

Education New Zealand

Statement of
Performance
Expectations
2021/22

Tauaki Koronga
Tutukinga Mahi
2021/22

THINK
NEW[®]



CONTENTS

NGĀ IHIRANGI

Statement of Responsibility	3
Our Operating Intentions	4
PART ONE Statement of Performance Expectations	Error! Bookmark not defined.
Statement of Performance Expectations	8
Performance Framework	9
PART TWO Prospective Financial Statements	Error! Bookmark not defined.
Financial Strategy	13
Notes to the Prospective Financial Statements.....	16
Statement of Accounting Policies	17

STATEMENT OF RESPONSIBILITY

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

The performance to be achieved by Education New Zealand for the year ending 30 June 2022 that is specified in this Statement of Performance Expectations is as agreed with the Minister of Education.

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.

Steve Maharey | Board Chair
24 June 2021

TAUAKI KAWENGA

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 2022 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.

Lyn Provost | Deputy Board Chair
24 June 2021

OUR OPERATING INTENTIONS

Education New Zealand Manapou ki te Ao (ENZ) is a Crown Agency with a dedicated focus on international education which delivers economic, social, cultural and educational benefits for all of New Zealand. Our work ensures that international education provides enduring benefits for New Zealand by taking New Zealand education experiences to the world as well as supporting overseas and onshore study opportunities for New Zealanders.

Globally, international education is a highly competitive and dynamic sector. The COVID-19 pandemic has transformed international education, posing significant challenges and bringing recessionary impacts both globally and in New Zealand.

After tourism, international education is New Zealand's hardest hit sector by COVID-19, and subsequent border closures with varying impacts across the sub-sectors¹. We expect to see the international education sector continuing to be impacted over the coming years.

The *New Zealand International Education Strategy 2018-2030*² (NZIES) guides ENZ's objectives and direction. The *Government's Strategic Recovery Plan for International Education*³ (Recovery Plan) is a system-wide framework which sets out a new international education work programme and builds on the NZIES.

As set out in the NZIES and the Recovery Plan, ENZ's medium term approach for 2021/22 is to support and lead Government's rebuild efforts and

Ā MĀTOU KORONGA TAHA WHAKAHAERE

to continue to build a path for the sector's recovery. To support the implementation of the Recovery Plan, ENZ has embraced a wider strategic leadership role to lead New Zealand's international education delivery as part of the Recovery Plan and leads the "Transforming to a more sustainable future state" workstream.

ENZ's purpose

ENZ's purpose is to take New Zealand education experiences to the world for enduring economic, social and cultural benefits. To do this, we give effect to the Government's goals for international education by providing a range of targeted services such as marketing, promotion and overseas representation. Our purpose is also focused on supporting the recovery and transformation of international education which contributes to the wider Government's COVID-19 response and recovery efforts.

To support the rebuild of the international education sector in alignment with our international education leadership role, our strategic interventions in 2021/22 will facilitate a robust, sustainable and resilient sector that benefits New Zealand, and gives effect to the Crown's Te Tiriti responsibilities across our functions.

To achieve our goals we will deliver various initiatives, such as leading consultation and engagement with the international education sector, engaging with international students, working collaboratively with other New Zealand

¹ New Zealand's international education sector is made up of schools, universities, institutes of technology and polytechnics, private training establishments, English language schools and education businesses (like education technology).

² <https://enz.govt.nz/about-enz/international-education-strategy>

³ <https://enz.govt.nz/home/recovery-plan-for-international-education-sector/>

government agencies as well as strengthening links with International Education Ministers.

Our work with providers and partners both nationwide and globally will enable New Zealand's educational system to be presented to the world in a way that acknowledges the importance of Te Tiriti and a Māori world view, ensuring that international students are exposed to the Māori world view as something unique to New Zealand and of international applicability and benefit.

Our outcomes framework

This Statement of Performance Expectations for 2021/22 outlines our performance targets, which are based on the strategic framework presented in ENZ's Statement of Intent 2019-2023, describing our strategic levers and how we will measure the impact of what we do. This document should also be read in conjunction with the key strategic documents for New Zealand's international education sector including the Recovery Plan.

Our operating environment

ENZ will continue to address the constant change our operating environment has been undergoing due to the significant multi-year impacts of the COVID-19 pandemic on the New Zealand international education sector. To ensure that our engagement remains targeted and relevant during these unprecedented times, ENZ is in the process of reprioritising our medium-term activities to deliver the greatest impact. This refocuses of ENZ's direction over the next four years and our emerging work programme, and we will develop a new Statement of Intent for 2022/2026 and a new Statement of Performance Expectations for 2022/23 in 2021/22.

Our focus for 2021/22

The NZIES sets out a path for New Zealand. At its heart, a strong, equitable, high-quality education system with a vibrant international focus, and globally connected students, workers and education providers. All of ENZ's work is, and will continue to be underpinned by the NZIES.

To reduce the significant impacts on New Zealand's international education sector, ENZ refocused its short-term activities to support the rebuild of international education and enable the sector to recover and build back better from the impacts of the COVID-19 pandemic in the longer term.

Our focus for 2021/22 will continue to build on the work we have done over the last year by further developing a range of key strategic initiatives to support the sector's capability and ability to rebuild, and recover from the impacts of the pandemic in the long term.

To achieve our key objectives, we are repositioning the New Zealand education brand to ensure that it remains visible and globally competitive. Maintaining brand preference is a fundamental aspect to maintaining preference for New Zealand education and in turn supporting Government's rebuild and recovery efforts.

Given the wide range of factors, ENZ will continue to explore opportunities to grow and diversify where and how New Zealand education is delivered globally, whilst continuing to focus on ensuring that excellent education and student experience outcomes are achieved for international learners.

Learning with New Zealand

One of ENZ's immediate focus areas, will continue to be student mobility. The COVID-19 pandemic has meant that the number of international students in New Zealand has continued to decline, causing multi-year reductions in the number of international learners in New Zealand. Retaining existing international students is key, balanced with ensuring student's mental and physical wellbeing, excellent student experience and quality education. Facilitating a return of students with other education agencies is equally important, ensuring the international education brand remains visible, and a viable option when the time is right.

One of our key drivers for diversification is our regional development work programme which is

designed to activate innovation and economic growth in the regions. Outcomes of this work will see new partnerships with iwi, Māori and Māori providers of education services to transform the understanding of international education and ensure that the education system delivers with, and for Māori in the international context. This work will also contribute to gaining buy-in of New Zealanders, with international education seen as a key component of New Zealand's future.

Connections with the world

Our global initiatives continue to position the New Zealand education brand in-market by undertaking marketing and promotional work to maintain for New Zealand education whilst the borders remain closed.

ENZ will make use of its international network to benefit the sector and New Zealand more broadly, by building and strengthening partnerships and academic reciprocity. This will be done by fostering relevant and mutually beneficial connections in the government, education, and academic areas, and expanding New Zealand's reputation as a partner for international education.

ENZ through its international relationships, data and market intelligence will identify opportunities and develop the necessary global initiatives that will leverage the sector's internationalisation strategies. This will create long-term, sustainable benefits to New Zealand education.

ENZ is committed to fostering relationships that offer the sector the opportunity to position New Zealand as a quality education partner in diversity, equity, inclusion.

Diversification of education products and services

Our export education focus area is leading a comprehensive programme to contribute to the development of a diverse and sustainable sector that is able to use other modes of education delivery, providing new products and services. A stream of ongoing engagement will be implemented to support the sector to adopt non-traditional approaches to the delivery of

international education to complement onshore delivery. This will assist enhanced sector capability and will create opportunities for New Zealand education to tap into new audiences and ensure that global opportunities are maintained for New Zealand education.

ENZ will carry out work to continue to share intelligence and insights so that it can help underpin the sector's strategies. We will continue to refine existing intelligence and insight products and develop new products so that we support information and intelligence provision on the current state of international education, both in New Zealand and globally.

ENZ's capability

We continually work towards building wider support and awareness of international education benefits in New Zealand as this is a critical success factor for the sector. Our recent research has shown that many New Zealanders are unaware of the benefits of international education. To address this, ENZ will develop and implement a long-term strategy to create and widely promote a new refreshed narrative that reflects the post COVID-19 world and contributes to greater public understanding of international education across New Zealand.

ENZ's Rautaki Māori, our Māori Strategy's three Ngā Whainga are woven into ENZ's purpose, culture and corporate brand. ENZ will continue to lift leadership and revitalise staff's cultural capability and practice to support meeting our public sector objectives for strengthening Māori-Crown relationship.

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 2021/22 and also audited.



STATEMENT OF PERFORMANCE EXPECTATIONS

TAUAKI KORONGA TUTUKINGA MAHI

The table below summarises Education New Zealand's appropriations. They are defined in the Budget 2021 Estimates of Appropriations for Vote Tertiary Education.

Summary of appropriations

\$000	2021/22
Vote Tertiary Education	
Non-departmental output expense	
International education programmes	37,514
Benefits and other related expenses	
Tertiary scholarships and awards	3,750
Total baseline	41,264

Cost of service statements

Total appropriations

\$000	Budget 2020/21	Estimated actual 2020/21	Forecast 2021/22
Revenue			
Revenue from the Crown ⁴	34,563	32,994	41,264
Interest revenue	100	71	68
Other revenue	1,250	300	-
Total revenue	35,913	33,365	41,332
Total expenditure	35,913	33,365	41,332
Surplus	-	-	-

⁴ The NZ IDRS scheme was completed in 2020/21. The 2021 Budget revenue was \$0.3m with expenditure of \$0.3m and a nil surplus. The 2021 Estimated Actual was the same as the 2021 Budget.

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 outcome 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 delivering an excellent student experience, achieving sustainable growth 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 2020/21	Estimated actual 2020/21	Forecast 2021/22
Revenue			
Revenue from the Crown	30,513	32,694	37,514
Interest revenue	100	71	68
Other revenue	1,250	300	-
Total revenue	31,863	33,065	37,582
Total expenditure	31,863	33,065	37,582
Surplus	-	-	-

Performance measure	Actual 2019/20	Target 2020/21	Target 2021/22
Supporting the rebuild of the international education sector by leading the implementation of the government's Strategic Recovery Plan's 'Transforming to a more sustainable future state' workstream, with:			
— An increase in onshore international student numbers ⁶	N/A	New measure in 2021/22	Achieved
— Increased ENZ engagement and collaboration with providers and businesses to support a diversified international education sector ⁷	N/A	New measure in 2021/22	Establish baseline
— Facilitate engagement and collaboration via the Chief Executive's Group to ensure greater alignment across government agencies to	N/A	New measure in 2021/22	Achieved

⁵ The Government's goals are set out in the International Education Strategy 2018- 2030: <https://enz.govt.nz/about-enz/international-education-strategy/> and the Strategic Recovery Plan for International Education: <https://enz.govt.nz/home/recovery-plan-for-international-education-sector/>

⁶ This is a new measure, intended to measure the "early return of students" activity set out in the Recovery Plan. This is focused on the return of students when it is safe to do so as an important part of the sector's recovery. The 2020 international student enrolment numbers will be used as a baseline. Onshore international students are non-residents of New Zealand and have expressly entered New Zealand with the intention of study. This includes international PhD students, exchange students, NZ Aid students, foreign research post-graduate students and full fee-paying international students who have entered New Zealand.

⁷ This is a new measure, intended to reflect ENZ's role in leading the 'Transforming to a more sustainable future state' workstream as set out in the Recovery Plan. ENZ works with the sector to support a diversified international education sector. ENZ plans to survey the New Zealand international education sector to establish the baseline for improved engagement and collaboration. This measure reflects the longer term/multi-year nature of the sector's recovery from the COVID-19 pandemic.

Performance measure	Actual 2019/20	Target 2020/21	Target 2021/22
support the implementation of the Recovery Plan ⁸			
Number of students studying towards a New Zealand qualification through ENZ's offshore study partners or partner qualifications. ⁹	N/A	New measure in 2021/22	Benchmark year
The percentage of facilitated customers ¹⁰ that agree ENZ's services and support have added value to their organisation.	Not measured ¹¹	At least 85%	At least ≥ 75% ¹²
The percentage of users satisfied with the information and intelligence provided by ENZ.	Not measured ¹³	≥ 87% of users rate it as good or higher	≥ 87% of users rate it as good or higher
The percentage of Active Visits ¹⁴ on ENZ's studyinnewzealand.govt.nz website.	≥ 77%	≥ 75%	≥ 75%
Number of registrations to ENZ's Student Membership Programme through the studyinnewzealand.govt.nz website.	93,052	80-100,000	55-70,000
Number of registrations to NauMai NZ.	6,263	2,800	2,000 ¹⁵
Number of key messages about the benefits to New Zealand from international education delivered by third parties. ¹⁶	52	100	100

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 the Prime Minister's Scholarship for Latin America. The administration costs for running the scholarship programmes sit within the International education programmes appropriation.

What is Intended to be achieved with this appropriation?

This appropriation is intended to achieve access to wider international educational opportunities for skilled New Zealanders to enhance their existing skills. Due to the COVID-19 pandemic, no scholarships were awarded by ENZ in 2020/21.

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for payments of Tertiary Scholarships and Awards under the Education and Training Act 2020.

⁸ This is a new measure intended to reflect ENZ's role in supporting the implementation of the Recovery Plan and the expected impacts of the Recovery Plan. ENZ's work with managing the Chief Executives' Group will contribute to the New Zealand education sector rebuild and reset longer-term. This measure reflects the longer term/multi-year nature of the sector's recovery from the COVID-19 pandemic.

⁹ This new measure reflects the NCUK-Universities New Zealand-ENZ partnership that will allow students to begin a New Zealand university qualification without leaving home. This initiative supports the 'Transforming to a more sustainable future state' workstream of the Recovery plan by building the sector's transnational education capability and providing greater resilience to future student mobility impacts.

¹⁰ 'Facilitated customers' are large education providers, peak bodies and regional partners that ENZ business development managers work actively with to provide growth-focused services and targeted support.

¹¹ Due to the significant impact of COVID-19 on the international education sector and the cross agency work to provide communications and support to the international education sector, ENZ did not survey the sector about ENZ's work.

¹² The target has been amended as ENZ expects the significant and ongoing impacts of the pandemic on the sector to be reflected in the sector's satisfaction with ENZ's support and to allow for the changed operating environment for these customers and to reflect the changing work programme for ENZ.

¹³ Due to the significant impact of COVID-19 on the international education sector and the cross agency work to provide communications and support to the international education sector, ENZ did not survey the sector about ENZ's work.

¹⁴ 'Active visits' are defined as those where the visitor engages with the website content, e.g. clicking links, scrolling and viewing multiple pages or video. It is considered a measure of both the quality of the traffic to the website and the quality of the content on the website.

¹⁵ ENZ's NauMai NZ the official government digital platform tailored for an international student audience to provide clear, timely information for international students. The reduced target is based on the current trend of running at 6% of the year target of the student population and border closures. ENZ will continue to invest into social promotions across all our platforms to promote the content on ENZ's student experience platform and drive this growth, to encourage registrations to NauMai NZ.

¹⁶ This measure is intended to measure the use of ENZ's key messages about the benefits of international education to New Zealand by third parties which includes media, opinion leaders and broadcast production.

\$000	Budget 2020/21	Estimated actual 2020/21	Forecast 2021/22
Revenue			
Revenue from the Crown	3,750	-	3,750
Total revenue	3,750	-	3,750
Total expenditure	3,750	-	3,750
Surplus	-	-	-

**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 in order 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 2020/21	Forecast 2021/22
Revenue		
Revenue from the Crown - Operating	32,694	37,514
Revenue from the Crown - Scholarships	300	3,750
Interest revenue	71	68
Other revenue	300	-
Total revenue	33,365	41,332
Expenditure		
Personnel	13,000	13,153
Other expenditure	19,835	24,192
Depreciation and amortisation expense	230	237
Scholarship expenses	300	3,750
Total expenditure	33,365	41,332
Surplus	-	-
Total comprehensive revenue and expense	33,365	41,332

Prospective statement of movements in equity

\$000	Estimated actual year ending 30 June 2021	Forecast year ending 30 June 2022
Equity		
Balance at 1 July	2,812	2,812
Deficit	-	-
Balance at 30 June	2,812	2,812

Prospective statement of financial position

\$000	Estimated actual year ending 30 June 2021	Forecast year ending 30 June 2022
Assets		
Current assets	5,533	5,680
Non-current assets	329	182
Total assets	5,862	5,862
Liabilities		
Current liabilities	3,050	3,050
Total liabilities	3,050	3,050
Net assets	2,812	2,812
Equity	2,812	2,812

Prospective statement of cash flow

\$000	Estimated actual 2020/21	Forecast 2021/22
Cash flows from operating activities		
Receipts from the Crown	32,994	41,264
Receipts from other revenue	300	-
Payments to suppliers	(22,310)	(27,942)
Payments to employees	(13,000)	(13,153)
Net cash flows from operating activities	(2,016)	170
Cash flows from investing activities		
Interest received	71	68
Receipts for new term deposits	500	-
Purchase of property, plant, and equipment	-	(90)
Net cash flows from investing activities	571	(23)
Net cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(1,445)	147
Cash and cash equivalents at the beginning of the year	2,128	683
Cash and cash equivalents at the end of the year	683	830

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

\$000	Estimated actual 2020/21	Forecast 2021/22
Surplus	-	-
Add non-cash items		
Depreciation and amortisation expense	230	237
Total non-cash items	230	237
Less items classified as investing or financing activities		
Interest received	(71)	(68)
Total items classified as investing or financing activities	(71)	(68)
Add/(less) movements in working capital		
Decrease in receivables	130	-
Decrease in prepayments	130	-
(Decrease) in payables	(2,297)	-
Increase in provisions	143	-
(Decrease) in employee entitlements	(281)	-
Net movement in working capital items	(2,175)	-
Net cash flow from operating activities	(2,016)	170

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 2021 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 (the Education Amendment Act 2011). As such ENZ's ultimate parent is the New Zealand Crown. ENZ is funded primarily by government through Vote Tertiary Education.

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

Basis of preparation

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Education Act 1989 (the Education Amendment Act 2011) which includes the requirement to comply with generally accepted accounting practice in New Zealand (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 2021-2022 of ENZ to the Minister of Education. 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 industry development purposes and periods. Subsequent payment of the co-funding amounts is dependent on the recipient meeting terms and conditions laid out in the co-funding contract between ENZ and the recipient.

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

Foreign currency transactions

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

Operating leases

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

Cash and cash equivalents

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

Receivables

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

Investments

Bank term deposits

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

Property, plant, and equipment

Property, plant, and equipment asset classes refer to computer hardware.

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:

Computer hardware	3 years, 33.3% per annum
-------------------	--------------------------

Intangible assets

Development of digital assets

Costs that are directly associated with the development of digital assets which are made available for industry use are recognised as an intangible asset. These costs include asset production costs, employee costs and any directly attributable overheads.

Costs associated with maintaining digital assets, software licence costs and the development and maintenance of ENZ websites are recognised as an expense when incurred.

Amortisation

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

Digital assets	4 years, 25% per annum
----------------	------------------------

Impairment of property, plant and equipment and intangible assets

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

statement of comprehensive revenue and expense.

Payables

Payables are recorded at their face value.

Employee entitlements

Short term employee entitlements

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

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

Long term employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Lease make-good

Where there is an indication or expectation from the lessor that a building is to be returned to its

original condition at the end of the lease period, a provision for the estimated cost to make good the premise is made. Lease make-good provisions are recorded at cost and are recognised on a straight-line basis over the period of the lease.

Scholarships

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

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

Equity

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Critical accounting judgements, estimates and assumptions

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

Specific assumptions

Interest revenue is based on the average investment balance held with a 1.5% rate of return applied.

Other revenue relates to various cost recoveries and assumes ENZ will not charge for events and fairs.

Overall Personnel costs increase by 1%, as some individual salary increases are included.

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 fitouts.

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.



Education New Zealand
Level 5, 160 Lambton Quay
Lambton House
Wellington 6144

Phone: +64 4 472 0788
Industry website: www.enz.govt.nz
NZBN: 9429041901793

Crown copyright © 2021



This work is licensed under the Creative Commons Attribution 4.0 International License. To view a copy of this license, visit <http://creativecommons.org/licenses/by/4.0/>.
ISSN 2381-9871 (Print)
ISSN 2381-988X (Online)