Education Report: New Zealand Qualifications Authority’s draft Statement of Performance Expectations 2018/19

To: Minister of Education
Date: 30 April 2018
Priority: Medium
Security Level: In Confidence
METIS No: 1119131
Drafter: Sarah Day
Key Contact: Fiona O’Leary
Messaging seen by Communications team: No

Purpose of report

This paper provides our advice on the draft Statement of Performance Expectations (SPE) 2018/19 from the New Zealand Qualifications Authority (NZQA).

You are required by statute to give your feedback to NZQA within fifteen days of receiving the documents from them.

Summary

Our report sits alongside NZQA’s draft SPE, which your office will receive at the same time as our report. The draft SPE meets statutory requirements for content. NZQA proposes a number of changes to its performance measures in the 2018/2019 SPE. The number of measures has reduced from 56 to 42 and we have seen a shift away from activity measures. We will work with NZQA as it continues to enhance its measurement across 2018/19 in the lead up to its 2019/20 – 2023/24 Statement of Intent (SOI) and 2019/20 SPE.
Proactive release

We recommend this report is proactively released, once NZQA has published its final SPE. This recommendation is in line with your response to our report on how the principles of proactive release apply to Crown entity monitoring [METIS 1111386 refers].

Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Recommended actions

The Ministry of Education recommends that you:

a. **note** that you are being provided with NZQA's draft SPE for your consideration and feedback, as required by the Crown Entities Act 2004 (the Act), s146

   **Noted**

b. **note** our assessment that NZQA’s draft SPE meets reporting requirements in the Act, s141 and s149E

   **Noted**

c. **forward** any comments to NZQA on its draft SPE within fifteen working days of receiving it, to meet the requirement in the Act, s149I(b)

   **Noted**

d. **release** this Education Report as part of proactive release once NZQA has published its final SPE

   **Release / Not release**

Emily Fabling  
Deputy Secretary  
Strategy, Planning and Governance

Hon Chris Hipkins  
Minister of Education

Annexes

Annex 1:NZQA budgeted financial performance  
Annex 2:Draft letter to the NZQA Board Chair
Background and statutory requirements

1. The Crown Entities Act 2004 (the Act) sets out the statutory requirements that a Crown entity must comply with when preparing and publishing its SOI and SPE.

2. NZQA sent its draft SPE to you on 30 April 2018. Under the Crown Entities Act 2004 (the Act), you have 15 working days from this date to provide your comments to NZQA. A draft letter is provided for this purpose.

Requirements for timing

3. Crown entities must prepare an annual SPE which relates to the forthcoming financial year.

4. NZQA’s draft SPE is provided to you alongside this report, meeting the first statutory deadline\(^1\). We expect NZQA will meet the remaining statutory deadline for its SPE\(^2\).

Requirements for content

5. The Ministry considers NZQA’s draft SPE to meet statutory requirements in respect of content.

6. Requirements for content are set out in s149E of the Act and state that an SPE must:
   a. identify each reportable class of outputs, explaining what the class of output is intended to achieve, the expected revenue and expenses and how performance will be assessed
   b. contain forecast financial statements, prepared in accordance with generally accepted accounting practice

Comment on Statement of Performance Expectations

7. The draft SPE is aligned to NZQA’s current Statement of Intent (SOI) for 2016/17 – 2019/20. It reflects the continuous improvement approach that NZQA has undertaken over the 2017/18 financial year to reduce the number of measures and to better reflect the current operating environment.

8. NZQA is not required to prepare a new SOI until 2019\(^3\). NZQA will work to align to the Government’s direction for the education system in the lead up to the development of its SOI. As part of this work it will be important for NZQA to continue to move towards a more outcome-focussed approach in its SOI and in its SPE. We will be providing updates on this progress as appropriate.

9. This SPE is the first where NZQA is operating under the new Multi-Category Appropriation (MCA) Oversight and Administration of the Qualifications System, which comes into effect on 1 July 2018. The intention of the MCA is to provide effective oversight and administration of the qualifications system NZQA. NZQA’s preparation for the MCA included working with

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\(^1\) Draft SOIs and SPEs must be provided to the responsible Minister no later than two months before the start of the financial year to which they relate. The responsible Minister must provide comments on the drafts within 15 working days of receipt.

\(^2\) The entity must consider the comments (if any) on the draft and provide the final SOI and SPE to its responsible Minister as soon as practicable after receiving the comments but before the start of the financial year. It must also publish the documents online.

\(^3\) Crown entities have to prepare a Statement of Intent (SOI) at least once in every three-year period (s139).
Treasury and the Ministry to refine and streamline the scope statements for each Output Class. These are listed in the following table.

<table>
<thead>
<tr>
<th>MCA category</th>
<th>Scope statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of Communication and Advice</td>
<td>To achieve communication and advice that helps Ministers, learners, communities, employers, schools and tertiary providers make informed decisions about their aspirations.</td>
</tr>
<tr>
<td>Qualifications Support Structures</td>
<td>To ensure that New Zealand’s qualifications are valued as credible, robust and meet the needs of learners and employers.</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>To achieve higher levels of trust and confidence by learners and other stakeholders in the non-university tertiary education sector.</td>
</tr>
<tr>
<td>Secondary School Assessments</td>
<td>To achieve trust and confidence in robust and equitable secondary school level assessment</td>
</tr>
</tbody>
</table>

10. The introduction to the draft SPE sets out NZQA’s contribution to the education system and its intentions, including three goals⁴ that will help it achieve its vision ‘Qualify for the Future World – Kia noho takatū ki tō āmua ao’:

   a. 2020 Goal 1: NCEA examinations online and eventually ‘anytime’

   b. 2020 Goal 2: Qualification recognition arrangements with at least 50 countries

   c. 2020 Goal 3: Partner with education system agencies to support a 50% lift of Māori and Pasifika student

11. NZQA has evolved 2020 Goal 1 from ‘NCEA examinations online, where appropriate ‘as a result of stakeholder engagement. The updated Goal is more in line with the Education Work Programme priority of education for the 21st century.

sand 9(2)(f)(iv) OIA, s 9(2)(g)(i) OIA

Comment on forecast non-financial performance

16. NZQA has been progressing its continuous improvement of its performance measures. As a result, we have seen the following:

⁴ NZQA has three Goals for 2020 that sit alongside the Impact areas it described in its current SOI.
a. reduction in of the number of measures from 58 to 42, through the removal of several quantity measures (this information will be included in the narrative of performance reports) and redundant or outdated measures

b. improved wording of measures, and setting of performance standards

c. increased transparency and engagement relating to their performance measurement approach.

17. In NZQA’s 2016/17 Annual Report four measures were not met [METIS 1080332 refers]. Of those four measures, NZQA took steps to ensure future performance expectations were met. The target for one of these measures has increased by 10% based on exceeding the current target on NCEA release day in 2017/18\(^5\) and on advice from Audit NZ.

18. Earlier this year NZQA piloted the use of the Performance Measure Process methodology (PuMP) in Output subclass 3.2 [CR17018 refers]. The pilot resulted in:

a. five quantity measures being replaced with two customer-focused quality measures which will allow flexibility for future methodology changes

b. increased engagement and buy-in for these measures, within the team and with internal and external stakeholders.

19. In 2018 NZQA will apply PuMP to the remainder of Output class 3 and to Output class 4. The changes that will be reflected in the draft 2019/20 SPE will be the most significant to occur in these classes since at least 2013/14.

Continuous improvement

20. NZQA will continue to progress its measurement improvement work programme throughout 2018/19 to align to the intended shifts identified in the Education Work Programme and the International Education Strategy (due for release in the second half of 2018). Activity will increase in the lead up to NZQA’s 2019/20 – 2023/24 SOI, as it considers its suite of impact and output measures and its contribution to wider sector outcomes. This work will be informed by the 2018/19 Letter of Expectations.

21. As part of the strategic work driving its 2019/20–2023/24 SOI, NZQA has identified what NZQA’s vision ‘Qualify for a future world’ means for the key stakeholder groups of employers, communities (including iwi and parents), learners, schools and tertiary providers.

22. Recently NZQA expanded its organisational performance area to increase its capability for understanding its customers and their needs. We consider this a timely development given the significant level of change occurring in the education system, and are interested to see how this translates across to the measurement framework over the coming year.

23. We will work with NZQA across the year to analyse performance, to engage on its continuous improvement approach, and to inform the testing and shaping of measures.

\(^5\) Measure 4.1(3): Access time of less than 5 seconds, from the NZQA learner Login page to the learner’s results page, on NCEA Results Release day, once results are made available by NZQA. The performance standard for 2018/19 is 90%. In 2016/17 the standard was 80%, and was not met in 2016/17 due to a one off issue that has been addressed. On release day 2017/18 over 90% was achieved although this figure is not final until reported in NZQA’s 2017/18 annual report.
Next steps

24. Under the Act, your comments need to be forwarded to NZQA within 15 working days of NZQA submitting the draft SPE. We have provided a draft letter from you, as Minister of Education for this purpose.

25. NZQA must consider your comments. It then provides the final SPE to you as the responsible Minister no later than the start of the financial year. After providing the final document, the Crown entity must publish the SPE on its website as soon as practicable.

26. The SPE must be tabled in the House by the responsible Minister. This can be done before the Annual Report for the previous year is presented or at the same time (s.149L).
Sue Suckling OBE
Chair
New Zealand Qualifications Authority (NZQA)
PO Box 160
WELLINGTON 6140

Dear Sue

Thank you for sending me the NZQA draft Statement of Performance Expectations for 2018/19. I am advised that the document meets requirements under the Crown Entities Act 2004.

I understand that NZQA will continue to improve its performance measures over the coming financial year. I look forward to seeing the product of this work in its 2019/20 Statement of Performance Expectations. I also look forward to further updates on NZQA's financial performance.

Yours sincerely

Chris Hipkins
Minister of Education

cc Dr Karen Poutasi, Chief Executive, NZQA
cc Emily Fabling, Deputy Secretary, Strategy, Planning and Governance, Ministry of Education