



NZQA

Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

NZQA
Performance Update

July – October 2024

Introduction

NZQA ensures that Aotearoa New Zealand qualifications and credentials are accepted nationally and internationally as credible and robust.

This is achieved through its stewardship of the New Zealand Qualifications and Credentials Framework, managing the qualifications system, regulating and quality assuring non-university tertiary education, delivering credible senior secondary school external assessment, quality assuring secondary school NCEA internal assessment, and administering the Education Code of Practice 2021.

Executive summary

This report summarises NZQA's performance since the start of the 2024/25 financial year. It is designed to give readers a high-level picture of NZQA's performance from the start of the year to the time of writing.

For the year-to-date NZQA has:

- Successfully prepared for and delivered the 2024 end-of-year NCEA examinations.
- Progressed its Financial Stabilisation Plan including delivery of its strategic reset.
- Updated the New Zealand Qualifications and Credentials Framework and prepared an Integrated Quality Assurance Framework (both Frameworks are in public consultation at the time of writing).
- Started the year with a financial surplus. Results from the first four months are indicating that NZQA's financial performance is likely to improve on the budgeted deficit of \$2.1m.

Looking forward

Looking forward:

- NZQA's Financial Stabilisation Plan is partially contingent on the success of several Budget Bids totaling \$29.53m at the time of writing. If these bids are unsuccessful, there is a risk NZQA will not be able to deliver core services at expected levels or achieve its goal of financial surplus by 30 June 2026. It is preparing three bids at the time of writing (see page 4 for further detail).
- NZQA has received independent advice that its NCEA and NZ Scholarship delivery activity is underfunded by \$14.23m per year. This will be one of NZQA's budget bids.
- NZQA has begun work on its new Statement of Intent, Statement of Performance Expectations, and the associated outcomes framework and measures. Progress will be shared with the Minister in a December 2024 Aide Memoire.

Strategic priorities

NZQA's Strategic Priorities are:

- 1** Perform core functions well, supported by strong corporate infrastructure.
- 2** Utilise right touch, right size regulation that balances the needs of all stakeholders.
- 3** Improve stakeholder understanding of qualifications and credentials.
- 4** Leverage digital solutions to increase business efficiency and quality.

This section discusses work underway to achieve elements of these priorities.

Progress on selected strategic priorities

Achieving Government and Ministerial Expectations

NZQA contributes to the education system goals for New Zealanders and those studying in New Zealand to gain the skills, knowledge, and capabilities that they need to fully participate in employment, society, and their communities.

Over the last three months NZQA has:

- Drafted an outcomes framework to support its upcoming Statement of Intent.
- Drafted a Terms of Reference with the Ministry for Regulation to guide a high-level review of NZQA's regulatory approach.

NZQA also has its own set of Ministerial expectations, described in the NZQA Letter of Expectations.

Looking forward, NZQA will:

- Prepare an Aide Memoire outlining its updated strategy and proposed outcomes framework.
- Prepare draft Statement of Intent and Statement of Performance Expectation documents that reflect Government and Ministerial priorities and the updated Board strategy.

Improving financial management and sustainability

NZQA has a Financial Stabilisation Plan designed to ensure the organisation is operating in a surplus position by 30 June 2026.

Over the last three months:

- The NZQA Board began Action 1 – reset our Strategy. The Board's strategy will be shared with the Minister and Ministry of Education in December 2024.
- NZQA received advice for Action 4 – cost of NCEA delivery review. At the time of writing, this review is indicating a funding shortfall of \$14.23m per annum.
- NZQA provided a Half-yearly Economic and Fiscal Update (HYEFU) outlining its financial risks and progress towards mitigating these risks. There is a particular risk that the objectives of the Financial Stabilisation Plan will not be achieved if NZQA is unable to secure appropriate funding through the Budget Bid process.

The Plan has eleven complementary priority actions designed to work together to stabilise NZQA's financial position.

Looking forward NZQA will:

- Prepare budget bids for the NCEA and NZ Scholarship funding shortfall, known funding discrepancies in Specialist Workforce costs, and to enable progress in the STEP programme (see below). These bids are expected to total \$29.53m and will require Monitor and Ministerial support.
- Begin its 2025/26 internal planning cycle with a focus on embedding the Board Strategy, prioritisation of activity, and clearly demonstrating the linkage between effort and impact.
- Continue to progress the Financial Stabilisation Plan actions. NZQA will advise the Minister and MOE as work progresses.

Progress on selected strategic priorities

Stabilising and future proofing IT systems

NZQA's core technology platforms are aging and no longer fit for purpose which drives an increasingly high maintenance demand. This presents a risk of platform failure which could lead to service disruption or failure.

Over the last three months NZQA has:

- NZQA initiated a range of projects utilising its \$10m Capability Improvement Programme (CIP) funding designed to stabilise legacy systems, build the pathway to legacy replacement, and enhance NCEA.
- Undertook a Gateway review of the STEP Business Case. The review resulted in an Amber rating and a series of recommendations that indicate that this work is on-track.

NZQA is progressing the upgrade of its core technology platforms in its Strategic Technology Enhancement Programme (STEP).

Looking forward, NZQA will:

- Develop the STEP Detailed Business Case after approval to move to the next stage of the investment cycle by Cabinet on 25 November 2024.
- Prepare a Budget Bid for the establishment phase of STEP as recommended by the Gateway review. This funding will enable NZQA to achieve early wins whilst progressing the Business Case proper.

Secondary Assessment

NZQA administers, quality assures and reports on senior secondary credentials (including NCEA, New Zealand Scholarship and University Entrance). Responsibilities include:

- 1** Quality assuring senior secondary schools' assessment systems through Consent to Assess and Managing National Assessment Reviews.
- 2** Moderating internally assessed achievement standards and providing assessor support.
- 3** Delivering external NCEA and New Zealand Scholarship assessments.

This section discusses work underway to achieve elements of these priorities.

Ministerial priorities

End-of-Year Examinations:

Preparations for the end-of-year examinations developed as planned.

Training for Examination Centre staff has been strengthened following last year's digital assessment platform issues and in response to the External Review of the Digital Assessment platform recommendations.

New learning content has been created to support the delivery of digital external assessments and to provide trouble shooting advice when issues arise. This training was delivered in October.

Following the go-live of NZQA's new Human Capital Management system, issues arose with onboarding, including contractors' ability to easily navigate the system. In response, cross-organisational groups met daily with additional staff allocated to manage demands in the Contact Centre, Information Systems and People and Capability teams.

NCEA co-requisite assessments

Results from the first NCEA co-requisite assessment event (held in May and June) were released on 23 July for Literacy (Reading) and on 5 August for Literacy (Writing), Numeracy, Te Reo Matatini and te Pāngarau. Literacy (Reading) results were released earlier as the assessment is auto-marked. Results are published on NZQA's website.

The second co-requisite assessment event was held between 9 and 20 September with just over 77,000 students completing over 155,000 assessments. At the time of writing, results are scheduled for release on 29 November.

Strengthening NCEA

NZQA is working with the Ministry of Education on advice to the Minister of Education regarding potential activities that could be undertaken to strengthen NCEA.

More specifically, NZQA is leading the development of advice to strengthen quality assurance of internal assessment.

This aligns with work NZQA already has underway to strengthen quality assurance of school-based assessment as part of NZQA's Capability Investment Programme.

Options to strengthen NCEA will be provided to the Minister for consideration, following consultation with the Minister's NCEA Professional Advisory Group.

Overview

Since the start of the financial year

Since late 2023, NZQA has worked closely with its digital assessment platform provider to ensure that the platform is stable during periods of high user traffic. This includes aligning functional and performance testing to NZQA's operating requirements.

To prepare for the upcoming examination period, end-of-year specific performance testing was undertaken to support platform readiness. This included scenario testing in preparation for our largest digital examination, Level 1 English, with 35,000 learners at 6,000 logins per minute with no performance issues.

Quality Assurance

NZQA has planned 138 Managing National Assessment reviews. At the time of writing, 76 reviews have been completed and 62 are still underway. Of those completed, 90% of schools and kura are "effective" or "highly effective".

We have approved four Consent to Assess applications for schools and kura. These schools are now able to assess students against standards listed on the Directory of Assessment and Skill Standards* and report credits to NZQA for recording on the students' NZ Record of Achievement.

These applications were largely driven by the schools' desire to offer NCEA co-requisite assessments. Three further applications have been received and are at varying stages of the approval process, adding to the two in the previous financial year.

NZQA is currently working with the Charter School Agency and Education Review Office to establish the scope of work required for new entities applying, and existing schools converting, to become a Charter School to gain Consent to Assess.

By the end of this quarter, schools and kura have submitted samples of assessed work for moderation for over 4,600 standards, out of approximately 9,500 standards planned for moderation in 2024. All samples must be submitted for moderation by 21 October 2024, with some exceptions due to internal assessments being held later in the year (particularly for performance subjects).

* The Directory of Assessment and Skill Standards consists of all assessment and skill standards approved by NZQA for use by institutions as standards for the assessment of students.

Overview (contd)

Over the next few months

Upcoming priority activities include:

- The evaluation of the Auto Text Scoring pilot for the Literacy (Writing) co-requisite assessment, which will be completed by 31 January 2025. We will brief you on the results of the pilot.
- Examination marking, as the examinations for individual subjects are completed. The end-of-year examination cycle runs from 5-29 November. We plan to have all marking completed by 24 December, with NCEA results release on 15 January 2025.
- Investigating examinations and submitted external assessments breaches.
- Processing derived grade applications for examinations.
- Developing annual national external moderation summaries to inform 2025 school external moderation plans.
- Preparing for the Leading National Assessment seminars we run in February to support school and kura leaders implement policies and processes for credible assessment that are robust and current.

Qualifications and TEO Quality Assurance

NZQA is responsible for:

- 1 Maintaining the New Zealand Qualifications and Credentials Framework (NZQCF)
- 2 Quality assurance of tertiary education organisations (excluding universities).
- 3 Setting Rules for and monitoring tertiary education organisations (TEOs)
- 4 Administering the Tertiary and International Learners Pastoral Care Code of Practice (the Code)
- 5 Recognising international qualifications and supporting the international recognition of New Zealand qualifications
- 6 Meeting New Zealand's education-related international obligations

Through these responsibilities, NZQA ensures New Zealand has credible and valued qualifications that support learner pathways and meet New Zealand's economic and social needs.

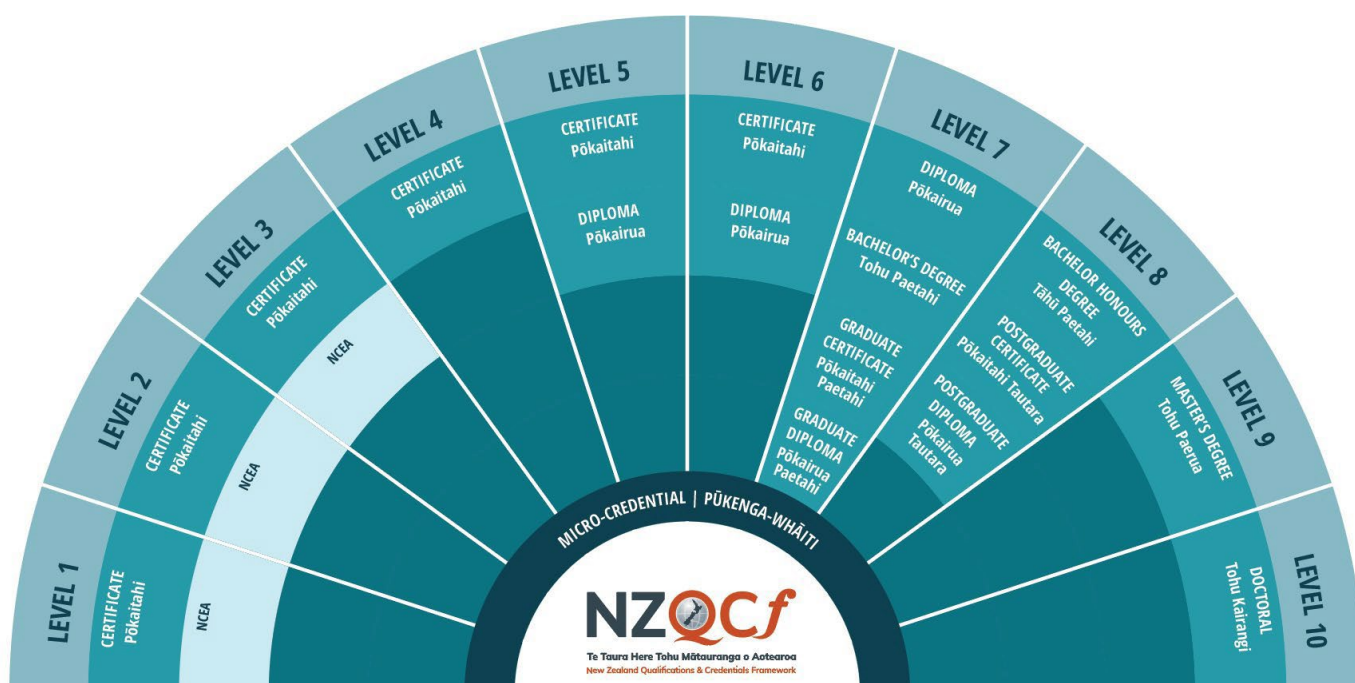
Ministerial priorities

New Zealand Qualifications and Credentials Framework (NZQCF)

NZQA proposed amendments to the national qualifications framework to update all qualification type and level descriptions and to include micro-credentials.

Proposals also include further embedding the transferable skills of critical thinking, collaboration and communication.

Public consultation is from 03 October to 17 November 2024.



Making Connections: Comparing Qualifications in the Philippines and NZ

In August, NZQA hosted the Philippines Commission on Higher Education to mark the completion of this joint project and celebrate the publication of a technical user guide on the mutual recognition of Bachelor Degrees.

The project has deepened the understanding of each countries' systems. This matters because the Philippines is the second highest source country for work visas and increasing international student numbers. This project contributes to the government's intent to strengthen our relationship with the Southeast Asia region.

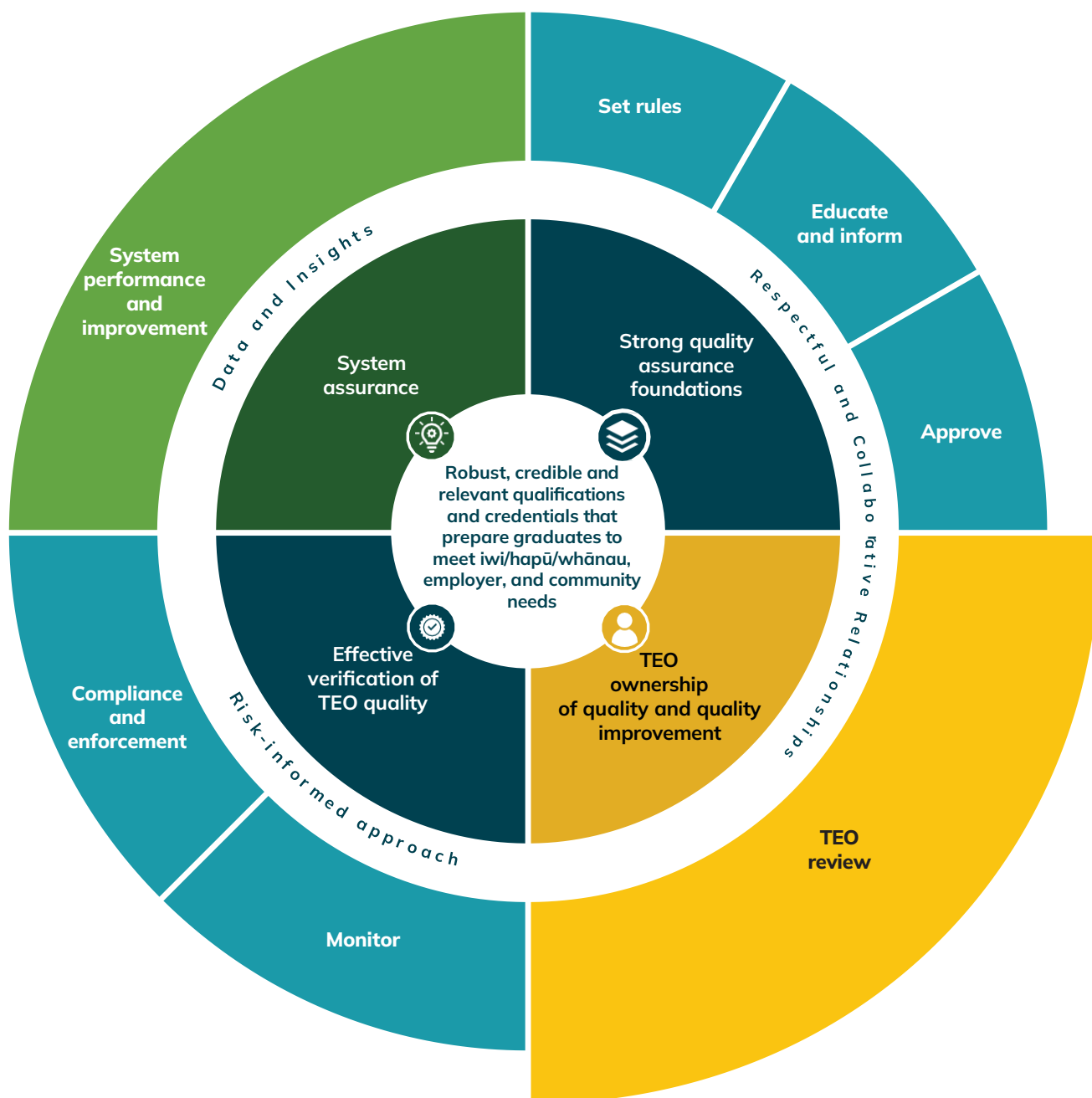


Integrated Quality Assurance Framework (iQAF)

In response to the changing tertiary education environment and customer feedback, NZQA has reviewed the evaluative quality assurance framework (EQAF) used to regulate tertiary education organisations.

We have prepared a draft integrated Quality Assurance Framework (iQAF). This revised framework aims to:

- ensure learner, employer, and community interests are protected
- add value to tertiary providers and the whole system
- minimise compliance for high-performing providers
- enable system improvements.
- Public consultation is from 29 October - 10 December 2024.



Overview

Since the start of the financial year

Progress and achievements include:

- Completed targeted monitoring of 18 tertiary programmes and found two-thirds met or partially met monitoring criteria.
- Received 75 concerns, the majority from international students. All of the 5 new formal complaints were from international students.
- Published a Summary Report on tertiary student accommodation monitoring up until 2023. Areas of good practice and improvement were identified. No significant concerns were found.
- Completed a policy project towards joining the Global Convention to promote international qualification portability. In September 2024 New Zealand ratified the Global Convention on Recognition of Qualifications concerning Higher Education.
- Introduced a requirement for all overseas qualification documents submitted for recognition to be verified. This means applicants must provide evidence that their qualifications have been genuinely awarded. Better quality applications will result in faster evaluation timeframes.

Over the next few months

Subject to Ministerial and Board approval, change the Rules via a Parliamentary Gazette Notice to:

- be consistent with the updated NZQCF
- remove language test barriers for Pacific Islanders studying in NZ
- make it more attractive for international students from Northern Europe to study in NZ.

Other priority activities include:

- Refresh high-level strategic regulatory approach, principles and priorities with support from the Ministry for Regulation (scope includes secondary).
- Prepare the updated NZQCF for publication and promulgate information on the changes
- Complete public consultation on the iQAF and progress the detailed development work required to implement iQAF from 2026.
- Monitor the quality of homestays, particularly for school children.
- Continue to engage with agencies on data-sharing, reducing duplication, and identifying risks and trends.
- Contribute to proposals for the redesign of Vocational Education and Training and seek legislative amendments to support our quality assurance activities.

Financial performance for the quarter ending 30 September 2024

NZQA is budgeting a \$2.1m deficit in the 2024/25 financial year. It is actively seeking to increase its non-crown revenue and managing expenditure to ensure this budget target is met.

NZQA has a Financial Stabilisation Plan to guide a return to break-even or surplus by the 2025/26 financial year. This is discussed in the Strategic Priorities section of this report.

Month				Notes	Year to Date			
Actuals	Budget	Variance			Actuals	Budget	Variance	Var %
		Fav/(Unfav)	REVENUE			Fav/(Unfav)		
6,212	6,212	0	Crown revenue		18,711	18,711	0	0.0%
2	0	2	Exam fees		5	0	5	n/a
0	0	0	Exam fee remissions		0	0	0	n/a
1,156	1,045	111	NZQA Fees	1	3,031	3,299	(268)	-8.1%
294	349	(55)	Review, Accreditation & Approval fees		835	929	(94)	-10.1%
626	651	(25)	Qualification Assessment Fees	2	2,275	2,048	227	11.1%
166	161	5	Other fees		320	305	15	4.9%
2,244	2,206	38	Total Fees & charges		6,466	6,581	(115)	-1.7%
(43)	46	(89)	Other income	3	697	138	559	405.1%
8,413	8,464	(51)	Total revenue		25,874	25,430	444	1.7%
			EXPENSES					
4,806	4,657	(149)	Personnel & Board	4	14,965	14,581	(384)	-2.6%
489	381	(108)	Specialist workforce	5	1,789	1,427	(362)	-25.4%
935	607	(328)	Professional services	6	1,410	2,204	794	36.0%
825	1,049	224	Publication, print & distribution		1,187	1,322	135	10.2%
79	236	157	Travel & accommodation	7	291	641	350	54.6%
537	601	64	IT costs	8	2,205	2,050	(155)	-7.6%
428	490	62	Other operating		1,219	1,396	177	12.7%
144	236	92	Depreciation	9	438	708	270	38.1%
8,243	8,257	14	Total expenses		23,504	24,329	825	3.4%
170	207	(37)	Net operational surplus	10	2,370	1,101	1,269	115.3%
			Projects - (refer 2)					
833	833	0	Crown funding	11	2,498	2,498	0	0.0%
(638)	(787)	149	(Less) Project expenses	12	(1,197)	(2,418)	1,221	-50.5%
195	46	149	Net investment in projects - surplus		1,301	80	1,221	1526.3%
365	253	112	Net surplus	13	3,671	1,181	2,490	210.8%

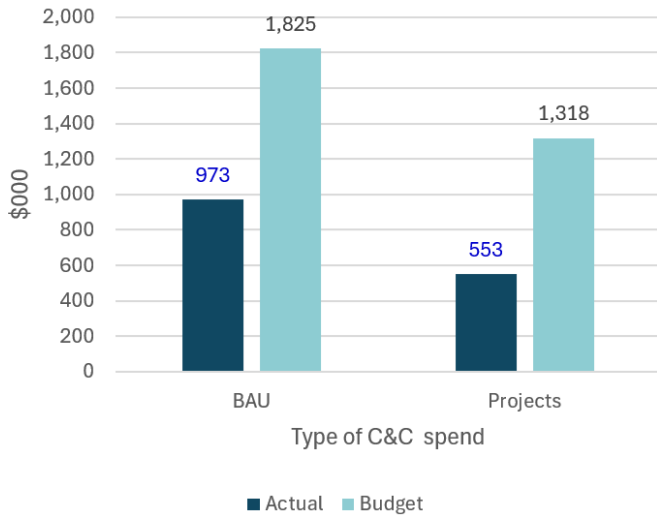
Insights – Financial performance

- 1. NZQA Fees** – It was reported last month that Tertiary batch (credit fees) processing was suspended for one week in August. The pickup of that extra week is reflected in the higher Sept month results. Note that YTD is still tracking behind Budget, because a high target was set for the year.
- 2. Qualification Assessment Fees (QRS Fees)** – Actual YTD QRS fees is tracking favourably against a low Budget. Fees received in advance of work being completed are backed out of revenue and held as deferred revenue in the Balance Sheet. At the end of Sept, approximately \$500k was held as QRS ‘work in progress’.
- 3. Other Income** – Includes Interest income in excess of Budget of \$300k YTD, being the favourable impact of higher Term Deposits (TDs). Other income also includes \$213k of MFAT funding for Pacific Qualification Recognition (PQR – formerly PACER), which had not been budgeted.
- 4. Personnel** – Higher salary costs is partly due to affected staff from the restructure staying in employment longer than anticipated in the Budget. New starters at higher rates than planned is also a contributing factor. Additionally, wages for Exam Centre Managers (ECMs) have started to be incurred in Sept, with related Budget phased in the subsequent months. Note: NZQA is experiencing on-going wage pressures that are reflected in two of its budget bids .
- 5. Specialist workforce** – Over Budget for LitNum co-requisite assessment, where volumes and costs are higher than estimated (\$400k). NZ Curriculum standards moderation costs also tracking above a reduced budget for the year, offset by favourable variances from external assessments marking and moderation (net positive \$150k).
- 6. Professional services** – Expenditure has picked up YTD, but still tracking favourably against Budget. A positive variance of \$794k, reduced from \$1,122k last month. Some is timing related, but Management is always encouraging savings in BAU contractors & consultancy spend, which is why this is tracking under budget.
- 7. Travel & accommodation** – Favourable variance increasing to \$350k YTD, reflecting the continuation of a tightly managed expense. Remains a target category for savings.
- 8. IT costs** – Unfavourable variance of \$155k, after a reclassification of \$174k to Projects signalled last month. IT licensing/support and outsourcing costs continue to be a focus.
- 9. Depreciation** – No amortisation costs for the QCR system (on hold), which had been budgeted. Depreciation is expected to be favourably under Budget for this year.
- 10. Net operational surplus** – BAU net surplus of \$2.4m [Aug: \$1.9m], is a positive start for Q1. The favourable variance against Budget is \$1.3m [Aug:\$1.0m], with the main contributors being Interest Income (\$0.3m), and savings in Professional Services (\$0.8m), Travel (\$0.3m) and Depreciation (\$0.3m). These gains are offset by higher Personnel and SWF costs (total -\$0.7m).
- 11. Project Crown funding** – Represents the \$10m one-off funding for the Capability Investment Programme (CIP), phased equally for each month.
- 12. Project expenses** – Previously reported that the Actual comparison against Budget is not meaningful because of phasing differences. Management intends to utilise project reporting produced by the Programme/Project Delivery Office (PPDO).
- 13. Net surplus** – Increasing to \$3.7m [Aug: \$3.0m]. It is significant that Q1 starts off strongly, as the months with higher expenditure are to come. Refer Oct-Jan in Chart 1.3.

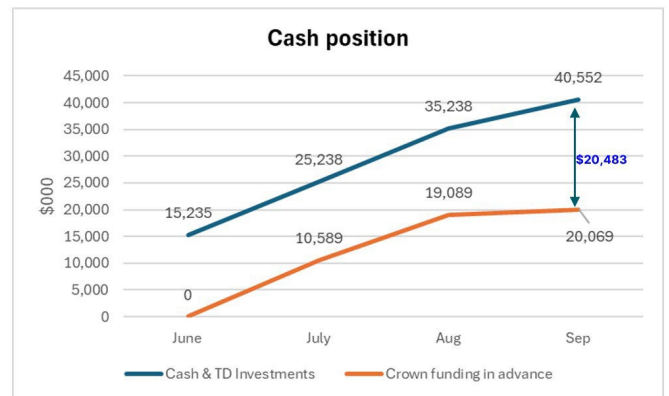
Financial performance (contd)

1.4 Professional Services

Contractors & Consultants expense YTD 30/09/2024



3.2 Cash and cash flows



Insights – Cash Flows

1. YTD, a net balance of \$20.5m has been placed on Term Deposits (TD) for varying periods of maturity of up to six months.
2. Cash 'surplus' total \$20.5m [up from Aug : \$16.2m], mainly due to a reduction in Debtor balance (refer MoE payment). Management considers this to be a sufficiently strong cash position, ahead of Oct-Jan months when significant cash outflows are expected for the SWF. Payments of approximately \$9.0m are planned during those months.
3. TDs have been spread across two banks, the BNZ \$13.0m and Westpac \$15.0m.
4. SLT has approved a new 'Cash management policy' to formalise day-to-day cash management best practices and procedures.
5. A new 'Financial Reserves policy' has been approved by the Board.

Non-financial performance

NZQA’s 2024/25 Statement of Performance Expectations includes ten performance measures and thirteen appropriations measures.

This report outlines progress on a selection of these measures based on relevance and information availability.

Sub-degree programme monitoring

The percentage of non-university sub-degree tertiary programmes monitored that continue to meet the programme approval and accreditation criteria.

Target	YTD
65%	72%



Measure on target, no commentary required

Past results

New measure in 2023/24	2023/24
	69%

NZQA owned standards review

The percentage of New Zealand Qualifications Authority-owned standards maintained by their planned review date.

Target	YTD
95%	100%



Measure on target, no commentary required

Past results

2021/22	2023/24	2023/24
100%	100%	100%

Non-financial performance

NZQA's 2024/25 Statement of Performance Expectations includes ten performance measures and thirteen appropriations measures.

This report outlines progress on a selection of these measures based on relevance and information availability.

International qualification evaluation

The percentage of overseas qualifications evaluated within 35 working days.

Target
70%

YTD
100%



Measure on target, no commentary required

Past results

New measure in 2023/24

2023/24
97%

Quality of information received from NZQA

The percentage of survey respondents who agree/strongly agree that the information they received from the New Zealand Qualifications Authority met their needs.

Target
75%

YTD
63%



- 43% of surveyed customers requested National Student Number (NSN)
- Delays in responses was the main driver for dissatisfaction
- NZQA is directing urgent requests for NSN to Chatbot for instant resolution and is developing a GenAI chatbot for more complex queries.

Past results

2021/22
69%

2023/24
69%

2023/24
68%

FTE Analysis

Division	Back Office	Front Office	Total
Assessment	5.0	179.0	184.0
Quality Assurance	2.9	125.7	128.6
DCE Māori	8.0	0.0	8.0
DCE Pasifika	25.9*	0.0	25.9
Strategy and Corporate	100.6	12.0	112.6
CEO's Office	8.0	0	0
Total	150.3	316.7	467.0

As at 31 October 2024, NZQA has 467.0 FTEs in roles across the business. 316.7 (68%) of FTEs are in front office roles.

The remaining 150.3 (32%) are in back office roles. NZQA is actively managing vacancies and its front-office / back-office split as a part of its Financial Stabilisation Plan.

*includes the 17.0 People and Capability FTE who report to the DCE Pasifika.