

STANDARDS COUNCIL ANNUAL REPORT

for the 12 months ended 30 June 2008

OUR VISION

New Zealanders are more prosperous, safer, healthier, and have more convenient lives through the impact of standards solutions – they value the contribution standards solutions make.

Standards and standards solutions are extremely diverse and constantly changing in response to an increasingly interdependent global economy and complex 21st century society. The Standards Council is committed to demonstrating value to stakeholders, contributing to economic development, and improving quality of life, through standards solutions that are valued for the benefits they deliver.

OUR MISSION

To improve New Zealanders' lives – people across all sectors contribute to the development and implementation of standards solutions.

Standards are more than mere compliance documents. They are key enablers of New Zealand's economic success and a wide range of public good outcomes. The Standards Council's main purpose is to promote and champion the benefits of Standards for all New Zealanders, while encouraging government, industry, and the community to value and participate in our activities.



REPORT OF THE STANDARDS COUNCIL

for the 12 months ended 30 June 2008

Presented to the House of Representatives pursuant to section 150 of the Crown Entities Act 2004.

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PART 1 CHAIR'S REPORT

Minister

The Standards Council is pleased to submit our 2008 Annual Report.

OUR BOLD MISSION

Since our formation 75 years ago we have had a successful track record, but the full potential of Standards has yet to be realised. Our goal is to 'boost New Zealand's economy and advance the welfare of all New Zealanders, regionally, nationally, and globally'. To this end, the Standards Council began a new phase to re-energise and transform the business.

Dynamic leadership is key to any transformation programme. We were delighted to appoint Debbie Chin as Chief Executive in October 2007 to drive our strategic agenda. Debbie's public and private sector background, her business acumen, and sound experience are proving invaluable.

To support our goal, we have actively promoted how Standards and standardisation can make a significant contribution to New Zealand's economic growth. Countries have attributed gains in labour productivity, economy-wide productivity, and faster economic growth to standardisation. New Zealand's economy-wide labour productivity levels are in the lower quartile of OECD rankings, and slipping. This presents a compelling challenge for New Zealand and opportunity for the Standards Council.

This productivity gap can be addressed, in part, by increasing levels of standardisation and more coordinated use of the national standards and conformance infrastructure. Overseas studies show labour productivity gains, attributable to standardisation, of 17% in Canada and 13% in the United Kingdom. This approach can contribute about 1% to GDP growth – in New Zealand this would equate to a contribution of \$1.6 billion to our economy. We will continue to strongly advocate our role in boosting New Zealand's economy and productivity.

MOVING TO A SINGLE ECONOMIC MARKET WITH AUSTRALIA

Joint Australian/New Zealand Standards represent 80% of our Standards catalogue. Joint Standards make business and trading arrangements more seamless between the countries. This important contribution to trans-Tasman harmonisation and the single economic market needs to be promoted and better understood.

In 2007/08 our important relationship with Australia was strengthened with increased strategic engagement by the boards of both the Standards Council and Standards Australia. Both national Standards bodies look forward to continuing to work closely together, and to working with regulators on both sides of the Tasman.

OUR EFFICIENCY AND EFFECTIVENESS

In late 2007, we benchmarked our Standards development process with international peers and can report an average time of 12 months as the norm for development of a Standard in New Zealand. This compares very favourably with other Standards development time frames internationally, which in many cases, average between 23 months and 36 months.

We represented New Zealand's interests internationally within the modest funding provided by the Ministry of Economic Development. Our management of the high profile and internationally debated ISO Office Open XML (OOXML) document management Standard saw our organisation recognised for world leading processes. We ensured New Zealand's voice was heard. Clearly, there is a growing need for greater New Zealand participation in the international Standards community – both to protect our national economic interests and ensure the transfer of knowledge.

Our contribution to the China/New Zealand free trade agreement was participation in the China-New Zealand-Australia information portal development. This is the beginning of many opportunities that exist to use Standards information-sharing to encourage international trade for everyone's benefit.

A stronger and deeper engagement with the Ministry of Economic Development and the State sector generally, was achieved. In addition, our focus on new key and other traditional sectors has resulted in improved and closer working relationships with stakeholders and industry alike. These relationships are the bedrock from which we can contribute to national outcomes through standards solutions.

NEW DEVELOPMENT: Fire protection

- Portable fire extinguishers – General requirements (AS/NZS 1841.1 and Parts 2, 3, 4, 5,6,7 and 8 – published August 2007)
- Automatic fire sprinkler systems (NZS 4541 – published December 2007)

OPERATING SURPLUS

The 2007/08 year shows a significant turnaround with the Standards Council achieving an operating surplus, and small overall loss of \$169K (compared with a loss of \$767K in 2006/07). The much improved result was achieved through reduced costs, and increased revenue from development projects and the sale of publications. We had budgeted to break even but a combination of delays by regulators in citing Standards and extraordinary expenses, relating to unfunded projects and the transformation programme, have led to a small net loss for the year.

The Standards Council wishes to recognise the efforts of Standards New Zealand's management and staff. The team has delivered a significant improvement in the operating result and noticeably improved relationships with sectors, regulators, potential funding organisations, and other parties. These efforts are a direct result of our strategic drive for transformation and the Chief Executive's leadership.

LOOKING TOWARDS THE FUTURE

We have a period of continuing change ahead, with changes to legislation proposed – we remain committed to undertaking the activities outlined in the Minister's letter of expectations and our Statement of Intent. We will continue to ensure Standards contribute to Government goals and represent New Zealand in the international Standards arena. We will also continue to make submissions on key issues, such as the submission made to the Finance and Expenditure Committee on the Climate Change (Emissions Trading and Renewable Preference) Bill.


The recent standards and conformance review highlighted the pivotal role of Standards in achieving national economic transformation objectives. These objectives include the creation of globally competitive New Zealand firms. Standards can support this by driving innovation in New Zealand firms and helping transfer 'better practice' knowledge. They can enable New Zealand firms to participate in the international economy and successfully export New Zealand products to overseas markets. Standards can also help the Government of the day achieve its environmental, health, and safety objectives without unduly compromising economic growth.

We are committed to achieving our key performance indicators and targets in the year ahead. To achieve enduring and sustainable results we will need to resolve issues associated with our current business model and longer term funding arrangements. There is also a much-

needed investment required to refresh and update our technology platforms to help us achieve our goals.

I should like to thank my fellow Council members, Standards New Zealand management and staff, our stakeholders, and our monitoring agency for their support, commitment, and efforts over the past 12 months. I also wish to thank the 2,000+ volunteers who contribute their time and expertise when they sit on Standards development committees – our volunteers enable us to deliver standards solutions that benefit New Zealand.

Finally, I wish to thank you, Minister, for your continuing encouragement and support of the Standards Council and Standards New Zealand.



Richard Westlake
Chair
Standards Council

CEO'S REPORT

Since joining Standards New Zealand, I have often thought about the critical, yet invisible role Standards play in our daily lives. It has been a revelation to see just how important and valuable Standards are to virtually all parts of the public and private sectors, and ultimately, to society.

It is equally revealing how under-utilised, a tool Standards are, especially economically. The opportunity to apply collective fresh thinking exists, to harness this potential. Just imagine if New Zealand could capture the 1 – 1.5% contribution standardisation can make to New Zealand's GDP and maximise the associated 10 – 15% contribution to labour productivity.

Our Standards development and promotion is consistently of a high quality and I pay full tribute to my managers and staff for their professionalism and dedication. Equally, I salute the time and effort contributed by the many members of expert technical committees. Our committee members are part of the Standards team and I sincerely appreciate the contribution they each make to the development of standards solutions.

The 2007/08 year has been challenging and demanding – yet it has also been full of opportunities and achievements. The financial turnaround has been outstanding. The Standards New Zealand team's hard work ensured the year-end loss was much lower than it could have been. Delay in citation of Standards by regulators had a major impact on our revenue – this was outside the control of the national Standards body. My team's efforts to secure new revenue to make up the shortfall and reduce costs made a significant difference, of which they can be proud. We met or exceeded the majority of our key performance indicators, – the full service performance report for 2007/08 can be found in Part 2.

NEW DEVELOPMENT: Transport

- Dangerous goods – Initial emergency response guide and Guide for the packing and transport of dangerous goods in transport units (SNZ HB 76, SNZ HB 77 – published April 2008)
- Transport of dangerous goods on land – Technical information and user aids (NZS 5422.1 and NZS 5433.2 plus B, D, and F – published December 2007)
- Standard for heavy vehicle towing connections – Drawbeams and drawbars (NZS 5446 – published November 2007)

We celebrated 75 years of Standards development. Our catalogue of nearly 3000 Standards covers a diverse range of topics – from health and disability, sport and recreation, energy efficiency, and fire safety, to risk management, customer service, children's nightwear, construction, building

design, and engineering. Every day, around the world, expert technical committees are focusing on Standards development. This annual report includes 'snapshot' details that show the diversity and reach of New Zealand's development work over the past 12 months.

NEW DEVELOPMENT: Health

- Ambulance and paramedical services (NZS 8156 – published May 2008)
- Health and disability Standards (incorporating NZS 8134, NZS 8141, NZS 8142, NZS 8143 – to be published October 2008)
- Procedures for specimen collection and the detection and quantification of drugs of abuse in urine (AS/NZS 4308:2008 – published March 2008)

OUTCOMES AND OBJECTIVES

Sector engagement plans were developed for four key sectors: building and construction; energy; health; and the environment. These plans include outcome statements and value propositions that identify the end purposes and benefits of standards solutions developed for each sector. These plans will be implemented over 2008/09, provided the necessary funding to establish them is supported by the Government.

Sector advisory board and industry advisory group performance has been evaluated against existing terms of reference. A project is underway to review and build on our existing sector advisory structures. We will focus on the establishment options for sector advisory boards. This will incorporate the Minister's letter of expectations and the intent of Government's proposed legislative changes for the Standards Council.

A total of 2985 Standards was offered in our catalogue in 2007/08 – an increase of 14 on the previous year:

- of these, 2476 were joint Standards (an increase of 12 on the previous year) – joint AS/NZS Standards comprised 82.9% of our total catalogue
- a total of 1281 of available Standards was derived from ISO and IEC (an increase of 10 on the previous year) – Standards derived from ISO/IEC comprised 42.9% of our catalogue.

During 2007/08, 77 standards solution projects relating to 'innovation', 'productivity', and 'maintenance of infrastructure' were completed, and 141 projects were ongoing (as at 30 June 2008). A total of 34335 resource hours was spent on projects sponsored by agencies. Standards New Zealand completed the following* activity:

2007-08 Standards solution projects relating to 'innovation', 'productivity', and 'maintenance of infrastructure'

	<i>NZ Handbooks published</i>	<i>Existing NZ Standards requiring revision</i>	<i>Existing NZ Standards requiring amendment</i>	<i>New joint AS/NZS Standards published (by NZ secretariat)</i>	<i>Existing joint AS/NZS Standards requiring amendment (by NZ secretariat)</i>
Innovation	2	10	–	11	26
Productivity	2	–	1	–	–
Infrastructure maintenance	–	13	1	2	–

* Each standards solution may contribute to more than one category.

During 2007/08, 61 standards solution projects relating to 'social responsibility', 'environmental sustainability', and 'environmental risk management' were completed, and 98 projects were ongoing (as at 30 June 2008). A total of 25,794 resource hours was spent on projects sponsored by agencies. Standards New Zealand completed the following* activity:

Standards solution projects relating to 'social responsibility', 'environmental sustainability', and 'environmental risk management'

	<i>NZ Handbooks published</i>	<i>Existing NZ Standards requiring revision</i>	<i>Existing NZ Standards requiring amendment</i>	<i>New joint AS/NZS Standards published (by NZ secretariat)</i>	<i>Existing joint AS/NZS Standards requiring amendment (by NZ secretariat)</i>
Social responsibility	2	15	1	7	26
Environmental sustainability	–	2	1	–	–
Environmental risk management	2	6	–	–	–

* Each standards solution may contribute to more than one category.

A new New Zealand Standard for flood risk management will be published later in 2008.

Consensus was reached by expert committees for New Zealand Standards development in 100% of instances. A total of 96.5% of nominating organisations accepted invitations to participate on expert committees.

Over the 2007/08 year, Standards New Zealand has actively participated in the establishment and ongoing operation of the Regulators' Forum (convened by the Ministry of Economic Development). A key initiative from the forum is the initial cross-agency scoping of a National Standardisation and Conformity Assessment Strategy that will be finalised in 2009.

SERVICE PERFORMANCE

Standards New Zealand's overall customer satisfaction result was 6.14 out of a possible 7 points in 2007/08 – this compares with a rating of 6.11 in the previous year. Our annual customer satisfaction survey showed improvements across a number of areas including increased levels of purchaser satisfaction, website and webshop user satisfaction, and contracts for Standards development satisfaction.

Expert committee survey results showed a satisfaction rating of 6.06 out of a possible 7 points in 2007/08 – this compares with a rating of 6.1 in the previous year. Sponsor survey results showed a satisfaction rating of 5.59 out of a possible 7 points in 2007/08 – this compares with a rating of 5.40 in the previous year.

The process of evaluating the achievement of Standards against outcome statements at 12 and 24 months has commenced with outcome statements being added to all new Standards being developed. Methods of measuring outcomes will be explored in the coming year.

RELATIONSHIP DEVELOPMENT

Developing and strengthening relationships with funding organisations, government, and industry stakeholders were a priority. Sector engagement plans were developed for our four key sectors – building; energy; health; and environment. Each plan includes value propositions to enable monitoring of the direct and indirect benefits and value from the use of standards solutions after publication.

Our coordination of Standards-related work with established industry advisory groups (IAGs) and sector boards continued. Existing terms of reference for all IAGs were reviewed and a project is underway to build on Standards New Zealand's sector advisory structures.

We considered the potential benefits of a Standards confidence mark – recommendations to progress this will be incorporated into our five-year strategic plan, due to be completed in late 2008.

NEW DEVELOPMENT: Building and construction

- Electrical installations also known as the Australian/ New Zealand Wiring Rules, Verification guidelines, Periodic verification (AS/NZS 3000 – published March 2008, and companion Standards: AS/NZS 3017 and AS/NZS 3019 – published November 2007; awaiting citation by regulator)
- Code of practice for glazing in buildings series (NZS 4223.1, NZS 4223.4, and NZS 4223 Supp 1 – published May 2008)

INTERNATIONAL

Standards New Zealand fully discharged its ISO/IEC membership obligations for New Zealand including representation at the 2007 ISO General Assembly, IEC General Meeting (through its National President) and Pacific Area Standards Congress Annual Meeting in April 2008.

Our international strategy implementation included reviewing our connections with other national Standards bodies; reviewing our World Trade Organization (WTO) technical barriers to trade (TBT) enquiry point function and attending the annual meeting in Geneva; reviewing New Zealand representation at governance level ISO/IEC meetings; completion of a stocktake of ISO and IEC activities; and the development and delivery of an induction package for

new staff members. This strategy will continue to be rolled out in 2008/09 with an emphasis on ensuring that New Zealand is represented by a 'balanced' New Zealand view at international Standards-setting fora.

A total of 7619 resource hours was spent on international and regional Standards development in 2007/08, for Standards ranging from information technology, health, electrical, and the environment, to electrical appliance safety, toys, and timber.

Voting compliance was achieved by New Zealand participant members on ISO and IEC technical committees in 100% of instances. Over the year, New Zealand was represented on 38% of ISO technical committees and on 30% of IEC technical committees that were deemed key for New Zealand interests. Maintaining these (or higher) levels of representation for New Zealand has been difficult due to shortfalls in funding – this issue has been highlighted with our monitoring agency, the Ministry of Economic Development.

Standards New Zealand provided administrative support to 155 New Zealand participants and 63 New Zealand observers on ISO and ISO/IEC (JTC1) technical committees and subcommittees and to 274 New Zealand participants and observers on 1474 IEC technical committees and subcommittees.

- New Zealand has 29 participating ISO and ISO/IEC (JTC1) technical committee memberships (out of a total of 202 technical committees), and one participating ISO policy development committee membership (out of a total of four committees)
- These committees range from Information and Documentation (TC46), Fire Safety (TC92), and Environmental Management (TC207), to Wood Based Panels (TC89), Information Technology (JTC1), and Anaesthetic and Respiratory Equipment (TC121).
- We are participating members of 56 ISO and ISO/IEC (JTC1) subcommittees (out of a total of 537), and we hold subcommittee Secretariats for TC46 SC 4 (Technical Interoperability) and IEC SC 61H (Safety of Electrically-operated Farm Appliances)
- New Zealand has observer representatives on 27 ISO and ISO/IEC (JTC1) technical committees (out of a total of 202) ranging from tractors and machinery for agricultural forestry (TC23), and food products (TC34), through to protective clothing (TC94), and building environment design (TC205)

- We have three observer memberships of ISO policy development committees (out of a total of four) and we have observer members on 32 ISO and ISO/IEC (JTC1) subcommittees (out of a total of 537 committees)
- Our IEC technical committee participants and observers contribute to committees and subcommittees as diverse as electrical equipment in medical practice, and magnetic alloys and steels, to fibre optics, safety of household and similar electrical appliances. A New Zealander chairs IEC TC61.

Our relationships and engagement with the Ministry of Economic Development, the Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise, and other government agencies, on international matters concerning trade have been strengthened. Standards New Zealand launched a three-way information portal between Australia, China, and New Zealand in April 2008. The portal is designed to share information in Mandarin and English on Standards development and major Standards titles.

Standards New Zealand operates the WTO TBT enquiry point for New Zealand – we receive enquiries and liaise with other agencies to ensure timely responses are provided. In 2007/08, our average time frame for actioning TBT enquiries was 1.5 days.

The relatively low level of investment in international Standards participation is a continuing issue for New Zealand – a high level comparison of national Standards bodies in New Zealand, Australia, and the United Kingdom is shown below. While there are differences between operating models for the various national Standards bodies, different sizes of economies, and differing sizes of national Standards' catalogues, increased resources and emphasis are required for New Zealand. As a nation with a huge dependence on experts and increasing globalisation, New Zealand must effectively influence the development of international Standards (for example, in the area of climate change, and greenhouse gas measurement) and mitigate the risk of non-technical barriers to trade:

High level comparison of national Standards bodies

Country	New Zealand	Australia	United Kingdom
National Standards body	Standards Council (Standards New Zealand)	Standards Australia	British Standards Institute
Organisation status	Autonomous, self-funded Crown entity (Government owned)	Independent, not-for-profit company	Independent, not-for-profit corporation established under royal charter
Peak body also writes Standards	Yes	Yes	Yes
Government designated	Yes, Memorandum of Understanding with Government	Yes, Memorandum of Understanding with Government	Yes, Memorandum of Understanding with Government
Government funding for international participation	Yes – but limited to \$100K funding for international work (plus funding for national ISO/IEC membership)	Yes – grant-in-aid of prescribed national interest activities of \$2.1M (2005/06) mainly for international work	Yes – Government funding equal to approximately 10% of total turnover (to support standards development, consultancy, and some international work)
No. of ISO Technical committees with national representatives (either observing or participating members)	154	530	720
Formal national standardisation strategy	No	No	Yes – established in 2003
Other main sources of income	Revenues from specific contracts for Standards development, Standards sales	Royalties on publications, net investment revenues	Standards sales and income from consultancy services
Approximate size of national Standards catalogue	2,900+	6,500+	27,000+

OUR PEOPLE

In 2007/08, recruitment drives for various positions in the organisation saw a number of new, skilled personnel joining the team. Staff attrition exceeded our target of 18% or less – the primary reasons included a number of staff leaving to travel overseas, and others making career step-up decisions.

Performance agreement and review plans were completed for all staff – these were supplemented by the preparation and implementation of training and development plans for staff.

We conducted three staff development workshops in 2007/08 attended by 29 staff. These workshops focused on topics such as clarifying personal career objectives, identifying individual transferable competencies and personal strengths, assessing further training and development needs, personality profiling using Myers Briggs Type Indicators, and identifying career values and clarifying career drivers.

Standards New Zealand participated in the Best Places to Work survey in September 2007, and again in the interim May 2008 survey. In September 2007, we ranked 52 out of 69 eligible organisations which we believe reflects the period of significant change staff experienced over the past year. Key findings included:

- Consistent themes showed a desire for improved leadership and direction
- Standards New Zealand's overall satisfaction rating for 2007/08 was 69%, up from the September 2007 rating of 64.5%
- In the May 2008 interim survey, results confirmed staff's desire for a primary focus on leadership, direction, and development – all three factors showed increased rankings compared with the September 2007 results.

NEW DEVELOPMENT: Energy efficiency

- Adoption of NZS 4247:2006 Energy efficiency – Installing insulation in residential buildings as a means of compliance for the home grants programme by EECA
- Performance of electrical appliances – Air conditioners and heat pumps (AS/NZS 3823.2 – published February 2008)
- Performance of household electrical appliances – Refrigerating appliances – Energy consumption, minimum performance, labelling (AS/NZS 4474.1 and AS/NZS 4474.2) – published August 2007)
- Incandescent lamps for general lighting services – Test methods – Energy performance (AS/NZS 4934.1 and AS/NZS 4934.2 – published April 2008)
- Solar and heat pump water heaters – Design and construction (AS/NZS 2712 – published September 2007)

Our overall focus on customers and relationship management skills development has gradually increased over the past year – existing relationships have been strengthened, new relationships have been formed with funding clients and key purchasing customers, and this will increase in the coming year.

PROCESSES, TOOLS, AND SYSTEMS

All Standards development project times were met, including those utilising change controls. New Zealand Secretariat Standards have complied with Standards Act 1988 requirements and all external reporting time frames in 2007/08 were met. The use of 'plain English' reviews for all publications, and the majority of correspondence and other communications is now a regular part of our processes – a number of our people are 'plain English' champions who support this review process for other staff.

NEW DEVELOPMENT: Environmental sustainability

- Portable fire extinguishers – General requirements (AS/NZS 1841.1 and Parts 2, 3, 4, 5, 6, 7 and 8 – published August 2007)
- Automatic fire sprinkler systems (NZS 4541 – published December 2007)

Increasing productivity was a key theme for the organisation throughout 2007/08 – all business processes were mapped, documented, and updated through the year. Only one publication amendment was required to be issued in 2007/08 – a correction – for SNZ HB 76:2008. The implementation of Standards New Zealand's outcome-focused operating model has progressed well throughout the 2007/08 year – this will continue and strengthen in the coming year.

Management's focus on strengthening organisational culture has seen a number of positive improvements to our leadership capabilities, and cross-functional working relationships. Standards New Zealand's work relies on the whole team working to maximise our collective skills and capabilities – staff view this focus very positively.

INFORMATION SYSTEMS ACTIVITY

A project was initiated to identify the future technology needs of the organisation, aligned to our strategic drivers and initiatives. A stocktake of existing information and technology systems is underway to inform a planned review of our information management strategy (IMS) and information systems strategic plan (ISSP).

FINANCIAL

Management and staff worked extremely hard to develop revenue-generating opportunities in 2007/08. Although the year-end result shows we did not break even, we are proud of the fact that the loss was far less than it might have been. Revenue growth for 2007/08 over the previous year was 7.8%. The gap between actual revenue and budget was due to delays in citation by regulators of key Standards.

STRATEGIC DIRECTION AND OPPORTUNITIES

Transforming the organisation

In early 2008, we commenced the process of transforming the organisation from 'good' to 'great'. This programme is focusing on improving our business to ensure we achieve key performance measures, and to ensure the future sustainability and strategic resilience of Standards New Zealand. The senior management team identified new structural options we believe will support these goals – following a period of staff consultation, a new structure will be in place by October 2008.

Transformation will reach far beyond our structure. We will continue to focus on strengthening our relationships with regulators and policy-makers and moving from negotiating 'projects' to 'programmes' of work. Being more customer-focused will be a continuing and critical part of our way of working. We will work to increase the profile of the national Standards body with regulators, industry groups, and Ministers.

NEW DEVELOPMENT: Consumer and product safety

- Safety of toys – Organic chemical compounds series sampling, analysis and requirements (AS/NZS 8124.10, AS/NZS 8124.11, AS/NZS 8124.9 – published April 2008)
- Children's nightwear and limited daywear having reduced fire hazard (AS/NZS 1249:2003 – New Zealand-only Amendment A – published May 2008)

STRATEGIC PROJECTS TO SUPPORT TRANSFORMATION

Five strategic projects commenced in 2007/08 and will continue to be implemented. One is focusing on improving our processes to achieve greater efficiency and effectiveness in standards solutions development. This project includes identifying appropriate technologies to support our committees.

Another project is charged with ensuring we improve our understanding of stakeholders, funders, users, and end

users' needs and drivers for standards solutions – this is essential if we are to develop and maintain relevance and connections with our markets. We place high value on encouraging and developing good ideas from our staff.

SNAPSHOT: Meritorious Award winners – 2007

Each year Standards New Zealand holds fora in major centres to meet with our partners to reflect on and celebrate the previous year. We take the opportunity to thank and acknowledge our committee members, sponsors, and organisations who contribute to the Standards development process. The meritorious service awards are presented to outstanding committee members who have contributed extremely valuable time, expertise, and knowledge to developing Standards. Congratulations to the 2007 award winners:

- Cathy Cummings – health and disability focus
 - Colin Murphy – energy safety focus
- Gillian Grew – health and disability focus
 - John Debernado – gas sector focus
 - Peter Hughes – fire protection focus
- Victoria Brown – health and disability focus

A formal process to enable new ideas to generate more value from existing and new products was developed. By filtering, conducting cost-benefit analyses, evaluating, and sponsoring the development of solutions, we will be better placed to ensure these receive the resourcing and attention they deserve.

These activities form just a part of our culture of learning, continuous improvement, and overall solutions focus. The outcome-focused operating model introduced in 2007/08 is supported by these activities enabling us to better meet stakeholder needs and improve delivery.

Together with our strategic framework, and strong stakeholder focus, we are well-positioned to focus on the following strategic initiatives:

• Key sector engagement

We have finite resources and need to prioritise business development our activity. The four key sectors identified in 2007/08 – building, energy, health, and environment – will be our priority operational focus in the coming year. We will continue to respond to opportunities for other sectors where there is demonstrable net benefit to New Zealand and clear stakeholder support.

• Partnering with State sector agencies

Standards solutions can support a range of regulatory options – self-regulation, quasi-regulation, co-regulation, and direct regulation. They can both inform and support regulatory policy

development. We are committed to increasing the contribution standardisation can deliver to the economy and to New Zealanders. We have actively participated in the Regulators' Forum (chaired by the Ministry of Economic Development). Standards New Zealand will assist with the promotion and use of national standards by regulators, and gain feedback on how standards solutions can better meet regulators' needs.

- **International strategy**

Common Standards promote international trade by reducing trade barriers and underpin trade agreements (such as that with China). Our international strategy supports this theme, including continuing to be the WTO TBT (Technical Barriers to Trade) enquiry point for New Zealand. We work in collaboration with the Ministries of Foreign Affairs and Trade, and Economic Development, plus New Zealand Trade and Enterprise, to support New Zealand's trade objectives. Our close working relationship with Standards Australia will continue to support trans-Tasman harmonisation and joint development of Standards.

SNAPSHOT: 2007/08 – Examples of international participation

- Chair and secretariat for TC46/SC04 – ISO Technical Committee 46/Subcommittee 4 (*Technical Standards that enhance information services such as those provided by libraries, information centres, archives, and publishers, undertaken in partnership with the National Library*)
- New Zealand representation at ISO/IEC JTC1 TC Office Open XML ISO technical committee
- New Zealanders chair ISO/IEC JTC1 SC& WG- 1A IT Governance work group, ISO TC 46 Information and Documentation committee, and IEC TC 61 Safety of Household and similar Electrical Appliances committee
- Participation and development of China-New Zealand-Australia information portal
- Attended ISO TC207 15th Plenary on Environment Management in Bogota, Colombia and facilitated the opportunity for the Ministry of Agriculture and Forestry to speak on New Zealand's work in carbon foot printing for the land-based primary sector
- Operated the Technical Barriers to Trade (TBT) Enquiry Point for New Zealand on behalf of the Ministry of Foreign Affairs and Trade

Maintaining, promoting, and supporting New Zealand's participation on ISO, ISO/IEC, and IEC technical committees remains an important part of our role. We are proud of our efforts to ensure New Zealand's 'voice' is heard at international Standards

fora – however, we are not always able to do as much as we would like due to a major funding shortfall to underpin this representation. In the 2007/08 year, we received \$100,000 in direct funding from the Ministry of Economic Development to cover in excess of an estimated \$450,000 of operational costs incurred to carry out the work requested of us. This anomaly will be part of our discussions with Ministry of Economic Development about our business model, and presents an ongoing challenge for the Council's financial sustainability.

MACROECONOMIC BENEFITS OF STANDARDISATION

Examining how we can measure the macroeconomic benefits of standardisation and measuring productivity growth potential will be a particular focus in the coming period.

In Australia, a 1% increase in the stock of Standards is associated with a 0.17% increase in economy-wide productivity. A 17% growth rate in labour productivity and a 9% growth rate in output (real GDP) have been linked to standardisation, between 1981 and 2004, in Canada. In the United Kingdom, Standards have contributed £2.5 billion annually to UK GDP (£75 billion since 1948). Standards have contributed to 13% of UK labour productivity growth. The estimated national economic benefits of standardisation in Germany equate to 1% of gross national product.

Standards can do this by:

- reducing costs by delivering economies of scale – for example, in the mass production of certain goods where a standard is commonly used
- facilitating the diffusion of technology and technical knowledge – this acts as a spur to economic growth
- providing regulators with a 'lighter touch' tool to achieve policy objectives, helping to avoid over regulation, and avoiding technical barriers to trade.

Applying a factor of 1% GDP growth in New Zealand would equate to a contribution of \$1.6 billion to our economy. We look forward to driving appropriate research to confirm this statistic and its relevance to the national economy.

CONNECTOR, ENABLER, KNOWLEDGE MANAGER

Our work sees us bringing together government, industry, and community perspectives to develop standards solutions. We provide consensus-building processes, and we disseminate standards solutions and publications to users. This puts us in a unique position of being a connector, an enabler, and a knowledge manager.

Our Standards development process embodies the principle of 'the sum of all the parts is greater than the whole' – especially given the invaluable support we receive from the volunteers who serve on our technical development committees. These remarkable people are a key part of our standards solutions community and we value their contribution enormously. We must also maintain a strong role as the steward of the national Standards catalogue by carefully managing the Crown's intellectual property while ensuring the knowledge contained in Standards is accessible to the wider community.

CRITICAL SUCCESS FACTORS

Some of our critical success factors can be managed and mitigated, while others are less controllable. As we are a not-for-profit, self-funded, service organisation, these factors often impact on our financial performance.

For example, the uptake, timing, and citation of standards solutions by regulators can have a material effect on our financial results. Where decisions are delayed or deferred, or if the use of our intellectual property does not result in adequate cost recovery, financial shortfalls are caused.

There is insufficient funding for the current levels of required activity supporting New Zealand's international participation and national Standards development. If we are to meet our stakeholders' requirements, adequate stakeholder support and funding is necessary. Securing capital funding to support operational requirements is another critical success factor, particularly to upgrade our existing information systems to support our future goals and activities.

MOVING FROM 'GOOD' TO 'GREAT'

We want to retain high quality and motivated staff who meet our clients' and customers' needs. The Standards New Zealand team is passionate, committed, and multi-skilled – our positive determination to meet the challenges presented in 2007/08 proved how powerful this contribution can be.

I have every confidence in our collective ability to achieve our goals in the coming years. Our transformation programme and increased government support for standardisation will enable us to do this. With the ongoing guidance and governance provided by the Standards Council, and the support of stakeholders, our Minister, and our monitoring agency, we are committed to making the transition from 'good' to 'great'.



Debbie Chin
Chief Executive

PART 2

STATEMENT OF SERVICE PERFORMANCE

INTRODUCTION

This Statement of Service Performance has been prepared to meet the requirements of section 153 of the Crown Entities Act 2004.

The outputs of the Standards Council are grouped into a single class of Standards development and provision of related services. The total revenue derived from the outputs is \$8,475K (Budget: \$9,326K) at a total cost of \$8,645K (Budget: \$9,325K).

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
1. Economy <i>Standards solutions contribute to New Zealand firms being globally competitive and meet the needs of commerce, trade, and industry</i>	1.1 Define key sectors	1.1 100% of defined key sectors have engagement plans by 30 June 2008	Achieved	Four key sectors (building, energy, health, and environment) have had sector engagement plans developed and endorsed by the Standards Council. These plans will be implemented over 2008/09 subject to funding from sector sponsors.
	1.2 Identify sector needs	1.2 Sector Advisory Board/Industry Advisory Groups' performance evaluated against Terms of Reference (by 30 June 2008)	Achieved	Evaluation completed and project underway for review of Standards New Zealand's sector advisory structures.
	1.3 Review the market for Standards solutions	1.3 Monitor New Zealand Standards' desired outcomes post implementation	Achieved	(a) 6.14 (2006/07 – 6.11) (b) 5.59 (2006/07 – 5.40)
	1.4 Prioritise the programme of work	(a) Expert committee survey (7 point scale) (b) Sponsor survey (7 point scale) (c) Evaluation against New Zealand Standards' outcome statements at 12 & 24 months		(c) Outcome statements have been incorporated into all new Standards development contracts commencing December 2007 by way of value propositions. Processes to measure outcomes against value propositions are being explored. Pilot measurement is planned to commence in the 2008/2009 year.
1.5 Create product offering	1.4 % of New Zealand Standards aligned to international Standards > = 2006/07 baseline (current catalogue & new publications in last 12 months)		Information only	Equivalencies as at 30 June 2008: Total Standards published: 2985 (up 14) Total equiv to SAI Standards: 2476 (up 12) 82.9% Total equiv to ISO, IEC, & derivatives: 1281 (up 10) 42.9% (2006/07 result was 42.7%).
1.6 Launch new products				
1.7 Support the customers				
1.8 Review impact on changed lives				

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
		<p>1.5 Standards New Zealand time spent on projects sponsored by agencies with responsibility for 'innovation', 'productivity', 'maintenance of infrastructure' (> 2006/07 baseline)</p>	Information only	34,335 resource hours spent.
		<p>1.6 Number of new New Zealand Standards published contribute to 'innovation', 'productivity', 'maintenance of infrastructure'</p>	Information only	<p>No new New Zealand Standards that contributed to 'innovation', 'productivity', 'maintenance of infrastructure' were published in the 2007/08 year. However 77 standards solutions were completed during last 12 months including NZ handbook development, revision, and amendment of existing NZ Standards, publication of new joint AS/NZS Standards, and amendment of existing joint AS/NZS Standards.</p>
		<p>1.7 100% of new New Zealand Standards have outcome statements</p>	Information only	<p>Outcome statements have been incorporated into all new development contracts commencing December 2007 by way of value propositions. Processes to measure outcomes against value propositions are being explored. Pilot measurement is planned to commence in the 2008/2009 year.</p>
		<p>1.8 New Zealand is represented on 100% of defined key ISO/IEC technical committees relating to 'innovation', 'productivity', 'maintenance of infrastructure'</p>	Not achieved	<p>New Zealand is represented on 47% of key ISO technical committees and on 9% of IEC technical committees. Gaps in New Zealand representation and lack of funding for this activity have been highlighted with the Government (via the Ministry of Economic Development).</p>

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
<p>2. Public Good <i>New Zealanders' safety, health, and well-being are promoted through the use of standards solutions</i></p>	<p>2.1 Define key sectors 2.2 Identify sector needs 2.3 Review the market for Standards solutions 2.4 Prioritise the programme of work 2.5 Create product offering 2.6 Launch new products 2.7 Support the customers 2.8 Review impact on changed lives</p>	<p>2.1 100% of defined key sectors have engagement plans by 30 June 2008</p> <p>2.2 Sector Advisory Board/Industry Advisory Groups performance evaluated against Terms of Reference (by 30 June 2008)</p> <p>2.3 Monitor New Zealand Standards' desired outcomes post implementation (a) Expert committee survey (b) Sponsor survey (c) Evaluation against New Zealand Standards outcome statements at 12 & 24 months</p> <p>2.4 % of New Zealand Standards aligned to international Standards >= 2006/07 baseline (current catalogue & new publications in last 12 months)</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Information only</p>	<p>Four key sectors (building, energy, health, and environment) have had sector engagement plans developed and endorsed by the Standards Council. These plans will be implemented over 2008/09 subject to funding.</p> <p>Evaluation completed and project underway for review of Standards New Zealand's sector advisory structures.</p> <p>(a) 6.14 (2006/07 – 6.11) (b) 5.59 (2006/07 – 5.40) (c) Outcome statements have been incorporated into all new development contracts commencing December 2007 by way of value propositions. Processes to measure outcomes against value propositions are being explored. Pilot measurement is planned to commence in the 2008/2009 year.</p> <p>Equivalencies as at 30 June 2008: Total Standards published: 2985 (up 14) Total equivalent to SAI Standards: 2476 (up 12) 82.9% Total equivalent to ISO, IEC, & derivatives: 1281 (up 10) 42.9% 2006/07 result was 42.7%.</p>

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
		2.5 Number of new New Zealand Standards that contribute to social responsibility, environmental sustainability, environmental risk management	Information only	No new New Zealand Standards that contributed to social responsibility, environment sustainability, and environmental risk management were published in the 2007/08 year. However, 61 standards solutions were completed during the last 12 months including NZ handbook development, revision, and amendment of existing NZ Standards, publication of new joint AS/NZS Standards, and amendment of existing joint AS/NZS Standards.
		2.6 New Zealand is represented on 100% of defined key ISO/IEC technical committees relating to social responsibility, environmental risk management & environmental sustainability	Information only	New Zealand is represented on 38% of key ISO technical committees and on 30% of IEC technical committees. Gaps in New Zealand representation and funding associated with this activity have been highlighted with the Government (via the Ministry of Economic Development).
		2.7 Contribute to Regulatory Forum design and implementation (by 30 June 2008)	Information only	Full Standards New Zealand participation maintained during establishment and ongoing operation of the Regulators' Forum.
		2.8 Standards New Zealand time spent on projects sponsored by organisations with responsibility for social responsibility, environmental risk management, and environmental sustainability	Information only	25,794 resource hours spent.
		2.9 100% of new New Zealand Standards have outcome statements	Information only	Outcome statements have been incorporated into all new development contracts commencing December 2007 by way of value propositions. Processes to measure outcomes against value propositions are being explored. Pilot measurement is planned to commence in the 2008/2009 year.

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
<p>3. Stakeholders are strongly supported by Government, industry, and the community</p>	<p>3.1 Define key sectors 3.2 Identify sector needs 3.3 Review the market for Standards solutions</p>	<p>3.1 100% of defined key sectors have engagement plans by 30 June 2008</p>	<p>Achieved</p>	<p>Four key sectors (building, energy, health, and environment) have had sector engagement plans developed and endorsed by the Standards Council. These plans will be implemented over 2008/09 subject to funding.</p>
	<p>3.4 Prioritise the programme of work</p>	<p>3.2 Standards New Zealand customer satisfaction >= 2006/07 result</p>	<p>Achieved</p>	<p>Expert committee survey: 6.14 (2006/07 – 6.11) Sponsor survey: 5.59 (2006/07 – 5.40).</p>
	<p>3.5 Create product offering 3.6 Launch new products 3.7 Support the customers</p>	<p>3.3 Monitor New Zealand Standards' desired outcomes post implementation (a) Expert committee survey (b) Sponsor survey (c) Evaluation against New Zealand Standards outcome statements at 12 & 24 months</p>	<p>Achieved</p>	<p>(a) 6.14 (2006/07 – 6.11) (b) 5.59 (2006/07 – 5.40) (c) Outcome statements have been incorporated into all new development contracts commencing December 2007 by way of value propositions. Processes to measure outcomes against value propositions are being explored. Pilot measurement is planned to commence in the 2008/2009 year.</p>
	<p>3.8 Review impact on changed lives</p>	<p>3.4 100% of new New Zealand Standards have outcome statements</p>	<p>Information only</p>	<p>Outcome statements have been incorporated into all new development contracts commencing December 2007 by way of value propositions. Processes to measure outcomes against value propositions are being explored. Pilot measurement is planned to commence in the 2008/2009 year.</p>
	<p>3.9 Monitor age of New Zealand Standards catalogue</p>	<p>3.5 Expert committee consensus >= 80% for New Zealand Standards</p>	<p>Information only</p>	<p>100% consensus reached.</p>
	<p>3.10 Review impact on changed lives</p>	<p>3.6 % nominating organisations accepting invitation to participate in expert committees</p>	<p>Information only</p>	<p>96.5% of nominating organisations have accepted invitations to participate on expert committees during 2007/08.</p>

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
<p>4. Infrastructure <i>New Zealand has an aligned, coordinated, and high performing national standards and conformance infrastructure</i></p>	<p>4.1 Identify sector needs 4.2 Engage standards and conformance infrastructure organisations 4.3 Support establishment of 'Regulatory Forum' 4.4 Function as New Zealand's leading Standards developer 4.5 Respond to infrastructure review recommendations 4.6 Operate Standards New Zealand webshop and e-Business interface 4.7 Operate New Zealand's World Trade Organisation Technical Barriers to Trade (TBT) enquiry point 4.8 Complete needs analysis of Standards Council functions – s.10(2)(e) & (f) of the Standards Act 1988</p>	<p>4.1 100% of defined key sectors have engagement plans by 30 June 2008 4.2 Standards New Zealand actively participates in ISO/IEC 4.3 Standards and conformance infrastructure review recommendations evaluated and Standards New Zealand activity plan implemented by 24 December 2007 4.4 Standards New Zealand overall customer satisfaction >= 2006/07 result 4.5 Six-monthly strategic engagement with key New Zealand standards and conformance infrastructure agencies 4.6 Business needs analysis regarding the promotion and regulation of Standards marks approved by Standards Council and submitted to the Minister of Commerce by 30 June 2008 4.7 TBT queries actioned in two working days</p>	<p>Achieved Achieved Achieved Achieved Achieved Information only Information only Information only</p>	<p>Four key sectors (building, energy, health, and environment) have had sector engagement plans developed and endorsed by the Standards Council. These plans will be implemented over 2008/09 subject to funding. ISO/IEC membership obligations for New Zealand discharged, including representation at the 2007 ISO General Assembly. Review recommendations assessed and operational activity endorsed by the Standards Council. Expert committee survey: 6.14 (2006/07 – 6.11) Sponsor survey: 5.59 (2006/07 – 5.40). Standards New Zealand has maintained working relationships with all national standards and conformance bodies including: MSL, MAPSS, IANZ and JAS-ANZ. A paper was presented to the Standards Council in February 2008. Council instructed Standards New Zealand to incorporate recommendations for progressing this issue into the strategic plan. The strategic plan is due to be completed by late 2008. Currently 1.5 days (on average).</p>

OUTCOMES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
<p>5. International <i>New Zealand effectively participates in the global standards and conformance community</i></p>	<p>5.1 Implement Standards Council's International Strategy</p> <p>5.2 Operate New Zealand World Trade Organisation Technical Barriers to Trade (TBT) enquiry point</p> <p>5.3 Promote use of international Standards in New Zealand Standards development and good regulatory practice</p> <p>5.4 Engage with MFAT, MED, & NZTE to identify strategic 'New Zealand Inc' priorities</p> <p>5.5 Strengthen working relationship with Standards Australia and other key national Standards bodies</p>	<p>5.1 International strategy implemented as per agreed activity programme</p> <p>5.2 % of New Zealand Standards aligned to international Standards >= 2006/07 baseline (current catalogue & new publications in last 12 months)</p> <p>5.3 Key ISO/IEC technical committees identified and agreed with stakeholders by 30 June 2008 – % of key ISO/IEC technical committees with New Zealand representation.</p> <p>5.4 Standards New Zealand actively participates in ISO/IEC.</p> <p>5.6 100% voting compliance for NZ 'P' members of ISO & IEC technical committees.</p> <p>5.7 Standards New Zealand time spent on international and regional Standards development (> 2006/07 baseline).</p> <p>5.8 Six-monthly strategic engagement with MED, MFAT, & NZTE.</p> <p>5.9 TBT queries actioned in two working days</p> <p>5.10 100% of defined key sectors have engagement plans by 30 June 2008</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Information only</p> <p>Information only</p> <p>Information only</p> <p>Information only</p> <p>Information only</p>	<p>The Standards Council's international strategy will continue to be rolled out over 2008/09.</p> <p>Equivalencies as at 30 June 2008: Total Standards published: 2985 (up 14) Total equivalent to SAI Standards: 2476 (up 12) 82.9% Total equivalent to ISO, IEC, & derivatives: 1281 (up 10) 42.9%</p> <p>Activity stocktake completed by Standards New Zealand and identified key technical committees discussed with stakeholders.</p> <p>ISO/IEC membership obligations for New Zealand discharged, including representation at the 2007 ISO General Assembly.</p> <p>100% voting compliance.</p> <p>7,619.25 resource hours spent.</p> <p>Engagement maintained with all key public sector stakeholders.</p> <p>Currently 1.5 days (on average).</p> <p>Four key sectors (building, energy, health, and environment) have had sector engagement plans developed and endorsed by the Standards Council. These plans will be implemented over 2008/09 subject to funding.</p>

OBJECTIVES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
<p>1. People <i>Promote an organisational culture of learning, continuous improvement, and success</i></p>	<p>1.1 Implement employment branding strategy to support targeted recruitment</p> <p>1.2 Provide professional and career development for staff</p> <p>1.3 Deliver and maintain staff engagement and communication initiatives</p> <p>1.4 Respond to staff survey feedback and target top priority areas</p> <p>1.5 Align organisational, team, and individual performance goals</p> <p>1.6 Maintain business excellence initiatives</p> <p>1.7 Implement change management process to transition to outcome focused operating model</p> <p>1.8 Develop staff 'customer focus' and relationship management skills</p>	<p>1.1 Staff attrition <= 18%</p> <p>1.2 Best Places to Work survey result >= 2006/07</p> <p>1.3 Training and development action plans completed for all staff</p> <p>1.4 Performance agreement and review plans completed for all staff</p> <p>1.5 Six-monthly staff satisfaction survey results – positive trend for 2007/08</p>	<p>Not achieved</p> <p>Not achieved</p> <p>Information only</p> <p>Information only</p> <p>Information only</p>	<p>Staff attrition at 29% was higher than expected. Primary reasons included staff going overseas and career step-up moves.</p> <p>In the small to medium category, Standards New Zealand ranked 52 out of 69 participating organisations. Staff have experienced a period of significant change including changes in senior management which proved unsettling. Themes from the survey confirmed areas for improvement as leadership and direction. Standards New Zealand's overall satisfaction rating for 2007/08 was 69%.</p> <p>Training and development plans in place for all staff.</p> <p>100% compliance with Standards New Zealand performance review processes.</p> <p>The interim survey in March 2008 indicated that staff still wanted focus to be on leadership, direction, and development. Those areas showed an improvement from the survey in September 2007.</p>

OBJECTIVES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
<p>2. Process</p> <p><i>Enhance best practice processes and effective supporting systems</i></p>	<p>2.1 Identify sector needs</p> <p>2.2 Develop and improve Standards New Zealand processes, tools, and systems</p> <p>2.3 Manage project management capability for Standards solutions</p> <p>2.4 Develop information management strategy (IMS)</p> <p>2.5 Maintain business excellence initiatives</p>	<p>2.1 100% of defined key sectors have engagement plan developed and implemented by 30 June 2008</p> <p>2.2 85% of Standards development projects delivered to original plan time frame and 100% with change control: time frame & plan</p> <p>2.3 Standards New Zealand information management strategy developed and agreed by 31 March 2008</p> <p>2.4 100% compliance with Standards New Zealand development processes and Standards Act 1988 requirements for NZ Standards</p> <p>2.5 100% external reporting time frames met (contracts, MoU and so on)</p> <p>2.6 100% new New Zealand Standards are reviewed for plain English</p> <p>2.7 100% Standards New Zealand's key business processes mapped, documented, and kept updated</p> <p>2.8 <5% of published New Zealand Standards require a correction amendment (due to error) within 12 months of publication</p>	<p>Achieved</p> <p>Achieved</p> <p>Not achieved</p> <p>Achieved</p> <p>Information only</p> <p>Information only</p> <p>Information only</p> <p>Information only</p>	<p>Four key sectors (building, energy, health, and environment) have had sector engagement plans developed and endorsed by the Standards Council. These plans will be implemented over 2008/09 subject to funding.</p> <p>100% of project time frames met (with change controls).</p> <p>Scoping work was completed on the revised Information System Strategic Plan (ISSP). The Standards Council has approved the deferment of the development of the ISSP until completion of its strategic plan (late 2008) and Standards New Zealand's transformation process.</p> <p>100% of New Zealand Secretariat Standards have complied with Standards Act 1988 requirements.</p> <p>All agreed external time frames met.</p> <p>100% of all new NZ Standards have been reviewed for plain English business writing, including all correspondence with committees.</p> <p>100% of key operational processes documented.</p> <p>1 correction amendment issued during the year on SNZ HB 76:2008 = 1%.</p>

OBJECTIVES	OUTPUTS	INDICATORS	2007/2008 RESULT	Notes to service performance results
3. Financial Maintain the Standards Council's financial viability to deliver its outcomes	3.1 Engage with sectors	3.1 Operating surplus = budget	Not achieved	See Statement of Financial Performance.
	3.2 Manage Standards Council assets and revenue stream	3.2 Standards New Zealand customer satisfaction >= 2006/07 result	Achieved	Expert committee survey: 6.14 (2006/07 – 6.11) Sponsor survey: 5.59 (2006/07 – 5.40).
	3.3 Manage marketing, sales, and distribution functions	3.3 Standards New Zealand revenue grows by 47 % from 2007 to 2010	In progress	See Statement of Financial Performance.
	3.4 Manage project management capability for Standards solutions	3.4 Economic Value Added (EVA*) = 0 by 2010 *EVA is the after-tax operating net surplus generated by the Standards Council minus the cost of capital it has deployed to generate that operating net surplus.	Information only	See Statement of Financial Performance.

PART 3 FINANCIAL STATEMENTS

STANDARDS COUNCIL


STATEMENT OF RESPONSIBILITY

In terms of the Crown Entities Act 2004, the Council is responsible for the preparation of the Standards Council's financial statements and statement of service performance, and for the judgements made in them.

The Standards Council has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Standards Council's opinion, these financial statements and statements of service performance fairly reflect the financial position and operations of the Standards Council for the year ended 30 June 2008.

Signed on behalf of the Council:



R.G.A. Westlake
Chair



C Stigley
Acting Deputy Chair

22 October 2008,
Wellington, New Zealand

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2008

	2008			2007
	Note	Actual	Budget	Actual
		\$	\$	\$
Income				
Sale of documents		4,723,699	5,230,133	4,383,021
Contracts for service		2,112,248	2,400,675	2,138,840
Membership		625,232	630,000	626,736
Royalty income		210,937	75,000	72,858
Other income		567,348	771,000	682,733
Interest income		229,286	220,000	208,091
Gains	2	7,189	0	14,198
Dividend income		34	0	31
Total income		8,475,973	9,326,808	8,126,508
Expenditure				
Personnel expenses	3	4,821,146	4,669,478	4,743,531
Other operating expenses	4	2,689,976	3,482,335	3,005,859
Fees paid to auditors	5	35,802	26,000	26,399
Council fees and Executive Chair	20	160,400	145,000	126,540
Depreciation and amortisation expenses	10, 11	603,440	647,000	766,992
Rental expense on operating lease payments		332,623	339,000	371,835
Stock written off		727	16,000	6,657
Bad debts written off	6	974	1,000	883
Finance charges on finance leases		0	0	2,121
Total expenditure		8,645,088	9,325,813	9,050,817
Net surplus/(deficit)		(169,115)	995	(924,309)

Explanations of significant variances against budget are detailed in Note 26.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2008

	2008			2007
	Note	Actual	Budget	Actual
		\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents		411,441	349,625	373,844
Debtors and other receivables	6	1,616,579	642,750	1,184,969
Prepayments		12,867	27,000	13,779
Inventories – stock of publications	7	134,370	124,000	119,805
Investments – short-term deposits	8	2,568,987	2,600,000	2,574,355
Total current assets		4,744,244	3,743,375	4,266,752
Non-current assets				
Investment – shares	9	779	1,000	1,119
Property, plant, and equipment	10	220,351	301,000	306,472
Intangible assets	11	480,833	198,000	723,076
Total non-current assets		701,963	500,000	1,030,667
Total assets		5,446,207	4,243,375	5,297,419
Liabilities				
Current liabilities				
Creditors and other payables	12	616,435	592,375	689,449
Employee entitlements	13	694,162	252,000	588,115
Income in advance		1,133,258	525,000	833,053
Total current liabilities		2,443,855	1,369,375	2,110,617
Non-current liabilities				
Employee entitlements	13	129,807	196,000	144,802
Provisions	14	133,000	0	133,000
Total non-current liabilities		262,807	196,000	277,802
Total liabilities		2,706,662	1,565,375	2,388,419
Net assets		2,739,545	2,678,000	2,909,000
Equity				
General funds	15	2,739,380	2,678,000	2,908,495
Other reserves	15	165	0	505
Total equity		2,739,545	2,678,000	2,909,000

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	2008		2007
	Note	Actual	Actual
		\$	\$
Balance at 1 July		2,909,000	3,833,328
Amounts recognised directly in equity:			
<i>Financial assets at fair value through equity</i>			
Revaluation gains/(losses) taken to equity	15	(340)	(19)
Surplus/(deficit) for the year		(169,115)	(924,309)
Total recognised income and expense		2,739,545	2,909,000
Balance at 30 June	15	2,739,545	2,909,000

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2008

	2008		2007
	Note	Actual	Budget
		\$	\$
Cash flows from operating activities			
Receipts from customers		8,167,664	9,066,667
Interest received		230,833	220,000
Dividends received		34	0
Payments to suppliers		(3,351,401)	(3,959,522)
Payments to employees		(4,730,094)	(4,805,478)
Interest paid		0	0
Goods and services tax (net)		705	39,958
Net cash from operating activities	16	317,741	561,625
Cash flows from investing activities			
Receipts from sale of property, plant, and equipment		775	0
Receipts from investments – short-term deposits		5,368	0
Purchase of property, plant, and equipment		(54,842)	(225,000)
Purchase of intangible assets		(231,445)	(225,000)
Acquisition of investments – short-term deposits		0	0
Net cash from investing activities		(280,144)	(450,000)
Cash flows from financing activities			
Repayment of finance leases		0	0
Net cash from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		37,597	111,625
Cash and cash equivalents at the beginning of the year		373,844	238,000
Cash and cash equivalents at the end of the year		411,441	349,625

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2008 REPORTING ENTITY

The Standards Council ('the Council') is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the Council's ultimate parent is the New Zealand Crown.

The Councils' primary objective is to develop standards and to promote, encourage, and facilitate the use of Standards and other standards solutions in New Zealand, which contribute to the health, safety, and social and economic well-being of New Zealanders, as opposed to that of making a financial return.

Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The Council operates a trading arm, Standards New Zealand, whose results are incorporated in these financial statements. The financial statements of the Council are for the year ended 30 June 2008. The financial statements were authorised for issue by the Council on the 9 October 2008.

BASIS OF PREPARATION

Statement of Compliance

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

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

First year of preparation under NZ IFRS

This is the first set of financial statements prepared using NZ IFRS, and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and surplus/(deficit) for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in Note 27.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of equity investments at fair value.

Functional and presentation currency

The financial statements are presented in New Zealand dollars. The functional currency of the Council is New Zealand dollars.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue is measured at the fair value of consideration received or receivable.

Sale of documents

Sale of documents are recognised when the product is sold to the customer.

Contracts for service

Contract for service income is initially recorded as income in advance, and recognised as revenue when earned.

Membership subscriptions

Membership subscriptions are recognised on a straight line basis over the period of the subscription.

Interest

Interest income is recognised using the effective interest method.

Royalties

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividends

Dividends are recognised when the Council's right to receive payment is established.

Volunteer services

The work of the Council is dependant on many people providing voluntary services towards the development of Standards. Volunteer services received are not recognised as revenue as the Council is unable to reliably measure the fair value of the services rendered.

LEASES

Finance leases

Leases that transfer to Council substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charges are charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Council are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

INCOME TAX

The Council is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months.

DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

INVENTORIES – STOCK OF PUBLICATIONS

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost method.

The write-down from cost to net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

INVESTMENTS

At each balance sheet date the Council assesses whether there is any objective evidence that an investment is impaired.

Short-term deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Equity investments

The Council designates equity investments at fair value through equity, which are initially measured at fair value plus transaction costs.

After initial recognition these investments are measured at their fair value with gains and losses recognised directly in equity, except for impairment losses which are recognised in the statement of financial performance.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance) is removed from equity and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance on equity investments are not reversed through the statement of financial performance.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of office equipment, computer hardware, leasehold improvements, heating, ventilation and telephone systems.

Property, plant, and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recorded 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.

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 included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the costs of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the statement of financial performance as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Office equipment	5 – 10 years	10% – 20%
Computer hardware	3 years	33.33%
Leasehold improvements	5 – 12 years	8.33% – 20%
Heating & ventilation	10 – 12 years	8.33% – 10%
Telephone systems	3 – 12 years	8.33% – 33.33%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

INTANGIBLE ASSETS

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Cost associated with maintaining computer software are recognised as an expense when incurred.

As the Council's website will generate economic benefits in the future all external costs associated with the development of software for the Council's website are recognised as an intangible asset.

Self-funded standards

The costs incurred in the development of a Standard in excess of the contracted value for the services, if any, are capitalised as an intangible asset. An intangible asset is only created if it is probable that the asset will generate future economic benefits. The future economic benefit is the revenue expected to be generated from the future sale of the Standard.

Costs that are directly associated with the development of self-funded Standards include external costs, employee costs and an appropriate portion of relevant overheads.

Amortisation

The carrying value of computer software with a finite life is amortised on a straight-line (SL) basis over its useful life. The carrying value of a self-funded Standard is amortised on a diminishing value (DV) basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years	33.33% SL
Self-funded Standards		50.00% DV

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Council would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of financial performance. The reversal of an impairment loss is recognised in the statement of financial performance.

CREDITORS AND OTHER PAYABLES

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements that the Council expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

The Council recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

SUPERANNUATION SCHEMES

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

PROVISIONS

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

GOODS AND SERVICES TAX (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are derived from the Statement of Intent as approved by the Council at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Leasehold restoration provision

An analysis of the Council's exposure surrounding the leasehold restoration provision is disclosed in Note 14.

Retirement and long service leave

Note 13 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

Property, plant, and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual value of its property, plant, and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires the Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Council minimises the risk of this estimation uncertainty by:

- physical inspection of assets; and
- asset replacement programmes.

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 10.

Intangible assets useful lives and residual values

At each balance date, the Council reviews the useful lives and residual value of its intangible assets, computer software, and self-funded Standards. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Council to consider a number of factors such as the expected period of use of the intangible asset by the Council, and the expected future economic benefit of the intangible asset.

An incorrect estimate of the useful life or residual value will impact on the amortisation expense recognised in the statement of financial performance, and the carrying amount of the intangible asset in the statement of financial position. The Council has not made significant changes to past assumptions concerning useful lives, amortisation rates, and residual values. The carrying amounts of intangible assets are disclosed in Note 11.

2 GAINS

	2008	2007
	\$	\$
Net gain on disposal of office equipment	35	1,075
Net gain on disposal of computer equipment	9	3,504
Net foreign exchange gains	7,145	9,619
Total gains	7,189	14,198

3 PERSONNEL EXPENSES

	2008	2007
	\$	\$
Salaries and wages	4,682,773	4,525,118
Employer contributions to defined contribution plans	47,321	2,253
Increase/(decrease) in employee entitlements (Note 13)	91,052	216,160
Total personnel expenses	4,821,146	4,743,531

Employer contributions to defined contribution plans include contributions to KiwiSaver.

4 OTHER OPERATING EXPENSES

	2008	2007
	\$	\$
Inventories consumed	815,305	880,882
Contracts for service external costs	579,860	519,881
Other staff-related costs	378,417	474,540
Marketing and publicity	139,575	194,786
Other costs	776,819	935,770
Total other operating expenses	2,689,976	3,005,859

5 FEES PAID TO AUDITORS

	2008	2007
	\$	\$
Audit fees for financial statement audit	25,802	26,399
Audit fees for NZ IFRS transition	10,000	0
Total fees paid to auditors	35,802	26,399

6 DEBTORS AND OTHER RECEIVABLES

	2008	2007
	\$	\$
Debtors and other receivables	1,616,579	1,184,969
Less provision for impairment	0	0
Total debtors and other receivables	1,616,579	1,184,969

The carrying value of receivables approximates their fair value.

As at 30 June 2008 and 2007, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2008			2007		
	\$			\$		
	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>	<i>Gross</i>	<i>Impairment</i>	<i>Net</i>
Not past due	1,480,450	0	1,480,450	922,162	0	922,162
Past due 1 – 30 days	115,180	0	115,180	242,788	0	242,788
Past due 31 – 60 days	20,390	0	20,390	19,511	0	19,511
Past due 61 – 90 days	559	0	559	436	0	436
Past due > 91 days	0	0	0	72	0	72
Total	1,616,579	0	1,616,579	1,184,969	0	1,184,969

At year end the provision for impairment of receivables is nil (2007:nil)

Movements in the provision for impairment of receivables are as follows:

	2008	2007
	\$	\$
Balance at 1 July	0	0
Additional provisions made during the year	974	883
Receivables written off during the period	(974)	(883)
Balance at 30 June	0	0

7 INVENTORIES – STOCK OF PUBLICATIONS

	2008	2007
	\$	\$
Publications held for sale	134,370	119,805
Total inventories	134,370	119,805

The write-down of commercial inventories amounted to \$727 (2007 \$6,657). There have been no reversals of write-downs.

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

8 INVESTMENTS – SHORT-TERM DEPOSITS

Investments – short-term deposits are represented by short-term deposits which have maturities of three months or greater from date of acquisition.

There were no impairment provisions for short-term deposits.

Maturity analysis and effective interest rates of short-term deposits

The maturity dates and weighted average effective interest rates for short-term deposits are as follows:

	2008	2007
	\$	\$
Short-term deposits with maturities of 3 – 6 months	2,568,987	2,574,355
Average maturity	92 days	91 days
Weighted average effective interest rates	8.57%	7.78%

The carrying amounts of short-term deposits with maturities less than 12 months approximate their fair value.

Short-term deposits are invested at fixed rates ranging from 8.37% to 8.77%. As these deposits are at a fixed interest rate and measured at amortised cost, an increase or decrease in interest rates during the period would not impact on the surplus/deficit or equity.

9 INVESTMENT – SHARES

The fair value of equity investments are determined by reference to published price quotations in an active market.

	Original cost	Fair value
	\$	\$
2008		
SAI Global Ltd – 266 ordinary shares	615	779
2007		
SAI Global Ltd – 266 ordinary shares	615	1,119

10 PROPERTY, PLANT, AND EQUIPMENT

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

	<i>Office equipment</i>	<i>Computer hardware</i>	<i>Leasehold improvements</i>	<i>Heating & ventilation</i>	<i>Telephone systems</i>	<i>Total</i>
Cost						
Balance at 1 July 2006	542,692	667,363	459,564	58,280	93,323	1,821,222
Additions	14,252	43,492	0	0	0	57,744
Disposals	(177,677)	(79,526)	0	0	0	(257,203)
Balance at 30 June 2007	379,267	631,329	459,564	58,280	93,323	1,621,763
Balance at 1 July 2007	379,267	631,329	459,564	58,280	93,323	1,621,763
Additions	2,160	41,248	0	0	355	43,763
Disposals	(1,105)	(18,768)	0	0	(2,469)	(22,342)
Balance at 30 June 2008	380,322	653,809	459,564	58,280	91,209	1,643,184
Accumulated depreciation and impairment losses						
Balance at 1 July 2006	372,196	503,750	342,114	51,119	72,260	1,341,439
Depreciation expense	74,912	111,316	20,609	1,183	11,801	219,821
Eliminate on disposal	(177,158)	(68,811)				(245,969)
Impairment losses	0	0	0	0	0	0
Balance at 30 June 2007	269,950	546,255	362,723	52,302	84,061	1,315,291
Balance at 1 July 2007	269,950	546,255	362,723	52,302	84,061	1,315,291
Depreciation expense	23,435	76,450	20,232	1,183	7,853	129,153
Eliminate on disposal	(1,105)	(18,037)	0	0	(2,469)	(21,611)
Impairment losses	0	0	0	0	0	0
Balance at 30 June 2008	292,280	604,668	382,955	53,485	89,445	1,422,833
Carrying amounts						
At 1 July 2006	170,496	163,613	117,450	7,161	21,063	479,783
At 30 June and 1 July 2007	109,317	85,074	96,841	5,978	9,262	306,472
At 30 June 2008	88,042	49,141	76,609	4,795	1,764	220,351

11 INTANGIBLE ASSETS

Movements for each class of intangible asset are as follows:

	<i>Acquired computer software</i>	<i>Self-funded Standards</i>	<i>WIP self-funded Standards</i>	<i>Total</i>
Cost				
Balance at 1 July 2006	1,328,669	679,166	16,349	2,024,184
Additions	149,686	0	46,469	196,155
Disposals	(7,652)	0	0	(7,652)
Balance at 30 June 2007	1,470,703	679,166	62,818	2,212,687
Balance at 1 July 2007	1,470,703	679,166	62,818	2,212,687
Additions	35,598	179,973	16,473	232,044
Disposals	0	0	0	0
Balance at 30 June 2008	1,506,301	859,139	79,291	2,444,731
Accumulated depreciation and impairment losses				
Balance at 1 July 2006	651,771	298,321	0	950,092
Amortisation expense	356,749	190,422	0	547,171
Disposals	(7,652)	0	0	(7,652)
Impairment losses	0	0	0	0
Balance at 30 June 2007	1,000,868	488,743	0	1,489,611
Balance at 1 July 2007	1,000,868	488,743	0	1,489,611
Depreciation expense	330,562	143,725	0	474,287
Eliminate on disposal	0	0	0	0
Impairment losses	0	0	0	0
Balance at 30 June 2008	1,331,430	632,468	0	1,963,898
Carrying amounts				
At 1 July 2006	676,898	380,845	16,349	1,074,092
At 30 June and 1 July 2007	469,835	190,423	62,818	723,076
At 30 June 2008	174,871	226,671	79,291	480,833

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

12 CREDITORS AND OTHER PAYABLES

	2008	2007
	\$	\$
Creditors	190,891	259,795
Accrued expenses	275,164	337,621
GST payable	150,380	92,033
Total creditors and other payables	616,435	689,449

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

13 EMPLOYEE ENTITLEMENTS

	2008	2007
	\$	\$
Current employee entitlements		
Annual leave	182,493	243,871
Sick leave	12,415	7,513
Long service leave	39,370	23,514
Restructuring provision	153,550	0
Incentives and other salary accruals	306,334	313,217
Total current portion	694,162	588,115
Non-current employee entitlements		
Long service leave	45,464	68,002
Retirement leave	84,343	76,800
Total non-current portion	129,807	144,802
Total employee entitlements	823,969	732,917

The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate the Council considered the interest rates on NZ government bonds which have terms to maturity that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 6.4% (2007 5.75%) and an inflation factor of 3.0% (2007 2.75%) were used.

Restructuring provision

The Standards Council appointed the Chief Executive Officer to undertake a transformation programme to enable Standards New Zealand to achieve financial sustainability, particularly achieving break even. The Chief Executive and senior management have developed outlines of structural options in June 2008.

The ensuing changes to structure are anticipated to be implemented in the first and second quarter of the 2008/09 financial year. The provision has been made for the obligation of proposed restructuring costs for senior management positions disestablished.

14 PROVISIONS

	2008	2007
	\$	\$
Lease make-good		
Current provision	0	0
Non-current provision	133,000	133,000
Total provisions	133,000	133,000

The movement in the lease make-good provision in the current year is nil (2007:nil).

The Council is required to make good the premises it leases at the expiry of the lease term, which is 30 October 2018, however it can vacate the premises at the lease renewal date of 30 October 2012. In reporting the restoration liability, the Council has assumed it will vacate and make good the premises at the lease renewal date of 30 October 2012.

15 EQUITY

	2008	2007
	\$	\$
General funds		
Balance at 1 July	2,908,495	3,832,804
Surplus/(deficit)	(169,115)	(924,309)
Balance at 30 June	2,739,380	2,908,495
Other reserves		
<i>Financial assets at fair value through equity</i>		
Balance at 1 July	505	524
Revaluations	(340)	(19)
Balance at 30 June	165	505
Total equity at 30 June	2,739,545	2,909,000

16 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	2008	2007
	\$	\$
Net surplus/(deficit)	(169,115)	(924,309)
Add/(less) non cash items:		
Depreciation and amortisation expense	603,440	766,992
Stock of publications written off	727	6,657
(Decrease)/increase in non-current employee entitlements	(14,995)	21,884
Net foreign exchange losses/(gains)		0
Total non-cash items	589,172	795,533
Add/(less) items classified as investing or financing activities:		
Net (gain) loss on sale & write off of fixed assets	(44)	(4,579)
Total items classified as investing or financing activities	(44)	(4,579)
Add/(less) movements in working capital items:		
(Increase)/decrease in debtors and other receivables	(431,610)	(48,372)
Decrease/(increase) in prepayments	912	(388)
(Increase)/decrease in stock of publications	(15,292)	(22,117)
(Decrease)/increase in creditors and other payables	(62,534)	(27,430)
Increase/(decrease) in employee entitlements	106,047	194,276
Increase/(decrease) in income in advance	300,205	183,388
Net movements in working capital items	(102,272)	279,357
Net cash from operating activities	317,741	146,002

17 CAPITAL COMMITMENTS AND OPERATING LEASES

	2008	2007
	\$	\$
Capital commitments		
Property, plant, and equipment	48,800	0
Intangible assets	26,414	0
Total capital commitments	75,214	0

Operating leases as lessee

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

	2008	2007
	\$	\$
Not later than one year	341,971	339,289
Later than one year and not later than five years	1,139,904	1,357,155
Later than five years	0	113,096
Total non-cancellable operating leases	1,481,875	1,809,540

The total non-cancellable operating lease expense relates to the lease of the Council's office building. The lease expires in October 2018, with an option to vacate the premises at the lease renewal date of October 2012. The Council has assumed it will vacate the premises at the lease renewal date of October 2012. The Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Council by any of its leasing arrangements.

18 CONTINGENCIES

Contingent liabilities

The Council has no contingent liabilities as at 30 June 2008 (2007: \$Nil).

Contingent assets

The Council has no contingent assets as at 30 June 2008 (2007: \$Nil).

19 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Related party transactions

The Council is a wholly owned entity of the Crown.

The Council enters into transactions with government departments, state-owned enterprises, and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Council would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

The following transactions were carried out with related parties other than those described above:

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

The aggregate value of the transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

			Transaction value year ended 30 June		Balance outstanding year ended 30 June	
			2008	2007	2008	2007
			\$	\$	\$	\$
Richard Westlake	KiwiBank Ltd – Interest income	i	68,787	61,856	11,167	9,074
Richard Westlake	KiwiBank Ltd – Short-term deposits	i			828,820	762,125
Vaughan Renner	Wellington Institute of Technology	ii	28,137	8,359	0	940
Carol Stigley	National Library of New Zealand	iii	25,008	14,868	320	320
Vaughan Renner	Holmes Consulting Group Ltd	iv	10,294	2,650	6,045	162
Expenditure						
Vaughan Renner	Employers and Manufacturers' Association Central	v	7,311	9,613	0	1,021
Richard Gibbons	Electricity Engineers' Association	vi	4,000	0	0	0

- (i) Interest on short-term deposits from KiwiBank Ltd, of which Richard Westlake is a Director and Chair of Finance, Audit, and Risk Committee, was earned in 2008 and 2007 on normal commercial terms.
- (ii) Trading income from Wellington Institute of Technology, of which Vaughan Renner is a Council Member, was earned in 2008 and 2007 on normal commercial terms.
- (iii) Trading income from National Library of New Zealand, of which Carol Stigley is Chair of Risk and Assurance Committee, was earned in 2008 and 2007 on normal commercial terms.
- (iv) Trading income from Holmes Consulting Group Ltd, of which Vaughan Renner is a board member, was earned in 2008 and 2007 on normal commercial terms.
- (v) Purchase of services from Employers and Manufacturers' Association Central, of which Vaughan Renner is a board member, were made in 2008 and 2007 on normal commercial terms.
- (vi) Purchase of services from Electricity Engineers' Association, of which Richard Gibbons is a board member, were made in 2008 on normal commercial terms.

No provision has been required, nor any expense recognised for impairment of receivables from related parties (2007 \$nil).

Key management personnel compensation

	2008	2007
	\$	\$
Council fees	137,200	114,140
Executive Chair	23,200	12,400
Salaries and other short-term benefits	1,161,284	1,153,327
Termination benefits	77,625	119,500
Total key management personnel compensation	1,399,309	1,399,367

Key management personnel includes all Council members, the Chief Executive, and the salaries paid for those fulfilling the eight positions when on the Senior Management Team during the period.

The Government approved the appointment of an Executive Chair in May 2007 as an interim measure during the search for and appointment of the new Chief Executive.

20 COUNCIL FEES AND EXECUTIVE CHAIR

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

	2008	2007
	\$	\$
Richard Westlake (Chair)	25,000	25,000
John Albertson (Deputy Chair)	15,000	11,631
Richard Gibbons	12,000	9,641
John Hannah	12,000	9,641
Sharon Kletchko	12,000	8,391
Vivian Kloosterman	12,000	9,641
Doug Matheson (Completed term)	0	835
Ellen Ramsay	12,000	9,641
Vaughan Renner	12,000	9,641
Carol Stigley	13,200	10,437
Michael Wallmannsberger	12,000	9,641
Total Council fees	137,200	114,140
Richard Westlake (Executive Chair)	23,200	12,400
Total Council fees and Executive Chair	160,400	126,540

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

The Council has effected Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Council members and employees.

21 EMPLOYEE REMUNERATION

The number of employees who received remuneration and other benefits of \$100,000 or more during the financial year, shown in \$10,000 bands.

	2008	2007
100,000 – 110,000	4	5
110,000 – 120,000	2	0
120,000 – 130,000	2	1
140,000 – 150,000	2	1
170,000 – 180,000	0	1
180,000 – 190,000	1	0
190,000 – 200,000	1	0
200,000 – 210,000	0	2
230,000 – 240,000	1	0
260,000 – 270,000	0	1
Total employees	13	11

The Chief Executive commenced in October 2007. The Chief Executive's remuneration and benefits was in the \$190,000 – \$200,000 band (2007: \$260,000 – \$270,000 band). During the year ended 30 June 2008, 3 (2007: 3) employees were paid or payable compensation and other benefits in relation to cessation totalling \$112,098 (2007 \$192,601).

22 EVENTS AFTER BALANCE SHEET DATE

There were no significant events after balance sheet date.

23 CATEGORIES OF FINANCIAL INSTRUMENTS

	2008	2007
	\$	\$
Loans and receivables		
Cash and cash equivalents	411,441	373,844
Debtors and other receivables (Note 6)	1,616,579	1,184,969
Investments – short-term deposits (Note 8)	2,568,987	2,574,355
Total loans and receivables	4,597,007	4,133,168
Financial assets at fair value through equity		
Investment – shares (Note 9)	779	1,119
Financial liabilities measured at amortised cost		
Creditors and other payables (Note 12)	616,435	689,449
Income in advance	1,133,258	833,053
Total financial liabilities measured at amortised cost	1,749,693	1,522,502

24 FINANCIAL INSTRUMENT RISKS

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk.

The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

The interest rates on the Council's investments are disclosed in Note 8.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Council's exposure to fair value interest rate risk is limited to short-term deposits which are held at fixed rates of interest.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has no significant exposure to currency risk.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to the Council, causing the Council to incur a loss.

In the normal course of business, credit risk arises from deposits with banks and accounts receivables.

The Council has short-term deposits with registered banks. The Council's investment policy limits investments to registered banks with satisfactory credit ratings and New Zealand Government Stock. The Council's investment policy limits the amount of credit exposure to any one institution.

The Council allows credit facilities to its members and contracts for service customers. The Council has processes in place to review the credit quality of other customers prior to granting of credit.

The Council's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash and cash equivalents, net debtors (Note 6), and investments (Note 8, 9). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Council has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

LIQUIDITY RISK

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Council invests in short-term deposits.

The maturity profiles of the Council's interest bearing investments are disclosed in Note 8.

25 CAPITAL MANAGEMENT

The Council's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Council is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Council manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Council effectively achieves its objectives and purpose, while remaining a going concern.

26 EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variations from the Council's budgeted figures in the 2007/2008 Statement of Intent are as follows:

STATEMENT OF FINANCIAL PERFORMANCE

Income

Trading income of \$8,239,464 was \$867,344 less than budget due to the delay in citation by regulators of two major publications which resulted in lower income from the sale of Standards and seminars of \$753,000.

Expenditure

Expenditure of \$8,645,088 was \$680,725 less than budget due to:

- Inventories consumed and seminar costs were \$316,000 less than budget due to lower income earned as explained above.
- The capitalisation of the costs of self-funded standards as intangible assets of \$196,000 which was not budgeted for.
- The balance is made up of savings in other expenditure.

STATEMENT OF FINANCIAL POSITION

Assets

Debtors and other receivables were \$973,829 above budget due to advanced invoicing of contracts for service.

Intangible assets were \$282,833 above budget due to the capitalisation of the costs of self-funded standards as intangible assets, which was not budgeted for.

Liabilities

Employee entitlements were \$375,969 above budget due to incentives and other salary accruals being higher than budgeted for. Income in advance was \$608,258 above budget due to advanced invoicing of contracts for service.

STATEMENT OF CHANGES IN EQUITY

Surplus/deficit for the year

The deficit for the year was \$169,115 compared to a budgeted surplus of \$995.
The budget variance is explained in the statement of financial performance above.

STATEMENT OF CASH FLOWS

Cash flows from operating activities

Receipts from customers were \$899,003 below budget and payments to suppliers were \$608,121 below budget due to the budget variances explained in the statement of financial performance above.

Net cash from investing activities

Purchase of property, plant and equipment and computer software was \$360,159 below budget.
The capitalisation of the costs of self-funded Standards as intangible assets of \$196,446, was not budgeted for.

27 EXPLANATION OF TRANSITION TO NZ IFRS

TRANSITION TO NZ IFRS

As stated in Note 1, these are the Council's first financial statements to be prepared in accordance with NZ IFRS.

The Council's transition date is 1 July 2006 and the opening NZ IFRS balance sheet has been prepared as at that date. The Council's NZ IFRS adoption date is 1 July 2007.

EXEMPTIONS FROM FULL RETROSPECTIVE APPLICATION ELECTED BY THE COUNCIL

In preparing these financial statements in accordance with NZ IFRS 1, the Council has applied the following optional exemption to full retrospective application of NZ IFRS:

- 25E – Changes in existing decommissioning, restoration, and similar liabilities included in the cost of property, plant, and equipment.

The only mandatory exception from retrospective application that applies to the Council is the requirement for estimates under NZ IFRS at 1 July 2006 and 30 June 2007 to be consistent with estimates made for the same date under previous NZ GAAP.

RECONCILIATION OF EQUITY

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

	Note	1 July 2006			30 June 2007		
		Previous NZ GAAP	Effect on transition NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect on transition NZ IFRS	NZ IFRS
		\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash and cash equivalents		1,061,857		1,061,857	373,844		373,844
Debtors and other receivables	a	1,134,359	2,238	1,136,597	1,182,670	2,299	1,184,969
Prepayments		13,391		13,391	13,779		13,779
Inventories – stock of publications		104,345		104,345	119,805		119,805
Investments – short-term deposits	b	2,044,931		2,044,931	2,574,355		2,574,355
Total current assets		4,358,883	2,238	4,361,121	4,264,453	2,299	4,266,752
Non-current assets							
Investment – shares	c	1,138		1,138	1,119		1,119
Property, plant and equipment	d, g	1,072,448	(592,665)	479,783	705,374	(398,902)	306,472
Intangible assets	d, e		1,074,092	1,074,092	0	723,076	723,076
Total non-current assets		1,073,586	481,427	1,555,013	706,493	324,174	1,030,667
Total assets		5,432,469	483,665	5,916,134	4,970,946	326,473	5,297,419
Liabilities							
Current liabilities							
Creditors and other payables		723,986		723,986	689,449		689,449
Employee entitlements	f	385,546	8,293	393,839	580,602	7,513	588,115
Current portion of term liabilities		59,398		59,398	0		0
Income in advance		649,665		649,665	833,053		833,053
Total current liabilities		1,818,595	8,293	1,826,888	2,103,104	7,513	2,110,617
Non-current liabilities							
Employee entitlements		122,918		122,918	144,802		144,802
Provisions	g	0	133,000	133,000	0	133,000	133,000
Total non-current liabilities		122,918	133,000	255,918	144,802	133,000	277,802
Total liabilities		1,941,513	141,293	2,082,806	2,247,906	140,513	2,388,419
Net Assets		3,490,956	342,372	3,833,328	2,723,040	185,960	2,909,000
Equity							
General funds	h	3,490,956	341,848	3,832,804	2,723,040	185,455	2,908,495
Other reserves	i		524	524		505	505
Total equity		3,490,956	342,372	3,833,328	2,723,040	185,960	2,909,000

EXPLANATORY NOTES – RECONCILIATION OF EQUITY

a. Debtors and other receivables

Under previous NZ GAAP the Council applied a general provision for doubtful debts. NZ IFRS requires the Council to measure the provision for doubtful debts based on objective evidence that the Council will not be able to collect the amounts owing. The impact of this change has been a reduction in the provision for doubtful debts.

b. Investments – short-term deposits

Those term deposits with maturities three months or greater have been reclassified as investments and not cash and cash equivalents.

c. Investment – shares

The Council has designated these investments as fair value through equity under NZ IAS 39. The revaluation adjustment was previously taken through the statement of financial position.

d. Property, plant, and equipment, and intangible assets

Computer software has been reclassified as an intangible asset. It was previously classified as property, plant and equipment. Computer software reclassified as intangible assets is as follows:

	<i>1 July 2006</i>	<i>30 June 2007</i>
	\$	\$
Intangible assets – computer software	1,328,669	1,470,703
Accumulated amortisation – computer software	651,771	1,000,868
Carrying amounts	676,898	469,835

e. Intangible assets

Previously the costs incurred in the development of a Standard in excess of the contracted value for the services, if any, were expensed in the year they were incurred.

The effect on transition to NZ IFRS is the capitalisation of the costs incurred in the development of a self-funded Standard as an intangible assets. An intangible asset is only created if it is probable that the asset will generate future economic benefit.

The resulting intangible assets are to be amortised at the rate of 50% diminishing value over the economic life of the Standards. The impact of this change is as follows:

	<i>1 July 2006</i>	<i>30 June 2007</i>
	\$	\$
Intangible assets – self-funded Standards	695,515	741,984
Accumulated depreciation – self-funded Standards	298,321	488,743
Carrying amounts	397,194	253,241

f. Employee entitlements – sick leave

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Council to recognise employees' unused sick leave entitlement that can be carried forward at balance date, to the extent the Council anticipates it will be used by staff to cover future absences.

g. Provisions

A liability for lease make-good was not previously recognised. The effect on transition to NZ IFRS is a recognition of a provision for lease make-good and property, plant, and equipment – leasehold improvements as follow:

	1 July 2006	30 June 2007
	\$	\$
Property, plant, and equipment – leasehold improvements	133,000	133,000
Accumulated depreciation – leasehold improvements	48,767	62,067
Carrying amounts	84,233	70,933
Provision – lease make-good	133,000	133,000

h. General funds

The adjustment to general funds are as follows:

	1 July 2006	30 June 2007
	\$	\$
Debtors and other receivables provisioning (Note a)	2,238	2,299
Investment – shares, transfer revaluation to other reserves (Note c)	(524)	(505)
Intangible assets – self-funded Standards (Note e)	397,194	253,241
Sick leave liability (Note f)	(8,293)	(7,513)
Accumulated depreciation – leasehold improvements (Note g)	(48,767)	(62,067)
Total adjustment to general funds	341,848	185,455

i. Other reserves

The adjustment to other reserves are as follows:

	1 July 2006	30 June 2007
	\$	\$
<i>Financial assets at fair value through equity</i>		
Investment – shares, transfer of revaluation from general funds (Note c)	524	505
Total other reserves	524	505

RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR ENDING 30 JUNE 2007

The following table shows the changes in the Council's deficit, resulting from the transition from previous NZ GAAP to NZ IFRS for the year ending 30 June 2007.

	Note	30 June 2007		
		Previous NZ GAAP	Effect on transition NZ IFRS	NZ IFRS
		\$	\$	\$
Income				
Trading income		7,904,188		7,904,188
Interest income		208,091		208,091
Gains		14,198		14,198
Investment revaluation	a	(19)	19	0
Dividend income		31		31
Total income		8,126,489	19	8,126,508
Expenditure				
Personnel expenses	b	4,744,311	(780)	4,743,531
Other operating expenses	c	3,052,328	(46,469)	3,005,859
Fees paid to auditors		26,399		26,399
Council fees and Executive Chair		126,540		126,540
Depreciation and amortisation expense	d	563,270	203,722	766,992
Rental expenses on operating lease payments		371,835		371,835
Stock written off		6,657		6,657
Bad debts written off		883		883
Changes in provision for bad debts	e	61	(61)	0
Finance charges on finance leases		2,121		2,121
Total expenditure		8,894,405	156,412	9,050,817
Net surplus/(deficit)		(767,916)	(156,393)	(924,309)

EXPLANATORY NOTE – RECONCILIATION OF SURPLUS

a. Investment revaluation

The investment revaluation is required to be treated as fair value through equity under NZ IAS 39.

b. Personnel expenses

This represents the movement in the sick leave provision, which was not recognised under previous NZ GAAP.

c. Other operating expenses

This represents the development costs incurred on self-funded Standards transferred to intangible assets.

d. Depreciation and amortisation expense

This represents the following:

The year's depreciation on leasehold assets recognised on the provision – lease make-good of \$13,300.

The year's amortisation expense on intangible assets – self-funded Standards of \$190,422.

e. Changes in provision for bad debts

This represents the change in measurement basis of the provision for doubtful debts on transition to NZ IFRS, which has impacted on the movement in the provision for doubtful debts recognised in the statement of financial performance.

STATEMENT OF CASH FLOWS

On transition to NZ IFRS the statement of cash flows for the year ended 30 June 2007, short-term deposits of three months or greater are now included as investing activities and not included as part of cash and cash equivalents. This reclassification of term deposits from cash and cash equivalents to investing activities has impacted on the statement of cash flows for the year ended 30 June 2007 as follows:

- net increase in term deposits within investing activities has increased from \$nil to \$529,424.
- net increase/(decrease) in cash and cash equivalents has decreased from (\$158,589) to (\$688,013).
- cash and cash equivalents at the beginning of the year has decreased from \$3,106,788 to \$1,061,857.
- cash and cash equivalents at the end of the year has decreased from \$2,948,199 to \$373,844.

The effect on transition to NZ IFRS is the capitalisation of the costs incurred in developing self-funded Standards as intangible assets. The impact on the statement of cash flows for the year ended 30 June 2007 is as follows:

- payments to suppliers has decreased \$46,469 from \$3,626,219 to \$3,579,750.
- net cash from operating activities has increased from \$99,533 to \$146,002.
- purchase of intangible assets has increased \$46,469.

This reclassification of computer software as intangible assets has impacted on the statement of cash flows for the year ended 30 June 2007 as follows:

- the purchase of property, plant, and equipment has decreased \$168,227 from \$214,537 to \$46,310.
- the purchase of intangible assets has increased \$168,227.

There have been no other material adjustments to the statement of cash flows for the year ended 30 June 2007.

AUDIT REPORT
TO THE READERS OF
THE STANDARDS COUNCIL'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of the Standards Council. The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Standards Council for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Standards Council on pages 25 to 55:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Standards Council's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Standards Council on pages 14 to 23:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 22 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The

financial statements must fairly reflect the financial position of the Standards Council as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Standards Council's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Council's responsibilities arise from the Crown Entities Act 2004 and Standards Act 1988.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

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



Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STANDARDS COUNCIL

The Standards Council was established by the Standards Act 1988. At 30 June 2008 the membership of the Council was:

CHAIR

Richard Westlake

APPOINTED/REAPPOINTED

September 2006
Appointed by the Minister of Commerce

MEMBERS

John Albertson

(Deputy Chair)
May 2006
Nominated by the New Zealand Retailers' Association

Richard Gibbons

May 2006
Nominated by the Electricity Engineers' Association NZ

John Hannah

April 2005
Nominated by the N.Z. Vice-Chancellors' Committee

Sharon Kletchko

August 2006
Appointed by the Minister of Commerce

Vivian Kloosterman

September 2005
Nominated by the Institution of Professional Engineers New Zealand

Ellen Ramsay

May 2006
Nominated by the National Council of Women of New Zealand

Vaughan Renner

April 2005
Nominated by Business New Zealand

Carol Stigley

(Chair of Audit & Risk Subcommittee)
May 2006
Nominated by the Standards Council

Michael Wallmannsberger

April 2005
Nominated by the Council of Trade Unions

STANDARDS NEW ZEALAND

Debbie Chin

Chief Executive Officer



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www.standards.co.nz

