

STATEMENT OF PERFORMANCE EXPECTATIONS

2024/25



**NEW ZEALAND
TRADE & ENTERPRISE**
Te Taurapa Tūhono

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JUNE 2024



**NEW ZEALAND
TRADE & ENTERPRISE**
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OUR ORGANISATION

About us

New Zealand Trade and Enterprise (NZTE) | Te Taurapa Tūhono is the New Zealand Government's international business development agency, with a dual focus on supporting exporters to succeed, and helping match investment opportunities with investors.

Our Māori name, Te Taurapa Tūhono, describes our approach to supporting our customers to reach their global ambition. Te Taurapa is the rear stern post of a traditional Māori waka, which records valuable knowledge while stabilising and guiding the craft forward. Tūhono represents connections to people and an ability to build relationships.

Together, Te Taurapa Tūhono reflects our role in sharing our expertise with our customers, guiding New Zealand exporters around the world, and helping to connect investment and opportunity. We help provide companies with the right support at the right time to help them achieve their global growth potential.

Our purpose

NZTE's purpose is to contribute to New Zealand's economic transformation by growing companies internationally – bigger, better, faster – for the good of New Zealand. By working with exporters to grow their international business and supporting investment customers in securing high-value capital into New Zealand growth opportunities, NZTE plays a key role alongside other NZ Inc partners, in contributing to the Government's objective to double the value of exports in the next decade.

This is important because, in addition to bringing export earnings into New Zealand, exporting firms tend to be more productive, employ more staff and pay better wages. Approximately one in four New Zealanders' jobs are dependent on exports. Growing exports can therefore help to strengthen the New Zealand economy and raise the living standards of New Zealanders.

Our partners

Growing companies internationally and achieving export-led growth is not something that NZTE can do alone. It takes partnership across a number of

Government agencies operating as a powerful unit to grow the export sector. Collaboration with our NZ Inc partners is core to our approach and culture. Our key NZ Inc partners include: the Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Ministry for Primary Industries, New Zealand Growth Capital Partners, Tourism New Zealand, Te Puni Kōkiri, Ministry for the Environment, Treasury's Export Credit Office, Callaghan Innovation, KEA, New Zealand Story, and Education New Zealand.

In addition to our NZ Inc partners, our network of connections is far-reaching in New Zealand and internationally. Our connections include Māori, industry leaders, local and international businesspeople, and expat New Zealanders.

Our structure and governance

As a Crown entity, we operate under the Crown Entities Act 2004, the Public Finance Act 1989 and the New Zealand Trade and Enterprise Act 2003. The ministers responsible for NZTE are the Minister for Trade and the Minister for Economic Development.

NZTE's Board provides governance over our strategy and future operating intentions and ensures that we achieve results within our budget. The Board oversees organisational performance and maintains a strong, trusted relationship with our chief executive, lead team and our ministers. Day-to-day management and the leadership of NZTE is delegated to our chief executive.

How we are funded

We are funded by the Government under a Vote Business, Science and Innovation non-departmental multi-category appropriation (MCA). In 2024/25, this will be \$175.1 million for operating expenses and a multi-year appropriation (MYA) of \$37.2 million for co-investment/grants.

How we measure success

NZTE's performance measures are set out in our Performance Framework. We report our results in our 2024/25 Annual Report.



FOREWORD

The global environment is uncertain and increasingly complex. While there are difficulties to navigate, it's important to keep in mind there are also opportunities for us to take advantage of, to ensure New Zealand makes the most of its potential.

Export growth and investment are critical for New Zealand's economy, and we can be proud of how our export community has become seasoned at adapting to both challenges and opportunities. And our exporters will continue to face challenges in the coming year, with instability in parts of the world, slowing global growth and rising protectionism all decreasing demand, while costs rise and squeeze margins.

Government intervention helps to overcome these challenges by opening doors in international markets and thereby increasing the number of potential exporters that become successful and the amount of revenue from export deals they achieve. It also connects international investors with high-value growth opportunities in New Zealand. NZTE is one of the agencies at the forefront of this intervention.

The Coalition Government has set an ambitious goal of doubling the value of exports in 10 years. This will require exports to grow from approximately \$95b to \$190b a year, a growth rate of approximately 7% per year for each of the next 10 years. This rate is significantly higher than was achieved in comparable earlier periods, and we are pleased to be part of a family of agencies making a collective effort to realise this high-level aspiration.

NZTE is embedding this goal as our 'light on the hill' as we develop our new organisational Focus strategy. We see this as an opportunity for companies that are

ambitious to grow, target a niche and make the most of the knowledge and networks we have. Consequently, a key focus for NZTE in the coming year will be optimising the makeup of our Focus customer portfolio, which will mean more deeply understanding which companies have the biggest potential to achieve this goal. We are also playing a leading role in coordinating the efforts of export-focused Government agencies to achieve more than we could each achieve in isolation.

Over the past four years NZTE provided scaled-up support to exporters and investors with the temporary extra funding from the Covid Response and Recovery Fund (CRRF). As planned, this funding ended in June 2024. We are proud that this scaled-up support delivered our best ever export outcomes, helping our Focus customers generate more than \$4.5 billion in export value to New Zealand, achieving 2,500 International Growth Outcomes, and Net Promoter scores consistently above 70. Our investor pool also increased by 17%, and the predicted economic value for New Zealand topped \$4 billion for the first time, from an underlying deal volume of 83 deals.

The coming year signals the first year of the reduced fiscal envelope. NZTE has adjusted to these changes, not by returning to pre-Covid settings, but by retaining much of the new value and capabilities built over the last four years, including innovation driven through our core operating models to deliver additional value for

our customers. Over the next 12 months NZTE will focus on our contribution to the Government's goal to double the value of exports in the next decade. To achieve this, our people, resources and processes will need to be laser-focused on maximising growth. Our key priority is to help our exporters and investors grow market share by supporting them with international sales and business development.

Our strategy is principally to focus on markets identified by our customers as those they are most interested in currently exporting to. Where those markets are geographic markets they are predominantly high GDP per capita markets where they can earn a premium. However, we do also maintain a significant presence in geographic markets with a growing middle class, including India and a number of Asian countries. These markets offer good medium to long term prospects.

We will continue to encourage a diversified approach to global markets, building exporter capability in key areas, such as sustainability and e-Commerce as a competitive advantage.

Trade missions will be a key component of achieving this ambition, with an increasing number of them planned for the coming year. These missions provide high profile opportunities to help exporters open doors to commercial opportunities, build partnerships and gain a deeper understanding of market requirements.

The NZ-EU FTA that is now in place also provides us with additional opportunities to work with our customers to make the most of these ground-breaking agreements. NZTE will work with other government agencies to increase exporter knowledge of the opportunities these agreements present and to support increased trade and investment deal flow from these markets.

While the gains made through free trade agreements are essential to improve market access opportunities for New Zealand exporters, we also need to work hard to ensure that non-tariff barriers to trade are identified, tracked, tackled, and resolved. We will be working closely with NZ Inc partners, particularly the Ministry of Foreign Affairs and Trade, to enhance the contribution we make to systematically identifying non-tariff barriers that effect the exporter performance of our customers in relevant markets, and will share those insights with other NZ Inc partners.

We are committed to doing things differently in the changing operating environment to deliver to our purpose – growing companies internationally for the good of New Zealand. The letter of expectations from our Ministers asks us to review programmes regularly to assess whether they represent value-for-money, which is something we have been doing through successive strategic reviews over the last year and are committed to doing in the future.



Jennifer Kerr
Chair, NZTE Board



Sarah Paterson
Chair, Audit & Risk



Peter Chrisp
Chief Executive, NZTE

NZTE'S STRATEGIC APPROACH

To foster the international growth of New Zealand companies and to attract quality investment, NZTE:

Actively collaborates with businesses and investors operating in the high-value parts of the economy

Companies that innovate to create value-added features often thrive internationally and earn higher premiums for their products. This in turn contributes significantly to New Zealand's GDP. By supporting innovative and knowledge intensive companies and attracting high-value investors, NZTE supports New Zealand to compete on the global stage.

Works across the breadth of the New Zealand economy

New Zealand's economy includes around 11,500 exporting companies. Most of these companies earn under \$5 million international revenue per year. NZTE's customers cut across all revenue bands, including companies who are at an earlier stage in their international journey and either show a commitment to getting started or have already started to export. We need to grow more companies of scale who can compete globally, and in turn make a larger contribution to the export economy.

Provide the right services at the right time

We recognise that our customers have differing growth stages, capability and aspirations. Our flexible operating model empowers customers to access relevant services when they need them the most, whether during market entry, market expansion, product launches or market shifts. Tailoring support to meet the unique needs of exporters and investors enables each customer to maximise impact and minimise risks.

OUR PURPOSE

What's in it for New Zealand?

Since our establishment in 2003, NZTE's purpose and direction has been to contribute to New Zealand's economic transformation by growing companies internationally for the good of New Zealand and by attracting quality international investment to New Zealand.

Our approach supports government's objectives to diversify the economy from being historically predominantly reliant on primary commodities to one which also has a healthy and burgeoning suite of added value products and services.

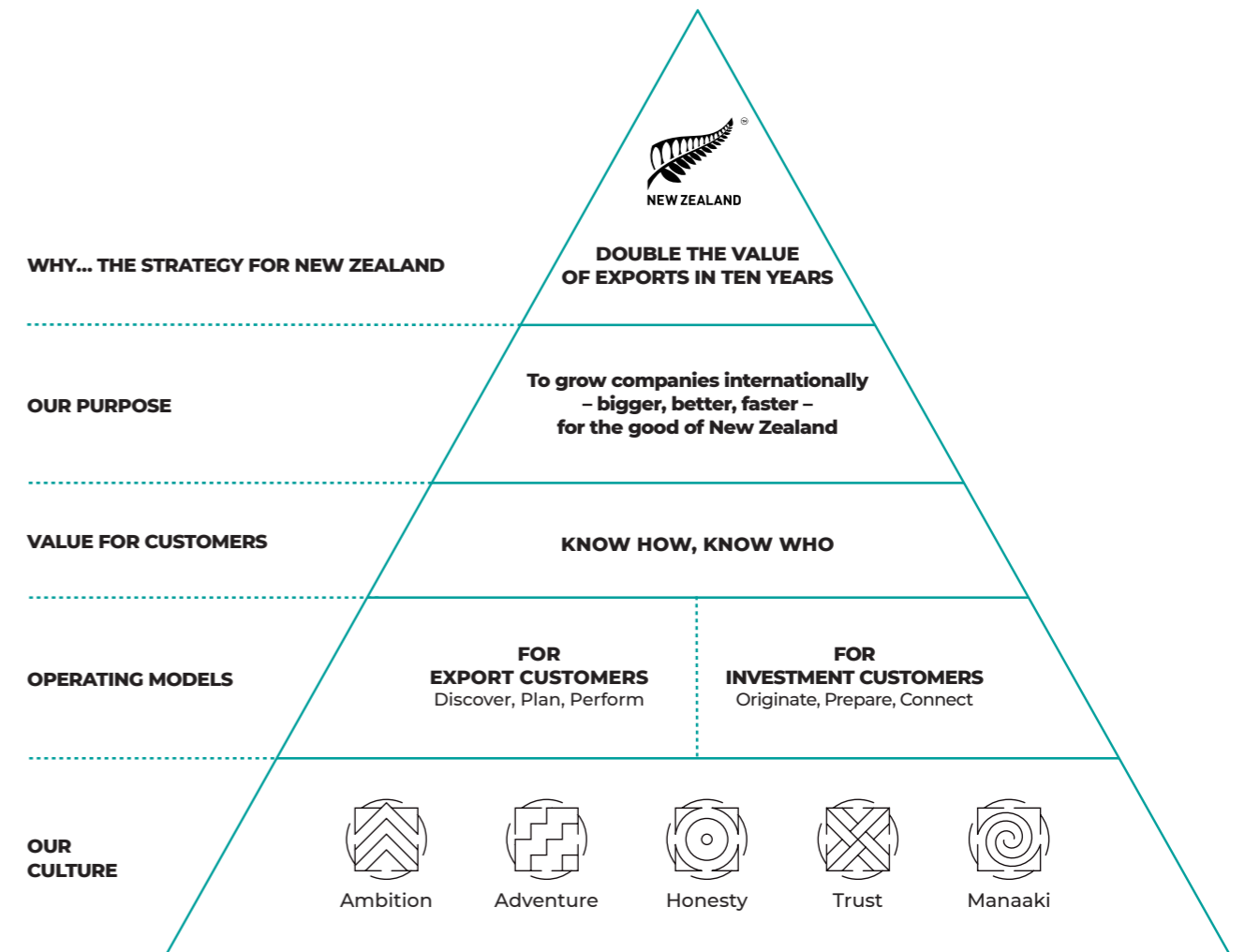
Within this transformation lies a deep commitment to export and investment led growth, on which NZTE is wholly focused. Through this focus we contribute to the Government's objective to double the value of exports in the next decade.

International trade and investment remain key contributors to greater prosperity for all New Zealanders and are vital enablers in helping the economy grow. To overcome challenges, harness opportunities and foster resilience in this increasingly complex world, New Zealand needs to support value-add companies to strengthen their international connectivity and competitiveness.

Our clarity of purpose determines who our customers are, and what value they need. To deliver this value we have two operating systems, the Export Customer Way and the Investment Way, which are underpinned by both customer experience and internal culture.

This graph to the right provides an overview of how we have designed our internal and external operations using the organisational theory of True Alignment to deliver on our purpose.

Our fundamental approach



OUR PURPOSE

Our customers

NZTE serves two types of customers: export customers and investment customers.

Our focus is on expanding the global reach of individual companies by improving their readiness and capability. We help them to identify and pursue market opportunities, overcome internationalisation barriers, and access international business networks. Our customers receive tailored support and advice from our customer managers and international teams that also help to build capability, provide connections to global opportunities, access capital and develop effective strategies for growth.

As we assist in preparing and developing some companies for investment, others are ready for us to match them with domestic and international investors looking for New Zealand opportunities in target sectors.

Within each service offering NZTE has a particular focus on supporting Māori businesses and iwi, women in export and investment, sustainability and building sectoral capability within NZTE to add more value to customers.

Our customer experience

NZTE has developed standardised customer experience principles that are an essential part of our operating models. They guide us towards a consistent level of service where our interactions with customers are

Value for customers

NZTE is uniquely positioned to grow companies and investors through our global network and our government imprimatur. Our NZTE international teams operate in six regions and 37 international locations to grow our customers with support from local networks, private sector advisors, market research services, digital tools and our New Zealand-based teams. They have an in-depth knowledge of their markets, appropriate business models, channels and regulations.

Our New Zealand-based customer managers lead the NZTE team engagement, supporting customers in building their core international business capability, so they are better prepared to enter and succeed in market. The solutions offered are flexible to meet customer needs across a range of topics, including governance, strategy, design, digital commerce, sustainability and supply chain, as well as general export capability.

We measure customer growth based on the dollar value of international customer deals made with the assistance of NZTE.

How we deliver our strategy – our operating models

Every year, we continue to deliver on the export-led growth strategy by choosing who we work with (our segmentation strategy that targets companies in the higher value parts of the economy) and how we work with them (the services we deliver). We have two operating models that are central to achieving our strategy.

The Customer Way for exporters

To maximise its impact, NZTE divides its export customers into two broad categories. One is a Focus portfolio of up to 1000 (+/- 100) customers and the other is NZTE's Engaged customers. The Focus portfolio consists of those exporters we can help grow their international revenue and benefit New Zealand from that growth. We are continually adding and subtracting exporters from that portfolio as their needs and circumstances change. To get the most impact from our limited resource, we concentrate a large proportion of our resources on the Focus portfolio.

Engaged customers

We also provide support for our customers who are at an earlier stage in their international journey and either show a commitment to getting started or have already started exporting. Our digital platform for customers called myNZTE is a critical component of our offering for these companies. Through myNZTE, all exporters can access exporting knowledge, services, capability-building tools, learning modules and events, market intelligence reports and market connections.

Our customer advisor team augment this digital offering by supplementing the resources on myNZTE and directing customers to the support and services most appropriate to their export stage. When Engaged customers are ready for intensive engagement and have the capability to grow internationally, they may be transitioned into our Focus portfolio.

deliberate, intentional, and scalable. There are four customer-centric principles to guide our decision-making, steer our teams and hold ourselves accountable to a set standard.

Focus portfolio customers

For Focus portfolio customers, the Customer Way operating model is based on an in-depth three-stage engagement framework to deliver value to these customers: Discover, Plan, Perform.

The Discover stage helps us understand each company in the Focus portfolio and identify the growth challenges and opportunities facing them to determine how they can set up for long-term growth. The Plan stage involves working with our customers to develop an impactful growth plan. The agreed plan commonly includes services that support our customers to build brands, find the right in-market channel partners and networks, conduct market research into consumption and competition, and develop their pricing, margin, and product strategy. The Perform stage is the delivery of services, connections, experts and solutions in both New Zealand and international markets.

THE CUSTOMER WAY FOR EXPORT CUSTOMERS



Understand me
– customers feel seen and heard and they trust NZTE



Empower me
– customers feel in control of their decisions, money and time

Make it easy for me
– interactions are seamless and ordinary things are done

Accelerate me
– customers feel more capable and confident as a result of working with NZTE

WHEN IS INTERNATIONAL INVESTMENT GOOD FOR NEW ZEALAND?

NZTE sources investors with the skills and capital to help New Zealand companies flourish on the global stage.

We seek high-quality domestic and international investments, looking to match each type of investment with the right type of opportunity. The ideal outcome for New Zealand balances both types of investment and prioritises the best interests of the company and our economy, understanding that, all other things being equal, a domestic investor has a greater probability of retaining the value in New Zealand.

An international investment is good for New Zealand when:

- the capital needed is not available or not sufficient in New Zealand
- high-value, highly skilled jobs are created
- there is a transfer of skills and/or Intellectual Property (IP) from the world to New Zealand
- access is gained to global supply chains and customer base
- it showcases the New Zealand brand to the world
- it brings competition into the domestic market – reducing costs for the New Zealand consumer
- it builds New Zealand infrastructure.

An international investment is not good for New Zealand when:

- New Zealand-grown intellectual property is sold too early in a company lifecycle
- it is simply a foreign acquisition without obvious value-add to New Zealand
- it increases the concentration risk from any one particular country
- it hollows out New Zealand highly skilled jobs
- it introduces investment behaviour outside the ethical norms of New Zealand.

OUR PURPOSE

The Investment Way for investment customers

Our investment work is focused on three distinct areas:

- supporting growth-stage companies to accelerate their ability to scale and compete internationally through investment
- supporting greenfield operations by developing and assessing the feasibility of business cases, building local market context, making connections to global and domestic sources of capital and access to markets and knowledge
- Supporting the attraction, activation and aftercare of investor migrants who will contribute skills, experience and networks to New Zealand¹.

NZTE focuses on high-value, knowledge intensive and sustainable opportunities that benefit New Zealand by fuelling growth and creating jobs in the regions, lifting wages and spending with local suppliers and supporting sustainable land use.

We measure investment growth by calculating the potential direct economic (pDEI) impact from investment deals through forecast increase in profits, wages and supplier spend in New Zealand.

Our investment operating model describes how we work with companies, sectors and investors to develop investment opportunities, and the way in which we match these opportunities with investors. Following the framework of Originate, Prepare and Connect, NZTE's Investment team creates and identifies opportunities in New Zealand and prepares these opportunities to become investment ready. Our team facilitates introductions to quality investors through our global networks and promotes New Zealand as an investment destination.

As part of our 'Originate' focus area we support greenfield operations and new initiatives that create investment and employment opportunities at scale, generating significant economic benefit for New Zealand.

¹ NZTE is not involved in the processing or decision making of investor visas through the Active Investor Plus scheme, this responsibility sits with Immigration New Zealand.



The 'Prepare' focus area is dedicated to helping growth-stage companies understand the capital raising process, supporting them through the preparation stage to become investment ready, and successfully connecting them with capital for internationalisation and scale. NZTE's investment expertise and extensive domestic and international networks work together to support this process.

The 'Connect' focus area is dedicated to leveraging our domestic and international networks to identify investors, connect them with the right New Zealand opportunities and attract quality investment for the good of New Zealand. This includes supporting potential investor migrants by helping them to access unique New Zealand direct investment opportunities.

THE INVESTMENT WAY FOR INVESTMENT CUSTOMERS



OUR PURPOSE

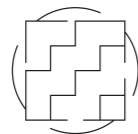
Who we are – our culture

We know that we can only provide optimal value to our customers if our global team is aligned in terms of how we work together. We refer to ourselves as 'ONE Global Team' – a team of around 700 exceptional NZTE people working around the world with an aligned purpose to grow companies internationally. We embody five shared values or 'characters' every day, across continents and time zones that foster a culture of excellence, innovation and engagement to help our customers realise their global potential.

Supporting learning and development is an important part of our culture. Internally, we have dedicated programmes and initiatives in place focused on growing careers, building a ONE Global team culture, prioritising safety and wellbeing and creating a diverse and inclusive organisation. We use employee engagement surveys to identify areas where we can improve their experience within NZTE. By constantly striving to be better, we foster a working environment where our people feel valued and appreciated.



AMBITION
Drives us



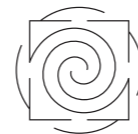
ADVENTURE
Teaches us



HONESTY
Frees us



TRUST
Binds us



MANAAKI
Is us

OUR STRATEGIC FOCUS FOR 2024-25

Our key priority in 2024-25 is maximising the growth of New Zealand exporters to deliver our part of the Coalition Government's goal of doubling the value of exports in 10 years. Over the next 12 months we will re-double our efforts on driving customer growth through our core operating models within a reduced fiscal envelope.

Over the past four years, NZTE provided scaled up support to exporters and investors with the temporary extra funding from the Covid Response and Recovery Fund (CRRF). As planned, this funding ended in June 2024. Meeting the reduced funding levels, while retaining the new value and capabilities we built over the past four years means doubling down on our core, sharpening our delivery, and building greater competence and depth of impact for our customers.

We will continue to encourage a diversified approach to global markets, building exporter capability in key areas, such as building sustainability as a competitive advantage. Consistent with this, high GDP per capita markets remain a key focus for both NZTE and exporters, because greater premiums can be achieved in those markets. However, we also maintain significant presence in markets with a growing middle class, including India and a number of Asian countries. These markets offer good medium to long term prospects.

Our NZ Inc partners are fundamental to delivering our strategy. They provide expertise and services that benefit our customers. Achieving the goal of doubling the value of exports in 10 years will require significant focus from across NZ Inc. Whilst NZTE makes an important contribution, it is the collective that will achieve this goal.

NZTE works with agencies such as the Ministry of Foreign Affairs and Trade, Ministry of Business Innovation and Employment, Ministry of Primary Industries, Education New Zealand, Tourism New Zealand and Callaghan innovation on a range of activities, such as resolving non-tariff barriers, ensuring companies know how to benefit from Free Trade Agreements, maximizing the benefits of ministerial trade missions and identifying and coordinating work in target countries and with shared customers. NZTE is playing a leading role in deepening the collaboration across NZ Inc in pursuit of the goal of doubling exports and will continue this work in the coming year.

Our new organisational 'Focus' strategy has four pillars of work to deliver our strategic intentions:

GROW Focus 1000 – maximising the growth of the companies within our Focus 1000 portfolio

NZTE's Focus 1000 is made up of the most innovative knowledge intensive part of New Zealand's export economy. We are focused on maximising the growth of this portfolio to support the Coalition Government's goal. Elements of this pillar include:

- Deliver support for our Focus customers through our international teams and customer managers that provide global connections, advice and solutions
- Optimise the Focus 1000 for growth, including more active portfolio management informed by data and insights
- Support Focus companies to connect to foreign and domestic sources of capital and drive increased accuracy, speed and depth in deal execution
- Support the delivery of more trade missions
- Optimise our network of specialist solutions and private sector expertise in New Zealand and around the world
- Further develop the commercial acumen and operating model capability of our customer-facing people.

OUR STRATEGIC FOCUS FOR 2024-25

ACCELERATE future stars – identifying high growth potential exporters and wrapping support around these companies to accelerate their export development

To have the greatest impact on New Zealand's economy, we need to identify high growth potential exporters and wrap the full support of NZ Inc around these companies to accelerate their export development. Elements of this pillar include:

- Define and establish a cohort of high potential exporters
- Adapt and innovate the NZTE offering to deliver to the unique needs of this cohort and drive their growth potential
- Engage closely with 'multipliers' (e.g. Callaghan) to identify potential and drive growth
- Match investors with investment opportunity in high potential exporters.

SUPERCHARGE Māori economic potential – creating an environment within which Māori economic potential can thrive

The Māori economy has a \$70b asset base that represents a significant opportunity to grow exporters for the good of the New Zealand economy. Increased returns on those assets will benefit all New Zealanders. Our role is to create and enable an environment for Māori investors and exporters to thrive. Elements of this pillar include:

- Maintain intensity in our engagement with Māori companies and iwi
- Drive alignment and effective collaboration across NZ Inc. for Māori economic development
- Accelerate and increase investment opportunities to drive growth, diversification and innovation across the Māori economy asset base.

INVEST in new economies – Maximise New Zealand's export potential through the growth and alignment of new parts of the New Zealand economy

We are focused on opportunities where private sector capital exists, and New Zealand has a distinct competitive advantage. The key element of this pillar is:

- Attract high-quality investment to New Zealand, contributing to the development of world-class innovative ecosystems, in high-potential new economies.

Achieving these four pillars will require us to lift our people and their productivity by creating an environment that encourages high performance against clear deliverables and making it easier for people to do their jobs through innovation and efficiencies in how we work.

Internally, we have moved our performance cycle from 120-day to 90-day plans to align with the new government's approach to delivery. These plans will have a finite set of actions under each of the above pillars, driving greater value from our customers and levels of investment.

MEASURING OUR PERFORMANCE

Our measurement structure provides a clear understanding of NZTE's priorities and the outcomes we deliver in pursuit of the Government's economic objective to double the value of exports in the next decade.

Our suite of performance measures is longstanding, reflecting the long-term nature of generating outcomes. A wide range of national, international and company settings influence company performance, meaning that direct attribution of NZTE's support to customers' international growth is not achievable. For this reason, our collection of performance measures is designed to provide the best possible indicators of our impact, and are complemented with customers' own assessment of the value of the support they receive.

We have two headline growth measures for our two sets of customers, which provide us with a clear view of how we are progressing towards our purpose;

- export customers achieving deals internationally as a result of our efforts
- forecasting the direct economic impact of attracting and matching high-quality investment with New Zealand opportunities.

NZTE's impact on our customers is the key to achieving growth. We look at impact measures such as:

- whether export customers are achieving international growth outcomes (IGOs) as a result of our efforts. An IGO is a platform for future growth (such as hiring a representative in market) rather than a sale, and are frequently precursors to deals
- how likely our customers are to recommend us.

To deliver impact we need to ensure we are effectively engaging with our customers, actively managing our portfolios and providing services that will achieve results for our customers. We have a range of indicators to track our servicing and engagement, such as the number of customers in our portfolios and the Net Promoter Score (NPS), to measure satisfaction with our services.

Our Board and Leadership Team monitor organisational performance through a monthly dashboard of key performance indicators. At an operational level, team dashboards provide performance information to support decision-making, and our customer-facing people use dashboards to help manage their portfolios.

Setting 2024-25 performance targets

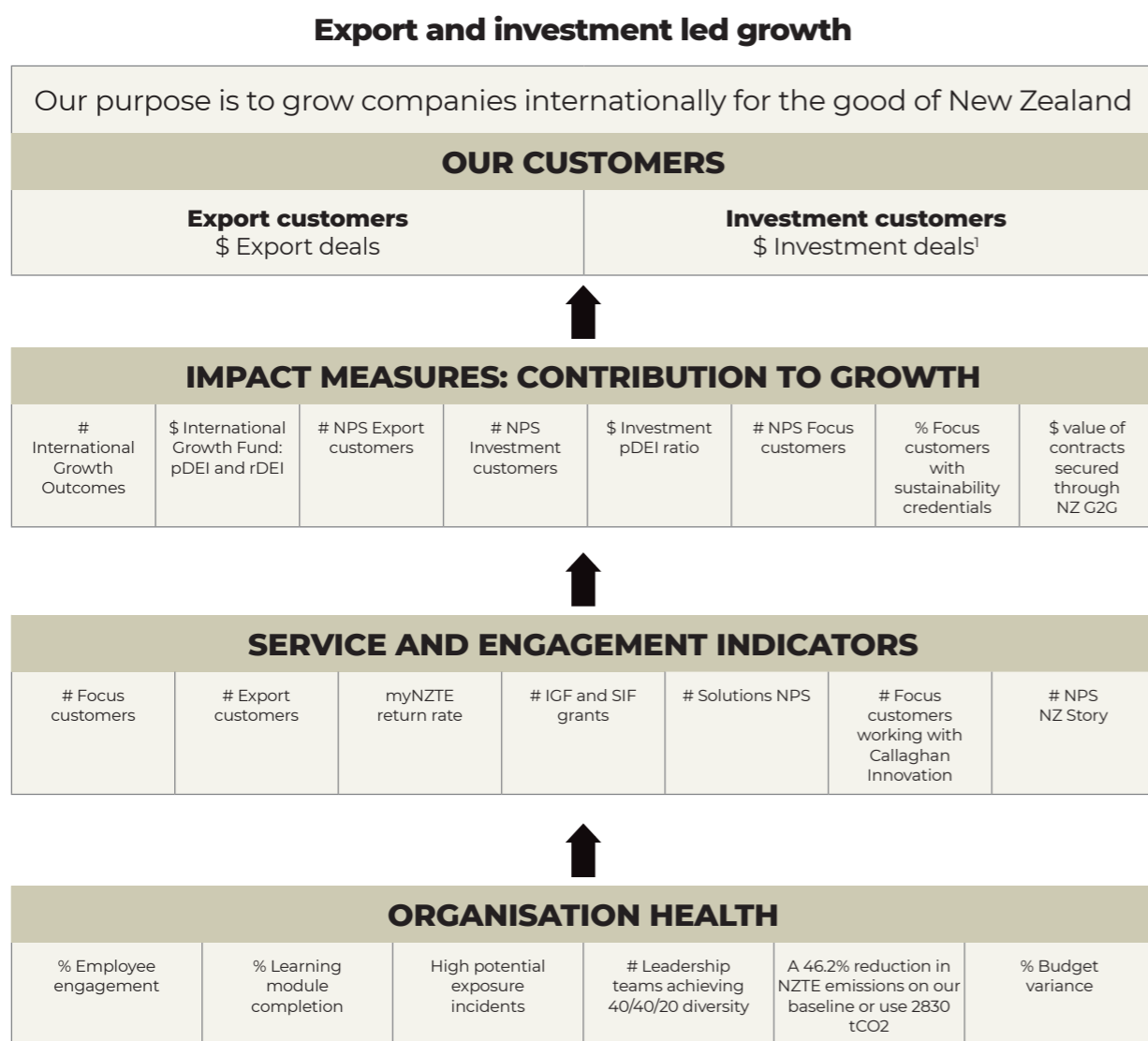
Over the next 12 months we expect business conditions to remain challenging with global economic growth lagging behind forecasts, potential disruptions from the impacts of climate change and ongoing geopolitical tensions pushing up prices and impacting international trade.

In response to COVID-19 Response and Recovery funding coming to an end in June 2024, NZTE undertook a strategic refocus to meet the reduced funding level. This included returning the International Growth Fund to \$30 million per annum over time, and creating a tighter, more intensive Focus 1000 Export Customer segment (a reduction from Focus 1400 with CRRF funding, but an increase on Focus 700 pre-Covid).

Taking this context into account, as well as the time it takes to complete an international deal (1-2 years), some of our performance targets have been adjusted down from the previous year.

NZTE'S PERFORMANCE FRAMEWORK

Throughout 2024 to 2025, NZTE will focus on our core operating systems – growing exporters and connecting investment and opportunity. We're embracing the Government's direction around fiscal sustainability by looking for efficiencies, while remaining focused on the goal of doubling the value of exports in collaboration with key NZ Inc agencies. Our Performance Framework reflects our main priorities in the strategic work programme.



¹ Annual investment impact pDEI

pDEI – Potential direct economic impact
rDEI – Realised direct economic impact
NPS – Net promoter score
IGF – International growth fund
SIF – Strategic investment fund

MEASURING OUR PERFORMANCE

Our approach for developing service performance information is in accordance with the Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48). By aligning the selection of our service performance measures with the following qualitative characteristics, we can provide more useful information to our stakeholders:

1. **Relevant** – selecting service performance information.
 2. **Representative** – our service performance information is complete, neutral and free from material error.
 3. **Understandable** – striving to report service performance information with clarity.
 4. **Timely** – delivering our service performance information in a timely manner to ensure it is useful for our stakeholders' accountability and decision-making purposes.
 5. **Comparable** – our service performance information can be viewed by our stakeholders against previous years.
 6. **Verifiable** – our service performance information will be capable of measurement or description in a consistent manner, capable of independent verification and exclude unsubstantiated claims.
- As acknowledged for entities in PBE FRS 48, the constraints on reporting service performance information are materiality, cost-benefit and balance between the qualitative characteristics. Each of these constraints are factored into our selection process for service performance information.

MEASURING OUR PERFORMANCE

Our suite of service performance measures explained

Performance measures	Notes
Our customers outcomes	
Total value of export deals achieved with NZTE involvement	Aggregate measure of deals achieved by export customers is a tangible example of NZTE international growth impact. A deal is an international sale of goods or services that a customer achieves over a defined period, with help from NZTE, with a specific currency value. This measure drives NZTE activity that supports our customers to secure new international revenue.
\$ potential Direct Economic Impact (pDEI) for investment deals	Potential direct economic impact on the New Zealand economy through the provision of our investment support for NZ businesses to grow.
Impact measures: Contribution to growth	
Number of International Growth Outcomes (IGOs) achieved with NZTE involvement	Total number of IGOs approved during the year. An IGO is a customer result achieved in NZ or an international market, with the assistance of NZTE, that is a platform for future growth (such as appointing a distributor in market) rather than a sale. This measure drives NZTE activity that supports our customers' future growth in market.
Total Net Promoter Score (NPS) for Focus customers	Reports how satisfied Focus customers are with NZTE during the financial year. Measures the likelihood of customers recommending the service to others. Indicates the perceived value of NZTE's service. This is calculated from an annual survey of Focus customers.
Total Net Promoter Score (NPS) for investment deals	Reports how satisfied Focus customers are with NZTE during the financial year. Measures the likelihood of customers recommending the service to others. Indicates the perceived value of NZTE's service. This is calculated from an annual survey of Focus customers.
Ratio pDEI for investment deals	Level of potential positive impact on the economy from an investment deal for every \$1 invested in a NZ business.
Potential Direct Economic Impact (pDEI) ratio for approved International Growth Fund (IGF) expansion grants	IGF is a contestable fund which is part of a wider Focus customer partnership with NZTE. It provides co-funding for internationally focused projects which: address a specific export customer need or gap; research or validate an opportunity; or enable acceleration and expansion in a strategic market. The higher the pDEI, the greater the potential positive impact to New Zealand resulting from the project.
Realised Direct Economic Impact (rDEI) ratio for completed IGF expansion projects	Realised DEI is a proxy for economic return and outcomes delivered by IGF expansion projects. This measure reports on the realised return to the economy from completed projects based on IGF expansion grants approved in the preceding 5 years.
Value of contracts secured through NZ G2G	These are contracts NZTE helps to secure between New Zealand Government entities and overseas entities (usually foreign Government entities).

Performance measures	Notes
Service and engagement indicators	
Total number of Focus customers	Total number of Focus customers in the NZTE customer portfolio. Our strategy is to have the optimum size, mix and characteristics of export customers in the Focus portfolio, emphasizing quality over quantity. The target is set as 1000 +/- 100.
Total number of export customers in the NZTE portfolio	Total number of export customers engaged with NZTE at the end of the financial year.
Total Net Promoter Score (NPS) for NZTE Solutions	This NPS score reports how satisfied export customers are after engaging with NZTE solutions that build customer capability, provide access to expertise and funding and connect people through events and learning experiences. It is an average of the scores for the various services.
Total Net Promoter Score (NPS) for export customers	This score is our overall NPS score for export customers across all services, calculated by averaging the individual NPS scores.
Number of International Growth Fund grants awarded	The number of IGF grants approved for Focus customers across three grant types: Springboard (6-month projects), Validation (12-month projects) and Expansion (3-to-5-year projects). The target is demand driven reflecting customer need to lift capability and explore market opportunities
Number of Strategic Investment Fund grants awarded	Total number of SIF grants awarded for feasibility studies used to develop and present the business case for investment in NZ. SIF supports investments that can bring significant tangible and strategic benefits to New Zealand, as assessed by the NZTE Investment Committee.
Total Net Promoter Score (NPS) for the New Zealand Story	NZ Story completes a stakeholder NPS survey once a year and collates other NPS scores regularly for service (such as toolkit users) and hosted events,
Proportion of NZTE Focus customers with sustainability credentials	The proportion of NZTE Focus customers with at least one accreditation from a sustainability organisation including organisational certifications and product certifications.
myNZTE return rate	Indicates the percentage of customers that use myNZTE and return to the platform within one month. It is a digital platform delivering content about exporting, allowing people to onboard themselves with NZTE, and providing access to information, training, events and services.
Total number of organisations working with Callaghan Innovation and NZTE as a Focus customer	Measure of quantity of the combined Callaghan and NZTE Focus customers.
A 46.2% reduction in NZTE emissions on the 2018/19 financial year (baseline) by 2030 (to 2830 tCO2)	Indicator of carbon footprint data to show how we are managing our carbon emissions, informing our future carbon management activity and upholding our carbon neutral government commitment.

STATEMENT OF PERFORMANCE EXPECTATIONS

Our performance measures represent the majority of NZTE's spend and reflect the most important aspects of our business and performance.

NZTE is funded under two multi-category appropriations through Vote, Business Science and Innovation.

International Business Growth Services

NZTE offers a wide range of services to help companies expand and grow in international markets. We help individual or groups of companies to internationalise by:

- improving their capability and readiness
- identifying and pursuing market opportunities
- overcoming internationalisation barriers and enabling access to international business networks.

We support the development of quality investment opportunities and then match them with domestic or international investors. This output is the greatest area of focus for our Investment team. We help potential recipients of investment funds, and investors looking to invest in New Zealand business opportunities by:

- identifying and connecting with investors domestically and internationally
- developing and matching quality investment with New Zealand opportunities in target sectors.

Our customer managers and international teams provide tailored support, advice and linkages for our customers. Around this, we wrap services to build capability, connect with global opportunities, access capital and develop effective strategies for growth.

Statement of cost services – Output expense	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Revenue Crown	179,144	188,078	172,361
Revenue Other	10,043	23,198	11,949
Total Revenue	189,187	211,276	184,310
Expenses	185,716	211,276	184,310
Net Result	3,471	–	0
Use of prior year surplus	0	0	(10,000)
Fair value of derivatives	(8,401)	5,853	48
Unrealised FX	(353)	0	0
Reconciled to the Statement of Comprehensive Revenue and Expense	(5,211)	5,853	(9,952)

NOTE: The total of \$5,211,000 includes \$72,000 from Collaborative Activity and Special Events.

Service performance measures	2023 result	2024 target	2025 target
Our customers outcomes			
Total value of export deals achieved with NZTE involvement	\$4.61b	\$2.5b	\$2.7b
\$ potential Direct Economic Impact (pDEI) for investment deals	\$4.02b	\$2.7b	\$3b
Impact measures: Contribution to growth			
Number of International Growth Outcomes (IGOs) achieved with NZTE involvement	2,511	1,700	2,000
Total Net Promoter Score for Focus customers	+75	+65	+65
Total Net Promoter Score for investment deals	+91	+65	+65
Ratio pDEI for investment deals	2.75 to 1	2.5 to 1	2.5 to 1
Service and engagement indicators			
Total number of Focus customers	1,342	1,400	900 -1,100
Total number of export customers in the NZTE portfolio	6,436	4,500	4,500
Total Net Promoter Score for NZTE Solutions	+73	+65	+65
Total Net Promoter Score for Export customers	+73	+65	+65
Proportion of NZTE Focus customers with sustainability credentials	12%	10%	10%
myNZTE return rate	20%	Meets or exceeds 2022/23 result	17
A 46.2% reduction in NZTE emissions on the 2018/19 financial year (baseline) by 2030 (to 2830 tCO2)	3,369 tCO2	3,711 tCO2	3,884 tCO2

STATEMENT OF PERFORMANCE EXPECTATIONS

Collaborative activity and special events

We collaborate with other New Zealand agency partners to leverage New Zealand's profile in international markets and on special events or opportunities that support New Zealand's export growth. Activities within this output include:

- New Zealand G2G – an initiative established with MFAT to internationalise our public sector skills, systems and know-how and once managed as a separate operating unit but now delivered through our core operating model.
- The New Zealand Story – a free business toolkit, delivered with NZ Inc partners, to help New Zealand businesses promote themselves internationally.

Statement of cost services – Output expense	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Revenue Crown	6,086	5,703	2,760
Revenue Other	2,687	3,141	1,150
Total Revenue	8,773	8,844	3,910
Expenses	8,701	8,844	3,910
Net Result	72	-	-

Service performance measures	2023 result	2024 target	2025 target
Value of contracts secured through NZ G2G	\$0.79m	\$10m	\$10m
Total Net Promoter Score for the NZ Story	+72	+65	+65
Total number of organisations working with Callaghan Innovation and NZTE as a Focus customer	444	Meets or exceeds 2022/23 result	300

Expo 2020 Dubai

Statement of cost services – Output expense	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Revenue Crown	2,827	-	-
Revenue Other	91	-	-
Total Revenue	2,918	-	-
Expenses	2,918	-	-
Net Result*	-	-	-

Grants

NZTE administers two grants:

International Growth Fund (IGF)

The IGF supports high-growth businesses to carry out additional market development and business capability activities required for growth in new markets. This delivers benefits for both the businesses concerned and the wider New Zealand economy.

Statement of cost services – Other expense	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Revenue Crown	47,197	49,000	36,000
Expenses	47,197	49,000	36,000
Net Result	-	-	-

Service performance measures	2023 result	2024 target	2025 target
Potential Direct Economic Impact ratio for approved IGF expansion grants	9.1 to 1	4 to 1	4 to 1
Realised Direct Economic Impact ratio for completed IGF expansion projects	6.6 to 1	4 to 1	4 to 1
Number of International Growth Fund grants awarded	400 (demand driven)	+65 (demand driven)	+65 (demand driven)

Strategic Investment Fund (SIF) – Sector Strategies and Facilitation

The SIF co-funds feasibility studies. These studies are used to develop and present the business case for investment in New Zealand. SIF supports investments that can bring significant tangible and strategic benefits to New Zealand.

Statement of cost services – Other expense	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Revenue Crown	330	2,078	1,204
Expenses	330	2,078	1,204
Net Result	-	-	-

Service performance measures	2023 result	2024 target	2025 target
Number of Strategic Investment Fund grants awarded	8	7 (demand driven)	7 (demand driven)

CONSULTATION AND REPORTING

As a Crown Agency, our agenda and direction are set by the Government. Therefore, we consult with and report to ministers regularly. NZTE provides the Minister for Trade and the Minister for Economic Development with regular reports throughout the financial year.

NZTE's current reporting to its Ministers includes monthly reports and two 6-month progress reports. In addition, NZTE's monitoring agencies receive copies of NZTE's bi-monthly reporting to its board. However, this approach is currently being reviewed, with an alternative of four quarterly progress reports being considered. The 6-monthly progress reports currently cover:

- progress against key performance indicators
- key organisational risks
- financial management
- organisational change
- areas of ministerial priority,

and these things will continue to be covered in any revised reporting framework.

NZTE consults ministers and relevant Government agencies before making decisions regarding:

- material changes in the capability and functionality of NZTE's network (in New Zealand and internationally)
- activities that are potentially outside of the scope of appropriations made by Parliament or relevant legislation applying to NZTE
- significant organisational decisions that will give rise to Parliamentary interest or public debate. The Board reports to joint ministers annually on full-year performance against the SPE. This report also includes Board updates regarding fees, allowances paid and attendance levels.

NZTE is also committed to sharing information with our NZ Inc partners. We provide regular updates, insights and analysis on areas of mutual interest.

Lastly, we will work with MBIE to share knowledge and practices so that we can better understand and demonstrate our impact on companies and the economy.

PROSPECTIVE FINANCIAL STATEMENTS

For the year ending 30 June 2025

Statement of comprehensive revenue and expense

	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Revenue			
Funding from Crown – operating	188,057	193,781	175,121
Funding from Crown – grants	47,527	51,078	37,204
Finance revenue	7,790	9,601	780
Other revenue	11,964	16,738	7,056
Total revenue	255,338	271,198	220,161
Expenses			
Personnel expenses	128,689	129,690	115,440
Depreciation and amortisation expense	4,398	6,180	5,200
Finance expenses	8,401	2,548	2,500
Grant expenses	47,527	51,078	37,204
Capital charge	1,887	1,950	2,097
Other operating expenses*	69,647	73,899	67,672
Total expenses	260,549	265,345	230,113
Surplus/ (deficit)	(5,211)	5,853	(9,952)

*Other operating expenses include the following major categories: development and implementation of iPlans, business capability services, rental expense on operating leases, and promotional activities.

Statement of changes in equity

	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Balance at 1 July	41,291	36,080	41,933
Total comprehensive revenue and expense for the year	(5,211)	5,853	(9,952)
Balance at 30 June	36,080	41,933	31,981

PROSPECTIVE FINANCIAL STATEMENTS

For the year ending 30 June 2025

Statement of financial position

	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Current assets			
Cash and cash equivalents	41,210	40,191	30,641
Receivables – operating	2,228	2,000	2,000
Receivables – Crown grants	29,151	26,000	18,000
Prepayments	5,167	5,000	5,000
Investments – deposits	1,180	1,180	1,180
Derivative financial assets	572	359	–
Total current assets	79,508	74,730	56,821
Non-current assets			
Investments – deposits	2,028	2,000	2,000
Property, plant and equipment	6,528	6,288	5,988
Intangible assets	5,781	6,021	6,321
Total non-current assets	14,337	14,309	14,309
TOTAL ASSETS	93,845	89,039	71,130
Current liabilities			
Payables – operating	12,608	4,927	6,914
Payables – Crown grants	29,151	26,000	18,000
Employee entitlements	9,363	9,913	10,513
Finance and other liabilities	307	243	179
Derivative financial liabilities	2,838	2,548	–
Total current liabilities	54,267	43,631	35,606
Non-current liabilities			
Employee entitlements	3,162	3,312	3,462
Finance and other liabilities	336	163	81
Total non-current liabilities	3,498	3,475	3,543
TOTAL LIABILITIES	57,765	47,106	39,149
NET ASSETS	36,080	41,933	31,981
Equity			
Contributed capital	15,648	15,648	15,648
Accumulated surplus	20,432	26,285	16,333
TOTAL EQUITY	36,080	41,933	31,981

Statement of cash flows

	Actual 2023 \$000	Forecast 2024 \$000	Forecast 2025 \$000
Cash flows from operating activities			
Receipts from Crown – operating	184,519	193,781	175,121
Receipts from Crown – grants	54,111	51,078	37,204
Receipts from other revenue	14,055	25,139	7,056
Interest received	857	1,200	780
Payments to suppliers	(69,056)	(81,814)	(71,670)
Payments to employees	(128,048)	(131,195)	(113,540)
Payments to grant recipients	(54,111)	(51,078)	(37,204)
Payments for capital charge	(1,887)	(1,950)	(2,097)
GST (net)	179	–	–
Net cash flows from operating activities	619	5,161	(4,350)
Cash flows from investing activities			
Receipts from sale of property, plant and equipment	87	–	–
Purchase of property, plant and equipment	(1,755)	(2,480)	(2,500)
Purchase of intangible assets	(2,696)	(3,700)	(2,700)
Net cash flows from investing activities	(4,364)	(6,180)	(5,200)
Net increase/(decrease) in cash and cash equivalents	(3,745)	(1,019)	(9,550)
Cash and cash equivalents at beginning of the year	44,955	41,210	40,191
Effect of exchange rate movements on cash held	–	–	–
Cash and cash equivalents at end of the year	41,210	40,191	30,641

ACCOUNTING POLICIES

Reporting entity

New Zealand Trade and Enterprise (NZTE) is a Crown Agency as listed in Part 1 of Schedule 1 of the Crown Entities Act 2004 and is domiciled in New Zealand. NZTE's parent is the New Zealand Crown.

The consolidated financial statements of the Group consist of the parent entity, NZTE, and its wholly owned subsidiary, NZ G2G Partnerships Limited, together they are referred to as NZTE.

NZTE's objective is to encourage and promote economic development and investment opportunities in New Zealand, as opposed to making a financial return.

NZTE has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of NZTE have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements have been prepared in accordance with the Tier 1 reporting requirements of the Public Benefit Entity (PBE) Reporting Standards and comply with the PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, which is NZTE's functional currency. All values are rounded to the nearest thousand dollars (\$000).

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are valued at fair value through the surplus or deficit.

Changes in accounting policy

There have been no changes in NZTE's accounting policies since the date of the last audited financial statements.

Summary of significant accounting policies

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit.

Goods and services tax

Items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST

Income tax

NZTE is a public authority and is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget

The budget figures are derived from the Statement of Performance Expectations, as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, NZTE has made estimates and assumptions concerning the future. These estimates and assumptions might differ from the 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 to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- useful lives and residual values of property, plant, and equipment
- useful lives of intangible assets
- retirement, long service leave and other employee entitlements.

Critical judgements in applying accounting policies

Management has exercised critical judgements in applying accounting policies in regard to the following items;

- grant expenditure and payables.

Funding from the Crown

NZTE is primarily funded by the Crown. This funding is restricted in its use for the purpose of NZTE meeting the objectives specified in the Statement of Performance Expectations 2024/25 and the scope of appropriation funding. NZTE considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding.

Grant revenue and receivables

Grant revenue is recognised when the revenue conditions have been met, which is when the related grant expenditure is incurred, or accrued expenditure is recognised.

Receivables from the Crown – grants are due from the Ministry of Business, Innovation and Employment (MBIE) to pay grants administered by NZTE with payment terms of 7 days.

Grant expenditure and payables

Grant expenditure is recognised when the third party recipient incurs expenditure that meets the grant condition arrangements. For reporting purposes grant expenditure and the accrual is calculated by assessing the probability of a grant recipient having incurred

qualifying expenditure for which a claim has not yet been received, as well as management's estimation of project progress. The grant payable is an accrual which consists of all open grant contracts which is then discounted by the estimated grant drawdown rate (between 85% to 96%). The drawdown rate is calculated using historic drawdown rates.

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes (defined contribution schemes)

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Finance expenses

Borrowing costs are expensed in the financial year in which they are incurred.

Capital charge

The capital charge is expensed in the financial year to which the charge relates. The capital charge paid to the Crown is calculated based on NZTE's equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2024 was 5% (2023: 5%).

Operating leases and lease incentives

An operating lease is a lease that does not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments under an operating lease are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term. NZTE leases a number of properties in New Zealand and around the world in order to carry out its activities. NZTE has assessed that these leases do not transfer substantially all of the risks and rewards of ownership to NZTE from the landlord and therefore are treated as operating leases.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less. No allowance for possible credit losses has been made, as none are expected.

ACCOUNTING POLICIES

Receivables – operating

Short-term receivables are recorded at the amount due, less an allowance for credit losses. NZTE applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. Short-term receivables are written-off when there is no reasonable expectation of recovery. An allowance for credit losses is recognised only when there is objective evidence that the amount due will not be fully collected.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from NZTE's operational activities. NZTE does not hold or issue derivative financial instruments for trading purposes. NZTE has not adopted hedge accounting. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit. A forward foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the forward foreign exchange derivative is classified as non-current.

Property, plant and equipment

Property, plant, and equipment consists of five asset classes, which are measured as follows:

- leasehold improvements, at cost less accumulated depreciation and impairment losses
- furniture and office equipment, at cost less accumulated depreciation and impairment losses
- computer hardware, at cost less accumulated depreciation and impairment losses
- motor vehicles, at cost less accumulated depreciation.

Additions

The 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 NZTE and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated.

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits, or service potential associated with the item, will flow to NZTE and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are expensed in the surplus or deficit 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 reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their expected useful lives. The expected useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

- leasehold improvements up to 12 years, 8%-33%
- furniture and office equipment 4 to 5 years, 20%-25%
- computer hardware 3 years, 33%
- motor vehicles 4 years, 25%.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

Impairment

NZTE does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell, and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. Total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense.

Critical accounting estimates and assumptions – Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by NZTE, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. NZTE minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset replacement programmes
- review of second-hand market prices for similar assets.

NZTE has not made significant changes to past assumptions concerning useful lives and residual values.

Work in progress

Work in progress is recognised at cost less impairment and is not depreciated. Where an asset is acquired through a non-exchange transaction, its recognised at its fair value as at the date of acquisition.

Intangible assets

Software acquisition and development

Software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred. Costs associated with maintaining software are expensed when incurred.

Costs associated with development and maintenance of NZTE's website are expensed when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its expected useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- acquired software 4 to 5 years, 20%-25%
- internally generated software 3 to 5 years, 20%-33%.

Impairment

All intangible assets are non-cash generating. At each reporting date NZTE assesses whether there is an indication that a non-cash generating intangible asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, NZTE estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell, and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

ACCOUNTING POLICIES

Critical accounting estimates and assumptions – Estimating useful lives of software

NZTE's internally generated software largely comprises of an interactive portal for export customers provided to the public as part of NZTE's support function. Internally generated software has a finite life, which requires NZTE to estimate the useful life of the software assets. In assessing the useful lives of software assets, several factors are considered, including:

- the period of time the software is intended to be in use
- the effect of technological change on systems and platforms
- the expected timeframe for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, as well as the carrying amount of the software assets in the statement of financial position.

Payables – operating

Short-term payables are recorded at the amount payable.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the balance date, in which the employee provides the related service, are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave. A liability and an expense are recognised for performance incentives where there is a contractual obligation, or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the balance date in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement and contractual entitlement information
- the present value of the estimated future cash flows.

Critical accounting estimates and assumptions – Measuring retirement and long service leave obligations

The value of retirement and long service leave obligations are measured by the actual liability as at balance date as required under contractual arrangements (including local legalisation). Any employment changes may affect the carrying amount of the liability.

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 or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required in order to settle the obligation using a pretax discount rate that reflects current market assessments of the time value of money, and the risks specific to the obligation. An increase in the provision due to the passage of time is recognised as a finance expense.

Financial Instruments

NZTE is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. NZTE's senior management oversees the management of these risks and is supported by the Audit and Risk Committee that provides assurance to the Board that NZTE's financial risks are identified, measured and managed in accordance with NZTE's policies and procedures.

Fair value

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the methods and assumptions listed below.

Derivatives

The fair value of forward exchange contracts has been determined using a discounted cash flow valuation methodology, based on quoted forward foreign exchange market rates. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates, and the discount rate is a market related rate for a similar instrument at balance date. Where other pricing models are used, inputs are based on market-related data at balance date.

Receivables and payables

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Financial instrument risk

NZTE's activities expose it to a variety of financial instrument risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. NZTE has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow transactions that are speculative in nature to be entered into.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. NZTE's exposure to fair value interest rate risk is limited to its bank deposits that are held at fixed rates of interest. NZTE actively manages its exposure to fair value interest rate risk by reviewing its placement of funds.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. NZTE makes purchases of goods and services overseas that require it to enter transactions denominated in foreign currencies. NZTE holds currency balances in AED, AUD, CAD, CNY, EUR, GBP, HKD, JPY, SGD, and USD to operate its international offices and settle international transactions denominated in foreign currencies when necessary. As a result of these activities, exposure to currency risk arises. NZTE manages foreign currency risks arising from contractual commitments and liabilities by entering forward foreign exchange contracts to manage the foreign currency risk exposure.

Credit risk

Credit risk is the risk that a third-party will default on its obligation to NZTE, causing it to incur a loss. NZTE is exposed to credit risk from cash and term deposits with banks, prepayments and deposits, receivables and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. Due to the timing of its cash inflows and outflows, NZTE invests surplus cash with registered banks with a Standard and Poor's credit rating of at least AA- for short-term investments. NZTE limits the amount of credit exposure to any one financial institution for term deposits to no more than \$60m. NZTE's investments in term deposits are considered to be low-risk investments. The credit ratings of banks are monitored for credit deterioration.

GLOSSARY

Active Investor Plus visa	A visa developed to attract high-net-worth investors to apply for residency, on the basis that they take a proactive investment role in the development of the New Zealand economy. An independent panel assesses which managed funds and direct investments will contribute to the economic transformation.
Co-funding	An activity that supports firms where the costs of the activity are shared between NZTE and the participants. This may include grant programmes where NZTE supports firms with funding but requires participants to also invest in delivering the activity.
Engaged	Customers who are at an earlier stage in their international journey and either show a commitment to getting started or have already started exporting.
Focus (F1000)	Around 1000 customers who receive an intensified service from NZTE.
G2G	An initiative developed with MFAT that takes New Zealand Government skills, systems and know-how to market on a commercial basis. G2G is short for government to government (a reflection that most sales by New Zealand Government agencies are to foreign Government agencies) and the phrase G2G is often used interchangeably with 'New Zealand G2G.
Greenfield investment	Projects where there are no existing operations.
International Growth Fund (IGF)	A fund administered by NZTE that is used to co-fund ambitious projects to investigate or grow into new markets and to build the capability to do so.
International Growth Outcome (IGO)	A result achieved in market with the assistance of NZTE that is not a sale but provides a significant platform for future international growth.
myNZTE	NZTE's digital portal, a hub of events, learning, guides and insights.
Net Promoter Score (NPS)	A widely used customer loyalty or satisfaction metric used to measure success across our services. It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.

NZ Inc	New Zealand's business-support agencies. NZTE works closely with them in order to provide a consistent and coordinated level of support for the New Zealand business community.
NZTE Board	NZTE's board of directors, who are responsible for providing governance over our strategy, future operating intentions and monitoring organisational performance.
ONE Global Team	NZTE's team of around 645 people around the world.
potential Direct Economic Impact (pDEI)	pDEI is the forecast return to the economy through increased profits, wages and supplier spend.
Strategic Investment Fund (SIF)	The Strategic Investment Fund co-funds feasibility studies. These studies are used to develop and present the business case for investment in New Zealand.

NZTE'S INTERNATIONAL NETWORK

as at 30 June 2024

Our in-market support

6 Regions

32 Languages

37 International locations

365 Private sector advisors

SATELLITE OFFICES

Toronto
Chicago
Pittsburgh
Detroit
Denver
Omaha
Austin
Tampa

NORTH AMERICA OFFICES

Los Angeles
New York
San Francisco
Vancouver
Washington

LATIN AMERICA OFFICES

Bogotá
Mexico City
Santiago
São Paulo

EUROPE, MIDDLE EAST AND AFRICAN OFFICES

Amsterdam
Berlin
Istanbul
London
Madrid
Milan
Paris
Dubai
Riyadh

SOUTH EAST & EAST ASIA OFFICES

Mumbai
New Delhi
Bangkok
Ho Chi Minh City
Jakarta
Kuala Lumpur
Manila
Seoul
Singapore
Tokyo

GREATER CHINA OFFICES

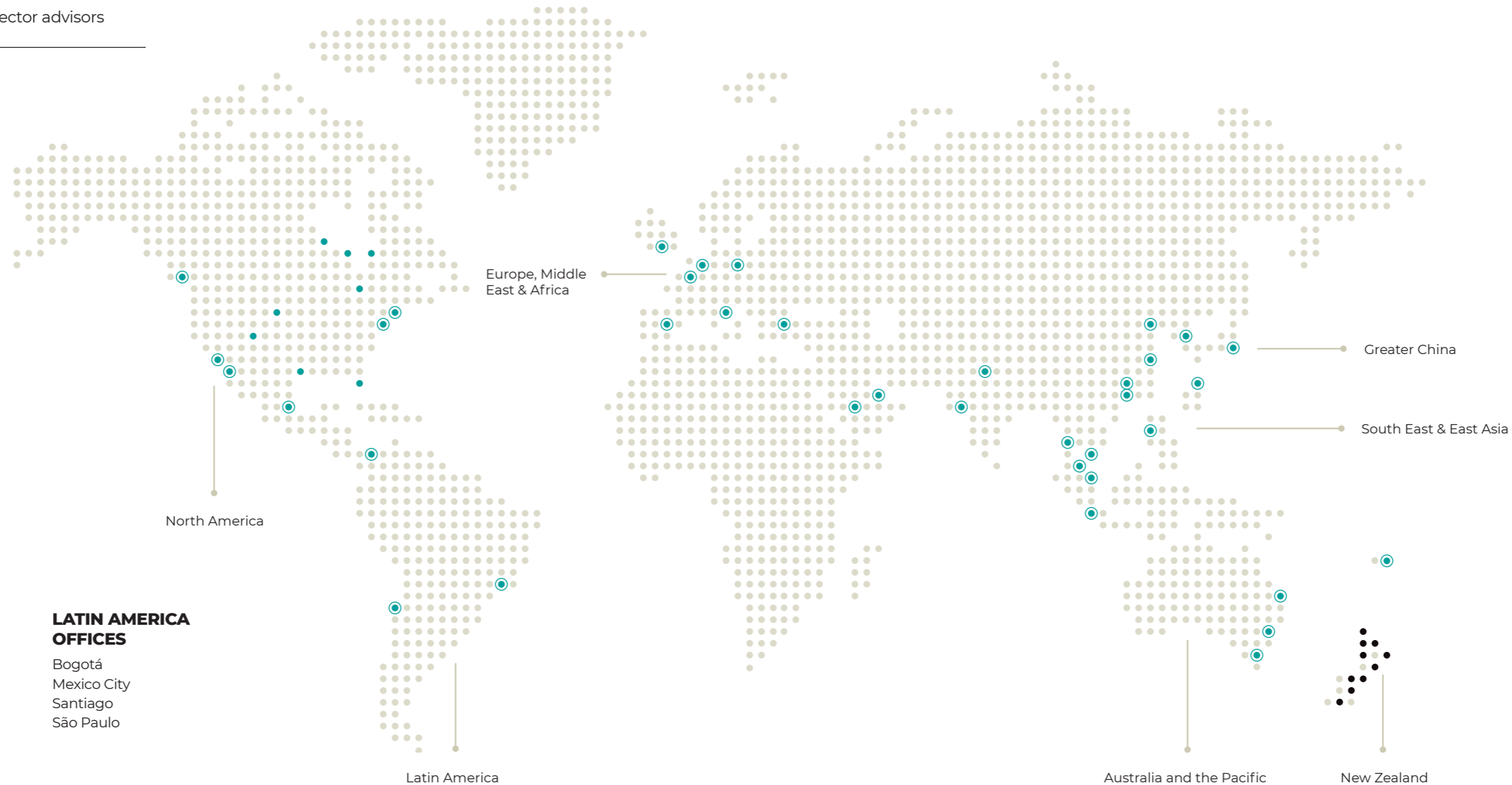
Beijing
Guangzhou
Hong Kong
Shanghai
Taipei

AUSTRALIA-PACIFIC OFFICES

Brisbane
Melbourne
Sydney
Fiji

NEW ZEALAND OFFICES

Whangārei
Auckland
Tauranga
Hamilton
New Plymouth
Hastings
Palmerston North
Wellington
Nelson
Christchurch
Dunedin



KEY

● International offices ● New Zealand offices ● Satellite offices