

STANDARDS COUNCIL

Final Report

1 July 2015 to 29 February 2016





Our vision

New Zealand's leader in creating value through standardisation

Our mission

To improve New Zealanders' lives

Our values

Making a difference

Welcoming a challenge

Working together



STANDARDS COUNCIL

Final Report 1 July 2015 to 29 February 2016

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

Explanatory note

Under the Standards and Accreditation Act 2015 the Standards Council is disestablished on 29 February 2016, with new arrangements for national standards commencing on 1 March 2016. The responsibility for national standards will be located within the Ministry of Business, Innovation and Employment.

This is the Standards Council's formal report to Parliament on its results for the period 1 July 2015 to 29 February 2016. It is written as at 29 February 2016. The report contains information required under section 150 of the Crown Entities Act 2004. It also complies with the requirements of the Public Finance Act 1989 Part 5, subpart 1, which sets out special reporting requirements for entities that are disestablished.

The report has been produced by the Standards Council, which has confirmed that it established and maintained a system of internal control designed to provide reasonable assurance of the integrity and reliability of the financial and non-financial reporting.

I present this report as provided for in section 45J(3) of the Public Finance Act 1989.



David Smol

Chief Executive

Ministry of Business, Innovation and Employment

21 April 2016

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John Lumsden | Standards Council Chair

Chair's foreword

This final report of the Standards Council marks the end of an era. It is with pleasure, pride, and a little sadness that we have prepared a report for the period 1 July 2015 to 29 February 2016.

The Standards Council is an autonomous Crown entity charged under the Standards Act 1988 with developing, promoting, and facilitating the use of standards and standardisation to help deliver a broad spectrum of social and economic benefits. Under the Standards and Accreditation Act 2015 the Standards Council is disestablished on 29 February 2016. Standards New Zealand, our operating arm, is also disestablished at that date.

From 1 March 2016 the functions of the Standards Council and Standards New Zealand will be undertaken by an independent statutory board and an independent statutory officer located within the Ministry of Business, Innovation and Employment (MBIE). The new Standards Approval Board will approve standards and the membership of standards development committees. The statutory officer will be responsible for managing the development, maintenance, and review of standards; making arrangements for public access to standards; and facilitating New Zealand's participation at the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). We are pleased that the Chief Executive of MBIE has chosen to continue with Standards New Zealand as the name of the new standards team within his organisation.

To realise the ongoing value of standards, it is essential that the characteristics of our standards development process – independence, consensus, balance, and transparency – are maintained under the new arrangements. Similarly, it will be important to continue to encourage commissioners of standards to fund both maintenance and access, and to increase awareness of the national standards body's specialised capabilities and the value of standards. These areas are critical to the success of the future standards body. We have worked closely with MBIE to ensure a smooth transition.

I wish to particularly acknowledge the contribution of Michelle Wessing to this smooth transition. Michelle served Standards New Zealand from 2005 in a number of senior roles, most recently as Acting Chief Executive from September 2013 through to September 2015. Michelle is a highly effective leader. We were impressed by her exceptional performance and delivery of excellent results under the challenging circumstances of a long transition period. Michelle left the organisation in good health in terms of employee engagement, standards development work under way, and our financial position.

Stuart Ng stepped up as Acting Chief Executive from 1 October 2015 to 29 February 2016, after serving in a range of standards development roles since 2005. He undertook a major review of the standards catalogue, and delivered a number of innovative and responsive solutions and products. This was achieved during a time of considerable uncertainty about the future of our work programme and for his team. We are both impressed by and grateful to Stuart for his contribution.

I wish to acknowledge the way that our senior leadership team and staff have continued to perform and deliver during a long period of potential, and then increasingly certain, change.

The development of standards could not happen without the support of our funders, the members of our standards development committees, and our partners such as Standards Australia, ISO, and the IEC. We are very grateful for their contribution.

Finally, I would like to thank my fellow members of the Standards Council. I have enjoyed the privilege of working with them to achieve the many benefits that come from standards and standardisation.



John Lumsden
Chair, Standards Council

29 February 2016



Stuart Ng | Acting Chief Executive

Acting Chief Executive's report

It has been a privilege to work with the Standards Council in my role as the Acting Chief Executive of Standards New Zealand in its final months.

Standards New Zealand has had a dual focus over the period from 1 July 2015 to 29 February 2016 – to maintain business as usual and to ready the organisation for the smooth transfer of functions to MBIE.

We continued to build a strong pipeline of standards development activity, and sales remained steady. We published 169 standards, including a number of innovative and responsive solutions and products. Three significant standards approved were NZS 8100:2015 *Dairy herd testing*, NZS 5259:2015 *Gas measurement*, and NZS 5828:2015 *Playground equipment and surfacing*.

To ensure that we maintain a contemporary standards catalogue available to New Zealand customers, we worked with Standards Australia to review the catalogue of New Zealand standards and joint Australian/New Zealand standards. We reviewed 410 standards over 10 years old, reconfirmed 204, revised 5, and withdrew 201. The average age of the catalogue is now 10 years 9 months.

We continued to explore ways to make it easier for customers to find and access standards. A key project under way, in collaboration with the Building Systems Performance branch at MBIE and BRANZ, is the development of a standards portal for the building sector.

Our systems and processes are mature, functioning well, and continuously improving. We integrated the Asset Plus hard copy update service with our webshop to provide a self-service option for customers; transferred our core infrastructure to a hosted service provider; and further consolidated our infrastructure platform, wherever possible and practical, to simplify our move to MBIE.

The development of standards could not happen without those organisations that commission standards, and the considerable input of time, effort, and expertise by the members of our standards development committees. Committee members come from a range of sectors and organisations, consumer and advocacy groups, academic and research bodies, and independent experts. Some donate their time for the good of their industry or sector; others in the national interest. We are very grateful for their contribution.

We have maintained strong relationships with ISO, IEC, and the Pacific Area Standards Congress (PASC), including exploration of opportunities to work more closely with Asia Pacific standards organisations. We also have a significant standards development programme undertaken jointly with Standards Australia.

Standards New Zealand finished the reporting period in a strong financial position, ahead of budget for the year to date and in a strong cash position.

Planning for the transition of functions, systems, and some staff from Standards New Zealand to MBIE has been a significant programme of work. We moved the office and the server to temporary locations in September 2015. The Standards New Zealand financial forecast to February 2016 includes all costs projected to wind up the entity, including shutting down the temporary office, insurance against ongoing liabilities, and writing off fixed assets not being transferred to MBIE. A significant level of funding will, as required by ministers, transfer to MBIE to fund ongoing standards-related activity.

However the most important transition planning was to ensure that all staff were well informed and engaged during an extended period of uncertainty. We wanted to retain sufficient engaged people to continue the work programme through to 29 February 2016. We have also worked to support the transfer of a core group of staff to establish Standards New Zealand within MBIE from 1 March 2016.

As I leave Standards New Zealand, I am proud of the work of the management and staff of the organisation and grateful for the support of the Standards Council. I wish every success to the new Standards New Zealand within MBIE and to the New Zealand standards community.

Our achievements

Developing consensus-based standards

Standards are consensus-based documents that provide specifications for products, processes, services, and performance. They help to keep our homes, public buildings, playgrounds, electrical appliances, and health services safe. They can also be used to protect people and our environment, and to increase productivity and drive innovation.

The process we follow to develop New Zealand and joint Australian/New Zealand standards is independent, robust, transparent, and driven by consensus. Using international guidelines, we establish balanced technical committees and expertly manage the development process, which includes public consultation, to ensure these principles are upheld. This approach ensures our standards are practical, relevant, and widely recognised and supported.

Between 1 July 2015 and 29 February 2016 we published 169 standards. Of these 10 were New Zealand standards; 25 were joint Australian/New Zealand standards developed by us (New Zealand secretariat); while 134 were joint Australian/New Zealand standards developed by Standards Australia (Australian secretariat). See Figure 1.

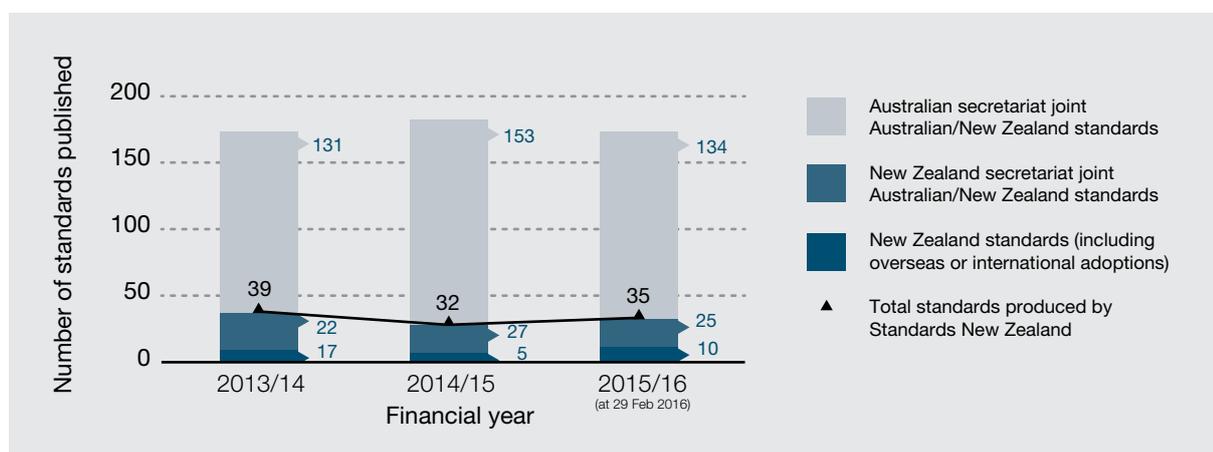


Figure 1 – Standards (including amendments) published in each financial year

Three significant standards published in the reporting period were:

- NZS 8100:2015 *Dairy herd testing* simplifies the provisions for farming businesses with multiple herds and farm dairies in similar environments, to allow the herds to be tested on the same day or on different days, as long as all cows are tested within an 8-day ‘herd test phase’
- NZS 5259:2015 *Gas measurement* was revised to bring it up to date and relevant to gas measurement systems for fuel gases, as defined in the Gas Act 1992, and for the conversion of measured volume or mass to energy
- NZS 5828:2015 *Playground equipment and surfacing* promotes and encourages the provision and use of playgrounds that are well designed, constructed, and maintained, as well as innovative and challenging, while still offering children a degree of risk in a controlled environment.

Standards can be used by government to support regulatory frameworks. As at 29 February 2016, there were 1268 New Zealand and joint Australian/New Zealand standards incorporated by reference in 266 Acts, Regulations, and other legislative instruments. In addition, New Zealand regulators reference at least 1068 overseas and international standards in 175 Acts, Regulations, and other legislative instruments.

Maintaining our contemporary standards catalogue

It is essential that standards mirror current practices, are technologically up to date, and reflect present thinking on safety, quality, and environmental impact.

Our standards catalogue is made up of New Zealand standards, and joint Australian/New Zealand standards, including adoptions of international or overseas standards.

At 29 February 2016 there were 3010 standards in the catalogue (see Figure 2). Joint Australian/New Zealand standards comprise 88% of the total.

To ensure that we maintain a contemporary standards catalogue available to New Zealand customers, we reviewed the aged New Zealand standards (over 10 years old) in the catalogue and worked with Standards Australia to review the aged Australian/New Zealand standards in the catalogue. We sought feedback on whether any of these aged standards were still being used and should be retained, and whether they should be reconfirmed, revised, archived, or withdrawn.

We reviewed 410 aged standards, reconfirmed 204, revised 5, and withdrew 201. Feedback on a further 216 standards is being sought during the period February to April 2016.

The average age of the catalogue is now 10 years 9 months.

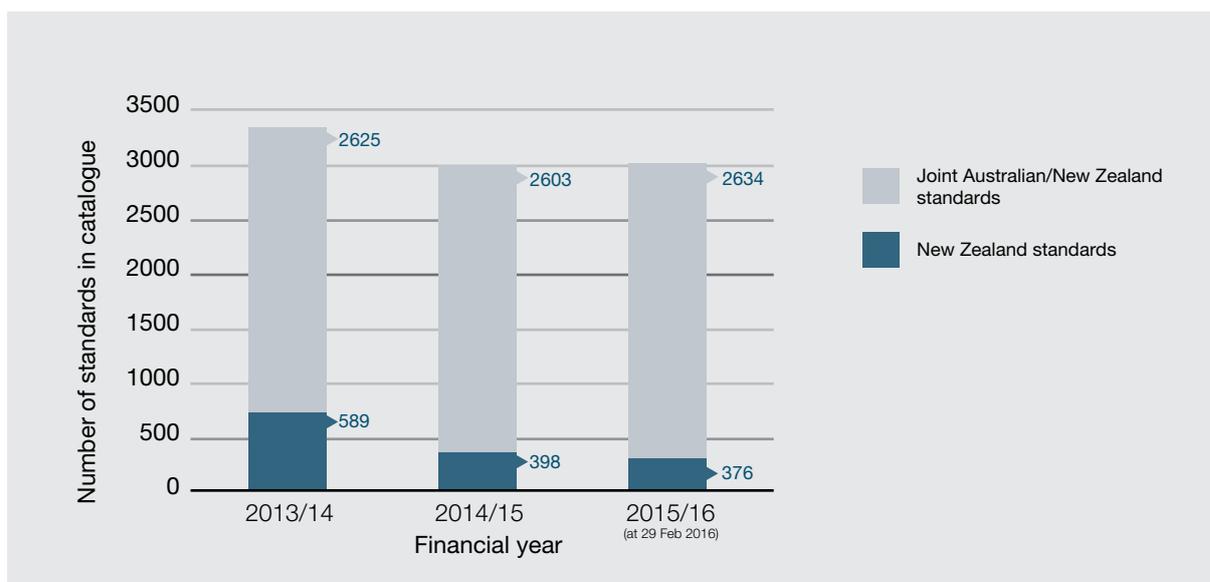


Figure 2 – Total standards (excluding amendments) in New Zealand’s standards catalogue at 29 February 2016¹

Ensuring the standards catalogue remains up to date and fit for purpose will continue to be an important part of standards development work under the new arrangements at MBIE.

We have continued to work closely with regulators so that they are aware when standards referred to in their regulatory frameworks are under review.

¹ Includes adoptions of international or overseas standards. Does not include standards that have been superseded or withdrawn.

Providing and improving access to standards

Standards are used by a diverse range of organisations to enhance their products and services, improve safety and quality, meet industry best practice, and conform to the requirements of our trading partners.

We provide access to 94 582 standards through our website; 8808 are New Zealand, Australian, and joint Australian/New Zealand standards, and 85 774 are overseas standards (see Figure 3). This is an increase of 2938 or 3%.

We maintained 99.99% uptime across our web-based services.

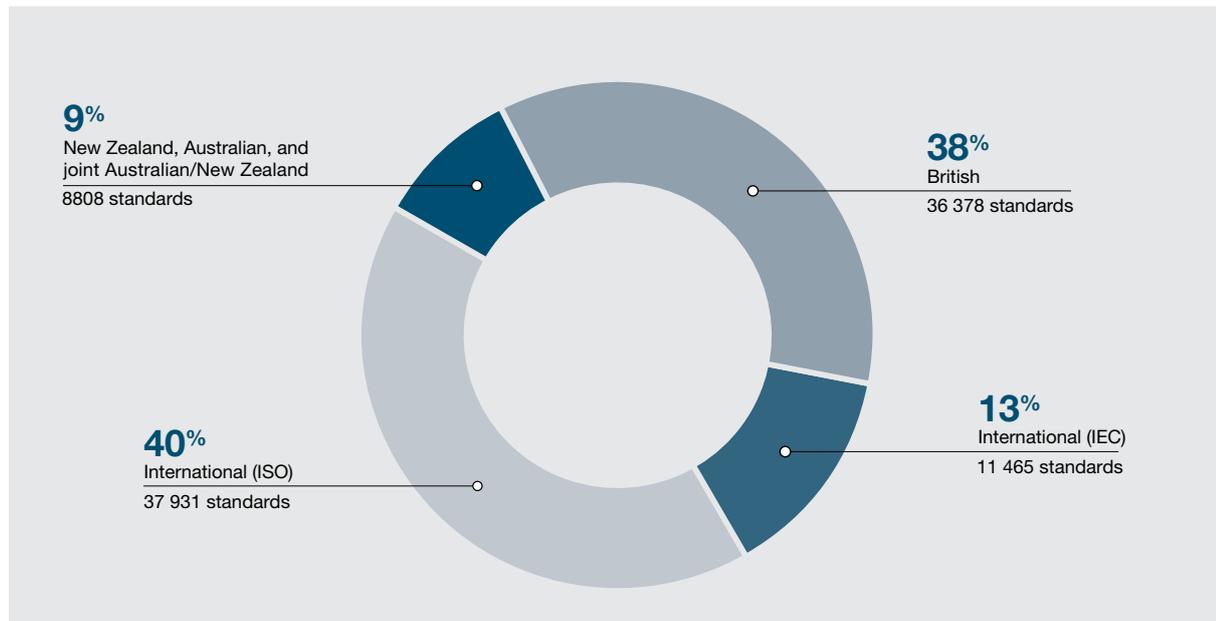


Figure 3 – Standards available from www.standards.co.nz at 29 February 2016²

We have continued to explore ways to make it easier for customers to find and access standards.

For this transition period, rather than continue the previous Standards New Zealand strategy of developing new products and services, we have focused on repackaging existing standards.

A key project under way, in collaboration with the Building Systems Performance branch at MBIE and BRANZ, is the development of a standards portal for the building sector.

We also continued to respond to a wide range of enquiries for information about standards and access to standards.

Supporting international connections and trade

Standards support trade by harmonising requirements between trading partners and providing a means of assurance that New Zealand products and services are fit for overseas markets. We collaborate with a number of other standards organisations in standards development projects, and also manage copyright agreements with other national standards bodies.

² This data includes every product available through our website, including amendments to standards and standards that have been superseded or withdrawn. Superseded and withdrawn standards continue in the catalogue as they are required by some users, for example because some facilities continue to be maintained to the standard that applied when they were built.

As New Zealand's member of ISO and IEC until 29 February 2016, we have maintained strong relationships with ISO, IEC, and PASC. A number of agreements with ISO and IEC, and agreements relating to ISO Technical Committees, were re-signed. We facilitated participation in and observation of the work of 181 ISO and 117 IEC committees (see Table 1). We consulted widely with New Zealand stakeholders on new ISO and IEC work item proposals. ISO and IEC members must maintain a certain level of voting compliance on the work of the committees they participate in. We maintained 100% voting compliance on relevant draft and final draft international standards.

Our strong working relationship with Standards Australia continued. A significant proportion of our standards development programme is undertaken jointly with Standards Australia, as reported in previous sections.

Table 1 – New Zealand participation in ISO and IEC committees at 29 February 2016

Committee type		Total ISO and IEC committees	New Zealand membership of ISO and IEC committees	
			Participant	Observer
ISO	Technical committees	239	23	60
	Subcommittees	520	39	55
	Policy development committees	4	1	3
	Total	763	181	
IEC	Technical committees	99	8	52
	Subcommittees	77	10	47
	Total	176	117	

Standards New Zealand attended the ISO 38th General Assembly in Seoul, Republic of Korea in September 2015, where we also held bilateral meetings with the Standards Council of Canada and CEN/CENELEC (the European Committee for Standardization and the European Committee for Electrotechnical Standardization). We coordinated feedback from New Zealand stakeholders on the ISO Strategic Plan for 2016 to 2020, which was approved at the General Assembly.

We hosted two meetings of international standards committees in New Zealand between 1 July 2015 and 29 February 2016. The annual meetings of the IEC System for Certification to Standards Relating to Equipment for use in Explosive Atmospheres (IECEx system) were held in Christchurch from 14 to 18 September 2015, with more than 100 delegates from 28 countries attending. The IECEx certification scheme enables New Zealand companies to buy electrical equipment for use in hazardous areas from any number of worldwide companies who supply through the scheme and know that it is compliant and safe, without the need to have the equipment retested in New Zealand. The scheme is an essential component of the New Zealand infrastructure in this area.

In November we hosted IEC subcommittee 61C Safety of refrigeration appliances for household and commercial use, in Wellington.

We continued to explore opportunities for New Zealand to work more closely with Asia Pacific standards organisations. In particular we were pleased to host a visit from the Deputy Director-General of Anhui Bureau of Quality and Technical Supervision in China, with a six-member delegation, in September 2015.

Standards New Zealand has operated until 29 February 2016 the New Zealand World Trade Organization (WTO) Technical Barriers to Trade enquiry point on behalf of the Ministry of Foreign Affairs and Trade. In the reporting period we notified WTO members of two potential trade barriers created by New Zealand Regulations, standards, and testing and certification procedures, and examined 1379 notices from other signatories to the agreement.

Progressing our strategic goals

The Standards Council's Statement of Intent 2013 – 2016 remains in effect. In April 2014 our responsible Minister waived the requirement to produce a new statement of intent, given that it was difficult to develop medium to long-term strategic intentions when we were likely to be disestablished. For the same reasons the waiver was granted again for 2015/16.

We have continued to work towards the following strategic goals to the extent practicable during this transition period.

- Maintain financial viability and broaden our activity
- Build and strengthen strategic partnerships
- Develop responsive products and services.

Maintain viability and broaden our activity

Our focus has been on being cost effective without compromising overall capability; continuing to offer services other than the development of national standards; and fully engaging in the implementation of the new arrangements for the standards functions at MBIE.

Activity	Results
Broadening our work programme	Developed a questionnaire to support the low volume vehicle review for the New Zealand Transport Agency
Continuing to raise our profile through communications and marketing activity	Sponsored at the Liquid Petroleum Gas Association conference in November 2015 Promoted ISO 9001:2015 <i>Quality management systems – Requirements</i> Sponsored two engineers to attend the IEC Young Professionals Workshop held in conjunction with the IEC General Meeting in Minsk, Belarus in October 2015 Increased our LinkedIn contacts from 250 to 405

Build and strengthen strategic partnerships

Our focus has been on working collaboratively with other agencies as opportunities arise; promoting standards for regulation; and keeping standards up to date.

Activity	Results
Assisting regulators and industry with the design of and compliance with regulatory instruments	Advised three Ministers of changes to 29 standards that are cited or referenced in legislative instruments for which they are responsible
Working collaboratively with other agencies	<p>Invited WorkSafe New Zealand to sponsor and present at the hazardous areas seminar that we organised as part of the IECEx meetings in September 2015; more than 100 attendees from around New Zealand were able to learn from international experts on safety and best practice when working in explosive areas</p> <p>Worked closely with the building regulator as part of the information provider project team to ensure the myCodehub solution is designed in a way that Standards New Zealand will be able to support in the future</p>

Develop responsive products and services

Our focus for the reporting period has been on repackaging existing standards.

Activity	Results
Exploring new delivery and access channels	<p>Created cost-effective sets of like standards in specialist subject areas. For example:</p> <ul style="list-style-type: none"> NZS 3902 <i>Housing, alterations and small buildings contract</i> and NZS 3604 <i>Timber-framed buildings</i> bundle NZS 8134 <i>Health and disability services</i> set – has relevance mainly to rest homes and hospitals
Improving our systems and processes	Integrated the Asset Plus hard copy update service with our webshop to provide a self-service option for customers
Responding to Canterbury Earthquakes Royal Commission recommendations	Following on from the recommendations from the Royal Commission, and sector analysis of improvements to the way buildings and structures are designed, we continued work on three significant standards amendment projects

Our organisation

Our staff members enable our organisation to achieve the financial and non-financial targets we set each year. It has been critical in this last year of operation as a Crown entity, during a period of unprecedented change, to focus on maintaining staff satisfaction, engagement, and capability.

We ensured that staff were fully informed and supported through the process of preparing to transfer the standards functions to MBIE. We maintained our commitment to proactive, open, and transparent communication, updating staff every time new information came to hand.

Many of our staff will transfer to MBIE to carry on the valuable work for which this organisation has been known for more than 80 years.

While staff morale and engagement remained positive, inevitably some people resigned and moved to other job opportunities as the date for transfer approached.

Those people whose positions did not transfer to MBIE were given access to external support for CV preparation, interview strategies, approaching the market, networking, and financial advice. We gave reasonable time off work to access this support, meet with recruitment agencies, and attend any job interviews, setting them up well to find a new position when they finished working for Standards New Zealand.

Continually improving our systems and processes

Planning for the transition of business systems to MBIE has been a significant programme of work for our ICT team. One person was based 3 days per week at MBIE's offices for 6 months, working with the project manager and third-party vendors on the transfer of business systems.

Almost the entire continuous improvement programme for information technology services was refocused on preparing for the transition, including transferring our core infrastructure to a hosted service provider and further consolidating our infrastructure platform. We also integrated the Asset Plus hard copy update service with the webshop to provide a self-service option for customers.

Being a good employer

We are strongly committed to being a good employer through fair, respectful, and timely dealings with all our staff. Our policies and management practices for recruitment, induction, performance management, staff development, and all other employment matters demonstrate our commitment to all aspects of being a good employer and providing equal employment opportunities.

Leadership, accountability, and culture

We know that the actions and behaviours of our leadership team have a significant bearing on our organisational culture and work environment. We have been working through a major change process with our staff over the past 18 months. We have concentrated our efforts on being open and transparent in our communications with staff and keeping them informed of new developments in the change programme. We have promoted this culture of openness through regular emails, a weekly staff newsletter, team meetings, and monthly meetings with all staff. Managers encouraged staff to feel comfortable about asking questions.

Recruitment, selection, and induction

Managers who have been responsible for recruitment know the requirements of the Human Rights Act 1993 and are aware of our equal employment opportunity policy, both of which require them to follow fair and unbiased recruitment practices. We used the main public job boards to attract a range of candidates from different backgrounds because we know the benefits that diversity can bring to our organisation. Our senior leadership team comprised four senior managers with diverse cultural backgrounds.

Employee development, promotion, and exit

As part of our performance and development process, all staff members met with their manager at least twice a year to formally discuss achievement of key objectives and plan training and development opportunities. We emphasised the importance of continuing to develop everyone's skills and capabilities and supported this by accessing appropriate professional trainers and facilitators to embed the new knowledge and skills.

Flexibility and work design

We understand that our staff have demands outside work that they need to constantly balance. We adopted a flexible approach to working hours to enable staff to meet personal and family commitments. When and where the work is done is not the main issue; what is important is ensuring it is completed within the time frame and to the standard required.

Remuneration, recognition, and conditions

Individual performance, internal and external market relativity, and ability to afford pay increases, were all part of our remuneration processes. We operated fair and transparent remuneration systems because positions were benchmarked using job evaluation methodology. All staff remuneration increases were assessed against individual performance and current market data. Staff members were aware of the remuneration review process and could request the market data for their position. There was an appeal process if they wanted to have their remuneration decision reviewed.

Safe and healthy environment

We have been committed to protecting the health and safety of our staff by having policies and procedures that eliminate, isolate, or minimise all hazards in the workplace. Our systems have aimed to protect staff members' physical, mental, and emotional health and well-being, and included policies on hazard identification, preventing bullying and sexual harassment, and disaster and pandemic planning. We also offered an employee assistance programme. We monitored our health and safety compliance through meetings of a committee made up of representatives from different teams, the union, and management. To promote the benefits of leading a healthy lifestyle, we also provided a supply of fruit twice a week and provided a health and well-being fund.

Workplace profile

Our workplace profile for age, gender, and ethnicity is presented in Figure 4. This information helped us to understand the composition of our workforce, and to monitor the effectiveness of our policies and practices for recruiting and retaining a diverse team of people.

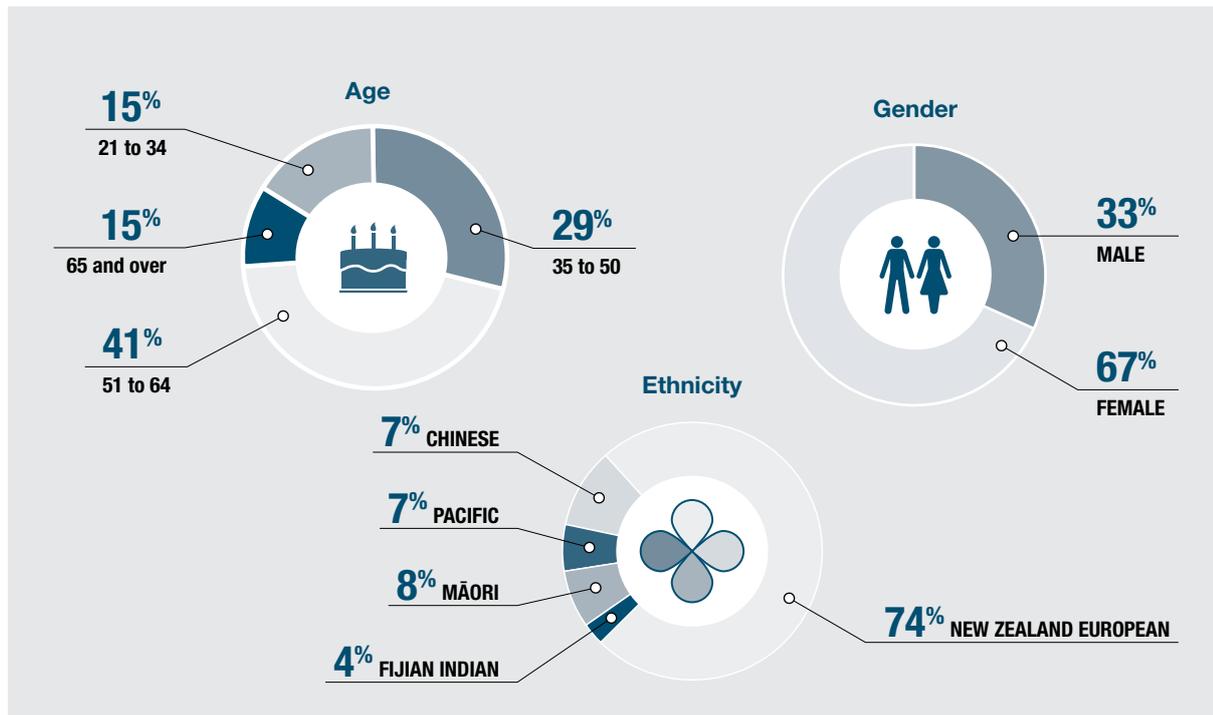


Figure 4 – Employees by age, ethnicity, and gender at 29 February 2016

Disability

Our workplace profile does not include disabilities because we do not collect this information. However, we recognise, respect, and value differences, and do not discriminate, including making reasonable accommodation for those with disabilities.

The essential contribution of volunteers

The high quality of New Zealand standards is a reflection of the knowledge and commitment of standards developers – the more than 1000 volunteers who are experts in their fields and who make up our standards development committees, to whom we all owe a lot.

We would like to recognise the immense contribution of our volunteers to businesses and to New Zealand as a whole in the areas of health, safety, and welfare of users and consumers; the environment; industry best practice; and new and emerging technologies.

We would also like to acknowledge all of those organisations who allow their staff to participate on committees, the nominating organisations, and the many self-employed committee members who contribute their time to the standards process.

In previous years Standards New Zealand has hosted the annual Meritorious Service Awards to recognise the outstanding contribution that winning committee members have made to standards development. There were no awards in 2015 due to the preparations for the transfer to MBIE.

The Council has highlighted to the Minister and MBIE the importance of committee members and volunteers. Continuing to support them to produce standards of high quality is very important to the future success of the organisation, and there is every indication that effective committee work will continue after the transition to MBIE.

Performance measures and results

This section reports on our performance against the measures in the Standards Council Statement of Intent 2013 – 2016 and the amended Statement of Performance Expectations for 2015/16.

Our contribution to New Zealand

Our standards solutions are used by government, industry, and consumers to achieve outcomes such as increased productivity and trade, workplace health and safety, and consumer protection.

Measuring our direct contribution to these outcomes is difficult. Instead, our financial stability, financial viability, and stakeholder satisfaction are used as proxies for our impacts. Because we needed to recover our costs by selling standards and standards development services, our financial results indicate the level of standards use and standards development. Client and customer satisfaction tell us whether the solutions we delivered were valuable, and committee satisfaction is critical to developing standards. Table 2 sets out performance against these measures.

Table 2 – Indicators of development and use of standards solutions at 29 February 2016

Performance measures	Performance standards		Results	
Financial stability	≥ budget	For 2015/16 this is a surplus ≥ \$140k	\$246k	Achieved
Financial viability	Financial reserves	≥ \$2m	\$4.9m	Achieved
Stakeholder satisfaction (out of 7) ³	Clients (fund standards development)	≥ 5.6		Not measured
	Committees (develop standards)	≥ 5.8		Not measured
	Customers (purchase standards)	≥ 6.0		Not measured

3 Measured annually by independent surveys.

Financial stability

The performance standard was set as achieving better than or equal to budget; for the full 2015/16 financial year this was a surplus equal to or greater than \$140k. The surplus of \$246k was achieved over the 8-month reporting period.

Financial viability

The Standards Council's financial reserves are expected to fund the transition to the new arrangements at MBIE. We have therefore taken a prudent approach to spending and maintaining healthy reserves.

Stakeholder satisfaction

Stakeholder satisfaction is assessed annually. The survey was not undertaken for the period 1 July 2015 to 29 February 2016.

Our outputs (goods and services)

The Crown Entities Act 2004 does not require the Standards Council to include performance measures in its Statement of Performance Expectations, as we receive no Crown funding. However, we worked with MBIE officials to develop and agree three measures that are aligned to the appropriation scope for standards functions under the new departmental arrangements (see Table 3). This was done to support the transition by allowing performance to be measured consistently over the full 2015/16 financial year.

Table 3 – Output performance measures 1 July 2015 to 29 February 2016

Output	Measure	Target	Results	
Develop and maintain consensus-based standards	Quantity	At 30 June 2016		
	Number of standards under development or review	277	160	At 29 February 2016
	Quality	1 July 2015 – 30 June 2016		
	The New Zealand standards development process meets statutory criteria	100% of draft standards submitted for approval are approved	100%	1 July 2015 – 29 February 2016
	Timeliness	1 July 2015 – 30 June 2016		
	New Zealand standards are developed and updated in the time frames agreed with commissioners	95% of standards are delivered in the agreed time frames	100%	1 July 2015 – 29 February 2016

Quantity

The number of standards under development or review is measured by the number of New Zealand and joint Australian/New Zealand standards (new, revisions, or amendments) on Standards New Zealand's work programme. This includes joint standards led by Standards Australia because Standards New Zealand coordinates New Zealand's input to these documents. Because each standard varies in size and scope, this measure is not indicative of the capacity required to deliver the work programme or the volume of work progressed. It simply measures the number of standards being progressed by Standards New Zealand over the period.

The result includes 110 standards that were in the work programme when the target of 277 was set. A further 50 standards that would have been included in the performance measure joined the work programme after 1 July 2015 and have been published.

Quality

The percentage of draft New Zealand standards submitted for approval is the percentage of New Zealand and joint Australian/New Zealand standards (new, revisions, or amendments) developed by Standards New Zealand only that meet the relevant statutory criteria in the Standards Act 1988. It does not include other publications such as handbooks or guidance. If a New Zealand standard is approved by the Standards Council, this confirms that its development has followed the statutory criteria in the Standards Act 1988.

Timeliness

The percentage of standards delivered in agreed time frames is the percentage of New Zealand standards and joint Australian/New Zealand standards (new, revisions, or amendments) developed by Standards New Zealand only that are delivered in the time frames agreed with commissioners (those who commissioned development of the standard). It does not include professional services or other documents such as handbooks or guidance. Deliverables and key milestones are determined from individual agreements for service and will differ depending on the commissioner's requirements. Variations to the deliverables and time frames may be agreed under a change control process.

Our organisational health

A healthy organisation means we have the capacity and capability to provide valuable solutions to our clients and customers. Staff satisfaction is a key indicator of an engaged, motivated, and professional workforce. Our certification to AS/NZS ISO 9001 *Quality management systems – Requirements* represents our commitment to quality and continuous improvement. Our financial reserves ensure we are a viable business in the short to medium term. Table 4 sets out our performance against these measures.

Table 4 – Indicators of operational capacity, capability, and viability at 29 February 2016

Performance measures	Performance standards	Results	
Staff satisfaction ⁴	Overall staff satisfaction \geq 65% ⁵		Not measured
AS/NZS ISO 9001 certification	Maintained	Maintained	Achieved
Financial viability	Financial reserves \geq \$2m	\$4.9m	Achieved

Staff satisfaction

Staff satisfaction is assessed annually. The survey was not undertaken for the period 1 July 2015 to 29 February 2016. However, it is worth noting that staff satisfaction was measured at 77.7% in June 2015.

ISO 9001 certification

In 2014/15 we were recertified to AS/NZS ISO 9001 for the 3-year period to May 2018.

⁴ Overall performance index as measured by an annual, independent survey.

⁵ The public sector benchmark is the weighted mean of the overall satisfaction rating of state sector organisations in the sample. The benchmark from the IBM state sector workplace survey April 2015 was 65%.

Financial information

Statement of responsibility

This is the final Annual Report for the Standards Council (the Council) covering the period 1 July 2015 to 29 February 2016.

Under the Standards and Accreditation Act 2015 the Standards Council was disestablished on 29 February 2016, with new arrangements for national standards commencing on 1 March 2016. The responsibility for national standards will be located within the Ministry of Business, Innovation and Employment (MBIE).

Pursuant to section 45J of the Public Finance Act 1989, the Minister of Finance has transferred the responsibility for preparing the final Standards Council's annual report to MBIE.

In terms of the Public Finance Act 1989, I am responsible as Chief Executive of MBIE, for the preparation of the Standards Council's financial statements and for the judgements made in them.

I confirm that the Standards Council established and maintained a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Standards Council's financial reporting.

This report contains information required under section 150 of the Crown Entities Act 2004; it also complies with the requirements of the Public Finance Act 1989 Part 5, subpart 1, which sets out special reporting requirements for entities that are disestablished.

In my opinion, these financial statements fairly reflect the financial position and operations of the Standards Council for the 8 months ended 29 February 2016.



Signed on behalf of MBIE

David Smol

Chief Executive

Ministry of Business, Innovation and Employment

21 April 2016

Wellington, New Zealand

Financial statements

Statement of comprehensive revenue and expense

FOR THE 8-MONTH PERIOD ENDED 29 FEBRUARY 2016

	Note	Actual 29 February 2016 (8 months) \$	Budget 30 June 2016 (full year) \$	Actual 30 June 2015 (full year) \$
Revenue				
Sale of documents		2,760,230	3,844,783	3,863,908
Contracts for service		592,896	1,400,000	1,431,187
Membership		339,593	478,501	531,998
Royalty revenue		280,635	330,000	354,775
Other revenue		258,301	363,085	959,679
Interest revenue		119,393	190,000	202,141
Dividend revenue		0	0	239
Total revenue		4,351,048	6,606,369	7,343,927
Expenditure				
Personnel expenses	3	1,792,659	2,550,500	3,854,896
Other operating expenses	4	1,852,398	3,269,921	2,387,979
Fees paid to auditors	5	35,813	40,000	33,130
Council fees	19	73,467	110,200	110,200
Depreciation and amortisation expenses	10, 11	177,586	233,973	425,763
Losses/(gains)	2	45,335	30,221	4,884
Rental expense on operating lease payments		129,728	216,630	189,196
Stock written-off/(on)	8	(2,344)	15,000	(11,112)
Total expenditure		4,104,642	6,466,445	6,994,936
Surplus		246,406	139,924	348,991
Other comprehensive revenue and expense	15	0	0	0
Total comprehensive revenue and expense		246,406	139,924	348,991

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 29 FEBRUARY 2016

	Note	Actual 29 February 2016 (8 months) \$	Budget 30 June 2016 (full year) \$	Actual 30 June 2015 (full year) \$
Assets				
Current assets				
Cash and cash equivalents	6	4,866,296	1,283,490	5,302,339
Debtors and other receivables	7	481,679	805,407	701,062
Prepayments		0	30,341	54,431
Inventories – stock of publications	8	61,160	40,895	53,953
Investments – short-term deposits	9	0	4,081,848	204,388
Property, plant, and equipment	10	0	0	38,852
Intangible assets	11	150,814	88,597	298,600
Total current assets		5,559,949	6,330,578	6,653,625
Total assets		5,559,949	6,330,578	6,653,625
Liabilities				
Current liabilities				
Creditors and other payables	12	129,288	518,907	471,519
Employee entitlements	13	146,857	458,442	615,191
Revenue in advance		774,121	632,388	750,717
Provisions	14	0	400,000	500,000
Total current liabilities		1,050,266	2,009,737	2,337,427
Total liabilities		1,050,266	2,009,737	2,337,427
Net assets		4,509,683	4,320,841	4,316,198
Equity				
General funds	15	4,509,683	4,320,841	4,316,198
Total equity		4,509,683	4,320,841	4,316,198

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE 8-MONTH PERIOD ENDED 29 FEBRUARY 2016

	Note	Actual 29 February 2016 (8 months) \$	Budget 30 June 2016 (full year) \$	Actual 30 June 2015 (full year) \$
Balance at 1 July		4,316,198	4,180,917	3,968,056
Comprehensive revenue and expense for the year				
Surplus		246,406	139,924	348,991
Other comprehensive revenue and expense		0	0	0
Total comprehensive revenue and expense		246,406	139,924	348,991
Transfer to gains/(losses) of cumulative gain previously recognised on investment – shares		0	0	(849)
Distribution to Crown	15	(52,921)	0	0
Balance at 29 February 2016	15	4,509,683	4,320,841	4,316,198

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE 8-MONTH PERIOD ENDED 29 FEBRUARY 2016

	Note	Actual 29 February 2016 (8 months) \$	Budget 30 June 2016 (full year) \$	Actual 30 June 2015 (full year) \$
Cash flows from operating activities				
Receipts from customers		4,430,206	6,239,874	7,350,942
Interest received		131,296	190,000	211,102
Dividends received		0	0	239
Payments to suppliers		(2,307,230)	(3,570,528)	(2,689,398)
Payments to employees		(2,760,993)	(2,790,012)	(3,435,878)
Goods and services tax (net)		(50,236)	(13,403)	50,113
Net cash flow from operating activities		(556,957)	55,931	1,487,120
Cash flows from investing activities				
Receipts from sale of property, plant, and equipment		3,205	0	0
Receipts from investments – short-term deposits		204,388	0	3,320,649
Receipts from sale of shares		1,142	0	0
Purchase of property, plant, and equipment		0	(10,000)	(5,500)
Purchase of intangible assets		(34,900)	0	(65,666)
Acquisition of investments – short-term deposits		0	(190,000)	0
Net cash flow from investing activities		173,835	(200,000)	3,249,483
Cash flows from financing activities				
Distribution to Crown	15	(52,921)	0	0
Net cash flow from financing activities		(52,921)	0	0
Net increase/(decrease) in cash and cash equivalents		(436,043)	(144,069)	4,736,603
Cash and cash equivalents at the beginning of the year		5,302,339	1,427,559	565,736
Cash and cash equivalents at the end of the period		4,866,296	1,283,490	5,302,339

The accompanying notes form part of these financial statements.

Notes to the financial statements

NOTE 1

Statement of accounting policies for the 8-month period ended 29 February 2016

Reporting entity

The Standards Council (the Council) is an autonomous Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the Crown Entities Act 2004 and the Standards Act 1988. The Council's ultimate parent is the New Zealand Crown.

The Council's 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.

The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Council operates a trading arm, Standards New Zealand, whose results are incorporated in these financial statements.

These are the final financial statements of the Council and are for the 8-month period ended 29 February 2016. The financial statements were authorised for issue by MBIE on 21 April 2016.

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 have been prepared in accordance with Tier 2 PBE accounting standards and disclosure concessions have been applied. The criteria under which the Council is eligible to report in accordance with Tier 2 PBE Standards are:

- the Council does not have public accountability nor does it hold assets in a fiduciary capacity for a broad group of outsiders.
- the Council has total expenses less than \$30 million.

These financial statements comply with PBE accounting standards.

DISESTABLISHMENT OF THE COUNCIL

The Council was disestablished on 29 February 2016 under the Standards and Accreditation Act 2015, with the new arrangements for national standards commencing on 1 March 2016. The responsibility for national standards will be located within MBIE. All of the assets, records, liabilities, and debts of the Council are vested in the Ministry.

The disestablishment of the Council required the financial statements to be prepared on a disestablishment basis, not on a normal going concern basis. The assets not required by MBIE were disposed of by 29 February 2016. The remaining assets in these financial statements as at 29 February 2016 are to be taken over by MBIE. No further adjustment have been made to the financial statements as a result of the disestablishment basis of preparation, except all assets and liabilities are presented as current.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Summary of significant accounting policies

Revenue

SALE OF DOCUMENTS

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

CONTRACTS FOR SERVICE

Contracts for service provided to third parties on commercial terms are exchange transactions. Contracts for service revenue is initially recorded as revenue in advance, and recognised as revenue when earned in proportion to the stage of completion at balance date.

MEMBERSHIP

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

INTEREST REVENUE

Interest revenue is recognised using the effective interest method.

ROYALTY REVENUE

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

VOLUNTEER SERVICES

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

Leases

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the Council. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of 3 months or less.

Debtors and other receivables

Debtors and other receivables are measured at face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Council will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

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 surplus or deficit 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 the amount invested.

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

Property, plant, and equipment

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

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

ADDITIONS

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Property, plant, and equipment is initially recognised at its cost.

DISPOSALS

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

SUBSEQUENT COSTS

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit 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 property, plant, and equipment have been estimated as follows:

Office equipment	5 – 10	years	10% – 20%
Computer hardware	3	years	33.33%
Leasehold improvements	1.67 – 2.5	years	40% – 60%
Heating and ventilation	10	years	10%
Telephone systems	3 – 5	years	20% – 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 AND DEVELOPMENT

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and any direct external cost.

Cost associated with maintaining computer software is recognised as an expense when incurred. Staff training costs 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 surplus or deficit.

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

Acquired computer software	3 – 5	years	20% – 33.33% SL
Internally generated computer software	3	years	33.33% SL
Self-funded standards			50.00% DV

Impairment of property, plant, and equipment and intangible assets

NON-CASH-GENERATING ASSETS

Property, plant, and equipment and intangible assets held at cost 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 service amount. The recoverable service 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 service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Creditors and other payables

Creditors and other payables are recorded at their face value.

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 to but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that 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 it will be used by staff to cover those future absences.

The Council recognises a liability and an expense for bonuses where there is a contractual obligation, or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

LONG-TERM EMPLOYEE ENTITLEMENTS

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.

PRESENTATION OF EMPLOYEE ENTITLEMENTS

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

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 surplus or deficit 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

RESTRUCTURING

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

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 surplus or deficit.

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, 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 a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

The budget figures are derived from the Statement of Performance Expectations 2015/16 as approved by the Council at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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 are discussed below.

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

We have reviewed the useful lives and residual values of 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, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and the 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 on useful lives and residual values.

The carrying amounts of property, plant, and equipment are disclosed in Note 11.

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 surplus or deficit, and the carrying amount of the intangible asset in the Statement of Financial Position.

The Council has not made significant changes to past assumptions on useful lives, amortisation rates, and residual values.

The carrying amounts of intangible assets are disclosed in Note 11.

NOTE 2

Gains/(losses)

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
Net gain/(loss) on disposal of office equipment	(20,615)	0
Net gain/(loss) on disposal of computer equipment	(6,835)	0
Net gain/(loss) on disposal of internally generated computer software	(13,297)	0
Net foreign exchange gain/(loss)	(4,588)	(5,411)
Net gain/(loss) on disposal of investment – shares	0	527
Total gains/(losses)	(45,335)	(4,884)

NOTE 3

Personnel expenses

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
Salaries and wages	2,710,922	3,334,141
Employer contributions to defined contribution plans	50,071	85,778
Increase/(decrease) in employee entitlements (Note 13)	(468,334)	(65,023)
Increase/(decrease) in employee redundancy provision	(500,000)	500,000
Total personnel expenses	1,792,659	3,854,896

Employer contributions to defined contribution plans include contributions to KiwiSaver.

NOTE 4

Other operating expenses

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
Temps/contractors	486,681	469,335
Inventories consumed	433,053	653,929
Insurance	213,256	71,510
Contracts for service external costs	141,451	344,511
Marketing and publicity	63,017	83,607
Other staff-related costs	61,365	117,028
Other costs	453,575	648,059
Total other operating expenses	1,852,398	2,387,979

Insurance includes professional indemnity and directors and officers run-off insurance of \$158,900 (2015: nil) to cover the period 1 March 2016 to 1 March 2023.

NOTE 5

Fees paid to auditors

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
Fees to Audit New Zealand for audit of financial statements	35,813	33,130
Total fees paid to auditors	35,813	33,130

NOTE 6

Cash and cash equivalents

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Cash at bank and on hand	4,866,296	1,616,290
Term deposits with maturities less than 3 months	0	3,686,049
Total cash and cash equivalents	4,866,296	5,302,339

NOTE 7

Debtors and other receivables

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Debtors and other receivables	481,679	701,062
Total debtors and other receivables	481,679	701,062

The carrying value of receivables approximates their fair value. Debtors and other receivables are receivables from the sale of goods and services (exchange transactions).

There is no impairment provision for receivables (2015: nil).

NOTE 8**Inventories – stock of publications**

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Publications held for sale	61,160	53,953
Total inventories	61,160	53,953

The write-up of commercial inventories amounted to (\$2,344), (2015: (\$11,112)).

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

NOTE 9**Investments – short-term deposits**

Investments – short-term deposits are represented by short-term deposits that have maturities of 3 to 12 months 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.

	Actual 29 February 2016	Actual 30 June 2015
Short-term deposits with maturities of 3-12 months	\$0	\$204,388
Average maturity	0	364 days
Weighted average effective interest rates	0.00%	5.02%

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

NOTE 10

Property, plant, and equipment

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

	Office equipment \$	Computer hardware \$	Leasehold improvements \$	Heating and ventilation \$	Telephone systems \$	Total \$
Cost						
Balance at 1 July 2014	130,520	287,034	164,283	11,200	5,630	598,667
Balance at 30 June 2015	130,520	240,423	164,283	11,200	9,482	555,908
Balance at 1 July 2015	130,520	240,423	164,283	11,200	9,482	555,908
Additions	0	0	0	0	0	0
Disposals	(130,520)	(237,687)	(164,283)	(11,200)	(9,482)	(553,172)
Balance at 29 February 2016	0	2,736	0	0	0	2,736
Accumulated depreciation and impairment losses						
Balance at 1 July 2014	118,942	257,402	111,927	1,307	3,010	492,588
Balance at 30 June 2015	122,669	225,557	161,910	2,427	4,493	517,056
Balance at 1 July 2015	122,669	225,557	161,910	2,427	4,493	517,056
Depreciation expense	1,000	6,118	106	187	787	8,198
Eliminate on disposal	(123,669)	(228,939)	(162,016)	(2,614)	(5,280)	(522,518)
Impairment losses	0	0	0	0	0	0
Balance at 29 February 2016	0	2,736	0	0	0	2,736
Carrying amounts						
At 1 July 2014	11,578	29,632	52,356	9,893	2,620	106,079
At 30 June and 1 July 2015	7,851	14,866	2,373	8,773	4,989	38,852
At 29 February 2016	0	0	0	0	0	0

There are no restrictions over the title of the Council's tangible assets; neither are any tangible assets pledged as security for liabilities.

NOTE 11

Intangible assets

Movements for each class of intangible asset are as follows.

	Acquired computer software \$	Internally generated computer software \$	Self-funded standards \$	Work in progress self-funded standards \$	Total \$
Cost					
Balance at 1 July 2014	1,458,503	84,233	1,437,604	7,738	2,988,078
Balance at 30 June 2015	1,444,703	90,237	1,452,604	52,400	3,039,944
Balance at 1 July 2015	1,444,703	90,237	1,452,604	52,400	3,039,944
Additions/transfers	0	0	87,300	(52,400)	34,900
Disposals	(1,444,703)	(90,237)	0	0	(1,534,940)
Balance at 29 February 2016	0	0	1,539,904	0	1,539,904
Accumulated amortisation and impairment losses					
Balance at 1 July 2014	1,128,438	29,315	1,244,355	0	2,402,108
Balance at 30 June 2015	1,335,959	59,394	1,345,991	0	2,741,344
Balance at 1 July 2015	1,335,959	59,394	1,345,991	0	2,741,344
Amortisation expense	108,743	17,546	43,099	0	169,388
Eliminate on disposal	(1,444,702)	(76,940)	0	0	(1,521,642)
Impairment losses	0	0	0	0	0
Balance at 29 February 2016	0	0	1,389,090	0	1,389,090
Carrying amounts					
At 1 July 2014	330,065	54,918	193,249	7,738	585,970
At 30 June and 1 July 2015	108,744	30,843	106,613	52,400	298,600
At 29 February 2016	0	0	150,814	0	150,814

There are no restrictions over the title of the Council's intangible assets, neither are any intangible assets pledged as security for liabilities.

NOTE 12

Creditors and other payables

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Creditors and other payables under exchange transactions		
Creditors	34,237	311,347
Accrued expenses	59,364	63,661
Total creditors and other payables under exchange transactions	93,601	375,008
Creditors and other payables under non-exchange transactions		
GST payable	35,687	96,511
Total creditors and other payables under non-exchange transactions	35,687	96,511
Total creditors and other payables	129,288	471,519

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.

NOTE 13

Employee entitlements

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Current employee entitlements		
Annual leave	71,630	201,991
Sick leave	2,473	14,061
Long service leave	13,086	52,674
Retirement leave	59,668	86,320
Incentives and other salary accruals	0	260,145
Total current portion	146,857	615,191
Total employee entitlements	146,857	615,191

KEY ASSUMPTIONS IN MEASURING RETIREMENT AND LONG SERVICE LEAVE OBLIGATIONS

The total employee entitlements of \$146,857 as at 29 February 2016 is for employees who transferred to MBIE on 1 March 2016, on the Council's disestablishment.

The present value of the retirement and long service leave obligations depends 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 affect the carrying amount of the liability.

In determining the appropriate discount rate the Council considered the interest rates on New Zealand 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. The following weighted average discount rates were used: year 1: 2.57%, year 2: 2.75%, and year 3 onwards: 4.56% (2015: year 1: 2.93%, year 2: 2.81%, and year 3 onwards: 4.39%). The following inflation factors were used: year 1: 2.60%, and year 2 onwards: 3.00% (2015: year 1: 2.46%, and year 2 onwards: 3.00%).

If the weighted average discount rates used were to differ by 1%, with all the factors held constant, the carrying amount of the retirement and long service liability would not result in a material movement.

NOTE 14

Provisions

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Provision		
Redundancy	0	500,000
Total provisions	0	500,000

REDUNDANCY PROVISION

The Council approved a detailed and formal redundancy plan, which was announced on 30 April 2015. Consultation on the proposed restructuring commenced on 1 May 2015 and the outcome was advised on 29 June 2015. The provision at 30 June 2015 represented the estimated cost of redundancy payments arising from the transfer of standards development and access functions to MBIE.

NOTE 15

Equity

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
General funds		
Balance at 1 July	4,316,198	3,967,207
Surplus	246,406	348,991
Distribution to Crown	(52,921)	0
Balance at 29 February 2016	4,509,683	4,316,198
Other reserves		
Financial assets at fair value through other comprehensive revenue and expense		
Balance at 1 July	0	849
Transfer to gains/(losses) of cumulative gain previously recognised on investment – shares	0	(849)
Balance at 29 February 2016	0	0
Total equity at 29 February 2016	4,509,683	4,316,198

DISTRIBUTION TO CROWN

The Council agreed with the Crown in 2014/15 that its financial reserves could be used to fund the transition to new institutional arrangements for standards development and enactment, in anticipation of the above legislation being enacted. However, there was uncertainty as to the scope of the transition activities that the Council could lawfully fund in pursuance of its existing functions under the Standards Act 1988.

Following discussion of this matter with MBIE officials in May 2015 and with the Council's agreement, the Minister of Finance directed the Council on 29 July 2015 under section 165 of the Crown Entities Act 2004 to pay a portion of its net surplus to the Crown (MBIE Crown Receipts account) to fund one-off transition costs incurred by MBIE amounting to \$52,921. The amount was paid to MBIE on 7 August 2015.

NOTE 16

Capital commitments and operating leases

The Council has no capital commitments as at 29 February 2016 (2015: nil).

Operating leases as lessee

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

	Actual 29 February 2016 \$	Actual 30 June 2015 \$
Not later than 1 year	0	63,919
Total non-cancellable operating leases	0	63,919

The total non-cancellable operating lease expense relates to the lease of the Council's office and to the lease of the Council's telephone system.

The Council does not have the option to purchase the assets at the end of the lease term.

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

NOTE 17

Contingencies

Contingent liabilities

The Council has no contingent liabilities as at 29 February 2016 (2015: nil).

Contingent assets

The Council has no contingent assets as at 29 February 2016 (2015: nil).

NOTE 18**Related party transactions**

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

The Council is a wholly owned entity of the Crown.

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

Related party transactions required to be disclosed: Nil.

Key management personnel compensation

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
Council Members		
Council fees	73,467	110,200
Full-time equivalent members	1.0	1.0
Senior leadership team		
Remuneration	886,090	727,076
Full-time equivalent members	4.0	4.0
Total key management personnel compensation	959,557	837,276
Total full time equivalent personnel	5.0	5.0

Key management personnel includes all Council members, the Acting Chief Executive, and the salaries paid for those fulfilling the positions on the senior leadership team during the period.

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

NOTE 19**Council fees**

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

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
John Lumsden (Chair)	16,667	25,000
John Hannah	8,800	13,200
Richard Gibbons	8,000	12,000
Sharon Kletchko	8,000	12,000
Vaughan Renner	8,000	12,000
Fay Sowerby	8,000	12,000
Michael Wallmannsberger	8,000	12,000
John Boshier	8,000	12,000
Total Council fees	73,467	110,200

There have been no payments made to Council-appointed committee members who were not Council members during the financial period.

No Council members received compensation or other benefits in relation to cessation (2015: nil).

The Council has effected directors' and officers' liability insurance cover during the financial period to cover the liability or costs of Council members and employees.

NOTE 20**Employee remuneration**

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

Total remuneration paid or payable	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
\$100,000 – 110,000	3	0
\$110,000 – 120,000	1	2
\$130,000 – 140,000	0	2
\$140,000 – 150,000	0	1
\$150,000 – 160,000	0	2
\$170,000 – 180,000	1	0
\$180,000 – 190,000	1	0
\$220,000 – 230,000	1	0
\$230,000 – 240,000	1	0
\$280,000 – 290,000	0	1
Total employees	8	8

During the period ended 29 February 2016, 15 (2015: nil) employees received compensation and other benefits (including redundancy and retirement payments), in relation to cessation totalling \$618,122 (2015: nil).

NOTE 21**Events after balance sheet date**

The Council was disestablished on 29 February 2016 under the Standards and Accreditation Act 2015, with the new arrangements for national standards commencing on 1 March 2016. The responsibility for national standards will be located within MBIE.

All of the assets, records, liabilities, and debts of the Council are vested in MBIE.

NOTE 22**Categories of financial instruments**

	Actual 29 February 2016 (8 months) \$	Actual 30 June 2015 (full year) \$
Loans and receivables		
Cash and cash equivalents	4,866,296	5,302,339
Debtors and other receivables (Note 7)	481,679	701,062
Investments – short-term deposits (Note 9)	0	204,388
Total loans and receivables	5,347,975	6,207,789
Financial liabilities measured at amortised cost		
Creditors and other payables (Note 12)	129,288	471,519

NOTE 23**Explanation of significant variances against budget**

These financial statements report actual results for the 8-month period from 1 July 2015 to 29 February 2016 when the Council was disestablished. The Council's budgeted figures in the amended Statement of Performance Expectations 2015/16 provide budget information for the full 2015/16 financial year. A comparison of actual results against the budget is therefore not meaningful and no commentary is provided.

Independent Auditor's Report

To the readers of the Standards Council's financial statements for the eight-month period ended 29 February 2016

The Auditor-General is the auditor of the Standards Council. The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Standards Council on her behalf.

Opinion on the financial statements

We have audited the financial statements of the Standards Council on pages 20 to 43, that comprise the statement of financial position as at 29 February 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the eight-month period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Standards Council that are prepared on a disestablishment basis:

- present fairly, in all material respects:
 - its financial position as at 29 February 2016;
 - its financial performance and cash flows for the eight months then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

The financial statements are appropriately prepared on a disestablishment basis

Without modifying our opinion, we draw your attention to the accounting policy on pages 24 and 25 about the financial statements being prepared on a disestablishment basis due to the Standards and Accreditation Act 2015 disestablishing the Standards Council and vesting the functions, assets and liabilities of the Standards Council in the Ministry of Business, Innovation and Employment (the Ministry) on 1 March 2016. We consider the disestablishment basis of preparation of the financial statements and the related disclosures to be appropriate to the Standards Council's circumstances.

Our audit was completed on 21 April 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Members of the Standards Council, the Chief Executive of the Ministry and our responsibilities, and we explain our independence.

Basis of opinion

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Members of the Standards Council and the Chief Executive of the Ministry;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

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

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

Responsibilities of the Members of the Standards Council and the Chief Executive of the Ministry

The Standards Council's financial statements for the eight-month period ended 29 February 2016 have been completed by the Ministry under authority provided by the Minister of Finance under section 45J of the Public Finance Act 1989.

The Chief Executive of the Ministry is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand and the Public Benefit Entity Standards Reduced Disclosure Regime; and
- present fairly the Standards Council's financial position, financial performance and cash flows.

The Members of the Standards Council and the Chief Executive of the Ministry responsibilities arise from the Crown Entities Act 2004.

Up until 29 February 2016, the Members of the Standards Council was responsible for such internal control as they determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. As from 1 March 2016, the Chief Executive of the Ministry took over these responsibilities to enable the completion of the financial statements. The Chief Executive of the Ministry is also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

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

Independence

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

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



Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

About us

The Standards Council

The Standards Council is an autonomous Crown entity charged under the Standards Act 1988 with developing, promoting, and facilitating the use of standards and standardisation to help deliver a broad spectrum of social and economic benefits. At 29 February 2016 the Standards Council was:

Chair

John Lumsden Appointed by the Minister of Commerce November 2010

Members

John Boshier Appointed by the Minister of Commerce July 2014

Richard Gibbons Nominated by the Electricity Engineers' Association New Zealand February 2003

John Hannah (Chair of Audit and Risk Subcommittee)
Nominated by the New Zealand Vice Chancellors' Committee June 1998

Sharon Kletchko Appointed by the Minister of Commerce September 2006

Vaughan Renner Nominated by Business New Zealand April 2005

Fay Sowerby Appointed by the Minister of Commerce May 2010

Michael Wallmannsberger Nominated by the Council of Trade Unions April 2005

Standards New Zealand

Standards New Zealand, the Standards Council's operating arm, is New Zealand's leading developer of standards and standards-based solutions. At 29 February 2016 the senior leadership team was:

Stuart Ng Acting Chief Executive

Sheil Priest General Manager, Marketing

Drew Comeskey General Manager, Shared Services

Carolyn Gay Acting General Manager, Standards Solutions

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