss possible collaboration projects with schools in the city. This was supported by a Memorandum of Understanding with the Guandong Education Board.

In April 2015 a delegation of Sichuan government representatives, including people from the Education Department of Sichuan Province, along with principals and institution leaders visited Christchurch. During the visit the Education Department of Sichuan Province and ENZ held an education forum.

Promoted Christchurch as a study destination in Japan, Thailand and Korea

In May 2015 we led an education delegation to Japan and Thailand. In Japan an agent seminar was held at the New Zealand Embassy which was attended by 25 agents and included a presentation by the mother of a student currently studying in New Zealand. In Thailand an agent seminar and an alumni reception were held. Christchurch Educated re-signed the Rayong/Chonburi Memorandum of Understanding that sends Thai students and teachers to Christchurch schools.

We then visited Korea with a Christchurch-based agent who is developing relationships with the Offices of Education of a number of Korean provinces.

Supported international students in the region

In October 2014 14 New Zealand and international students were appointed as Christchurch Educated International Student Ambassadors. The roles were established to provide a support network for international students studying in the region by offering them access to a trained and culturally appropriate peer. The ambassadors were provided with counselling and leadership training to help international students who approached them for advice or support. In addition, they represented Christchurch Educated at some official functions, international education visits and welcome events.

In March 2015 international high school and tertiary students were welcomed to Christchurch in a 'Top Team' event which we organised on behalf of Christchurch City Council. Over 170 students of 15 nationalities attended the event and 20 institutions from across the Canterbury region were represented. Student teams competed in 'Top Team' activities, enjoyed a BBQ and entertainment from a hip-hop group and a Japanese drum band.

In addition, seven Christchurch schools scholarships for 2015 were awarded to students from Cambodia, Germany and Japan. The students arrived in time for Term One 2015.

Looking to the future

In February 2015 110 delegates attended the Christchurch Educated Regional Conference. The conference's theme was 'Owning our Future' and it focused on ensuring that the momentum was not lost, evaluated what has worked well over the last three years and identify what is needed to drive further growth in the region.

A transition plan was implemented alongside the launch of a new International Education Strategy for the region, aimed at ensuring momentum towards further growth continues.

We will continue to support the region's international education industry through our Regional Partnership Programme.

While in 2014, international student enrolments in Canterbury had not recovered to pre-earthquake levels of 15,280 enrolments in 2010, the growth seen in 2013 continued in 2014 with an 18 percent increase to 9,368 students.

Strengthen the international education industry's capability

Launched strategic roadmaps for the international education industry

ENZ launched sector specific strategic roadmaps and the overarching industry roadmap at the New Zealand International Education Conference 2014. Sector specific roadmaps were developed for the school, ELS, PTE, industry training organisations vocational education and training, university and education services and products sectors.

Development of the roadmaps took place during the first half of 2014. ENZ's work on implementing the roadmaps included:

- > working with each sector to prioritise their strategic choices and actions
- > facilitating the development of sector stories for the ITP, university and school sectors in close consultation with a working group from each sector
- > supporting the establishment of the School International Education Business Association (SIEBA)
- > working with other agencies via the International Education Senior Officials' Group to evaluate and prioritise the actions to support growth for which the industry sees government being responsible.

The launch of the roadmaps was a significant milestone for the industry. The roadmaps will be the key drivers of growth going forward through to 2025 and the key mechanism for measuring our success. Ownership of the roadmaps by the industry is a critical factor and will determine the speed and focus given to growing international education. We are working closely with the industry to ensure it is supported in implementing the strategic roadmaps. Industry feedback to date shows that the majority of users value our services and support.

Supported the establishment of the Schools International Education Business Association

The Schools International Education Business Association (SIEBA) was formally established during the year and held its inaugural Annual General Meeting in June 2015. SIEBA will operate as an international education peak body for the school sector and provide leadership, professional development, advisory services and representation for the sector.

SIEBA is a key outcome from the school sector strategic roadmap and enables the delivery of up to 17 of 25 roadmap priority actions for the school sector.

An ENZ project manager supported the development of SIEBA and organised the inaugural Annual General Meeting, including promotion of the organisation, registration and attendance of members, and voting for Board membership. To date, 179 schools are members of SIEBA.

Developed 'Game on English'

Launched 'Game on English' for Japan

ENZ worked with the Ministry of Foreign Affairs and Trade to develop an education product that would support New Zealand's sports diplomacy objectives in Japan. The focus of the programme was to offer Japanese students intensive English

language courses alongside expert sports training. It leveraged the Japanese government's goal to improve English language skills and increase sporting capacity in the lead up to Japan hosting the 2019 Rugby World Cup and 2020 Summer Olympics.

ENZ coordinated the development of the programme, including liaising with New Zealand English language and rugby training education providers, working with education authorities in Japan, and developing the marketing schedule for the programme. ENZ also coordinated the launch event for the programme. The programme was launched by Prime Ministers Key and Abe in July 2014 during Prime Minister Abe's visit to New Zealand.

In March 2015, Prime Minister Key visited Japan and met with Tokyo Metropolitan Governor Masuzoe. They announced the expansion of the Game on English programme to include rowing and golf.

Launched 'Game on English' in Korea

ENZ accompanied Prime Minister John Key to Korea and Japan in March 2015.

During the visit to Korea, 'Game on English – Golf' was launched with the announcement of four scholarships to pilot the programme. Game on English – Golf is aimed at talented young Koreans who want to become professional golfers. It is an edu-sport programme, combining intensive English language classes with top quality golf training.

ENZ's Regional Director gave an interview with Hong Kong-based magazine *Noblesse* to promote the Game on English – Golf programme, four scholarships associated with the programme and strengths of the New Zealand education system.



New Zealand Sevens player Huriana Manuel at the Japan launch of 'Game On English'

Awarded two rounds of the International Education Growth Fund

ENZ allocated co-funding to 13 projects for the September 2014 round of the International Education Growth Fund and to ten projects in the June 2015 round. The total funding for both rounds was approximately \$874,000.

The International Education Growth Fund is open to education providers, education service or product businesses, peak bodies and regional education groups/economic development agencies.

Its purpose is to:

- > boost innovation in the international education supply chain, including new products that better meet the demand of international students

- > increase the number of international students studying with New Zealand providers both on and offshore
- > open up new avenues for business diversification
- > increase revenue from the provision of education products and services offshore
- > promote and increase the number of collaborative international education projects.

International Education Growth Fund successes

<p>Massey University signed an agreement to deliver a 3+1 Bachelor of Information Sciences degree offshore.</p>	<p>The Auckland Schools Group developed new markets in Colombia and Bolivia and received 36 applications for the 2015 year.</p>
<p>Takapuna Grammar School developed and marketed new Academic Preparation and Foundation programmes. Ten new students enrolled in the first preparation course.</p>	<p>Software Education developed and tested two new products which have already generated additional revenue and a pipeline of opportunities in the area of Business Agility.</p>
<p>UniServices secured part of an education service contract in Oman to provide training programmes to school principals.</p>	<p>Biozone secured a pilot trial for its new print and online biology programme in the second largest school district in the United States.</p>
<p>Booktrack accelerated direct promotion to educators and outreach to key United States partners such as Google and Edsurge.</p>	<p>A group of Auckland schools led by Botany Downs College brought 10 top consultants from Mexico's largest education agency to New Zealand.</p>
<p>Christchurch Polytechnic Institute of Technology developed its relationship with German institutions and increased German student enrolments by over 300% in 2014.</p>	<p>The University of Waikato Te Piringa Faculty of Law implemented a 3+1+1 programme with Shanghai International Studies University and attracted five new Chinese students.</p>
<p>Wendy Pye Publishing customised and piloted its Sunshine Classics online English learning programme in eight Thai schools.</p>	<p>Study Applied Sciences NZ, a consortium of four leading ITPs, launched a YouTube channel and published information and student story videos targeting European students.</p>

Held the New Zealand International Education Conference 2014

The New Zealand International Education Conference 2014 was held in Wellington on 22 August. It provided a national forum for industry participants to develop and strengthen relationships, and share insights and experiences in the marketplace. The conference theme was 'Think New in Action', building on the 2013 theme 'Smart Thinking'. Approximately 460 people attended the conference.

The opening keynote address was given by Frances Valintine, Chair of the Mind Lab Board and former Chief Executive Officer of the Media Design School. Her talk was called 'Think New in Action – new paradigms'. Jeff Lehman, Vice Chancellor, New York University Shanghai, delivered the international keynote address titled 'Think New in Action – making international partnerships work'.

On 21 August, pre-conference workshops were held for the PTE and school sectors. The PTE sector workshops were on the lessons learnt from the international market, and ENZ's Brand Lab. A market discussion was also held with ENZ staff for China, Europe, the Middle East and Brazil.

The school sector workshops were held on Business planning and market analysis, good practice homestay solutions, implementing the school sector strategic roadmap and ENZ's Brand Lab. A market discussion was also held with ENZ staff for China, Europe, Brazil and Thailand. Over 330 people attended the professional development workshops.

The New Zealand International Education Conference 2015 and pre-conference workshops were held in August 2015.

Supported industry through the Regional Partnership Programme

ENZ developed the Regional Partnership programme (RPP) to support the development and growth of the international education industry in New Zealand's regions.

The programme is delivered in partnership with international education providers, regional representative groups, local government and/or economic development agencies.

Study Auckland

Study Auckland, in association with the Auckland Futures Group and Auckland Tourism, Events and Economic Development, has progressed a number of projects with the support of ENZ. These include student pathways, a focus on the student experience, and the development of student profiles to assist product and service development.

Study Dunedin

ENZ is supporting Study Dunedin's Job Ready Programme for international students studying in Dunedin who want to work in New Zealand after graduation. The programme is a part of Project Export Education Uplift, which is a Grow Dunedin partnership, and its tagline is 'Ready. Set. Work'. The programme has two streams:

- > the First Work Steps seminar series that any international student can attend
- > the six week Build Your Experience programme for international students who want to meet employers and help in seeking out volunteer, internship and employment opportunities.

Education Wellington International

ENZ is supporting the development of a business case and implementation plan for the Wellington Region alongside Grow Wellington. Whitireia Polytechnic is coordinating the development of the plan. ENZ will continue to support Education Wellington International in the 2015/16 year, including ENZ's Board Chair speaking at the Wellington City Council Education Summit in August 2015.

Held a regional partners workshop

As part of its focus on regional international education growth, we held a regional partnership workshop with 20 key leaders from 14 regions across New Zealand. The purpose of the workshop was to promote ENZ's Regional Partnership Programme, share and analyse existing models and activities, and consider the development of future regional growth models and how the Regional Partnership Programme can support them.

Workshop participants noted the benefit in sharing best practice across regions, especially focusing on gaining and retaining local government support, long-term funding models, use of shared services and leadership/governance structures.

Hosted the 2015 industry seminar series

In addition to the pre-New Zealand International Education Conference 2014 workshops, we designed the 2015 seminar series to help New Zealand's international education industry develop its business capability. The series focused

on business and marketing planning, digital strategy, market specific offshore development and international student market data.

Workshops were held in Auckland and Wellington on creating successful International Education Growth Fund funding proposals prior to the opening of the June 2015 round. The workshop presentations were also published on ENZ's corporate website www.enz.govt.nz.

Seminars also took place for the PTE and ELS sectors covering the results from the international student barometer surveys that were conducted between August and October 2014. The surveys ask current international students about their experience of living and studying in New Zealand. The international student experience is important to developing a student's appetite for engaging in further study in New Zealand, as well as their willingness to act as ambassadors for the benefits of New Zealand education to their peers. The seminars were intended to help providers learn how they could enhance students' experiences.

Work across other governments and with other New Zealand agencies to reduce barriers to growth

Supported New Zealand's bilateral education relationships

Co-hosted the New Zealand-China Joint Working Group

The New Zealand-China Joint Working Group meeting took place during the visit of Chinese president Xi Jinping to New Zealand in November 2014. The Ministry of Education, the New Zealand Qualifications Authority and ENZ attended on behalf of New Zealand.

During the meeting, New Zealand and China discussed the promotion of student mobility between New Zealand and China, the teaching of Chinese culture and language in New Zealand, cooperation between education institutions at schooling and tertiary levels, quality assurance projects, New Zealand's involvement in Chinese training programmes and the implementation of Free Trade Agreement related education initiatives.

New Zealand and China signed four bilateral arrangements on qualification recognition and cooperation in higher education.

An arrangement to operationalise the Model Vocation Education Programme boosting vocational education links was also signed at the meeting. The arrangement seeks to facilitate collaboration between New Zealand and Chinese vocational education institutions, and agrees to more collaborative research projects, joint programmes (including the delivery of New Zealand qualifications in China), and knowledge-sharing symposia.

Established the China – New Zealand Sister School Fund

We committed to providing up to \$50,000 a year for two years in contestable funding to support the maintenance of existing sister school relationships, and development of new relationships. This programme was announced as part of the Joint Declaration by Prime Minister Key and President Xi in November 2014.

ENZ awarded contestable grants of \$2,000 - \$3,000 to 20 schools to establish new sister school relationships, or to strengthen existing relationships, with a focus on sister cities/provinces in China.

The fund supports schools to deliver on Goal Three of the Leadership Statement for International Education which seeks to 'increase New Zealanders' skills and knowledge to operate effectively across cultures'. It also delivers an outcome from the school sector roadmap to 'grow institutional partnership channels with offshore schools.'

Otago Girls' and Boys' high schools funded a trip to perform at the prestigious Shanghai Spring International Music Festival Choral Week, and visited their sister schools in Shanghai. Western Heights High School in Rotorua sent students to its sister school in Jiangxi Province for an authentic immersion study experience, staying with local host families.

Hosted the Malaysia-New Zealand Joint Working Group

We hosted the 10th Joint Working Group meeting between Malaysia and New Zealand. The Ministry of Education and New Zealand Qualifications Authority supported the meeting.

Malaysia showed particular interest in the online assessment tools presented by the New Zealand Council for Educational Research. The Council



Capturing industry insights

subsequently visited Malaysia and met with Malaysian universities to discuss a pilot project for assessment tools specifically for science, technology, engineering and mathematics. ENZ is facilitating this project.

The Malaysian delegation was also very interested in indigenous education. We are working with the University of Canterbury to develop a proposal on indigenous education in a community setting, and lifelong learning.

ENZ met with the Malaysian Ministry of Education and the New Zealand High Commissioner in Malaysia in June 2015. This meeting tracked progress of the work from the joint working group meeting outcomes. We are continuing to work on developing our relationship with the Malaysian Ministry of Education as the lead agency in the bilateral education relationship.

Supported the Korea – New Zealand Joint Policy Committee meeting

The Korea – New Zealand Joint Policy Committee Meeting on Education was held in Seoul. ENZ managed and organised the meeting from the New Zealand side, and led the New Zealand delegation which included the New Zealand Qualifications Authority and the Ministry of Foreign Affairs and Trade.

A key agenda item was New Zealand seeking recognition from Korea's Ministry of Education that NCEA is equivalent to the Korean senior secondary school qualification and can therefore be used for Korean students to gain entry into Korean universities. The New Zealand Qualifications Authority will take discussions forward with the Korean Ministry of Education in the coming months. New Zealand also sought agreement to update the current Education Cooperation Agreement between Korea and New Zealand.

Separately from the meeting, we organised a well-attended meeting with Korean education agents.

ENZ is currently in the process of contracting a study into competitor behaviour and results in order to bolster our understanding of Korean student mobility and associated declining numbers of international students coming from Korea.

Worked with other agencies to develop a change to English language rules for international students

As a member of the International Education Senior Officials' Group, we worked with other agencies on the changes to Rule 18. This rule relates to the English language requirements for certain international students.

The Rule 18 changes introduce independent English language testing for students from countries with rates of acceptance below 80%. We supported the change because it helps protect the long term sustainability of international education and New Zealand's brand as a high quality education destination.

The changes were publicly announced by the New Zealand Qualifications Authority in June 2015. Through our communications channels, we supported the New Zealand Qualifications Authority in informing the industry and agents of the changes.

Worked on the international student support framework

We participated in the 11 agency project to develop an International Student Support Framework which was led by the Ministry of Education. The project aimed to provide a coordinated, strategic approach to supporting international students in New Zealand, and to ensuring they have a positive experience while studying here.

The project was set up as there are many activities undertaken by a variety of organisations to support international students. While international students in New Zealand are generally happy with

their experience, anecdotal feedback suggests that at times they are overloaded with inconsistent information. In addition, prospective international students and their families often rely on advice from other international students about where to study.

Sub-groups were formed to identify actions and measures which formed the draft framework. Feedback from student bodies, international students, local government and other stakeholders was incorporated in the draft, and the framework was approved by the International Education Senior Officials' Group in November 2014.

We continue to work with the Ministry of Education and other agencies on initiatives supported by the framework.

Supported the New Zealand Qualifications Authority

A delegation of three officials from the National Qualifications Authority of the United Arab Emirates visited New Zealand to sign a Memorandum of Understanding with the New Zealand Qualifications Authority. ENZ, New Zealand Trade and Enterprise and the New Zealand Qualifications Authority provided a programme of activities and arranged meetings with the New Zealand Teachers Council and the Ministry of Education. The delegation had previously met with the New Zealand Qualifications Authority during its visit to the Middle East with a delegation of industry training organisations.



Rt Hon John Key, Prime Minister of New Zealand, launching the #whyNewZealand social media campaign in Saudi Arabia

Provide international education scholarships

Launched Study Abroad scholarships for students from the United States

We launched a \$15,000 Study Abroad scholarship competition and marketing campaign in September 2014 to promote New Zealand as a study destination to prospective students in the United States.

The marketing campaign included New Zealand universities and ITPs which are participating in the United States Institute of International Education Generation Study Abroad Initiative, to which New Zealand signed up in April 2014. The five year initiative aims to bring leaders in education, business and government together to double the number of American students studying abroad to 600,000 by 2019.

We partnered with Go Overseas, a United States study abroad advisory service, for the campaign. Go Overseas directly marketed the competition to approximately 1,500 US universities. We received 1,089 applications from students at 650 universities. This partnership model successfully provided New Zealand with exposure at a number of universities that don't traditionally send students to New Zealand to study. The webpage promoting the competition received approximately 26,500 unique hits.

Two Go Abroad staff members travelled to Vermont to award the scholarship in person. The staff members chronicled their travel on Twitter (where they have more than 10,000 followers) and Facebook (nearly 20,000 'likes').

Study Abroad scholarships for 2016

New Zealand's eight universities and six of its ITPs have each confirmed funding for United States Study Abroad students, branded as New Zealand Study Abroad Excellence Awards, for 2016. ENZ will offer matched funding in the form of travel awards, branded as ENZ Study Abroad Travel Awards.

Awarded two rounds of the Prime Minister's Scholarships for Asia

ENZ awarded two rounds of the Prime Minister's Scholarships for Asia in October 2014 and March 2015. Following the completion of their scholarship, the recipients complete a survey which asks about their experience and whether they believe it has benefited them. In 2014/15 99% of recipients who completed the survey agreed or strongly agreed that the scholarship has benefited their future career aspirations.

October 2014 round

Scholarship funding was awarded to 75 individuals and eight groups of students for the October 2014 round. In total there were 160 individual recipients.

The majority of individual recipients for that round travelled to China (44), and 27 recipients travelled to more than one country. The longest period covered by this round was for a student undertaking a two-year Master in International Law at Seoul National University, Korea.

There were 108 individual applications and 9 group applications for the October 2014 round. The majority of applications continue to come from universities however Waikato Institute of Technology, Unitec and Whitecliffe College of Art and Design were also awarded group scholarships covering 30 students in total.

March 2015 round

ENZ awarded scholarships to 140 students, including 85 students who participated in five groups. We received applications covering 218 students.

Just over half of the scholarship students in this round received funding for study in China, with the rest undertaking study in Japan, India, Korea, Thailand and Indonesia. They included twelve students from Massey University's College of Creative Arts working with students in Shanghai to explore ways to re-use industrial waste in new product lines. A University of Auckland group planned to focus on disaster prevention, response and recovery in Indonesia and Thailand, while

students from Canterbury and Otago universities immersed themselves in Chinese business and commerce.

Awarded New Zealand India Sports Scholarships

Minister Nathan Guy, Stephen Fleming and New Zealand High Commissioner Grahame Morton awarded 10 New Zealand India Sports Scholarships to Indian students in India in November 2014. ENZ is funding these scholarships.

The scholarship recipients are all studying Level 7 or above programmes, ranging from Graduate Diplomas to Masters' programmes at universities and ITPs. The recipients included twin sisters who were the first twins to climb Mt Everest, and a former captain of the Indian Women's Rugby Team. ENZ undertook an extensive Public Relations programme in India to promote sports education in New Zealand by profiling the scholarship recipients. The recipients have continued to receive widespread coverage in India following their arrival in New Zealand.

Impact measures

Overall the impact measures showed positive results for 2014/15. The value of New Zealand's international education industry has grown significantly in 2014 due to increasing numbers of international students studying in New Zealand. However the number of international students studying with New Zealand providers offshore has seen slower growth.

Based on current growth levels for the industry's value and international student enrolments, we believe the industry can achieve an industry value of \$3.0 billion in 2015. This will require continued strong performance from the industry and ENZ.

In 2015/16 ENZ will measure the value of education products and services delivered offshore to assess the impact of ENZ's and the industry's work in 2014/15.



India sports scholarship students meeting the Rt Hon John Key

Measure	Baseline	Target	Result
Increased economic value from international students studying in New Zealand			
Increase the gross economic value of the New Zealand international education industry.	2008: \$2.51b ¹⁶ <i>Trend</i> 2012: \$2.60b ¹⁶	2015: Increase value to \$2.8b.	2014: \$2.85b ¹⁷

Commentary: The 2015 growth target was achieved in 2014. This growth has been driven by a 13% increase in the number of international students (both onshore and offshore) enrolled with New Zealand providers. The industry's overall \$2.85b value was made up of \$2.75b¹⁸ from international students studying in New Zealand and \$104m from offshore education services¹⁹.

Increase the number of international students studying in New Zealand.	2011: 104,326 international students ²⁰ . <i>Trend</i> 2012: 98,782 international students ²⁰ . 2013: 97,193 international students ²⁰ .	2014: Increase enrolments by 4% per annum.	2014: 110,281 international students.
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Commentary: The 2014 growth target was achieved with a 13% increase in 2014 compared to 2013. This increase was driven by the growth from China, India, Thailand and Brazil.

Increase the number of international postgraduate students studying in New Zealand.	2011: 10,275 international postgraduate students ²¹ . <i>Trend</i> 2012: 10,960 international postgraduate students ²¹ . 2013: 12,145 international postgraduate students ²¹ .	2014: Increase enrolments by 6% per annum.	2014: 14,327 international postgraduate students.
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Commentary: The 2014 growth target was achieved with an 18% increase in 2014 compared to 2013. This continued the year-on-year increase in the number of international postgraduate students experienced since 2011. The 2014 growth has been driven by Masters level and Doctoral level enrolments.

Measure	Baseline	Target	Result
Increase awareness of New Zealand as an international education destination in targeted markets ²² .	2013/14: 59% prompted awareness in July 2013 to April 2014. ²³	2014/15: Increase awareness based on 2013/14 results.	2014/15: 61% prompted awareness from July 2014 to April 2015. ²³

Commentary: The 2014/15 target has been achieved.

Increase the number of international students studying in Canterbury.	2011: 9,746 international students. <i>Trend</i> 2012: 7,330 international students. 2013: 7,951 international students. ²⁴	2014: Increase enrolments by 10% per annum.	2014: 9,368 international students.
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Commentary: The 2014 growth target has been exceeded with an 18% increase in international students compared to 2013. The growth was driven by the PTE, ITP and secondary school sectors.

Increase the proportion of international students who were satisfied or very satisfied ²⁵ with their overall experience.	2011/12: ²⁶ > Secondary schools: 94% > Private training establishments: 87% > English language schools: 88% > Institutes of technology: 89% > Universities: 89% <i>Trend</i> 2013: ²⁷ > Institutes of technology: 89% > Universities: 88%	2015: > Secondary schools: 95% > Private training establishments: 89% > English language schools: 90% > Institutes of technology: 91% > Universities: 91%	2014: > Private training establishments: 88% > English language schools: 89% 2015: > Secondary schools: 94% > Institutes of technology: 88% > Universities: 90%
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Commentary: The 2015 targets have not been achieved. The satisfaction rate for one sector is unchanged, three sectors increased or decreased by 1% which is not considered to be statistically significant and one sector increased by 2%. Generally, there are high levels of satisfaction among students which is comparable to the global averages calculated by i-Graduate, with the exception of secondary schools which are not measured globally.

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

17 Source: The Economic Impact of International Education 2014, Infometrics.

18 The \$2.75b was based on the January to August 2014 enrolment data and an estimate of the number of enrolments for the rest of the 2014 calendar year.

19 The offshore education services valuation was not updated in 2014 and was based on the 2012/13 valuation.

20 The Ministry of Education has revised the number of international students enrolled with New Zealand providers in 2011, 2012 and 2013. As a result, the number of international students was revised from 103,113 to 104,326 in 2011, from 97,958 to 98,782 in 2012 and from 95,619 to 97,193 in 2013. As a result, the numbers stated in this Annual Report are not consistent with those published in ENZ's Statement of Intent 2014-2018.

21 The Ministry of Education has revised the number of international postgraduate students enrolled with New Zealand providers in 2011, 2012 and 2013. As a result, the number of international postgraduate students was revised from 10,228 to 10,275 in 2011, from 11,030 to 10,930 in 2012 and from 12,222 to 12,145 in 2013. As a result, the numbers stated in this Annual Report are not consistent with those published in ENZ's Statement of Intent 2014-2018.

22 The targeted markets in 2014/15 were China, India and Indonesia.

23 Source: Brand awareness survey, ENZ. In 2013/14 this measure specifically specified tier 1 and tier 2 markets while the 2014/15 does not. As a result the 2013/14 result stated in this Annual Report is not does not match the result stated in ENZ's Annual Report 2013-2014.

24 The Ministry of Education has revised the number of international students enrolled in Canterbury in 2013. As a result, the number of international students was revised from 8,142 to 7,951 in 2013. As a result, the numbers stated in this Annual Report are not consistent with those published in ENZ's Statement of Intent 2014-2018.

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

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

27 The institutions contracted i-Graduate to run the 2013 surveys. ENZ decided to survey sectors on a rotating basis rather than surveying all sectors in the same year. This has process has been used in 2014 and 2015 with different sectors surveyed each year.

Measure	Baseline	Target	Result
Increased economic value of education products and services that are delivered offshore			
Increase the gross economic value of education products and services that are delivered offshore.	2008: \$107m <i>Trend:</i> 2012: \$104m	2015: Increase value to \$150m.	2014: Not measured.

Commentary: ENZ did not plan to perform the necessary research to report against this measure in 2014/15. In 2015/16 ENZ will organise for research to be undertaken to measure the value of education products and services delivered offshore.

Increase the number of international students enrolled with New Zealand providers offshore.	2011: 2,850 international students enrolled with New Zealand providers offshore. <i>Trend:</i> 2012: 3,056 international students enrolled with New Zealand providers offshore. 2013: 3,270 international students enrolled with New Zealand providers offshore.	2014: Increase enrolments by 10% per annum.	2014: 3,392 international students enrolled with New Zealand providers offshore.
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Commentary: The 2014 growth target was not achieved with a 4% increase in international students compared to 2013.

Increase the number of new offshore collaborative industry projects set up in target markets to help grow international education.	2011/12: 3 new offshore industry projects set up in target markets. <i>Trend:</i> 2012/13: 9 new offshore industry projects set up in target markets. 2013/14: 6 new offshore collaborative industry projects set up in target markets.	2014/15: 10 new projects	2014/15: 11 projects
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Commentary: The 2015/16 target was achieved.

Increase the number of deals made as a result of introductions (between governments or institutions) made by Education New Zealand.	2013/14: 7 new deals made.	2014/15: 20 new deals	2014/15: 19 new deals made.
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Commentary: The 2014/15 target was nearly achieved with 19 deals made compared to a target of 20. This was the first year ENZ set a target for the number of deals made.

OUR ORGANISATIONAL DEVELOPMENT

In 2014/15 we continued to develop our people and build and improve our systems, processes and infrastructure to deliver our work programme and support the international education industry.

Monitoring organisational capability

Measure	Baseline	Target	Result
Measure and increase employee engagement.	2013/14: ENZ ranked in the top third of government agencies which completed the same survey (approximately 30) in terms of engagement and staff satisfaction. ENZ had a score of 74.3% for the engagement index, and a score of 67.4% for the performance (satisfaction) index.	Maintain or improve employee engagement as measured by an employee engagement survey.	2014/15: Achieved. ENZ is now in the top quartile of government agencies. ENZ had a score of 77.4% for the engagement index, and a score of 72.0% for the performance (satisfaction) index.
Core unplanned turnover.	For the year ending 30 June 2013: 5.7% For the year ending 30 June 2014: 9%	No more than 12%.	For the year ending 30 June 2015: 11%
Ratio of administration expenses to core operating expenses.	2012/13: 1:5 (20%). 2013/14: 11:100 (11%)	Between 1:5 and 1:4 (20-25%).	2014/15: 7:50 (14%)

Our technology and systems

We continued to improve the processes, systems and infrastructure that underpin how we do business. Our Information and Communication Technology (ICT) Programme is split into the following phases:

- > Phase 1: Stabilise – completed in 2012/13.
- > Phase 2: Transform – completed in 2013/14 with Disaster Recovery tests to be completed in January each year. A Disaster Recovery test was successfully completed in January 2015 with no issues raised.
- > Phase 3a: Optimisation – This phase, focusing on optimising our ICT infrastructure to improve services to staff and general security, started in July 2014.

The optimisation phase rollout was completed in the Wellington office in 2014/15. The rollout to the rest of ENZ's staff (in New Zealand and offshore) is planned to be completed by 31 October 2015. The project was slightly delayed due to unforeseen technical issues, which have been resolved.

Phase 3b: Optimisation will implement additional functionality and security features within our ICT infrastructure. We started a new project to investigate using our existing Microsoft Sharepoint platform as a document management system to replace our existing structure. This project is intended to make it easier for staff to find information and to collaborate and share documents, status reports and other communication that they need. Both projects are expected to be completed in 2015/16.

We completed the redevelopment of our intranet and launched it to staff in February 2015. Since then we have focused on making the intranet the first source of information for ENZ staff on all internal matters, and utilised it to engage both New Zealand-based and international staff.

Our people

Two key appointments were made to the Leadership Team during the year. A new Chief Financial Officer started in October 2014 and a new General Manager – Marketing and Channel Development was recruited in June 2015.

Most of our Christchurch-based team concluded their employment with us at the end of June 2015, with the completion of ENZ's Christchurch Industry Support Programme. A Business Development Manager with a specific focus on the Canterbury region was appointed during the year and will continue to work across the industry from this base.

We reviewed the structure and accountabilities of our Marketing and Channel Development team to ensure we maintain the capabilities and capacity required to keep abreast with the fast pace of change which is a feature of this area of our work.

Having combined our South Asia and Southeast Asia regions in 2013/14, part of our international focus was on designing and implementing the footprint for this expanded region. For much of the rest of the international network, this was a year of consolidation, with a number of key appointments having been made in 2013/14.

Culture

We carried out our third staff engagement survey during the year and again had a very high response rate (95 percent). The survey reflected a strong level of belief in, and commitment to our purpose across all staff. Our staff engagement index is 77.4 percent – above the state sector benchmark of 68.5 percent. Areas which showed the highest improvement rates included staff well-being (including health and safety) and cross team communication. This was gratifying as these were two areas of focus throughout the year.

Another area of focus resulting from the previous staff engagement survey was a review of our values, which had been designed when ENZ was established. Staff actively fed in to the review of these and we have developed a new set of values which are a better reflection of current staff aspirations and are better aligned with our external brand. The new values will be launched in 2015/16.

We continued to use a Team Management Index to identify staff working preferences and styles and to enhance our ability to work together.

Employee development, promotion and exit

Staff satisfaction levels with learning and development opportunities within the organisation increased significantly over the last 18 months. Professional learning and development form part of staff annual performance agreements. The agreements are put into place at the beginning of the financial year and reviewed as part of the performance and remuneration review process at the end of each year.

Some of the opportunities available to staff include internal secondments among teams and external secondments particularly with our 'NZ Inc' partners, project work, tertiary study assistance, coaching and mentoring, formal training programmes and on-the-job-training. This year we also participated in a job shadowing programme in which staff from other education sector agencies were hosted by all of our teams.

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

Recruitment, selection and induction

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

A robust induction programme also forms an integral part of training new staff.

Remuneration, recognition and conditions

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

Permanent employees and fixed term staff on long-term agreements participate in regular performance reviews. They participate in the review actively with self-assessments, performance planning and the identification of development and learning opportunities being integral to the process.

Remuneration is reviewed annually, taking into account market conditions, performance and affordability. Staff have the ability to receive an increase to their remuneration and in rare instances a lump sum payment in recognition of their performance over the previous 12 months.

Flexibility and work design

Staff responded very favourably in our engagement survey to a question about freedom and flexibility to do their jobs effectively.

ENZ accepts its responsibility to act as a good employer and tries to build flexibility into

employees' work practices. It is reasonably common for staff to change their hours or location of work, for example working from home, to accommodate the needs of their families, either temporarily or longer term, and family friendly practices are reflected in a clause in our standard employment agreement.

Harassment and bullying prevention

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

Safe and healthy environment

We continued to place a strong emphasis on meeting the requirements of the Health and Safety in Employment Act, and on effective health and safety practices. Health and safety briefings are integrated into our comprehensive induction programme for all new staff.

International SOS, a leading medical and travel security advisory services business, provided alerts and briefings for staff travelling out of their regions. They also provided briefings for all staff who travel as part of their role.

Other activities we have undertaken include:

- > offering and paying for flu vaccines
- > offering Employee Assistance Programme services to all staff
- > encouraging staff to take part in sporting activities through contributions towards registration fees and sporting equipment
- > providing flexible working arrangements for staff.

All staff are made aware of the location of civil defence supplies as part of their health and safety induction. These supplies are regularly reviewed. All non-Wellington based staff are co-located with other organisations which provide civil defence supplies.

Satisfaction levels with ENZ's commitment to staff health and safety rated amongst the ten highest in our last staff engagement survey.

An equal employment opportunities workplace

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

Amongst our ten highest rated questions in this year's staff engagement survey was one relating to the fair treatment of staff, regardless of their age, ethnicity, gender and physical capabilities.

Our workforce profile

Staff numbers

Number of full-time equivalents	30 June 2015
Permanent and fixed term staff	80
Contractors for service	11
Secondments to ENZ	1
Total	92

At 30 June 2015 ENZ's staff numbers slightly increased compared to 30 June 2014 when there were 90.5 full-time equivalents. The number of permanent and fixed term staff has increased by 3.5 full-time equivalents while the number of contractors and secondments to ENZ decreased.

Contractors will continue to be used where short-term and/or specialist skills are required.

Turnover and length of service

The average length of service for all permanent ENZ staff, both within New Zealand and offshore is two years three months. This compares with an average length of service of one year seven months at June 2014.

Leave balances

As at 31 July 2015, New Zealand-based staff had an average of 11.3 days of annual leave owing to them.

Redundancies

During 2014/15, two staff members received compensation and other benefit payments in relation to cessation totalling \$101,037.

Gender distribution

Reflecting our commitment to equal employment opportunities, 67 percent of ENZ's staff are female. Of the group who are managers, 70 percent are female.

Flexible working arrangements have been offered to male and female staff in equal proportion where they have needed to alter their work hours or location to meet family responsibilities.

Age distribution

The age distribution of staff does not cause any concern. There are similarities between the average age of New Zealand-based and offshore staff.

Organisations with a higher proportion of staff nearing retirement would place more emphasis on succession planning. ENZ's average length of service and age distribution suggests we are less likely to lose key staff due to retirement in the short-term.

Ethnic diversity

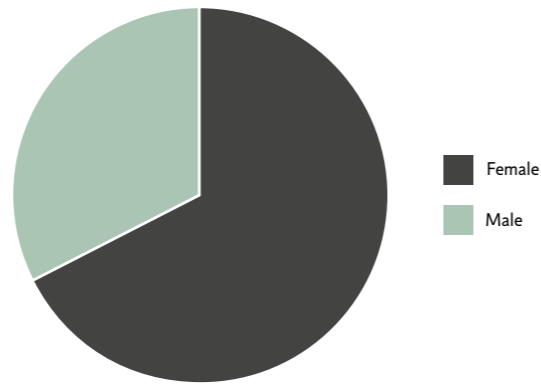
One of ENZ's strengths is its ethnically diverse workforce.

In the Wellington office, 32 percent of staff had a non-New Zealand European background. This diversity continues to provide access to a rich mixture of cultural knowledge, languages and networks alongside our offshore staff.

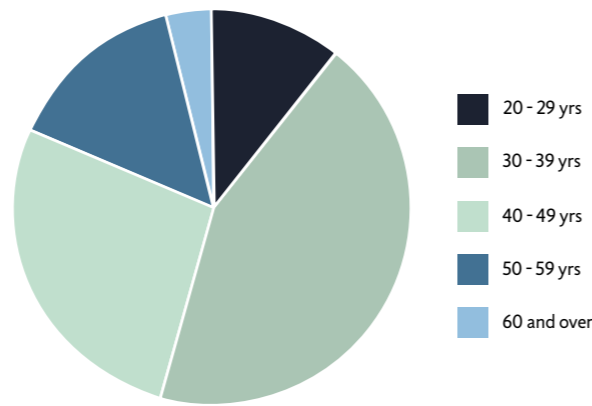
Disability

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

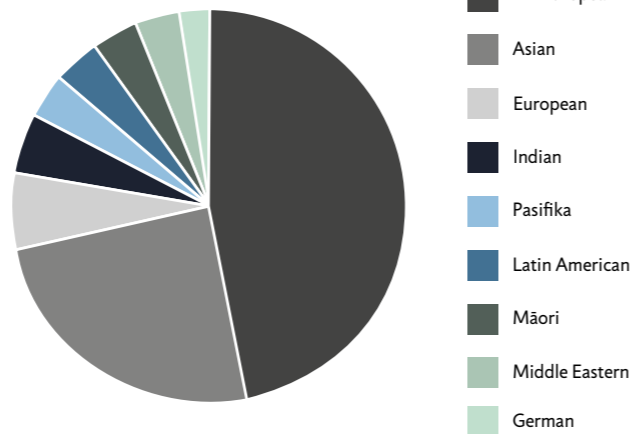
Graph 5: Gender distribution at 30 June 2015



Graph 6: Age distribution at 30 June 2015



Graph 7: Ethnic diversity at 30 June 2015



STATEMENT OF RESPONSIBILITY

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

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

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Education New Zealand for the year ended 30 June 2015.

Signed on behalf of the Board:



Charles Finny | Board Chair

30 October 2015



Philip Broughton | Board Member

30 October 2015

PART THREE

Statement of Performance

This Statement of Performance reports against the performance measures in ENZ's Statement of Performance Expectations 2014-2015. It covers the period from 1 July 2014.



Total appropriations

\$000	2015 Actual	2015 Budget	Variance
Revenue			
Revenue – Crown	31,922	31,922	-
Revenue – Other	1,983	700	1,283
Total Revenue	33,905	32,622	1,283
Expenditure	34,276	32,881	(1,395)
Deficit	(371)	(259)	(112)

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

International education programmes

\$000	2015 Actual	2015 Budget	Variance
Revenue			
Revenue – Crown	31,122	31,122	-
Revenue – Other	1,983	700	1,283
Total Revenue	33,105	31,822	1,283
Expenditure	33,586	32,081	(1,505)
Deficit	(481)	(259)	(222)

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

International student scholarship scheme

\$000	2015 Actual	2015 Budget	Variance
Revenue			
Revenue – Crown	800	800	-
Revenue – Other	-	-	-
Total Revenue	800	800	-
Expenditure	690	800	110
Surplus	110	-	110

Explanations of major variances against budget are provided in note 25. The budget comparative figures have been restated – refer to note 26.

STATEMENT OF PERFORMANCE

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

International education programmes

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

What is intended to be achieved with this appropriation?

This appropriation is intended to achieve an increase in New Zealand’s economic value from international students studying in New Zealand and delivering education products and services offshore.

Performance measure	2014/15 Target	Actual performance	
Work with the industry to market New Zealand as a study destination			
<i>Quantity</i>			
Number of referrals to institutional websites from ENZ’s student portal in targeted markets	60,000	Achieved	80,403 referrals were made to institutional websites from ENZ’s student attraction website.
<i>Quality</i>			
Percentage of participating institutions that are satisfied or above ²⁸ with the quality of ENZ’s promotional events.	90%	Achieved	92% of participating institutions rated the events as satisfied or above.
<i>Please refer to the impact measure, increase awareness of New Zealand as an international education destination in targeted markets, on page 37 as a proxy measure for the quality of our work to increase awareness of New Zealand as a study destination.</i>			
Strengthen the international education industry’s capability			
<i>Quantity</i>			
Number of country or sector specific roadshows/ conferences held to assist the industry in networking and to identify business opportunities.	5	Achieved	5 country or sector specific roadshows/ conferences were held.
<i>Quantity</i>			
Industry professional development programme: Number of professional development events/seminars held.	12	Achieved	23 professional development events/seminars were held.

²⁸ Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns, Dissatisfied.

Performance measure	2014/15 Target	Actual performance	
<i>Quality</i>			
Industry professional development programme: Percentage of participants that are satisfied or above ²⁹ with the quality of ENZ's capability development programmes/seminars for their international education sector or sub-sector.	85%	Achieved	An overall satisfaction rating of 90% was achieved for the professional development events/seminars held.
<i>Quality</i>			
Percentage of attendees that are satisfied or above ³⁰ with the quality of the ENZ-organised industry conference.	85%	Achieved	91% conference delegates were satisfied or above with the quality of the ENZ-organised industry conference.
<i>Quality</i>			
International education growth fund: Percentage of applications that are assessed and processed in accordance with specified criteria and guidelines.	100%	Achieved	100% of applications were assessed and processed in accordance with specified criteria and guidelines.
<i>Timeliness</i>			
Deliver the agreed Christchurch Industry Support Programme.	2014/15 work programme is delivered by 30 June 2015.	Achieved	The Christchurch Industry Support Programme was delivered as planned.
<i>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 38 as a proxy measure for the quality of our work to encourage the industry to work together.</i>			
Work across other governments and with other New Zealand agencies to reduce barriers to growth, and work with the industry to market education products and services offshore			
<i>Quantity</i>			
Number of commercial introductions worked on with the New Zealand industry and foreign governments/education providers.	250	Achieved	292 introductions were made.
<i>Quality</i>			
Number of leads established through commercial introductions.	40	Achieved	123 leads were established.
<i>Please refer to the impact measure, increase the number of deals made as a result of introductions (between governments or institutions) made by Education New Zealand, on page 38 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.</i>			

29 Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns, Dissatisfied.
 30 Satisfaction survey ratings = Excellent, Mostly Happy, Satisfied, Some Concerns, Dissatisfied.

Performance measure	2014/15 Target	Actual performance	
Provide international education scholarships			
<i>Quantity</i>			
Number of new and existing Prime Minister's Scholarships that are funded	150-200	Achieved	419 new and existing Prime Minister's Scholarships for Asia were funded.
<i>Quality</i>			
Percentage of the Prime Minister's Scholarships recipients who record that the scholarship has benefited their future career aspirations.	90%	Achieved	99% of Prime Minister's Scholarships for Asia recipients agreed or strongly agreed ³¹ that the scholarship has benefited their future career aspirations.

31 Survey ratings = Strongly Agree, Agree, Disagree, Strongly Disagree.

International student scholarship scheme

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

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.

Fewer scholarships will be funded from 2014/15 to ensure expenditure remains within the appropriation's funding.

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	2014/15 Target	Actual performance	
Provide international education scholarships			
<i>Quantity</i>			
Number of new and existing New Zealand International Doctoral Research Scholarships funded.	20-30	Achieved	24 new and existing New Zealand International Doctoral Research Scholarships were funded.

PART FOUR

Annual Financial Statements



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015

\$000	Note	2015 Actual	2015 Budget	2014 Actual
Revenue				
Revenue from the Crown – operating	1	31,122	31,122	31,382
Revenue from the Crown – scholarships	1	800	800	1,040
Other revenue	2	1,591	550	948
Interest revenue		392	150	428
Total revenue		33,905	32,622	33,798
Expenditure				
Personnel costs	3	10,746	10,356	10,101
Other expenses	4	22,449	21,239	22,187
NZIDRS expenses	5	690	800	1,036
Depreciation and amortisation expenses	9,10	391	486	399
Total expenditure		34,276	32,881	33,723
Surplus/(Deficit)		(371)	(259)	75
Other comprehensive income		-	-	-
Total comprehensive income		(371)	(259)	75

The 2014 and budget comparative figures have been restated – refer to note 26.

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

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

Revenue from the Crown – operating includes \$2.265m funded from the Export Education Levy.

The Export Education Levy Annual Report is published by Ministry of Education [www.educationcounts.govt.nz] and tabled in Parliament.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

\$000	Note	2015 Actual	2015 Budget	2014 Actual
Assets				
Current assets				
Cash and cash equivalents	6	634	5,995	964
Receivables	7	227	100	352
Investments	8	8,000	3,022	8,500
Prepayments		239	28	141
Total current assets		9,100	9,145	9,957
Non-current assets				
Property, plant and equipment	9	701	872	473
Intangible assets	10	519	669	346
Total non-current assets		1,220	1,541	819
Total assets		10,320	10,686	10,776
Liabilities				
Current liabilities				
Payables	11	3,553	4,674	3,128
Employee entitlements	12	487	450	561
Provisions	13	714	959	1,150
Total current liabilities		4,754	6,083	4,839
Total liabilities		4,754	6,083	4,839
Net assets		5,566	4,603	5,937

The 2014 and budget comparative figures have been restated – refer to note 26.

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

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

\$000	Note	2015 Actual	2015 Budget	2014 Actual
Balance at 1 July		5,937	4,862	5,862
Comprehensive income				
Total comprehensive revenue and expense for the year		(371)	(259)	75
Balance at 30 June	14	5,566	4,603	5,937

Equity relates solely to accumulated funds.

The 2014 and budget comparative figures have been restated – refer to note 26.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

\$000	Note	2015 Actual	2015 Budget	2014 Actual
Cash flows from operating activities				
Receipts from the Crown – operating		31,122	31,122	31,382
Receipts from the Crown – scholarships		800	800	1,040
Receipts from other revenue		1,535	550	1,020
Payments to suppliers		(25,063)	(23,523)	(27,639)
Payments to employees		(8,868)	(10,400)	(7,955)
Goods and services tax (net)		75	123	64
Net cash flow from operating activities	15	(399)	(1,328)	(2,088)
Cash flows from investing activities				
Payments for new term deposits		(2,000)	-	(6,500)
Interest received		341	150	390
Purchase of property, plant and equipment		(472)	(70)	(383)
Purchase of intangible assets		(300)	(450)	-
Receipt from maturity of term deposits		2,500	-	-
Net cash flow from investing activities		69	(370)	(6,493)
Net cash flow from financing activities				
Net decrease in cash and cash equivalents		(330)	(1,698)	(8,581)
Cash and cash equivalents at the beginning of the period		964	7,693	9,545
Cash and cash equivalents at the end of the period		634	5,995	964

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

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of accounting policies

Reporting entity

Education New Zealand (ENZ) is a Crown entity as defined by the Crown Entities Act 2004. ENZ is domiciled in New Zealand and has offices here and in fourteen other countries. We were established on 1 September 2011 under the Education Act 1989 (the Education Amendment Act 2011). Our ultimate parent is the New Zealand Crown. We are funded primarily by government through Vote Tertiary Education.

Our primary objective is to provide services to the New Zealand public, rather than to make a financial return. Our statutory functions are set out in appendix one.

ENZ is designated as a public benefit entity (PBE) for financial reporting purposes.

These financial statements are for the year ended 30 June 2015, and were approved by the Board on 21 October 2015.

Basis of preparation

ENZ's financial statements have been prepared on a going concern basis. Accounting policies have been applied consistently throughout the reporting period.

Statement of compliance

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

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards, for application by PBEs for reporting periods beginning on or after 1 July 2014. These financial statements are the first to have been prepared and presented in accordance with Tier 1 PBE accounting standards. ENZ qualifies under the Tier 1 reporting framework due to being a public benefit entity with total annual expenditure over \$30m. The material adjustments arising on transition to PBE IPSAS are explained in note 26.

These financial statements comply with PBE accounting standards.

Measurement base

ENZ's financial statements have been prepared on an historical cost basis except for liabilities which are stated at cost.

Presentation currency and rounding

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

Standards issued and not yet effective and not early adopted

In October 2014, the PBE accounting standards were updated to incorporate requirements and guidance for the not-for-profit sector. The updated standards apply for reporting periods beginning on or after 1 April 2015. We will apply these standards in the financial year ending 30 June 2016. ENZ has not yet assessed the impact of applying the updated standards.

Summary of significant accounting policies

Revenue

The specific accounting policies for significant revenue items are explained below:

Revenue from the Crown

We are primarily funded from the Crown. The use of this revenue is restricted to meeting the objectives specified in our Statement of Intent, purposes set out in applicable legislation and the scope of the relevant appropriations.

We consider that there are no conditions attached to this funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Recovery for events, fairs and agent accreditation

We recover some of the cost of events that promote education in New Zealand, e.g. education fairs and agent seminars, from participants. This revenue is recognised at the point in time it becomes receivable.

Interest revenue

Interest revenue is recognised using the effective interest method.

Co-funding expenditure

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

At balance date each individual co-funding arrangement is assessed to determine the extent to which the conditions attached to the funding have been satisfied and therefore the amount of funds that will be granted. Co-funding arrangements with unfulfilled conditions are recognised as a future commitment – refer note 16.

Foreign currency transactions

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

Operating leases

An operating lease is a lease that does not substantially transfer all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease. Material lease incentives received are recognised in the Statement of Comprehensive Income and Expense as a reduction of rental expense over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on-call, deposits held on call with banks and term deposits with original maturity dates of less than three months.

Receivables

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

A receivable is considered impaired when there is evidence that we will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount we expect to collect.

Investments

Bank term deposits

Investments in term deposits are with banks registered in New Zealand that have a minimum Standard and Poor’s credit rating of AA-. All of our term deposits are arranged for periods of six months or less and are measured at the amount invested.

Property, plant and equipment

Our property, plant, and equipment asset classes are leasehold improvements, leasehold make-good, computer hardware, furniture and office equipment and motor vehicles. All asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

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

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 cost of maintaining property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense as it is incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is recorded on a straight line basis on all property, plant and equipment assets, at a rate that will write down the cost over the useful economic life of each asset.

The useful lives and associated depreciation rates of major asset classes are:

Leasehold improvements	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	
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

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

Intangible assets

Software acquisition and development

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring the software into use.

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

Staff training costs are recognised as an expense when incurred.

The cost of maintaining computer software and the development and maintenance of our websites is recognised in the Statement of Comprehensive Revenue and Expense as it is incurred.

Amortisation

Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major intangible asset classes are:

Acquired computer software	3 years	33.3% per annum
Developed computer software	4 years	25% per annum

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 an event or change in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, and where the carrying values exceed the estimated recoverable amount, an asset is written down to its recoverable amount. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

Payables

Payables are recorded at their face value.

Employee entitlements

Employee entitlements that we expect to be settled within 12 months of balance date are measured using 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. For some employees this also includes accruals for severance payments in accordance with legislation.

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

Superannuation schemes

Defined contribution schemes

Our obligations for contributions to KiwiSaver are accounted for as a defined contribution superannuation scheme and recognised in the Statement of Comprehensive Revenue and Expense.

Provisions

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

Restructuring provision

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

Lease make-good

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

Onerous contracts

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

Scholarships

Scholarship costs are recognised as expenditure upon approval.

Equity

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

Goods and services tax (GST)

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

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget

The budget was approved by the Board and presented in ENZ's Statement of Performance Expectations 2014-2015. Both the budget and these financial statements have been prepared in accordance with NZ GAAP. The budget was prepared using accounting policies in place under NZIFRS (PBE), whereas the financial statements have been prepared using accounting policies in place under PBE IPSAS. For further explanation please see note 26.

Significant accounting judgements, estimates and assumptions

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

ENZ has made the following critical judgments, estimates and assumptions for the period ended 30 June 2015:

Co-funding expenditure

The effects of first time adoption of PBE standards relate to co-funding expenditure and provisions – refer to note 26 for further information.

ENZ must exercise judgment when recognising expenditure on co-funding agreements, to determine if conditions of the arrangement have been fulfilled, giving rise to a liability. Unfulfilled conditions are treated as future commitments – refer note 16 Co-funding commitments.

Lease make-good provisions

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

2. Other revenue

\$000	2015 Actual	2014 Actual
Other revenue under exchange transactions		
Recovery for events, fairs and agent accreditation	967	790
Gain on sale of property, plant and equipment	30	-
Other revenue	585	158
Total other revenue under exchange transactions	1,582	948
Other revenue under non-exchange transactions		
Other revenue	9	-
Total other revenue under non-exchange transactions	9	-
Total other revenue	1,591	948

Asset disposals

During the year we disposed of two motor vehicles (2014: Nil). The gain on motor vehicle disposals in 2015 was \$30,000 (2014: Nil).

3. Personnel costs

\$000	2015 Actual	2014 Actual
Salaries and wages	8,493	7,790
Other personnel related costs	914	828
Contractors	1,016	1,192
Restructuring costs	36	51
Employer contributions to KiwiSaver	185	182
Increase in employee entitlements	102	58
Total personnel costs	10,746	10,101

4. Other expenses

\$000	2015 Actual	2014 Actual
Fees to Audit New Zealand for audit of financial statements	72	67
Board members' fees	116	128
Advertising, events and fairs	9,822	12,055
Research, policy and other advice	3,024	2,881
Ministry of Foreign Affairs and Trade support services charges	433	344
Industry Development	2,019	937
Operating Lease Expenses	239	204
Loss on disposal of property, plant and equipment	10	6
Other operating expenses	3,246	2,681
Scholarship payments – Prime Minister's Scholarships for Asia	1,909	1,292
Staff travel	1,559	1,592
Total other expenses	22,449	22,187

5. NZIDRS expenses

This note relates specifically to the New Zealand International Doctoral Research Scholarships (NZIDRS) which enable international students to come to New Zealand to undertake or continue PhD study. These scholarships are funded through the International Student Scholarship Scheme

appropriation (see the Statement of Performance). This note does not include scholarship expenses for the Prime Minister's Scholarships for Asia or for those in support of Christchurch's international education industry, both of which are disclosed under note 4 Other expenses.

\$000	2015 Actual	2014 Actual
NZIDRS payments	690	1,036
Total NZIDRS expenses	690	1,036

6. Cash and cash equivalents

Cash at bank is non-interest bearing. The on-call account and term deposits earn interest at rates set by the banks.

\$000	2015 Actual	2014 Actual
Cash at bank and on-call	634	964
Total cash and cash equivalents	634	964

7. Receivables

\$000	2015 Actual	2014 Actual
Receivables under exchange transactions		
Interest receivable from bank	50	95
Receivables from the sale of services	52	22
Total receivables under exchange transactions	102	117
Receivables under non-exchange transactions		
Recoverables from scholarships	77	112
GST receivable	48	123
Total receivables under non-exchange transactions	125	235
Total receivables	227	352

The ageing profile of receivables at 30 June 2015 is:

\$000	2015			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	219	-	219	334	-	334
Past due 1–30 days	6	-	6	-	-	-
Past due 31–60 days	2	-	2	-	-	-
Past due 61–90 days	-	-	-	18	-	18
Past due over 90 days	-	-	-	4	(4)	-
Total	227	-	227	356	(4)	352

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

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

\$000	2015 Actual	2014 Actual
Opening balance	-	-
Additional provisions made during the year	-	4
Receivables written off during the year	-	(4)
Balance at 30 June	-	-

8. Investments

\$000	2015 Actual	2014 Actual
Term deposits	8,000	8,500

We do not place money on term deposit with maturity dates greater than 180 days.

There is no impairment provision for investments.

The carrying amounts of term deposits represent their fair value.

9. Property, plant and equipment

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

\$000	Furniture & office equipment	Computer hardware	Motor vehicles	Leasehold improvements	Assets under construction	Total
Cost						
Balance at 1 July 2013	114	212	44	204	70	644
Additions at cost	22	299	130	-	(68)	383
Disposals	-	(22)	-	-	-	(22)
Balance at 30 June 2014	136	489	174	204	2	1,005
Balance at 1 July 2014	136	489	174	204	2	1,005
Additions/transfers at cost	75	53	74	305	9	516
Disposals	(107)	(54)	(44)	(204)	-	(409)
Balance at 30 June 2015	104	488	204	305	11	1,112
Accumulated depreciation						
Balance at 1 July 2013	107	67	31	13	-	218
Depreciation expense	4	130	16	180	-	330
Elimination on disposal	-	(16)	-	-	-	(16)
Balance at 30 June 2014	111	181	47	193	-	532
Balance at 1 July 2014	111	181	47	193	-	532
Depreciation expense	17	153	37	57	-	264
Elimination on disposal	(93)	(44)	(45)	(203)	-	(385)
Balance at 30 June 2015	35	290	39	47	-	411
Carrying amounts						
Balance at 1 July 2013	7	145	13	191	70	426
Balance at 1 July 2014	25	308	127	11	2	473
Balance at 30 June 2015	69	198	165	258	11	701

Capital commitments

At 30 June 2015 ENZ had nil commitments in respect of property, plant and equipment (2014: \$0.256 million).

10. Intangible assets

Movements for each class of intangible asset are as follows:

\$000	Internally generated software	Total
Cost		
Balance at 1 July 2013	415	415
Additions	-	-
Disposals	-	-
Balance at 30 June 2014	415	415
Balance at 1 July 2014	415	415
Additions	300	300
Disposals	-	-
Balance at 30 June 2015	715	715
Accumulated amortisation and impairment losses		
Balance at 1 July 2013	-	-
Amortisation expense	69	69
Balance at 30 June 2014	69	69
Balance at 1 July 2014	69	69
Amortisation expense	127	127
Elimination on disposal	-	-
Balance at 30 June 2015	196	196
Carrying amounts		
Balance at 1 July 2013	415	415
Balance at 1 July 2014	346	346
Balance at 30 June 2015	519	519

There are no acquired intangible assets.

\$0.415m was work in progress at 1 July 2013 and completed during 2013/14.

Capital commitments

At 30 June 2015 ENZ had commitments in respect of intangible assets of \$0.166 million (2014: \$0.380 million), with substantially all payments due within one year.

11. Payables

\$000	2015 Actual	2014 Actual
Payables under exchange transactions		
Creditors	1,907	2,026
Accrued expenses	643	416
Total payables under exchange transactions	2,550	2,442
Payables under non-exchange transactions		
FBT payable	21	61
Co-funding payable	357	375
Scholarships payable	625	250
Other payables	-	-
Total payables under non-exchange transactions	1,003	686
Total payables	3,553	3,128

12. Employee entitlements

\$000	2015 Actual	2014 Actual
Accrued salaries and wages	59	235
Annual leave	428	326
Total employee entitlements	487	561

We expect all employee entitlements to be paid within the next twelve months.

13. Provisions

\$000	2015 Actual	2014 Actual
Co-funding arrangements	661	1,102
Onerous lease	-	48
Total current portion	661	1,150
Non-current portion		
Lease make-good	53	-
Total non-current portion	53	-
Total provisions	714	1,150

The 2014 comparative figures have been restated – see note 26

Movements for each class of provision are as follows:

\$000	Co-funding arrangements	Lease make-good	Onerous lease	Total
Cost				
Balance at 1 July 2013	2,618	-	-	2,618
Additional provisions made	790	-	48	838
Amounts used	(2,306)	-	-	(2,306)
Balance at 30 June 2014	1,102	-	48	1,150
Balance at 1 July 2014	1,102	-	48	1,150
Additional provisions made	773	53	-	826
Amounts used	(1,214)	-	(48)	(1,262)
Balance at 30 June 2015	661	53	-	714

Co-funding arrangements

Refer to Note 1 Co-funding expenditure for further information.

Onerous lease

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

Lease make-good

ENZ is required to return any leased premise to its original state at the expiry of the lease. Refer to Note 17 Operating leases for further information.

14. Equity

\$000	2015 Actual	2014 Actual
General funds		
Balance at 1 July	5,937	5,862
Surplus / (Deficit)	(371)	75
Balance at 30 June	5,566	5,937

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

\$000	2015 Actual	2014 Actual
Surplus / (Deficit)	(371)	75
Add non-cash items		
Depreciation and amortisation expense	391	399
Total non-cash items	391	399
Add/(less) items classified as investing or financing activities		
Interest received	(341)	(390)
(Gain)/Loss on disposal of property, plant and equipment	(20)	6
Total items classified as investing or financing activities	(361)	(384)
Add/(Less) movements in statement of financial position items		
Decrease in receivables	50	34
(Increase)/Decrease in prepayments	(98)	363
Increase/(Decrease) in payables	425	(1,297)
Decrease in provisions	(436)	(1,468)
Increase/(Decrease) in employee entitlements	(74)	126
Decrease in GST	75	64
Net movements in working capital items	(58)	(2,178)
Net cash flow from operating activities	(399)	(2,088)

16. Co-funding commitments

At 30 June 2015 ENZ had commitments relating to co-funding arrangements of \$1.211 million (2014: \$1.041 million), with substantially all payments to be made within one year.

17. Operating leases

ENZ entered a six year agreement to lease Wellington premises from 1 August 2014. The lease expires on 31 July 2020, with one right of renewal of six years. We sub-lease premises in Auckland. The lease expires on 31 December 2015 with one right of renewal of two years.

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

\$000	2015 Actual	2014 Actual
Not later than one year	279	183
Later than one year and not later than five years	1,148	1,106
Later than five years	25	316
Total non-cancellable operating leases	1,452	1,605

18. Contingent assets and liabilities

We have Nil contingent assets in 2015 (2014: Nil).

We have Nil contingent liabilities in 2015 (2014: Nil).

19. Related party transactions

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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those it is reasonable to expect that we would have adopted in dealing with the party at arm's length in the same circumstances. Further,

transactions with other government agencies (e.g. Government departments and Crown funded tertiary institutions) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

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

Key management personnel remuneration

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

The remuneration to key management personnel is:

\$000	2015 Actual	2014 Actual
Board Members	116	128
Leadership Team	1,483	1,279
Total key management personnel remuneration	1,599	1,407

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

FTE	2015 Actual	2014 Actual
Board member full-time equivalent personnel	0.79	0.88
Leadership team full-time equivalent personnel	6.32	6.33
Total full-time equivalent personnel	7.11	7.21

The full-time equivalent for Board members is determined using the number of days of commitment to ENZ per annum, as set out in each member's letter of appointment to the Board.

20. Board member remuneration

\$000	2015 Actual	2014 Actual
C Finny (Chair)	32	32
J Alford (to 16 September 2013)	-	4
N Barns	16	16
P Broughton	16	16
J Morris	16	16
R Leggat	16	16
J Tattersall (to 31 August 2014)	4	16
F Valentine (from 16 September 2013)	16	12
Total Board member remuneration	116	128

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

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

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

21. Employee remuneration

	2015 Actual	2014 Actual
Total remuneration paid or payable		
\$100,000 – 109,999	7	6
\$110,000 – 119,999	3	4
\$120,000 – 129,999	9	1
\$130,000 – 139,999	4	1
\$140,000 – 149,999	-	1
\$150,000 – 159,999	1	2
\$160,000 – 169,999	1	2
\$180,000 – 189,999	1	1
\$190,000 – 199,999	1	-
\$200,000 – 209,999	-	4
\$210,000 – 219,999	3	-
\$220,000 – 229,999	-	1
\$230,000 – 239,999	1	1
\$260,000 – 269,999	1	-
\$290,000 – 299,999	-	1
\$300,000 – 309,999	1	-
Total employees	33	25

A number of employees are based offshore and are paid in local currency.

During the year two staff members received compensation and other benefit payments in relation to cessation totalling \$101,037 (2014: 1 staff member received \$50,758).

22. Events after balance date

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

23. Financial instruments

A. Financial instrument categories

The carrying amounts of financial assets and liabilities are:

\$000	2015 Actual	2014 Actual
Cash, receivables and investments		
Cash and cash equivalents	634	964
Receivables	227	352
Investments – term deposits	8,000	8,500
Total cash, receivables and investments	8,861	9,816
Financial liabilities measured at cost		
Payables	3,553	3,128
Total Financial Liabilities measured at cost	3,553	3,128

B. Financial instrument risks

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

Market risk

Fair value interest rate risk

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

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

Currency risk

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

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

Credit risk

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

In the normal course of business we are exposed to credit risk from cash and term deposits held with banks and receivables. For each of these the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position. There have been no defaults in the payment of interest or return of principal on our term deposits. We hold no collateral or other credit enhancements for financial instruments that give rise to credit risk.

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

Credit quality of financial assets

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

\$000	2015 Actual	2014 Actual
Counterparties with credit ratings AA-		
Cash at bank and term deposits	8,634	9,464
Receivables	51	95
Total counterparties with credit ratings AA-	8,685	9,559
Counterparties without credit ratings		
Receivables with no defaults in the past	176	257
Total counterparties without credit ratings	176	257

Liquidity risk

Management of liquidity risk

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

Contractual maturity analysis of financial liabilities

Our financial liabilities are payables. All of our payables fall due within three months. The carrying amount of payables is equivalent to the contractual cash flows, as we expect to make all payments by the due date. The carrying amount of our payables as at 30 June 2015 is \$3.740 million (2014: \$3.128 million).

24. Capital management

Our capital is equity, which is comprised of accumulated funds. Equity is represented by net assets.

We are subject to the financial management and accountability provisions of the Crown Entities Act 2004. The act imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

We have complied with the financial management requirements of the Crown Entities Act 2004 during the year.

ENZ manages its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that enables ENZ to meet its objectives.

25. Explanation of major variances against budget

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

Statement of Comprehensive Revenue and Expense

Other revenue was above budget due to higher uptake by institutions participating at fairs and events than estimated.

Interest revenue was above budget due to differences between the actual and assumed spend rate in combination with prudent cash management.

Statement of financial position

Prepayments were above budget mainly due to advance payment of various software licence fees.

Provisions were under budget because the estimate for co-funding liabilities was prepared in accordance with the previous accounting treatment, whereas actuals have been reported using PBE IPSAS refer to note 26 for further information.

Statement of changes in cash flow

The difference between the actual and budgeted cash and cash equivalents was primarily due to classification of term deposits held.

26. Adjustments arising on transition to PBE IPSAS

Reclassification adjustments

There have been no reclassification adjustments on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

The following table explains the recognition and measurement adjustments to the 30 June 2014 comparative information, resulting from the transition to PBE IPSAS. Refer to note 1 for further information.

Statement of Financial Position

\$000	NZ IFRS (PBE) 2014	Adjustment	PBE IPSAS 2014
Current liabilities			
Provisions	2,191	(1,041)	1,150
Equity			
Net Assets	4,896	1,041	5,937

Statement of Comprehensive Revenue and Expense

\$000	NZ IFRS (PBE) 2014	Adjustment	PBE IPSAS 2014
Expenditure			
Other expenses	23,228	(1,041)	22,187
Total expenditure	34,764	(1,041)	33,723
Surplus / (Deficit)	(966)	1,041	75

Explanatory note

Expense and reduced liability arising from non-exchange transactions

Provisions and Net Assets; a reduced liability of \$1.041 million at 30 June 2014 has been determined in relation to unfulfilled conditions attached to co-funding previously recognised as an expense under NZ IFRS (PBE). The derecognition of this expense has increased Net Assets by \$1.041 million.

Budget

The 2015 budget was prepared in line with NZ IFRS (PBE) and has been restated under PBE IPSAS for comparability reasons. The following tables explain the restatement adjustments to the 30 June 2015.

Statement of Comprehensive Revenue and Expense

\$000	NZ IFRS (PBE) Budget 2015	Adjustment	PBE IPSAS Budget 2015
Other expenses	22,280	(1,041)	21,239
Deficit	(1,300)	1,041	(259)

Statement of Financial Position

\$000	NZ IFRS (PBE) Budget 2015	Adjustment	PBE IPSAS Budget 2015
Provisions	2,000	(1,041)	959
Net assets	3,562	1,041	4,603

Statement of Equity

\$000	NZ IFRS (PBE) Budget 2015	Adjustment	PBE IPSAS Budget 2015
Total comprehensive revenue and expense for the year	(1,300)	1,041	(259)
Balance at 30 June 2015	3,562	1,041	4,603

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Education New Zealand's financial statements and performance information for the year ended 30 June 2015

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

Opinion on the financial statements and the performance information

We have audited:

- > the financial statements of ENZ on pages 53 to 79, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- > the performance information of ENZ on pages 36 to 39 and 49 to 52.

In our opinion:

- > the financial statements of ENZ:
 - > present fairly, in all material respects:
 - > its financial position as at 30 June 2015;
 - > its financial performance and cash flows for the year then ended; and
 - > comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity reporting standards.

- > the performance information:
 - > presents fairly, in all material respects, ENZ's performance for the year ended 30 June 2015, including:
 - > for each class of reportable outputs:
 - > its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - > its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
 - > what has been achieved with the appropriations;
 - > the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - > complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

performance information are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of ENZ's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ENZ's internal control.

An audit also involves evaluating:

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

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

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

Responsibilities of the Board

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

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

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

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

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

Karen Young

Karen Young

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

APPENDIX ONE: OUR STATUTORY FUNCTIONS

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

Our statutory functions are to:

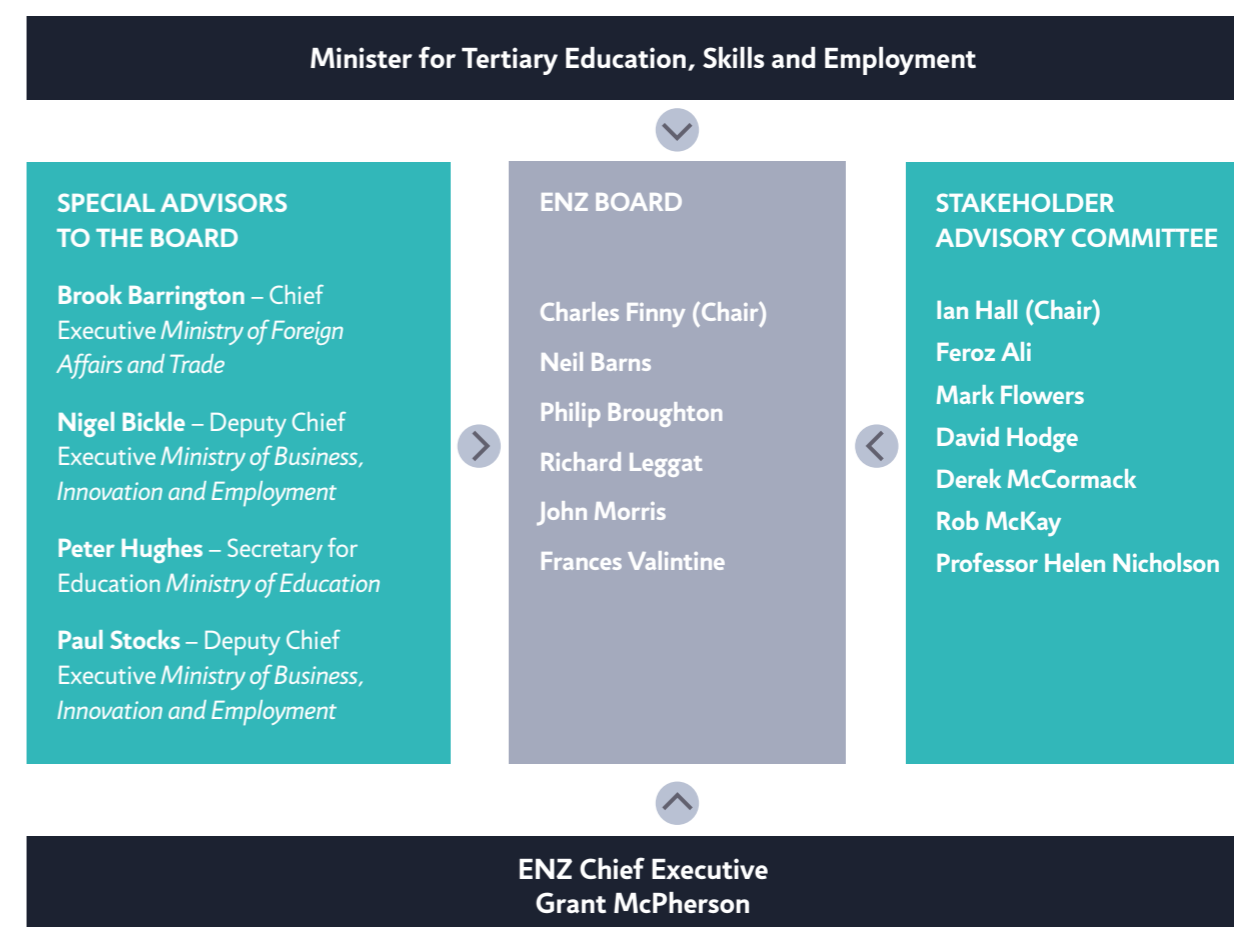
- > deliver strategies, programmes and activities for promoting, together with providers and other government agencies, New Zealand education overseas
- > promote New Zealand as an educational destination for international students
- > promote the provision of New Zealand education and training services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

APPENDIX TWO: OUR BOARD

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 regularly meets to carry out governance functions and deal with major issues.

Diagram 1: Governance of ENZ at 30 June 2015



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

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

A number of special advisors to the Board help guide and shape ENZ's work, and ensure we stay connected with the strategic direction of other government agencies.

A Stakeholder Advisory Committee provides the Board with expert advice based on the committee members' knowledge and experience within the international education industry.

New Board member Victoria Spackman was appointed in July 2015.

New Zealand Government

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