

Te Pūrongo Ā-Tau

Annual report

2018/19



The New Zealand Qualifications Authority (NZQA) ensures that New Zealand qualifications are valued as credible and robust, both nationally and internationally.

Kia Noho Takatū Ki Tō Āmua Ao

Qualify for the Future World

NZQA is a Crown entity as defined in the Crown Entities Act 2004.

Te manu ka kai i te miro, nōna te ngahere. Te manu ka kai i te mātauranga, nōna te ao.

The bird that partakes of the berry, his is the forest. The bird that partakes of knowledge, his is the world.

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He whārangi ihirangi

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He tirohanga mo te tau

Te mahi ngātahi i ngā ākonga, i ngā kaiwhakawhiwhi mahi, i ngā kaiwhakarato hoki

Our year at a glance

Delivering to today's learners, employers and providers



Over the year almost 4,000 whānau members have engaged in an NCEA workshop. A very high proportion of whānau are reporting a better understanding of NCEA and confidence in supporting rangatahi, as well as engaging with schools about NCEA pathways.

Feedback from the NCEA and the Whānau workshops:

"Thank you so much for providing us the opportunity to find out more about NCEA and for giving parents the right tools to be able to help our children."

Feedback from the NCEA ma le Pasifika workshops:

"I really enjoyed tonight's presentation, wish my daughter & I had heard it at YII. Very empowering messages. Well done!"

"More ethnic specific information evenings regarding NCEA like tonight."



We have developed 'Ngā Kete Mātauranga'

which are resource packs aimed at supporting kaiako (teachers) and assessors in the development of programmes which lead to the awarding of matauranga Maori qualifications. Packs are available online and as hard copies.



II0,013 samples of student work were externally moderated



I43,962 students undertook I29 examination sessions held for NCEA and New Zealand Scholarship at 404 centres nationwide!



NZQA has continued to refine and expand the list of pre-approved overseas teaching qualifications. This year qualifications from Scotland have been added so the list now includes 632 qualifications across eight countries.

Applications from teachers with overseas qualifications have been prioritised to support the Ministry of Education led, Overseas Teacher Recruitment Campaign, so that approximately 35 percent of overseas teachers interested in teaching in New Zealand no longer need to apply for an International Qualifications Assessment.



I,188,842 external entries for NCEA and New Zealand Scholarship²

5,643 examination centre managers and supervisors and 1,653 markers³

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Te hanga mahere mō ngā tau e tū mai nei

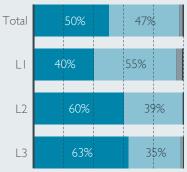
Creating the platform for the future



Since 2016, 22,405 unique students have participated in NCEA Online Trials and Pilots, of these, 13,190 were in 2018.

Feedback:

"Overall, I found completing this exam digitally was a positive experience."



0% 20% 40% 60% 80% 100%

In 2019 there will be 35 digital examination sessions from 14 subjects offered to schools as part of the standard examination process for NCEA Online. Our focus is on improving the digital exam experience through continued co-design with students.

4 Reproduced with permission from: bcito.org.nz/ news-and-publications/news/bcito-thrilled-nzqasrecognition-micro-credentials



In working with Quality and Qualifications Ireland to compare the Irish National Framework of Qualifications and the NZQF, a new user-friendly guide has been developed for learners, qualification holders, employers and recognition agencies. The format of a guide is a first in reporting the outcome of the recognition and comparability of each country's qualification **frameworks.** The new guide will be published early in the 2019/20 year.



Micro-credentials

BCITO Chief Executive Warwick Quinn says "Microcredentials are a great step forward. We believe it will make training more attractive and relevant for the industry and will attract new talent at a time when we need at least 25,000 qualified people in the next five years to meet demand".⁴

50 micro-credentials linking to nine learning providers were registered in the 2018/19 financial year.



NZQA has qualification recognition arrangements with 43 international jurisdictions



One of the outcomes of the Review of NCEA announced in May 2019 included removing fees for New Zealand students entering NCEA and the New Zealand Scholarship from 2019.

In June 2019, NZQA undertook the planning and system processing to enable formal awarding of NCEA qualifications and credits to students with unpaid fees in 2018 and previous years. Almost 150,000 current and former students with unpaid NCEA fees will now formally be awarded their NCEA credits or qualifications.





He kupu takamua nā te Tiamana o te poari matua me te Pouwhakahaere

Foreword from the Board and Chief Executive

NZQA's vision for New Zealand learners to 'Qualify for the future world: Kia noho takatū ki tō āmua ao' urges us to consider what the future of education, work and society will be.

This vision also means we must promote and ensure equitable access to qualifications; and this requires an acknowledgement that learning doesn't stop when a person completes secondary school, tertiary education or an apprenticeship.

It is with these two areas in mind that NZQA approached an ambitious programme of work in 2018/19.

Equity of access to qualifications supports intergenerational wellbeing

Equitable access to education and qualifications is essential if we are to enable New Zealanders to reach their goals and contribute to a better society and whanau outcomes. Lifting achievement through the credibility of a world-class qualifications system supports this vision.

NZQA continues to work alongside other government agencies, schools, teachers, whanau,

and student and community leaders to lift Māori and Pasifika achievement, with an emphasis on National Certificate in Educational Achievement (NCEA) subjects related to science, technology, engineering and mathematics.

Around 4,000 people participated in either our NCEA and the Whānau workshops, or NCEA ma le Pasifika workshops in 2018/19. Each of these programmes provides the information caregivers need to navigate NCEA and support their rangitahi. Alongside established programmes such as these, one of our newer partnerships sees us supporting a group of Pasifika student ambassadors who use social media to share their experience of studying towards NCEA with their peers.

Equity also motivates our work to introduce NCEA Online. Digital assessment introduces the possibilities of reflecting personalised and culturally responsive pathways of learning. In order to maximise NCEA Online's potential, all students need to be able to access digitally-enabled learning.

After four years of Digital Trials and Pilots, we are now moving to roll out our new assessment platform, while continuing to work closely with schools and colleague agencies on addressing

challenges to participation. More than half of New Zealand's secondary schools have indicated their desire to offer online assessment.

We are also enhancing special assessment conditions for learners with disabilities and learning support needs; and are continuing to develop our connections with those communities who most stand to benefit from the improvements.

In developing and delivering our equity work, we highly value the continued support from Ngā Kaitūhono (NZQA's Māori external strategic group), whose members provide thought leadership in accelerating Māori learner success and the advanced use of mātauranga Māori.

New Zealand qualifications enable lifelong learning

As administrators of the New Zealand Qualifications Framework (NZQF) in a time of increasingly fast-paced technological and social change, NZQA needs to ensure the NZQF is flexible enough to enable the recognition of learning wherever and whenever it occurs. Alongside this, we are charged with ensuring New Zealand's qualifications remain respected and relevant, so they can continue to be accepted as credible and robust both in the present and the future world.



Ngā Kaitūhono (NZQA's Māori external strategic group) and the NZQA Board:

From left back row: Hana O'Regan; Karen Poutasi; Rangimarie Hunia; Rahui Papa; Lyn Provost; Murray Strong; Antony Royal; Neil Quigley.

From left front row: Hone Pereki Sadler; Sophie Tukukino; Wiremu Doherty; Kate Shevland; Mary Chamberlain; Jenn Bestwick; Merepaea Te Uira Dunn.

Responding to the changing needs of learners — and supporting New Zealand's social and economic needs — is a high priority, with NCEA Online and the development of micro-credentials our flagship projects in the past year as we prepare for a global, digital, connected world. While strong progress continues to be made, each of these innovations can roll out only at the pace at which education providers are confident implementing them, and at which learners and employers are ready to accept them.

To help maintain trust and confidence in New Zealand qualifications, we have continued actively monitoring and quality assuring educational outcomes in the non-university tertiary sector. Enforcing compliance with Rules tends to generate few positive news headlines, but our quality assurance role is vital to identify organisations who fail to meet the expected standards.

We also continue to pursue opportunities to make sure New Zealand qualifications are recognised and valued internationally. In June 2019 we finalised an enhanced qualifications recognition arrangement with Ireland, as we work towards our goal of reaching recognition agreements with 50 countries.

During the year we worked with our colleague agencies on the Reform of Vocational Education and NCEA review initiatives and this work will continue in the 2019/20 year.

Conclusion

NZQA takes seriously its responsibilities to ensure every person has an equitable opportunity to succeed, and to ensure qualifications are domestically and internationally well-regarded.

This Annual Report sets out how we have fulfilled these responsibilities and contributed to our vision of ensuring our learners 'Qualify for the future world: Kia noho takatū ki tō āmua ao'.

Murray Strong BOARD CHAIR Neil Quigley
RISK AND ASSURANCE

COMMITTEE CHAIR

Karen Poutasi
CHIEF EXECUTIVE

Ngā kaupapa nui o te tau

Highlights from the year

This section highlights the work that NZQA has undertaken during the year in support of social and economic outcomes for New Zealand and its vision to enable New Zealanders to 'Qualify for the future world: Kia noho takatū ki tō āmua ao'.











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- I August 2018: Hon Chris Hipkins, Minister of Education, and Hon Jenny Salesa, Associate Minister of Education, launched micro-credentials, which enable learners to access specific knowledge and skills in a cost-effective and time-efficient way.
- 2 September 2018: Taku Manu Taupua by Kemara Paterson (Ngati Kahungunu, Ngati Porou) of Napier Boys High School won the People's Choice Award in the 2018 Ringa Toi Student Exhibition. The Ringa Toi exhibition celebrates and showcases Excellence in Toi Maori.
- **3** September 2018: A visiting delegation from the *Philippine Commission* on *Higher Education* were interested to hear about NZQA's quality assurance processes during a technical exchange discussion to compare Bachelor's Degrees.
- **4** October 2018: Hato Pāora Year 10 boys participating in the *Pūhoro Science and Engineering Challenge*.
- **5 February 2019:** The launch of *NZQA's Top Art exhibition* at Massey University Wellington started a nationwide tour of portfolios from NCEA Level 3 Visual Art students who achieved an Excellence grade in 2018.
- **6** May 2019: Yang Fan Yun, formerly of Macleans College, was presented with the *2018 Prime Minister's Award for Academic Excellence* by Rt Hon Jacinda Ardern, Prime Minister of New Zealand.
- 7 June 2019: NZQA and Te Taura Whiri i te Reo Māori (the Māori Language Commission) signed a Mahi Tahi agreement, outlining how the two organisations will share our respective te reo Māori skills and resources with each other, and across the wider public sector.
- 8 May 2019: The 2018 New Zealand Scholarship Top Scholar Award winners with Murray Strong, NZQA Board Chair, Rt Hon Jacinda Ardern, Prime Minister of New Zealand, and Hon Chris Hipkins, Minister of Education.



Te mauri me te korahi o ā mātou mahi

The nature and scope of our functions

Our contribution to the education system

The Government's Education Portfolio Work Programme is based on the following objectives:

- Learners at the Centre
- Barrier-Free Access
- Quality Teaching
- Quality Public Education
- 21st Century Learning.

NZQA's strategic outcomes framework outlined in our Statement of Intent 2016/17-2019/20 and also our new Statement of Intent 2019/20-2022/23 incorporates these key drivers. This is evidenced by our focus on equity for Maori and Pasifika learners as well as for learners with disabilities and additional learning needs, and socio-economically disadvantaged learners.

We work closely and in collaboration with the wider government sector, colleague education agencies and other key stakeholders to gain synergies and deliver the best impact. We recognise that through working together we can more effectively help create the acceleration in learner achievement and system performance required for New Zealand's success. Refer to Principles for Success diagram on page 13.

We are working in collaboration with schools and other agencies to promote discussions about equity in STEM (science, technology, engineering and mathematics) subjects. Likewise, collaboration is fundamental to our work in reviewing the NZQF. We will continue these and other collaborations

in support of the Education Portfolio Work Programme.

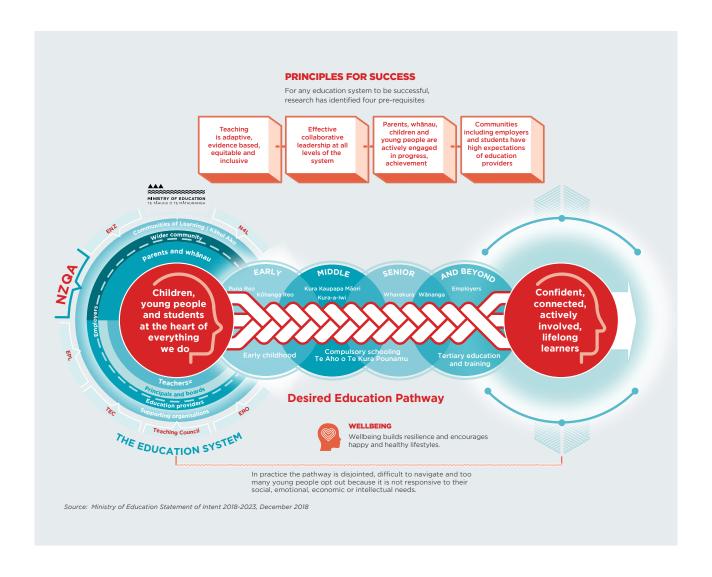
System changes are proposed through a number of reviews. We are working with colleague agencies on the changes announced following the NCEA Review and the Reform of Vocational Education to ensure that the way our services are delivered in the next three or four years is responsive to government decisions.

We have been working closely with the Ministry of Education to contribute thought leadership and to identify the likely impacts on NZQA's work of the proposed changes to vocational education. We have developed initial plans to progress changes which will be finalised once decisions are made.

Our role

Our primary role is to ensure that New Zealand qualifications are accepted as credible and robust, both nationally and internationally. We do this through our work to quality assure non-university tertiary education, regulate tertiary education, deliver robust senior secondary school-level assessment and credentialing, and improve the qualifications system.

Our vision, 'Qualify for the future world: Kia noho takatū ki tō āmua ao', encapsulates our role and ambition for learners and for New Zealand. Our performance is a vital element of making New Zealand's education system world leading, accessible to all learners and for empowering lifelong learning.



Key functions

Qualifications:

The NZQF is the definitive source for accurate information about all quality-assured New Zealand qualifications – covering secondary school, tertiary education and those institutions open to international learners. The NZQF is designed to optimise the recognition of a learner's achievement and contribute to New Zealand's economic, social and cultural success.

Quality assurance:

Our quality assurance role is directed towards ensuring high levels of trust and confidence in education outcomes for the tertiary education system. We set the statutory rules for the whole tertiary education sector and manage quality assurance in the non-university part of the tertiary sector.

Assessment:

We administer and quality assure NCEA for senior secondary learners (and for a smaller number of learners outside the secondary school system) and New Zealand Scholarship examinations. We do this through:

- Internal assessment for NCEA by managing a system of quality assurance across schools' internal assessment, which includes scheduled reviews of schools' assessment systems, external moderation of internal assessment, and monitoring. We also provide workshops, seminars and other support as needed.
- External assessment we administer NCEA and New Zealand Scholarship external assessment, including reports, portfolios and examinations.

Strategic intentions

Our context and the operating environment we are working in

Our operating environment is constantly changing as education evolves and adapts to the demands of global learners, and harnesses the power of digital technologies. Digital learning and assessment changes how and what learners learn; it also changes the opportunities available to support those with additional learning needs.

The expectations of education are changing, as learners and employers want greater flexibility in learning programmes and qualifications. Significant equity issues still exist for Maori and Pasifika learners, and for learners with disabilities and additional learning needs. Employers are looking for more nimble and adaptable workers with a diverse range of skills and capabilities. Overall the needs and expectations of learners and their whanau, employers, industry and iwi continue to evolve, demanding more of education sector organisations.

We have a key role to play in addressing these challenges and opportunities through our quality assurance and assessment and credentialing roles; we cannot, however, do this by ourselves. We work closely with our sector colleague agencies as well as education organisations, teachers, whanau and business.

Our strategic priorities, as agreed with the Government in the Letter of Expectations 2018/19, are:

- Working for equity of access and outcomes
- · Being flexible and future focused
- Working in collaboration with learners and the sector.

These strategic priorities are supported by operational priorities of supporting system outcomes, sustainable business practices and responsive systems.

What we are seeking to achieve

NZQA's vision 'Qualify for the future world: Kia noho takatū ki tō āmua ao', encapsulates NZQA's role and ambition for learners and for New Zealand. The performance of NZQA depends on its contribution to making the New Zealand education sector a world leading education system that meets the needs of learners and employers. NZQA supports learners, communities, employers, schools and tertiary education organisations (TEOs) by working towards the following impacts included in its 2016/17-2019/20 Statement of Intent:

- Impact 1: New Zealand's qualifications meet the needs of learners and employers, and enhance New Zealand's social and economic outcomes
- **Impact 2:** Trust and confidence in education outcomes for non-university education
- **Impact 3:** Trust and confidence in robust secondary school level assessment.



Our Vision is that learners Qualify for the future world

To achieve...

New Zealand qualifications that meet the needs of learners and employers, and enhance New Zealand's social and economic outcomes

We contribute to...

Trust and confidence in New Zealand's qualifications

Through...

Our guardianship of the New Zealand Qualifications Framework (NZQF) and the international recognition of New Zealand's qualifications

Qualifications

Delivering to today's learners, employers and providers Ensuring New Zealand's qualifications respond to the changing needs of learners and support New Zealand's social and economic needs

Providing easy access to a record of the learning an individual has achieved

Recognition of qualifications gained overseas

We will do this by...

Creating the platform for the future

Working with other jurisdictions so that New Zealand's qualifications are internationally recognised and portable

We can see our impacts through... Learners can more easily access and use their record of achievement

We have increased international recognition of the New Zealand Qualifications Framework (NZQF)

We see increases in the usefulness and value of qualifications listed on the NZQF by learners and employers



Trust and confidence in education outcomes for non-university tertiary education

Trust and confidence in robust secondary school level assessment

Successful outcomes for learners

Quality in education delivery

Quality assurance processes that provide confidence in tertiary education organisation performance

Robust and credible NCEA assessment processes

Quality Assurance

Quality assuring education outcomes in the non-university tertiary sector

Actively monitoring education outcomes in the non-university tertiary sector

Actively monitor pastoral care of international students

Further maturing the Evaluative Quality
Assurance Framework

We see improved tertiary education organisations (TEO) educational performance and capability

Tertiary education organisations (TEO) experience a more relevant and easier to use Evaluative Quality Assurance Framework

Assessment

Actively moderating NCEA education outcomes

Moderating teacher assessment practices

Delivering robust senior secondary (NCEA and Scholarship) external examinations

Enhancing Special Assessment Conditions (SAC)

Supporting parents, whānau, employers and the community to better understand NCEA

Moving to online delivery of moderation services

Moving to online delivery of assessment services including external assessments

Working with others to lift Māori and Pasifika achievement in STEM related NCEA subjects

Increasing the capability of schools in relation to internal assessment practice

Maintaining moderator/teacher agreement rates at a level comparable to international best practice

Increasing the number of students from low decile schools accessing Special Assessment Conditions (SAC) support

An increase in the number of subjects and candidate entries externally assessed digitally

We have more parents and whānau engaging with NCEA by accessing information, resources and workshops





PĀNGA TUATAHI:

Ngā tohu mātauranga

IMPACT I:

Qualifications

New Zealand's qualifications meet the needs of learners and employers, and enhance NZ's social and economic outcomes

The New Zealand Qualifications
Framework (NZQF) is the definitive
source for accurate information about
all quality assured New Zealand
qualifications – covering secondary
school, tertiary education and those
open to international learners. The
NZQF is designed to optimise the
recognition of a learner's achievement
and to contribute to New Zealand's
economic, social and cultural success.

Delivering to today's learners, employers and providers

Ensuring New Zealand's qualifications respond to the changing needs of learners and employers and enhance New Zealand's social and economic outcomes

NZQA's focus is on ensuring New Zealand's qualifications respond to the changing needs of learners and employers, and enhance New Zealand's social and economic outcomes. This year our focus has continued to be on ensuring the NZQF is fit for purpose, and formally introducing micro-credentials into the regulated education and training system.

Review of the New Zealand Qualifications Framework

A review of the NZQF was initiated in 2017/18 to ensure the Framework is flexible and adaptive to the future needs of employers, communities, learners and other stakeholders.

In progressing the review, we engaged with a wide range of stakeholders on proposals to:

- more clearly embed transferable skills in the architecture of the framework
- include a wider range of quality assured products on the NZQF
- improve the usability of the NZQF and better reflect New Zealand's cultural context
- resolve technical issues.

Feedback from the initial consultation endorsed the approach. The review is expected to be completed by the end of the 2019/20 financial year. This will enable alignment with progress on the Reform of Vocational Education, further engagement and completion of technical work.

Introducing micro-credentials into the regulated education and training system

Recognition and quality assurance of micro-credentials were formally introduced into the regulated education and training system in the first quarter, following a pilot in the previous year. These industry-led, small, coherent packages of learning and assessment will assist employers and learners to access current skills faster.

Case study: Building and construction industry and micro-credentials

Micro-credentials, or Managed Traineeships as BCITO refers to them, offer specialised recognition that reflects the increased segmentation of work in the industry.

BCITO Chief Executive Warwick Quinn says it has been trialling the concept and is delighted the Government has decided to formally run with it. Its Managed Traineeship programme aims to equip learners with specific construction skills that more accurately reflect the changing nature of the construction industry and business practices.

"The qualifications currently available do not fully reflect how the construction industry and many other sectors operate. As technology changes and as the sector becomes more specialised, some firms no longer require or indeed are able to offer, the scope of work a full apprenticeship requires. This affects their willingness and ability to train," says Warwick.

"Micro-credentials are a great step forward. We believe it will make training more attractive and relevant for the industry and will attract new talent at a time when we need at least 25,000 qualified people in the next five years to meet demand." 5

In response to interest from a range of domestic and international organisations outside the regulated education and training system which also use micro-credentials, NZQA has enabled the equivalency of these micro-credentials to be assessed in relation to the NZOF.

Once equivalency is established, learners will be able to receive a statement showing the credit value and level of learning of the micro-credential in relation to the NZQF.

Monitoring our progress

Indicator	Measured by	2018/19 Result
We see increases in the usefulness and value of qualifications listed on the NZQF by learners and employers.	By 2020 an evaluation will be undertaken to show how well the needs initially identified are being met through New Zealand qualifications at Levels 1-6 listed on the NZQF.	Results will be available in 2020.

⁵ Reproduced with permission from the Building and Construction Industry Training Organisation bcito.org.nz/news-and-publications/news/bcito-thrilled-nzqas-recognition-micro-credentials

University Entrance (UE)

Maintenance of the UE approved subjects list

Every four years NZQA consults with the education sector and other interested groups about the approved subjects list for University Entrance to ensure that this list is relevant and meets the sector's expectations. The most recent review has been deferred until 2020 as this will better align with the timing of other reviews underway, in particular the NCEA Review, and will allow for any resulting changes to be incorporated.

Meanwhile, NZQA has continued to process applications to amend the approved subjects list for UE in 2018 with the addition of New Zealand Sign Language and Psychology, and in 2019 with the addition of ten new Digital technologies and Hangarau Matihiko Achievement Standards. Both amendments apply for entrance to university in 2020.

Maintenance of qualifications

NZQA is the Qualification Developer for 130 New Zealand qualifications, including 53 matauranga Maori qualifications. Work has commenced on the review of qualifications in Business, Information Technology and Computing, Maori Governance, Tourism Maori and Manaaki Marae, all of which are due to be completed by 31 December 2019.

Providing easy access to a record of the learning an individual has achieved

NZQA has expanded the electronic New Zealand Record of Achievement (NZRoA) to include learner achievement of a wider range of qualifications as well as achievement of NZQA quality assured micro-credentials.

Improved web entry functionality has allowed achievement of micro-credentials to be reported directly to NZQA and shortened the time from award of a qualification by an education organisation to it being recorded on the learners NZRoA.

Monitoring our progress

Indicator	Measured by	2018/19 Result
Learners can more easily use their record of achievement.	Learners can access a comprehensive electronic record of their learning by 2019.	The digital New Zealand Record of Achievement, accessible by learners from 2017, was expanded this year to include the achievement of a wider range of qualifications and quality assured micro-credentials.

Recognising qualifications gained overseas

Continuous improvement process for customer centred services

NZQA has begun work on the development of a new online application platform and an updated suite of products to improve the experience for customers looking to have their international qualifications recognised for work, study or immigration purposes in New Zealand. This work is due be completed by October 2019. NZQA ensures that employers, education providers and other government agencies understand what an overseas qualification means in the New Zealand context and can have assurance that they have been robustly assessed.

Overseas teachers supply work programme

NZQA has continued to refine and expand the list of pre-approved overseas teaching qualifications. This year qualifications from Scotland have been added so the list now includes 632 qualifications across eight countries.

It is estimated that approximately 35 percent of overseas teachers interested in teaching in New Zealand have their qualifications recognised using the pre-approved list. The list makes it easier for teachers to determine their eligibility and reduces the overall time and cost for teachers with overseas qualifications applying to be a teacher in New Zealand. The response from intending teachers and agencies involved in the process of supporting the teacher recruitment campaign has been positive.

6 ASEAN – Association of Southeast Asian Nations

Creating the platform for the future

Working with other jurisdictions so that New Zealand qualifications are internationally recognised and portable

NZQA is continuing its work to achieve the goal of recognition arrangements with 50 countries by the end of 2020. These qualification recognition arrangements have enabled NZQA to extend the global reach of the NZQF and enhance the credibility and portability of qualifications listed on the NZQF.

We completed the comparison of the Irish National Framework of Qualifications and the NZQF. This project built from earlier work with Ireland to extend recognition across all levels of each qualifications framework. For the first time, the European Qualifications Framework was used as a translation device to undertake the comparison, and a user-friendly guide has been developed to report the outcomes of the recognition project. The new guide will be published early in the 2019/20 year.

We continue to engage with other countries through international fora to support the recognition of the NZQF and the development and use of qualifications frameworks internationally, including supporting the development of the ASEAN⁶ Qualifications Reference Framework.

Monitoring our progress

Indicator	Measured by	2018/19 Result
We have increased international recognition of the New Zealand Qualifications Framework (NZQF).	Qualification recognition arrangements with 50 countries by 2020 (2020 Goal).	As at 30 June 2019, NZQA has qualification recognition arrangements with 43 jurisdictions. The most recent arrangement is the joint project with Ireland to improve understanding and recognition of qualifications across all levels of each country's framework.

Sector qualifications register

Creating the single record of qualifications

The NZQF Register will be the single, authoritative public record of qualifications, programmes and component information. It is intended to provide real-time publication of information relating to approved qualifications. TEOs will also be able to manage and monitor their applications online by the end of 2019.

A gradual transition has been implemented this year. NZQA has worked with a pilot group of TEOs as they use the NZQF Register to support its broader implementation.

PĀNGA TUARUA: Te whakaū kounga

IMPACT 2:

Quality assurance

Trust and confidence in education outcomes for non-university tertiary education

NZQA's quality assurance role is directed towards supporting higher levels of trust and confidence in education outcomes of the tertiary education system. NZQA sets the statutory rules for the whole tertiary sector and manages quality assurance in the non-university part of the tertiary sector.

NZQA operates an integrated quality assurance system in which all components support each other. The quality assurance system includes registration of private training establishments (PTEs) and approval of qualifications (including degrees and related qualifications), programmes, training schemes and assessment standards. It also includes:

- assuring the consistency of graduate outcomes from New Zealand qualifications
- moderation of assessment standards
- · monitoring of programmes including degrees
- conducting External Evaluation and Reviews (EERs)
- risk management
- quality assuring and monitoring signatories to the Education (Pastoral Care of International Students) Code of Practice 2016.

To achieve this, TEOs are encouraged to understand their education performance through using evidence, influencing outcomes, and delivering to their stakeholder needs. Hence, self-assessment by TEOs is integral to all quality assurance components.

The quality assurance system uses an evaluative approach to reach well-informed, consistent and reliable evidence-based judgements about all aspects of education organisation performance and capability, with a practical focus on outcomes and key contributing processes.

Delivering to today's learners, employers and providers

Quality assuring and actively monitoring education outcomes in the non-university sector

NZQA's range of quality assurance activities contribute to actively monitoring education outcomes achieved in the non-university sector. This enables the effectiveness of the quality assurance system to be monitored and modified when required, for example in response to emerging risks and changes in the environment.

NZQA continues to work to ensure a coordinated approach to the monitoring and risk management of education organisations. This includes monitoring programmes, managing complaints and following up performance issues. NZQA regularly receives and shares information on potential risks with relevant agencies.

The NZQA Rules were further strengthened this year to ensure international students have the capability to fully participate in their chosen programme of study and to improve education organisation accountability in the event of a programme or provider closure. This work

contributes to the Excellent Education and Student Experience goal of the International Education Strategy.

NZQA has continued to increase its focus on monitoring the delivery of programmes to determine if they are being delivered as approved. The increased focus on programme delivery and assessment practice has enabled poor education performance to be identified earlier. Confidence

in the quality of assessment practice and decisions is critical for assuring the integrity and credibility of New Zealand qualifications.

As a result of the early identification of quality issues, NZQA has increasingly worked with the TEOs concerned to remediate the issues identified and increasingly support improvements in order to minimise the impact on learners using our statutory powers as appropriate.

Monitoring our progress

Indicator	Measured by	2018/19 Result
We see improved tertiary education organisations (TEO) educational performance and capability.	Percentage of TEOs where there is an improved result on capability in self-assessment from the previous external evaluation and review.	As at 30 June 2019, 41 percent of TEOs engaging in repeat EERs have gained a higher level of confidence in their capability in self-assessment. This compares to 46 percent for the 2017/18 financial year. ⁷
	A reduction in the average period of time a TEO with a result of category 3 or 4 remains in category 3 or 4.	As at 30 June 2019, 80 percent of TEOs that were in Category 3 or 4 either improved or have left the system. This compares to 88 percent for the 2017/18 financial year.8
Tertiary education organisations (TEOs) experience a more relevant and easier to use evaluative quality assurance framework.	TEOs report improvements in the experience of external evaluation and review and gaining approvals and accreditations.	As at 30 June 2019, NZQA formally sought feedback after every EER. The overall satisfaction rating is 80 percent. This compares to 78 percent for the 2017/18 financial year.

⁷ While the result is lower than the 46 percent achieved in 2017/18, this result has increased by one percentage point from the 2009-2016 average of 40 percent, which acts as a benchmark for this measure.

⁸ NZQA has benchmarked TEO performance from 2009 (when EER was initiated) to 30 June 2016. For this period, 37 percent of TEOs undergoing repeat EERs were, at some point, in Category 3 or 4. Of these 75 percent moved from Category 3 or 4, either by exiting the system (losing its NZQA registration status, either by voluntarily closing or by NZQA removing it directly through statutory action) or by improving their performance to Category I or 2 by means of an EER. This acts as NZQA's baseline. That is, the measure for Impact 2 (2) will have been met if more than 75 percent of TEOs that have at one point been Category 3 or 4 either exit the system of rise to Category I or 2. While the result is lower than the 88 percent achieved in 2017/18, this is an increase of five percentage points over the benchmark of 75 percent.

Actively monitoring pastoral care of international students

The Education (Pastoral Care of International Students) Code of Practice 2016 (the Code) sets out the minimum standards of advice and care that is expected of education providers to ensure international students are well informed, safe and properly cared for. All education providers in New Zealand who enrol international students must be a Code signatory and adhere to the requirements of the Code.

This year NZQA's monitoring work has focused on ensuring signatories' compliance and capability with the requirement to self-review their performance against the outcomes and processes of the Code. This has included:

- the annual attestation process where each signatory attests that they have undertaken a self-review against the required outcomes and processes set out in the Code
- sampling of signatory self-review reports to gain an indication of compliance
- following up with individual signatories whose self-review report indicates that further compliance monitoring or capability building is required.

Compared to last year, NZQA found the self-review reports of the signatories sampled showed improvement in the quality of evidence used to meet Code requirements. This was particularly evident in those signatories using the revised Code self-review tool which guided them to focus on their performance against Code outcomes and processes.

The findings from these monitoring activities and analysis of self-review reports, and from enquiries and engagement with signatories, has informed the ongoing development of information resources such as guidelines and workshops.

Creating the platform for the future

Further maturing the Evaluative Quality Assurance Framework

NZQA operates an integrated quality assurance system where all the components support each other. The basis of the quality assurance system is the Evaluative Quality Assurance Framework (EQAF).

This year work was initiated on refining NZQA's regulatory approach to confirm its alignment with Government's Expectation for Good Regulatory Practice. NZQA engaged with a range of stakeholders to seek feedback on NZQA's role as a modern regulator. The purpose was to better understand the balance between focusing on compliance with the need for capability development for TEOs. The feedback has been used to identify and consider ways to make it easier for TEOs to do business with us. Examples include making information, such as our Private Training Establishment Registration guidelines, more userfriendly, and understanding the impact of quality assurance activities on TEOs.

Partnership with Nga Kaituhono

In 2008, Ngā Kaitūhono was established. A key role for Ngā Kaitūhono is to ensure NZQA's approach to mātauranga Māori is compatible with Māori values and consistent with Māori expectations. The name of this group means 'the connectors', and over the years they have been invaluable in connecting NZQA with te Ao Māori.

Through the partnership with Ngā Kaitūhono, we changed the way NZQA evaluates and quality assures mātauranga Māori qualifications, programmes and education organisations. We ensure Māori values and principles are reflected in the way quality assurance occurs and that Māori can tell their stories as part of the process. We developed an evaluative framework called Te Hono o Te Kahurangi and it is now embedded in our quality assurance system. This was important for iwi and Māori, alongside knowing that NZQA did not define mātauranga Māori but had a specific role in quality assurance.

Te Hono o Te Kahurangi

Te Hono o Te Kahurangi (THoTK) is a quality assurance approach for TEOs that deliver qualifications and programmes based on matauranga Maori or where the whole organisational approach is based on matauranga Maori.

In 2018/19, NZQA continued its work to embed and strengthen its THoTK approach through:

- integrating matauranga Maori principles in NZQA's regulatory approach
- continuing to review the THoTK framework, including re-establishing the advisory group
- increasing capacity of matauranga Maori external evaluators.

This work aligns to NZQA's Statement of Intent 2016/17-2019/20 and THoTK primary outcomes in NZQA's Te Kōkiritanga (Māori Strategic Action Plan) 2017-2020. A key focus was expanding THoTK across a range of quality assurance activities used in the non-university tertiary education sector.

Two Guidelines were published in October 2018 – the Guidelines for assuring national consistency of graduate outcomes (Matauranga Maori) and Guidelines for Te Hono o Te Kahurangi evaluative quality assurance.

Monitoring our progress

Indicator	Measured by	2018/19 Result
Tertiary education organisations (TEOs) experience a more relevant and easier to use evaluative quality assurance framework.	An annual increase of 10 percent in the number of programmes quality assured using matauranga Maori Evaluative Quality Assurance.	As at 30 June 2019, NZQA received 79 applications to be quality assured using THoTK. This compares to 147 applications for the 2017/18 financial year.
		An annual increase of 10 percent has not been achieved because the number of applications is demand-driven. Since the peak in 2017/18, the number of applications received leading to these matauranga Maori qualifications has decreased due to a number of reasons:
		 relevant TEOs already have an approved programme
		 programme changes are not included in the measure
		 the number of Maori PTEs has decreased.

PĀNGA TUATORU:

Te aromatawai

IMPACT 3:

Assessment

Trust and confidence in robust secondary school level assessment

NZQA administers and quality assures three NCEA levels for senior secondary students (and for a smaller number of learners outside of the secondary school system) and New Zealand Scholarship examinations. We do this through:

Internal assessment – NZQA manages a system of quality assurance across schools' internal assessment which includes scheduled reviews of schools' assessment systems, external moderation of internal assessment, and monitoring. NZQA also provides a programme of workshops, seminars and other support as needed.

External assessment – NZQA's administration of NCEA and New Zealand Scholarship external assessment, including reports, portfolios and examinations, provides high quality external assessment for over 140,000 students each year.

Delivering to today's learners, employers and providers

Managing quality assessment practice

Managing National Assessment reviews

NZQA reviews the assessment practices of secondary schools at least once every four years, to ensure that internal assessment is accurate, consistent and to the national standard, and to confirm that the requirements for the consent to assess are being maintained. Schools are reviewed on a one to four-year cycle depending on the outcomes of their review, known as the Managing National Assessment Review (MNA).

In 2019 seven schools, placed on a one-year return cycle in 2018, are being visited to check their progress toward addressing identified issues. A further seven schools which have limited Consent to Assess will have an MNA visit in 2019. In total, 165 schools are scheduled for MNA visits in 2019.

Schools MNA Cycle

As at:	30 J u	ne 2019	30 Ju	ne 2018
Year Cycle	Totals	Percentage	Totals	Percentage
I	I	0.2	2	0.4
2	30	6.4	32	6.9
3	368	78.6	359	76.4
4	69	14.7	77	16.4
Total Schools	468	100	470 ⁹	100

The percentages may not sum to 100 due to rounding.

⁹ This excludes 36 schools – 17 new schools for which a review date is still to be set; 11 schools not providing NCEA; and eight schools in the Pacific.

Enhancing teacher assessment practices: Best Practice Workshops and other support and training opportunities

NZQA offers training focused on the management of assessment practice and administration of NCEA. In this financial year, NZQA delivered 26 MNA seminars for Principal's Nominees and school senior assessment leaders on the management of NCEA. NZQA also delivered a total of 85 Best Practice Workshops to the profession covering assessment practice. Included in this figure is the Transforming Assessment Praxis Programme (TAP) for teachers, which is delivered online over nine weeks. NZQA also has an online tool in the early stages of development that will enhance teacher assessment judgements.

External moderation of schools' internal assessment

National external moderation provides an assurance that assessment decisions are consistent nationally. As part of this ongoing quality assurance process I10,013 samples of student work have been externally moderated for the period 2018/2019. NZQA moderators work with interpreters for student evidence presented in te reo Māori to ensure that evidence for assessment is understood and also considers a Māori world-view.

The National Moderator Annual Reports have been developed this year to advise assessors on general issues and trends identified during external moderation. These reports provide insights from moderation material viewed throughout the previous year to assist assessors in their assessment judgement. This year, NZQA has published National Moderator Annual Reports for 34 subjects.

Supporting equity of access

Enhancing Special Assessment Conditions for internal and external assessment

NZQA approved II,022 Special Assessment Condition (SAC) applications for internal and external assessment in the 2018 academic year. SAC provides students with sensory, physical, medical conditions/impairments and/or specific learning disorders access to a range of assessment conditions which remove barriers to fair assessments. SAC candidates accessed a range of special assessment conditions, such as reader or computer/writer, separate accommodation, enlarged or Braille papers, sign assisted English, rest breaks or extra time.

In the year to July NZQA has: delivered the combined NZQA and Ministry of Education work programme with the Resource Teacher Learning and Behaviour service to build teacher knowledge about identifying student needs; provided relevant assessment tools, resources and support to all schools; identified schools with low SAC uptake for follow up in 2019; and further streamlined the application process for SAC in response to feedback.

There has been an increase in the applications received as a total percentage of enrolment across all schools from 3.4 percent in 2014 to 6.8 percent in 2018. For the decile 1-3 group, there has been an increase, as a percentage of enrolment, from 1.3 percent in 2014, to 3.5 percent in 2018. However, equitable access remains an issue. The current data shows that participation levels for SAC still vary between genders, population groups and across deciles. New Zealand European students

(8.4 percent) are twice as likely to access SAC, compared to Māori students (4.2 percent), and Pasifika students (2.7 percent).

Kura engagement

NZQA is committed to enabling equity of access and outcomes for Māori students in kaupapa Māori kura through identifying equity issues, sharing best practice and improving NZQA's service delivery to better meet the needs of kura. This year we have commenced a series of face to face regional hui and clarified the criteria for using kura as examination centres, enabling where possible, students to be assessed in familiar surroundings.

Delivering robust senior secondary (NCEA and New Zealand Scholarship) external assessment

NCEA and New Zealand Scholarship Examinations 2018

The 2018 NCEA and New Zealand Scholarship examination period ran smoothly with 129 examination sessions held at 404 centres. NZQA employed 5,643 examination centre managers and supervisors for the examinations period. Marking of 1,188,842 external assessments proceeded as planned and was completed on time by 1,653 markers.

NZQA continues to provide translated examination papers which provide an interpretation that presents the assessment from a Maori world-view. NZQA also has systems in place so that candidates can be confident that their external assessment evidence is handled equitably by marking panels, whether the evidence is provided through the medium of te reo Maori or English.

NCEA results release 2018

NZQA released the 2018 NCEA results for over 165,000 students in January 2019. NZQA provided an extended call centre to deal with enquiries from students. The call centre was supported by a specialist team of experienced NZQA staff with a teaching background, to assist students with specific questions relating to their results. Final NCEA and UE attainment statistics were published on our website on 28 May 2019. These final statistics include late reporting of internally assessed results and the outcomes from the review and reconsideration process.

Common assessment tasks

NZQA developed Common Assessment Tasks (CATs) for Cook Islands Maori, Lea Faka-Tonga, and Korean language examinations for the first time in 2018. This provided greater consistency for students with entries in externally assessed standards and addressed equity issues existing in the assessment of these languages.

Other initiatives

New enrolment measure

A new enrolment measure, developed jointly by NZQA and the Ministry of Education, was implemented in 2018/2019. Both NCEA and university entrance attainment have been reported using the new measure, which provides a more inclusive and precise picture of secondary schooling attainment than was possible under the previous roll-based measure.

New standards - Digital technologies

As part of the development process for new internally assessed digital technologies achievement standards led by the Ministry of Education, NZQA managed the trial of 13 standards in 17 schools. NZQA introduced a new approach to the assessment of the newly developed digital technologies externally assessed standards. Students were provided with electronic stimuli through CATs in the form of videos and screen shots. They had choice over which stimuli they chose so it became personalised to their learning. The new digital technologies achievement standards will be available online, assessed digitally, and uploaded for online marking for the first time in 2019, as part of our commitment to NCEA Online.

Te Marautanga o Aotearoa (TMoA)

NZQA continued to support the Ministry of Education in their development of a suite of resources aligned to support implementation and uptake of TMoA achievement standards. The total number of achieved entries in the new (since 2017) Level 3 *Te Marautanga o Aotearoa* standards has increased by 12.2 percent (from 1,228 to 1,378) in the last year.

Mātauranga Māori pathways

To further strengthen pathway options and increase the uptake of field Māori standards and mātauranga Māori NZ qualifications, NZQA has developed 'Ngā Kete Mātauranga'. These resource packs, available online and as hard copies, aim to support kaiako and assessors to develop programmes that lead to the award of mātauranga Māori qualifications.

Ministry of Education's NCEA Review and Achievement Standards Review

Following the public release on 13 May 2019 of the outcomes of the Review of NCEA, NZQA has been working with the Ministry of Education to contribute to the development of the implementation planning. In addition, NZQA is contributing assessment expertise as key stakeholders in the Ministry of Education's Review of Achievement Standards work programme. NZQA is a member of significant Ministry of Education groups designing and guiding the implementation of the changes.

Removal of NCEA fees

One of the outcomes of the Review of NCEA announced in May 2019 included removing fees for New Zealand students entering NCEA and the New Zealand Scholarship from 2019. In June 2019, NZQA undertook the planning and system processing to enable formal awarding of NCEA qualifications and credits to students with unpaid fees in 2018 and previous years. Almost 150,000 current and former students with unpaid NCEA fees will now be formally awarded their credits or qualifications.

Monitoring progress

Indicator	Measured by	2018/19 Result
Increasing the capability of schools in relation to internal assessment practice.	The percentage of schools on a three or four-year Managing National Assessment cycle is between 75 and 85 percent.	As at 30 June 2019, 93.3 percent of schools were on a three or four year schedule. This compares to 92.8 percent in 2017/18.
Indicator	Measured by	2018/19 Result
Maintaining moderator/teacher agreement rates at a level comparable to international best practice.	The annual moderator/teacher agreement rate is around 85 percent.	The agreement rate was 81.7 ¹⁰ percent. This compares to 83.2 percent in 2017/18.
Indicator	Measured by	2018/19 Result
Increasing the number of students from low decile schools accessing Special Assessment Conditions (SAC) support.	Overall at least 3-5 percent of students from low decile schools apply for SAC support.	The percentage of 2018 applications received by enrolled candidates for deciles 1 to 3 was 3.5 percent. This compares to 3.2 percent in 2017.

¹⁰ Agreement at the level of grade is where a moderator's grade of the student's work agrees with the teacher's grade.

Creating the platform for the future

Moving to online delivery of assessment services including external assessments

Digital Trials and Pilots

The 2018 Digital Trials and Pilots project is now complete. Throughout 2018 schools were given the opportunity to participate in:

- A mid-year Level I Science Trial at the end of Term 2, which focused on more advanced 'augmented' assessment features that could not have been replicated in a paper-based assessment.
- Digital Trials in English, Media Studies and Classical Studies at Levels 1, 2, and 3, and another opportunity to complete the Level 1 Science Trial in September and October.
- Digital Pilots in English, Media Studies and Classical Studies at Levels I, 2, and 3. These examinations contained the same content as the paper examinations (substitution) and were held on the same dates and times as their equivalent paperbased examinations.

Student feedback:

"I liked how we got to use spell check and I feel that I type faster than I write and that it is easier for me to do so."

"I could write my essay faster, could rearrange lines and paragraphs, and easily add/remove parts to my answers without making it messy as it would've been if it were non-digital. The best part is that I am able to go back to it and change my answers easily."

Six User Experience Reports evaluating the 2018 Trials and Pilots were published on 2 April 2019. The users surveyed were students, markers, teachers, Principal's Nominees and Examination Centre Managers/Supervisors. See: www.nzqa.govt.nz/2018evaluation

NCEA Online

With the conclusion of the Digital Trials and Pilots project, NZQA is now developing a new assessment platform and operating model for NCEA Online. In 2019 there will be 35 digital examination sessions from 14 subjects offered to schools as part of the standard examination process. The subjects are Agricultural and Horticultural Science, Art History, Business Studies, Classical Studies, Education for Sustainability, English, Health, History, Home Economics, Latin, Media Studies, Social Studies, Te Reo Maori and Te Reo Rangatira. This is around one third of the examinations. All results from the 2019 digital examinations will count towards NCEA.

NZQA is continuing to co-design the way the new platform and operating model works with students, markers, school leaders and examination management staff. The digital examinations will continue to be on an opt-in basis for schools and students.

We are continuing to look ahead to future assessment approaches. Some examples of our planned investigations include students being able to listen to questions being read (as well as reading them), control some audio settings for listening activities (rather than have these controlled by the supervisor), and use specialised mathematics software for a better experience of digital mathematics examinations.

Monitoring our progress

Indicator	Measured by	2018/19 Result
An increase in the number of subjects and candidate entries externally assessed digitally.	The number of subjects and candidate entries for external assessments completed digitally compared to a paper-based format.	In 2018 in the subjects and levels offered digitally, a total of 98,517 students obtained 200,272 assessed results in external examinations. Of those, 6,400 students obtained 12,237 assessed digital results, respectively representing 6.5 percent (compared with 5.1 percent in 2017) of all students with assessed results and 6.1 percent (compared with 5.0 percent in 2017) of all assessed results.

In the 2018 academic year, external assessment candidates had the option of sitting Levels 1, 2 and 3 Classical Studies, English and Media Studies as digital assessments. 2018 was the first opportunity candidates had to complete Level 3 external assessments digitally.

We have refined the way we report this information to better reflect the impact. A 'student' is now defined as a unique candidate with an assessed result (rather than an entry) for a digital or paper examination. This data will therefore not be directly comparable to that reported in previous years' annual reports. The following figures are the equivalent of those reported in last year's annual report, adjusted to include only unique candidates with assessed results: In 2017 (2016

data in brackets) in the subjects and levels offered digitally, a total of 81,874 (45,336) students obtained 174,035 (103,660) assessed results in external examinations. Of those, 4,147 (1,384) students obtained 8,619 (2,516) assessed digital results, respectively representing 5.1 percent (3.1 percent) of all students with assessed results and 5.0 percent (2.4 percent) of all assessed results.

This data reflects the effects of the school and student opt-in design of the Trials and Pilots, the increase in subjects offered via the increased levels at which the three digital Pilot subjects were offered, as well as the approach to consolidating student participation in 2017 and 2018 at Levels 2 and 3 respectively largely to those who had previously participated.

Working with others to lift Māori and Pasifika achievement in STEM related NCEA subjects

Māori and Pasifika in STEM

NZQA has a goal of 'Partnering with education system agencies to support a 50 percent lift of Maori and Pasifika student achievement at NCEA Level 3 in one or more standards in Science, Technology, Engineering and Mathematics (STEM) subject related areas by 2020'.

To deliver this goal, NZQA has taken a role of systems influencer to aid the education system in responding to the equity in STEM challenge, and to focus on initiatives that create a multiplier effect through working with schools, whānau and students. NZQA continues to support the delivery of several initiatives for Māori and Pasifika learners, parents, and whānau to achieve this goal. These initiatives include:

- STEM in Secondary Education
- NCEA and the Whanau and NCEA male Pasifika workshops
- Āmua Ao experience
- Pasifika in STEM initiatives.

STEM in secondary education

In July 2018 we began working in collaboration with schools and other agencies to promote discussions about equity in STEM subjects. We will continue this work to help support the Education Portfolio Work Programme.

NCEA workshops

NZQA has two specialised initiatives that support kura and schools – NCEA and the Whānau and NCEA ma le Pasifika workshops. These workshops have been designed specifically for parents and whānau to better understand NCEA with a focus on the structure of NCEA, qualification pathways and the importance of STEM.

Almost 4,000 participants have engaged in a workshop, and feedback shows these engagements are highly valued. Participants appreciate the face to face contact with NZQA staff, who are able to explain simply how NCEA is structured and how it works, along with tips for supporting their children to achieve success. Positive feedback has been received from parents attending the workshops, for example:

"I just wanted to know how to help and support my child to do well and now I know what we can do as a whānau"

"I now feel more confident to speak to the school about my sons NCEA choices because I know what questions I can ask"

Parents and whanau have told us the workshops help them see the relevance of rangatahi making the right choices and how these choices align to their aspirations.

Āmua Ao experience

The Āmua Ao programme was designed to inspire Māori students and show them where their STEM studies could take them.

The Pūhoro STEM Academy based in Palmerston North delivers an indigenous STEM programme. Given that the aim of the Pūhoro programme is to raise Māori STEM achievement rates and to influence STEM subject choices and pathways, NZQA entered into a partnership with Pūhoro to bring together both the Āmua Ao and Pūhoro programmes. This strategic move has enabled the two programmes to work closely with students to:

- increase Maori student engagement and achievement in STEM-related programmes at secondary school
- pathway students into robust STEM programmes in preparation for tertiary education and STEM-related careers.

Amua Ao is an experiential learning programme and includes both international and domestic experiences. In April 2019, 15 students participated in an international STEM visit to Taiwan and Singapore. This trip positively influenced students regarding their career options.

To inspire rangatahi Maori to pursue science, two domestic Science and Engineering Challenge events were delivered, one in Manawatu and one in Auckland, attracting more than 400 Maori students (years 9 and 10). Students told us these events had positively influenced their NCEA options and choices. Feedback included comments that the Challenge opened up their eyes to options science offers while for others, the Challenge firmed up ideas they had for tertiary study. We achieved a multiplier effect by these young people sharing their experiences with school friends and their whanau. One example of this is the Palmerston North winning team being recognised at a school assembly and sharing what caused their success. They were also profiled on the school Facebook page sharing with other students, parents and whanau.

Pasifika in STEM initiatives

NZQA collaborated with different partners to implement various STEM-focused activities. These partners included schools, communities, the Ministry of Pacific Affairs, the Ministry of Education, and the Education Review Office.

To increase parents and whanau engagement in their children's educational success, tailored NCEA information, resources and workshops are provided. The workshop presenters deliver key messages in Samoan, Tongan, te reo Maori and English.

Our Pasifika STEM Ambassadors have provided external assessment support in science standards for Year II students at two Auckland secondary schools as part of our collaboration with the Ministry of Education led Power Up 'Powerstations' initiative. The Ambassadors were also engaged as part of a reference group to develop and test the Biology digital assessments.

Research has shown that Pasifika students are avid users of social media, and there is a growing expectation that organisations will communicate with them using these channels. In 2018 NZQA established a social media presence targeting Pasifika audiences through the NCEA ma le Pasifika Facebook page and an Instagram page that primarily targets students. Six navigators were recruited to create posts for both digital platforms. To ensure the right content and context for NCEA and study tips for success were created, secondary school students from years 10 to 13 were selected to share their voices with other students. Tracking and analytics of the NCEA ma le Pasifika social media platforms including Facebook and Instagram shows an increase in online activity and that these messages are being embraced by Pasifika learners and families.

NCEA Online pilot workshop

As NCEA exams increasingly move online, it is important that parents, families and communities are well informed of key changes and how they can support their children. NZQA has started to deliver NCEA Online focused workshops with the pilot NCEA Online workshop held with a Cook Islands church group in Porirua. The key messages were well received and feedback indicates there is a growing need to share key NCEA Online messages with priority communities.

Monitoring our progress

Indicator	Measured by	2018/19 Result
parents and whānau engaging with NCEA by accessing information, resources and workshops. The incession in t	Number of parents and whanau who participate in NCEA and the Whanau workshops.	As at 30 June 2019, 1,271 parents and whanau members participated in NCEA and the Whanau workshops. This compares to 1,861 in 2017/18.
	The percentage of parents and whanau who attended NCEA and the Whanau workshops who report increased knowledge of NCEA and more confidence to support their child(ren) and engage with schools about NCEA pathways.	98.9 percent reported increased knowledge of NCEA compared to 93 percent in 2017/18 83.9 percent reported more confidence to support their child(ren) and engage with schools about NCEA pathways compared to 78 percent in 2017/18.
Indicator	Measured by	2018/19 Result
Indicator We have more parents and whānau engaging with NCEA by accessing	Measured by Number of Pasifika parents and families who participate in NCEA ma le Pasifika workshops.	2018/19 Result As at 30 June 2019, 2,705 parents, families and students have participated in NCEA ma le Pasifika workshops compared to 2,727 in 2017/18.





Ngā tohu hauora o te rōpū whakahaere

Organisational health indicators

NZQA's Board, Strategic Management Team and business unit managers undertake regular monitoring of NZQA's performance against service productivity and organisational capability targets. Some of the higher-level organisational health indicators annual results are provided below.

Organisational health indicator results

Indicator	Actual 2018/19	Indicator	Actual 2017/18
Customer service More than 85 percent of surveyed customers consider the quality of their experiences with NZQA to be the same as, or better than, their experiences with other public-sector organisations	85.7%	85%	84.1%
Information and communication technology The availability of NZQA's website www.nzqa.govt.nz ^{II} ICT reliability	99.95% 99.99%	99.5% 99.9%	99.9% 99.9%
People Core staff turnover Average length of service	18.2% ¹² 6.8 years	10-15% 6-7 years	14.2% 6.9 years
Health and safety Lost time injury frequency rate ¹³	0.23	0	0.23

II This excludes planned outages.

¹² Voluntary exit interviews from leavers in the 2018/2019 year indicated the main reason for leaving as greater career/promotion prospects. As in previous years, leavers highlighted that working at NZQA was a positive experience.

¹³ The lost time injury frequency rate is the number of occurrences of lost time for each 200,000 hours worked. It is calculated as: (number of incidents in the period/number of hours worked in the period) × 200,000.

Towards a bilingual future 2020

NZQA has the goal of 'Te anga whakamua ki te reoruatanga 2020' (Towards a bilingual future 2020). Our commitment to supporting employees with their te reo Maori journey has intensified over the last year. Six new activities designed to lift capability and understanding of tikanga me ona te reo Maori have been introduced, these are: Te Kakano Reo Maori; Te Kakano Tikanga Maori; Te Mahuri Reo Maori; Karakia; Kokonga Korero; and Waiata sessions. The new activities are in addition to the current imbedded activities of language classes, tikanga workshops, marae visits and whakatau for new employees. Additional changes have been made to the NZQA App, Te Puawai, to include the ability to capture personal development plans. NZQA has also entered into an agreement with Te Taura Whiri i te reo Maori. This Mahi Tahi agreement will see us share our knowledge and resources, and in turn, draw on the experience of Te Taura Whiri i te reo Maori.

Our People Plan 2019-2020

NZQA employees play a critical role in the achievement of our organisational goal to ensure learners experience equitable access to, and outcomes through, assessment and quality assured tertiary education. NZQA supports the development of its employees to ensure NZQA continues to provide quality services to our stakeholders. During this period NZQA refined its People Plan strategic focus areas to ensure relevance and alignment with overall organisational goals. These strategic focus areas have been simplified to:

- Equity focused
- · Learner and customer centred.

These strategic focus areas are further supported by the following skill set expectations:

- Innovative
- Evidence based and results focused
- Programme and project management capable
- Digitally capable
- Change enabled.

We continue to roll out activities under our People Plan which supports NZQA to have a high calibre, engaged and agile workforce. This is achieved through three key work streams: Consolidating and stretching our skills and capabilities (ways of Learning), Strengthening our leadership and management expertise (ways of Being), and enhancing our performance and culture (ways of Working).

NZQA's People Plan deliverables for this year have included:

- Secondment opportunities (internal and external)
- Retirement planning workshops
- Pasifika cultural awareness workshops
- Health and safety training (including first aid)
- Career development workshops
- Leadership group hui and management workshops.

Measuring our organisation health and capability

Customer-centred service design and delivery

NZQA continues to use a variety of ways to receive feedback from customers.

We realise that for many customer groups face to face engagement is the most productive way to hear what they have to say. As an example, during the 2018/2019 year several workshops were held with our Pasifika 'STEM Ambassadors' (high achieving students engaged in tertiary study in STEM). Insights from these sessions have been used to inform the development of some early prototypes of innovative assessment.

We are piloting a survey and analytics tool that will enable us to get real time results, analysis and insights from both our regular customer satisfaction surveys and focused pulse surveys. Analysis can be targeted for particular customer roles and readily shared with the NZQA teams supporting those customers.

Our Call Centre has been upgraded with new software that integrates phone and email communication. The analytics enable greater insights into customer interactions and will support us to structure our services to better meet demand.

NZQA as a good employer and good employer activities

NZQA's People Plan continues to be our core workforce capability plan which is used to drive and position the organisation to successfully deliver our key organisational goals. This plan supports our commitment to be a good employer and continues to embed the principles of Equal Employment Opportunities (EEO) into our work. NZQA has achieved 100 percent compliance on the reporting of our EEO programme. Critical to this success is the integration into the People Plan of the capability building workstreams of our Te Kōkiritanga¹⁴ and Takiala Pasifika¹⁵ strategies. Employees were involved in co-designing the new iteration of the People Plan through workshops, interviews, surveys and feedback galleries.

Regular workforce reporting and monitoring was conducted ensuring we were delivering what we intended to, and at the same time took into consideration the changing needs of our employees. NZQA continues to support employees looking to continue study (lifelong learning) and fulfil professional development accreditation activities.

¹⁴ Te Kōkiritanga is NZQA's Māori Strategic Action Plan setting out the strategic direction NZQA will take to ensure Māori learners enjoy and achieve education success as Māori.

¹⁵ Takiala Pasifika is NZQA's Pasifika Strategic Action Plan setting out the strategic goals for Pasifika learners.

Regular reporting based on in-depth analysis of targeted human resource metrics continues to help us better understand trends and patterns over a period of time.

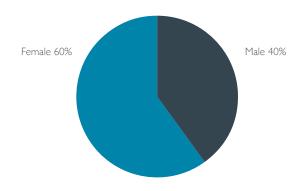
Regular collaboration and consultation continues to occur with union representatives.

NZQA workforce profile as at 30 June 2019

As at 30 June 2019, NZQA had 418 full time equivalent employees. The NZQA workforce profile by gender, ethnicity and age is outlined in the tables below. NZQA collects data on staff with disabilities and responds to their individual needs as required. NZQA has an updated Evacuations Staff List that identifies staff with temporary and/or permanent disabilities who will need support in an emergency. This list is updated on a monthly basis and is monitored by a health and safety representative.

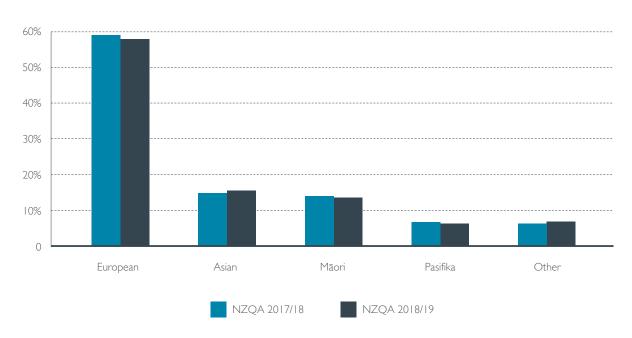
NZQA employs an additional workforce of up to 6,500 to manage the annual examination cycle.

Gender of staff as at June 2019



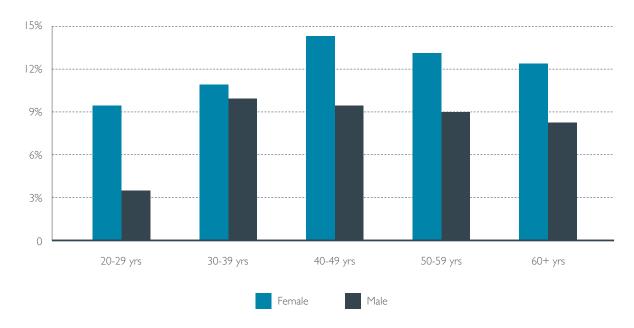
This year has seen a slight increase in the proportion of female staff (60 percent compared to 56 percent as at June 2018). Note that staff who do not declare their gender are excluded from these percentages.

Ethnicity of staff as at 30 June 2019



NZQA continues to focus on maintaining a diverse workforce. In 2018/19 the proportion of both Māori and Pasifika staff was maintained. Note that staff who do not declare their ethnicity are not counted in these percentages.

Age of staff (in 10 year groupings) as at 30 June 2019



A large proportion of NZQA's workforce (45.8 percent) is between 40 years and 59 years. The proportion of staff in the 60+ years decreased slightly from 21.6 percent in 2017/18 to 20.6 percent in 2018/19. The majority of Maori and Pasifika staff fall within the age grouping of 40-59 years.

Workforce planning and active use of flexible working arrangements are used to respond and manage workforce demographics. Note that staff who have not declared their age are not counted in these percentages.

Health and safety

NZQA is committed to providing a safe workplace and meeting our responsibilities under the Health and Safety at Work Act 2015. Key activities that NZQA has undertaken to meet these responsibilities in 2018/19 were:

- raising awareness of mental health issues through running a Mental Health and Wellbeing at work week
- a focus on employee wellness and wellbeing promotions throughout the year
- the purchase of an online health and safety system which will enable easy reporting of incidents, accidents and near misses, and also assist with the identification of trends to help NZQA help minimise risk.

The Board and Strategic Management Team continue to regularly review health and safety performance indicators and are provided with updates about activities. The Health and Safety Committee includes a nominated union representative.

New Zealand business number

NZQA continued to consider the New Zealand Business Number and its inclusion in appropriate information systems. The invoicing system has the ability to include this number and we will factor its inclusion into specifications for new systems that hold organisation and/or business information.

Risk management

NZQA actively identifies and manages risks, and its work programmes are managed proactively in response to both inherent and emerging risks.

The Strategic Management Team monitors risks monthly and reports them to the Board according to the mitigated level of risk.

Risks affecting the strategic, operational, and transformational objectives of NZQA are systematically identified, assessed and treated as an integral part of doing business, in accordance with a defined risk appetite.

Our goal is to achieve sustained benefit through improved decision-making, performance and accountability.

NZQA's approach to risk management was reviewed during the first quarter and is consistent with the Joint Australian/New Zealand International Standard for Risk Management (AS/NZS ISO 31000:2009).





Ngā whakamārama me ngā tohutohu mō ngā tohu mātauranga

Provision of communication and advice

Scope

This category is limited to communication and advice related to education policies, programmes and services that are the responsibility of the New Zealand Qualifications Authority.

What is intended to be achieved

This category is intended to achieve communication and advice that helps Ministers, learners, communities, employers, schools and tertiary providers make informed decisions about their aspirations.

Activities

The activities undertaken in this category of expense include:

- (I.1) Consultation and communication¹⁶: NZQA communicates and consults with its key customers (learners, communities, employers, schools and tertiary providers) to help them make informed decisions about their aspirations. The quality and timeliness of these communications impacts on these decisions.
- (1.2) Ministerial support: Ministers, Parliament and the public require high-quality and timely advice to support improvements to the education system.

Provision of communication and advice

	2018/19 Actual (\$000)	2018/19 Budget (\$000)	Variance (\$000)	Variance %
Revenue				
Crown	3,448	3,448	-	-
Other	110	-	110	n/a
Total Revenue	3,558	3,448	110	3
Expenses	3,475	3,315	(160)	(5)
Surplus	83	133	(50)	(37)

Substantially all revenue for this category of expense is provided by the Crown through the Vote Education: Non-Departmental Related Expense – **Provision of Communication and Advice (M26)** appropriation¹⁷ with \$0.8M for the administration of the capital charge.

Other income reflects revenue from the NCEA Fees Free cross agency initiative that was not finalised at the time of the original budget.

¹⁷ The Crown funding received by NZQA equals the actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act.

Performance information from Vote Education Information Supporting the Estimates 2018/19 is included in the following performance tables.

Performance results

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
I.I Consultation and communication			
I.I(I) The proportion of survey respondents who agree/strongly agree that information they received from NZQA met their needs ¹⁸	77.7%	75%	67.5%
I.I(2) The proportion of survey respondents who agree/strongly agree that the NZQA website is easy to use	74.8% ¹⁹	70%	61.8%
1.2 Ministerial support			
I.2(I) Percentage of Ministerial items ²⁰ accepted by Ministers in terms of technical accuracy ²¹	99.7%	97%	100%
I.2(2) Percentage of Ministerial items that achieve the deadlines agreed with Ministers' offices	99.3%	95%	99.3%

- $18\ \ NZQA\ surveyed\ customers\ twice\ in\ 2018/2019\ to\ obtain\ point-in-time\ views\ of\ their\ satisfaction\ with\ NZQA\ and\ our\ services.$
 - For both surveys two invitation methods were used:
 - An invitation and link to the survey was placed in the footer of all out-bound NZQA emails while the survey was in the field.
 - People who had contacted us, within 2-3 months prior to the survey going into the field, using our email forms on the public website were sent an email invitation. A total of 742 people completed all or part of the two survey questionnaires. The first survey was conducted by an external research organisation and was in the field between September and October 2018. The second survey was conducted using an inhouse survey tool and was in the field from late May to early July 2019. Survey respondents are stakeholders including employers, education providers, students and families. Information received covers the full range of advice, data, communication and instruction that NZQA provides to its customers to support their relationship, business and interaction with NZQA.
- 19 This result increased 13 percent over the previous year's result. This may be due to continued small refinements to our website to address customer needs, including Improving accessibility to NCEA content, working with the Tertiary Education Commission to help learners to easily check their fees free status and updating page content.
- 20 Ministerial items are Official Information Act requests, submissions to the Minister, oral and written parliamentary questions, ministerial correspondence, briefings and submissions.
- 21 Technical accuracy is defined as factually correct, with no errors of significance.

Te whakaū kounga

Quality assurance

Scope

This category is limited to the provision by NZQA of quality assurance services and maintenance of the quality assurance framework, to support the New Zealand qualifications system.

What is intended to be achieved

This category is intended to achieve higher levels of trust and confidence by learners and other stakeholders in the non-university tertiary education sector.

Activities

The activities undertaken in this category of expense include:

- (2.1) Delivery of quality assurance processes: As part of its quality assurance role, NZQA assesses applications for programme and qualification approval, and conducts a rolling programme of EERs of tertiary education organisations (TEO), the standards learners are assessed against, and their performance against national moderation requirements. NZQA measures its own performance with a focus on incentivising quality improvement within the sector and ensuring risk to learners and the Crown is minimised.
- (2.2) Managing risk in the tertiary education sector (non-university): As the regulator of non-university tertiary education in New Zealand, NZQA has a key role in identifying, investigating and managing the risk of poor performance by TEOs. NZQA assesses and acts on information from a range of sources, including student complaints, internal quality assurance results, and external agencies.
- (2.3) Administration of the Education (Pastoral Care of International Students) Code of Practice 2016: As the administrator of the Education (Pastoral Care of International Students) Code of Practice 2016, NZQA has a key role in ensuring international students receive appropriate standards of advice and care. NZQA registers Code signatories²² to ensure these standards will be met and investigates complaints relating to breaches of the Code.

Quality assurance

	2018/19 Actual (\$000)	2018/19 Budget (\$000)	Variance (\$000)	Variance %
Revenue				
Crown	5,094	5,094	-	-
Other	6,594	8,476	(1,882)	(22)
Total Revenue	11,688	13,570	(1,882)	(14)
Expenses	14,172	16,532	2,360	14
(Deficit)	(2,484)	(2,962)	478	16

Approximately 44 percent of the total revenue for this category of expense is provided by the Crown through the Vote Education: Non-Departmental Related Expense – **Quality Assurance (M26)** appropriation²³.

Other revenue is \$1.9M below budget reflecting a reduction in annual and other fees (following a decrease in the number of registered providers) and lower revenue from consultancy services.

Other expenses are \$2.4M under budget which reflects savings from a lower activity level and reduced tertiary related moderation.

²³ The Crown funding received by NZQA equals the actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act.

Performance information from Vote Education Information Supporting the Estimates 2018/19 is included in the following performance tables.

Performance results

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
2.1 Delivery of quality assurance processes			
2.I(I) The number of EERs undertaken of TEOs	114	110 ²⁴	136
2.1(2) The percentage of finalised EER reports that, having undergone reconsideration, maintain their original statements of confidence ²⁵	100%	90%²⁴	100%
2.1(3) The percentage of draft EER reports completed and sent to all types of TEOs within 30 working days of the site visit	92%	90%	92%
2.1(4) The number of New Zealand qualifications to undergo a consistency review ²⁷	76 ²⁸	Approximately 60	46

- 24 The performance standard for 2018/19 is lower than 2017/18 due to there being fewer Private Training Establishments (PTEs) available to review. Between 30 June 2017 and 19 June 2018, 20 PTEs deregistered, and hence did not engage in EER.
- 25 As detailed in the EER Rules 2013, each EER report contains a statement of confidence against two areas self assessment and educational performance. Any TEO may formally challenge either of these statements and ask for a reconsideration of the report if it believes that there have been errors of fact, interpretation or conduct in the final report, or the process leading to that report. An independent reviewer is appointed to review the report, and then upholds or sets aside the statements of confidence, in the light of the evidence presented. The Deputy Chief Executive Quality Assurance then considers the report. This performance measure looks at those instances where a reconsideration has upheld both statements of confidence.
- 26 This performance measure is calculated as a proportion of those EERs that opt to go through the reconsideration process. In any given year, the number of applications range between eight and 15.
- 27 Consistency of graduate outcomes is checked in a consistency review. This provides assurance that all graduates of New Zealand qualifications at Levels I-6, on the NZQF, meet the outcomes to an equivalent, nationally acceptable standard. The reviews, facilitated by an independent reviewer, consider the quality of the evidence presented by each TEO to decide if it is sufficient and if national consistency of the qualification can be confirmed. The consistency reviews and any follow up are managed by NZQA.
- 28 Consistency reviews are scheduled based on the qualification review date and graduate numbers. The actual review numbers currently increase each year as a result of the increase in education organisations offering New Zealand qualifications.

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
2.1(5) The percentage of draft reports following a consistency review completed within 15 working days of the review	91%	85%	90%
2.1(6) The percentage of TEOs that seek reconsideration of consistency review results where the original decision is upheld	No reconsideration requests received	90%	No reconsideration requests received
2.1(7) The number of applications ²⁹ received for quality assurance	2,571	Volume is demand-driven (estimate 2,000-4,000)	3,209
2.1(8) The percentage of declined applications that are reconsidered where the original decision is upheld	100%	90%	99.9%
2.1(9) The percentage of applications at Levels 1-6 of the NZQF processed to a decision within 45 working days	100%	98%	99.9%

²⁹ Application types include qualifications, programmes, assessment standards, consents to assess, training schemes, industry training programmes, degrees, PTE registration, changes of ownership from PTEs, government training establishments, wananga, institutes of technology and polytechnics, and industry training organisations.

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
2.2 Managing risk in the tertiary education sector	r (non-universi	ty)	
2.2(I) The number of formal complaints ³⁰ received	29	Volume is demand-driven (50-100)	56
2.2(2) The percentage of formal complaints regarding TEOs that are managed in accordance with published policies and procedures	100%	95%	100%
2.2(3) The percentage of formal complaints regarding TEOs that are concluded within 65 working days	100%	90%	100%
2.2(4) The number of investigations that result in a significant NZQA intervention ³¹	15 ³²	Volume is demand-driven (25-40)	20

- cancellation of registration
- withdrawal of programme approval or accreditation
- withdrawal of training scheme approval
- withdrawal of consent to assess against standards.

This category also includes cases where NZQA has had to intervene in relation to the award of qualifications or credits that were found to have been inappropriately awarded.

³⁰ TEOs are required to have and implement a student complaint process. If the student is not satisfied with the outcome of the TEO's complaint process they can make a formal complaint to NZQA for matters that are within NZQA's jurisdiction. NZQA considers the student's complaint and determines if the TEO is in breach of the Education Act or NZQA rules.

³¹ A significant NZQA intervention occurs in cases where compliance or quality issues have ultimately led (directly or indirectly) to the loss of a permission previously granted by NZQA, including:

³² The approach in the last year has been to use our range of regulatory options in managing risk to education performance by using suitable remedial actions where appropriate which may reduce the impact on learners. This has resulted in a reduction in the number of significant NZQA interventions because remedial action is taken earlier.

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
2.2(5) The number of investigations that result in corrective action ³³ that satisfactorily resolves the identified non-compliance or quality issues identified	39 ³⁴	Volume is demand-driven (30-45)	32
2.3 Administration of the Education (Pastoral Ca	re for Internat	ional Students) Cod	e of Practice 2016
2.3(I) The number of newly registered signatories to the Code of Pastoral Care ³⁵	24 ³⁶	Volume is demand-driven (estimate 30)	13
2.3(2) The number of Code signatories ³⁷	977³8	Volume is demand-driven (estimate 1,000)	986
2.3(3) The percentage of newly registered Code signatories processed within a 45-working day timeframe upon receipt of an application	100%	95%	100%
2.3(4) The percentage of declined Code signatory	100%	90%	N/A
applications that are reconsidered, where the original decision is upheld			(No reconsideration requests received)
2.3(5) The total number of formal complaints received alleging breaches of the Code of Practice	2	Volume is demand-driven	7

³³ Investigations that result in a corrective action are cases where it was appropriate to allow the provider the opportunity to take corrective action in relation to identified compliance or quality issues, and where all required corrective action has been satisfactorily completed.

³⁴ Earlier NZQA intervention has led to an increase in the number of investigations to resolve quality issues.

³⁵ Signatory means a provider that has applied to be and has been approved by NZQA as being a signatory to the Education (Pastoral Care of International Students) Code of Practice 2016.

³⁶ The increase in the number of newly registered signatories to the Code is a reflection of more organisations choosing to enrol international students.

³⁷ The number of Code signatories covers schools and tertiary education organisations and education agents.

³⁸ This variance is due to a combination of new signatories, existing signatories voluntarily giving up their Code signatory status or provider closure by NZQA.

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
2.3(6) The percentage of formal complaints alleging Code breaches that are concluded within 65 working days	100%	90%	100%
2.3(7) The percentage of formal complaints alleging breaches of the Education (Pastoral Care of International Students) Code of Practice 2016 that are managed in accordance with published policies and procedures	100%	95%	100%

Ngā pūnaha tautoko o ngā tohu mātauranga

Qualifications support structures

Scope

This category is limited to NZQA overseeing the setting of standards and New Zealand qualifications development, recognition and review of qualifications, and contributing to the maintenance and promotion of the New Zealand qualifications system.

What is intended to be achieved

This category is intended to ensure that New Zealand's qualifications are valued as credible, robust and meet the needs of learners and employers.

Activities

The activities undertaken in this category of expense include:

- (3.1) The development and maintenance of the NZQF and assuring the credibility of standards and qualifications: In order for learners, education institutions, and employers to have confidence that learners are assessed against credible, robust and consistent standards and qualifications, NZQA must assure these standards and qualifications so that they are maintained and results are available and accurate. The quality assurance process for standards involves an evaluation of the standards against the requirements for listing on the Directory of Assessment Standards. This is an independent quality assurance process applied to all standard-setting bodies.
- (3.2) Overseas qualifications assessment and recognition: People who want to live/work/study in New Zealand can apply to have their overseas qualifications evaluated to see if a comparison to a New Zealand qualification can be made. Employers, education providers and Immigration New Zealand need to understand what overseas qualifications mean in a New Zealand context and be assured that they have been robustly assessed.
- (3.3) International liaison: NZQA works closely with the Ministry of Foreign Affairs and Trade to ensure New Zealand's reputation for high quality education supports New Zealand's export education aims.

Qualifications support structures

	2018/19 Actual (\$000)	2018/19 Budget (\$000)	Variance (\$000)	Variance %
Revenue				
Crown	6,049	6,049	-	-
Other	21,693	22,051	(358)	(2)
Total Revenue	27,742	28,100	(358)	(1)
Expenses	23,614	23,244	(370)	(2)
Surplus	4,128	4,856	(728)	(15)

Approximately 22 percent of the total revenue for this category of expense is provided by the Crown through the Vote Education: Non-Departmental Related Expense – **Qualifications Support Structures** (M26) appropriation³⁹.

³⁹ The Crown funding received by NZQA equals the actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act.

Performance information from Vote Education Information Supporting the Estimates 2018/19 is included in the following performance tables.

Performance results

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
3.1 The development and maintenance of the NZC and qualifications	QF and ensuri	ng the credibility of	standards
3.1(I) The percentage of NZQA-owned standards maintained by their planned review date	99.64%	95%	99.5%
3.1(2) Average processing time (working days) of assessment standards reported by accredited TEOs put onto learners' transcripts	0.12 days	<i day<="" td=""><td>0.21 days</td></i>	0.21 days
3.1(3) Average working days to dispatch qualification certificates to learners	0.38 days	<2 days	0.48 days
3.2 Overseas qualifications assessment and recogn	ition		
3.2(I) Percentage of international qualification recognition products that meet their service level agreement	97%	95%	New measure
3.2(2) Percentage of international qualification assessments that comply with principles, policies and procedures which underpin the agreed service level agreement	99%	95%	New measure

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
3.3 International liaison			
3.3(I) Support for the Ministry of Foreign Affairs and Trade in free trade agreement negotiation and implementation meetings	33	Volume is demand-driven ⁴⁰	35
3.3(2) The number of free trade agreements for which NZQA has implementation responsibilities	5	Volume is demand-driven	6
3.3(3) NZQA implements relevant free trade agreement commitments and provides support for free trade agreement negotiation and implementation to the satisfaction of the Ministry of Foreign Affairs and Trade ⁴¹	4	3	4

⁴⁰ The number of free trade agreement negotiation and implementation meetings is determined by the Ministry of Foreign Affairs and Trade's agenda.

⁴¹ Scale 1 to 4: 1 is strongly disagree, 2 is disagree, 3 is agree, 4 is strongly agree.

Ngā mahi aromatawai o ngā kura tuarua

Secondary school assessments

Scope

This category is limited to the New Zealand Qualifications Authority overseeing assessment for national secondary school qualifications, including the National Certificate of Educational Achievement (NCEA) and Scholarship examinations, and the moderation of internal and external school assessments.

What is intended to be achieved with this appropriation

This category is intended to achieve trust and confidence in robust and equitable secondary school level assessment.

Activities

The activities undertaken in this category of expense include:

- **(4.1) Secondary school external assessment:** The successful delivery of external assessment for secondary school students through national examinations for NCEA is dependent upon NZQA administering robust examination processes.
- **(4.2) Moderation of secondary school internal assessment:** NZQA's moderation of internally (school) assessed student work promotes consistency in assessment decisions.
- **(4.3) New Zealand Scholarship examinations:** NZQA is responsible for ensuring that provided the published standard is met, scholarships are awarded to the top 3 percent (plus or minus 0.25 percent) of the level 3 cohort for a subject. The quality and timeliness of Scholarship administration is closely monitored.
- **(4.4) Secondary school assessment systems:** NZQA conducts Managing National Assessment (MNA) reviews of secondary schools to promote continuous improvement in schools' assessment practices and to ensure they are accurate, consistent and to the national standard.

Secondary school assessments

	2018/19 Actual (\$000)	2018/19 Budget (\$000)	Variance (\$000)	Variance %
Revenue				
Crown	34,760	26,760	8,000	30
Other	12,726	12,531	195	2
Total Revenue	47,486	39,291	8,195	21
Expenses	47,361	41,318	(6,043)	(15)
Surplus/(Deficit)	125	(2,027)	2,152	106

Approximately 68 percent of the total revenue for this category of expense is provided by the Crown through the Vote Education: Non-Departmental Related Expense – **Secondary School Assessments** (M26) appropriation⁴².

Crown Revenue is \$8M over budget following additional funding received for the NCEA Online project which was not confirmed at the time of the original budget.

Expenses are \$6M over budget. This largely relates to the additional expenses for NCEA Online which were incurred following receipt of the above noted funding.

⁴² The Crown funding received by NZQA equals the actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act.

Performance information from Vote Education Information Supporting the Estimates 2018/19 is included in the following performance tables.

Performance results

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
4.1 Secondary school external assessment			
4.1(1) The percentage of marker judgements unaltered following Review or Reconsideration of External Assessment Result process ⁴³	99.8%	99%	99.8%
4.1(2) The percentage of results provided to learners (NCEA) no later than the end of the third full week of January	99.98%	99%	99.9%
4.1(3) Access time of less than 5 seconds, from the NZQA learner Login page to the learner's results page, on NCEA Results Release day, once results are made available by NZQA	99.4%	90%	99.3%
4.2 Moderation of secondary school internal asset	ssment		
4.2(1) The number of samples of student work moderated for secondary moderation	110,013	Approximately 100,000 ⁴⁴	95,266
4.2(2) The percentage of moderation reports successfully appealed ⁴⁵	0.20%	< %	0.23%

⁴³ This is calculated as a proportion of the total number of marked assessments.

⁴⁴ The sample size of approximately 100,000 samples of student work selected for moderation was agreed by the 2011 Cabinet Social Policy Committee (11) 19/3 and implemented in 2012.

⁴⁵ This is calculated as a proportion of the total number of moderation reports, where a successful appeal is defined as resulting in a change in grade

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
4.3 New Zealand Scholarship examinations			
4.3(1) The percentage of marker judgements unaltered following Review or Reconsideration of External Assessment Result process ⁴⁶	99.97%	99%	99.9%
4.3(2) The percentage of validated results provided to learners no later than the end of the second full week of February	100%	99%	100%
4.4 Secondary school assessment systems ⁴⁷			
4.4(1) The percentage of draft MNA reports provided to schools within six weeks from the date of the completion of onsite work	100%	98%	100%
4.4(2) The percentage of NZQA identified risks to a school's consent to assess ⁴⁸ that are monitored by an action plan ⁴⁹ to ensure resolution or escalation	100%	98%	100%

⁴⁶ This is calculated as a proportion of the total number of marked assessments.

⁴⁷ NZQA reviews school systems for Managing National Assessment (MNA) against standards listed on the Directory of Assessment Standards by publication of an MNA report after:

^{1.} review of a school's assessment systems at least once every four years to ensure that assessment is valid, fair, reliable, accurate and consistent nationally with the assessment standard

^{2.} a check that the requirements for the consent to assess against standards on the Directory of Assessment Standards Rules 2011 are being met

^{3.} checks on aspects of assessment systems and data on an annual basis

annual external moderation of assessment materials and assessor decisions.

⁴⁸ A school or kura must have been granted a consent to assess by NZQA before they can assess against standards on the Directory of Assessment Standards.

⁴⁹ NZQA has systems in place which collect the issues data that inform the action plans. Action plans are recorded in MNA reports and in external moderation summary letters.

ко те роті матачканда: **Te ture mo te whai pūtea**

VOTE EDUCATION:

Non-Departmental Other Expenses

The following performance information relates to appropriation received by the New Zealand Qualifications Authority under Vote Education Non-Departmental Other Expenses⁵⁰ and is reported In accordance with section 19 of the Public Finance Act.

Remission of fees

Scope

Payment to the New Zealand Qualifications Authority for student examination fees remitted in cases of hardship.

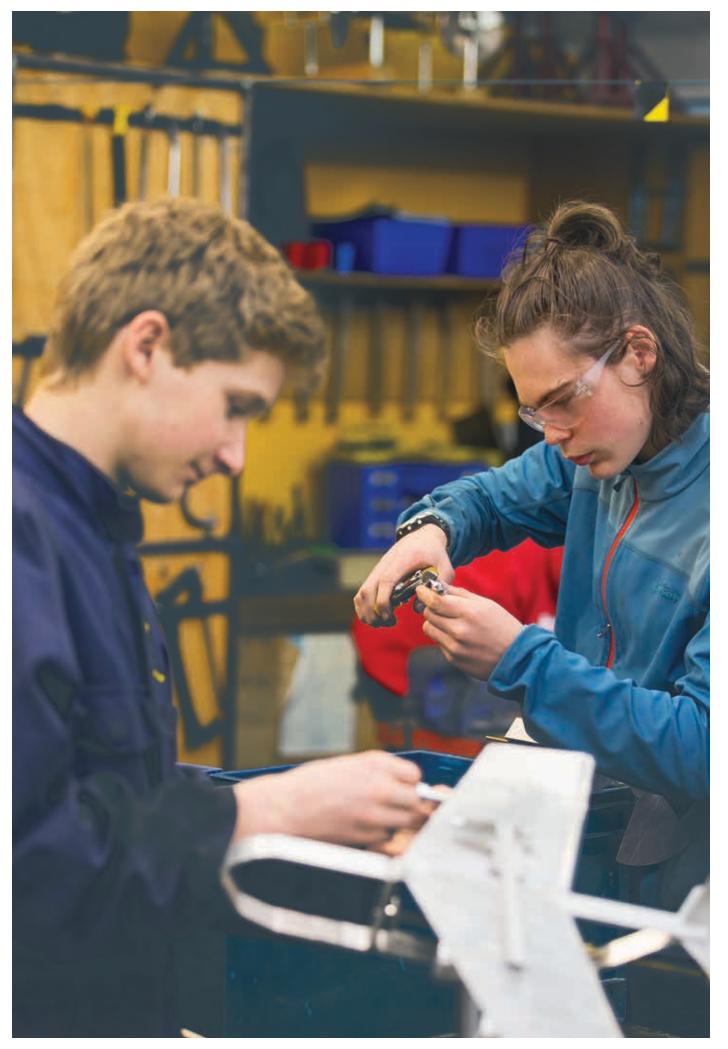
What is intended to be achieved

The appropriation is intended to provide financial assistance with the National Certificate of Educational Achievement and New Zealand Scholarship entry fees for eligible New Zealand candidates to ensure New Zealand qualifications accessibility for all New Zealand learners.

Performance measures	Actual 2018/19	Performance standard for 2018/19	Actual 2017/18
Financial assistance is granted to all qualifying students who apply	100%	100%	100%

NZQA invoiced the Ministry of Education \$1.288m in relation to this appropriation. 22,569 learners received financial assistance for the 2018 NCEA and there is no direct expense in relation to this activity.

⁵⁰ The Crown funding received by NZQA equals the actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act.







Statement of responsibility

We are responsible for the preparation of the New Zealand Qualifications Authority's (NZQA) financial statements and statement of performance, and for the judgements made in them.

We are responsible for any end-of-year performance information provided by NZQA under section 19A of the Public Finance Act 1989.

C:-----

We have the 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 our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of NZQA for the year ended 30 June 2019.

Signed on behalf of the Board:

Murray Strong BOARD CHAIR

BOARD CHAIR 29 AUGUST 2019 **Neil Quigley**

RISK AND ASSURANCE COMMITTEE CHAIR 29 AUGUST 2019

AUDIT NEW ZEALAND Mana Arotake Aotearoa

Te Pūrongo o te Kaiarotake Motuhake

Independent auditor's report

To the readers of the New Zealand Qualifications Authority's financial statements and performance information for the year ended 30 June 2019

The Auditor General is the auditor of the New Zealand Qualifications Authority (the Authority). The Auditor General has appointed me, Jacques Coetzee, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the Authority on his behalf.

Opinion

We have audited:

- the financial statements of the Authority on pages 80 to 110, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Authority on pages 20 to 39 and 52 to 70.

In our opinion:

- the financial statements of the Authority on pages 80 to 110:
 - present fairly, in all material respects:

- its financial position as at 30 June 2019; and
- its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 20 to 39 and 52 to 70:
 - presents fairly, in all material respects, the Authority's performance for the year ended 30 June 2019, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - what has been achieved with the appropriations; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 29 August 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to

the financial statements and the performance information, we comment on the other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Authority for preparing the financial statements and the performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare the financial statements and the performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Authority, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Authority's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

• We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 4 to 116, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard I (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Authority.

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Jacques Coetzee
AUDIT NEW ZEALAND
ON BEHALF OF THE AUDITOR GENERAL
WELLINGTON, NEW ZEALAND





Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2019

	Note	2019 Actual (\$000)	2019 Budget (\$000)	2018 Actual (\$000)
Revenue				
Funding from the Crown		49,351	41,351	44,516
Other revenue		41,123	43,058	41,064
Interest revenue		577	513	501
Total revenue	3	91,051	84,922	86,081
Expenditure				
Personnel and Board	4	48,460	46,900	47,197
Specialist workforce		9,291	9,801	10,129
Professional services	5	11,384	8,144	10,150
Publication, printing and distribution		4,071	4,201	4,148
Other operating costs	6	12,108	11,903	11,965
Depreciation and amortisation		3,052	3,139	2,851
Capital charge	7	833	834	833
Total expenditure		89,199	84,922	87,273
SURPLUS/(DEFICIT)		1,852	-	(1,192)
Other comprehensive revenue and expense		-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		1,852	-	(1,192)

Since NZQA is a wholly-owned Crown entity, the entire net surplus/deficit and total comprehensive revenue and expense are attributable to public equity.

Explanations of major variances against budget are detailed in note 2.

Statement of Financial Position

as at 30 June 2019

	Note	2019 Actual (\$000)	2019 Budget (\$000)	2018 Actual (\$000)
Assets				
Current assets				
Cash and cash equivalents	8	3,489	2,518	3,408
Receivables	9	3,069	4,157	3,409
Prepayments		1,051	902	761
Investments	10	14,500	9,500	10,000
Total current assets		22,109	17,077	17,578
Non-current assets				
Property, plant and equipment	11	1,322	1,262	1,734
Intangible assets	12	5,822	6,025	2,736
Work in progress	12	1,205	1,310	4,905
Total non-current assets		8,349	8,597	9,375
TOTAL ASSETS		30,458	25,674	26,953
Liabilities				
Current liabilities				
Payables and deferred revenue	13	8,757	7,224	7,435
Employee entitlements	15	5,055	4,328	4,711
Total current liabilities		13,812	11,552	12,146
Non-current liabilities				
Employee entitlements	15	601	725	614
Total non-current liabilities		601	725	614
TOTAL LIABILITIES		14,413	12,277	12,760
NET ASSETS		16,045	13,397	14,193
Equity				
Contributed capital		13,890	13,890	13,890
Accumulated surplus/(deficit)		2,155	(493)	303
PUBLIC EQUITY	19	16,045	13,397	14,193

Explanations of major variances against budget are detailed in note 2.

Statement of Changes in Equity

for the year ended 30 June 2019

	Note	2019 Actual (\$000)	2019 Budget (\$000)	2018 Actual (\$000)
Balance at start of the year		14,193	13,397	15,385
Total comprehensive revenue and expense for the year		1,852	-	(1,192)
BALANCE AT END OF THE YEAR	19	16,045	13,397	14,193

Explanations of major variances against budget are detailed in note 2.

Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 Actual (\$000)	2019 Budget (\$000)	2018 Actual (\$000)
Cash flows from operating activities				
Receipts from the Crown		49,351	41,351	44,516
Receipts from other revenue		42,086	43,058	41,328
Interest received		425	513	533
Payments for employee and Board costs		(48,129)	(46,900)	(46,928)
Payments to other suppliers		(36,067)	(34,188)	(36,327)
Payments for capital charge		(833)	(834)	(833)
Goods and Services Tax (net)		(156)	-	(1)
Net cash flow from operating activities		6,677	3,000	2,288
Cash flows from investing activities				
Receipts from the sale of property, plant and equipment		8	-	-
Purchases of property, plant and equipment		(354)	(500)	(811)
Purchases of intangible assets		(1,750)	(2,500)	(1,485)
Purchases of investments		(29,000)	(24,000)	(23,000)
Receipts from sale of investments		24,500	24,000	23,500
Net cash flow from investing activities		(6,596)	(3,000)	(1,796)
Cash flows from financing activities				
Crown – Capital contribution		-	-	-
Net cash flow from financing activities		-		-
Net increase in cash and cash equivalents		81	_	492
Cash and cash equivalents at the beginning of the year		3,408	2,518	2,916
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	3,489	2,518	3,408

Explanations of major variances against budget are detailed in note 2.

Statement of Cash Flows (continued)

for the year ended 30 June 2019

Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	2019 Actual (\$000)	2018 Actual (\$000)
Net surplus/(deficit)	1,852	(1,192)
Add/(less) non-cash items		
Depreciation and amortisation expense	3,052	2,851
Other charges to opening work in progress	76	-
Increase in rent accrual	150	-
Increase/(decrease) in allowance for credit losses on receivables	13	(1)
Total non-cash items	3,291	2,850
Add/(less) items classified as investing or financing activities		
(Profit) on disposal of property, plant and equipment	(6)	-
Total items classified as investing or financing activities	(6)	-
Add/(less) movements in statement of financial position		
Decrease in receivables	327	896
(Increase)/decrease in prepayments	(290)	259
Increase/(decrease) in payables and deferred revenue	1,172	(794)
Increase in employee entitlements	331	269
Net movements in statement of financial position	1,540	630
Net cash flow from operating activities	6,677	2,288

Notes to the Financial Statements

I. Statement of Accounting Policies

Reporting entity

NZQA is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing NZQA's operations includes the Crown Entities Act 2004, the Education Act 1989 and the Industry Training Act 1992. NZQA's ultimate parent is the New Zealand Crown.

NZQA's core business is to provide services to the New Zealand public. NZQA ensures that New Zealand qualifications are valued as credible and robust both nationally and internationally. NZQA is accountable for managing the NZQF, administering the secondary school assessment system, independent quality assurance of non-university education providers, qualifications recognition and standard setting for some specified unit standards.

NZQA is designated a public benefit entity (PBE) for financial reporting purposes. A PBE's primary objective is to provide goods or services for community or social benefit rather than for a financial return to equity holders.

The financial statements for NZQA are for the year ended 30 June 2019 and were approved by the Board on 29 August 2019.

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. The financial statements have also been prepared on a historic cost basis unless otherwise specified (eg actuarially assessed liabilities).

Statement of compliance

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

The financial statements have been prepared in accordance with Tier I PBE accounting standards and comply with those standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

New accounting standards and interpretations

(i) Changes in accounting policies and disclosures In line with Government policy, NZQA has elected to early adopt PBE IFRS 9 Financial Instruments from 1 July 2018. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The application of the new PBE standard has not had a material impact on NZQA's financial statements (refer note 20 for further information).

All other accounting policies adopted in these financial statements are consistent with those of the previous financial year.

(ii) 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:

PBE IPSAS 41 Financial Instruments – The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although NZQA has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

• PBE FRS 48 Service Performance Reporting — PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS I and is effective for reporting periods beginning on or after I January 2021. NZQA has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The expense relating to any provision is presented in the net surplus/(deficit) for the year.

Income tax

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

Goods and Services Tax (GST)

All 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 related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

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

Cost allocation

NZQA has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be attributed to a specific output in an economically feasible manner.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, NZQA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are estimating:

 useful lives of internally generated software – refer to note 12.

Critical judgements in applying accounting policies

Management has exercised critical judgements in applying accounting policies for:

• intangible assets – refer to note 12.

2. Explanation of major variances against budget

Explanations for major variances from budget are as follows.

Statement of comprehensive revenue and expense

The overall net surplus for the year ended 30 June 2019 of \$1.85M compares to a zero surplus/deficit as stated in the statement of performance expectations. Significant variances within individual line items are as follows:

 Crown revenue is \$8M ahead of budget reflecting the additional revenue received for the NCEA Online digital transformation project which had not been confirmed at the time of the original budget.

- Other revenue is \$1.9M behind budget. This is largely driven by a continuing trend of reducing demand for credit reporting against standards by tertiary education organisations.
- Personnel and Board costs are \$1.6M over budget. This results from additional expenses for markers and examiners, temporary staff to cover staff vacancies and a higher staff sick leave provision.
- Professional services costs are \$3.2M over budget. This is largely the result of costs incurred in relation to the NCEA Online project. No costs were originally budgeted for this, since funding had not been confirmed at the time of competing the original budget.

Statement of financial position

Net assets at 30 June 2019 were \$16M compared to a budget of \$13.4M. Within individual lines, the significant variances and are as follows:

- Cash and investments are a combined \$6M
 ahead of budget which is largely a result of
 the increase in Crown funding less expenses
 paid out of that funding plus other net working
 capital movements.
- Receivables are \$1.1M below budget. This reflects reduced credit reporting fees and a focus on debtor collection.
- Payables and deferred revenue are \$1.5M over budget. This largely reflects liabilities for the NCEA Online project which were not included in the original budget (see above).
- Employee entitlements are \$0.6M over budget reflecting some small increases to staff performance accruals and leave balances such as annual and sick leave.

Statement of cash flows

The main variances are explained below:

- Receipts from the Crown are \$8M ahead of budget reflecting the additional revenue noted above for NCEA Online.
- Purchases of intangible fixed assets are \$0.8M below budget reflecting the more operational (rather than capital) nature of technology projects compared to original expectations.
- Purchases of investments are \$5M above budget.
 This is driven from the funding received for NCEA Online.

3. Revenue

Accounting policy

The specific accounting policies for significant revenue items are explained below.

In determining whether its various revenues are from exchange or non-exchange transactions, management exercises judgment as to whether NZQA gives approximately equal value (primarily in the form of cash, goods, services or use of current assets) in exchange for the revenue it receives.

As there are no assets or services of approximately equal value provided back to the Crown in exchange for the funding it receives from the Crown, management has determined that revenue from Crown appropriations is to be classified as being from a non-exchange transaction.

Funding from all other sources result from exchange transactions.

Funding from the Crown

NZQA has been provided with substantial funding from the Crown. This funding is restricted in its use for the purpose of NZQA meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the founder. NZQA 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 funding has been determined to be equivalent to the amounts due in the funding arrangements.

Examination fees (including NCEA fees)

These are received in advance and are recognised as revenue when the exams are conducted.

Qualifications recognition services fees

These application fees are received in advance and recognised as revenue as the work is completed.

Interest

Interest revenue is recognised using the effective interest method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount. The method applies this rate to the principal outstanding to determine interest revenue each period.

Provision of services

Services provided to third parties on commercial terms are recognised as revenue in proportion to the state of completion at balance sheet date.

Breakdown of total revenue and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Crown funding for		
Provision of communication and advice	3,448	6,348
Quality assurance	5,094	5,359
Qualifications support structures	6,049	6,049
Secondary school assessments	34,760	26,760
Total funding from the Crown	49,351	44,516
Other revenue		
Examination fee remissions*	1,288	1,288
Examination fees	11,109	11,249
NZQF fees and registration	12,117	13,469
Application, audit and annual fees**	15,726	13,988
Resources sales	55	124
Other income and award reimbursement***	828	946
Total other revenue	41,123	41,064
Interest revenue	577	501
TOTAL REVENUE	91,051	86,081

^{*} Received from the Crown's 'Benefit & Other Unrequited Expenses' fund.

4. Personnel and Board

Accounting policy

Employer contributions to KiwiSaver, the Government Superannuation Fund and other NZQA Superannuation schemes are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive revenue and expense.

Breakdown of personnel and Board costs and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Salaries and wages	46,448	45,226
Employer contributions to defined contribution plans	1,681	1,702
Increase in employee entitlements (note 15)	331	269
Total personnel and Board costs	48,460	47,197

^{**} Includes \$352,000 (2018: \$352,000) from Immigration New Zealand for Quality Assurance work on the list of qualifications exempt for assessment.

^{***} Includes \$324,000 (2018: \$191,000) received for projects through inter-departmental funding and \$31,000 (2018: \$631,000) received or receivable from the Export Education Levy Fund.

Employee remuneration

	Number of staff	
	2019 Actual	2018 Actual
Total remuneration paid or payable		
\$460,000 – \$469,999	-	1
\$430,000 – \$439,999	I	-
\$330,000 – \$339,999	I	-
\$320,000 - \$329,999	-	
\$310,000 – \$319,999	I	-
\$300,000 - \$309,999	-	1
\$290,000 - \$299,999	-	1
\$280,000 - \$289,999	2	-
\$270,000 – \$279,999	-	1
\$260,000 – \$269,999	-	1
\$240,000 - \$249,999	-	-
\$230,000 - \$239,999	I	-
\$220,000 - \$229,999	I	-
\$210,000 – \$219,999	I	-
\$200,000 - \$209,999	-	
\$190,000 – \$199,999	2	2
\$180,000 - \$189,999		
\$170,000 – \$179,999	5	
\$160,000 – \$169,999	5	4
\$150,000 – \$159,999	5	8
\$140,000 – \$149,999	2	3
\$130,000 – \$139,999	15	6
\$120,000 – \$129,999	17	19
\$110,000 – \$119,999	22	24
\$100,000 - \$109,99951	65	42
Total employees	147	117

During the year ended 30 June 2019, seven employees (2018: 10) received compensation and other benefits in relation to cessation totalling \$154,000 (2018: \$310,000).

⁵¹ The increase in employees earning more than \$100,000 is primarily due to the natural progression of senior technical staff from lower salary bands; and ongoing obligations to superannuation schemes such as the historical Government Superannuation Fund and the requirements of the NCEA Online project.

Board member remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	2019 Actual (\$000)	2018 Actual (\$000)
Sue Suckling (Board Chair to 7 November 2018)	14.5	43.2
Murray Strong (Board Chair from 8 November 2018)	36.0	21.6
Neil Quigley	21.6	21.6
Kate Shevland	21.6	21.6
Mary Chamberlain	21.6	21.6
Antony Royal	21.6	21.6
Lyn Provost (appointed 8 November 2018)	14.5	-
Jenn Bestwick (appointed 8 November 2018)	14.5	-
Andrew McKenzie (to 7 November 2018)	7.3	21.6
Justine Munro (to 31 December 2018)	10.8	21.6
Rachael Tuwhangai	-	3.3
John Morgan	-	3.3
Total Board member remuneration	184	201

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year and no Board members received compensation or other benefits in relation to cessation (2018: \$nil).

NZQA has taken out Directors and Officers Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

5. Professional services

Breakdown of professional services costs

	2019 Actual (\$000)	2018 Actual (\$000)
Fees to Auditors		
Fees to Audit New Zealand for audit of financial statements	107	100
Fees to Audit New Zealand for other services	-	-
Consultancy and Contractor fees	7,041	5,790
Moderation Rebates	3,514	3,723
Other fees	722	537
Total professional services costs	11,384	10,150

6. Other operating costs

Accounting policy

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense in the statement of comprehensive revenue and expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other operating costs

	2019 Actual (\$000)	2018 Actual (\$000)
Travel and accommodation	2,212	2,138
Office rental – operating lease expense	2,891	3,295
Hardware maintenance and support	103	95
Software licences and support	3,501	2,953
Information technology outsourcing	229	243
Telephony	442	490
Allowance for credit losses on receivables	13	(1)
Bad debt write-off	63	73
Minor equipment purchases	208	79
Schools administration fees	808	814
Insurance	305	345
Bank charges	157	108
Other	1,182	1,333
Net (profit) on sale of property, plant and equipment	(6)	-
Total other operating costs	12,108	11,965

Operating leases as lessees

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2019 Actual (\$000)	2018 Actual (\$000)
Not later than one year	2,603	2,573
Later than one year and not later than five years	10,908	10,510
Later than five years	9,297	12,047
Total non-cancellable operating leases	22,808	25,130

The non-cancellable operating lease payments disclosed above relate predominately to a lease for a number of floors of an office building which expires 31 August 2033. This lease can however be cancelled after 9 or 12 years from commencement (June 2018) with payment of an early termination fee of \$190,000 or \$95,000 respectively. The commitments disclosed above assume the lease is cancelled after 9 years and the relevant early termination fee is paid. NZQA does not have the option to purchase the asset at the end of the lease term. There are no restrictions placed on NZQA by any of its leasing arrangements.

7. Capital charge

Accounting policy

The capital charge is recognised in the statement of comprehensive revenue and expense in the financial year to which the charge relates.

Further information on the capital charge

NZQA pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2019 was 6 percent (2018: 6 percent).

8. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of less than three months. They are measured at the amount invested less any non-trivial expected credit losses.

Breakdown of cash and cash equivalents and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Cash on hand and at bank	3,489	3,408
Term deposits with maturities less than 3 months	-	-
Total cash and cash equivalents	3,489	3,408

While cash and cash equivalents at 30 June 2019 are subject to the expected credit loss requirements of PBE IFRS 9, no allowance for credit losses has been recognised since the estimated value is trivial.

9. Receivables

Accounting policy

Short-term receivables are recorded at the amount due less an allowance for expected credit losses.

The simplified approach to providing for expected credit losses as prescribed by PBE IFRS 9 is applied to receivables. The simplified approach involves making an allowance at an amount equal to lifetime expected credit losses. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Previous accounting policy for impairment of receivables

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount would not be fully recoverable.

Breakdown of receivables and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Receivables (gross)	3,082	3,409
Less: allowance for expected credit losses	(13)	-
Total receivables	3,069	3,409

All receivables derive from the sale of goods and services (exchange transactions).

The ageing profile of receivables at year end is detailed below:

	2019				2018	
	Gross (\$000)	Allowance for expected credit losses (\$000)	Net (\$000)	Gross (\$000)	Allowance for expected credit losses (\$000)	Net (\$000)
Not past due	2,975	(3)	2,972	3,350	-	3,350
Past due 1-30 days	57	-	57	50	-	50
Past due 31-60 days	15	-	15	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due >91 days	35	(10)	25	9	-	9
Total	3,082	(13)	3,069	3,409	-	3,409

All receivables greater than 30 days in age are considered to be past due.

Movements in the allowance for expected credit losses are as follows.

	2019 Actual (\$000)	2018 Actual (\$000)
Balance at start of the year	-	1
Increase in loss allowance made during the year	76	72
Receivables written off during the year	(63)	(73)
Balance at end of the year	13	-

The rates used to calculate the expected credit losses are based on the payment profile of revenue on credit over the last three years and the corresponding historical credit losses experienced for that period. These historical rates are adjusted for any significant current and forward-looking factors that may impact the recoverability of receivables.

10. Investments

Accounting policy

Investments represent term deposits held with banks with original maturities of three months and above and are measured at the amount invested less any non-trivial expected credit losses. Interest is subsequently accrued using the effective interest method and is recorded within receivables.

Breakdown of investments and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Term deposits – current	14,500	10,000
Total investments	14,500	10,000

While investments at 30 June 2019 are subject to the expected credit loss requirements of PBE IFRS 9, no allowance for credit losses has been recognised since the estimated value is trivial.

All term deposits have original maturities of between three and 12 months and the carrying amounts approximate their fair value due to their short-term nature.

II. Property, plant and equipment

Accounting policy

Property, plant and equipment asset classes consist of computers and electronic equipment, leasehold improvements, furniture and fittings, office equipment and motor vehicles. All these asset classes are measured at cost less accumulated depreciation and impairment losses.

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 NZQA and the cost of the item can be measured reliably.

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

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 NZQA and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on sale of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

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

Computers & electronic equipment (desktop and notebooks)	4 years	25%
Computers & electronic equipment (network equipment and servers)	3-5 years	20%-33%
Furniture and fittings	10 years	10%
Office equipment	5 years	20%
Leasehold improvements	*see below	*see below
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 the shorter.

Impairment of property, plant and equipment

NZQA 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 assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is also recognised in the surplus or deficit.

Breakdown of property, plant and equipment and further information

Movements for each class of property, plant and equipment are as follows:

	Motor	Computers & electronic	Office	Leasehold	Furniture	
	vehicles (\$000)	equipment (\$000)	equipment (\$000)	improvements (\$000)	& fittings (\$000)	Total (\$000)
Cost						
At I July 2017	182	8,306	593	539	905	10,525
Additions	-	808	3	-	-	811
Disposals	-	(439)	(76)	-	(215)	(730)
At 30 June 2018	182	8,675	520	539	690	10,606
Additions	-	354	-	-	-	354
Disposals	(26)	(376)	(102)	(184)	(225)	(913)
At 30 June 2019	156	8,653	418	355	465	10,047
Accumulated depr	eciation and	l impairment loss	es			
At I July 2017	182	6,803	560	502	713	8,760
Depreciation expense	-	721	9	31	81	842
Impairment losses	-	-	-	-	-	-
Eliminated on disposal	-	(439)	(76)	-	(215)	(730)
At 30 June 2018	182	7,085	493	533	579	8,872
Depreciation expense	-	710	9	6	39	764
Impairment losses	-	-	-	-	-	-
Eliminated on disposal	(26)	(374)	(102)	(184)	(225)	(911)
At 30 June 2019	156	7,421	400	355	393	8,725
Carrying amounts						
At I July 2017	_	1,503	33	37	192	1,765
At 30 June and 1 July 2018	-	1,590	27	6	111	1,734
At 30 June 2019	-	1,232	18		72	1,322

There are no restrictions over the title of NZQA's property, plant and equipment, nor are any such assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of property, plant and equipment (2018: \$nil).

12. Intangible assets

Accounting policy

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Acquired software

Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Internally generated software

Costs that are directly associated with the development phase of internally generated software are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads. The development phase occurs after the following can be demonstrated - technical feasibility, ability to complete the asset, intention and ability to sell or use and the development expenditure can be reliably measured. Research is 'original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding'. Expenditure incurred on the research phase of an internally generated intangible asset is expensed when it is incurred. Where the research phase cannot be distinguished from the development phase, the expenditure is expensed when incurred.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development of NZQA's website are capitalised and amortised over the period of the life of the asset in accordance with generally accepted accounting practice.

Work in progress

Work in progress which largely represents the development of internally generated software are recognised at cost less impairment and is not amortised.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated for each specific individual item of acquired and internally generated computer software. Internally generated software is amortised over 3-4 years (25 percent-33 percent) with other acquired software amortised over 3-5 years (20 percent-33 percent).

Impairment of intangible assets

Refer to the policy for impairment of property, plant and equipment in note 11. The same approach applies to the impairment of intangible assets.

Critical accounting estimates and assumptions

Estimating useful lives of internally generated software

NZQA's internally generated software enables NZQA to meet its objectives and deliverables. Internally generated software has a finite life, which requires NZQA to estimate the useful life of the software assets.

In assessing the useful lives of software assets, a number of 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, and the carrying amount of the software assets in the statement of financial position.

NZQA has estimated the useful life of internally generated software to be 3-4 years. This useful life is considered reasonable based on the current performance and use of the software, strategic plan updates and the likelihood the technology will stay current and supportable. There are currently no indicators the period of use of the software will be materially different.

Critical judgements in applying accounting policies

Determining the cost of internally generated software

NZQA is required to determine which costs of providing internally generated software meet the capitalisation criteria in PBE IPSAS 31 Intangible Assets. This requires judgment on whether the costs are research or development related, the technical feasibility for completing the asset and the availability of sufficient financial and other resources to complete the asset. These judgments ensure that only appropriate development costs directly attributable to producing the asset are capitalised.

An incorrect judgement in determining which costs can be capitalised will affect the timing of costs being recognised in the surplus or deficit and the carrying amount of the asset in the statement of financial position.

Breakdown of intangible assets and further informationMovements for each class of intangible assets are as follows:

	Acquired software (\$000)	Internally generated software (\$000)	Total (\$000)
Cost			
At I July 2017	3,399	39,883	43,282
Additions	-	1,655	1,655
Disposals	-	(3,785)	(3,785)
At 30 June 2018	3,399	37,753	41,152
Additions	5	5,369	5,374
Disposals	-	-	-
At 30 June 2019	3,404	43,122	46,526
Accumulated amortisation and impairment losses			
At I July 2017	3,356	36,836	40,192
Amortisation expense	35	1,974	2,009
Disposals	_	(3,785)	(3,785)
Impairment losses	-	-	-
At 30 June 2018	3,391	35,025	38,416
Amortisation expense	5	2,283	2,288
Disposals	-	-	_
Impairment losses	-	-	_
At 30 June 2019	3,396	37,308	40,704
Carrying amounts			
At 1 July 2017	43	3,047	3,090
At 30 June and 1 July 2018	8	2,728	2,736
At 30 June 2019	8	5,814	5,822
·		,	,
Work in progress		1.205	1 205
Other	-	1,205	1,205
At 30 June 2019	-	1,205	1,205

	2019 Actual (\$000)	2018 Actual (\$000)
Work in progress – intangible assets		
Balance at start of the year	4,905	5,075
Additions	1,745	1,485
Other charges*	(76)	-
Impairment losses	-	-
Transfers to assets	(5,369)	(1,655)
Balance at end of the year	1,205	4,905

^{*} Other charges relate to primarily prior year costs that have been expensed during the current year. This results from management re-estimating which costs should be classified as capital as the project to which they relate has been developed during the year.

	Life (years)	Total (\$000)
Intangible asset breakdown (including Work In Progress)		
Software (developed and purchased)		
Sector Qualifications Register	4	2,507
Universal Record of Achievement	4	334
Evaluation Engine	4	672
Digital Moderation	4	1,185
Secondary Statistics Rebuild	4	551
Middleware	3	248
EQA Modernisation – Middleware	3	264
Other (each <\$150,000 net book value)	3-5	61
Total		5,822
Work in progress		
NCEA Online	n/a	1,145
Qualifications Recognition Services System Replacement	n/a	60
Total		1,205
Balance at 30 June 2019		7,027

There are no restrictions over the title of NZQA's intangible assets, nor are any intangible assets pledged as security for liabilities.

The amount of contractual commitments for the acquisition of intangible assets is \$509,000 (2018: \$nil).

13. Payables and deferred revenue

Accounting policy

Short-term payables are recorded at the amount payable. Due to their short-term nature they are not discounted and are unsecured.

Breakdown of payables and deferred revenue

	2019 Actual (\$000)	2018 Actual (\$000)
Payables and deferred revenue under exchange transactions		
Creditors	324	213
Revenue in advance	624	361
Accruals	6,607	5,741
Other creditors	208	-
Total payables under exchange transactions	7,763	6,315
Payables and deferred revenue under non-exchange transactions		
Taxes payable (GST, PAYE)	994	1,120
Total payables under non-exchange transactions	994	1,120
Total payables and deferred revenue	8,757	7,435

14. Contingencies

Accounting policy

A contingent liability is a possible obligation arising from a past event that will only be confirmed by one or more uncertain events not wholly within the control of an entity. Disclosure is provided for any contingent liabilities that are not considered remote.

Contingent liabilities

NZQA has the following contingent liabilities as at 30 June 2019 (2018: \$nil).

NZQA has entered into contracts as part of a project developing an end to end digital process for NCEA exams. Crown funding for this project has so far only been confirmed for the 2019/20 financial year. While it is anticipated that Crown funding will be provided to complete this project in the years following 2019/20, should this not be the case then contract termination costs estimated to be between \$0.5M and \$1M may be incurred.

Contingent assets

NZQA has no contingent assets as at 30 June 2019 (2018: \$nil).

15. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that NZQA expects to be settled within 12 months after the end of the year 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.

NZQA recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent NZQA anticipates it will be used by staff to cover those future absences.

NZQA recognises a liability and an expense for bonuses where it is contractually obliged to pay them, 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 end of the year in which the employee provides the related service, such as long service leave and retirement 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 entitlements information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave and most of the vested long service leave are classified as a current liability. Both non-vested long service leave and retirement leave that is expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Breakdown of employee entitlements and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Current portion		
Accrued salaries and wages	1,783	1,656
Annual leave	2,570	2,556
Sick leave	382	180
Retirement and long service leave	320	319
Total current portion	5,055	4,711
Non-current portion		
Retirement and long service leave	601	614
Total non-current portion	601	614
Total employee entitlements	5,656	5,325

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used to calculate this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of NZ government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 3.08 percent (2018: 3.98 percent) and a salary inflation factor of 3 percent (2018: 3 percent) were used.

If the discount rate were to differ by I percent, with all other factors held constant, the carrying amount of the retirement and long service leave liability would be approximately \$30,500 higher/lower.

If the salary inflation factor were to differ by 1 percent, with all other factors held constant, the carrying amount of the retirement and long service liability would be approximately \$30,000 higher/lower.

16. Related party transactions

NZQA is wholly owned and controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship and are on terms and conditions no more or less favourable than those that it is reasonable to expect NZQA would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (eg Government Departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies.

There are no related party transactions with key management personnel other than compensation as noted below (2018: \$nil).

Key management personnel compensation

Key management personnel include the Board and the members of the Strategic Management Team, which includes the Chief Executive.

	2019 Actual (\$000)	2018 Actual (\$000)
Board Members		
Remuneration	184	201
Full-time equivalent members	1.00	1.11
Strategic Management Team		
Remuneration	1,920	1,926
Full-time equivalent members	5.89	6.00
Total key management personnel remuneration	2,104	2,127
Total full-time equivalent personnel	6.89	7.11

The full-time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings.

An analysis of Board member remuneration is provided in note 4.

Ministerial disclosures

The Treasury has advised that the responsible Minister being the Hon Chris Hipkins has certified they have no related party transactions for the year ended 30 June 2019 (2018: \$nil).

17. Events after the balance sheet date

There were no significant events after the balance sheet date.

18. Financial instruments

Accounting policy

Financial Instruments are initially recognised at fair value and subsequently classified as measured at amortised cost. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

Financial assets are subsequently measured at amortised cost where they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest and any impairment losses are recognised in the statement of comprehensive revenue and expense. Generally, the amount invested or amount due less any allowance for expected credit losses is used to estimate the amortised cost.

Financial liabilities (which comprise payables) are subsequently measured at amortised cost. The amount payable is used as a reasonable estimate of amortised cost as they are typically short term in nature.

18a. Categories of financial instruments

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2019 Actual (\$000)	2018 Actual (\$000)	
Financial assets measured at amortised cost (2018: loans & receivables)			
Cash and cash equivalents	3,489	3,408	
Receivables	3,069	3,409	
Investments – Term deposits	14,500	10,000	
Total financial assets measured at amortised cost	21,058	16,817	
Financial liabilities measured at amortised cost			
Payables (excluding revenue in advance & taxes payable)	7,139	5,954	
Total financial liabilities measured at amortised cost	7,139	5,954	

18b. Financial instrument risks

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

Market risk

Fair value 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. NZQA's exposure to fair value interest rate risk is limited to term deposits which are held at fixed rates of interest. NZQA does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. NZQA is not exposed to cash flow interest rate risk as it does not have investments issued at variable interest rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. NZQA is not exposed to currency risk as it does not enter into transactions of this nature.

Sensitivity analysis

No sensitivity analysis is provided for financial instruments held at balance date, since any reasonably expected movement in interest or exchange rates would have a minimal impact on the surplus/deficit and equity.

Credit risk

Credit risk is the risk that a third party will default on its obligation to NZQA, causing NZQA to incur a loss. NZQA is exposed to credit risk from cash and term deposits with banks and receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position and notes 8, 9 and 10 provide information on any impairment calculated by reference to the expected credit loss model.

No collateral is held as security for financial instruments, including those instruments that are overdue or impaired, that give rise to credit risk.

NZQA has processes in place to review the credit quality of customers prior to the granting of credit.

Due to the timing of its cash inflows and outflows, NZQA invests surplus cash with registered banks. NZQA's investment policy limits the amount of credit exposure by only investing funds with registered banks that have at least a current Standard and Poor's credit rating within the AA band. NZQA has experienced no defaults of interest or principal for term deposits.

Credit quality of financial assets

The only significant concentrations of credit risk relate to \$3.5M of cash and \$12.5M of term deposits which are both held with Bank of New Zealand which has a Standard and Poor's credit rating of AA-. A further \$2M of term deposits is held with Westpac which has a Standard and Poor's credit rating of AA-.

There are no significant balances at 30 June 2019 with counterparties without credit ratings who have defaulted in the past (2018: nil).

Liquidity risk

Liquidity risk is the risk that NZQA will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. NZQA manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Contractual maturity analysis of financial liabilities

All financial liabilities are due for payment within six months of balance sheet date. The carrying amount of all financial liabilities is equal to the contractual cash flows required to extinguish the liability.

19. Equity

Accounting policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital
- accumulated surplus.

Breakdown of equity and further information

	2019 Actual (\$000)	2018 Actual (\$000)
Contributed capital		
Balance at start of the year	13,890	13,890
Capital contribution	-	-
Balance at end of the year	13,890	13,890
Accumulated surplus		
Balance at start of the year	303	1,495
Surplus/(deficit) for the year	1,852	(1,192)
Balance at end of the year	2,155	303
Total equity	16,045	14,193

Capital management

NZQA's capital is its equity, which comprises accumulated funds and contributed capital. Equity is represented by net assets.

NZQA is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. NZQA has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

NZQA manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, and general financial dealings to ensure NZQA effectively achieves its objectives and purpose, while remaining a going concern.

20. Adoption of PBE IFRS 9 Financial Instruments

In accordance with the transitional provisions of PBE IFRS 9, NZQA has elected not to restate the information for previous years to comply with PBE IFRS 9. Furthermore, no adjustments to opening equity at 1 July 2018 have been made as a result of adopting PBE IFRS 9 since any adjustments would be trivial.

Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- Note 8 Cash and cash equivalents: This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.
- **Note 9 Receivables:** This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.
- **Note 10 Investments:** This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

On the date of initial application of PBE IFRS 9, being 1 July 2018, the classification of financial assets (being cash and cash equivalents, receivables and term deposit investments), was changed from 'loans and receivables' to 'amortised cost'.

The measurement categories and carrying amounts of financial liabilities have not changed between the closing 30 June 2018 and opening 1 July 2018 dates as a result of the adoption of PBE IFRS 9.

Te kupu taka

Glossary

Assessment	A method of collecting and evaluating evidence to establish the level of an individual's performance, whether carried out by external methods, internal methods or a combination of external and internal methods, or any other approved method.
Assessment (external)	Assessment (NCEA or New Zealand Scholarship) conducted by NZQA. This includes reports, portfolio submissions, common assessment tasks, and national examinations held at the end of the school year.
Assessment (internal)	Assessment conducted by a secondary school during the school year. Independent moderation by NZQA provides assurance that assessment decisions, in relation to assessment standards, are consistent nationally, and that assessment judgements (marking of students' work) are at the national standard.
Assessment Standards	Two types of assessment standard in the Directory of Assessment Standards: Achievement Standards and Unit Standards. Credits from all Achievement Standards and all Unit Standards count towards NCEA. Because the standards are nationally agreed, learners' achievements can be recognised in a number of contexts, and their knowledge and skills will be transferable between qualifications and providers.
Education (Pastoral Care of International Students) Code of Practice 2016	A document that provides a framework for service delivery by education providers and their agents to international learners. It sets out minimum standards of advice and care that can be expected and provides a procedure that learners can follow if they have concerns about the treatment they receive from their education providers or agents of providers.
Education Organisation	Any organisation supplying education and/or training and/or assessment services to learners. This can include secondary schools, government and private organisations.

Evaluative Quality Assurance	 This is the basis of NZQA's quality assurance system. It uses: Evaluation theory and practice to reach well-informed, consistent and reliable evidence-based judgements about all aspects of organisational performance and capability A practical focus on outcomes and key contributing processes Awareness and improvement through organisational self-assessment.
External Evaluation and Review	A review that provides a judgement of the quality and performance of a tertiary education organisation. This judgement includes assurance that the organisation's self-assessment processes achieve, and improve, outcomes for learners and other customers.
Government Training Establishment	A state-owned organisation providing education or training (for example, New Zealand Police Training Services, New Zealand Army).
Industry Training Organisation	An industry-specific body, recognised under the Industry Training and Apprenticeships Act 1992, which sets NZQA-accredited skill standards for its industry, and manages arrangements for industry training that enable trainees to attain those standards.
Managing National Assessment	A process for achieving valid, fair, accurate and nationally consistent internal assessment in schools. It is a partnership between schools and NZQA, in which NZQA reviews the schools' processes or systems for managing assessment.
Managing National Assessment Review	A review by NZQA of schools' processes or systems for managing assessment for qualifications, including systems for achieving valid, fair, accurate and nationally consistent internal assessment.

Māori Education Strategy: Ka Hikitia	The Ministry of Education's strategy to change rapidly how the education system performs so that all Maori learners gain the skills, qualifications and knowledge they need to enjoy and achieve education success as Maori. https://www.education.govt.nz/our-work/overall-strategies-and-policies/ka-hikitia-accelerating-success-20132017
Moderation	A process for confirming that an organisation's assessment decisions are fair, valid and consistent with the required standard across a number of assessors or assessing organisations nationally.
National Certificate of Educational Achievement	New Zealand's main national qualification for secondary school students. Available at levels 1–3, it is registered as part of the New Zealand Qualifications Framework.
New Zealand Qualifications Framework	A comprehensive list of all quality-assured qualifications in New Zealand.
New Zealand Scholarship	An examination most often undertaken by learners in the final year of secondary school (Year I3). The Scholarship is a competitive monetary award for top-performing learners who intend to enter tertiary study; it does not contribute towards a qualification.
Outputs	The goods and services produced by an entity to support the achievement of its impacts and outcomes.
Pasifika Education Plan	The Pasifika Education Plan (PEP) is the Ministry of Education's plan aimed at raising Pasifika learners' participation, engagement and achievement from early learning through to tertiary education.
Private Training Establishment	An establishment that provides post-school education and training and is registered by NZQA under Part 18 of the Education Act 1989.
	A qualification listed on the New Zealand Qualifications Framework.

Any (secondary) school in New Zealand, Cook Islands or Niue holding Consent to Assess for NCEA, and/or that has learners who sit New Zealand Scholarship examinations.
The process that providers of post-school education and training services use to establish evidence of their own effectiveness. The results of the process should inform future planning and lead to actions that bring about improvements.
Special Assessment Conditions (SAC) provide support to learners with sensory, physical or medical conditions/impairments and/or specific learning disorders so they have a fair opportunity to demonstrate their skills and knowledge in internal and external assessment (in both NCEA and New Zealand Scholarship).
There are two types of assessment standards in the Directory of Assessment Standards: Achievement Standards and Unit Standards. Credits from all Achievement Standards and all Unit Standards count towards NCEA. Because the standards are nationally agreed, learners' achievements can be recognised in a number of contexts, and their knowledge and skills will be transferable between qualifications and providers.
The acronym of science, technology, engineering and mathematics.
NZQA's Pasifika Strategic Action Plan, outlining NZQA's goals. The strategy can be found on our website at https://www.nzqa.govt.nz/maori-and-pasifika/pasifika
Provides quality assurance for tertiary education organisations that deliver qualifications or programmes based on matauranga Maori, or where the whole organisational approach is based on matauranga Maori.
A plan setting out the strategic direction that NZQA will take to ensure Māori learners enjoy and achieve education success as Māori.

Te Rautaki Māori me te Mahere Whakatinana a te Mana Tohu Mātauranga o Aotearoa	NZQA's strategic and implementation plan to advance Māori education and training. The strategy can be found on our website at https://www.nzqa.govt.nz/maori-and-pasifika/te-rautaki-maori
Tertiary Education Organisations	Universities, wananga, industry training organisations, institutes of technology and polytechnics, private training establishments, government training establishments and other providers.
Wānanga	A body established under section 162(2) of the Education Act 1989 that is characterised by teaching and research that maintain, advance and disseminate knowledge and develop intellectual independence, and assist in the application of knowledge regarding and afficiency, according to tikanga Maori (Maori custom).

