



Education Report: Advice on Education New Zealand's performance – Quarter 1, 2021/22

To:	Hon Chris Hipkins, Minister of Education		
Date:	25 January 2022	Priority:	Medium
Security Level:	In Confidence	METIS No:	1275230
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper provides our assessment of the performance of Education New Zealand (ENZ). It covers Quarter 1 and most of Quarter 2.

Summary

- Due to the ongoing impacts of COVID-19 on the international education industry in New Zealand, we have not been able to conduct an analysis over ENZ's performance measures for the period covered by this report.
- We carried out a comprehensive series of engagements with ENZ between July and November 2021, which included areas where we considered ENZ needed to make improvements, such as: business and project planning, workforce capability, and cybersecurity. We also covered ENZ's work on the international student experience, staff wellbeing, Te Tiriti o Waitangi, ENZ's overseas operations (ENZ's international team) and scholarships.
- We are pleased to report positive shifts ENZ made in Quarter 1 of 2021/22 as a direct response to our previous feedback, which was outlined in our Q4 report [METIS 1267943]. In particular, ENZ has demonstrated more openness, including through the sharing of internal documents, and has started to address some gaps we had identified.
- Due to resourcing challenges, Audit New Zealand's audit of ENZ's 2020/21 annual performance results has been delayed to January 2022. This may have implications for the finalisation of ENZ's annual report and the Estimates process. We are assisting ENZ to work through these potential impacts.
- As this report covers part of Quarter 2, our next report is likely to be light on Q2 performance information but will focus on ENZ's Annual Report and provide an analysis over its performance measures.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** our assessment of Education New Zealand's performance in Quarter 1 and most of Quarter 2 2021/22

Noted

- b. **note** that we will provide your Office with a letter to the ENZ Board Chair combining this report with other ENZ advice provided to you recently

Noted

- c. **agree** that this Education Report is proactively released as part of the next publication

Release / Not release



Zoe Griffiths
Hautū
Te Puna Rangatōpū | Corporate
25/01/2022



Hon Chris Hipkins
Minister of Education

14/ 2 /2022

Proactive Release

It is intended that this Education Report is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Monitoring focus areas

Key points

- During our engagements, ENZ demonstrated increased transparency, including the sharing of internal documents. We acknowledge that it has listened to our feedback and is putting significant effort into addressing gaps we have highlighted.
- As a result, we are seeing initiatives that should help improve capability in several areas, for example the machinery of government, policy feedback processes and project management.
- In response to our feedback regarding transparency, ENZ has included in its draft Annual Report for 2020/21 more details on how funding was shifted to other pieces of work as a result of the impacts of COVID-19.
- Our next report will cover an analysis over ENZ's performance in the context of the finalisation of its Annual Report and the development of the Statement of Intent 2022 – 2026 (SOI) and Statement of Performance Expectations 2022/23 (SPE).
- We will work with your Office on a letter to the ENZ Board Chair covering this report as well as the following advice recently sent to you:
 - advice on ENZ's financial review [METIS 1259121]
 - advice on Education New Zealand's performance – Quarter 4 2020/21 [METIS 1267943]
 - advice on Education New Zealand's performance – Quarter 3, 2020/21 [METIS 1257556].

Priority areas for monitoring

Over the next quarter, priority areas for monitoring will include the following updates on:

- supporting the return of international students and ENZ's proposed marketing approach
- analysis over ENZ's Annual Report
- developing the Statement of Performance Expectations (SPE) and the Statement of Intent (SOI)
- ENZ's diversification work stream.

Financial summary

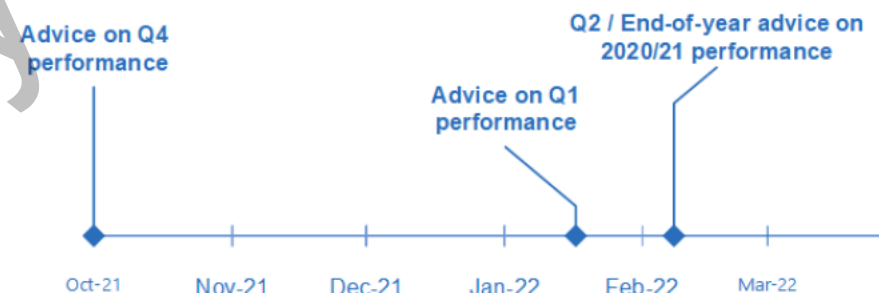
Financial performance summary

\$'000	YTD FY22 Actual	YTD FY22 Budget	YTD FY21
Revenue	9,418	9,408	9,508
Expenditure	(7,635)	(7,934)	(5,783)
Net surplus/(deficit)	1,783	1,474	3,725

Financial position summary

\$'000	As at 30 Sep 2021 Actual	As at 30 Sep 2021 Budget	As at 30 Sep 2020 Actual
Current assets	6,872	7,154	8,659
Equity	4,580	4,286	6,538
Working capital ratio	2.81	2.35	3.57

Upcoming reports



Board appointments

We provided you with an Education Report on all upcoming board appointments in 2022 and will be seeking a discussion with you early in 2022 [METIS 1275373]. Of note is the term expiry of ENZ's Board Chair, Steve Maharey, in February 2022. We included a letter in the board appointments report asking the Chair to remain on beyond his term, while the appointment/reappointment process is completed.

Monitoring focus areas

Background

We carried out a comprehensive series of engagements with ENZ over Quarter 1 and most of Quarter 2, including: the international student experience, business and project planning, cross-agency engagement, staff wellbeing, Te Tiriti o Waitangi, scholarships and cybersecurity.

We have also had discussions with ENZ to work through the impacts of the further delay in auditing ENZ operations by Audit NZ to January 2022. This delay has a knock-on effect on the finalisation of ENZ's Annual Report and the Estimates process.

ENZ International

ENZ's international team presented its framework, which includes the big picture they are operating in but also an activity plan, budget tracker, and business case templates. The team has put a significant amount of work into planning, and in remaining connected with relevant stakeholders to maintain awareness of New Zealand's education offering and protecting our education brand.

Loss of international competitiveness for New Zealand

In the context of COVID-19, one of the biggest challenges for ENZ's international team has been to maintain relationships and relevance with key overseas partners, given the uncertainty around the opening of the New Zealand border. There is intense global competition for international students and ENZ's international team considers that New Zealand has been losing ground by not signalling a timeframe for border restrictions to ease, while competitor countries, such as the UK and the US were opening to international students, and Australia was providing clear dates for doing so.

ENZ reports that this is not well understood among other government agencies, and it has been difficult for ENZ's international team to

continue engaging with partners overseas without being able to provide any certainty.

In addition, ENZ reports that there is significant concern that proposals such as limiting work rights and restricting international students in primary/intermediate schools will damage New Zealand's reputation as an open and welcoming country. This is likely to make us less attractive as an education destination than our competitors and have a negative impact on our global connectedness. This also would have a flow-on impact on the sector recovery.

Through the International Education Strategy 2018-2030 the Government clearly signalled a focus on the value of international students rather than volume. The current work underway on the Value Policy Statement should clarify this intention and this should help position New Zealand's brand internationally.

Although ENZ teams offshore have their own relationships with New Zealand government agencies, especially in-region NZ Inc partners, and to parts of the Ministry, we consider that more direct involvement in discussions around international student policy settings could make messaging to overseas audiences easier. It would also be valuable to include more of the on-the-ground perspective of ENZ's offshore staff when changes to international policy settings are considered.

Maintaining the NZ brand overseas

A substantial amount of work has gone into keeping the New Zealand education brand alive, mostly through online events and virtual fairs. At the same time, ENZ has continued to negotiate education and research cooperation arrangements with overseas institutions and local government, with a focus on internationalisation. ENZ usually consults relevant agencies, including the legal team at MFAT on these arrangements.

New Zealand is globally seen as a small player which has disadvantages but can also offer opportunities, such as having a

Monitoring focus areas

reputation for being nimble. ENZ's international team get a significant number of queries about engagements and cooperation arrangements, which need to be prioritised. Given resource limitations, both within ENZ and the sector more broadly, managing expectations can be complex. The Ministry as the lead for government-to-government arrangements can provide advice and support ENZ in this.

ENZ uses a combination of factors to assess how to prioritise requests from overseas organisations: its international framework, which sets out its values; whether they can leverage off existing relationships; and whether there are opportunities to meaningfully reciprocate.

The changes that happened as a result of the pandemic have also opened up opportunities, for example in terms of internationalisation. Institutions have been required to re-think student attraction, be clear about their value-add, and find other ways to engage with international students. This has resulted in a record number of joint programmes and provided significant opportunities for institutional partnerships. The pathways work, which has considerable potential, and online learning opportunities are good examples of that.

Business plan, Ready-to-go plan and cross-agency engagement, including CE's group

ENZ's four-year plan is the strategic framework that forms the basis for all work currently underway. It also underpins the efforts currently underway within ENZ to lift its corporate capability and improve understanding of accountability requirements as a government organisation.

As a direct response to Ministry feedback, ENZ is currently developing an induction plan on the machinery of government for the entire organisation, not only new ENZ staff. The intent is to build a knowledge base and capability over time.

ENZ has also implemented new processes to provide feedback on policy proposals, for example through the development of policy

position papers. This way, ENZ staff will be made more aware of current policy thinking, are better prepared to think through implications for their projects and able to provide well-informed feedback. We consider that this is a positive step forward.

ENZ also sees a role for itself in relaying the sector's view (including student experience) in its feedback to other government agencies' proposals. This provides a more comprehensive picture and an opportunity to have more open conversations between policymakers and implementers.

Ready-to-go plan

ENZ has put significant effort into developing a "Ready-to-go" plan. This is a joint effort of government agencies working through what is needed to prepare for the opening of the border. The plan is focused on capturing and understanding the wider policy landscape, and implications for the return of international students under different scenarios. The working draft of the plan acknowledges the "ready-to-go" planning work done by the international education sector, coordinated by Universities NZ on behalf of the Peak Body Alliance.

The Ready-to-go plan is significantly influenced by the risk-based travel pathways announced by the Prime Minister in August 2021 at the Reconnecting New Zealanders to the World forum. At this stage, the plan is at a high-level only and agnostic in relation to different types of students and source markets.

This workstream is managed through both internal ENZ and external inter-agency reference groups. It is a significant piece of work with many interdependencies. ENZ needs to continue to be agile as timelines and settings can shift at short notice. With the official announcement of progressive border re-opening from 30 April 2022, made on 24 November 2021, this area of work will continue to be a strong focus for us in the next quarter.

Monitoring focus areas

Strategic Recovery Plan for International Education - Chief Executives' Group

ENZ provided an update on the engagement with the Chief Executives (CEs) and Group Managers (GMs) groups who are tasked with overseeing and implementing the International Education Strategic Recovery Plan. The CEs Group has met three times since its establishment but lacked a formal structure that made the best use of CEs' time.

In co-operation with the Ministry's International Policy team and based on feedback from the CEs, ENZ has now put in place a forward-looking annual engagement plan, which will enable a longer-term strategic lens over this work. CEs have agreed to the plan and provided positive feedback to ENZ. We consider that this is a positive shift that should facilitate more focused and purposeful discussions at the CE level.

The CEs Group also recently commissioned a paper seeking decisions on centralised recruitment of offshore students. This is a competitive area, and the proposal is that centralised recruitment would eliminate inefficiencies, improve consistency in approaching offshore students, and help with the sector re-build. We consider this a good example of how the CEs group can work together to test policy options and drive the recovery work programme.

ENZ recognises that it would need to work closely with the sector if this piece of work were to progress further. Given current fatigue in the sector around engagement from government agencies, it is intending to connect through forums such as peak bodies' meetings.

Business plan for 2021/22

ENZ is aware that it needs to make changes towards a more outcome-focused organisation. As a first step, it has developed a new operations framework/dashboard to get a centralised view of all of the projects teams are working on, and keep track of them. The dashboard creates a better understanding and increases transparency of work

happening across the organisation. As part of this work, a new project management approach – the ENZ Way – was created where both on and offshore teams are working together.

All projects show their links to strategic objectives and initiatives with timelines identified. The dashboard will also assist ENZ to better understand the resource needs across the organisation, and to get clarity of relative sizing of projects. The number of projects currently underway is large, and prioritisation remains a challenge. Managing this continues to be a focus for ENZ while it is looking to strengthen this area further.

ENZ has also put in place better processes to monitor and review its business plan. The dashboard is used to closely monitor developments and review meetings are held monthly.

Regarding prioritisation of funding, ENZ does not intend to deviate from the business plan at this stage. Funding is tight and ENZ states that it will be pressed to deliver when the border opens. Depending on timing, ENZ is aware that it might have to make some tough decisions on what can be funded. While ENZ kept processes more fluid during the past 18 months in response to COVID-19, we consider it would be beneficial for ENZ to have a more formal prioritisation plan in place. This will be a monitoring focus for the next quarter.

ENZ has included detailed information on the impact of COVID-19 on funding decisions and expenditure in its draft Annual Report for 2020/21. This is a deliberate effort to be more transparent about its reprioritisation processes and shifts in spending.

International Student Experience

Wellbeing

Since the COVID-19 pandemic hit New Zealand in February 2020, ENZ has put a lot of effort and resources into connecting with international students in New Zealand. ENZ is aware issues such as

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isolation and being unable to travel to visit family are likely to continue having an impact on international students across 2022. As a result, it has made mental health and wellbeing an important focus area and is developing videos for both tertiary and secondary students that aim to raise awareness and address these issues. The videos can be used as a tool by providers.

To further expand its reach and build networks, ENZ has been working closely with:

- the New Zealand International Student Association (NZISA), which it has contracted to help ENZ with information about and access to international students
- other student associations
- schools
- SIEBA (Schools International Education Business Association)
- the Ministry for Ethnic Communities (MEC). The connection with MEC is important as issues for international students are often picked up in students' ethnic communities rather than at provider level.

Similar to last year, ENZ is planning online activities for the summer. This includes InstaLive sessions where both domestic and international students talk about summer plans, and activities focused on mentoring and skills development. Last summer's online activities were very well received and had high engagement levels.

ENZ's NauMai NZ website covers comprehensive information on student wellbeing for parents. Generally, this information is available only in English but there is bespoke information in Mandarin on ENZ's WeChat channel. ENZ acknowledges that this may be a challenge for non-native speakers of English.

Wellbeing for offshore students is a new area that ENZ is aware needs to be worked through. Increasing numbers of international students are beginning their study with a New Zealand provider offshore, so this is a priority. ENZ is regularly connecting with the Ministry and NZQA to discuss this from a pastoral care perspective.

Student experience survey

ENZ ran its second annual student experience survey in 2021. It had a response rate of about 4,500 international students, including 282 offshore. This is due to close cooperation with Immigration New Zealand and the sector peak bodies in the preparation for the survey.

Some of the survey questions were adapted to focus more on the student voice and to draw out information about expectations prior to study versus experiences of students once enrolled and studying. The survey includes both qualitative and quantitative data.

Survey feedback indicates that online classes are not always engaging, especially when providers only use PowerPoint presentations and pre-recorded classes. As online teaching and learning is a developing area, feedback from the survey is an important tool enabling ENZ to connect with offshore students and ensure improvements can be made by passing this on to providers.

It is important that responses and insights from the survey are shared with agencies and the sector, which ENZ has done. Students' feedback will inform the development of guidelines for the code of pastoral care and can be used as a tool for providers to improve services for their students. ENZ has undertaken to pass on any insights from offshore students to NZQA to support its role as Code Administrator.

In the future, data from the survey will help ENZ to understand nuances and enable more targeted responses to student needs. ENZ plans to also use NauMai NZ for pulse surveys in the future.

Prime Minister's Scholarships for Asia (PMSA) and Latin America (PMSLA) programme

The border closure has provided a unique opportunity for the ENZ scholarship team to carry out a review and improvement programme of the PMSA and PMSLA while it is suspended. ENZ contracted Martin

Monitoring focus areas

Jenkins to develop an intervention logic and a monitoring and evaluation framework for future implementation. In addition, ENZ surveyed programme alumni and had responses from about 270 recipients with overwhelmingly positive feedback.

As part of the work on the survey, ENZ was able to establish an alumni network, which it has been wanting to do for some time. The first (virtual) alumni event was held at the end of November 2021, organised by alumni with assistance from ENZ.

ENZ reviewed the diversity of the candidates and representation of providers taking part in the programme. ENZ has shown that it is aware of barriers and plans to make the programme more accessible and applicable for Māori, Pacific and disabled students. ENZ is working with a group of Māori alumni who will provide advice on how to address some of the barriers identified for Māori.

ENZ is considering a more deliberate approach to attract a broader range of students to apply for the scholarships. This includes asking candidates to outline any community contributions they are currently involved with. The idea of reciprocity and making this an experience beyond the individual would particularly resonate with Māori and Pacific students.

Until now ENZ has not collected information on disability as part of the scholarship application process but reports that there could be challenges with enabling the placement of disabled students overseas. We consider that this is an area that ENZ should continue to focus on. ENZ is aware of equity challenges in this area, and it is looking to address this going forward.

It also wants to put more efforts into encouraging scholarship applications from providers other than universities. The establishment of Te Pūkenga provides an opportunity to expand the uptake of scholarships to providers other than universities.

Current settings for the scholarships are prescriptive and changes need to be approved by Cabinet. In conjunction with the Ministry, further changes would need to be explored to help eliminate some barriers.

A planned new digital platform will make the scholarship information more accessible to students. This will also provide better functionality for keeping in touch with students when they are overseas, and for future monitoring and evaluation. We suggested to also think through privacy and security of the new platform.

More broadly, ENZ is thinking about a global citizenship network. They are looking into what is currently happening, making connections, and defining what an Aotearoa global citizen looks like. ENZ sees its role as making, fostering and supporting connections. It has included the sector in these conversations.

As with other programmes of work, there are challenges due to the ongoing uncertainty around closed borders but ENZ understands that there is real appetite for students to go on an outbound experience. ENZ is thinking through how they can make outbound experiences as safe as possible in the global COVID-19 context, for example through travelling as a group. It is keeping a close eye on developments.

We checked whether ENZ had the capacity to deal with an influx of applications once the scholarships resume and we have been assured that its systems are able to deal with this. Once ENZ is able to run a PMSA/PMLSA round, ENZ is planning a multi-pronged approach to raise awareness of the scholarships. This will be through a combination of existing stakeholders, institutions, and peak bodies.

Opportunities

ENZ made excellent use of the border closure to have a thorough look at how the scholarship programme was working and where improvements could be made. In terms of access to the scholarships, there is still an opportunity to do better and think through what small

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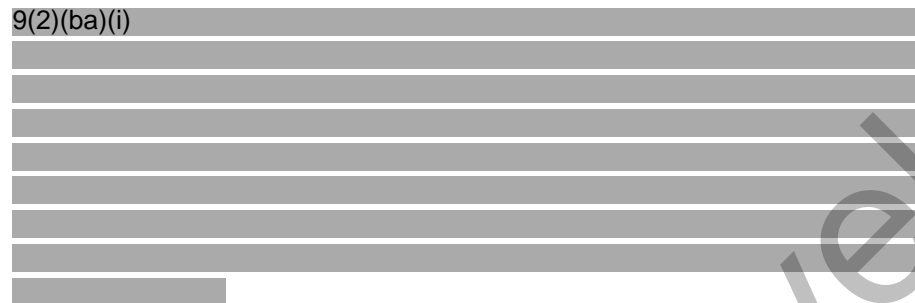
steps could be made towards inclusion of disabled students in the uptake of the scholarships.

To ensure cultural safety for scholarship recipients, ENZ could link in with government agencies, such as the Ministry for Ethnic Communities, the Office for Disability Issues and the Ministry for Pacific Peoples. ENZ also has an opportunity now to learn from other countries' outbound scholarships, especially from those that have attempted to address barriers and access issues and enabled different groups of students to participate in overseas experiences.

Cybersecurity and internal audit processes

Cybersecurity

9(2)(ba)(i)



Internal audit

Internal auditing is difficult to carry out for a small organisation. Prior to the COVID-19 pandemic, audits of ENZ offshore operations were carried out jointly with other NZ Inc agencies that were co-located with ENZ. This has not happened in the past 18 months, and with lockdowns and staff working from home, there is uncertainty around whether or when this process might be re-started.

ENZ has sought external advice, which led to a targeted review on areas of its business. This has also led to an evaluation framework for the Prime Minister's Scholarships, and an upgrade of its finance

system, which has helped improve accountability processes. We will further engage with ENZ on an audit programme in 2022 to understand its work improvement processes in the medium term.

Te Tiriti o Waitangi and cultural competencies

Expectations for ENZ to give effect to Te Tiriti o Waitangi (Te Tiriti) are contained in your Letter of Expectation (LoE) of 21 May 2021 to the Board Chair. This is a challenging new space for ENZ as this is the first time that expectations around Te Tiriti have been set in primary legislation and directions given in an LoE.

ENZ shows it has a good focus on upskilling staff on cultural competencies. Its first Māori strategy, He Rautaki Māori, laid a good foundation and has helped normalise te reo Māori and tikanga. ENZ is planning to build further staff capability, with a focus on Article 2 of Te Tiriti, over a three-to-five-year time frame while also ticking off some short-term quick wins, such as internal workshops.

ENZ is considering what the new expectations might mean for the wider international education sector; what the future of Māori learning will look like in a global context; and what it means to empower an iwi-centric view of international education.

Responding to Te Tiriti in an appropriate and innovative way could be a significant opportunity in terms of New Zealand's unique education offering and competitive advantage. ENZ has started conversations with a Māori provider on a pilot that might run until June 2023 and could be used as a platform for further connections with other iwi and partners globally. The pilot is funded through the contingency funding as part of the diversification work stream. A member of Taumata Aronui is involved in this project.

ENZ is clearly thinking through its approach carefully and we agree there is significant potential for innovation on the way to developing any approaches. We suggested that ENZ could connect with the Ministry's international policy team on the progress of this work

Monitoring focus areas

because it could help inform future policy directions. We also suggested that they could think through Board competencies and leverage opportunities, such as the Joint Chairs' meetings

We will check in again with ENZ later this financial year to get an update on progress in this area of work.

Workforce capability and capacity

Staff wellbeing

ENZ have had a strong focus on staff wellbeing in the context of COVID-19 and have done this very well. Most of its overseas staff have been in some form of total or partial lockdown for the past 18 months and ENZ recognises this has been stressful for many people.

During the New Zealand-wide lockdown in 2020, ENZ's leadership team (LT) was meeting daily to identify vulnerable staff and ways to support them. Those staff members were contacted proactively for conversations. Both on and offshore staff have also had access to EAP and professional development, for example around resilience. ENZ has recently offered staff across the organisation five days of wellbeing leave on top of regular leave.

When COVID-19 hit, about 80% of ENZ's staff changed what they were working on as ENZ halted many projects. This process was done through Expressions of Interest, which enabled staff to reach into different areas and provided new learning opportunities.

This has been a significant shift and ENZ LT have been reviewing staff development and training needs on a quarterly basis. This has also included identifying projects where more staff might be needed and where staff could be shifted.

As far as possible ENZ tried to ensure that people had a good set-up to work from home so that staff could remain connected to work and their colleagues. ENZ introduced "Covideos" as a way to connect, get

key messaging across and an opportunity for staff to profile what they were working on. This has also helped staff understand the wider strategic context the organisation operates in.

In the recent lockdown in Auckland, ENZ has been sending care packages to Auckland-based staff members and the Chief Executive has called each of them to check in.

Staff satisfaction

ENZ has recently completed its latest engagement survey, where staff satisfaction with career development opportunities increased to 72%, up from 65% the previous year. The survey had a 90% response rate.

A cultural review of the organisation was also carried out and key people were interviewed. The main theme coming out of this review was the need for more certainty for staff in the current environment.

Recruitment, retention and training

Although ENZ has not had particular challenges with retaining staff, like elsewhere in the public service there is a risk of staff retention, especially with the current pay restraint. ENZ attempts to support staff in other ways but is aware, as a small organisation, that staff leaving could present a significant risk. Recruitment is also a challenge: ENZ finds it particularly difficult to fill vacancies in the human resources area.

Recruiting Māori staff members is also a challenge for ENZ, as it is for other government departments, due to the limited pool of candidates available and the competition for these. ENZ is aware of this and is working with agencies specialising in Māori recruitment and internships.

ENZ recruits contractors for specialist areas on a short-term basis. Contractors are treated like permanent staff but do not have access to learning and development options. ENZ's contractor spend has

Monitoring focus areas

somewhat increased in this quarter but, overall, the workforce is stable and staff turnover is at a normal level.

ENZ has a strong cultural focus and is doing well in terms of diversity among its staff members. ENZ has also run an unconscious bias programme for all staff. It shows awareness of the need to improve in some areas, such as increasing diversity around the leadership table. We raised the importance of training for ENZ Board members. This has not been a priority to date but ENZ assures us this is a future consideration.

- cybersecurity of ENZ's external-facing channels, and data and digital self-assessment
- working with Te Pūkenga
- developing a work prioritisation plan, and an audit programme.

Future engagement

With the delay in finalising ENZ's Annual Report, analysis over the results of performance measures has not been possible this quarter. This makes the development of the SPE and SOI more critical. We plan to undertake performance analysis over these documents and ENZ's Annual Report in the next quarter, which should help us understand the impact of COVID-19 in the system.

The following environmental factors will be driving our engagement with ENZ over the next quarters: the alignment of the ENZ work programme with the government's policy direction in international education; preparing for the return of international students; and the continued building up of core capability to enable effective planning and prioritisation.

As a result, the following areas will be key monitoring areas for our engagements with ENZ over the next quarter:

- Update on Ready-to-go plan
- Marketing and promotion, and offshore activities
- SPE and SOI, and Annual Report
- Diversification workstream.

Other engagement priorities within the next year include:

- Te Tiriti

Financial performance Q1 2021/22

Overview

ENZ remains in a stable financial position. It's performance in the quarter was slightly ahead of budget, with a surplus of \$1.783m against a budget of \$1.474m. This was a result of timing of when costs will be incurred rather than any permanent savings.

A large amount of the surplus was from scholarships as a result of revenue of \$0.938m and no associated expenditure. This was in line with management's expectation and is due to the timing of scholarship awards.

The operating surplus is a result of the variance in timing of when revenue is received from the Crown, which is evenly across the year, and when expenses are incurred.

ENZ has been approved to draw down contingency funding of \$4.150m from the COVID-19 Recovery and Response Fund (CRRF). This is to fund work on the diversification of education products and services. If received, ENZ expects to fully use this funding in the financial year.

The \$4.150m is in addition to \$3m of CRRF funding already awarded to ENZ for brand, marketing and awareness activity connected with the borders opening to international students. ENZ currently anticipates spending this in Q4 but the timing is dependent on policy decisions. If this activity is not undertaken (either wholly or partly) in this financial year, ENZ will likely seek permission to move it to the next financial year.

Financial sustainability

ENZ is reliant on one-off CRRF funding to meet the costs of its work programme in the current financial year. To maintain this level of

activity in future years will require additional funding as ENZ has no ability to self-fund activity due to its limited balance sheet.

We will continue to engage with ENZ throughout the financial year on its financial performance and report any material risks as they arise.

9(2)(f)(iv)

This funding is used by ENZ for professional and institutional development, research and resource development, partnering with education agents, and contributing towards promotions and marketing.

Table 1. Financial performance

	YTD FY22 Actual	YTD FY22 Budget	YTD FY21 Actual
\$'000			
Operating			
Revenue			
Crown - operating	7,632	7,632	7,497
Crown - EEL	817	817	817
Other	31	21	188
	8,480	8,470	8,502
Expenditure			
Personnel expenses	(3,872)	(3,751)	(3,326)
Other operating expenses	(3,716)	(4,125)	(2,343)
Depreciation & amortisation	(47)	(58)	(69)
	(7,635)	(7,934)	(5,738)
Net surplus/(deficit)	845	536	2,764
Scholarships			
Revenue	938	938	1,006
Expenditure	0	0	(45)
Net surplus/(deficit)	938	938	961
Overall			
Net surplus/(deficit)	1,783	1,474	3,725

Financial performance Q1 2021/22

Table 2: Financial position

\$'000	As at 30 Sep 2021 Actual	As at 30 Sep 2021 Budget	As at 30 Sep 2020 Actual
Assets			
Current assets	6,872	7,154	8,659
Non-current assets	365	182	533
	7,237	7,336	9,192
Liabilities			
Current liabilities	2,442	3,050	2,424
Non-current liabilities	215	0	230
Total liabilities	2,657	3,050	2,654
Equity	4,580	4,286	6,538