

**STATEMENT OF INTENT  
OF THE  
TESTING LABORATORY REGISTRATION COUNCIL  
FOR THE PERIOD 2006-2009**

*Presented to the House of Parliament, July 2006*

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## Introduction and Summary

The Council takes pleasure in presenting its Statement of Intent for the three years 2006 to 2009. The outlook is for growth over the next three years in all operating units of the Council and small annual financial surpluses are expected over this period.

Two recent events have impacted on the Council's outlook for the next three years. Both involve central government initiatives, with one designed to deliver an improved health service and the other to improve the standard of housing in New Zealand.

In the health field, the Council's accreditation unit, International Accreditation New Zealand (IANZ), has been contracted to the National Screening Unit of the Ministry of Health to assess the competence of providers of cervical screening, breast screening and colposcopy screening services throughout New Zealand.

In the housing sector, IANZ has worked closely with the Department of Building and Housing to develop suitable standards to meet the new requirements of the Building Act 2004. Commencing this year, IANZ will provide accreditation assessments of Building Consent Authorities in an initial programme that will span six years.

In these and other initiatives, the Council demonstrates the expertise and skills of its staff in providing assurances of competence for essential government services and reflects a growing awareness and understanding among regulatory agencies of the Council's conformance functions and expertise. Over the next three years, Council management will give priority to working with central government agencies to provide more rigour in their monitoring processes.

The Council's certification body, Telarc Limited is moving away from its dependence on ISO 9001 certification to drive its business, although this will remain its leading programme. A campaign to encourage small to medium sized businesses to adopt good management practices will be a significant focus for Telarc Limited over the next three years.

Making a negative impact on the Council's performance is the present anomaly in government practice that allows competition for the accreditation of inspection bodies in New Zealand. The presence of competing accreditation bodies is concerning regulators and some have expressed reluctance to include accreditation as the means of conformance to their specified requirements. This issue is being addressed in the current review of the standards and conformance infrastructure being undertaken by the Ministry of Economic Development and it is the Council's wish that it be resolved positively and speedily.



Dr G Page  
Chairperson



Dr W L Richards  
Chief Executive Officer

## **Strategic Direction**

### **Outcomes**

Broadly speaking, the Council contributes to the health, safety and well-being of New Zealanders and to the economic development of New Zealand. It does so by providing credible independent, third-party assurance that measurements are accurate and that suppliers of goods and services are operating in a competent manner.

Medical testing and water and food testing, which are essential for public health, are prime examples. The public need to be assured that their blood tests, their CT scans and their x-ray diagnosis are performed correctly and accurately. Similarly, the public need to be assured that the water they drink and the food they purchase are within safety guidelines (and meet mandatory chemical and microbiological standards). The Council's IANZ accreditation programmes provide this assurance through accreditation of the laboratories and radiology practices.

Public safety is also assured when using lifts, cranes and pressure equipment with the mandatory requirement for bodies responsible for inspecting such functions to be IANZ accredited.

Businesses competing both domestically and internationally use the international quality management standard ISO 9001 to help improve operating efficiencies and gain recognition for compliance of their management systems. The Council's certification unit, Telarc Limited, annually assesses nearly 1,000 organisations to this standard.

### **Service delivery and growth**

To achieve its outcomes in the 2006-2009 periods, the Council's three operating units will deliver the following services.

#### **Testing and calibration laboratory accreditation**

Testing and calibration laboratories have been accredited by the Council's accreditation unit, IANZ, since 1973, and were among the first in the world to be accredited. Laboratories involved in testing items of all manners essential for health, safety and trade are involved in this programme. Included are applied physics, biological, chemical, dairy, electrical, gas cylinder, meat, mechanical, metrology, water and wool testing laboratories. All are accredited to the international standard NZS/ISO/IEC 17025 *General Requirements for the Competence of Testing and Calibration Laboratories*. Today, there are almost 750 laboratories assessed each year to this standard by IANZ, which represents over 90 percent of available laboratories in New Zealand. No significant growth in the number of laboratories accredited can be expected over the next three years.

Accredited laboratories are generally assessed fully every three years. Surveillance assessments are carried out each intervening year.

This service generates income from registration and assessment fees.

### **Medical testing accreditation**

In 2003, the International Organisation for Standardisation introduced a new standard specifically for medical testing laboratories, replacing ISO/IEC 17025 as the criteria for accreditation. The new standard, NZS/ISO 15189 *Medical Laboratories – Particular Requirements for Quality and Competence*, has been implemented by IANZ in New Zealand. Virtually all 420 medical testing laboratories in the private sector and in hospitals around the country are accredited by IANZ, giving assurance that tests essential for human health are carried out accurately and competently.

Accredited medical laboratories are generally assessed fully every four years.

Surveillance assessments are carried out each intervening year.

This service generates income from registration and assessment fees.

### **Inspection body accreditation**

Inspection is an essential part of ensuring the operational safety of many items that the public use in their daily lives. Lifts and elevators are prime examples as are cranes used in the workplace. The competency of inspection services employed by local authorities to ensure regulatory requirements for these and other devices is assured by IANZ accreditation to the international standard ISO/IEC 17020 *General Criteria for the Operation of Various Bodies Performing Inspection*.

In the past year IANZ has worked with the Department of Building and Housing in developing standards for building consent authorities. In 2006-2007, IANZ will begin a three-year process of assessing these authorities for compliance to the Department's accreditation criteria. This provides a robust mechanism to support the Department's strategic goal of improving building regulatory control in New Zealand. Two additional staff have been employed and are in training for this role; further staff will be employed once the full scope of the programme is determined by the Department.

Since 1997, IANZ has performed second-party assessments for the New Zealand Food Safety Authority programme for the Approval of Auditors of Food Safety. Other assessment requirements are being developed with the NZFSA, which are likely to come to fruition during the next three years. A qualified food assessor is part of the IANZ inspection body accreditation team and a further assessor is planned to respond to the growing requirements.

Inspection bodies are assessed fully every three years. Surveillance assessments are carried out each intervening year.

This service generates income from registration and assessment fees.

### **Radiology services accreditation**

General practitioners and medical specialists demand accuracy and precision of pathology and radiology information in order to make the correct diagnosis and treatment decisions. To demonstrate a disciplined commitment to providing a quality and reliable service, many radiology services voluntarily seek IANZ accreditation.

Diagnostic radiology services are accredited by IANZ to *The New Zealand Code of Radiological Management Practice*, which is closely modelled on the international standard ISO/IEC 17025 *General Requirements for the Competence of Testing and Calibration Laboratories*. The accreditation includes bone densitometry, CT scanning, general radiography, mammography, MR imaging, scintigraphy, ultrasound and vascular and interventional services. This accreditation programme is unique to New Zealand, but international interest is being shown, including recent discussions IANZ had with the radiology suppliers in Australia. Some opportunities remain to grow the business in New Zealand and IANZ will continue to promote this programme to radiology services not yet committed to accreditation.

Radiology services are assessed fully every three years. Surveillance assessments are carried out each intervening year. No additional staff will be required to assess the likely increases in this programme.

This service generates income from registration and assessment fees.

### **CE Marking**

IANZ is the New Zealand Designating Authority for CE Marking for testing and calibration laboratories and inspection bodies under a New Zealand government agreement with the European Union. A similar agreement has been developed with the government of Singapore. This mark indicates that a product conforms to safety, public health and consumer protection requirements imposed by European Directives and is essential for any New Zealand manufacturer supplying product into the European market.

Just a few laboratories test for CE Marking requirements in New Zealand and the number is not expected to grow to any extent in the next three years.

This service generates income from registration and assessment fees.

### **GLP Compliance Monitoring**

IANZ is the National GLP Compliance Monitoring Authority for New Zealand. Testing facilities are inspected for compliance with the OECD Principles of Good Laboratory Practice and related consensus documents. The scope of application is restricted to non-clinical safety testing of test items contained in cosmetic products, feed additives, food additives, industrial chemicals, pesticide products, pharmaceutical products and veterinary drugs. Just a few laboratories test for GLP Compliance requirements in New Zealand and the number is not expected to grow to any extent in the next three years.

This service generates income from registration and assessment fees.

### **NSU Lead Provider Audits**

In a move to improve health and reduce health inequalities, the National Screening Unit of the Ministry of Health introduced screening programmes for cervical and breast cancers and for colposcopy. IANZ is the Lead Provider Auditor for the NSU and, in the 2005-2006, year, began assessing screening providers throughout New Zealand. The initial assessments will be

undertaken over the next three years and provide support to the NSU that all providers meet their requirements. One new staff member has been added to the IANZ medical programme team to assist with this contracted work and no further staffing should be necessary.

This service generates income from assessment fees.

### **Registration of Certified Suppliers**

Quality management systems are an essential requirement for business improvement. A good system will reduce wastage and duplication of effort, identify the most efficient way of performing tasks, and clearly define the roles of all staff so that there is no misunderstanding of the roles each play. More and more businesses and government agencies are requiring suppliers to operate efficient systems to ensure delivery of products or services on time and to specifications. The assurance they seek is provided by the international standard ISO 9001 *Quality Management Systems – Requirements*. ISO 9001 is the fastest growing and the most recognised standard in the world. Some 1,400 New Zealand organisations are currently registered to ISO 9001.

Certifying organisations to ISO 9001 is a competitive business and operating margins are small for the Council's certification body, Telarc Limited. This allows for little or no large scale promotion of the standard. Reliance is placed on present market awareness for any growth in ISO 9001 registrations and none is expected for this programme in the next three years.

In addition to ISO 9001 certifications, Telarc Limited maintains a scheme of registration for environmental management systems. Worldwide, certification to the international standard ISO 14001 *Environmental Management Systems – Requirements* is growing, albeit at a slower rate than ISO 9001. New Zealand businesses have been slow to adopt this standard in the absence of any regulatory requirements to do so and only minimal growth is expected over the next three years.

These services generate income from registration and assessment fees.

### **Small and medium sized enterprises**

Some years ago, in the 1990's, the Council recognised that international standards such as ISO 9001 were too complex for New Zealand's small and medium sized enterprise. These are owner-manager operations with little or no management systems expertise and with limited resources and time to implement such systems. Telarc Limited developed a code – Q-Base - specifically for these enterprises based on ISO 9001 but reduced to seven activities considered essential for the operation of an effective business.

In 2005-2006, Telarc Limited, with assistance from the Department of Labour, integrated health and safety management with Q-Base to create a new product: Q-Safe. This new programme is being licensed to management systems consultants around the country and is expected to double the number clients over the next three years.

This service generates income from registration and assessment fees.

### **Health and Disability**

In 2001, the Health and Disability Act introduced new standards for the inpatient and residential health service providers. Telarc Limited was made a Designated Audit Agency for this standard by the Ministry of Health and became a strong promoter of the new standard. Telarc Limited manages this with two full time staff and group of contract assessors. While a steady growth in client numbers is expected over the next three years, no additional staff will be required.

This service generates income from assessment fees.

### **Occupational Health and Safety**

A good safety record is critical for any organisation and requires good management practices to be successful. There is no regulatory requirement for conformance to any standard but one, AS/NZS 4801 *Occupational Health and Safety Management Systems – Specifications with Guidance for Use*, exists for this purpose. For those businesses that want to be assured they are operating efficiently, Telarc Limited provides a certification programme based on this standard or other approved criteria. As a voluntary programme, interest is limited to around thirty clients, with a modest increase expected over the next three years.

Businesses are, however, more interested in the rebate schemes - Workplace Safety Management Programme and Partnership Programme - operated by ACC. Telarc Limited, with a team of ACC approved independent auditors, is forecasting a steady increase over the next three years in the number of clients it will assess on behalf of ACC.

This service generates income from registration and assessment fees.

### **Roading Quality and Rail Safety**

To ensure state highway physical works are at the highest quality assurance, contractors are required to meet the standard, TQS1, set by Transit New Zealand. Telarc Limited is approved to provide third-party certification to this standard.

Railway and tramway operators in New Zealand are required to implement rail safety management systems and practices to obtain and maintain a Rail Service Licence. Independent audits for this programme are provided by Telarc Limited, as approved by Land Transport New Zealand.

While each of these programmes is small in number, both make a valuable contribution to the quality and safety of transport in New Zealand.

These services generate income from assessment fees.

### **Training Courses**

For almost twenty years the Council has provided training courses in quality management, for both laboratories and for businesses, through its New Zealand Quality College, the largest such trainer in New Zealand. As most courses are directly related to accreditation and certification, attendees are largely drawn from existing IANZ and Telarc Limited clients. In addition,

accreditation authorities in the Asia Pacific region call on the Quality College to run courses for their staff and clients on understanding accreditation standards and good laboratory practice.

The main subject categories include laboratory management, inspection body accreditation, radiology practices management, management systems, environmental management, health and safety. Auditing skills are essential requirements for any organisation operating a quality management system and the Quality College provides training for this activity on a regular basis.

Nearly 2,500 people participate in Quality College courses each year and this number is expected to grow to 3,000 over the next three years. Much of this growth will come with new programmes, such as that for building consent authorities.

This service generates income from course fees.

### **Facilitating Trade**

In recent years, barriers to trade such as tariffs, etc have largely been overcome for New Zealand exporters who now face the challenge of meeting technical barriers. Evidence of product specification and technical capability to meet local requirements is essential for the smooth transition from New Zealand suppliers into the large markets of Europe, Asia and the Americas. Shipments failing to show proof of meeting these requirements are rejected at the border, resulting in financial loss for the exporter and loss of confidence in the supplier by the importer. Major New Zealand export commodities are involved, including dairy products, meat and wool as well as electrical and telecommunication products, pressure equipment, machinery and building products.

The Council, through IANZ, has for some years now been fully active in establishing Mutual Recognition Arrangements (MRAs) with its counterpart accreditation authorities around the world. These arrangements allow for test and inspection reports from New Zealand accredited organisations to be recognised in other economies, removing the need for further testing or inspection of the products being imported. Costs of exporting are minimised and delivery times accelerated as a result. There are now almost sixty such MRA's established and the number will continue to grow over the next three years.

This activity is fully funded by the Council.

### **Advice to the Ministry**

The Council provides technical advice and support to the Ministry of Economic Development in the development of free trade agreements with a number of economies. During 2006-2009 this will continue, with particular emphasis on the free trade agreement negotiations with China.

### **Ministerial Advice**

When the Council considers a policy matter or an issue has implications for the government, the Ministry and/or the Minister's office are advised immediately. A full brief is given to enable

appropriate action to be taken. Regular advice is provided to the Minister in response to Parliamentary Questions.

### **New activities**

There is an increasing awareness by central government agencies to the suitability of accreditation of laboratories, inspection bodies and radiology practices as well as certification provided by the Council as the means of ensuring compliance with regulatory and specified requirements. Agencies with whom the Council has been actively assisting include ACC, Ministry of Agriculture and Forestry, Department of Building and Housing, Department of Consumer Affairs, New Zealand Food Safety Authority, Ministry of Health, Department of Labour and Transit New Zealand. Work with these agencies will continue to expand, while other agencies will be consulted over possible ways the Council can assist to best meet their strategies and goals.

## **Operating Environment**

### **General**

The need for precision and accuracy in testing, calibration and inspection increases each year, demanded by governments responsible for the health and safety of their constituents and by consumers who expect products and services they purchase to be fit for purpose.

International standards and independent third-party verifications are important components of domestic commerce and external trade. Increasingly, governments in many economies are relying on international standards and compliance with these standards to safeguard their public and to enable free trade across borders. These standards cover all aspects of testing, accreditation and certification. Testing standards, for example, range across medical, dairy, potable water, electrical safety, steel, aluminium and timber.

There are now forty-eight economies whose accreditation authorities are signatories to international and regional accreditation mutual recognition arrangements (MRA's) and this number is growing at the rate of three to four new authorities annually. These arrangements enable test and inspection reports from accredited laboratories and inspection bodies to be accepted within other economies that are MRA signatories.

In New Zealand, regulators and specifiers are increasingly adopting standards and mandatory compliance with these standards as significant tools for managing improvements to public and occupational health and safety. Prime examples are to be found in food and water safety testing, biosecurity, medical testing, workplace health and safety management systems, health and disability management systems, material testing for roading construction and the building industry. These and many other examples involve aspects of IANZ accreditation or Telarc Limited systems certification to assure compliance with specifications.

In the commercial world, markets demand quality performance from suppliers. Users of goods seek assurance that goods and services meet the required specifications and are safe to use. Effective management of suppliers is demonstrated by certification to international management standards of quality (ISO 9001) and environmental systems (ISO 14001). In New Zealand, the current number of ISO 9001 certifications total 2,632, and ISO 14001 total 194.

It is in this environment that the Council, through its operating units, provides independent recognition of competence and accuracy in testing, measurement and inspection, and management systems meeting specified requirements.

### **ISO 9001 status**

The main area of management systems certification, ISO 9001, is static in New Zealand. Worldwide, ISO 9001 certifications grew by 35% between 2003 and 2004, with the number of countries offering certification growing from 149 to 154 in the same period.

No research has been done to uncover why ISO 9001 certification is not growing in New Zealand. Anecdotal evidence suggests that unless it is compulsory, businesses prefer to avoid the expense of the regular (at least annual) third-party assessments required to maintain certification. Those that retain their certification or are new entrants, do so, in the main, because of a market demand or an opportunity to gain a competitive advantage in the marketplace.

The same is considered true of environmental management systems certification to ISO 14001. Since this standard was introduced in 1996, just 194 organisations have been certified in New Zealand.

In contrast, the requirement for hospitals, rest homes and residential disability homes to demonstrate compliance with Ministry of Health standards has prompted considerable management systems' assessment activity.

It is evident that systems certification activity relies largely on regulators and specifiers requiring compliance with a standard to provide evidence of competence.

### **Competition for accreditation**

International practice is that only one accreditation body in any country accredits any particular type of conformity assessment activity; and this authority is undertaken as part of a government related activity. This is the situation in New Zealand except for inspection body accreditation where it is possible for two government agencies - IANZ and a joint Australian and New Zealand government body - to compete. This is of considerable concern to the Council. Competition of this nature risks compromising regulator confidence in the credibility of the accreditation system, particularly in regulated areas critical to safety and public health. It is also an issue affecting the export sector where overseas regulators seek the assurance of a single accreditation authority. Currently, this issue is the subject of a review by the Ministry of Economic Development. Growth in the Council's inspection body accreditation programme will not reach vital regulatory sectors while this issue remains unresolved.

## Managing the Organisation

### Critical operating criteria

For the Council to perform its functions and conduct its operations to achieve its impacts/outputs, it is essential that its operations and staff perform to international standards or higher, and are independently assessed against these standards. The Council must also be fully involved in the wider standards and conformance fora in order to promote best practices to New Zealand businesses and government agencies.

The critical criteria the Council adhere to are as follows.

### Accreditation Authority (IANZ)

International Accreditation New Zealand is formally recognised by the International Laboratory Accreditation Cooperation as an accreditation authority. This recognition is achieved from being independently evaluated against the international standard ISO/IEC 17011 *Conformity Assessment – General Requirement for Accreditation Bodies Accrediting Conformity Assessment Bodies*. Evaluations are undertaken by an international team of expert accreditation evaluators. Continuation of this recognition is critical in the Council achieving its specified outputs.

### Certification Body (Telarc Limited)

Telarc Limited is formally recognised as a certification body by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ). This recognition is achieved from being assessed by JAS-ANZ to the international guidelines for third party certification and accreditation – Guide 61 *General Requirements for assessment and accreditation of certification/registration bodies*. Assessments are undertaken by JAS-ANZ every six months. Continuation of accreditation is essential for Telarc Limited to achieve its specified outputs.

A Technical Review Panel, comprising of external stakeholders, meets annually to ensure that Telarc's certification process is impartial.

### Lead Assessors

The Council's assessment staff are employed for having the necessary educational qualifications, training, technical knowledge and experience to handle the type, range and volume of work performed. Recruits undergo a formal training programme covering the skills required to undertake successful assessments and perform the tasks of a lead assessor. This programme takes up to twelve months to complete.

It is important that assessment staff retain registration as lead auditors with the Quality Society of Australasia or the International Register of Certified Auditors as recognition of their competency to be lead assessors.

### **Technical Experts and Professional Advisors**

Technical experts and professional advisors that assist with the IANZ accreditation programmes are selected for their expertise in applicable branches of science or technology. They play an essential role in the IANZ accreditation process as peer-reviewers and it is crucial sufficient numbers are retained to enable the annual assessment schedule being completed on time.

Every effort is made to recruit technical experts from within New Zealand. This is never easy because of a finite number of suitably qualified persons available in any given scientific discipline. Frequently, recruits are obtained from Australia where IANZ has a strong working relationship with its counterpart accreditation authority, National Association of Testing Authorities.

Most technical experts and professional advisors volunteer their time free of charge, which the Council and clients acknowledge with gratitude.

### **NZQA recognition**

The New Zealand Quality College is recognised by the New Zealand Qualifications Authority as a Private Training Provider. This recognition is not essential for the performance of the Quality College but is helpful for some course attendees requiring cross-credits to other study being undertaken.

### **Key relationships**

In support of government policies, the Council has established sound working relationships with a number of government agencies, the key ones of which are:

- **Ministry of Economic Development** in regard to ensuring a sound standards and conformance infrastructure exists within New Zealand and helping to improve international trade. The Ministry is responsible for advising the Minister of Commerce on the Crown's interest in the Council. The Council also works with the Ministry in regard to electrical safety, EMI and telecommunication regulations
- **Ministry of Foreign Affairs and Trade** in regard to the technical aspects of international trade negotiations.
- **Department of Labour** in regard to engineering safety of pressure equipment, cranes, passenger ropeways, off-shore structures and pipelines and other occupational health and safety regulatory requirements.
- **Ministry of Health** in regard to regulatory requirements for medical testing laboratories; for assessments on behalf of the National Screening Unit; assessment of drinking water inspectors; and maintaining the register of drinking water testing laboratories.
- **NZ Food Safety Authority** in regard to food safety regulations, including all export food testing (especially dairy and meat products), labelling compliance, wine testing and domestic food inspection.
- **Department of Building and Housing** in regard to building consent authority requirements under the Building Act 2004.

- **Ministry of Agriculture and Forestry** in regard to national biosecurity requirements.
- **Accident Compensation Corporation** in regard to requirements for MRI and CAT scans.

The Council will be working more with these agencies over the next three years as well as number of other agencies where the Council can assist with their monitoring processes.

Active participation in standards and conformance development is a role the Council is keen to promote. This involves continuing to work with the New Zealand metrology and standards infrastructure, including the **Measurements Standards Laboratory** (Industrial Research Limited), **Measurement and Product Safety Service** (Ministry of Consumer Affairs), and **Standards New Zealand**. Through its accreditation function, the Council plays a critical role in maintaining confidence in the country's metrology infrastructure, especially with regard to accuracy of measurement in all sectors of the economy.

## **Risk management**

### **Staffing**

There is only a small pool of suitably qualified and experienced people in New Zealand capable of becoming lead assessors for the Council's accreditation and systems certification programmes. This creates uncertainty around the recruitment process and can sometimes make this a lengthy exercise. As much as it can, the Council plans up to a year in advance to recruit lead assessors for new programmes, so as to complete the training process to coincide with the increase in work. The Council has been fortunate with a generally low rate of attrition amongst assessment staff, but it is conscious of the number of staff approaching possible retirement. It is also conscious of the stress on staff when there is insufficient numbers to cope with the assessment work load. Management reviews twice yearly include consideration of these staffing issues.

A similar situation occurs with technical experts used in the IANZ accreditation process. These are volunteers from client organisations who contribute their time and expertise without charge. The Council is fortunate and grateful to have the support of these organisations and people and is constantly seeking opportunities to recruit new people into this role.

### **Financial viability**

The Council is totally reliant on registrations and assessment fees to fund its activities, including involvement in the international conformity assessment fora. No taxpayer funding is received for any of its activities, which requires very tight budgeting of non-revenue earning activities. The Council is determined to continue delivering services of international quality and meeting demands placed on it, particularly by regulatory agencies. In doing so, the Council must be certain that it will maintain financial viability. This it is doing, and the growth envisaged over the next three years will help in this regard.

## **Operating practices**

### **Equal Opportunities**

The Council abides by its Equal Employment Opportunities policy. Decisions regarding employment, training and development are not made on the basis of age, race, gender, religion or marital status.

All employees of the Council enter into an Individual Employment Contract at commencement of service. This agreement incorporates the corporate ethos and sets out the responsibilities of the employee and the employer. Performance reviews are completed each year.

### **Health and Safety**

All practicable steps are taken to prevent adverse health and safety effects resulting from the Council's activities, contractors and the public. Assessment staff, who visit client's sites on a regular basis, are trained in identifying and minimising hazards in these circumstances.

The Council fulfils the requirements of the Health and Safety in Employment Act 1992 and complies with the requirements of the AS/NZS 4801 standard. It maintains a tertiary rating under the ACC Workplace Safety Management Practices scheme.

### **Risk Management**

The risks to the delivery of services and meeting its statutory obligations, and their consequences, are identified and recorded by the Council. The risks are low-level and are reviewed annually by management and the Council.

## **Resources**

### **Staffing and recruitment**

As at 1 July 2006, the Council has 64 full time equivalent staff positions, comprising:

	Male	Female
International Accreditation New Zealand	25	14
Telarc Limited	13	10
New Zealand Quality College	1	1

Staffing numbers for International Accreditation New Zealand were boosted by five during 2005-2006 to deal effectively with the increased workload expected in 2006-2007 in inspection body accreditation and the new programmes with National Screening Unit and Department of Building and Housing. Newly-recruited assessors will continue to be supervised by senior staff and promoted to sole responsibility once they demonstrate competency to do so. Further recruitment is envisaged later in the year for the Department of Building and Housing building consent authority accreditation once this has been scoped by the Department. There are no other accreditation programmes requiring additional staff known to the Council at this stage.

Staffing for Telarc Limited was reduced by two during 2005-2006. Up to ten subcontractors are employed when required for the ISO 9001, health and disability and Customer 1st programmes. No additional positions are expected to be established within Telarc Limited in the next three years.

No additional staff are expected to be required by the New Zealand Quality College in the next three years.

### **Information Technology**

The Council maintains a domain with six servers, each with RAID disk array, which are backed-up nightly. All staff are skilled in the required computer programmes and perform most of their tasks in this medium, Assessment staff operating away from their office use a mobile office system that allows client assessment reports to be completed and filed on-site.

Records of all client information, assessment results and financials, including billings are maintained in hardcopy and electronically. International Accreditation New Zealand and Telarc Limited client databases are maintained separately from each other.

Websites are established for each of International Accreditation New Zealand, New Zealand Quality College, Telarc Limited and the Customer1st programme. These are information sites primarily and include the directories of registered clients and full information about accreditation and certification.

### **Premises**

International Accreditation New Zealand operates from leased offices in Greenlane, Auckland.

Telarc Limited operates from leased offices in Auckland, Hamilton, Tauranga, Wellington and Christchurch.

No significant investment in physical assets is planned for 2006-2009.

### **Reporting**

As an independent statutory body, the Council is not able to involve the responsible Minister in its decision making process. There is also an international obligation for the Council to be independent in its decision making function. The Council does keep the Minister informed by way of a quarterly report that summarises performance to date and projections for the remainder of the year, and any emerging or significant issue that may arise. In addition, the Council regularly discusses aspects of its operations and seeks advice from the Ministry of Economic Development, which has a watching brief over the Council on the Minister's behalf.

## Statement of Forecast Service Performance

### International Accreditation New Zealand

Performance measures for IANZ are the number of active assessment units in each programme and the revenue earned.

The markets for testing (including medical) and calibration laboratories and radiology services accreditation programmes are mature and little or no growth is expected in the next 3-5 years.

Significant growth over the next three years will come from the accreditation of building consent authorities and the contract with the National Screening Unit, begun in 2005-2006.

The performance forecasts for IANZ for the 2006-2009 period are:

Programme	Assessment Units			
	Expected 05-06	Forecast 06-07	Forecast 07-08	Forecast 08-09
Testing Laboratories (excluding medical)	661	<b>671</b>	686	<b>706</b>
Registrations (CE Mark, GLP Compliance, Food Safety)	35	<b>36</b>	38	<b>40</b>
Proficiency Testing	2	<b>2</b>	2	<b>3</b>
Calibration Laboratories	86	<b>88</b>	90	<b>92</b>
Inspection Bodies (including building consent authorities)	117	<b>143</b>	150	<b>160</b>
Medical Testing Laboratories	418	<b>423</b>	425	<b>427</b>
National Screening Unit	9	<b>26</b>	26	<b>26</b>
Radiology Services	396	<b>401</b>	406	<b>412</b>

## Telarc Limited

Performance measures for Telarc Limited are the number of assessment units certified in each programme and the revenue earned.

The performance forecasts for Telarc Limited for the 2006-2009 period are:

Programme	Assessment Units			
	Expected 05-06	Forecast 06-07	Forecast 07-08	Forecast 08-09
ISO 9001 Quality Management Systems	1200	1270	1350	1400
ISO 14001 Environmental Management Systems	100	107	115	120
Q-Base Code and Q-Safe	210	280	290	300
Health and Safety	34	41	45	48
Health and Disability	315	330	360	380
Food Safety	100	-	-	-
ACC Independent Audits	210	230	230	230
Rail Safety Licensing	5	7	7	8
Transit NZ TQS1	13	8	8	8
Product Certification	6	28	46	55

## New Zealand Quality College

Performance measures for the NZQC are the number of training days provided and the revenue earned.

All the standard courses will continue to be presented, although the quality and environment auditing courses will be upgraded to achieve NZQA accreditation to unit standards. A new course for inspection body accreditation of building consent authorities will be developed in conjunction with the Department of Building and Housing. This course will become part of the regular training calendar later in 2006-2007.

The performance forecasts for the New Zealand Quality College for the 2006-2009 period are:

Programme	Training Days			
	Expected 05-06	Forecast 06-07	Forecast 07-08	Forecast 08-09
Accreditation Management	1245	1360	1420	1490
Certification Management	425	505	535	580
Auditing Skills	772	838	900	940

## International Cooperation

Performance measures for the Council's involvement in the International Cooperation fora are the number of Mutual Recognition Arrangements signed with other accreditation bodies and economies. This is a rigorous process that can take a number of years to reach signatory status. Both ILAC (International Laboratory Accreditation Cooperation) and APLAC (Asia Pacific Laboratory Accreditation Cooperation) actively promote MRA status to non-member accreditation authorities worldwide.

The performance forecasts for MRA signatories for the next three years are:

	05-06	06-07	07-08	08-09
Economies	46	53	57	60
Mutual Recognition Arrangements	59	66	70	73

## Statement of Financial Performance

### For the year ended 30 June

		2005 Actual \$	2006 Estimate \$	2007 Budget \$	2008 Forecast \$	2009 Forecast \$
<b>IANZ</b>						
<b>Accreditation Services</b>	Revenue	3,328,463	3,695,644	4,536,095	5,127,000	5,383,000
	Less Cost	3,103,554	3,724,863	4,368,541	4,687,000	4,867,000
	Net Revenue/(Deficit)	224,909	(29,219)	167,554	440,000	516,000
<b>Training and Other Services</b>	Revenue	809,834	856,830	927,680	946,000	993,000
	Less Cost	641,387	678,594	698,833	713,000	749,000
	Net Revenue/(Deficit)	168,447	178,236	228,847	233,000	244,000
<b>National Recognition</b>	Revenue	2,350	96,601	10,000	10,000	10,000
	Less Cost	523,250	456,701	527,227	538,000	565,000
	Net Revenue/(Deficit)	(520,900)	(360,100)	(517,227)	(528,000)	(555,000)
<b>Telarc Certification Services</b>	Revenue	4,563,634	4,662,045	4,529,040	4,575,240	4,815,292
	Less Cost	4,439,487	4,475,702	4,411,181	4,394,645	4,597,007
	Net Revenue/(Deficit)	124,147	186,343	117,859	180,595	218,285
<b>Consolidated</b>	Total Revenue	8,704,281	9,311,120	10,002,815	10,658,240	11,201,292
	Less Total Cost	8,707,678	9,335,860	10,005,782	10,332,645	10,778,007
	Net Revenue/(Deficit)	(3,397)	(24,740)	(2,967)	325,595	423,285
	Interest	100,616	120,208	107,000	102,000	100,000
<b>Net Operating Surplus (Deficit) for the Period</b>		97,219	95,468	104,033	427,595	523,285

**Statement of Movement in Equity**  
**For the year ended 30 June**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Equity at 1 July</b>	<u>3,190,812</u>	<u>3,288,031</u>	<u>3,383,497</u>	<u>3,487,530</u>	<u>3,915,125</u>
Net operating surplus for the period	97,219	95,466	104,033	427,595	523,285
<b>Total recognised revenues and expenses for the period</b>	<u>97,219</u>	<u>95,466</u>	<u>104,033</u>	<u>427,595</u>	<u>523,285</u>
 <b>Equity at 30 June</b>	 <u><b>3,288,031</b></u>	 <u><b>3,383,497</b></u>	 <u><b>3,487,530</b></u>	 <u><b>3,915,125</b></u>	 <u><b>4,438,410</b></u>

## Forecast Statement of Financial Position

As at 30 June

	2005 Actual \$	2006 Estimate \$	2007 Budget \$	2008 Forecast \$	2009 Forecast \$
<b>Equity</b>					
<b>Opening General Funds</b>	3,190,812	3,288,031	3,383,497	3,487,530	3,915,125
Net operating surplus for the period	97,219	95,466	104,033	427,595	523,285
<b>Total Equity</b>	<b>3,288,031</b>	<b>3,383,497</b>	<b>3,487,530</b>	<b>3,915,125</b>	<b>4,438,410</b>
<b>Represented by:</b>					
<b>Current Assets</b>					
Cash and Bank	2,066,804	2,191,683	2,164,316	2,603,318	2,972,553
Receivables and Prepayments	1,817,554	2,004,500	2,249,700	2,361,000	2,465,200
<b>Total Current Assets</b>	<b>3,884,358</b>	<b>4,196,183</b>	<b>4,414,016</b>	<b>4,964,318</b>	<b>5,437,753</b>
<b>Fixed Assets</b>	<b>996,992</b>	<b>896,314</b>	<b>832,514</b>	<b>721,807</b>	<b>787,657</b>
<b>Total Assets</b>	<b>4,881,350</b>	<b>5,092,497</b>	<b>5,246,530</b>	<b>5,686,125</b>	<b>6,225,410</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	1,312,046	1,403,000	1,414,000	1,416,000	1,415,000
Employee Entitlements	281,273	306,000	345,000	355,000	372,000
<b>Total Current Liabilities</b>	<b>1,593,319</b>	<b>1,709,000</b>	<b>1,759,000</b>	<b>1,771,000</b>	<b>1,787,000</b>
<b>Total Liabilities</b>	<b>1,593,319</b>	<b>1,709,000</b>	<b>1,759,000</b>	<b>1,771,000</b>	<b>1,787,000</b>
<b>Total Net Assets</b>	<b>3,288,031</b>	<b>3,383,497</b>	<b>3,487,530</b>	<b>3,915,125</b>	<b>4,438,410</b>

## Statement of Cash Flows

### For the year ended 30 June

	2005 Actual \$	2006 Estimate \$	2007 Budget \$	2008 Forecast \$	2009 Forecast \$
<b>Cash Flows From Operating Activities</b>					
Cash provided from:					
Revenues from services provided	8,951,854	9,218,530	9,781,259	10,556,684	11,105,960
Interest	97,685	120,318	106,800	101,700	99,800
GST					
	<u>9,049,539</u>	<u>9,338,848</u>	<u>9,888,059</u>	<u>10,658,384</u>	<u>11,205,760</u>
Cash applied to					
Suppliers	3,898,845	4,462,722	4,642,131	4,892,949	5,130,109
Employees	4,323,003	4,390,587	4,867,618	4,977,585	5,171,805
GST	30,741	7,966	18,778	6,556	6,111
	<u>8,252,589</u>	<u>8,861,275</u>	<u>9,528,526</u>	<u>9,877,089</u>	<u>10,308,025</u>
<b>Net Cash Flows From Operating Activities</b>	<b>796,950</b>	<b>477,573</b>	<b>359,533</b>	<b>781,295</b>	<b>897,735</b>
<b>Cash Flows From Investing Activities</b>					
Cash provided from sale of fixed assets	62,029	58,000	0	70,250	158,500
Cash applied to purchase fixed assets	421,927	410,694	386,900	412,543	687,000
<b>Net Cash Flows From Investing Activities</b>	<b>(359,898)</b>	<b>(352,694)</b>	<b>(386,900)</b>	<b>(342,293)</b>	<b>(528,500)</b>
<b>Net Increase (Decrease) in Cash Held</b>	437,052	124,879	(27,367)	439,002	369,235
Plus Opening Cash	1,629,752	2,066,804	2,191,683	2,164,316	2,603,318
<b>Closing Cash Balance</b>	<b>2,066,804</b>	<b>2,191,683</b>	<b>2,164,316</b>	<b>2,603,318</b>	<b>2,972,553</b>
Cash and Bank	60,946	61,683	59,316	63,318	67,553
Short Term Investments	2,005,858	2,130,000	2,105,000	2,540,000	2,905,000
<b>Closing Cash Balance</b>	<b>2,066,804</b>	<b>2,191,683</b>	<b>2,164,316</b>	<b>2,603,318</b>	<b>2,972,553</b>

## Statement of Reconciliation of Reported Operating Surplus with Net Cash Flow from Operating Activities

For the year ended 30 June

	2005 Actual \$	23006 Estimate \$	2007 Budget \$	2008 Forecast \$	2009 Forecast \$
Net surplus (deficit) from operations	97,219	95,466	104,033	427,595	523,285
<i>Add (less) non cash item</i>					
Depreciation	421,611	453,372	450,700	453,000	462,650
Total non cash items	421,611	453,372	450,700	453,000	462,650
Add/ (less) movement in working capitals items					
<i>Plus/ (Less ) Movement in Working Capital</i>					
Decrease (increase) in Receivables	(14,882)	(105,089)	(245,200)	(111,300)	(104,200)
(Decrease) increase in Payables	161,389	9,097	11,000	2,000	(1,000)
(Decrease) increase in employee entitlements	60,007	24,727	39,000	10,000	17,000
(Decrease) increase in other provisions	82,335	0	0	0	0
(Decrease) increase in Income Tax paid	0	0	0	0	0
(Decrease) increase in Taxation Provision	0	0	0	0	0
<b>Working capital movements - net</b>	<b>288,849</b>	<b>(71,265)</b>	<b>(195,200)</b>	<b>(99,300)</b>	<b>(88,200)</b>
<i>Add (less) items classified as investing activities</i>					
Net loss (gain) on disposal of assets	(10,729)	0	0	0	0
<b>Net Cash Flow from Operating Activities</b>	<b>796,950</b>	<b>477,573</b>	<b>359,533</b>	<b>781,295</b>	<b>897,735</b>

## Testing Laboratory Registration Council

### Statutory Status

The Testing Laboratory Registration Council was established by the Testing Laboratory Registration Act, 1972 (the Act). It is an autonomous Crown entity under section 7 of the Crown Entities Act 2004.

The Minister of Commerce is responsible for the performance of the Council under the Testing Laboratory Registration Act 1972 and the Crown Entities Act 2004. The Ministry of Economic Development monitors the delivery of the Council's outputs and advises the Minister on issues arising.

*The Council structure is shown in Appendix 2.*

### Composition

The Council consists of nine members, of whom five are appointed by the Minister of Commerce and four by the Council. Members appointed provide a range of technical, scientific and business expertise necessary to ensure good governance of the Council's operations in line with the requirements of the Act.

*Current members of the Council are listed in Appendix 1.*

### Functions

#### Specified outputs

The Council is required to meet the following specified set of outputs as agreed with the Minister:

- (a) Promoting the development and maintenance of good laboratory practice and maintaining a scheme for the accreditation of testing and calibration laboratories
- (b) Promoting the development and maintenance of good inspection body practice and maintaining a scheme for the accreditation of inspection bodies
- (c) Promoting the development and maintenance of good conformity assessment in other areas, including radiology services, reference material providers and proficiency testing
- (d) Registering laboratories which have met the requirements of the OECD Guidelines of Good Laboratory Practice
- (e) Promoting the development and maintenance of good quality assurance and environmental management practice in the supply of goods and services and maintaining a scheme for the registration of certified suppliers
- (f) Facilitating New Zealand trade through activities aimed at reducing requirements for re-testing or re-certification of products exported to international markets
- (g) Providing information to the Minister of Commerce and the Ministry of Economic Development and assisting the Ministry as required enabling it to make

appropriate contributions to new closer economic partner arrangements in relation to conformity assessment issues.

### **Recent changes**

Amendments to the functions of the Council were included in the Standards and Conformance Bill placed before Parliament in 2006. The purpose of the amendments was to clarify the Council's scope of functions in line with present understanding and practices. The changes included clarifying the Council's function of accrediting inspection bodies but not certification bodies; repealing the function of industrial design; providing certification services to become a discretionary rather than a mandatory function; adding a new function in relationship to its international activities; and providing power to the responsible Minister to direct the Council to carry out additional functions as appropriate.

## **Operating Units**

### **Accreditation**

The Council's accreditation operating arm, International Accreditation New Zealand (IANZ) fulfils function (a), (b), (c), (d), (f) of the outputs specified above.

IANZ is the national accreditation authority operating in accordance to the international standard ISO/IEC 17011:2004 *General requirements for bodies providing assessment and accreditation of conformity assessment bodies*. This defines the procedure by which an authoritative body (IANZ) gives formal recognition that a conformity assessment body (laboratory, inspection body or radiology practice) is competent to carry out specific tasks (outlined in a Scope of Accreditation). It is performed through a peer assessment process that confirms an organisation has:

1. Competent and experienced staff
2. Integrity and traceability of equipment and materials
3. Technical validity of methods
4. Sound quality control procedures
5. Appropriate management systems.

IANZ accreditation provides credible recognition of competence to enable laboratory results, inspection certificates and radiology reports to be accepted as accurate. Widespread recognition of this accreditation by consumers, manufacturers, specifiers and regulators throughout New Zealand and in forty-seven other economies, means duplicate assessments of organisations are avoided and compliance costs minimised.

IANZ is a leading advocate of international accreditation. It is a full member of the International Laboratory Accreditation Cooperation (ILAC) and the regional body, Asia Pacific Laboratory Accreditation Cooperation (APLAC); and a signatory to the ILAC and APLAC Mutual Recognition Arrangements. Regular assessments by ILAC and APLAC ensure IANZ continues to comply with the requirements for membership.

Reports from IANZ accredited laboratories and inspection bodies are recognised in forty-seven economies throughout the world where accreditation authorities are signatories to the ILAC or APLAC Mutual Recognition Arrangements (MRA). The arrangement ensures that test, calibration and/or inspection reports from IANZ accredited organisations meet the required international standards and avoids the need for expensive re-testing and re-certification. In turn, accredited reports from these other countries are recognised in New Zealand.

A major IANZ activity is work on the harmonisation and mutual recognition of conformity assessment procedures. IANZ staff represent New Zealand on various international committees, which review and develop standards and conformity assessment procedures. These include ISO Technical Committees and the various technical, development and management committees of ILAC and APLAC.

IANZ works closely with government agencies in the development of international trading opportunities for New Zealand exporters. Input on technical aspects of policy and standards are provided to assist Government with international trade development.

*IANZ management staff are listed in Appendix 3.*

### **Certification**

A fully-owned subsidiary of the Council, Telarc Limited, fulfils function (e) of the outputs specified above. Telarc Limited is a registered company reporting to its own Board of Directors, which comprises a representative of the Council and two members appointed from industry.

*Current members of the Telarc Limited Board are listed in Appendix 1.*

Telarc Limited services embrace and integrate all management systems in all types of organisations in the private and public sectors. It is accredited as a certification body by JAS-ANZ (Joint Accreditation System – Australia and New Zealand) to certify quality and environmental management systems. The Ministry of Health recognises Telarc Limited as a Designated Audit Agency for the health and disability industry.

Certification is defined as the procedure by which a third-party (Telarc Limited) gives written assurances that a product, process or person fulfils specific requirements. This is performed by assessing compliance with international, national and industry standards.

*Telarc Limited management staff are listed in Appendix 3.*

### **Training**

Training services for accreditation and certification are provided by the New Zealand Quality College, which is managed within IANZ. Courses of one to five days provide understanding of standards and their management, and auditing skills.

The Quality College is recognised by the New Zealand Qualifications Authority as a Private Training Provider.

*NZQC management staff are listed in Appendix 3.*

## APPENDIX 1

### Testing Laboratory Registration Council Members

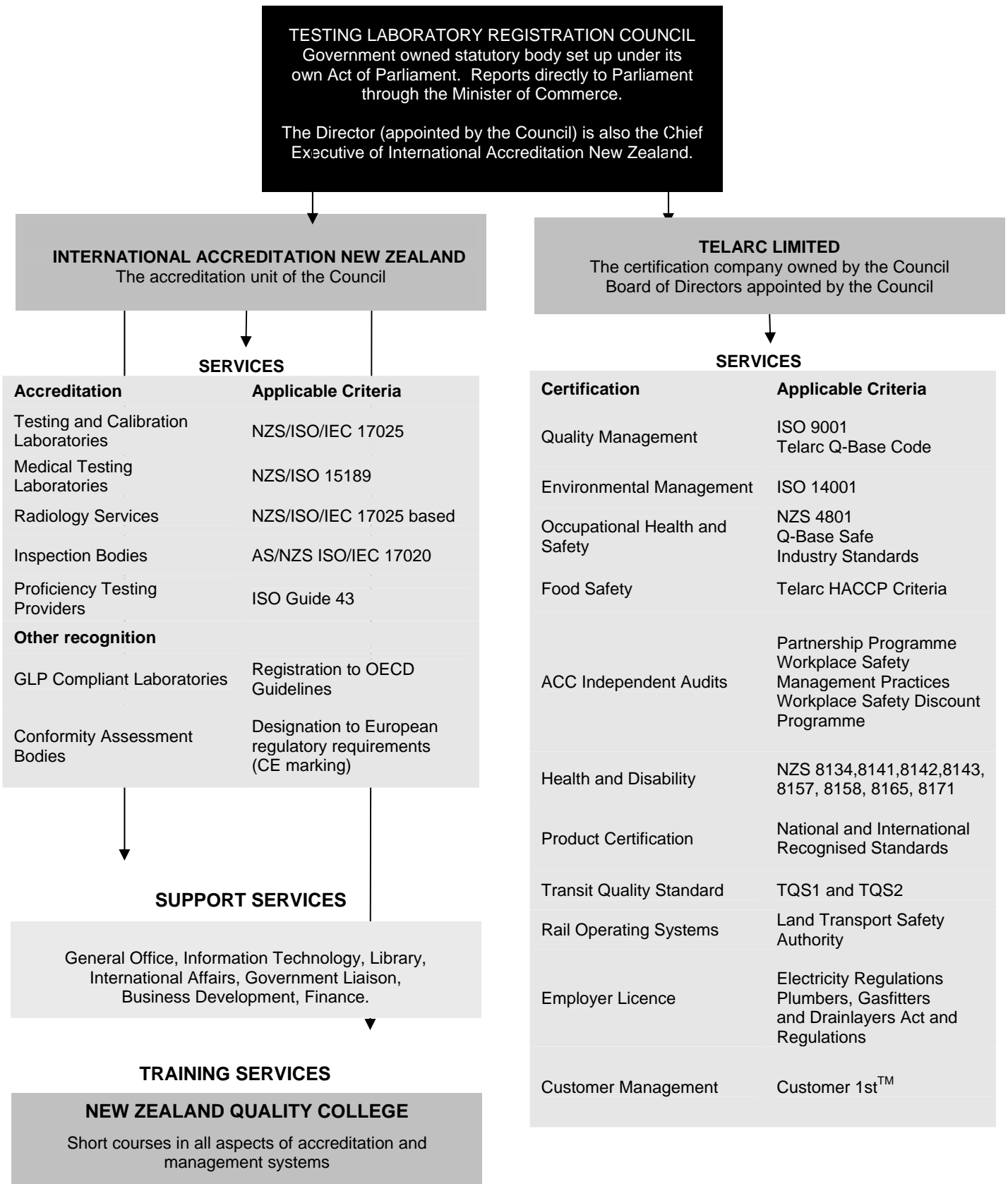
Dr Geoffrey Page	Chief Executive, Manukau Institute of Technology, Auckland (Chairman)
Dr Tony Barker	Clinical Director, LabPlus, Auckland Hospital, Auckland
Mr Nigel Cann	General Manager, Australia Vinyls Cooperative Ltd, Melbourne
Ms Miriam Dean QC	Barrister, Auckland
Mr Richard Dimmock	Company Director, Providence Investments, Auckland
Dr John Hay	Chief Executive Officer, Institute of Environmental Science and Research Ltd, Wellington
Dr Richard Janes	Professional Director, Wellington
Ms Sarah Kennedy	Chief Executive, Healtheries of New Zealand Ltd, Auckland
Mr Graeme Robertson	Chief Executive Officer, Lincoln Ventures, Lincoln.

### Telarc Limited Board Members

Mr Geoffrey Hunt	Chief Executive Officer, Transmission Holdings Limited, Auckland (Chairman)
Ms Lisa Cruickshank	Partner, Deloitte Touche Tohmatsu
Mr Richard Dimmock	Company Director (Council representative)

## APPENDIX 2

### Testing Laboratory Registration Council Structure



## Management Staff

### International Accreditation New Zealand

Dr Llewellyn Richards	Chief Executive
Mr Barry Ashcroft	General Manager - Accreditation Services
Mr Phil Carter	Quality Assurance Manager
Mr Denys Hatch	Manager Business Development
Mr Glenn O'Leary	Manager Information Technology
Mr Nigel Perfect	Financial Controller
Mr Ian Roy	Manager International Affairs and Government Liaison
Mrs Dian Wilkinson	Administration Manager

### Programme Managers

Mr Phil Barnes	Medical Testing
Mr Alan Glover	Physical Sciences
Ms Anne Hofstra	Biological/Chemical/Dairy Testing
Mr Geoff Hallam	Inspection Bodies
Mr Phil Holliday	Mechanical Testing

### Telarc Limited

Mr Peter Rose	Chief Executive
Mr John Freeman	Deputy Chief Executive

### Programme Managers

Mr Tony Bennett	Quality Management and new programmes
Mr Bob Greenough	ACC and Health and Safety
Mr John Freeman	Q-Base and Land Transport
Mr Chris Jackson	Product Certification
Mr Tony Salisbury	Environmental Management
Ms Isabella Wright	Health and Disability

### New Zealand Quality College

Dr Greg Williams	General Manager
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**Testing Laboratory Registration Council**  
**626 Great South Road**  
**Greenlane, Auckland**  
**Private Bag 28908**  
**Remuera, Auckland**

**Tel: (09) 525 6655**

**Fax: (09) 525 2266**

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