

# STATEMENT OF PERFORMANCE EXPECTATIONS

2025-26



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

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# OUR ORGANISATION

The purpose of New Zealand Trade and Enterprise (NZTE) | Te Taurapa Tūhono is to support exporters to grow internationally for the good of New Zealand.

# FOREWORD

In a rapidly changing global environment, international trade has never been more important to New Zealand's prosperity. It creates more jobs, higher incomes and provides more money for better public services.

To be a successful trading nation we are reliant on strong businesses, a robust global trading system, access to international markets, and strong trade agreements. Current global challenges, including escalating tariffs, rising protectionism, and ongoing geopolitical uncertainty, are creating an increasingly difficult trading environment.

These volatile trading conditions – perhaps the most significant since the General Agreement on Tariffs and Trade (GATT) was formed in 1947 – are putting substantial strain on the global economy and are likely to continue to impact New Zealand's economic interests in the coming years. Adapting to this shifting global context is essential for our long-term prosperity.

Growing exports and increasing investment is a key part of the Government's approach to lifting New Zealand's economy. It is one of five pillars outlined in the Government's 'Going for Growth' approach and central to the goal of turbocharging New Zealand's economy.

New Zealand Trade and Enterprise (NZTE) is working with the Government, and with other agencies, to support this growth focus and deliver on the Government's aspirational goal of doubling the value of exports over 10 years (by 2034). This requires a growth rate of approximately 7% per year. While this is a challenging goal, we also know our exporters have the drive and ambition needed to scale and grow internationally.

We are proud of how our export community continues to adapt to challenges and embrace opportunities in the face of increasing geopolitical risks and market instability. Slowing global growth is squeezing demand, while rising costs are shrinking margins. New Zealand is also challenged by the size of our domestic market and

our distance from the markets we want to trade with, making government support for exporters necessary for some but not all. In particular, early-stage and subscale exporters often require more intensive support to overcome these challenges.

The Government also plays a vital role by opening doors to international markets, delivering new and expanded free trade agreements and removing barriers to trade. These efforts expand opportunities for export growth by enhancing market access and increasing the revenue share from export deals.

Trade missions play an important role in this by lifting international connections and deepening business partnerships in key markets. In 2024, NZTE-supported business delegations successfully delivered over 105 commercial outcomes worth hundreds of millions in trade value across eight Government-led missions. We continue to work closely with the Government to accelerate export growth through missions.

NZTE's global team is committed to supporting New Zealand businesses to leverage all opportunities to expand internationally. We remain confident there is significant potential to unlock in New Zealand's export economy. In FY24, we helped New Zealand businesses deliver 1,545 export deals, generating \$3.81 billion in export value to New Zealand against our target of \$2.5 billion. We achieved a record 2,771 International Export Growth Outcomes (IGO) and our Net Promoter Score (NPS) remained high at +73.<sup>1</sup>

We were also at the forefront of connecting international investors with high-value growth opportunities in New Zealand. In FY24, the potential direct economic impact (pDEI) of investment deals totalled \$4.54 billion against our target of \$2.7 billion, with Māori-related deals

contributing \$1.15 billion. The Government's decision to create a new standalone Invest New Zealand agency reflects the importance of investment to New Zealand's economic growth and the recognition that we cannot prosper as a nation without it.

As NZTE returns to a single mandate of supporting the growth of New Zealand's exporters, we are confident we can deliver on our strategy. Over the next 12 months we will relentlessly hone our core capability of growing companies internationally, focusing with more intensity on ambitious, growth-orientated companies, deepening our partnership with Māori businesses to support the growth of the Māori economy, and boosting the performance of our people. Helping companies scale to offset the challenges of global uncertainty, isolation and distance remains central to our work.

We will continue to encourage a diversified approach to global markets, resourcing high GDP markets where exporters can achieve higher premiums, while also maintaining a presence in markets with a growing middle class and good medium to long-term prospects, such as India. And we will build exporter knowledge and capability in areas that are critical for scaling companies internationally.

We will continue to push for improved market access opportunities for New Zealand exporters, working alongside key government partners, like the Ministry of Foreign Affairs and Trade (MFAT), to identify and resolve non-tariff barriers that effect the performance of our customers in market. We will engage closely with the Ministry of Business, Innovation and Employment (MBIE), Ministry of Primary Industries (MPI), Tourism New Zealand (TNZ), Education New Zealand (ENZ) and others on the Government's 'Going for Growth' approach, working collectively to increase domestic capacity and productivity, and drive technology and innovation to help exporters scale and compete internationally.

Collaboration and partnership across government is vital to achieving our shared goals. As the country continues to face challenging economic conditions, the importance of exports to New Zealand's economy has never been more in focus. NZTE's purpose is absolutely on point in this respect. We will harness our expertise to help grow companies – bigger, better, faster – for the good of New Zealand.



Charles Finny  
Chair, NZTE Board



Peter Chrisp  
Chief Executive, NZTE

<sup>1</sup> Refer to pages 16-17 for an explanation of our service performance measures.

# INTRODUCTION

New Zealand Trade and Enterprise (NZTE) is a Crown entity responsible for delivering international business growth services. By helping companies grow so that they can independently compete in global markets, the Government aims to raise living standards, create more higher-paying jobs, lift incomes for all New Zealanders and enable better public services.

In January 2025, the Government announced the establishment of a new entity, Invest New Zealand, to position New Zealand as a leading destination for foreign direct investment (FDI). The new entity will scale up NZTE's former investment attraction services.

NZTE will return to its single mandate, focussing on the growth of exporters in international markets, sharpening our focus on supporting customers to maximise their growth potential.

In FY25, the Board approved strategic areas of focus for NZTE, designed to continuously improve our performance and maximise our export customers' contribution to the New Zealand economy. They are:

1. **Grow Focus Portfolio Customers** – focused support for 1000 of the most ambitious growth orientated companies in our Focus portfolio
2. **Accelerate High Potentials** – working with emerging high-growth companies and rapidly growing larger high potential firms
3. **Supercharge Māori Economic Potential** – partnering with Māori to assist them grow their \$126 billion<sup>2</sup> asset base and their role in doubling exports.

This Statement of Performance Expectations (SPE) outlines our work programme for the financial year to 30 June 2026 that will progress these three focus areas. Our SPE also sets out our expectations for NZTE's performance and the prospective financial statements for the 2025/26 financial year.

NZTE's performance measures are set out in our Performance Framework. We will report our results in our 2025/26 Annual Report.

<sup>2</sup> Te Ōhanga Māori 2023 – The Māori Economy 2023 in late 2024, the Ministry of Business, Innovation and Employment (MBIE) and Business and Economic Research Limited (BERL); 10 March 2025.

# OUR PURPOSE

## Supporting Government priorities

The importance of exports in driving economic growth has led the Government to announce a goal to double exports by value in 10 years (by 2034).

In addition to bringing additional revenue into New Zealand, exporting businesses tend to be more productive because they are exposed to greater competition and are connected to greater sources of innovation, talent and capital. This increased productivity leads to increased revenue into New Zealand, higher wages and improved living standards for New Zealanders.

The Government's 2025 'Going for Growth' approach also identifies 'promoting global trade and investment' as one of the five pillars essential to driving economic growth.

## 'Going for Growth'

'Going for Growth' recognises that the growth of exports in an economy is influenced by many factors and outlines multiple government actions to promote the growth of businesses exporting from New Zealand. These include the streamlining of regulations, attracting investment into New Zealand, investment in infrastructure, promotion of New Zealand's value proposition and stronger international relationships through trade missions, trade negotiations to improve our access to markets, and support at the company level for businesses looking to grow into export markets.

## NZTE's contribution to economic growth and doubling exports

Achieving economic growth and the ambition to double the value of exports by 2034 will require a concerted effort from exporters, investors and government agencies.

NZTE's contribution to this goal focuses on providing company level support to exporting companies.

Our sights are set firmly on assisting early-stage and subscale exporters reach a scale and maturity where they can compete and grow internationally on their own terms, without continued intensive government support, enabling them to contribute more to our export economy.

We work with New Zealand businesses and Māori entities of all sizes to help them prepare to export, become investment ready, enter new markets and

accelerate their international growth. We do this by giving them knowledge, services, connections and the confidence to face the risks of international growth.

Our strategy and how we work with exporting companies is outlined on pages 09-11.

## How we work with our partners

The Government's doubling exports aspiration is a powerful and unifying message. Guided by 'Going for Growth', government agencies are focussing on what is within their control to double exports, embedding this ambition into their workplans.

Government agencies involved in this work include the Ministry of Foreign Affairs and Trade (MFAT), the Ministry of Business Innovation and Employment (MBIE), the Ministry for Primary Industries (MPI), Tourism New Zealand (TNZ), Education New Zealand (ENZ), Te Puni Kōkiri (TPK), The Treasury's New Zealand Export Credit Office (NZECO), New Zealand Story Group (NZ Story), New Zealand Growth Capital Partners (NZGCP), the newly established Invest New Zealand (Invest NZ) and, of course, New Zealand Trade and Enterprise (NZTE).

NZTE also works with organisations such as Sport New Zealand, The Asia New Zealand Foundation and the New Zealand Film Commission on specific opportunities around the world.

Our collaboration with agencies involves a wide range of activities. Examples include:

## Trade Missions

Designed to support our export and investment growth and achieve business outcomes, trade missions are a vital part of the collaborative effort to double exports. Through building relationships, strengthening investment, opening doors, growing New Zealand's reputation, and providing commercial value to business delegations, trade missions raise the profile of New Zealand's overall export and investment offering.

NZTE supports trade missions by managing the business delegation programme, alongside MPI, TNZ and ENZ, with MFAT leading the Ministerial programme. NZ Story provides unified story telling content and collateral to support these missions.

# OUR PURPOSE

## Navigating tariff volatility and leveraging trade agreements

NZTE works closely with MFAT to share insights and intelligence, ensuring businesses can navigate international markets and tariff movements. When new agreements are entered into or existing agreements updated, NZTE supports customer outreach to ensure exporters are aware of and able to utilise the benefits contained in the agreements.

## Non-tariff barriers

As a customer-facing organisation with trusted relationships with exporters, NZTE often hears first-hand of regulatory or non-tariff barriers affecting our customers and works with other government agencies and business associations to address systemic challenges. At an operational level, our teams work directly with MFAT, MPI, and the New Zealand Customs Service internationally and in New Zealand to resolve individual company regulatory, tariff classification issues or non-tariff barriers as they arise.

## Branding and marketing

NZTE works with NZ Story to promote and protect 'brand' New Zealand, using high-quality resources and case studies to enhance our country's global reputation.

Internationally, agencies such as MFAT, Invest NZ, NZ Story, ENZ, TNZ, MPI, Immigration NZ and NZTE share a coordinated approach to promote New Zealand in international markets, joining forces on appropriate individual agency activities and events to support the international growth of New Zealand companies.

## Enablers for growth

NZTE's accumulated knowledge of the challenges of growing an international company from New Zealand means that NZTE is able to share this knowledge with key partners to help inform them of any identified barriers to, or potential enablers for, economic growth. NZTE works closely with core agencies such as MFAT, MPI, TPK and MBIE in this area.

## Raising Capital

Investment is a key driver of exporting company growth. In addition to capital, the investors also bring expertise and international connections to accelerate company growth. Invest NZ and NZTE will work seamlessly together to ensure exporting companies have the capability to attract investment and are matched to the right kind of investors.

## Our structure and governance

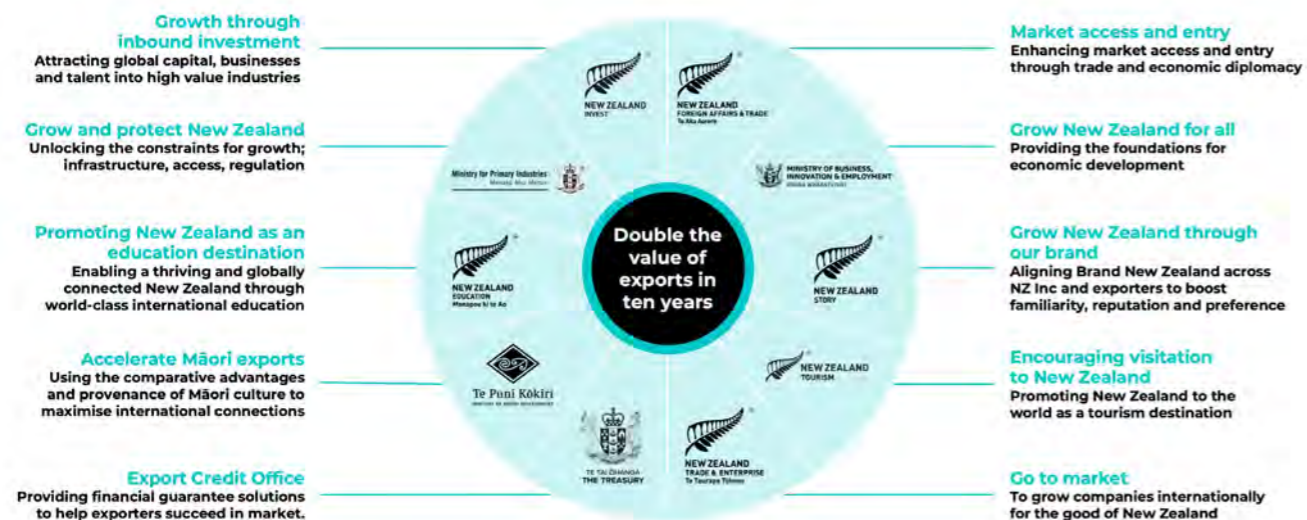
As a Crown entity, we operate under the Crown Entities Act 2004, the Public Finance Act 1989 and the New Zealand Trade and Enterprise Act 2003. The ministers responsible for NZTE are the Minister for Economic Growth and the Minister for Trade and Investment.

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

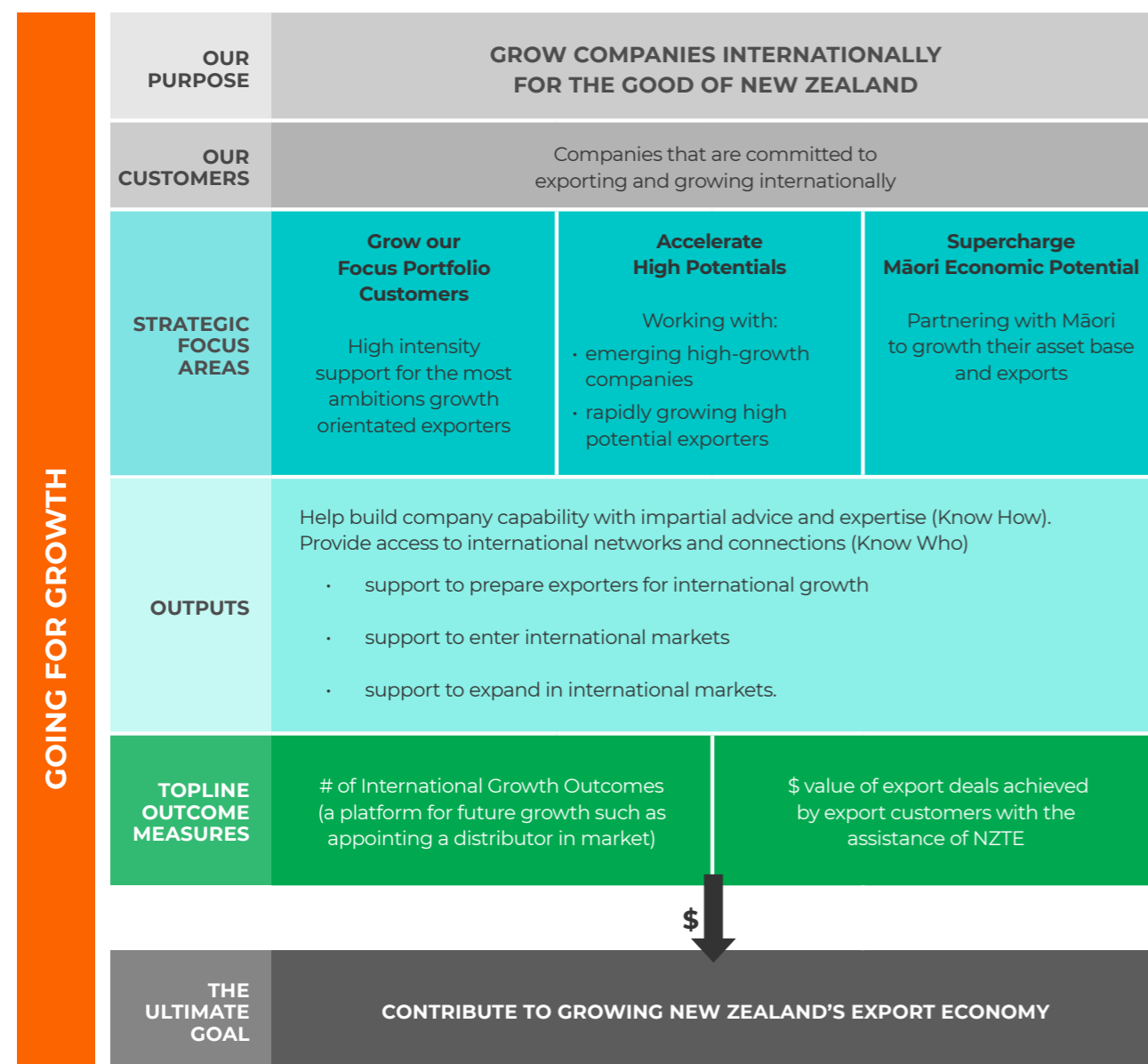
We are funded by the Government under a Vote Business, Science and Innovation non-departmental multi-category appropriation (MCA). In 2025/26, this will be \$159.5 million for operating expenses and a multi-year appropriation (MYA) of \$34 million for co-investment/grants. NZTE is confident that our resourcing is adequate to deliver on our purpose and FY26 work programme.

## Our key partners



# OUR PURPOSE

## New Zealand Trade and Enterprise: Our role



# OUR STRATEGY

## Our overarching strategy

While many companies can successfully export from New Zealand without support from government, unique challenges exist for some who have ambitions to scale internationally.

Our small domestic market combined with our distance from large global markets means that some businesses looking to scale to an efficient size need to start exporting early, often with limited experience and liquidity, while also facing limited connection to international markets, high transport costs and supply chain risks.

We recognise that exporters have differing growth stages, capabilities and aspirations. To ensure customers can make the most of our support we provide the right support at the right time, empowering customers to access relevant services when they need them the most.

We do this by:

- providing **company level support** to companies who are already exporting or preparing to export (our customers)
- **customising our support** to meet the unique needs of individual exporters. This enables each customer to achieve meaningful impact and minimise risks.
- delivering, or facilitating access to, a broad range of services, **expert advice and connections** that evolve to meet changing customer needs. Support is designed to:
  - develop and improve exporting capability for international growth (delivered predominantly in New Zealand through 11 regional offices)
  - support exporters global reach by providing a broad range of expert advice and connections (delivered predominantly in-market through 37 offices located around the world)
  - support may be delivered to an individual company, groups of companies and through online self-service options that companies can access as needed
- being **internationally focused** with offices located around the world
- **collaborating with** partners across New Zealand's trade and economic landscape to support exporters.

## Our customers and how we work with them

We know that innovative, knowledge-intensive companies with the ambition, commitment and capacity for international growth are best able to take advantage of NZTE's support to deliver increased export revenues to New Zealand.

We also recognise that early-stage exporters need, and should have, access to good and timely market information, advice and assistance, both in New Zealand and internationally.

To achieve the most impact from our resources NZTE targets its support at two key export customer segments:

### Tailored support for high-growth companies – Focus export customers

High-growth companies are companies that innovate to create value-added features; they often thrive internationally and earn higher premiums for their products. This in turn contributes more value to New Zealand's economy.

NZTE works closely with 1,000 (+/-100) of these high-growth, innovative and knowledge intensive companies in the Focus portfolio. As at 31 March 2025, 67% of "Focus" customers were companies with international revenue less than \$10 million.

Working with high-growth companies who are committed to, and ready for, intensive engagement so that they can reach a scale where they need less concentrated support, requires a deep understanding of their business and a trusted relationship with NZTE.

Our New Zealand-based customer managers work intensively with these companies to understand their growth challenges and opportunities in order to develop and execute a tailored impactful growth plan. The plan commonly includes services that develop or refine business purpose, strategy, goals, governance, capital raising needs, branding, marketing, sales strategies and support from our international teams.

# OUR STRATEGY

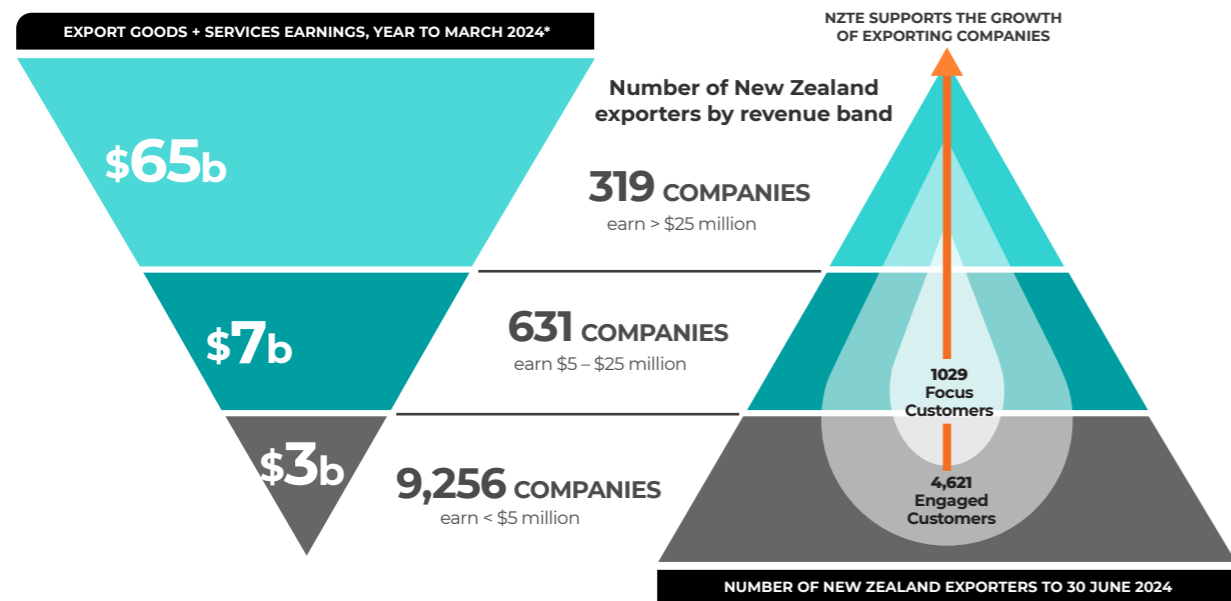
## Support for earlier stage exporters – Engaged customers

To support exporting companies who are at an early stage in their international journey or who are committed to starting to export, NZTE provides a digital platform called myNZTE.

Through myNZTE, these 'Engaged' customers can access exporting knowledge, services, capability building tools, learning modules and events, market intelligence reports and market connections.

A dedicated customer advisor team supports this digital offering by supplementing the resources on myNZTE and directing customers to services most appropriate to their export stage. When these customers are ready for intensive engagement and have the capability to grow internationally, they may be transitioned into our high-growth portfolio.

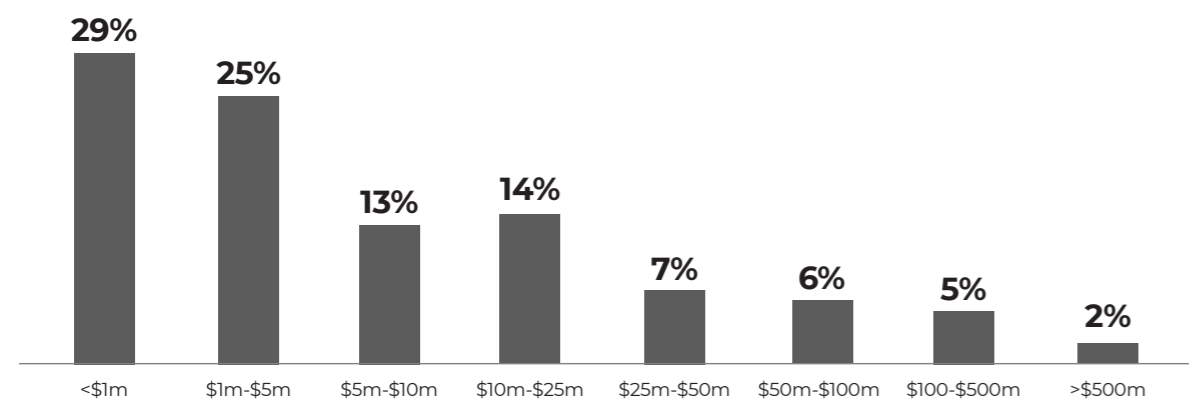
## NZTE supports the growth of exporting companies



\*Source: Statistics New Zealand (generalised). Data is based on goods and services companies excluding travel, transportation services, and insurance services.

The teardrop shape represents NZTE customers within the total pool of New Zealand exporting companies. Focus and Engaged customer numbers are as at 30 June 2024. Numbers may vary as customers enter and exit the Focus portfolio.

## Focus portfolio by international revenue band as at 31 March 2025



## Our products and services

Complementing the critical commercial and market knowledge of our people, NZTE develops and offers a broad range of advisory and capability building services to help export customers execute on their international growth strategies. These services are delivered by NZTE or through our network of private sector advisors (or Beachheads) who provide unbiased and independent guidance to New Zealand exporters globally.

Depending on the needs of our customers, support is provided in a range of formats; one-to-one sessions (for an individual company), one-to-many sessions (for groups of companies) and via our digital platform, myNZTE, where companies can independently access exporting knowledge, capability building tools, learning

modules, event notifications, market intelligence reports and market connections.

New Zealand-based services largely focus on business strengthening – export strategy, purpose, governance, brand, digital capability. Internationally, the focus is on market context and sales. As the environment changes, so do customer needs. We tailor our offer, the networks of experts we work with, and how we deliver in response.

As part of an integrated growth plan for small and medium sized Focus customers, NZTE may co-invest in international projects that generate value for the business and significant economic returns for New Zealand<sup>3</sup>.

## NZTE services<sup>4</sup>



<sup>3</sup> Focus customers with total revenue greater than \$100 million are not eligible for co-funding.

<sup>4</sup> NZTE services as at 30 June 2025. Services may change depending on customer needs and NZTE's operating context

# OUR FOCUS FOR 2025-26

Over the next 12 months we will be singularly focused on supporting export-led growth that accelerates New Zealand's economy.

## Supporting export growth

In FY25 NZTE prioritised supporting New Zealand exporters to maximise their growth with a reduced budget. This resulted in NZTE return to its focus on companies with strong growth ambitions following a period of supporting a broader range of exporting companies in response to unprecedented challenges during, and immediately after, the pandemic.

By carefully choosing which companies to focus on, NZTE can play a key role in supporting economic growth by directing support to our most ambitious high-potential exporters.

The Government's goal to double the value of exports by 2034 will see NZTE further intensify its focus on these ambitious high-potential exporters. This will involve deep discovery of the growth-needs of these customers and orientation of our services and global network of experts to meet those needs.

Our focus for FY26 continues to build on the programme of work undertaken in FY25, and the delivery of our strategic areas of focus.

## Geopolitical volatility

New Zealand has benefited from the long-standing rules-based trading system that has helped provide a more level playing field for exporters around the world by requiring countries to treat all trading partners fairly.

The recent move by the United States to impose tariffs on their trading partners, including New Zealand, marks an increase in trade barriers and creates more uncertainty in the global trading system. If the situation escalates, smaller economies like New Zealand who rely on global markets and fair rules to compete, may face higher input costs and fewer, more competitive, markets for their exports.

Amid this geopolitical uncertainty, technology innovation and significant demographic changes in markets is also intensifying competition and adding more complexity for New Zealand exporters.

NZTE will work closely with MFAT and MPI to support customers navigate these changes while continuing to encourage a diversified approach to global markets, with particular emphasis on maximising our opportunities in ASEAN countries and India.

NZTE will continue to resource high GDP per capita markets targeted by exporters to achieve higher premiums. We will also maintain significant presence in markets with a growing middle class that offer good medium-term to long-term prospects, like India. NZTE will monitor these markets closely and respond to increases in customer demand.

Navigating this uncertainty will be challenging for New Zealand exporters. NZTE's singular focus on supporting the growth of our customers will see NZTE redouble our efforts to help customers adapt to these challenges while pursuing strong growth.

We remain confident that our partnership with ambitious exporters and a strong emphasis on supporting their growth will in turn contribute to doubling the value of exports.

## Our FY26 work programme

This section sets out our FY26 work programme under each of our three strategic focus areas.

### Focus area one: GROW Focus 1000 – supporting companies within our Focus portfolio maximise their growth

To double the value of exports by 2034, the export economy needs to grow at >7% per year. NZTE's Focus 1000 is made up of the most innovative, knowledge intensive part of New Zealand's export economy, so we need to be even more ambitious. This portfolio is where the majority of our effort and energy goes.

Experience shows that the provision of focused support for the most ambitious, growth-oriented companies can assist them achieve significant growth and value creation for the export economy. Elements of this focus area include:

- building a deeper understanding of each customer's growth performance and ambition using international revenue and forecast data
- improving coordination of our support of Focus customers through the introduction of biannual growth calls with each customer
- improving the performance of expansion projects within the International Growth Fund (IGF) to achieve higher returns
- continuing to optimise services and our network of specialist Beachhead advisors in international markets, including support to help customers navigate a fluid trade environment, build their resilience and ability to pivot to new markets
- assisting our customers achieve commercial outcomes from trade missions.

### Focus area two: ACCELERATE High Potentials – creating a group of exporters with high growth potential and wrapping support around these companies to assist them accelerate their export growth.

To catalyse additional growth for New Zealand's economy, we will work intensely with a group of high growth potential exporters within the Focus portfolio and wrap the full support of New Zealand's business support agencies (NZ Inc) around these companies, helping them accelerate their export development. This group of up to 12 companies will serve as a pilot to

inform new ways of supporting companies achieve rapid growth. Elements of this focus area include:

- curating a CEO-level group of companies who have the potential to scale to \$100m
- completing a deep discovery process with this group to identify their specific growth needs, and to inform any required changes to our operating model
- partnering with the wider NZ Inc ecosystem and private sector to drive growth potential

### Focus area three – SUPERCHARGE Māori economic potential – partnering with Māori to assist them to grow their \$126 billion asset base and their role in doubling exports.

The Māori economy is a major contributor to New Zealand exports and has a \$126 billion asset base that represents a significant opportunity for further export growth.

NZTE's engagement with Māori must reflect the unique characteristics of, and level of ambition within, the Māori economy. Our role is to partner with Māori to support them unlock opportunities for increased participation in the export economy, assisting Māori exporters thrive and contribute significantly to New Zealand's export growth. Elements of this focus area include:

- implementing a Sustainable Exports project in partnership with MPI and KPMG to support diversification of existing exports
- implementing a plan to support the conversion of Māori assets into exports for ten priority Māori development opportunities
- maintaining our concentrated level of engagement with Māori companies and iwi.

### Lifting our capability to deliver

Delivering on our focus areas will require us to lift our people and their productivity. To do this we will create an environment that encourages high performance against clear deliverables and makes it easier for people to do their jobs through innovation and efficiencies in how we work.

This includes building a more data capable organisation, rolling out new AI tools to improve our productivity, and continuing to lift the commercial and leadership capability of our people.

# MEASURING OUR PERFORMANCE

## Export customer growth

We use a range of measures to understand the impact of our activities, make key operational decisions and ensure improved efficiency and effectiveness.

Measuring our work is challenging, as it is for any economic development agency, as attribution of economic impact is difficult to quantify given the range of global, domestic and internal company factors that impact a company's growth. As a result, we have focused on measuring the effectiveness of NZTE activities that we have the most control over. Over the next year we are also experimenting internally with new growth metrics to find additional ways of measuring our impact on the growth of our customers.

Our key measure of export customer growth is based on the *dollar value of international customer deals* made with the assistance of NZTE. We also record outcomes where customers establish a significant platform for future international growth such as product listings, distributor or agent agreements and establishing international offices. NZTE considers these *international growth outcomes* one of our most useful measures as it reflects a broader range of growth outcomes than deals alone and provides a more direct line of sight between the type of NZTE service consumed and customer outcomes achieved.

## Our measurement structure

Our measurement framework for FY26 outlines NZTE's priorities and the outcomes we deliver in pursuit of the Government's goal to double the value of exports in the next decade (by 2034).

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 2025-26 performance targets

The global economic situation looks particularly challenging for New Zealand exporters.

Trade disputes between major economies and instability in multiple regions have disrupted global supply chains and increased uncertainty in international markets, while the rise of protectionist policies has created additional hurdles for market access.

Economic slowdown in key trading partners, declining consumer demand and fluctuating cost pressures on imported components have also made it harder for New Zealand exporters to maintain competitive pricing and secure stable demand for their products.

These factors collectively pose a complex environment for New Zealand's export sector and provide a backdrop for how NZTE set our FY26 performance targets.

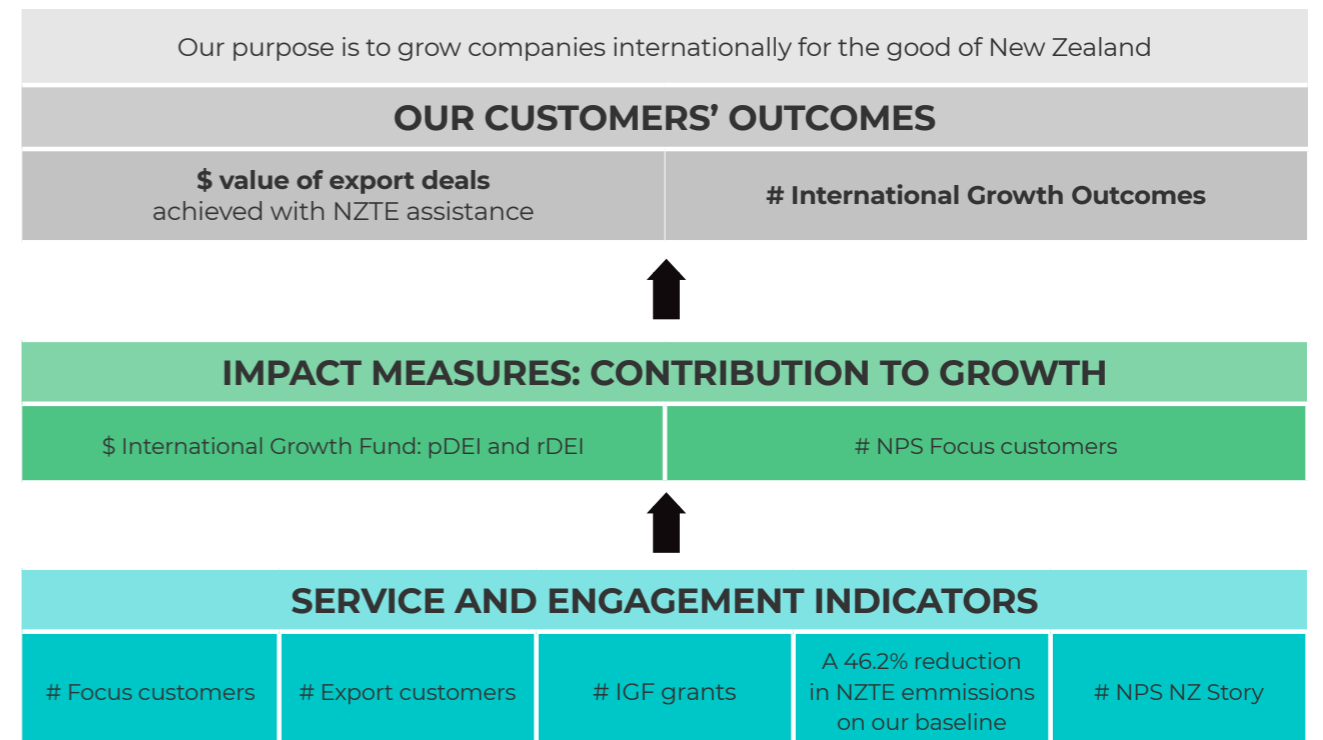
From an organisational perspective, having strategically refocused to conclude the COVID-19 Response and Recovery funding, and meet the cost savings requested as part of Budget 2024, NZTE is now in a better position to raise the level of ambition in some performance targets while also balancing targets against the uncertain global economic headwinds our customers are likely to face in FY26.

## NZTE's Performance Framework

Throughout FY26, NZTE will be focused on supporting the export-led growth of our customers to help them accelerate New Zealand's economy. Our Performance

Framework reflects our main priorities across all three focus areas in our FY26 work programme.

### Double the value of exports in 10 years (by 2034)



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

Our approach for developing service performance information is in accordance with the Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48).

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
<b>Our customers outcomes</b>	
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.
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 New Zealand 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.
<b>Impact measures: Contribution to growth</b>	
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.
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. pDEI is the forecast return to the economy through increased profits, wages and supplier spend in New Zealand.
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. rDEI is the actual return to the economy through increased profits, wages and supplier spend in New Zealand.

Performance measures	Notes
<b>Service and engagement indicators</b>	
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.
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
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.
Total Net Promoter Score (NPS) for New Zealand Story Group	NZ Story completes a stakeholder NPS survey once a year and collates other NPS scores regularly for services (such as toolkit users) and attendees at hosted events.

# 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 through Vote, Business Science and Innovation under two multi-category appropriations; International Business Growth and Collaborative activities and special events.

Costs related to investment functions that transferred from NZTE to Invest New Zealand have been removed from 2025/26 forecasts for both operating and grant funding.

## International business growth services

To support the goal to double the value of exports, we work with individual or groups of companies to build their capability and growth in international markets. All NZTE activities are funded through this output class,

apart from our support to New Zealand Story Group (see below). We help companies to internationalise by:

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

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 and develop effective strategies for growth.

Statement of cost services – Output expense	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
Revenue Crown	188,078	172,361	157,855
Revenue Other	12,927	5,373	4,267
<b>Total Revenue</b>	<b>201,005</b>	<b>177,734</b>	<b>162,122</b>
Expenses	198,691	177,734	162,122
<b>Net Result</b>	<b>2,314</b>	<b>-</b>	<b>-</b>
Use of prior year surplus	0	(5,000)	(7,000)
Fair value of derivatives	(417)	-	-
Unrealised FX	(950)	-	-
<b>Reconciled to the Statement of Comprehensive Revenue and Expense</b>	<b>1,046*</b>	<b>(5,000)</b>	<b>(7,000)</b>

\*Note the total of \$1,046,000 includes \$99,000 from Collaborative Activity and Special Events.

Service performance measures	2024 result	2025 target	2026 target
<b>Our customers' outcomes</b>			
Total value of export deals achieved with NZTE involvement	\$3.81b	\$2.7b	\$2.9b
Number of International Growth Outcomes (IGOs) achieved with NZTE involvement	2,771	2,000	2,500
<b>Impact measures: Contribution to growth</b>			
Total Net Promoter Score for Focus customers	+72	+65	+65
<b>Service and engagement indicators</b>			
Total number of Focus customers	1,029	900-1,100	900-1,100
Total number of export customers in the NZTE portfolio	5,650	4,500	5,700
A 46.2% reduction in NZTE emissions on the 2018/19 financial year (baseline) by 2030 (to 2830 tCO2)	2,772 tCO2	3,884 tCO2	A 32% reduction in gross emissions compared with our 2018/19 baseline

## Collaborative activity and special events

This output class provides some funding to New Zealand Story Group (NZ Story), a joint venture between a number of government agencies, including NZTE. The venture is run by a semi-autonomous unit within NZTE. Activities within this output include:

- promoting 'brand' New Zealand, expanding the country's reputation
- building the international marketing and branding capability of exporters
- management of the Fernmark Licence Programme
- provision of a free online business toolkit to help New Zealand businesses promote themselves internationally

Statement of cost services – Output expense	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
Revenue Crown	5,703	3,465	1,660
Revenue Other	3,680	2,187	750
<b>Total Revenue</b>	<b>9,383</b>	<b>5,652</b>	<b>2,410</b>
Expenses	9,284	5,652	2,410
<b>Net Result</b>	<b>99</b>	<b>-</b>	<b>-</b>

Service performance measures	2024 result	2025 target	2026 target
Total Net Promoter Score (NPS) for New Zealand Story Group	+78	+65	+65

## STATEMENT OF PERFORMANCE EXPECTATIONS

### 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 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
Revenue Crown	44,618	40,268	34,001
Expenses	44,618	40,268	34,001
<b>Net Result</b>	–	–	–

Service performance measures	2024 result	2025 target	2026 target
Potential Direct Economic Impact ratio for approved IGF expansion grants	7.9 to 1	4 to 1	4 to 1
Realised Direct Economic Impact ratio for completed IGF expansion projects	6.2 to 1	4 to 1	4 to 1
Number of International Growth Fund grants awarded	498 (demand driven)	250 (demand driven)	200 (demand driven)

#### Strategic Investment Fund (SIF) – Sector Strategies and Facilitation

The SIF co-funded feasibility studies that developed and presented business cases for investment in New Zealand. With the establishment of Invest New Zealand, this grant no longer sits with NZTE.

Statement of cost services – Other expense	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
Revenue Crown	1,392	1,890	–
Expenses	1,392	1,890	–
<b>Net Result</b>	–	–	–

Service performance measures	2024 result	2025 target	2026 target
Number of Strategic Investment Fund grants awarded	7	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 Economic Growth and the Minister for Trade and Investment with regular reports throughout the financial year.

NZTE's current reporting to its Ministers includes monthly reports and quarterly progress reports. In addition, NZTE's monitoring agencies receive copies of NZTE's bi-monthly reporting to its Board. The quarterly progress reports currently cover:

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

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

- material changes in NZTE's network 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 committed to sharing information with our business support agency partners (NZ Inc). NZTE's knowledge of the challenges of growing an international company from New Zealand means that NZTE is able to share this knowledge with key partners to unlock enablers for economic growth. We will also continue to share our practices and learnings with MBIE so that we can better understand and demonstrate our impact on companies and the economy.

# PROSPECTIVE FINANCIAL STATEMENTS

For the year ending 30 June 2026

Costs related to investment functions that transferred from NZTE to Invest New Zealand have been removed from 2025/26 Forecasts for both operating and grant funding.

## Statement of comprehensive revenue and expense

for the year ended 30 June 2026

	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
<b>Revenue</b>			
Funding from Crown – operating	193,781	175,826	159,515
Funding from Crown – grants	46,010	42,158	34,001
Finance revenue	2,028	850	450
Other revenue	14,579	6,710	4,567
<b>Total revenue</b>	<b>256,398</b>	<b>225,544</b>	<b>198,533</b>
<b>Expenses</b>			
Personnel expenses	133,542	119,211	110,401
Depreciation and amortisation expense	6,085	4,367	5,000
Grant expenses	46,010	42,158	34,001
Capital charge	1,697	1,731	1,606
Other operating expenses*	68,018	63,077	54,525
<b>Total expenses</b>	<b>255,352</b>	<b>230,544</b>	<b>205,533</b>
<b>Surplus/ (deficit)</b>	<b>1,046</b>	<b>(5,000)</b>	<b>(7,000)</b>

\* 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

for the year ended 30 June 2026

	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
Balance at 1 July	36,080	37,126	32,126
Total comprehensive revenue and expense for the year	1,046	(5,000)	(7,000)
<b>Balance at 30 June</b>	<b>37,126</b>	<b>32,126</b>	<b>25,126</b>

## Statement of financial position

for the year ended 30 June 2026

	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
<b>Current assets</b>			
Cash and cash equivalents	46,223	39,585	32,135
Receivables – operating	285	2,000	2,000
Receivables – grants	25,341	22,341	21,341
Prepayments and deposits	7,047	7,180	7,180
Total current assets	78,896	71,106	62,656
<b>Total current assets</b>	<b>78,896</b>	<b>79,859</b>	<b>79,508</b>
<b>Non-current assets</b>			
Investments – deposits	783	1,000	1,000
Property, plant and equipment	4,143	4,143	4,143
Intangible assets	4,737	4,737	4,737
<b>Total non-current assets</b>	<b>9,663</b>	<b>9,880</b>	<b>9,880</b>
<b>TOTAL ASSETS</b>	<b>88,559</b>	<b>80,986</b>	<b>72,536</b>
<b>Current liabilities</b>			
Payables – operating	9,555	12,004	10,948
Payables – Crown grants	25,341	22,341	21,341
Employee entitlements	10,417	10,967	11,467
Finance and other liabilities	219	226	226
Derivative financial liabilities	2,683	–	–
<b>Total current liabilities</b>	<b>48,215</b>	<b>45,538</b>	<b>43,982</b>
<b>Non-current liabilities</b>			
Employee entitlements	3,113	3,263	3,413
Finance and other liabilities	105	59	15
<b>Total non-current liabilities</b>	<b>3,218</b>	<b>3,322</b>	<b>3,428</b>
<b>TOTAL LIABILITIES</b>	<b>51,433</b>	<b>48,860</b>	<b>47,410</b>
<b>NET ASSETS</b>	<b>37,126</b>	<b>32,126</b>	<b>25,126</b>
<b>Equity</b>			
Contributed capital	15,648	15,648	15,648
Accumulated surplus	21,478	16,478	9,478
<b>TOTAL EQUITY</b>	<b>37,126</b>	<b>32,126</b>	<b>25,126</b>

## PROSPECTIVE FINANCIAL STATEMENTS

### Statement of cash flows

for the year ended 30 June 2026

	Actual 2024 \$000	Forecast 2025 \$000	Forecast 2026 \$000
<b>Cash flows from operating activities</b>			
Receipts from Crown – operating	192,200	175,826	159,515
Receipts from Crown – grants	49,820	42,158	34,001
Receipts from other revenue	16,413	5,860	4,117
Interest received	2,028	850	450
Payments to suppliers	(69,263)	(62,610)	(54,975)
Payments to employees	(132,267)	(120,466)	(109,951)
Payments to grant recipients	(49,820)	(42,158)	(34,001)
Payments for capital charge	(1,697)	(1,731)	(1,606)
GST (net)	283	–	–
<b>Net cash flows from operating activities</b>	<b>7,697</b>	<b>(2,271)</b>	<b>(2,450)</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of property, plant and equipment	104	–	–
Purchase of property, plant and equipment	(637)	(2,659)	(2,600)
Purchase of intangible assets	(2,151)	(1,708)	(2,400)
<b>Net cash flows from investing activities</b>	<b>(2,684)</b>	<b>(4,367)</b>	<b>(5,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year	5,013	(6,638)	(7,450)
Effect of exchange rate movements on cash held	41,210	46,223	39,585
<b>Cash and cash equivalents at end of the year</b>	<b>46,223</b>	<b>39,585</b>	<b>32,135</b>

## 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.

NZTE's objective is to grow companies internationally for the good of 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.

### New or amended standards adopted

#### 2022 Omnibus Amendment to PBE Standards

PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets: NZTE has assessed the impact on financial statements and there has been no change as a result of adopting the new standard.

### Other changes in accounting policies

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

### Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective, that have not been early adopted are:

#### Amendments to PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services

Application of this amendment is required for accounting periods beginning on or after 1 January 2024, with early application permitted. NZTE has assessed the impact on financial statements and intends to adopt any amendments in 2025/26.

#### Amendments to PBE IFRS 17 Insurance Contracts in the Public Sector

Application of these amendments is required for accounting periods beginning on or after 1 January 2026. NZTE has not yet assessed the impact on financial statements and does not intend to early adopt the standard.

### 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.

# ACCOUNTING POLICIES

## 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 aligned with 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 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 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 arrangements.

## 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 87% to 97%). 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.

## 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 2025 was 5% (2024: 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.

## 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 four 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. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated surplus or deficit within equity.

## 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:

## ACCOUNTING POLICIES

- 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

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.

### 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 legislation). 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.

## ACCOUNTING POLICIES

Provisions are measured at the present value of the expenditure expected to be required in order to settle the obligation using a pre-tax 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.

### Liquidity risk

NZTE manages liquidity risk by continuously monitoring forecast and actual cashflow requirements.



# NZTE'S INTERNATIONAL NETWORK

As at 31 March 2025

## Our in-market support

6 Regions

32 Languages

37 International locations

450 Private sector advisors

599 NZTE employees

### EUROPE, MIDDLE EAST AND AFRICA 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

### SATELLITE OFFICES

Toronto  
Chicago  
Denver

### NORTH AMERICA OFFICES

Los Angeles  
New York  
San Francisco  
Vancouver  
Washington

### LATIN AMERICA OFFICES

Bogotá  
Mexico City  
Santiago  
São Paulo

### NEW ZEALAND OFFICES

Whangārei  
Auckland  
Tauranga  
Hamilton  
New Plymouth  
Hastings  
Wellington  
Nelson  
Christchurch  
Dunedin



### KEY

● International offices ● New Zealand offices ● Satellite offices



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

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JUNE 2025