

**THINK
NEW**



E.48 (2024)

Education New Zealand Manapou ki te Ao

Statement of Performance Expectations Tauākī Koronga Tutukinga Mahi

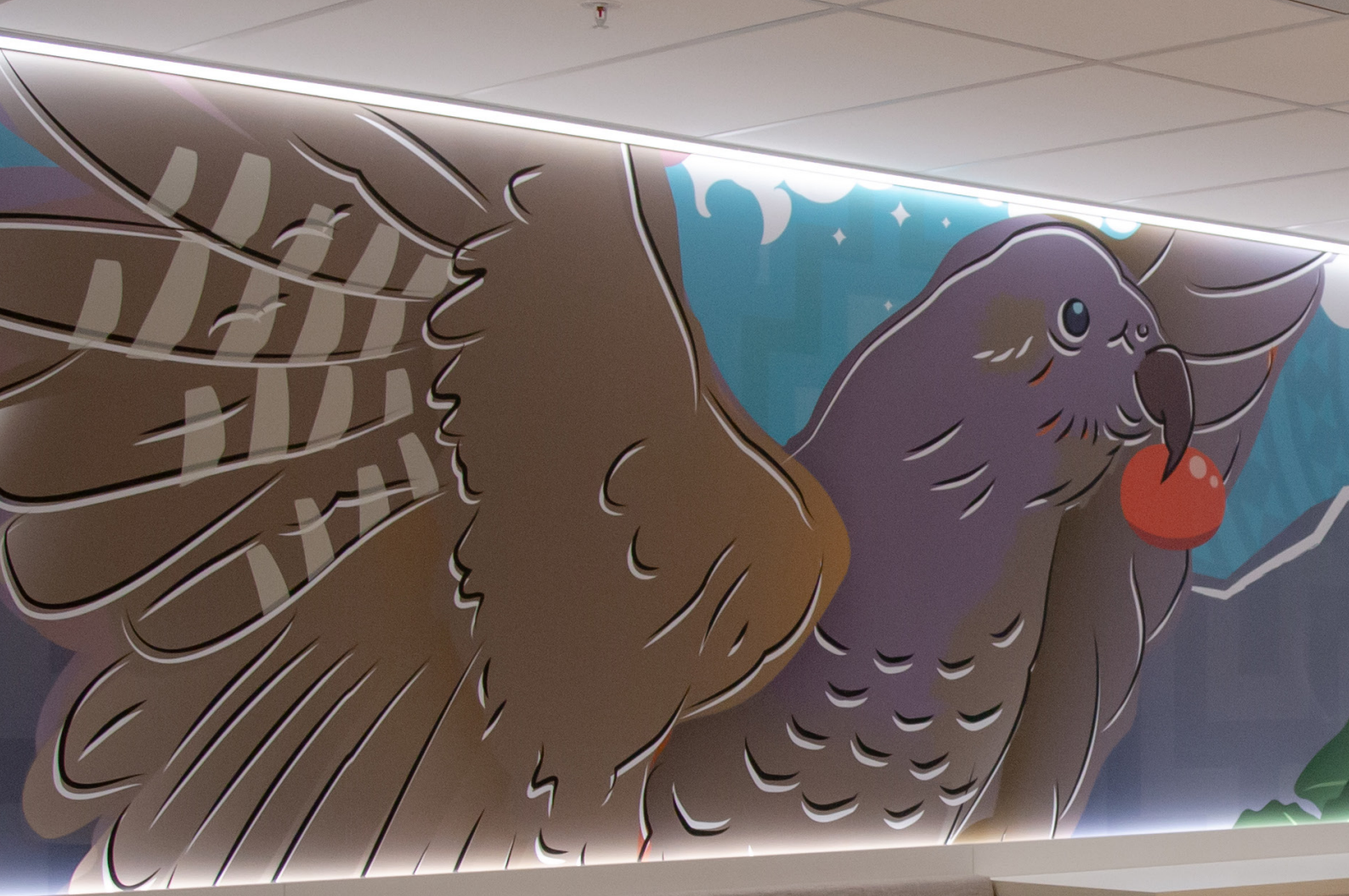
2024/25



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Statement of Responsibility

Tauākī Kawenga

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

The performance to be achieved by Education New Zealand Manapou ki te Ao for the year ending 30 June 2025, which is specified in this Statement of Performance Expectations, is as agreed with the Minister for Tertiary Education and Skills.

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

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

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates of Appropriations for the year ending 30 June 2025 that were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed on behalf of the Board of Education New Zealand.



Tracey Bridges
Board Chair

20 June 2024



Lyn Provost
Deputy Board Chair

20 June 2024

Our Operating Intentions

Te Takune e Mahi Nei

Education New Zealand Manapou ki te Ao (ENZ) is a Crown Agent with a dedicated focus on international education.

As a Crown Agent we work with others to deliver on the international education outcomes and services prioritised by the Government for New Zealanders.

ENZ's functions are outlined under section 511 of the Education and Training Act 2020, and are outlined below:

Promoting New Zealand education offshore

- 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.

Managing international education activities for the Government

- 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
- administer any international programmes or activities that are consistent with the Government's policy on international education
- work with other agencies to ensure international students are adequately supported while living and studying in New Zealand.

Undertaking research and advice

- carry out research on international education markets and marketing strategies
- provide information, advice, and assistance to providers on strategies to promote industry coordination and professional development.

Providing information to international students in New Zealand

- provide information to international students about living and studying in New Zealand
- foster collaborative networks with former international students.

In addition, areas of focus and investment that ENZ intends to undertake align to our Letter of Expectations and the Government's objectives for revitalizing and growing international education through our offshore promotional, marketing and partnership function, which serves a key role in driving market diversification.

Wider Government priorities

As a Crown Agent, we also give effect to the Government's policies. We uphold the purpose, principles and values of the public service when carrying out our functions.

We will continue to adhere to the expectations outlined in the Enduring Letter of Expectations around delivering better results and improved public services for New Zealanders, while managing within tight fiscal constraints. In keeping with this intent, through our activities, we will demonstrate value for money, focus on performance and outcomes, and continuous improvement.

We consider and reflect the Government's goals for the wider public sector in our strategic and business plans. For example, ENZ is committed to the Carbon Neutral Government Programme and reaching carbon neutrality and certification.

New Zealand International Education Strategy

The New Zealand International Education Strategy 2022-2030 (NZIES) sets out a plan for the international education sector's revival and delivery of high value benefits for all New Zealanders. ENZ's strategic goals and initiatives support the delivery of the NZIES outcomes.

In delivering on the NZIES outcomes for 2024/25, ENZ will focus efforts on student attraction from a diversified range of markets through:

- promoting New Zealand as an attractive international education destination
- building preference
- supporting sector capability development.

We will continue to leverage our networks and expertise and work with the sector to ensure New Zealand is top of mind for global students considering international study.

To achieve this, we work with the international education sector and other government agencies on and offshore. We also ensure the international education sector is aware of the Government's decisions and priorities for the sector.

Our operating environment

International education has been identified as a key sector in supporting the Government's goal to rebuild the New Zealand economy. International education has been one of New Zealand's largest export sectors. It creates jobs and economic value and is integral to building enduring relationships between New Zealand and the world.

International education is a globally competitive industry and the pace of change is accelerating. This is driven by global mega trends which include digital transformation, climate impacts, aging populations in some markets, and growing young populations in others.

Student attraction

Demand for overseas study continues to grow, however, the COVID-19 pandemic impacted international student mobility. We are now seeing a global resurgence in the number of students seeking an international education experience.

Prospective international students select the country to study in based on their awareness and preference for a study destination. This is based on a range of factors including policy settings. As a result, driving student awareness and preference needs to continue to be a key focus.

New Zealand continues to be attractive to prospective international students who wish to travel overseas for study.

Prompted awareness of New Zealand has grown. The most recent Kantar survey shows more prospective students are including New Zealand as one of their top three preferred study destinations¹. Furthermore, with recent changes in our competitors' settings, we anticipate greater interest from prospective students. The opportunity is to grow the number of prospective international students who like what New Zealand has to offer.

Our markets

Asia continues to be the main source region for globally mobile students. Most international tertiary students studying in the OECD and its partner countries (57%) come from Asia.

According to the OECD, more than 60% of international tertiary students in Australia, Canada, New Zealand, the UK, and the USA came from Asia². This is largely driven by Asia's large and generally younger population and a desire for English language education.

It will be important to diversify where we attract international students from. ENZ is addressing this through our market selection and diversification model.

ENZ will follow the Government direction to diversify markets, as well as the commitment to double export earnings, by looking to balance the strong China market with a range of growing and emerging markets. These include key ASEAN countries such as Vietnam, Indonesia, Thailand, Malaysia, and the Philippines, and high-income, developed economies such as Japan, South Korea, USA, and Europe. In 2024/5, ENZ will also lay the ground to support NZ's intention to focus on priority FTA markets including Gulf Cooperation Council and India.

State of the sector

To diversify, education providers need to be confident that the expected return on their time and investment will outweigh the risks.

While the Government does not direct individual education providers, it can guide and support diversification. This is where ENZ can assist by developing connections in emerging markets that international education providers can then build on.

The global international education landscape has been altered since the onset of the pandemic. Since the New Zealand borders opened, the international education sector is recovering, albeit unevenly. In addition, some parts of the sector have experienced capability and capacity loss so are in the process of rebuilding. ENZ plays a role in the international education sector's revival by supporting the sector's capability development.

1 Understanding the New Zealand education brand in key markets: brand tracker, Kantar (2023)

2 Education at a Glance 2023, OECD (2023).



Our Strategic Focus

Ā Mātou Koronga Taha Whakahaere

ENZ's vision

Our vision is a thriving and globally connected New Zealand through world-class international education. To fulfil our vision, our focus will be to more than double the 2023 value of international education export earnings by 2027.

ENZ will inform and connect the international education sector and partner for mutual economic, social and cultural benefits for Aotearoa New Zealand. We will achieve this with Te Tiriti o Waitangi (Te Tiriti) as our foundation.

Our name, Manapou ki te Ao, has two parts:

- Manapou means supporting and sustaining life which allows growth and progression
- Ki Te Ao is a call to action for us to take New Zealand's education to the world.

Our name defines our part in enabling students to flourish and in creating the world's next generation of problem solvers.

ENZ plays a key role in rebuilding international education and enabling a diverse and resilient sector. Our work with the sector and key stakeholders, domestically and globally, will enable New Zealand's education system to be presented to the world in a way that acknowledges Te Tiriti.

Our strategic framework

The focus of our investment is directed towards delivering on the Government's ambitions to double the export revenue from international education and diversify markets. Our revised strategic framework (appendix one) articulates this focus, and this Statement of Performance Expectations aligns with the framework.

This Statement of Performance Expectations outlines areas of focus for 2024/25 and associated performance measures. These measures align with the impact measures in the Estimates of Appropriation 2024/25 and our Statement of Intent.

How we work

Partnering is a crucial part of our approach to more than double export value from international education. To this end, we work with:

- international students
- domestic students seeking an international education experience
- the international education sector on and offshore
- New Zealand government agencies on and offshore
- New Zealand's regions.

ENZ is part of the New Zealand Story which works to enhance global perceptions and increase New Zealand's international competitiveness.

We deliver this by:

- promoting New Zealand education to prospective international students, education agents, international institutions, and other governments
- leveraging our experience and understanding of international diplomacy programmes
- brokering key relationships connecting New Zealand education to the world
- supporting Ministerial visits and trade missions.

ENZ's focus for 2024/25

In the short to medium term, ENZ is focused on delivering the Government's priorities for reviving international education.

For 2024/25, ENZ will prioritise a range of initiatives to support the delivery of the Government's ambitions to double international export earnings and diversity markets. These are through:

- attracting more inbound students (the key focus for 2024/25)
- strengthening global connections to raise awareness of New Zealand education, improve our education reputation and create the foundations for our international education sector to operate in other countries
- supporting sector capability development (including diversification) to enable economic growth.

Each initiative will be characterised by focusing on the scale, impact and leverage that ENZ's work is able to generate as a small, nimble, data-informed agency.

Goal 1: Grow international student numbers

To grow and diversify the number and value of students studying with New Zealand

ENZ's focus for 2024/25 will be to support the international education sector to grow the number of inbound students who are studying with New Zealand from a range of markets.

To deliver on this goal, ENZ's marketing investment will be directed towards increasing brand awareness of New Zealand as an international education destination. We will achieve this through a range of brand and in-market activities informed by the sector and New Zealand Inc agencies.

An increase in student numbers will enable ENZ to support the sector to grow and diversify the number and value of students studying with New Zealand. To this end, we will increase our work with education agents, attending and hosting education events, digital marketing campaigns, public relations, and targeted in-market initiatives. Our approach will be nuanced to suit each market and sector requirements.

For 2024/25, strategic initiatives that ENZ will prioritise include:

- implementing the Maintain, Grow and Explore market diversification approach that is aligned to the sector and New Zealand Inc's broader objectives
- growing the value of international education export earnings by scaling and investing in agent relationships in markets
- using an evidence-based opportunity assessment model to identify and promote frontier programmes³ in collaboration with the sector, corporate partners and government agencies to grow inbound student attraction

- increasing our reach and impact via quality digital promotion and marketing of New Zealand through Study with New Zealand portal.

We will measure the success of this strategic goal through the performance measures outlined on page 18 of this document and the following impact measures:

- the economic contribution from international education is increased
- we maintain brand preference in the markets we operate in
- international students have access to relevant information to support their New Zealand education experience.

Goal 2: Partner and connect

To be the trusted voice and enabler of international education for New Zealand

ENZ is the only New Zealand government agency with a dedicated focus on international education. We will deliver a range of initiatives over 2024/25.

We are committed to being recognised as the trusted voice and enabler of international education for NZ through our research and insights, connections, and partnerships, including through managing scholarships for incoming and outgoing scholars.

We will continue to use our global networks to nurture and grow the sector's relationships and New Zealand's relationships more broadly, including supporting Ministerial and trade missions.

We will continue to:

- deliver valued analysis, intelligence and insights on international markets and performance to New Zealand Inc agencies
- contribute to the sector's⁴ revival through the provision of insight and intelligence to support the sector's decision-making and help them maximise existing and new opportunities
- leverage our in-market presence, knowledge and connections for the benefit of New Zealand, including through targeted introductions, leads and strategic partnerships
- broaden understanding of the value of international education by New Zealanders and providers.

For 2024/25 we will also focus on:

- growing New Zealand Inc partnerships for the benefit of international education, including leveraging education cooperation agreements
- bringing insight to global connections including through the New Zealand education sector's unique and valued contribution to indigenous-to-indigenous collaboration and enhanced learning
- becoming the preferred international education scholarship partner to deliver a scholarship management services model that enhances the value of international education and leverages ENZ's networks and strengths.

We will measure the success of this strategic goal through the performance measures outlined on

³ Frontier Programmes are those that would deliver New Zealand a competitive advantage by anticipating global demand, aligning with New Zealand's strengths, are multidisciplinary, and prioritise economic development, fostering industry support, and employment pathways.

⁴ Under s511 of the Education and Training Act, provider means any organisation that provides education, training, or education related services. By extension, for ENZ the sector therefore includes Universities, Te Pūkenga, Private Training Establishments, English language school/provider, Schools, Peak bodies, and Education products and services (EdTech and Ed Publishing).

page 18 of this document and the following impact measures:

- ENZ's key connections and partnerships in markets contribute to a connected New Zealand.

Goal 3: Support sector capability development

To deliver sector services that are valued by the sector, international students and New Zealand Inc partners

ENZ will support providers to take advantage of new opportunities, broaden their perspectives and ensure there is a clear line of sight between the Government's priorities and the sector's ability to deliver on these.

ENZ will deliver sector services that are valued by the sector, international students and New Zealand Inc partners. For 2024/25, specific areas of focus include:

- supporting the sector to grow its value through the delivery of a suite of services that builds sector capability and drives growth.

We will measure the success of this strategic goal through the performance measures outlined on page 18 of this document and the following impact measures:

- ENZ's support is valued by the international education sector.

Our Organisational Health

Optimise ENZ: To be recognised as an efficient and effective Crown Agency

This section outlines how ENZ intends to maintain and grow its organisational health and workforce capability as outlined in our Statement of Intent.

ENZ's core capability lies in our people, systems and processes. These enable us to achieve our goals and meet our performance expectations. We will continue to grow and refine these enablers.

Improve reporting and relationship with monitors

Our monitoring departments play a critical role in supporting our responsible Minister to oversee ENZ as a Crown entity. We are committed to improving our reporting and trusted relationship with our Monitors.

Build entity leadership

Our entity leadership is key to the success of ENZ. We are focussing internally on building a cohesive leadership cohort where we harness our collective strengths to partner for the greatest impact.

Build cultural capability

At the heart of ENZ is our people. We are committed to building a culturally capable, high-performing and engaged organisation guided by Ngā Manapou (ENZ's values). We will continue to bring Ngā Manapou to life through initiatives which include recognising our people through our Manatua award programme.

We continue to work on increasing our knowledge and application of Te Tiriti, Te Reo Māori, Te Ao Māori and Tikanga Māori.





Part One

Statement of Performance Expectations

Wāhanga Tuatahi Tauaki Koronga Tutukinga Mahi

This Statement of Performance Expectations contains the information required by section 149E(2) of the Crown Entities Act 2004, to be reported against in Education New Zealand's Annual Report for 2024/25 and also audited.

Statement of Performance Expectations

Tauaki Koronga Tutukinga Mahi

The table below summarises ENZ's appropriations. They are defined in the Budget 2024 Estimates of Appropriations for Vote Tertiary Education.

Summary of appropriations

\$000	2024/25
Vote Tertiary Education	
Non-departmental output expense	
International education programmes	24,923
Benefits or related expenses	
Tertiary scholarships and awards	3,750
Total baseline	28,673

Cost of service statements

Total appropriations

\$000	Budget 2023/24	Estimated Actual 2023/24	Forecast 2024/25
Revenue			
Revenue from the Crown	30,998	30,998	28,673
Interest revenue	600	600	440
Other revenue	1,550	1,550	1,500
Total revenue	33,148	33,148	30,613
Total expenditure	33,148	33,148	30,163

Performance Framework

Anga Tutukinga Mahi

Our focus is on delivering a range of initiatives and activities in support of the international education sector to achieve our outcomes and the Government’s goals for international education.⁵ The measures outlined below will help us assess how well we are delivering our work programme and contributing to the Government’s goals for international education.

International education programmes

This appropriation is limited to delivery of services in respect of international education, including promotion, information, research and professional development, both in New Zealand and overseas, for the purpose of supporting sector recovery, delivering an excellent student experience, developing sustainability and resilience and developing global citizens.

What is Intended to be achieved with this appropriation?

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

\$000	Budget 2023/24	Estimated Actual 2023/24	Forecast 2024/25
Revenue			
Revenue from the Crown	27,248	27,248	24,923
Interest revenue	600	600	440
Other revenue	1,550	1,550	1,500
Total revenue	29,398	29,398	26,863
Total expenditure	29,398	29,398	26,863
Surplus	-	-	-

⁵ The Government’s goals are set out in the refreshed International Education Strategy 2022- 2030 that is currently being finalised.

Non-financial performance measures

	Actual 2022/23	Target 2023/24	Target 2024/25
Goal 1: Grow international student numbers			
Maintain or increase brand awareness	-	30%	>=36%
Diversify New Zealand's source markets for international education (new measure) ⁶	-	-	China decreases to 35%. India increases to 11%. Others remain unchanged on 54%
Increased number of students proactively gathering information about New Zealand as an international education destination	-	Establish baseline	400,000
Maintain brand preference in markets we operate in (new measure) ⁷	-	Establish baseline	4-5%
Maintain or increase number of leads to providers (new measure)	-	-	75,000
International students have access to relevant information to support their New Zealand education experience (new measure) ⁸	-	Establish baseline	>=80%
Increase in international student enrolments (new measure)	-	-	Projection: 85,000
The economic contribution from international education is increased (new measure) ⁹			Projection: Economic contribution \$3.5 billion
Goal 2: Partner and Connect			
ENZ's international education insights are valued by the international education sector and NZ Inc agencies (new measure)	-	-	Under development
International education's contribution to the Export Double strategy is delivered (new measure)	-	-	Projection: Economic contribution \$3.5 billion
International students in New Zealand have a positive experience (new measure)			Projection: 80%

6 This is year one of a three year projection between 2024/25 - 2026/27: China 36% to 29%; India 10% to 15%; and Others 54% to 56%. We expect acceleration of diversification in out-years.

7 This measure is used in the ENZ Statement of Intent 2023/27 and Estimates of Appropriations 2024/25 but is a new measure in the Statement of Performance Expectations

8 This measure is used in the ENZ Statement of Intent 2023/27 and Estimates of Appropriations 2024/25 but is a new measure in the Statement of Performance Expectations

9 This measure is used in the Estimates of Appropriations 2024/25 but is a new measure in the Statement of Performance Expectations

Goal 3: Support sector capability			
ENZ's support is valued by the international education sector	-	≥ 75%	≥ 75%

Note: The following three measures, included in the Non-financial performance measures table, are high-level measures that would sit most appropriately in a SOI. They are indicators of success ENZ contributes to but does not control. However, as we do not have current plans for an amendment to the SOI, including these measures in the SPE provides visibility for these three significant indicators:

- increase in international student enrolments
- the economic contribution from international education is increased and
- international students in New Zealand have a positive experience.

In the 2024/25 SPE, ENZ has continued to evolve and develop its performance framework. The performance framework reflects the priorities of the Minister, as expressed in their 2024/25 Letter of Expectations. It also reflects a greater focus on our core promotional function, and the progression of potential students through key stages towards enrolment with a New Zealand provider. We intend to maintain the new framework, with as little change as possible, to enable greater comparability of our performance over time.

Tertiary scholarships and awards

This appropriation is limited to providing scholarships and other awards in the tertiary sector to students, researchers and teachers, within New Zealand and internationally.

ENZ receives funding through this appropriation to fund the Prime Minister's Scholarship for Asia and Latin America - PMSA/LA. The administration costs for running the scholarship programmes sit within the International education programmes appropriation.

What is Intended to be achieved with this appropriation?

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

\$000	Budget 2023/24	Estimated Actual 2023/24	Forecast 2024/25
Revenue			
Revenue from the Crown	3,750	3,750	3,750
Total revenue	3,750	3,750	3,750
Total expenditure	3,750	3,750	3,750
Surplus	-	-	-

Non-financial performance measures –PMSA/LA

	Actual 2022/23	Target 2023/24	Forecast 2024/25
Goal 2: Partner and connect			
Maintain or increase Māori and Pasifika participation in the PMSA/LA		Establish baseline	Maintain



Part Two
Prospective
Financial
Statements

Wāhanga Tuarua
Tauaki Ahumoni
Ki Tua



Financial Strategy

Rautaki Ahumoni

This financial strategy is an integral part of the overall organisational strategy. ENZ will:

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

Prospective statement of comprehensive revenue and expense

\$000	Estimated Actual 2023/24	Forecast 2024/25
Revenue		
Revenue from the Crown - Operating	27,248	24,923
Revenue from the Crown – Prime Minister’s Scholarships	3,750	3,750
Revenue from the Crown – Manaaki New Zealand Scholarships Programme ¹⁰	10,166	14,210
Interest revenue	600	440
Other revenue ¹¹	1,550	1,500
Total revenue	43,314	44,823
Expenditure		
Personnel costs	15,868	14,367
Other expenditure	13,059	12,189
Depreciation and amortisation expense	471	307
Prime Minister’s Scholarship expenses	3,750	3,750
Manaaki New Zealand Scholarships expenses ¹²	10,166	14,210
Total expenditure	43,314	44,823
Surplus	-	-
Other comprehensive revenue	-	-
Total comprehensive revenue	43,314	44,823

Prospective statement of movements in equity

\$000	Estimated Actual year ending 30 June 2024	Forecast year ending 30 June 2025
Equity		
Equity as at 1 July	2,718	2,718
Net deficit	-	-
Balance as at 30 June	2,718	2,718

10 Ministry of Foreign Affairs and Trade (MFAT) has the appropriation to fund the Manaaki New Zealand Scholarships Programme (MNZSP) and retains responsibility for strategic decisions in relation to the programme. This includes decisions such as scholar allocations and profiles, high-level budgets for cohorts and courses, and operating expenses. ENZ’s responsibilities are for delivery of the programme, which includes management of scholar selection and placement processes, and management of funding processes for institutions hosting MNZSP scholars.

11 Other Revenue includes Institutions participants income to attend events and seminars, New Zealand International Education Conference (NZIEC), NZ Grads programme managed on behalf of Ministry of Primary Industries, and interest received. Refer to Statement of Accounting Policies.

12 Manaaki New Zealand Scholarships Programme expenses include fees paid to third parties for management of scholarship selection and administration, personnel costs, and operating expenses including marketing and promotion of MNZSP.

Prospective statement of financial position

\$000	Estimated Actual year ending 30 June 2024	Forecast year ending 30 June 2025
Assets		
Current assets	19,944	20,751
Fixed assets	389	339
Total assets	20,333	21,090
Liabilities		
Current liabilities	17,615	18,372
Total liabilities	17,615	18,372
Net assets	2,718	2,718
Equity	2,718	2,718

Prospective statement of cash flows

\$000	Estimated Actual 2023/24	Forecast 2024/25
Cash flows from operating activities		
Receipts from the Crown	30,998	28,673
Receipts from the Crown – Manaaki New Zealand Scholarships	68,190	90,465
Receipts from other revenue	1,550	1,500
Payments to suppliers	(85,721)	(102,962)
Payments to employees	(17,180)	(17,238)
Net cash flows from operating activities	(2,163)	438
Cash flows from investing activities		
Interest received	600	440
Payments for new term deposits	-	-
Receipt from maturity of term deposits	-	-
Purchase of property, plant and equipment	(365)	(257)
Receipt from sale of property, plant and equipment	-	-
Purchase of intangible assets	-	-
Net cash flows from investing activities	235	183
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(1,928)	621
Cash and cash equivalents at the beginning of the year	10,174	8,246
Cash and cash equivalents at the end of the year	8,246	8,867

Reconciliation of forecast net deficit to net cash flow from operating activities

\$000	Estimated Actuals 2023/24	Forecast 2024/25
Surplus	-	-
Add non-cash items		
Depreciation and amortisation expense	471	307
Total non-cash items	471	307
Less items classified as investing or financing activities		
Interest received	(600)	(440)
(Gain) / Loss on disposal of property, plant and equipment	-	-
Total items classified as investing or financing activities	(600)	(440)
Add/(less) movements in working capital items		
(Increase)/decrease in debtors and receivables	(166)	120
(Increase)/decrease in prepayments	138	(360)
Increase/(decrease) in payables	(1,692)	500
Increase/(decrease) in provisions	160	(48)
Increase/(decrease) in employee entitlements	(474)	305
Net movement in working capital items	(2,034)	571
Net cash flow from operating activities	(2,163)	438

Notes to the Prospective Financial Statements

Kōrero Tāpiri Ki Ngā Tauaki Ahumoni Ki Tua

The prospective financial statements are based on policies and approvals in place as at 1 March 2024 and are GST exclusive (except for payables and receivables which are GST inclusive). The forecasts are prepared under the generally accepted accounting practice (NZ GAAP). Actual results may vary from the information presented here, and the variations may be material.

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

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

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



Statement of Accounting Policies

Tauaki Kaupapa Here Mahi Kaute

Reporting entity

Education New Zealand (ENZ) is a Crown entity as defined by the Crown Entities Act 2004 and was established on 1 September 2011 under the Education Act 1989 (which was superseded by the Education and Training Act 2020). As such ENZ's ultimate parent is the New Zealand Crown. ENZ is funded primarily by the Government through Vote Tertiary Education.

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

Basis of preparation

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Education and Training Act 2020 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

The prospective financial statements have been prepared for the special purpose of the Statement of Performance Expectations 2024-2025 of ENZ to the Minister for Tertiary Education and Skills. The financial statements are not prepared for any other purpose.

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

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

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

Measurement base

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

Presentation currency and rounding

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

Significant accounting policies

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

Revenue

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

Revenue from the Crown

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

Interest revenue

Interest income is recognised using the effective interest method.

Co-funding expenditure

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

At balance date each individual co-funding arrangement is assessed to determine the extent to which the conditions attached to the funding have been satisfied and therefore the amount of funds that will be granted.

Co-funding arrangements with unfulfilled conditions are recognised as a future commitment.

Foreign currency transactions

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

Operating leases

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

Scholarships

ENZ approves and administers the granting of scholarships, both for New Zealand student to study aboard and for international students to study in New Zealand.

Scholarship costs are recognised as expenditure on awarding of the scholarship.

Cash and cash equivalents

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

Receivables

Short term receivables are recorded at the amount due, less an allowance for credit losses. ENZ applies the simplified expected credit loss model of recognizing lifetime expected credit losses for receivables.

In measuring expected credit losses, short term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there are no reasonable expectation of recovery. Indicators are that there is no reasonable expectation of recovery include the debtor being in liquidation.

Investments

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Property, plant, and equipment

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

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

Additions

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

Work in progress is recognised at cost.

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

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

Disposals

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

Depreciation

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

Furniture & office equipment	5 years, or 20.0% per annum
Computer hardware	3 years, or 33.3% per annum
Leasehold improvements & 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

Intangible assets

Software development

Any costs directly attributable to developing internal software applications, digital services and digital marketing campaign assets to bring them into operation are recognised as an intangible asset.

Costs associated with maintaining intangible assets are recognised as an expense when incurred.

Amortisation

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

Internally developed software	4 years, or 25% per annum
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Impairment of property, plant and equipment and intangible assets

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

Payables

Payables are recorded at their face value.

Employee entitlements

Short term employee entitlements

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

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

Long term employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Lease make-good

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

Lease make-good provisions are recorded at cost and are recognised on a straight-line basis over the period of the lease.

Equity

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Critical accounting judgements, estimates and assumptions

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

subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

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

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

Specific assumptions

ENZ deliver a Manaaki New Zealand Scholarships Programme (MNZSP) service to the Ministry of Foreign Affairs and Trade (MFAT) under a partnership agreement and the costs to deliver are based on a budget agreed between the two agencies.

MFAT is responsible for the appropriation that funds the MNZSP and retains responsibility for strategic decisions in relation to the programme. This includes decisions such as scholar allocations and profiles, high-level budgets for cohorts and courses, and operating expenses.

ENZ's responsibilities are for delivery of the programme, which includes management of scholar selection and placement processes, and management of funding processes for institutions hosting MNZSP scholars.

Manaaki New Zealand Scholarships Programme expenses include fees paid to third parties for management of scholarship selection and administration, personnel costs, and operating expenses including marketing and promotion of MNZSP

Other specific assumptions are:

- Interest revenue is based on the average investment balance held with a 5.8% rate of return applied.
- Other revenue relates to various cost recoveries and charge for events and fairs.
- Personnel costs increase by 2.5% on average.
- Foreign exchange rates will remain at a similar level.
- Minor capital expenditure covers the lifecycle replacement of furniture, office equipment and computer hardware, and to complete minor property fit outs.
- A provision has been made for future restoration costs relating to make-good clauses on office rental leases. The calculation of this provision requires assumptions as to the extent, if any, that landlords will enforce the lease make-good clauses and estimates of the cost of restoration.

Manaaki New Zealand Scholarship Programme

The Ministry of Foreign Affairs and Trade (MFAT) and ENZ signed a partnership agreement on 5 July 2022. The agreement saw ENZ assume responsibility for operational management of the Manaaki New Zealand Scholarships Programme (MNZSP) from 1 November 2022.

MFAT is responsible for the appropriation that funds the MNZSP and retains responsibility for strategic decisions in relation to the programme. This includes decisions such as scholar allocations and intake profiles, high-level budgets for cohorts and courses and operating expenses. ENZ's responsibilities are for delivery of the programme, which includes management of scholar selection and placement processes, and management of funding processes for institutions hosting MNZSP scholars.

The arrangement will harness MFAT and ENZ's individual expertise and strengths to the benefit of New Zealand Government's Manaaki New Zealand Scholarships Programme and to broader New Zealand Government foreign policy and international education objective.

Prospective statement of comprehensive revenue and expense

\$000	Estimated Actuals 2023/24	Forecast 2024/25
Revenue		
Other Revenue from the Crown – Manaaki New Zealand Scholarships Programme	58,070	76,255
Total revenue	58,070	76,255
Expenditure		
Manaaki New Zealand Scholarships expenses	58,070	76,255
Total expenditure	58,070	76,255
Surplus	-	-
Other comprehensive revenue	-	-
Total comprehensive revenue	-	-

Non-financial performance measures – Manaaki New Zealand

	Actual 2022/23	Target 2023/24	Target 2024/25
Goal 2: Partner and connect			
Percentage of payments ENZ makes to tertiary education institutions for the Manaaki NZ scholarships programme that are made within agreed timeframes		New measure	97%

Appendix One:

Education New Zealand Manapou ki te Ao Strategy 2023 - 2027



MANAAKITANGA



KAITIAKITANGA



BE ONE



BE BOLD



AROHA

Outcome To more than double the 2023 value of international education export earnings by 2027

Vision A thriving and globally connected Aotearoa New Zealand through world-class international education

Strategy With Te Tiriti as our foundation, we will empower and connect the international education sector globally and partner for mutual economic, social and cultural benefits for Aotearoa New Zealand

Goal 1: Grow international student numbers

To grow and diversify the number and value of students studying with New Zealand.

1.1 Grow and diversify markets

To implement a Maintain, Grow and Explore approach that increases market diversification including horizontal marketing opportunities that align with sector and New Zealand Inc objectives.

1.2 Grow recruitment through agents

To grow the value of international education export earnings by scaling and proactively managing and investing in agent relationship in Maintain and Grow markets.

1.3 Build SWNZ for all prospective learners

To enhance ENZ's digital marketing by developing Study with New Zealand into the single portal for all learners - young and in-career - looking to study with New Zealand.

Goal 2: Partner and connect

To be the trusted voice and enabler of international education for New Zealand.

2.1 Deliver valued insights and data to sector and Government

To support a central Insights Unit to deliver valued analysis, intelligence and insights on international education markets, performance, and value, to New Zealand Inc and the sector.

2.2 Grow New Zealand Inc partnerships

To partner with New Zealand Inc partners on initiatives and in ways that deliver on the Government's international education priorities..

2.3 Become preferred scholarship partner

To deliver a scholarship management services model that enhances the value of international education.

2.4 Build global connections

Maintain and grow global connections with key offshore stakeholders including indigenous to indigenous global introductions.

Goal 3: Deliver sector growth

To deliver sector services that are valued by the sector, international students and New Zealand Inc partners.

3.1 Build sector capability

To build sector capability and drive value and sustainable growth for the international education sector.

Goal 4: Optimise ENZ

To be recognised as an efficient and effective Crown Agency.

4.1 Improve reporting and relationship with Monitors

To deliver improvement on all Monitoring measures.

4.2 Build entity leadership

To build ENZ's leadership and management effectiveness.

4.3 Build cultural-capability

To build an engaged, high-performing, culturally- capable ENZ that is guided by Ngā Manapou.



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Manapou ki te Ao**

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E.48 (2024)



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ISSN 2381-9871 (Print)
ISSN 2381-988X (Online)



Te Kāwanatanga o Aotearoa
New Zealand Government