

NZQA

NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Annual Report
2006~2007

This NZQA Annual Report reports on the results for the 2006-07 year, with plans for that year outlined in NZQA's 2006-09 Statement of Intent.

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Introduction

This year has been one of strong progress for the New Zealand Qualifications Authority. As education becomes increasingly globalised, the integrity of our processes provides national and international assurance of New Zealand qualifications. We have continued improvement of our 'business as usual' so that we can be relied upon for this quality of delivery. There have been a number of highlights as we enhanced our performance.

NCEA and Scholarship assessment

The past year saw again our successful administration of NCEA and Scholarship assessment. We continued to focus on operational enhancements, including work with the Ministry of Education to complete a range of improvements announced in 2007. These improvements focus on student motivation, information for the public and consistency of assessment.

Tertiary Education Reforms

We made strong progress in our contribution to the government's Tertiary Education Reforms. We led the quality assurance aspects of these reforms, which focus on self-assessment backed by external evaluation and review. The results of the independent external evaluation and review will assist with the Tertiary Education Commission's investment decisions.

International

The international recognition of New Zealand's qualifications is becoming increasingly important. During the year we continued to actively promote New Zealand's qualifications and quality assurance systems. Currently NCEA is recognised for university entrance in Australia and has the same equivalence in the United Kingdom. In addition to those formal recognitions we continued discussions about equivalence with Malaysia and Thailand and participated in international free trade agreements.

Te Rautaki Māori me Te Mahere Whakatinana a Te Mana Tohu Mātauranga o Aotearoa (*Te Rautaki Māori*)

In order that all students achieve their potential, we have worked over a number of years to focus our support to increase Māori participation in education. Last year this culminated in the launch of *Te Rautaki Māori*, our first Māori strategic and implementation plan. *Te Rautaki Māori* was launched in May and a number of the key actions were initiated during the year.

Organisational development

To enhance our strategic capability we have undertaken a programme of significant internal change. This year began with the appointment of our three new Deputy Chief Executives and the commencement of a number of strategic internal programmes. These included reviewing our funding, defining our Information and Communication Technology investment plan, and initiating a study of our employee retention.

Our strategic direction

We reviewed our strategic direction and refined our goals for the next three years. From our 2006-07 goals, we have sharpened our focus on our core accountabilities, leading to five priority areas:

- the efficiency and reliability of National Qualifications Framework assessment systems and standard setting processes
- assurance that Tertiary Education Organisations are operating effective quality assurance systems
- international recognition of New Zealand qualifications
- increased Māori participation in education
- our own operational excellence.

These priorities will form the basis of our Annual Report next year. This Annual Report provides detail of our direction in part 4, so that our current actions may be judged within the context of what we plan to do in succeeding years.

The last year has been one of strong progress. For this we thank our Board members, staff and partners across the education, government and business sector. We look forward to new challenges and successes in the coming year.



Sue Suckling
Board Chair

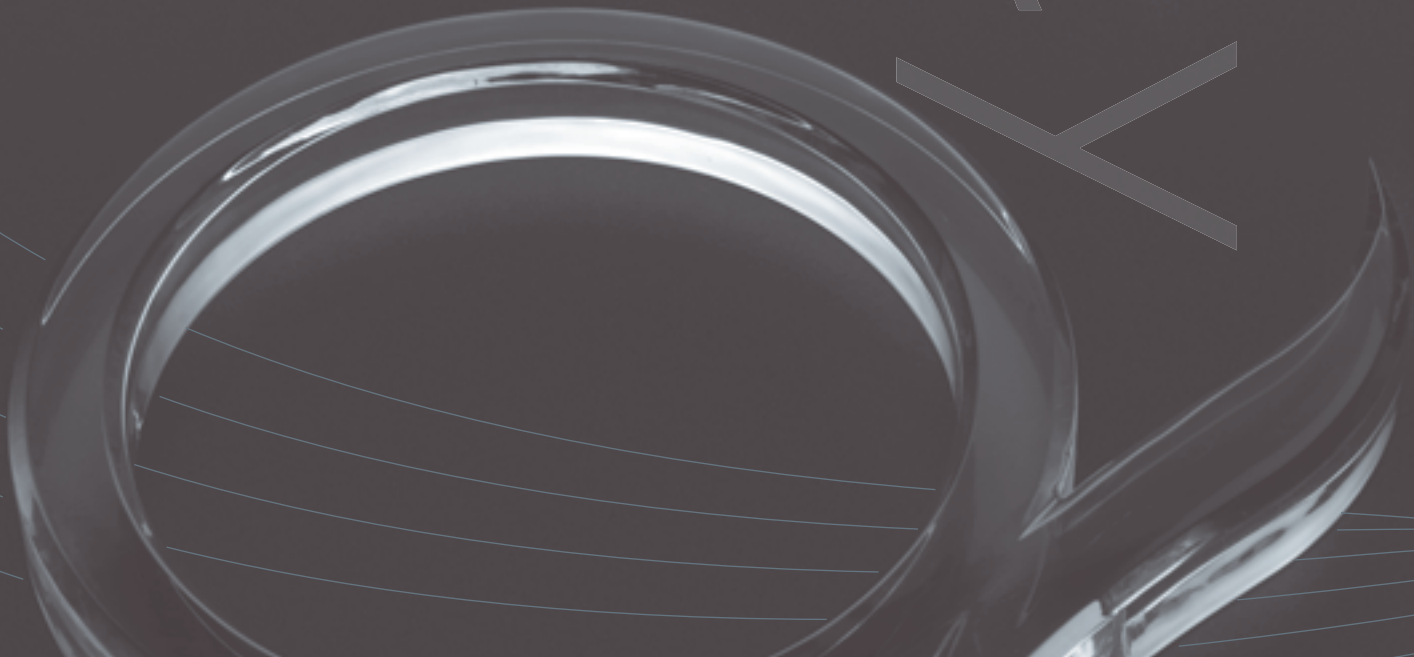


Dr Karen Poutasi
Chief Executive



Clarity

PART ONE STRATEGIC OVERVIEW



Our role

Our overall role is to be the independent and impartial expert organisation which can be relied upon to administer robust National Qualifications Framework assessment systems, and provide quality assurance systems, that deliver on our statutory accountability. This is in order that New Zealand qualifications are accepted as credible and robust, nationally and internationally.

We seek to do this through clarity of purpose and operational excellence.

NZQA is established as a Crown entity under the Education Act, 1989. This Act defines our key functions.

We develop, register and support New Zealand qualifications and the New Zealand National Qualifications Framework.

This includes:

- developing national qualifications
- approving courses and accrediting organisations to deliver them
- administering the National Qualifications Framework and processing results
- registering private training establishments
- managing the Register of Quality Assured Qualifications.

We administer the (external) assessment of students and maintain records of achievement.

This includes:

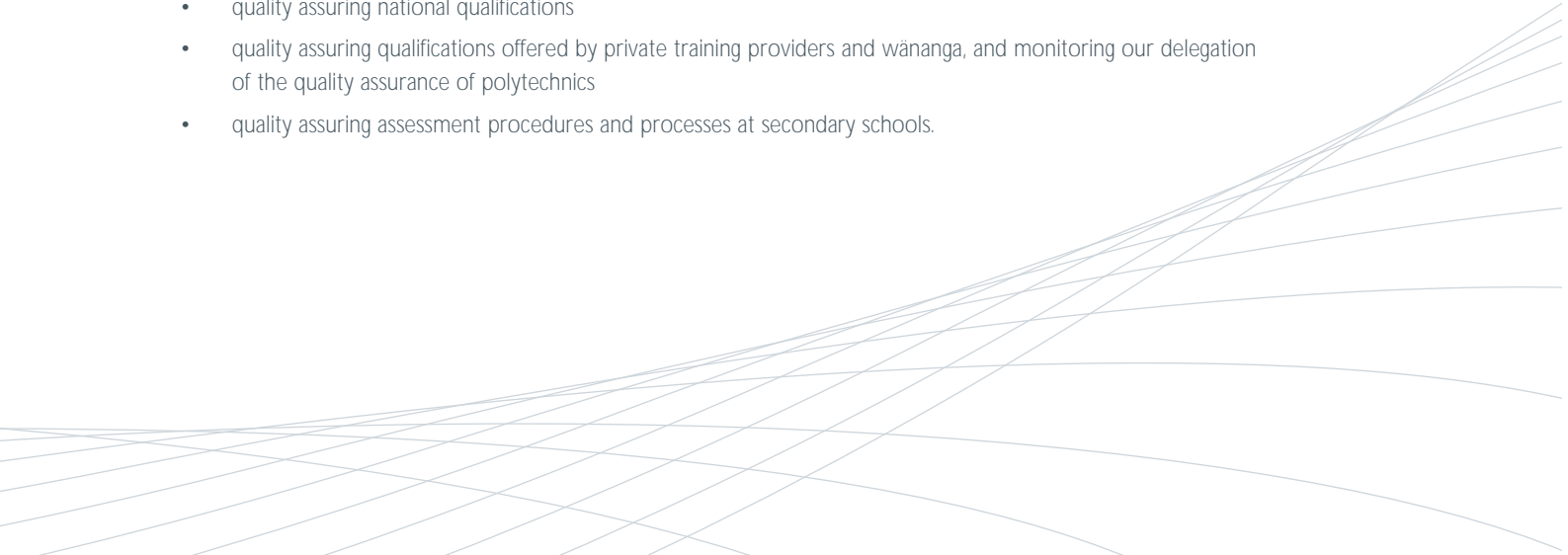
- administering the National Certificates of Educational Achievement (NCEA's) and other school, trade and vocational assessments
- issuing National Certificates, National Diplomas and Records of Achievement.

We assist and liaise with other governments in order to recognise overseas educational and vocational qualifications in New Zealand and to achieve recognition of New Zealand educational and vocational qualifications overseas.

We evaluate overseas qualifications for immigration and employment purposes.

We have responsibilities regarding the quality assurance of training providers and their courses, moderation of assessment activities and processes.

This includes:

- providing an overarching quality assurance role in the tertiary sector
 - quality assuring national qualifications
 - quality assuring qualifications offered by private training providers and wānanga, and monitoring our delegation of the quality assurance of polytechnics
 - quality assuring assessment procedures and processes at secondary schools.
- 

Our role in the education sector

We are one of six government agencies that work together to achieve educational outcomes in New Zealand. To fulfil our role we worked in partnership with all these agencies during the last year.

After the 2005 Education Sector Review, the government expressed an increased expectation of a coherent and jointly focused education sector. To advance this shared responsibility, we form the Education Sector Leadership Group alongside the Ministry of Education and the Tertiary Education Commission. In addition, we join the other five other education sector agencies to form the Six CEs Group. This group improves coherence and collaboration in the sector through setting direction, monitoring risks and progress, and coordinating work across the agencies.

Last year our core interactions continued to be with the Ministry of Education and the Tertiary Education Commission.

	Core Role	Interactions with NZQA 2006-07
Ministry of Education	<ul style="list-style-type: none"> Provides policy advice to the Minister on all aspects of education. Develops the curriculum and other learning resources for the school sector, including developing achievement standards. Provides information on sector performance. Other functions, including the management of school property, funding systems, sector compliance and specialist services. 	<ul style="list-style-type: none"> As the implementation agency responsible for assessment, we provide operational advice to inform policy development in this area. We provide information on the performance of assessment systems and results, and on the performance of providers. Our performance as a Crown entity is monitored by the Minister of Education, with advice from the Ministry.
Tertiary Education Commission	<ul style="list-style-type: none"> Manages the government's funding of tertiary education organisations. Works with the tertiary education sector to improve the strategic use of resources, enhance capability, and implement the Government's Tertiary Education Strategy. 	<ul style="list-style-type: none"> We hold statutory responsibility for the tertiary education quality assurance system, including provider registration, accreditation and course approval. We undertake audits of Industry Training Organisations for the Tertiary Education Commission. We contribute to the implementation of the <i>Tertiary Education Strategy</i>. Over the last year, we have focused primarily on contributing to the Tertiary Education Reforms.

We also work closely with students, communities, education providers, Quality Assurance Bodies, Industry Training Organisations and professional bodies. More information about our interactions with other agencies is outlined in our *2006-09 Statement of Intent*.

Our business

We are governed by an independent board of eight to ten members appointed by the Minister of Education.

NZQA's Board is crucial to the overall performance of the organisation. The Board ensures that NZQA carries out its legislative functions and complies with accountability documents, and monitors performance.

In 2007 the Board reviewed and set NZQA's strategic direction in consultation with appropriate Ministers. More on our direction is outlined on page 20.

The membership of the Board at 30 June 2007 was:

- Sue Suckling (Chair)
- Warwick Bell
- Margaret Bendall
- Angela Foulkes
- Dr John Langley
- Graeme McNally
- John Morgan
- Tina Olsen-Ratana

Committees of the Board

Three advisory committees support the work of the Board.

Advisory Committee	Role
Audit Committee	Reviews and recommends actions to assist the Board in fulfilling its responsibilities relating to accounting, reporting practices, internal audit and legislative compliance.
Appointment and Remuneration Committee	Oversees the effective management of the appointment and remuneration of the Chief Executive and their direct reports.
Appeals Committee	Determines appeals made to NZQA on decisions concerning provider registration approval or accreditation.

Organisational structure

Our structure is based around our key roles and output areas, as outlined in our 2007-10 Statement of Intent.



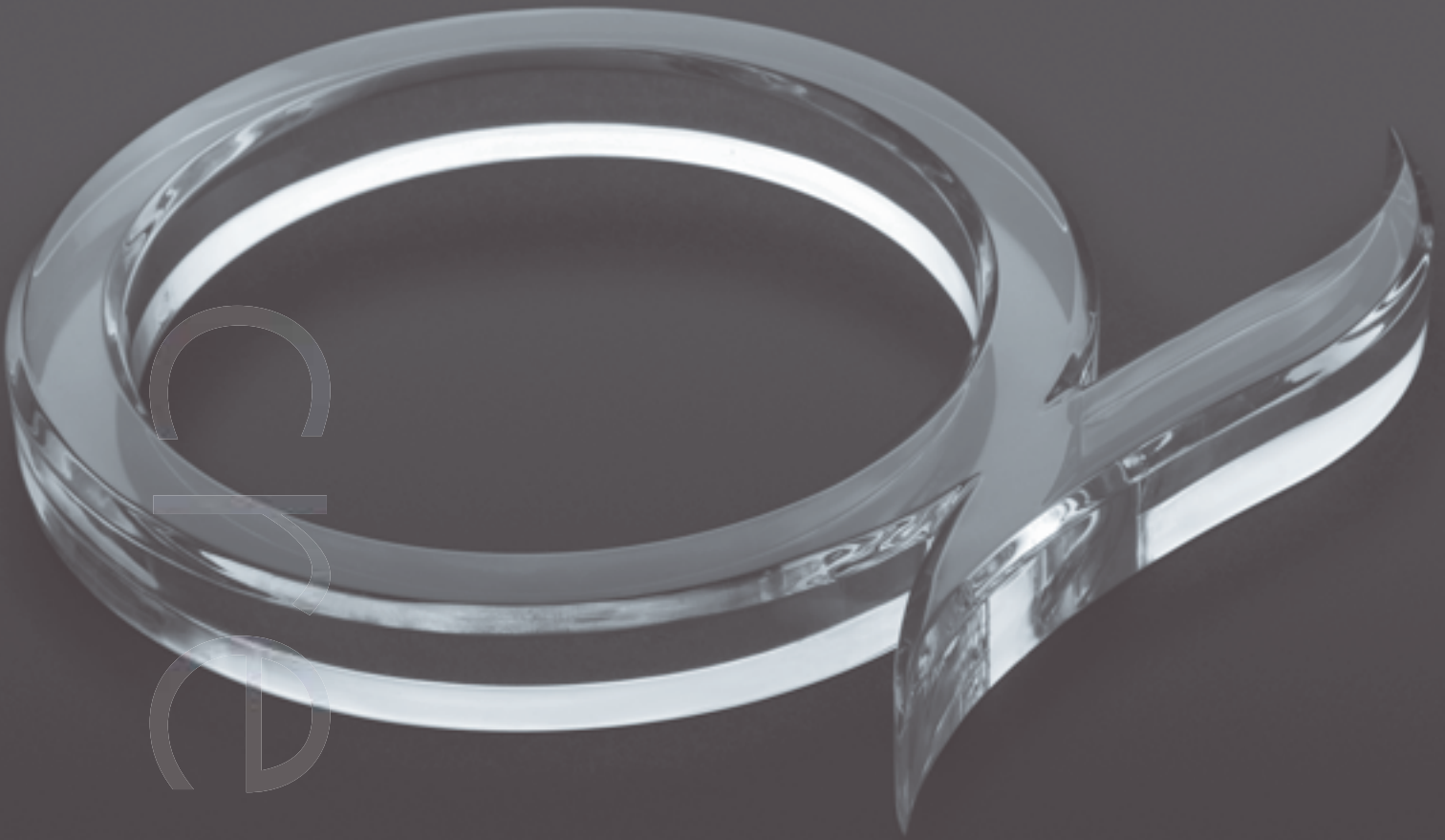
During the last year, we took the final steps in our organisational restructure, with the appointment of our new Deputy Chief Executives. The new structure better supports our outcomes by aligning our operational activities.

Building on these improvements, in 2007 we restructured our Qualifications Division. This again achieved better alignment of comparable functions to improve service delivery.

At 30 June 2007 we had 365 full-time equivalent staff.

Most staff are located in our Wellington office. We do not have a regional infrastructure, but we do employ a specialist workforce around the country to set, administer and mark exams, and to act as moderators for internal assessment.

We also have a small number of regionally based staff.



Quality
tribe

PART TWO

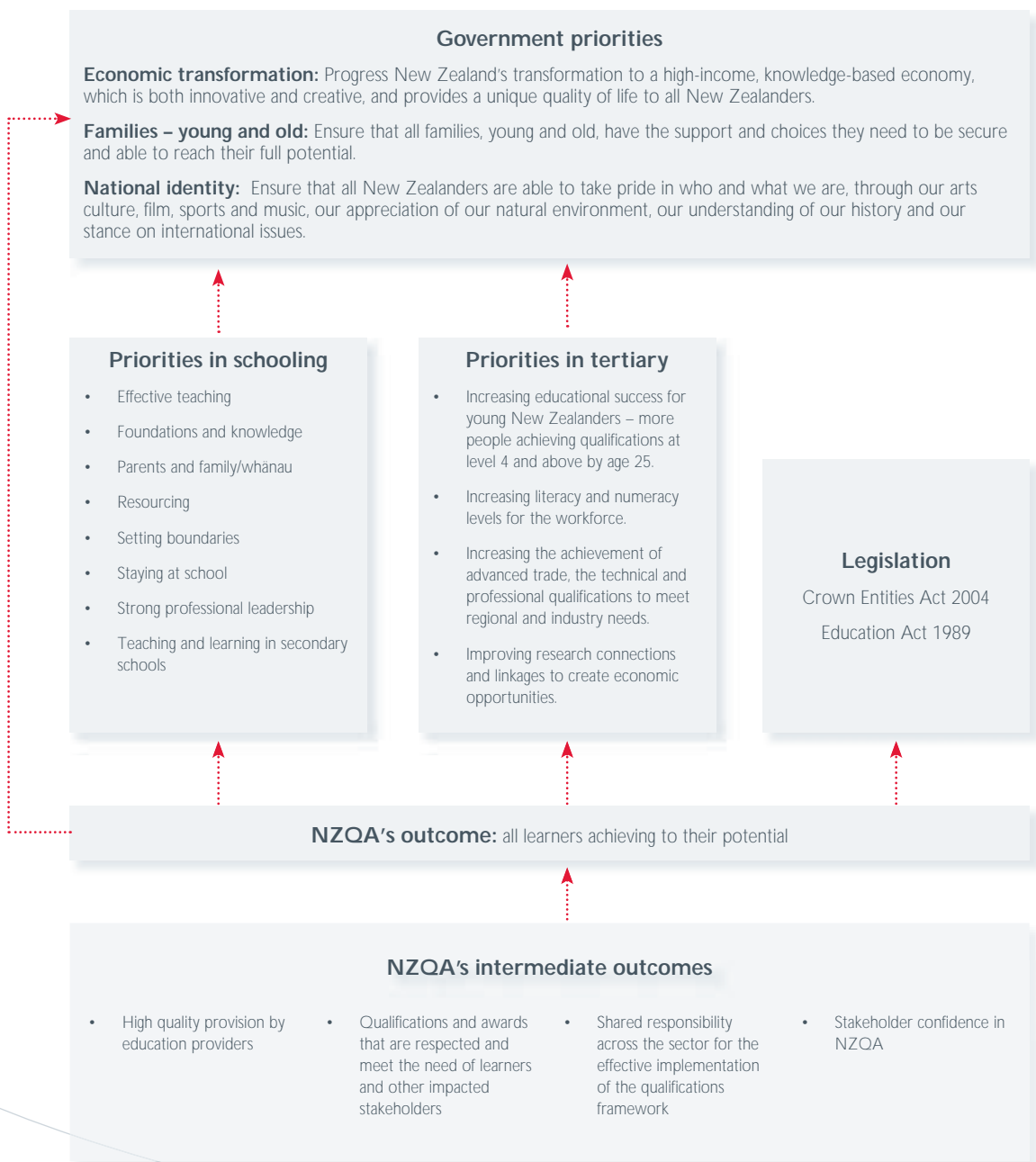
OUR CONTRIBUTION TO NEW ZEALAND

Our contribution to New Zealand

Our contribution to government and ministerial outcomes is described throughout this Annual Report. This section provides further detail of how our goals contributed to government outcomes, and references other parts of this Annual Report.

Our role is outlined in legislation. Each year we agree a portfolio of outputs to supply to government. Our performance against these outputs is outlined in part 7 'Non-Financial Performance for the year ended 30 June 2007'.

We set our goals within this framework to focus our contribution on the outcomes that the government seeks. Our 2006-07 framework is set out below.



Our overarching outcome of 'all learners achieving to their potential' reflected the government's objective that every New Zealander, regardless of who they are and where they come from, can achieve their full potential and contribute to New Zealand's economy and society. This was supported by four intermediate outcomes outlined below.

1. High quality provision by education providers

How this goal contributes to government and ministerial priorities

The government's outcomes rely on the overarching quality of providers in the tertiary and secondary sectors. This goal is focused on processes to assure the government that such **quality** is being delivered.

To progress towards better outcomes in the tertiary sector, the government announced major **reforms for tertiary education** last year. These reforms move New Zealand tertiary education to a model more focused on the quality and relevance of education offered.

In schooling, high quality provision of education is supported by the **assessment system of NCEA**. We employ moderators to review internally assessed work and we ensure schools have quality systems to assure assessor decisions, through Managing National Assessment reports.

Examples of our activities within this goal

- We fulfilled our statutory role to **register, quality assure and manage risks** around provider delivery of assessment. Our achievements in this are outlined on page 16.
- We led the quality assurance aspects of the **Tertiary Education Reforms**. Detail on this is outlined on page 16.
- We provided **one-on-one support** to registered Māori providers and wānanga, including assistance with programme development, quality management systems and communications with NZQA.
- We specifically targeted the capability and quality of providers in the area of **literacy, numeracy and language** competencies through the development and implementation of the Foundation Learning Quality Assurance requirements. These requirements expanded on established quality assurance processes and are specific to those programmes that deliberately address literacy, numeracy and language needs.
- We administered the **NCEA and Scholarship examinations**, including support and moderation of internal assessment. More on this is on pages 3 and 27.

2. Qualifications and awards that are respected and meet the needs of learners and other impacted stakeholders

How this goal contributes to government and ministerial priorities

The government asks that our processes result in **high quality qualifications** that meet the needs of learners and other stakeholders. High quality qualifications will help New Zealanders, regardless of who they are and where they come from to achieve their full potential.

The **international recognition** of New Zealand's qualifications is becoming increasingly important. International recognition relies on trust in the quality of New Zealand qualifications, assuring that these are of a consistent quality and comparable to qualifications in leading educational institutions in other parts of the world.

This requires maintaining high standards and robust processes to provide this assurance.



The concept of **personalising learning** underpins our priority areas in schooling. Personalising learning is a way of describing the shift in our education system from acquiring existing knowledge to learning to create new knowledge. This requires students to discover, be creative, problem-solve and self-manage. Our qualifications and qualifications framework therefore need to be flexible enough to allow students to personalise their learning pathways and encourage lifelong learning. We also need to ensure that they have clear and timely information about skills and knowledge in order to make informed choices.

The government expects the education system to meet the needs of all learners, particularly those groups that are most vulnerable to leaving education early or without a broad range of qualifications. **Māori participation** rates in tertiary education are higher than non-Māori, however there are lower rates of participation for young Māori, and Māori are more likely to enrol in qualifications at lower levels. **Pasifika participation** in tertiary education has increased, however completion rates for Pasifika are lower than for any other group. Our goal therefore incorporated targeted actions to focus on the needs of these groups.

Examples of our activities within this goal

- We administered the **National Qualifications Framework (NQF)**. This flexible, portable and cohesive framework allows students to compare qualifications and make informed choices about their personal learning pathways and transition into work or further learning.
- We **successfully delivered external secondary student assessment**. Our administration of this external and internal assessment, and the ongoing improvement to secondary assessment processes, are outlined on pages 13, 14 and 27.
- We produced a **range of assessment resources** for educators involved in assessment and moderation. Last year, we made improvements to subject moderator reports. Improvements to assessment processes are continuing in the coming year as described on page 14.
- In order for qualifications to be respected and meet the needs of learners they must be of the highest standard. In our role as a Standard Setting Body, we were responsible for the **quality and credibility of standards and qualifications** that we submitted for registration on the NQF. We also applied stringent criteria to the registration of standards and qualifications submitted by all Standard Setting Bodies, to ensure quality and a clear relationship to each other. More on our achievements in this area can be found on pages 36 and 37.
- We **initiated improvements to the Record of Learning**, as outlined on page 15, and released school student assessment results earlier than previously, as on page 13.
- We developed a strategy to target the needs of Māori students. **Te Rautaki Māori** has specific goals to increase Māori student completion rates and to ensure appropriate validation of qualifications with Māori cultural perspectives. More on *Te Rautaki Māori* is on page 17.

- We continued implementation of our **Pasifika Action Plan** to contribute to the achievement of Pasifika in alignment with the Tertiary Education Strategy. We are now extending our effort in this area through the development of a Pasifika Strategy.
- Our quality assurance practices supported our **international liaison** and promotion of New Zealand's qualifications and quality assurance systems. More on our engagement internationally is detailed on page 7.

3. Shared responsibility across the sector for the effective implementation of the qualifications framework

How this goal contributes to government and ministerial priorities

The 2005 Education Sector Review recommended that the education sector work together to better achieve outcomes. Along with this, we work across businesses, education providers and other groups to effectively achieve our statutory accountabilities.

Examples of our activities within this goal

- Shared responsibility was central to our 2007 strategic planning, underlined by our '**clarity of purpose**' theme. More on our future direction is on page 20.
- We formed part of the **Education Sector Leadership Group**, which led much of this cross-agency planning. More on our interagency role is on page 4.
- We contributed to **interagency groups** to meet specific government outcomes, such as in the areas of sustainability and information and communication technology. More on these is on page 28.
- As a Quality Assurance Body and a Standard Setting Body we maintained **key partnerships** with other bodies, such as the Nursing Council of New Zealand and the Social Workers Registration Board, which have a role in the approval of qualifications. We coordinated the Inter-institutional Quality Assurance Bodies Consultative Group, which works to progress quality assurance activities across the education sector.

- We **maintained standards and qualifications** that transcend industry boundaries, to develop the competencies that New Zealanders need in a knowledge-based market economy. Those we registered last year included qualifications in Employment Relations and Pacific Island Early Childhood Education. We worked in partnership with a number of Industry Training Organisations to develop project management standards. More on our qualifications development and review is on page 34.

4. Stakeholder confidence in NZQA

How this goal contributes to government and ministerial priorities

All New Zealanders have an interest in education, and a wide range of stakeholders are directly affected by the work that we do. Nationally and internationally, the robustness of our systems give assurance that New Zealand qualifications are of a consistent high quality.

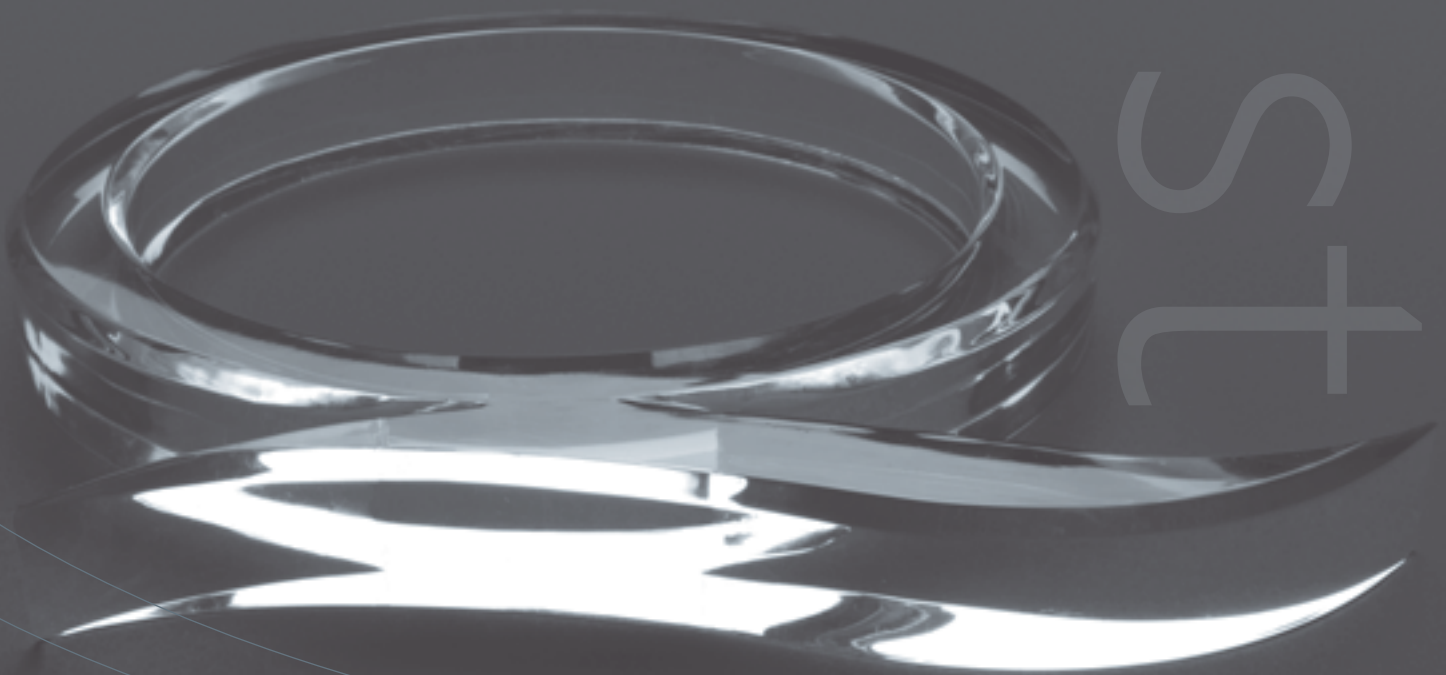
Examples of our activities within this goal

- Stakeholder confidence was an explicit part of our 2007 **strategic plan**. More on our future direction is on page 20.
- Aligned with our Stakeholder Management Strategy, our Board held a **stakeholder function** to develop understanding and to build and maintain collaborative relationships with our key stakeholders. This has since been expanded, with further such functions planned in the coming year.
- In alignment with the Stakeholder Management Strategy, we developed a process within *Te Rautaki Māori* to better engage with **Māori stakeholders**. More on *Te Rautaki Māori* is outlined on page 17.
- Stakeholder confidence is built by the results our stakeholders see. Therefore our focus remained on fulfilling our statutory role and outputs to the highest quality. We then sought the **views of our stakeholders** on many of our activities. The results from our Candidates, Teachers and Principals' Nominee surveys are detailed on page 27, while our key achievements and service performance are outlined in parts 3 and 7 respectively.

PART THREE

KEY ACHIEVEMENTS IN 2006-07

robust



Key achievements

This section highlights our key achievements over the last year. More detail on specific activities is in part 7 'Non-financial performance for the year ended 30 June 2007'.

NCEA and Scholarship assessment

The National Certificate of Educational Achievement (NCEA) is New Zealand's national qualifications for senior secondary students. Over the last year the government looked to strengthen the implementation and delivery of NCEA and Scholarship assessment.

We successfully administered another assessment round in 2006. In external assessment, more than 136,000 candidates¹ sat NCEA examinations, and over 1.9 million papers were marked before Christmas.

Operational improvements over 2006 made internally assessed results available more than a month earlier than in the previous year, allowing students, employers, schools and other institutions longer to check student results. Externally assessed results were available a week earlier.

2006 NCEA and Scholarship assessment at a glance

- 3.55 million: the total number of standards achieved by students in 2006
- 30.6% were achievement standards, externally assessed through national examinations
- 34.2% were achievement standards, internally assessed by schools
- 35.2% were unit standards, all of which are internally assessed

NCEA	Scholarship
<ul style="list-style-type: none"> • 136,000 candidates entered in examinations • 1.9 million standards (papers) were sat • 4,600 supervisors oversaw exams • 1,920 markers marked candidates' papers • 550,000 personalised sets of exam booklets were compiled, containing the specific papers for each candidate for each exam session 	<ul style="list-style-type: none"> • 7,700 candidates entered Scholarship examinations • 114 separate exam sessions were held • 2,916 Scholarships were awarded across 27 subjects • 1,906 students received scholarship awards, worth \$3.2 million over the next three years

►► For more about NCEA and Scholarship assessment over 2006-07, go to page 27.

1. This number relates to that on page 28 (150,585 candidates assessed internally and externally, for NCEA levels 1, 2, 3, and the Scholarship examination). 136,000 candidates does not include Scholarship candidates nor those candidates who were assessed through internal assessment only.

Improvements to NCEA

In order to strengthen the delivery of secondary school examinations, we continued to work with the Ministry of Education to implement improvements that were recommended following the 2004 examinations. All 191 recommendations have now been addressed. Work on many of the recommendations is ongoing.

These improvements included the establishment of the Technical Overview Group, to provide external advice on secondary assessment matters. We also refined and publicised our Profiles of Expected Performance, which alert us if unexpected results occur during the marking of external examinations. In addition, we built our capability in associated areas of our business.

The final few recommendations to improve NCEA processes were addressed through a package of improvements announced in 2007. We will deliver these alongside the Ministry of Education over the coming years.

Improvements to NCEA

NZQA is currently involved in implementing a range of improvements to NCEA, as announced by the Minister of Education in 2007. These improvements include:

- **Endorsement of certificates:** Students will be able to gain NCEA certificates with merit or excellence.
- **Not achieved results:** If a student does not achieve an internally assessed standard, this will be reported on their annual Results Notice. At the moment, only externally assessed not achieved results are reported.
- **Reporting results:** The Record of Learning will be renamed the Record of Achievement to reflect that this records only those standards that have been achieved. School-leavers will also receive a School Results Summary, which will list every standard attempted by students during their time at school, and what results they achieved and did not achieve.
- **Internal assessment:** Fulltime moderators will check 10% of internally assessed student work, to ensure that assessment by teachers is consistent with national standards.
- **Managing National Assessment reports:** NZQA reports on how well a school is carrying out internal assessment at least every three years. These reports will now be published online to inform parents and students about the ability of schools to carry out assessment to national standards.
- **Internal and external comparisons:** In addition to these improvements, results for internal and external assessment will be monitored at each school so that unexpected variations can be explored and followed up. This is a further check on consistency of assessment.

» For more about NCEA improvements over 2007-08, visit our website at www.nzqa.govt.nz

New Zealand Register of Quality Assured Qualifications

We worked with other Quality Assurance Bodies and qualification developers to ensure that qualifications on the Register met all Register criteria, in order to ensure their quality and relevance.

There are approximately 5,500 qualifications on the Register, including national and provider developed qualifications, and ranging from certificates at level 1 through to doctorates at level 10.

To be included on the Register, a qualification must be quality assured by a Quality Assurance Body. This body may be NZQA, the Institute of Technology and Polytechnics Quality (ITPQ), or the New Zealand Vice-Chancellors' Committee (NZVCC).

Through this quality assurance students can trust that their New Zealand qualification is quality assured and described consistently. They can then compare qualifications and make informed choices about their education.

The Register is not a static list of qualifications. As occasional amendments are made to qualification definitions, qualifications are changed to meet the new requirements. Last year amendments were made to the graduate certificate, graduate diploma, postgraduate certificate and masters degree definitions.

The Register and the National Qualifications Framework – what are they?

NZQA administers the New Zealand Register of Quality Assured Qualifications.

The Register:

- clearly identifies all quality assured qualifications in New Zealand
- ensures that all qualifications have a purpose and relationship to each other that the public can understand
- maintains and enhances students' ability to transfer credits by the establishment of a common system of credit
- enhances and builds on the international recognition of New Zealand qualifications.

The National Qualifications Framework (NQF) is part of the Register. The NQF registers unit standards, achievement standards, National Certificates and National Diplomas. These national qualifications have additional rules for their management.

►► For more detail on qualifications that are quality assured and are on the Register, visit www.kiwiquals.govt.nz

Record of Learning

In order for employers, education providers and students to make informed decisions, they need a timely and clear understanding of a student's achievements.

In 2006 we redesigned the Record of Learning after consultation with schools, business and employer groups. The Record of Learning summarises all National Qualifications Framework achievements by a student, and a new design makes these achievements easier to understand.

This year, we will rename this the Record of Achievement to more accurately reflect its achievements based nature.

Quality assurance of Tertiary Education Organisations

New Zealand's national quality assurance systems help institutions maintain consistent quality in training and assessment programmes. All courses, programmes and qualifications offered at state institutions must be approved by a Quality Assurance Body to protect investment in education. Courses at private training establishments can also be quality assured.

We register education and training organisations outside of universities, and delegate quality assurance in polytechnics to Institutes of Technology and Polytechnics Quality (ITPO). In this, we register providers, we approve applications to assess and award National Qualifications Framework standards, and we audit providers against our quality criteria.

Last year we completed 754 applications for course approval, National Qualifications Framework accreditation, and site accreditation.

If private training establishments encounter problems, it may result in variability in the quality of education provision. As such, we carried out 508 provider audits last year. We also worked alongside education sector agencies and the Ministry of Social Development to monitor the financial viability and performance of private training establishments.

We also deregister providers as appropriate or as requested. Last year we deregistered 61 providers, mostly on their request. This was a significant reduction in the number of providers deregistered the year before. Our processes were managed to minimise risk and ensure that students were not disadvantaged.

► For more about our activities in the registration and quality assurance of providers, please see page 34.

Profile of the Private Training Establishment (PTE) sector	2006-07	2005-06
Registered PTEs in New Zealand	761	790
Registered PTEs self-identified as Māori	118	130
Registered PTEs self-identified as Pasifika	34	31
The average length of PTE audit cycles ²	1.9 years	1.8 years
The average audit cycle for PTEs self-identified as Māori	1.8 years	1.7 years
The average audit cycle for PTEs self-identified as Pasifika	1.8 years	1.7 years
Total de-registrations	61	94
Total new registrations	32	32

Tertiary Education Reforms

In 2006, the government announced major reforms for tertiary education. These reforms will move the sector from a student-demand model to one more focused on the quality and relevance of education offered.

We lead the quality assurance aspects of these reforms. This will develop into an evaluative approach of organisational self-assessment and external evaluation and review for tertiary education providers. The results of the independent external evaluation and review will assist with government investment decisions.

In 2007 we signed a Memorandum of Understanding with the Tertiary Education Commission. This references our statutory responsibilities for quality assurance, and details how we will meet the Tertiary Education Commission's needs in order to support their Investing in a Plan.

As these reforms began in 2006, our progress is ongoing. Over the coming year we will continue to work closely with the Tertiary Education Commission and the sector on the development and implementation of the new system.

2. This excludes new providers who begin on less than one year cycles.

International

Last year we continued to actively promote New Zealand's qualifications and quality assurance systems internationally. This met our statutory brief and contributed to government priority areas as reflected in the new International Education Agenda.

Over the year we negotiated with the UK National Academic Recognition Information Centre (UK NARIC), as the agency responsible in the UK for providing information on vocational, academic and professional skills and qualifications from countries worldwide. We agreed with UK NARIC that Level 3 NCEA, with some merit or excellence grades, is comparable to English and Scottish university entrance requirements. In early 2007, we also agreed that Level 2 NCEA is comparable to the GCSE in the UK, which is the entry requirement to further education or vocational education institutions. This is particularly key for New Zealand, as UK NARIC's information and advice is used by many countries worldwide when recognising qualifications for equivalency purposes.

New Zealand's developing trade and education partnership with China was a focus for the government over the year. We contributed to these negotiations around the quality assurance of tertiary education and the qualification system in New Zealand. This included showcasing New Zealand's quality assurance system to Chinese government officials and institutions. In addition, we signed a cooperation agreement with the Chinese Service Centre for Scholarly Exchange to improve information exchanges in the area of qualifications recognition.

We continued to discuss New Zealand's qualifications and quality assurance with key countries. This included a presentation at the International Network of Quality Assurance Agencies in Higher Education conference in Canada, and at the Asia – Pacific Quality Network conference in Kuala Lumpur. We hosted delegations from China, Malaysia, Singapore, Samoa and Saudi Arabia, and visited our sister agencies in Ireland and the United Kingdom.

Te Rautaki Māori me Te Mahere Whakatinana a Te Mana Tohu Mātauranga o Aotearoa

A significant increase in Māori participation in tertiary education and post-school training has occurred over the past decade. There are, however, lower rates of participation for young Māori, and Māori are more likely to enrol in qualifications at levels one to three.

To support increased Māori participation in education, we developed *Te Rautaki Māori me te Mahere Whakatinana a Te Mana Tohu Mātauranga o Aotearoa (Te Rautaki Māori)*, our first Māori strategic and implementation plan. This is a significant milestone for us, as *Te Rautaki Māori* will guide our support in advancing Māori education and training.

In 2007 *Te Rautaki Māori* was launched at Parliament. A number of key actions were commenced during the year, including establishing an external Māori reference group to assist us in identifying additional qualifications that will lead to increased Māori student completion rates and accelerated economic capability.

As many of the goals in the plan are shared by other agencies, we have formed several partnerships to work collaboratively to achieve these goals.

» For more about *Te Rautaki Māori* during 2006-07, go to page 33.

Operational excellence and clarity of purpose

Over the last few years we have undertaken significant internal change in order to improve our strategic capability and build credibility. These changes included the appointment of a new Board Chair, Chief Executive and Deputy Chief Executives. Over the last year we built on these developments, with our focus on 'clarity of purpose', 'operational excellence' and the Development Goals for the State Services.

We developed our Medium-Term Financial Strategy in order to achieve a balanced budget and sustainable finances through a better understanding of the external influences on our revenue, and consequently the influences on our workflow. This year, we will extend this to become our Long-Term Financial Strategy through to 2013. In addition we implemented a new financial management information system in order to improve our financial management and control capabilities.

We focused on aligning resources with our updated strategic goals. This resulted in the development of our Information and Communications Technology Strategic Plan, to guide our technology investments. Similarly we introduced a programme office to provide an organisation-wide oversight of all major projects.

In order to ensure our coordination with other state agencies, we took an active role in the Sector Information and Communication Technologies Standing Committee. This committee, which comprises the six education agencies, the National Library of New Zealand, the Correspondence School and the Ministry of Research Science and Technology, is responsible for overseeing the collaborative development and use of information and communication technology.

Our work towards the State Sector Goal of Networked State Services was articulated within our goal of 'shared responsibility'. As a part of this, we contributed to the implementation of the Education Sector Authentication and Authorisation project, which allows all Tertiary Education Organisations to access education sector systems and online services through a common entry point.

Finally, we addressed the government's goal of sustainable development. Over 2007 we formed part of the newly established Education Sustainability Forum, which consists of the six government education agencies. This forum initiated development of a joint policy to enhance sustainability practices across the education sector. As an organisation, we moved our own practices towards sustainability. In previous years we reduced our power and paper usage, while in 2006-07 we initiated procurement and travel reviews in order to become more sustainable. In addition, our new Record of Learning was redesigned in order to reduce the volume of paper required and increase its recycled content.

Becoming an employer of choice

Over the last year we focused on the State Services goal to become an employer of choice.

We began a longitudinal study of employee retention with Canterbury University. This research will contribute towards our knowledge on maintaining our people capability, and will become a cornerstone of our human resources strategy.

Alongside building our staff retention, we worked to reduce our contracted staff. Our contractor numbers fell from 78 at 30 June 2006 to 30 at 30 June 2007.

In order to improve our internal staff capability and retention of knowledge, we developed a Quality Management System framework. This provides a simple and consistent way to develop, manage, communicate and comply with the internal documents that guide and support our business.

In addition, we complied with the provisions of Section 151 of the Crown Entities Act 2004 as a good employer.

Flexibility and Work Design

- We assisted employees with disabilities into meaningful employment through involvement in the State Services Commission Mainstream programme.
- We sponsored and mentored a school leaver into permanent employment via a Launchpad Scholarship where the person gained tertiary qualifications while working part time.
- We allowed flexibility for our workforce with 5.6% of the employees opting for part time employment opportunities.
- We recognised the responsibility carried by those with dependants by providing domestic leave in addition to sick leave entitlements.

Remuneration, Recognition and Conditions

- We introduced a new job sizing system (SP10) that has been certified gender neutral.
- We require that all vacancies be notified to staff before they are advertised externally, to ensure that no staff are disadvantaged and there are equal opportunities for all.
- We annually recognise staff contributions by our remuneration system which is tied to individual performance.
- We sponsored an employee for the 2007 Rotary Youth Leadership Awards which provides young people with an educational and social experience, with emphasis on leadership development.

Safe and Healthy Environment

- We have an active Health & Safety Committee and representatives, who are either fully trained, or if new to the representatives role, are scheduled to undergo training.
- We audited our Health & Safety policy in order to refresh it.
- We have NZQA management represented on the Health & Safety Committee.
- We are resolving hazards that have been identified and raised in a timely manner and have no outstanding issues to date.
- We have had no serious incidents or accidents reported in last 12 months.
- We have our Employee Assistance Programme available to all staff.



Quality

PART FOUR

OUR PRIORITIES IN 2006-07

Our priorities in 2007-08

In 2007 we reviewed our progress and set our direction. This will guide our work over the next three years. It is outlined here so that our current actions may be judged within the context of what we intend to do in succeeding years.

The outcome we seek is that **New Zealand qualifications are accepted as credible and robust, nationally and internationally.**

We contribute to this through our overall role as the independent and impartial expert organisation which can be relied upon to administer robust National Qualifications Framework assessment systems, and provide quality assurance systems, that deliver on our statutory accountability.

We seek to do this through clarity of purpose and operational excellence.

In order to fulfil our role and achieve this outcome we will focus on achieving five key goals:

- our National Qualifications Framework assessment systems and standard setting processes will be seen as increasingly efficient and reliable, with improved sector confidence
- we will provide independent, third-party assurance that Tertiary Education Organisations are operating increasingly effective quality assurance systems
- there will be increased recognition of New Zealand qualifications by all key education and immigration partner countries
- we will support increased Māori participation in education through the implementation of *Te Rautaki Māori me Te Mahere Whakatinana a Te Mana Tohu Mātauranga o Aotearoa*
- we will demonstrate operational excellence in terms of systems, capacity and capability.

In addition, we have two themes which underline all our activities – **clarity of purpose** and **operational excellence**. Clarity of purpose is about focusing on our key deliverables, while operational excellence ensures that we complete these to the highest possible standard.

Our updated strategic direction thus ensures that our statutory accountabilities are at the centre of our focus, and that our goals contribute to government and education sector priorities.

The updated direction retains our focus on respected qualifications and the quality of provision. Our 2006-07 objectives of stakeholder confidence and sector responsibility are now reflected in the themes 'operational excellence' and 'clarity of purpose'. In addition, our operational excellence goal has specific targets to improve stakeholder confidence and our connection with the sector. We have made more explicit our international contribution and the implementation of *Te Rautaki Māori*.

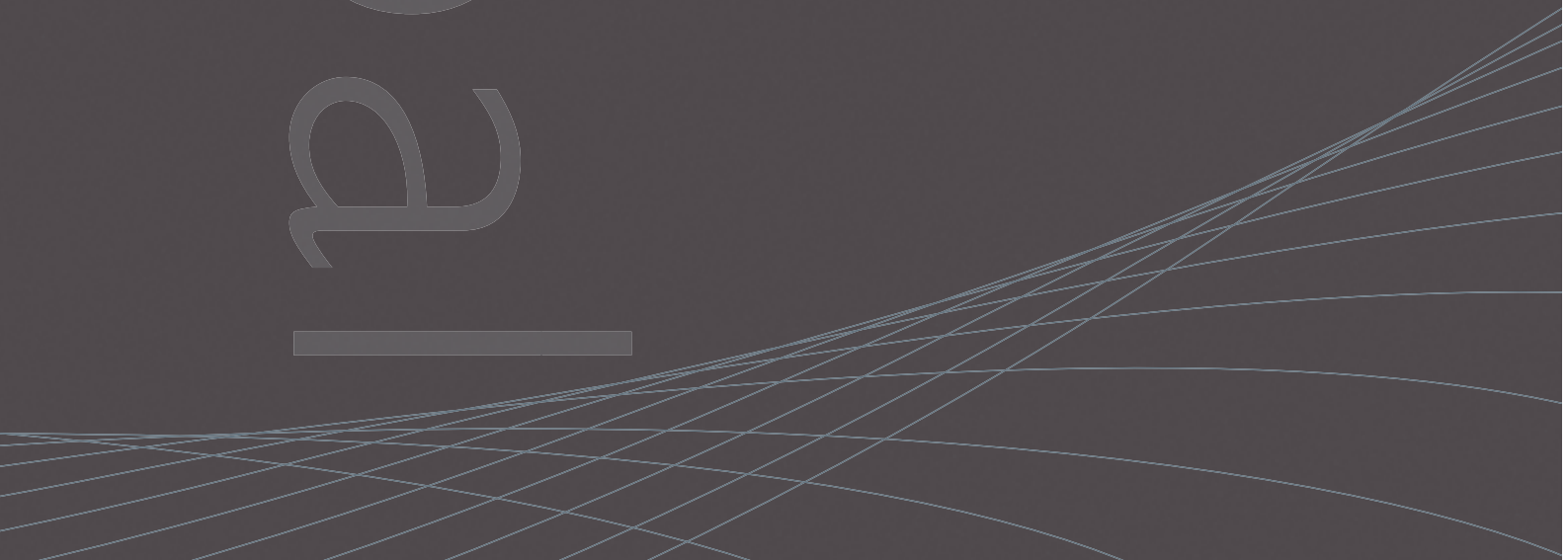
These long term goals and performance indicators are outlined further in our *2007-10 Statement of Intent*.



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PART FIVE
AUDIT REPORT

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To the readers of the New Zealand Qualifications Authority's Financial Statements and Performance Information for the year ended 30 June 2007.

The Auditor-General is the auditor of the New Zealand Qualifications Authority (the Authority). The Auditor General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Authority for the year ended 30 June 2007.

Unqualified Opinion

In our opinion:

The financial statements of the Authority on pages 40 to 58:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Authority's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.

The statement of service performance of the Authority pages 27 to 39:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 29 October 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

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

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

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

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Authority as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Authority's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

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

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



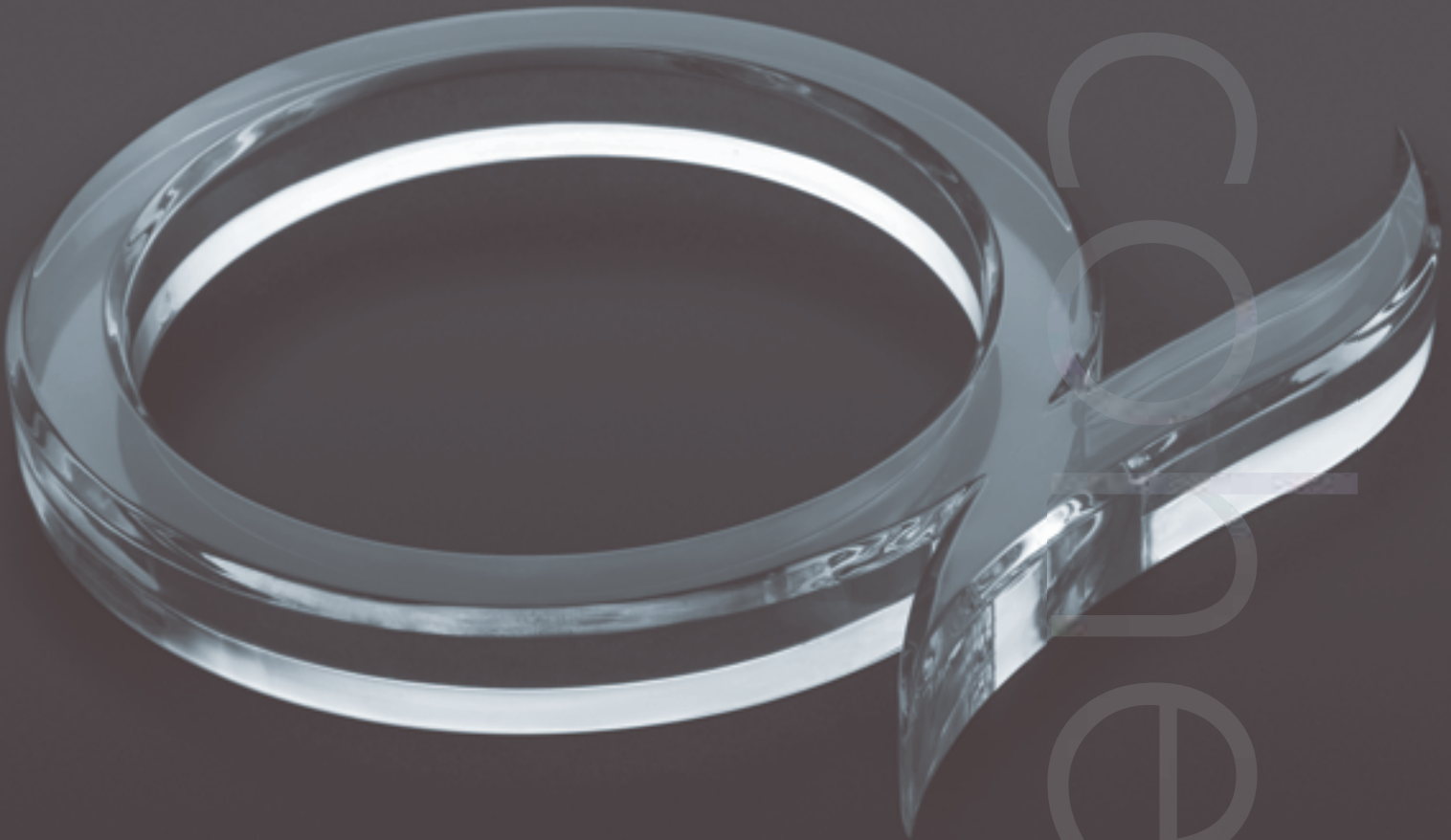
Julian Tan
Audit New Zealand
On behalf of the Auditor-General,
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the New Zealand Qualifications Authority (the Authority) for the year ended 30 June 2007 included on the Authority's website. The Authority's Board is responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 29 October 2007 to confirm the information included in the audited financial statements presented on this website.

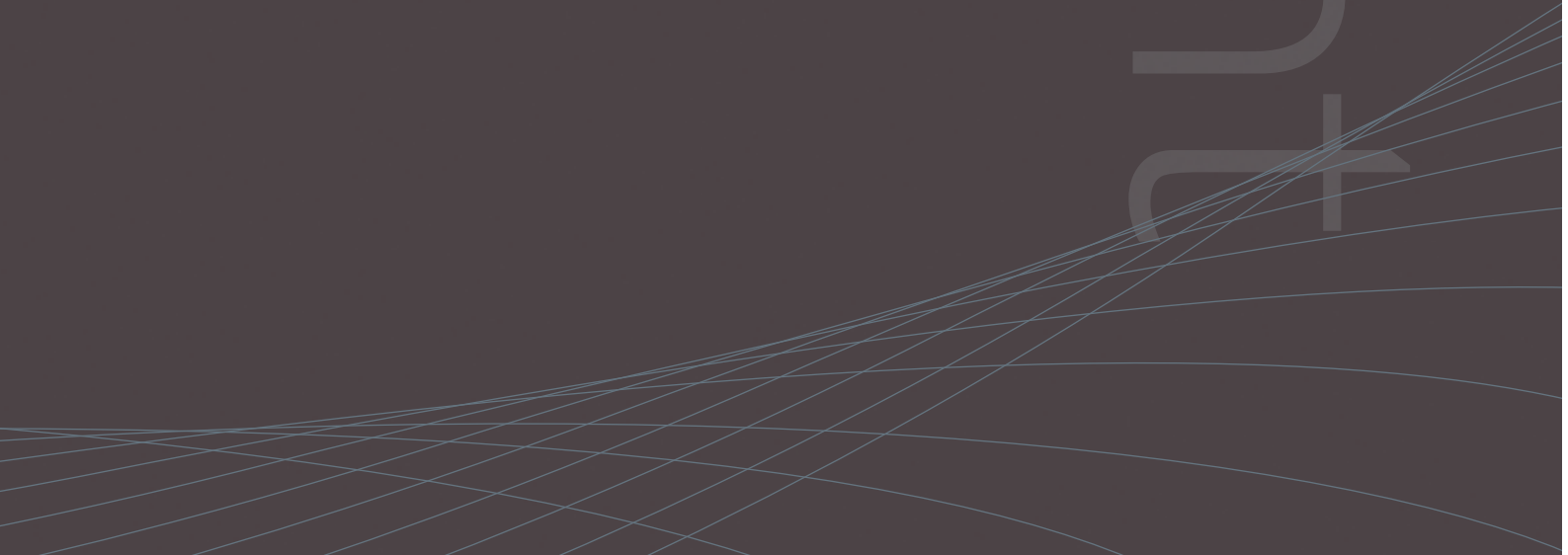
Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



PART SIX

STATEMENT OF RESPONSIBILITY

Statement of Responsibility



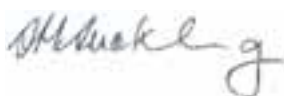
Statement of Responsibility

This statement is provided in accordance with section 155 of the Crown Entities Act 2004.

The Board of the New Zealand Qualifications Authority accepts responsibility for the preparation of the Annual Financial Statements and the Statement of Service Performance and for the judgments used therein.

The Board of the New Zealand Qualifications Authority accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board of the New Zealand Qualifications Authority, the Financial Statements and Statement of Service Performance for the financial year ended 30 June 2007 fairly reflect the financial position and operations of the New Zealand Qualifications Authority.



Sue Suckling
Board Chair
29 October 2007

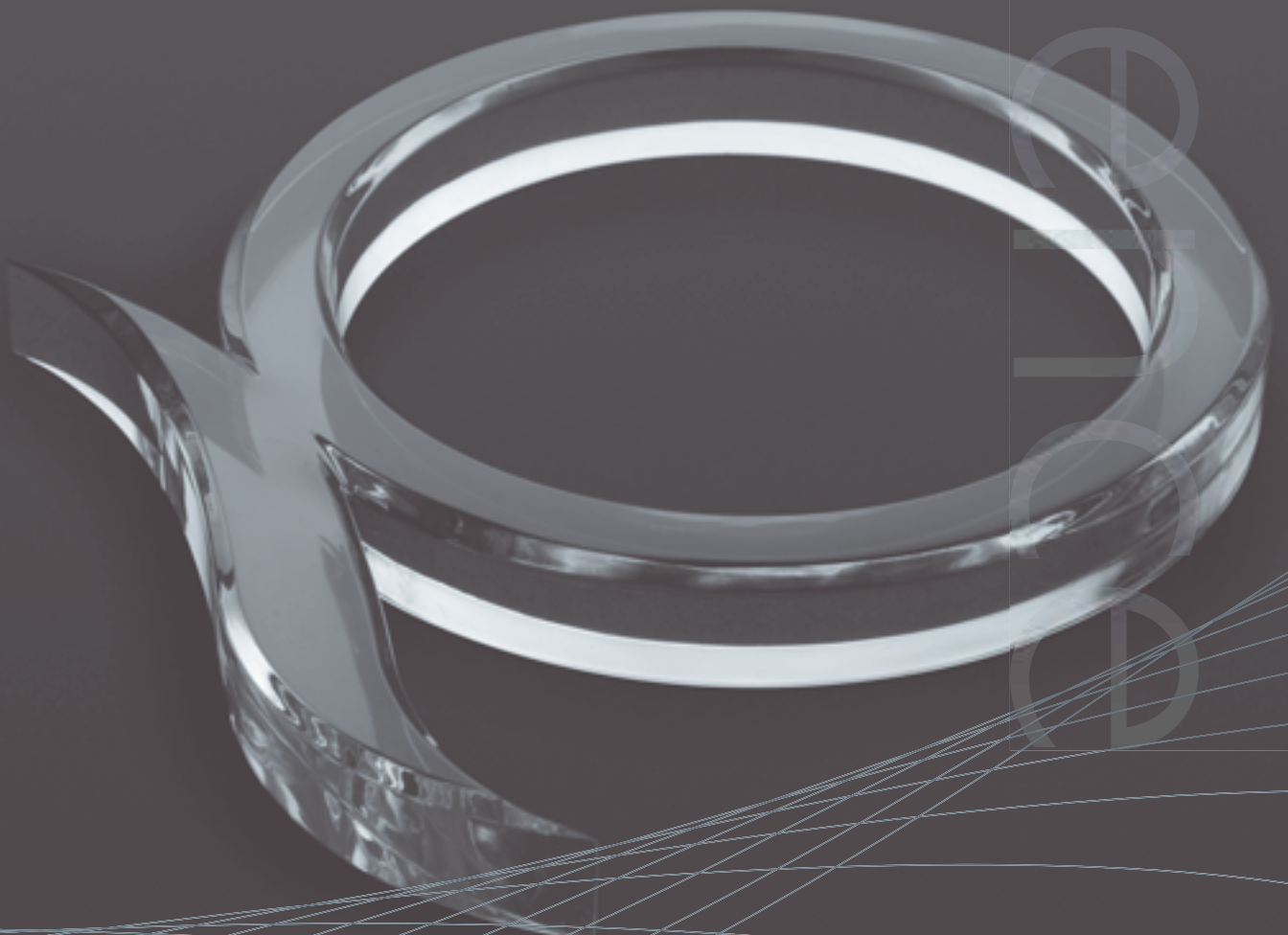


Graeme McNally
Board member
29 October 2007

PART SEVEN

NON-FINANCIAL PERFORMANCE IN 2006-07

EXCELLENCE



1. Administration of National Assessment for Secondary Qualifications

What it cost

	2006-07 Actual (\$000)	2006-07 Budget (\$000)	Variance (\$000)	%
Revenue from:				
Crown: Non-Departmental Expenses	25,324	25,324	-	-
Crown: Other Expenses	1,273	1,273	-	-
Other	9,512	10,684	(1,172)	(11)%
Total Revenue	36,109	37,281	(1,172)	(3)%
Expense	34,662	34,397	(265)	(1)%
Surplus/(Deficit)	1,447	2,884	(1,437)	(50)%

This involves:

- overseeing the assessment for national qualifications in secondary schools including the National Certificates on the National Qualifications Framework and the Scholarship examination
- setting and conducting examinations, and managing the moderation of assessments
- enhancing and maintaining systems that ensure valid and consistent internal and external assessment for candidates in secondary schools
- monitoring New Zealand curriculum achievement and scholarship standards, in close collaboration with the Ministry of Education.

What we did and how we performed

We conducted a number of surveys in the 2006 calendar year in order to assess our stakeholders' experiences.

2006 Survey of NCEA and Scholarship Candidates

Candidates sitting Scholarship examinations, and those being assessed for NCEA standards, commented on their assessment experience.

- One-third of NCEA respondents and 42% of Scholarship respondents reported that *there were no surprises* in their (external) assessments.
- NCEA respondents were fairly evenly split over whether they believed internal or external assessment was a better measure of what they had learnt during the year.
- Respondents were positive about examination supervision.

2006 Teachers' Survey

- Over 1,500 teachers noted their views on NCEA and Scholarship external assessments.
- Overall feedback was positive about the 2006 NCEA external assessments.
- NCEA respondents generally agreed that the tasks provided good coverage of the achievement criteria and that questions were communicated clearly and precisely. In Scholarship, around 90% of respondents agreed that there was appropriate coverage of the subject, and that question depth and breadth was appropriate.
- Most NCEA and Scholarship respondents agreed that the instructions were clear and appropriate.

2006 Principal's Nominees End of Year Survey

Over 400 Principal's Nominees were invited to give feedback on procedures surrounding NCEA.

- Having NZQA's School Relationship Manager as the first point of contact was regarded highly.
- 95% of respondents rated most information sources as *useful* or *very useful*.
- In 2006 modifications were made to the subject moderator reports based on feedback received. The majority rated these new reports as *useful* or *very useful*.
- Most respondents considered external moderation to be useful in providing reassurance for teachers and for informing future assessment practice.
- Most rated the process for submitting entries and results to NZQA as *good* or *excellent*. The responsiveness of NZQA staff to queries about entries and results was rated highly.

▶ More on these surveys can be found on our website www.nzqa.govt.nz

Output measure	Output performance target	How we performed
All external assessment systems for NCEA and Scholarship delivered to published timelines.	As stated	Achieved: All internal and external assessment systems for NCEA and Scholarship were delivered to published timelines.
Number of candidates assessed internally and externally, for NCEA levels 1, 2, 3, and the Scholarship examination.	Approximately 150,000 candidates in the 2006 academic year. (Actual number is demand driven)	Achieved: 150,585 candidates. This is a demand driven number.
Level of successful appeals against moderator judgements as a percentage of the number of moderator judgements made.	Less than 1% of an anticipated 60,000 moderator judgements made on marked student work.	Achieved: 0.6%
Number of moderation reports completed during the year, by standard for each school.	Moderation reports produced for all schools and standards for which submissions made by schools. (Estimated to be approximately 13,500.)	Achieved: 14,913 moderation reports were produced.
Level of successful appeals against students' results in external assessment (as a percentage of the total number of secondary external assessments sat).	Less than 1% of the approximately 2 million secondary school external assessment results in the 2005 academic year.	Achieved: 0.0%
Provided the standard is met by the candidates, the number of Scholarships awarded as a percentage of the relevant cohort.	3 plus or minus 0.25% for cohorts that exceed 250 students.	Achieved: Media Studies, Technology and Physical Education fell below 2.75%. The Scholarship Technical Advisory Group advised that the standards had not been sufficiently met by the candidates to justify a greater proportion of the cohort to be awarded Scholarships.

2: Provision of Information and Advisory Services

What it cost

	2006-07 Actual (\$000)	2006-07 Budget (\$000)	Variance (\$000)	%
Revenue from:				
Crown: Non-Departmental Expenses	2,347	2,347	-	-
Crown: Other Expenses	-	-	-	-
Other	-	-	-	-
Total Revenue	2,347	2,347	-	-
Expense	1,782	3,075	1,293	42%
Surplus/(Deficit)	565	(728)	1,293	178%

Variance commentary: Expenditure was \$1.293m underspent. These activities were able to be delivered with a lower level of resources.



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Output 2.1: Stakeholder Communications

This involves the provision of information, data and advisory services to, and other interactions with, stakeholders on government education policy matters, the National Qualifications Framework and qualifications, provider registration and accreditation, and assessment. Specific outputs in 2006-07 included:

- sector-wide engagement through formal arrangements and by other means
- the publication and dissemination of information
- the management of events to recognise and celebrate achievement.

What we did and how we performed

Output measure	Output performance target	How we performed
Contributions by NZQA to the work of the Secondary Leaders' Forum and the Sector Leaders' Group will be in accordance with the commitments agreed to.	Achieved as stated.	Achieved as stated.
A booklet for students and a brochure for parents explaining secondary qualifications, six newsletters, and other ad hoc publications, will be published.	Achieved as stated and according to corporate communications standards and processes.	Four QA News issues published over the year. Not achieved at year end. The NCEA booklet for students was sent in July 2007, and for parents in August 2007.
Two achievement events will be held.	Delivery of Tertiary Teaching and Top Scholar Award ceremonies according to the agreed budget and timeframe.	Achieved: The Top Scholar Award ceremony was held on 4 May 2007. The Tertiary Teaching Award ceremony was held on 12 June 2007.

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Output 2.2: Ministerial Support

This involves the delivery of information within agreed timeframes to the Minister and Associate Ministers, the Ministry of Education, Select Committees and other government agencies.

What we did and how we performed

Output measure	Output performance target	How we performed
Numbers of draft replies and responses to Ministerial correspondence and submissions produced.	Estimated 300 to 400 ministerial responses and up to 15 responses/submissions of other types. (Actual number is demand driven.)	<p>Achieved: These are demand driven numbers.</p> <ul style="list-style-type: none"> • 738 Parliamentary Questions • 126 Ministerials • 67 Informal requests • 100 submissions
Draft responses for Ministerial Correspondence, Parliamentary Questions and Official Information Act requests acceptable to the Minister in terms of content and the technical accuracy.	95% of draft responses accepted by the Minister.	Achieved: 97% of draft responses were accepted by the Minister.
Percentage of Ministerial, Select Committee and inter-agency correspondence prepared within the appropriate timeframes for each type of request.	95% of draft responses within the required timeframes.	<p>Achieved: 99% of draft responses were within the required timeframes.</p> <p>Ministerial correspondence has a standard 10 - 20 working day turnaround.</p> <p>Select Committee timeframes are non-negotiable.</p> <p>Timeframes for interagency correspondence vary according to the nature of the request, but are mutually agreed.</p>

Output 2.3: Development of Support to Māori Education and Training

This involves overseeing and coordinating the development and implementation of services for the provision of education and training to Māori students.

What we did and how we performed

The major part of this output during last year was to develop and commence implementation of *Te Rautaki Māori me Te Mahere Whakatinana a Te Mana Tohu Mātauranga o Aotearoa (Te Rautaki Māori)*.

We launched *Te Rautaki Māori* at Parliament in May 2007. *Te Rautaki Māori* is a significant milestone for us, as it will guide our role in supporting the advancement of Māori education and training.

A copy of *Te Rautaki Māori* can be found on our website www.nzqa.govt.nz

Output measure	Output performance target	How we performed
Development of the Qualifications Authority's Māori Strategic Framework and an implementation plan for the 2007/08 year, is completed by the target date.	Māori Strategic Framework developed by 30 November 2006. Implementation plan to be completed by 31 March 2007.	Achieved: these were developed earlier than the target date, and approved as below.
The Māori Strategic Framework and an implementation plan.	Approved by the NZQA Board.	Achieved: Strategic Plan approved in October 2006, and the Implementation Plan in December 2006.



3: Management of Grants and Contracts

What it cost

	2006-07 Actual (\$000)	2006-07 Budget (\$000)	Variance (\$000)	%
Revenue from:				
Crown: Non-Departmental Expenses	-	-	-	-
Crown: Other Expenses	44	44	-	-
Other	-	-	-	-
Total Revenue	44	44	-	-
Expense	41	44	3	7%
Surplus/(Deficit)	3	-	3	-

Output 3.1: Administration of Tertiary Awards and Tertiary Scholarships

This involves processing applications and proposals, and delivering Tertiary Teaching Awards and Tertiary Scholarships to successful candidates.

What we did and how we performed

Output measure	Output performance target	How we performed
Provide timely and accurate administrative support.	As assessed by the Tertiary Teaching Awards Committee.	Achieved: Feedback from the Tertiary Teaching Awards Committee was positive. The ceremony was held on 12 June 2007, with awards presented to 11 candidates.

This year was the final year of our administration of the Tertiary Teaching Awards. We worked with the National Centre for Tertiary Teaching Excellence - Te Ako o Aotearoa and the Tertiary Teaching Awards Committee to ensure a smooth transition of responsibility.

4: Stewardship of the New Zealand Qualifications System

What it cost

	2006-07 Actual (\$000)	2006-07 Budget (\$000)	Variance (\$000)	%
Revenue from:				
Crown: Non-Departmental Expenses	12,281	10,661	1,620	15%
Crown: Other Expenses	-	-	-	-
Other	19,572	20,108	(536)	(3)%
Total Revenue	31,853	30,769	1,084	4%
Expense	33,091	32,391	(700)	(2)%
Surplus/(Deficit)	(1,238)	(1,622)	384	24%

Variance commentary: The increase in *Crown Non-Departmental Expenses* revenue was due to new funding for Tertiary Reforms and International engagement initiatives, totalling \$1.620m.

Output 4.1: Quality Assurance and Registration of Providers

This involves:

- the provision of quality assurance services for private training establishments, industry training organisations, Adult and Community Education providers, course owners, government training establishments, wānanga and Unitec; through registration, accreditation, course approval and quality audits
- the provision of information and advice for the direct support of Māori providers
- risk management in relation to provider quality, including those associated with international education
- the operation of a complaints system for students from wānanga and private training establishments.

What we did and how we performed

As outlined earlier with our contribution to the broader Tertiary Education Reforms, we continued towards an approach that encourages raised standards of teaching and learning and organisational practice.

Quality Assurance Conferences 2007

Since 2004 we have informed and advised providers to support our quality assurance activities. While our workshops have been successful, participant feedback signalled a desire for a wider range of presentations.

To address this, we extended and redesigned these workshops in 2007. Three conferences were held in June, focused on quality audit, moderation, course approvals and accreditation.

Feedback showed that the workshops were informative and very useful. All the conferences were oversubscribed, with over 360 participants in three cities.

Output measure	Output performance target	How we performed
Number of quality audits of all types completed during the year, in accordance with an agreed 1 to 3 year cycle.	Estimated 625	<p>508 were completed in accordance with their audit cycle, including providers who, for a variety of reasons, were put on a less than one year audit cycle.</p> <p>Fewer audits were required than initially anticipated, as there were fewer registered providers and more providers on longer audit cycles.</p> <p>These figures can be seen on page 16.</p>
Duration of scheduled quality audits.	All audits completed within 6 months of opening.	<p>63 audits took longer than six months to close.</p> <p>There are several reasons that an audit may take longer, including having multi-site audits, providers taking longer to confirm the factual accuracy of the audit report, and if further discussion is required to agree appropriate actions to address issues.</p> <p>NZQA will work to more accurately measure audit completion timeframes next year, by separating the post audit follow-up from the audit measure itself.</p>
Māori providers (approximately 120) who meet specified criteria are regularly audited in order to assist in establishing and operating robust quality management systems.	Audits completed conform to a one to three year audit cycle, with a set cycle for each provider.	<p>102 out of 117 were on a one to three year audit cycle.</p> <p>Of the 15 on a less than one year cycle, five were new registrations (which start on less than one year).</p> <p>The Tertiary Education Reforms will impact in this area from next year.</p>
Percentage of audits completed in accordance with published criteria.	100%	Achieved: 100%
Extent to which the move toward 2 person audit teams is implemented.	20% of audits by 2-person team.	Achieved: 21%
Number of successful appeals against deregistration and other risk management action.	No successful appeals.	Achieved: This is in part a demand driven measure, as no appeals were lodged.
The percentage of Māori providers who continue to need support, excluding providers who have been involved for less than one year, is reduced.	10% reduction relative to the previous year.	Achieved: 20% reduction relative to the previous year.

Output 4.2: Quality Assurance and Registration of Qualifications

This involves:

- the management and monitoring of the National Qualifications Framework and the New Zealand Register of Quality Assured Qualifications
- the evaluation for registration of all unit and achievement standards and qualifications, the maintenance of the national assessment database for all tertiary students, and the operation of moderation systems for tertiary education organisations using NZQA maintained unit standards
- assistance to Quality Assurances Bodies in the implementation of Register criteria, and maintenance of the NZ Diploma of Business.

What we did and how we performed

Output measure	Output performance target	How we performed
The number of NQF standards and qualification documents evaluated during the year.	9,500 to 10,500 (The number of applications received is demand driven)	7,802 were evaluated. The number of applications received is demand driven.
Applications for evaluation processed on time.	All applications processed within five days of date advised to the standard setting body.	Achieved: All applications processed within five days of the date advised to the standard setting body.
The number of TEOs monitored for compliance with national moderation requirements during the year.	520	496 Fewer TEOs assessed standards than expected, therefore fewer were monitored.
Number of NZQA tertiary NQF moderation systems operational.	45	Achieved: 45
Processing time of NQF results from accredited TEOs onto the Record of Learning; and tertiary student National Qualification applications.	All within two working days.	NQF results: <ul style="list-style-type: none"> • 98% of all submissions year to date were processed within two days. National qualification applications: <ul style="list-style-type: none"> • 88% of all qualification checks were processed within two days. • NZQA's published timeframes for these applications are five days. Our performance measures have been updated to reflect this.
Percentage of published standards and standards based qualifications that meet NQF registration criteria.	100%	Achieved: 100%
Level of successful appeals against NZQA tertiary moderator judgments as a percentage of the number of moderator judgements made.	Less than 1%	Achieved: 0.0%

Output 4.3: Development, Review and Maintenance of Standards and Standards-Based Qualifications

This involves:

- the development, review and maintenance of standards and qualifications in agreed areas of government priority
- work on Pasifika qualifications carried out in accordance with the Pasifika Education Plan and the Pacific People's objectives within the Tertiary Education Strategy
- work on Field Māori qualifications carried out in accordance with NZQA's Māori Strategy (*Te Rautaki Māori*)
- standard setting responsibility being progressively transferred to other bodies with complete exit for identified specialist areas targeted for June 2007.

What we did and how we performed

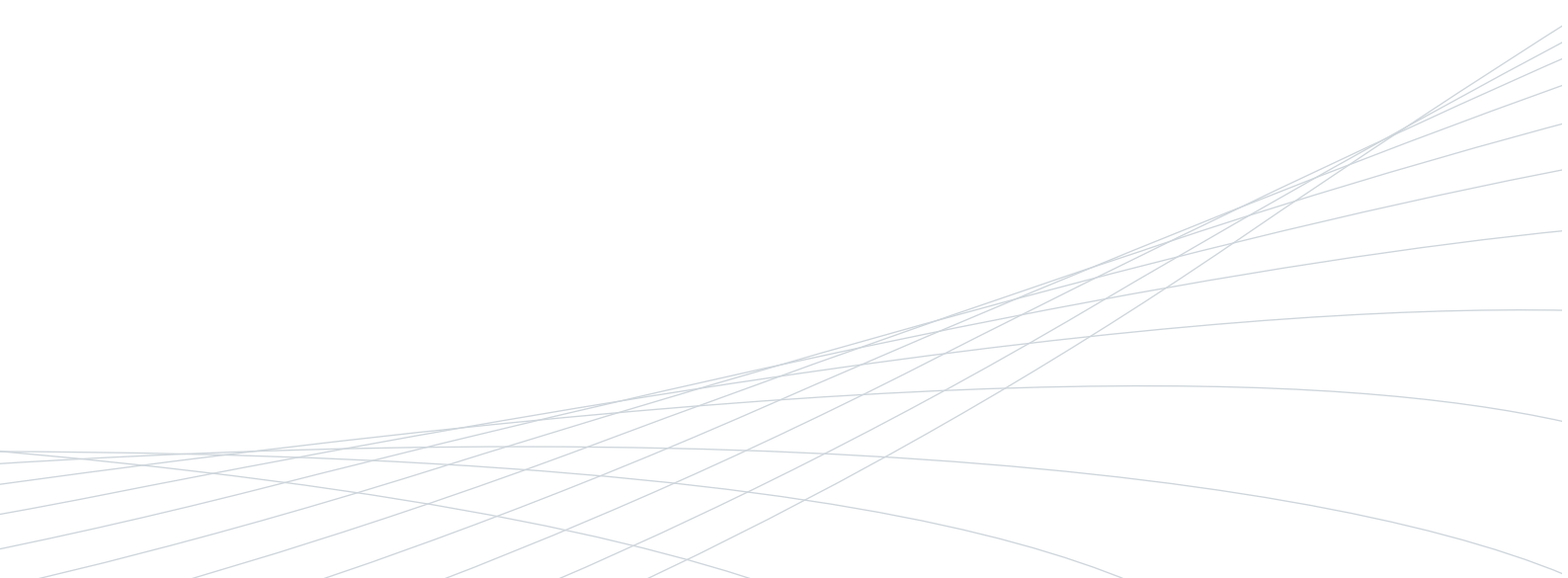
Output measure	Output performance target	How we performed
Total number of unit standards and national qualifications exited by June 2007.	1,580 unit standards and 61 national qualifications exited.	<p>227 unit standards and four national qualifications were exited.</p> <p>We notified deregistration of a further 196 unit standards and three qualifications.</p> <p>NZQA exits those standards and national qualifications that do not fit within our standard setting scope.</p> <p>In order to exit a standard, another body must agree to take on the standard setting responsibility, or the standard must be closed. As some standards were not able to be taken on by other bodies, and it was inappropriate to close the standard, NZQA retained the standard setting responsibility while continuing to work with the sector in order to transfer them.</p>
Standards and national qualifications developed, maintained or reviewed during the year as indicated by programme criteria.	Work is undertaken in three to five year cycles, or in response to specific feedback.	<p>957 standards were not reviewed/maintained and are outside their three to five year cycle.</p> <p>28 national qualifications were not reviewed/maintained and are outside their three to five year cycle.</p> <p>Some standards were under NZQA's priority criteria for exiting, in which case their maintenance cycle was held while a future standard setting body was established.</p> <p>In addition, NZQA has put in place a number of actions to improve the timeliness of review cycles over the coming year.</p>
Exiting unit standards and national qualifications.	Exiting occurs according to the Board's agreed prioritisation and rationalisation criteria.	Achieved according to Board's prioritisation and rationalisation criteria.

Output 4.4: Recognition of Qualifications

This involves maintaining the credibility of New Zealand qualifications by qualification evaluation and recognition services for overseas qualifications, and evaluating refugee qualifications.

What we did and how we performed

Output measure	Output performance target	How we performed
Number of applications evaluated for recognition of overseas qualifications.	12,000 to 13,000	11,388 This is a demand driven number.
Percentage of applications processed in accordance with timelines in established procedures. (10 to 20 working days for different types of application.)	96% or higher.	80% were within timelines. This was in part due to time required for our development of the List of Recognised Overseas Qualifications. In addition, NZQA has put in place a number of actions to improve this over 2007-08.
The number of refugee qualifications evaluated during the year.	100 to 120	Achieved: 100 This is a demand driven number.
Percentage of detected fraudulent applications for recognition of qualifications processed in accordance with established procedures.	100%	Achieved: 100%





PART EIGHT

FINANCIAL STATEMENTS OF THE NEW ZEALAND QUALIFICATIONS AUTHORITY FOR THE YEAR ENDED 30 JUNE 2007

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Integrity

Statement of Accounting Policies

a) Reporting Entity

The New Zealand Qualifications Authority (NZQA) is a Crown entity as defined by the Crown Entities Act 2004. The Financial Statements have been prepared in terms of section 139 of the Crown Entities Act 2004.

b) Measurement Base

These financial statements comply with generally accepted accounting practice. The measurement base applied is historical cost.

c) Accounting Policies

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

Revenue

NZQA derives revenue through the provision of outputs to the Crown, receipts for services provided to third parties and from interest on its deposits. Revenue is recognised when earned and is reported in the financial period to which it relates.

Financial Instruments

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

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

Accounts Receivable

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

Short-term Deposits

Short-term deposits are stated at cost.

Output Class Cost Statement

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

Leases

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

Property, Software, Plant and Equipment

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

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

Depreciation

Depreciation is provided on a straight-line basis, which will write off the cost of assets over their estimated useful lives. Pooled asset items are grouped and depreciated on a diminishing value basis.

The useful lives of the major classes of assets have been estimated as follows:

electronic equipment (desktop and notebooks)	4 years	(25%)
electronic equipment (network equipment and servers)	5 years	(20%)
furniture and fittings	10 years	(10%)
office equipment	4 years	(25%)
pooled assets	20% diminishing value	
software (purchased)	5 years	(20%)
software (developed)	estimated useful life	
library books	5 years	(20%)
leasehold improvements	10 years	(10%)

Provision for Employee Entitlements

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

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

Taxation

Section 254e of the Education Act 1989 exempts NZQA from taxation, except for the goods and services tax (GST) and fringe benefits tax.

Goods and Services Tax

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

Statement of Cash Flows

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

Operating activities include cash received from all income sources by NZQA and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

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

Cost Allocation

Definition of terms

Direct costs are costs, including depreciation, that are charged directly to outputs. For the year ended 30 June 2007, 75 per cent (year ended 30 June 2006, 69 per cent) of output costs were direct costs.

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

Basis of assigning indirect costs to outputs

Indirect costs, which are costs of corporate and support business units, are allocated to outputs on cost drivers such as staff numbers. Indirect costs amounted to 25 per cent (year ended 30 June 2006, 31 per cent) of total costs for the year ended 30 June 2007.

Budget Comparison Figures

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

Budget Variance Commentary

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

Changes in Accounting Policies

During the year the Fixed Asset policy and some depreciation rates were changed. The change to the policy has increased the minimum asset capitalisation level from \$300 to \$1,500 per asset. This policy was in effect for assets purchased in the current year and no restatement of prior years figures is required. The depreciable life for electronic equipment was changed from 3 years (33%) on 2006 to 4 years (25%) for electronic equipment (desktops and notebooks) and 5 years (20%) for electronic equipment (network equipment and servers) in 2007. Software (purchased) is now depreciated over 5 years (20%), previously 3 years (33%) and Software (developed) is now assessed on a case by case basis and depreciated over its estimated useful life.

Implementation of New Zealand Equivalents to International Financial Reporting Standards

New Zealand reporting entities are required to comply with the New Zealand equivalents of International Financial Reporting Standards ('NZ IFRS') for reporting periods commencing on or after 1 January 2007, with optional adoption for reporting periods commencing on or after 1 January 2005.

NZQA is to adopt NZ IFRS for the year ending 30 June 2008, and accordingly the first report using NZ IFRS will be for the year ended 30 June 2008. The transitional rules for the first time adoption of NZ IFRS require NZQA to restate its comparative financial statements using NZ IFRS. The majority of the adjustments required on transition will be made to opening retained earnings in the opening NZ IFRS balance sheet as at 1 July 2006.

NZQA recognises that it will be required to restate the Statement of Financial Position of the comparative period financial statements in accordance with the version of NZ IFRS applicable at the first NZ IFRS reporting date. It should therefore be noted that the actual impact of adopting NZ IFRS may vary from the information presented, and this variation may be material.

Set out below are the key areas where accounting policies may change and have an impact on the financial reports of NZQA.

Carrying value of land and other assets

On first time adoption of NZ IFRS, entities are permitted to adjust the carrying value of selected fixed assets to the current fair value without creating a need for ongoing revaluations.

Impairment of assets

An asset is impaired if its carrying value exceeds its recoverable amount, being the higher of the asset's fair value less costs to sell or 'value in use' to NZQA. Fixed assets must be reviewed each year to determine whether there are any indications that they may be impaired. Any impairment identified should be recognised immediately in the Statement of Financial Performance.

Adoption of NZ IFRS will require additional procedures to perform the impairment testing required, but is not expected to impact significantly on the carrying values currently reported.

Intangible assets

NZ IFRS requires computer software that is not an integral part of the related computer hardware to be treated as an intangible asset, provided certain criteria are met.

On conversion to NZ IFRS, such items will be reclassified from tangible to intangible fixed assets. The net impact on equity will be zero.

NZQA has a significant investment in software and therefore impairment of software could potentially have the largest impact on the reported results.

Statement of Financial Performance

For the year ended 30 June 2007

2006 Actual (\$000)		Note	2007 Actual (\$000)	2007 Budget (\$000)
REVENUE				
40,265	Crown	1	41,269	39,605
29,445	Other	1	29,826	31,477
69,710	Total Revenue		71,095	71,082
EXPENSE				
27,904	Personnel & board		26,211	26,593
13,058	Specialist workforce		12,553	13,690
16,682	Professional services		12,046	10,270
6,306	Publication, print & distribution		6,342	6,268
9,542	Other operating costs		8,685	8,675
4,511	Depreciation	2	4,482	5,051
78,003	Total Expense	2	70,319	70,547
(8,293)	NET SURPLUS (DEFICIT)		776	535

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

▶ See page 50-57 for notes.

Statement of Movements in Public Equity

For the year ended 30 June 2007

2006 Actual (\$000)	Note	2007 Actual (\$000)	2007 Budget (\$000)
19,693	Opening Public Equity	13,350	13,729
(8,293)	Net surplus (deficit) for the year	776	535
1,950	Capital injection*	-	-
13,350	Closing Public Equity	14,126	14,264

* Equity contribution from the Crown to fund the ongoing e.QA project.

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

▶▶ See page 50-57 for notes.



Statement of Financial Position

As at 30 June 2007

2006 Actual (\$000)		Note	2007 Actual (\$000)	2007 Budget (\$000)
13,350	PUBLIC EQUITY		14,126	14,264
	Represented by:			
	CURRENT ASSETS			
3,231	Cash and short-term investment	4	6,640	3,102
4,966	Debtors and receivables	5	3,546	3,047
27	GST receivable		-	-
8,224	Total Current Assets		10,186	6,149
	NON-CURRENT ASSETS			
10,213	Fixed assets	6	10,285	12,018
4,008	Work in Progress	6	1,204	701
14,221	Total Non-Current Assets		11,489	12,719
22,445	TOTAL ASSETS		21,675	18,868
	CURRENT LIABILITIES			
6,337	Creditors and payables	7	4,550	2,853
1,263	Provision for employee entitlements	8	1,349	1,028
1,005	Deferred revenue		1,098	-
-	GST payable		164	308
8,605	Total Current Liabilities		7,161	4,189
	NON-CURRENT LIABILITIES			
116	Unclaimed monies		88	-
374	Provision for employee entitlements	8	300	415
490	Total Non-Current Liabilities		388	415
9,095	TOTAL LIABILITIES		7,549	4,604
13,350	NET ASSETS		14,126	14,264

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

▶▶ See page 50-57 for notes, particularly note 3 for variance commentary.

Statement of Cash Flows

For the year ended 30 June 2007

	2006 Actual (\$000)	Note	2007 Actual (\$000)	2007 Budget (\$000)
Cash Flows from Operating Activities				
Cash was provided from:				
40,265	Crown		41,269	39,605
28,676	Revenue from customer services		30,426	30,395
293	Goods and services tax receivable		350	-
783	Interest		728	662
70,017			72,773	70,662
Cash was applied to:				
24,341	Employees		26,414	26,593
48,533	Suppliers		39,490	39,317
72,874			65,904	65,910
(2,857)	Net Cash Flows from Operating Activities		6,869	4,752
Cash Flows from Investing Activities				
Cash was provided from:-				
-	Sale of fixed assets		3	-
Cash was applied to:				
5,970	Purchase of fixed assets		3,463	5,900
(5,970)	Net Cash Flows from Investing Activities		(3,460)	(5,900)
Cash Flows from Financing Activities				
Cash was provided from:				
1,950	Crown – equity injection e.QA project		-	-
1,950	Net Cash Flows from Financing Activities		-	-
(6,877)	Total Cash Flows		3,409	(1,148)
(6,877)	Net increase / (decrease) in cash held		3,409	(1,148)
10,108	Plus opening cash		3,231	4,250
3,231	Closing Cash Balance	4	6,640	3,102
Balance Sheet				
3,231	Cash and short-term investments		6,640	3,102
3,231	Closing Cash Balance	4	6,640	3,102

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

▶ See page 50-57 for notes, particularly note 3 for variance commentary.

Reconciliation of the Net Operating Surplus to Net Cash Flow from Operating Activities

For the year ended 30 June 2007

	2007 Actual (\$000)	2006 Actual (\$000)
Reported Net Operating Surplus	776	(8,293)
Add non-cash items		
Depreciation	4,482	4,511
Write-off of development costs	1,713	-
Bad debts	149	70
	6,344	4,581
Add (deduct) movements in other working capital items		
Decrease (increase) in receivables	1,271	(1,000)
Increase (decrease) in payables	(1,787)	1,031
Decrease (increase) in GST (net)	191	13
Increase (decrease) in deferred revenue	93	620
Increase (decrease) in employee entitlements	86	48
Increase (decrease) in non-current liabilities	(102)	143
	(248)	855
Less items classified as an investing activity		
Net gain/(loss) on the sale of fixed assets	(3)	-
Net Cash Flow from Operating Activities	6,869	(2,857)

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

▶▶ See page 50-57 for notes.

Statement of Commitments and Contingent Liabilities

For the year ended 30 June 2007

Commitments

This statement records those expenditures to which NZQA, as at 30 June 2007, is contractually committed, but which have not yet fallen due.

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

Operating leases include lease payments for premises. Non-cancellable contracts include IT hosting services, which commenced in 2005/06.

	2007 (\$000)	2006 (\$000)
Operating Leases		
Not later than one year	2,082	1,666
Later than one year and not later than two years	1,932	2,134
Later than two years and not later than five years	5,797	5,684
Later than five years	967	2,809
Total	10,778	12,293
Other Non-Cancellable Contracts		
Not later than one year	274	821
Later than one year and not later than two years	-	273
Later than two years and not later than five years	-	-
Total	274	1,094
Total Commitments	11,052	13,387
Contingent Liabilities	NIL	NIL

The accompanying Statement of Accounting Policies and Notes form part of these Financial Statements.

▶▶ See page 50-57 for notes.

Notes to the Financial Statements

For the year ended 30 June 2007

Note 1 – Revenue

	2007 Actual (\$000)	2006 Actual (\$000)
Crown Funding for:		
Non-Departmental Other Expenses		
Administration of National Assessment for Secondary Qualifications	25,324	25,501
Provision of Information and Advisory Services		
Stakeholder Communications	835	835
Ministerial Support	268	268
Co-ordination, Development and Support for the Provision of Māori Education and Training	1,244	1,244
	2,347	2,347
Stewardship of the New Zealand Qualifications System		
Quality Assurance and Registration of Providers	5,789	4,448
Quality Assurance and Registration of Qualifications	170	170
Development, review & maintenance of standards and standard based qualifications	6,262	6,460
Recognition of Qualifications	60	60
	12,281	11,138
Total Non-Departmental Output Expenses	39,952	38,986
Other Crown Revenue		
Remission of Fees	1,273	1,235
Administration of the Tertiary Teaching Awards	44	44
Total other Crown Revenue	1,317	1,279
Total Crown Funding	41,269	40,265
Other income:		
NQF fees and registration	11,128	11,875
Examination and testing fees	9,282	7,811
Application, audit and annual fees	7,880	8,474
Resource sales	561	205
Interest income	725	762
Other income and award reimbursement	250	318
	29,826	29,445
Total Revenue	71,095	69,710

Note 2 – Expenses

	2007 Actual (\$000)	2006 Actual (\$000)
Total expense include:		
Fees paid to the NZQA auditor, Audit New Zealand		
Audit fees	71	61
IFRS Audit Fees	14	-
Board and committee fees	148	157
Bad debts	149	70
Lease and rental costs	1,628	2,233
Write-off of development costs	1,713	-
Depreciation:		
Computers and electronic equipment	716	1,076
Plant and equipment	104	97
Leasehold improvements	186	144
Furniture	135	61
Pooled assets	-	84
Software (purchased)	593	570
Software (developed)	2,727	2,460
Other assets	21	19
Total depreciation for the year	4,482	4,511
Other Expenses	62,114	70,971
Total Expenses	70,319	78,003

Note 3 – Variance commentary on Annual Financial Statements

Statement of Financial Performance

The current year surplus of \$0.8m compared favourably with the budget of \$0.5m. There were a number of internal variances as follows:

- Crown revenue has a favourable variance of \$1.9m due to increased funding as a result of the Tertiary Education Reforms and funding for International activities, which has been offset by a reduction in third party revenue of \$1.9m.
- The favourable variance to budget for expenditure of \$0.2m includes the additional expenditure for Tertiary Education Reforms.

Statement of Financial Position

Increased Cash and Investment balance of \$3.5m is due to a lower level of capital expenditure for the year and a higher than budgeted accounts payable balance. As explained below:

- Current liabilities have increased by \$2.5m against budget which includes accruals for the year end and deferred revenue (Tertiary Providers annual fee invoiced prior to year end and amortized over the calendar year).
- The lower level of expenditure in the Capital program has resulted in the decrease in Fixed Asset balances of \$1.5m.

Statement of Cash flows

Operating cash flows compare favourably to budget. This has been driven by increased flows from Revenue of \$2.1m with \$1.9m been derived from an increase in Crown funding allocated as a result of the Tertiary Education Reforms.

A reduction in capital expenditure against budget has contributed to a closing cash balance of \$6.6m, compared to the budget of \$3.1m.

Note 4 – Cash and short-term investments

	2007 Actual (\$000)	2006 Actual (\$000)
Cash		
At call funds were deposited with NZQA's bankers in call deposit or interest earning current accounts.	2,640	3,231
Short-term investments		
Short-term investments were with NZQA's bankers in interest-bearing short-term wholesale deposits.	4,000	-
	6,640	3,231

Note 5 – Debtors and receivables

	2007 Actual (\$000)	2006 Actual (\$000)
Balance comprises:		
Trade debtors	3,756	5,146
Less provision for doubtful debts	(210)	(180)
	3,546	4,966

Note 6 – Property plant and equipment and work in progress

Description	2007 Cost (\$000)	2007 Accumulated Depreciation (\$000)	2007 Net Book Value (\$000)
Motor vehicles	23	23	-
Computers and electronic equipment	4,984	3,775	1,209
Office equipment	1,115	997	118
Leasehold improvements	1,908	894	1,014
Furniture and fittings	2,614	2,045	569
Software (purchased)	4,250	2,472	1,778
Software (developed)	13,935	8,392	5,543
Library books	360	306	54
	29,189	18,904	10,285
Work in Progress			
Upgrade computer housing facilities	204	-	204
NZ Diploma in Business result capture	157	-	157
FMIS phase 2 (Automated Procurement)	120	-	120
ORS System replacement phase III	304	-	304
Other	419	-	419
	1,204	-	1,204

Note 6 – Property plant and equipment and work in progress

Description	2006 Cost (\$000)	2006 Accumulated Depreciation (\$000)	2006 Net Book Value (\$000)
Motor vehicles	23	23	-
Computers and electronic equipment	4,766	3,216	1,550
Office equipment	1,110	894	216
Leasehold improvements	1,750	709	1,041
Furniture	433	172	261
Pooled assets	2,103	1,738	365
Software (purchased)	2,887	1,879	1,008
Software (developed)	11,381	5,664	5,717
Library books	341	286	55
	24,794	14,581	10,213
Work in progress			
e.QA	1,981	-	1,981
Scholarship	630	-	630
FMIS	1,283	-	1,283
Other	114	-	114
	4,008	-	4,008

Note 7 – Creditors and payables

Description	2007 Actual (\$000)	2006 Actual (\$000)
Trade creditors	2,577	1,908
Accrued expenses	1,973	3,579
Capital injection received in advance	-	850
	4,550	6,337

Note 8 – Provision for employee entitlements

Description	2007 Actual (\$000)	2006 Actual (\$000)
Annual leave and time in lieu	1,264	1,178
Retirement leave	162	225
Long service leave	223	234
	1,649	1,637
Current	1,349	1,263
Non-current	300	374
	1,649	1,637

Note 9 - Disclosure of remuneration*

NZQA personnel	Salary band	Number of staff	
		2007	2006
Chief Executive	\$310,000 - \$319,999	1	-
Chief Executive**	\$220,000 - \$229,999	-	1
Other personnel***	\$200,000 - \$209,999	1	-
	\$180,000 - \$189,999	4	-
	\$170,000 - \$179,999	1	-
	\$160,000 - \$169,999	-	2
	\$150,000 - \$159,999	1	2
	\$140,000 - \$149,999	4	4
	\$130,000 - \$139,999	4	2
	\$120,000 - \$129,999	7	4
	\$110,000 - \$119,999	5	6
	\$100,000 - \$109,999	9	5

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

** An Acting Chief Executive ceased on 28 April 2006 with an annualised remuneration in the \$240,000-\$250,000 band.

*** The Other personnel statistics are impacted by 7 redundancies.

Cessation payments were made to 14 employees during the year totalling \$411,544.

Note 10 – Board Fees

Board members earned the following fees during the year.	2007 Actual (\$000)	2006 Actual (\$000)
Member		
Warwick Bell	11,402	11,774
Margaret Bendall	13,796	17,624
Tracey Bridges**	-	3,650
Peter Crisp**	-	4,192
Angela Foulkes	11,481	14,317
John Morgan*	10,754	-
John Langley*	7,550	-
Catherine Gibson (Acting Chair)**	-	70,277
Graeme McNally	14,984	13,690
Tina Olsen-Ratana	9,417	12,235
Dr Arihia (Ailsa) Smith*	1,175	23,124
Sue Suckling (Chairperson)	61,991	23,090

* Terms of office did not span full year.

** Previous member, term of office relates to 2005/06 only

strategic

Note 11 - Financial instruments

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

Currency risk

There is no exposure to currency risk.

Interest rate risk

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

Credit risk

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

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

NZQA does not have any significant concentration of credit risk in relation to its debtors. All investments are currently placed with the Bank of New Zealand. Banking arrangements comply with the banking and investment requirements in the Crown Entities Act 2004.

Fair value

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

Note 12 - Related Parties

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

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



Whakatauki

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

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



NEW ZEALAND **QUALIFICATIONS** AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

— 125 The Terrace
PO Box 160
Wellington 6015
New Zealand
Tel: 64 4 463 3000
Fax: 64 4 463 3112
www.nzqa.govt.nz

New Zealand Government