



Accreditation Council

2021 Annual Report

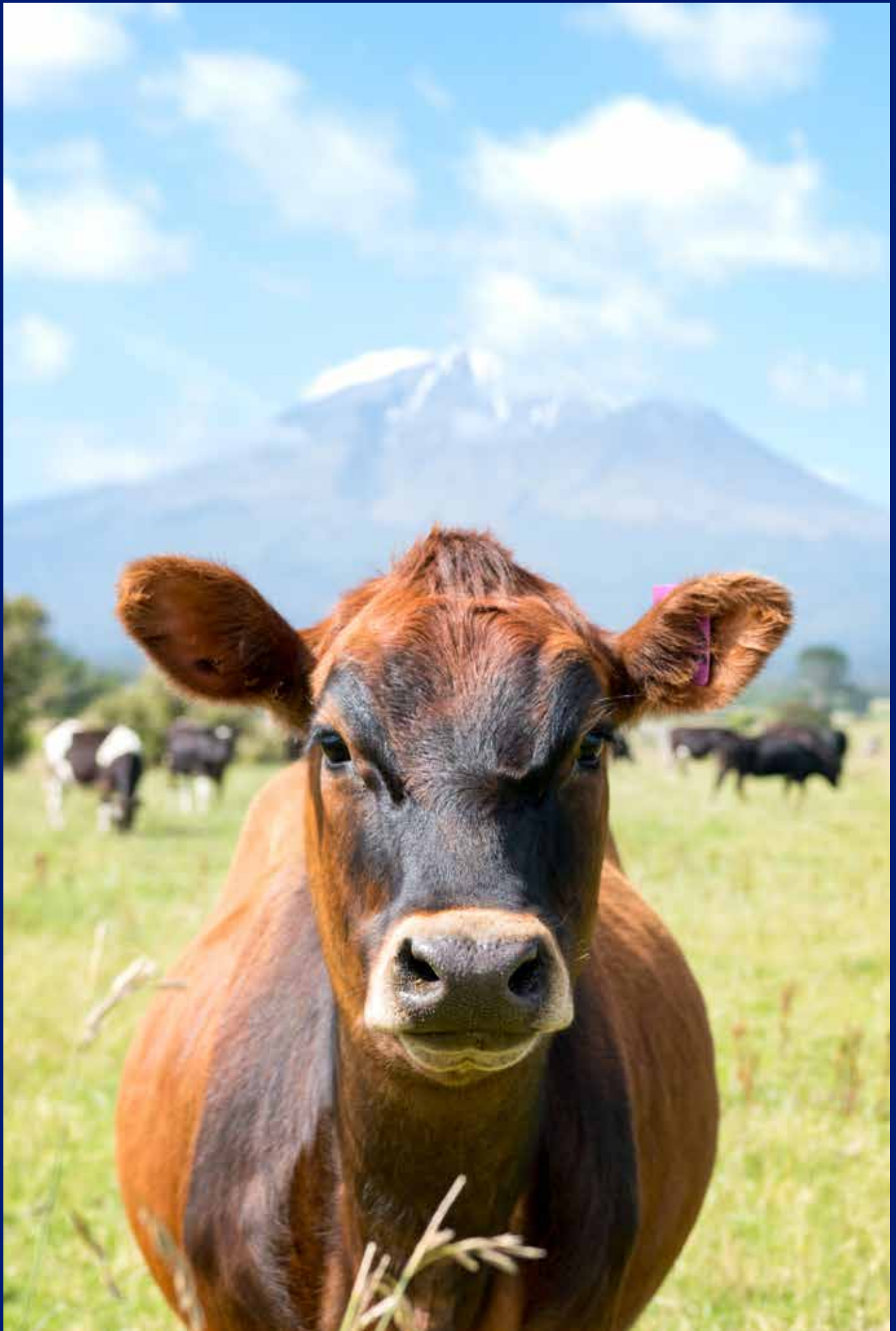
Presented to the House of Representatives pursuant to section 150(3) of the Crown Entities Act 2004 and to section 44 of the Public Finance Act 19

FOR THE YEAR ENDED 30 JUNE 2021



**Te Kāwanatanga
o Aotearoa**
New Zealand Government





Accreditation Council

Highlights F2021

Effective

928

Active accreditations

932

NZQC training days

1,411

Telarc certified organisations



Efficient

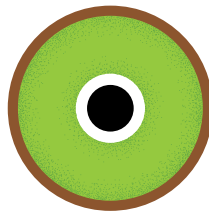
Accreditation fees increases less than inflation

IANZ fees are amongst the lowest of all global accreditation bodies

Vital



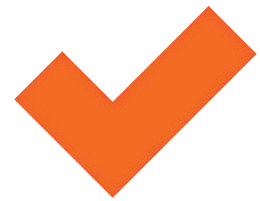
Reducing cost to market for overseas trade



Facilitating domestic economic development



Managing health, safety and environmental risks



Assisting with trade agreements

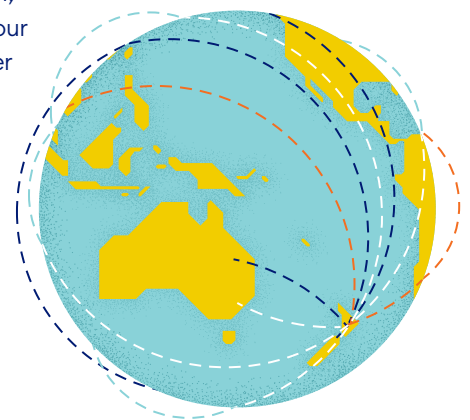
Human Capital



Huge appreciation for our fantastic full-time staff, sub-contractors and our thousands of volunteer technical experts

Internationally recognised

Accreditation authorities in 105 countries recognise IANZ accreditation as equivalent to their own



Annual Surplus/(Deficit) after tax

FY 21

1,075k

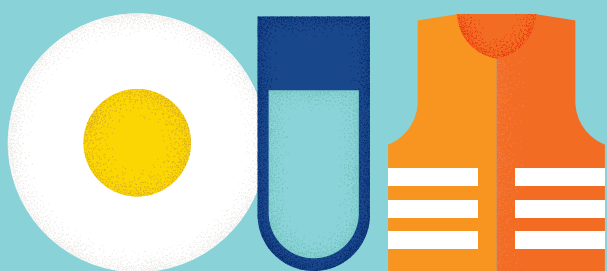
FY 20

(603k)



Our Vision

To be a world-class provider of accreditation, certification and related services, providing value-added assurance of competence and compliance, in a financially sustainable manner.



Contents

1. The Year in Review	6
2. Governance and Structure	10
3. Council Members' Profiles	14
4. Telarc Limited Directors' Profiles	17
5. Management Members' Profiles	18
6. Statement of Intent	20
7. Statement of Performance	28
8. Valued Employer	44
9. Statement of Responsibility	48
10. Audit Report	49
11. Statement of Accounting Policies	54
12. Annual Financial Statements	58
13. Notes to the Financial Statements	62
Appendix 1 Council Function, Goals, and Operational Standards	80
Appendix 2 Council Structure	82
Appendix 3 Accreditation and Certification Explained	83
Summary of Operations	85
Appendix 4 Glossary of Acronyms	89
Appendix 5 Directory	90

1. The Year in Review

The Hon Dr David Clark, Minister of Commerce and Consumer Affairs.

We have the honour to submit the 2020-2021 Annual Report of the Accreditation Council.

Providing protection in a changing world

Another challenging year has now come to a close where we have seen the Covid-19 pandemic continue to advance across the world.

New Zealand needs strong and adaptable accreditation and certification, both of which support trust, manage risk and provide protection. They show New Zealanders which goods and services are safe and meet quality standards. They also ensure that risks are identified and managed, and support economic activity.

Trust and risk management are even more important in these uncertain times as the full impact of the Covid-19 pandemic plays out.

In the year to 30 June 2021, Council (IANZ) worked closely with the Ministry of Health and stakeholders to establish a technical and clinical advisory forum for Covid-19 testing and has continued to support the Ministry of Health and laboratories throughout the pandemic. With the containment of Covid-19 during the year to 30 June 2021, our clients were able to return to a sense of normality by the financial year end and on site assessments resumed with the majority of outstanding assessments completed.

Our subsidiary company Telarc, has had a stellar year, delivering a strong financial result in spite of increased costs and an uncertain business environment.

Council continued with planned investment in service enhancement projects with good progress made during the course of the year and will continue to invest in these projects over the next two years. The Council's training arm, the New Zealand Quality College has been heavily impacted by the pandemic with a number of in person courses being cancelled, however has continued to develop new online training courses to better meet the needs of their clients going into the future.

We wish to acknowledge the incredible efforts of our people and those we serve in dealing with the range of challenges we have faced together.

Financial results for the year ended 30 June 2021

The Council (IANZ) finished the year with a pre-tax surplus of \$1,411,951 (budget deficit \$202,233, prior year deficit \$659,501). After tax surplus was \$1,075,072 inclusive of a contribution of \$876,573 after tax from its subsidiary, Telarc Limited (\$1,213,452 pre-tax).

The net assets of the Council totalled \$10,465,006 at 30 June 2021 (\$9,389,934 prior year) and investment will continue during the coming year in our IT architecture and our people, ensuring we continue to improve our service offerings to our clients and stakeholders.

IANZ

The Council's accreditation arm has continued to support Governments key priorities by working with a range of agencies and assuring the quality and safety of goods and services and in turn enabling consumers to make informed decisions; helping to minimise health, safety and environmental risks; ensuring compatibility and facilitating international trade.

IANZ engaged and submitted to the Health Select committee in March 2021, on the Water Services Bill developed to improve the regulation of drinking water within New Zealand. IANZ recommended some amendments to the Bill to provide independent assurance that technical outputs such as the results of reviews, assessments and monitoring are consistently reliable and impartial. IANZ's submission offered some strategies that could assist and support Taumata Arowai to build confidence in this new regulatory process.

IANZ also provided submissions to the Ministry of Primary Industries on the proposed regulations for organic primary sector products in June 2021. The proposed regulations would allow consumers to be better able to tell which products are organic and thereby make more informed choices about what they buy.

Accreditation staff provided advice to the Ministry of Business, Innovation and Employment's Space Policy & Regulatory Systems Team on accreditation pathways that could be adopted.

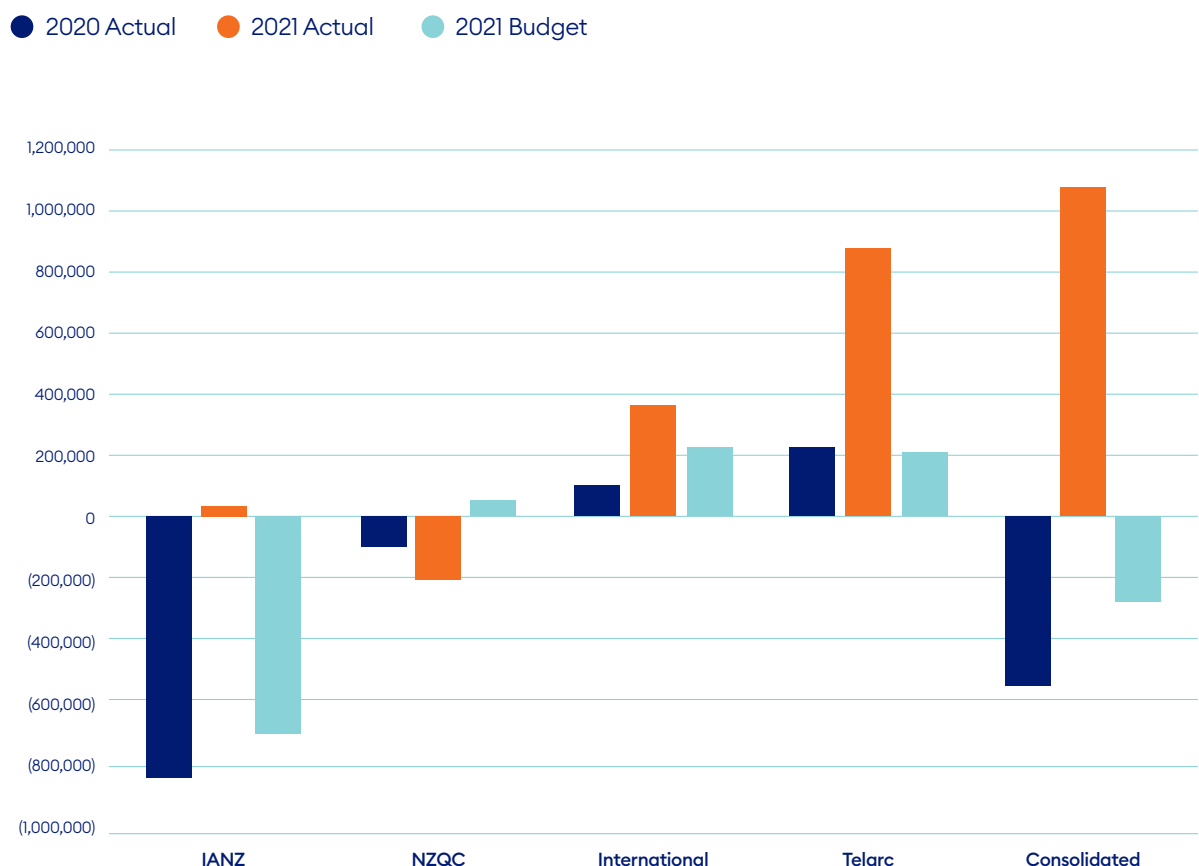
Over the last year, IANZ had 744 active clients (750 prior year), 928 active accreditations, both dropping slightly (0.8% and 0.3%) respectively. This was primarily in the inspection and laboratory sectors and can be attributed to some post Covid-19 hesitancy and the maturing of some new industry sectors. This was offset by a 3% growth in the medical imaging sector.

New initiatives continue and we are constantly looking for innovative ways to solve problems, including public health, environmental and resource challenges. We are currently investigating opportunities relating to hospital sterile supplies and point of care testing. Our transformation streams of work have continued with good progress being made on our IT programme enhancements, staff training and the review of our processes and systems to enhance consistency in service delivery and performance.

IANZ continues to invest in its people and in FY2021 has secured new premises facilitating a transition in 2022 to an environmentally friendly, open, contemporary space, that will enrich our culture and workplace. This will also allow both a decrease in our occupancy costs and better meet our current and future operational needs.

IANZ has begun its journey towards building capability amongst its people to assist in strengthening Maori Crown relations. We have welcomed the guidance provided by Te Arawhiti in conjunction with Te Kawa Mataaho and Te Puni Kokiri through the development of Whaingā Amorangi: Transforming Leadership. We are committed to and will continue to build on our capability throughout the coming years.

Surplus/(Deficit) After Tax



Telarc

Telarc delivered an exceptional result for the year. This rebound was anticipated due to the build-up of deferred audits during the Covid-19 lockdowns of FY2020 together with growth in client numbers during lockdown. By year end the business was well ahead of our most ambitious forecasts.

While most of Telarc's international competitors remained in various stages of lockdown or travel limitations, Telarc, and a majority of New Zealand, enjoyed a return to relatively normal business practices. Throughout the year a number of factors, provided Telarc with opportunity for further growth:

- provision of locally based auditors to businesses that historically relied on offshore auditors;
- Totika Health & Safety pre-qualification scheme was launched for the construction industry by CHASNZ;
- Increased awareness by business and industry bodies within New Zealand, of the value that certification can bring;
- deferred work from the periods when site visits were not possible in FY2020;
- changes in the competitive landscape within New Zealand, driven by market and accreditation pressures.

We are now seeing the results of remaining focussed on strategic priorities. A key priority was to build a team of capable auditors able to support an increase in the numbers of integrated audits (multiple standards audited at once). In the last few years progressive New Zealand businesses have discovered the benefit of integrating their management systems. This allows them to ensure they are taking a holistic view of how they run their business across any variation of the quality, health & safety, environmental and food and/or wine safety aspects of their business.

Another key strategic priority was to increase the proportion of non-quality system revenue whilst growing the business. Telarc has progressively become a more sustainable business by reducing revenue risk through the focus on growing other segments.

Telarc continues to actively seek out ways to push its audit offering into the 21st century by leveraging technology. The year in review has seen some significant gains in the digitisation of audit data capture and reporting. Telarc has increased levels of confidence in delivering audit outcomes of value to all clients. This confidence has seen Telarc commit increased levels of capital and resource in the upcoming year to continue the transformation of our operating model across all of the key areas we operate within.

The people of Telarc have been, and will remain pivotal to our success. Covid-19 and the ongoing uncertainty that it has created for our business has not interrupted the loyalty and commitment that our people have shown to our business. We will continue work with them to find ways to increasingly improve the way we support them as they support our clients with their certification requirements.

Enhancing Safety

The health and safety of our people continues to be our number one priority and is an issue of most importance for our stakeholders. Council remains committed to zero harm. We have very active health and safety committees that continue to promote a safe and healthy workplace for all staff, contractors and visitors and to provide input to health and safety policies and procedures.

The Council (IANZ) has been audited against AS/NZS 4801 Health and Safety Standard and achieved compliance. Telarc transitioned from AS/NZS4801 to ISO45001 achieving compliance during 2019.

Supporting Regulators

The Council (IANZ) continues to work with regulators to ensure we deliver accreditation services that meet Government needs and provide the rigor and assurance of international standards. Council continues to work closely with MBIE, MFAT, MPI and MOH on core accreditation matters.

Telarc continues to actively work with regulators to improve the outputs managed and delivered by New Zealand businesses and to sponsor the adoption of standards that help people in the workplace and support the sustainability of New Zealand's natural environment.

Globally Recognised

The Council continues to support Government's economic plan to build a more productive, sustainable and inclusive economy through facilitating trade. The impact of Covid-19 on international travel has changed the nature of international engagement and cooperation. IANZ, the accreditation arm of the Council, has continued its involvement with international bodies throughout the year under review, including International Laboratory Accreditation Cooperation (ILAC), Asia Pacific Accreditation Cooperation (APAC) and International Organisation for Standardisation (ISO) through digital meetings. IANZ continued to train international evaluators and participated in assessments of international peers through remote assessments. Council has also continued to support Ministry of Business, Innovation and Employment and the Ministry of Foreign Affairs and Trade with trade negotiations where appropriate.

The Year Ahead

The Council wishes to welcome IANZ's new CEO, Dr Brian Young, who took up his new role in July 2021 and to extend warm thanks to Ms Paulin for her contribution as Acting CEO over the past 12 months. It has been a challenging year and under Ms Paulin's leadership IANZ is in a stronger position than before.

The Council looks forward to celebrating its 50th anniversary in 2022.

In the coming year the Council will continue to work towards protecting the health, welfare and living standards of all New Zealanders taking into account Government's key strategies and goals. The Council will work to meet the changing needs of customers and stakeholders as the nation continues to work through the consequences of Covid-19. The Council continues to maintain fiscal restraint while retaining capability to meet customer and stakeholder needs and will continue to invest in IT systems to improve efficiency and effectiveness of assessment and audit processes. The Council remains financially sound and has maintained adequate cash reserves to cover potential future losses caused by the pandemic and is confident that it will be sustainable into the future. Trading performance may change markedly from the budget and Council will adjust its operations accordingly to remain sustainable. Strategic projects will continue and more change is likely as opportunities created through remote working and technology develop.

We are pleased to submit this Annual Report and the Financial Statements for the year ended 30 June 2021.

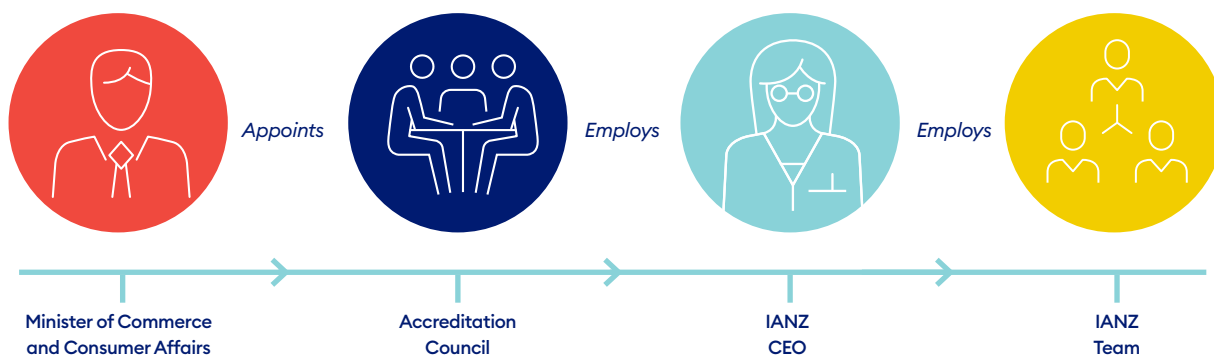


Paul Connell
Chairman

2. Governance and Structure

The Accreditation Council is an Autonomous Crown Entity under the Crown Entities Act 2004.

The Members are appointed by the Minister of Commerce and Consumer Affairs (the responsible Minister) in accordance with the Standards and Accreditation Act 2015. The Council is monitored by MBIE.



Organisational responsibility is delegated to the Chief Executive using a formal delegations framework. The Council comprises seven independent non-executive members. Their profiles and disclosures of interest are published on page 12.

2.1 Legislative Framework

The Accreditation Council is established under the Standards and Accreditation Act 2015, but is a continuation of the Testing Laboratory Registration Council, established under the Testing Laboratory Registration Act 1972. The Council is an Autonomous Crown Entity under the Crown Entities Act 2004. Telarc is a Crown subsidiary under the Act.

The Council's functions as set out in the Standards and Accreditation Act are:

- to promote the development and maintenance of good practice in conformity assessment; and
- to establish and maintain accreditation schemes for conformity assessment bodies engaged in testing and inspection activities; and
- to develop and maintain international recognition and acceptance of the Council's accreditation scheme; and
- to maintain appropriate international relationships consistent with the Council's functions under this section; and
- to act as New Zealand's good laboratory practice compliance monitoring authority; and
- if the Council chooses, to provide certification services; and
- to perform any other functions that the Minister directs the Council to perform in accordance with section 112 of the Crown Entities Act 2004.

The Council's organisational structure can be found in Appendix 2.

The Council has traded under the name IANZ (International Accreditation New Zealand) since 1 July 1997. On this date, the Council created Telarc Limited as a separate legal entity, wholly owned by the Council.

On 1 April 2007, SAI Global merged their New Zealand certification business with Telarc Limited, forming Telarc SAI Limited. SAI Global held a 25% ownership interest in the merged company, until 30 August 2017 when the Council purchased SAI Global's 25% interest, returning Telarc Limited to a 100% owned subsidiary. Telarc Holdings Limited, a subsidiary company of Telarc Limited was formed in October 2018. This company is a holding company classified as a non-trading entity formed to hold trademarks previously held by Telarc Limited. Telarc Limited has its own Board of Directors, and operates independently from IANZ.

The Council is required under the Crown Entities Act 2004 to have regard to Government policy as directed by the responsible Minister, the Minister of Commerce and Consumer Affairs. The collective duties of the Accreditation Council under the Crown Entities Act include ensuring IANZ acts consistently with its objectives, functions, Statement of Intent and Annual Statement of Performance Expectation; performs its functions efficiently, effectively and consistently; and operates in a financially responsible manner.

Council members also have individual duties to: comply with the Act (including with respect to disclosure of interests); act with honesty and integrity; act in good faith and not at the expense of the Council's interests; and act with reasonable care, diligence and skill.

The Council is entirely funded by client fees and receives no Crown funding.

2.2 Goals of the Council

The goals of both IANZ and Telarc are set as part of the process of developing the Statement of Intent (SOI), and are articulated in the Statement of Performance Expectations (SPE), after consultation with Ministry of Business, Innovation and Employment and as approved by the Council and Telarc Board. The process follows receipt of the Minister's letter of expectation, which includes general priorities of the Government, and specific priorities for the Council. Both the SOI and the SPE are publicly available on the IANZ website ianz.govt.nz.

Of special importance are the Professional Advisory Committees (PACs) which provide technical guidance and support in each field of activity undertaken by IANZ. This includes reviewing and making recommendations on every new accreditation. The Chairs of the PACs form the Accreditation Advisory Committee (AAC) which formally advises Council on any technical issues. The Chair of the AAC also makes a formal recommendation to the CEO to grant accreditation.

The Council's business is linked directly to ensuring the health and safety of products and services provided in New Zealand, and providing assurance of competence and compliance with standards. These functions are increasingly a requirement for carrying out business, and play a major role in facilitating New Zealand's export activities.

2.3 Performance Reporting and Consultation

The financial and organisational performance of the Council is reported annually to Parliament.

An annual Letter of Expectations from the Minister of Commerce and Consumer Affairs to the Council identifies relationship expectations and reporting requirements. It also acknowledges the required independence of the Council in carrying out its accreditation and certification functions. Through a comprehensive review process, the Council ensures the content of the SOI complies with the Crown Entities Act 2004 (CEA) section 141. Furthermore, the Council also reports all outcomes included in this SOI as part of its requirements under the CEA.

The Council is the primary monitor of organisational performance and meets bi-monthly in this regard.

MBIE receives a quarterly analysis and performance overview. Comment on other significant issues is included where necessary.

The Council also regularly communicates on all on-going operations with its monitor, MBIE.

Both the CEO and Chair continue to have regular meetings with MBIE officials as well as briefing discussions as needed. The Chair meets periodically with the Minister of Commerce and Consumer Affairs.

The Council would consult the Minister of Commerce and Consumer Affairs before making any significant change to its business units or structure.

The Council also undertakes an annual review of its own performance.



2.4 External Audit

The Auditor-General is the auditor of the Council's financial statements and has appointed Audit New Zealand to undertake the external audit work.

Every four years IANZ receives a full evaluation from its Asia Pacific Accreditation Cooperation Mutual Recognition Agreement (APAC MRA) partners. This evaluation is a requirement of continuing membership of the International Laboratory Accreditation Cooperation Mutual Recognition Agreement (ILAC MRA). An evaluation was completed in March 2019 with the next evaluation falling due in March 2023.

2.5 Audit and Risk Committee

The Audit and Risk Committee helps the Council fulfil its financial reporting responsibilities and provides assurance regarding compliance with internal controls, policies and procedures. Its responsibilities are established in a charter which is reviewed annually. The Committee meets with the external auditors (both with and without management present). It has no delegated authority but makes recommendations to the Council.

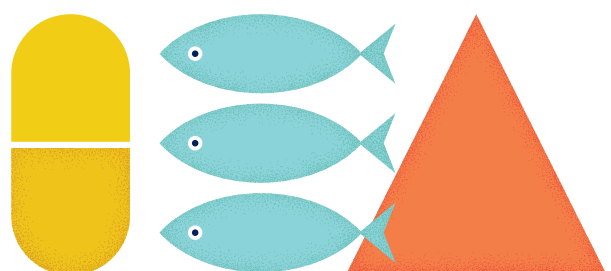
2.6 Health and Safety Committee

Ensuring the health and safety of all staff and contractors continues to be a fundamental responsibility of the Council. The Council has established a comprehensive health and safety management system, compliant with the Health and Safety at Work Act (2015) and all applicable regulations. A full AS/NZS 4801, compliance audit was undertaken in 2018 to ensure all policies meet international best practice.

Representation from all levels of staff and management comprise the Health and Safety Committee, which meets on a bi-monthly basis.

Council members regularly participate in assessments to gain their own understanding of good practice when staff are at clients' premises.

Telarc Limited has its own health and safety management system and transitioned from AS/NZ4801 to ISO 45001 in 2018 and was assessed against ISO 45001 in 2019.



3. Council Member Profiles



Paul Connell (CA FinstD)

Chairman

Paul is an independent director with experience as a Chartered Accountant, consultant, director and CEO. He has been a director of public companies, public entities and a number of private companies for over 21 years. He is presently Chair of the Accreditation Council, director of WEL Networks, ETEL Ltd, Ultra Fast Fibre Limited and Telarc Limited. He is independent Chair of Bobux International Limited and of the Audit and Risk Committees for the Environmental Protection Authority and GNS Science Limited. Paul is also a member of the Waikato Regional Council Risk and Audit Committee.



Dr Graeme Benny

BSBioMicr, MSBio (Hon), PhD ClinBio

Dr Benny trained in clinical biochemistry and clinical microbiology at Auckland University.

Graeme's career as a senior executive and Chief Executive has spanned public and private sector organisations in the human and animal pharmaceuticals and therapeutics industry, human biotech industry, Counties Manukau and Auckland District Health Boards, the New Zealand Blood Service and the New Zealand Defence Force.

He was Director/CE of Health Workforce New Zealand and is currently Chair and Executive Director of Leecare Solutions Pty (an Australian-based health IT development company), Chair of Ako Aotearoa, Chair of Auramer Bio (a biotechnology development company) and works as clinical/management consultant to the health sector.



Carolyn Harkess

MBA, DipM, CMinstD

Carolyn Harkess has over 20 years' senior executive experience having held chief executive and senior management roles in Manufacturing and Retail industries in New Zealand and Internationally. She brings to the Board experience in understanding and managing international markets, assisting organisations in their strategic development and driving performance in bottom line results. She brings governance experience across a range of sectors including government, sporting, and not for profit. She is a Chartered Member of the Institute of Directors in New Zealand.

Marion Eades

MBA(Dist), BSc, BCom, FCA Rtd

Marion is an independent director, former senior New Zealand public servant and international civil servant. She has held senior audit, finance and management roles and is currently a member of the Real Estate Authority, and on the board of a charity. Former director roles include Cooperative Bank, Environmental Science and Research Institute, Energy, Efficiency and Conservation Authority and Works and Development Services (NZ) Ltd. Marion has chaired the audit committee of several of these organisations along with those of other public sector entities and is a past Chair of the Independent Expert Oversight Advisory Committee of the World Health Organisation.



Catherine Abel-Pattinson

MBA, BHS, MinstD

Catherine is an experienced non-executive company director. Catherine's skills cover Strategic Governance, Information and Communication Technology, Cybersecurity, Major Capital Works, Audit and Risk and Financial Markets.

Catherine has many years of both Non-Executive and C-Suite experience at the EO and COO level and efficiently solving complex problems, as well as identifying required resources.

Catherine works with external agencies in order to foster communication and connection between all parties involved in a given company initiative. You can expect 100% transparency, smooth communication, and operational results when working with Catherine.

Catherine holds an MBA from Southern Cross University, has studied Financial Markets at Yale and Leadership at INSEAD as well as holding a Certificate in Company Direction from the New Zealand Director's Institute.

Catherine was a global Johnson & Johnson Scholarship recipient in 2009; which enable her to attend INSEAD University in France. In 2008 Catherine was a runner-up for the Glenys Baldick Memorial Award for Emerging Leaders in Health.



3. Council Member Profiles



Nicole Anderson

CMInstD, PGDPH, DipAcc, DipBus, DipMgt

Nicole is a Professional Director with a background in accountancy, health and business development.

She has worked primarily with organisations advancing Māori and Iwi, and with various public sector and private organisations, focusing on policy, economic and commercial development.

A chartered member of the Institute of Directors (CMInstD), Nicole is currently Director of Northland Inc, NorthTec, PHARMAC, Fluid Chemicals Ltd, Northland District Health Board and a member of the NZ Conservation Authority.

Ko Ngāpuhi tōna iwi, nō Hokianga ia.

Ka noho ia ki Kerikeri ki tetaha o tōna whanau.



Jane von Dadelszen

MA, BA (Hons) MRSNZ, MinstD

Jane is an independent director and consultant providing leadership, advice and analysis to government and development agencies, industry groups and educational organisations in New Zealand and internationally. She is a Council Member of the Hong Kong Council for the Accreditation of Academic and Vocational Qualifications (HKCAAVQ), and the HKCAAVQ task force reviewing accreditation criteria and standards. She is also a member of the boards of Toi Whakaari, the National Dance and Drama Centre, and English Language Partners.

Until December 2015, Jane was Deputy Chief Executive, Quality Assurance, at the New Zealand Qualifications Authority (NZQA) and previously for ten years, she led tertiary education policy at the Ministry of Education. Jane's experience also includes gender issues, crime and justice issues, family violence, child protection, health, alcohol and drug issues, climate change and natural resource management.

4. Telarc Limited Directors' Profiles

David Bone (BEng Hons)

Chairman

David has an Honours Degree in Engineering from Bristol University, and after pursuing a corporate career with BP and as an executive director with Winstone Ltd, he became an external director with a number of companies. He served as a director of New Zealand Rail Ltd, was foundation Chairman of the CRI Industrial Research Ltd, has represented the Prime Minister's Department on the boards of a number of Crown Entities, and was Managing Director of software company Smartmove NZ Ltd. He is currently Chairman of Telarc Limited, Pacific Aerials Ltd, and a director of Hall's Group Ltd and SIMITICS Ltd.



Vikki Brannagan

MinstD B.A. (Japanese) B.Com (Bus)

Viki is an experienced CEO and professional director, with governance and leadership experience across a wide variety of industries in the commercial, public and not-for-profit sectors. She holds independent board positions with Cafe Brands Ltd (franchisor of the Columbus Coffee & Mexico restaurant chains); the Apprenticeship Training Trust (a major employer in the PGDR & Electrical sectors); and H J Asmuss Limited.



Paul Connell

CA CFinstD

Paul is an independent director with experience as a Chartered Accountant, consultant, director and CEO. He has been a director of public companies, public entities and a number of private companies for 19 years. He is presently Chair of the Accreditation Council, director of Unison Networks Ltd, Unison Fibre Ltd, ETEL Ltd, and Telarc Ltd. He is independent Chairman of the Environmental Protection Authority Audit and Risk Committee and Chair of Bobux International Limited. He is also a facilitator for the Institute of Directors continuing education programme.



5. Management Members' Profiles



Fiona Paulin (CA)

**Acting Chief Executive Officer,
Chief Financial Officer and Company Secretary**

Originally, from Wellington, Fiona began her career with Union Shipping Group and has held a number of senior roles across a diverse range of public and private industry sectors including Financial Services, Building, Pharmaceuticals, Manufacturing, Electrical and the Education sector. Over the past 12 months Fiona has held the Acting CEO position for the Accreditation Council, whilst a replacement CEO was sought. She has extensive experience in both Finance and Operations areas. Fiona graduated from the Auckland University of Technology with a National Diploma in Accountancy, and became a member of the NZ Institute of Chartered Accountants in 1994.



Philip Cryer (BBS)

Chief Executive Officer (Telarc)


Philip Cryer has worked in a wide variety of roles across a diverse range of industry sectors. Prior to joining Telarc he held a number of management roles with Spark N.Z. Philip managed teams with accountabilities for customer service, technology design and delivery through to business operations support. Prior to his time at Spark, Philip worked in a variety of roles in Strategy development, Supply chain and logistics, Treasury, Accounting, International Business management, Marketing and Retailing. Philip has a degree from Massey University in Business Studies.



6. Statement of Intent

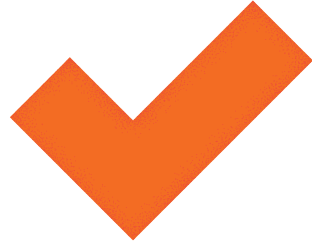
As an autonomous Crown entity, the Accreditation Council must have regard to Government policy as directed by the Minister of Commerce and Consumer Affairs. The Council has considered the Minister's Letter of Expectations, and policies including: Government's Economic Plan, Government's Commerce and Consumer Affairs priority, and Government's Conformance System Strategy.

Progress of the Accreditation Council's contribution in FY2021, towards achievement of Government's priorities is outlined below.

ACCREDITATION COUNCIL	MILESTONES	PROGRESS AT JUNE 2021
<p>Measuring Performance</p> <p>Outcome 1: IANZ</p> <p>NZ Organisations assured of technical competence through accreditation against national and international standards.</p> <p>Output Deliverables – Accreditation Services:</p> <p>1. Customer Focus – meet customer needs.</p> <p>a. IANZ will build on the relationship with existing clients and regulators in the development of new accreditation programmes to ensure they meet regulatory requirements while achieving ILAC requirements for independent recognition of competence.</p>	<ul style="list-style-type: none"> • Develop one new accreditation programme within the health sector by 2023. 	 <p>Progressing – IANZ is working on the POCT (point of care testing) programme via a series of scheduled meetings and consultation processes with the National POCT Advisory Group, POCT Project Working Group, National Laboratory Quality Managers Group and relevant accreditation clients. To date, the concept of a stand-alone POCT accreditation programme is supported by all stakeholder groups. IANZ will develop a draft criteria document, subject to feedback and input from stakeholder groups, with consultation and discussion scheduled for August 2021. There is further opportunity for growth in the addition of other non-accredited POCT facilities such as pharmacies, outpatient and emergency departments, midwives, and rest homes. This project is supported by the MoH (Ministry of Health).</p>

ACCREDITATION COUNCIL	MILESTONES	PROGRESS AT JUNE 2021
	<ul style="list-style-type: none"> • Develop a stakeholder plan including Ministry groups, regulators, National Screening Unit, the Environment Protection Agency and MBIE by 2023. • Provide accreditation where specified by regulators. 	<p>Progressing – Stakeholders and Regulators were engaged via a series of interviews conducted late 2019 and early 2020. A stakeholder plan will be developed in the FY2022 year.</p> <p>Achieved – IANZ continues to provide accreditation programmes to meet regulatory requirements:</p> <ul style="list-style-type: none"> • MPI Recognised Laboratory Programme • Drinking Water Laboratory accreditation programme • Inspection body programme (multiple sectors including for Worksafe and MPI) • Gas Cylinder Testing programme • GLP Compliance Monitoring Programme • Designated Conformity Assessment Body programme & Electrical Testing • Building Consent Authority accreditation programme.
b. Ensure accreditation is meeting customer service delivery expectations and adding value through continuous improvement based on quarterly internal and yearly external customer surveys.	<ul style="list-style-type: none"> • Quarterly internal and yearly external customer surveys. 	<p>Suspended due to Covid-19 – The last quarterly survey (conducted by internal staff) was in March 2020 and the practice was ceased due to Covid-19. IANZ are currently finalising an alternative methodology for gathering customer feedback.</p> <p>Customer surveys (using an external provider) are intended to be undertaken two yearly rather than annually. The last survey was conducted by Kantar in 2019, and showed a high level of satisfaction by customers. The 2021 survey has been deferred due to uncertainties associated with the COVID pandemic.</p> <p>In September 2020, Resonance Consulting reported on a survey of regulatory agencies (IANZ indirect customers) with positive results on IANZ performance</p>
c. Ensure the BCA accreditation meets changing needs by working closely with MBIE.		<p>Achieved – IANZ has continued to work closely with MBIE through FY2021. IANZ meets monthly and provides weekly reports.</p>

ACCREDITATION COUNCIL	MILESTONES	PROGRESS AT JUNE 2021
2. Develop current programmes a. Provide new (extension) assessments on demand for existing clients to meet new overseas market access requirements.		<p>During the reporting period, there have been no additional overseas market access requirements that have necessitated accredited clients needing to extend their scope of accreditation.</p>
3. Meet new business and public needs. a. Develop new programmes in the health sector in conjunction with Ministry of Health (MOH) and professional colleges). b. Develop new accreditation programmes for food safety inspection, and extend laboratory accreditation services to meet any new overseas market access requirements in conjunction with Ministry for Primary Industries (MPI) and Local Government. c. Develop new accreditation programmes targeting Government priorities in reducing compliance costs for business, and facilitating infrastructure development, in conjunction with Ministry of Business, Innovation and Employment (MBIE).		<p>Achieved – see 1 (a) above, POCT programme.</p> <p>Achieved – IANZ continues to undertake second party assessments of food safety inspection bodies on behalf of MPI, as well as continue to accredit food safety programme inspection bodies in their own right.</p> <p>During the reporting period, there have been no additional overseas market access requirements that have necessitated accredited clients needing to extend their scope of accreditation.</p> <p>Achieved – MPI Border Security is working through the development of a scope for accreditation of MPI for the inspection of cruise ships for the biosecurity risk of biofouling.</p> <p>MBIE sought registrations of interest for the accreditation of Modular Components Building Products and Methods. IANZ were not able to offer accreditation for the certification of a method or product.</p> <p>MBIE sought assistance from IANZ on how to accredit the process for issuing a pre-launch certificate for rockets into space. This is in the early stages of liaison.</p>
4. Ensure fees are appropriate.	<ul style="list-style-type: none"> Benchmark fees against other professional service providers and overseas accreditation bodies, aiming to be the most cost efficient, non-funded accreditation body globally. 	<p>Achieved – Fees are reviewed annually and where appropriate either kept at current levels or increased. An example is in FY2021 fees were not increased due to the financial impact on New Zealand from the Covid-19 pandemic.</p> <p>Fees are currently bench marked against NATA (Australia). IANZ fees remain competitive in the global market.</p>

ACCREDITATION COUNCIL	MILESTONES	PROGRESS AT JUNE 2021
<p>Outcome 2: Telarc</p> <p>NZ organisations achieving certification against national and international standards.</p> <p>Output Deliverables – Certification Services:</p> <p>1. Increase the significance of certification.</p> <p>a. Grow the number of certified clients in food and non-food standards.</p> <p>b. Provide relevant, professional, timely and accurate auditors as and when required.</p>	<ul style="list-style-type: none"> Grow the number of food and non-food certificates as represented on the MPI and JAS-ANZ certified organisation lists contained on their websites. 	 <p>Achieved – The certificate numbers on the JAS-ANZ register have lifted from 1,279 to 1411 as at 30 June 2021. This is close to a 10% lift in certificate numbers for the year. This is a significant lift and continues the trend for Telarc to grow certificate numbers. The MPI register is independent from Telarc and managed via MPI.</p>
<p>2. Improve customer experience.</p> <p>a. Enhance customer experience through better business processes and by using digital technology.</p>		<p>Achieved – Telarc has continued the IT Transformation programme of work during the FY2021 year with the Food and Wine digital audit tools being further enhanced.</p>
<p>3. Meet customer expectations.</p> <p>a. Improve audits and meet customer needs through a continuous improvement process including formal monthly feedback from customers.</p>	<ul style="list-style-type: none"> Continue to grow the number of industry specific assessments outside the traditional MPI and JAS-ANZ framework – EWRB Employer Licence, Class A - Asbestos Removal Scheme, Dairy Water Accord, NZTA Rail Audit, etc. 	<p>Achieved – Other schemes / standards advanced and managed outside of the traditional core schemes are:</p> <ul style="list-style-type: none"> Class A Asbestos removal EWRB Employer Licence Medical Devices (ISO13485) We have provisional approval for Asset Management (ISO55001) Product Quality Risk assessments <p>Telarc continues to look for opportunities to assist New Zealand businesses as they look to certification as a mechanism to provide their business with improvement opportunities or market access.</p>

Outcome 3: International

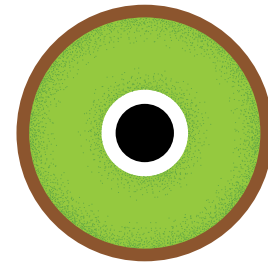
NZ business has easier access to international markets through reducing technical barriers to trade.

Output Deliverables – International Recognition Services:

1. Export trade facilitation

- a. To provide an accreditation service that enables all new overseas market access requirements to be met.
 - To ensure IANZ accreditation meets the needs of MPI, MBIE, and other regulators involved in export markets, IANZ will continue to apply trade specific criteria. This will include assessment of new test methods, as notified by regulators, and to confirm the ability of New Zealand exporters to meet overseas market access requirements.
- b. Provide an accreditation programme that facilitates technical innovation.
 - IANZ will work proactively with clients to enable new testing methodology required for innovative product development is accredited and accepted on global markets. New innovative products can then be placed directly into overseas markets.
- c. Implementing Council – specific priorities.
 - Ensure mutual recognition and conformity assessments are part of new trade agreements, and grow recognition in existing agreements (e.g. China and ASEAN Australia New Zealand Free Trade Agreements (AANZFTA). IANZ will work with New Zealand negotiators (MFAT and MBIE) and provide continual support for all trade agreements currently under negotiation.

- For at least four new regulators in New Zealand's major trading partners' jurisdiction to use the ILAC MRA as the basis of regulatory approvals by 2023, thus, benefitting New Zealand trade.



Achieved - IANZ continues to be recognised by MPI as an accreditation body for laboratories, proficiency testing providers and inspection bodies under the Animal Products Act. During the reporting period, there have been no additional overseas market access requirements that have necessitated accredited clients needing to extend their scope of accreditation.

IANZ continues to be recognised by MBIE as a New Zealand Designating Authority under the EU MRA, APEC TEL MRA, Singapore CEP, and China MRAs. The number of Designations has increased during 2021.

Achieved – Expanded the scope accreditation of several laboratories to include the testing for surface contamination by COVID-19; an area of concern with some of our trading partners.

Achieved - IANZ has provided support and advice to MBIE during the current round of negotiations for Free Trade Agreements with the EU and with the UK. While not finalised, it is hopeful that accreditation will continue to form part of the mutual acceptance of conformity assessments under these agreements.

ACCREDITATION COUNCIL	MILESTONES	PROGRESS AT JUNE 2021
<p>– IANZ will grow the international use of accreditation by regulators by working with ILAC.</p> <p>– IANZ is also working with ILAC to increase the number of countries whose accreditation authorities are signatories to the ILAC MRA. With over 100 countries now receiving ILAC recognition, our target is to grow this number during the coming year.</p>	<ul style="list-style-type: none"> • For at least two new Government trade agreements, or extension (into new product categories) to an existing trade agreement, to be under negotiation by 2023, using accreditation of conformity assessment as the basis of acceptance. • Achieve new recognition by at least one regulator in one of our major trading partners. 	<p>Progressing – Following on from the acceptance of the ILAC MRA by US regulators (USFCC & USDHS) for the authorisation of radio frequency equipment, the Canadian regulatory authority the ISED, in 2020, accepted the ILAC MRA accordingly enabling access of NZ exporters into these North American markets.</p> <p>IANZ is working with MBIE regarding the EU FTA (European Union Free Trade Agreement). EU courts have ruled against non-EU accreditation bodies working in the EU. It is hopeful accreditation will continue to be accepted as the basis of conformity assessment results.</p> <p>Achieved – IANZ continues its on-going commitment to the APAC and ILAC MRAs, through participation in MRA evaluations, provision of leadership in the same, and contribution to ILAC initiatives in the promotion of accreditation to regulators</p> <p>Achieved – IANZ contributes to the work of ILAC through a number of working groups (i.e. inspection and scope development ILAC G18), however the extension of ILAC recognition to new accreditation bodies is outside the management of IANZ.</p> <p>Achieved – IANZ participates in the APAC Mutual Recognition Arrangement evaluation programme and now has 6 evaluators all of whom have participated in at least 1 evaluation in the last 12 months. APAC as a Regional Cooperation is recognised under the ILAC MRA and thus so is IANZ. This is up from 2 evaluators previously.</p> <p>In addition, an IANZ evaluator led the evaluation team for an associate member of APAC to become a full (new) signatory to the APAC (and therefore recognised under ILAC) MRA.</p> <p>IANZ has one evaluator who is an elected member of the APAC MRA Council which oversees the MRA process.</p> <p>Achieved – The Canadian RF equipment regulator (ISED) has accepted IANZ accreditation under the APEC TEL MRA (Asia-Pacific Economic Cooperation Telecommunications Equipment Mutual Recognition Arrangement).</p>

ACCREDITATION COUNCIL	MILESTONES	PROGRESS AT JUNE 2021
	<ul style="list-style-type: none"> • Maintain full membership and signatory status of the ILAC MRA. 	<p>IANZ as a Designating Authority continues to accredit (designate) laboratories under government to government arrangements, which are currently:</p> <ul style="list-style-type: none"> • the European Union-NZ MRA for CE Marking in the electrical and electronics sector (i.e. the Low Voltage Directive and the like); • The China-NZ MRA for China Compulsory Certification (CCC) Marking also in the electrical and electronic sectors; • The Asia Pacific Economic Cooperation (APEC) MRA for Conformity Assessment of Telecommunications Equipment (APEC TEL MRA) - specifically the US Federal Communications Commission (FCC) Accreditation of Laboratories for RF Equipment Authorisation, and the Canadian Innovation, Science and Economic Development (ISED) Canada, Spectrum Management and Telecommunications (SMT). <p>Achieved – Full membership status for IANZ has been maintained.</p>

Outcome 4: NZQC

Optimise human resource capability in the conformance sector, ensuring future availability of the skills and services required to meet future needs.

Output Deliverables — NZQC

1. Ensure NZQC is known and relevant in its marketplace.

- a. Engage with the conformity assessment sector to identify training needs by 2020 and develop new courses.

- b. Refresh the brand and implement customer awareness campaigns.

- Increase revenue growth year on year by 5% to 2023.

Achieved – Increase in revenue growth by more than 5% from prior year due to transition of courses to virtual training and increased demand for in-house courses during Covid19.

Achieved – Clients engaged through personal visits, surveys (online courses survey / 15189 sector survey) and online marketing (newsletters). A new online TE (Technical Expert) course is under development and is due for completion in July 2021.

Progressing – Have progressed with achieving internal brand alignment by sharing NZQC brand strategy with trainers and stakeholders gaining buy-in to align training with NZQC brand only. Work is underway with an external brand and marketing agency to review our brand positioning in the market with re-branding messages and marketing action plan for NZQC. Multiple customer awareness campaigns have also been launched on social media platforms like LinkedIn, Facebook and Twitter which has grown our followership on all three platforms.

2. Develop new training programmes to meet business needs.

- a. Develop new and revised training courses by working with IANZ programme managers, regulators and other key stakeholders.

Achieved – New online courses to be developed in 2022 – Technical Expert course, Root Cause Analysis course and an Internal Audit refresher course, based on client and internal stakeholder feedback. A new (face to face) Risk Management Practitioner course is being developed to address a training gap that has been identified in the community of Risk Practitioners through the Accreditation Council subsidiary, Telarc Limited. Throughout 2021, 60% of existing public courses were reformatted to a virtual mode of delivery. Medical and auditing courses were customised to meet in-house training requests.



7. Statement of Performance

7.1 Accreditation

IANZ accreditation provides independent recognition of competence for a range of technical service providers (laboratories, inspection bodies, radiology practices, building consent authorities). This enables businesses, consumers and regulators to have confidence in test and inspection reports, and make decisions based on reliable results. IANZ provides this value-adding service in an effective and cost-efficient manner.

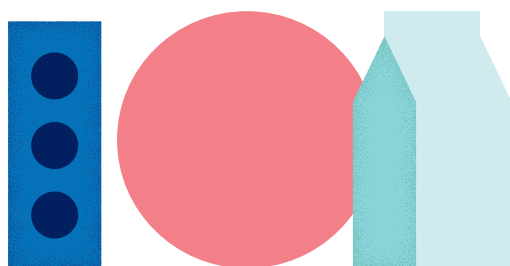
Achieved = target met

Partially Achieved = actual is within 5% of the target

Not Achieved = target not met

Financial Performance¹

	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Revenue	8,207,936	7,803,059	7,901,427
Less cost	(8,235,410)	(8,629,020)	(8,836,930)
Net Surplus/(Deficit) before Tax	(27,474)	(825,961)	(935,503)



¹ Refer to note 2 Net Revenue and Cost analysis

Strategy: Enhancing safety

Outcome:

The health and safety of New Zealanders is enhanced and New Zealand organisations are assured of their technical competence through globally recognised accreditation against national and international standards.



Output:

Growth of new accreditation programmes to protect more spheres of life.

IANZ will work with government and industry to create more accreditation schemes that provide improved public safety in more industries and spheres of life. These schemes will offer world class accreditation that is globally recognised

Measured by:

- The number of new accreditation schemes developed each year.

Achieved – One new accreditation scheme was accepted for accreditation by IANZ in FY2021. Following on from the 2017 acceptance of the IANZ accreditation under the ILAC MRA by US regulators (USFCC & USDHS) for the authorisation of radio frequency equipment, the Canadian regulatory authority (ISED) in FY2021, also accepted IANZ accreditation accordingly, enabling access of NZ exporters into these North American markets.

In addition: The Point of Care (POCT) testing programme in the health care sector is currently under development.

IANZ is working on the POCT programme via a series of scheduled meetings and consultation processes with the National POCT Advisory Group, POCT Project Working Group, National Laboratory Quality Managers Group and relevant accreditation clients. To date, the concept of a stand-alone POCT accreditation programme is supported by all stakeholder groups. IANZ will develop a draft criteria document, subject to feedback and input from stakeholder groups, with consultation and discussion scheduled for August 2021. There is further opportunity for growth in the addition of other non-accredited POCT facilities such as pharmacies, outpatient and emergency departments, midwives, and rest homes.

OUTCOME	2021 TARGET	2021 ACTUAL
	<p>Output:</p> <p>Oversight of more New Zealand businesses and organisations</p> <p>IANZ will work with government and industry to create more accreditation schemes that provide improved public safety in more industries and spheres of life. These schemes will offer world class accreditation that is globally recognised.</p> <p>Measured by:</p> <ul style="list-style-type: none"> Number of companies and organisations accredited per annum. Target active accreditations for F2020/21 – 950. Increase in numbers of people trained by NZQC. 	<p>This project is supported by the MoH (Ministry of Health).</p> <p>There have been no requests from MPI or Local Government to develop new accreditation services, or to extend current ones in the last twelve months. IANZ are continuing to liaise with Taumata Arowai with regard to any developments in the water reform area, potentially to develop a new programme to meet the needs of the new regulator.</p> <p>Not achieved – 928 active accreditations (as at 30 June, 2021).</p> <p>There were 30 new accreditations awarded in the FY2021 year (34 in FY2020).</p> <p>Not achieved – Number trained (1 Jul 2020 – 30 June 2021) = 455.</p> <p>Number of people trained increased by 46% from previous year, mostly due to increased demand for in-house training.</p> <p>Despite the 2020 pandemic lockdowns, public course numbers remained steady due to running nearly close to half of all courses, virtually.</p> <p>The increase in uptake for in-house training for FY2021 year was due to NZQC promoting in-house courses and also as a safety measure taken by our clients.</p>

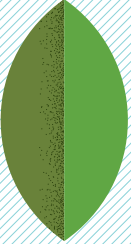
OUTCOME	2021 TARGET	2021 ACTUAL
<p>Strategy: Enabling Trade</p> <p>Outcome: New Zealand business has easier access to international markets through reduced technical barriers to trade.</p> 	<p>Output: Improving global trade</p> <ul style="list-style-type: none"> • Better access to export markets. • World class accreditation that is globally recognised. • Increasing recognition as a designating authority for product access under government to government free trade agreements. • Reducing barriers to trade. <p>Measured by:</p> <ul style="list-style-type: none"> • Number of companies and organisations • Test reports from IANZ accredited organisations being accepted by accreditation authorities in more than 107 countries • Free Trade Agreements where accreditation is specified including: <ul style="list-style-type: none"> - RCEP - Upgraded FTA with China - New Agreements with Europe and Britain • Assisting the Government to meet its outcome of growing exports as a proportion of GDP. • Maintaining signatory status to the ILAC Mutual Recognition Arrangement (MRA). • Establishing at least one new activity to facilitate international trade. • Number of certificates on JASANZ register. 	<p>Achieved – 744 active client organisations (as at 30/6/21).</p> <p>Partially achieved – Currently accepted by 103 accreditation bodies in 105 countries (some AB's straddle multiple economies) (ILAC Newsletter, April 2021).</p> <p>Not achieved – Communication is progressing in regards to the UK FTA.</p> <p>Achieved – Trade surplus remains buoyant during the ongoing global Covid-19 pandemic.</p> <p>Achieved – Signatory status currently maintained.</p> <p>Not achieved – Discussions progressing between MBIE and IANZ re UK FTA.</p> <p>Achieved – Number currently at 1411 as at 30 June 2021 vs 1279 as at 30 June 2020.</p>

OUTCOME	2021 TARGET	2021 ACTUAL
	<p>Output:</p> <p>Strengthening New Zealand's trade links.</p> <p>Maintain and enhance our global links through the Asia Pacific Accreditation Cooperation (APAC) and ILAC.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Maintaining representation on key international committees • Increasing the number of qualified evaluators <p>Output:</p> <p>Growing export revenue for New Zealand.</p> <ul style="list-style-type: none"> • Helping regulators (especially MPI) ensure New Zealand exporters meet overseas market access requirements. <p>Measured by:</p> <ul style="list-style-type: none"> • An increase in export revenue 	<p>Achieved - Membership on international committees maintained as at 30 June 2021. Active participation in virtual meetings.</p> <p>Achieved - The number of qualified evaluators has increased by 4 to 6 in the FY2021 year (2 evaluators in FY020), with the 4 newly trained evaluators participating in virtual evaluations.</p> <p>Not achieved - Export revenue impacted by Covid-19 pandemic however product exports remain buoyant.</p>

OUTCOME	2021 TARGET	2021 ACTUAL
<p>Strategy: Partnering with customers and regulators</p> <p>Outcome: IANZ organisations are assured of their technical competence through accreditation against national and international standards. Regulators are also supported to help maximise their effectiveness and achieve their objectives.</p> 	<p>Output: High quality accreditations that add value to the New Zealand economy.</p> <p>Deliver high quality and cost effective accreditation services that add value to, and reduce risk for, the health and economy of New Zealand. These accreditations reduce risk for enterprises, help business growth, and facilitate access to overseas markets.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Best practice in accreditation by: <ul style="list-style-type: none"> o Continued signatory status in the ILAC MRA o Ongoing compliance to ISO/IEC 17011 – conformity assessment – Requirements for accreditation bodies accrediting conformity assessment bodies • Improving customer satisfaction measured by an improvement in TRIM score, from low 70s to 75%. <p>Output: Supporting essential services</p> <p>Support essential services in times of national emergency such as earthquakes and pandemics.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Number of assessments completed – essential services during any government declared State of Emergency. 	<p>Achieved – Currently maintaining best practice, signatory status and ISO/IEC 17011 compliance.</p> <p>Not achieved – Surveys were suspended due to Covid-19 and haven't been reinstated. Alternative online survey options are currently being developed and are due to be rolled out in August 2021. Kantar surveys are conducted two yearly.</p> <p>Achieved – During the 7 months of the domestic Covid-19 restrictions (1 March to 30 September), 464 assessments were undertaken (92% of the number conducted in the equivalent period in 2019) 26% of these (122) were conducted off-site or remotely. There were 40 assessments relating to essential services conducted during the pandemic.</p>

OUTCOME	2021 TARGET	2021 ACTUAL
<p>Strategy: Improving productivity</p> <p>Outcome: Exploit new technology, practices and information to increase the efficiency, value proposition and knowledge intensity of IANZ services and those of IANZ clients.</p> 	<p>Action: Increasing efficiency Adoption of software and technology that improves efficiency.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Technology updates/IT systems <ul style="list-style-type: none"> o Operations system o New HR information system o Workforce management software • Productivity rate (revenue to staff numbers) 	<p>Achieved - Food screen updates on QLBS have now been completed and are live in production.</p> <p>Achieved - Wine screens are currently complete for migration to same look and feel as Food screens.</p> <p>Not achieved - Management system reports under development with 3 streams of work identified to deliver digitisation of management system reporting.</p> <p>Not achieved - Project on hold until payroll system upgrade complete. IT Transformation project priorities realigned.</p> <p>Achieved - All programmes.</p>
<p>Strategy: Improving awareness of IANZ and Telarc</p> <p>Outcome: Research shows that our stakeholders see significant value in IANZ and Telarc improving their awareness throughout New Zealand. This awareness will add value to our clients as more value is placed on our accreditations and assessments, while improved awareness with regulators will enable them to understand how to apply accreditation to protect more spheres of life.</p> 	<p>Action: Growing awareness and understanding of IANZ.</p> <ul style="list-style-type: none"> • Improved communication of our value and impact • Improved awareness and understanding of our brands • To be trusted as the New Zealand mark of competence <p>Measured by:</p> <ul style="list-style-type: none"> • Implementation of our re-brand. 	<p>Achieved - Re-brand now completed.</p>

OUTCOME	2021 TARGET	2021 ACTUAL
<p>Strategy: Care for all our staff</p> <p>Outcome: Enhance the skills of our team to meet future demand requirements.</p> <p>Support improvements to efficiency, careers and skills development in conformance to help ensure sustainability and future availability of services.</p> 	<p>Action: Creating an increasingly capable workforce.</p> <p>Growing our people through:</p> <ul style="list-style-type: none"> • Upskilling and training • Providing career development opportunities <p>Measured by:</p> <ul style="list-style-type: none"> • The number of training courses attended by staff. • Measured by staff turnover compared to national average. 	<p>Achieved – To date this year, 10 NZQC courses have been attended by 9 staff across IANZ and Telarc in various laboratory training and lead auditor training areas. In addition, 11 IANZ staff (trainers) attended a ‘Train the Trainer’ 2-day workshop in February 2021 to improved training standards.</p> <p>Achieved – 1 staff member completed their MBA.</p> <p>Achieved – Current staff turnover at 10% for FY2021 is on par with the national average of 10.1% last recorded at 30 June 2020.</p>
<p>Strategy: Care for our planet</p> <p>Outcome: Reducing IANZ environmental footprint. Caring for our environment.</p> <p>Taking care of New Zealand and the world’s environment by changing our behaviours to reduce our environmental footprint.</p> 	<p>Action: Reducing our carbon footprint</p> <ul style="list-style-type: none"> • Reducing greenhouse gas emissions <p>Measured by:</p> <ul style="list-style-type: none"> • All waste paper recycled • All staff supported to commute using public transport. 	<p>Not achieved – IANZ is working towards implementing a full recycling policy in FY2022.</p> <p>Achieved – A use of public transport subsidy policy is in place for all staff that use public transport. This offers a subsidy of \$100 per month. A flexible working policy is in place which has supported the reduction of trips into the office by vehicle, therefore reducing the number of vehicles on the road.</p>

OUTCOME	2021 TARGET	2021 ACTUAL
	<ul style="list-style-type: none"> Number of flights undertaken by staff The number of remote assessments undertaken. 	<p>Achieved – flights were reduced in FY2021 due to continuing lockdowns and more remote assessments being conducted.</p> <p>Achieved- Proposal to establish remote assessments as a routine assessment tool, with up to 20% of assessments conducted remotely in the future (less travel). To 30 June 2021, 122 of the 838 (15%) assessment activities were conducted remotely by IANZ staff.</p> <p>Telarc has begun the journey of identifying mechanisms to measure the carbon emissions it is accountable for. A year on year comparison is due to be undertaken at the end of 2021.</p>
<p>Strategy: Care for our community</p> <p>Outcome: Building future capacity in New Zealand science and technology</p> 	<p>Action: Progressing programmes to increase diversity and understanding</p> <p>Measured by:</p> <ul style="list-style-type: none"> Development of diversity policies and understanding. 	<p>Achieved – Updated policies rolled out in March 2021:</p> <ul style="list-style-type: none"> o Bullying and Harassment policy o Medical Check policy o Remote Working policy.

7.1.1 Performance Highlights

The Council has carried out accreditation assessments in accordance with its schedules for the current year, including new assessments across a number of programmes. IANZ also receives regular requests for accreditation scope extension assessments from existing clients. IANZ adds value for clients by sharing best practice and providing recognition of their services which is a necessary prerequisite to grow their business into new areas, either to meet regulatory requirements or market needs.

7.1.1.1 International Recognition

IANZ was last evaluated against the accreditation body standard ISO/IEC 17011 in 2019 and are due to be evaluated again in 2023. The purpose of each evaluation is to evaluate conformance with the standard and thereby ratify IANZ's continuing acceptance as a member of the APAC Mutual Recognition Arrangement (APAC MRA). This ensures IANZ remains part of the global recognition provided by the international accreditation community. The global International Laboratory Accreditation Cooperation Mutual Recognition Arrangement (ILAC MRA) is now a major factor in facilitating trade, enabling products to go straight to market, without duplicate re-testing. The networks established within the global accreditation community also allow trade issues of concern to be discussed on a bilateral basis.

7.1.1.2 Healthcare Accreditation

Medical imaging providers have generally maintained performance over the past twelve months with some risk related issues identified, primarily around resourcing, accommodation and equipment.

There has been significant work undertaken to ensure accreditation of all the laboratories performing SARS-CoV-2 testing, with staff working diligently throughout the lockdown period to facilitate this. All healthcare providers have been challenged by the lockdown requirements with some stress evident, however the resilience and dedication of all clients assessed to date has been commendable.

Ongoing positive relationships and liaison with stakeholder groups, such as the Office of Radiation Safety, Ministry of Health (MoH), ACC, Point of Care Advisory Group, Laboratory Quality Managers Group, National Radiology Advisory Group, Ministry of Justice and others, continue to be maintained.

Considerable work is being undertaken to establish the provision of additional programmes across the healthcare sector, with a significant body of work underway to ensure appropriate and fit for purpose accreditation models can be implemented, to provide assurance within the proposed Health NZ reforms.

7.1.1.3 BCA Programme

Through close partnership between IANZ and Ministry of Business, Innovation and Employment (MBIE) there continues to be effective assessment of Building Consents Authorities (BCAs) within Territorial Authorities.

7.1.1.4 Staffing Initiatives

The latter half of the 2021 year saw the appointment of a Head of People and Culture in January 2021. A new people and culture strategy has been developed with the Senior Leadership Team and approved by the Accreditation Council. The strategic initiatives are developing core frameworks, building capability and organisational development and effectiveness. Each area has projects integrated with the Statement of Performance Expectations (SPE) targets which will enhance the people vision for IANZ to ensure each employee has a great experience working for IANZ.


An employee engagement survey conducted in June 2021, showed an overall 78% engagement score, an excellent result. An action plan has been developed for FY 2021/22 to enrich the new engagement components of psychological safety and wellbeing, purpose and recognition and development, as the hallmarks of our culture.

7.2 Telarc Certification

Telarc certification provides organisations, regulators and industry bodies with an independent intervention to provide assurance that a required level of compliance has been achieved against a recognised standard. Most of the assessments carried out by Telarc provide confidence to management, owners, directors and interested parties that the organisation under assessment is carrying out work as prescribed in their agreed to management system. Telarc provides audit services against a wide range of local and international standards across the Ministry of Primary Industries (MPI) food safety, MPI wine safety, FSSC22000, BRC (British Retail Consortium), Quality (ISO9001), Health & Safety (ISO45001, Q-Safe) and Environmental (ISO14001) landscapes. Telarc additionally supports a number of industry bodies on an as required basis to assess industry specific standards e.g. Dairy Herd Testing (NZS8100:2015), Medical Devices (ISO13485), Asset Management (ISO55001), IT Management (ISO27001), Electrical and Gas Public Safety (NZS7901:2014), Employer Licence scheme and the CAAR (Class A Asbestos removal) scheme.

Financial Performance²

	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Revenue	9,619,872	7,844,164	7,679,623
Less cost	(8,356,350)	(7,664,771)	(7,652,437)
Net Surplus/(Deficit) before Tax	1,263,522	179,393	27,186

TELARC		
OUTCOME	2021 TARGET	2021 ACTUAL
<p>Strategy: Enhancing safety</p> <p>Outcome:</p> <p>The health and safety of New Zealanders is enhanced and New Zealand organisations are assured of their technical competence through globally recognised accreditation against national and international standards.</p>	<p>Output:</p> <p>Protecting New Zealanders at work and in their home</p> <p>Telarc will support the adoption and certification of standards to enhance the well-being of New Zealanders both in the work-place and in their homes.</p> <p>Measured by:</p> <ul style="list-style-type: none"> Supporting industry, industry bodies and/or regulators in the development of a minimum of two non ISO or Food related standards. 	 <p>Achieved – Product Quality risk assessment framework has now been rolled out across a New Zealand manufacturing and construction business with exposure in the NZ and Australian markets.</p> <p>The Construction Health & Safety pre-qualification framework, Totika, of which Telarc was actively involved in the design work has been launched.</p>

² Refer to note 2 Net Revenue and Cost analysis

OUTCOME	2021 TARGET	2021 ACTUAL
	<p>Output:</p> <p>Improving quality, safety and protecting the environment.</p> <p>Telarc will grow the number of certified organisations in the New Zealand marketplace. Driven by demand from businesses wanting to deliver outcomes within a world class quality, environmental, health and safety, food safety and wine safety operational framework</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Certificates on the JASANZ register. 	<p>Achieved – Certificates have grown from 1,279 at 30th June 2020 to 1,411 as at 30th June 2021 = 10.3% growth.</p>
<p>Strategy:</p> <p>Partnering with customers and regulators</p> <p>Outcome:</p> <p>IANZ organisations are assured of their technical competence through accreditation against national and international standards. Regulators are also supported to help maximise their effectiveness and achieve their objectives</p>	<p>Output:</p> <p>Improve customer experience</p> <p>Telarc will take the time and make the effort to get accurate client data upfront to allow the planning and scheduling aspects to flow smoothly.</p> <p>Resulting in a timely, smooth, hassle-free audit through modernised digital workflow that ultimately assists a fast turn-around clearance resolution.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Total registrations compared to total withdrawals. <p>Output:</p> <p>Value chain assurance</p> <p>Telarc will be the 4th line of control, (focussed on risk management and data capture and utilisation), that is integrated into organisations' value chain assurance programmes.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Increased total numbers of certificates on the JASANZ register year on year. 	 <p>Achieved – Full Year to 30th June 2021 total registrations = 190, total withdrawals = 82</p> <p>Achieved – Increased from 1279 as at 30th June 2020 to 1,411 as at 30th June 2021 = +10.3%</p>

OUTCOME	2021 TARGET	2021 ACTUAL
	<p>Output:</p> <p>Lift industry performance</p> <p>Support industry bodies to create and adopt standards frameworks that lift industry performance across the Quality, Environment, H&S and, or, Food and Wine safety landscape.</p> <p>Measured by:</p> <ul style="list-style-type: none"> • Development and delivery of unaccredited schemes for clients, industry bodies and regulators. 	<p>Achieved – Product quality risk assessment framework has now been rolled out across a New Zealand manufacturing and construction business with exposure in the NZ and Australian markets.</p> <p>The Construction Health & Safety pre-qualification framework, Totika, which Telarc was actively involved in the design work has been launched.</p>

7.2.1 Performance Highlights

Telarc had an exceptional year reporting revenue of \$9.6m, a 24% increase, year on year. The increased revenue had a corresponding positive impact on the number of certificates Telarc has registered on the JASANZ register. During the year the total certificates lifted by 10.3% to 1,411.

As Telarc has increased the number of certificates on the JASANZ register it has also seen a marked increase in the average duration for client audits. The upward movement in durations is predominantly driven by the need for increased levels of scrutiny required in a health & safety audit at the site level.

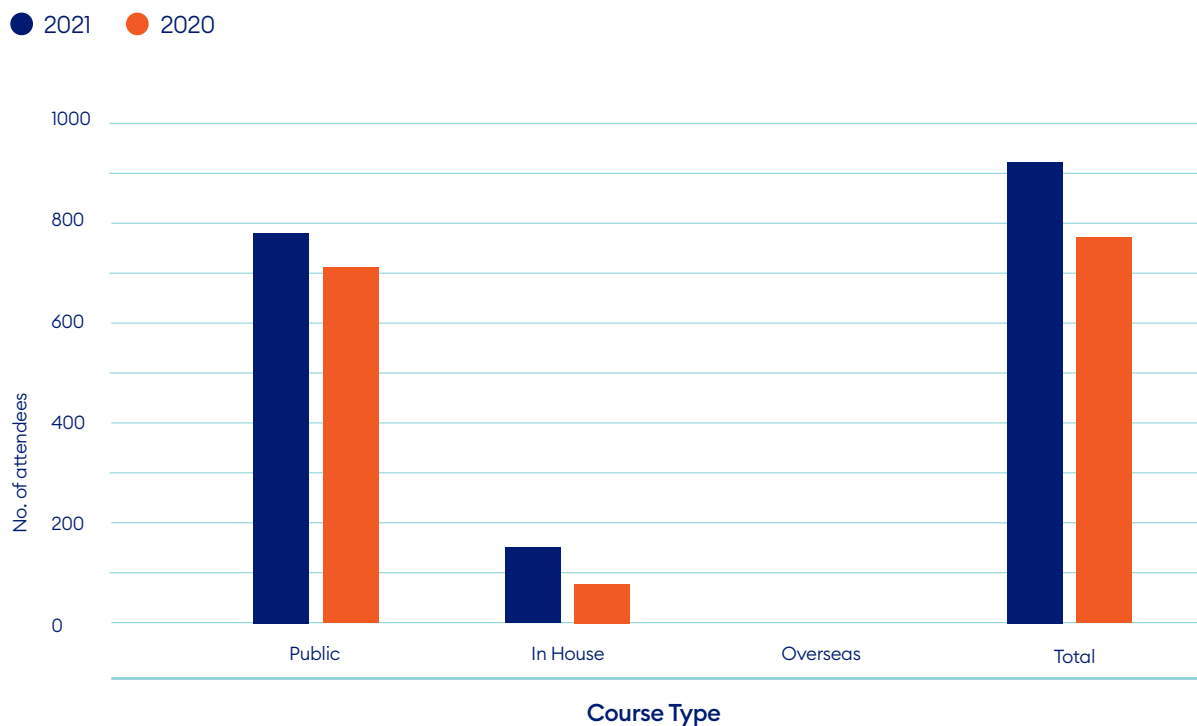
7.3 Training

The NZQC provided training in both laboratory quality systems and management systems certification activity. Training courses are aimed at auditor level and client improvement.

Financial Performance³

	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Revenue			
IANZ	439,409	662,963	480,595
Telarc	188,104	261,268	254,647
Total Revenue	627,513	924,231	735,242
Cost			
IANZ	(639,956)	(641,547)	(589,687)
Telarc	(248,620)	(182,888)	(156,917)
Total Cost	(888,576)	(824,434)	(746,604)
Net Surplus/(Deficit) before Tax			
IANZ	(200,548)	21,416	(109,092)
Telarc	(60,516)	78,380	97,729
Net Surplus/(Deficit) before Tax	(261,064)	99,796	(11,362)

NZQC attendee analysis by course type



³ Refer to note 2 Net Revenue and Cost analysis. Consolidated training results include margins earned by Telarc.

7.3.1 Performance Highlights

It has been a challenging year for NZQC with Covid-19 lockdowns impacting the training calendar and bookings which were overcome with a very agile approach via virtual training. NZQC clients were found to be very accommodating in accommodating the move to virtual training, with more than 60% of courses run virtually, helping to bolster revenue that was affected by the pandemic. NZQC delivered 5% growth on prior year revenue.

A number of changes and initiatives from last year came to fruition this year. NZQC launched the online training platform 'Teachable' with the first online course for Technical Experts (TE's) now available. NZQC have also launched a new face to face course in partnership with Risk NZ, called the 'Risk Management Practitioner' course. This course is a practical course with a significant risk project component included within it.

Internally, NZQC held a 'Train the Trainer' event after an 18-year hiatus. This opportunity was also used to explain the NZQC strategy of alignment and building the NZQC brand for future growth. To further support brand growth and improved collaboration, NZQC are now handling all Telarc course registrations. All clients can now register directly on the NZQC website, giving more visibility to the NZQC brand. NZQC met personally with many clients this year, maintained the monthly frequency of the NZQC newsletter, resulting in a significant increase in online fellowship on all social platforms.

7.4 International Recognition

IANZ accreditation is recognised by authorities in 105 countries as equivalent to their own accreditation. This mutual recognition is a major factor in trade facilitation accreditation, affecting more than \$40 billion in New Zealand exports.

Financial Performance ⁴

	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Revenue	596,982	599,674	578,441
Less cost	(209,613)	(366,857)	(444,017)
Net Surplus/(Deficit) before Tax	387,369	232,817	134,424

7.4.1 Performance Highlights

7.4.1.1 International Involvement

Exports are essential to the New Zealand economy, particularly agricultural (e.g. meat and dairy) products, as well as manufactured goods, including steel and aluminium. The growing global demand for testing in accredited laboratories has seen IANZ play a key role in facilitating international trade. Affiliation with mutual recognition agreement (MRA) partners assists in the acceptance of New Zealand products in overseas markets without additional testing or inspection. The recognition of the International Laboratory Accreditation Cooperation Mutual Recognition Agreement (ILAC MRA) by overseas regulators gives manufacturers and suppliers certainty of access into export markets. Currently, 103 accreditation bodies in 105 countries, including all our major trading partners, are signatories to such arrangements. In addition, all accreditation authorities in the European Union recognise IANZ designation under the auspices of the New Zealand – European Union Government to Government MRA.

IANZ continues its core role as the New Zealand member of the Asia Pacific Accreditation Cooperation (APAC) and the International Laboratory Accreditation Cooperation (ILAC) and currently has a representative on the APAC MRA Management Committee who manages the implementation of the MRA process.

⁴ Refer to note 2 Net Revenue and Cost analysis

Work continues to progress with IANZ's involvement, either by membership of ISO Working Groups or by correspondence, in a number of new standards. Involvement this year has included ISO technical committees and active involvement in the ILAC technical and policy committees.

The Chair, CEO and IANZ senior staff continue to meet with MBIE staff to discuss how MBIE and IANZ can work together to enhance the use of accreditation and conformity assessment in regulatory systems in New Zealand and International trade. Discussions have also included the role of accreditation in Free Trade Agreements.

7.4.1.2 Trade Negotiations

IANZ has provided support and advice to MBIE during the current round of negotiations for Free Trade Agreements with the EU and with the UK. While not finalised, it is hopeful that accreditation will continue to form part of the mutual acceptance of conformity assessments under these agreements.

7.4.1.3 Trans-Tasman MRA

IANZ continues to work co-operatively with its counterpart Australian organisation, NATA, to provide seamless recognition of laboratory results and inspection reports for regulators on both sides of the Tasman. Both organisations ensure accreditation practices provide similar outcomes, including the use of common technical experts where necessary.

7.5 Promoting Conformity Assessment

7.5.1 Publications

Updates to IANZ criteria in technical and information publications can be viewed at ianz.govt.nz. IANZ continues with its promotional campaign, with a number of mainstream media and specialist trade publications publishing articles on IANZ accreditation. IANZ also produces a monthly newsletter.

7.5.2 Websites

The Council maintains three websites: ianz.govt.nz; telarc.co.nz; nzqc.co.nz

Each details Council activities, including full product and assessment process information, the register of accredited organisations and how to become IANZ accredited or Telarc certified. News articles of interest and contact details are also provided.

7.6 Organisational Health and Capabilities

7.6.1 Quality Improvement

Inherent in the operating standards adhered to by IANZ and Telarc is the implementation of sound quality management practices based on ISO 9001. To ensure full compliance is maintained, periodic internal audits are conducted. Any corrective actions are addressed and remedied prior to the next round of audits.

7.7 Covid-19 Impact

In March 2020 the Covid-19 outbreak was declared a pandemic following growing rates of infection. This dominated the final quarter of FY2020 directly affecting the Council's revenues, operations and the wider economy. The impact in FY2021 has been less significant, with assessments delayed in FY2020, going ahead in FY2021. The 2021 budget was set with a conservative approach due to the uncertainty of the impact of Covid-19. The Council exceeded budget expectations.

Strong cash reserves will support the business through future outbreaks if necessary, and the business has continued to evolve its systems to support changes in work process requirements of the future. Remote assessments have continued where practical.

8. Valued Employer

People are the Accreditation Council's most important resource – both our employees and network of volunteer technical experts. A new head of People and Capability was established in January 2021. This appointment has led to a new People and Capability strategy built around:

- Continuously improving our employee experience and culture to engage and retain employees;
- Building core HR frameworks and talent acquisition strategies;
- Building capability, professional competency development and succession planning;
- Organisational effectiveness across health and safety, wellness, cultural capability, change management and data/analytics.

8.1 Health and Safety

The Council continues to place paramount importance on the health and safety of employees and external technical expert assessors. Comprehensive policies are in place (including regular Council reporting) to ensure workplace safety and these are reviewed annually by the Council and audited externally to show compliance with IOD/MBIE guidelines for a safe workplace. Council members also attend an IANZ assessment to observe good safety practices in action.

Health and Safety is an agenda item at all communication forums within IANZ and staff are actively engaged in all aspects of health and safety during their everyday activities.

The Telarc Board and its employees also regard health and safety to be of vital importance and actively monitor performance. As part of the Board's activity calendar, health and safety monthly performance is reviewed via operational reporting and the minutes of the Health and Safety Committee meeting are distributed for review at monthly meetings. Quarterly risks and performance against the IOD checklist are reviewed and the CEO and Board attend one separate audit each year.

8.2 Employer of Choice

IANZ continues to recognise employee achievements aligned to its values of (A) Achieving Together, (C) Curious Experts and (T) Trusted Protectors by presenting employee ACT awards quarterly.

A low staff turnover percentage of 10% was achieved for the year. The Senior Leadership Team are conscious of their leadership roles within the organisation and are working constantly to improve the culture and employee experience. Recent IANZ employee survey results were excellent with a 79% response rate and exceptional 78% engagement score reflecting the positive culture in the organisation despite Covid-19, and the recent Pay Guidelines impact. A structured implementation plan will build on this high engagement score for this financial year.

The Council continues to strive to be recognised as an Employer of Choice and an organisation that provides career and development opportunities well beyond its local and international competitors. The Council has been, and continues to be, challenged in its requirement to supplement an aging workforce. This requires the ability to attract and develop well qualified and competent people in specific fields of expertise.

8.3 Diversity and Inclusion

The Accreditation Council actively promote diversity and inclusiveness as an integral part of the People and Culture Strategy. Our targets reflect the communities we serve across the length and breadth of New Zealand.

The consolidated Council population gender balance is 49% male and 51% female similar to last year, with the IANZ Senior Leadership Team being male 36% and female 45%; reflecting an increase in female

Operational Manager capability in the organisation. This balance is benchmarked and compares favourably against other agencies.

Our Council's consolidated age base is 61% over 50 compared to 51% last year. Telarc is at 66% with IANZ currently at 55%. A strategy of regeneration and succession planning has improved historical statistics however somewhat limited by turnover and the ability to recruit. The under 40 age group has remained stable at 18%. These millennials will turnover more regularly than the older age groups.

Our Council's consolidated ethnic profile is 50% NZ European and 50% a mix of other ethnicities which is similar to last year. This is not unexpected given the low turnover. This recent data collection has highlighted our current state and proactive monitoring of recruitment practices will be required to balance further.

Our Te Ao Māori journey is part of our People and Culture strategy and who we are. A project is in its early stages to strengthen internal cultural capability and our stakeholder engagement. Te Awāwhiti resources will be used to ensure engagement with Māori is meaningful. Te Arawhiti has developed Whāinga Amorangi: Transforming Leadership and the Council will also reference these guidelines for our new Chief Executive. After developing the leadership plan, it is likely longer term, our employees will undertake an education programme for Maori Cultural Capability with Pathways Awarua, to ensure employees have the knowledge and ability to work with Māori and respond to issues that affect Māori.

The gender pay action plan is complete and has given effect to the Gender Pay Principles with all employees. An IANZ working group is adapting the flexible-by-default working policy to seek to normalise flexible working, so that it does not undermine career progression or pay and is equally available to all, regardless of gender, ethnicity, disability and other dimensions of diversity.

The Accreditation Council is committed to an Accessibility Charter; working progressively over the next five years towards ensuring that all information intended for the public is accessible to everyone and that everyone can interact with our services in a way that meets their individual needs and promotes their independence and dignity.

The Accreditation Council acknowledges the Panel Pledge promoting women and diversity on panels at conferences, seminars and other national and international events. These events offer us a platform to promote the benefits of diversity in leadership and are committed to a vision of a prosperous and equitable Aotearoa.

8.4 Equal Employment Opportunities

Sound employment policies are in place to ensure all staff and job applicants are treated equally, regardless of status. IANZ does not discriminate on the basis of race, gender, orientation or other grounds. The Council ensures no ethnic and gender bias in its appointment processes. Full job descriptions are provided for each position with key performance indicators set each year in conjunction with managers. Formal performance reviews are conducted annually, with coaching being introduced in 2021.

8.5 Employer Best Practice

Employer best practice is promulgated through formal employment policies and procedures. Individual Employment Agreements and Contractor contracts were recently updated and checked for legal compliance. Policy work is ongoing and developments in workplace flexibility will be the target early FY2021/22.

The Council's proactive Health and Safety policy is designed to ensure the ongoing safety of all employees. No serious harm incidents occurred during the year ended 30 June 2021 (also nil in 2020). Both Health and Safety committees have continued to meet regularly throughout the Covid-19 pandemic to ensure the wellbeing of their staff. Staff are actively engaged in the reporting of all incidents including, near misses which are accompanied by a robust process of investigation, before being closed out. Staff have been regularly encouraged throughout the Covid-19 pandemic, to report flu like symptoms to inform contact tracing. Proactive hazard identification continues to be assessed at each level of lockdown to ensure both staff and visitors remain safe.

8.6 Sustainability

The Council recognises that businesses can have a negative impact on the environment and is committed to finding ways to reduce the environmental impact of our work and that of our clients.

The Council has identified a number of themes that will underpin a sharper focus for the organisation on supporting a more sustainable New Zealand, including:

1. Take an industry leadership role in an area of sustainability that could make a difference;
2. Identify an existing environmental initiative and actively look to support it through sponsorship;
3. Moving procurement to a more sustainably based model – leveraging ISO14001;
4. Finding mechanisms to reduce reliance on all forms of transport in particular airlines and private motor vehicles;
5. Identifying mechanism/s which have the capability to lift the well-being of workers in NZ.

The Council has introduced subsidised public transport (up to 50% of cost) for all staff using public transport for travel to and from home. Remote working is available to all staff and is seen as one way of contributing to an improved carbon footprint.

8.7 Performance Reviews

All Council employees have received an annual performance review to evaluate individual achievement against their agreed organisation and team performance indicators and behavioural core competencies. Identifying opportunities for professional development and training has become a priority in the People and Culture strategy. A shift to supplementing the annual review with performance coaching will support regular feedback and recognition for all employees.

8.8 Professional Development

IANZ continues to invest in training for all employees, to ensure they continue to meet the mandatory demands of new or changing regulatory requirements. An emphasis on induction for new employees has resulted in a new comprehensive programme, including on line content, which has been well received. A new Learning and Development strategy is required to plan for the future technical, leadership and other professional development required. All assessors are invited to two-day training sessions twice a year and case studies are regularly reviewed by all employees at monthly meetings.

Throughout the year, Telarc will continue to train its auditors across its food, wine and management portfolios. Increased investment over the last 12 months in technical resource supporting these portfolios, is allowing Telarc to provide good levels of support for all auditors.

Increasingly, regulators and standards bodies are requiring certification bodies to display proven levels of industry competence for auditors who are assigned to support audits against their standard. To do this, requires auditors to provide clear examples of operational experience or for Telarc to train staff to be deemed to be competent.

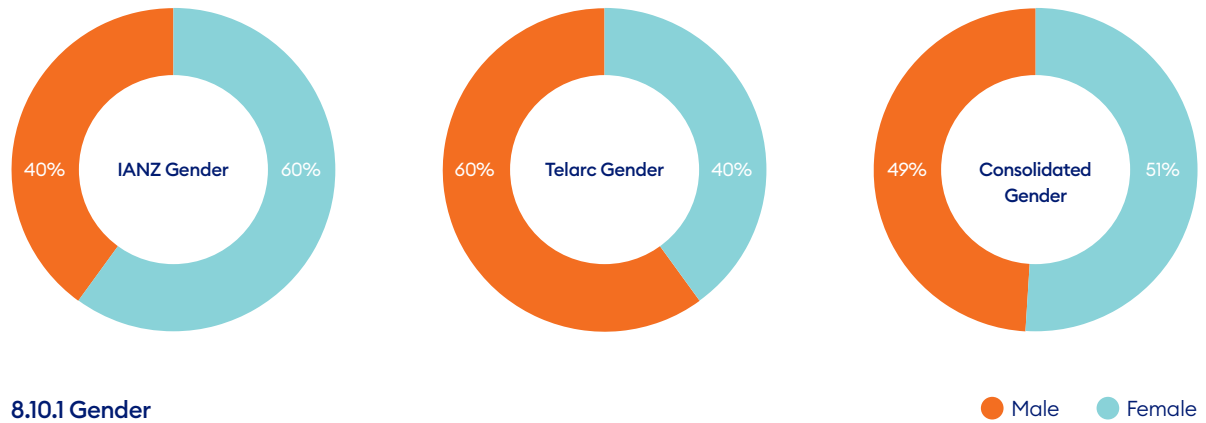
8.9 Technical experts

Around 2,000 technical experts support IANZ on a voluntary basis to support the accreditation assessments of clients. Their efforts are critical to IANZ's operation. During assessments, these technical experts are considered part of the IANZ workforce and comply with Health and Safety policies, are covered by IANZ insurance, and work alongside IANZ staff as full team members.

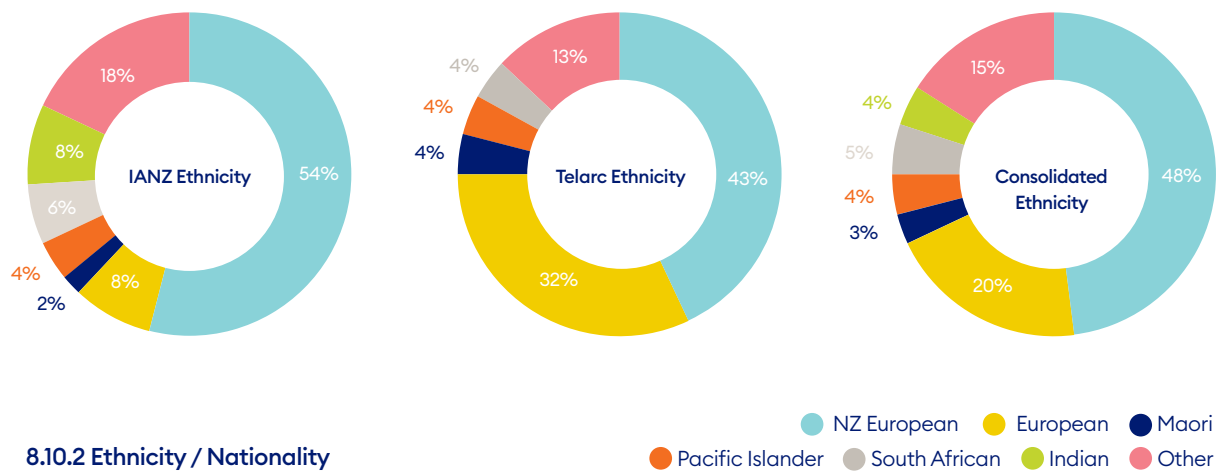
Telarc utilises technical experts across selected JASANZ accredited programmes.

8.10 Human Resource Statistics

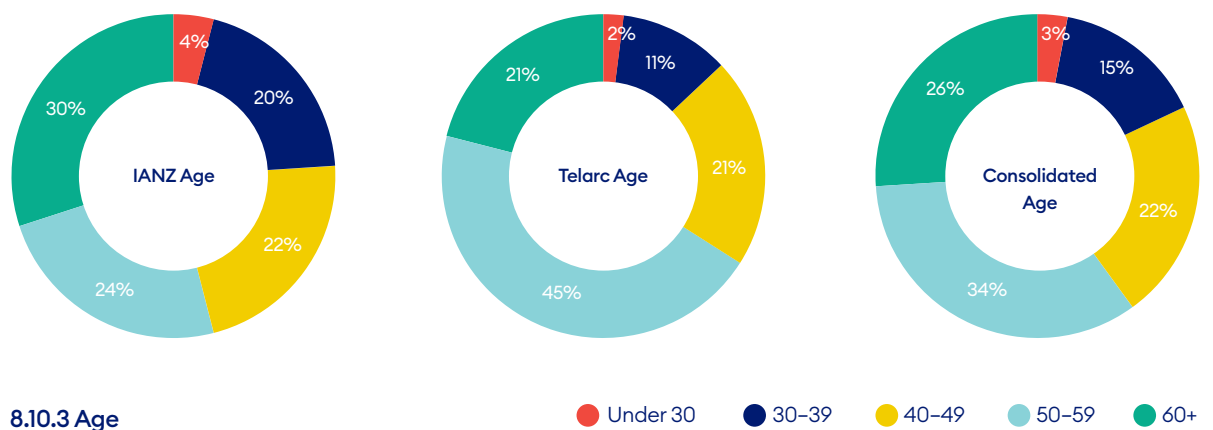
As at 30 June 2021



8.10.1 Gender



8.10.2 Ethnicity / Nationality



8.10.3 Age

9. Statement of Responsibility

The Council and management of IANZ accepts responsibility for:

- The preparation of the financial statements, performance information and the judgments made in them.
- End-of-year performance information provided by IANZ under section 19A of the Public Finance Act.
- Establishing and maintaining a system of internal controls, designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of IANZ, the financial statements and performance information fairly reflect the financial position and operations of the Council for the year ended 30 June 2021.



Paul Connell
Chair of Council
27 April 2022



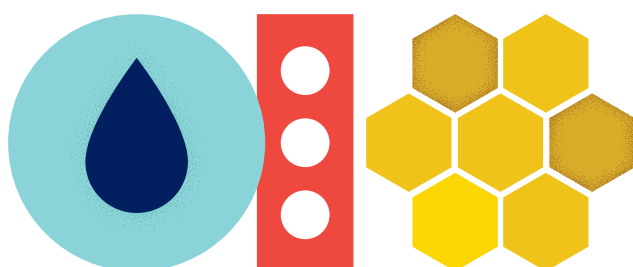
Brian Young
Chief Executive Officer
27 April 2022



Fiona Paulin
Chief Financial Officer
27 April 2022



Nicole Anderson
Chair of Audit & Risk Committee
27 April 2022



10. Audit Report

Independent Auditor's Report

To the readers of Accreditation Council and group's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Accreditation Council (the Council) and its subsidiaries. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Council and its subsidiaries (collectively referred to as "the group"), on his behalf.

Opinion

We have audited:

- the financial statements of the Council and group on pages 54 to 78, that comprise the statement of financial position as at 30 June 2021, 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 including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Council and group on pages 20 to 43.

In our opinion:

- the financial statements of the Council and group on pages 54 to 78:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 20 to 43:
 - presents fairly, in all material respects, the Council and group's performance for the year ended 30 June 2021, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed late

Our audit was completed on 27 April 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Crown Entities Act 2004. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Council for the financial statements and the performance information

The Council is responsible, on behalf of the Council and group, for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Council is responsible, on behalf of the Council and group, for assessing the Council and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Council and group, or there is no realistic alternative but to do so.

The Council's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Council's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Council and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council and group.
- We evaluate the appropriateness of the reported performance information within the Council and group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and group, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Council and group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 19, 44 to 48, 53 and 79 to 91, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Council and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



11. Statement of Accounting Policies

11.1 Reporting entity

The Accreditation Council (Council) has designated itself as a public benefit entity (PBE) for financial reporting purposes. The Council trades under the name International Accreditation New Zealand (IANZ), and 100% owns its Crown Entity subsidiaries, Telarc Limited (Telarc), which performs its certification function and Telarc Holdings Limited (subsidiary of Telarc Limited), a non-trading entity, that holds no assets and liabilities during and at the end of the period of review. IANZ is disclosed as the Parent in the financial statements with Telarc included in the consolidated figures.

The financial statements for the Accreditation Council are for the year ended 30 June 2021 and were approved by the Council on 27 April 2022.

11.2 Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

11.3 Statement of compliance

The financial statements of the Accreditation Council have been prepared in accordance with the Crown Entities Act 2004, which include the requirements to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards because expenses are > \$2m and ≤ \$30m and the Council is not publicly accountable. The subsidiary Telarc Limited has been assessed as a PBE under accounting standard XRB A1.

These financial statements comply with PBE Accounting Standards.

11.4 Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are in dollars (\$'s).

11.5 Basis of consolidation

The consolidated financial statements include the parent Council and its subsidiary. The Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the Group on a line by line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

The Group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Group obtains control of the entity and ceases when the Group loses control of the entity.

11.6 Budget figures

Budget figures (those approved by the Council at the start of the financial year) have been prepared in accordance with generally accepted accounting practice, consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

11.7 Goods and services tax

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated with GST included. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

11.8 Telarc Holdings Limited

Telarc Holdings Limited, a 100% owned subsidiary company of Telarc Limited was formed during 2019. This company is a holding company, classified as a non-trading entity and was formed to hold trademarks previously held by Telarc Limited.

11.9 Financial instruments

The Council and Group are party to financial instruments as part of normal operations, including bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the statement of financial position, with all associated revenues and expenses included in the statement of comprehensive income.

Apart from items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

11.10 Changes in accounting policies

No changes to accounting policies have been made during the financial year.

11.11 Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions for the future, which may differ from subsequent actual results. Such estimates are continually evaluated, based on historical experience and reasonable expectations. Estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Intangibles, property, plant and equipment – useful lives and residual values:

At each balance date, the Council reviews the useful lives and residual values of its intangibles, property, plant and equipment. Such assessments require consideration of a number of factors, such as the physical condition and expected period of use of the asset by the Council, as well as expected proceeds from its future sale. An incorrect estimate will impact on the depreciable/amortisation amount of an asset, impacting in turn on the depreciation/amortisation expense in the statement of comprehensive income and carrying amount of the asset in the statement of financial position.

The Council minimises such risk by:

- physical inspection of assets;
 - asset replacement programmes;
 - review of second-hand market prices for similar assets; and
 - analysis of prior asset sales.
-

The Council has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in Note 6 and intangibles in Note 8.

Goodwill

Goodwill represents the difference between the consideration paid and the identifiable assets acquired.

A policy is in place whereby goodwill is assessed annually for impairment. The Council assesses goodwill for impairment at the end of each reporting period and, if required, recognises an impairment loss at that date.

in accordance with PBE IPSAS 26 (Impairment of cash-generating assets). VNZ has been fully integrated into Telarc's business and for the purposes of impairment testing, has been applied the lowest CGU (cash generating unit) within the Group. Further, the Council purchased the remaining 25% shareholding of Telarc Limited in 2019 and the goodwill generated on the purchase has been allocated to the lowest CGU within the Group for impairment testing purposes. The fair value of Telarc is greater than the value of its net assets including goodwill. The holding value of Telarc in IANZ's balance sheet and the goodwill in the consolidated balance sheet is not impaired. Refer to Goodwill note 7.

11.12 Investments in Subsidiaries, Associates and Joint Ventures

The Group has adopted the new group standards, PBE IPSAS 34 to 38.

In adopting these new standards, the Group has updated its accounting policies for investments in subsidiaries, associates and joint ventures. Disclosures have also been updated for the new disclosure requirements of PBE IPSAS 38.

The Group consolidates entities it controls. Control exists where the Group is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed, has been predetermined by the Group.

11.13 Accounting standards issued and not yet effective and not early adopted

PBE IPSAS 40

(Supersedes PBE IFRS 3 Business Combinations)

The new standard supersedes PBE IFRS 3 Business Combinations. PBE IPSAS 40 has a broader scope than PBE IFRS 3 since it establishes requirements for accounting for both acquisitions and amalgamations. A PBE combination is the bringing together of separate operations into one public benefit entity, which might occur by mutual agreement or by compulsion (for example by legislation). This standard is not expected to have any impact on the presentation of the Groups financial statements.

Amendment to PBE IPSAS 2 Cash Flow Statement

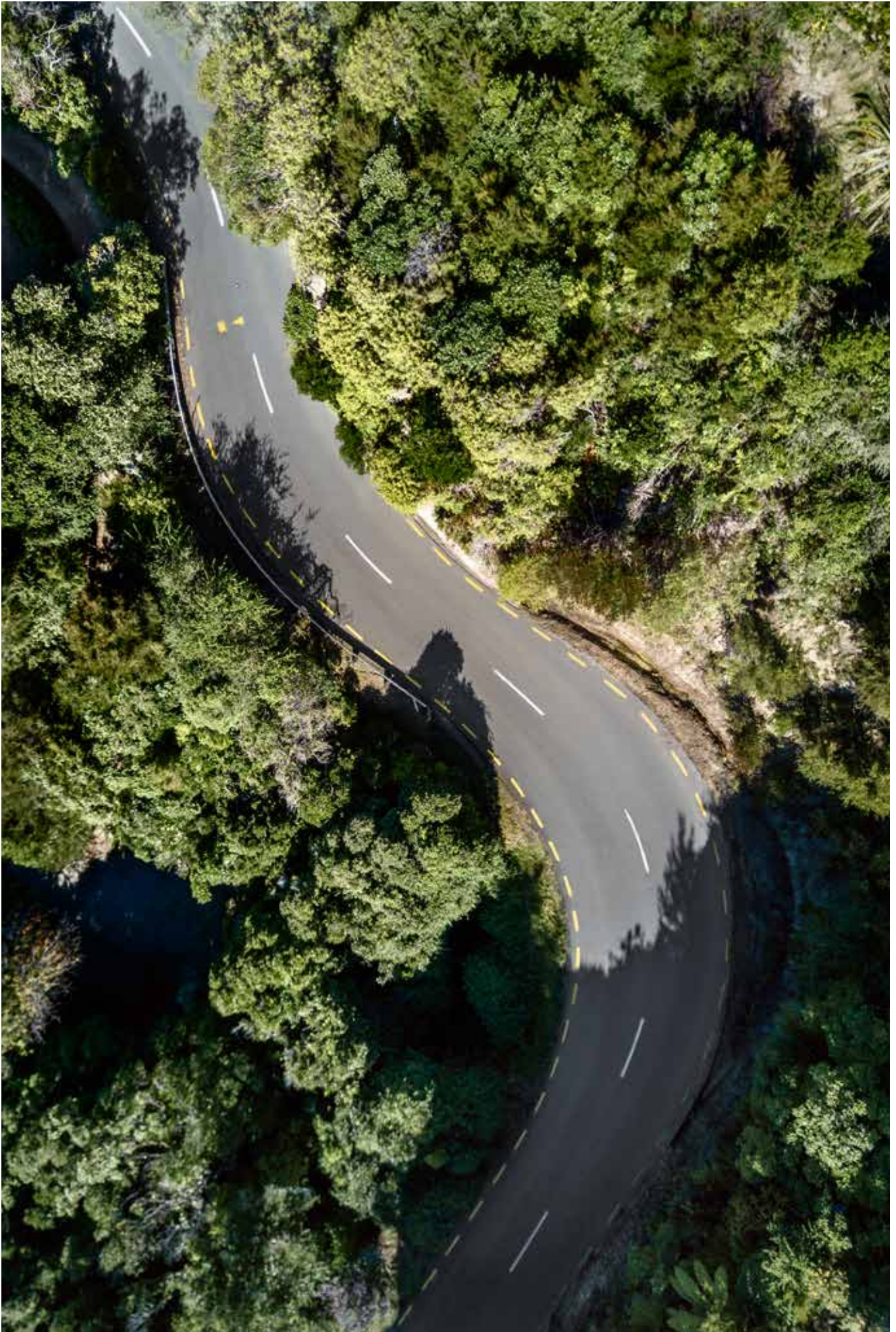
An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. Group does not intend to early adopt the amendment.

PBE IPSAS 41 Financial instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. Group has assessed that there will be little change as a result of adopting the new standard, as the requirements are similar to those contained in PBE IFRS 9. Group does not intend to early adopt the standard.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with earlier adoption permitted. Group has not yet determined how application of PBE FRS 48 will affect its statement of performance. It does not plan to early adopt the standard.



12. Annual Financial Statements

Statement of Comprehensive Revenue and Expense

For the Year ended 30 June 2021

		CONSOLIDATED			PARENT		
	NOTES	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
REVENUE							
Funding from clients		18,929,955	17,171,127	16,894,733	9,244,327	9,065,696	8,960,463
Other revenue		49,598	111,721	125,755	475,894	191,226	175,652
Total revenue	2	18,979,553	17,282,848	17,020,489	9,720,221	9,256,921	9,136,115
EXPENDITURE							
Personnel costs	3	10,866,735	10,937,721	10,859,562	5,832,940	6,233,441	6,151,507
Depreciation and amortisation expense	6,8	339,705	323,111	267,716	160,360	137,704	104,923
Finance costs	18	-	-	-	-	-	-
Other expenses	1	6,361,162	6,224,250	6,552,713	3,091,680	3,266,280	3,614,204
Total expenditure	2	17,567,602	17,485,081	17,679,990	9,084,980	9,637,425	9,870,634
SURPLUS/ (DEFICIT) BEFORE TAX		1,411,951	(202,233)	(659,501)	635,241	(380,504)	(734,519)
INCOME TAX EXPENSE	19	336,879	77,971	(56,153)	-	-	-
SURPLUS/ (DEFICIT) AFTER TAX		1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)
Attributable to:							
Owners of the parent		1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)
		1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)

Explanations of major variances against budget are provided in Note 13. The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the Year ended 30 June 2021

		CONSOLIDATED			PARENT		
	NOTES	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Balance at 1 July		9,389,934	9,491,089	9,993,281	5,813,200	6,194,961	6,547,719
Total comprehensive revenue and expense for the year		1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)
Balance at 30 June	17	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200
Equity attributable to owners of the parent	17	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200
TOTAL EQUITY	17	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200

Explanations of major variances against budget are provided in Note 13. The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2021

		CONSOLIDATED			PARENT		
	NOTES	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
EQUITY							
Equity attributable to owners of the parent							
Opening Balance		9,389,934	9,491,089	9,993,281	5,813,200	6,194,961	6,547,719
Surplus/ (deficit) for the year		1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)
Accumulated surplus/ (deficit)	17	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200
TOTAL EQUITY	17	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200
Represented by:							
ASSETS							
Current assets							
Cash and cash equivalents	15	6,711,147	4,828,880	5,719,148	3,800,262	3,269,581	3,476,870
Trade and other receivables	4	3,597,059	3,324,296	2,498,866	2,185,391	1,920,763	1,629,398
Other assets: prepayments		277,331	378,332	272,225	171,697	288,676	161,605
Total current assets		10,585,536	8,531,509	8,490,239	6,157,350	5,479,020	5,267,873
NON CURRENT ASSETS							
Investments	5	-	-	-	2,320,000	2,320,000	2,320,000
Property, plant and equipment	6	259,531	334,990	302,669	159,098	202,353	182,883
Goodwill	7	3,322,606	3,322,606	3,322,606	-	-	-
Deferred Tax	19	98,999	97,805	85,794	-	-	-
Intangible assets	8	388,490	933,668	417,274	160,228	359,654	252,179
Total non current assets		4,069,626	4,689,069	4,128,343	2,639,326	2,882,008	2,755,062
Total assets		14,655,162	13,220,578	12,618,582	8,796,676	8,361,028	8,022,935
LIABILITIES							
Current liabilities							
Trade and other payables	9	2,973,852	3,174,552	2,407,471	1,831,729	2,079,608	1,670,641
Provision for Taxation		268,901	25,990	(102,749)	-	-	-
Provision for employee entitlements	10	947,404	809,151	923,926	516,506	466,963	539,093
Total current liabilities		4,190,156	4,009,694	3,228,648	2,348,235	2,546,571	2,209,734
Non current liabilities							
Total non current liabilities		-	-	-	-	-	-
Total liabilities		4,190,156	4,009,694	3,228,648	2,348,235	2,546,571	2,209,734
NET ASSETS		10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200

Explanations of major variances against budget are provided in Note 13. The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

As at 30 June 2021

		CONSOLIDATED			PARENT		
	NOTES	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash was provided from:							
Revenues from services provided		18,065,440	16,207,718	17,917,517	9,028,508	8,952,575	9,293,116
Interest received		87,770	83,644	116,362	56,341	62,899	103,002
Dividends received		-	-	-	78,020	-	550,000
		18,153,210	16,291,362	18,033,878	9,162,869	9,015,475	9,946,118
Cash was applied to:							
Payments to employees		10,724,031	10,952,772	10,791,267	5,851,489	6,223,496	6,063,805
Payments to suppliers		6,329,828	5,557,191	6,872,444	3,051,792	2,966,902	3,755,390
Payment of income tax		(34,770)	47,741	371,515	-	-	-
Interest paid		(2,015)	-	3,142	-	-	-
Net goods and services tax		(89,768)	19,916	27,497	(74,682)	13,643	12,051
		16,927,305	16,577,619	18,065,865	8,828,598	9,204,041	9,831,246
Net Cash Flows From Operating Activities		1,225,905	(286,257)	(31,987)	334,271	(188,566)	114,872
CASH FLOWS FROM INVESTING ACTIVITIES							
Cash was provided from:							
Proceeds from sale of property, plant & equipment		1,565	-	25,924	102,773	-	22,552
		1,565	-	25,924	102,773	-	22,552
Cash was applied to:							
Purchase of property, plant & equipment		77,659	185,700	104,046	45,777	123,400	83,271
Purchase of intangible assets (computer software)		157,812	380,523	308,900	67,875	150,000	234,340
Term Deposits		-	-	(350,000)	-	-	-
		235,471	566,223	62,946	113,652	273,400	317,611
Net Cash Flows From Investing Activities		(233,906)	(566,223)	(37,022)	(10,879)	(273,400)	(295,059)
CASH FLOWS FROM FINANCING ACTIVITIES							
Dividend		-	-	-	-	-	-
Repayment of loan		-	-	-	-	-	-
Net Cash Flows From Financing Activities		-	-	-	-	-	-
Net increase (decrease) in cash held		991,999	(852,480)	(69,009)	323,392	(461,966)	(180,187)
Cash and cash equivalents at beginning of the year		5,719,148	5,681,360	5,788,157	3,476,870	3,731,547	3,657,056
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	6,711,147	4,828,880	5,719,148	3,800,262	3,269,581	3,476,870

Explanations of major variances against budget are provided in Note 13. The accompanying notes form an integral part of these financial statements.



13. Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 1: OTHER EXPENSES

	CONSOLIDATED			PARENT		
	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
The net surplus (deficit) is after charging for:						
Fees to Audit New Zealand for audit of financial statement	89,319	89,519	87,289	48,706	48,906	47,699
Marketing Costs	160,693	215,000	294,654	85,502	140,000	202,514
Staff Expenses	185,418	313,426	230,137	63,108	195,809	86,137
International Expenses	171,417	257,874	290,760	47,969	125,001	139,287
Communication	145,145	183,140	161,566	62,536	88,930	79,278
Accommodation	779,446	786,567	760,775	527,189	521,802	510,924
Information Technology	471,307	455,109	298,433	237,432	211,030	155,233
Office Expenses	110,493	194,267	146,486	60,007	117,767	80,884
Assessment Expenses	3,157,536	2,751,863	3,038,413	1,603,234	1,556,728	1,715,410
Other Expenses	1,090,390	977,485	1,244,199	355,997	260,307	596,838
TOTAL OTHER EXPENSES	6,361,162	6,224,250	6,552,713	3,091,680	3,266,280	3,614,204

Operating leases as lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows:

	CONSOLIDATED		PARENT	
	2021 ACTUAL \$	2020 ACTUAL \$	2021 ACTUAL \$	2020 ACTUAL \$
No later than one year	616,757	574,887	589,136	399,796
Later than one year but not later than five years	346,350	8,742	245,473	-
Later than five years	31,878	-	-	-
TOTAL NON-CANCELLABLE OPERATING LEASES	994,985	583,629	834,609	399,796

The Accreditation Council of New Zealand leases one Auckland office property. The lease was renewed in April 2015 for a further term of six years. A deed of variation was signed extending the lease to November 2022. The Accreditation Council has signed an Agreement to Lease at 660 Great South Road, Ellerslie, Auckland and have a planned office relocation in November 2022.

Telarc Limited leased three office properties. For the Auckland premises, Accreditation Council and Telarc signed a joint Deed of Variation extending the current lease to November 2022. New premises were leased for Tauranga. A lease agreement was entered into for a term of six years expiring Sept 2027, with two further rights of renewal for five years each. The Wellington lease expired in July 2021.

No restrictions are placed on the Accreditation Council or Telarc Limited by any of their existing agreements.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 2: REVENUE

Accounting policy

The Council's revenue is regarded as exchange transactions and derived through the provision of outputs to the Crown, services to third parties and income from its investments. Such revenue is recognised when earned and reported in the relevant financial period.

	CONSOLIDATED			PARENT		
NET REVENUE/(COST) ANALYSIS	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
ACCREDITATION SERVICES						
Revenue	8,207,936	7,803,059	7,901,427	8,207,936	7,803,059	7,901,427
Less Cost	(8,235,410)	(8,629,020)	(8,836,930)	(8,235,411)	(8,629,022)	(8,836,930)
Net Surplus/(Deficit)	(27,474)	(825,961)	(935,503)	(27,475)	(825,962)	(935,503)
CERTIFICATION SERVICES						
Revenue	9,619,872	7,844,164	7,679,623	-	-	-
Less Cost	(8,356,350)	(7,664,771)	(7,652,437)	-	-	-
Net Surplus/(Deficit)	1,263,522	179,393	27,186	-	-	-
TRAINING AND OTHER SERVICES						
Revenue	505,165	924,231	735,242	439,409	662,963	480,595
Less Cost	(766,229)	(824,434)	(746,604)	(639,956)	(641,547)	(589,687)
Net Surplus/(Deficit)	(261,064)	99,796	(11,362)	(200,548)	21,416	(109,092)
INTERNATIONAL RECOGNITION SERVICES						
Revenue	596,982	599,674	578,441	596,982	599,674	578,441
Less Cost	(209,613)	(366,857)	(444,017)	(209,613)	(366,857)	(444,017)
Net Surplus/(Deficit)	387,369	232,817	134,424	387,369	232,817	134,424
OTHER REVENUE						
Interest	49,163	111,723	109,115	38,848	90,978	84,364
Net gain on sale of property, plant, and equipment ¹	435	-	16,640	305	-	13,268
Dividend	-	(2)	-	436,742	100,248	78,020
Total	49,598	111,721	125,755	475,894	191,225	175,651
TOTAL REVENUE						
Total Revenue	18,979,553	17,282,848	17,020,489	9,720,221	9,256,921	9,136,115
Less Total Cost	(17,567,602)	(17,485,081)	(17,679,990)	(9,084,980)	(9,637,425)	(9,870,634)
TOTAL SURPLUS/ (DEFICIT) BEFORE TAX	1,411,951	(202,233)	(659,501)	635,241	(380,504)	(734,519)

Telarc Limited paid the Parent \$483,292 as a management services charge (2020,\$483,292), which has been off-set against cost of service in the Parent accounts.

1. During the year, property, plant and equipment was disposed and subsequently replaced. Gains (losses) were realised upon the disposals.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 3: PERSONNEL COSTS EXCLUDING COUNCIL AND DIRECTORS FEES

Accounting Policy

Defined contribution schemes

Employer contributions to kiwisaver and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred. Consequently, no actuarial assumptions are required to measure the obligation or the expense and there is no possibility of any actuarial gain or loss. The obligations are measured on an undiscounted basis, except where they are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

	CONSOLIDATED			PARENT		
	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Salaries and wages	10,576,710	10,613,065	10,459,665	5,717,752	6,048,808	5,926,949
Defined contribution plan employer contribution	266,547	324,656	259,616	137,775	184,633	136,800
Increase/ (decrease) in employee entitlements	23,478	-	140,281	(22,587)	-	87,758
TOTAL PERSONNEL COSTS	10,866,735	10,937,721	10,859,562	5,832,940	6,233,441	6,151,507

Employee Remuneration

During the year the number of Group employees (other than Council members and Directors) receiving remuneration and other benefits in excess of \$100,000 were:

	NUMBER OF EMPLOYEES	
REMUNERATION	2021 ACTUAL	2020 ACTUAL
\$380,000 - \$390,000	-	1
\$370,000 - \$380,000	-	-
\$360,000 - \$370,000	-	-
\$350,000 - \$360,000	-	-
\$340,000 - \$350,000	-	-
\$330,000 - \$340,000	-	-
\$320,000 - \$330,000	-	-
\$310,000 - \$320,000	-	-
\$300,000 - \$310,000	-	-
\$290,000 - \$300,000	-	-
\$280,000 - \$290,000	-	-
\$270,000 - \$280,000	-	-
\$260,000 - \$270,000	-	-
\$250,000 - \$260,000	1	1
\$240,000 - \$250,000	1	-
\$230,000 - \$240,000	-	-
\$220,000 - \$230,000	-	1
\$210,000 - \$220,000	-	-
\$200,000 - \$210,000	-	-
\$190,000 - \$200,000	-	1
\$180,000 - \$190,000	-	-
\$170,000 - \$180,000	1	1
\$160,000 - \$170,000	1	1
\$150,000 - \$160,000	4	2
\$140,000 - \$150,000	4	1
\$130,000 - \$140,000	2	7
\$120,000 - \$130,000	10	6
\$110,000 - \$120,000	18	14
\$100,000 - \$110,000	11	17

During the year ended 30 June 2021, 1 employee received compensation and other benefits in relation to cessation (2020, 1).

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 3: PERSONNEL COSTS (CONTINUED)

Council and Board member remuneration

The total value of remuneration paid or payable to each Council and Board member during the year was:

COUNCIL MEMBERS	2021	2020
Paul Connell, Chair - Accreditation Council	33,600	33,600
John Boshier (Until 31 May 2020)	-	15,547
Carolyn Harkess	16,960	16,960
Dr Graeme Benny	16,960	16,960
Peter Steel (Until 31 May 2020)	-	15,547
Richard Collin (Until 31 May 2020)	-	15,547
Marion Ann Cowden, Chair - Audit and Risk Committee	16,960	16,960
Nicole Anderson	16,960	1,413
Jane von Dadelszen	16,960	1,413
Catherine Abel-Pattinson	16,960	1,413
Total Council Fees	135,360	135,360

TELARC LIMITED DIRECTORS	2021	2020
David Bone, Chairman	27,067	27,533
Paul Connell	13,533	13,767
Vikki Branagan	13,533	13,767
Total Directors Fees	54,133	55,067

TOTAL COUNCIL AND DIRECTORS FEES	189,493	190,426
---	----------------	----------------

The Council has effected Professional Indemnity and Directors & Officers Liability insurance cover for directors and employees.

No Board members received compensation or other benefits in relation to cessation (2020 \$nil).

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 4: TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade, WIP and other receivables are stated at their expected realisable value after providing for impairment, doubtful and uncollectable debts. WIP represents work performed for which clients have not been invoiced and is stated at expected realisable value.

	CONSOLIDATED		PARENT	
	2021 ACTUAL \$	2020 ACTUAL \$	2021 ACTUAL \$	2020 ACTUAL \$
Trade receivables	3,004,697	1,790,356	1,429,773	1,052,637
Less: provision for impairment	(21,800)	(14,119)	(6,063)	(4,619)
Net trade receivables	2,982,896	1,776,238	1,423,710	1,048,019
Other receivables				
Work in progress	614,163	722,628	324,939	503,359
Dividends received	-	-	436,742	78,020
TOTAL TRADE AND OTHER RECEIVABLES	3,597,059	2,498,866	2,185,391	1,629,398

Total receivables comprises the sale of services (exchange transactions).

NOTE 5: INVESTMENTS

Accounting Policy

Short-term deposits are stated at the lower of cost and net realisable value, with any decreases recognised in the statement of comprehensive income. Such deposits are classified as maturing less than 365 days from inception. The Investment in subsidiary is carried at the lower of cost or fair value. The investment is impaired if there is a significant or prolonged decline in the fair value of the investment below its cost.

	CONSOLIDATED			PARENT		
	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
CURRENT PORTION						
Term deposits	-	-	-	-	-	-
Total current portion	-	-	-	-	-	-
NON-CURRENT PORTION						
Equity investments	-	-	-	2,320,000	2,320,000	2,320,000
Total non-current portion	-	-	-	2,320,000	2,320,000	2,320,000
TOTAL INVESTMENTS	-	-	-	2,320,000	2,320,000	2,320,000

There is no impairment provision for investments.

Equity Investments are measured at cost. The Council owns 100% (2020: 100%) of the share capital of Telarc Limited. The share capital investment of Telarc Limited is 600,000 Ordinary Shares.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

All are recorded at historical cost less accumulated depreciation and impaired losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Work in progress is measured at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Subsequent Costs

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Property, plant and equipment are depreciated at rates that will write off the cost on a straight-line basis of the assets to the estimated residual value over their useful life. The useful lives and associated depreciation rates of major classes of assets used in the preparation of these statements are reviewed annually as follows:

Computer hardware	3-5 years	20%-33%	straight line
Leasehold improvements	2-14 years	7%-57%	straight line
Office furniture and equipment	2-10 years	10%-67%	straight line
Motor vehicles	5 years	20%	straight line

Parent

Movements for each class of property, plant and equipment are as follows:

Cost	Leasehold Improvements \$	Furniture and Office Equipment \$	Computer Hardware \$	Motor Vehicles \$	Total \$
Balance as at 1 July 2019	459,398	228,378	260,369	106,778	1,054,922
Additions	-	5,554	35,528	42,189	83,271
Disposals	-	-	(46,902)	(43,079)	(89,981)
Balance at 30 June 2020	459,398	233,932	248,994	105,888	1,048,213
Balance as at 1 July 2020	459,398	233,932	248,994	105,888	1,048,213
Additions	-	11,027 ^a	5,463	29,287	45,777
Disposals	-	(1,390)	(8,460)	-	(9,850)
Balance at 30 June 2021	459,398	243,569	245,996	135,175	1,084,140
Accumulated Depreciation	-				
Balance as at 1 July 2019	447,699	201,091	160,068	68,388	877,247
Depreciation expense	1,167	4,502	45,656	17,456	68,781
Eliminate on disposal	-	-	(46,902)	(33,795)	(80,697)
Balance at 30 June 2020	448,866	205,593	158,823	52,048	865,330
Balance as at 1 July 2020	448,866	205,593	158,823	52,048	865,330
Depreciation expense	1,167	6,156	46,058	15,049	68,431
Eliminate on disposal	-	(475)	(8,245)	-	(8,720)
Balance at 30 June 2021	450,033	211,274	196,637	67,097	925,041
Carrying Amounts					
At 30 June 2020	10,532	28,339	90,171	53,840	182,883
At 30 June 2021	9,365	32,295	49,359	68,078	159,098

^a - includes WIP of \$3,470 on computer hardware

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Consolidated

Movements for each class of property, plant and equipment are as follows:

Cost	Leasehold Improvements \$	Furniture and Office Equipment \$	Computer Hardware \$	Motor Vehicles \$	Total \$
Balance as at 1 July 2019	495,048	326,630	428,409	146,519	1,396,606
Additions	-	11,159	50,697	42,189	104,045
Disposals	-	-	(82,216)	(43,079)	(125,295)
Balance at 30 June 2020	495,048	337,789	396,890	145,629	1,375,356
Balance as at 1 July 2020	495,048	337,789	396,890	145,629	1,375,356
Additions	-	20,078	28,293	29,287	77,658
Disposals	-	(1,390)	(10,367)	-	(11,757)
Balance at 30 June 2021	495,048	356,477	414,816	174,916	1,441,257
Accumulated Depreciation					
Balance as at 1 July 2019	478,027	260,145	249,224	82,295	1,069,691
Depreciation expense	1,674	10,985	80,943	25,404	119,006
Eliminate on disposal	-	-	(82,216)	(33,795)	(116,011)
Balance at 30 June 2020	479,701	271,130	247,951	73,904	1,072,686
Balance as at 1 July 2020	479,701	271,130	247,951	73,904	1,072,686
Depreciation expense	1,674	13,748	81,249	22,997	119,668
Eliminate on disposal	-	(475)	(10,152)	-	(10,627)
Balance at 30 June 2021	481,375	284,403	319,048	96,901	1,181,727
Carrying Amounts					
At 30 June 2020	15,346	66,659	148,938	71,725	302,669
At 30 June 2021	13,672	72,075	95,763	78,015	259,531

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 7: GOODWILL

Goodwill of \$2,500,000 on the acquisition of Verification New Zealand (VNZ) is recognised as an asset and is separately identified within Telarc Limited (subsidiary company). Further Goodwill of \$822,606 was generated during 2018 when the Parent acquired the remaining 25% shareholding of Telarc Limited (subsidiary company) from SAI Global. This is separately identified within the Parent. Goodwill is not amortised, but tested for impairment annually and whenever there is an indication that goodwill may be impaired. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive revenue and expense and is not subsequently reversed.

	CONSOLIDATED		PARENT	
	2021 ACTUAL \$	2020 ACTUAL \$	2021 ACTUAL \$	2020 ACTUAL \$
Gross Carrying Amount				
Opening balance	2,500,000	2,500,000	-	-
Acquired through business combination	822,606	822,606	-	-
Closing balance	3,322,606	3,322,606	-	-
Accumulated Impairment				
Opening balance	-	-	-	-
Impairment loss for the year	-	-	-	-
Closing balance	-	-	-	-
GOODWILL CARRYING AMOUNT	3,322,606	3,322,606	-	-

Impairment Testing for the Group

For the purposes of impairment testing, goodwill is allocated to Telarc, the Group's lowest level CGU (cash generating unit), which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Recoverable Value

The recoverable value was based on a Value In Use (VIU) calculation using the Discounted Cash Flow (DCF) methodology. The recoverable value was in excess of the carrying value of the CGU and therefore no impairment has been recognised (2020:Nil). The following model shows movements in free cash flow which still produce an NPV equal to the enterprise value. This is as follows:

- cash flows were projected for five years reflecting earnings increasing per the F2022 Business Plan from F2022 to F2024 and then 2% growth thereafter.
- cash flows were projected for five years assuming the budgeted cash flow for F2022 and a 3% decline thereafter.
- cash flows were projected for five years assuming a 3% free cash flow growth from F2022.
- cash flows were projected for five years assuming a flat, free cash flow from F2022.

Assumption

- A weighted average cost of capital of 7.65% (assuming a risk free rate of 0.65%; market risk premium rate of 7% after tax; a beta rate of 1 and cost of debt rate of 3.7%) per annum, based on Telarc's tax status as at F2021, has been applied to the cash flows. Currently Telarc has no debt.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 8: INTANGIBLE ASSETS

Parent Accounting Policy

Computer software is recorded at historical cost.

Client lists purchased are recorded at historical cost.

Programme and Course Development Costs:

Costs directly associated with the development of accreditation programmes and training courses are recognised as an intangible asset, to the extent that such costs are expected to be recovered. Development costs primarily consist of employee costs and, if directly attributable to the design of programmes and courses, are classified as an intangible asset if the following can all be demonstrated:

It is technically feasible to complete the course or programme for future use;

- Management intends to complete the course or programme;
- The course or programme is able to be used;
- Adequate technical, financial and other resources are available to complete development and to use the course or programme; and
- Expenditure attributable during development can be reliably measured.

Any cost failing to meet the above criteria is classified as an expense incurred in the surplus or deficit. Once recognised as an expense, development costs cannot be subsequently classified as an asset

Amortisation

Computer software and capitalised course and programme development costs are amortised at rates that will write off the cost on a straight-line basis to the estimated residual value over their useful life. The useful lives and associated amortisation rates used in preparation of these statements are reviewed annually as follows:

Computer software:	3-5 years	20%-33%	straight line
Capitalised course and programme development costs:	3-5 years	20%-33%	straight line

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 8: INTANGIBLE ASSETS (CONTINUED)

Client lists purchased are amortised over their expected useful lives.

While work is still in progress with regard to certain capitalised course and programme development costs, the useful life of completed projects will be established at project completion.

Movements for each class of intangible asset are as follows:

	CONSOLIDATED				PARENT			
Cost	Product Development \$	Acquired Computer Software \$	Acquired Client Lists \$	Total \$	Product Development \$	Acquired Computer Software \$	Acquired Client Lists \$	Total \$
Balance as at 1 July 2019	37,829	502,812	369,435	910,076	37,829	114,252	-	152,081
Additions	-	308,900	-	308,900	-	234,340	-	234,340
Disposals	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Balance at 30 June 2020	37,829	811,712	369,435	1,218,976	37,829	348,592	-	386,421
Balance as at 1 July 2020	37,829	811,712	369,435	1,218,976	37,829	348,592	-	386,421
Additions	-	a 259,151	-	259,151	-	67,875	-	67,875
Disposals	-	(101,339)	-	(101,339)	-	(101,339)	-	(101,339)
Reclassification	-	-	-	-	-	-	-	-
Balance at 30 June 2021	37,829	969,524	369,435	1,376,788	37,829	315,128	-	352,957
Amortisation								
Balance as at 1 July 2019	34,899	248,658	369,435	652,992	34,899	63,203	-	98,100
Amortisation expense	2,930	145,779	-	148,710	2,931	33,211	-	36,142
Eliminate on disposal	-	-	-	-	-	-	-	-
Balance at 30 June 2020	37,830	394,437	369,435	801,702	37,830	96,414	-	134,242
Balance as at 1 July 2020	37,830	394,437	369,435	801,702	37,830	96,414	-	134,242
Amortisation expense	-	220,037	-	220,037	-	91,929	-	91,929
Eliminate on disposal	-	(33,442)	-	(33,442)	-	(33,442)	-	(33,442)
Balance at 30 June 2021	37,830	581,033	369,435	988,298	37,830	154,901	-	192,729
Carrying Amounts								
At 30 June 2020	-	417,275	-	417,274	(1)	252,178	-	252,179
At 30 June 2021	(1)	388,491	-	388,490	(1)	160,227	-	160,228

a - includes WIP on QLBS (Wine Skins Release) \$4,550, CAR Risk Matrix Recording \$16,500 and \$36,960 for Sprint 3 under the I.T. Transformation Project.

There are no Capital commitments for the acquisition of intangible assets (2020 Nil).

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 9: PAYABLES

	CONSOLIDATED			PARENT		
	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
PAYABLES UNDER EXCHANGE TRANSACTIONS						
Trade payables	553,109	639,822	395,396	238,697	390,936	294,437
Other payables	-	-	-	-	-	-
Accrued expenses	465,978	666,757	182,713	239,560	429,600	109,848
Revenue in advance	1,441,489	1,408,662	1,430,157	1,057,324	998,860	1,051,599
Total payables under exchange transactions	2,460,575	2,715,241	2,008,266	1,535,580	1,819,397	1,455,884
PAYABLES UNDER NON-EXCHANGE TRANSACTIONS						
Taxes Payable (GST, PAYE, FBT)	513,276	459,311	399,204	296,149	260,211	214,757
Total payables under non-exchange transactions	513,276	459,311	399,204	296,149	260,211	214,757
TOTAL PAYABLES	2,973,852	3,174,552	2,407,471	1,831,729	2,079,608	1,670,641

Trade creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of trade creditors and other payables approximates their fair value.

NOTE 10: EMPLOYEE ENTITLEMENTS

Accounting Policy

Provision is made for the Group's liability for annual leave and retirement leave, calculated on an actual entitlement basis at current rates of pay.

By virtue of IPSAS 39, the Group's Annual Leave Liability is defined as Short-Term Employee Benefits. This is defined as employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay. The Group ensures that its Annual Leave Liability is effectively managed. Staff are encouraged to take leave within twelve months after the end of the reporting period in which the employees render the related services.

Employees who have completed 20 years of continuous service may be granted once-only, long-service leave of four weeks. Provision has been made for any future liability, calculated on an actuarial basis.

	CONSOLIDATED			PARENT		
	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
Annual leave	822,483	694,844	789,833	461,559	403,904	467,266
Long service leave	47,799	114,307	61,679	41,575	63,059	56,093
Retirement leave	40,838	-	38,594	-	-	-
Sick Leave	36,284	-	33,820	13,372	-	15,733
TOTAL EMPLOYEE ENTITLEMENTS	947,404	809,151	923,926	516,506	466,963	539,093

According to IPSAS 39, long term employee entitlement is defined as, employee entitlements that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service, such as retirement and long service leave. The present value of long service leave obligations depend on factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the Treasury. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and obtaining actuarial rates as advised by the Treasury. Discount rates for year 1: 0.38% ; year 2: 0.81% and year 3 : 3.08% (2020 year 1: 0.22% ; year 2: 0.25% ; year 3: 1.63%) and an inflation factor of 3.08% (2020 2.72%) were used.

If the discount rate were to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service leave liability would be an estimated \$1,424 higher/lower (2020: \$1,434).

Notes to the Financial Statements

For the year ended 30 June 2021

If the salary inflation factor were to differ by 1% from that used, with all other factors held constant, the carrying amount of the long service leave liability would be an estimated \$1,747 higher/lower (2020: \$1,710).

The non-current portion of long service leave is not considered significant to be disclosed separately.

Sick leave liability is defined as short-term employee benefit under IPSAS39. The Group recognises the expected costs of short-term employee benefits when employees render services that increases their entitlement to future paid absences. Sick Leave is an accumulating paid absence which is carried forward and can be used in future periods if the current period's entitlement is not used in full. Sick leave entitlement is non-vesting and employees are not entitled to a cash payment for unused entitlement on leaving. The Group has recognised as a liability, sick leave expected to be taken by employees over and beyond their annual entitlement. This obligation was valued at the Groups weighted average daily pay rate.

When an employee has rendered service to the Group during the accounting period, the Group recognises the undiscounted amount of the short-term employee benefits expected to be paid in exchange for that service as a liability after deducting any amount already paid.

Retirement benefits are classified as post-employment benefits under IPSAS39. There is only one employee in the Group who is entitled to this benefit. The Group has provisioned this based upon the applicable retiring leave days valued at the daily pay-rate for the employee.

NOTE 11: BORROWINGS

Accounting Policy

Borrowing costs are recognised as an expense in the financial year to which the charge relates.

Secured loan

The Accreditation Council and its subsidiary, Telarc Limited did not have any secured loans as at 30 June, 2021.

NOTE 12: RELATED PARTY INFORMATION

The Accreditation Council is an Autonomous Crown Entity.

All related party transactions have been entered into on an arm's-length basis.

Telarc Limited

The Council owns 100% of the share capital of Telarc Limited.

The share capital investment of Telarc Limited is 600,000 Ordinary Shares.

The principal activity of Telarc Limited is the business of providing management system assessments and recognition services.

Telarc Limited balance date: 30 June.

Telarc Limited owns 100% of the share capital of Telarc Holdings Limited, a non trading holding company.

Accreditation Council and Telarc Limited

During the year, the total transactions charged by the Accreditation Council of New Zealand to Telarc Limited were \$605,640, \$483,292 being a management service charge with the balance for goods and services (2020 \$918,159 with \$483,292 being a management service charge and the balance being for goods and services). There were no transactions charged to the Council (2020 transactions charged to the Council were \$75,982). All transactions were undertaken on total arms-length basis. There are no other material related party transactions.

At year end Telarc Limited owed the Council:

Current account advances	Nil	(2020 Nil)
Payables	\$781	(2020 \$63,728)
Dividends	\$436,742	(2020 \$78,020)

At year end Council owed Telarc Limited:

Current Account Advances	Nil	(2020 Nil)
Payables	Nil	(2020 \$65,799)

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 12: RELATED PARTY INFORMATION (CONTINUED)

Key Management Personnel Compensation

	CONSOLIDATED		PARENT	
	2021 ACTUAL \$	2020 ACTUAL \$	2021 ACTUAL \$	2020 ACTUAL \$
Council and Board Members				
Remuneration	189,493	190,426	135,360	135,360
Full time equivalent members	1.0	0.8	0.8	0.6
Leadership Team				
Salaries and other short-term employee benefits	4,056,347	4,669,312	2,906,168	3,341,914
Other long-term benefits	19,795	36,225	13,571	30,639
Termination benefits	-	38,594	-	-
Total remuneration	4,076,142	4,744,131	2,919,739	3,372,553
Full time equivalent members	26.0	29.8	18.4	20.80
Total Key Management Personnel Remuneration	4,265,636	4,934,557	3,055,098	3,507,913
Total Full Time Equivalent Personnel	27.0	30.6	19.1	21.3

The full time equivalent for Council and Board members has been based on the frequency and length of Council and Board meetings and the estimated time for the Council and Board members to prepare for meetings.

Severance payments of \$36,389 were made during the year.

Council and Board Members

Related party transactions were as follows:

All transactions were undertaken on a total arms length basis. There are no material related party transactions.

		TRANSACTION		YEAR END	
Related Party	Relationship With Company	2021	2020	2021	2020
Hamilton City Council	Paul Connell (Independent Chair - Audit & Risk Committee)	-	45,624	-	35,839
ETEL Limited	Paul Connell (Director)	39,520	13,298	-	-
Telarc Limited (Subsidiary)	Paul Connell (Director)	605,640	842,177	781	(2,072)
Standards Approval Board	John Boshier (Member - Approval Board)	-	5,449	-	-
Unison Networks	Paul Connell (Director)	-	10,388	-	4,631
International Accreditation New Zealand	Paul Connell (Chairman)	(605,640)	(842,177)	(781)	2,072
Asmuss Group	Vikki Brannigan (Director)	18,305	1,957	-	-
Counties Manukau DHB	Catherine Abel-Pattinson (Board Member, Chair Hospital Committee, Member Audit & Risk Committee)	62,546	-	-	-
Northland District Health Board	Nicole Anderson (Member & Chair Equity with Resource Committee)	4,787	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 13: MAJOR BUDGET VARIATIONS

Commentary is provided for variance to budget greater than \$500k or 5%, or where relevant.

Statement of Comprehensive Revenue and Expense

The Parent's (IANZ) surplus of \$199k (before dividend) was above budget by \$679k and above prior year by \$1,011k. Revenue was above budget by \$463k and prior year by \$584k. This was primarily due to the catchup on work loads post the first Covid-19 lock down in FY2020. Overall, gross margin was up by 9% compared to budget. This was a reflection of the increase in revenue and a reduction in direct personnel costs due to a reduction in headcount against budget.

	2021 Actual \$	2021 Budget \$	Variance \$	Variance %	Commentary
Indirect Personnel Costs	2,850,542	3,192,164	(341,623)	(12%)	Reduction in salaries due to FTEs lower than budget due to two key management positions not being filled.
Corporate Costs	838,916	765,820	73,096	9%	Legal Fees were greater than budget as a result of legal fees incurred for lease review, client matters, and advice on OIA matters. Professional services were greater than budget due to the continuation of the IT Transformation project in 2021.
International Cost	47,969	125,000	(77,031)	(161%)	Technical liaison costs were below budget as a result of Covid-19 restricting overseas travel and conferences were conducted virtually.
Insurance Cost	107,502	85,282	22,219	21%	Premium costs for motor vehicles were increased in FY2021 by the insurer.
Communication Cost	62,536	88,930	(26,394)	(42%)	Communication costs were below budget due to utilising Microsoft Teams as a substitute for both landline and mobile consumption.
Information Technology Costs	237,432	211,030	26,402	11%	Information technology costs were greater than budget as a result of external IT support system
Office Costs	60,007	117,767	(57,760)	(96%)	Printing and reprography costs were below budget due to overstatement of budget for 2021

The Training division did not meet its budgeted deficit by \$180k due to a number of scheduled courses being cancelled and transferred to the next financial year as a result of Covid-19 – refer to Note 2.

Telarc's surplus of \$1,213k before tax and dividend was above budget by \$935k due to an increase in revenue of \$1,692k as a direct result of assessments due to be carried out in 2020 being carried over into 2021 as a result of Covid-19, in addition to growth in the Integrated audits. The 2021 budget was set with a conservative approach due to the uncertainty of the impact of Covid-19. Total costs were higher than budget by \$757k due to an increase in assessment costs in proportion to the increase in revenue thereby resulting in an increase in gross margin of \$1,268k. Variances between the portfolio's listed below were attributed to the increase in gross margin.

- Environmental portfolio's margin performed above budget by 25%
- Quality portfolio's margin performed above budget by 9%
- Health & Safety portfolio's margin performed above budget by 122%
- Food portfolio's margin performed below budget by 25%
- Other portfolio's margin performed 100% against budget
- Integrated portfolio's margin performed above budget by 42%

Telarc total assets were above budget by \$1,336K mainly due to an increase in cash and cash equivalents by \$1,352k, as a direct result of the increase in revenue. Total liabilities increased by \$736k against budget due to an increase in tax and dividend provisions as a result of the increase in net surplus before tax.

The net consolidated surplus was above budget for F2021 year due to increased revenue and a reduction in costs against budget, in particular, personnel costs, international costs and office costs.

Statement of financial position variances:

Council cash reserves were above budget by \$1.881k due primarily to the increase in revenue across the Group as a result of the delayed assessments carried over from 2020. This was also reflected in trade receivables exceeding budget by \$273K.

Non-current assets were below budget by \$631k due to the Council spending more conservatively on capital expenditure due to the unknown impact of the pandemic.

Total current liabilities were above budget by \$171k, as a result of an increase in provision for employee entitlements of \$138k and an increase in the provision for taxation of \$233k as a result of Telarc's reported surplus of \$1.2m.

NOTE 14: POST BALANCE DATE EVENTS

There were no significant events after the balance date.

Covid-19 has continued to disrupt business post balance date, with further lock downs requiring assessments to be either delayed or carried out remotely. Whilst revenue and gross margin has been reduced in the months post 30 June 2021, once restrictions lift it is expected the backlog of assessments will be cleared in future months with some potentially falling into the financial year FY2023.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 15: CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held on call and investments with original maturities of twelve months or less.

	CONSOLIDATED		PARENT	
	2021 ACTUAL \$	2020 ACTUAL \$	2021 ACTUAL \$	2020 ACTUAL \$
Cash on hand and at bank	4,032,076	2,875,348	1,472,762	1,133,071
Cash equivalents – short-term investments	2,679,071	2,843,799	2,327,500	2,343,799
TOTAL CASH AND CASH EQUIVALENTS	6,711,147	5,719,148	3,800,262	3,476,870

NOTE 16 : CONTINGENT LIABILITIES AS AT 30 JUNE 2021

As at balance date there are no known contingent liabilities. (2020 Nil).

NOTE 17: EQUITY

Accounting policy

Equity is measured as the difference between total assets and total liabilities. Equity comprises general funds only.

	CONSOLIDATED			PARENT		
	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$	2021 ACTUAL \$	2021 BUDGET \$	2020 ACTUAL \$
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Accumulated surplus / (deficit)						
Balance at 1 July	9,389,934	9,491,089	9,993,281	5,813,200	6,194,961	6,547,719
Surplus / (deficit) for the year	1,075,072	(280,204)	(603,348)	635,241	(380,504)	(734,519)
Balance at 30 June	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200
TOTAL EQUITY	10,465,006	9,210,885	9,389,934	6,448,441	5,814,457	5,813,200

NOTE 18: FINANCE COSTS

Accounting policy

There were no borrowing costs incurred during the year.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 19: TAXATION

	2021 ACTUAL \$	2020 ACTUAL \$
Current Taxation Expense		
Current Year	350,024	54,881
Adjustments in respect of prior years	(1,362)	(92,634)
Deferred Tax Expense	(11,783)	(18,400)
Income Tax Expense	336,879	(56,153)
Reconciliation of Effective Tax Rate		
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	1,213,452	153,038
Prima facie income tax @28%	339,767	42,851
Non-deductible or non-assessable items	13,092	4,417
Imputation credit	(42)	(145)
Resident Withholding Tax	(1,075)	(26)
Foreign Withholding Tax	(1,714)	-
Non taxable income	(4)	-
(Over)/under provision in prior years	(1,362)	(92,634)
Deferred tax adjustment	(11,783)	(10,616)
Total Income Tax Expense	336,879	(56,153)

Up to 30 June 2018, Telarc Limited was exempt from tax through its association with its parent, the Accreditation Council. The Accreditation Council is exempt from income tax in accordance with section 39, of the Standards and Accreditations Act 2015. The Accreditation Council was informed during 2018, that the IRD was changing its interpretation regarding the tax status of some Crown Entity subsidiaries, particularly subsidiaries of Autonomous and Independent Crown Entities. Subsequently, Telarc Limited was liable for tax effective from 1st July 2018.

	Property, Plant and Equipment	Employee Entitlements	Other	Total
Deferred Tax Assets and Liabilities				
Balance at 1 July 2019	14,051	93,047	(9,293)	97,805
Recognised in the profit in respect of prior years	(36,708)	(14,991)	21,288	(30,411)
Recognised in profit	11,838	29,697	(23,135)	18,400
Balance at 30 June 2020	(10,819)	107,753	(11,140)	85,794
Recognised in the profit in respect of prior years	-	-	1,422	1,422
Recognised in profit	(3,645)	40,899	(25,471)	11,783
Balance at 30 June 2021	(14,464)	148,652	(35,189)	98,999

Accounting Policy

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 20: IMPACT OF COVID-19

In March 2020 the Covid-19 outbreak was declared a pandemic following growing rates of infection. This dominated the final quarter of FY2020 directly affecting the Council's revenues, operations and the wider economy. Accordingly the Council prepared the FY2021 budget estimates on a very conservative basis.

The impact in FY2021 has been less significant than anticipated, with assessments delayed in FY2020, going ahead in FY2021. The Council exceeded budget expectations. Strong cash reserves will support the business through future outbreaks if necessary, and the business has continued to evolve its systems to support changes in work process requirements of the future. Remote assessments have continued where practical.

Use of estimates and judgements

The effects of Covid-19 have required a number of judgements and estimates to be made in the preparation of these financial statements. Judgement was used in determining which information obtained subsequent to the period end provided evidence of conditions that existed as at the end of the reporting period.

In particular, asset carrying values have been assessed at balance date. Specific commentary on these is covered in the relevant note.

These assumptions are based on the organisations best estimate of the most likely expectations at balance date.

There have been no revisions to the nature and amount of estimates reported in prior periods.

At the time of issuing these financial statements, the organisation has not identified any material risk to its ability to continue as a going concern.

Current forecasts

At this time it is difficult to determine the full impact of the Covid-19 pandemic. The Council will continue to monitor the event and respond in line with Government directives.

Impact of Covid-19 on the provision for doubtful debts

The Council has reviewed its trade receivables and has taken a conservative approach in its provisioning of doubtful trade receivables at 30 June 2021.

Impact of Covid-19 on the property plant and equipment

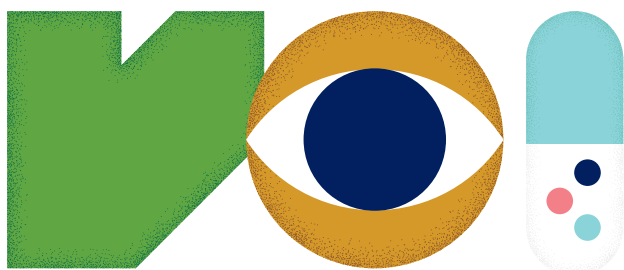
The Council has assessed the likely impact on property plant and equipment assets to be immaterial in nature.

Impact of Covid-19 on Goodwill

The Group has reviewed the forecast out to 2026 based on conditions that existed as at 30 June 2021 and forward booked work. The Council does not consider there to be any impairment on Goodwill carried on its balance sheet.

Late Completion of Audited Financial Statements

The Council was required under section 154(3)(a) of the Crown Entities Act 2004 to complete the audited financial statements and performance reporting by 31 December 2021. The timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19 including lockdowns.





Appendix 1

Council Function, Goals, and Operational Standards

1 Function

The Council is required to act independently of Government in carrying out its functions and exercising its statutory powers. The specific functions of the Council, as provided in the Standards and Accreditation Act 2015, are:

- a) To promote the development and maintenance of good practice in conformity assessment; and to establish and maintain an accreditation schemes for conformity assessment bodies engaged in testing and inspection activities and
 - b) To develop and maintain international recognition and acceptance of the Council's accreditation scheme; and to maintain appropriate international relationships consistent with the Council's functions under this section; and
 - c) To act as New Zealand's good laboratory practice compliance monitoring authority; and
 - d) If the Council chooses, to provide certification services; and
 - e) To perform any other functions as directed by the Minister in accordance with section 112 of the Crown Entities Act 2004.
-

The Council performs functions (a), (b) (c) and (e) operating as IANZ, with its subsidiary Telarc undertaking function (d).

2 Council goals

- a) To cost-effectively provide authoritative, independent recognition of the competence of laboratories; inspection bodies and radiology practices across all sectors of industry where accreditation adds value;
 - b) To provide a cost-effective trade facilitation mechanism and enable access to international markets through acceptance of test reports from IANZ accredited organisations by overseas regulators, and to provide assurance of compliance for imported products;
 - c) To be New Zealand's leading provider of assurance services, focusing on certification and compliance with standards; and
 - d) Maintain financial sustainability without Crown funding.
-

3 Operational standards

International standards are the cornerstone of the credibility of accreditations and certifications provided by IANZ and Telarc. Each organisation is regularly evaluated against specific standards for their type of operation. To operate as an accreditation authority, IANZ complies with the ISO/IEC 17011 (*Conformity Assessment – General Requirements for Accreditation Bodies Accrediting Conformity Assessment Bodies standard*).

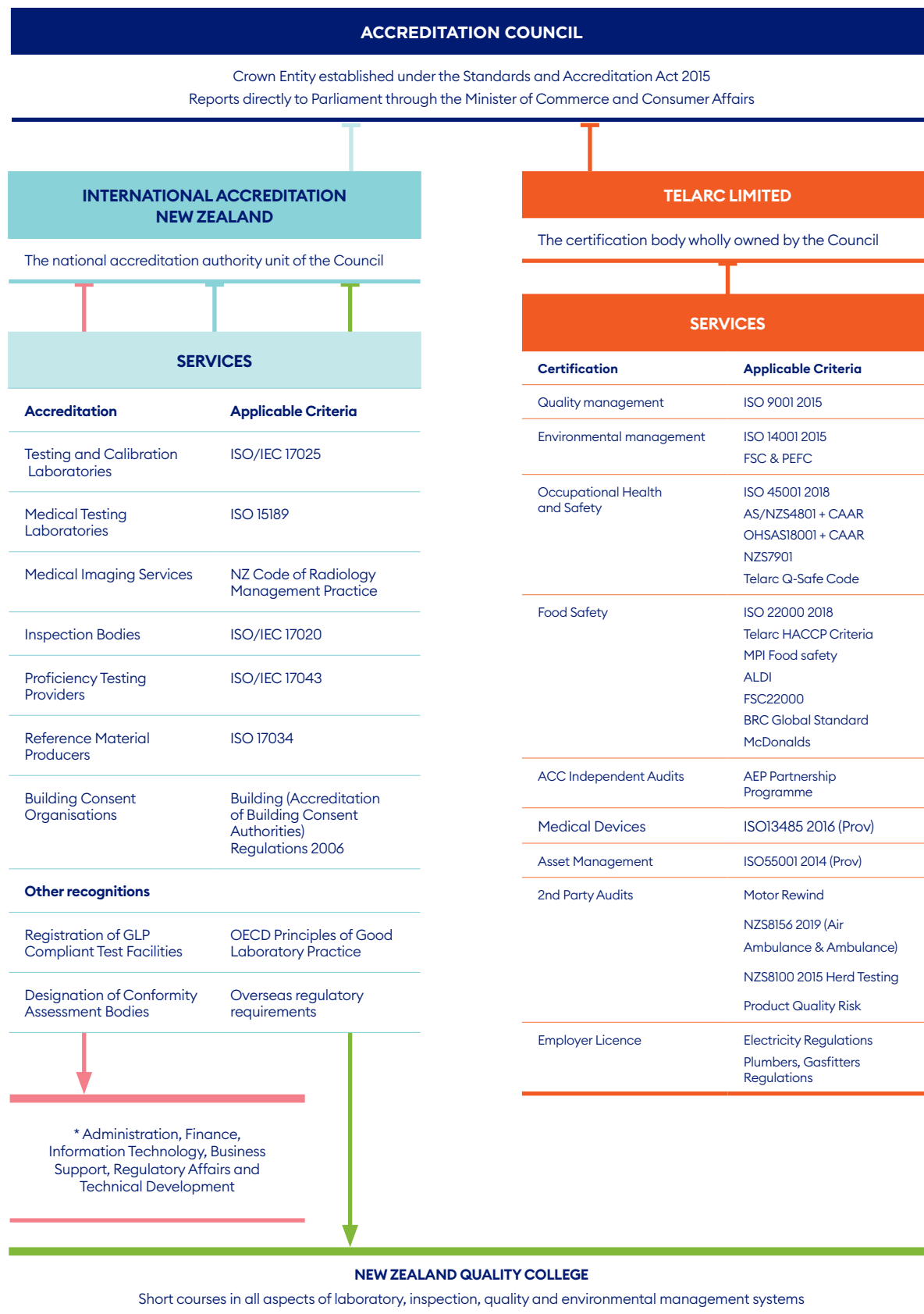
To operate as a certification body, Telarc complies with ISO/IEC 17021 (*Conformity Assessment – Requirements for Bodies Providing Audit and Certification of Management Systems*). Annual assessments of Telarc against this standard are undertaken by the Trans-Tasman accreditation authority, JASANZ.

These external evaluations are combined with twice-yearly management reviews and internal audits to provide Government, regulators and industry with confidence to adopt the outputs provided by the Council for their purposes.



Appendix 2

Council Structure



Appendix 3

Accreditation and Certification Explained

Accreditation

Accreditation requires organisations to meet exacting conditions of technical competence against recognised standards.

Personnel

The agency must be managed and staffed by personnel with appropriate technical qualifications, significant experience in the accredited activities and including a thorough understanding of the relevant underlying scientific principles and sound operational and managerial skills. Assessment of client technical staff is a major component of the IANZ accreditation process.

Accommodation and environment

Many measurement and test procedures must be carried out under tightly controlled environmental conditions or in sterile or electromagnetically screened accommodation. Accreditation of an organisation is dependent upon the appropriate accommodation and environmental controls within the workplace.

Test and measurement procedures

An accredited laboratory must use only validated test methods known to produce reliable results. An IANZ-accredited organisation must not only implement rigorous quality control procedures to demonstrate the ongoing validity of its test methods, but also properly estimate its uncertainties of measurement and limits of detection.

Inspection procedures

The reliability of inspection results is highly dependent on the observations and professional judgements of inspectors and on the management procedures that govern the deployment of inspectors. Accredited inspection bodies must have competent and professional inspectors that operate within their documented competence limits and are regularly monitored for consistency.

Test equipment

An accredited organisation must use test and measuring equipment as specified in its validated methods, which must be well-maintained and regularly calibrated. Such calibrations must, where appropriate, be traceable to the New Zealand national standards of measurement maintained by the Measurement Standards Laboratory under the authority of the Measurement Standards Act 1992.

Reference standards and materials

An accredited organisation must be equipped with an appropriate range of reference measurement standards and materials sufficient to demonstrate the accuracy of its tests and measurements. Such quality control materials must have demonstrated traceability to appropriate international standards.

Records and reports

An accredited laboratory, radiology practice, consent authority or inspection body must maintain complete records of its inspections and tests, and issue reports in formats in line with international standards.

Quality management

Accredited organisations must implement a quality management system that is consistent with the requirements of ISO 9001.

An Accredited Organisation

Any organisation providing conformity assessment activities within the scope of IANZ's accreditation activities, may apply for accreditation under the Standards and Accreditation Act 2015. That organisation is then subjected to a searching assessment of its expertise, facilities, resources, operations, procedures and quality systems by a team of independent technical experts accompanied by an IANZ accreditation assessor. Selected for their prowess in specific fields, such experts are drawn from industry, academic institutions, research associations, government and private-sector bodies in both Australia and New Zealand.

Full compliance with the criteria results in formal accreditation by IANZ and the subsequent referencing, as appropriate, of Accredited Testing Laboratory, Accredited Medical Imaging Service, Accredited Inspection Body, Accredited Calibration Laboratory, Accredited Reference Material Producer or Accredited Proficiency Testing Provider.

Accredited organisations are subject to annual assessments to ensure continued compliance. More frequent reassessments are carried out if necessary.

It should be noted accreditation does not constitute a blanket endorsement of all activities. Accreditation is granted only for specific types of work in which the organisation has demonstrated its expertise. Such work is defined in the organisation's Scope of Accreditation as published on the IANZ website: ianz.govt.nz/directory. It also forms part of the certificate of accreditation and should be available from the relevant accredited organisations.

Summary of Operations

Laboratory Accreditation

IANZ accredits testing and calibration laboratories against the requirements of the international standard ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories) and in the case of diagnostic medical laboratories ISO 15189 (Medical laboratories – Requirements for quality and competence). The laboratory accreditation programme is available to all such laboratories, and given their diversity, the programme is broken down into the following fields to recognise the different technologies and/or industry sectors.

Chemical Testing and Biological Testing Laboratory Accreditation

Accreditation may be granted for any testing of a chemical and/or biological nature on any sample type. There is a significant diversity of laboratory types accredited under these programmes, but the major areas include food, water and environmental chemistry and microbiology, metal alloys and ores, paint, coal and petroleum products, cement, soils and plants, air and gases, drugs of abuse, and veterinary and plant pathology.

A number of separately administered programmes have been established for chemical and biological testing laboratories in particular industry sectors to meet the needs of key stakeholders.

MPI Recognised Laboratory Programme (incorporating the former Dairy Testing Laboratory Accreditation Programme and the MPI Laboratory Approval Scheme) - These programmes support the regulatory recognition of laboratories by MPI for testing in the dairy industry and meat, seafood, and honey industries respectively. Where testing is in support of MPI's official assurances to overseas markets for these exports, the laboratories require regulatory approval, and IANZ accreditation is a prerequisite for that approval. Assessments of laboratories in these programmes include both ISO/IEC 17025 and specific MPI requirements for regulatory approval.

Drinking Water Testing Laboratory Accreditation Programme

Similar to MPI above, the MoH operates an approval programme of laboratories to test drinking water supplies in New Zealand, and a prerequisite to that approval is accreditation by IANZ. IANZ maintains the MoH register of approved laboratories. Assessments of laboratories in this programme include both ISO/IEC 17025 and specific MoH requirements. For particularly small laboratories in remote locations, IANZ assesses them against a lower level standard than ISO/IEC 17025, and grants recognition (leading to MoH approval) but does not accredit these laboratories.

Medical Testing Laboratory Accreditation

Laboratories providing diagnostic testing and pathology services to community and hospital patients and clinicians are accredited against ISO 15189 (Medical laboratories – Requirements for quality and competence). Accreditation is required for all privately operated laboratories in order to receive payment for services from the local District Health Board. Essentially all general diagnostic testing and pathology services carried out in New Zealand are covered by IANZ accreditation.

Mechanical Testing Laboratory Accreditation

Engineering laboratories conducting tests of a mechanical nature seek accreditation under the IANZ Mechanical Testing Laboratory Accreditation programme and include a diverse scope of testing types. Major sectors covered by the programme include civil and roading materials, building products and materials, pressure valves, and non-destructive testing. Testing in an IANZ-accredited mechanical testing laboratory is often a contractual requirement for contractors in the construction sector.

Gas Cylinder Testing Laboratory Accreditation

This special programme is essentially a subset of the Mechanical Testing Laboratory Accreditation Programme and accredits gas cylinder test stations (including fuel, industrial and SCUBA cylinders) to meet the regulatory approval requirements of the Hazardous Substances (Compressed Gases) Regulations 2004.

Wool Testing Laboratory Accreditation

New Zealand has two independent laboratories testing wool for grading purposes prior to auction against strict international standards. In accordance with international requirements, both laboratories are accredited by IANZ to ensure accurate grading, which ultimately determines the price paid for New Zealand wool at auction.

Applied Physics Testing Laboratory Accreditation

This specialised programme of testing involves the application of physics principles for performance testing of appliances such as: refrigerators and wood-fired stoves, controlled environments testing, fire and fire systems, and optical properties.

Electrical Testing Laboratory Accreditation

This programme is also of a specialised nature and includes testing for electrical safety, electromagnetic compatibility and telecommunications testing.

Designated Conformity Assessment Body Programme

In support of the New Zealand Government's trade liberalisation agreements with many of its major trading partners, determination of conformity of traded goods in some sectors is established through Mutual Recognition Agreements with our trading partners. New Zealand uses accreditation to underpin these Agreements, which at this time is predominantly in the electrical and electronic goods sectors.

Metrology and Calibration Testing Laboratory Accreditation

Calibration laboratories test and measure instruments used in industry and other accredited laboratories. Such calibration services underpin all critical measurements made, ensuring they are traceable to international standards of measurements and thereby comparable to all other similar measurement made throughout the world.

Inspection Body Accreditation

IANZ accredits inspection bodies against the requirements of the international standard ISO/IEC 17020 (Conformity assessment – Requirements of the operation of various types of bodies performing inspection). The IANZ programme has a diverse range of inspection body types accredited, with the majority accredited to meet regulatory or other specifier requirements to conduct particular inspection types. Examples include engineering safety inspection to meet the requirements of the Health and Safety in Employment (Pressure Equipment, Cranes and Passenger Ropeways) Regulations 1999, fire safety systems to meet New Zealand Standards requirements, drinking water supplies risk management programmes to meet MoH requirements, imported used vehicle biosecurity inspection to meet New Zealand's biosecurity and quarantine requirements, food safety management systems inspections to meet MPI requirements, imported vehicle safety inspections, and non-destructive testing and inspection.

Building Consent Authority Accreditation

The Building Act 2004 requires all local body Councils to be accredited by IANZ to process building consents, inspect building construction and issue compliance certificates associated with the consent. Building consent authorities are accredited in accordance with the Building (Accreditation of Building Consent Authorities) Regulations 2006.

Medical Imaging Service Accreditation

Diagnostic medical imaging services in both the private and public (hospital) sectors may seek accreditation

against the New Zealand Code of Radiology Management Practice to demonstrate their competence to provide particular medical imaging services such as X-ray, ultrasound, CT, MRI and the like. Purchasers of these services, such as the Accident Compensation Corporation (ACC), and health insurers are increasingly requiring them to be accredited.

Good Laboratory Practice (GLP) Compliance Monitoring Programme

IANZ is the National GLP Compliance Monitoring Authority under the Organisation for Economic Cooperation and Development's (OECD) programme for the Mutual Acceptance of Data. Test facilities conducting health and environmental safety studies intended for regulatory submission in support of the safety of regulated chemicals (such as pharmaceuticals, agricultural chemicals, veterinary medicines, industrial chemicals and the like) for the purposes of registration are inspected against the requirements of the OECD Principles of Good Laboratory Practice.

Reference Material Producer Accreditation

Like the calibration of measuring instruments performed by IANZ accredited calibration laboratories, producers of reference materials used to calibrate and control testing systems in testing laboratories may seek accreditation against the international standard ISO 17034 (General requirements for the competence of reference material producers).

Proficiency Testing Provider Accreditation

One of the fundamental requirements for the demonstration of competence of testing and calibration laboratories is for them to participate in inter-laboratory comparisons to show they can achieve comparable results. Providers of proficiency testing services may seek accreditation from IANZ for this against the international Standard ISO/IEC 17043 (General requirements for proficiency testing).

Certification

Certification/registration occurs when an independent and competent third party certifies a product, service, system, process or material to establish conformity to specific requirements.

The certification of quality and environmental management systems as conforming, respectively, to ISO 9000 and ISO 14001 standards, are the most well-known examples. The quality management systems of more than 1,218,000 business sites in 196 countries are certified to comply with ISO 9001 (+0.5% year on year), with a further 488,000 (+2% year on year) in 196 countries certified with environmental management systems complying with ISO 14001.

The terms certification and registration are used interchangeably in the ISO 9001 and ISO 14001 contexts, depending on the country concerned. Likewise, bodies issuing ISO certificates can be referred to as certification bodies, registration bodies or registrars.

As the publisher of standards, the International Organisation for Standardisation (ISO) does not issue certificates of conformity to any standard. Such certificates are issued by more than 740 certification/registration bodies worldwide, all independent of ISO and of the businesses they certify.

The world association of conformity assessment accreditation bodies, the International Accreditation Forum (IAF), requires members to comply with the international standard ISO/IEC 17021, designed to ensure the competence and independent status of each certification/registration body.

Quality and environmental management system certification assures users and customers of compliance with ISO 9001 or ISO 14001 standards, irrespective of the business and its work. To maintain compliance, standards are monitored by regular surveillance.

Restricted to a particular item produced by a particular business, product certification assures users and regulators of compliance with specified standard(s). Such certification may be limited to compliance with one or more standards, even though the product may be subject to many others.

In March 2018, ISO introduced a globally recognised and accepted Health & Safety standard. ISO45001 draws upon the Annex SL structure of ISO9001 and 14001 resulting in a reasonably effortless move for organisations already certified against 9001 and 14001 to move to a fully integrated ISO approved suite of standards.



Appendix 4

Glossary of Acronyms

ACC	Accident Compensation Corporation
APAC	Asia Pacific Accreditation Cooperation
AS	Australian Standard
BCA	Building Consent Authority
CBD	Chem/Bio/Dairy Programme
CARs	Corrective Action Requests
CCC	China Compulsory Certification
CE	European Conformity
CEA	Crown Entities Act 2004
EA	European Cooperation for Accreditation
EEO	Equal Employment Opportunities
GLP	Good Laboratory Practice
GMAS	General Manager Accreditation Services
GST	Goods and Services Tax
HACCP	Hazard Analysis and Critical Control Point
HSNO	Hazardous Substances and New Organisms
IAF	International Accreditation Forum
IANZ	International Accreditation New Zealand
IEC	International Electro-Technical Commission
IFRS	International Financial Reporting Standards
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organisation for Standardisation
JAS-ANZ	Joint Accreditation System of Australia and New Zealand
MBIE	Ministry of Business, Innovation and Employment
MFAT	Ministry of Foreign Affairs and Trade
MoH	Ministry of Health
MoU	Memorandum of Understanding
MPI	Ministry for Primary Industry
MRA	Mutual Recognition Arrangement
NATA	National Association of Testing Authorities
NSU	National Screening Unit
NZBN	New Zealand Business Number
NZQC	New Zealand Quality College
NZS	New Zealand Standard
OECD	Organisation for Economic Cooperation and Development
PBE	Public Benefit Entity
QC	Queen's Counsel
SSC	State Services Commission
TBT	Technical Barriers to Trade
TPP	Trans-Pacific Partnerships
TQS	Transit New Zealand Quality Standard
WSMP	Workplace Safety Management Practices
WTO	World Trade Organisation

Appendix 5

Directory

Head Offices

International Accreditation New Zealand

Level 1, 626 Great South Rd, Ellerslie, Auckland 1051
Private Bag 28908, Remuera, Auckland 1541,
New Zealand
Tel: 09 525 6655
Fax: 09 525 2266
Email: info@ianz.govt.nz
ianz.govt.nz

Telarc Limited

Level 3, 626 Great South Rd, Ellerslie, Auckland 1051
Private Bag 28901, Remuera, Auckland 1541,
New Zealand
Tel: 09 525 0100
Fax: 09 525 1900
Freephone: 0800 004 004
Email: info@telarc.co.nz
telarc.co.nz

New Zealand Quality College

Level 3, 626 Great South Rd, Ellerslie, Auckland 1051
Private Bag 28908, Remuera, Auckland 1541,
New Zealand
Tel: 09 525 6633
Fax: 09 525 2266
Freephone: 0800 900 099
Email: info@nzqc.co.nz
nzqc.co.nz

Regional Offices

Telarc Limited

Tauranga

Unit 2, Randwick House Cnr Chadwick & Hynds Rds,
Tauranga 3112
PO Box 9023, Tauranga 3142, New Zealand
Tel: 07 571 2508

Wellington

ANZ Building, Level 15, 171 Featherston Street
Wellington 6011, New Zealand

Christchurch

4 Ash Street, Christchurch Central,
Christchurch, 8011, New Zealand

Auditor

Audit New Zealand

(On behalf of the Controller and Auditor-General)
Level 15, Shortland & Fort, 88 Shortland Street, CBD,
Auckland 1010

Bankers

ANZ

Great South Road, Greenlane, Auckland 1051,
New Zealand

Westpac New Zealand Limited

Takutai Square, Auckland Central 1010,
New Zealand

ASB Bank Limited

Great South Rd, Penrose, Auckland 1061,
New Zealand

Solicitors

Meredith Connell

55 Shortland St, Auckland 1010,
New Zealand

Insurance Brokers and Consultants

Aon Hopkins Paton

55A Remuera Road, Newmarket, Auckland 1050,
New Zealand

Accreditation Council

626 Great South Rd, Ellerslie, 1051
Private Bag 28908, Remuera, Auckland 1541
New Zealand

Tel: 64 9 525 6655

Fax: 64 9 525 2266

Email: info@ianz.govt.nz

ianz.govt.nz