



STATEMENT OF INTENT 2021–2025

Incorporated in 2014 under the Companies Act 1993, Education Payroll Limited is a Crown entity, as defined by the Crown Entities Act 2004, and is listed in Schedule 4A of the Public Finance Act 1989.

This document is submitted by the Board of Education Payroll Limited (EPL) which is accountable to EPL's two shareholding ministers, the Minister of Finance and the Minister of Education, as set out in the Crown Entities Act 2004. This SOI sets out the strategic intentions of EPL for the period 1 July 2021 to 30 June 2025, to meet its statutory requirements.

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Education Payroll Limited
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CHAIRS' FOREWORD

This *Statement of Intent* sets out how we plan to deliver on our goals over the next four years and incorporates both immediate areas of strategic significance and our plans for the future.

An overriding goal for the company is to continue to get better every day at delivering a complex payroll to schools and responding quickly to changes in requirements, the environment, and a growing customer base. Alongside this continuing work, we will be making enabling technology improvements and retiring legacy platforms.


Since 2016 a key focus has been on implementing a 10-year programme of investment in the schools' payroll. This programme has led to significant improvements in accuracy, timeliness, stability and customer satisfaction, and transitioned to business as usual on 1 July 2020. We have already realised a portion of financial benefits outlined in the 2016 Detailed Business Case and have achieved almost all of the non-financial benefits (for example customer satisfaction, reputation, and timeliness).

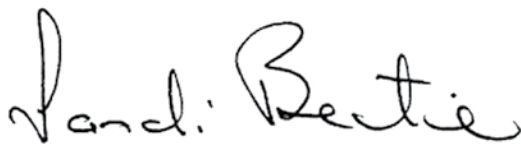
In the shorter term, EPL is focusing on rolling out additional features in the online schools' payroll service EdPay, based on feedback from customers, and retiring the older service, Novopay Online. EPL uses a better every day approach to drive continuous improvements in products and services, reduce administrative effort, and improve accuracy of the payroll for schools – with an increasingly efficient and effective service. We will continue our focus on ensuring the payroll is accurate and that people's information is safe and secure.

EPL's core business – successful operation of the schools' payroll – remains unchanged. We must ensure that the system is robust, supported and secure and are upgrading some of the underlying technology components of the schools' payroll.

EPL is committed to continuing to meet the requirements of its shareholding ministers and deliver a reliable, accurate and efficient payroll to schools. We work with the Ministry of Education and other education stakeholders to achieve the Government's objectives for payroll and education, and are looking for new ways we can add value in these areas. EPL staff are highly specialised payroll and technical experts, which means we are well positioned to take advantage of future opportunities.

EPL is a people-focused agile organisation that supports and values diversity and promotes staff wellbeing. Building leadership capability and providing development opportunities for staff will have a stronger focus over the coming years as we mature as an organisation.

Alongside our strategic goals, this *Statement of Intent* also details the results we hope to achieve, and how we will measure our progress and success over the next four years. 



Sandi Beatie
Chair
Education Payroll Limited



Colin MacDonald
Chair of Audit and Risk Committee
Education Payroll Limited

OUR STRATEGIC FRAMEWORK 2021-2025

We will invest in our people and organisation to ensure we get better every day, future-proof our technology, and take advantage of every opportunity to add further value in the payroll and education sectors

OUR PURPOSE

To deliver an accurate, timely and secure payroll service to schools

OUR VISION

A world-class payroll service that puts people at the heart of everything we do

OUR VALUES

Make things easier

for all our customers and colleagues

Work as a team
bringing all our strengths together to make things happen

Improve through understanding

using evidence to find solutions for changing needs

Treat everyone with respect

value and trust each other to build a great working spirit

Learn through doing

try things out, be practical and innovative

OUR PEOPLE

We work as a people-focused, flexible organisation, help staff realise their potential and grow our leadership

OUR GOALS

Better every day

- deliver a reliable, accurate and increasingly effective and efficient payroll service to schools
- complete residual work packages from the Detailed Business Case

Future-proof our technology

- provide secure, supported, sustainable and fit-for-purpose software and platforms

Add value in the payroll and education sectors

- work with the Ministry of Education and others to achieve the Government's objectives for education and payroll, and take advantage of opportunities to add value

OUR FUTURE SUCCESS

Our payroll service reduces administrative and manual effort for schools and our staff, increases our delivery efficiency, and allows us to focus on innovation and business growth

Realise financial and non-financial benefits outlined in the Detailed Business Case


Customer-focused, fit-for-purpose solutions and services that position us well for the future

Our optimised services are set up and allow us to add further value across the payroll and education sectors

OUR PURPOSE

To deliver an accurate, timely and secure payroll service to schools

We ensure teachers and support staff in New Zealand's state schools are paid the right amount on time every fortnight. That's around 100,000 teachers and support staff in 2,500 schools paid a total of \$5.6 billion each year. This is the country's largest payroll and one of the largest in Australasia.

The payroll is complex, with many unique requirements and ongoing daily calculations. Our aim is to make payroll tasks easier for school administrators, and to provide assurance for teachers and support staff that their pay will be correct and on time every payday. 




OUR VISION

A world-class payroll service that puts people at the heart of everything we do

Our vision is a world-class organisation of skilled, engaged people designing and delivering products and services with people in mind. Together, our people and cutting-edge technology ensure effective solutions and great customer experiences.

This combination of people and technology is embedded in our work and is key to our success.

We design everything with schools for schools, with the aim of making the system simpler, quicker and more accurate.

We excel at doing this and are positioned to deliver further value through offering our expertise and data to the Ministry of Education and other government agencies, should the opportunity arise. 

WHO WE ARE

A business operation supporting New Zealand's schools


EPL is a Crown-owned company, listed in Schedule 4A of the Public Finance Act 1989 and subject to the Companies Act 1993 requirements and Crown Entities Act 2004 provisions. EPL was founded in 2014 to provide payroll services to New Zealand's schools. Ownership is held equally between two shareholding ministers, the Minister of Finance and the Minister of Education, with governance by a Crown-appointed board of directors.

We operate a customer-centric model, employing specialist payroll staff to manage a complex payroll. Our service delivery team is supported by product owners and a highly skilled technology team, who work in an agile way to deliver continuous improvements to the schools' payroll system.

We have a flexible approach, and our staff numbers fluctuate to meet schools' needs during the busy end-of-year and start-of-year periods and increase when we have major technology projects underway.

We operate out of a small corporate office in Wellington and offer flexible working arrangements allowing staff to work from home.

As a commercial entity, we must operate in a financially prudent and sustainable way, seeking efficiencies and improvements in how we deliver payroll services.

We are experts in what we do and are well positioned to add value within the payroll and education sectors. 



WHAT WE DO

We provide a reliable, accurate and efficient payroll service to New Zealand's schools on behalf of the Government

Our core business is delivering the schools' payroll each fortnight. We work with school administrators, principals and the Ministry of Education to get it right every time.

We design everything with and for schools, and aim to make the system simpler, quicker and more accurate wherever we can. Our flagship EdPay service has been a step-change in the way schools' pay is processed, moving from the old, cumbersome forms-based Novopay to a faster and more accurate online system.


Our school account team are experts in the payroll system and provide phone and email support to schools. The payroll is complex and has many unique requirements, including that pay is calculated on a 365-day basis. School employees frequently hold multiple jobs, each with differing rates and requirements and there are multiple funding sources that must be correctly allocated. Daily calculations ensure correct payment of leave, holiday pay, sick leave and allowances. We strive to

make this as simple as possible for our customers and our staff.

We also assess teachers' qualifications and experience to set correct salaries, process and administer ACC claims, manage overpayments, and administer third-party payments, such as KiwiSaver and student loans.

Under our Master Service Agreement with the Ministry of Education, we fulfil payroll and information management functions for schools and the Ministry. We also provide additional services to support school boards of trustees to meet their employer responsibilities.

We are responsive to new requirements, changes to collective employment agreements, and education system changes. We manage this complexity so schools can focus on teaching and learning.

Our staff, technology and agile way of working position us well for change and for future opportunities. 




OUR ENVIRONMENT

Education changes will continue to bring new challenges and opportunities for our business

Our primary focus is to deliver payroll services securely, accurately and on time. We will continue our drive to increase efficiency, implement robust solutions and improve customer experiences, working with schools to deliver optimum results.

Because the education and payroll sectors are dynamic, changes within the sector will continue to create new opportunities and challenges for EPL. Our ability to sustain and improve delivery performance is continually being tested by new approaches and changes to legislation and provisions for teachers that bring additional complexity to the payroll. Because our work environment is dynamic, an agile approach to these changes enables us to be flexible and meet the needs of the schools' payroll.

Ministerial direction and wider government strategies and plans can affect our work. The Ministry, working with other sector agencies and stakeholders, has several strategies underway that will have implications for EPL's services over the coming years. We will continue to engage and build collaborative relationships with the Ministry of Education, schools and key education stakeholders.

EPL is at the forefront of progress in digital technologies and strategies for connectivity in the education sector, and across government. We use digital services to support, enable and drive business success, so must respond to technological advances in order to maintain quality, timeliness and service. This must be done in a way that is efficient, cost effective and secure. 



HOW WE WORK

BETTER EVERY DAY

EPL has embraced a 'better every day' approach and an agile way of working to improve our service, with a focus on delivering continuous improvements to schools. This has resulted in increased efficiency and enhanced staff engagement and capability.

Continuous improvement methodology now drives changes in our operations, based on the experiences of our customers. Better every day for EPL means constantly seeking ways to streamline and improve workflow, actively working with customers and designing so it's easier to get things right first time. This way of working reduces customers' efforts, increases satisfaction and has positive flow-on effects for our staff.

WITH OUR STAKEHOLDERS

We work closely with sector representatives and schools to understand their needs and pain points, and which improvements would make the biggest difference for them.

We visit schools around the country and work with administrators to help improve our products and services. EPL works with a pool of beta users to test changes and new products and get feedback. We also seek, listen and respond to wider customer feedback and customer satisfaction surveys.

We continue to meet regularly with sector leaders to share information, keep up to date with developments and changes, and gain insights on further opportunities for improvement.

CUSTOMER AT THE CENTRE

We operate a customer-centric service model and design our products and services with schools, for schools.

Our school account team of payroll advisors provides end-to-end advisory services. Each advisor supports a cluster of schools, interacting with payroll administrators over the phone and by email. The trained advisors draw on their extensive knowledge base of employment provisions and understanding of the complex payroll system to provide advice and resolve issues.

We have a test-and-learn approach that's based around the customer experience. Our customer experience team works with our in-house build teams, who write and test the code, and visit schools to test our products. New features are released first to our beta schools, who provide feedback allowing us to make adjustments before the feature gets rolled out to all schools.

Our teams are cross-functional, with developers, testers, business analysts, service design and change management specialists working collaboratively to deliver a new online payroll service that is user friendly and intuitive.


EDPAY – THE FUTURE OF SCHOOLS' PAYROLL

EdPay is now being used by all state, integrated and partnership (formerly charter) schools. EdPay has resulted in efficiency gains for schools with fewer errors and rework, and a substantial increase in their satisfaction with our service, which is measured through quarterly surveys.

EPL is continuing to develop EdPay, building in automatic processing to reduce risk of data entry error and improve efficiency for schools and our team.

Our specialised technology teams manage the stability and security of the payroll service and are the architects and builders of EdPay. They work in an agile way to test, learn, develop and embed new functions and improvements to the system and platforms.

OUR FUTURE FOCUS

EPL's organisational performance team, which includes finance, people and capability, and risk and assurance teams, works across the organisation and supports the business to deliver the payroll service. We have the skills, capacity and capability to improve and expand our services, wherever the opportunity arises, and to add value to education or the wider public sector. 

CONTINUOUS DELIVERY

EPL has developed the organisation's delivery model using an agile approach, with continuous improvement as a core way of working


The organisation needed to make a complex payroll simple and provide a new online payroll system that was easy to get right and hard to get wrong. To build a successful online experience for schools, EPL needed new capabilities, a new operating and delivery model, new ways of engaging with our customers, and state-of-the-art technology.

We have adopted an agile delivery model, which involves user-centred design, testing, and feedback processes, as well as staged implementation to build familiarity and assurance. Adopting this model at the outset has meant that EPL can deliver new features regularly and respond rapidly to changing priorities and circumstances. The first major step was to develop, test, and deploy EdPay – a new customer service application to deliver an online payroll system for schools.

Since then, we have been progressively replacing paper-based forms and smart forms, moving towards a fully online experience for schools. Quality and reliability are key drivers to this work, with new EdPay features being regularly rolled out to schools. Our continuous delivery approach has enabled innovation and continuous improvement, allowing frequent changes to the pay engine, including complex collective agreement changes.

By moving all our forms to our online EdPay system, we are increasing automation, removing many of the pain points for school payroll administrators and EPL staff – particularly processes based on lengthy, manual forms.

Today more schools are getting tasks right first-time in EdPay for things like on-boarding and updating details of existing employees, which removes some of the inaccuracies introduced by human error, as well as manual work for school and EPL staff. And we're continuing to develop EdPay to meet customers' needs.

School administrators can now find answers to most of their questions without contacting EPL's advisors. All of this enables schools to better focus on what's important in education – the students and learning. 



OUR GOALS

To achieve our vision, EPL has three broad goals over the SOI period, which are guided by the expectations of our shareholding ministers and the Ministry of Education

These goals are around improving our payroll service performance, developing our people, culture and organisation, future-proofing our technology, and adding further value to the payroll and education sectors. Underpinning these is the contribution we can make to wider education policy aims, and the requirement to be a financially sustainable company that delivers value for money for the Crown.

GOAL 1: BETTER EVERY DAY

- **deliver a reliable, accurate and increasingly effective and efficient payroll service to schools**

We have an organisation-wide focus on simplification and continuous improvement. We work to reduce manual effort for schools and EPL staff. We work closely with administrators, principals and the Ministry of Education to achieve this. Our ability to sustain high levels of delivery performance is regularly tested by the additional complexity of changes to provisions for school staff. The numbers of people we pay are also steadily growing.

Key areas of focus are:

- improving the experiences of our customers and staff, primarily through getting more functions onto the EdPay self-service portal
- improving efficiencies and removing work-arounds through implementing straight-through processing and automating other processes where we are able
- improving experiences for the people we pay.

The EPDP was mobilised as a programme to enable EPL to build the necessary capability to effect changes to the payroll service and meet the performance requirements specified by the Ministry of Education and measured by key performance indicators (KPIs).

Most of the high-value work has either been completed or is in progress. EPL has now moved on from the initial development phase, with the EPDP transitioning to business as usual on 1 July 2020. EPL will now focus on rolling out the remaining features of the new system, maintaining the system, upgrading infrastructure and adding value, for example through data analytics.

EPL is currently harvesting the non-financial benefits, particularly the productivity improvements for schools' administrators (such as timeliness, increased accuracy of the payroll, and system availability). Some of the financial benefits (such as e-payslips and EPL staff consolidating to one site) have already been realised, and some have been achieved in part (such as straight-through processing for some functions). EPL is now focusing on the balance of the productivity-driven financial

REALISING BENEFITS

The Education Payroll Development Programme (EPDP) was established in 2017 to deliver 21 work packages over a 10-year window to 2027, as outlined in the 2016 Detailed Business Case.



benefits in the years 2021/22 to 2026/27. As these remaining benefits are dependent on the completion of technology improvements to the system, their achievement will occur in the latter years of the funded period.

ASSESSING OUR PERFORMANCE

SUCCESS TO DATE

Schools have jumped on board EdPay, with strong positive feedback. The success of product improvements and our school account team model has been shown through a significant improvement

in customer satisfaction and reduced error rates. We've developed a system that's made it easy to get things right and harder to get it wrong. EdPay's add new employee feature, for example, resulted in around 95% accuracy the first time, compared with 75% accuracy using forms.

PERFORMANCE MEASURES

The following measures will be reported against in the Annual Report, and to shareholding ministers and Treasury. EPL is working with the Ministry of Education to develop a fit-for-purpose performance measurement framework.

PERFORMANCE OUTCOME	MEASURE	BASELINE	TARGET	BY (YEAR)
EPL service delivery enables productivity gains and cost benefits for the education sector	Cost of schools' payroll service per employee paid	\$290* DBC 2015/16	\$250	From 2021/22
EPL consistently achieves high customer satisfaction demonstrating confidence in our service	Achievement of the Ministry of Education's Master Service Agreement KPIs		All KPIs met	Ongoing
	Survey of school administrators – overall satisfaction rating (running 12-month average)	57.3% 2016 average	75%	Ongoing
	Reduced school effort**	7.8	8.3 8.5	From 2020/21 From 2021/22
	School employee satisfaction	– survey and process to be developed		
Improved timeliness and accuracy	Employees paid accurately each pay period	99.95%***	99.98%	From 2021/22
	Employees paid on time	100%	100%	Ongoing
EPL staff are committed and capable to meet business needs	Staff engagement survey**** – overall engagement grand mean	7.2 June 2019	7.7	By 2021/22
	School account team competency matrix – % staff mix level 1, 2, 3 and 4	55%, 25%, 10%, 10% 2020/21	50%, 20%, 15%, 15%	From 2022/23

* Baseline from the DBC (Detailed Business Case).

** New measure, with a scale of 1 to 10 (with 10 low effort and 1 high effort).

*** Baseline set by the ministerial review into Novopay.

**** Engagement survey, with a scale of 1 to 10 (with 10 low effort and 1 high effort).

GOAL 2: FUTURE-PROOF OUR TECHNOLOGY

- provide secure, supported, sustainable and fit-for-purpose software and platforms

We are upgrading our underlying technology platforms and software so payroll operations are smarter, more resilient and fit for the future.

We've made significant improvements to the front end of our systems over the past few years, with an emphasis on simplification, reliability and risk reduction. Our EdPay online portal has a better customer experience and is delivered through a digital user interface, with supporting application architecture and systems integration. EdPay has been progressively rolled out to schools to replace Novopay Online, with good uptake by schools and increased customer satisfaction.

We have transitioned our Education Payroll Development Programme (EPDP) to business as usual, with EdPay making payroll tasks easier, increasing straight-through processing and reducing manual effort. The majority of high-volume tasks are now fully online in EdPay and we are transitioning the remaining tasks from Novopay Online to EdPay.

EdPay operational efficiencies include streamlined handling of payroll instructions, increasing system validation, and more routine transactions requiring no manual intervention. We are focused on identifying and removing work-arounds, finding supportable solutions, and providing security for

our customers. EPL staff continue to provide expert support and we are investing in our school account team's technology and training to improve this service.

We must ensure that our core systems are stable, supportable, secure and sustainable for the long term. Our focus is on optimising the life, effectiveness and value of technology investments, with major upgrades to the Oracle database to ensure the system is robust, supported, secure and future proof. We will also be reviewing the Ascender pay engine.

Cyber security and data breaches pose an increasing threat to maintaining a secure and stable platform. We will continue to focus and build on key capabilities to deliver cyber security in line with recommendations from the National Cyber Security Centre and good practice.

We have proven capability and capacity to deliver the payroll with staff working from home. We will continue to keep pace with technology and maintain and refresh our assets to ensure good business continuity planning and practice. The payroll service also needs to be positioned strategically to take advantage of new technologies and practices.

ASSESSING OUR PERFORMANCE

Smart, secure and sustainable technology is a key enabler of the services we provide to schools.

PERFORMANCE OUTCOME	MEASURE	TARGET	BY (YEAR)
Schools' payroll is sustainable	The number of future-proofing or sustainability related issues identified as 'high' priority or above in the annual audit	Nil issues	From 2021/22
EPL remains a financially sustainable company	Deliver services within contracted revenue and make loan repayments and continue to deliver financial and non-financial benefits	Achieved	Ongoing
Schools' payroll is secure	The number of foreseeable cyber security critical incidents	Nil issues	From 2021/22
	All recommendations from the National Cyber Security Centre have been implemented	Yes	From 2021/22
System is available	Maximise availability to school payroll service users of the website for obtaining and submitting information (7am to 7pm, seven days a week)	99.9% availability	Ongoing

GOAL 3: ADD VALUE IN THE PAYROLL AND EDUCATION SECTORS

- work with the Ministry of Education and others to achieve the Government's objectives for education and payroll, and take advantage of opportunities to add value

We collaborate across the sector to contribute to the education portfolio work programme, and help agencies increase productivity through our high-performing services and system developments.

We will work with the Ministry of Education and other agencies as part of an integrated approach to achieve the Government's policy objectives in the education sector and beyond. Our relationship with the Ministry is key in realising opportunities for a broader role in supporting the education sector. Conversations continue with the Ministry about how our data can be used to support things such as collective agreement negotiations and process improvement efficiencies.


We have worked with the Ministry to identify opportunities for simplification that we then implement. We will continue this work using our extensive knowledge of education sector employment provisions. We will make greater use of our data about the sector to provide additional insights in relation to the schools' workforce, in conjunction with the Ministry.

We will ensure we are well placed to leverage our skills in programme management, service design, customer relations and workforce data management to capitalise on new business opportunities.

Awards for auditing (2019 Team Excellence award from the Institute of Internal Auditors New Zealand) and innovation (2021 Red Hat Innovation Awards global winner) show that our people, systems and processes are cutting edge and could add significant value to support government policy and change.

EPL's participation in sector forums with lead organisations for principals, teachers and boards of trustees enables us to keep abreast of developments and to factor their ideas and issues into our planning.

ASSESSING OUR PERFORMANCE

In our quarterly reports to the Treasury, we will include information on collaborative projects that EPL has worked on with particular education sector agencies, and cross-sector programmes that we are participating in. This will provide evidence of how we are supporting sector developments. 



OUR ORGANISATION

We work as a people-focused, flexible organisation and help staff realise their potential

ENGAGING AND DEVELOPING OUR PEOPLE

We have a work environment where people can learn and grow, are engaged in their jobs, and contribute to the organisation.

EPL provides staff training programmes and opportunities for our people and leaders. We are developing a future operating model that will include the right depth and breadth of roles, knowledge, experience and skillsets that are needed for future success.

We undertake regular engagement surveys to understand staff views of our working environment and communicate and engage through our intranet, stand-up meetings, team briefings and feedback channels. We share information about our progress and celebrate successes at our monthly all-staff meetings.

EPL pays employees using recommended and accredited processes for sizing our jobs and is working to develop and implement a performance management system that identifies high performers and rewards them appropriately for their contributions.

As our business evolves, we adjust our workforce capacity and capability to match our needs. This is particularly relevant in the context of education sector reform, which may have flow-on effects and implications for EPL's operations.

EPL operates a complex business that requires specialised talent in the area of technology and payroll operations. We recruit payroll advisors from a variety of sources, and look for people with strong numeracy, customer relations and communication skills. The work is highly specialised, and we use on-the-job training to ensure our staff become competent payroll advisors.

We also provide opportunities for payroll advisors to move to other roles within the organisation,

expanding their range of skills and developing strong careers in the worlds of technology, finance, human resources and programme management.

For those who stay with EPL's payroll teams for longer periods, career paths exist to undertake specialist functions, work on process improvements, or provide coaching to others – as well as team leader opportunities. This helps us build skills across the organisation.

In our technology teams we seek an optimal balance of existing experience and enthusiastic innovation to resource new developments and sustain our infrastructure. While technology sector skill shortages, particularly in highly specialised areas, have led to some recruitment challenges, EPL's reputation as a technology and agile leader ensures we continue to attract and retain skilled staff.

We believe that this is an exciting time to work at EPL as we move with the changes occurring in the education sector and wider economy. We will continue to invest in engaging and developing our people so we can more readily adapt to changing needs and prospects for our services.

FLEXIBLE WORKING

EPL has fully embraced flexible working options for staff. The COVID-19 pandemic brought about a step-change and we have moved to a flexible working environment where staff can choose to work from the office or their homes. EPL staff have the resources and capability to work from anywhere and overall productivity has increased as a result. In addition, EPL has begun to offer flexible hours and options for job sharing that enable a wider range of qualified individuals to seek roles with us.

EPL has found that offering a wider range of work options gives us access to a broader pool of talent. This enriches the experience of working at EPL and strengthens the skill base that we depend on.

HEALTH, SAFETY AND WELLNESS

We are committed to ensuring the health, safety and wellness (HSW) of our people. Our Health and Safety Committee encourages active participation from all employees to maintain a safe and supportive environment.

We regularly communicate health and safety tips to staff and have a full suite of policies and procedures in place. Health and safety performance is monitored by leaders and reported to the EPL Board.

HSW programmes include access to Employee Assistance Programme (EAP) services, work station assessments, provisions to prevent harassment and bullying, and to manage stress and fatigue, and discomfort and pain.

EQUAL EMPLOYMENT OPPORTUNITY AND DIVERSITY

We are committed to being a good employer, providing an environment where employees feel valued and are respected, where difference is celebrated and diversity is encouraged.

We celebrate having staff from a variety of cultural backgrounds and our diverse talent pool means that we can incorporate various perspectives and involve different approaches to maximise our successes. This is also invaluable in our interactions with schools in different communities across the country.

Our leaders are making an inclusive workplace culture a reality. To support them we have put policies, procedures and guidelines in place to assist in recruiting, on-boarding and developing staff. We are a member of Diversity Works, the national body for workplace diversity and inclusion.

WELLBEING


Our focus on wellbeing enables people to do meaningful work, with a sense of purpose and balance. The government has tasked all agencies

to focus on improving people's current and future wellbeing, including addressing key issues such as building a climate-resilient and sustainable economy, increasing productivity through innovation, lifting Māori and Pacific incomes, skills and opportunities, and physical and mental wellbeing. (*Budget Policy Statement 2021*)

We use technology to increase productivity for school payroll administrators and EPL's payroll advisors. EPL is proud of the productivity gains made to date for schools and EPL staff via the development of the online EdPay system, which is reducing time and effort taken to administer each school's payroll. Under EdPay, electronic payslips, rather than paper payslips are the default option, saving paper, printing and postage.

EPL will continue to develop this system to reduce the time and people resource schools must apply to payroll administration, which has positive flow-on benefits to busy schools. Likewise increases in the productivity of EPL's payroll advisors enables staff to move from tasks like basic data entry to added-value problem-solving, which increases job satisfaction, builds skills and benefits schools. As the payroll provider for around 100,000 New Zealanders, EPL can have a consequential impact on the school sector by continuing to develop and change for the better.

CLIMATE CHANGE

EPL is contributing to the Government's agenda by undertaking a carbon usage review of our business. As a signatory to the Paris Climate Accords, New Zealand has a range of obligations to reduce its carbon footprint to address global climate change. EPL is a small Crown entity whose primary services do not directly relate to material generation of greenhouse gases. However, EPL is working with Toitū Envirocare to assess carbon usage and develop a plan to become carbon neutral by 2035, in alignment with the Government's targets for the wider public sector. EPL is focused on playing its part in responding to the current climate emergency. 

FINANCIAL SUSTAINABILITY

Building on EPL's solid financial base as a sustainable Crown company and repaying the Crown loan

EPL is a Schedule 4A Crown company with a single customer (the Ministry of Education). EPL was originally established in 2014 and funded as an emergency response to the Novopay project remediation. In 2017, the most recent Master Service Agreement (MSA) was signed with the Ministry that provided funding for an initial term to 30 June 2022, with two two-year and one one-year rights of renewal. Fee review dates are 1 June 2022, 2024 and 2026.

This gives EPL an initial life out to 2027 and provides a static level of funding to operate the business during that period (\$27.4M per annum). This reflected the outcome of a Detailed Business Case (DBC) presented to the government of the day, establishing a 10-year development programme, and supporting funding.

In 2020 it was recognised that some of the DBC assumptions were no longer correct. Volumes of work, staff salaries, and technology complexity had all increased beyond levels effectively funded by the existing service fee. EPL worked collaboratively with the Ministry to complete a review of the financial sustainability of the company.

The Ministry agreed that the business environment had changed and approved an additional \$1.9M per annum service fee. This additional funding covers a two-year period to 2021/22 and will ensure EPL remains a financially sustainable company over

that period. There was an additional \$1.2M one-off funding to service the Ministry's change request requirements, as well as funding a selection of other one-off projects. EPL will have another opportunity to review the fee structure in 2021/22, as allowed for by the MSA.

Shareholding ministers approved funding for EPDP, which included a \$13.2M loan as bridge financing for the implementation phase. Repayments of the loan start in 2021/22, with final repayments in June 2024. EPL's cash flows are adequate to ensure these payments will be made as agreed with the Treasury in 2017.

Once the Crown loan has been repaid and the key technology upgrades have been carried out small deficits are forecast, due to increased depreciation and amortisation requirements. However, there will be a steady annual allowance (\$5.8M) to invest in future developments. These will continue to provide us with capacity to develop the payroll service through reinvestment in further system enhancements, infrastructure and people capability, as well as to consider new opportunities to add value in the education sector. A small financial reserve against adverse changes in the business environment may also be funded.

EPL has mature planning and budgeting processes in place to inform prudent financial management, while enabling excellent payroll services to schools. 🇳🇿



RISK MANAGEMENT AND ASSURANCE

Risk management means doing all we can to prevent things impeding our purpose. Assurance means ensuring that risks are managed

RISK MANAGEMENT

EPL identifies and manages all material risks across strategic, operational, financial, cyber security, privacy, and technology environments. Our Organisational Governance Board regularly reviews and evaluates current and emerging risks, while ensuring that the organisation is taking appropriate actions to mitigate these. Risks are also reported to the Ministry of Education through the Payroll Operations Board and Schools' Payroll Governance Board.

An enterprise-wide risk management framework is in place, based on Risk Management ISO 31000 standards. The Audit and Risk Committee, chaired by an EPL Board member, monitors key risks and follows up on audit issues.

ASSURANCE

EPL provides assurance in several complementary ways. We will produce an annual ISAE 3402 report on controls for use by the Ministry of Education and school auditors. EPL runs regular analytics to identify and follow up on at-risk transactions and error reports and conducts reviews or audits when required.

We provide shift-left risk and assurance assessments early in the design and build phases of new software development and attend and provide real-time advice at management and team meetings.

Our continued diligence in our risk management and assurance processes will better safeguard successful delivery of our core payroll services to schools, and enable completion of projects and better every day initiatives. We will keep building EPL's risk management capability and assurance across all business and organisational domains. 🇳🇵



Rārangi Utu ā-Mātauranga
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