



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA



ANNUAL REPORT | TE PŪRONGO-Ā-TAU

2003/2004

A large, stylized graphic of a human figure with arms raised, rendered in a lighter shade of red, positioned in the background of the bottom half of the page.

NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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Annual Report | Te Pūrongo-ā-tau 2003/2004

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Board Chair's Foreword

The Board of the New Zealand Qualifications Authority is pleased to present another positive annual report.

The Qualifications Authority has been in existence for 14 years. During that time, especially in the late 1990s, the role and function of the Qualifications Authority were in question, as were some of the policies and structures the relevant legislation required it to establish. The organisation has emerged from this period of uncertainty with a mature and clear sense of purpose.

The Qualifications Authority now operates in a more assured and cohesive environment. The advent of the Tertiary Education Strategy (TES) and the introduction of the National Certificate of Educational Achievement (NCEA) have confirmed the centrality of partnership in achieving educational quality and relevance.

Coherent, flexible and responsive structures for qualifications underpin the Government's agendas for the entire sector. The New Zealand Register of Quality Assured Qualifications (the Register) and the National Qualifications Framework (NQF) provide the platform for partnership among educators, industry, community and government agencies, all with the aim of enhancing quality and learner participation.

Some key highlights from the year include:

- The highly successful launch of the KiwiQuals website (www.kiwiquals.govt.nz), which provides access to the Register. In the second quarter of the year, hits to the site increased significantly following a marketing campaign to raise the profile of KiwiQuals and the Register.
- Ongoing relationships and collaboration with a number of other Government agencies with the aim of benefiting Pasifika learners.
- A new system of remuneration that was accepted by staff and ratified by the Public Service Association (PSA), and the collective employment agreement for 2003/04 was successfully negotiated with the PSA.
- The first NCEA level 2 assessments and the last external assessments for University Bursaries. There was also extensive preparation for the 2004 implementation of NCEA level 3 and New Zealand Scholarship.
- A new online service for potential migrants was launched, whereby people have their qualifications pre-assessed to help them decide whether or not to proceed with a full application to the New Zealand Immigration Service.

- The Qualifications Authority is continuing to implement its strategy *Better meeting Treaty of Waitangi responsibilities by facilitating the recognition and provision of quality learning outcomes with and for iwi and Māori*. In order to facilitate this process a hui was held in 2003 to gain feedback from stakeholders.
- Our performance target of 6.8 – 7.2 million for the processing of credits over the year was met, then exceeded.
- Three new qualifications in Tourism Māori were launched at Parliament, with speeches being given by the Prime Minister and other Ministers.

A key strategic objective of recent years has been to grow the organisation's capacity and capability. The Board continues to view this goal as a top priority. The goal is being pursued through a comprehensive revision of systems for information technology and related business processes, careful attention to management structures and the expertise of staff, and a refreshed approach to liaison with key stakeholder groups.

The organisation has processes in place for thorough collaboration with all elements of the education sector. Our relationships with other agencies are strong at every level, from governance to daily operations. Fora exist for regular liaison with Māori, secondary schools, universities, polytechnics, wānanga, colleges of education, private education providers, industry, business, and employee organisations.

While it is necessary to reiterate that the Qualifications Authority has statutory obligations that may impede its capacity to respond positively to some of the expectations of all stakeholder groups, it is essential to maintain open and transparent channels of communication.

In its overarching leadership capacity, the Qualifications Authority is increasingly mindful of its obligation to enhance the credibility of New Zealand qualifications, both domestically and internationally. In the context of the diversity of providers in the tertiary education sector in New Zealand, this responsibility for credibility is especially demanding.

Credibility is underpinned by the establishment and enforcement of quality criteria for provision and assessment, but excellence in practice is the ultimate measure of an educational system. The Qualifications Authority is acutely aware of its limitations in this regard and the extent to which education professionals are at the forefront of educational excellence. Accordingly, the organisation is ever alert

for opportunities to contribute to the strength of the system as a whole and the confidence and expertise of the teaching profession.

For example, additional requirements on registered providers introduced this year will add resilience to the whole system and enhance New Zealand's international reputation. Measures to moderate assessment in secondary schools have a regulatory function, but their prime virtue is that they serve to advance teacher expertise and influence assessment practice.

The Qualifications Authority administers the annual Tertiary Teaching Excellence Awards, which have an increasingly high profile in exemplifying innovation and quality.

The credibility of New Zealand's qualifications is influenced by another factor that I feel merits some mention. I refer to the perceptions engendered among the public and our stakeholders about the merit of our qualifications based on what they read, see and hear in the media.

Media analysis of issues is an important part of New Zealand society. When this analysis presents an unbalanced viewpoint to the public, however, the results may well be destructive. It is critical, therefore, that a balanced viewpoint is presented by the media.

The Board and the staff of the Qualifications Authority are clear about the strategic way ahead and together will continue working to strengthen the quality of the services it provides for its stakeholders and the learners of New Zealand.



Emeritus Professor Graeme Fraser

BOARD CHAIR

Chief Executive's Overview

Throughout the year 2003–04, the Qualifications Authority has continued to refine its operations and expand the scope and quality of its work. It has been an exciting time: we are nearing the end of the implementation phase of NCEA; we have launched a world-leading register of qualifications online; and we have developed productive relationships with Māori stakeholders. We have also rebuilt many of our information systems, which has benefited the hundreds of thousands of people and organisations we interact with.

One of the achievements of which I am most proud this year is the launch of KiwiQuals, the website of the New Zealand Register of Quality Assured Qualifications, Te Āhurutanga. The Register is unique worldwide for its agreed quality criteria and qualification descriptors. It brings together all approved qualifications available in New Zealand's tertiary institutions and secondary schools. Students and employers can go to the KiwiQuals website (www.kiwiquals.govt.nz), compare qualifications and make informed choices about qualification pathways. The project took shape over eight years of consultation and hard work, and the result is an enormous asset to New Zealand both here and internationally where it stands as a symbol of our consistent quality assurance regime. It signals to learners that we have an organised, open and transparent system, and gives them a resource they can use to make the most of the educational opportunities here.

Over the year, the Qualifications Authority continued with the successful implementation of NCEA level 2 and preparation for implementation of level 3 and New Zealand Scholarship.

In 2003, the first NCEA level 2 assessments took place and external assessments for University Bursaries were conducted for the last time. This was an enormous undertaking and some of the logistics involved included:

- the preparation of 353 different exam papers and nearly 500,000 personalised answer booklets
- the printing of over three million question and answer booklets
- the translation of 71 papers into te reo Māori across the country (compared with 32 in 2002)
- the holding of 34,650 examination sessions across the country (compared to 21,252 in 2002)
- eighty-six percent of markers submitting their results via the web (compared with 70 percent in 2002).

We continue to emphasise to our stakeholders that the NCEA model is giving schools access to the whole NQF, and is designed for maximum learning opportunities and local flexibility. Parents and schools are best placed to decide what educational targets are appropriate for students and exactly how learning should be structured. The NCEA enables this to occur. Reports this year from the Education Review Office and the New Zealand Council for Educational Research confirm that, in this regard, the vast majority of schools are acting responsibly and in the best interests of their students.

As we near the end of the implementation phase for NCEA, we are beginning to see the benefits of a system that focuses on what a learner can achieve. Flexibility in the system is giving students more choice and, therefore, a greater incentive to get a qualification before leaving school and get a head start in some specialist national qualifications.

Because NCEA is data-rich it allows us to track learners' results on an individual basis. Schools, teachers and heads of departments now have, for the first time, 'real' statistical data with which to inform teaching and learning.

In 2004, the Qualifications Authority will face its biggest logistical challenge to date: running four sets of national examinations, involving more than twice the number of examination sessions in 2001. There will be assessment at three levels for the first time since 1968, as well as level 4 Scholarship examinations. This means administering annual examinations for more than 130,000 candidates.

Our fruitful partnerships with schools are fundamental to the success of secondary school assessment. There are moderation systems in place to check that consistent assessment decisions are being made nationwide.

Issues relating to New Zealand's export education industry have been significant for the Qualifications Authority this year. As a result of exchanges with government agencies in China and South East Asia, we have strengthened relevant policies and systems, including measures to protect student fees.

We have initiated a series of projects that will enhance the level of information available to learners about education providers in New Zealand. Internally, we have reviewed the capacity of provider audits to look more closely at financial viability, developed risk indicators and stepped up the scrutiny of providers that are likely to be in difficulty. We are also well advanced in revising the format of audit reports with a view to publishing them on the Qualifications Authority's website.

Changes to legislation during the year gave the Qualifications Authority increased powers. Our capacity to impose conditions on providers, generally in

terms of roll numbers, and to issue compliance notices requiring specific and immediate action to improve quality, has enhanced the stability of the sector.

Consultation with the education sector has been a keynote this year. A new forum of private training establishments (PTEs) ensures that we will interact with these providers on an on-going basis. This is central to our continued efforts to be proactive in our dealings with the private education sector.

More than one million New Zealanders are now registered on the NQF. They can now choose to download their Record of Learning from the Qualifications Authority's website.

Alongside every information and communication technology development there is a need to redefine business processes. This has been a major focus for the Qualifications Authority this year, resulting in efficiencies and improved quality of service.

Māori educators, both secondary and tertiary, have been at the forefront of seizing the opportunities offered by the NQF. The Qualifications Authority continues to develop national qualifications that meet the learning needs of Māori and that respect the taonga of Māori skills and knowledge. A new general qualification, Te Ngutu Awa, recognises learning across all of field Māori on the NQF.

Senior management and staff at the Qualifications Authority look forward to the coming year with confidence. We are aware that our work touches the lives of virtually every family in this country. We are equally aware that the devolved nature of New Zealand's unique qualifications model, in secondary schools, workplaces and tertiary organisations, is central to the growth of a vibrant national learning environment. We see ourselves as partners in that endeavour.



Karen Van Rooyen

CHIEF EXECUTIVE

Role of the Qualifications Authority

The New Zealand Qualifications Authority (the Qualifications Authority) is a Crown entity. It was established in 1990 pursuant to Section 248 of the Education Act (1989). The Qualifications Authority has an independent Board, reflecting industry, community and education interests, and is accountable to Parliament through the Minister of Education.

The role of the Qualifications Authority is to provide leadership, both nationally and internationally, in the areas of quality assured qualifications and quality assured provision of education and training. To perform this role, the Qualifications Authority works in partnership with students, government agencies, the Māori community, education providers, quality assurance bodies (QABs), industry training organisations (ITOs), professional bodies, and business and industry groups.

In planning and carrying out its work, the Qualifications Authority supports government goals and outcomes, education sector outcomes, education priorities and related education strategies. Additionally, the Qualifications Authority's vision statement and mission statement have served, and will continue to serve, as important governing principles.

VISION STATEMENT

World-Class Qualifications for All

He tohu mātauranga whai mana huri noa i te ao mō te katoa

MISSION STATEMENT

To enhance national success through assuring and recognising individual and organisational competency and capability

Ki te whakarei ake i te whakatutukitanga huri noa i Aotearoa mā te whakaū, mā te whakaae hoki ki te mātau me te kaha ā-tangata kotahi, ā-rōpū whakahaere hoki

Outcomes Focus

Three externally focused strategies have guided the Qualifications Authority's work over the last 12 months. These are:

- enhancing the credibility of New Zealand qualifications through a commitment to assuring quality
- developing world-class systems to quality assure providers of education
- better meeting Treaty of Waitangi responsibilities by facilitating the recognition and provision of quality learning outcomes with and for iwi and Māori.

By fulfilling the performance targets within each of these strategies, the Qualifications Authority also contributes towards the Government's key goals and outcomes, and the education sector's outcomes.

Firstly, the Qualifications Authority's work has contributed to the Government's key goal of improving New Zealanders' skills. This has been achieved through promoting education and training and creating new standards and qualifications to enhance and improve the nation's skills. Over half of the new qualifications registered during the past year were in growth areas such as agriculture, forestry and fisheries, manufacturing and engineering, and technology.

Secondly, the Qualifications Authority's work has contributed to the Government's key goal of reducing inequalities in health, education, employment and housing. This has been achieved, in part, by the creation and implementation of the NCEA. The NCEA is ensuring that more secondary school pupils are leaving school with qualifications.

More broadly, the Qualifications Authority has contributed towards the Government's labour market, social equity and economic growth outcomes¹ as follows:

Labour market outcome

By ensuring quality and credible qualifications and education provision, the Qualifications Authority has contributed to greater opportunities for all New Zealanders by improving labour market participation.

Social equity outcome

By supporting quality learning outcomes for iwi and Māori, and by sustaining quality and credible education provision, the Qualifications Authority has contributed to the ability of people to participate in and contribute to society. The 2003/04 year has seen a 45% increase in the number of Māori achieving non-school qualifications, compared to the 2002/03 year.

¹ Key Government Goals to Guide the Public Sector in Achieving Sustainable Development (2002)

Economic growth outcome

The Qualifications Authority's contribution towards this outcome can be seen in the work it does in the area of evaluating international qualifications. By evaluating the technical, trade, professional and academic qualifications of prospective immigrants, we can be assured that their skills and knowledge will enable them to contribute to New Zealand's economic growth.

The Qualifications Authority has also contributed towards the four education sector outcomes² as set out below.

Motivated and self-directed life-long learners

The Qualifications Authority has contributed, and continues to contribute, towards this outcome through the creation of quality assured standards and qualifications in an ever-increasing range of subjects.

All New Zealanders with strong learning foundations

The Qualifications Authority has contributed towards this outcome through: participating in the next implementation stage for the adult literacy quality mark; by working with other QABs to implement adult and community education quality assurance arrangements; by contributing towards the foundation learning work programme; and by developing adult literacy educator unit standards.

Successful school-leavers

The Qualifications Authority has contributed towards this outcome over the last year through the continued implementation of the NCEA, which has widened opportunities for school-leavers.

Knowledge creation and innovation

New Zealand's increasingly knowledge-based economy means that its success depends more and more on its people. The Qualifications Authority has contributed towards this outcome, in part, through the creation of the Register, which enables the recognition of qualifications in a wide range of fields. The Qualifications Authority has also contributed to the Learning for Life work programme, which is being led by the Ministry of Education.

Measuring success against strategies/outcomes is a complex undertaking. However, with clear and measurable performance targets, it is possible to track progress. Performance targets met over the previous year, which are set out in the *Statement of Service Performance* section of this report, suggest that good progress is being made against the Qualifications Authority's strategies. The consequence, and intention, of this is that progress has also been made towards government and education sector outcomes.

² Education sector outcomes as detailed in the Ministry of Education's Statement of Intent 2003-2008

Corporate Governance

As a Crown entity, the New Zealand Qualifications Authority is led by a Chief Executive, who reports to a Board of Directors (the Board). As the governing body of the Qualifications Authority, the Board has an interest in good corporate governance, which includes how the Qualifications Authority is structured, operated and controlled in order to achieve its goals.

Role of the Board

The Board of the Qualifications Authority, established under section 248 of the Education Act 1989, is charged with improving quality in education and training for all New Zealanders (s.247). The role of the Board, and how it operates, is crucial to the overall performance of the organisation. Within the framework provided by legislation, the Board of the Qualifications Authority has a responsibility to pursue good practice in its governance policies and practices.

In broad terms, the role of the Board is to:

- govern the Qualifications Authority by directing and supervising the conduct of its business
- account to the responsible Minister for the discharge of its stewardship responsibilities (in other words, ensuring the Qualifications Authority meets its obligations as a public body).³

More specifically, and as set out in the State Services Commission's *Board Appointment and Induction Guidelines* (page 37), the Board has responsibility for:

- setting the strategic direction and developing policies
- appointing the Chief Executive
- monitoring the performance of the Qualifications Authority and its Chief Executive
- ensuring compliance with the law, accountability documents and relevant Crown expectations
- maintaining appropriate relationships with the Minister, Parliament and the public.

³ Report of the Controller and Auditor-General, *Governance Issues in Crown Entities*, 1996, page 20

Value-adding responsibilities

The particular roles, set out in the previous paragraph, have other dimensions that involve the Board in a degree of self-determination as to the contribution it makes to the organisation. These include:

- ensuring the organisation has leadership, values and vision
- monitoring progress in the implementation of strategy, plans and policies
- ensuring that risks to the Crown's interests in the organisation (as owner, purchaser and policy-maker) are identified, monitored and managed
- facilitating communication with the Minister and with stakeholders
- demonstrating standards of integrity and ethical practice
- having overarching responsibility for the organisation's due administration, including ensuring management has adequate systems in place for reporting to the Board and providing timely information
- being ultimately responsible for safeguarding the organisation's public reputation.

Monitoring

In terms of contributing to its overarching responsibility set out in the previous paragraph, the Board has carried out a review of the Chief Executive Officer's (CEO's) performance for the year ended 30 June 2004. The resultant report will form the basis of Board discussions, and feedback will be provided to the CEO to support and guide her performance over the coming year.

In demonstrating its integrity, the Board also performed other reviews for the year ending 30 June 2004 including:

- a self-review, in which members reviewed their individual performance
- a Board review, in which members reviewed the performance of the Board
- a review of the Chair, in which members reviewed and evaluated the performance and effectiveness of the Chair.

These reports will be evaluated by all members and will be used as a basis for effecting positive and continued improvement over the coming year.

In addition to the above, the Board takes its role of contributing to the organisation's strategic direction seriously. For instance, in the year to 30 June 2004, Board members, along with the Qualifications Authority's Executive Management Committee, attended a strategic planning day in which the direction for the coming year was discussed. The Board recognises that this is an ongoing responsibility and has already committed to another planning day scheduled for later this year.

Composition of the Board

The Board comprises a minimum of eight and a maximum of ten members with membership reflecting industry, community and education interests. All members are appointed by the Minister of Education, who also appoints the Chair.

Board members are appointed for a period of four years and may serve a maximum of two consecutive terms.

Set out in the table below is the Qualifications Authority's Board of Directors as at 30 June 2004.

Director	Current/Former Experience	Date of Tenure
Emeritus Professor Graeme Fraser (Board Chair)	Former Acting Vice-Chancellor, Massey University and, previously, Assistant Vice-Chancellor (Academic), Massey University	31/12/2007
Margaret Bendall	Principal, Epsom Girls Grammar School	01/07/2005
Tracey Bridges	Partner, Senate Communications – a public relations firm	20/09/2007
Judith Carter	Director, Teacher Education, College of Education, Massey University	31/07/2004
Peter Chrisp	Chief Executive, Norske-Skog Tasman Ltd	20/09/2007
Angela Foulkes	Former Secretary of the Council of Trade Unions, now an independent consultant	31/12/2007
Catherine Gibson	Management Consultant	01/10/2006
Graeme McNally	Partner, Deloitte Touche Tohmatsu – an accounting and business advisory organisation	01/11/2007
Trevor Moeke	Former Chief Executive of Te Mangai Paho, Māori broadcasting funding agency	01/10/2004
Tina Olsen-Ratana	Manager, Kokiri Marae Keriana Olsen Trust, a PTE	20/09/2007

Committees of the Board

The Education Act (1989) empowers the Board to establish committees as appropriate to carry out its delegated functions and exercise its delegated powers (s.250).

Committees play a key role in enhancing the efficiency and effectiveness of the Board. They facilitate distribution of the Board's workload and enable more in-depth examination of complex issues than can practically occur at the full Board.

The Board currently has three committees:

- Risk Management Committee, which approves the internal audit plan and reviews internal audit reports, delegations, policies, procedures, key risks and reports from the external auditors, and may also commission audits. The Risk Management Committee meets at least three times a year and, at least once a year the Committee will meet the Chief Internal Audit Executive and the external auditors without the Chief Executive present.
- Academic Committee, which recommends to the Board: applications for approval and accreditation of qualifications including degree and postgraduate degrees; registration of qualifications on the NQF; and registration of achievement standards on the NQF. The Academic Committee also oversees policy issues for the implementation of the Register and policy issues for the implementation of the NCEA, and receives various reports (for monitoring purposes) relating to training establishments and qualifications. The Academic Committee meets monthly or as required.
- Appeals Committee, which considers and hears submissions from PTEs appealing against the Qualifications Authority's decisions concerning registration, approval and accreditation. The Appeals Committee makes decisions under delegated authority from the Qualifications Authority Board for each appeal and reports to the Board on appeals heard and decisions reached. The Appeals Committee meets on an as-required basis.

Additionally, the Board maintains a conflict of interest register and ensures Board members are aware of their obligations to declare interests.

Legislative Compliance

The Board acknowledges its responsibility to ensure the organisation complies with all legislation. The Board has delegated responsibility to the Chief Executive for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them.



Report of the Auditor-General to the readers of the financial statements of the New Zealand Qualifications Authority for the year ended 30 June 2004

The Auditor-General is the auditor of the New Zealand Qualifications Authority (the Authority). The Auditor-General has appointed me, Laurie Desborough, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Authority, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the Authority on pages 20 to 50

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Authority's financial position as at 30 June 2004;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 8 October 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data
- verifying samples of transactions and account balances
- performing analyses to identify anomalies in the reported data
- reviewing significant estimates and judgements made by the Board
- confirming year-end balances
- determining whether accounting policies are appropriate and consistently applied
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Authority as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989 and the Education Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 43(1) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Authority.



L H Desborough

AUDIT NEW ZEALAND

On behalf of the Auditor-General

Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the New Zealand Qualifications Authority for the year ended 30 June 2004 included on the New Zealand Qualifications Authority's website. The Board is responsible for the maintenance and integrity of the New Zealand Qualifications Authority's website. We have not been engaged to report on the integrity of the New Zealand Qualifications Authority website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

We have not been engaged to report on any other electronic versions of the New Zealand Qualifications Authority's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 8 October 2004 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Responsibility

NEW ZEALAND QUALIFICATIONS AUTHORITY

MANA TOHU MĀTAURANGA O AOTEAROA

PO BOX 160

WELLINGTON

- The Board and management of the New Zealand Qualifications Authority accept responsibility for the preparation of the annual financial statements and the judgements used therein.
- The Board and management of the New Zealand Qualifications Authority accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the Board and management of the New Zealand Qualifications Authority, the annual financial statements for the financial year ended 30 June 2004 fairly reflect the financial position and operations of the New Zealand Qualifications Authority.



**Emeritus Professor
Graeme Fraser**
BOARD CHAIR

6 OCTOBER 2004



Karen Van Rooyen
CHIEF EXECUTIVE



Rochelle Leahy
CHIEF FINANCIAL OFFICER

Performance Information

OF THE NEW ZEALAND QUALIFICATIONS AUTHORITY

For the year ended 30 June 2004

STATEMENT OF ACCOUNTING POLICIES

a) Reporting Entity

The New Zealand Qualifications Authority is a Crown entity as defined by the Public Finance Act 1989. The Financial Statements have been prepared in terms of section 41 of the Public Finance Act 1989.

b) Measurement Base

These Financial Statements comply with generally accepted accounting practice. The measurement base applied is historical cost.

c) Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial performance and financial positioning, have been applied.

Revenue

The New Zealand Qualifications Authority derives revenue through the provision of outputs to the Crown, for services to third parties and interest on its deposits. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Financial Instruments

The New Zealand Qualifications Authority is party to financial instrument arrangements as part of its everyday operations. These financial instruments include bank accounts, term deposit accounts, accounts payable and accounts receivable.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position. All financial instruments are shown at cost or fair value.

Accounts Receivable

Accounts Receivable are stated at expected realisable value, after providing for doubtful debts.

Short-term Deposits

Short-term deposits are stated at cost.

Output Class Cost Statement

Comparatives are not shown due to the varying nature of outputs from year to year.

Leases

The Qualifications Authority leases office premises and office equipment, mainly photocopiers. As all the risks and ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred.

Property, Plant and Equipment

The initial cost of property, plant and equipment is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

All property, plant and equipment is capitalised and recorded at historical cost.

Depreciation

Depreciation is provided on a straight-line basis, which will write off the cost of assets over their estimated useful lives. Pooled asset items, assets with values of less than \$2,000, are grouped and depreciated on a diminishing value basis. The useful lives of the major classes of assets have been estimated as follows:

- electronic equipment 3 years (33%)
- fitout 12 years (8%)
- furniture and fittings 4 years (25%)
- motor vehicles 4 years (25%)
- plant and equipment 4 years (25%)
- pooled assets 20% DV
- software 3 years (33%)
- other assets 5 years (20%)

Provision for Employee Entitlements

Provision is made in respect of the Qualification Authority's liability for annual leave, long service leave and retirement leave.

Annual leave is calculated on an actual entitlement basis at current rates of remuneration while retirement and long service leave are calculated on an actuarial basis.

Taxation

Section 17 of the First Schedule, Education Amendment Act 1990, exempts the Qualifications Authority from taxation, except for the goods and services tax (GST) and fringe benefits tax.

Goods and Services Tax

The financial statements are prepared exclusive of GST apart from the GST element carried in debtor and creditor balances in the Statement of Financial Position.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Qualifications Authority invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Qualifications Authority and records the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Qualifications Authority.

Cost Allocation*Definition of terms*

Direct costs are costs, including depreciation, that are charged directly to outputs. For the year ended 30 June 2004, 83% (2003 80%) of output costs were direct costs.

Indirect costs are all other costs. Indirect costs are allocated to outputs on an appropriate basis.

Basis of assigning indirect costs to outputs

Indirect costs, which are costs of corporate and support business units, are allocated to outputs on cost drivers such as staff numbers. Indirect costs amounted to 17% (2003 20%) of total costs for the year ended 30 June 2004.

Budget Comparison Figures

Budget figures stated in the Qualifications Authority's financial statements are those approved by the Board and submitted in the Statement of Intent prior to the commencement of the financial year.

Budget Variance Commentary

Explanations of major budget variances are given in the *Output Class Cost Statements* section of this report for each of the Qualifications Authority's outputs. Major variance to budget commentary for the *Statement of Cash Flow* and the *Statement of Financial Position* is supplied in the notes to the accounts.

Changes in Accounting Policies

There were no changes in accounting policies during the period under review. All policies have been applied on a basis consistent with previous years.

**STATEMENT OF FINANCIAL PERFORMANCE OF THE
NEW ZEALAND QUALIFICATIONS AUTHORITY
For the year ended 30 June 2004**

2003 Actual (\$000)		Note	2004 Actual (\$000)	2004 Budget (\$000)
REVENUE				
14,721	Crown	1	34,357	31,955
<u>32,057</u>	Other	1	<u>37,171</u>	<u>36,205</u>
46,778	Total Revenue		71,528	68,160
EXPENSE				
19,419	Personnel		19,210	22,534
1,612	Accommodation		1,627	1,585
4,916	Administration		6,487	6,991
1,243	Depreciation	2	2,409	2,852
12,182	Outsourced services		14,391	15,505
7,909	Other operating costs		9,688	13,271
<u>3,280</u>	Product development and research		<u>3,445</u>	<u>5,422</u>
50,561	Total Expense	2	57,257	68,160
(3,783)	NET SURPLUS (DEFICIT)		14,271	-

Variance commentary

A \$14.3 million surplus was made in the year ended 30 June 2004. This surplus resulted from receiving \$3.3 million more in revenue and spending \$10.9 million less than was originally budgeted. Of this amount, \$10.31 million has been returned to the Crown and the remainder has been retained to fund increased costs relating to NCEA level 3 and Scholarship programmes.

Revenue:

The major factors causing the unanticipated revenue were:

- an unexpected increase in the number of secondary candidates wanting to sit exams as well as an increase in those wanting to sit more than one level of exam
- more tertiary wānanga candidates than expected
- an increase in interest income.

Expenses:

The major factors causing the underspend include:

- an unexpected reduction in personnel costs due to the late filling of vacancies in some areas. This reduction also had flow on effects on other areas such as travel, accommodation and ancillary support costs
- efficiencies in promotions, publications, printing and secondary exam administration
- reduction in Qualifications Evaluation Service activity and associated costs due to changes in immigration policy.

The accompanying statement of accounting policies and notes form part of these financial statements.

See page 30 – 34 for notes.

**STATEMENT OF MOVEMENTS IN PUBLIC EQUITY OF THE
NEW ZEALAND QUALIFICATIONS AUTHORITY
For the year ended 30 June 2004**

2003 Actual (\$000)		Note	2004 Actual (\$000)	2004 Budget (\$000)
11,646	Public equity brought forward as at 1 July 2003	3	10,837	8,483
(3,783)	Plus net operating surplus/ (deficit) for the period		14,271	–
2,974	Plus equity injection*		3,911	3,911
–	Less provision for repayment of surplus to Crown	4	(10,310)	–
10,837	Public equity as at 30 June 2004		18,709	12,394

*Equity contribution e.QA project.

The accompanying statement of accounting policies and notes form part of these financial statements.

See page 30 – 34 for notes.

**STATEMENT OF FINANCIAL POSITION OF THE
NEW ZEALAND QUALIFICATIONS AUTHORITY
As at 30 June 2004**

Actual June 2003 (\$000)		Note	Actual June 2004 (\$000)	Budget June 2004 (\$000)
10,837	PUBLIC EQUITY		18,709	12,394
	Represented by:			
	CURRENT ASSETS			
2,892	Cash	6	11,631	2,774
5,000	Short-term deposits	7	12,000	4,000
7,892	Composition of cash		23,631	6,774
2,361	Debtors and receivables	8	2,095	1,150
84	GST receivable			50
10,337	Total Current Assets		25,726	7,974
	NON-CURRENT ASSETS			5,048
5,048	Fixed assets	9	9,116	9,455
1,565	Work in Progress	9	1,177	-
6,613	Total Non-current Assets		10,293	9,455
16,950	TOTAL ASSETS		36,019	17,429
	CURRENT LIABILITIES			
4,447	Creditors and payables	11	4,873	3,500
1,036	Provision for employee entitlements	12	1,276	928
	Provision for repayment of surplus to Crown – GST payable	4	10,310	-
			158	-
5,483	Total Current Liabilities		16,617	4,428
	NON-CURRENT LIABILITIES			
117	Unclaimed Monies		108	80
513	Provision for employee entitlements	12	585	527
630	Total Non-current Liabilities		693	607
6,113	TOTAL LIABILITIES		17,310	5,035
10,837	NET ASSETS		18,709	12,394

The accompanying statement of accounting policies and notes form part of these financial statements.

See page 30 – 34 for notes, particularly note 5 for variance commentary.



Karen Van Rooyen
CHIEF EXECUTIVE



Emeritus Professor Graeme Fraser
BOARD CHAIR

6 OCTOBER 2004

**STATEMENT OF CASH FLOWS OF THE
NEW ZEALAND QUALIFICATIONS AUTHORITY
For the year ended 30 June 2004**

2003 Actual (\$000)	Note	2004 Actual (\$000)	2004 Budget (\$000)
	Cash Flows from Operating Activities		
	Cash was provided from:		
14,810	Crown	34,357	31,955
29,354	Revenue from customer services	36,040	35,735
66	Goods and services tax receivable	242	–
891	Interest income	1,104	320
<u>45,121</u>		<u>71,743</u>	<u>68,010</u>
	Cash was applied to:		
19,056	Employees	19,225	22,534
29,372	Suppliers	34,609	43,031
	Goods and services tax payable	–	50
<u>48,428</u>		<u>53,834</u>	<u>65,615</u>
<u>(3,307)</u>	Net Cash Flows from Operating Activities	<u>17,909</u>	<u>2,395</u>
	Cash Flows from Investing Activities		
	Cash was provided from:		
6	Sale of fixed assets	4	–
	Cash was applied to:		
(4,603)	Purchase of fixed assets	(6,085)	(5,911)
<u>(4,597)</u>	Net Cash Flows from Investing Activities	<u>(6,081)</u>	<u>(5,911)</u>
	Cash Flows from Financing Activities		
	Cash was provided from:		
2,974	Crown – equity injection e.QA project	3,911	3,911
<u>2,974</u>	Net Cash Flows from Investing Activities	<u>3,911</u>	<u>3,911</u>
<u>(4,930)</u>	Total Cash Flows	<u>15,739</u>	<u>395</u>
(4,930)	Net increase (decrease) in cash held	15,739	395
12,822	Plus opening cash	7,892	6379
<u>7,892</u>	Closing Cash Balance	<u>23,631</u>	<u>6,774</u>
	Statement of Financial Position		
2,892	Cash	11,631	2,774
5,000	Short-term deposits	12,000	4,000
<u>7,892</u>	Closing Cash Balance	<u>23,631</u>	<u>6,774</u>

The accompanying statement of accounting policies and notes form part of these financial statements.

See page 30 – 34 for notes, particularly note 13 for variance commentary.

**RECONCILIATION OF THE NET OPERATING SURPLUS TO NET CASH FLOW
FROM OPERATING ACTIVITIES OF THE NEW ZEALAND QUALIFICATIONS
AUTHORITY**

For the year ended 30 June 2004

	2004 Actual (\$000)	2003 Actual (\$000)
Reported Net Operating Surplus	14,271	(3,783)
Add non-cash items		
Depreciation	2,409	1,243
Bad debts	70	25
	<u>2,479</u>	<u>1,268</u>
Add (deduct) movements in other working capital items		
Decrease (increase) in receivables	266	(1,375)
Increase (decrease) in payables	426	516
Decrease (increase) in GST (net)	160	(65)
Increase (decrease) in employee entitlements	240	151
Increase (decrease) in non-current liabilities	63	(24)
	<u>1,155</u>	<u>(797)</u>
Less items classified as an investing activity		
Net gain on the sale of fixed assets	4	5
Net cash flow from operating activities	<u>17,909</u>	<u>(3,307)</u>

The accompanying statement of accounting policies and notes form part of these financial statements.

See page 30 – 34 for notes.

**STATEMENT OF COMMITMENTS AND CONTINGENT LIABILITIES
OF THE NEW ZEALAND QUALIFICATIONS AUTHORITY
As at 30 June 2004**

Commitments

This statement records those expenditures to which the Qualifications Authority, as at 30 June 2004, is contractually committed, but which have not yet fallen due.

The Qualifications Authority has long-term leases on its premises in Wellington. The annual lease payments are subject to varying reviews. The amounts disclosed below as future commitments are based on the current rental rates.

Operating leases include lease payments for vehicle hire, premises and photocopiers.

Operating leases	2004	2003
	(\$000)	(\$000)
Not later than one year	1,290	1,262
Later than one year and not later than two years	1,377	1,254
Later than two years and not later than five years	4,086	2,680
Later than five years	4,471	5,004
	<u>11,224</u>	<u>10,200</u>

Contingent liabilities	NIL	NIL
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The accompanying statement of accounting policies and notes form part of these financial statements.

See page 30 – 34 for notes.

**NOTES TO THE FINANCIAL STATEMENTS OF THE
NEW ZEALAND QUALIFICATIONS AUTHORITY
For the year ended 30 June 2004**

	2004 Actual	2003 Actual
	(\$000)	(\$000)
Note 1 – Revenue		
Crown Funding for:		
Administration of national assessment for secondary qualifications		
– NCEA levels 1 and 2, Sixth Form Certificate and NQF	20,939	9,182
– schools liaison	426	427
– remission of fees	2,492	276
Provision of Information and Advisory Services		
– provision of information and advice	2,347	1,578
Stewardship of the New Zealand qualifications system		
– overarching responsibility	890	–
– quality assurance of providers	400	–
– quality assurance of qualifications	334	–
– registration and re-registration of standards and qualifications	1,473	850
– capacity building	1,662	1,364
IT Development (e.QA)	3,394	1,044
	<u>34,357</u>	<u>14,721</u>
Other income:		
NQF fees and registration	10,527	9,212
Examination and testing fees	16,293	11,207
Application, audit and annual fees	7,669	9,069
Resource sales	311	235
Interest income	1,104	891
Other income and award reimbursement	1,267	1,443
	<u>37,171</u>	<u>32,057</u>
Note 2 – Expenses		
Total expense includes:		
Audit fees – <i>Financial Statements</i>	55	37
– <i>Other Services</i>	–	25
Board and standing committee fees	137	97
Depreciation:		
Computers and electronic equipment	692	711
Plant and equipment	115	83
Fitout	135	133
Furniture	1	1
Pooled assets	104	89
Software	1,345	214
Other assets	17	12
Total depreciation for the year	<u>2,409</u>	<u>1,243</u>
Bad debts	70	25
Lease and rental costs	1,332	1,428

Note 3 – Taxpayers funds budget figure

Taxpayers funds balance for the budget in 2003/04 (\$8.4m) does not equal the actual balance as at 30 June 2003 (\$10.8m), as the Statement of Intent was submitted prior to the commencement of the financial year and before finalisation of the 30 June 2003 actuals.

Note 4 – Provision for repayment of surplus to Crown

The Qualifications Authority has provided for an equity repayment to the Crown of the majority of the surplus. The payment took place in August 2004.

Note 5 – Variance commentary on Statement of Financial Position as at 30 June 2004

Short-term deposits were \$8.0m above budget due to lower than budgeted cash outflows to employees and suppliers.

The non-current asset of \$1.2m Work in Progress related to e.QA programme and was not in the original budget.

	2004 Actual (\$000)	2003 Actual (\$000)
Note 6 – Cash	11,631	2,892
At call funds were deposited with the Qualifications Authority's bankers in call deposit or interest-earning current accounts.		
Note 7 – Short-term deposits	12,000	5,000
Investments were with the Qualifications Authority's bankers in interest-bearing short-term wholesale deposits.		
Note 8 – Debtors and receivables		
Balance comprises:		
Trade debtors	2,255	2,407
Less provision for doubtful debts	(160)	(46)
	<u>2,095</u>	<u>2,361</u>

Note 9 – Property, plant and equipment and work in progress

Description	2004		
	Cost	Accumulated Depreciation	Net Book Value
	(\$000)	(\$000)	(\$000)
Motor vehicles	44	44	–
Computers and electronic equipment	4,318	2,957	1,361
Plant and equipment	1,001	725	276
Fitout	1,632	427	1,205
Furniture	107	104	3
Pooled assets	2,070	1,553	517
Software	7,991	2,291	5,700
Other assets	300	246	54
	<u>17,463</u>	<u>8,347</u>	<u>9,116</u>

Work in Progress (e.QA)	1,177		1,177
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Description	2003		
	Cost	Accumulated Depreciation	Net Book Value
	(\$000)	(\$000)	(\$000)
Motor vehicles	44	44	–
Computers and electronic equipment	3,948	2,966	982
Plant and equipment	772	610	162
Fitout	1,617	292	1,325
Furniture	106	102	4
Pooled assets	1,937	1,449	488
Software	2,977	947	2,030
Other assets	286	229	57
	<u>11,687</u>	<u>6,639</u>	<u>5,048</u>

Work in progress (e.QA)	1,565		1,565
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	2004 Actual	2003 Actual
	(\$000)	(\$000)
Note 10 – IT Capital Project – Operating Costs		
Government Grant	3,394	1,044
Expense	<u>3,224</u>	<u>972</u>
Surplus/(Deficit)	170	72

In 2004 the Qualifications Authority budgeted for project expenditure of \$3.4m, in line with the government grant received.

Note 11 – Creditors and payables

Trade creditors	1,407	240
Accrued expenses	3,287	3,802
Income received in advance	179	405
	<u>4,873</u>	<u>4,447</u>

Note 12 – Provision for employee entitlements

Non-current Liability – Retirement and long service leave	585	513
Current Liability – Annual leave and time in lieu	<u>1,276</u>	<u>1,036</u>
	<u>1,861</u>	<u>1,549</u>

Note 13 – Variance commentary on Statement of Cash Flows for the year ended 30 June 2004

The Cash Flows from Operating Activities item, Crown grant, provided cash of \$2.4m above budget. This was due to an increased uptake in candidate numbers doing multi-year level assessment.

Cash applied to employees was \$3.3m less than budgeted. Vacancies in several business units were filled later than anticipated, reducing payroll and attendant conference, course and recruitment costs.

Note 14 – Disclosure of remuneration*

NZQA Personnel	Salary band	2004 Number of staff	2003 Number of staff
Chief Executive	\$200,000 – \$210,000	1	1
Other personnel	\$170,000 – \$180,000	1	–
	\$160,000 – \$170,000	1	1
	\$150,000 – \$160,000	–	1
	\$140,000 – \$150,000	2	–
	\$130,000 – \$140,000	1	5
	\$120,000 – \$130,000	3	–
	\$110,000 – \$120,000	4	2
	\$100,000 – \$110,000	4	3

*Remuneration includes non-financial benefits and the taxation of those benefits.

	2004 Actual	2003 Actual
Board Members		
Douglas Armstrong	\$4,472	\$7,215
Joan Baker	\$2,868	\$4,148
Margaret Bendall	\$9,712	\$4,856
Tracey Bridges*	\$6,404	
Jennifer Button	\$4,426	\$6,344
Judith Carter	\$13,058	\$9,295
Peter Crisp*	\$4,486	
Angela Foulkes*	\$4,084	
Emeritus Professor Graeme Fraser	\$25,409	\$4,807
Catherine Gibson	\$15,347	\$9,464
Graeme McNally*	\$6,500	
David Moloney		\$6,384
Trevor Moeke	\$8,730	\$5,030
Tina Olsen-Ratana	\$12,174	\$10,306
Dr Frank Wood	\$15,166	\$19,500

* Current member term of office not for a full year.

Note 15 – Financial instruments

Nature of activities and management policies with respect to financial instruments:

1) Currency risk

There is no exposure to currency risk.

2) Interest rate risk

The Qualifications Authority has no term borrowings subject to interest and has only limited exposure to interest rate movements given the short-term nature of its investments.

3) Credit risk

In the normal course of its business, the Qualifications Authority incurs credit risk from trade debtors and transactions with financial institutions.

The Qualifications Authority has a credit policy which is used to manage exposure to credit risk. The Qualifications Authority does not require any collateral or security to support financial instruments as it only deposits with banks with high credit ratings.

The Qualifications Authority does not have any significant concentration of credit risk in relation to its debtors. All investments are currently placed with the Bank of New Zealand. Banking arrangements comply with the banking and investment requirements in the Public Finance Act 1989.

4) Fair value

The fair value of financial instruments is equivalent to their carrying value.

Note 16 – Related parties

Transactions with government ministries, departments and other Crown entities are carried out on a commercial and arm's-length basis. It is considered that these do not fall within the intended scope of related party disclosures.

There were no transactions between the Qualifications Authority and its Board other than payments of Board fees or reimbursement of expenses.

**STATEMENT OF SERVICE PERFORMANCE OF THE NEW ZEALAND
QUALIFICATIONS AUTHORITY
For the year ended 30 June 2004**

This statement of service performance covers the period from 1 July 2003 through to 30 June 2004.

Under the terms of its approved Statement of Intent for 2003/04, the Qualifications Authority was contracted to supply outputs in the following three Government Output Classes.

Output Class 03: Administration of national assessment for secondary qualifications

This output class includes:

- overseeing the setting of standards for qualifications in secondary schools including the NCEA (levels 1, 2 and 3), transitional Sixth Form Certificate, University Bursaries, Higher School Certificate, and New Zealand Scholarship
- monitoring and regularly reviewing the standards for qualifications in secondary schools
- setting and conducting examinations and assessments as considered necessary for the performance of its functions
- monitoring and review of achievement standards and New Zealand scholarship standards in close association with the Ministry of Education.

Output Class 05: Provision of information and advisory services

This output class includes:

- stakeholder communications
- Ministerial support
- Māori provider development and support.

Output Class 09: Stewardship of the New Zealand qualifications system

This output class includes:

- overarching responsibilities
- quality assurance of providers
- quality assurance of qualifications
- development, review and maintenance of standards and standard-based qualifications
- support for Pasifika peoples.

Service performance is measured against the provisions of the New Zealand Qualifications Authority's Statement of Intent for 2003/04 as approved by the Minister of Education in terms of Section 41 of the Public Finance Act 1989.

The Qualifications Authority's Statement of Intent for 2003/04 to 2005/06 is focused on the achievement of three strategies to support its future and New Zealand's development as a knowledge nation. The performance targets established for 2003/04 were against these strategies and associated business objectives. The following tables provide details of the Qualifications Authority's performance for 2003/04; note that the output class to which each performance measure contributes is indicated.

Strategy One: Enhancing the credibility of New Zealand qualifications through a commitment to assuring quality

A credible qualifications system enhances New Zealand's ability to sustain growth in export education and enhances the international reputation of New Zealand's education system. International benchmarking supports the portability of New Zealand qualifications and provides opportunities for New Zealand graduates.

This strategy is wide-reaching and consequently crosses over all three output classes.

Several performance measures under this strategy relate to the Register and the NQF. The Register contains all quality assured qualifications in New Zealand and ensures all qualifications have a purpose and relation to each other. The NQF comprises unit and achievement standards and is a key subset of the Register. The Register and the NQF serve as the foundation upon which the Qualifications Authority enhances the credibility of New Zealand qualifications.

The Register provides a common credit currency and subject classification system, which services as a basis for credit recognition and transfer. Thus, the development and implementation of the Register provided the currency and platform for the credit recognition and transfer policy (referred to under Business Objective 1). The policy ensures that providers have transparent processes in place to grant credit to learners for current competencies and prior learning. It also ensures that there is consistency across tertiary education providers.

Business Objective 1: Develop a world-leadership role and expertise in qualifications systems that facilitate flexibility and coherence in qualification pathways, including recognition of prior learning, credit transfer and credit recognition

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
Promulgate credit recognition and transfer policy to appropriate providers and stakeholders <ul style="list-style-type: none"> By 31 December 2003 	STATUS: Achieved COMMENTARY The credit recognition and transfer policy was promulgated in the first quarter of the 2003/04 year.

Business Objective 2: Enhance the operation of the New Zealand Register of Quality Assured Qualifications to support the achievement of a coherent and reliable system of qualifications

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
System availability of the web-based New Zealand Register of Quality Assured Qualifications database <ul style="list-style-type: none"> • 99% 	STATUS: Achieved COMMENTARY At least 99% system availability was achieved in every quarter during the year. The average for the entire year was 99.56%.

Output Class 05: Provision of information and advisory services

Key Performance Measures	Results at 30 June 2004
Percentage of surveyed stakeholders who express awareness and understanding of the Register <ul style="list-style-type: none"> • Baseline standard to be developed by 30 June 2004 	STATUS: Achieved COMMENTARY A BRC Trust and Confidence Poll survey was carried out in September 2003 to establish a baseline. A baseline of two percent was established in terms of respondents being aware of the Register. Additionally, three percent of respondents quoted the Register as being a source of contact with the Qualifications Authority. This survey was carried out prior to the start of public advertising, and the baseline will be used to track future improvement.

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
Number of NQF standards and qualifications evaluated <ul style="list-style-type: none"> • 7,000 – 7,200 standards • 400 – 420 qualifications 	STATUS: Achieved COMMENTARY 8,650 standards and 426 qualifications were evaluated this year
Number of NQF reported credits processed onto the Record of Learning <ul style="list-style-type: none"> • 6.8 – 7.2 million 	STATUS: Achieved COMMENTARY 9,633,920 credits were processed this year.

Business Objective 3: Promote international recognition of New Zealand qualifications

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
<p>Continued promotion of New Zealand qualifications through Australian Qualifications Framework Advisory Board (AQFAB), International Network of Quality Assured Agencies in Higher Education (INQAAHE), Australian Conference of Tertiary Admission Centres (ACTAC) and University and Colleges Admission Service (UK) (UCAS)</p> <ul style="list-style-type: none"> • Ongoing to 30 June 2004 	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>The Chief Executive and other senior managers have attended ACTAC, AQFAB and INQAAHE meetings and conferences this year and have continued to promote New Zealand qualifications at these fora. Additionally, the Qualifications Authority is involved in planning for the INQAAHE 2005 conference, which will be held in Wellington.</p> <p>In January 2004 positive feedback was received from ACTAC members on the new electronic processes proposed for accessing NCEA level 3 results of New Zealand students.</p> <p>In May 2004 an updated entry for the UCAS Handbook was provided.</p>
<p>Percentage of qualifications evaluation applications processed within published timelines:</p> <ul style="list-style-type: none"> • Fast track applications – 10 working days • Standard service – 25 working days 	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>Throughout the year fast track applications were completed within 10 working days and standard service applications were completed within an average of 20 working days.</p>

Business Objective 4: Prioritise the future development of the National Qualifications Framework to support key Government goals such as the development of Māori and Pacific qualifications and foundation, generic and specialist skills

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
<p>Develop, maintain, review and support unit standards and qualifications in agreed areas of Government priority. (Areas of priority for 2003/04 year included: foundation skills; high-level generic skills; generic business and management skills; and early childhood education.)</p> <ul style="list-style-type: none"> By 30 June 2004 	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>The following summarises work carried out over the year in areas of agreed Government priority:</p> <ul style="list-style-type: none"> Approximately 670 standards have been, or are in the process of being, reviewed, revised, registered, developed, or having their registration extended. 36 standards have been deregistered. 14 qualifications have been, or are in the process of being, reviewed, developed, or having their registration extended. 47 assessment support materials have been developed and/or placed on the web.

Business Objective 5: Implement high quality assessment and moderation systems

Output Class 03: Administration of national assessment for secondary qualifications

Key Performance Measures	Results at 30 June 2004
Implement and deliver internal and external assessment systems to published timelines <ul style="list-style-type: none"> • By 30 June 2004 	<p>STATUS: Achieved</p> <p>COMMENTARY All 2003 examinations were delivered to published timelines. Assessment and moderation plans for each school have been established for internal assessment systems and two moderation submission rounds have been completed.</p>
Implement level 3 NCEA and Scholarship as per work plan targets developed in collaboration with the Ministry of Education ⁴ <ul style="list-style-type: none"> • Ongoing – 30 June 2004 	<p>STATUS: Achieved and ongoing</p> <p>COMMENTARY Sample development for level 3 and New Zealand Scholarship has been completed and work with the Ministry of Education on reviewing level 2 standards is running to agreed timelines.</p>
Percentage of New Zealand schools who receive visits from the Qualifications Authority aimed at providing support, advice and monitoring <ul style="list-style-type: none"> • 33% per annum 	<p>STATUS: Achieved and exceeded</p> <p>COMMENTARY Fifty percent of schools have been visited this year. Improvements to the staffing complement of School Relationship Managers has permitted an improved presence in schools, in both formal (monitoring) and informal (advisory) settings.</p>

4 Work plans are developed in collaboration with the MoE and reviewed monthly at the Joint Officials Group

Strategy Two: Developing world-class systems to quality assure providers of education

A key element of the Qualifications Authority's strategy for quality assuring providers of education is achieving international recognition for New Zealand in the provision of education. This contributes to the Government goals of increased global connectedness and mobility, and enhances New Zealand's ability to sustain growth in export education and the international reputation of the New Zealand education system.

This strategy relates to Output Class 09: Stewardship of the qualifications system.

As "caretaker" of the qualifications system in New Zealand, the Qualifications Authority performs various quality assurance activities. For example, the Qualifications Authority is directly responsible for auditing PTEs, government training establishments (GTEs) and wānanga, and delegates responsibility to QABs for the auditing of polytechnics and colleges of education. To encourage and assist providers to attain long-term audit outcomes, specialist Qualifications Authority staff provide assistance and support to providers, particularly in the area of quality management.

Business Objective 1: Consolidate the Qualifications Authority's overarching quality assurance role by continuing to lead the drive for excellence

Fourth Schedule of Purchase Agreement

Key Performance Measures	Results at 30 June 2004
Manage and provide administrative support for the Tertiary Teaching Awards Committee and the Tertiary Teaching Excellence Awards <ul style="list-style-type: none"> • Ongoing – 30 June 2004 	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>A high level of secretariat support was provided to the Committee this year. Additionally, the ceremony for the third Tertiary Teaching Excellence Awards, which was held in June 2004, was project managed by Qualifications Authority staff. The ceremony was a great success whereby Ministers presented awards to 12 tertiary teachers from nine institutions.</p>

Business Objective 2: Improve the mechanisms for monitoring the delegation of quality assurance to other bodies

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
Percentage of accountability arrangements with national quality assurance bodies with delegated authority that are current <ul style="list-style-type: none"> • 100% 	STATUS: 100% Achieved COMMENTARY In preparation for work that will be undertaken in the 2004/05 financial year, delegation arrangements with the Institutes of Technology and Polytechnics Quality (ITPQ) and the Association of Colleges of Education in New Zealand (ACENZ) will be reviewed in the first quarter of 2004/05.

Business Objective 3: Promote international recognition of the quality standards of New Zealand providers to add value to business partnership opportunities and to support sustainable growth of export education capability

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
Implement procedures to audit providers that are signatories against the MoE Code of Practice for pastoral care of international students <ul style="list-style-type: none"> • From 1 July 2003 	STATUS: Achieved COMMENTARY The Qualifications Authority has been auditing providers against the Code of Practice (CoP) since February 2003. In December 2003, procedures were revised to take into account the revisions to the CoP, effective from 1 January 2004.

Business Objective 4: Enhance the quality assurance standards and processes for private training establishments, government training establishments and wānanga to increase the confidence of learners and the wider public in the quality of the system

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
<p>Increase in the percentage of all providers on one, two and three year audit cycles</p> <ul style="list-style-type: none"> Increase on 2002/03 levels 	<p>STATUS: Achieved</p> <p>COMMENTARY Excluding recently registered providers (which are automatically given a six-month audit cycle), the percentage of providers on one, two and three year cycles as at 30 June 2004 was 97%. The comparable figure from 30 June 2003 was 90%.</p>

Business Objective 5: Support Pacific education providers to grow their capacity

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
<p>Percentage of Pacific PTEs registered on the NZQA database that have requested assistance and who receive support to develop and document their quality management systems and to implement self-evaluation and review processes</p> <ul style="list-style-type: none"> 90% 	<p>STATUS: Achieved</p> <p>COMMENTARY One hundred percent of Pacific PTEs registered on the Qualifications Authority's database that requested support received it over the year.</p>

Strategy Three: Better meeting Treaty of Waitangi responsibilities by facilitating the recognition and provision of quality learning outcomes with and for iwi and Māori

The Qualifications Authority recognises the role it can play in improving educational outcomes for Māori. The Qualifications Authority focuses on developing and extending the range of qualifications for Māori and on improving aspects of the delivery of education services to Māori through the development and support of Māori providers in collaboration with external advisers.

This strategy relates to Output Class 05: Provision of information and advisory services, and Output Class 09: Stewardship of the New Zealand qualifications system.

Participation and achievement of Māori learners is tracked through the collection and interpretation of specific data. Resulting reports, along with communication materials targeted at Māori, are produced, in part, for the benefit of the Qualifications Authority's Māori stakeholders. This information, along with specialist assistance provided to PTEs and wānanga, contributes to the improvement of audit outcomes for Māori providers.

Business Objective 1: Develop, maintain and promote qualifications that support the cultural, economic and social development of Māori

Output Class 09: Stewardship of the New Zealand qualifications system

Key Performance Measures	Results at 30 June 2004
Implement approved unit standards and qualifications projects that align to areas or industries that contribute to the cultural, economic and social development of Māori.	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>There has been a total of 18 unit standard and qualification projects implemented since 2 July 2003.</p>

Output Class 05: Provision of information and advisory services

Key Performance Measures	Results at 30 June 2004
Publish reports on Māori participation/credit achievement/ qualification completion in field Māori <ul style="list-style-type: none"> • Reports available online 	STATUS: Achieved COMMENTARY Report available on website.
Publish reports on Māori participation/credit achievement/ qualification completion on the NQF <ul style="list-style-type: none"> • Reports available online 	STATUS: Achieved COMMENTARY Report available on website.
Percentage of stakeholders surveyed who express satisfaction with the quality of communications materials targeted at Māori (annual survey) <ul style="list-style-type: none"> • 5% increase on 2002/03 	STATUS: Achieved COMMENTARY The 5% increase was achieved with the June 2004 survey showing 100% satisfaction.

Business Objective 2: Identify iwi and Māori stakeholders and their needs and interests and build strong working relationships to achieve identified outcomes

Output Class 05: Provision of information and advisory services

Key Performance Measures	Results at 30 June 2004
Percentage of Māori providers surveyed who were satisfied with the assistance provided by the Qualifications Authority <ul style="list-style-type: none"> • 90% 	STATUS: Achieved and exceeded COMMENTARY A satisfaction rating of 95.5% was achieved in the 2003/04 annual survey in relation to providers' overall level of satisfaction.

Business Objective 3: Design business processes to ensure iwi and Māori input into the core business of the Qualifications Authority

Key Performance Measures	Results at 30 June 2004
Qualifications Authority business units to identify their contribution to the achievement of outcomes with and for iwi and Māori <ul style="list-style-type: none"> • By 30 July 2003 	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>All business units have identified their contributions and these have been incorporated into their business plans. Additionally, to assist business units on an ongoing basis, a Treaty of Waitangi Relationship Framework was developed to aid staff in integrating their Treaty responsibilities into their work.</p>

Business Objective 4: Build staff capability and capacity to respond effectively to iwi and Māori needs and aspirations

Key Performance Measures	Results at 30 June 2004
Work with the existing Qualifications Authority Māori network to implement a regular staff forum, focused specifically on the needs of Māori staff <ul style="list-style-type: none"> • From 1 July 2003 	<p>STATUS: Achieved</p> <p>COMMENTARY</p> <p>A Terms of Reference for the Māori Staff Network was approved and a monthly staff forum commenced in March 2004.</p>

Business Objective 5: Ensure iwi and Māori are able to access and utilise Qualifications Authority services and products

Key Performance Measures	Results at 30 June 2004
<p>Percentage of Māori PTEs and wānanga registered on the NZQA database that have requested assistance and who receive support to develop and document their quality management systems and to implement self-evaluation and review processes</p> <ul style="list-style-type: none"> • 90% 	<p>STATUS: Achieved</p> <p>COMMENTARY Result for the year is 100%. There are 161 self-identified Māori PTEs on the Qualifications Authority database. Regional Facilitators have received and actioned requests for support from 140 of these this year.</p>
<p>Percentage of Māori providers, who have received advice and assistance and who are audited, that receive at least a one-year audit outcome</p> <ul style="list-style-type: none"> • 80% 	<p>STATUS: Achieved</p> <p>COMMENTARY Result for the year is 89.6%. This figure includes:</p> <ul style="list-style-type: none"> • 55% on a one-year audit outcome • 30% on a two-year audit outcome • nearly 5% on a three-year audit outcome

OUTPUT CLASS COST STATEMENTS for the year ended 30 June 2004

Output Class Three: Administration of National Assessment for Secondary Qualifications	2003/04 Actual	2003/04 Budget
	(\$000)	(\$000)
Crown	23,857	21,365
Other	16,927	17,558
Total Revenue	40,784	38,923
Expense	30,075	38,923
Surplus/(Deficit)	10,709	-

Variance Commentary

Revenue:

The major factor causing the unanticipated revenue was an unexpected increase in the number of secondary candidates wanting to sit exams as well as an increase in those wanting to sit more than one level of exam.

Expenses:

Efficiencies in promotions, publications, printing, secondary exam administration and lower reimbursement for Maths and Science Awards than anticipated.

Output Class Five: Provision of Information and Advisory Services	2003/04 Actual	2003/04 Budget
	(\$000)	(\$000)
Crown	2,347	2,347
Other		
Total Revenue	2,347	2,347
Expense	2,534	2,632
Surplus/(Deficit)	(187)	(285)

Output Class Nine: Stewardship of the New Zealand Qualifications System	2003/04 Actual (\$000)	2003/04 Budget (\$000)
Crown	4,759	4,849
Other	18,969	18,216
Total Revenue	23,728	23,065
Expense	20,140	22,780
Surplus/(Deficit)	3,588	285

Variance Commentary

Revenue:

The major factor causing the unanticipated revenue was more tertiary wānanga candidates than expected.

Expenses:

The major factors causing the underspend in this output class were:

- an unexpected reduction in personnel costs due to the late filling of vacancies in some areas
- a reduction in Qualification Evaluation Service activity and associated costs due to changes in immigration policy
- deferral of some project activities.

Management Information

EQUAL EMPLOYMENT OPPORTUNITIES

The Qualifications Authority continues to apply an integrated model of equal employment opportunities (EEO) into all policies and procedures in accordance with the requirements of section 58 of the State Sector Act 1988.

The Qualifications Authority continues to provide flexible, responsive support and choices for staff in balancing work and family responsibilities through its family/ whanau work responsibilities programme.

The school holiday care subsidy was well utilised by staff with dependents needing holiday care. The subsidy is funded from the EEO budget up to a specified maximum per child per year.

GOOD EMPLOYER REQUIREMENTS

The good employer requirements of section 56 of the State Sector Act 1988 were met by the Qualifications Authority as indicated below.

Collaborative working relationships were maintained and enhanced with the PSA in the implementation of the new performance management and remuneration system, internal reviews, and in the negotiation of a two-year employment agreement.

The Qualifications Authority continues to subsidise contributions to its Staff Superannuation Plan. For employees who contributed to the Plan, the employer contribution and administrative costs were met by the Qualifications Authority.

The Māori Staff Network provides an opportunity for Māori staff to organise activities and guest speakers who can inform Māori and non-Māori staff on cultural and professional issues. The Network also helps to:

- develop a higher understanding of te reo and tikanga Māori to support an individual's cultural and professional development
- promote reo and tikanga Māori into the core business of the Qualifications Authority.

The maintenance of a healthy and safe working environment continues with:

- ergonomic workstation assessments undertaken for new employees
- health and safety representatives established on each floor
- re-writing of the health and safety manual
- health and safety tours of the building
- availability of Employee Assistance Programme services to all employees
- all fire wardens trained in first aid.

The Staff Network meets on a regular basis and provides a forum for staff support, networking and information sharing.

Ongoing training and development has been a key initiative for the Qualifications Authority with the:

- enrolment of a number of staff on work-relevant National Certificates and Diplomas
- very successful implementation of a new employee induction programme
- ongoing promotion and funding of te reo Māori language classes for staff.

Organisational Information

The Board has appointed a single employee, the Chief Executive, to manage all operations. All other employees are appointed by the Chief Executive. The Board directs the Chief Executive by delegating responsibility and authority for the achievement of objectives through setting policy.

As at 30 June 2004 the Chief Executive of the Qualifications Authority was Karen Van Rooyen. The Executive Management Committee comprised:

Angela Irwin	<i>Group Manager, Board Services and Audit</i>
Anne Longworth	<i>Acting Group Manager, Qualifications Development and Evaluation</i>
Carl Ross	<i>Group Manager, Provider Development and Support</i>
Kate Colbert	<i>Group Manager, Secondary Education</i>
Martin Eadie	<i>Group Manager, Tertiary Education</i>
Mike Steer	<i>Group Manager, Approvals, Accreditation and Audit</i>
Rochelle Leahy	<i>Group Manager, Financial and Administration Services</i>
Bill Lennox	<i>Manager, Communications</i>
Graham Huckstep	<i>Manager, Human Resources</i>
Mike Paine	<i>Chief Information Officer, Information Services</i>
Sue Dahl	<i>Office of the Chief Executive</i>
Tony Davies	<i>Manager, Policy/Strategy</i>

Contacts

THE QUALIFICATIONS AUTHORITY

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St Paul's Square

45 Pipitea Street

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Telephone: 04 496 3099

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Bankers

BANK OF NEW ZEALAND

North End

100 Lambton Quay

Wellington

Telephone: 04 474 6613

Facsimile: 04 474 6558

Glossary

ACENZ	Association of Colleges of Education in New Zealand
ACTAC	Australian Conference of Tertiary Admission Centres
AQFAB	Australian Qualifications Framework Advisory Board
(the) Board	The Board of the New Zealand Qualifications Authority
CoP	Code of Practice
EEO	Equal Employment Opportunities
GTE	Government Training Establishment
INQAAHE	International Network of Quality Assured Agencies in Higher Education
ITO	Industry Training Organisation
ITPQ	Institutes of Technology and Polytechnics in New Zealand
MoE	Ministry of Education
NCEA	National Certificate of Educational Achievement
NQF	National Qualifications Framework
OECD	Organisation for Economic Co-operation and Development
PSA	Public Service Association
QAB	Quality Assurance Body
(the) Register	The New Zealand Register of Quality Assured Qualifications
UCAS	University and Colleges Admission Service (UK)

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Contact



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA