Export Education Levy Annual Report
For the financial year ended 30 June 2017
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Background

This document reports on the administration of the Export Education Levy (the EEL) and provides financial accounts for the EEL for the financial year ended 30 June 2017, as required by section 238I of the Education Act 1989.

The Export Education Levy

In 2003, the Government introduced the industry EEL to fund a wide range of development and risk management initiatives for the export education sector. The EEL is authorised by section 238 of the Education Act 1989. Regulations prescribing the EEL first came into force on 10 January 2003. The EEL is payable by any education provider that enrols international fee-paying students and is calculated as on 0.45% of tuition fee income.¹

Purposes of the Export Education Levy funds

Section 238I of the Education Act 1989 states the purposes of the EEL, and stipulates that:

(1) The purposes to which the funds of the levy may be put are as follows:

(a) the development, promotion, and quality assurance of the export education sector, which may include (without limitation) —
   (i) professional and institutional development; and
   (ii) marketing; and
   (iii) implementation of scholarship schemes; and
   (iv) research, and resource development; and
   (v) support (financial or otherwise) of other bodies engaged in the development, promotion, or quality assurance of the export education sector;

(b) the making of payments as set out in subsections (1A) and (1B):

(c) the administration and audit of the code:

(d) the funding of the operation of the International Student Contract Dispute Resolution Scheme provided for by section 238J:

(e) the general administration of the levy and associated purposes.

(1A) Subsection (1B) applies if –

(a) an international student is or was enrolled with a private training establishment for a course of study or training; and

(b) at the time of the student’s enrolment the private training establishment held a current registration under Part 18; and

(c) the private training establishment has not, cannot, or will not provide, in whole or in part, the course of study or training.

¹ see section summary of consultation on proposed changes to the Export Education Levy on page 7 for more detail
If this subsection applies, the funds of the levy may be used for any of the following:

(a) to make payment to any person to ensure the reimbursement of the student, in whole or in part, for tuition fees or for any payment other than tuition fees made by or on behalf of that student to the private training establishment in respect of the student's course of study or training if, and to the extent that,

(i) the private training establishment has not refunded the tuition fees or other payment; and

(ii) the agency responsible for the administration of the levy approves the reimbursement of the student as necessary and appropriate in the circumstances:

(b) with the approval of the Minister, to reimburse the Crown for any sum provided by the Crown and paid to any person to ensure the reimbursement of the student, in whole or in part, for tuition fees or for any payment other than tuition fees made by or on behalf of that student to the private training establishment in respect of the student's course of study or training if, and to the extent that,

(i) the private training establishment had not refunded the tuition fees or other payment; and

(ii) the agency responsible for the administration of the levy approved the reimbursement of the student as necessary and appropriate in the circumstances:

(c) with the approval of the Minister, to reimburse, in whole or in part, the agency responsible for the administration of the levy, or any Crown entity, for—

(i) costs incurred by that agency or Crown entity in placing the student with an alternative provider; or

(ii) other costs incurred by that agency or Crown entity as a direct result of the private training establishment not providing the course of study or training.

Government agencies' responsibilities

Ministry of Education

Annual Report to Parliament

Section 238I(3) of the Education Act 1989 refers to the requirement for an annual report:

As soon as practicable after 1 July in each year, the agency responsible for the administration of the levy must present to the Minister an annual report on the administration of the levy, which must include audited financial statements prepared in accordance with generally accepted accounting practice; and the Minister must present a copy of the report to the House of Representatives.

Administration of the Export Education Levy

The EEL is collected from education providers by the Ministry of Education (the Ministry) and held in a separate EEL Account (the EEL Account), administered by the Ministry. The EEL Account ensures that strategic development work is on-going and securely resourced.
**Policy Development**

The Ministry leads the development of policy on the EEL and reports to the Minister of Education. The Ministry works in consultation with other agencies and with the international education sector.

**Reimbursement for international students**

The Ministry, in conjunction with the New Zealand Qualifications Authority (NZQA), has responsibility for reimbursing international students affected by the failure of private training establishments (PTEs) to deliver a course of study or training. This can include direct refunds to international students of tuition fees paid or funding costs incurred in transferring international students to another provider.

**New Zealand Qualifications Authority**

NZQA is responsible for the quality assurance of non-university tertiary education organisations (TEOs) and the administration of the Education (Pastoral Care of International Students) Code of Practice 2016 (the Code of Practice).

**Education New Zealand**

Education New Zealand (ENZ) is responsible for the promotions, market research and professional development projects which are partly funded from the EEL. The bulk of ENZ operations are funded by the Crown through Vote Tertiary Education.
Policy Development

The Ministry consulted with education providers in August and September 2016 on proposed changes to the EEL rate and the use of EEL money to fund additional initiatives.

Summary of consultation on proposed changes to the Export Education Levy

The EEL was originally made up of a flat fee component of $185 (excluding GST) (applicable until 30 May 2017) payable by each provider, together with 0.45% of tuition fee income (excluding GST).

Due to strong international student enrolment growth and a low level of payouts to support students affected by provider closure over the past few years, by 30 June 2016 the equity balance of the EEL Account had risen to $5.5 million.

Projections indicated a likely increase in the equity balance of the EEL Account to $11.7 million by 2020. The Ministry, with agreement from the then Minister for Tertiary Education, Skills and Employment, consulted with the sector on reducing the surplus through a number of proposals:

- Reducing the tuition fee percentage component from 0.45% to 0.40% of international tuition fee revenues
- Removing the flat fee component of $185 per provider per year
- Spending EEL funds on priority initiatives in 2016/17, namely international student wellbeing and the development of an international student alumni strategy and network (see page 12)
- Spending EEL funds from 2017/18 on further developing the Think New brand, enhancing the studyinnewzealand.govt.nz digital conversion funnel, lifting industry capability and improving information and intelligence.

Summary of consultation responses

The Ministry received 140 responses to the proposed changes to the EEL. Of these, five came from sector peak bodies – Universities New Zealand, Quality Tertiary Institutes, Independent Tertiary Education New Zealand, the Metro Group of Institutes of Technology and Polytechnics (now Innovate ITP) and English New Zealand. The remainder came from individual schools, education institutions and other stakeholders.

Feedback on the proposals and the EEL

Respondents agreed that the equity balance of the EEL Account should be reduced. There was strong support to decrease provider contributions to the EEL by lowering the rate of the tuition fee percentage and removing the flat fee.

There was also support for increasing initiatives funded by the EEL. Funding international student wellbeing initiatives received the strongest support. Other initiatives included the development of an international student alumni network and strategy, and promotion and marketing (such as the development of the Think New brand offshore).

Most respondents were largely satisfied with the proposed EEL spend. Some concerns were raised with the equity and fairness of the EEL. There is a perception that some
sectors and regions receive a disproportionately high amount from the EEL, while others receive little direct benefit.

**Outcomes of consultation on proposed EEL changes**

During 2016/17, there were a number of PTE failures which drew on EEL funds for the reimbursement of the Crown and international students. This further raised the awareness about the need for the EEL to hold sufficient reserves to address PTE failures.

After considering consultation feedback and ensuring sufficient EEL reserves, the Government decided to:

- leave the tuition fee percentage component at 0.45% of international tuition fee revenues
- remove the flat fee component of $185 per provider per year from 30 May 2017
- fund international student wellbeing initiatives and other proposed initiatives from the EEL
- undertake a full strategic review of the EEL.

**International Student Wellbeing Strategy**

The International Student Wellbeing Strategy (the Wellbeing Strategy) was launched on 13 June 2017. The Wellbeing Strategy aims to help protect and enhance New Zealand’s reputation as a safe and welcoming study destination, by building on the work agencies already have underway.

The Wellbeing Strategy is a whole-of-government strategy led by the Ministry. It was developed in consultation with ENZ, other central and local government agencies, the Human Rights Commission, international students, education providers and ethnic communities through an extensive engagement process.

The Wellbeing Strategy identifies four priority areas that cover the whole of the student experience, both inside and outside the classroom – economic wellbeing, education, health and wellbeing and inclusion. The Wellbeing Strategy also identifies outcomes for each priority area. To support the objectives of this strategy, from 2017/18, $750,000 from the EEL has been allocated to support student wellbeing initiatives.

The Wellbeing Strategy complements the *Code of Practice for the Pastoral Care of International Students* which ensures that international students are well looked after. The Ministry will monitor progress and measure shifts in international student wellbeing to invest in initiatives that will have the biggest impact on international students’ wellbeing.
Export Education Levy income and expenditure

The EEL received income for the financial year ended 30 June 2017 of $5,395,734. This is an increase of 7% compared with the income the EEL received for the year ended 30 June 2016. Combined with the income from interest received and other income, total income is $5,576,944.

Total expenditure from the EEL during the financial year is $6,388,455. This left an operating deficit of $811,511 as reported in the Statement of Financial Performance for the year ended 30 June 2017.

The opening balance of total equity in the EEL Account is $5,545,845 on 1 July 2016. After making allowance for the operating deficit this year, the total equity in the EEL account as at 30 June 2017 is $4,734,334.

Details of income

Between 2015 and 2016, there was growth in student numbers across all sectors. Student statistics, including tuition fees, are collected on a trimester basis during each calendar year.

Student numbers

During the 2016 calendar year, the number of international fee-paying students was 121,735. This represents growth of 6.8% when compared to the 2015 calendar year, for which the number of international fee-paying students was 113,985.

The school sector experienced the largest growth of 13%. Institutes of Technology and Polytechnics (ITPs) and universities experienced growth in student numbers of 7% and 6% respectively. Growth in student numbers at unfunded PTEs offset a decrease in student numbers at funded PTEs, with overall growth in student numbers of 6% for the sector.

Chart 1: Number of international students in New Zealand by sector, 2012-2016
**Tuition fee income**

Total tuition fee revenue to education providers in the 2016 calendar year exceeded one billion dollars ($1.08 billion). Tuition fee revenue from international fee-paying students grew by 0.5% over 2015 revenue. Tertiary education institutions (TEIs) earned 54.4% of this total, followed by PTEs with 29.1%. The school sector accounted for 15.1% of tuition fee revenue.

Tuition fee revenue is a major contributor to the export education industry, valued at an estimated $4.5 billion for 2016.²

Table 1: Tuition fee income during the calendar years 2015 and 2016

<table>
<thead>
<tr>
<th>International tuition revenues by provider groups</th>
<th>2015 ($ million)</th>
<th>2016 ($ million)</th>
<th>Proportion of total, 2015</th>
<th>Proportion of total, 2016</th>
<th>Percentage change, 2015 - 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Schools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary/Intermediate</td>
<td>12.36</td>
<td>15.27</td>
<td>1.2%</td>
<td>1.4%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Secondary/Composite/Special</td>
<td>131.69</td>
<td>148.45</td>
<td>12.8%</td>
<td>13.7%</td>
<td>12.7%</td>
</tr>
<tr>
<td><strong>Tertiary education institutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutes of Technology/Polytechnics</td>
<td>166.01</td>
<td>185.29</td>
<td>16.1%</td>
<td>17.1%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Universities</td>
<td>371.79</td>
<td>404.20</td>
<td>36.1%</td>
<td>37.3%</td>
<td>8.7%</td>
</tr>
<tr>
<td><strong>Private training establishments (PTEs)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDR-PTEs³</td>
<td>144.90</td>
<td>133.82</td>
<td>14.1%</td>
<td>12.4%</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Non-SDR PTEs (unfunded)</td>
<td>186.91</td>
<td>181.04</td>
<td>18.1%</td>
<td>16.7%</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>Subsidiary Providers</strong></td>
<td>16.34</td>
<td>15.47</td>
<td>1.6%</td>
<td>1.4%</td>
<td>-5.3%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,030.0</strong></td>
<td><strong>$1,083.5</strong></td>
<td></td>
<td></td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Tuition fee income increased by 0.5% for the 2016 calendar year. Income received by the EEL decreased by nearly 5.5% for the financial year ending 30 June 2017. This is most likely to be caused by the difference in reporting periods.

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³ These PTEs receive government funding for their domestic students, so they are required to complete the Single Data Return (SDR).
Details of expenditure

Administration of the Export Education Levy

The administration of the EEL is carried out by the Ministry. Expenditure on administration during the year ended 30 June 2017 is paid from the EEL and totalled $147,543. Costs include the administration of levy collection, management of the EEL funds, policy work associated with the EEL, computer hardware and software costs and the publication of the EEL annual report.

Education New Zealand funding for 2016/17

ENZ is responsible for the management and operation of the international education industry work programme. ENZ allocation from Vote Tertiary Education for international education programmes for 2016/17 totalled $29,819,000. This allocation includes funding from the EEL and the Crown.

The EEL contributed 14% of ENZ’s total funding for international education programmes. This annual report only covers the spending of the EEL component of ENZ’s funding.

ENZ received a total of $4,145,504 funding from the EEL for 2016/17 which includes:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline funding for international education programmes including industry development, marketing and promotion, and research</td>
<td>$2,265,504</td>
</tr>
<tr>
<td>Expansion of the Regional Partnership Programme (one-off)</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>International student alumni activities (one-off)</td>
<td>$250,000</td>
</tr>
<tr>
<td>International student wellbeing initiative contestable funding (one-off)</td>
<td>$380,000</td>
</tr>
</tbody>
</table>

Marketing and promotion

In 2016/17, ENZ spent $1,506,052 of baseline funding from the EEL on marketing and promotion. The objective is to increase the economic value of the industry from $2.85 billion in 2014 to $5.0 billion by 2025 in line with the Government’s Leadership Statement for International Education, released on 20 September 2011.

Funding from the EEL supported promotional activities in priority markets including:

4 The Vote Tertiary Budget appropriation for International Education Programmes in 2016/17 was budgeted at $29,372,000 and can be found on http://www.treasury.govt.nz/budget/2016/estimates/v2/est16-v2-tered.pdf. The actual appropriation is $29,819,000 because of additional funding decisions made during 2016/17.
5 Figures for ENZ spending on baseline activities throughout this report have been rounded to the nearest dollar.
6 see section International Student Wellbeing activity funding for 2016/17 on page 13 for more detail.
• digital marketing via the Study in New Zealand website
• social media campaigns
• education fairs, events and agent seminars held overseas
• in-bound agent visits to New Zealand’s regions
• international media familiarisation visits to New Zealand.

ENZ prioritised its international student attraction markets for the 2017 academic year into the following four categories:

<table>
<thead>
<tr>
<th>Promote</th>
<th>Group of countries and regions where strategic investment is focused on delivering strong growth - Brazil, Colombia, Europe (France, Germany, Italy, Norway, Spain, Sweden), Japan, Korea, South East Asia (Indonesia, Philippines, Thailand, Vietnam), United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebalance</td>
<td>China and India which are current major sources of students with opportunity for further strong growth</td>
</tr>
<tr>
<td>Project based</td>
<td>Countries where investment is targeted on a specific project – Chile, Malaysia and Saudi Arabia</td>
</tr>
<tr>
<td>Explore</td>
<td>Specific countries scoped for short to medium term growth opportunities and to inform future investment.</td>
</tr>
</tbody>
</table>

Further detail on marketing and promotions activity led by ENZ can be found in the Education New Zealand Annual Report 2016/17.

**Market research**

In 2016/17 ENZ spent $477,700 of allocated funding from the EEL on market research including its twice yearly quantitative brand health monitor. This gathers insight into the student decision making journey and explores perceptions around New Zealand’s ‘Think New’ education brand.

The research showed that there is scope to further target key messaging around New Zealand’s education offering and that students’ perceptions can vary significantly between countries. The research also provided a number of more in-depth insights into New Zealand’s education brand that ENZ will use to refine New Zealand’s brand positions in different markets.

**Regional Partnership Programme**

ENZ spent a total of $1,513,521 of funding from the EEL on the Regional Partnership Programme (RPP). This total included $263,521 of allocated funding from the EEL and $1,250,000 of one-off funding from the EEL appropriated for the expansion of the RPP. This was used to expand the scope of growth activities and the range of participating regions from seven to fifteen, focused on non-metro centres.
Through the RPP, ENZ worked with international education providers, local government, regional economic development agencies and communities in New Zealand’s regions, to encourage regional growth in international education.

In 2016/17, the RPP provided support and co-funding for a range of activities focused on regional international education growth including the following:

- Development and implementation of regional international education growth and development strategies
- Development of regional collaborative approaches to marketing and promotion of international education
- Sharing and implementation of best practice in international education across regional providers
- Identification, and removal of barriers and constraints to growth in international education
- Raising regional awareness and social license around the economic, social and cultural impact of international education.

In October 2016, ENZ commissioned Infometrics to produce a series of Regional Economic Impact Reports for the regions of Northland, Bay of Plenty, Taranaki, Manawatu-Whanganui, Hawke’s Bay, Nelson-Marlborough-Tasman, Otago and Southland. These reports demonstrated the value of regional international education and encouraged local government to further invest in the industry.

In early 2017, ENZ developed a series of Regional Enrolment Data Worksheets for each RPP region. The worksheets provided regional coordinators with a means of monitoring enrolment trends and measuring the impact of activity within the regions, enabling them to work in a more targeted and informed way.

**Advocacy/alumni research**

In 2016/17, ENZ spent $250,000 of one-off funding from the EEL on international student alumni activities. The scope of the alumni research programme evolved alongside ENZ’s strategic transition to sector leadership across the whole student lifecycle. This recognised the opportunity that exists to activate and amplify advocates across the student and graduate (alumni) phases to champion the New Zealand education experience.

One insight is that millennial international students most trust, and are influenced by, the unfiltered voices of New Zealand’s international students and graduates – rather than relying on ‘big brand’ mass marketing as they consider their destination choice.

**International Student Wellbeing activity funding for 2016/17**

In response to support from the industry during consultation on the EEL, in 2016/17 up to $500,000 was set aside to support international student wellbeing.

In 2016/17, a total of $420,000 was allocated across three agencies on nine initiatives, detailed below. These areas for funding were predominantly raise during consultation

with students, communities and providers about international student wellbeing and through the work of the Auckland Agency Group.\textsuperscript{8}

**Education New Zealand**

ENZ received a total of $380,000 of contestable international student wellbeing funding from the EEL to undertake seven projects in 2016/17. The aim of these projects was to support a consistent high quality international student experience.

**Study Auckland – International Student Experience programme development and delivery**
ENZ spent $100,000 to co-sponsor an international student experience design project with Study Auckland/Auckland Tourism Events and Economic Development (ATEED). The objective of the international student experience design project was to discover how providers and agencies might help international students develop authentic, positive, life-long connections with Auckland and its people.

**Understanding the value of international education**
ENZ spent $60,000 to commission research to better understand the broader social, cultural, educational and economic value of international education to New Zealanders at an individual, community and New Zealand-wide level.

**New Zealanders Perceptions of International Education – updated research**
In 2016, ENZ initiated benchmark research into perceptions of international education among New Zealanders. ENZ spent $30,000 to update the research to inform how ENZ tells the international education story and ensure students are welcomed and included in New Zealand.

**Building a student experience programme across New Zealand**
ENZ is working with Study Auckland to develop an international student experience programme tailored to Auckland. ENZ spent $100,000 to build on this initial work and develop a consistent approach to international student experience across New Zealand. This will help strengthen student wellbeing throughout the regions.

**Streamlining orientation information**
$50,000 was spent on meeting international students need for easily accessible and relevant information online.

**Review of training resources for agents**
ENZ spent $10,000 to review the training resources available for education agents to help improve user experience.

**Translating information**
ENZ received $30,000 to translate selected materials associated with the projects into languages for an international student audience. A total of $40,000 was spent on translating information. An additional $10,000 was spent on translating information as part of the activity to streamline orientation information.

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\textsuperscript{8} The Auckland Agency Group was established in July 2016 to build cross-agency government leadership in international student wellbeing and had a significant role in stakeholder engagement in Auckland about student wellbeing.
The Ministry of Education

The Ministry received $20,000 of contestable international student wellbeing funding from the EEL to scope the use of Statistics New Zealand’s Integrated Dataset Infrastructure (IDI) to develop indicators of international student wellbeing.

The Human Rights Commission

The Human Rights Commission received $20,000 of contestable international student wellbeing funding from the EEL to contribute to the Give Nothing to Racism campaign. The funding was spent on social media advertising to extend the reach of the campaign to help protect and enhance New Zealand’s international reputation as a safe and welcoming study destination.

Administration and monitoring of the Code of Practice funding for 2016/17

NZQA is the appointed Administrator of the Code of Practice (the Code Administrator). During the 2016/17 financial year NZQA spent a total of $823,000 of EEL funding on the administration of the Code of Practice.

On 1 July 2016, the Code of Practice and the rules for the International Student Contract Dispute Resolution Scheme (DRS) came into force. The new Code of Practice replaced the previous version.

The new Code of Practice strengthens the review and sanction processes for Code of Practice breaches, and outlines ten outcomes required of signatories to the Code of Practice (Code signatories). Guidelines to the Code of Practice for schools and tertiary providers were developed and published on the Code Administrator’s website.

Key functions of the Code Administrator

The key functions of the Code Administrator under the 2016 Code of Practice are funded by the EEL and include the following:

- assessing education provider Code signatory applications and removing Code signatory status when requested
- dealing with complaints and referrals of alleged breaches of the Code of Practice
- monitoring and investigating Code signatories’ compliance with the Code of Practice
- conducting investigations into issues and identified areas of non-compliance where warranted. Identifying areas for improvement, issuing compliance notices and imposing sanctions, and
- developing and maintaining guidelines and toolkits to support the implementation of the Code of Practice.

Assessing signatory applications

This financial year, eight new providers became Code signatories and 68 have requested removal of their status as a Code signatory, resulting in a reduction in the overall number of Code signatories. Code signatories in the school sector made up 62% of those requesting removal of Code signatory status, mainly because they have not enrolled international students for some time. At 30 June 2017, there were 1,008 Code signatories. Table 2 shows Code signatories by sector and type of provider.
Table 2: Code Signatories by Sector and Provider Type to 30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>525</td>
<td>494</td>
<td>472</td>
<td>458</td>
<td>430</td>
</tr>
<tr>
<td>Secondary</td>
<td>294</td>
<td>301</td>
<td>301</td>
<td>298</td>
<td>292</td>
</tr>
<tr>
<td>Composite</td>
<td>73</td>
<td>60</td>
<td>57</td>
<td>60</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total schools</strong></td>
<td>892</td>
<td>855</td>
<td>830</td>
<td>816</td>
<td>780</td>
</tr>
<tr>
<td>Public Tertiary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Institutions</td>
<td>30</td>
<td>28</td>
<td>28</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Private training</td>
<td>243</td>
<td>231</td>
<td>228</td>
<td>226</td>
<td>202</td>
</tr>
<tr>
<td>establishments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total tertiary</strong></td>
<td>273</td>
<td>259</td>
<td>256</td>
<td>252</td>
<td>228</td>
</tr>
<tr>
<td><strong>Total signatories</strong></td>
<td>1,170</td>
<td>1,124</td>
<td>1,096</td>
<td>1,068</td>
<td>1,008</td>
</tr>
</tbody>
</table>

**Complaints**

NZQA received eighteen complaints about suspected breaches of the Code of Practice this year, primarily concerning PTEs. Half of the complaints were about financial and contractual matters and were referred to the disputes resolution scheme.

**Ongoing monitoring and investigating of signatories**

A range of mechanisms are used to monitor schools and tertiary education organisations. These include monitoring the submission of annual attestations, scrutiny of self-review reports, evaluating international student well-being and Code of Practice compliance in external evaluation and review undertaken by NZQA for non-university tertiary Code signatories, and by the Education Review Office (ERO) for schools, and targeted site visits to organisations. NZQA also assesses complaints and investigates these where warranted.

**School sector overview**

This financial year all but three schools submitted their attestation to NZQA. Compliance notices requesting the attestation and self-review report were issued to these schools and each has subsequently complied with the notice.

During the 2016/17, ERO reviewed and reported to NZQA on the quality of education and care for international students in 33 Code signatory schools. Four schools were formally reported to NZQA to follow up on possible issues with Code of Practice compliance.

**Tertiary overview**

This year all tertiary signatories submitted their annual attestations. Code of Practice investigations mainly concerned agent management, homestay providers, record keeping, contracts and provision of information.

During the year, investigations were conducted into several PTEs Code signatories. The investigations focused on a range of education issues and were not related to the Code of Practice. As a result three PTEs were deregistered, and 16 had statutory
interventions imposed, which impacted all students enrolled, including international fee-paying students.\textsuperscript{9}

**Supporting the implementation of the Code of Practice**

To support education organisations implementing the new Code of Practice, guidelines and other resources were developed and published on the NZQA website. A letter of expectations was sent to all signatories advising them of the new Code of Practice and highlighting their responsibilities.

To provide time for signatories to understand and meet their obligations under the new Code of Practice, the self-review and attestations used to demonstrate compliance with the new Code of Practice were not required until 1 December 2016.

A significant focus this year was to provide advice to signatories regarding implementing the Code of Practice. To this end, the Ministry worked closely with other agencies and stakeholders involved with the well-being and safety of international students (including ENZ and Immigration New Zealand).

**Dispute resolution and reimbursements**

**The International Student Contract Dispute Resolution Scheme**

The International Student Contract Dispute Resolution Scheme (the DRS) came into force on 1 July 2016 and is funded by the EEL. The DRS was set up as an independent way to resolve financial and contractual disputes between international students and their education providers. FairWay Resolution Limited operates the DRS as iStudent Complaints. In 2016/17, establishing, delivering and raising awareness about the DRS cost $271,200.

For the year ending 30 June 2017, iStudent Complaints received 71 enquiries/complaints from international students. The number of cases entering the formal dispute resolution process is low, with most concerns resolved during the enquiry phase.

Chart 2 shows that 70\% of dissatisfactions related to financial and refund matters. Students often believe that providers have failed to take into consideration individual circumstances when determining eligibility for refund. When matters reach adjudication, it is often found that providers have considered the student’s circumstances.

Some enquiries related to academic matters which are not within the jurisdiction of iStudent Complaints (shown in chart 2 as ‘other’). These were referred to NZQA or the Office of the Ombudsman for assessment.

\textsuperscript{9} see section *reimbursement of international students* on page 22 for more detail.
Chart 2: **Nature of iStudent Complaint enquiries for the year ending 30 June 2017**

Chart 3 shows that most of the enquiries or complaints involve a PTE (62). A small number of enquiries or complaints were about universities (5), ITPs (3) and intermediate schools (2). There were no complaints relating to secondary or primary schools, or wananga.

Chart 3: **Number of iStudent Complaint enquiries by education provider type for the year ending 30 June 2017**

---

**The International Education Appeal Authority and International Education Review Panel**

The International Education Appeal Authority (IEAA) and the International Education Review Panel (the Review Panel) are funded by the EEL. Both the IEAA and the Review Panel were disestablished when the new Code of Practice and DRS took effect, but continued to exist to complete all cases lodged before 1 July 2016.

The IEAA, which had three panel members, adjudicated on complaints received from international students or their authorised representatives, or those referred to it by NZQA as the Code Administrator, concerning alleged breaches of the Code of Practice.

The IEAA had seven cases outstanding as at 1 July 2016, all of which have been completed in the 2016/17 year.

The Review Panel considered recommendations made by the IEAA when a signatory had committed a serious breach of the Code of Practice, or had not satisfactorily complied with a sanction imposed. None of the cases received in 2015/16 were referred to the Review Panel.

In 2016/17, EEL spending on the International Education Appeal Authority totalled $44,926. This includes payment for administration and case management services, and to panel members.
Reimbursement of the Crown and international students

Under sections 238I(1A) and (1B) of the Education Act 1989, the responsible Minister is empowered to use the EEL to reimburse expenses incurred in assisting international students affected by the closure of a PTE.

PTEs are expected to meet any costs to students affected by the failure to deliver a course of study or training. PTEs are required to place tuition fees received from students in a trust account which can be used to reimburse costs associated with PTE failure.

However, under some circumstances, there is insufficient money available in the trust account to refund international students or to pay transfer costs to a new high quality provider. In this situation, to protect international students’ interest and New Zealand’s reputation, EEL funds can be used to cover these costs.

During the 2016/17 financial year, three PTEs closed resulting in a total drawdown on the EEL of $901,006. In addition, a total of $7,176 was accrued for the assessment of Level 7 international students from Linguis International Institute. The total EEL drawdown for the financial year was $908,182.

International Academy of New Zealand

Following concerns about the International Academy of New Zealand’s (IANZ) assessment practices and capability to deliver the National Diploma in Business (Level 6), NZQA required 363 international students to be independently reassessed in September 2016. The reassessment found a number of students could not meet the requisite standard to retain credits awarded by IANZ or to continue with their courses. Many of these students were required to sit English language proficiency tests and undertake remedial courses in order to continue with their studies.

Costs related to the closure of IANZ and transfer of affected international students to EDENZ amounted to $649,967. This included re-assessment, English language testing, intensive remedial courses, English tuition and re-enrolment for failed papers.

South Canterbury School of English Language Limited (Trading as Aotearoa Tertiary Institute)

As a result of non-compliance with the PTE registration rules, NZQA cancelled the registration of the Aotearoa Tertiary Institute (ATI) on 17 January 2017. About 150 international students affected by the closure were transferred to the Manukau Institute of Technology (MIT).

The cost incurred in transitioning the ATI international students to MIT totalled $246,703 and covered individual learning plans, English language testing, Recognition of Prior Learning processing, delivery of remaining papers and course enrolments.

Kui Airani Angaanga Tupuna Trust

On 1 August 2016, NZQA advised that it had cancelled the registration for the Kui Airani Angaanga following its liquidation. The EEL was used to directly reimburse fees for the small number of students affected at a total of $4,336.
Export Education Levy

Financial statements for the year ended 30 June 2017
Statement of responsibility

In Terms of Section 238I (3) of the Education Act 1989

The Ministry of Education as the agency responsible for administering the Export Education Levy has prepared these financial statements. The Secretary for Education accepts responsibility for the preparation of the annual financial statements and they have been prepared in accordance with generally accepted accounting practice.

Appropriate systems of internal control have been employed to ensure that all transactions are executed with appropriate authorisation, that all transactions are correctly processed and accounted for in the financial records, and that the assets are properly safeguarded.

In our opinion, the financial statements fairly reflect the financial position as at the end of the financial year and the financial performance and cash flows for the financial year ended 30 June 2017. We authorise the issuance of these financial statements on 8 December 2017.

Iona Holsted
Secretary for Education

8 December 2017
INDEPENDENT AUDITOR’S REPORT

TO THE READERS OF EXPORT EDUCATION LEVY’S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The Auditor-General is the auditor of the Export Education Levy (the Levy). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Levy on his behalf.

Opinion

We have audited the financial statements of the Levy on pages 24 to 33 that comprise the statement of financial position as at 30 June 2017, the statement of financial performance, 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.

In our opinion, the financial statements of the Levy:

- present fairly, in all material respects:
  - its financial position as at 30 June 2017; and
  - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Our audit was completed on 8 December 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Ministry of Education and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

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

Responsibilities of the Ministry of Education for the financial statements

The Ministry of Education is responsible on behalf of the Levy for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Ministry of Education is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Ministry of Education is responsible on behalf of the Levy for assessing the Levy’s ability to continue as a going concern. The Ministry of Education is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or terminate the activities of the Levy, or there is no realistic alternative but to do so.


Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit 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 the Levy’s internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Levy.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Ministry of Education and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Levy’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Levy to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Ministry of Education regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Ministry of Education is responsible for the other information. The other information comprises the information included on pages 3 to 20, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Levy in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements for the Ministry in the areas of school payroll reporting assurance, assurance in relation to a new financial management information system and accreditation in relation to cyber security.

Other than the audit and these engagements, we have no relationship with or interests in the Levy.

Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
Statement of Financial Position
As at 30 June 2017

The Statement of Financial Position reports the total assets and liabilities for the Export Education Levy. The difference between the assets and liabilities is the equity.

<table>
<thead>
<tr>
<th>Note</th>
<th>Jun-17 $</th>
<th>Jun-16 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>4,734,334</td>
<td>5,545,845</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>6,130,031</td>
<td>5,505,950</td>
</tr>
<tr>
<td>Term deposits</td>
<td>1,630,232</td>
<td>1,605,258</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>962,190</td>
<td>382,709</td>
</tr>
<tr>
<td>GST receivable</td>
<td>325,098</td>
<td>134,928</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>9,047,551</td>
<td>7,628,845</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>4,149,052</td>
<td>2,031,152</td>
</tr>
<tr>
<td>Accrued creditors</td>
<td>164,165</td>
<td>51,848</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>4,313,217</td>
<td>2,083,000</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>4,734,334</td>
<td>5,545,845</td>
</tr>
</tbody>
</table>

The accounting policies and notes are an integral part of the statement.
## Statement of Financial Performance
For the year ended 30 June 2017

The Statement of Financial Performance details the income and expenditure on an accrual basis relating to all goods and services produced for the Export Education Levy.

<table>
<thead>
<tr>
<th>Notes</th>
<th>Jun-17</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export education levies</td>
<td>5,395,734</td>
<td>5,028,193</td>
</tr>
<tr>
<td>Interest received</td>
<td>128,365</td>
<td>125,034</td>
</tr>
<tr>
<td>Other income</td>
<td>52,845</td>
<td>10,838</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>5,576,944</td>
<td>5,164,065</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fee</td>
<td>8,100</td>
<td>8,100</td>
</tr>
<tr>
<td>Code of practice</td>
<td>823,000</td>
<td>403,992</td>
</tr>
<tr>
<td>Dispute resolution service</td>
<td>271,200</td>
<td>80,000</td>
</tr>
<tr>
<td>International Education Appeal Authority</td>
<td>44,926</td>
<td>89,718</td>
</tr>
<tr>
<td>Marketing and promotions</td>
<td>2,176,052</td>
<td>2,483,198</td>
</tr>
<tr>
<td>Operating costs</td>
<td>147,543</td>
<td>139,703</td>
</tr>
<tr>
<td>Professional and industry development</td>
<td>1,531,752</td>
<td>936,164</td>
</tr>
<tr>
<td>Research</td>
<td>477,700</td>
<td>362,138</td>
</tr>
<tr>
<td>Support for students affected by failure of providers</td>
<td>908,182</td>
<td>9,442</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>6,388,455</td>
<td>4,512,455</td>
</tr>
<tr>
<td><strong>Net Surplus/(Deficit)</strong></td>
<td>(811,511)</td>
<td>651,610</td>
</tr>
</tbody>
</table>

The accounting policies and notes are an integral part of the statement.
Statement of Changes in Equity
For the year ended 30 June 2017

The Statement of Changes in Equity shows the increase or decrease in the net assets between the start and end of the financial year.

<table>
<thead>
<tr>
<th></th>
<th>Jun-17</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity 1 July</td>
<td>$5,545,845</td>
<td>$4,894,235</td>
</tr>
<tr>
<td>Net Surplus/(Deficit)</td>
<td>$(811,511)</td>
<td>$651,610</td>
</tr>
<tr>
<td>Equity 30 June</td>
<td>$4,734,334</td>
<td>$5,545,845</td>
</tr>
</tbody>
</table>

The accounting policies and notes are an integral part of the statement.
Statement of Cash Flows  
For the year ended 30 June 2017

The Statement of Cash Flows summarises the cash movements in and out of the Export Education Levy Account during the financial year. It takes no account of money owed to it or by it and therefore differs from the Statement of Financial Performance.

<table>
<thead>
<tr>
<th></th>
<th>Jun-17 $</th>
<th>Jun-16 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Inflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export Education Levy</td>
<td>4,843,707</td>
<td>5,019,238</td>
</tr>
<tr>
<td>Interest</td>
<td>76,431</td>
<td>138,184</td>
</tr>
<tr>
<td>Other receipts</td>
<td>52,845</td>
<td>10,837</td>
</tr>
<tr>
<td>GST (Net)</td>
<td>-</td>
<td>129,476</td>
</tr>
<tr>
<td><strong>Total Cash Inflows</strong></td>
<td>4,972,983</td>
<td>5,297,735</td>
</tr>
<tr>
<td><strong>Cash Outflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>(133,795)</td>
<td>(133,709)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>(4,024,937)</td>
<td>(2,942,452)</td>
</tr>
<tr>
<td>GST (Net)</td>
<td>(190,170)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Cash Outflows</strong></td>
<td>(4,348,902)</td>
<td>(3,076,161)</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>624,081</td>
<td>2,221,574</td>
</tr>
</tbody>
</table>

Cash at bank at year start  
5,505,950  3,284,376

Cash at bank at year end  
6,130,031  5,505,950

The accounting policies and notes are an integral part of the statement.
Statement of Commitments, Contingent Assets and Liabilities

Statement of Commitments
There are no commitments at 30 June 2017 (2016: $Nil).

Statement of Contingent Assets
There are no contingent assets at 30 June 2017 (2016: $Nil).

Statement of Contingent Liabilities
There are no contingent liabilities at 30 June 2017 (2016: $Nil).
Notes to the Financial Statements
Note 1- Summary of significant accounting policies

Statement of compliance and basis of preparation

Statement of compliance

The Export Education Levy (the Levy) is a scheme administered by the Ministry of Education in accordance with section 238H of the Education Act 1989 (the "Act").

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as required by S238I of the Act.

The financial statements of the Export Education Levy comply with Public Benefit Entity (PBE) standards.

The financial statements have been prepared in accordance with Tier 2 PBE Standards.

Measurement base

The financial statements have been prepared on a historical cost basis, unless otherwise stated.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated.

Specific accounting policies

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of any entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded a fair value through surplus or deficit, transaction costs that are to the acquisition of the financial asset. The Levy's financial assets include: cash, short term deposits, trade and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Losses arising from impairment are recognised in the statement of financial performance.

Impairment of financial assets

Impairment of financial assets is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of a doubtful debts provision, and the amount of the loss is recognised in the net surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).
Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of accounts payable, net or directly attributable transaction costs. The Levy’s financial liabilities are accounts payable.

Subsequent measurement

Financial liabilities at amortised cost

This is the category of financial liabilities relevant to the Levy. After initial recognition, accounts payable are subsequently measured at amortised cost using the effective interest rate method. Accounts payable arise from exchange transactions.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Accounts payable are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the effective interest rate.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or services potential will flow to the Levy and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions

Levies

Levy revenue is derived from levies paid by participating educational institutions when earned.

PBE IPSAS 23 requires revenue from non-exchange transactions such as levies, to be recognised as revenue as soon as the inflow of resources can be recognised as an asset in the financial statements, unless the inflow of resources meets the definition of and recognition criteria for a liability. Non-exchange revenue from levies can only be deferred and recognised as a liability if there is a condition attached to the income that requires an entity to use the income as specified by the grantor or return the cash (or other resources transferred under the grant) if the entity does not perform as specified.

Revenue from exchange transactions

Interest Revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Expenditure

Expenses are largely recognised as support to pay costs incurred by Education New Zealand and the operation of the Code of Practice office. Education New Zealand operates a work programme on behalf of the industry in the areas of professional development, marketing and
research. This is recognised as an expense when the Export Education Levy refunds the Ministry of Education who initially pay Education New Zealand.

If a private training establishment does not provide the course of study or training and does not refund international students for tuition fees or any other payments, the Levy may be used to reimburse those students. The expense is recognised when refund is made to the Ministry of Education who initially make the refund.

**Goods and Services Tax**

Revenues and expenses are recognised net of the amount of GST except:

- When the GST incurred on a purchase of services is not recoverable from the taxation authority, in which the GST is recognised as part of the cost of the expense item, as applicable; and
- In the case of receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

The Ministry of Education as agent for the levy is a registered person in terms of the Goods and Services Tax Act 1985. All statements are GST exclusive except for Accounts payable and Accounts receivable in the Statement of Financial Position.

**Equity**

Equity is measured as the difference between total assets and total liabilities and comprises the accumulated surpluses and deficits since the formation of the Levy.

**Significant accounting judgements, estimates and assumptions**

The preparation of the Levy's financial statements does not require management to make any significant judgements, estimates or assumptions.

**Comparatives**

Where changes in presentation of the financial statements have been made, comparative figures have been amended to reflect the changes.

**Note 2 - Accounts Receivable**

<table>
<thead>
<tr>
<th></th>
<th>Jun-17</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables (exchange transaction)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Accrued interest (exchange transaction)</td>
<td>39,447</td>
<td>12,487</td>
</tr>
<tr>
<td>Levy income due but not received (non-exchange transaction)</td>
<td>930,944</td>
<td>369,284</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(8,201)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>962,190</td>
<td>382,709</td>
</tr>
</tbody>
</table>
Note 3 – Marketing and promotions

<table>
<thead>
<tr>
<th>Description</th>
<th>Jun-17</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising, events, fairs and marketing campaigns</td>
<td>$1,065,727</td>
<td>$1,322,479</td>
</tr>
<tr>
<td>Brand, creative, traditional and digital media strategy, planning and buying</td>
<td>$160,029</td>
<td>$74,345</td>
</tr>
<tr>
<td>Enhancements to digital property e.g. student attraction website</td>
<td>$241,753</td>
<td>$247,362</td>
</tr>
<tr>
<td>Agent and media familiarisation travel &amp; other incidentals</td>
<td>$38,543</td>
<td>$70,532</td>
</tr>
<tr>
<td>Market diversification: Colombia, USA and South-East Asia</td>
<td>-</td>
<td>$768,480</td>
</tr>
<tr>
<td>Student well-being initiatives</td>
<td>$420,000</td>
<td>-</td>
</tr>
<tr>
<td>Student alumni activities</td>
<td>$250,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,176,052</td>
<td>$2,483,198</td>
</tr>
</tbody>
</table>

Note 4 - Professional and industry development

<table>
<thead>
<tr>
<th>Description</th>
<th>Jun-17</th>
<th>Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional partnerships programme</td>
<td>$263,521</td>
<td>$182,845</td>
</tr>
<tr>
<td>Workshops, seminars and events</td>
<td>$18,231</td>
<td>$5,726</td>
</tr>
<tr>
<td>Expansion of regional partnership programme</td>
<td>$1,250,000</td>
<td>$747,593</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,531,752</td>
<td>$936,164</td>
</tr>
</tbody>
</table>

Note 5 - Financial Instruments

**2017 financial instruments are categorised as follows:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Loans and receivables</th>
<th>Financial liabilities at amortised cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>$6,130,031</td>
<td>-</td>
</tr>
<tr>
<td>Short term investments</td>
<td>$1,630,232</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$962,190</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>$4,149,052</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$8,722,453</td>
<td>$4,149,052</td>
</tr>
</tbody>
</table>

**2016 financial instruments are categorised as follows:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Loans and receivables</th>
<th>Financial liabilities at amortised cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>$5,505,950</td>
<td>-</td>
</tr>
<tr>
<td>Short term investments</td>
<td>$1,605,258</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$382,709</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>$2,031,152</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$7,493,917</td>
<td>$2,031,152</td>
</tr>
</tbody>
</table>
Note 6 - Related Party Disclosure

The Ministry of Education is a related party of the Export Education Levy. The Ministry of Education administers the Export Education Levy and provides policy advice to the government. These services are provided on an arm's length basis.

The majority of the transactions with the Ministry of Education are reimbursements for payments made by the Ministry to third party providers.

Note 6 – Events after balance date

There are no material non-adjusting events after the reporting date.