



New Zealand Catholic Education Office Limited  
Te Tari Matauranga Katorika o Aotearoa

# Annual Report 2012



## **NEW ZEALAND CATHOLIC EDUCATION BEACON PLAN**

In 2000 the Board of Directors and the Shareholders of New Zealand Catholic Education Office Limited (NZCEO Limited) established their Beacon Plan Goals for 2020. These Goals guide the strategic decision making of the Board.

The ten goals are:

- Quality, effective leadership of schools.
- Equity, quality and excellence in educational outcomes for each student.
- A Catholic population which is knowledgeable about its Faith and supportive of its schools.
- Well qualified teachers in Catholic schools, especially in the areas of religious education and the Special Character dimension of the school.
- Strong partnership between parish(es) and school(s) to support the revitalisation of the Church's mission in the world.
- Practical commitment to achieving positive bicultural relationships with Māori and practical commitment to developing a resilient multicultural society.
- Dynamic graduates from our schools who are committed to promoting the Good News in its various dimensions, with emphasis on evangelisation, service, community and social justice.
- A national system of schools which is proactive and which positively interacts with Government, its agencies and wider national networks.
- A commitment to the long-term progress and development of the economically and socially disadvantaged.
- A commitment to our ecological vocation to care for the earth for the good of all.

Revised 2006  
Wellington, New Zealand  
NZCEO

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# NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED ANNUAL REPORT FROM THE CHIEF EXECUTIVE OFFICER TO THE SHAREHOLDERS FOR THE YEAR 1 JANUARY TO 31 DECEMBER 2012

## Introduction

Inevitably, each year brings its challenges, some known and some unexpected. 2012 was no exception. The Board of Directors and the staff of the Office sought to manage the high-level challenges of the year in a proactive manner in order to ensure our national Catholic school system was able to deliver the ongoing outcomes expected of it by its wide range of stakeholders. This report highlights the main issues of the year.

## Reflection

Enterprises, educational institutions and nations that demonstrate a hunger and energy for achievement are at the leading edge of change and development in today's world.

It is easy to sink into a mode of comfort which does not recognise the ever-changing realities of the world around us. This is dangerous. Every institution or leader needs to be hungry for new information, ideas and innovations in order to continuously improve educational outcomes.

No ethnic group has a monopoly on the hunger for achievement. Achievers simply work hard in a smart way. They build a structure that is committed to review and renewal on a constant basis, while creating a culture where new ideas are welcome and are actively sought out. They interact with ideas and people from diverse settings and backgrounds. Organisations that are open to diversity and see diversity as a strength are the ones least likely to sink into a culture of cruising along, which over time sows the seeds of ultimate decline.

Business consultants today talk about the realities of VUCA, an acronym describing the impact of the twin influences of globalisation and technology: volatility, unpredictability, complexity and ambiguity. These words frighten many individuals, though they describe the realities of our world, even in New Zealand.

Our schools, no matter how well they are achieving, will sink beneath the waves of volatility, if leaders in administration roles and classrooms do not constantly burnish their leadership styles and respond in a coherent, strategic way to today's realities.

Reviewing, updating and adapting are the keys to progress. These processes will ensure we are faithful to the spiritual, faith and human values at the heart of Catholic schools.

Fortunately, most of our Catholic schools are linked into the realities of the world around them.

### **2012 Catholic Education Convention**

The highpoint of the year was the Catholic Education Convention, which took place in August, attracting 900 participants representing most of the nation's 238 Catholic schools. The gathering was well received by participants with the overseas keynote speakers and the wide range of quality seminars being highly praised.

These gatherings, which first started in 1995, have been instrumental in helping shape a strong national identity amongst our schools. Gratitude is expressed to all who supported the convention from within the school system, but also amongst the wider Church community. The exercise illustrates the adage that "One of us is never as strong as all of us."

### **Statutory Declaration in the High Court**

After more than two years of deliberations with the Ministry of Education about how Attendance Dues can be legally used, the High Court of New Zealand found that the historical practices of Proprietors were acceptable in law. This vindication was a relief for Proprietors. By the end of the year Proprietors engaged with the Ministry of Education in the process of regazetting all Attendance Dues. The exercise has been a learning curve for some Proprietors.

### **Memorandum of Understanding Between Microsoft New Zealand and the New Zealand Catholic Education Office**

In April 2012 Microsoft International signed a Memorandum of Understanding with the International Catholic Schools Office which would enable Catholic schools all around the world to use Microsoft 365 software free of charge.

This was followed by an approach from Microsoft New Zealand seeking to sign a Memorandum of Understanding with the New Zealand Catholic Education

Office on behalf of all New Zealand's Catholic schools. The documents were signed late in 2012. A cluster of schools will be invited to operate several pilots in 2013, before a wider roll-out occurs throughout the country.

Effectively, the software will enable Catholic schools in all parts of the country to more easily communicate with one another and share resources of various kinds. The innovation will also enable easier communication between schools, Diocesan Offices, the New Zealand Catholic Bishops Conference, NZCEO and other agencies.

The software will bring about an innovative digital platform, which in turn will encourage schools to become more collaborative in delivering a high-class set of educational outcomes for our students.

### **Year of Faith 2012-2013**

The International Year of Faith was launched during October. The intervention of the New Zealand Catholic Bishops Conference at the Synod, delivered by Bishop Charles Drennan, was unequivocal in stating that the nation's Catholic schools are in a leading position to encourage faith development, not only with students, but also for their families. Pope Benedict stated that "The Church exists to evangelise by sharing the Gospel with people who have never heard of Christ, strengthening the faith of those who already have been baptised and reaching out to those who have drifted away from the Church." Implementing this goal is our challenge.

A number of initiatives during 2013 will promote the Year of Faith, including the National Catholic Schools Day being celebrated on 22 May, 2013.

Clearly, the pivotal evangelising role of today's schools has become a fact of life, encouraging schools and parishes to work closely together.

### **New Capital Spending**

Late in 2012 the Board of NZCEO partially lifted its capital spending moratorium. This had been in place since 2009 for five out of the six dioceses. It was agreed after consultation that \$20 million of borrowed money would be made available for spending during 2013 and 2014. Capital spending levels will be reviewed again in 2013, as work still needs to be done in some schools.

It is good to remember that besides the capital spending regime, a very significant amount of money is received annually from the Government for maintenance, broadly described, and this enables building modernisation programmes in schools to continue alongside the new capital spending.

Work continues with Government in relation to Proprietor access to quantity funding which would put financial support for integrated schools on the same basis as support provided for the wider State school sector. This exercise is slow given the financial environment over recent years.

### **Christchurch Earthquakes**

The Christchurch Diocese Education Office and other Christchurch Proprietors continued their assessment of restoration work needed to repair damage to school buildings following the devastating earthquakes of 2010–11. To the credit of all Proprietors in Christchurch, much work has already been done, with outstanding work planned for the next several years. There will be no quick fixes. Encouragement and good will is extended to our Cantabrian colleagues.

### **Review and Development of the Special Character of Catholic Schools**

No system of schools will retain its attractiveness to parents if it does not continuously review itself with a view to improving standards. Fortunately, the Education Review Office maintains high standards of accountability when it audits our schools' performance.

Empirical and other tangible evidence that our schools are doing well continues to be publicly available. Similarly, the Proprietors' document the Review and Development of the Special Character of a Catholic School is increasingly a useful tool to assess how well each school is delivering its specifically Catholic education. This is always a challenge given the wide spectrum of faith understandings and practice amongst young people in our schools. Fortunately, our Boards of Trustees, principals and teachers are dedicated and committed to delivering this core element of the education we offer, which is very encouraging.



## **Changing Ethnic Composition of our School Populations**

There is now an increasing awareness that the ethnic composition of our schools is dramatically changing, especially in the Auckland and Hamilton Dioceses, but extending, also, into the other two North Island dioceses and to a lesser degree in the South Island.

The challenge leaders at all levels of the national system face is, how do they encourage the leadership potential of Pacific and Asian people to become more involved in the governance of schools, parishes and other Church entities?

There is a significant talent base amongst peoples from these communities which can be harnessed to strengthen the affinity and loyalty these groups have towards Catholic schools. Identification and shoulder tapping is probably the best way of encouraging them to participate more in the education of their children.

## **Live Birth Rate in New Zealand**

The Live Birth Rate continues to be at heightened levels with inevitable implications for the growth of our Catholic school student numbers. This enhanced growth has been evident since 2009. Already in our large cities enrolment pressures are clearly evident. Proprietors and the Ministry of Education are seeking ways to work more closely in order to meet this challenge.

It is of more than passing interest that citizens of Korea, the Philippines, India and some countries of the Middle East, along with migrants from various parts of Africa, are showing up in greater numbers in our schools. These good people contribute to the mosaic of diversity that our school populations increasingly reveal.

## **Vision for the Future of New Zealand's Catholic Schools – Beacon Plan Goals**

In 1998 the Shareholding Proprietors of NZCEO Ltd formulated their Beacon Plan Goals for the nation's Catholic education system. These were updated in 2006 and still remain absolutely relevant as the direction finder for the Board's decision making. The advent of the Catholic Institute of Aotearoa

New Zealand is a welcome initiative which will help in achieving the goal of creating well-qualified teachers through the provision of education and professional development courses.

It is important to review these goals on a regular basis to see how on a particular school site, and as a school system, we are moving towards achieving the goals. They are listed below:

### **The 2020 Beacon Plan Goals**

- Quality, effective leadership of schools.
- Equity, quality and excellence in educational outcomes for each student.
- A Catholic population is knowledgeable about its faith and supportive of its schools.
- Well-qualified teachers in Catholic schools, especially in the areas of religious education and the Special Character dimension of the school.
- Strong partnership between parish(es) and school(s) to support the revitalisation of the Church's mission in the world.
- Practical commitment to achieving positive bicultural relationships with Māori and practical commitment to developing a resilient multicultural society.
- Dynamic graduates from our schools who are committed to promoting the Good News in its various dimensions, with emphasis on evangelisation, service, community and social justice.
- A national system of schools that is proactive and positively interacts with Government, its agencies and wider national networks.
- A commitment to the long-term progress and development of the economically and socially disadvantaged.
- A commitment to our ecological vocation to care for the earth for the good of all.



## **New Zealand's Status as a World Class Education System**

Debate occurred late in 2012 about whether or not New Zealand has a world-class system of education when benchmarked against the seventy-five countries that take part in testing through the Programme for International Student Assessment (PISA).

An analysis of these results over a number of years reveals that New Zealand sits around 7th in the world on this indicator, which is used throughout the OECD. However, when Māori and Pacific students are treated separately, Māori come out at number 34 and Pacific students come out at 44, while the Pākehā cohort is number two in the world.

Whatever the merits of the arguments in this debate, one thing is for sure, the nation needs to do better in lifting the outcomes for young people in the Māori and Pacific categories. Fortunately, some of our schools are leading-edge national examples, illustrating how Māori and Pacific students can achieve at comparable levels with their Pākehā counterparts. As a nation we need to do all in our power to solve the underachievement problem, as soon as we can. There are educational initiatives which clearly work in lifting outcomes with these students – these need to be embraced by Boards of Trustees, principals and teachers in a collaborative fashion.

## **Conclusion**

Gratitude is expressed to the members of the NZCEO Board for their dedicated voluntary work on behalf of our New Zealand Catholic education system – they serve us well.

Appreciation is also expressed to the New Zealand Catholic Bishops Conference and other Shareholders of NZCEO Ltd for their active support and good will.

Patrick J Lynch  
CHIEF EXECUTIVE OFFICER

# REPORT ON THE OUTPUTS OF NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

## A. INTRODUCTION

The New Zealand Catholic Education Office is the executive arm of the Board of Directors of New Zealand Catholic Education Office Limited.

The Office serves the requirements of the Board of Directors and Shareholders of the Company and at the same time serves the education requirements of the New Zealand Catholic Bishops Conference (NZCBC).

## B. 2012 BUSINESS PLAN OUTPUTS

### 1 Relationships with Shareholding Stakeholders

#### Strategic Plan Implementation

- Most of the Strategic Plan priorities for 2012 were actioned. However, the Office was not able to negotiate with Government an enhanced funding stream for capital works. The review of the Private Schools Conditional Integration Act was delayed owing to pressure of work and time in the Minister's Office and the Ministry of Education.
- A report on the NZCEO 2012 Business Plan was published on the Office's website and is available for public viewing.

#### Serving the Board of Directors, Shareholders and Stakeholders

- The Board is charged by its shareholding Proprietors with being the lead agency for the Catholic school system in its interaction with Government and Government agencies; with coordinating educational policy development for each diocese; and with leading and supporting initiatives that will enhance and strengthen the national Catholic school system. It also has a mandate to ensure a Catholic voice is heard within education sector networks. This report identifies the many ways the Office meets those responsibilities.

#### Strength and Development of Special Character

- The Office continued its range of publications to support Special Character. It also provided reports and advice to the New Zealand Catholic Bishops Conference.

- A range of examples of good practice have been highlighted in publications.
- The Office continued its interaction with Caritas Aotearoa New Zealand, with which it has a Memorandum of Understanding.
- The Office worked with the National Centre for Religious Studies (NCRS) on the primary Religious Education curriculum digital initiative: general monitoring and publicity around good practice in relation to Special Character, the selection of seminars on Religious Education and digital presentations for the New Zealand Catholic Education Convention.
- This triennial Convention provided an opportunity for much professional development focused on Special Character. Speakers and presenters were of excellent quality and were well received by the 900 attendees.
- A review of the Catholic Character Review and Development document was undertaken, and a working party was set up to further the review in 2013.
- The Catholic Character Review and Development document Catholic school hostels was completed, and prepared for circulation to Proprietors of hostels.

#### **NZCEO Finance Limited**

- NZCEO Finance Limited administers the National Attendance Dues and Capital Indebtedness Sharing Scheme and the Catholic Education Trust Fund. Both entities continue to operate effectively.
- Two property and finance meetings with Proprietors and Proprietor's Agents took place, to discuss current issues.

#### **Long-Term Viability of Catholic Schools**

- Long-term planning and negotiations with the Ministry of Education continued, in relation to Catholic schools in areas of growing population.

- As in 2011, discussions with the Government and the Ministry of Education regarding additional capital funding for integrated schools made little progress during the year. The issue remains a high priority.
- The Board established a watching brief on the Government's approach to partnership schools kura hourua, which became a significant section of the Education Amendment Bill.
- The Office advocated for schools with the Ministry and the Government in relation to digital access and strategies.

## **2 Relationships with First Tier Stakeholders**

### **Collaboration**

- The Office continued its regular interactions with diocesan education office personnel and the administration departments in each diocese. Office personnel continued to attend Proprietor, Trust Board and Company meetings, in particular taking the opportunity to discuss current issues and the operations of NZCEO Finance Limited.
- A number of groups of teachers, trustees, parents and Church organisations were met with in order to engender support and enthusiasm for Catholic schools and their mission in the life of the Church. The CEO visited eleven integrated schools during the year.
- Collaboration between parishes and schools was promoted in Office publications and on the Office website.
- Quarterly reports were sent to Proprietors' Appointees on Boards of Trustees, and they have been encouraged to share these with their Boards.
- Shareholders were assisted to promote professional development for principals and teachers through the Senior Principals Scholarship, the Prospective Principals Programme and the publication of the annual flyer listing access to professional development.

## Association of Proprietors of Integrated Schools

- A range of services sought by the wider integrated schools sector continued to be delivered, with an emphasis on specific Proprietor requirements.
- A quarterly update was initiated for integrated schools Proprietor's Appointees on Boards of Trustees, on the activities of the NZCEO Board.
- Regional meetings took place in Canterbury, on post-earthquake issues.
- Continuing guidance was provided to members nationwide on the operation of uniform compliance systems in relation to governmental funding, and on the information required by the Ministry of Education to enable the Minister to regazette all Attendance Dues.
- The Office's action seeking a Declaratory Judgment in the High Court on the use of Attendance Dues was heard in early April. The Judge found in favour of the Office, and in due course significant costs were agreed, which helped to offset the financial outlay involved in the exercise. The Judgment allowed the Ministry of Education to move forward on regazetting Attendance Dues for 2013.
- A number of submissions, listed in Section C of this report, were prepared on behalf of the Association of Proprietors of Integrated Schools.
- The Ministry of Education's *Integrated Schools' Property Management Guidelines*, which had reached final draft stage at the end of 2011, underwent further Ministry consideration during 2012. At the end of 2012 no firm decisions on the publication had been made.
- Proprietors continue to receive reminders about a range of matters important to them, and they frequently consult the Office for advice. This helpdesk function is appreciated.

- With the National Centre for Religious Studies, the Office undertook the formation of an Association of Teachers of Religious Studies. This organisation is open to teachers in any schools where Religious Studies is taught. Currently most of the members are from integrated or independent Church schools. No significant interest has yet been shown by teachers in State schools offering Religious Studies Achievement Standards. The Office will continue to operate as the Secretariat for this organisation.

### **3 Relationships with Second Tier Stakeholders**

#### **Relationship with Government**

- Staff of the Office continued to interact with the Minister of Education and other Government Ministers on a range of issues, including buildings and finance, to ensure an ongoing set of beneficial relationships for integrated schools.
- The Office and the Minister of Education continued to work closely and cooperatively in relation to the Christchurch earthquakes.
- The review of the Private Schools Conditional Integration Act, originally signalled to take place in 2012, was delayed, with the possibility of action in 2013. Any amendments to the Act will not be put to Parliament until 2014.
- Senior politicians were met with, to ensure that the role and needs of integrated schools were understood.

#### **Ministry of Education**

- Frequent meetings continued to take place with the Secretary for Education and senior Ministry of Education officials to improve outcomes for Catholic and other integrated schools.
- Policy development and specific actions took place in a wide range of areas, including the following:
  - \* matters relating to the Christchurch earthquakes
  - \* legal issues



- \* liaison involving schools experiencing a range of difficulties
- \* the case in the High Court on the uses to which Attendance Dues may be put
- \* property matters.

#### Education Review Office

- Regular meetings with senior staff of the Education Review Office took place in order to maintain contact on matters specific to integrated schools.
- There were also meetings of regional ERO office personnel and Proprietors.
- ERO national reports have been publicised regularly, and at times copies have been specifically supplied.

#### New Zealand Qualifications Authority

- Contacts were maintained with NZQA at senior management level.

## C. CONSULTATIONS, PARTICIPATION IN NATIONAL COMMITTEES AND WORKING PARTIES, SUBMISSIONS TO MINISTERS OF THE CROWN, PARLIAMENT AND GOVERNMENT AGENCIES, ON BEHALF OF THE ASSOCIATION OF PROPRIETORS OF INTEGRATED SCHOOLS AND/OR THE NEW ZEALAND CATHOLIC EDUCATION OFFICE

<b>February</b>	<ul style="list-style-type: none"> <li>Submission on the Green Paper on Vulnerable Children: Every Child Thrives, Belongs, Achieves</li> </ul>
<b>April</b>	<ul style="list-style-type: none"> <li>Ministerial Enquiry into the Employment of a Convicted Sex Offender in the Education Sector</li> <li>Education New Zealand – survey on changes to the legislation relating to providers of education for international students</li> <li>Declaratory Judgment in the High Court on the uses to which Attendance Dues may be put</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>Career Services Review – Ministry of Education</li> <li>Submission on the Amendment to the Rules of the Teachers Council: the Complaints Assessment Committee</li> <li>Submission on Shaping Education in the Greater Christchurch Region</li> <li>Submission on the Inquiry into 21st Century Learning Environments and Digital Learning</li> <li>Formation of an Association of Teachers of Religious Studies</li> </ul>
<b>June</b>	<ul style="list-style-type: none"> <li>Ministerial Cross Sector Forum for Raising Achievement (ongoing into 2013)</li> </ul>
<b>July</b>	<ul style="list-style-type: none"> <li>Review of the New Zealand Teachers Council</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>Education (2013 School Staffing) Amendment Order 2012</li> </ul>
<b>September</b>	<ul style="list-style-type: none"> <li>Subgroup meetings of the Ministerial Sector Forum for Raising Achievement</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>Subgroup meetings of the Ministerial Sector Forum for Raising Achievement</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>Ministry of Education Performance Framework Follow Up Investigation by the Government Task Force</li> <li>Ministerial Cross Sector Forum Meeting</li> </ul>
<b>December</b>	<ul style="list-style-type: none"> <li>The Correspondence School: Strategic Plan</li> </ul>

## **D. OTHER ACTIVITIES OF THE OFFICE**

### **1. Ongoing Involvement with Consultative and Reference Committees**

Participation in the following committees occurred on a regular basis:

- Ministry of Education Sector Forum
- Ministerial Cross Sector Forum for Raising Achievement
- Rural Education Reference Group
- School Network Upgrade Project

### **2. Political Contacts**

Regular contacts were made with representatives of the major political parties. A number of senior managers of Departments of State with involvement in education policy development and implementation were also kept in contact with.

### **3. Ongoing Liaison with Sector Groups**

Formal and informal contacts and meetings took place with the following:

- New Zealand Principals' Federation
- Secondary Principals' Association of New Zealand
- PPTA Principals' Council
- NZEI Principals' Council
- New Zealand Education Institute Te Riu Roa
- Post Primary Teachers' Association
- New Zealand School Trustees Association
- Early Childhood Association of New Zealand
- Independent Schools of New Zealand
- Career Services
- Tertiary Education Commission
- New Zealand Teachers Council

- New Zealand Qualifications Authority
- Human Rights Commission
- Office of the Commissioner for Children
- The Correspondence School
- New Zealand Council for Education Research
- Parent Teacher Association of New Zealand
- New Zealand Police National Headquarters
- The Asia Foundation
- Seasons for Growth
- National Religious Diversity Programme

#### **4. Wider Education Engagement**

- Involvement continued with the New Zealand National Commission for UNESCO. NZCEO Ltd is a registered cooperating body with the New Zealand National Commission for UNESCO.
- Involvement continued with the Australian Scholarships Group programme.
- The CEO continued his role as the National Coordinator of the National Excellence in Teaching Awards.
- The CEO continued to be a member of the University of Auckland Vice Chancellor's Community Advisory Council.

#### **5. International Education Connections**

- Contributions were made to the work of Education New Zealand, to promote an active profile for integrated schools.
- Active support was given to Catholic Education Offices in the south-west Pacific region, including facilitating the attendance of staff at the New Zealand Catholic Education Convention.
- Meetings continued with leaders of Catholic education in Australia who are interested in seeking detailed information on the way the New Zealand Catholic schooling system works, in light of the changing political landscape in Australia.

- The Office continued to work with relevant agencies to enable more Catholic overseas students to enrol in our schools. In particular, the connection with the Sarasas Schools in Thailand has continued.
- Contact was continued with the New Zealand Consul General in Hong Kong, along with the Director of Catholic Education in the Archdiocese of Hong Kong, in order to facilitate educational exchanges between Hong Kong and New Zealand Catholic schools.
- Support was given to schools wishing to expand their intake of foreign fee-paying students.
- As of 1 July 2012 there were 729 foreign fee-paying students in Catholic schools, compared with 767 in 2011.

## **6. Public Relations and Educational Debate**

Staff of the Office participated in a wide range of public relations exercises, as invited, to provide support for groups and individuals who desired contact with the Office and the New Zealand Catholic schooling system:

- The CEO formally addressed 13 gatherings in schools and conferences and other public settings.
- The CEO wrote 21 addresses and articles contributing to the education debate within New Zealand, and these were published in various magazines and/or newspapers and on the NZCEO website.
- Efforts were made to manage the media as much as possible and to respond positively to news stories and media inquiries involving education issues. Eighteen media statements and blogs on public and educational issues were released.
- New information was frequently placed on the Office website to serve integrated schools and the wider public.

## **7. Supporting Catholic Schools, Principals and Trustees**

Frequent interaction occurred with principals, parents, teachers and trustees of schools nationwide where guidance was sought on a range of policy and operational issues.

## New Zealand Catholic Education Convention 2012

- Preparations for this major event occupied a significant amount of Office time. The convention occurred mid-year, attracting 900 participants, including an increasing number of parish priests. Post-convention assessments indicated a very high level of satisfaction with the programme offered and the professional development provided.

## Collaboration with Primary and Secondary Schools

- Ongoing communication took place with the Executives of the New Zealand Catholic Primary and Secondary Principals' Associations. The annual conferences of the two Associations were also contributed to. A helpful relationship continues to exist between NZCEO and these bodies.

## Prospective Principals' Professional Development

- On behalf of the Office, Ahead Associates continued its professional development work with prospective principals of Catholic schools.

## Senior Principals' Scholarships

- Owing to funding constraints, only one scholarship was awarded.

## Māori Boarding Schools

- Continuing support was given to the six integrated Māori boarding schools in their interaction with the Minister of Māori Affairs.

## Publications

- The *Lighting New Fires* newsletter was published six times, the *Good News and the News* broadsheet of good practice was published twice, and *Aoraki*, the publication for senior management in schools, was published twice.
- Other documents published and distributed to schools:
  - \* Quarterly reports on the activities of the NZCEO Board, for Proprietors' Appointees and Boards of Trustees in Catholic and other integrated schools

- \* Annual flyer on professional development opportunities for Catholic school teachers
- \* The Pat Lynch monthly blog.

### Business Partnerships

- NZCEO has benefited from its alignment to various business sector groups. This initiative has seen the beginning of an additional revenue fund for the Office along with the provision of technology purchase opportunities for Catholic schools nationally.

## 8. Interaction with the National Centre for Religious Studies (NCRS) and the Catholic Institute

Continuing collaborative action occurred on a range of projects, in particular:

- Managing technical work on the website of FaithCentral, the Religious Education website for Catholic secondary school teachers and students
- Technical aspects of the digital resource for the Catholic primary schools' Religious Education curriculum
- The possibility of a Catholic education Virtual Learning Network, through the Microsoft Partners in Learning initiative
- The establishment of a Religious Studies Association for teachers
- Regular meetings with the CEO of the Catholic Institute, to enable joint strategic thinking to take place.

## 9. Administration

- Systems and processes were reviewed and enhanced as appropriate
- Digital storage of archival material continued
- The next stage of risk assessment and disaster recovery planning was completed.

### NZCEO Website

- The website was updated regularly.

## E. CONCLUSION

- The Office has continued to sustain sound operational systems in a professional, pastoral and businesslike manner.
- The requirements of the Shareholders of the Company, our Bishops and other Proprietors, have been a high priority for the work of the Board and the Office.
- At a day-to-day level the Board and the Office have worked assiduously to meet the requirements and expectations of the country's 238 Catholic schools, their trustees, principals, teachers, students, parishes and the wider community.
- Gratitude is expressed to the Chairman of NZCEO Ltd, Geoffrey Ricketts, and his fellow Directors for their generosity in leading the national Catholic school system.
- Gratitude is expressed to the New Zealand Catholic Bishops and their fellow Proprietor Shareholders of the Office, along with their Agents, for their support and good will during the year.
- Gratitude is also expressed to the staff of the Office for their dedication and commitment to serving all those involved with the country's Catholic schools. Additionally, recognition and appreciation is extended to all those people around the country who serve our school communities and facilitate the delivery of a Catholic education we can all be proud of.



Patrick J Lynch

**CHIEF EXECUTIVE OFFICER**



# NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED CHAIRPERSON'S REPORT

## Introduction

Despite the financial uncertainty that has continued to affect the world community and, inevitably, the New Zealand economy, the nation's Catholic school system ended 2012 in sound condition.

## Effective Education

The New Zealand Ministry of Education's 'Best Evidence Synthesis' is clear that the quality of teachers is the most important single factor in student achievement. Professor Ric Margono from the United States of America believes that this amounts to at least 43% of student success, irrespective of socio-economic and other factors.

Many of our Catholic schools follow Best Evidence Synthesis guidelines. The Best Evidence Synthesis documents (on the Ministry of Education's website) are regarded by increasing numbers of international educators as probably the best set of guidelines for principals and teachers wanting to ensure they develop their school's culture, so all students do well, irrespective of who they are and where they come from.

There are some silver bullets which are effective in education: building positive relationships between teachers and students, recognising human dignity, and ensuring mutual respect in relationships. Other factors include having high expectations, stimulating learning environments and having teachers with an extensive knowledge of what they teach. It is encouraging to see that our Boards of Trustees, our Principals and teachers are energetically committed to improving the quality of the education they deliver.

Catholic education, with the Gospel as its inspiration, commits itself to excellence in all of its dimensions, so that every one of the students in our schools has the potential and opportunity to flourish as their life unfolds – this is indeed a sacred challenge that we accept.

## Seismic Standards

The Board of NZCEO has given much attention to the aftermath of the 2010–11 Christchurch earthquakes, including the issue of insurance premiums and the very significant consequences of the new seismic standards each

school building is now being assessed against. Clearly, safety of students and teachers cannot be compromised, so significant money is having to be redirected to strengthening buildings which do not meet the seismic code. This process will take some years to complete.

In the aftermath of the Christchurch earthquakes, our Christchurch colleagues continued to face many challenges in 2012. The Board has endeavoured to provide as much support as possible to assist Proprietors to gradually plan their way through the myriad issues they face.

### **High Court Decision**

The High Court decision in late April, vindicating the long-established practices of Proprietors in utilising Attendance Dues income, was pleasing to the Board. It is a matter of regret that a Declaratory Judgment in the High Court was necessary in the first place. However, the subsequent regazetting of Attendance Dues for all Proprietors was completed without significant difficulty by the end of 2012.

### **Capital Works**

After consultation with the New Zealand Catholic Bishops Conference, the Board partially lifted the moratorium on capital spending towards the end of the year. It arranged a \$20 million credit facility which will be available for urgent capital works. A process was entered into with Participating Proprietors to determine how the money might be equitably apportioned. This exercise was completed by the end of the year. The money will be released once projects have been completed. The availability of any additional loan money will be reviewed midway through 2013.

### **Attendance Dues and Affordability**

In 2006, Brother Joe Lauren, a former Chairman of NZCEO Limited, said in his Chairman's Report:

. . . So we do have a challenge: not to put our schools beyond the reach of the afflicted, wretched and indigent, to make them places where the humble and insignificant can learn to live. The challenge is for teachers, principals and Boards in their enrolment, retention and pastoral care procedures, for

Proprietors in their building programmes and consequent Attendance Dues, for Government in funding fairly and adequately.

He went on to say that he had no doubt the Catholic school system could meet this challenge and continue to be the truly alternative education system it was established to be.

The Board is very conscious that Attendance Dues, on the one hand must be affordable in order to make our schools accessible to all Catholic families wishing to attend, and on the other hand must be at a level that ensures our schools are fit for purpose, competitive and sustainable on a long-term basis. So the challenge referred to by Brother Joe in 2006 continues today, not helped by the global financial crisis which occurred subsequent to Brother Joe's comments.

NZCEO addresses this challenge in a number of ways.

- As Participating Proprietors in the National Pooling Scheme will know, the Scheme is based on an 85% collection rate of Attendance Dues. The 15% allowance for non-collection is to recognise the need for Proprietors to have the ability to waive Attendance Dues based on affordability.
- For Participating Proprietors in the National Pooling of Attendance Dues Scheme, a national common level of Attendance Dues for both primary and secondary schools was reached in 2012. The policy is that having reached that level, increases going forward are to be limited to CPI cost of living adjustments only. In 2012, that would have led to an increase in fees of approximately 3%, but in conjunction and collaboration with the Bishops Conference, it was decided for the 2012 year to hold the increase to 1%, rather than apply CPI.
- NZCEO continue to seek fact-based evidence on affordability. Interestingly, before the High Court in the Declaratory Judgment matter, evidence was given that in two Catholic colleges in Wellington about 5% of parents had difficulty in paying the level of Attendance Dues. The Auckland Diocesan Survey on Affordability conducted several years ago provided similar evidence.

- In August 2012, the Bishops Conference convened a meeting involving the Bishops, the NZCEO Board, diocesan managers and key educational people from each diocese, to consider Catholic schools and the issues relating to the future direction of Catholic education. One of the outcomes of that meeting was an agreement that an updated survey on affordability in the current environment would be undertaken, and that project is underway.
- NZCEO continues to work with Government to seek additional funding streams (e.g. Quantity Funding), although in the short term we are unlikely to see any significant additional funding for our schools, as the Minister of Finance has foreshadowed in several announcements that in the current economic environment there is unlikely to be any additional funding available.
- We work with many Catholic school communities, trustees, parents and Proprietors, encouraging the recapture of that solid Catholic tradition of communities seeking to help themselves, as much as possible. In doing so, those communities help the rest of the national Catholic school community.

### **Interaction with Shareholders**

The Board is committed to serving the requirements of its Shareholders as best it can, given the realities of competing claims and requirements of Proprietors whose schools are scattered all around the country. The common good of our school system is the lens through which decisions are made by the Board. Recent experience with unexpected claims on finances makes the focus on the common good an even stronger imperative, if we are to continue to have a system of schools which is focused on equity.

### **Strategic Focus**

The Board's strategic focus is an imperative in all of its planning. This includes its relationship with Government and its Ministers; financial support for the needs of the national system; personnel planning and effective delivery of educational services to support the system. Clearly, at a national level it is vital that these issues are carefully dealt with.

## Conclusion

The ever-changing and challenging world we live in has to be embraced. Fortunately, our schools are well placed to address these challenges in the knowledge that we are able to bring our faith and energy to our task of repairing the world's deficiencies and defects.

Our thanks are due to Pat Lynch and his staff at the Office for the diligent work they do on behalf of the school system – in particular, our thanks are due to those good people for initiating and organising the 2012 Convention. It was a great success and, for all who attended, I am sure it affirmed our commitment to the cause of Catholic education.

Appreciation is extended to my fellow Directors of NZCEO Ltd. Gratitude is also extended to you the Shareholders of NZCEO Ltd for your support and good will.

A handwritten signature in blue ink, reading "Geoffrey Ricketts". The signature is written in a cursive style with a large initial 'G'.

Geoffrey Ricketts  
CHAIRPERSON

## NEW ZEALAND'S CATHOLIC SCHOOLS

**There are 238 Catholic schools throughout New Zealand; 49 of these are secondary.**

<b>Auckland</b>	Diocese	58
<b>Hamilton</b>	Diocese	33
<b>Palmerston North</b>	Diocese	36
<b>Wellington</b>	Archdiocese	47
<b>Christchurch</b>	Diocese	36
<b>Dunedin</b>	Diocese	28

**Nationally, there were 65,487 students in Catholic schools in July 2012. Regional breakdown of students as of July 2012:**

<b>Auckland</b>	Diocese	10,697	Primary
		13,166	Secondary
<b>Hamilton</b>	Diocese	5,321	Primary
		4,065	Secondary
<b>Palmerston North</b>	Diocese	4,116	Primary
		3,271	Secondary
<b>Wellington</b>	Archdiocese	6,752	Primary
		5,065	Secondary
<b>Christchurch</b>	Diocese	4,416	Primary
		3,579	Secondary
<b>Dunedin</b>	Diocese	2,721	Primary
		2,318	Secondary
<b>Total</b>		<b>65,487</b>	<b>July Total</b>

## AUCKLAND

### Colleges

Baradene College, Remuera  
Carmel College, Milford  
De La Salle College,  
Mangere East  
Hato Petera College, Northcote  
Liston College, Henderson  
Marcellin College, Royal Oak  
Marist College, Mt Albert  
McAuley High School, Otahuhu  
Pompallier Catholic College,  
Whangarei  
Rosmini College, Takapuna  
Sacred Heart College,  
Glen Innes  
Sancta Maria College, Flat Bush  
St Dominic's Catholic College,  
Henderson  
St Mary's College, Ponsonby  
St Paul's College, Ponsonby  
St Peter's College, Epsom

### Primary Schools

Christ the King Catholic School,  
Owairaka  
Good Shepherd School, Balmoral

Holy Cross Catholic School,  
Henderson  
Holy Cross School, Papatoetoe  
Marist Primary School, Mt Albert  
Marist Catholic School, Herne Bay  
Monte Cecilia School, Hillsborough  
Mt Carmel Primary School,  
Meadowbank  
Our Lady of the Sacred Heart  
School, Epsom  
Our Lady Star of the Sea School,  
Howick  
Pompallier School, Kaitiaki  
Stella Maris School, Silverdale  
Sancta Maria Catholic Primary  
School, Flat Bush  
St Anne's Catholic School, Manurewa  
St Dominic's Catholic School,  
Blockhouse Bay  
St Francis Catholic School, Pt  
Chevalier  
St Francis School, Thames  
St Francis Xavier Catholic School,  
Whangarei  
St Ignatius Catholic School, St  
Heliers  
St John the Evangelist School, Otara  
St John's School, Mairangi Bay  
St Joseph's Catholic School,  
Dargaville  
St Joseph's School, Grey Lynn  
St Joseph's School, Onewhunga  
St Joseph's School, Orakei  
St Joseph's School, Otahuhu  
St Joseph's School, Pukekohe  
St Joseph's Catholic School,  
Takapuna  
St Leo's Catholic School, Devonport  
St Mark's Catholic School, Pakuranga  
St Mary MacKillop Catholic School,  
Mangere  
St Mary's School, Avondale  
St Mary's School, Ellerslie  
St Mary's School, Northcote  
St Mary's Catholic School, Papakura  
St Michael's Catholic School,  
Remuera  
St Patrick's School, Panmure  
St Paul's School, Massey  
St Pius X Catholic School, Glen Innes  
St Therese's School, Three Kings  
Te Kura O Hato Hohepa te Kamura,  
Waitaruke  
Te Kura O Hata Maria O Pawarenga,  
North Hokianga

## HAMILTON

### Colleges

Aquinas College, Tauranga  
Campion College, Gisborne  
John Paul College, Rotorua  
Sacred Heart Girls' College,  
Hamilton  
St John's College, Hamilton

### Primary Schools

Bishop Edward Gaines' School,  
Tokoroa  
Marian School, Hamilton  
St Anthony's School, Huntly  
St Columba's School, Frankton

St Joseph's Catholic School,  
Te Kuiti  
St Joseph's School, Fairfield  
St Joseph's School, Matamata  
St Joseph's School, Matata  
St Joseph's School, Morrinsville  
St Joseph's School, Opotiki  
St Joseph's School, Paeroa  
St Joseph's School, Te Aroha  
St Joseph's School, Waihi  
St Joseph's School, Whakatane  
St Mary's Catholic School,  
Putaruru  
St Mary's Primary School,  
Gisborne  
St Mary's School, Otorohanga  
St Mary's School, Rotorua  
St Mary's School, Tauranga  
St Michael's School, Rotorua  
St Patrick's School, Taumarunui  
St Patrick's School, Taupo  
St Patrick's School, Te Awamutu  
St Paul's Catholic School,  
Ngaruawahia  
St Peter Chanel School, Te Rapa  
St Peter's Catholic School,  
Cambridge  
St Pius X School, Melville  
St Thomas More School,  
Mt Maunganui

## PALMERSTON NORTH

### Colleges

Cullinane College, Wanganui  
Francis Douglas Memorial College, New Plymouth  
Hato Paora College, Feilding  
Sacred Heart College, Napier  
Sacred Heart Girls' College, New Plymouth  
St John's College, Hastings  
St Joseph's Māori Girls' College, Taradale  
St Peter's College, Palmerston North

### Primary Schools

Our Lady of Lourdes School, Palmerston North  
Reignier School, Taradale  
St Anne's School, Wanganui East  
St Anthony's School, Pahiatua  
St James School, Palmerston North  
St John Bosco School, New Plymouth  
St Joseph's School, Dannevirke  
St Joseph's School, Feilding  
St Joseph's School, Hastings  
St Joseph's School, Hawera  
St Joseph's School, New Plymouth  
St Joseph's School, Opunake  
St Joseph's School, Patea

St Joseph's School, Stratford  
St Joseph's School, Taihape  
St Joseph's School, Waipukurau  
St Joseph's School, Wairoa  
St Joseph's School, Waitara  
St Marcellin School, Wanganui  
St Mary's School, Foxton  
St Mary's School, Hastings  
St Mary's School, Palmerston North  
St Mary's School, Wanganui  
St Matthew's School, Marton  
St Patrick's School, Inglewood  
St Patrick's School, Kaponga  
St Patrick's School, Napier-Marewa  
St Pius X School, New Plymouth

## WELLINGTON

### Colleges

Bishop Viard College, Porirua  
Chanel College, Masterton  
Garin College, Nelson  
Sacred Heart College, Lower Hutt  
St Bernard's College, Lower Hutt  
St Catherine's College, Kilbirnie  
St Mary's College, Wellington  
St Patrick's College, Kilbirnie  
St Patrick's College, Silverstream

### Primary Schools

Cardinal McKeefry School, Wilton  
Holy Cross School, Miramar  
Holy Family School, Porirua East  
Our Lady of the Rosary School, Waiwhetu  
Sacred Heart School, Petone  
Sacred Heart School, Reefton

Sacred Heart Cathedral School, Thorndon  
San Antonio School, Eastbourne  
St Anne's School, Newtown  
St Anthony's School, Seatoun  
St Benedict's School, Khandallah  
St Bernadette's School, Naenae  
St Bernard's School, Brooklyn  
St Brendan's School, Heretaunga  
St Brigid's School, Johnsonville  
St Canice's School, Westport  
St Claudine Thevenet School, Wainuiomata  
St Francis de Sales School, Island Bay  
St Francis Xavier School, Tawa  
St Joseph's School, Kaikoura  
St Joseph's School, Levin  
St Joseph's School, Nelson  
St Joseph's School, Picton

St Joseph's School, Upper Hutt  
St Mary's School, Blenheim  
St Mary's School, Carterton  
St Michael's School, Taita  
St Patrick's School, Kilbirnie  
St Patrick's School, Masterton  
St Patrick's School, Paraparaumu  
St Paul's School, Richmond  
Ss Peter and Paul School, Lower Hutt  
St Peter Chanel School, Motueka  
St Peter Chanel School, Otaki  
St Pius X School, Titahi Bay  
St Teresa's School, Featherston  
St Teresa's School, Karori  
St Theresa's School, Plimmerton



## CHRISTCHURCH

### Colleges

Catholic Cathedral College, Christchurch  
John Paul II High School, Greymouth  
Marian College, Christchurch  
Roncalli College, Timaru  
St Bede's College, Christchurch  
St Thomas of Canterbury College, Christchurch  
Villa Maria College, Christchurch

### Primary Schools

Christ the King School, Burnside  
New Brighton Catholic School, New Brighton

Our Lady of Fatima School, Mairehau  
Our Lady of the Assumption School, Hoon Hay  
Our Lady of the Snows School, Methven  
Our Lady of Victories School, Sockburn  
Our Lady Star of the Sea School, Sumner  
Sacred Heart School, Addington  
Sacred Heart School, Timaru  
St Albans Catholic School, St Albans  
St Anne's Catholic School, Woolston  
St Bernadette's School, Hornby  
St James School, Aranui  
St Joseph's School, Ashburton

St Joseph's School, Fairlie  
St Joseph's School, Papanui  
St Joseph's School, Pleasant Point  
St Joseph's School, Rangiora  
St Joseph's School, Temuka  
St Joseph's School, Timaru  
St Mary's Primary School, Hokitika  
St Mary's School, Christchurch  
St Patrick's School, Bryndwr  
St Patrick's School, Greymouth  
St Patrick's School, Kaiapoi  
St Patrick's School, Waimate  
St Paul's School, Dallington  
St Peter's School, Beckenham  
St Teresa's School, Riccarton

## DUNEDIN

### Colleges

Kavanagh College, Dunedin  
St Kevin's College, Oamaru  
St Peter's College, Gore  
Verdon College, Invercargill

### Primary Schools

Holy Family School, Wanaka  
Sacred Heart School, Dunedin  
Sacred Heart School, Waikiwi  
St Bernadette's School, Forbury  
St Brigid's School, Tainui

St Francis Xavier School, Mornington  
St Gerard's School, Alexandra  
St John's School, Ranfurly  
St Joseph's Cathedral School, Dunedin  
St Joseph's School, Balclutha  
St Joseph's School, Invercargill  
St Joseph's School, Oamaru  
St Joseph's School, Port Chalmers  
St Joseph's School, Queenstown  
St Mary's School, Gore  
St Mary's School, Kaikorai

St Mary's School, Milton  
St Mary's School, Mosgiel  
St Patrick's Primary School, Nightcaps  
St Patrick's School, Invercargill  
St Peter Chanel School, Green Island  
St Teresa's School, Bluff  
St Theresa's School, Invercargill  
St Thomas's School, Winton

# REPORT OF THE DIRECTORS OF NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

The Board of Directors of New Zealand Catholic Education Office Limited comprises:

- Geoffrey Ricketts (Chairperson)
- John Butterfield
- Bishop Peter Cullinane
- Michael Finnigan
- John Gallaher
- Michael Hanaray
- Reuben O'Neill (Deputy Chairperson)
- Virginia Noonan
- Bishop Charles Drennan is currently an observer on the Board.

In respect of each Director of the Board no remuneration or benefit of any other value has been received by that Director during the period.

## **Nature of the Company Business**

The New Zealand Council of Proprietors of Catholic Integrated Schools set up a charitable limited liability company, New Zealand Catholic Education Office Limited, to run its Office. The staff of the Office are responsible on a day-to-day basis to the Board of Directors of the Company. Members of the New Zealand Council of Proprietors of Catholic Integrated Schools are the shareholders of the company; this includes the Bishops as major shareholders.

The Office also acts as the Secretariat for the Association of Proprietors of Integrated Schools, which represents Proprietors of all New Zealand's integrated schools.

**Auditor**

Deloitte

**Solicitor**

Shanahan Law

**Company Number**

WN/1042025

**Registered Office**

New Zealand Catholic Education Office Limited, PO Box 12307, Wellington 6144

**Approval of Financial Statements by Directors**

The Directors of New Zealand Catholic Education Office Limited are pleased to present the group financial statements for the year ended 31 December 2012 on pages 34 to 59.



Geoffrey Ricketts  
CHAIRPERSON



Patrick J Lynch  
CHIEF EXECUTIVE OFFICER

For and on behalf of the Board of Directors, 14 March 2013

**GROUP FINANCIAL STATEMENTS FOR NEW ZEALAND  
CATHOLIC EDUCATION OFFICE LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2012**

These group financial statements have been prepared by New Zealand Catholic Education Office Limited and they fairly reflect the consolidated financial position and the activities of the Office and its subsidiary for the 12-month period ended 31 December 2012.

A handwritten signature in blue ink, appearing to read 'Patrick J Lynch', with a long horizontal line extending to the right.

Patrick J Lynch  
CHIEF EXECUTIVE OFFICER

14 March 2013

## **NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2012**

New Zealand Catholic Education Office Limited ("NZCEO Limited" or "the Company") acts as Agent for Proprietors of integrated schools in their dealings with Government and provides administrative services to NZCEO Finance Limited ("NZCEO Finance") on behalf of the contributing Shareholders of the National Attendance Dues and Capital Indebtedness Sharing Scheme ("the Scheme").

NZCEO Limited was constituted as a Company with limited liability on 30 June 2000. The date of incorporation under the Companies Act 1993 is 5 July 2000.

The consolidated financial statements comprise the financial statements of New Zealand Catholic Education Office Limited and its wholly-owned subsidiary NZCEO Finance Limited ("the Group") for the year ended 31 December 2012. The consolidated financial statements were authorised for issue by the Directors on 14 March 2013.

### **Basis of Preparation**

NZCEO Limited is a reporting entity for the purpose of the Financial Reporting Act 1993 and these financial statements comply with that Act.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), while applying the Framework for Differential Reporting and its interpretations as appropriate to public benefit entities.

The Group qualifies for differential reporting as it is not publicly accountable and is not a large entity as defined in the Framework for Differential Reporting issued by the New Zealand Institute of Chartered Accountants. The Group has taken advantage of all available differential reporting exemptions except for disclosure exemptions in relation to financial instruments.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Group. The presentation currency is New Zealand dollars, rounded to the nearest dollar.

## Going Concern

The Group has negative equity as a result of accumulated deficits in NZCEO Finance. The Directors have adopted the going concern assumption on the basis that:

- Debt repayment forecasts for NZCEO Finance showed that interest income would exceed the interest and administration costs in 2012 and in subsequent years.
- Forecasts of future cash flows have been incorporated in the annual principal repayment of the BNZ loan.
- A Letter of Financial Support has been received from the Catholic Education Trust Fund to enable NZCEO Finance to meet its cash flow commitments.
- Financial modelling for the Scheme, which would include forecast attendance dues and debt servicing, shows that the Scheme would generate surpluses in 2012 and in subsequent years which will enable repayment of the Loan from NZCEO Finance to continue.
- Directors have reviewed the attendance dues and debt servicing assumptions in the financial model and are satisfied that the going concern assumption can be applied. The receipt of attendance dues is subject to an underwrite from the Catholic Bishops of the five participating dioceses.

## Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### Basis for Preparing Consolidated Financial Statements

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies, and are included in the consolidated financial statements using the purchase method of consolidation. Intercompany transactions are eliminated in preparing the consolidated financial statements.

### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). The cost of property, plant and equipment is their purchase price together with any incidental costs of acquisition.

Subsequent costs are added to the carrying value amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

Depreciation is provided on a straight line basis at rates that will write off the cost of the assets less any residual value over their useful lives. Depreciation is charged to the Statement of Comprehensive Income. The following rates have been used and are reviewed annually:

	Life in Years	Straight Line Depn Rate
Computer hardware	3	33.3%
Office equipment	4–10	10.0%–25.0%
Furniture	13	7.5%

### Intangibles

Computer software and system development costs have been classified as intangible assets. They are recorded at cost less accumulated amortisation and impairment losses (if any). The cost of intangibles is their purchase cost together with any incidental costs of acquisition.

Subsequent costs are added to the carrying value amount of an intangible asset when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

Intangibles are amortised over a three-year period at a straight line rate of 33.3%.

### Equity in Car Fund

The Diocesan Car Fund Trust was voluntarily wound up at 31 October 2012. A loss on investment of \$6,870 has been expensed.

## **Trade and Other Receivables**

Trade and other receivables are stated at cost less impairment losses, if any.

### **Impairment**

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the asset have been impacted. If any such indication exists, the assets recoverable amount is estimated.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. The extent of the impairment loss reversal is limited to what the amortised cost would have been had the impairment not been recognised.

### **Financial Instruments**

The Group is party to financial instruments as part of its day-to-day operations. These include bank accounts, investments, receivables, payables and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Comprehensive Income.

All financial instruments are shown at fair value on initial recognition. Subsequent to initial recognition financial assets are measured at amortised cost using the effective interest method less impairment.

The Group does not enter into any off balance sheet transactions nor use derivative financial instruments.



## **Financial Assets**

Subsequent to initial recognition loans receivable are classified as loans and receivables and are measured at amortised cost less impairment, if any.

## **Capital Risk Management**

The Group manages its capital to ensure that the Group can continue to operate as a going concern not only as the Company, but also in NZCEO Finance's role as administrator of the Scheme and the Catholic Education Trust Fund ("CETF"). The capital risk management strategy for the Group remains unchanged from 2011.

The capital structure of the Company and the Group consist of cash and cash equivalents, the loan to the Scheme, loans to Participating Proprietors, the loan from the CETF and the loan from the Bank of New Zealand.

The Board reviews the capital structure as part of the review of the financial model, including all projected cash inflows and outflows. The financial model is also reviewed independently every three years.

The Group has no target gearing ratio.

The Group is subject to externally imposed debt covenants in relation to the loan from the Bank of New Zealand which are periodically reviewed to ensure the Group is in compliance with these covenants. There have been no breaches of these debt covenants during the year.

## **Financial Liabilities**

Subsequent to initial recognition loans payable are classified as loans and payables and are measured at amortised cost.

## **Provisions**

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### **Trade and Other Payables**

Trade and other payables are stated at amortised cost and are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

### **Employee Entitlements**

A provision for employee entitlements is recognised for benefits earned by employees but not provided at reporting date. Employee benefits include salaries, wages and annual leave.

### **Income**

The Group receives a large proportion of its income from the Proprietors of schools integrated under the Private Schools Conditional Integration Act 1975. Income is recognised on an accruals basis as the services have been provided.

### **Interest Income**

Interest income is recognised as the interest accrues to the net carrying value of the financial asset. Interest is recorded at gross value as determined using the effective interest method. NZCEO Finance does not attract resident withholding tax.

### **Interest Expense**

Interest expense is recognised on an accruals basis using the effective interest method.

### **Operating Lease Payments**

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

### **Goods and Services Tax (“GST”)**

These financial statements have been prepared on a GST exclusive basis; any GST due or owing is recorded in the Statement of Financial Position.

### **Charitable Status and Income Tax**

NZCEO Limited and NZCEO Finance were registered as charitable entities with the Charities Commission in 2008. Registration confirmed NZCEO Limited's and NZCEO Finance's charitable status and exemption from income tax; accordingly, no charge for income tax has been provided for.

### **Changes in Accounting Policies**

There have been no changes in accounting policy for the year ended 31 December 2012.

# NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2012

	Note	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>ACCUMULATED (DEFICITS)/EQUITY</b>					
Share capital	1	98,888	98,888	98,888	98,888
Convention reserve	23	88,585	52,352	88,585	52,352
Retained earnings		(629,698)	(761,349)	262,553	253,571
<b>TOTAL ACCUMULATED (DEFICITS)/EQUITY</b>		<b>\$(442,225)</b>	<b>\$(610,109)</b>	<b>\$450,026</b>	<b>\$404,811</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	2	722,996	1,030,240	456,180	386,645
Trade and other receivables	3	12,723	33,759	10,961	33,670
Prepayments	4	11,306	48,797	11,306	48,797
Current portion: loans to Participating Proprietors	7	1,626,043	1,508,904	-	-
<b>Total Current Assets</b>		<b>2,373,068</b>	<b>2,621,700</b>	<b>478,447</b>	<b>469,112</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	47,010	51,390	47,010	51,390
Intangible assets	9	3,074	5,273	3,074	5,273
Equity in Car Fund	6	-	14,707	-	14,707
Loan to National Attendance Dues and Capital Indebtedness Sharing Scheme	5	25,647,798	28,578,353	-	-
Non-Current portion: loans to Participating Proprietors	7	56,017,539	57,643,583	-	-
<b>Total Non-Current Assets</b>		<b>81,715,421</b>	<b>86,293,306</b>	<b>50,084</b>	<b>71,370</b>
<b>TOTAL ASSETS</b>		<b>84,088,489</b>	<b>88,915,006</b>	<b>528,531</b>	<b>540,482</b>

	Note	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	106,505	162,324	78,505	132,443
Monies received in advance	10	-	3,228	-	3,228
Deferred financing and development costs	11	23,444	22,483	-	-
Loan from Catholic Education Trust Fund	13	29,381,812	31,318,127	-	-
Loan from Bank of New Zealand	7,12	3,000,000	9,941,953	-	-
<b>Total Current Liabilities</b>		<b>32,511,761</b>	<b>41,448,115</b>	<b>78,505</b>	<b>135,671</b>
<b>NON-CURRENT LIABILITIES</b>					
Loan from Bank of New Zealand	7,12	52,018,953	48,077,000	-	-
<b>Total Non-Current Liabilities</b>		<b>52,018,953</b>	<b>48,077,000</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>84,530,714</b>	<b>89,525,115</b>	<b>78,505</b>	<b>135,671</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>\$(442,225)</b>	<b>\$(610,109)</b>	<b>\$450,026</b>	<b>\$404,811</b>

The accompanying Statement of Accounting Policies and notes form part of these financial statements.

These accounts were authorised for issue by the Board on 14 March 2013.

For and on behalf of the Board



Geoffrey Ricketts  
CHAIRPERSON

14 March 2013



Reuben O'Neill  
DIRECTOR

14 March 2013

# NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2012

		Group	Group	Company	Company	
		2012	2011	2012	2011	
		\$	\$	\$	\$	
		Note				
INCOME	Proprietors' levies		707,734	689,483	707,734	689,483
	Christchurch Earthquake Appeal		-	108,027	-	108,027
	Convention 2012		488,960	-	488,960	-
	Cost recoveries	14	7,442	7,616	77,255	77,812
	FaithCentral levies		11,035	10,403	11,035	10,403
	Interest	15	6,088,189	6,188,858	12,973	17,063
	Principals' Initiative	22	-	5,000	-	5,000
	Sale of publications		-	44	-	44
	Scholarship grant		2,000	4,000	2,000	4,000
	Sponsorship - publications		6,360	7,280	6,360	7,280
	Other income		10,085	9,543	10,085	9,543
<b>TOTAL INCOME</b>		<b>7,321,805</b>	<b>7,030,254</b>	<b>1,316,402</b>	<b>928,655</b>	
<hr/>						
		Group	Group	Company	Company	
		2012	2011	2012	2011	
		\$	\$	\$	\$	
		Note				
EXPENDITURE	ACC levies		1,653	2,196	1,653	2,196
	Audit fee		27,000	21,000	6,000	5,500
	Administration	16	88,260	72,171	87,202	67,022
	Amortisation of intangible assets	9	2,419	1,292	2,419	1,292
	Bank charges		1,368	1,150	720	556
	Christchurch Earthquake Grants		-	107,567	-	107,567
	Convention 2012		452,727	-	452,727	-
	Depreciation	8	14,163	13,376	14,163	13,376
	FaithCentral	17	7,535	10,465	7,535	10,465
	Interest paid to Catholic Education Trust Fund		1,863,685	1,875,402	-	-
	Interest paid to Bank of New Zealand		3,978,979	4,234,152	-	-
	Legal and professional fees	18	63,022	73,540	45,658	66,792
	Loss on disposal of assets		-	559	-	559
	Loss on investment	6	6,870	-	6,870	-
	Meetings - Proprietors	19	32,298	26,481	32,298	26,481
	Motor vehicle	20	20,268	21,018	20,268	21,018
	Other fees paid to auditors	18	-	47,043	-	-
	Publications and promotions	21	23,411	35,223	23,411	35,223
	Publications for sale		-	-	-	-
	Principals' Initiative	22	31,660	30,960	31,660	30,960
	Rent		34,854	29,852	34,854	29,852
	Salaries		479,964	470,365	479,964	470,365
	Scholarship grant		2,000	4,000	2,000	4,000
Travel - Office		21,785	31,567	21,785	31,567	
<b>TOTAL EXPENDITURE</b>		<b>7,153,921</b>	<b>7,109,379</b>	<b>1,271,187</b>	<b>924,791</b>	
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>			<b>\$167,884</b>	<b>\$(79,125)</b>	<b>\$45,215</b>	<b>\$3,864</b>

The accompanying Statement of Accounting Policies and notes form part of these financial statements.

# NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

## CONSOLIDATED MOVEMENTS IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2012

		Accumulated Deficits \$	Convention Reserve (Note 23)	Share Capital \$	Total \$
GROUP	Opening Balance	(682,224)	52,352	98,888	(530,984)
	Total comprehensive (loss)	(79,125)	-	-	(79,125)
	Transfer (to)/from Reserves	-	-	-	-
	Balance at 31 December 2011	(761,349)	52,352	98,888	(610,109)
	Total comprehensive income	167,884	-	-	167,884
	Transfer (to)/from Reserves	(36,233)	36,233	-	-
	<b>Balance at 31 December 2012</b>	<b>\$(629,698)</b>	<b>\$88,585</b>	<b>\$98,888</b>	<b>\$(442,225)</b>
		Retained Earnings \$	Convention Reserve (Note 23)	Share Capital \$	Total \$
COMPANY	Opening Balance	249,707	52,352	98,888	400,947
	Total comprehensive income	3,864	-	-	3,864
	Transfer (to)/from Reserves	-	-	-	-
	Balance at 31 December 2011	253,571	52,352	98,888	404,811
	Total comprehensive income	45,215	-	-	45,215
	Transfer (to)/from Reserves	(36,233)	36,233	-	-
	<b>Balance at 31 December 2012</b>	<b>\$262,553</b>	<b>\$88,585</b>	<b>\$98,888</b>	<b>\$450,026</b>

The accompanying Statement of Accounting Policies and notes form part of these financial statements.

# NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>1. SHARE CAPITAL</b>				
The Proprietors of Catholic integrated schools are the shareholders of NZCEO Limited.				
There are twenty-seven shareholders with one ordinary share each. The voting rights attached to each ordinary share are proportional to the number of schools under each shareholder (Proprietor). The shares have no par value.				
Fully paid in share capital	98,888	98,888	98,888	98,888
	<b>\$98,888</b>	<b>\$98,888</b>	<b>\$98,888</b>	<b>\$98,888</b>
<b>2. CASH AND CASH EQUIVALENTS</b>				
<b>Bank Accounts</b>				
National Bank of New Zealand	52,106	77,592	52,106	77,592
Bank of New Zealand	266,816	643,595	-	-
	<b>318,922</b>	<b>721,187</b>	<b>52,106</b>	<b>77,592</b>
<b>Short-Term Deposits</b>				
National Bank of New Zealand	404,074	309,053	404,074	309,053
Refer Note 7 for details of interest rates and maturities.				
	<b>\$722,996</b>	<b>\$1,030,240</b>	<b>\$456,180</b>	<b>\$386,645</b>
<b>3. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	5,596	14,811	5,596	14,811
GST receivable	4,125	16,936	4,125	16,847
Accrued interest	3,002	2,012	1,240	2,012
	<b>\$12,723</b>	<b>\$33,759</b>	<b>\$10,961</b>	<b>\$33,670</b>

There have been no impairment losses during the year.



	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>4. PREPAYMENTS</b>				
AGM/Convention 2012 deposits	-	37,358	-	37,358
Course registrations	1,167	-	1,167	-
Travel paid in advance	3,108	4,809	3,108	4,809
Web hosting	288	-	288	-
Subscriptions	2,044	-	2,044	-
Photocopier paper and stationery	4,699	5,972	4,699	5,972
Postage	-	658	-	658
	<b>\$11,306</b>	<b>\$48,797</b>	<b>\$11,306</b>	<b>\$48,797</b>

#### **5. LOAN TO NATIONAL ATTENDANCE DUES AND CAPITAL INDEBTEDNESS SHARING SCHEME AT AMORTISED COST**

NZCEO Finance has on-lent funds to the Scheme to meet the shortfall between the attendance dues collected and the debt servicing commitments. This lending is at an interest rate of 5.5% for 2012 (2011 5.5%), reviewed annually with no specific date set for repayment.

Where there is a shortfall additional advances are drawn down by the Scheme (funds originating from the Trust). Financial modelling of the expected future attendance dues to be collected and forecast debt servicing payments show that current surpluses will continue and that those monies will be used to repay the loan. The assumptions underpinning the financial model used for the loan impairment review include forecast attendance dues revenue and forecast debt servicing payments. The receipt of attendance dues is subject to an underwrite from the Catholic Bishops of the five participating dioceses.

Advanced by NZCEO Finance	14,096,090	18,696,737	-	-
Cumulative interest	11,551,708	9,881,616	-	-
	<b>\$25,647,798</b>	<b>\$28,578,353</b>	<b>\$-</b>	<b>\$-</b>

#### **6. EQUITY IN CAR FUND**

Diocesan Car Fund	\$-	\$14,707	\$-	\$14,707
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The Diocesan Car Fund was voluntarily liquidated as at 31 October 2012. A loss on investment of \$6,870 is recorded in the Statement of Comprehensive Income.

## 7. FINANCIAL INSTRUMENTS

### a) Valuation

The carrying value of all financial instruments is considered approximate to their fair value.

### b) Credit Risk

Financial instruments which potentially subject the Group to concentration of credit risk consist principally of loans to Participating Proprietors, accounts receivable and loans to the Scheme.

Security held on Participating Proprietors' loans is managed by the Bishops' underwrite.

	2012 \$	2011 \$
Significant counterparty exposure is as follows:		
Christian Brothers loan	910,516	931,239
Dunedin Diocese loans	13,267,725	13,606,952
Hamilton Diocese loans	16,462,579	16,919,464
Auckland Diocese loans	27,002,762	27,694,832
Total Proprietors' loans	57,643,582	59,152,487
Less current portion	(1,626,043)	(1,508,904)
	<b>\$56,017,539</b>	<b>\$57,643,583</b>

These loans are funded from the Bank of New Zealand ("BNZ") Term Loan Facility and have priority as per Note 7(f).

### c) Liquidity Risk

The Group is exposed to liquidity risk due to the nature of its operations. However, the Group has access to the Trust for advances if additional funds are required. The Group proactively manages its banking facilities.

### d) Interest Rate Risk

As interest receivable on the loan to the Scheme is set at the same rate as the interest payable on the monies borrowed from the Trust, NZCEO Finance is primarily exposed to interest rate risk on the differential between the interest payable on the bank term loan facility compared to the interest receivable on loans to Participating Proprietors. To manage this interest rate risk the interest rate charged by NZCEO Finance on loans to Participating Proprietors and the BNZ interest rate are regularly reviewed, and fixed, where appropriate, by the Board of NZCEO Finance. The interest rate charged by NZCEO Finance is approximately related to the interest rate charged by the BNZ, and is reviewed at least annually. Any movement in the BNZ interest rate is reflected in the NZCEO Finance interest rate.

### e) Contractual Maturity Analysis

The following table details NZCEO Finance's contractual maturities and effective interest rates for financial assets and liabilities. The loan from the Trust has been classified as maturing in 6–12 months because the loan does not have a specific date for repayment and is therefore technically repayable on demand.

The expected repayment of this loan will take place in conjunction with receipts from the Scheme.

The BNZ Term Loan third tranche of \$6.9m has been amended via a Deed of Amendment and Restatement dated 17 December 2012 whereby the tranche will be split into two components, one with a fixed interest rate to 31 December 2014, the other with an interest rate fixed on a six-monthly basis. This becomes effective 1 January 2013.

2012 Contractual Maturities								
Effective Interest Rate	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5 years +	Total
Cash	318,922							318,922
Short-term deposits	404,074							404,074
Trade and other receivables	24,029							24,029
Loans to Proprietors	797,827	828,216	1,752,279	1,888,311	2,034,905	2,192,882	48,149,162	57,643,582
Loan to National Attendance Dues and Capital Indebtedness Sharing Scheme							25,647,798	25,647,798
BNZ Term Loan			(25,000,000)					(25,000,000)
BNZ Term Loan		(3,000,000)	(20,077,000)					(23,077,000)
BNZ Term Loan			(6,941,963)					(6,941,963)
Trade and other payables	(129,949)							(129,949)
Loan from Catholic Education Trust Fund		(29,381,812)						(29,381,812)
<b>Total</b>	<b>\$1,414,903</b>	<b>(\$31,553,596)</b>	<b>(\$50,266,674)</b>	<b>\$1,888,311</b>	<b>\$2,034,905</b>	<b>\$2,192,882</b>	<b>\$73,796,960</b>	<b>(\$492,309)</b>

2011 Contractual Maturities									
	Effective Interest Rate	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5 years +	Total
Cash	2.45%	721,187							721,187
Short-term deposits	8.10%	309,053							309,053
Trade and other receivables	0.00%	82,556							82,556
Loans to Proprietors	7.50%	740,354	768,650	1,626,043	1,752,279	1,888,311	2,034,905	50,342,045	59,152,487
Loan to National Attendance Dues and Capital Indebtedness Sharing Scheme	5.50%						28,578,353		28,578,353
BNZ Term Loan	7.08%				(25,000,000)				(25,000,000)
BNZ Term Loan	7.49%		(3,000,000)	(3,000,000)	(20,077,000)				(25,077,000)
BNZ Term Loan	6.28%	(6,941,953)							(6,941,953)
Trade and other payables	0.00%	(188,035)							(188,035)
Loan from Catholic Education Trust Fund	5.50%		(31,318,127)						(31,318,127)
<b>Total</b>		<b>(\$5,276,838)</b>	<b>(\$33,549,577)</b>	<b>(\$1,373,957)</b>	<b>(\$43,324,721)</b>	<b>\$1,888,311</b>	<b>\$2,034,905</b>	<b>\$78,920,398</b>	<b>(\$681,479)</b>

**f) Priority**

The BNZ loans are secured against all current and future NZCEO Finance assets and registered first or second mortgages held over the properties listed in Note 12.

## 8. PROPERTY, PLANT AND EQUIPMENT

Group and Company				
	Computer Hardware	Office Equipment	Furniture	Total
<b>Cost</b>				
Balance at 1 January 2011	70,336	7,928	60,884	139,148
Additions	8,544	5,451	-	13,995
Disposals	(7,598)	-	-	(7,598)
Balance at 31 December 2011	71,282	13,379	60,884	145,545
Additions	9,783	-	-	9,783
Disposals	(32,216)	(1,039)	(147)	(33,402)
Balance at 31 December 2012	48,849	12,340	60,737	121,926
<b>Accumulated depreciation and impairment</b>				
Balance at 1 January 2011	57,180	7,596	22,846	87,622
Depreciation expense	8,622	447	4,307	13,376
Disposals	(6,843)	-	-	(6,843)
Balance at 31 December 2011	58,959	8,043	27,153	94,155
Depreciation expense	8,520	1,363	4,280	14,163
Disposals	(32,216)	(1,039)	(147)	(33,402)
Balance at 31 December 2012	35,263	8,367	31,286	74,916
<b>Net book value</b>				
<b>At 31 December 2011</b>	<b>\$12,323</b>	<b>\$5,336</b>	<b>\$33,731</b>	<b>\$51,390</b>
<b>At 31 December 2012</b>	<b>\$13,586</b>	<b>\$3,973</b>	<b>\$29,451</b>	<b>\$47,010</b>

## 9. INTANGIBLES

### Group and Company

	Computer Software	Systems Development	Total
<b>Cost</b>			
Balance at 1 January 2011	3,968	2,066	6,034
Additions	-	5,200	5,200
Disposals	-	(2,066)	(2,066)
Balance at 31 December 2011	3,968	5,200	9,168
Additions	220	-	220
Disposals	(1,240)	-	(1,240)
Balance at 31 December 2012	2,948	5,200	8,148
<b>Accumulated amortisation and impairment</b>			
Balance at 1 January 2011	2,603	2,066	4,669
Amortisation expense	715	577	1,292
Disposals	-	(2,066)	(2,066)
Balance at 31 December 2011	3,318	577	3,895
Amortisation expense	687	1,732	2,419
Disposals	(1,240)	-	(1,240)
Balance at 31 December 2012	2,765	2,309	5,074
<b>Net book value</b>			
<b>At 31 December 2011</b>	<b>\$650</b>	<b>\$4,623</b>	<b>\$5,273</b>
<b>At 31 December 2012</b>	<b>\$183</b>	<b>\$2,891</b>	<b>\$3,074</b>

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>10. TRADE AND OTHER PAYABLES</b>				
Trade payables	63,407	121,363	35,407	91,482
Monies received in advance	-	3,228	-	3,228
PAYE payable	15,431	15,194	15,431	15,194
Employees' salary and holiday pay liability	27,667	25,767	27,667	25,767
	<b>\$106,505</b>	<b>\$165,552</b>	<b>\$78,505</b>	<b>\$135,671</b>

#### 11. DEFERRED FINANCING AND DEVELOPMENT COSTS

The initial set-up costs of NZCEO Finance are being written off over a twenty-five year period. Offset against this is the credit arising from the 0.50% administration charge incurred by borrowers from NZCEO Finance. This credit is applied against current costs at the rate of 33% in the first year of the loan, with the balance applied evenly over a further 24 years.

Opening Balance	22,483	21,522	-	-
Plus: Net set-up costs to be recovered	15,727	15,727	-	-
Less: Use of administration credit against current costs	(14,766)	(14,766)	-	-
<b>Closing Balance</b>	<b>\$23,444</b>	<b>\$22,483</b>	<b>\$-</b>	<b>\$-</b>

## 12. LOAN FROM BANK OF NEW ZEALAND

The Bank of New Zealand Term Loan Facility was updated by a Deed of Amendment and Restatement dated 17 December 2012. The updated Facility became effective 1 January 2013.

Contractual maturities are as per Note 7(e).

	Interest Rate		2012 \$	2011 \$
<b>Non-Current Liability</b>				
Bank of New Zealand - Term Loan Facility	7.08%	Fixed	25,000,000	25,000,000
Bank of New Zealand - Term Loan Facility	7.49%	Fixed	20,077,000	23,077,000
Bank of New Zealand - Term Loan Facility	5.12%	Fixed	6,941,953	-
			<b>52,018,953</b>	<b>48,077,000</b>
<b>Current Liability</b>				
Bank of New Zealand - Term Loan Facility	5.21%	Fixed	-	6,941,953
Repayment - Term Loan Facility			3,000,000	3,000,000
			3,000,000	9,941,953
			<b>\$55,018,953</b>	<b>\$58,018,953</b>

The loan is secured against all current and future NZCEO Finance assets and registered first or second mortgages held over properties situated at:

- John Paul College, Rotorua
- John Paul College Hostel, Rotorua
- Kavanagh College, Rattray Street, Dunedin
- Campion College, Gladstone Street, Gisborne
- St John's College, Hillcrest Road, Hamilton
- St Columba's School, Rifle Range Road, Frankton, Hamilton
- De La Salle College, Mangere East, Auckland
- St Paul's School, Massey, Auckland
- St Peter's College, Epsom, Auckland
- Sancta Maria College, Manukau City, Auckland
- Stella Maris School, Silverdale, Auckland
- St Joseph's School, Melbourne Street, Queenstown
- Speargrass Flat Campus, Speargrass Road, Queenstown
- Holy Family School, Aubrey Road and Kirimoki Crescent, Wanaka
- St Kevin's College, Taward Street, Oamaru
- Marcellin College, Mt Albert Road, Auckland
- St Mary's School, Chaucer Street, Milton
- Verdon College, Rockdale Road, Invercargill



	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>13. LOANS FROM THE CATHOLIC EDUCATION TRUST FUND AT AMORTISED COST</b>				
The Trust has on-lent funds to NZCEO Finance for the funding of the BNZ principal repayment and for on-lending to the Scheme to cover the shortfall between attendance dues received and debt servicing commitments. This lending is at an interest rate of 5.5% for 2012 (2011 5.5%), reviewed annually with no specific date set for repayment. Financial modelling of the expected future attendance dues to be collected and forecast debt servicing payments show that the repayments which commenced in 2010 will continue. The assumptions underpinning the financial model used for the loan impairment review include forecast attendance dues receipts and forecast debt servicing payments. The loan is stated at amortised cost.				
Advanced by the Catholic Education Trust Fund	17,479,223	21,279,223	-	-
Cumulative interest	11,902,589	10,038,904	-	-
	<b>\$29,381,812</b>	<b>\$31,318,127</b>	<b>\$-</b>	<b>\$-</b>

<b>14. COSTS RECOVERIES</b>				
These expenses have been recovered by NZCEO Limited for providing administrative services to NZCEO Finance and the Trust.				
NZCEO Finance	-	-	69,813	70,196
Catholic Education Trust Fund	7,442	7,616	7,442	7,616
	<b>\$7,442</b>	<b>\$7,616</b>	<b>\$77,255</b>	<b>\$77,812</b>

<b>15. INTEREST INCOME</b>				
Interest was earned from the following sources:				
National Bank of New Zealand	12,973	17,063	12,973	17,063
Bank of New Zealand	19,855	11,406	-	-
Proprietor loans	4,385,268	4,377,721	-	-
National Attendance Dues and Capital Indebtedness Sharing Scheme on funds advanced	1,670,093	1,782,668	-	-
	<b>\$6,088,189</b>	<b>\$6,188,858</b>	<b>\$12,973</b>	<b>\$17,063</b>

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>16. ADMINISTRATION</b>				
Computer expenses	3,180	3,849	3,180	3,849
General expenses	18,781	24,578	2,957	4,663
Photocopier lease payments	9,453	9,519	9,453	9,519
Photocopier expenses	4,040	3,513	4,040	3,513
Postage	11,166	9,502	11,166	9,502
Printing and stationery	8,004	4,396	8,004	4,396
Professional development	9,034	9,976	9,034	9,976
Repairs and maintenance	31,775	12,919	31,775	12,919
Subscriptions and books	2,614	4,023	2,614	4,023
Telephone and faxes	4,979	4,662	4,979	4,662
Recovery of deferred administration	(14,766)	(14,766)	-	-
	<b>\$88,260</b>	<b>\$72,171</b>	<b>\$87,202</b>	<b>\$67,022</b>

#### 17. FAITHCENTRAL EXPENDITURE

The New Zealand Catholic Bishops Conference ("NZCBC") acquired ownership of FaithCentral in 2005 from the Society of Mary. NZCEO Limited and the National Centre for Religious Studies co-administer the website on behalf of the NZCBC. Administration costs are met by a levy on each Catholic secondary school at 40 cents per pupil.

	<b>\$7,535</b>	<b>\$10,465</b>	<b>\$7,535</b>	<b>\$10,465</b>
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	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>18. LEGAL AND PROFESSIONAL FEES</b>				
These fees include negotiation, support and legal advice on various issues relating to Government policies; school maintenance; depreciation; planning legislative and regulatory interpretations; and a range of other issues. In 2011 NZCEO Finance contracted Deloitte to review its financial model.				
Legal fees	51,936	61,412	34,572	54,664
Consultants and specialised office support	11,086	12,128	11,086	12,128
	63,022	73,540	45,658	66,792
Other fees paid to auditors - advisory services	-	47,043	-	-
	<b>\$63,022</b>	<b>\$120,583</b>	<b>\$45,658</b>	<b>\$66,792</b>

<b>19. MEETINGS - PROPRIETORS</b>				
NZCEO Limited Board of Directors' travel expenses, Association of Proprietors of Integrated Schools Executive travel expenses, catering, subsets of Board meetings and related costs.				
	<b>\$32,298</b>	<b>\$26,481</b>	<b>\$32,298</b>	<b>\$26,481</b>

<b>20. MOTOR VEHICLE EXPENSES</b>				
Running costs	516	1,226	516	1,226
Car replacement levy	16,602	4,000	16,602	4,000
Car parking	3,150	15,792	3,150	15,792
	<b>\$20,268</b>	<b>\$21,018</b>	<b>\$20,268</b>	<b>\$21,018</b>

<b>21. PUBLICATIONS AND PROMOTIONS</b>				
The production and distribution of <i>Lighting New Fires</i> , <i>Good News</i> and <i>the News</i> and <i>Aoraki</i> continued in 2012. The Catholic Schools Day material was updated and the Code of Ethics and Catholic Schools Booklet prepared for redistribution.				
	<b>\$23,411</b>	<b>\$35,223</b>	<b>\$23,411</b>	<b>\$35,223</b>

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>22. PRINCIPALS' INITIATIVE</b>				
This is an NZCEO Limited Board of Directors' initiative to support the ongoing supply of committed teachers to provide leadership for Catholic schools. Ahead Associates led one programme for the identifying of primary and secondary school principals.				
<b>Income</b>	\$-	\$5,000	\$-	\$5,000
<b>Expenditure</b>	\$31,660	\$30,960	\$31,660	\$30,960

<b>23. CONVENTION RESERVE</b>				
As per the Board minutes dated 20 November 2012 the Board of NZCEO Limited agreed to transfer the surplus generated from the 2012 Catholic Education Convention to the Convention Reserve. This Reserve will be used to meet some of the 2015 Catholic Education Convention expenses.				
Opening balance	52,352	52,352	52,352	52,352
Transfer from retained earnings	36,233	-	36,233	-
<b>Convention Reserve at end of period</b>	<b>\$88,585</b>	<b>\$52,352</b>	<b>\$88,585</b>	<b>\$52,352</b>

<b>24. RELATED PARTY TRANSACTIONS</b>				
NZCEO Limited provides administration services to its wholly-owned subsidiary, NZCEO Finance, and to the Catholic Education Trust Fund and the National Attendance Dues and Capital Indebtedness Sharing Scheme on behalf of Participating Proprietors.				
During the year NZCEO Finance took out loans from the Catholic Education Trust Fund and on-lent that money to the National Attendance Dues and Capital Indebtedness Sharing Scheme to fund the shortfall between the national attendance dues received from Participating Proprietors and the debt servicing paid on behalf of the Participating Proprietors.				
All administration costs for NZCEO Finance (2012 \$69,813, 2011 \$70,196) and the Catholic Education Trust Fund (2012 \$ 7,442, 2011 \$7,616) were initially paid by NZCEO Limited and recovered by way of reimbursement.				
Loans are provided by NZCEO Finance to Participating Proprietors of the National Attendance Dues and Capital Indebtedness Sharing Scheme as disclosed in the Statement of Financial Position. The Participating Proprietors of the Scheme are also shareholders of NZCEO Limited.				

	Group 2012 \$	Group 2011 \$	Company 2012 \$	Company 2011 \$
<b>25. COMMITMENTS</b>				
Operating lease commitments for the office premises, car replacement and the photocopier are payable as follows:				
Less than one year	58,348	52,745	58,348	52,745
Between one and five years	13,673	19,025	13,673	19,025
More than five years	-	-	-	-
	<b>\$72,021</b>	<b>\$71,770</b>	<b>\$72,021</b>	<b>\$71,770</b>

There are no capital commitments as at 31 December 2012 (2011 \$Nil).

#### **26. INSURANCE**

Insurance of the NZCEO Limited office contents, furniture and equipment, materials, etc is provided under a blanket cover held by the Archdiocese of Wellington's Insurance Fund.

#### **27. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2012 (2011 \$Nil).

#### **28. SUBSEQUENT EVENTS**

There have been no events subsequent to balance date that would materially affect the Financial Statements as presented at 31 December 2012.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND CATHOLIC EDUCATION OFFICE LIMITED

## Deloitte

### Report on the Financial Statements

We have audited the financial statements of New Zealand Catholic Education Office Limited ("NZCEO Limited") and Group on pages 35 to 59, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income and statements of movements in equity for the year then ended, and a statement of accounting policies and other explanatory information.

This report is made solely to NZCEO Limited's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to NZCEO Limited's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

Other than in our capacity as auditor, we have no relationship with or interests in New Zealand Catholic Education Office Limited or its subsidiary.

### **Opinion**

In our opinion, the financial statements on pages 35 to 59:

- comply with generally accepted accounting practice in New Zealand, and
- give a true and fair view of the financial position of NZCEO Limited and Group as at 31 December 2012 and their financial performance for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2012:

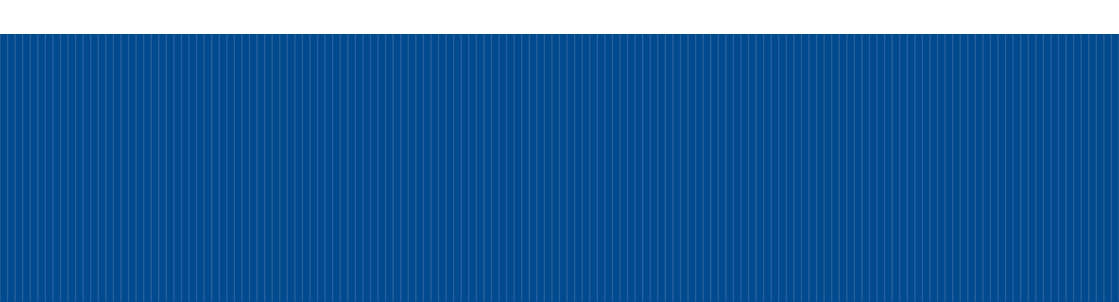
- we have obtained all the information and explanations we have required, and
- in our opinion proper accounting records have been kept by NZCEO Limited as far as appears from our examination of those records.



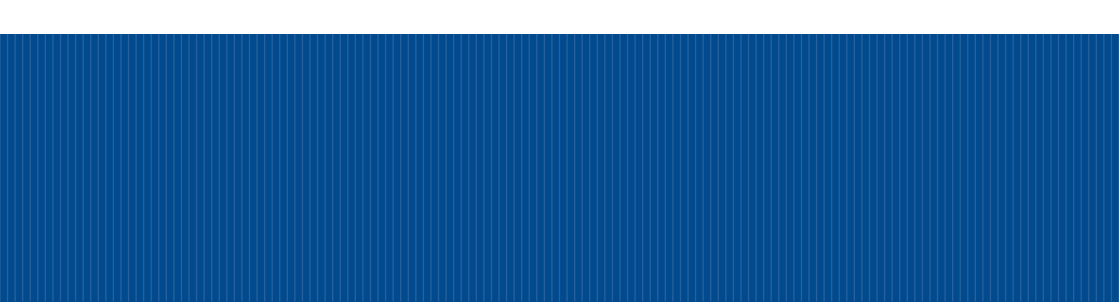
### **Chartered Accountants**

14 March 2013

Wellington, New Zealand







# DIRECTORY

## ADDRESS

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Wellington 6011

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Wellington 6144

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Website [www.nzceo.org.nz](http://www.nzceo.org.nz)

## CHAIRPERSON

Geoffrey Ricketts

## CHIEF EXECUTIVE OFFICER

Patrick J Lynch

## SENIOR MANAGEMENT

Susan Apáthy, *Deputy CEO*  
Maureen Condliffe, *Operations Manager*  
Donna Campbell, *Financial Controller*



**EXCELLENCE** IN SCHOOLS THAT MAKE A DIFFERENCE