



Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Quarterly Report

Quarter 2 (1 October - 31 December 2023)



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Introduction

This report, covering the period of 1 October through to 31 December 2023, outlines NZQA's progress towards delivering the commitments set out in our 2022/23 – 2025/26 Statement of Intent and 2023/24 Statement of Performance Expectations. It also includes information on our financial performance.

The second quarter of the financial year leads into the end of the school and education year, which is a seasonally challenging period for NZQA, schools, learners, and their whānau. The arrival of the end of year assessment phase also capped off a busy quarter within the organisation, with significant activity in the digital assessment and international areas of operations.

Overall, the delivery of external assessment of National Certificate of Educational Achievement (NCEA) and New Zealand Scholarship students went as planned. However, as discussed in other communications, the delivery of external digital assessments on 3rd and 10th of November were compromised with some students experiencing difficulties in accessing their assessments. The effects of this, and NZQA's response, are discussed later in this report.

Internationally, New Zealand, with NZQA as its representative, was elected to preside over the Asia-Pacific Regional Convention on the Recognition of Qualifications in Higher Education (the Tokyo Convention). Expanded on in this report, the quarter also saw NZQA staff engaging with education regulators and leaders from Japan, Ireland, and across the Pacific to further advance quality assurance frameworks, information about changes to the NCEA and education transformation.

In its qualification recognition role, NZQA continues to see a steady flow of requests for overseas qualifications to be recognised in New Zealand. The volume and scope of the work undertaken by the Qualification Recognition Service team is presented later in this report.

NZQA is actively mitigating a forecast deficit out-turn of circa \$12 million, created through a planned deficit of \$3.6 million, together with a combination of an approved investment of \$8 million funded from accumulated reserves and unplanned additional expenditure of up to \$4 million created through salary and contract pressures in the financial year. The mitigations include scrutinising our expenditure (including staffing levels) and reviewing our business operating models, while ensuring core services are delivered.

Cost pressure budget bids have been submitted for consideration. This includes a bid to ensure NZQA has sufficient funding available to deliver IT system stabilisation across its legacy and legacy-integrated technology platforms and in turn so that it can develop a full business case for a new core technology system.

Advancing our outcomes

Outcome 1.0: Relevant Qualifications and Credentials

The following section outlines the key actions NZQA has undertaken during Q2 to advance the outcome: *Relevant qualifications and credentials*. This work is separated into two key result areas:

- **Intermediate Outcome 1.1:** The qualifications system is responsive to the needs of industry, iwi/hapū, communities and learners, with increasing use of mātauranga Māori in qualifications.
- **Intermediate Outcome 1.2:** Barriers to qualification recognition and mobility are reduced.

Intermediate Outcome 1.1: The qualifications system is responsive to the needs of industry, iwi/hapū, communities and learners, with increasing use of mātauranga Māori in qualifications

University Entrance Review

University Entrance is the common educational standard for secondary students, and those under the age of 20, for entry to degree-level study at a New Zealand university. As a follow on to the NCEA Change Programme, and under the legislated function of establishing and maintaining a common educational standard as a prerequisite for entrance to a university, NZQA has commenced a review into University Entrance.

Any changes arising from the review are due for implementation in 2027, aligned with the planned introduction of the new Level 3 achievement standards arising from the NCEA change programme.

We have established an External Reference Group with representatives from the universities, Universities NZ, education peak bodies and wānanga. This group has met three times in the last six months. Following discussion with the Minister, the initial consultation on any proposed changes is currently scheduled for mid-2024.

Biennial New Zealand Scholarship Subject List Review

In 2023, NZQA undertook the two-yearly review of the New Zealand Scholarship Subject List. These reviews ensure the subjects are sustainable, relevant and continue to meet government goals and sector expectations. In October 2023, the NZQA Board agreed to add Psychology and Digital Technologies to the New Zealand Scholarship Subject List from 2025 onwards.

Workforce Development Councils

Pending direction from Cabinet on the alternative structure of the polytechnic and skills training sector, NZQA has continued to support the six workforce development councils (WDC) to develop, and where required maintain, qualifications, micro-credentials, skill standards and New Zealand Programmes.

During Quarter Two, NZQA undertook, under an interim arrangement, a review of the WDCs' performance as standard setting bodies for the 2022/2023 financial year.

This interim arrangement was in preparation for developing rules under which NZQA monitors WDCs and was intended to:

- Complement WDCs' wider accountability responsibilities (to their Board, Tertiary Education Commission, and industry).
- Eliminate duplication of reporting effort.

Minimise compliance costs.

From the review, NZQA is satisfied the WDCs are fulfilling their standard setting and national external moderation functions. Each of the councils has:

- Established, or are developing, clearly documented systems, processes, and development plans for standard setting activities.
- Made significant progress towards reducing the number of qualifications and unit standards overdue for review, while developing skill standards, micro-credentials, and qualifications to meet industry needs.
- Implemented efficient systems to process programme endorsement applications from providers.
- Developed effective moderation systems that provide confidence that assessment practices are fair, valid, and consistent across their sectors.

NZQA recognises that the WDCs were moving from an establishment phase to an operational phase during the 2022/2023 financial year.

NZQA believes that the review's findings provide assurance of the responsiveness and relevance of the vocational qualifications system.

Advancing the NZQCF programme

NZQA has reviewed the New Zealand Qualifications and Credentials Framework (NZQCF) to make it more relevant to the changing world of work and reflecting the needs of all learners. We will be seeking Ministers' approval to consult on changes to the NZQCF early in 2024.

Intermediate Outcome 1.2: Barriers to qualification recognition and mobility are reduced

During the quarter, NZQA undertook a significant amount of international work to support qualifications recognition and strengthen our international relationships.

UNESCO conventions

New Zealand is one of twelve parties¹ to the United Nations Educational, Scientific and Cultural Organisation's (UNESCO) Convention on the Recognition of Qualifications in Higher Education (Tokyo Convention)² and a member of the Asia-Pacific Network of National Information Centres

¹ To date, the twelve Parties to the Tokyo Convention are Afghanistan, Armenia, Australia, China, Fiji, Holy See, Japan, Mongolia, New Zealand, Republic of Korea, Russia, and Turkey.

² The Tokyo Convention is an international treaty for the Asia-Pacific region to ensure signatories have fair, transparent and non-discriminatory qualifications recognition processes that support learner and labour mobility.

(APNNIC). The APNNIC portal provides free and authoritative information on the recognition of qualifications to help facilitate physical or virtual mobility of students and academics.

During November, NZQA attended Tokyo Convention and APNNIC meetings held in Thailand. NZQA represents New Zealand as the technical experts on qualifications recognition.

NZQA supports countries with developing qualifications and quality assurance systems as part of our international engagement, as required by our mandated responsibilities in the Education and Training Act 2020.

New Zealand (represented by NZQA) has been elected President of the Tokyo Convention/APNNIC for the period 2024 to 2025 to continue the implementation of the Tokyo Convention, and to support the APPNIC network. NZQA, in its capacity as President, will work alongside its National Information Centre (NIC) counterparts from Australia, Japan, and the Holy See to continue the implementation of a roadmap and workplan to:

- Promote the Tokyo Convention.
- Build a community of practice in the Asia Pacific region.
- Represent the interests of the region at Global Convention meetings.

The role of President will provide leadership opportunities which will further contribute to NZQA's Pacific work programme.³

We will also explore whether this work presents opportunities for the Minister to speak to the Governments' objectives in this area.

International engagement

In November, NZQA's Chief Executive delivered the keynote speech at Quality and Qualifications Ireland's conference celebrating the 20th anniversary of the Irish National Framework of Qualifications. There was considerable interest in NZQA's work to bring modern regulatory practice to our quality assurance work and indigenous elements to our qualifications work.

Other engagements this quarter included attending the Global Education Leaders Partnership (GELP) conference in Japan. GELP brings together specialist stakeholders to showcase and support education transformation.

We met with tertiary education regulators from Japan to discuss the role of qualification frameworks and the value of adaptive quality assurance systems in a time of significant change, and practices around how to protect the integrity of assessment and qualifications in an age of artificial intelligence (AI).

NZQA also used international engagements to update relevant agencies on changes to the NCEA, to enable international learners who achieve their NCEA to progress into further education in their home countries.

We also hosted a delegation from Bhutan Qualifications and Professionals Certification Authority (BQPCA), who is interested in the NZQCF and the quality assurance of non-university tertiary education in New Zealand.

³ NZQA is seeking funding assistance from the New Zealand UNW+ESCO office and the Ministry for Foreign Affairs and Trade to support New Zealand (NZQA) in delivering its role of President of the regional convention.

NZQA has been working closely with the Pacific community's Educational Quality and Assessment Programme (EQAP), our regional implementation partner in the Pacific Qualifications Recognition project, establishing the foundations for the project work ahead. This is a coordinating regional oversight group which supports the work of EQAP and the Pacific Qualifications Framework (PQF).

NZQA also attended EQAP's November meeting in Fiji, to support PQAB members to prepare for referencing for the PQF in 2024/25. This meeting marked the formal start of our partnership with EQAP. We also hosted representatives from the Fijian Higher Education Commission, the Samoa Qualifications Authority, the Vanuatu Qualifications Authority and the Solomon Islands Tertiary Education and Skills Authority to prepare participants for the work to reference their national qualifications frameworks, the NZQCF and the PQF.

Applications for recognition of overseas qualifications

During Quarter Two we evaluated 5,824 applications for recognition of overseas qualifications. We evaluated 1,199 more applications than we received during the quarter (4,625).

We have maintained a high application completion rate, with completed applications consistently outpacing the number of new applications being lodged (see Figure 1 on page 8). This has delivered improvements in evaluation timeframes and a steady reduction in the volume of applications in the pipeline, which is now at a manageable level.

In October 2023, the Ministry of Education agreed to fund a further 1,200 Teaching International Qualification Assessment (IQA) packages in the 2023/24 financial year for applicants who meet the Zero Fee Teaching IQAs (ZETI) funding criteria. To date, almost all the ZETI applications submitted with all the required documents and information have been evaluated within the agreed time of 10 working days.

During the quarter we introduced a third-party qualification verification requirement for the Zero Fee Teaching applications, which will help identify fraudulent applications.⁴ The effectiveness of requiring an external verification will be evaluated to determine if it should be required for all IQA applications. We are working closely with stakeholders such as Immigration New Zealand, the Teaching Council, education providers, and Ministry of Education to better streamline our process and prepare for any further changes in application volumes arising from policy changes.

The Ministry of Business, Innovation and Employment (MBIE) engaged NZQA to revise the List of Qualifications Exempt from Assessment, containing select qualifications from quality-assured and credible overseas educational institutions. Applicants with a qualification on this list will not have to obtain an IQA from NZQA when submitting their visa applications.

We have a business improvement and efficiency project underway to help applicants get their application right the first time. Information is now provided in multiple languages and (e.g. text, diagrams, and video) on the NZQA website.

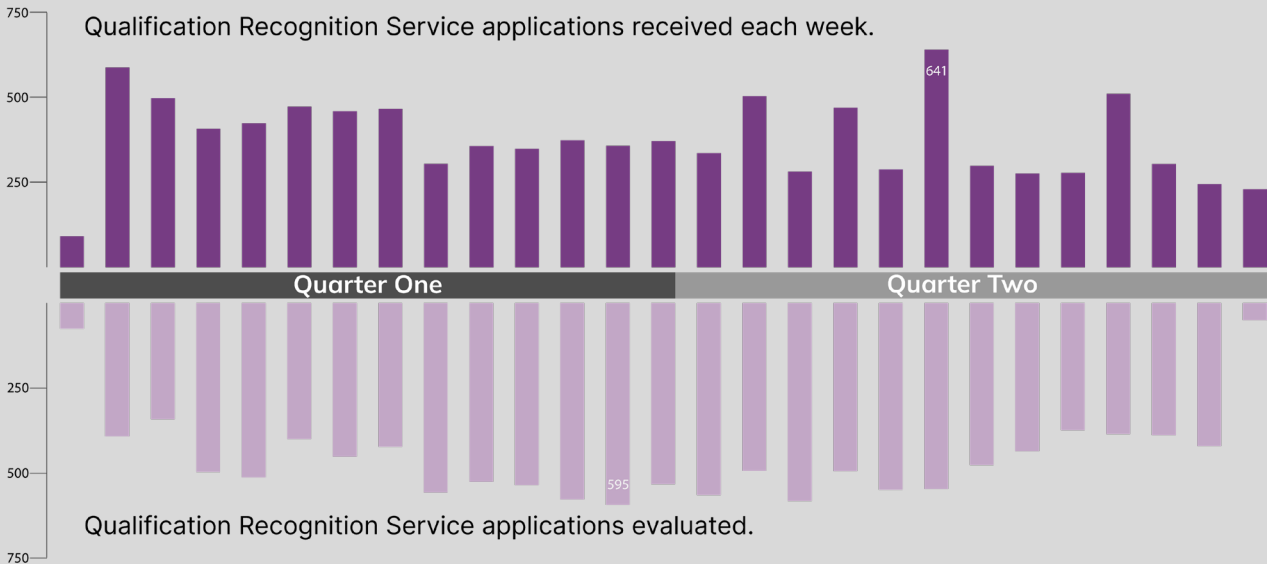
⁴ To date three ZETI applications have raised concerns about fraudulent representation. In such cases, details are passed to the Ministry of Education and the Teaching Council, and where appropriate New Zealand Police.

Qualification Recognition Services performance data

Table 1: Count of qualification recognition applications by country (top 10) for Quarters One and Two 2023/24

Rank	Issuing Country	Count	Rank	Issuing Country	Count
1	India	2,450	6	United Kingdom	552
2	Philippines	2,299	7	Sri Lanka	305
3	South Africa	682	8	Australia	270
4	Fiji	676	9	USA	243
5	China	555	10	Zimbabwe	235

Figure 1: Weekly “pipeline” of applications received (upper) compared to qualification recognition application evaluations being completed (lower) for 2023-2024 Quarters One and Two



Outcome 2.0: Trusted assessment and quality assurance

The following section outlines the key actions NZQA has undertaken during Q2 to advance the outcome: *Trusted assessment and quality assurance*. This work is separated into four key result areas:

- **Intermediate Outcome 2.1:** Credible assessment and aromatawai practices support high-quality learning and achievement
- **Intermediate Outcome 2.2:** Assessment and aromatawai practices adapt to the changing needs of learners, community and industry
- **Intermediate Outcome 2.3:** Credible quality assurance supports high quality teaching, learning, aromatawai and assessment
- **Intermediate Outcome 2.4:** Quality assurance adapts to the changing needs of learners, community and industry

Intermediate Outcome 2.1: Credible assessment and aromatawai practices support high-quality learning and achievement

NCEA and New Zealand Scholarship end-of-year examinations

The NCEA and New Zealand Scholarship end-of-year examinations were held between Monday 6 and Thursday 30 November 2023. Nearly 121,000 students participated in examinations for 127 subjects. Further information about the digital platform issues on 10 November is included under Digital Assessment Service (page 10).

The release of NCEA results, along with those from the second Literacy and Numeracy / Te Reo Matatini me te Pāngarau assessment opportunity, took place on 17 January 2024, followed by the release of NZ Scholarship results on 8 February 2024.

In preparation for the End of Year Examinations, a new examination materials delivery process was designed to minimise the risk of examination material getting lost or misdirected. This was made possible through a collaborative effort with the delivery vendor and NZQA's Operations and Logistics business unit.

Long-term direction of assessment

NZQA has commenced development of a long-term strategy for senior secondary assessment. The Assessment Division's operating model will also be reviewed to support the implementation and realigned baseline operating funding for delivery of digital assessment.

Intermediate Outcome 2.2: Assessment and aromatawai practices adapt to the changing needs of learners, community and industry

Special Assessment Conditions Notifications Gateway

NZQA is trialling a new process for schools and kura to notify NZQA for Special Assessment Conditions (SAC) provisions for their learners for NCEA Level 1 in 2024.

This process, which is optional, will sit alongside the current SAC application process. If the trial Notifications Gateway is used, NZQA approval will not be required and supporting evidence will not need to be submitted.

The Notifications Gateway was available from the beginning of Term 4 2023.

SAC Question and Answer sessions

In October 2023, NZQA held online SAC Question and Answer sessions for kura and schools. These were a follow up to the in-person SAC Seminars held earlier in the year, with one session in te reo Māori for kura, and covered the changes to SAC notification process.

Digital Assessment Services

The 2023 end-of-year examinations saw 59,013 students complete assessments on our digital platform, compared with 42,619 students in 2022 (a 38.5% increase). Participation in digital assessment for digitally available external standards increased from 34.3% in 2022 to 46.7% in 2023.

This excludes 66,511 students who participated in the digital assessments for Literacy and Numeracy / Te Reo Matatini me te Pāngarau.

Extensive testing by our technology vendor prior to the 2023 NCEA examination round provided confidence that the digital examination platform could support more than 30,000 students. However, during the second assessment event for Literacy, Numeracy and te Pāngarau and the NCEA Level 1 English external examination, there were performance and platform capacity issues.

During the Literacy, Numeracy and te Pāngarau assessments, two issues occurred:

- On Monday 30 October, some responses were not saved if students edited their original response in the Numeracy assessment. NZQA paused the assessments between Monday 30 October to midday Tuesday 31 October 2023 as a fix was undertaken.
- The number of students logging on to the platform on Thursday 2 and Friday 3 November 2023 exceeded the capacity of the platform. This resulted in a degradation of the platform's performance and some students had to complete their assessments on paper. NZQA extended the assessment window until Monday 6 November for schools who were unable to complete the assessments in the scheduled week to ensure students had a fair opportunity to access the assessments.

During the NCEA L1 English examination on Friday 10 November, we again had to manage the number of students logged into the digital assessment platform to ensure students already logged in could continue with their assessment without disruption, should the platform reach capacity.

Students sitting other NCEA examinations held on Friday 10 November⁵ could log in through a URL provided by their Examination Centre Manager.

Although NZQA's relationship with the provider has improved, with assurances of a more focused attention on NZQA's needs, an independent consultant (Debbie Francis) has been

⁵ The other subjects with examinations held on Friday 10 November were L1 English (New achievement standard), L2 Lea Faka-Tonga, L3 Media Studies in the morning and L1 Biology and L2 Music in the afternoon.

contracted to undertake an external review of NZQA's risk management practices for digital assessment.

A summary of the review's findings will be included in the next quarterly report, with a view to releasing the findings publicly.

Exam Centres

From a total of 102 kura or schools with a Māori student population of 70% or more, 77 were exam centres for the 2023 end-of-year examinations.

NZQA's School Quality Assurance and Liaison business unit is evolving the Managing National Assessment (MNA) review process to integrate a more culturally inclusive way of conducting MNA reviews in kura and kura auraki (mainstream schools). A trial will be conducted in 2024 with kura who are due to have an MNA review.

NCEA Workshops

NZQA is committed to parents, families and whānau being better informed to support their children. Our NCEA me te Whānau and NCEA me le Pasifika workshop are focused on raising awareness of NCEA and the value of STEM⁶ continues to be a key focus of our workshops.

We receive a lot of questions from parents regarding NCEA changes and have reviewed our key messages for 2024 in response.

In the second quarter we engaged with just under 300 Māori and Pacific participants in our NCEA workshops.

Requests for workshops typically reduce in term four as students prepare for examinations.

Intermediate Outcome 2.3: Credible quality assurance supports high quality teaching, learning, aromatawai and assessment

External Evaluation and Reviews

NZQA completed 28 External Evaluation and Reviews (EER) in Quarter One and 33 in Quarter Two. These numbers met NZQA's targets. There are 18 reviews scheduled for the Quarter Three.

All EERs now include information on the support for, and achievement of, any priority learners (Māori, Pasifika, disabled) enrolled with the provider. Since the start of the 2022/23 financial year, NZQA has requested data on disabled learners' support and achievement. While not all providers reviewed over this period have extensive information available, most are gathering entry-level data to identify disabled learners.

Over the next two financial years, NZQA will build its ability to analyse learner trends and identify good practice.

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STEM is an educational approach to learning and development that integrates the areas of science, technology, engineering, and mathematics.

Compliance and complaints

In our work to monitor and ensure compliance since 1 July 2023, we have received and assessed 256 risk-related referrals and pieces of information.

Of those referrals, 158 have been concerns raised by learners looking for advice on their situation and were resolved quickly.

The remaining 98 referrals were addressed with varying levels of intervention, either as:

- A “risk issue” (84) where non-compliance may not have occurred, but a risk exists.
- A formal complaint (11) where students allege instances of non-compliance by their provider.
- An investigation (3) where alleged, suspected, or known non-compliance is followed up.

While risk-related referrals are varied, we have noticed instances where private training establishments (PTE) have changed ownership without applying to NZQA for approval and have delayed paying their NZQA invoices until the final notice. These issues suggest that finances are an ongoing concern for PTEs. We are working to ensure this does not impact teaching and learning.

Redesigning the quality assurance framework

Work is progressing on redesigning the quality assurance framework (QAF) with seven areas proposed for improvement:

- Focusing quality assurance on providers’ approach to equity of access and opportunities for ākonga success.
- Moving to a dual focus of understanding individual providers and the system.
- Reducing the regulatory burden for providers.
- Better recognition of the differences between providers.
- Increasing the consistency of NZQA’s evaluative practice
- Supporting innovation while assuring quality.
- Better reflecting our commitment to honouring Te Tiriti.

We have engaged with a wide range of stakeholders to understand what they consider important to measure to assure quality, and how activities could be effectively and efficiently measured using our quality assurance levers within the QAF.

The next steps are to synthesise what we have learned and re-engage with stakeholders in the first quarter of 2024 to refine our proposed concept framework.

Supporting teachers and assessors

Pūtake is NZQA’s learning management system. It is available to teachers and assessors and offers modules, short courses, and online programmes about assessment in subjects and specific standards or broader assessment practices.

The number of registered users has increased to more than 7,300 users, from approximately 6,000 users as of 30 June 2023. During the quarter, nearly 3,300 registered users (44.8%) engaged with online learning modules.

Enhancements to the Assessor Practice Tool (APT) are currently being tested and are due to go live in March 2024. The enhancements follow feedback from a 12-week pilot in 2023. The

APT enables teachers and assessors to practice their marking on a sample of student work for a particular standard. Teachers and assessors then see what the appropriate grade was, with detailed commentary from a panel of moderators. We are also developing a series of webcasts (3 to 5 mins long) to assist teachers in their assessment planning for, and to support the implementation of, the new Level 1 achievement standards. The first of these webcasts will be available in March 2024.

NZQA-owned unit standards

As of 31 December 2023, all NZQA-owned unit standards have been maintained by their planned review date. This work has resulted in 317 NZQA-owned unit standards being reviewed in the 2023 calendar year.

Table 2: NZQA owned unit standards reviewed during 2023 by subject

Kaupapa / Subject area	No. of standards
English for Academic Purposes	10
English Language	69
Manaaki Marae	6
Ngā Mahi a Te Whare Pora	45
Science	61
Te Ara Hou ki te Ora (Whānau Ora)	9
Te Mātauranga Māori me te Whakangungu	12
Te Reo Māori	64
Tikanga	24
Vagahau Niue (Level 1–3)	17
Total	317

Moderation

During the quarter we moderated 14,491 samples of student work (refer table 3 below). In the previous quarter, we moderated 18,874 samples.

The number of samples moderated fluctuates month-on-month depending on the number of standards selected for the month and submitted by schools. Schools do not always assess standards or submit samples, which can impact on the final number of samples being moderated.

Our annual target is between 30,000 to 50,000 samples of student work per year, with our current year-to-date volume at 33,365 samples.

Table 3: Number of student work samples internally assessed moderated by NZQA

	2022/23 Actual	2023/24 Target	2023/24 Actual
Q1 Total	22,252	20,120	18,874
October	5,438	7,020	4,469
November	5,641	6,130	6,744
December	3,489	5,115	3,278
Q2 Total	14,568	18,265	14,491
YTD Total	36,820	38,385	33,365

Intermediate Outcome 2.4: Quality assurance adapts to the changing needs of learners, community and industry

The Code

We continue promoting the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021 (the Code) to learners and providers. This quarter we provided information sessions for school signatories on self-review and attestation and presented at the Student Voice and the Asia-Pacific Student Accommodation Association (APSAA) Aotearoa summits.

In partnership with Education New Zealand, we also offered a workshop on the Code for education agents from around the world.

Private tertiary establishments, wānanga and school signatories are required to attest annually that they have completed a self-review against the Code. These attestations were due this quarter.

By the end of the quarter, 352 of the 367 tertiary providers (96%) and 683 of the 719 school signatories (95%) had submitted their 2023 attestation. We are in the process of following up with the remaining schools and providers.

As part of our monitoring, we are reviewing a sample of provider self-review reports. The review process is expected to be completed in Quarter Three. The review will inform future capability building activities, and we intend to publish a summary of the findings when the process is complete.

Insights

We continue to draw on our data and information to provide insights into qualification, assessment, and quality assurance matters. We have published a range of insights papers on our website, and others which highlight issues of equity, evidence good practice, and support education system improvement are in development. This quarter, we focused on the progress made to date, and opportunities for optimising how we present insights information to meet the needs of various stakeholder groups.

For example, future insights work could include different formats, such as shorter articles, videos, presentations, or webinar.

Our Organisational Capability

Success in delivering our outcomes requires us to have the right environment that allows our people to meet customer needs, be supported through tools and processes, and have the agility and flexibility to meet future demands. The following section provides an update on:

- NZQA's critical systems and infrastructure
- Supporting and understanding our customers
- Delivering quality services

NZQA's critical systems and infrastructure

NZQA's 'eQA' (electronic Qualifications Authority) is a technology system that supports all our core business functions. We use this system to underpin our quality assurance and assessment responsibilities. It links to the vast majority of internal applications and customer channels.

The eQA system began operation in 2005 and is now almost two decades old. It is coming to the end of its serviceable life with increasing costs and decreasing availability of support and change capability.

NZQA is coming out of a necessary period of investment in key capability systems (an information management system, a contact management system, a data warehouse, a Human Capital Management System, a much-needed new website and overdue upgrades to portals for students, schools, and tertiary providers).

These important improvements in the underlying systems that NZQA uses to provide services to key customers were recommended in the independent Frances Review in 2020 and have been funded from what was, at the time, a healthy balance sheet.

Despite this investment and improvement programme, the NZQA Board will continue to manage significant business risks maintaining outdated and unsupported systems.

The Board has confirmed NZQA's digital and data environment as a critical focus area and has set up an IT digital and data subcommittee that will have its inaugural meeting in February 2024. The purpose of the subcommittee will be to stay on top of current and future opportunities and risks, with a specific focus on managing and strengthening core IT systems at risk and Artificial Intelligence and its implications for NZQA.

Supporting and understanding our customers

During Quarter Two we have continued customer engagement and research. This included the second half-yearly hui between NZQA and National Student Associations in September. The hui took place under the Memorandum of Understanding we have signed with student associations.

The half-day hui covered:

- Introducing the QAF redesign and the role of learner voice and inviting early participation from student associations.

- Exploring tangible steps of student associations connecting NZQA to the larger learner base to access the voice of learners.
- The reviewed and updated Engagement Plan activities for 2024.

NZQA was invited to join the Student Voice Summit held in November by the New Zealand Union of Students Associations and the Academic Quality Agency.

This was a full day summit to transfer knowledge between out-going and in-coming elected representatives.

Delivering quality services

NZQA has piloted a new end-to-end technology solution for NCEA students and schools to address significant manual workarounds to manage end-of-year digital submissions.

NZQA worked closely with the sector to co-design this solution which following the pilot in August rolled out to all schools for use in the 2023 academic year. As a result, in Quarter Two, 95% of digital submissions were uploaded and marked through this new capability. The remaining 5% were late submissions and were managed by other processes.

We also made further improvements to NZQA's website chatbot (Awhina). This included adding new verification attributes to help learners locate their National Student Number. As a result, successful chatbot interaction rates have increased from single figures to over 50% (at the time of reporting this has climbed to nearly 80%).

The Customer Experience Improvement Project (CxIP) team also reviewed the International Qualification Assessment (IQA) application process to identify improvements for applicants uploading their qualification (and other) documents. The website now provides a "show not tell" informative video explaining the correct process for applicants to follow. It also includes visual examples of acceptable documents as well as examples of uploads that may delay the application's progress.

Performance measure (non-performance) exception reporting

The following section contains details of NZQA's Appropriation/Statement of Performance Expectations performance measures that are not currently being achieved or are forecasted to fall below expected performance levels.

As of the end of the quarter, there are six performance measures (out of 35) where targets are not being achieved, or preliminary information indicates that achievement is unlikely.

Table 4: SPE performance measure overview

Measure type	SPE measure count	On track	
		Yes	No
Numeric	31	25	6
Narrative	4	4	-
Total	35	29	6

Performance measures tracking below target

Measure 2.2b(i)	Target	Q2 forecast
The % of students that participate in digital assessment. ⁷	50%	46.7%

This result (46.7%) exceeded our Q1 forecast but still did not meet the 2023/24 performance standard of 50% or greater.

The number of students sitting a digital external assessment has increased across all NCEA levels. In 2023, NZQA supported schools to participate in digital assessment through workshops and one-on-one support.

Provisional results show over 59,000 students out of approximately 126,300 students sat one or more of their assessments digitally. In addition, in 2023 over 66,500 students completed the Literacy and Numeracy / Te Reo Matatini me te Pāngarau co-requisite assessments digitally.

Additional detail on these issues, and NZQA's response, is contained on page 10 (refer Digital Assessment Services).

To assist our engagement with schools on increasing digital uptake, NZQA has commenced the 'Scaling up Digital External Assessment' project with the development of an assessment roadmap for 2024 through to 2027, and a review of the Digital Assessment Vision.

⁷ Excludes students participating in externally assessed te reo matatini me te pāngarau (literacy and numeracy) assessments.

NZQA is also increasing direct support for schools and kura in 2024 to improve participation in digital external assessment. We will use up-to-date data on digital participation by subject for individual schools and kura, to identify where we need to focus our support.

Schools and kura will be further supported to implement digital assessment in the nationwide workshops held in February and March 2024 with Principal Nominees, and teachers new to NCEA. We are also investigating ways of removing barriers to participation (i.e., device access and network connectivity) by working with colleagues from across the education sector.

Measure 2.2b(ii)	Target	Q2 Result																							
The rate of ākonga Māori and Pacific students participating in digital external assessment similar or higher than their peers. ⁸	Upwards trend.	Provisional results: <table border="1" data-bbox="772 651 1353 954"> <thead> <tr> <th data-bbox="772 651 967 689">Māori:</th> <th data-bbox="967 651 1161 689">Pacific:</th> <th data-bbox="1161 651 1353 689">Other:</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 689 967 728">L1: 42.6%</td> <td data-bbox="967 689 1161 728">L1: 36.7%</td> <td data-bbox="1161 689 1353 728">L1: 48.1%</td> </tr> <tr> <td data-bbox="772 728 967 766">(-5.5pp)</td> <td data-bbox="967 728 1161 766">(-11.4pp)</td> <td data-bbox="1161 728 1353 766">L2: 54.4%</td> </tr> <tr> <td data-bbox="772 766 967 804">L2: 45.6%</td> <td data-bbox="967 766 1161 804">L2: 39.9%</td> <td data-bbox="1161 766 1353 804">L3: 47.9%</td> </tr> <tr> <td data-bbox="772 804 967 842">(-8.8pp)</td> <td data-bbox="967 804 1161 842">(-14.5pp)</td> <td></td> </tr> <tr> <td data-bbox="772 842 967 880">L3: 40.8%</td> <td data-bbox="967 842 1161 880">L3: 33.6%</td> <td></td> </tr> <tr> <td data-bbox="772 880 967 918">(-7.1pp)</td> <td data-bbox="967 880 1161 918">(-14.3pp)</td> <td></td> </tr> </tbody> </table>			Māori:	Pacific:	Other:	L1: 42.6%	L1: 36.7%	L1: 48.1%	(-5.5pp)	(-11.4pp)	L2: 54.4%	L2: 45.6%	L2: 39.9%	L3: 47.9%	(-8.8pp)	(-14.5pp)		L3: 40.8%	L3: 33.6%		(-7.1pp)	(-14.3pp)	
Māori:	Pacific:	Other:																							
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Māori and Pacific learners have increased participation in at least one or more digital assessment year-on-year. However, non-Māori and Pacific learners have also shown an increase in participation, widening the gap at some levels, between these groups.

Measure 2.3a(i)	Target	Q2 Result
Percentage of schools who progress from a one to two-year Managing National Assessment (MNA) cycle based on evidence that the school has made the specified improvements.	60%	40%

At the start of the 2023/24 financial year there were five schools (out of 514) on a one to two-year MNA cycle of assessment. At the end of Quarter Two, two schools have returned to an assessment cycle of three to four years, while two remain in the one- to two-year cycle. We will be working with the remaining school during 2024 to determine if sufficient improvements to assessment processes have been made for it to return to a lower frequency of MNA.

⁸ Excludes students participating in externally assessed te reo matatini me te pāngarau (literacy and numeracy) assessments.

Measure Oc1(i)	Target	Q2 Result
The proportion of survey respondents who agree or strongly agree that the information they received from NZQA met their needs.	75%	66%

During Quarter Two we saw a slight reduction in the proportion of survey respondents who agree/strongly agree that the information they received from the New Zealand Qualifications Authority met their needs compared to the first quarter (67%).

NZQA's Customer Experience Improvement Project (CxIP) team has developed options to improve the customer experience. The goal of this work is to provide an improved experience for our customers, which is expected to be reflected by better outcomes in the customer satisfaction surveys.

Measure Oc2(ii)	Target	Q2 Result
The percentage of Ministerial items that achieve the deadlines agreed with the Minister's office.	99%	97.5%

The percentage is calculated on the cumulative total of ministerial items vs the number of late items. We had two late items this quarter plus the total number of Ministerial items was below average due to the election period from Sept to Nov 2023. It is expected that this result will return to 99% or above over the next two quarters.

Measure Oc3(i)	Target	Q2 Result
The percentage of respondents who agree or strongly agree that the response time from NZQA met their expectations.	75%	64%

In a similar fashion to measure Oc1(i), we have also seen a slight reduction (Q1 = 69%) in the proportion of survey respondents who agree/strongly agree that the timeliness of the information they received from the New Zealand Qualifications Authority met their expectations.

This measure is expected to be improved through the Customer Experience work discussed above.

Financial Performance

Key Financial Performance Indicators⁹

	Actual - YTD (\$M)	Budget - YTD (\$M)
Total revenue	73.21	71.65
Total expenditure	73.43	69.58
Net surplus / (deficit)	(0.21)	2.07
Cash against current debt ratio	1.81:1	1.10:1
Cash available for capital investment ^{10 11}	12.71	15.24
Net capital investment ¹²	4.26	

Consolidated Financial Report and Commentary

(for the period ending 31 December 2023)

	Q1 Actual (\$M)	Q2 YTD (\$M)	Budget YTD (\$M)	Variance (\$M)
Revenue				
Crown revenue	40.24	53.60	53.60	-
Fees and charges	7.21	18.43	17.25	1.19
Interest revenue	0.62	1.15	0.80	0.35
Other income	0.01	0.02	-	0.02
Total revenue	48.08	73.21	71.65	1.56
Expenditure				
Personnel and Board ¹³	15.58	41.84	40.19	(1.66)
Specialist workforce	1.25	7.32	8.47	1.15
Professional services	5.10	9.9	5.77	(4.13)
Publication, print and distribution	1.44	3.67	3.80	0.13
Other operating	4.11	9.27	9.96	0.69
Depreciation	0.72	1.42	1.39	0.03
Total Expenditure	28.20	73.43	69.58	(3.85)
Net surplus / (deficit)	19.88	(0.21)	2.07	(2.29)

⁹ Current Ratio equals: Total Current Assets to Current Liabilities as a ratio. Target is a minimum.

¹⁰ Excluding future depreciation.

¹¹ Cash available for Capital Investment equals appropriations less non-current assets. This represents the amount of funding NZQA has available to invest in fixed assets, or other organisation development over and above current year depreciation.

¹² Net capital investment equals non-current assets.

¹³ % of staff cover costs to direct Personnel costs is spend on independent contractors used for staff backfill compared to all other staff costs.

Commentary: NZQA Overview against forecast

The December YTD net deficit is \$0.2M against a main budget surplus of \$2.1M giving an unfavourable variance of \$2.3M.

Revenue

Revenue for December YTD is \$73.2M against the main budget of \$71.7M being \$1.6M (2%) above the main budget. The material variances arise from:

Credit Fees revenue and Qualification Assessment Fees

- Credit Fee revenue was \$0.2M higher than budget. This was driven by higher than budgeted numbers of credits reported through to NZQA by tertiary education organisations. Credit fee revenue is on par compared to the previous year.
- The Qualification Assessment Fees are \$0.8M higher than budget, mainly due to higher-than-expected volumes of applications processed for the Qualification Recognition Services.

Interest income

- Interest income is tracking \$0.4M higher, due to cash balances being higher than originally planned.

Expenditure

Expenditure for November YTD is \$73.4M against the budget of \$69.6M being \$3.9M (6%) above budget. The material variances arise from:

Personnel and Board is \$1.7M higher than budget (4%)

This is largely attributed to wages and related superannuation costs being \$1.3M above budget, largely attributed to payments to examination staff occurring earlier than budgeted.

Specialist Workforce¹⁴ is \$1.1M below budget (14%)

The underspending is largely attributed to the delay in the Review of Achievement Standards, resulting from the change in scope following the government's decision. The work programme is currently being reviewed and will be reflected as part of the forecasting exercise.

Professional Services are \$4.1M above budget (72%)

Professional Services are above budget primarily attributed to:

- Human Capital Management (HCM) project (\$1.3M) – this is primarily related to the increased costs of Phase 2 of the project, which is implementing a solution for the Specialist Workforce (6,000 contractors). The increased budget for this project has been approved by the Board.

¹⁴ NZQA employs 9,500 specialist workers comprised of Exam Centre Managers/Supervisors, Exam Markers, Exam Developers, Moderators and Exam Material critics (i.e. critiquing material). This seasonal workforce is necessary for the integrity and operation of the NCEA and Scholarship secondary school assessment process and to support quality education assessments.

- Portals/NCEA digital submissions (\$1.7M) – this investment was to better support schools, teachers and learners in the facilitation of the NCEA assessment process.

Additionally, higher costs have been incurred across the business, such as to backfill vacancies and to provide timebound, specialist expertise in the delivery of work programmes e.g. building capability in the Strategy Planning and Performance Unit and incurring earlier than anticipated cost for NCEA online assessment readiness work. Due to labour market restrictions and the high demand for the skills required for these projects it has been necessary to backfill these vacancies with higher cost contractors. As the labour market adjusts post COVID and border restrictions we anticipate that these costs will correct.

Other Operating is \$0.7M below budget (7%)

Other Operating expenses are below budget, largely attributed to reduced travel and meeting expenses (\$0.6M) for the following reasons:

- Delays in approving RAS-related examination standards, the Ministry of Education's decision not to pilot Level 3 Te Mātauranga o Aotearoa standards in 2024, and related meeting costs for Ngā Poutoko Aromatawai Māori (Assessment Māori).
- Lower than expected Kahui participant numbers (expert external advisors for Assessment Moderation Māori).
- Deferred English language and Pacific standards hui.
- Fewer moderation samples received, leading to delays in benchmarking hui.
- Venues used at no cost.

Forward Looking

NZQA's 2023/24 Statement of Performance Expectations (SPE) states an expected budget deficit for 2023/24 of \$3.6M (2022/23: deficit of \$16.1M).

As mentioned earlier in this report, NZQA is coming out of a necessary period of investment in key capability systems (an information management system, a contact management system, a data warehouse, a Human Capital Management System, a much-needed new website and overdue upgrades to portals for students, schools and tertiary providers).

The 2022/23 financial year deficit of \$16.1M was comfortably funded by reserves. The residue costs of those projects in the current financial year meant the Board understood that the organisation would be running a budget deficit in this financial year as well.

There is a Board approved deficit position of \$6.2M for this financial year (23/24), including required additional investment to deploy a new HR system that is unfunded by the Crown. (SPE deficit of \$3.6M plus \$2.6M for HCM.)

Further, there is an additional \$2M of expenditure provisioned for the new qualifications register, which was ring fenced in reserves pending formal approvals.

The deficit outturn for this year is forecast to be up to \$12M. Some of the difference between the Board approved deficit level and the current projected outcome reflects the aggressive inflationary pressures all government agencies have experienced in relation to staffing, software licencing costs and other expense areas.

Some of the difference also reflects that the SPE budget did not adequately account for legacy customer experience project work and the increasing salary level of new hires within salary ranges. Please be aware that actions are in place to ensure that this situation does not reoccur.

In late February, the NZQA Audit and Risk Committee (R&AC) will be reviewing the 2023/24 financial forecast and management's plans to continue reducing expenditure (and consider any revenue generating opportunities). We are actively mitigating financial pressures. This particularly includes scrutinising our expenditure and reviewing contractor, consultant, and fixed term and permanent staffing levels, and undertaking business operating model reviews, while ensuring core services are delivered.

Significant steps have already been taken in relation to contractor expenditure, travel costs, meeting expenses and non-replacement of most departing staff.

The whole Board, including the R&AC, are focused on ensuring that NZQA balance the necessary investments in the organisation's systems and capability with recognition of the tight financial situation that exists for all public sector agencies.

The Board consider that this year and next will be a period of consolidation and stabilisation across the work programme, focusing on operational efficiencies and cost reductions. We also see the organisation using this period of consolidation and business process change as an opportunity to ensure that all work is right sized, responsive and value adding.

Four 'Cost Pressure' budget bids have been submitted for consideration. This includes a bid to ensure NZQA has sufficient funding available to deliver IT system stabilisation across its legacy and legacy-integrated technology platforms and develop a robust business case for the replacement of EQA.

Balance sheet and commentary

(as at 30 December 2023)

	Actual 31/12/2023 (\$M)	Opening 30/06/2023 (\$M)	Movement (\$M)
Current Assets			
Cash and bank	0.66	2.97	(2.31)
Short-term deposits	24.50	22.00	2.50
Debtors and other receivables	14.17	7.64	6.53
Total current assets	39.33	32.61	6.72
Non-current assets			
Fixed assets	4.08	5.36	(1.28)
Work in progress	0.18	0.22	(0.04)
Total non-current assets	4.26	5.58	(1.32)
Total assets	43.58	38.19	5.40
Current Liabilities			
Creditors and other payables	13.61	7.96	5.65
Provisions for employee entitlements	4.82	4.26	0.56
Deferred revenue	1.23	2.02	0.79
GST payable	0.32	0.12	0.20
Total current liabilities	19.97	14.36	5.61
Non-current liabilities			
Provisions for employee entitlements	0.92	0.92	-
Unclaimed monies	-	-	-
Total non-current liabilities	0.92	0.92	-
Total liabilities	20.89	15.28	5.61
Net Assets	22.69	22.91	(0.21)
Equity	22.69	22.91	(0.21)

Commentary: Balance sheet

Most movements in accounts since 30 June 2023 are relatively small and expected, with significant movements noted below:

- Debtors and receivables have increased by \$6.5M, driven primarily by an outstanding debt due from the Ministry of Education of \$6.9M at 31 December 2023. Management is working closely with the Ministry to expedite payment of the debt.
- Fixed assets have decreased by \$1.2M reflecting a \$1.4M depreciation charge for the year to date, less \$0.2M of computer equipment additions.
- Work in progress is \$0.2M, reflecting Phase 2 costs for the HCM project (following Phase 1 costs for the HCM project being shifted to prepaid expense).
- Creditors and payables have increased by \$5.7M. This primarily reflects increased exam related accruals and a \$2M increase in the liability to IR for deductions (i.e. PAYE) relating to payments made to examination staff in December 2023.
- Provision for employee entitlements (primarily annual leave) has increased by \$0.6M. This is expected to reverse with significant leave being taken by staff in January.
- Deferred Revenue has decreased by \$0.8M. This movement is driven by the decrease in QRS deferred revenue, as the number of unprocessed and in progress applications has decreased.

Cash flow statement

(for the Quarter ending 31 December 2023)

<i>Actual and Forecast 2023/24</i>	Year to Date (\$M)	January Forecast (\$M)	Full Year Forecast (\$M)
Net cash flows – operating activities	0.28	(2.43)	(13.27)
Cash provided from:	65.89	8.07	105.95
Crown revenue	53.60	6.51	82.42
Inter department revenue	-	-	-
Third party revenue	11.11	1.46	21.75
Other income	0.02	-	0.02
Interest income	1.15	0.09	1.75
Cash applied to:	65.61	10.50	119.22
Employees	41.03	5.19	70.39
Suppliers	24.58	5.31	48.83
Net cash flows – financing activities	-	-	-
Cash provided from:	-	-	-
Crown-Capital contribution	-	-	-
Cash provided to:	-	-	-
Crown-Capital withdrawal	-	-	-
Net cash flow – investing activities	(0.09)	(0.15)	(0.99)
Cash provided from:	-	-	-
Sale of intangibles and fixed assets	-	-	-
Cash was provided to:	-	-	-
Purchase of intangibles and fixed assets	0.09	0.15	0.99
Repayment of capital contribution	-	-	-
Net Increase / (decrease) in cash held	0.19	(2.58)	(14.27)
Opening cash	24.97	25.16	24.97
Closing cash balance	25.16	22.58	10.27
Statement of Financial Position			
Cash	0.66	3.58	3.27
Short-term deposits	24.50	19.00	7.00
Closing cash balance	25.16	22.58	10.27

Commentary: Cashflow

Cash and term deposits of 31 December 2023 total \$25.2M down \$9.7M from the previous month. This largely reflects exam cycle expenditure. \$24.5M is held on term deposit with varying maturity dates to maximise interest revenue while ensuring sufficient liquid cash is on hand to meet immediate needs.