



ANNUAL REPORT 2015 | 2016



Mata: face Tū: to stand

MATATŪ AOTEAROA

Matatū Aotearoa comes from the words
Mata: face and Tū: to stand.

Matatū: to stand up and take notice; to ensure you're alert so you can take on the challenges that appear before you and that you are aware of your surroundings by looking in all directions not just one.

Our design represents the many pathways an individual takes to seek knowledge—being aware of the various environments, taking on the challenges along the way and striving to be the best they can be.

With knowledge comes learning; with learning comes expertise; with expertise comes the ability to teach and pass on the knowledge to guide those who follow.





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INTRODUCTION FROM OUR CHAIRPERSON



Barbara Ala'alatoa

Kia ora tātou

It is a great pleasure for me to introduce the first annual report of the Education Council of Aotearoa New Zealand.

The Council opened its doors on 1 July last year. We took over the responsibilities of the former Teachers Council, but we have a much broader mandate.

We are an independent statutory body—not subject to ministerial direction. We have twice the number of functions as our predecessor, the Teachers Council. We must set about establishing new relationships with government, government departments, the education sector, unions and peak bodies. We are mandated to provide leadership and direction for the education profession, enhance the status of teachers and education leaders, identify and share best practice in teaching and leadership, and support the profession's continued development in light of research and evidence.

Put simply, our job is to be the professional body for teachers: to represent their aspirations and raise the standards, and status, of the profession because we all know good teachers are essential for children to achieve their best in their learning environments. We are doing this by strengthening a culture of self-empowerment, accountability, innovation and excellence within the profession.

We are making good progress as we enter our second year. That progress is set out in the report which follows. As an independent statutory body—the only one of its kind—we do not have a statement of intent. But we do have a strategic plan that we wrote in consultation with the teachers we represent.

“Our job is to be the professional body for teachers: to represent their aspirations and raise the standards, and status, of the profession because we all know good teachers are essential for children to achieve their best in their learning environments.”

The plan sets out five ways we are empowering teaching:

- strengthening a self-managing profession
- building professional capability
- enabling leadership of a coherent, high-performing education system
- speaking out and up for the profession
- enhancing our own effectiveness as an organisation.

In the following pages you'll see, under each of those headings, what we have done to achieve our vision of supporting teachers to maximise the success of every learner in Aotearoa New Zealand.

None of this can happen without the willingness and support of three groups.

My fellow Council Members have a tremendous depth of knowledge and experience spanning education from early childhood to secondary, in English and Māori medium schools. They represent the teaching profession with wisdom and commitment.

The Council's staff, led by Dr Graham Stoop, have worked hard all year to turn the fledgling organisation into a genuine representative body for teachers. Also let us not forget the important role the Transition Board played as it managed the process of evolution from the Teachers Council to the Education Council.

And finally teachers all over the country have worked with us, providing their own views and feedback on the things that matter to them.

It has been an exciting year, and an informative one. This report outlines the work under way, and emphasises what lies ahead as we continue to elevate the status and standards of the teaching profession.

Ngā mihi nui

Barbara Ala'alatoa

Chairperson

Education Council of Aotearoa New Zealand



WELCOME FROM OUR CHIEF EXECUTIVE OFFICER



Dr Graham Stoop

Kia ora koutou katoa

This document represents not just a record of the achievements of our first year, it symbolises the evolution of our profession working together to raise the status of teachers and teaching.

The Education Council has had much to prove. Teachers have been rightly sceptical about our ability to deliver on our mandate: to champion the profession and speak up and out for teachers.

I am, however, pleased by a willingness to assess our performance by examining our results. We have been able to make progress thanks to the extraordinary generosity of so many committed and passionate teachers, principals and professional leaders. I also cannot speak highly enough of the dedication of the staff, many of whom came from the Teachers Council and stayed on to support the transition to the Education Council.

I came to the Council six months into the life of the new organisation. During its first six months the Council was ably managed by the interim chief executive, Julian Moore. I want to publicly acknowledge and thank Julian for his approach. Julian immediately started building bridges in the right direction while shoring up the new organisation from within.

I found an organisation in good heart with staff keen to roll up their sleeves. My focus has been on capturing that energy and enthusiasm and redirecting it into building a strong, proud, professional organisation.

“I found an organisation in good heart with staff keen to roll up their sleeves. My focus has been on capturing that energy and enthusiasm and redirecting it into building a strong, proud, professional organisation.”

I am very pleased with how we are progressing our objective of raising the status of the teaching profession. Our strategic plan, *Our Path for the Future*, which we released in June 2016, is the foundation upon which we build. We consulted extensively on this document and, as a result of direct feedback from teachers, made explicit the notions of championing the profession and speaking up and out for teachers.

Developing capacity and capability in leadership is integral to the success of our role. In 2016 we established a Centre for Leadership Excellence. As part of that work we held our inaugural National Leadership Forum in Wellington in June where around 150 Communities of Learning leaders gathered to start a national conversation about leadership excellence in the teaching profession. The event brought together leading international and national speakers and was very well received. We have since rolled out a series of 10 regional forums.

Addressing the quality and provision of initial teacher education (ITE) is also central to ensuring consistency of quality teachers with the right competencies for now and the future. We started the process of addressing issues with ITE in our paper *Strategic Options for Developing Future Oriented Initial Teacher Education*. We met with teachers, leaders and academics in our profession to discuss what future-focused ITE could look like. As a result we made nine recommendations on areas including training and induction, supply and demand, provision, the network, and funding. Our action plan sets out the timelines and deliverables.

I have spent a good deal of my time out of Wellington meeting with teachers, principals and professional leaders. This is an important part of my role because I need to completely understand the issues facing teachers at all levels, from sector representatives to teachers in all learning environments.

Financially we took a cautious approach to expenditure to ensure investment was in line with our direction following consultation with the sector. The former Teachers Council made infrequent adjustments to registration fees. The last fee adjustment took place in July 2010. Consequently, the Teachers Council made an operating loss over their last three years, reducing the level of equity and reserves. Over the transition period the Ministry of Education has supported the Council to deliver its broader functions through an establishment grant. Our forward planning has demonstrated that increased costs, historical fee setting and new functions are likely to leave us with an \$8.5m per annum shortfall in income. The issue of fee increases of some kind will need to be discussed with the sector if the Council is to meet its legislative mandate.

Finally, I am pleased to bring you this annual report. It marks our first year of progress.

We have achieved much and have much more to do.

Ngā mihi nui

Dr Graham Stoop
Chief Executive
Education Council of Aotearoa New Zealand



Our ultimate goal is to maximise the success of every learner through highly effective leaders and teachers.

As the professional body for teachers we act on behalf of all registered and certificated teachers in Aotearoa New Zealand, from early childhood education through to primary and secondary schooling in English and Māori medium schools.



MORE ABOUT YOUR COUNCIL



OUR KEY FUNCTIONS

The Education Council is the professional body for all teachers. We are independent, and act in the interests of teachers to:

- enable and support leadership to teachers and direction for the education profession, including teacher education, and continued professional and leadership development
- establish and maintain criteria for teacher registration, standards for ongoing practice, and criteria for the issue of practising certificates
- monitor and maintain the requirements relating to conduct, competence and impairment
- establish and maintain a code of professional responsibility for teachers.

STATEMENT OF PURPOSE

The Education Council of Aotearoa New Zealand is a statutory body established by the Education Act 1989. Its purpose as stated in the Act is:

“...to ensure safe and high quality leadership, teaching, and learning for children and young people in early childhood, primary, secondary, and senior secondary schooling in English medium and Māori medium settings through raising the status of the profession.”



OUR VISION

The Education Council will enable and support leadership by the profession to maximise the success of every learner in Aotearoa through highly effective leadership and teaching.

OUR VALUES

COLLABORATION

Working in partnership with the profession and in accordance with the principles of Te Tiriti o Waitangi

LEADERSHIP OF THE PROFESSION

Building on our foundational frameworks

EQUITY

Working to maximise success for all learners

RESPECT

Listening to all members of the profession, and debating and discussing important issues with them

INCLUSIVENESS

Working across diverse teaching and learning communities

ACCOUNTABILITY

Acting in the public interest

TRANSPARENCY

Communicating ideas, solutions and outcomes

GROWTH AND EMPOWERMENT

Strengthening a self-managing profession and raising its status

CULTURAL COMPETENCE

Demonstrating cultural competence in our work and being agents of change for better outcomes for Māori and Pasifika learners

OUR GOVERNING COUNCIL

An amendment to the Education Act 1989 established the Education Council as an independent statutory body on 1 July 2015. The Act states that the Council must have nine Members, appointed by the Minister of Education; Members can serve up to three terms of up to three years each. At least five of our Members must be registered with a current practising certificate and at least five Members must be appointed from nominations received following notice of a vacancy in the *New Zealand Gazette*.

Each Council Member brings a unique set of skills and competencies, so that together Members provide a solid foundation for a strong and healthy organisation in the future.



Barbara Ala'alatoa, Chair
Member of the Human Resources
and Remuneration Committee



Anthony Mackay, Deputy Chair
Chair of the Human Resources and
Remuneration Committee



Claire Amos
Convenor of the Complaints
Assessment Committee



Simon Heath
Member of the
Disciplinary Tribunal



Ripeka Lessels
Member of the Risk, Audit and Finance Committee
Member of the Māori Medium Advisory Group



Iva Ropati
Member of the Human Resources and
Remuneration Committee



Lynda Stuart
Member of the Risk, Audit and
Finance Committee



Helen Timperley



Clare Wells
Chair of the Risk, Audit and Finance Committee
Chair of the Early Childhood Education
Advisory Group

COMMITTEES, ADVISORY GROUPS AND OTHER BODIES

Council Members sit on two standing committees: Risk, Audit and Finance, and Human Resources and Remuneration. These committees make recommendations to the whole Council for final approval.

The Council has agreed to establish advisory bodies to provide it with strategic advice in Māori medium and Early Childhood education.

Several bodies advise us on conduct and competence matters. When we receive a complaint or mandatory report about a conduct issue, or are notified of a teacher's conviction, the matter is referred to the Complaints Assessment Committee (CAC). The CAC decides what action to take. This could range from no further action to referral to the Disciplinary Tribunal. The CAC comprises panels based in Christchurch, Wellington and Auckland, each with four members.

The Disciplinary Tribunal (the Tribunal) is a quasi-judicial body that considers matters referred to it by the CAC. The Tribunal can suspend a teacher's practising certificate, annotate the Teachers' Register, or order cancellation of a teacher's registration.

We established a Competence Authority under our Rules, which will help manage competence complaints. The Education (Update) Amendment Bill proposes to extend the powers of the Competence Authority to include cancellation of registration, practising certificates and limited authorities to teach.

Until June 2016, the Competence Advisory Group (CAG), a body comprising senior teachers with significant appraisal experience, advised the Council's Competence Assessors in their competence investigations. This body was dissolved in June 2016. The Competence Authority (CA) will take over its functions.

The CA, along with the Tribunal and the CAC, can refer a teacher to the impairment process. This is an advisory-only body that investigates teacher impairment and provides recommendations to the referring bodies. An impairment means an aspect of a teacher's mental or physical health or disposition that may adversely affect the teacher's ability to carry out their functions as a teacher competently and safely (e.g. an addiction, mental health condition or personality trait).

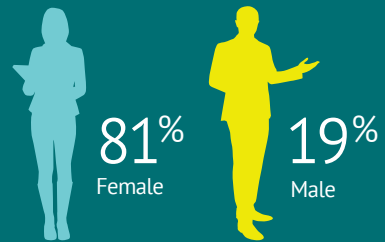


ABOUT OUR PROFESSION

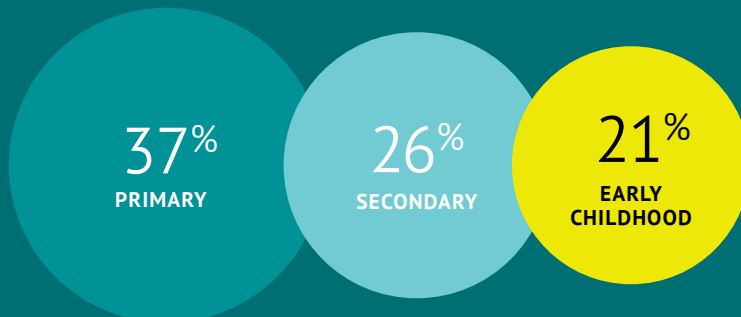
THERE ARE JUST OVER...

101,000

Teachers with a current Practising Certificate

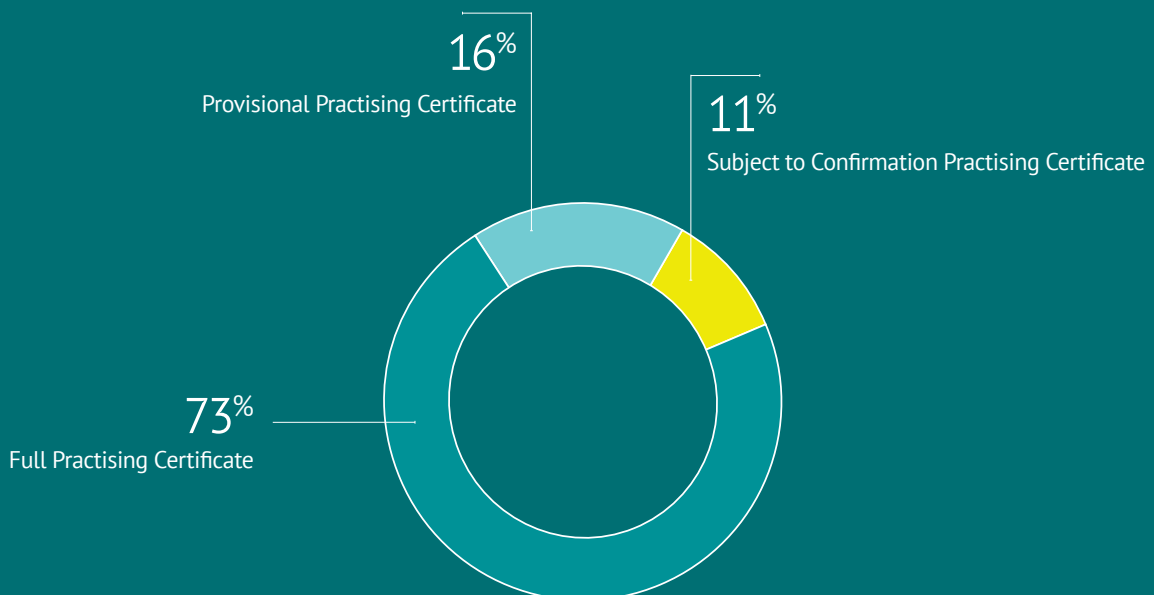


BY SECTOR:



OVER 760,000

children in primary and secondary schools



* These figures are indicative, relying on information provided at the time of registration or certification renewal. Teachers can and do teach in and across early childhood, primary and secondary environments.

Read here about the work we have done to carry out the actions we identified in our strategic plan.



OUR YEAR IN REVIEW

STRENGTHENING A SELF-MANAGING PROFESSION

- Working with the profession to set expectations for professional responsibility and conduct.
- Building public confidence in the Council’s identification and management of competence, conduct or impairment concerns.

CODE OF PROFESSIONAL RESPONSIBILITY

We started work on developing a new Code of Professional Responsibility to replace the Code of Ethics, which is now over 13 years old. The new Code will provide a set of shared aspirations that guide the teaching profession, and that reflect the high expectations the public rightly has of those entrusted with the education and care of children and young people.

Developing the Code is an opportunity to continue to build the highest standards of behaviour and professionalism. We are working alongside teachers to develop the Code so it reflects how teachers want their profession to be regarded now and in the future. Good progress is being made and the project is on track for meeting the expected completion date of 30 June 2017.

MANAGING TEACHER CONDUCT AND COMPETENCE

We are improving the way we deal with disciplinary and competence matters. We have established two new in-house teams: an investigations team and a legal team. The focus for the new teams is on fair, timely and consistent procedures, to assist the decision-making

bodies in making robust decisions. Having an in-house legal team also ensures greater consistency of process.

We consulted on proposed new Education Council Rules in February 2016. The Rules set out how we deal with reports, complaints and other matters concerning teacher conduct and competence. They also contain provisions relating to police vetting of applicants for registration, a practising certificate, or an authority to teach. Twelve submissions were received and considered, and as a result, some changes were made before the Rules were finalised. The Rules were gazetted in the 2 June edition of the *New Zealand Gazette* and came into force on 1 July 2016. They were sent to all stakeholders and are available on our website.

Consultation on the new Competence Authority was carried out as part of this work. We have undertaken a review to improve the efficiency and timeliness of the competence processes. The cost of administering the competence and disciplinary processes is significant. We made fundamental changes to how conduct matters are investigated: the Complaints Assessment Committee is now supported by investigators so it no longer has to carry out investigations.

THIS YEAR WE:

RECEIVED

381 mandatory reports about conduct.

153 reports or complaints about teacher competence.

RESOLVED

392 conduct cases.

165 competence cases.*

REFERRED

84 cases to the Disciplinary Tribunal.

* Resolved cases include some that were received in the previous reporting period.

BUILDING PROFESSIONAL CAPABILITY

- Support and develop effective high-quality practice across teaching career pathways, including selection, initial teacher education and ongoing development.
- Build strong collaborative relationships that strengthen practice across the profession and across all parts of the sector.
- Promote collective responsibility for equitable outcomes for our diverse learners.

REVIEW OF STANDARDS

Teachers have told us there are too many professional standards across the system and it is difficult to understand when to apply them. Our standards ought to reflect what we now know about best practice and acknowledge the unique skills held by teachers. We have been tasked with reviewing the standards with the goal of helping raise the status and quality of teaching. We are working on simplifying and streamlining the current standards to create a more focussed and useful set.

The review is going well. We have formed a working group and drafted a framework that would refresh the current practising teacher criteria, incorporate the Tātaiako competency framework and be written in English and Te Reo Māori. We will pilot the proposed standards in the coming year.

The project is on track for meeting the expected completion date of 30 June 2017.

INITIAL TEACHER EDUCATION (ITE)

We identified preparation for entering the profession as a critically important component in raising the status of teaching. Teaching and learning is continuing to evolve and being a teacher is more complex than we have previously understood.

We need to fundamentally redesign how we recruit, select and educate the profession as we prepare for the future of learning together. We need to rethink how we support the ongoing development of the teaching profession to respond to the demands of a rapidly changing world.

We made a number of key recommendations in our paper *Strategic Options on Developing Future-oriented ITE*. We are working with our stakeholders to develop

an action plan to progress the recommendations and agree on priorities. We are also scoping a project to investigate online assessment options for determining the literacy and numeracy proficiency of ITE candidates across all education sectors in New Zealand.

APPRAISAL OF PRINCIPALS AND TEACHERS

We began phase 3 of our successful teacher appraisal programme, to include principals. The delivery of the Appraisal of Principals' Professional Learning Programme began in May. The programme comprises two workshops and two webinars. The programme has been very well received, with most participants reporting they would make significant changes to their own appraisal processes. The resources are also available on our website.

EXEMPLARY POSTGRADUATE PROGRAMMES FOR ITE

Providing quality assurance of ITE is one of our core functions. Developing capability in sectors that have otherwise been under-resourced helps strengthen the profession as a whole.

We were very pleased to approve three new Master's-level early childhood programmes to be delivered by two ITE providers: one at a university and the other at an institute of technology. One Postgraduate Diploma programme has been approved for Māori medium ITE delivery in a university. Five review panels were held to review 10 existing ITE programmes.

Professional development was provided for ITE programme monitors for the focus and reporting requirements of programme content and delivery. All ITE providers now provide a yearly report, including data and commentary on each of their approved programmes.

AUDIT OF APPRAISALS

The Education Review Office (ERO) completed around 4,000 audits of appraisals. This is more than 10 per cent of the practising certificates issued and covers the secondary, primary and early childhood sectors. Audit data was grouped into issued satisfactory, issued unsatisfactory, renewed satisfactory, and renewed unsatisfactory.

The overall trend is positive with gradually more appraisals being judged satisfactory. ERO is also tracking and reporting compliance trends across the sectors. Useful information from the data will be used to identify opportunities for the Council, schools, ECE services and the wider education sector.

THIS YEAR WE:

HELD

5

review panels for 10 existing ITE programmes.

DELIVERED AT

21

locations, the professional development programme on the Appraisal of Principals.

PROVIDED

3,984

teachers with workshops and presentations.

HELD

36

“What is Evidence?” workshops at schools and early childhood centres to promote teacher appraisal, and induction and mentoring.



ENABLING LEADERSHIP OF A COHERENT, HIGH-PERFORMING EDUCATION SYSTEM

- Enable leadership for ongoing improvement, innovation and transformation that will open up new ways for the system to support and enhance learning.
 - Support and grow leaders and leadership across the profession.
-

CENTRE FOR EDUCATION LEADERSHIP EXCELLENCE

Our goal is to support and develop strong, resilient and adaptive leaders and our Centre for Leadership Excellence supports this objective. We have created a framework for establishing the Centre and consulted with key stakeholders in the profession about their expectations of it. We held a National Leadership Forum on 10 June for leaders in Communities of Learning, and 10 regional events throughout the country between July and September. International and national leadership experts provided the opportunity to extend the collective knowledge base by addressing how to apply leadership theory to practice.



SPEAKING OUT AND SPEAKING UP FOR THE PROFESSION

- Listen to what matters to teachers.
- Build public confidence and awareness of the role and status of the profession.

STRATEGIC PLAN

We introduced our strategic plan 2016–21, *Our Path to the Future*, to sector colleagues on 28 June. The plan was informed by a survey of teachers, by face-to-face meetings and more formally by written feedback on a draft. Consultation on the draft resulted in a number of changes to the plan, including a new goal, to champion the profession, and also a new action area, to speak up and out for teachers. We also amended the vision and made changes throughout the document to better describe our more enabling role.

LISTENING TO TEACHERS

We asked teachers about their views on important education issues as we met with them formally and informally, and in online forums. We are learning and using different methods and tools for engaging with teachers in all our projects. We provide commentary or submissions on issues like the changes to the Education Act 1989, professional development and the Government's review of school funding. We involve teachers in all our project work in a variety of ways, including working groups, focus groups and online surveys. We take every opportunity to meet with teachers around the country.

THIS YEAR WE:

TOOK PART IN

56

hui where our senior leaders talked about the work of the Council.

GAVE

57

presentations where our chief executive talked about the work of the Council.

SURVEYED

1,200

teachers for their insights into our strategic direction.

UNDERTOOK A ROLLING survey

of teachers for insights into our customer service, and used the results to adapt and improve.

CREATED

3

new working groups to progress new projects.

ISSUED

17

opinion pieces to the media or on our website.

ISSUED

27

electronic newsletters.

CONDUCTED

20

media interviews.

ISSUED

12

media releases.

RESPONDED TO

183

media enquiries and 57 requests for official information.

ENHANCING OUR ORGANISATION'S EFFECTIVENESS

- Improve our organisation's effectiveness and capability to deliver our new and existing functions.
 - Improve our organisation's responsiveness to teacher needs.
-

THIS YEAR WE:

ANSWERED

54,961

phone calls – 73 per cent of those within 30 seconds.

RESPONDED TO

37,586

emails to our contact centre generally within three working days.

WE RECEIVED

35,567

APPLICATIONS FOR CERTIFICATION AND REGISTRATION.

OF THESE WE:

APPROVED

58%

within 20 days.

GRANTED

24,417

renewals of practising certificates.

GRANTED

4,704

registrations with a practising certificate.

ISSUED FULL CERTIFICATION TO

4,150

teachers, of whom 3,608 were provisionally certificated and 542 were certificated subject to confirmation.

ESG

PERFORMANCE MEASURES



PERFORMANCE MEASURES

The Education Council is reporting end-of-year performance information in accordance with section 19A of the Public Finance Act 1989 because we are named as the performance reporter for an appropriation in Vote Education.

The Council received \$2.178m as an appropriation from Vote Education. The scope of the appropriation was limited to a contribution towards the Education Council carrying out our leadership and other statutory functions for the teaching profession and education. The appropriation is intended to achieve effective professional leadership, investment in teacher professional capability, support and administration of the education profession across the early childhood and schooling sectors, and support for activities directed at raising the status of the teaching

profession. The Council incurred total expenditure of \$10.52m during the financial year. Included in this appropriation was \$178,000 towards the Appraisal of Principals project, and \$2m towards other statutory functions. In addition, the Council received a further grant of \$1.263m towards the delivery of its statutory functions.

In early 2015, the Transition Board agreed to three performance measures for the new body as part of the appropriations process (see Table 1).

TABLE 1	2015-16 Actual Standard	2015-16 Budgeted Standard
Percentage of applications for issue and renewal of practising certificates submitted for appraisal by professional leaders that are reviewed under the auditing and moderation process ¹	11%	10%
Percentage of new registrations and renewals of practising certificates processed within 20 working days	58% ²	90%
Percentage of cases of serious misconduct that are referred directly to the EDUCANZ Disciplinary Tribunal and result in a decision within 10 months of receipt of referral ³	87%	60%

¹ Out of the 35,567 applications received, 4,002 audits of appraisals were conducted.

² From 1 July 2015 significant changes in Council policy for granting practising certificates as well as new proof of identity requirements for police vetting in line with the Vulnerable Children Act 2014 were introduced. This, combined with a paper-based system, and increases beyond 20 days for returns of police vets, resulted in significant numbers of applications taking longer to finalise.

³ In 2015–2016, the Disciplinary Tribunal made 45 findings of serious misconduct, of which 39 decisions were issued within 10 months or less.



ORGANISATIONAL HEALTH AND CAPABILITY

OUR PEOPLE

Our people are the key to the success of the Education Council.

CULTURE AND CLIMATE

Our staff have helped develop a set of behaviours to contribute to defining the culture at the Education Council. They are continuing to work on integrating these behaviours into their daily work.

In February we undertook our first engagement survey and have embarked on a programme of goal setting and action planning to capitalise on our strengths and build on staff engagement.

HEALTH AND SAFETY

Our Governing Council, and senior leadership team, undertook training around their responsibilities under the new Health and Safety at Work Act 2015 and approved a new Health and Safety Policy reconfirming our commitment to maintaining a healthy and safe working environment. Systems have been put in place to ensure we are meeting our obligations and that staff are aware of their responsibilities.

CAPABILITY BUILDING

As part of building our people and their capability, we have carried out the following activities:

- identified staff to undertake an aspiring leadership development programme for those people thinking of becoming leaders
- trained contact centre staff on handling difficult conversations
- provided opportunities for secondments in and out of the Council to share and build our people's capability.





STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of the Council's financial statements and for the judgements made in them.

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

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, the financial statements for the year ended 30 June 2016 fairly reflect the financial position, the results of operations, the cash flows and the performance information for an appropriation.

Signed for and on behalf of the Education Council of Aotearoa New Zealand:



Barbara Ala'alatoa
CHAIRPERSON
EDUCATION COUNCIL OF AOTEAROA
NEW ZEALAND
11 November 2016



Clare Wells
CHAIRPERSON
RISK, AUDIT AND FINANCE COMMITTEE
11 November 2016





FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2016

Education Council of Aotearoa New Zealand

	Notes	Actual 2016 \$'000	Budget 2016 \$'000
REVENUE			
Grant revenue		3,441	3,178
Late fees		124	100
Processing fees	18	12,243	6,417
Limited Authority to teach fees		57	65
Provisional/subject to confirmation to full fees		329	349
Discipline recovered		77	10
Overseas teachers fees		43	42
Teacher education approvals		101	74
Other operating revenue		83	126
Finance revenue		182	270
		16,680	10,631
EXPENSES			
Employee costs	3	5,537	5,374
Depreciation and amortisation expense	6, 7	227	224
Other operating expenses	2	4,368	5,560
Education Council projects	17, 18	388	1,506
		10,520	12,664
		6,160	(2,033)
Other comprehensive revenue and expenses			
Other comprehensive revenue/(expense)		-	-
		6,160	(2,033)

Explanations for significant variances against budget are provided in note 18

These financial statements should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

Education Council of Aotearoa New Zealand

	Actual 2016 \$'000	Budget 2016 \$'000
Opening balance 1 July 2015	-	2,597
Retained earnings transferred from New Zealand Teachers Council	3,055	-
Total comprehensive revenue/(expense) for the year	6,160	(2,053)
CLOSING EQUITY 30 JUNE 2016	9,215	564

Explanations for significant variances against budget are provided in note 18

These financial statements should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

Education Council of Aotearoa New Zealand

	Notes	Actual 2016 \$'000	Budget 2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	4	7,060	895
Other investments	5	2,479	4,000
Receivables from exchange transactions		312	62
Receivables from non-exchange transactions	8	14	-
		9,865	4,957
NON-CURRENT ASSETS			
Intangible assets	7	191	878
Property plant and equipment	6	813	619
		1,004	1,497
TOTAL ASSETS		10,869	6,454
CURRENT LIABILITIES			
Deferred lease liability		42	42
Trade & other payables	9	1,028	4,447
Employee entitlements	10	470	143
		1,540	4,632
NON-CURRENT LIABILITIES			
Revenue in advance		-	1,144
Deferred lease liability		114	114
		114	1,258
TOTAL LIABILITIES		1,654	5,890
NET ASSETS		9,215	564
EQUITY			
Retained earnings		9,215	564
TOTAL NET ASSETS		9,215	564

Explanations for significant variances against budget are provided in note 18

These financial statements should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

Education Council of Aotearoa New Zealand

	Notes	Actual 2016 \$'000	Budget 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees and Grants received		12,110	6,968
Other operating revenue		184	4,529
Finance revenue		179	287
		12,473	11,784
Payments			
Payments to suppliers		(5,178)	(8,341)
Payment to employees		(5,433)	(4,470)
Net GST refunded/(paid)		105	(513)
		(10,506)	(13,324)
		1,967	(1,540)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Sale of property, plant and equipment		-	-
Sale of investments		-	-
		-	-
Payments			
Purchase of property, plant and equipment		(268)	(1,006)
Purchase of intangible assets		(161)	(147)
Purchase of investments		(85)	-
		(514)	(1,153)
		(514)	(1,153)
Net increase in cash and cash equivalents		1,453	(2,695)
Cash and cash equivalents at 1 July from New Zealand Teachers Council		5,607	3,588
CASH AND CASH EQUIVALENTS AT 30 JUNE		7,060	895

Explanations for significant variances against budget are provided in note 18

These financial statements should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

1 STATEMENT OF ACCOUNTING POLICIES REPORTING ENTITY

The reporting entity is the Education Council of Aotearoa New Zealand (the "Council"). The Council is domiciled in New Zealand and, as established by the Education Act 1989, is an independent statutory body. The Council is also a registered charity for this reporting year.

These financial statements and the accompanying notes summarise the financial results of activities carried out by the Council. The Council's primary objective is to provide public services, as opposed to making a financial return.

An Education Amendment Act 2015 Commencement Order set the commencement date at 1 July 2015 for the establishment of the Education Council of Aotearoa New Zealand. As a consequence its predecessor the New Zealand Teachers Council was disestablished and all its assets and liabilities were vested in the Council on 1 July 2015. Listed below are the net assets that were transferred to the Council from the New Zealand Teachers Council on 1 July 2015:

	2015 \$'000
CURRENT ASSETS	
Cash and cash equivalents	5,607
Other investments	2,394
Receivables from exchange transactions	802
Receivables from non-exchange transactions	230
	9,033
NON-CURRENT ASSETS	
Intangible assets	112
Property plant and equipment	687
	799
TOTAL ASSETS	9,832
CURRENT LIABILITIES	
Deferred lease liability	42
Trade and other payables	4,456
Employee entitlements	366
	4,864
NON-CURRENT LIABILITIES	
Revenue in advance	1,757
Deferred lease liability	156
	1,913
TOTAL LIABILITIES	6,777
NET ASSETS	3,055
EQUITY	
Retained earnings	3,055
TOTAL NET ASSETS ATTRIBUTABLE TO THE OWNERS	3,055

The financial statements have been prepared on a going concern basis. The Council is currently reviewing its fee structure to ensure its future financial sustainability.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity Accounting Standards (“PBE IPSAS”) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Public Sector entities. For the purposes of complying with NZ GAAP, the Council is a public benefit public sector entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. This is due to the Council’s expenditure being less than \$30m.

The Council Members have elected to report in accordance with Tier 2 Public Sector PBE Accounting Standards and in doing so the Council has taken advantage of all applicable Reduced Disclosure Regime (“RDR”) disclosure concessions.

EFFECT OF FIRST-TIME ADOPTION OF PBE STANDARDS ON ACCOUNTING POLICIES AND DISCLOSURES

This is the first set of financial statements of the Council that is presented in accordance with PBE standards.

The accounting policies and disclosures caused by first-time application of PBE accounting standards are as follows:

PBE IPSAS 1—PRESENTATION OF FINANCIAL STATEMENTS

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions

PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of current figures.

SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as set out below.

Basis of measurement

The financial statements have been prepared on a going concern basis.

Functional and presentational currency

The financial statements are presented in New Zealand dollars (\$), which is the Council’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Council and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Ministry of Education Grant revenue

Grant revenue with no conditions attached is recognised when earned.

Late fee revenue

Late fee revenue is only earned when an application is received late from a teacher. It is a penalty imposed by the Council.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

Processing fees

All application processing fees are recognised as revenue as they are received. There is no ongoing liability or a fair exchange of value in these fees.

REVENUE FROM EXCHANGE TRANSACTIONS

Interest revenue

Interest revenue is recognised using the effective interest method.

Other revenue

All other revenue from exchange transactions is recognised when earned and is reported in the financial period to which it relates.

Financial instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument.

The Council derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, when the rights to receive cash flows from the asset have expired or are waived, or the Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Council has transferred substantially all the risks and rewards of the asset; or
- the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

FINANCIAL ASSETS

Financial assets within the scope of PS PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Council's financial assets are classified as financial assets at loans and receivables. The Council's financial assets include: cash and cash equivalents, short-term deposits, receivables from non-exchange transactions, receivables from exchange transactions, and investments.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Council's cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

Impairment of financial assets

The Council assesses at the end of the reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Council first assesses whether there is objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Council determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

The Council's financial liabilities include trade and other creditors, and employee entitlements.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit in the statement of comprehensive revenue and expenses.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Short-term investments

Short-term investments comprise term deposits that have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

• Computer equipment	3.3%	3 years
• Office equipment	20%	5 years
• Office fit-out	11.1%	9 years
• Fixtures and fittings	6.7%	15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Operating leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Council does not hold any intangible assets that have an indefinite life.

The amortisation periods for the Council's assets are as follows:

- Acquired software 3 years

EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

Equity

Equity is the public's interest in the Council, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE

Accumulated comprehensive revenue and expense is the Council's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

Goods and services tax

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of the receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Council is a registered charitable trust in terms of the Income Tax Act 2007 and consequently the Council is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Council's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

JUDGEMENTS

In the process of applying the Council's accounting policies, management have not made any judgements that would have a significant impact on the financial statements.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Council based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur.

USEFUL LIVES AND RESIDUAL VALUES

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- the condition of the asset
- the nature of the asset, and its susceptibility and adaptability to changes in technology and processes
- the nature of the processes in which the asset is deployed
- availability of funding to replace the asset
- changes in the market in relation to the asset.

The estimated useful lives of the asset classes held by the Council are listed above.

2 OTHER OPERATING EXPENSES

	Actual 2016 \$'000	Budget 2016 \$'000
Administration	1,535	1,412
Audit fees to Audit New Zealand for audit of financial statements	49	49
Professional/consultancy fees	111	42
Audit of teachers appraisals	412	412
Advisory committees	7	39
Rent	279	279
Council Members' fees	166	216
CAC panels	881	1,187
CAG/DT/Impairment	928	1,924
Doubtful debts/bad debts	-	-
	4,368	5,560

Explanations for significant variances against budget are provided in note 18

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

3 EMPLOYEE COSTS

	Actual 2016 \$'000	Budget 2016 \$'000
Wages and salaries	5,141	5,094
Staff professional development	25	110
Superannuation	45	19
KiwiSaver employer contribution	122	132
Temporary staff	86	1
ACC levies	9	14
Payroll fees	10	4
Recruitment expenses	99	-
	5,537	5,374

Explanations for significant variances against budget are provided in note 18

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2016 \$'000
Cash at bank	5,400
Short-term deposits with maturities of less than 3 months	1,660
TOTAL CASH AND CASH EQUIVALENTS	7,060

5 OTHER INVESTMENTS

The Council holds term deposits with various institutions. Term deposits with a term of greater than 3 months are classified as Term Deposits rather than Cash and Cash Equivalents.

	2016 \$'000
Term deposits with maturities of less than 12 months	2,479
TOTAL	2,479

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

6 PROPERTY, PLANT AND EQUIPMENT

2016	Computer Equipment \$'000	Office Equipment \$'000	Office Fit-out \$'000	Fixtures and Fittings \$'000	Work in Progress \$'000	Total \$'000
Cost	282	120	581	563	10	1,556
Accumulated depreciation	(217)	(70)	(327)	(129)	-	(743)
NET BOOK VALUE	65	50	254	434	10	813

Reconciliation of the carrying amount at the beginning and end of the period:

2016	Computer Equipment \$'000	Office Equipment \$'000	Office Fit-out \$'000	Fixtures and Fittings \$'000	Work in Progress \$'000	Total \$'000
Opening balance	76	56	319	90	149	690
Additions	35	12	-	360	-	407
Disposals/transfer to assets	-	-	-	-	(139)	(139)
Depreciation	(46)	(18)	(65)	(16)	-	(145)
CLOSING BALANCE	65	50	254	434	10	813

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

7 INTANGIBLE ASSETS

2016	Acquired Software \$'000	Total \$'000
Cost	1,076	1,076
Accumulated amortisation	(885)	(885)
NET BOOK VALUE	191	191

Reconciliation of the carrying amount at the beginning and end of the period:

2016	Acquired Software \$'000	Total \$'000
Opening balance	112	112
Additions	161	161
Disposals	-	-
Amortisation	(82)	(82)
CLOSING BALANCE	191	191

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

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

8 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2016 \$'000
Grants receivable	14
TOTAL	14

9 TRADE AND OTHER PAYABLES

	2016 \$'000
Trade payables	399
GST payable	240
Other non-trade payables and accrued expenses	389
TOTAL	1,028

Trade payables and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value and other payables approximate their value.

10 EMPLOYEE ENTITLEMENTS

	2016 \$'000
Accrual of salaries/superannuation	145
Liability for annual/in lieu leave	315
Accrual for sick leave	10
TOTAL	470

11 LEASES

As at the reporting date, the Council have entered into the following operating lease commitments:

	2016 \$'000
No later than 1 year	320
Later than 1 year and no later than 5 years	881
Later than 5 years	-
TOTAL	1,201

Deferred lease liability

This liability reflects the building owner contribution and rent holiday provided to the Council upon taking the lease for its premises at 80 Boulcott Street, Wellington. These contributions will be fully amortised by the expiry of the lease. This has been recorded as both current and long-term liabilities to show the amortisation over the duration of the rent holiday.

This lease was conferred on the Education Council of Aotearoa New Zealand on 1 July 2015.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

12 RELATED PARTY TRANSACTIONS

The Council is an independent statutory body and registered charity.

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

KEY MANAGEMENT PERSONNEL

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body of the Council (which comprises the Council Members) and the leadership team (employees). The following remuneration is paid to the Council Members:

COUNCIL MEMBERS REMUNERATION	2016 \$'000
Chair	
Barbara Ala'alatoa	13
Sylvia Park School (B Ala'alatoa)	19
TOTAL CHAIR REMUNERATION	32
Council Members	
Centre for Strategic Education (Anthony MacKay – Deputy Chair)	25
Claire Amos	13
Hobsonville Point Secondary School (C Amos)	9
Lynda Stuart	4
May Road School (L Stuart)	9
Simon Heath	8
Renwick School (S Heath)	10
Iva Ropati	4
Howick College (I Ropati)	16
New Zealand Kindergartens Inc. (Clare Wells – Chair Risk, Audit and Finance Committee)	17
Helen Timperely	19
Te Whata Tau o Patauaki (Ripeka Lessels)	23
Total Council Members	157
Less: New Zealand Teachers Council 2015 Accrual for Council Member fees not claimed by the Members	(23)
TOTAL COUNCIL FEES	166
Number of full-time equivalents*	1.0

* Estimated

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

There are a number of Members whose daily fee is paid directly to their school, centre or organisation. These Council Members are being paid by their institutions and appropriately do not accept a payment for services to the Council.

There have been no payments made to committee members appointed by the Council who are not Council Members during the financial year.

The Council has had directors' and officers' liability and professional indemnity insurance in place during the financial year in respect of the liability or costs of Council Members and employees.

Fees schedule for Council Members

COUNCIL MEMBERS	DAILY MEETING RATE	PREPARATION FEE RATE
Chair	\$900.00	\$450.00
Deputy Chair	\$800.00	\$400.00
Council Member	\$700.00	\$350.00

No Council Members received compensation or other benefits in relation to cessation.

The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2016 \$'000
Key management personnel remuneration*	1,353
Full-time equivalents	10

* Two staff in the leadership team are seconded to the Council from the Ministry of Education. The Ministry of Education is meeting the cost of their remuneration.

13 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2016 \$'000
FINANCIAL ASSETS	
Loans and receivables	
Cash and cash equivalents	7,060
Short-term investments	2,479
Receivables from exchange transactions	312
Receivables from non-exchange transactions	14
TOTAL	9,865
FINANCIAL LIABILITIES	
At amortised cost	
Trade and other creditors	1,028
Employee entitlements	470
TOTAL	1,498

14 CAPITAL COMMITMENTS

There were no capital commitments at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Education Council of Aotearoa New Zealand

15 CONTINGENT ASSETS AND LIABILITIES

The Council has a contingent liability in relation to one case before the High Court for exemplary damages. This may lead to a liability between \$50,000 and \$100,000. The council has other cases presently with the Disciplinary Tribunal which may lead to contingent liabilities between \$151,000 to \$242,000.

There are no contingent assets at the reporting date.

16 EVENTS AFTER THE REPORTING DATE

There were no significant events after the balance date.

17 PROJECTS

The transition board approved a deficit budget which included an estimate of \$1.5m for professional projects. The Council took a more conservative approach and reduced actual spending on projects by either delaying the project or completing the project with internal resources only.

	Actual 2016 \$,000	Budget 2016 \$,000
Standards	23	86
Code of Conduct	13	88
Leadership*	194	-
ITE	42	-
Appraisal of Principals	116	342
Appraisal of Teachers	-	400
Induction & mentoring	-	200
Review of rules	-	100
Strategic Plan	-	100
Other transition projects	-	190
	388	1,506

* The establishment of a Centre for Leadership Excellence was given a grant of \$250,000 by the Minister. The remaining \$56,000 will be carried forward to additional leadership forums in the 2016-17 financial year.

18 EXPLANATION OF SIGNIFICANT VARIANCES FROM BUDGET

Revenue

Overall revenue was above budget by \$6.0m.

The significant variance against budget is due to the recognition of \$5.4m fee income transferring from liabilities to revenue. Fees are now recognised as income when they are received, in line with recommended accounting practice. This was a one-off adjustment. The budget was prepared on a different basis.

Expenditure

Overall expenditure was below budget by \$2.1m.

Personnel costs were above budget by \$163,000. The Council expected to bring on new positions to support its broader functions. Costs were offset by the Ministry of Education agreeing to pay for two seconded staff.

Other operating expenses were below budget by \$1.2m. This was due to a number of factors:

- an expected increase in volume of conduct cases did not occur until last quarter of financial year
- actual Council Member fees reflected nine Members when original budget was for 11
- a conservative approach to discretionary projects (refer note 17).



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF

Education Council of Aotearoa New Zealand's financial statements and performance information for an appropriation for the year ended 30 June 2016

The Auditor-General is the auditor of Education Council of Aotearoa New Zealand (the Education Council). The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information for an appropriation, of the Education Council on her behalf.

OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION FOR AN APPROPRIATION

We have audited:

- the financial statements of the Education Council on pages 26 to 41, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information for an appropriation of the Education Council on page 20.

In our opinion:

- the financial statements of the Education Council:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information for an appropriation presents fairly, in all material respects:
 - the actual performance compared against the performance measures in the estimates of appropriations for the year ended 30 June 2016; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

Our audit was completed on 11 November 2016. This 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 Council and our responsibilities, and explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information for an appropriation are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information for an appropriation. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information for an appropriation. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information for an appropriation, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Education Council's financial statements and performance information for an appropriation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Education Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the financial statements and the performance information for an appropriation; and
- the overall presentation of the financial statements and the performance information for an appropriation.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information for an appropriation. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information for an appropriation.

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

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for preparation and fair presentation of financial statements for the Education Council that comply with generally accepted accounting practice in New Zealand. The Council is also responsible for preparation of the performance information for an appropriation.

The Council's responsibilities arise from the Education Act 1989.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information for an appropriation that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and the performance information for an appropriation, whether in printed or electronic form.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and the performance information for an appropriation and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

Karen Young

Karen Young
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

SUPPORTING INFORMATION

DISCIPLINARY TRIBUNAL

The Disciplinary Tribunal Chair receives a daily meeting fee of \$900. Members receive a daily meeting fee of \$415.

Kenneth Johnston – Chair	\$17,100
Graeme Gilbert	\$4,511
Peter Ferris	\$623
Kiri Turketo	\$2,270
Simon Heath (Council Member)	\$208
Renwick School (S Heath)	\$361
Patrick Walsh	\$541
Maraea M Hunia	\$2,178
Tangi Utikere	\$1,194
Simon Williams	\$929
David Hain	\$1,967
Stuart King	\$3,735
Sue Ngarimu	\$3,618
David Turnbull	\$3,112
Maria Johnson	\$901
Sheila Grainger	(\$622)
Sally Ormandy	\$1,805
David Spraggs	\$1,244
John Hannan – Chair	\$14,201

COMPLAINTS ASSESSMENT COMMITTEE

The Complaints Assessment Convenor and Chairs receive a daily meeting fee of \$475. Members receive a daily meeting fee of \$385.

Northern Panel

Jill Page – Chair (retired 31/1/16)	\$13,056
Stephanie Norrie – Chair (from 1/2/16)	\$17,808
Nicola Parsons	\$670
Sandy Cassells	\$10,250
Peter Cooke	\$14,053
Celeste Harrington	\$3,113
Nigel Wilson	\$1,155

Central Panel

Keith Lees – Chair (retired 31/12/15)	\$6,706
Bruce McLachlan	\$15,577
Jenny Varney	\$10,029
Marian Blackford – Chair (from 1/2/16)	\$18,517
Tania King	\$7,195

Southern Panel

Denis Pyatt – Chair (retired 31/12/15)	\$6,294
Jane Culhane	\$6,000
Sandy Radford	\$5,005
Gail Gibson – Chair (from 1/2/16)	\$7,028
Larry Ching	\$2,678

Auckland Panel

Denis Cocks – Chair (retired 31/1/16)	\$9,599
Bruce McLachlan – Chair (from 1/2/16)	\$4,749
Pat Newman	\$5,658
Dr Jenny Te Paa Daniel	\$6,930
Rikkie Betts	\$4,924
Deborah Telford	\$6,063
Sally Dalzell	\$8,551

National Panel

Nigel Wilson – Chair	\$9,091
Patricia McKelvey	\$4,042
Sue Ineson	\$4,330
Megan Cassidy	\$2,979

EARLY CHILDHOOD EDUCATION ADVISORY GROUP

Clare Wells – Convenor (has elected not to receive a fee)	-
Dr Alexandra Gunn	\$925
Carol Palmer	\$388
Valerie Kay Lloyd-Jones	\$323
Dr Diane Mara	\$323
Roimata Kirikiri	-
Jenny Yule	\$323
Sandra Ewens	\$323

MĀORI MEDIUM ADVISORY GROUP

Tony Trinick – Convenor	\$3,045
Tui Rolleston-Yeager	-
Evelyn Tobin	-
Tuki Takiwa	-
Lucy Te Arai Te Moana	-
Wiremu Kaua	-
Karin Mahuika	-
Vivian Ihenga Para Meha	-
Gloria Esme Tākura	-

COMPETENCY ADVISORY GROUP

Colin Tarr	\$1,226
Graeme Yule	\$1,060
Gwen Davitt	\$2,021
Graham McDonald	\$289
Rosalie Hunt	\$897
Fr Paul Martin	\$1,444
Perry Rush	\$482
Liz Patara	\$1,935
Jane Horrax	\$1,731
Mike Farrelly	\$1,829
Jenny Williams	\$578
Elizabeth Millar	\$1,533
Sue Jury	\$1,059
Tim Tucker	\$2,888
Bruce Hart	(\$864)
Susanne Jungerson	\$1,635
Sandy Cassells	\$289

IMPAIRMENT COMMITTEE*

Bruce Bridges	\$1,021
Lynda Stuart (Council Member)	1,002
Evelyn Tobin	(\$440)
Dr Lynn McBain	\$2,216
Gary Tenbeth	\$803
Rachel Searle	\$2,418
Julie Gray	\$442
Tio Rose	(\$200)
David Spraggs	\$18
Kerry Delaney	(\$200)

* Please note the Impairment Committee above relates to the impairment of teachers and not to the impairment of property, plant and equipment and intangible assets as disclosed in the financial statements, policies and notes.



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