



Ministry of Education | *Annual Report 2007*
Building a world-leading education system





“A world-leading
education system that equips
all New Zealanders with the
knowledge, skills and values
to be successful citizens in
the 21st century.”





Annual Report of the Ministry of Education

Te Tāhuhu o Te Mātauranga

For the year ended 30 June 2007

Presented to the House of Representatives *Pursuant to section 44(1) of the Public Finance Act 1989.*

Minister of Education The Hon Steve Maharey

Minister for Tertiary Education The Hon Dr Michael Cullen

Parliament Buildings

Report of the Ministry of Education

for the year ended 30 June 2007

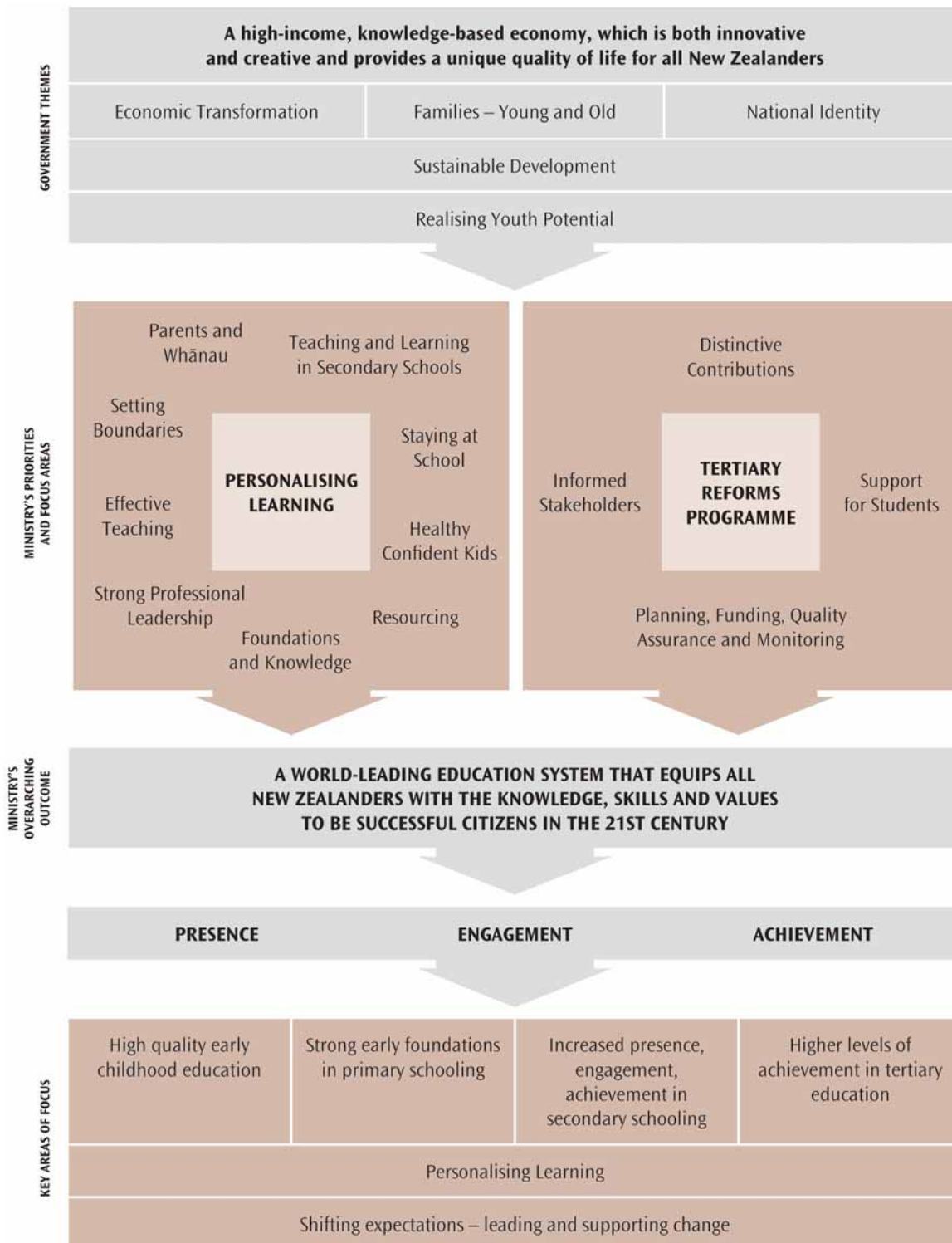
Pursuant to section 44(1) of the Public Finance Act 1989, I am pleased to enclose the Annual Report of the operation of the Ministry of Education and our audited financial statements for the year ended 30 June 2007.

Karen Sewell

Secretary for Education



Ministry of Education priorities and focus



Foreword from the Secretary for Education

Welcome to our Annual Report, which details progress towards meeting key government priorities and outcomes for the year ending June 30 2007.

I came to the Ministry of Education in November 2006, replacing Howard Fancy, who led the ministry for the previous 10 years. Howard had already begun the process of reorganising the ministry into a 21st century organisation more responsive to the aspirations and needs of students and more strongly focused on outcomes.

Leadership

A new leadership structure had just been implemented and appointments to the six deputy secretary positions continued through to February 2007.

Much of the work towards reorienting the ministry has been through our Organisational Development Programme. Hundreds of staff around the country have participated in workshops and surveys about our direction, ways of working and culture. As a result we now have a stronger focus on outcomes and the challenges ahead of us. Those challenges focus on shaping a world-leading education system that equips all New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.

Focus

Over the past year we have focused on three areas:

- increasing presence, engagement and achievement in early childhood education and schooling, and on high quality and relevance in tertiary education
- integrating the key elements of personalising learning into our work
- shifting expectations to ensure the education system values, respects and is successful for all.

These areas of focus represent major work programmes, which will continue to build momentum over the next few years. However, achievements over the 2006/07 year, highlighted in this report, show that our work to transform the education system is already underway.

During 2006, government announced substantial reforms to the tertiary education system to provide for a sharper focus on quality, relevance and value. They were the result of extensive and intensive consultation and work with our partners in the education sector – the Tertiary Education Commission and the New Zealand Qualifications Authority (NZQA). The Tertiary Education Strategy 2007-12 was released in December 2006.

In July 2006 we also released a draft New Zealand Curriculum. Thank you to the thousands of teachers, students and stakeholders who took the time to provide feedback on the draft. The finalised document due to be launched in 2007/08, is designed around a vision of confident, connected and actively involved students as lifelong learners. It includes values which are to be encouraged, modelled and explored, traditional subject areas and a range of competencies learners need to participate in the 21st century knowledge society. The curriculum also provides a framework for schools to make professional decisions with communities and students about how to best meet students' learning needs.

In 2006/07 we continued our work with NZQA to improve NCEA, ensuring it is relevant, meaningful and useful for all students. In May 2007, following 18 months of review and consultation, we announced improvements, which will be introduced from 2007/08 onwards.

Personalising learning

Like the new curriculum, NCEA is a key component of personalising learning, where students are actively involved in making decisions about their own learning.

Personalising learning is central to transforming our education system – it provides an organising framework to align a range of government strategies and education initiatives and to develop a vision for education. Personalising learning connects and strengthens all the things that are happening in New Zealand's schools to develop self-directed, confident seekers and users of knowledge.

Vision

Through engagements with the education sector and wider communities over 2006/07, a review of literature and drawing on research on effective teaching and best practices, we are building a vision of how the education system should be shaped for the 21st century learner.

We have already achieved much over the last year – in early childhood education, schooling and in tertiary, but we also acknowledge that we still have some way to go. The way ahead is full of exciting challenges and opportunities as we work to building a world-leading education system.

Karen Sewell

Secretary for Education



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Part One | *Our achievements*
Building a world-leading education system



Introduction – our achievements

The shift to a knowledge-based society is impacting on the way we think, learn and live. We are moving rapidly away from last century's hierarchical, industrialised way of living to a place that is comfortable with rapid change, views technology as empowering and enabling, connects globally and values knowledge.

Within this context the government is focusing on five themes:

- Economic Transformation – working towards a thriving and internationally competitive economy with a highly skilled workforce
- Families, Young and Old – providing opportunity and security, backed up by excellent services to family members of every age
- National Identity – building pride in who we are, where we live and what we do
- Sustainable Development – developing long-term sustainable strategies for our economy, society, environment, culture and way of life
- Realising Youth Potential – providing all young people with the opportunities to participate in and contribute to their own and to New Zealand's success.

These themes are the drivers behind the development of a high-income, knowledge-based economy, which is both innovative and creative, and provides a unique quality of life for all New Zealanders.

Our education system has a critical role in delivering government's goals for New Zealand. It is an exciting challenge, and it demands change in everything we do.

We need to be flexible, responsive, creative and innovative if we are to help students develop the knowledge, skills and values they need to be successful global citizens.

Our education system performs well and by international standards scores highly, for example:

- in many areas, including literacy and numeracy, special education, school improvement and early childhood education (ECE), we are recognised for our innovative policy and practice
- over the past four years there has been a substantial decline in the proportion of students leaving school without some level of qualification attainment
- we have higher rates of participation in ECE than most other OECD countries
- our teachers are highly regarded internationally both for their achievements in New Zealand and in their contributions to many classrooms around the world
- in many ECE centres, schools and tertiary settings we are seeing students, teachers, professional leaders, families and communities working together to create positive and engaging learning environments in which students thrive and succeed.

However, there are significant performance issues:

- across the system the spread of achievement between our highest and lowest achievers remains wide by international standards
- the system is under performing for many Māori
- achievement rates for Pasifika students are, on average, lower than we would wish
- issues relating to behaviour, attendance and transience continue to limit achievement
- too many students are leaving school without the level of qualification needed for success.

To ensure all students can and do succeed in education and to deliver on education's contribution to the government's themes, we are committed to leading and building on the positive changes occurring across the education system, and ensuring significant improvements in the performance issues identified above.

To achieve this, the ministry is focused on critical outcomes and priorities agreed with the Ministers of Education. These outcomes and priorities have provided direction and urgency for our work.

Priorities in early childhood education and schooling

Personalising learning

Personalising learning is at the heart of what we are doing to transform our education system to be responsive to the needs of learners. It connects all the good things that are already happening in education and gives us a way to move forward. It shapes how we are thinking about key influences such as effective teaching, assessment for learning, a flexible curriculum, information and communications technology, engaged families and communities and a supporting infrastructure.

It provides an organising framework to align a range of government strategies and education initiatives, and to develop a vision of an education system for the 21st century.

Over the 2006/07 year the ministry worked with the Minister of Education, the education sector and wider communities to develop an understanding of personalising learning. This understanding is being incorporated into the wider work of the ministry and is informing key strategies such as the *Pasifika Education Plan* and *Ka Hikitia – Managing for Success: The draft Māori Education Strategy 2008-2012*.



Personalising learning

Personalising learning is central to transforming our education system to be responsive to the needs of learners in a digital age and knowledge society.

Personalising learning is:

- a departure from the traditional view of knowledge and learning – from a view of students as passive recipients of knowledge, to recognising them as individuals engaged in a dynamic two-way learning process with their teachers
- about making learning relevant and meaningful for students, which can increase participation, engagement and achievement, and improve retention and qualification outcomes
- about providing the best opportunities for young people to reach their potential
- a concept that provides a shared vision of what education needs to deliver to meet the needs of learners in a 21st century knowledge society
- about building on the best of what is happening now, acknowledging the progress that has been made, and signalling where we need to move to next.

In November 2006, the Minister of Education, the Hon Steve Maharey released a pamphlet *Let's Talk Personalising Learning*, to stimulate discussion about how best to respond to the challenges of the 21st century.

Through engagements with the education sector and wider communities, a review of literature, research on effective teaching and

drawing on practices already evident in schools, a number of principles have emerged within the concept of personalising learning. These seven principles underpin a framework to align key strategies and initiatives.

They are about:

- ensuring students have a voice in decision-making about their own learning
- making better use of data about educational outcomes when making decisions about students
- having higher expectations for educational success for every student and valuing differences
- strengthening professional leadership
- providing supportive educational systems and structures (including legislation, regulations and accountability, resourcing, property and infrastructure, information and communications technology, curriculum and qualifications)
- strengthening partnerships with parents, families/whānau and communities
- recognising innovations that lead to better educational outcomes.

Increasingly, major policy initiatives and activities within schools reflect elements of personalising learning, for example: the new New Zealand curriculum is designed around a vision of confident, connected and actively involved students as lifelong learners; teachers are empowering students to self-direct their learning, and flexible timetabling is being explored to enable students to work with a range of age groups, levels and subject areas. ■

Effective teaching

Effective teachers have an important influence on student achievement. Effective teachers know what works best for their students and they are continually reflecting on and refining their teaching practice.

The past decade has seen a substantial increase in the range and quality of information and research relating to student achievement. This is informing understanding about what students should be capable of achieving. It is supporting teachers to challenge and improve practice. It is also informing the focus and implementation of policy.

This information and research has helped us gather evidence of what makes great teaching, and to provide the professional development that supports teachers to deliver personalising learning.

Progress and highlights from the 2006/07 year include:

Assessment

- new approaches to professional development put in place for the release of e-asTTle, and a reading e-asTTle pilot begun in 27 schools. AsTTle is Assessment Tools for Teaching and Learning and provides teachers, students and parents with information that accurately shows the achievement and progress of students
- development of self-review indicators and processes for early childhood education.

Initial teacher education

- ongoing work with teacher educators, the New Zealand Teachers Council (NZTC) and the Tertiary Education Commission to refine policy proposals for changes to initial teacher education, and with teacher educators to define the kinds of teachers needed for the 21st century
- work with the NZTC to develop and disseminate a summary of research into initial teacher education, and to improve advice, guidance programmes and induction practices for beginning teachers
- completion of the first stage of the In-service Teacher Education Practice (INSTEP) research and development project.

Research

- release of a new Best Evidence Synthesis (BES) – *Effective Pedagogy in Mathematics/Pāngarau* in February 2007, and the development of three other BES reports. The BES programme provides best practice information on what makes a difference to student outcomes in teaching and learning. It is used to inform education policy and practice
- key areas of work, including ongoing investment in surveys of student achievement, the literacy and numeracy strategies and the development of assessment and information tools, are helping build a rich picture of student achievement
- continuation of the latest round of international assessments in which New Zealand participates.

Special education

- learning support and resource centre initiatives for itinerant teachers from special schools to support children with high needs in regular settings
- enhanced collaborative practice between resource teachers: learning and behaviour and special education workers.

Curriculum

- consultation on the draft *New Zealand Curriculum for English medium* with over 9,000 responses analysed and worked into the final document
- a draft Māori-medium curriculum document, *Marautanga o Aotearoa*, developed with the sector for release and consultation during 2007/08
- release of the *Māori Medium Literacy Strategy: Te Reo Matatini*
- numeracy and literacy development projects continuing to have a major impact on the way mathematics and literacy are taught in schools
- development begun on curriculum exemplars for learners with special education needs in literacy, numeracy, and health and physical education.

A new curriculum

Helping our young people to be confident, connected, lifelong learners who actively contribute to the wellbeing of New Zealand.

The new New Zealand Curriculum is being launched in 2007/08 and schools will work towards full implementation over the next two years. It is the culmination of several years of development – a stocktake, national and international research, and an extensive consultation process that started in July 2006 with the release of a draft curriculum. By the time submissions closed on 30 November 2006, thousands of teachers, students and stakeholders had helped set the future direction for learning in New Zealand schools.

The *New Zealand Curriculum for English medium* is partnered with *Te Marautanga o Aotearoa for Māori medium*. Together they have a vision of students who are confident, connected and actively involved as lifelong learners. Consultation on *Te Marautanga o Aotearoa* is due to start in 2007/08.

The curriculum provides a framework that sets out what students are expected to learn and the things that are too important to leave to chance. It also provides a framework for schools to make professional decisions with communities and students about how to best meet students' learning needs. It helps schools to equip students with the knowledge, skills and values they need to be successful citizens in the 21st century.

Key features include:

- a vision for our young people
- values that are to be encouraged, modelled and explored through the curriculum
- five key competencies that are capabilities for living and lifelong learning
- recognition of te reo Māori and New Zealand Sign Language as official languages
- clear achievement objectives for eight learning areas – the Arts, English, Health and physical education, Learning languages, Mathematics and statistics, Science, Social sciences and Technology
- more emphasis on second language learning; critical literacies such as financial literacy; and significant themes such as sustainability, citizenship, enterprise, and globalisation, including studies of Asia
- strengthening the importance of effective teaching and learning, and recognising the role that pedagogy plays in successful learning
- giving schools and their communities flexibility to engage their students and to develop programmes that motivate them and meet their particular needs
- strengthening the role of parents through home-school partnerships and the role of communities, employers and society in actively supporting the education of their young.

All NCEA achievement standards will be aligned to the New Zealand Curriculum by 2010. ■

Five key competencies that everyone needs to live, learn, work and contribute as active members of their communities:

- managing self
- relating to others
- participating and contributing
- thinking
- using language, symbols and text.

Teacher supply

- continued funding and support to increase the numbers of qualified and registered teachers and to recognise responsibilities of mentor teachers
- providing incentives to attract high calibre teachers in areas of pressure, including subject specialists
- working with Waikato University to develop a teacher education programme for technology teachers entering at various stages in their careers
- reviewing teacher supply in Auckland
- continuing to recruit New Zealand trained teachers currently overseas and suitably qualified overseas-trained teachers back into New Zealand classrooms.

Professional development

- a range of professional development initiatives, including those that strengthen effective teaching for improved student learning outcomes
- literacy and numeracy professional development projects resulting in improvements in practice and students making better progress.

Foundations and knowledge

Research tells us that access to and participation in early childhood education (ECE) is a predictor of future achievement and success. The provision of high quality ECE is therefore vital to ensuring our young children get the best possible start in life. New Zealand has one of the highest rates of participation in ECE in the OECD (94.5 percent of new school entrants (Year 1 students) have regularly participated in ECE immediately prior to attending school).

Progress and highlights from the 2006/07 year include:

- continuing to implement the 10 year ECE strategic plan – *Pathways to the Future: Ngā Huarahi Arataki*
- specific initiatives to increase and promote participation in high quality ECE services
- ongoing work and evaluation of the ECE Promoting Participation Project
- increased registration of ECE teachers.

Free ECE

Free ECE is the new government initiative to encourage participation for three and four-year-olds.

Although most children participate in ECE before they start school, most participate for relatively short hours. Free ECE removes the financial cost barrier that may prevent three and four-year-olds from regularly attending ECE.

Three and four-year-old children attending a teacher-led service or kōhanga reo offering Free ECE, are eligible to receive up to six hours a day, up to 20 hours a week of Free ECE.

Services offering Free ECE receive the higher Free ECE funding rates that range between \$4.41 to \$10.89 per child, per hour. These rates meet the average cost of providing quality ECE under the regulations.

Services can not charge parents compulsory fees for any hours of Free ECE their children are enrolled for. Services that provide additional services over and above the regulations can ask parents to contribute through voluntary payments such as donations or optional charges.

For more information call 0800 20 44 33 or go to the ECE Listing on the Team-Up website www.teamup.co.nz/earlyyears/about/ECE_Listing/default.htm

High quality early childhood education

Developing the critical lifelong learning and thinking skills needed to be successful citizens in the 21st century begins in early childhood.

Research tells us that access to and participation in early childhood education (ECE) is a predictor of future achievement and success. The provision of high quality ECE is therefore vital to ensuring our young children get the best possible start in life.

We are taking a leadership role in this process, working in partnership with the ECE sector, families and communities. Our work is within the context of our 10 year ECE Strategic Plan – *Pathways to the Future: Ngā Huarahi Arataki*, released in 2002. It has three goals:

- increased participation in ECE
- improved quality of ECE
- promotion of collaborative relationships between ECE services, families, schools and other social services.

In the last five years there has been significant progress towards meeting these goals. Initiatives have included:

- a new funding system for ECE services that recognises the costs of improving quality and creates incentives to do so. Higher funding rates have reduced the need for

services to increase fees charged to parents, due to higher operating costs such as the cost of employing qualified ECE teachers

- consultation with the ECE sector in early 2006 about proposals for a more integrated, flexible and clear regulatory framework to be implemented in 2008
- professional development initiatives to improve the quality of ECE provision. These have been well received by the ECE sector. One example is *Kei Tua o te Pae Assessment for Learning: Early Childhood Exemplars*. These encourage teachers to think about children's learning, and also involve parents and whānau in their children's learning and how it is assessed.

Work over the 2006/07 year has focused on increasing participation in ECE through the development of the Free ECE policy.

In May 2007 we hosted a symposium for ECE sector leaders to discuss progress towards meeting the Strategic Plan goals and what our next steps should be. One of the major successes agreed upon by representatives was that parents and whānau had become more engaged in their children's learning and how it is assessed. This had changed the way the work in ECE is viewed by the wider community.

There was also greater understanding that ECE helps develop the foundation skills needed for future learning. ■

Parents, family and whānau

Parents, family members and whānau play a critical role in supporting their children's learning. Our role is to ensure parents, family and whānau have the confidence and knowledge to support children's learning and that there are effective home-school links in place.

We have given priority to increasing the quality and relevance of information available to parents. There has been continued investment in parent support and development programmes, and development of relationships with iwi, Pasifika communities, parents of children with special education needs and organisations representing the disabilities sector.

Progress and highlights from the 2006/07 year include:

- continued development of information resources and campaigns to support and encourage family and community participation in education and decision-making, in particular through the Team-Up and Te Mana campaigns and the work of ministry Pouwhakataki (education and community liaison officers)
 - Team-Up ECE, primary/intermediate and secondary booklets for parents were launched during 2006/07, complementing the high-profile TV and radio advertising campaign fronted by Tana Umaga, and regular Team-Up childhood development slots on the Good Morning television programme
 - school directory and ECE listings were launched on the Team-Up website with high use and positive feedback (www.teamup.co.nz)
 - Te Mana activity included redevelopment of the *Taiohi* magazine, study guide and website resources, new TV and radio ads, a new resource focusing on the need for schools to build and sustain strong, effective and mutually respectful family/whānau/community and school links if Māori student achievement levels are to be raised (www.taiohi.co.nz)
- improvements in data available for parents and development of content on the Education Counts website (www.educationcounts.edcentre.govt.nz)
- parent education and support programmes to help parents engage with their children and support their education needs, for example parent mentoring initiatives and the Incredible Years programme
- promoting inter-agency work that contributes to the government's priority theme of Families – Young and Old
- providing services to parents of children with special education needs and supporting them in their engagement with other providers
- ongoing development of the Learning Experiences Outside the Classroom project and the Secondary Schools' Arts Co-ordinators project.

Strong professional leadership

Professional leadership is critical to improving outcomes for all of our students. The success of individual teachers is also significantly affected by the professional and personal support they receive from colleagues and from those in leadership roles.

Progress and highlights from the 2006/07 year include:

- significant changes made to the structure of the Principals' Development Planning Centre programme – 146 participants attended the centre in 2006/07
- continuing to fund the residential First-time Principals Programme, including mentoring and online support
- providing LeadSpace (www.leadspace.govt.nz) – a communications and information hub for school principals, and providing LeadSpace facilitators to help first-time principals use online learning opportunities
- work to reduce compliance activities for school management
- support and advice to providers to develop networks and shared resources to support learning outcomes, for example Extending High Standards Across Schools (EHSAS).



Strengthening professional leadership

Professional, quality leadership is critical to improving outcomes for all of our students.

It is also critical for creating the conditions for personalising learning whereby students are informed, active participants in their own learning, and there is a dynamic two-way process between learners and teachers. This is why strengthening professional leadership is one of our key priorities.

Our aim is firstly to develop the research to support continuous improvement of leadership work, and secondly to support and develop school leaders who create and maintain effective teaching and learning environments.

Research:

- we are part of an OECD Improving School Leadership programme involving 21 countries. The *New Zealand Report on Improving School Leadership* is on our LeadSpace website and the OECD website. Our report will contribute to the development of a comparative report across all participating countries
- the Leadership Best Evidence Synthesis (BES), due for release in 2007/08, provides information about school leadership practices that improve student outcomes.

Support for school leaders:

- we have an induction programme for first-time principals, a principal

development planning centre for experienced principals, online and professional learning communities and leadership advisors. In May 2007 the government announced funding of \$1.4 million for a national pilot programme for aspiring and potential principals, to run over 2008

- the Kiwi Leadership for Principals position paper developed over 2006/07 will inform a future strategy for principal learning
- a Longer Term Work Programme for the primary sector has agreed a career pathway framework built on demonstrated educational leadership at all levels and identified a set of knowledge, skills and attributes, including professional leadership, as one of the four dimensions which must be demonstrated. The next phase includes development within the framework and extension of the framework to aspiring principals and then principals
- we are looking at how boards of trustees can be better supported to focus on directing and supporting student achievement and retention in their schools
- our regional offices continue to work with their local communities to support schools requiring statutory interventions
- the operational funding review is providing recommendations to the Minister of Education on how to better provide management support to schools so school leaders can focus on being educational leaders.

For more information go to www.leadspace.govt.nz ■

Teaching and learning in secondary schools

We want all students to leave school with the knowledge, skills and values to be successful citizens in the 21st century.

Progress and highlights from the 2006/07 year include:

- improvements to the National Certificate of Educational Achievement (NCEA) to address concerns about student motivation, the credibility of internal assessment, and the need for clear and complete information for students, parents and employers
- strengthening professional development opportunities in areas such as assessment tools for teaching and learning.

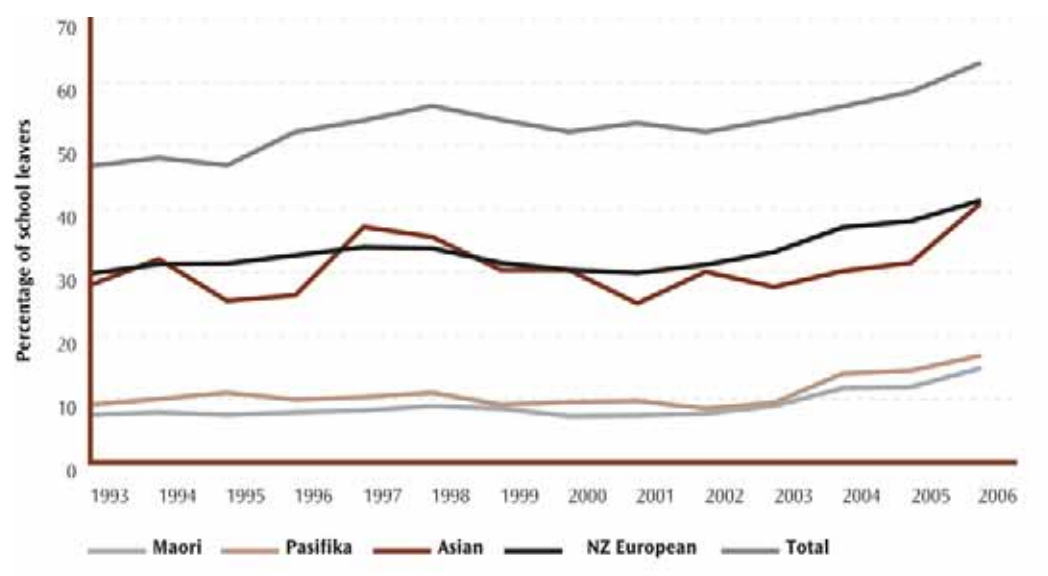
Achievement

A formal school qualification is a measure of the extent to which young adults have completed a basic prerequisite for higher education and training and many entry-level jobs. An entrance qualification enables students to go directly into tertiary study at degree level. Educational qualifications are also linked to labour force status and incomes. Wage and salary earners with a bachelors degree or higher have, on average, double the relative earning power of those with no qualification.

During 2004, NCEA Level 3 was offered for the first time and New Zealand Scholarship was also introduced. Students leaving with University Entrance Standard, NCEA Level 3, NZ Scholarship or a Level 4 National Qualifications Framework qualification can be compared with students who would have left previously with University Entrance or Bursary.

In 2006, 36.3 percent of school leavers achieved at least an entrance qualification that would allow them to go directly into tertiary study at degree level, a 35 percent increase from 2002. Around 41 percent of girls attained an entrance qualification compared to 31.4 percent of boys. Asian and NZ European students achieved at higher levels than Māori and Pasifika students.

Percentage of school leavers eligible to attend university, by ethnic group (1993 to 2006)



NCEA – a flexible, modern qualification

NCEA is a flexible, modern, relevant, internationally competitive qualification that provides secondary school students, their parents and employers with a complete picture of an individual's achievements.

It is a key component of personalising learning where students are actively involved in making decisions about their own learning.

NCEA has been in place for five years. It is part of a National Qualifications Framework that puts students onto the pathway of lifelong learning and prepares students to live and work in a knowledge society.

Students study courses that are assessed using achievement and unit standards at Levels 1, 2 and 3 to achieve credits towards an NCEA qualification. Students can gain credits through internal and external assessments.

Since its introduction, 250,000 students have studied for NCEA qualifications. Over the past four years, the proportion of students leaving school with qualifications or some level of qualification attainment has been increasing. In 2006 for example, 36.3 percent of school leavers achieved at least an entrance qualification that

would allow them to go directly into tertiary study at degree level, a 35 percent increase from 2002. Recent research shows a high level of support from principals and that NCEA is better than alternative systems at identifying students who will do well at university.

To ensure NCEA remains relevant, meaningful and useful for all students, we have undertaken an extensive 18-month process of review and consultation, in conjunction with the New Zealand Qualifications Authority (NZQA). Most of the 191 review recommendations have already been addressed or are actively being implemented.

In May 2007 various improvements to NCEA were announced. They include:

- introducing Excellence and Merit to NCEA certificates from 2007
- introducing Excellence and Merit at subject level from 2008
- including Not Achieved in NCEA results notices for both internally assessed and externally assessed standards from 2008
- 10 percent of internally assessed standards moderated by full-time moderators appointed to NZQA from 2008
- introducing from 2008 a new School Results Summary that includes all results achieved and not achieved in NCEA for school leavers. The lifelong Record of Learning will become the Record of Achievement for both tertiary and secondary students. ■

Staying at school

There is strong evidence that more time spent at school and completing school with secondary qualifications ensures greater success in later life. Increased engagement in schooling results in reduced truancy, fewer suspensions and fewer exemptions for those requesting to leave school early. Ways to support schools to retain students and to keep them engaged in learning include enhancing support systems for managing attendance, providing relevant professional development for teachers and supporting schools to offer students a range of learning environments and pathways.

Progress and highlights from the 2006/07 year include:

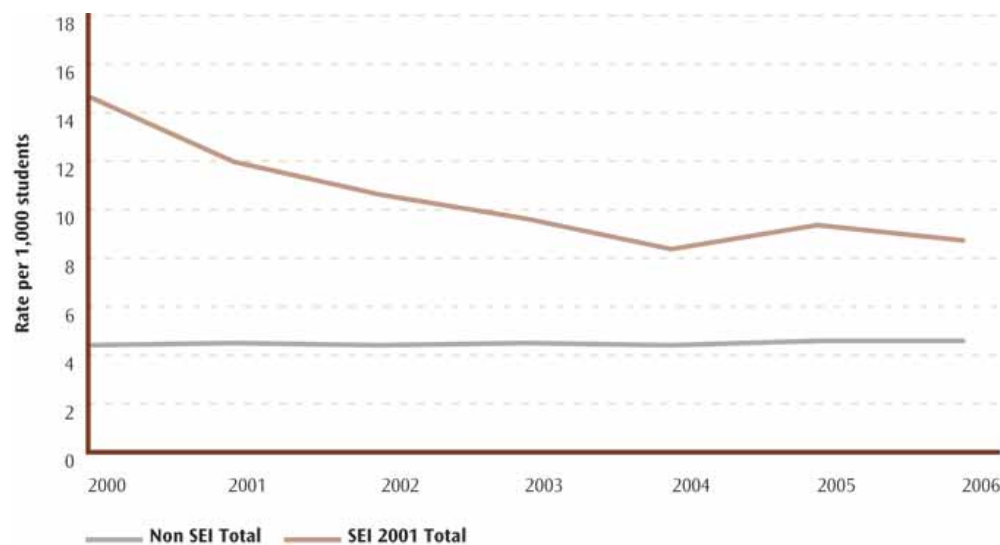
- the Student Engagement Initiative (SEI) which is reducing student suspension rates in participating schools. The SEI is also designed to reduce truancy and early leaving exemptions
- improvements to the District Truancy Service by amalgamating very small providers and providing extra support for areas where there has been increased truancy
- reviewing the provision of early leaving exemptions and improving ministry processes, resulting in a significant decrease in early leaving approvals
- implementing ENROL (electronic enrolment system to monitor non-enrolments and record student movements) in intermediate, secondary and some composite schools. ENROL is being extended to primary schools in 2007/08
- launching the two year CPaBL (Creating Pathways and Building Lives) project in 100 secondary schools, to raise awareness and broaden access to quality career information and guidance.

Engagement

Māori students have the highest rates of suspensions and stand-downs. In 2006, the age-standardised suspension rate for Māori students (15.6 students per 1,000) was 47 percent higher than Pasifika (10.6 students per 1,000), and 3.8 times as high as NZ European (4.1 students per 1,000). Similarly, the age-standardised stand-down rate for Māori students (59.8 students per 1,000) was 33 percent higher than Pasifika (45.0 per 1,000) and 2.7 times as high as NZ European (22.2 students per 1,000).

The SEI has successfully reduced suspension rates among the first 63 SEI schools. The overall age-standardised suspension rate for these schools dropped from 16.3 students per 1,000 in 2000 to 9.7 students per 1,000 in 2006, a reduction of 40 percent. This compares with a 5.0 percent increase in the overall age-standardised suspension rate for secondary schools that have never been part of the SEI over the same period.

Age-standardised suspension rates for secondary schools, by Student Engagement Initiative (SEI) status (2000 to 2006)



Setting boundaries

To support the learning of positive behaviours, schools, teachers, families, whānau and communities need access to a range of interventions.

Progress and highlights from the 2006/07 year include:

- developing information for schools on supporting positive behaviours
- further developing the Severe Behaviour/Reducing Challenging Behaviour initiative including the development of national service standards, and continuing development of a behaviour screening tool focused on children aged three to eight years
- successfully piloting and delivering the Incredible Years programme, targeted at children aged three to eight years, who have behaviour issues
- reviewing education and development of specialist and resource teachers in special education
- modification of training programmes for early intervention teachers, teachers of the Deaf and resource teachers: vision.

Resourcing

Student success requires that schools and teachers have adequate resources and are able to use those resources to greatest effect. The level of resources, as well as how they are provided, can make an important difference.

Progress and highlights from the 2006/07 year include:

- working with sector groups on a review of operational funding to inform Budget 2007 decisions, and identifying areas of particular pressure
- developing a growth strategy to ensure provision of a network of providers and progressing area strategies for managing population growth throughout New Zealand, in particular in Flat Bush, Waitakere, Tamaki Edge, Takanini, Hamilton, Tauranga, North Canterbury and Halswell.

Healthy, confident kids

The objective for Healthy, confident kids is that all children participate in a range of life contexts and are equipped to contribute to the future wellbeing of New Zealand socially, culturally, economically and environmentally. Education provides the foundations that children and young people need to grow into confident adults who are then able to manage their own lives and to participate fully in their community and in the workforce.

Progress and highlights from the 2006/07 year include:

- development and launch of the Mission-On programme which promotes healthy eating to improve the lifestyles of children and their ability to learn
- providing guidelines to all early childhood education services and schools and encouraging them to explore, with their children and students, how they can further develop healthy eating and physical activity in everyday life.



Healthy, confident kids



The objective for Healthy, confident kids is that all children participate in a range of life contexts and are equipped to contribute to the future wellbeing of New Zealand socially, culturally, economically and environmentally.

We are the lead agency for work around this key ministerial priority, and are actively promoting a cross-agency approach to developing initiatives.

At the heart of our efforts is the focus on supporting young people to make healthy lifestyle choices to improve their educational outcomes as well as their physical health.

One programme to arise from Healthy, confident kids is the four-year Mission-On campaign, launched in September 2006.

Mission-On aims to help young people improve their nutrition and to be more active. We are working closely with the Ministries of Health and Youth Development and Sport and Recreation New Zealand to implement its 10 initiatives, and are directly responsible for two of them. These are: student health promotion and improving nutrition within schools and in early childhood education (ECE) environments.

Highlights over the past year have included:

- a programme of high profile events promoting healthy food options and providing opportunities for students to get actively involved in learning about good nutrition. The fun events have featured high energy dance performances, a celebrity chef doing cooking demonstrations, celebrity life-style ambassadors acting as MCs, and giveaways for students including healthy eating tip cards, skipping ropes and water bottles
- changes to National Administration Guideline 5 for schools announced in early June 2007 – a clear policy statement for schools to promote healthy food and nutrition, and to make only healthy options available where food and beverages are sold on school premises
- the roll-out of professional development and training for schools and ECE services on how to use the new guidelines and the Food and Beverage Classification System tool developed by the Ministry of Health
- a communications and education campaign that started in November 2006. ■

Ka Hikitia – managing for success

Ka Hikitia means to step up, to lift up, or to lengthen one's stride. In the context of *Ka Hikitia – Managing for Success: The draft Māori Education Strategy 2008–2012*, it means stepping up the performance of the education system to ensure Māori are enjoying educational success as Māori.

Our education system must ensure that all students are engaged in and excited by their learning, and are able to reach their potential. However, major shifts in thinking are needed to significantly improve Māori education outcomes. When Māori are enjoying educational success they are able to contribute to a more enterprising and sustainable knowledge economy and to build success in their own communities.

Transforming the education sector to ensure Māori are able to enjoy education success as Māori within a world-leading education system is a key aim for the ministry over the next five years.

In August 2007, we released for public consultation the draft strategy for Māori education: *Ka Hikitia – Managing for Success: The draft Māori Education*

Strategy 2008-2012. It outlines how we plan to improve the education system, drawing on the latest research evidence as well as feedback and input from the ministry's iwi partners and stakeholders. Ka Hikitia has four focus areas:

- the foundation years of early childhood education and the first years of schooling
- young people engaged in learning
- Māori language education
- the ministry's leadership role.

Ka Hikitia – Managing for Success follows the first-ever Māori Education Strategy, launched in 1999, which had three main goals. They were:

- to raise the quality of mainstream education for Māori
- to support the growth of high-quality kaupapa Māori education
- to support greater Māori involvement and authority in education.

In 2005, we republished the first strategy to reaffirm our commitment to Māori education. By 2006, we had begun the process of redeveloping the strategy with an initial think piece – *Ka Hikitia: Setting Priorities for Māori Education*. This was reviewed by our iwi partners and a small group of key stakeholders.

The draft Māori Education Strategy 2008-2012 is the next step in the strategy redevelopment process. A final strategy is due to be released early 2008.

Māori education

Ensuring Māori achieve greater success in all parts of the education system is a critical priority. We are focused on:

- raising the quality of mainstream education for Māori
- improving quality and growth of kaupapa mātauranga Māori
- greater whānau and community involvement in education
- increasing Māori authority and involvement in education
- delivering quality Māori language education provision in support of the government's Māori Language Strategy.

We have a range of initiatives designed to improve Māori education outcomes. Te Tere Auraki, meaning to navigate the mainstream river, involves four programmes focused on improving teaching and learning for Māori students in mainstream schools. Through these programmes we have been able to gather a lot of evidence about what works best for Māori students. The programmes are: Te Kōtahitanga; Te Kauhua; Te Mana Kōrero; and Te Hiringa i te Mahara.

Te Kōtahitanga

This professional learning programme is based on students' stories of how they experience teaching and learning. The University of Waikato is contracted to deliver the programme in partnership with Poutama Pounamu and School Support Services. There have been improved NCEA Level 1 results for the first group of target students in the 12 schools that have been a part of the programme since 2003. There are now 33 schools in the programme.

Te Kauhua

Schools apply action research methodology to develop professional learning models for their teachers to improve outcomes for Māori students. In the 10 schools in the programme there is a strong focus on whānau/school relationships, with whānau involved in teaching and learning decisions that are made within schools. Evaluations of the project are revealing enhanced teacher effectiveness, improved social and academic outcomes for Māori students, enhanced whānau/school relationships and evidence of structural and systemic change to support sustainable practices.

Te Mana Kōrero – relationships for learning

This media series is part of our Te Mana information programme that seeks to raise expectations of high achievement among Māori, the community and education providers. Three resources have been produced for schools – the first focused on high expectations and teachers making the difference, the second on professional development enhancing teacher capability. The third resource, released in October 2006, focused on the need for schools to build and sustain strong, effective and mutually respectful family, whānau, community and school links to raise Māori student achievement levels.

Te Hiringa i te Mahara – power of the mind

This support programme aims to reduce the workload-related stress of Māori secondary teachers, particularly those who teach te reo Māori. It provides a range of professional learning programmes to improve the pedagogical practices of teachers and to build the leadership capability of Māori, so that they are more effective professional leaders.

We are also working in mainstream schools using the Māori Language in English Medium Schools Strategy. This strategy is focused on three main areas: the curriculum, support materials and professional development. Access to quality Māori language education helps to validate Māori culture and affirm identity, with flow-on positive effects on achievement.

Progress and highlights from the 2006/07 year include:

- development of and consultation on *Ka Hikitia: Setting Priorities for Māori Education*, which underpins the development of *Ka Hikitia – Managing for Success: The draft Māori Education Strategy 2008-2012*, and focuses on evidence that shows what works for Māori learners
- extending Te Kōtahitanga to a further 21 schools in 2006/07, up from the original 12 schools. Findings from *Phase 2: Towards a Whole School Approach*, and *Phase 3: Establishing a Culturally Responsive Pedagogy of Relations in Mainstream Secondary School Classrooms* were released showing gains for Māori students in literacy and numeracy and improvement in performance at school
- supporting the fifth national Hui Taumata Mātauranga: Tōku Pā Harakeke – Tōku Pū Kurakura: The Family – The Education Cornerstone
- continuing to develop and support iwi and Māori partnerships (comprising 12 partnerships and 19 relationships with other iwi and Māori education organisations)
- successful delivery of Atawaingia te Pā Harakeke training, mentoring and support through two key strands: the Hakuitanga/Hakorotanga Māori (parenting programme) and He Taonga Te Mokopuna (children's development, learning and safety programme), building strong relationships with 18 marae throughout the country.

Special education

Since 2004 we have worked on different streams of work to address issues raised by parents and educators in the extensive round of consultation called Local Service Profiling. One workstream resulted in the release in 2006 of the five-year action plan *Better Outcomes for Children*. The Plan is about raising achievement and improving services for the children who are eligible for specialist services from our Special Education group.

Progress and highlights from the 2006/07 year include:

- practitioners implementing evidence-informed practice and focusing on outcomes for the children and young people with whom Special Education works
- implementing service standards which set out how services should be provided, including initial assessment of a child's needs and planning and reviewing their progress towards meaningful outcomes
- reviews of core services including early intervention, communication and behaviour
- ongoing implementation of the Reducing Challenging Behaviour initiative which ensures specialist intervention services are high quality, nationally consistent and based on evidence
- piloting in nine districts the Incredible Years programme for young children with identified behaviour needs, their families, and educators in early childhood education services.

Special Education has continued to work collaboratively across the ministry, with other agencies and with the education and disability sectors. Examples include:

- the launch of the Newborn Hearing Screening Programme in three districts – the culmination of work between the Ministries of Health and Education and the wider Deaf and hearing impaired sector
- release of the Autism Spectrum Disorder Guideline, which sets a framework for future provision of support for people with Autism Spectrum Disorder, developed by the Ministries of Health and Education in consultation with the respective sectors over the last two years
- development of an updated Policy and Toolkit to support clusters of teachers to enhance outcomes for students with learning and behaviour difficulties. The ministry-led project also involved representatives from schools and resource teachers: learning and behaviour
- co-hosting with the ministry's property group a conference on 21st century learning environments
- establishing working parties with residential special schools and the Blind and Low Vision Education Network New Zealand to resolve issues impacting on provision of support to their students
- development of learning support and resource centres where teachers from special schools provide specialist teaching to students receiving some Ongoing and Reviewable Resourcing Schemes (ORRS) support.

We are also committed to implementing the New Zealand Disability Strategy to ensure that people with impairments can say they live in “a society that highly values our lives and continually enhances our full participation”.

Pasifika education

We have a strong focus on Pasifika education and achievement. Our work is guided by the *Pasifika Education Plan 2006-2010*, which provides strategic direction and sets clear targets to raise Pasifika education outcomes.

Progress and highlights from the 2006/07 year include:

- Pasifika liaison clusters underway in Wellington, Christchurch and Auckland involving representatives from schools, communities, parents and families
- launch of a DVD and booklet resource *Connections and Conversations* to help schools consider the learning needs of their Pasifika students and to help them develop dialogue with Pasifika parents and communities
- ongoing work through our national and regional Pasifika Advisory Groups to engage with Pasifika families and communities on education issues
- inclusion of a new focus on Pasifika students in the Student Engagement Initiative.

Pasifika achievement

Lifting the educational achievement of Pasifika students is a key focus of the *Pasifika Education Plan 2006-2010*, released in 2006.

The Plan has been informed by dialogue and engagement with many Pasifika communities and groups, and provides strategic direction and clear targets for raising educational outcomes. It reinforces the message that success in education needs to value and build on the strengths of Pasifika communities, language and cultures. It looks to build a strong Pasifika perspective into all major work across the ministry, including the contribution we make to the work of other agencies.

The Plan focuses on:

- participation and quality in early childhood education

- strong literacy and numeracy foundations in schooling
- ensuring students are engaged in learning and are staying at school till they are at least 16
- developing in students a commitment to lifelong learning and ensuring they are equipped with the skills and attitudes to succeed in a 21st century economy
- ensuring students are moving into higher levels of learning and achievement in tertiary education.

One key output of the Plan is the development of a monitoring and evaluation framework. The first monitoring report was released in July 2007 and provides evidence to inform work areas we need to retain a keen focus on, to meet 2010 targets.

The next monitoring report will be released in February 2008. The Plan and monitoring report can be accessed at www.minedu.govt.nz ■

Priorities in tertiary and international education

During 2006 the government embarked on a programme of substantial reforms to the tertiary education system. These reforms ensure the investment system for tertiary education drives quality, relevance and value for money, within a distinctive contributions framework.

Throughout the 2006/07 year we led the development of a new combined *Tertiary Education Strategy 2007-12 (TES)* and the *Statement of Tertiary Education Priorities 2008-10 (STEP)*. These documents outline the government's expectations and priorities for tertiary education.

The focus over the next five years is on the three outcomes outlined in the *TES 2007-12: Incorporating STEP 2008-10*:

- success for all New Zealanders through lifelong learning
- creating and applying knowledge to drive innovation
- strong connections between Tertiary Education Organisations (TEOs) and the communities they serve.

Through the TES, the Minister for Tertiary Education has set out the expectations of the tertiary education system, including TEOs and Crown entities and the Tertiary Education Commission (TEC). The TES will be achieved through:

- distinctive contributions – ensuring each TEO contributes according to its strengths
- support for students
- new approaches to planning, funding, quality assurance and monitoring for TEOs
- informed contribution of stakeholders, employers and communities.



Our role in tertiary education

With the establishment of the tertiary education reforms programme, which TEC has led, we have refocused our activities in the tertiary education sector. Our role includes: advice on system direction and priorities; co-ordinating advice on legislation; budget decision-making and Vote management; and engaging in significant policy work programmes with a broad understanding of system effectiveness and policy design principles.

This role also encompasses stewardship and governance: in support of sector leadership and inter-agency dealings; being a supportive partner to tertiary education Crown entities; and maintaining functions where there are significant economies of scale.

We are involved in monitoring and evaluation, such as in tertiary data analysis and research, and Crown entity monitoring. This includes analysis of the performance of the tertiary system against the TES, and of the tertiary Crown entities' performance, with a particular emphasis currently on design and implementation of the tertiary reforms programme.

While TEC has assumed a greater role in policy development, and the management of relationships with the sector, we are still involved in much of that policy work, with ministry analysts contributing to the development of advice.

Progress and highlights from the 2006/07 year include:

- the development and release in December 2006 of the *TES 2007-12: Incorporating STEP 2008-10*
- working with other agencies on the tertiary education reforms, including reform of the funding systems, the development of a capital management framework, quality assurance accountability arrangements and the development of the Education (Tertiary Reforms) Amendment Bill 2007

- co-ordinating inter-agency work to raise adult literacy, numeracy and language skills by lifting teaching quality through professional development initiatives and establishing infrastructure measures that promote quality provision
- advice on the policy settings for student financial support such as student loans, allowances, scholarships and the Fees and Course Cost Maxima policy
- monitoring and reporting on the performance of the tertiary education system including through the annual TES monitoring report and a range of reports on topics such as participation and access, student achievement, post-study outcomes and research performance. These reports can be accessed at www.educationcounts.edcentre.govt.nz
- establishing a new Crown Entity monitoring function and methodology
- the successful launch and implementation across tertiary information applications of the Education Sector Authentication and Authorisation (ESAA) log-in service.

Literacy, numeracy and language skills for adults

All New Zealanders need good literacy, numeracy and language skills so they can participate fully in society and in a knowledge-based global economy.

We are working with the Tertiary Education Commission, the New Zealand Qualifications Authority, the Ministry of Social Development, the Department of Labour and Career Services rapuara in the Learning for Living project and the Upskilling the Workforce project. Both projects focus on raising adult literacy and numeracy. We have led the policy and communications work on both of these projects, which had their genesis in the 2001 Adult Literacy Strategy.

A focus over the past year has been to raise skills in the teaching workforce by encouraging quality adult literacy, numeracy and language teaching.

In February 2007 we launched professional development workshops for tutors and programme managers around New Zealand. They were well received

with most workshops over-subscribed well in advance.

Clusters of tutors and education managers have also participated in professional development. Evaluations by researchers indicate the clusters are improving learner outcomes.

Evaluation reports from the clusters are part of a growing body of research into effective teaching. They also inform policy and the development of initiatives.

A key research finding has been the importance of sound assessment processes. To this end, work has begun on developing an online assessment tool for adults. This will provide tutors with a nationally consistent assessment tool to identify a learner's current skill levels and help them plan for future learning. Work has also begun on a screening tool which will help organisations identify people who may need help with their reading or numeracy.

The Learning for Living project continues to commission research to gain a better understanding of particular issues. A current research focus is on improving outcomes for Māori learners. ■

International education

International education contributes to building a sustainable economy based on innovation and quality, and helps sustain our national identity. It has many dimensions including:

- recruiting excellent students, teachers and researchers to New Zealand
- developing ongoing, productive relationships with international businesses and universities
- marketing innovative and high quality New Zealand educational products and services matched to global market needs
- exposing more New Zealand students to international experiences and interactions
- developing the talents of our teachers and researchers through international collaborations.

Progress and highlights from the 2006/07 year include:

- developing and releasing the government's International Education Agenda
- providing increased funding for the promotion and marketing of New Zealand international education in other countries. These activities are facilitated by the Education New Zealand Trust
- encouraging the increased uptake of Doctor of Philosophy (PhD) studies in New Zealand by top international students. International enrolments of PhD students in New Zealand's eight universities rose 56 percent, from 693 in 2005 to 1,084 in 2006
- reviewing the Code of Practice for the Pastoral Care of International Students
- extending education diplomacy initiatives through the extension of the government's Education Counsellor network to New Delhi (India), Santiago (Chile), and the Gulf States
- implementing a strategy for building New Zealand's education relationship with India, and developing strategies for enhancing our existing education relationships with China, Europe, and North America
- facilitating education delegations from other nations, who were in New Zealand to learn about our education system and outcomes.



Global citizens

Education helps equip our students with the skills and knowledge to operate effectively as global citizens. Our education system also attracts international students to New Zealand and encourages the international mobility of our students and teachers.

International education activities are of strategic importance to transforming our economy for the 21st century. International education is New Zealand's third largest services export industry.

In 2006, 93,421 international fee-paying students enrolled in New Zealand, providing an economic value added to the country of \$1.86 billion. Of this total economic benefit, \$621 million was paid in fees.

To build a more integrated, sustainable and forward-looking approach to international education, in 2006 we began work on drafting an *International Education Agenda*. We released a discussion document in April 2007 and consulted widely with the education sector, business and other government agencies.

Most submissions were positive and supported the proposed broadening of international education beyond traditional export education. Submitters generally also agreed with the need to concentrate on quality and sustainability and to take a co-ordinated, New Zealand Inc approach. Many submissions commented favourably on government taking a leadership role in this area and developing a strategic approach.

The final document was released in August 2007. The Agenda is a whole-of-government statement that communicates government's aspirations for New Zealand's engagement in international education over the next five years. It contributes to government's Economic Transformation Agenda and supports government's National Identity theme – the education system is a key means through which we learn about who we are and our place in the world.

The Agenda has four goals:

- Goal 1: New Zealand students are equipped to thrive in an interconnected world
- Goal 2: International students are enriched by their education and living experiences in New Zealand
- Goal 3: Domestic education providers are strengthened academically and financially through international linkages
- Goal 4: New Zealand receives wider economic and social benefits.

The Agenda builds on progress made to date, particularly through the 2004 and 2005 Budgets which introduced a series of programmes to support international education. Budget 2007 increased funding for the promotion of New Zealand's international education sector. The immediate priority is to ensure a stable base in terms of student revenue and education quality, and to continue to support sector capability building. Work has also begun on strengthening the international focus of education for New Zealand students, through development of a languages strategy, and diversifying existing activities and relationships, such as university-level academic staff linkages and student study-abroad exchanges. ■

A snapshot of 2006/07*

* Statistics for schools are collected at 1 July and are available in October the same year. Statistics for early childhood education (ECE) are collected at 1 July and are generally available later in the year. Tertiary education information is collected in December and is available in March the following year.

Statistics are published on our Education Counts website www.educationcounts.edcentre.govt.nz. The website also has a set of education indicators developed to help decision-makers assess the education system. These indicators are regularly monitored to assess progress towards meeting our commitments to government themes and ministerial priorities.

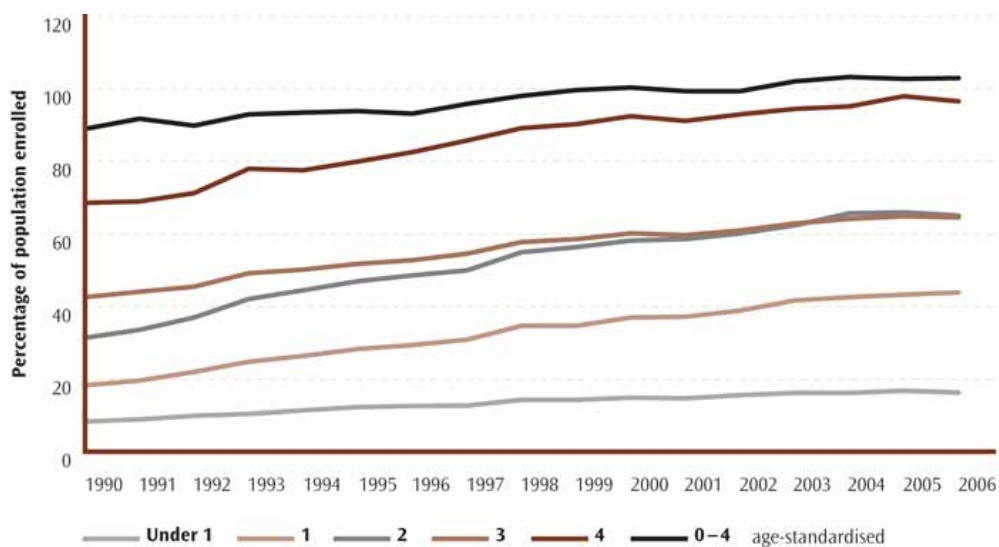
Early childhood education:

- participation in licensed ECE continues to increase.

ECE participation

There has been a substantial increase in the proportion of enrolments in ECE since 1990, with an increase of 51% to 2006. The highest increases have been for children aged under three, for whom enrolment rates have more than doubled.

Enrolment rates by age (1990 - 2006)



As at 1 July 2006:

- 184,454 children enrolled in ECE
- 8,186 registered ECE teachers, representing 57 percent of the staff working in teacher-led ECE centres. This is an increase of 9.6 percent (718) from July 2005
- 4,496 licensed services and licence-exempt ECE groups in New Zealand, an increase of 1.4 percent (60) from 1 July 2005.

Schooling:

- fewer students are leaving school without some level of qualification attainment – this continues a trend seen over the last several years
- professional development in literacy and numeracy shows improvements in teaching practice and in student achievement

- more Māori school leavers are gaining qualifications than in previous years
- more Pasifika students are leaving school with higher qualifications
- exclusion and expulsion rates have decreased for both Māori and New Zealand European students since 2000, but rates for Pasifika students have increased over the same period (Pasifika students are now a focus of the Student Engagement Initiative, which is successfully increasing student engagement in school)
- based on the latest international assessments for primary school children (Year 5): New Zealand children have a reading ability better than the international average; mathematics performance has improved considerably over the recent eight years of data available, with New Zealand children performing at levels comparable with the OECD average; and science performance has also improved considerably over the same period, with New Zealand children now performing significantly higher than the international average
- for Year 9 students: New Zealand children continue to perform highly for mathematics, with a performance significantly higher than the international average; and the performance of New Zealand children for science is significantly higher than the international average
- for 15-year-olds: New Zealand student performance is significantly above the international average for reading literacy (Finland was the only country that performed statistically better than New Zealand); the mathematical literacy of New Zealand students is significantly above the international average; and New Zealand students achieved significantly above the international average for science literacy.

As at 1 July 2006:

- 762,761 students enrolled in primary and secondary schools – attendance is compulsory from age six to 16
- a total of 2,598 schools in New Zealand, of which 352 are secondary schools. 96 percent are state schools. Within the state school system, 13 percent are integrated schools which represent a range of special characteristics. There are 74 kura kaupapa Māori (Māori language immersion schools)
- an average of 216 students per primary school, reflecting the large number of small schools in rural communities
- 45,394 teachers employed in state schools.

Tertiary:

- tertiary enrolment rates in New Zealand are ahead of the mean for OECD countries in age groups over 20, but are lower than the OECD mean for those under 20
- the participation rate fell slightly between 2005 and 2006 (from 14.2 percent to 13.7 percent) largely as a result of government's moves to strengthen the quality and relevance of some non-degree provision, leading to a fall-off in enrolments in some non-degree qualifications.

As at the end of the full 2006 year:

- 448,000 students participating in tertiary education. These include around 43,000 international students from nearly 150 countries
- eight universities, 20 polytechnics, two colleges of education, three wānanga and approximately 800 private providers
- over 75 percent of people aged 25-64 years with secondary or tertiary qualifications, above the OECD average of 65 percent
- the participation rate in tertiary education reached 13.7 percent of the population aged 15 and over, compared with 11 percent in 2000 and 8.3 percent in 1994. Much of the increase has come about because of increases in enrolments by women, Māori, Pasifika, people in older age groups and students of Asian ethnicity
- 38 percent of students were under the age of 25, compared with 51 percent in 1994
- 176,000 trainees in industry training compared with 81,300 in 2000.

Reducing inequalities in education outcomes

The Ministry of Education is required to report to government on its reducing inequalities policy and programmes for the year ending 30 June 2007.

Our work aims to ensure all people, regardless of socio-economic status, ethnicity, disability or gender, succeed to the best of their ability and are positively engaged in effective and meaningful learning. Education has the potential to reduce inequalities and to bring about positive life outcomes for all students.

A key theme when thinking about reducing inequalities is the personalising learning vision. Personalising learning connects and strengthens all the things that are happening in New Zealand schools to develop self-directed, confident seekers and users of knowledge. It is at the heart of what we are doing to transform the education system to be responsive to the needs of learners.

Personalising learning provides an organising framework to align a range of government strategies and education initiatives and to develop a vision of an education system for the 21st century. This vision, which continues to be refined and clarified, is central to developing a consensus about the way the education system can help prepare all people for the challenges and opportunities of our 21st century knowledge society.

The education system performs well for most students, and in international surveys many New Zealand students perform at the highest levels. However, we have a group of students, many of whom are Māori, Pasifika or who have special education needs, who continue to be underserved by the education system.

Our research, evaluation and monitoring programmes have focused on the following areas:

Early childhood education

Communities where participation is lower, including children who are Māori and Pasifika, and who are from low socio-economic households and rural communities.

Schools

Students who achieve less than their peers, particularly those from the following groups – boys (particularly in writing), Māori and Pasifika students, students who rarely speak English at home and students from lower socio-economic backgrounds.

Tertiary education

Disparities reflect the patterns of achievement in school with fewer men, Māori and Pasifika students achieving at higher qualification levels.



Special education

Particular areas of concern include students with behaviour support needs, Māori students (who are over-represented in behavioural referrals and under-represented in early intervention services), Pasifika students (who are under-represented in most areas of special education provision) and students with moderate levels of special education need.

Progress has been made in a number of the above areas. There is a more explicit focus on raising achievement, particularly in literacy and numeracy. There has been considerable effort on increasing the quality and participation rates of early childhood education (ECE) and enhancing the relevance and quality of tertiary education. There is far greater access to information across the system about student achievement and major research initiatives have added considerable depth to our understanding of what works for different students and why.

The following information reports on progress made in the priority areas identified in the Ministry of Education's *Statement of Intent 2006-11*. Progress in these areas will contribute to reducing inequalities across the system and improving outcomes for all students. The priority areas are:

- more children, particularly those from disadvantaged families, participating in high quality ECE and making sound transitions to school
- less under-achievement at all stages of schooling through a focus on effective teaching
- maintaining a strong focus at all levels, including adults, on strengthening literacy and numeracy and other foundation skills
- increasing effective engagement with education at all levels by encouraging attendance, and minimising absences and poor discipline
- all students leaving school with upper secondary school qualifications and making successful transitions to further education, training or employment
- increased achievement at higher tertiary levels for Māori and Pasifika students.

The ministry has also reported on progress made in the above priority areas and how they affect Māori, Pasifika and Special Education students.

Increasing participation in early childhood education (ECE)

Objective: more children, particularly those from disadvantaged families, both participating in high quality ECE and making sound transitions to school.

The participation rate in ECE has increased substantially since 2001, particularly among Māori and Pasifika children. Measured in terms of new school entrants reporting regular participation in ECE immediately prior to starting school, Māori participation increased by 4.5 percent from 2001 to 2006, and Pasifika participation increased by 7.9 percent, compared to a total improvement (across all ethnic groups) of 3.1 percent. However, this improvement was not large enough to remove differences in participation between these groups, and there was much less improvement from 2004 to 2006.

Table 1: Percentage of Year 1 students who attended ECE services, by ethnic group (2001-2006)

Ethnic Group	ECE Participation Rate (%)					
	2001	2002	2003	2004	2005	2006
Māori	85.3	86.5	88.4	89.3	89.9	89.9
Pasifika	76.3	79.4	83.4	84.7	84.5	84.2
Total	91.4	92.3	93.6	94.1	94.3	94.5

There is still work needed to lift participation, particularly of children from low socio-economic communities. Research shows that while all children benefit, children from lower socio-economic backgrounds benefit the most from participation in quality ECE.

Government initiatives focus on addressing factors that limit participation. These initiatives fall under:

- the 10 year strategic plan for ECE: *Pathways to the Future: Ngā Huarahi Arataki*, which includes support for participation by all families (through funding subsidies for children's attendance)
- targeted programmes for areas of low participation.

Existing successful programmes aimed at reducing inequalities in participation continued in 2006/07. In particular, the Promoting ECE Participation Project supported community groups to identify children who are not participating, and supported their families to enrol their children in ECE. While 2006/07 figures were not available at the time of going to print, 2005/06 figures show that 1,792 children were placed in ECE services, of which 1,228 were Māori children and 564 were Pasifika children.

The ECE Discretionary Grants Scheme provides funding for community groups, and particularly Māori and Pasifika groups, to expand or build new services in areas where a lack of services is limiting participation. During 2006/07 \$16.239 million was available for allocation. From this pool 930 child places were funded. From 1 July 2000 to 30 June 2007, grants to community groups funded facilities for 4,430 child places.

New programmes were also implemented in 2006/07. Free ECE, which offers up to 20 hours free education for all three and four-year-olds enrolled in teacher-led services, started from 1 July 2007. This removes the cost barrier to participation, which previously affected children from lower socio-economic groups.

Parent support

Other changes included the establishment of 10 additional Parent Support and Development Centres to provide parenting support for vulnerable families, and continued implementation of equity funding to increase participation in rural and isolated areas, and among children from low socio-economic groups or with special needs.

Te kōhanga reo and playcentres

Additional funding of \$18 million over four years was announced in Budget 2007 to increase sustainability of te kōhanga reo and playcentres. This will particularly benefit Māori (because of their higher participation rates in te kōhanga reo), and rural communities (because te kōhanga reo and playcentres are the only forms of licensed provision in some communities).

Quality improvement

A strategy for quality improvement was agreed with government covering the period up to 2009. This aims to improve the number of qualified teachers and the ratio of adults to children in ECE. Since lower socio-economic and rural communities tend to have fewer qualified teachers and poorer adult to child ratios, this will particularly help disadvantaged groups.

Teachers

Teachers in ECE services with a Pasifika character are less likely to be registered than other teachers. In 2005 only 26 percent of these teachers were registered. By the end of 2007, 50 percent of regulated ECE teachers in every service must be ECE qualified (a regulated teacher is a teacher required to meet the regulated teacher:child ratios – for all day services it is one teacher to five children under two years of age, and one teacher for every ten children aged over two years).

We operate a range of initiatives, such as the TeachNZ Scholarships, to encourage people to qualify and register as ECE teachers. These scholarships support people to take up teacher education programmes which equip them to teach in kaupapa Māori or Pasifika settings. These are discussed in more detail under Effective teaching.

Effective teaching

Objective: less under-achievement at all stages of schooling through the focus on effective teaching.

Quality teaching has a key influence on achieving high quality outcomes for all students. For every child to succeed we need teachers with appropriately high expectations and knowledge of their students. Teachers need to have high levels of subject knowledge and teaching practice. The role of leadership is particularly important in managing the conditions for effective teaching and learning and promoting effective ongoing learning for teachers.

Over the past year efforts to lift the quality of teaching have focused on improving initial teacher education, recruitment and supply of teachers and lifting performance through ongoing professional development.

Professional development

The literacy, numeracy and Te Kōtahitanga professional development projects, in particular, have shown that high quality professional development can lead to improved outcomes for all students and especially for those who have previously not enjoyed success. These gains are yet to be translated into sustained improvements across the system.

Schooling improvement initiative

The Schooling Improvement programme works with clusters of schools to significantly improve their student achievement, collaborative critique and outside expertise. In 2006/07 there were 17 Schooling Improvement clusters involving 323 schools and 78,300 students of whom 41 percent were Māori and 26 percent Pasifika. Twelve clusters have evidence of accelerated learning, with literacy levels moving significantly towards, or meeting, national averages. The remaining clusters are in the beginning stages of project development and have baseline data from which to measure progress.

Qualifications

TeachNZ ECE scholarships are available to people enrolled in specific teacher education programmes equipping them to teach in kaupapa Māori or Pasifika settings. In 2006/07 there were 173 applicants and 96 scholarships were awarded. The scholarships pay core tuition fees for each year of study, plus an allowance of up to \$10,000 awarded over the period of study for full-time students, in installments at the end of each year of successful study.

Initial teacher education

A consultation document was released in 2007 as part of a review. It contained seven propositions focusing on the role of the Teacher Council and on recognising and rewarding the critical role of mentor teacher. The review included consideration of particular solutions for Māori medium teacher education, and recognition of the particular expertise required to teach diverse learners effectively. Review findings will be published in 2007/08.

Teacher supply

Recruitment incentives for hard to staff subjects such as Technology and Māori medium were reviewed to consider changes to existing incentives such as creating a single, flexible, bonded scholarship with bigger incentives for career changers. Development of incentives is ongoing.

Te Tere Auraki – to navigate the mainstream river

This strategy focuses on improving teaching and learning for Māori students in mainstream schools. Through its four programmes – Te Kōtahitanga, Te Kauhua, Te Mana Kōrero and Te Hiringa i te Mahara, evidence is being gathered about what works best for Māori students.

Knowledge base

Another important component of activity to improve outcomes for all students is building the knowledge base about effective teaching practice. The Best Evidence Synthesis Programme (BES) explains the influences on desired outcomes for diverse learners. It is designed to be a catalyst for systemic improvement and sustainable development in education.

During 2006/07 the BES report on *Effective Pedagogy in Mathematics/Pāngarau* was completed and three reports were in development: *Teacher Professional Learning and Development (Schooling)*; *Effective Pedagogy in Social Studies/Social Sciences/Tikanga-a-iwi*; and *Educational Leadership (Schooling)*.

Findings from the BES programme have been incorporated into the pedagogy sections of the new curriculum and are being progressively used to inform all professional development programmes. This work will help spread effective practices across the system.

During the year, as part of the BES programme, the New Zealand Council for Educational Research was commissioned to produce a national database of New Zealand education theses. Work in progress can be accessed at <http://nzcer.org.nz/NZETbasic.php>

Support for migrant families

We are working to ensure migrant families have good access to information about education in New Zealand. Programmes include:

- funding Migrant and Refugee Education Co-ordinators and providing Families Learning Together publications in nine different languages
- developing multilingual web-based information
- a plan to translate Team-Up information (aimed at helping parents to support their child's education) into a range of languages
- funding targeted secondary schools to provide specialised pathway planning and career support to students with a refugee background.

Strengthening literacy and numeracy skills

Objective: maintaining a strong focus at all levels on strengthening literacy and numeracy skills, including more adults with increased levels of literacy, numeracy and other foundation skills.

Children need to develop strong foundations for learning to realise their potential. These foundations are built at home and in early childhood education centres and developed further through primary and secondary schooling.

As the quality of teaching is a key influence on improved outcomes for all students, we have maintained a focus on improving teacher practices and helping teachers to make better use of assessment information to reduce inequalities in literacy and numeracy. Strengthening the collection of data on the performance of groups facing inequitable educational outcomes is also important, so we have added new requirements in national professional development contracts. These are to report on improved outcomes for Māori, Pasifika and English as a Second Language (ESOL) students.

Numeracy

The Numeracy Development Projects aim to improve student achievement in mathematics by improving classroom teaching at all levels. Since the projects started in primary schools in 2000, around 23,000 primary and intermediate school teachers have been involved. The Secondary Numeracy Project started in 2005 with 132 schools and approximately 1,000 teachers.

Research and evaluation of the projects continue to show progress in raising student achievement in mathematics in both English and Māori medium settings. The growth in teachers' effectiveness and professional leadership in primary, intermediate and secondary schools, within English and Māori medium settings, has also continued.

While achievement in numeracy lifted for all students, when comparing groups of students at the end of their first year in the Numeracy Development Projects, the improvement in Pasifika achievement was the largest, followed by students at low decile schools, and Māori students. A summary of the findings from the evaluation of the Numeracy Development Projects is available at www.nzmaths.co.nz/numeracy/references/comp06/lookingtothefuture.pdf

Literacy

The two major teacher professional development initiatives in literacy are the Literacy Professional Development Contract and the School Support Services Literacy and ESOL contracts. For students in these projects, gains in literacy were greatest for the students who were initially in the lowest achievement bands.

During 2006/07 a range of targeted teacher and student resources were produced to meet the needs of Māori, Pasifika, ESOL and underachieving students:

- in the ESOL area this included the English Language Learning Framework, a DVD series and ongoing support through the website ESOL Online
- a strengthened professional development programme was introduced, co-ordinating training for a range of groups including English Language assistants, bilingual tutors and Pasifika bilingual teacher aides. The aim was to support English language learning by students with migrant or refugee backgrounds
- Books in Homes continued to supply books to students in decile 1-3 schools
- Home-School Partnerships used children's literacy learning to support parents who are traditionally less likely to be engaged in their school community. For numeracy, there were partnerships for schools in areas with a high proportion of Pasifika students. A range of resources was developed in English and te reo Māori to support principals and teachers who have teaching and learning programmes to reduce disparities within their schools.

Adult learners

Another area of focus to reduce inequalities is to improve adults' literacy, numeracy and language skills.

In 2006/07 we:

- began developing screening and assessment tools for adult learners
- developed a professional development initiative model for adult literacy and numeracy tutors, which has now transferred to the Tertiary Education Commission
- worked with the Department of Labour and other agencies on a review of refugee policy and putting the New Zealand Settlement Strategy into action
- revised a brochure in 10 different languages for refugees and migrants to find out about English for Speakers of Other Languages provision.

The Adult Literacy and Life Skills Survey was undertaken during 2006/07, and the results will be published in 2007/08. This survey measures the proficiency levels of literacy, numeracy and language among adult New Zealanders, and updates a survey conducted in 1996. Evaluation of professional development initiatives over 2006/07 showed significant improvements in the reading and numeracy skills of the learners of participating tutors.

Increasing engagement with education

Objective: increasing effective engagement with education at all levels by encouraging attendance, and minimising absences and poor discipline.

Engagement in school is fostered through:

- a strong valuing of education by families and whānau
- inclusive school environments
- effective teaching characterised by positive relationships between teachers and students and their families, and between students and their peers.

Measurements of the levels of student truancy, absence from school, and the formal actions schools take in response to challenging student behaviour, show to what extent the education system is successful in engaging students in education and learning. These measurements point to socio-economic status, gender and ethnicity as factors in non-attendance or formal removal from schools.

Gender

Suspension, exclusion (formal removal of students aged under 16) and expulsion (formal removal of students aged over 16) rates are much higher among male students, students aged 13-15, and students in lower-decile schools.

Ethnicity

Ethnicity is a factor associated with unjustified absences from school, with Māori and Pasifika percentages (5 percent and 4.2 percent respectively) three to four times higher than the rates for Asian (1.2 percent) and New Zealand European students (1.3 percent).

Māori students have a higher suspension rate per thousand students than non-Māori and the rate has remained largely static since 2000. Suspension cases involving Pasifika students have increased since 2000.

Table 2. Age standardised suspension rates per 1000 students by ethnicity

Ethnic Group	2001	2002	2003	2004	2005	2006
Māori	17.6	17.3	16.5	15.2	16.3	15.6
Pasifika	9.2	9.5	8.4	9.1	9.4	10.2
Total	7.4	7.3	7.0	6.7	7.2	7.0

Note: NZAID students (foreign students sponsored by the NZ Agency for International Development), foreign fee paying students, correspondence school students, adult students aged over 19 and private students are excluded.

There was limited change in the total rate of exclusion over the period 2001-2006. However, Pasifika exclusion rates rose over the period, and the rates remained higher for Māori and Pasifika than the overall rates.

There was a decrease in Māori expulsion rates between 2001 and 2006, substantially reducing the difference between Māori and overall expulsion rates. However, Pasifika expulsion rates rose markedly over the period.

Table 3. Age standardised exclusion and expulsion rates per 1,000 students by ethnicity

Age standardised exclusion rates per 1,000 students						
Ethnic Group	2001	2002	2003	2004	2005	2006
Māori	5.3	5.5	5.5	5.1	5.6	5.6
Pasifika	3.3	3.9	3.3	3.6	3.9	4.2
Total	2.3	2.5	2.4	2.3	2.5	2.5

Age standardised expulsion rates per 1,000 students						
Ethnic Group	2001	2002	2003	2004	2005	2006
Māori	4.2	3.1	4.2	3.0	3.1	2.3
Pasifika	4.8	8.5	5.2	4.7	5.4	7.0
Total	2.0	2.2	2.2	1.7	1.8	1.8

Note: NZAID students (foreign students sponsored by the NZ Agency for International Development), foreign fee paying students, correspondence school students, adult students aged over 19 and private students are excluded.

After rising over the first few years of this decade, the rate of early leaving exemptions has declined to almost the same level it was in 2000, but remains disproportionately high among Māori students.

Student Engagement Initiative (SEI)

SEI aims to improve participation and engagement. It has successfully reduced suspension rates among the original cohort of 63 SEI schools, with the overall age-standardised suspension rate for these schools dropping from 16.3 students per thousand in 2000 to 9.7 students per thousand in 2006, a reduction of 40 percent. This compares with a five percent increase in the overall age-standardised suspension rate for secondary schools that have never been part of the SEI over the same period. There is evidence, however, that the programme's effectiveness in these schools may be reaching its limit, with very little change in suspension rates since 2004.

Pasifika students have been a focus of SEI since July 2006. It is anticipated that Pasifika suspension rates will start to come down in 2007/08.

A target was set in 2003 to achieve an Early Leaving Exemption rate of 11 percent in schools participating in SEI by December 2007. However, this target was met much earlier. By 2006 SEI schools had reduced their rate to 7.2 percent. A new national target to cover all schools was introduced in March 2007 – to reduce early leaving exemptions to 50 percent of the overall 2006 rate by the end of 2007.

Other initiatives to support student attendance in response to rising truancy rates include:

- a student support handbook, sent to all schools in June 2007 which provides a central collection point for student support information
- workshops to support use of the handbook for schools in areas with high truancy rates
- a review of the District Truancy Service (DTS) during 2006. This resulted in amalgamation of very small providers, extra support for areas that have seen a large increase in the numbers of truants and a redesigned funding model to better reflect need. The DTS will receive additional funding of \$2 million over the next three years.

Successful school leavers

Objective: all students leaving school with upper secondary qualifications and making successful transitions to further education, training or employment.

Evidence shows that more time spent at school and leaving with secondary qualifications helps ensure greater success in later life.

Helping young people prepare for the demands of the 21st century means lifting achievement in foundation areas of literacy and numeracy and providing opportunities for students to develop attitudes, skills and competencies that can be used in a range of contexts. Providing a robust qualification that appropriately encourages and reflects these achievements is an essential part of this effort.

NCEA

Development and refinement of the National Certificate of Educational Achievement (NCEA), within the wider reforms to the National Qualifications Framework, is specifically intended to allow schools to formally recognise and reward a wider range of learning outcomes.

An increasing number of school leavers have attained qualifications. In 2006, 60 percent of school leavers had qualifications at NCEA Level 2 or above (NCEA Level 2 replaced sixth form certificate in 2003), and 36 percent of students were qualified to undertake tertiary study at a degree level. These represented substantial increases from 2001.

Table 4. Percentage of school leavers with NCEA Level 2 or above and qualifications to attend university, by ethnicity

Percentage of school leavers with NCEA Level 2 or above						
Ethnic Group	2001	2002	2003	2004	2005	2006
Māori	16.3	20	28.8	*	32.7	36.7
Pasifika	25.2	30.2	42.3	*	45.3	49.6
Total	37.3	42	52.6	*	57.1	60.2

Percentage of school leavers qualified to attend university						
Ethnic Group	2001	2002	2003	2004	2005	2006
Māori	7.4	7.7	8.9	11.7	11.9	14.8
Pasifika	9.7	8.5	9.4	14	14.5	16.8
Total	26	27	28.7	32.1	32.9	36.3

Note: Due to changes in the allocation of attainment levels in 2004 for leavers achieving a qualification between little or no formal attainment and UE Standard, the percentages of leavers with at least NCEA Level 2 in 2004 is not comparable with other years, and has been omitted.

Transitions

We are helping students make successful transitions from schooling to tertiary study and on to meaningful employment through various programmes. STAR (Secondary Tertiary Alignment Resource) continues to focus on providing opportunities for personalising learning and vocational experiences linked to quality career pathways for secondary school students. STAR support is available to all students to explore a range of career pathways, and is especially relevant for those at risk of not achieving or with special needs.

The two-year Creating Pathways and Building Lives (CPaBL) project is now in 100 secondary schools across the country and is contributing to effective career outcomes for New Zealand students. It is raising awareness and broadening access to quality information and career guidance.

Māori and Pasifika achieving at higher tertiary levels

Objective: increased achievement at higher tertiary levels for Māori and Pasifika students.

The Tertiary Education Strategy 2007/12 was released in December 2006. It outlines the contributions government expects from the tertiary education system, including “ensuring maximum educational opportunity for all New Zealanders”. To achieve this, it is expected that tertiary education organisations will take a more sophisticated approach to identifying, understanding and responding to the diverse needs of their communities; and will address disparities for populations such as Māori, Pasifika peoples, disabled people, migrants and refugees, students from lower socio-economic backgrounds and people needing to build skills to re-enter the workforce. The approach to achieving these shifts will be agreed with each tertiary education organisation in 2007, along with associated key performance indicators.

Higher level qualifications

The achievement of higher level tertiary qualifications by Māori and Pasifika students has increased markedly since 2001. Table 5 shows the number of qualifications achieved at bachelors and postgraduate levels.

Table 5. Qualifications completed at bachelors and postgraduate levels by ethnicity

No. of qualifications completed at bachelors and postgraduate levels							Increase 2001 to 2006
Ethnic Group	2001	2002	2003	2004	2005	2006	
Māori	2,713	2,684	2,717	2,951	2,821	3,027	12%
Pasifika	935	899	986	1,071	1,100	1,185	27%
Total	32,205	32,307	32,312	33,449	33,385	33,795	5%

It shows that completions of qualifications by Māori and Pacific students grew faster than other student groups. However, Māori and Pasifika students have below average completion rates for higher qualifications. For example, 35 percent of Māori students had completed a bachelors degree five years after enrolling, compared with 48 percent of all students.

In June 2007 we published a study investigating ways to address this difference – *Te e whai i ngā taumata atakura: supporting Māori achievement in bachelors degrees* found two factors can improve completion rates: increasing achievement at school; and improving support for first-year degree students. Study findings will help inform work in the schooling sector to lift students' readiness for tertiary study, and improve tertiary responses such as the way institutions use their Special Supplementary Grants.

Work during 2006/07 also included:

- incorporating Special Supplementary Grants for Māori, Pasifika people and disabled students into the new tertiary funding system. There will continue to be an equity loading for Māori and Pasifika people to support participation and achievement at higher tertiary education levels
- ongoing work to ensure student support (student loans, allowances, scholarships and limits on fees) contributes to reducing inequalities, through lowering the financial barriers to participation in tertiary education. This has included redesigning the Step Up Scholarship Scheme to increase access opportunities for students from low-income backgrounds from 2008.

Special education

Special education services support a number of the priority areas discussed above. Māori and Pasifika students are underserved relative to their need for special education, and there are particular barriers for students with behaviour needs and moderate levels of special education need.

The Enhanced Programme Funding and Supplementary Learning Support programmes are attempting to address some of these barriers. In 2007, evaluations of these programmes noted some successes but further work was needed particularly in the way they could assist specific population groups.

A range of work continued to improve outcomes for all children receiving special education services, including further development of service standards, teacher resources, professional development programmes and support for parents.

Work continued with particular groups:

- a Universal Newborn Hearing Screening Programme was developed (in partnership with the Ministry of Health) to be phased in over three years. Babies will be screened for significant hearing loss and referred to special education services.
- work to reduce disparities in achievement for children with Autism Spectrum Disorder continued. In 2006/07 a national network of early intervention development projects was established to explore a specific assessment and intervention framework
- a guide was developed for schools and ECE services engaging with students with health conditions including severe allergies, asthma, diabetes and epilepsy.

Māori

This section describes the overall situation for Māori students and our approach.

The 2006 Census showed overall progress since 2001. There was a sizeable drop in the proportion of Māori with no qualifications (from 44 percent to 39 percent), and the proportion of Māori with post-school qualifications increased substantially (from 21 percent to 34 percent). The improvement was most substantial for advanced (Level four) certificates where the proportion of Māori rose from four percent to ten percent between 2001 and 2006, and bachelors and postgraduate degrees where the proportion rose from five percent to nine percent.

Despite these gains more work is needed. Māori still have lower average qualification attainment than non-Māori. Data from the 2006 Census shows that 22 percent of the overall population had no qualification compared to 39 percent of Māori, and 47 percent of the overall population had a post-school qualification compared to 34 percent of Māori.

The task now is to expand on current gains for Māori through sustained action in key focus areas across the system. During 2006/07, work progressed on *Ka Hikitia – Managing for Success: The draft Māori Education Strategy 2008-2012*. It sets out strategic priorities, actions and targets to guide policy development and operational activities.

Pasifika

This section describes the overall situation for Pasifika students and our approach to addressing educational inequalities.

The 2006 Census showed that average educational achievement by Pasifika improved between 2001 and 2006. The proportion of Pasifika people with a post-school qualification increased from 17 percent to 26 percent, and the proportion with no qualifications decreased slightly from 36 percent to 34 percent. In particular, the proportion of Pasifika students holding a bachelors or postgraduate degree doubled from four percent to eight percent of the population.

However, Pasifika students have lower average qualification attainment than non-Pasifika students. Data from the 2006 Census shows that 22 percent of the overall population had no qualification in 2006, compared to 34 percent of Pasifika, and 47 percent of the overall population had a post-school qualification in 2006, compared to 26 percent of Pasifika.

The Pasifika Education Plan 2006-2010 provides strategic direction to a range of initiatives aimed at reducing these inequalities. It aims to increase achievement and participation by focusing on early literacy, successful school leavers and moving into higher levels of study in tertiary education.

The monitoring report for the first year of the Plan shows that almost all targets are on track to be met in 2010, including these key measures:

- participation in ECE participation is anticipated to improve from 85 percent in 2006 towards 95 percent by 2010
- the percentage of Pasifika students leaving school with at least NCEA Level 2 will slightly exceed the target of 51 percent
- while participation in degree-level education shows the greatest rate of increase (22 percent since 2001), this rate of increase will not quite meet the participation target. Other targets (retention in and completion of degrees) are on track to be achieved.



Part Two | *Our way of working*
Building a world-leading education system



Introduction – our way of working

Building a world-leading education system that meets the needs of 21st century students requires the ministry to provide leadership across the education sector, and to work effectively with government, families/whānau and communities, students and key stakeholders.

We need to be strongly focused on outcomes, responsive and flexible, and focused on building a reputation for high standards and for the high quality of our policies, services, analysis and relationships. We need to demonstrate a commitment to the Treaty of Waitangi and to respect public sector values.

We also need to be a 21st century organisation, and that means doing some things differently. We have started the process of change through our Organisational Development Programme (ODP). Underpinning the ODP is our commitment to achieving the Development Goals for the State Services. These include a focus on being an employer of choice, being excellent state servants and contributing to an accessible State Service.

The ODP was launched in 2005 with five workstreams: guiding our organisation and guiding our work; valuing our staff; communications; organisational learning; and leadership and governance. Over 2006/07, significant progress was made, particularly in guiding our work and aligning our focus and in our leadership and organisational structures.

Guiding our organisation, guiding our work

Throughout 2006/07 hundreds of staff participated in workshops and surveys and contributed online to discussions about our direction, ways of working and culture. As a result we now have a stronger focus on outcomes and a greater sense of urgency. We are focusing on three key areas:

- increasing presence, engagement and achievement in early childhood education and schooling, and increasing high quality and relevance in tertiary education
- integrating the key elements of personalising learning into both our work and that of our education sector partners in the delivery of education
- shifting expectations to ensure the education system values, respects and is successful for all.

These focus areas, along with our overarching outcome – a world-leading education system that equips all New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century – are now embedded into the ministry at all levels. They guide our communications, our actions, the behaviours we value and our human resources processes.

Valuing our staff

Significant work during 2006/07 included:

- reworking our performance management system and running ministry-wide training for managers and staff
- improving our induction processes for new staff and supporting staff appointed to new positions of responsibility
- a new relationship agreement between the ministry, the New Zealand Educational Institute and the Public Service Association, and ongoing work with sector unions on a range of issues.

Communications

Throughout 2006/07 we continued to improve our capability in internal and external communications.

Key actions included:

- strengthening internal links (including redeveloping internet resources and realigning ministry functions) to improve external coherence and accessibility for stakeholders
- reviewing our communications functions
- launching new products and services, including refreshing the ministry website (www.minedu.govt.nz), developing the media centre on the ministry website and producing the *State of Education in New Zealand 2006* report. The report is a new annual publication providing an overview of the education system based on education sector indicators.

Organisational learning

We continued to improve our capability to develop interconnected strategies, to plan effectively and to implement policy and change. Central to this capability is the quality of our evidence, evaluation and knowledge.

Work in this area has included:

- developing the Special Education Action Plan – *Better Outcomes for Children*, including a workstream on Outcomes, Evidence and Monitoring
- progress on the Evaluation Strategy. This is an ongoing piece of work to improve the quality of evaluation undertaken by the ministry, and to improve organisational capability to use evaluation in decision-making
- the education sector indicators programme, developed to help decision-makers assess the health of the education system, and develop strategies as appropriate. These are published on our Education Counts website www.educationcounts.edcentre.govt.nz
- release of a new Best Evidence Synthesis (BES) – *Effective Pedagogy in Pāngarau/Mathematics* in February 2007. The BES programme provides best practice information on what makes a difference to student outcomes in teaching and learning. It is used to inform education policy and practice. Three other reports were in progress during 2006/07: *Teacher Professional Learning and Development (Schooling)*; *Effective Pedagogy in Social Studies/Social Sciences/Tikanga-a-iwi*; and *Educational Leadership (Schooling)*.
- redevelopment of the ministry's output plan.

Leadership and governance

A key focus over 2006/07 was on strengthening our leadership and governance and ensuring we have the right structures in place to meet current and future needs.

Karen Sewell joined as Secretary of Education in November 2006, succeeding Howard Fancy, who had been with the ministry for 10 years. On 1 September 2006 we reorganised ourselves into six new groupings headed by new deputy secretaries. These positions replaced 11 group manager roles. Appointments were progressively made from September 2006 through to February 2007. The new leadership positions aim to: free up key roles in the ministry to act strategically across the organisation, across the education sector and across the public service; lead change to achieve our outcomes; make connections between different parts of the ministry; and implement organisational change processes to create new ways of working.

The new structure aims to: bring together activities and areas within the ministry that will be better integrated under a unified leadership; ensure greater accessibility to external stakeholders; increase the focus on critical outcomes; and support a more effective alignment of focus and leadership for cross-ministry processes.

Leadership team and ministry structure

as at 30 June 2007

Secretary for Education and Chief Executive

Karen Sewell

(appointed November 2006)

Early Childhood and Regional Education

Deputy Secretary: Rawiri Brell

(appointed September 2006)

Responsible for school operational policy and regulatory issues, school improvement, early childhood education (ECE) policy and operations, special education policy, the education interface with social policy (including Families – Young and Old), leadership and oversight of Pasifika Education, and implementation of the Te Mana and Team-Up family and parent information campaigns. We work to make it easier for parents, teachers, ECE centres and schools to improve the learning and achievement of all children.

Māori Education

Deputy Secretary Māori Education:

Apryll Parata

(appointed February 2007)

Provides strategic oversight and leadership across the education sector and through iwi partnerships to explore opportunities that improve educational outcomes for Māori. Māori Education has a leadership role in developing Māori education strategies and as a voice and support for the aspirations of Māori across the ministry.

People and Business Capability

Deputy Secretary: Kristine Kilkelly

(appointed November 2006)

Works to ensure critical capabilities and infrastructure are in place so we can make a bigger difference for more students. Provides in-depth analysis of the processes and capabilities required to work strategically and effectively across the ministry and with other education agencies. Responsible for human resources, finance, legal services, information systems, e-administration, tertiary information systems and sector liaison, and business solutions.



Internal Audit

Chief Internal Auditor: Jo McKeowen

(appointed March 1999)

Independent of the leadership team and reports directly to the Secretary for Education. Provides independent assurance on the adequacy of systems, procedures and controls in place in all parts of the ministry.

Schooling

Deputy Secretary: Anne Jackson

(appointed September 2006)

Works to raise presence, engagement and achievement for all students. We are focused on ensuring that students have the skills and competencies to succeed in the 21st century world, and that the system is geared towards the needs of students. To achieve our goals we work directly with the schools sector on curriculum, teaching and learning issues, support the development of a professional education sector workforce, and maintain the schooling infrastructure through Property and Resourcing.

Special Education

Deputy Secretary: Barbara Disley

(to July 2007), **Jean Smith** (acting)

Responsible for providing specialist education services, operational policy, enhancing professional practice, undertaking research and developing the special education workforce. Provides direct support annually to 30,000 children and young people aged up to 21 years with special education needs. Staff are based in 16 district offices, four regional offices and in the national office.

Strategy and System Performance

Deputy Secretary: Rob McIntosh

(appointed September 2006)

Aligns our work across the ministry and the education system to ensure our educational priorities fulfil government objectives and meet the needs of our stakeholders. Leads our work and advice on overall education priorities and performance, and system integration issues. Responsible for the ministry's role in tertiary education and Crown entity monitoring, international education including UNESCO, sector and corporate strategy functions, the ministry's communications function, the ministry's knowledge management functions (including data collection and analysis, research, the ministry's library and records function) and ministerial services.

Equal Employment Opportunities

Our two year Equal Employment Opportunities (EEO) Plan 2006/08 focuses on specific achievement areas – the New Zealand Disability Strategy, building capability of Māori staff, building capability of Pasifika staff and positive ageing.

NZ Disability Strategy

We are working towards the goal that, for staff who identify as disabled, any barriers are identified and removed, and that the ministry's capability and practice reflect the needs of staff and of our stakeholders. Two practical outputs over 2006/07 were to make sign language training available for staff and piloting a disability awareness training module. In addition, the ministry continues to respond positively to individual staff needs. The Disability Reference Group, set up as part of the planning process in 2005, is intended as an ongoing resource for implementation of the Strategy.

Building capability of Māori staff

Consultation began in 2007 on the draft *Realising Māori Potential Strategy*, (which is reviewing and implementing appropriate strategies to recruit, retain and develop Māori staff and building knowledge of kawa and tikanga for all staff). The Strategy aligns with *Ka Hikitia: Managing for Success: The draft Māori Education Strategy 2008-2012*. In addition to working to improve educational outcomes for Māori, Ka Hikitia focuses on increasing planning and policy capability within the ministry. Our statistics show a slight increase in Māori staff across the ministry from 11.5 percent in 2005/06 to 11.8 percent in 2006/07.

Building capability of Pasifika staff

The percentage of Pasifika staff at the ministry over the 2006/07 period has increased slightly to 2.9 percent from 2.8 percent in 2005/06. Work continues on actions contained within the *2006 Pasifika Education Plan* to help increase our ability to plan, develop policy and report on Pasifika Education goals. The Pasifika staff caucus continues to provide opportunities for Pasifika staff across the ministry to contribute to the development of Pasifika capability and understanding.

Positive Ageing

Positive Ageing is a focus area in our EEO Plan and we have worked towards the achievement of two goals. The first goal is to report to the Office for Senior Citizens on the participation of older people in the education sector as part of a strategy for lifelong learning. The second goal is to provide information and resources to ministry staff on lifestyle options for older people.

Pay and Employment Equity Review

In addition to the four focus areas, we are committed to carrying out a Pay and Employment Equity review with the advice and guidance of the Pay and Employment Equity Unit of the Department of Labour. The review process has been undertaken over the 2006/07 year with input from staff through a variety of mechanisms such as surveys and focus groups, and with the Public Service Association and the New Zealand Educational Institute as partners in the process. Results are expected to be released before the end of 2007.

Looking to the future

We will continue to focus on:

- raising awareness of our annual EEO plan throughout the ministry
- improving EEO reporting and monitoring to external agencies and stakeholders
- supporting disabled people's issues

- developing the capability of staff from ethnic minorities. Over the 2007/08 year we will be participating in a State Services Commission reference group developing a project to attract Māori and Pacific peoples into roles where they are currently under-represented. Its findings will inform future ministry activity.

As an EEO employer, we aim to look at broader government EEO issues to support and build the capability of staff. Emphasis will continue to be placed on a range of competencies and capabilities to ensure:

- effective relationships with stakeholders allowing their active involvement in discussion and decision-making
- a commitment to Māori and Pasifika education priorities and aspirations is embedded across all our activities
- developing EEO priorities as a whole-of-organisation response
- continual development to engage with and reflect the diverse needs of disabled staff
- developing policy and processes that support the Positive Ageing Strategy – lifelong learning and participation in the workplace
- an alignment and strengthening of our staff's expertise, attitudes and behaviours with our overarching outcome – a world-leading education system that equips all New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.

Our role

We provide leadership within the education sector and provide policy advice to government on all aspects of education from early childhood to tertiary, including employment-related education and training.

We monitor effectiveness, implement approved policies, administer education legislation and support effective use of resources devoted to education.

In consultation with the wider education sector, we are responsible for developing national guidelines for all aspects of education and for developing curriculum statements.

We are responsible for all education property owned by the Crown and allocate government funding. We provide services, conduct research, collect education statistics and administer the teachers' payroll.

A key part of our work is collaboration with other government agencies, particularly those in the social and education sectors, and with the business community and parents/whānau and their communities.

For more information go to www.minedu.govt.nz ■

About our staff

As at 30 June 2007:

- we had 3,348 employees (2,546.8 full-time equivalents)
- we are located in 57 sites around NZ
- the average ministry employee is female (80.9 percent), aged 44.5 years and NZ European (61.4 percent)
- a staff member is employed for an average of 6.7 years
- staff turnover was 13.8 percent compared to 14.9 percent in the previous year (turnover based on resignations only is 12.5 percent)

People working in business groups

Grouping	
CE Support	0.03%
Early Childhood and Regional Education	15.4%
Internal Audit	0.2%
Māori Education	0.7%
People and Business Capability	7.9%
Schooling	7.1%
Special Education	63.5%
Strategy and System Performance	5.2%
Total	100.0%

Senior managers profile (to 3rd tier)

Gender	Total
Female	54.2%
Male	45.8%
Total	100.0%

Ethnicity	Total
Māori	16.7%
NZ European	72.9%
Other European	4.2%
Pasifika	2.1%
Unknown	4.1%
Total	100.0%

Ethnicity of workforce

Ethnicity	
Asian	4.2%
Māori	11.8%
NZ European	61.4%
Other European	12.2%
Other	1.0%
Pasifika	2.9%
Unknown	6.5%
Total	100.0%



Part Three | *Our Performance*
Building a world-leading education system



Statement of responsibility

In terms of section 45c of the Public Finance Act 1989

The Ministry of Education's financial statements have been the responsibility of the Secretary for Education and have been prepared in accordance with generally accepted accounting practice as appropriate for financial and non-financial reporting in the public sector.

Appropriate systems of internal control have been employed to ensure that all transactions are executed in accordance with management's authorisation, that all transactions are correctly processed and accounted for in the financial records, and that the assets of the ministry are properly safeguarded. Internal control systems are documented, evaluated, and tested by the ministry's internal auditors on a continuing basis to provide ongoing assurance of the integrity and reliability of data and systems for financial reporting.

In our opinion, the financial statements fairly reflect the financial position as at the end of the financial year and the financial and service performance and cash flows for the financial year ended 30 June 2007 and we authorise issuance of these financial statements on 28 September 2007.

Karen Sewell

Secretary for Education
28 September 2007

Tina Cornelius

Chief Financial Officer
28 September 2007



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Introduction – financial performance

The Ministry of Education's Annual Report reports on the financial dimension of the ministry's performance through a series of financial statements. These statements cover both the operations of the ministry and the funds managed by the ministry on behalf of the Crown.

The first series of financial statements cover all monies and resources used by the ministry to deliver the outputs of goods and services purchased by the Minister of Education. Included in this series of financial statements are statements of the ministry's financial position, movements in taxpayers' equity, the ministry's financial performance and cash flows. These statements are followed by a financial commentary, supplementary information, and notes to the financial statements (which give more detailed information). A final statement in this series details the actual financial performance of the ministry against government financial performance measures.

The second series of financial statements encompass the ministry's statements of service performance and includes information on service objectives (performance dimensions), levels of service achieved (achievement dimensions) and financial information on the costs of the activities undertaken. This series of statements is grouped by the 12 classes of outputs the ministry produces. The statements of service performance also address the ministry's management of the non-departmental appropriations in Vote Education. The ministry's role is primarily the disbursement of funding to providers of education services, purchasing of services on behalf of the Crown, and monitoring those arrangements, and providing ownership advice in respect to public education sector entities.

A third series of financial statements and schedules covers the non-departmental funds managed by the ministry on behalf of the Crown. The financial statements and schedules include details of non-departmental assets and liabilities, expenditure and parliamentary appropriations, and revenue and receipts. The statements and schedules are preceded by a statement of accounting policies and are followed by supplementary information.

The financial and non-financial reports relating to the departmental accounts have been audited by Grant J. Taylor of Ernst & Young on behalf of the Auditor-General.

Allocation of Vote Education

In 2006/07 Parliament appropriated \$9,091 million for the purposes of Vote Education. This was allocated to the Ministry of Education for:

- Ministry of Education outputs purchased by the Minister (\$1,554 million). This is made up of:
 - \$1,140 million (12.54 percent) for property outputs produced including capital contribution and capital charge; and
 - \$414 million (4.55 percent) for other outputs produced including other expenses and capital charge
- payments made by the ministry on behalf of the Crown (\$7,537 million) to fund:
 - outputs supplied by other parties such as The Correspondence School, the Māori Women's Welfare League, bus service operators, New Zealand Council for Educational Research, New Zealand Qualifications Authority, Career Services rapuara and the Tertiary Education Commission
 - benefits such as scholarships, bursaries and study awards

- other expenses such as funding to schools (including teachers' salaries), tertiary education institutions, early childhood education services, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and other agencies for community education
- capital investment in other organisations or persons such as schools, wānanga and universities.

Vote Education financial summary

Vote Education appropriations	30/06/2007 Budget \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Actual \$000	Variance \$000
Departmental				
Ministry outputs	1,497,802	1,554,374	1,567,310	(12,936)
Non-departmental				
Crown outputs	705,276	712,568	700,271	12,297
Benefit expenses	89,083	84,387	72,521	11,866
Other expenses	6,587,441	6,605,773	6,575,567	30,206
Capital expenditure	89,477	133,478	101,519	31,959
Total	8,969,079	9,090,580	9,017,188	73,392

Expenditure variances against appropriations

Ministry outputs variance mainly owing to a combination of:

- increased depreciation costs related to higher than expected capitalisation of accumulated work in progress
- delays and lower than expected costs for other services.

Crown outputs variance mainly owing to:

- lower than expected demand for industry training programmes, in part because of positive employment market conditions
- delays and lower than expected costs for other services.

Benefits expenses variance mainly owing to:

- cessation of the Manaaki Tauira programme
- lower than expected uptake of some tertiary scholarships programmes
- fewer than expected teacher trainee scholarships payments.

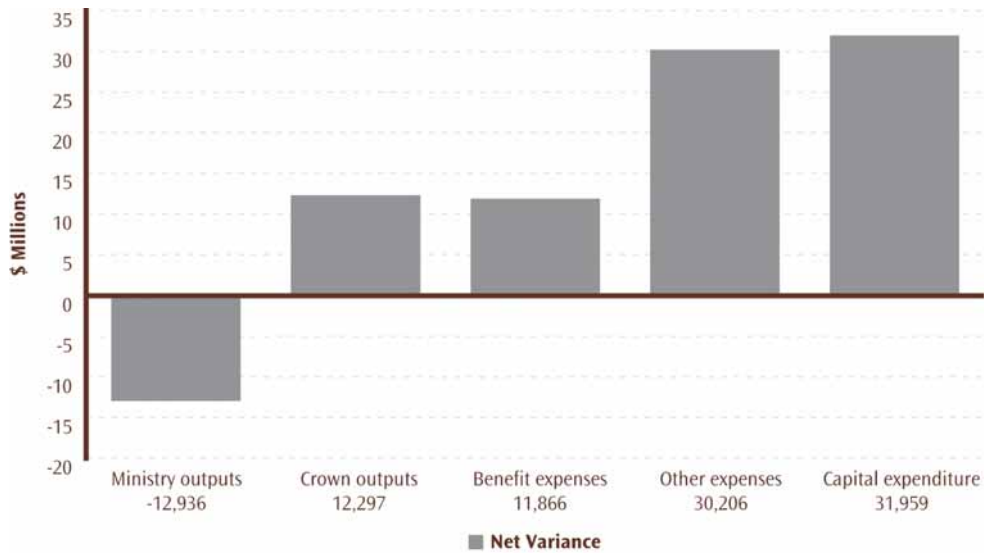
Other expenses variance mainly owing to:

- slower than expected expenditure for the quality reinvestment fund
- delays and lower than expected costs for other programmes, including projects/programmes to be completed in 2007/08
- higher than expected costs of teacher salaries.

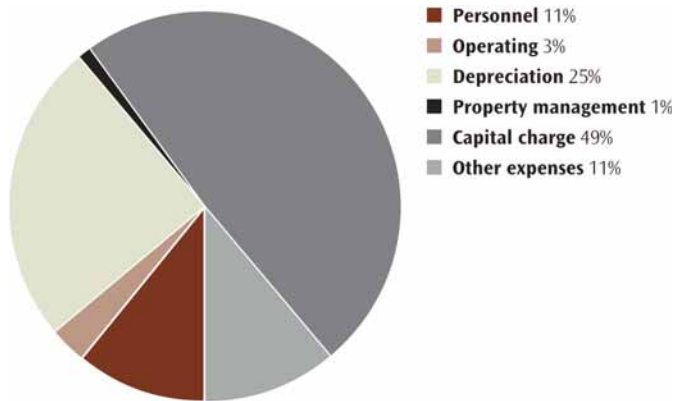
Capital expenditure variance mainly owing to:

- delays in expenditure for several tertiary institutions under the Partnerships for Excellence facility – expenditure is now expected to occur in subsequent financial years
- lower than expected demand for other programmes, which may lead to a transfer of funding to 2007/08 in some instances.

Expenditure variances against appropriations



Ministry expenditure analysis



Property, plant and equipment movement

The ministry's financial statements are heavily influenced by movements in property, plant and equipment. Summarised below are the movements as they relate to the current and previous financial year.

Property, plant and equipment movement	30/06/2007 Actual \$ million	30/06/2006 Actual \$ million
Opening balance	10,038	9,209
Additions	479	424
Disposals	(55)	(35)
Depreciation	(390)	(368)
Revaluations	(303)	808
Total property, plant and equipment	9,769	10,038

Statement of accounting policies

for the year ended 30 June 2007

The ministry is a government department as defined by section 2 of the Public Finance Act 1989. These financial statements have been prepared pursuant to section 43 of the Public Finance Act 1989. In addition, the ministry has reported on the Crown activities that it administers. The measurement base adopted is modified historical cost unless otherwise stated.

Accounting policies

Budget figures

The Budget figures are those presented in the Budget night estimates of appropriations, and the Supplementary estimates figures are the Budget night estimates of appropriations as amended by the Supplementary estimates and any transfer made under Order in Council under section 26A of the Public Finance Act 1989.

Financial instruments

The ministry is party to a variety of financial instrument arrangements as part of its everyday operations.

A financial instrument is any contract that gives rise to both a (recognised or unrecognised) financial asset of one entity and a (recognised or unrecognised) financial liability of another entity, or is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial instruments include accounts payable and receivable, cash, foreign currency forward contracts, and the school buildings risk management scheme. The ministry enters into foreign currency forward contracts to hedge currency transactions. Any exposure to gains or losses on those contracts is generally offset by a related gain or loss on the item being hedged. All financial instruments, except foreign currency forward contracts, have been recognised in the Statement of financial position and revenues and expenses in relation to these financial instruments are recognised in the Statement of financial performance.

Revenue

Revenue is derived through the provision of outputs to the Crown and for services to third parties. This revenue is recognised when earned and is reported in the financial period to which it relates.

Cost allocation

The ministry's output costs shown in these statements are derived from a cost allocation system, which is outlined below.

- *Cost allocation policy*
Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.
- *Criteria for direct and indirect costs*
Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified with a specific output in an economically feasible manner.
- *Direct costs assigned to outputs*
Direct costs are charged directly to outputs. This includes costs related to provision of school sector property resources and special education services. Personnel and other operating costs are assigned to outputs on the basis of pre-determined ratios established through analysis of the work of business units.

For 2006/07 direct costs amounted to 97 percent of expenditure (97 percent in 2005/06).

- *Basis for assigning indirect and corporate costs to outputs*
Indirect and corporate costs are assigned to business units based on the proportion of corporate services consumed. The measure the ministry has adopted for assessing the consumption of corporate services is the number of desks. Once allocated to business units, indirect and corporate costs are assigned to outputs on the basis of pre-determined ratios established through analysis of the work of business units.

Accounts receivable

Accounts receivable are stated at their expected net realisable value.

Cash

Cash consists of cash on hand and in bank accounts that form part of the day-to-day cash management of the ministry.

Accounts payable

Accounts payable are stated at cost.

Operating leases

The ministry leases office premises and office equipment, mainly photocopiers and facsimile machines. As the lessee retains substantially all the risks of ownership, these leases are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Property, plant and equipment

The initial cost of property, plant and equipment is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

School buildings are stated at fair value as determined by an internal valuation process. Fair value is determined using optimised depreciated replacement cost. Early childhood education (ECE) centre buildings (playcentres and kindergartens) are valued based on depreciated replacement cost. Valuations are conducted on an annual basis. An independent registered valuer has reviewed the valuation for school buildings and improvements.

School land, ECE land, house land and houses are recorded at market value as assessed by an independent registered valuer. Valuations are conducted on an annual basis. Additions between valuations are recorded at cost.

All other property, plant and equipment costing more than \$2,500 are capitalised and recorded at historical cost.

Depreciation

Depreciation, on other than freehold land and assets under construction, is provided on a straight line basis at rates that will write off the cost or valuation of the assets, less their estimated residual values, over their estimated useful lives.

Useful lives are:	Years
Permanent school building roof, services, fitouts, lifts and boilers	15 - 45 years
Relocatable classrooms	40 years
Ancillary buildings, covered ways, houses, kindergartens, playcentres, site improvements, swimming pools	30 - 50 years
Permanent school building fabric	75 years
Computer software	3 - 5 years
Motor vehicles	4 years
Plant and equipment	3 - 8 years

Properties intended for sale

Assets identified as surplus are recorded at the lower of carrying value at the date the asset is designated as surplus and net realisable value.

Provision for employee entitlements

The ministry's liability for annual leave and contributions to the Government Superannuation Fund and the State Sector Retirement Savings Scheme are recognised as they accrue to employees on an entitlement basis at current rates of pay.

The liabilities for long service leave and retiring leave are recognised on an actuarial basis based on the present value of expected future entitlements.

Statement of cash flows

Cash consists of cash on hand and in bank accounts that form part of the day-to-day cash management of the ministry.

The cash flows are classified into three activities:

- operating activities include cash received from all income sources of the ministry including the Crown, receipts for rental of school houses and the supply of goods and services
- investing activities include cash received for the sale, and the cash payments made for the purchase of school land and buildings and operational property, plant and equipment. It also includes major work undertaken that improves the value of assets from the value recorded in the Statement of financial position
- financing activities include capital contributions and repayment of capital, or the operating surplus from the prior year to the Crown.

Goods and services tax

The statements are GST exclusive except for accounts payable and accounts receivable in the Statement of financial position.

The amount of GST owing to the Inland Revenue Department at 30 June 2007, being the difference between Output GST and Input GST, is disclosed separately in the Statement of financial position.

Taxpayers' equity

Taxpayers' equity is the Crown's net investment in the ministry.

Taxation

The ministry is exempt from the payment of income tax in terms of the Income Tax Act 1994. Therefore, no charge for income tax has been provided.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at 30 June 2007 are disclosed as commitments to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

Contingent liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Changes in accounting policies

All accounting policies have been applied on bases consistent with previous years.

Change in significant estimates

The ministry has changed the basis for determining replacement costs assumed in the valuation of school buildings this year. 2007 Construction Rates developed by Maltby's (a consulting quantity surveyor) have been applied to the fabric, fitout, roof and services components on school classroom assets. In previous years the capital goods price index was applied to replacement cost estimates originally developed in 2003. The balance sheet impact of this change is a \$488 million decrease to the carrying value of assets and corresponding revaluation reserves.

Audit report

To the readers of the Ministry of Education's Annual Report for the year ended 30 June 2007.

The Auditor-General is the auditor of the Ministry of Education (the ministry). The Auditor-General has appointed me, Grant J. Taylor, using the staff and resources of Ernst & Young, to carry out the audit on his behalf. The audit covers the financial statements, statement of service performance and schedules of non-departmental activities included in the Annual Report of the ministry for the year ended 30 June 2007.

Unqualified Opinion

In our opinion:

- the financial statements of the ministry on pages 57 to 81:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Ministry's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- the statement of service performance of the ministry on pages 82 to 140:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The schedules of non-departmental activities on pages 141 to 149 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the ministry on behalf of the Crown for the year ended 30 June 2007.

The audit was completed on 28 September 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

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

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

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

Responsibilities of the Secretary for Education and the Auditor

The Secretary for Education is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the ministry as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the ministry on behalf of the Crown for the year ended 30 June 2007. The Secretary for Education's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

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

In addition to the audit we have carried out assignments in relation to facilitation of the output plan review, internal audit support, survey assistance and compensation calculation advice, which are compatible with the above independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the ministry.

GRANT J. TAYLOR

Ernst & Young

On behalf of the Auditor-General
Wellington, New Zealand

Financial statements

Statement of financial performance

for the year ended 30 June 2007

Description of statement

The Statement of financial performance details the income and expenditure relating to all outputs (goods and services) produced by the ministry. The supporting statements for each output class provide further detail as to the costs and revenues of each output expense.

	Notes	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue					
From the Crown		1,542,285	1,542,285	1,487,542	1,496,901
From other sources	2	12,844	12,089	10,260	12,656
Total revenue		1,555,129	1,554,374	1,497,802	1,509,557
Expenditure					
Personnel	3	177,644	177,007	168,426	164,619
Operating	4	52,067	53,171	43,953	43,660
Depreciation	5	389,777	371,279	372,294	368,141
Maintenance of school land and buildings		19,376	20,945	22,400	25,145
Capital charge	6	759,878	759,885	701,851	740,737
Other expenses	7	168,568	172,087	188,878	165,571
Total expenditure		1,567,310	1,554,374	1,497,802	1,507,873
Net surplus		(12,181)	-	-	1,684

The accompanying accounting policies on page 57 are an integral part of these financial statements.

Statement of movements in taxpayers' equity

for the year ended 30 June 2007

Description of statement

The Statement of movements in taxpayers' equity combines information about the net surplus with other aspects of the financial performance of the ministry to give a degree of measure of comprehensive income. This, together with the Statement of financial position, provides information for assessing the return on investment in the ministry.

	Notes	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Taxpayers' equity brought forward as at 1 July		10,115,671	10,115,671	9,313,816	9,244,048
Add net surplus/(deficit)	10	(12,181)	-	-	1,684
Increase/(decrease) in revaluation reserves	11	(326,367)	-	-	794,250
Add/(deduct) portion of revaluation reserve related to property, plant and equipment sold	11	23,107	-	-	13,389
Total recognised revenues and expenses for the year		(315,441)	-	-	809,323
Add capital contributions from the Crown		53,086	154,921	161,056	77,557
Deduct capital withdrawal		(10,392)	(5,123)	-	(13,573)
Deduct surplus repayable to the Crown	10	(122)	-	-	(1,684)
Total adjustments for flows to and from the Crown		42,572	149,798	161,056	62,300
Taxpayers' equity as at 30 June		9,842,802	10,265,469	9,474,872	10,115,671

The accompanying accounting policies on page 57 are an integral part of these financial statements.

Statement of financial position

as at 30 June 2007

Description of statement

The Statement of financial position reports the total resources and liabilities of the ministry. The difference between the resources and the liabilities is the taxpayers' equity.

	Notes	30/06/2007 Actual \$000	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Taxpayers' equity			9,842,802	10,265,469	9,474,872	10,115,671
Ministry equity	12	3,941,965		4,038,265	4,041,918	3,888,467
Revaluation reserves	11	5,900,837		6,227,204	5,432,954	6,227,204
which is represented by:						
Current assets			164,743	79,996	54,484	182,697
Cash and bank		31,583		32,720	8,208	29,788
Accounts receivable	13	50,206		8,611	8,611	26,333
Prepayments	14	34,542		38,665	37,665	45,149
Property intended for sale		48,412		-	-	81,427
Less						
Current liabilities			(86,215)	(85,159)	(83,457)	(100,362)
Goods and services tax		(9,334)		-	-	(9,618)
Accounts payable	15	(66,633)		(76,220)	(76,220)	(80,061)
Provision for employee entitlements	16	(10,126)		(8,939)	(7,237)	(8,999)
Net surplus payable to the Crown	10	(122)		-	-	(1,684)
Working capital			78,528	(5,163)	(28,973)	82,335
Plus						
Non-current assets	17		9,769,205	10,275,284	9,508,271	10,037,988
School land		3,408,530		3,205,439	2,918,387	3,133,345
School buildings		6,297,145		6,990,454	6,486,188	6,851,540
Ministry chattels		63,530		79,391	103,696	53,103
Less						
Non-current liabilities			(4,931)	(4,652)	(4,426)	(4,652)
Provision for employee entitlements	16	(4,931)		(4,652)	(4,426)	(4,652)
			9,842,802	10,265,469	9,474,872	10,115,671

The accompanying accounting policies on page 57 are an integral part of these financial statements.

Statement of cash flows

for the year ended 30 June 2007

Description of statement

The statement of cash flows summarises the cash movements out of the ministry during the year. It takes no account of monies owed to the ministry or owing by the ministry, and therefore differs from the Statement of financial performance.

	30/06/2007 Actual \$000	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Operating activities					
Cash was received from:					
The Crown	1,542,285		1,557,885	1,498,142	1,505,349
Other	9,003		14,211	10,260	12,523
		1,551,288	1,572,096	1,508,402	1,517,872
Cash was expended on:					
Production of outputs					
Personnel	(176,270)		(177,007)	(168,426)	(163,576)
Operating	(237,470)		(262,046)	(255,231)	(239,805)
Capital charge	(759,878)		(759,885)	(701,851)	(740,737)
GST	(3,207)		-	-	(351)
		(1,176,825)	(1,198,938)	(1,125,508)	(1,144,469)
Net cash flows from operating activities (Note 17)		374,463	373,158	382,894	373,403
Investing activities					
Cash was received from:					
Sales of assets	53,543		37,718	37,358	41,008
		53,543	37,718	37,358	41,008
Cash was expended on:					
School buildings	(415,604)		(515,677)	(554,613)	(431,458)
Property, plant and equipment	(31,618)		(40,381)	(29,953)	(26,985)
		(447,222)	(556,058)	(584,566)	(458,443)
Net cash flow from investing activities		(393,679)	(518,340)	(547,208)	(417,435)
Financing activities					
Cash was received from:					
The Crown:					
Capital contribution	33,086		154,921	161,056	77,557
		33,086	154,921	161,056	77,557

The accompanying accounting policies on page 57 are an integral part of these financial statements.

	30/06/2007 Actual \$000	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Continued					
Cash was expended on:					
Repayment to the Crown:					
Net surplus 30 June 2006	(1,684)		(1,684)	-	(11,003)
Capital withdrawal	(10,391)		(5,123)	-	(20,695)
		(12,075)	(6,807)	-	(31,698)
Net cash flows from financing activities		21,011	148,114	161,056	45,859
Total net increase/(decrease) in cash held		1,795	2,932	(3,258)	1,827
Bank and cash balances as at 1 July		29,788	29,788	11,466	27,961
Bank and cash balances as at 30 June		31,583	32,720	8,208	29,788

Financial commentary for 2006/07

The ministry spent \$1,567.3 million (GST exclusive) on delivering its outputs in 2006/07, \$69.5 million more than had been originally budgeted. This is because of changes made after the 2006/07 budget was finalised that could not have been accurately forecast, including revaluation of school property assets, changes to government policy or the timing of outputs.

Within the increased funding for the year, the significant movements in expenditure related to a combination of:

- increased operating costs for the school property portfolio (\$78.2 million) owing to a combination of increased capital charge and depreciation, particularly related to the revaluation of school property assets at the end of 2005/06; and delays in the transfer of core teacher housing to school boards of trustees
- implementation of policy changes made during the year (\$0.5 million), which mainly included new funding for Mission-On – part of the inter-agency Healthy, confident kids initiative; managing software licensing agreements for New Zealand schools; provision for ongoing work on schools' operational funding; and transferring the ownership monitoring and related functions for tertiary education institutions to the Tertiary Education Commission
- other funding adjustments during the year related to transfers between departmental and Crown appropriations and between Votes. These mainly included continuing the Atawhaingia te Pā Harakeke programme for the Ministry of Social Development (Child, Youth and Family Services); official development assistance services for Samoa and Tokelau from Vote Foreign Affairs and Trade; and professional development in literacy, numeracy and language from Crown appropriations
- transfers of funding from this year to 2007/08 or later (\$3.1 million), which mainly included provision for changes in the timing of outputs for development of e-asTTLe – Assessment Tools for Teaching and Learning; tackling disruptive behaviour; student management systems; and Reducing Challenging Behaviour initiative
- in addition, consideration will be given to further transfers of funding to the new financial year (\$0.7 million) as a result of additional delays in some programmes, notably for development of e-asTTLe
- reduced capital charge related to delays in capital projects other than for school sector property
- delays or lower than expected costs for other services.

The accompanying accounting policies on page 57 are an integral part of these financial statements.

Revenue for services in 2006/07 was \$1,555.1 million (GST exclusive) which was \$57.3 million more than forecast. This increase was mainly owing to:

- additional outputs purchased by the government as noted above (\$54.7 million)
- fees for contracts and services for third parties including other government departments and additional teacher housing rentals (\$2.6 million).

The operating deficit for 2006/07 was therefore \$12.2 million (no surplus or deficit had been originally expected). From this, \$0.1 million will be repaid to the Crown and the balance of \$12.3 million will reduce taxpayers funds.

At \$9,842.8 million, taxpayers' funds at 30 June 2007 were \$369.9 million (GST exclusive) more than projected on Budget night, mainly owing to a combination of:

- the impact of revaluations from 2005/06 (\$807.6 million)
- revaluation of school property assets by \$303.2 million – this comprises \$214 million for land and a reduction of \$517.3 million for buildings. This reflects mainly market movements particularly for land and revised construction costs for replacement
- the ongoing transfer of teacher housing to school boards over 2005/06 and 2006/07 (\$15.4 million)
- lower than expected investment in school property works programme in 2006/07 (\$86 million) and for ministry chattels (\$21.9 million) including schools' payroll development
- operating deficit from 2006/07 (\$12.3 million) as above.

The property, plant and equipment balance at 30 June 2007 was \$9,769.2 million, \$260.9 million more than expected on Budget night. This was largely owing to the revaluation of school land and buildings last year, partly offset by a reduced valuation this year and lower than expected expenditure on development of assets, mainly school property.

The cash balance for the ministry at 30 June 2007 was \$23.4 million more than forecast.

Changes in capital expenditure on property, plant and equipment and timing changes for the transfer of teacher houses to school boards of trustees are the major cause of movements in the cash inflows for financing and cash outflows for investing. These changes are more than offset by higher net operating cash inflows arising from higher than expected net accruals and provisions at the end of the year.

The ministry's working capital (current assets less current liabilities) at the end of 2006/07 was \$78.5 million, \$107.5 million more than originally forecast. This was mainly owing to a combination of:

- higher than expected payables, entitlements and provisions owed by the ministry on 30 June 2007 (\$2.6 million)
- an increase in the surplus to be repaid to the Crown (\$0.1 million)
- higher level of cash in bank, mainly owing to a higher than expected level of cash carried forward from the previous year (\$23.4 million)
- higher than expected level of receivables and prepayments (\$38.5 million) mainly owing to capital funding not drawn down from the Treasury
- inclusion of \$48.4 million of school sector property intended for disposal.

Supplementary information

Statement of commitments

The Statement of commitments records those expenditures to which the ministry is contractually committed and which will become liabilities if and when the terms of the contracts are met.

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Curriculum development projects:		
– Not later than one year	10,107	19,734
– Later than one year and not later than two years	1,910	-
– Later than two years and not later than five years	537	-
Capital works projects:		
– Not later than one year	99,158	103,962
– Later than one year and not later than two years	6,238	60,560
– Later than two years and not later than five years	14,732	20,577
– Later than five years	1,238	38
Other operating commitments	1,743	1,753
Research projects	23	418
Payroll contracts:		
– Not later than one year	11,161	11,255
– Later than one year and not later than two years	11,161	466
– Later than two years and not later than five years	-	96
Maintenance of schools – current year	6,271	3,677
Accommodation leases:		
– Not later than one year	13,787	9,511
– Later than one year and not later than two years	10,741	8,057
– Later than two years and not later than five years	22,117	11,968
– Later than five years	13,504	6,528
Operating leases:		
– Not later than one year	679	2,297
– Later than one year and not later than two years	116	198
– Later than two years and not later than five years	109	3
– Later than five years	8	-
Total commitments	225,340	261,098

Statement of contingent liabilities

The Statement of contingent liabilities discloses situations that exist at 30 June 2007, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after the date of approval of the financial statements.

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Boundary fence dispute	7	7
Personal grievances	-	40
Total contingent liabilities	7	47

It is uncertain when any payments arising from these contingent liabilities will be required.

Statement of unappropriated expenditure

In terms of section 26 of the Public Finance Act 1989, approval has been received from the Minister of Finance for unappropriated expenditure totalling \$22.384 million (there was \$5.951 million of unappropriated expenditure for the year ended 30 June 2006).

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Departmental output expenses		
Provision of school sector property The over-expenditure is mainly owing to higher than expected depreciation arising from recognition of school buildings related to previous financial years.	21,472	5,951
Provision of teacher and caretaker housing The over-expenditure is mainly owing to higher than expected depreciation arising from recognition of school buildings related to previous financial years.	89	-
Special education services The over-expenditure is owing to higher occupancy in the Ongoing and Reviewable Resourcing Schemes and faster growth in successful applications for the High Health Needs Fund than expected.	823	-
Total unappropriated expenditure	22,384	5,951

Notes to the financial statements

for the year ended 30 June 2007

- Note 1: Budget composition
 Note 2: Other revenue
 Note 3: Personnel expenditure
 Note 4: Operating expenditure
 Note 5: Depreciation
 Note 6: Capital charge
 Note 7: Other expenses
 Note 8: Assets written off
 Note 9: Loss on sale of property, plant and equipment
 Note 10: Net surplus payable to the Crown
 Note 11: Revaluation reserves
 Note 12: Ministry equity
 Note 13: Accounts receivable
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 Note 15: Accounts payable
 Note 16: Provision for employee entitlements
 Note 17: Non-current assets
 Note 18: Reconciliation of net surplus with cash flows from operating activities
 Note 19: Financial instruments
 Note 20: Related party disclosure
 Note 21: Transition to New Zealand equivalents to international financial reporting standards

Note 1 – Budget composition

	30/06/2007 Budget forecasts \$000	30/06/2007 Supplementary estimates increases/ (decreases) \$000	30/06/2007 Budget total \$000	30/06/2006 Budget total \$000
Revenue				
From the Crown	1,487,542	54,743	1,542,285	1,496,901
Other	10,260	1,829	12,089	12,417
Total revenue	1,497,802	56,572	1,554,374	1,509,318
Expenditure				
Personnel	168,426	8,581	177,007	167,249
Operating	43,953	9,218	53,171	45,064
Depreciation	372,294	(1,015)	371,279	365,251
Maintenance of school land and buildings	22,400	(1,455)	20,945	20,945
Capital charge	701,851	58,034	759,885	740,737
Other expenses	188,878	(16,791)	172,087	170,072
Total expenditure	1,497,802	56,572	1,554,374	1,509,318
Net operating surplus/(deficit)	-	-	-	-

Note 2 – Other revenue

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Payroll deduction fees	840	587	587	840
Sale of learning materials	57	53	92	373
Sale of other publications	-	30	30	48
Sundry rentals	243	156	156	35
School house rentals	4,387	3,500	3,500	4,816
Atawhaingia te Pā Harakeke	1,130	1,130	-	1,152
State sector retirement savings scheme	2,670	2,635	2,596	2,439
Official development assistance	583	699	-	-
Miscellaneous revenue	654	-	-	89
Special education	2,280	3,299	3,299	2,864
Total other revenue	12,844	12,089	10,260	12,656

Note 3 – Personnel expenditure

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Salaries and wages	168,466	170,173	161,975	157,104
ACC	720	636	636	612
Superannuation subsidies	3,476	3,204	3,161	3,252
Training	3,603	2,994	2,654	2,592
Increase in provision for annual leave	752	-	-	847
Increase in provision for long service leave	66	-	-	106
Increase in provision for retiring leave	561	-	-	106
Total personnel expenditure	177,644	177,007	168,426	164,619

Note 4 – Operating expenditure

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Travel	14,587	15,006	13,374	13,573
Communications	4,675	4,561	4,506	4,548
Operating lease rentals	16,254	16,392	10,651	10,834
Contracts	2,580	2,406	1,787	2,246
Equipment maintenance	709	855	576	648
Other operating costs	13,262	13,951	13,059	11,811
Total operating expenditure	52,067	53,171	43,953	43,660

Note 5 – Depreciation

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Fabric	55,460			50,538
Roof	25,029			20,058
Services	38,870			30,184
Fitout	145,887			151,678
Lifts	394			482
Boilers	3,832			4,030
Ancillary buildings	4,618			4,201
Covered ways	1,497			1,544
Houses	2,545			2,464
Kindergartens	767			710
Playcentres	207			226
Relocatable classrooms	28,735			26,782
Site improvements	56,255			52,457
Swimming pools	7,850			7,704
Plant and equipment	775			1,735
Computer software	8,298			6,334
Computer hardware	3,816			2,701
Furniture and fittings	3,565			3,088
Leased assets	-			15
Motor vehicles	1,377			1,210
Total depreciation	389,777	371,279	372,294	368,141

Note 6 – Capital charge

The ministry pays a capital charge on its average taxpayers' funds as at 30 June and 31 December each year.

The capital charge rate for the year ended 30 June 2007 was 7.5 percent (at 30 June 2006 the rate was 8.0 percent).

Note 7 – Other expenses

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Asset write-offs (Note 8)	2,524	-	-	2,639
Audit fees for audit of the financial statements	453	446	300	346
Fees for auditors for other than audit	338	-	-	252
(Profit)/loss on sale of property, plant and equipment (Note 9)	(84)	-	-	3
Contracts for services	84,462	88,775	92,184	79,424
Special education payments	69,806	66,456	63,904	66,712
Other	11,069	16,410	32,490	16,195
Total other expenses	168,568	172,087	188,878	165,571

Note 8 – Assets written off

The assets listed in the following table were written off either because they had been depreciated down to their residual value and were obsolete or because they were not fit for use.

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Software	2,524	2,639
Total assets written off	2,524	2,639

Note 9 – Loss on sale of property, plant and equipment

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Chattels	(84)	3
Total loss on sale of property, plant and equipment	(84)	3

Note 10 – Net surplus payable to the Crown

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Surplus from the Statement of financial performance	(12,181)	1,684
Operating deficit	12,303	-
Total for repayment to the Crown	122	1,684

Note 11 – Revaluation reserves

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Balance brought forward as at 1 July	6,227,204	6,227,204	5,432,954	5,432,954
Add land revaluations	214,009	-	-	308,308
Add building revaluations	(517,269)	-	-	499,331
Add/(deduct) revaluation surplus on disposal	(23,107)	-	-	(13,389)
Balance as at 30 June	5,900,837	6,227,204	5,432,954	6,227,204

Note 12 – Ministry equity

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Ministry equity brought forward as at 1 July	3,888,467	3,888,467	3,880,862	3,811,094
Add/(deduct) revaluation related to assets sold	23,107	-	-	13,389
Add surplus/(deficit) for year	(12,181)	-	-	1,684
Total recognised revenues and expenses for the year	10,926	-	-	15,073
Add capital contribution from the Crown	53,086	154,921	161,056	77,557
Deduct capital withdrawal	(10,392)	(5,123)	-	(13,573)
Deduct net operating surplus payable to the Crown	(122)	-	-	(1,684)
Total adjustments for flows to and from the Crown	42,572	149,798	161,056	62,300
Ministry equity as at 30 June	3,941,965	4,038,265	4,041,918	3,888,467

Note 13 – Accounts receivable

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Trade receivables	9,419	3,543
Crown debtor	35,600	15,600
Non-trade receivables	5,110	7,145
Employee advances	77	45
Total accounts receivable	50,206	26,333

Note 14 – Prepayments

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Prepayments	360	980
Property maintenance	-	4,227
Property capital	34,182	39,942
Total accounts receivable	34,542	45,149

Note 15 – Accounts payable

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Trade payables	12,492	8,924
Accrued expenses	48,759	63,800
Crown entities	5,382	7,337
Total accounts payable	66,633	80,061

Note 16 – Provision for employee entitlements

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Current liabilities		
Annual leave	9,057	8,305
Provision for State Sector Retirement Savings Scheme	74	47
Government Superannuation Fund: Employer subsidy	13	13
Long service leave	150	71
Retiring leave	832	563
Total current portion	10,126	8,999

The provision for annual leave represents the amount owing to employees as at 30 June 2007. The provision for Government Superannuation Fund: Employer Subsidy represents the amount owing to the fund on behalf of employees as at 30 June 2007.

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Non-current liabilities		
Long service leave	1,831	1,844
Retiring leave	3,100	2,808
Total non-current portion	4,931	4,652

The provision for long service and retiring leave is calculated on an actuarial basis as at 30 June 2007. This actuarial calculation recognises that the liability for these leave categories accrues as employees provide service to the ministry. The calculation for long service leave was done by the Ministry of Education. The calculation for retiring leave was determined by an independent actuary at 30 September 2006 where the main economic assumptions applied were a discount rate of 6.66 percent (6.69 percent in 2005/06) and a salary growth rate of 2.75 percent (2.75 percent in 2005/06).

Note 17 – Non-current assets

Valuation

The ministry is responsible for, and has ownership of, the institutional land and buildings of primary, intermediate, area and secondary schools on behalf of the government. The ministry does not own the land and buildings of integrated schools and therefore they are not included in the ministry's financial statements.

	30/06/2007 Valuation actual \$000	30/06/2007 Accumulated depreciation actual \$000	30/06/2007 Net carrying value actual \$000	30/06/2006 Net carrying value actual \$000
Land at valuation				
Houses	82,617	-	82,617	74,666
Playcentres	18,691	-	18,691	16,340
Kindergartens	40,572	-	40,572	34,348
Schools	3,266,650	-	3,266,650	3,007,991
Total land	3,408,530	-	3,408,530	3,133,345
Permanent school buildings at valuation				
Fabric	2,559,777	-	2,559,777	2,129,264
Roof	271,720	-	271,720	433,747
Services	589,961	-	589,961	964,280
Fitout	792,571	-	792,571	1,136,195
Lifts	15,187	-	15,187	6,822
Boilers	52,789	-	52,789	52,034
Total permanent buildings	4,282,005	-	4,282,005	4,722,342
Other buildings at valuation				
Ancillary buildings	53,222	-	53,222	50,190
Covered ways	27,303	-	27,303	26,086
Houses	92,908	-	92,908	87,604
Kindergartens	30,218	-	30,218	29,831
Playcentres	7,413	-	7,413	8,067
Relocatable classrooms	550,147	-	550,147	492,446
Site improvements	929,882	-	929,882	891,829
Swimming pools	128,349	-	128,349	127,656
Total other buildings	1,819,442	-	1,819,442	1,713,709
Work in progress	216,322	-	216,322	431,112
Ministry chattels at cost				
Computer software	37,626	24,653	12,973	12,723
Computer hardware	20,664	13,080	7,584	7,006
Furniture and fittings	27,210	12,039	15,171	7,981
Leased assets	2,392	2,392	-	-
Motor vehicles	10,698	3,903	6,795	6,748
Plant and equipment	3,877	3,494	383	3,022
Total ministry chattels	102,467	59,561	42,906	37,480
Total non-current assets	9,828,766	59,561	9,769,205	10,037,988

The annual revaluation of school land, ECE land and houses was conducted by QV Valuations, led by Kerry Stewart (FPINZ, FNZIV). The valuation had an effective date of 30 June 2007. School buildings and improvements are valued internally by experienced ministry staff, and the internal valuation is reviewed by QV Valuations, also led by Kerry Stewart.

In addition to the figures above there are surplus property, plant and equipment valued at \$48.4 million (\$81.4 million for the year ended 30 June 2006) net realisable value, which the ministry intends to dispose of.

All Crown property has to follow a specific disposal process that can result in delays in achieving a final sale. This does not have a material impact on the expected net proceeds received.

The ministry has adopted a two-tier approach to the risk management of its property, plant and equipment:

- the first tier concentrates on upgrading fire protection and security systems in order to minimise arson and vandalism losses
- the second tier is a policy of self-insurance up to a yearly limit of \$8.5 million to cover claims from catastrophic loss. Losses beyond the annual limit are covered by a catastrophe insurance policy placed with the international insurance market, which provides cover for 100% of the loss, up to \$325 million for any one event or \$370 million in one year for more than one event.

Note 18 – Reconciliation of net surplus with cash flows from operating activities

Description of reconciliation

The reconciliation discloses the non-cash adjustments included in determining the net surplus reported in the Statement of financial performance to arrive at the net cash flows from operating activities disclosed in the Statement of cash flows.

	30/06/2007 Actual \$000	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Reported net surplus/(deficit)		(12,181)	-	-	1,684
Add non-cash items:					
Assets written off	2,524		-	-	2,639
Depreciation	389,777		371,279	372,294	368,141
Increase in non-current employee entitlements	279		-	-	78
		392,580	371,279	372,294	370,858
Add/(less) movements in working capital items:					
(Increase)/decrease in accounts receivable	(3,841)		17,688	10,600	8,315
(Increase)/decrease in prepayments	4,846		-	-	(451)
Increase/(decrease) in accounts payable	(5,012)		(15,679)	-	9,433
Increase/(decrease) in current employee entitlements	1,095		(130)	-	965
		(2,912)	1,879	10,600	18,262
Add/(less) items classified as investing activities:					
Net (surplus)/loss on sale of property, plant and equipment	(84)		-	-	3
Increase in capital works prepayments	5,760		-	-	(14,871)
Increase in capital works accounts payable	(8,700)		-	-	(2,533)
		(3,024)	-	-	(17,401)
Net cash flows from operating activities		374,463	373,158	382,894	373,403

Note 19 – Financial instruments

Credit risk

Credit risk is the risk that a third party will default on its obligations to the ministry, causing the ministry to incur a loss. The ministry incurs credit risk from accounts receivable, bank balances and short-term investments with the New Zealand Debt Management Office.

Maximum credit risk exposure

	30/06/2007 Actual \$000	30/06/2006 Actual \$000
Cash and bank balances	31,583	29,788
Accounts receivable and prepayments	84,748	71,482
Total maximum credit risk exposure	116,331	101,270

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above accounts.

Significant concentrations of credit risk

The ministry does not require any collateral or security to support financial instruments with the financial institutions it deals with, and is not exposed to any other concentrations of credit risk.

Currency risk and interest rate risk

The ministry enters into foreign currency forward contracts as required to hedge foreign currency transactions. There are no outstanding forward foreign exchange contracts at year end. The ministry has no significant exposure to interest rate risk on its financial instruments.

Fair value

The fair value of all financial instruments is equivalent to the carrying value disclosed in the Statement of financial position.

Note 20 – Related party disclosure

As the ministry is a wholly owned entity of the Crown, the government significantly influences the roles of the ministry, as well as being its major source of revenue.

The ministry enters into numerous transactions with other government departments, Crown entities and State-owned enterprises at an arm's length basis. Where those parties are acting in the course of their normal dealings with the ministry, related party disclosures have not been made for transactions of this nature.

Apart from those transactions described above, the ministry has not entered into any related party transaction.

Note 21 – Transition to New Zealand equivalents to international financial reporting standards

The Crown will first adopt New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) for its financial year ending 30 June 2008.

Management has assessed those standards likely to impact the ministry's financial performance, financial position and disclosures. The implementation guidance and Crown accounting policies issued by the Treasury have also been considered.

The impact of NZ IFRS will be confined to a few specific areas, as follows (with an estimate of the impact of NZ IFRS based on 2006/07 figures):

- recording long term receivables and advances upon initial recognition at fair value. The current accounting policy is to record receivables and advances at amounts expected to be collected in cash – estimated balance sheet impact \$2.5 million, mainly for loans to tertiary education institutions. Suspensory loans to the tertiary sector have been assessed as fully impaired and are recorded as equity injections (\$33.7 million)
- employee benefits, including assessing the requirement for recording a provision for sick leave – estimated income statement impact \$10.7 million for teacher sick leave. The sick leave liability for the Ministry of Education has been estimated to be immaterial. Other leave liabilities are already included in the ministry financial statements on an actuarial basis consistent with NZ IFRS requirements
- actuarially assessing the ministry's liability under insurance cover provided to school boards of trustees including provision for claims not yet received – estimated balance sheet impact is \$0.9 million
- actuarially assessing the ministry's liability under a policy of self insurance as part of the risk management of its school property assets including provision for claims not yet received – estimated balance sheet impact is \$6.3 million
- stricter criteria for recognising property, plant and equipment as held for sale – this is already recorded in the ministry financial statements at a value consistent with NZ IFRS (\$48.4 million)
- reclassification of software from property, plant and equipment to intangible assets (book value of software and associated work in progress at 30 June 2007 is \$20.9 million).

The disclosures made in this note are based on management's knowledge of the expected NZ IFRS requirements and applied to the current facts and circumstances of the ministry. The actual impact of adopting NZ IFRS may vary from the information in this note and this variation may be material.

Financial performance

for the year ended 30 June 2007

Description of statement

This statement details the actual performance of the ministry against performance measures established in the Estimates and Supplementary estimates of expenditure.

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Efficiency and effectiveness of production				
Revenue – other	12,844	12,089	10,260	12,656
Output expenses	1,567,310	1,554,374	1,497,802	1,507,873
Operating surplus before capital charge	747,697	759,885	701,851	742,421
Working capital management				
Working capital	78,541	(5,163)	(28,973)	82,335
Current ratio	1.91:1	0.94:1	0.55:1	1.82:1
Trade receivables collection period	60 days	53 days	53 days	59 days
Trade payables payment period	34 days	28 days	28 days	37 days
Resource utilisation				
Non-current asset additions as a percentage of non-current assets	4.66%	5.5%	6.1%	4.29%
Total non-current assets at 30 June	9,769,205	10,275,284	9,508,271	10,037,988
Taxpayers' funds as at 30 June	9,842,802	10,265,469	9,474,872	10,115,671
Other – cash flows				
Surplus from operating activities	374,463	373,158	382,894	373,403
(Deficit) from investing activities	(393,679)	(518,340)	(547,208)	(417,435)
Surplus/(deficit) from financing activities	21,011	148,114	161,056	45,859
Net increase/(decrease) in cash held	1,795	2,932	(3,258)	1,827
Other – staff				
Permanent staff turnover	13.80%	14.00%	14.00%	14.90%
Total number of full-time equivalent staff	2,547	2,550	2,550	2,463

Statements of service performance

Summary of output expenses

To contribute to the outcomes sought by the government, the ministry agreed to produce 12 classes of outputs for Vote Education during the 2006/07 year to standards specified in accordance with management performance obligations and the financial performance targets agreed with the Minister of Education.

The Statements of service performance outline for each output expense:

- the objectives established at the beginning of the year, which contribute towards the outcomes sought by government, and measures of the levels of service achieved for each output produced. These are published in the Ministry of Education's *Statement of Intent 2006-2011*
- the actual performance measured against the objectives
- the operating costs and revenues for each output expense produced.

In this way the operational and financial performance of the ministry can be reviewed together and a better understanding of the relationship between effort and accomplishment can be obtained.

Statement of expenditure and appropriations

for Vote Education for the year ended 30 June 2007

Output expenses	30/06/2007 Expenditure \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Supplementary estimates \$000
Minister of Education				
Administration of education regulations	13,001	13,987	13,576	13,288
Administration of education sector resourcing	81,046	84,929	85,556	77,857
Ministerial services	3,490	3,523	3,339	3,659
Ownership advice on public education sector entities	16,511	16,881	17,303	20,063
Policy advice	30,614	32,292	31,128	39,991
Provision of information	51,283	51,929	53,023	56,821
Provision of school sector property	1,142,901	1,121,429	1,068,120	1,102,244
Provision of teacher and caretaker housing	18,946	18,857	15,540	17,102
Purchasing of services on behalf of the Crown	11,372	12,105	11,593	12,093
Special education services	175,970	175,147	172,981	166,200
Minister for Tertiary Education				
Tertiary and international policy and ownership advice	12,822	13,320	16,634	-
Tertiary information services	9,354	9,975	9,009	-
Total appropriation for Vote Education	1,567,310	1,554,374	1,497,802	1,509,318
Capital injection to the Ministry of Education	53,086	154,921	161,056	78,288

Changes to departmental appropriations in 2006/07

Expenditure on outputs delivered by the Ministry of Education increased by \$56.6 million (GST exclusive) during 2006/07. The major reasons for the increase were:

Cabinet and other decisions

Cabinet and other decisions resulted in a \$0.5 million decrease to appropriations. The major initiatives agreed by the government during 2006/07 were:

- new funding for Mission-On, part of the inter-agency Healthy, confident kids initiative (\$1.3 million)
- managing software licensing agreements for New Zealand schools (\$0.3 million)
- provision for ongoing work on schools' operational funding (\$0.2 million)
- transferring the ownership monitoring and related functions for tertiary education institutions to the Tertiary Education Commission (\$2.2 million).

Expense transfers

Transfers from 2006/07 to subsequent financial years (partly offset by transfers from 2005/06 to 2006/07) totalled \$3.1 million. The major transfers reflected changes in timing for the following outputs:

- development of e-asTTLe – Assessment Tools for Teaching and Learning (\$0.9 million)
- tackling disruptive behaviour (\$0.5 million)
- student management systems (\$0.4 million)
- Reducing Challenging Behaviour initiative (\$0.3 million).

Other less significant expense transfers during 2006/07 included schools capability training, international education, the Secondary Futures project, tertiary e-learning, schools network upgrade, early childhood special education and education diplomacy.

Other output adjustments

Other adjustments to ministry outputs resulted in increased expenditure of \$60.2 million and included:

- increased capital charge in Provision for school sector property and Provision for teacher and caretaker housing outputs (\$57 million and \$3.6 million respectively) as a result of the revaluation of school property at the end of 2005/06
- other capital charge adjustments across several outputs, mainly owing to a combination of the final results from 2005/06, timing changes for some projects including capital transfers to subsequent financial years, and timing of transfers of teacher houses to school boards of trustees (\$2.5 million)
- transfers to Vote Education from other Votes, including:
 - continuing the Atawhaingia te Pā Harakeke programme (\$1.1 million) – from Vote Child, Youth and Family Services
 - provision for overseas development assistance services for Samoa and Tokelau (\$0.7 million) – from Vote Foreign Affairs and Trade
- provision for professional development in literacy, numeracy and language (\$0.3 million) – transferred from Crown appropriations

- general price adjustments across output classes to reflect a combination of:
 - costs of organisational development plan and other capability issues in the ministry, including expenditures on reorganisation including some physical relocations, recruitment and implementation of new performance management systems
 - provision for increased costs of the Ongoing and Reviewable Resourcing Schemes
 - reprioritisations to move resources to offset increased costs or additional work
 - the impact of the numerous baseline adjustments and internal allocations during the year that changed the mix of costs in outputs and affected the way overheads were allocated.

Capital expenditure

All figures \$000	Budget night	Supplementary estimates	Final appropriation
School property	132,247	-	132,247
Other programmes	28,809	(6,135)	22,674
Total capital	161,056	(6,135)	154,921

Capital injections to be received by the ministry during 2006/07 decreased by \$6.1 million, mainly owing to a combination of delays to:

- Schools' Integrated Data project (\$1 million)
- Early Childhood Education (ECE) future-focused resourcing system (\$4.4 million), as priority was given to developments for Free ECE
- Schools' payroll development (\$0.7 million).



Changes to departmental output expense appropriations

	Education regulations	Education resourcing	Ministerial services	Ownership advice	Policy advice	
Budget night appropriations	13,576	85,556	3,339	17,303	31,128	
Cabinet and ministerial decisions						
Mission-On	-	-	-	-	-	
Software licensing agreements for New Zealand schools	-	-	-	-	-	
Schools' operational funding package	-	-	-	-	233	
Ministry of Education service managers' collective agreement settlement – appropriation	-	-	-	-	-	
Relocating the ownership monitoring and related functions for tertiary education institutions	-	-	-	-	-	
International education: a new agenda and new activities	-	-	-	-	-	
	-	-	-	-	233	
Transfers between financial years						
Schools capability training	-	150				
Future focused ECE funding	-	100	-	-	-	
Development of e-asTTle	-	-	-	-	-	
Tackling disruptive behaviour	-	-	-	-	-	
Student management systems	-	-	-	-	-	
International education	-	-	-	-	-	
Reducing Challenging Behaviour initiative	-	-	-	-	-	
Early childhood special education	-	-	-	-	-	
Schools network upgrade stage two	-	-	-	-	-	
Secondary futures	-	-	-	-	(160)	
Tertiary e-learning	-	-	-	-	-	
Education diplomacy	-	-	-	-	-	
	-	250	-	-	(160)	
Other output adjustments						
Capital charge – June 2006 revaluation	-	-	-	-	-	
Atawhaingia te Pā Harakeke – from Vote Child, Youth and Family Services	-	1,130	-	-	-	
Professional development in literacy, numeracy and language – from Crown appropriations	-	-	-	-	-	
Official Development Assistance: services for Samoa and Tokelau – from Vote Foreign Affairs and Trade	-	546	-	-	-	
General output price adjustments	525	(1,990)	184	(422)	1,091	
Other capital charge adjustments	(114)	(563)	-	-	-	
Children's Day – to Vote Social Development	-	-	-	-	-	
	411	(877)	184	(422)	1,091	
Supplementary estimates appropriations	13,987	84,929	3,523	16,881	32,292	

	Provision of information	School sector property	Teacher & caretaker housing	Purchasing of services	Special education services	Tertiary & international advice	Tertiary information services	Total
	53,023	1,068,120	15,540	11,593	172,981	16,634	9,009	1,497,802
	1,275	-	-	-	-	-	-	1,275
	-	-	-	296	-	-	-	296
	-	-	-	-	-	-	-	233
	-	-	-	-	154	-	-	154
	-	-	-	-	-	(2,249)	-	(2,249)
	-	-	-	-	-	(200)	-	(200)
	1,275	-	-	296	154	(2,449)	-	(491)
	-	-	-	-	-	-	-	150
	-	-	-	-	-	-	-	100
	(949)	-	-	-	-	-	-	(949)
	-	-	-	-	(506)	-	-	(506)
	(440)	-	-	-	-	-	-	(440)
	-	-	-	-	-	(330)	-	(330)
	-	-	-	-	(283)	-	-	(283)
	-	-	-	-	(233)	-	-	(233)
	-	(200)	-	-	-	-	-	(200)
	-	-	-	-	-	-	-	(160)
	(150)	-	-	-	-	-	-	(150)
	-	-	-	-	-	(100)	-	(100)
	(1,539)	(200)	-	-	(1,022)	(430)	-	(3,101)
	-	56,972	3,601	-	-	-	-	60,573
	-	-	-	-	-	-	-	1,130
	-	-	-	-	-	-	320	320
	109	-	-	-	44	-	-	699
	(854)	(2,237)	286	216	2,990	(435)	646	-
	(65)	(1,226)	(570)	-	-	-	-	(2,538)
	(20)	-	-	-	-	-	-	(20)
	(830)	53,509	3,317	216	3,034	(435)	966	60,164
	51,929	1,121,429	18,857	12,105	175,147	13,320	9,975	1,554,374

Vote Education output expense statements of service performance

Note: Output expenses are reported against the Ministry of Education's *Statement of Intent 2006-2011*.

Output expense: Administration of education regulations

This output expense involves the administration of the range of legislative and regulatory controls in the education system that focus on protecting the rights of students and parents and other caregivers, and that are not administered by the Ministry of Education in the course of delivering other services.

The provision of this output expense involves exercising judgements over whether early childhood education (ECE) services, private schools and home-based education providers are able to begin operating in the first instance and are able to continue to operate. The administration of education regulations has an emphasis on licensing and revoking the licences of ECE services, and registering, de-registering and integrating private schools, and includes the approval of attendance dues charged by integrated schools.

The output expense includes actions to resolve situations of non-compliance by these private education service providers with their obligations under the regulatory framework for education. Compliance concerns may arise through third-party public reports on the performance of the providers, such as those prepared by the Education Review Office (ERO), formal notifications of non-compliance and complaints by consumers.

This output expense involves processing applications for variations provided for in legislation and regulations. These applications relate to exemptions for students who are of compulsory school age and who apply to be exempted from attendance at a registered school, enrolment schemes, variations to school terms and holidays and variations to integration agreements.

This output expense also includes a range of actions relating to ensuring that children and young people (aged 6 to 16 years) receive their right to education by being enrolled in a registered school. These actions include exercising direction orders for suspended students, confirming the non-enrolled status of children and young people, assisting parents and other caregivers to re-enrol these children and young people or apply for an exemption from enrolment, and hearing appeals by consumers against the impact of enrolment schemes. The actions also include linking young people to appropriate alternative education options. This output expense may include initiating actions to enforce enrolment obligations through prosecution of parents.

Performance dimensions/Achievement dimensions – quality, quantity

Entry and exit decisions

All entry and exit decisions, approvals or recommendations to the Minister of Education, will be consistent with relevant regulatory provisions and current good practice, based on recorded evidence and as set out in documented guidelines, namely desk files on *Early childhood education (ECE) licensing and chartering; Home schooling; Integration (June 2005); Educational Development Initiative (EDI) 2001; School closures and mergers; and Establishment of private schools*.

All school and ECE centre entry and exit decisions were consistent with the relevant regulatory provisions and current good practice.

Entry and exit decisions will be made as follows:

- ECE licensing – an estimated 50 - 150 charters approved
- cancellation of ECE centre licences for non-compliance – an estimated 50 - 150
- reclassification of ECE centre licence to provisional – an estimated 100 - 200
- reclassification of ECE centre provisional licence to full licence – an estimated 100 - 200
- suspension of ECE centre licences for non-compliance – up to 20
- integration of private schools – up to three
- approval of attendance dues – an estimated four to six.

Entry and exit decisions were made as follows:

- 213 ECE centres were chartered. Applications have been greater than expected
- 21 ECE centre licences were cancelled for non-compliance. These services are notified that the cancellation of their licence will take effect the day after the date of its notification in the *New Zealand Gazette*
- 60 ECE centre licences were reclassified to provisional. The lower than expected number of reclassifications is due to more services than expected meeting the 'person responsible' qualification requirements
- 48 ECE centre provisional licences were reclassified to full. This number is lower than expected as there were fewer provisional licences to reclassify as noted above
- six ECE centre licences were suspended for non-compliance
- no private schools were approved for integration
- three integrated schools had attendance dues approved.

Monitoring and taking action to assure education provider compliance

Appropriate administrative action, either directly with the education provider or as advice to the Minister, will be taken to protect the interests of students in all instances in which systematic risk-based performance monitoring identifies matters of material concern, in terms of student safety and the quality of educational opportunities provided.

Appropriate administrative action was taken to protect the interests of students in all instances where matters of material concern were identified.

All administrative actions taken will be consistent with ministry guidelines – namely desk files on *ECE licensing and chartering*.

All administrative actions taken were consistent with ministry guidelines.

The ministry will maintain a capability sufficient to enable it to manage and resolve 800 – 1,000 ECE centre non-compliance investigations.

The ministry maintained a regional network to administer, monitor and follow up issues of non-compliance in the ECE sector.

There have been 447 investigations completed during the year with a further 119 investigations under action.

The ministry initiated non-compliance investigations as identified by interested parties such as local offices, Education Review Office (ERO), parents and Police.

Actions to ensure children and young people receive their right to education

All protection actions taken will be consistent with legislative requirements and ministry guidelines for interventions, namely desk files: *Non-enrolled truancy service contract*; *Alternative education contracts*; *Home schooling (1995)*; *Enrolment schemes*; and *Guidelines for stand-downs, suspensions, exclusion and expulsion*.

All protection actions taken were consistent with legislative requirements and ministry guidelines.

The ministry will maintain a capability sufficient to enable it to:

- arrange agreements and provide professional support to schools making Alternative Education programme places available, in order to ensure that the programme is understood and integrated with other programmes in schools.

The ministry maintained a capability sufficient to arrange agreements and provide professional support to schools placing students in the Alternative Education programme to ensure the programme is understood and integrated with other programmes.

- maintain a capability sufficient to provide professional support to schools with high Māori suspension rates and to assist them in achieving the targets set for the non-departmental output expense – Curriculum Support programme entitled: *Reduce suspensions of Māori students for schools with high Māori suspension rates*.

The ministry maintained a capability sufficient to enable it to provide professional support to schools with high Māori suspension rates and to assist them in achieving targets set by the Reduce suspensions of Māori students for schools with high Māori suspension rates programme.

Type of protection action	Annual target	Actual cases
Track students notified as non-enrolled:		
• notification	4,500 – 5,000	6,780
• cases resolved	4,500 – 5,000	4,203

Amendments, exemptions and variations

All amendment, exemption and variation decisions, and recommendations to the Minister of Education, will be consistent with the legislative requirements and current good practice, as set out in ministry guidelines namely, desk files: the *Enrolment scheme*; *Exemption from attendance*; *Charters and integration*; and based on recorded evidence.

All amendment, exemption and variation decisions, and recommendations to the Minister were consistent with legislative requirements and current good practice.

The numbers of variation decisions, or recommendations to the Minister of Education, are as follows:

- applications for home-schooling exemptions or relocations – an estimated 1,250 - 1,350
- ECE charter amendments – an estimated 50 - 150
- new enrolment schemes (state schools) – an estimated 50 - 70
- exemptions for early leaving – an estimated 3,000 - 4,000
- supplementary integration agreements – an estimated 50 - 100.

The numbers of variation decisions, or recommendations to the Minister were:

- exemptions or relocations for home-schooling approved – 1,325
- amendments to ECE charters approved – 146
- new enrolment schemes (state schools) approved – 76

- exemptions for early leaving – 4,104
- supplementary integration agreements – 34.

This output includes the Student Enrolment and Data Exchange (SEDEX) projects. These projects focus on reducing schools' administration time and costs, and allowing quality data sharing between schools, the ministry and all education sector agencies.

Currently SEDEX projects are focusing on infrastructure and information management – developing key infrastructure to assist data storage and exchange between the education sector and central agencies.

The focus for the SEDEX work programme in 2006/07 is:

- to evaluate, select and pilot technology by June 2007 within the Education Sector Architecture Framework (ESAF) which will provide the ministry and the education sector with an ability to integrate information across multiple applications and databases in a consistent and repeatable way
- to implement ENROL, a web based application which replaces manual enrolment returns to the ministry, to all secondary and intermediate schools by December 2006 and finalise planning by June 2007 for rolling out to primary schools in July 2007
- to finalise planning for issuing National Student Numbers to all school students and to develop the software for integration of this system with the web based ENROL system by June 2007
- initial implementation within the ministry of new technology for managing information and data for schools by December 2006 and Business Data Stores for Learners and Providers by June 2007.

The evaluation, selection and piloting of technologies within ESAF is underway for:

- Education Sector Authentication and Authorisation (ESAA), which will provide the ministry and the education sector with a centralised authentication and authorisation system for applications across the education sector, has successfully rolled out authentication services to seven education sector applications
- Education Sector Integration Services, which will provide the ministry and the education sector with a common platform for data exchange, providing a service to support all sector participants and avoiding the need to develop point-to-point solutions, software has been selected and negotiations with vendors have been completed.

ENROL was successfully rolled out to all secondary, intermediate and restricted composite schools during 2006. The rollout to the remaining schools is planned over the period from July 2007 to February 2008 and the first four preparatory stages for this expansion were successfully completed by June 2007.

Issuing National Student Numbers to all school students and integrating this with ENROL has been delayed to run in parallel with the launch of the next version of ENROL. Both projects are expected to be completed in November 2008.

The new technology for managing information and data is being used to process school roll returns, build and

maintain a Provider Register, Learner Data Store and Schools' Data Marts. The technology is also being piloted in several other areas and development work is being done for subsequent stages.

Cost of output expense: Administration of education regulations

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue:				
From the Crown	13,814	13,814	13,403	13,127
Other	117	173	173	168
Total revenue	13,931	13,987	13,576	13,295
Expenditure:				
Personnel	9,262			8,977
Operating	2,209			1,940
Depreciation	545			366
Capital charge	108			79
Other expenses	877			837
Total expenditure	13,001	13,987	13,576	12,199
Surplus/(deficit)	930	-	-	1,096

The change from 2005/06 to the 2006/07 budget mainly related to implementation of the Student Enrolment and Data Exchange programme.

The change at Supplementary estimates was mainly owing to reallocation of costs between output appropriations.

Under-expenditure is owing to lower than expected costs for the Student Enrolment and Data Exchange project and monitoring compliance with the Code of Practice for the Pastoral Care of International Students.

Output expense: Administration of education sector resourcing

This output expense involves the provision of services to administer the distribution of resources to participants in the early childhood education (ECE) and schools sectors, consumers (students, parents and other caregivers), providers, and employees of state and integrated schools. The resources administered through the output expense are appropriated as Other expenses to be incurred by the Crown, and Benefits and other unrequited expenses.

This output involves determining the level of resources payable in particular circumstances, delivery of those resources through a range of mechanisms and monitoring ongoing eligibility for the resources. The resourcing for education service consumers and providers includes universal and targeted resourcing entitlements, tuition subsidies, staffing entitlements, provision for specific programmes and other entitlements determined by the characteristics of individual students. The resources also include payments to students, parents and other caregivers to support access to education, such as through boarding allowances and scholarships. Payments of non-salary allowances and reimbursements to employees/teachers are made under the terms of individual and collective employment agreements, and in the form of study awards.

The output expense also provides a support service to principals and support staff in schools to ensure that schools have the capability to work with electronic administration systems. The support includes training in the skills required to use web-based applications and an integrated contact centre for the support of e-administration.

For the ECE sector, this output includes facilitators working with targeted communities and providing resources to improve access to responsive, quality ECE services through the establishment of new services and support for existing services.

In addition, this output includes the provision of an education payroll service and administration of a risk management scheme for school contents for state and integrated schools, and provision of industrial relations services for the schools sector and kindergartens.

Performance dimensions/Achievement dimensions – quality, quantity and timeliness

Output 1: Resourcing of education service providers

All resourcing payments (entitlements, subsidies, discretionary payments, programmes for identified individual students, and specific programmes and initiatives) based on returns and other information provided by education service providers and relevant government resourcing policies and guidelines, will be determined, calculated and delivered, with no less than 98 percent accuracy, in respect of:

- the amounts of the payments
- the schedules advised to public education service providers, or the agreements agreed with those providers
- the timeframes notified to payees
- funding delivered to the correct provider
- the number of returns and other information.

All resourcing payments (entitlements, subsidies, discretionary payments, programmes for identified individual students, and specific programmes and initiatives) complied with the agreed performance dimension. The accuracy of payment schedules, notification of payees and delivery of funding to correct providers is measured on an exception basis.

Resource allocation audits, including repeat audits and special reviews, will be undertaken for 12 - 17 percent of the total number of education service providers.

There were 1,091 audits of schools and ECE centres completed during 2006/07. This represents 17.6 percent of state and integrated schools and ECE centres.

Resourcing payments will be made to education service providers:

- ECE services – an estimated 3,550 - 3,750
- state and integrated schools – an estimated 2,420 - 2,620
- private schools – an estimated 100 - 120.

Resourcing payments were made to education service providers as follows:

- ECE services – an average of 3,810, including payments to all individual te kōhanga reo through the Te Kōhanga Reo National Trust
- state and integrated schools – 2,484
- private schools – 108.

Resourcing systems

The resourcing system components will be implemented as follows:

- ECE regulatory framework – currently planned for implementation starting December 2007
- kindergarten system change – to be implemented by April 2007
- Free ECE system changes – to be implemented by April 2007.

The ECE regulatory system has been deferred until 2008 to facilitate implementation of Free ECE.

The kindergarten system change went live on target.

Free ECE system changes went live on target, although a small component has been deferred until September 2007.

e-Admin capability training project

Following the successful pilot programme to deliver training via web conferencing for primary schools' administrators in late 2005, the programme will be extended and it is expected that 600 participants will take part by June 2007.

A further programme of training is being offered to the target group of 465 secondary and intermediate schools in 2006/07 to introduce them to the key concepts and process changes that will occur as a result of the introduction of the new ENROL system from July 2006. Each of the programmes will be measured against school feedback, which will be monitored for an average of greater than 80 percent positive return. School participation will be measured and monitored against a greater than 75 percent attendance of the training. Based on initial responses from schools there will be between 800 – 1,200 participants.

Further training delivery programmes by web conferencing have been run and 1,500 participants have been trained.

Training to introduce the key concepts and process changes that will occur as a result of the introduction of the new ENROL system was delivered to 1,100 participants from 465 schools, with an average 96 percent positive return rate. All of the targeted schools had participants in the training.

In preparation for the ENROL rollout to all remaining 2,119 schools in 2007, webinars (online seminars) were offered to schools to introduce them to the key concepts and process changes and to encourage their use of receiving live training online – web conference training. In addition, core skill modules (internet, email, filing documents on PC/MAC) were run to ensure schools were trained to use applications like ENROL. The programme was continually monitored through school feedback for an average of greater than 80 percent positive return.

Webinars were delivered to 2,011 schools through Terms 1 and 2 in 2007. Indications are that school feedback is well in excess of the average, being greater than 80 percent positive return.

Output 2: Administration of scholarships and other entitlements to individuals

All payments will be determined, calculated and delivered with not less than 98 percent accuracy, in respect of:

- the applications and other information provided by the applicants, and will be consistent with government policies and published criteria
- the calculation of amounts of the payments
- the timeframes notified to payees
- the correct payee to whom the payment is delivered.

The contract for delivery of services relating to transfer and removals will be managed according to ministry guidelines.

All payments were determined, calculated and delivered in accordance with the agreed performance dimension.

Applications for the following will be processed:

- scholarships for teachers and teacher trainees – an estimated 1,550 - 2,000
- Secondary Subject Trainee Allowance and loan support – for trainee teachers and teachers – an estimated 1,400 - 1,600
- Priority Staffing Initiatives – to support relocation of individual teachers in both schools and ECE sectors – an estimated 1,200 - 1,500

- transfer and removals – to support relocation of eligible teachers in schools sector – an estimated 1,500 - 1,700
- national study awards for teachers and teacher trainees – an estimated 480 - 580
- government boarding bursaries – an estimated 1,200 - 1,500
- Mapihi Pounamu – an estimated 100 - 200.

Applications were processed for the following:

- scholarships and awards for teachers and teacher trainees – 5,560 comprising:
 - 2,061 applications for the new TeachNZ scholarships (1,591 for ECE, 134 for Māori-medium, 189 for secondary subjects and 147 for rural scholarships) of which 1,086 were approved
 - 1,887 applications for Secondary Subject Trainee Allowance and 300 for loan support were processed
 - 1,172 applications for teacher study awards, of which 552 were new approvals
 - 140 applications for special education study awards of which 126 were approved
- International Relocation Grant, National Relocation Grant and Returning to Teaching Allowance – 1,261 applications were processed
- transfer and removals – 1,685 applications were processed, including all initial approvals and subsequent claims and 382 van line removal approvals
- boarding bursaries – 1,032 applications of which 892 were approved. Although demand driven, the number of bursary applications has been falling in recent years. Part of this reduction is attributed to fewer families living in rural areas and students being able to access a wider range of subjects in their local schools
- Mapihi Pounamu – 249 applications of which 246 were approved.

Payments for the following will be processed:

- payments on TeachNZ Scholarships as they become due – an estimated 7,000 - 8,000
- non-remuneration reimbursements for school sector employees – an estimated 5,020 - 5,560¹
- home-based schooling payments to caregivers – an estimated 5,500 to 6,500.

Payments were processed for the following:

- payments on TeachNZ Scholarships – 1,444 allowances were paid, mainly for ECE trainees. Payment of fees by the Ministry of Social Development were authorised for a further 1,880 scholarships. There have been fewer applications for Māori Medium and Secondary Subject scholarships than the original policy anticipated. A significant number of scholarship recipients also failed papers during the year and therefore did not qualify for the payment of an allowance
- non-remuneration reimbursements for school sector employees – 5,789
- home-based schooling payments to caregivers – 5,917.

Output 3: Learning materials

New learning materials will be developed in accordance with the annual learning materials, Pasifika and Māori language publishing programmes. These programmes are developed and approved before the start of each financial year. Projects included in the programme are determined on a basis of priority and need, and their development is informed by evidence and best publishing practice:

- new or revised learning materials will be developed, published and provided to the target audiences

¹ Non-remuneration reimbursements include fortnightly Māori Immersion Teacher Allowances, Secondary Subject Trainee Allowances and Loan Support paid to trainee teachers and teachers, support payments for Priority Staffing Initiatives, and Transfer and Removals payments to contracted moving companies or individuals.

throughout the year in accordance with the publishing programme

- copies of new and existing learning materials will be stored and supplied on request to early childhood education (ECE) centres, schools and other stakeholders
- no less than 40 percent of the learning materials produced to be in te reo Māori.

All learning materials were delivered in accordance with the documented terms of reference/specifications for each item:

- new or revised learning materials were developed, published and provided to the target audiences throughout the year in accordance with the publishing programme – 202 projects were completed (166 in English and 36 in te reo Māori) and 57 projects (43 in English and 14 in te reo Māori) are progressing to schedule. Materials include curriculum guidelines, teacher handbooks and essential learning area support material. Priorities for 2006/07 have been literacy and numeracy, health and nutrition (Mission-On) and the Best Evidence Synthesis (BES) research publication strategies
- copies of new and existing learning materials were stored and supplied on request to ECE centres, schools and other stakeholders
- 36 te reo Māori resource projects were completed. This comprised approximately 18 percent of the annual publishing programme. The proportion of the programme in te reo Māori was less than expected mainly because of a number of NCEA resources that have been finalised which were not in te reo Māori. Excluding the NCEA materials, the percentage of the programme in te reo Māori is at least 30 percent.

Output 4: Payroll services

All changes to employees' pays each fortnight will be made correctly, with the right employee paid the correct amount with no less than 98 percent accuracy.

All changes to employees' pays each fortnight were made correctly, with the right employees paid the correct amounts with 99.6 percent accuracy.

All payments will be made on or before advised pay dates.

All payments were made on advised pay dates.

The number of individual payees paid during the year. This includes all actual permanent and temporary employees paid – an estimated 54,000 – 87,000.

The average number of individual employees on the payroll was 85,000. The maximum number of employees in any pay was 87,325 and the minimum number was 55,234.

A detailed review of the proposed new Schools Payroll against business requirements led to a change in timelines and reconsideration of the approach to be taken. Formal proposals on the next step for the project will be considered by government in 2007/08.

Output 5: Risk Management Scheme for schools' contents

The Risk Management Scheme's contents deed will be updated and available from the ministry's website by 30 July each year.

Information on the Risk Management Scheme is updated annually and is available from the ministry's website. The deed is available from the ministry upon request.

Copies of the comprehensive liabilities programme will be updated and available from the ministry's website by 31 January each year.

Details regarding the liabilities programme are updated annually and are available on the ministry's website, including links to the contracted service provider.

An exception report will be provided where contents claims are not processed within 28 working days of

acceptance, and/or as set out under the terms of the deed.

All claims have been processed within the agreed timeframes.

At least 850 schools will be covered by the Risk Management Scheme.

A total of 940 schools were covered by the scheme.

Output 6: School sector industrial relations services

All school sector and kindergarten industrial relations services will be provided to the following standards:

- advice to Ministers and actions will be consistent with employment and state sector legislation
- the ministry's advice will reflect recent developments in human resource management practice and take into account good employer objectives
- processes will provide for consultation with all relevant stakeholders in the preparation of the industrial relations strategies
- management of collective agreement negotiations processes will be within agreed parameters as confirmed by Cabinet from time to time
- the provision of advice and guidance on the interpretation and implementation of employment agreement provision will be clear and consistent
- concurrence with individual employment agreements will be consistent with the principles and within the agreed parameters as confirmed by the Minister from time to time
- discretionary agreement provisions will be applied in accordance with the guidelines contained in the State Sector Act 1988, ministerial guidelines and the Employment Relations Act 2000
- manage the negotiation processes of up to 16 current and expired collectives and new collective agreements when bargaining is initiated by the union. The ministry will continue to contribute to the work with the Post Primary Teachers Association (PPTA) and the New Zealand Educational Institute (NZEI) on the Longer Term Work Programmes (LTWP). This work is to examine and report on ways to support and promote effective teaching through ongoing professional learning, career pathways and recognition of professional learning through advanced qualifications
- individual employment agreements and individual requests from boards bound by collective agreements will be processed for concurrence.

The school sector industrial relations services complied with all standards and measures.

Preparation is underway for the negotiation of seven expired or expiring collective agreements for teachers in schools and kindergartens, and for school principals.

The following agreements all settled with a one-year term:

- support staff in schools' collective agreement
- kaiarahi i te reo, therapists', assistants to teachers of students with severe disabilities, and special education assistants' collective agreement
- caretakers and cleaners (including canteen workers) collective agreement
- secondary and area groundstaff collective agreement.

Work continues with the unions and the NZ Schools Trustees Association on the LTWP, with good progress being made on the primary LTWP and progress has slowed on the Secondary Teacher LTWP.

Output 7: Early childhood education (ECE) network management

All services will be provided to the following standards:

- support will be targeted to communities where there are lower than national levels of participation in ECE services, in areas of high population growth and in areas where there is an insufficient supply of community-based ECE services
- processes will be established to provide for consultation with communities to determine the needs of the communities.

The number of targeted interventions are:

- service interventions – an estimated 30 - 50
- discretionary grants – an estimated 150 - 200 applications processed and 50 - 100 applications approved
- licence-exempt groups – an estimated 800 - 950.

All ECE network management services for support to communities and consultation complied with the agreed performance dimension. During the year support was targeted to communities where there was lower than national levels of participation in ECE services.

The following targeted interventions were achieved:

- service interventions – 17
- discretionary grants – 177 applications processed and 69 applications approved
- advice and support for licence-exempt groups – 839.

Output 8: Advice and support for licensed early childhood education (ECE) services

- An estimated 25 – 50 centres will be formally supported to reach probationary licence standard.
- An estimated 25 – 50 ECE centres will be formally supported to reach a full licence standard.

The following advice and support services were provided:

- centres reaching probationary licence standard – 52
- centres reaching full licence standard – 51.

Output 9: Professional development for early childhood education (ECE) teachers and other providers

The training provided will follow the curriculum in the National Institute *Training Guide for Parents as Teachers – Born to Learn, Prenatal to Three* provided by Parents as Teachers National Centre Inc.

The following training will be provided:

- professional development for ECE teachers and centre management – up to 3,775 hours of face-to-face development
- parent educators and programme co-ordinators provided with Parents as First Teachers (PAFT) training:
 - initial training – up to 40
 - ongoing training – up to 130
- newly employed Family Start whānau workers provided with PAFT training at 30 Family Start sites.

Training followed the curriculum in the *National Institute Training Guide for Parents as Teachers – Born to Learn, Prenatal to Three*.

The following professional development services were provided:

- PAFT training for 22 new parent educators and programme co-ordinators and continuing training for 203 educator/co-ordinators each month
- PAFT training for 319 newly employed Family Start whānau workers at 29 Family Start sites
- professional development for ECE teachers and centre management – 3,612 hours of face-to-face development.

This output also included Atawaingia te Pā Harakeke/Nurture the Family (ATPH), a training and support programme for Māori and iwi social service providers to enable them to deliver tailored child and parenting support to whānau.

Training provided met the quality requirements as specified in the programme specifications and was delivered by appropriately experienced, trained and supervised staff. Services included:

- training and support to Māori and iwi social service providers in Tai Tokerau – 33 participants from 12 provider groups were trained during 2006
- on-site support to Māori and iwi social service providers in Tai Tokerau whānau playgroups – the Waewaetahaa in the Te Tai Tokerau rohe provided support to three Puna Kohungahunga who met the ECE criteria and two Puna Kohungahunga who have chosen not to meet criteria requirements
- on-site support to providers across all six rohe to actively participate in regional networking forums – six regionally based Waewaetahaa provided mentoring and support to 62 provider groups throughout the country on a regular basis. The ATPH national conference was attended by 100 participants. Regional forums were completed for six rohe
- on-site support to providers nationally to interact in website discussion groups – six regionally-based Waewaetahaa provided mentoring and support to 62 provider groups throughout the country on a regular basis
- programme resources including video, charter document, poster and pamphlets to participants – 12 provider groups received the ATPH training manual and the Ahuru Mowai training resource video. All 33 participants received the draft charter Te Mana o Te Tamaiti Māori, the posters and pamphlets as well as other resources to support the implementation of the training in their work with tamariki, whānau and community.

Cost of output expense: Administration of education sector resourcing

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue:				
From the Crown	82,147	82,147	84,450	75,606
Other	3,363	2,782	1,106	2,870
Total revenue	85,510	84,929	85,556	78,476
Expenditure:				
Personnel	29,337			25,740
Operating	10,516			9,339
Depreciation	4,647			4,475
Capital charge	1,069			1,065
Other expenses	35,476			36,187
Total expenditure	81,045	84,929	85,556	76,806
Surplus/(deficit)	4,465	-	-	1,670

The change from 2005/06 to the 2006/07 budget mainly related to: ongoing implementation of the Schools' Payroll project; provision for shared ICT services for education sector agencies; and implementation and systems development for the 20 free hours of ECE funding policy.

These were partly offset by no further delivery planned for ATPH and one-off funding adjustments in 2005/06.

The change at Supplementary estimates was mainly owing to reallocations between output appropriations partly offset by continuing the ATPH programme.

Under-expenditure is mainly owing to delays with the Schools' Payroll project

Output expense: Ministerial services

This output expense involves the provision of ministerial services and support to assist the Minister of Education to meet the obligations to Parliament that are associated with the responsibilities of a Minister of the Crown. Ministerial services are provided primarily through drafting replies to questions and inquiries put to the Minister

and Associate Minister of Education, or responding to inquiries directly, as requested by the Ministers. Questions and inquiries include parliamentary questions and petitions, select committee examinations and inquiries, requests to Ministers for information under legislative provisions, and general correspondence (ministerials) from the public. The output expense also includes the provision of advisory support to the Minister in Cabinet committees and select committees.

Performance dimensions/Achievement dimensions – quality and quantity

All responses and provision of information to the Minister of Education, Parliament and its committees, will be prepared to the following timelines, or as otherwise specifically agreed:

- parliamentary questions – in accordance with parliamentary standing orders
- select committee examinations and inquiries – as specifically agreed
- statutory information – as required in legislation
- general ministerial correspondence – within 20 working days.

Responses and provision of information to the Minister of Education, Parliament and its committees were prepared as follows:

- 87 percent of parliamentary questions were prepared in accordance with parliamentary standing orders
- 97 percent of responses to select committee examinations and inquiries were provided as specifically agreed
- 85 percent of statutory information was prepared as required by legislation
- 92 percent of general ministerial correspondence was answered within 20 working days.

The content of all ministerial services provided will be factually accurate and appropriate in style and content for the individual Minister, consistent with the ministry's *Ministerial Guidelines*.

- 97 percent of the content of ministerial services provided was factually accurate and appropriate in style and content for the individual Minister, consistent with the *Ministerial Guidelines*
- 99 percent of parliamentary questions were accepted for style and content
- 100 percent of select committee responses were accepted for content and style
- 96 percent of draft statutory information responses provided for the Minister were acceptable for content and style
- 94 percent of draft general ministerial correspondence provided for the Minister was acceptable for content and style.

Ministerial services will be provided in the following ranges:

- parliamentary questions and petitions – an estimated 1,095 - 1,260
- select committee examinations and inquiries – an estimated 125 - 145
- statutory information – an estimated 160 - 180
- general ministerial correspondence – an estimated 5,775 - 6,940.

Ministerial services were provided as follows:

- responses to parliamentary questions and petitions – 2,596
- responses to select committee examinations and inquiries – 211
- responses to inquiries about statutory information – 238
- responses to general ministerial correspondence – 5,466.

The Ministry is in the process of reviewing and improving internal guidelines and administrative procedures to

address the issue of late and unsatisfactory quality statutory information responses. A training series in statutory information procedures has been carried out which has improved the performance in the area of the provision of statutory information. Attention is also being given to improving the quality of all responses.

The increased focus on quality has caused a reduction in timeliness as quality assurance processes took more time. As quality improves attention is also being given to improving the timeliness of all responses.

Cost of output expense: Ministerial services

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue:				
From the Crown	3,483	3,483	3,299	3,622
Other	28	40	40	39
Total revenue	3,511	3,523	3,339	3,661
Expenditure:				
Personnel	1,847			1,860
Operating	496			483
Depreciation	766			258
Capital charge	125			69
Other expenses	256			834
Total expenditure	3,490	3,523	3,339	3,504
Surplus/(deficit)	21	-	-	157

The change from 2005/06 to the 2006/07 budget related to the transfer of funds to the new output expense: Tertiary and international policy and ownership advice.

The change at Supplementary estimates was owing to reallocations between output appropriations.

Output expense: Ownership advice on public education sector entities

This output expense supplies ownership advice to the Minister of Education on the service delivery capability and financial viability of public education sector entities, comprising state and integrated schools and education Crown entities².

Advising and reporting on ownership performance of the governing bodies encompass judgements about the strategic capability of the entities and, in particular, the educational viability of those entities providing education services, and the financial viability and long-term capability of the entities both on an individual basis and collectively as a portfolio. The provision of ownership advice includes advising on ministerial appointments to the governing bodies of education Crown entities, and some special schools, and on expectations for each board of trustees appointment³.

Educational viability includes the entities' ability to perform as quality providers in terms of: leadership; aligned learning environment; focus on achievement; and building learning pathways.

This output involves providing ownership advice: to determine the ownership objectives for individual entities in the public education sector portfolio; negotiating ownership accountability documents; and reviewing annual reports and other performance reports on individual public education sector entities.

This output also involves taking follow-up action with governing bodies and management, as necessary, to address any material problems. Follow-up action may also involve managing external interventions to improve the capability and financial viability of public education sector entities, where the governing bodies have

² Career Services rapuara, New Zealand Qualifications Authority (NZQA) and New Zealand Teachers Council.

³ There are currently 13 special schools, established under Section 95 of the Education Act 1989, for which the Minister appoints various numbers of board members.

been unable to resolve the performance issues without such intervention. External interventions may include application of statutory interventions (requiring a board or council to provide information or prepare an action plan, appointing an advisor/Crown observer or limited statutory manager to the board, or replacing the board or council with a commissioner) or preparing a business case to support requests for a capital injection or loan.

External interventions include school cluster initiatives that seek significantly improved student achievement through sustainable schooling improvement.

This output also involves regular reporting to the Minister on the ownership performance of the public education sector portfolio and includes managing the establishment, closure and merger of public education sector entities. It also includes assistance with the preparation of consolidated Crown financial statements for schools.

Performance dimensions/Achievement dimensions – quality, quantity and timeliness

Output 1: Ownership advice on individual public education sector entities

Ownership Advice

Ownership advice to the Minister or on the Minister's behalf, to central education Crown entities and school boards of trustees will be:

- informed by analysis of actual performance of the respective entities in previous periods and their strategies for future performance
- consistent with the government's ownership strategy, taking account of the entities' performance capabilities, and be tailored to the environment within which the particular entity is operating.

Ownership advice to the Minister, or on the Minister's behalf, to central education Crown entities, and school boards of trustees met the agreed performance dimensions.

All statutory approvals, processes and follow-up action taken will be in accordance with the provisions of the Education Act 1989 and other relevant legislation.

All statutory approvals, processes and follow-up action taken were in accordance with the provisions of the Education Act 1989 and other relevant legislation.

All recommendations for appointment will demonstrate a sound match between the specifications required for the position and the characteristics and expertise of the individuals recommended and be informed by an analysis of the current skill mix of councils and boards of trustees.

All recommendations for appointment demonstrated a sound match between the specifications required for the position and the characteristics and expertise of the individuals recommended.

Follow-up action

Appropriate action will be taken, either with the entity directly or as advice to the Minister, in all situations where monitoring identifies adverse situations in terms of ongoing strategic capability and financial viability. Those actions will be taken as a result of reviewing:

- quarterly reports from education Crown entities within 20 days of receipt
- school annual financial statements, and responding as appropriate within 60 days of receipt
- information from the school sector monitoring system.

Appropriate action was taken, either with the entity directly or as advice to the Minister, in all situations where high-risk situations were identified after reviewing: quarterly reports from central education Crown entities within 20 working days of receipt of the reports; school annual financial statements with appropriate responses made within 60 days; and information from the schools sector monitoring system.

Actions will be required in respect of:

- education Crown entities where matters of concern are identified in their quarterly reports

- school boards of trustees where the school's financial statements show a working capital deficit for the most recent year or an operating deficit two years running – an estimated 600 - 650
- boards of trustees where the School's Monitoring project shows nine or more adverse indicators (out of a total of 17 indicators used) – an estimated 300 - 360 schools
- boards of trustees where any school sector monitoring report identifies matters of compliance or identifies that school support action is required (informal action) – an estimated 100 - 200 initiated.

Actions were:

- assistance provided to Crown entities arising from reviews of their quarterly reports was provided in accordance with timeframes agreed with the Minister
- in respect of school boards of trustees: 543 schools' financial statements showed a working capital deficit or operating deficit two years running; and 371 schools were identified as having adverse indicators
- there were 87 informal school support actions initiated for the year as a result of compliance matters identified through school sector monitoring reports.

Schools monitoring and support

Advice will be provided to the Minister on loan and investment decisions within 10 working days of receipt from boards of trustees. Advice will be provided in respect to:

- loan applications – up to five loans
- investment applications – 20 - 30 investments.

Advice was provided to the Minister in respect of: one loan application from a board of trustees was provided to joint Ministers for approval within 10 working days; and advice was provided to the Minister on 13 board of trustee investment applications within 10 days.

Education Crown entities

Advice will be provided to the Minister on a range of ownership issues including:

- Statements of Intent – in time to allow for these to be approved in accordance with statutory timeframes (by 31 May 2007 unless otherwise agreed)
- Output Agreement – at least 20 working days before the commencement of the financial year
- Quarterly reports – within 20 working days of receipt of each report
- Annual report – within 20 working days of receipt.

Advice was provided to the Minister on ownership issues for Crown entities.

Draft Statements of Intent were provided to the Minister for all Crown entities by 31 May 2007 as agreed. Advice on these drafts was provided by 8 June 2007 and the Statements were all approved by 12 June 2007.

Output Agreements – advice on agreements with Career Services rapuara was provided within 20 working days of the start of the new financial year. Advice in respect to the agreement with the New Zealand Qualifications Authority (NZQA) was not presented in time because the Statement of Intent took longer to develop than expected. This advice was provided on 28 June 2007.

Quarterly reports – advice arising from review of quarterly reports from central education Crown entities within 20 working days of receipt of the reports except for the third report for NZQA which was delayed after additional information was requested from NZQA.

Annual Reports – comments and analysis were provided within 20 working days.

Appropriate action will be taken where matters of concern are identified in the quarterly report – as per timeframes agreed with Ministers.

Appropriate action was taken where matters of concern were identified in the quarterly reports and according to timeframes agreed with Ministers.

Appropriate action will be taken, with the entity directly or as advice to the Minister, in all situations where monitoring identifies high-risk situations in terms of ongoing strategic capability and financial viability.

Appropriate action was taken either after discussion with the Minister or directly.

Advice on appointments

The Minister will be advised on proposed appointments, to all vacancies arising within the period covered by the agreement, at least 30 days before the expiry of the current member's term.

The Minister was advised of upcoming appointments, and advice on specific appointments was provided according to the agreed performance dimensions, except when: a nominating body was late in advising its nomination for an appointment to the Teachers Council; a decision was made to delay a replacement appointment to NZQA; and the ministry was given less than 30 days notice of a resignation from NZQA.

Information and advice will be provided to the Ministers in relation to central education Crown entities, school boards of trustees and other entity appointments as follows:

- establishment of boards of trustees – an estimated five to ten
- education Crown entities – an estimated one to six.

Information and advice was provided to the Minister in relation to central education Crown entities, school boards of trustees and other entity appointments as follows:

- establishment of boards of trustees – six new boards were established
- central education Crown entities – advice has been provided on six board appointments.

All advice on the establishment of boards of trustees will be provided to the Minister within three months of ministerial approval of the type of school to be established, enabling the Minister to make the appointments in a timely fashion.

All advice on the establishment of boards of trustees was provided to the Minister within three months of Ministerial approval of the type of school to be established.

Output 2: Management of external ownerships interventions

External ownership interventions will occur in all cases where a medium to high-risk of poor performance is identified. All recommendations to the Minister, or decisions by the ministry, for external ownership interventions in central education Crown entities and schools will:

- clearly identify the nature and extent of the strategic capability and financial risk
- identify and assess a range of options to reduce or manage the risk, in terms of the benefits, costs, risks and consequences for the individual entity and the Crown
- identify the most effective and efficient option(s) to manage the risk
- identify a plan of action for addressing the issue (and where appropriate seek ministerial or stakeholder input)
- advise on shared governance arrangements between schools and on proposals for different composition of boards under section 105 of the Act.

All recommendations to the Ministers or decisions by the ministry, for external ownership interventions in central education Crown entities and schools met the agreed performance dimensions.

All external ownership interventions will be monitored, and reassessed at key milestones, as part of monitoring the individual entity's progress against the agreed plan of action between the ministry and the individual entity.

All external ownership interventions were monitored against the agreed plan.

The ministry will work with up to 15 iwi/iwi-based or Māori organisations in pursuit of improved education outcomes in their respective rohe (areas). This will include:

- negotiation and monitoring of at least 12 contracts with iwi, in accordance with ministry contract management guidelines and legal division quality assurance, for activities to improve education outcomes in their rohe
- at least two meetings per annum with each iwi, including at least one with the Secretary for Education, to discuss options for improving education outcomes in their rohe
- at least two iwi capability development workshops in at least two different regions, with workshop evaluation feedback indicating above average satisfaction
- two strategic dialogue hui between the ministry's senior management and iwi education partners to support ministry planning and reporting.

The ministry Iwi and Māori Education Partnership team is working with 15 iwi and is monitoring six contracts with iwi. The Secretary for Education completed all bilateral meetings with iwi partners. An all-iwi national two-day hui based on curriculum was held in Rotorua during June 2007. There was clear alignment between ministry and local curriculum development. Another hui was scheduled to take place in the Waikato at the end of October 2007. The Secretary of Education and Leadership Team met with all partners and those iwi/Māori with whom the ministry has a relationship, in October 2006.

Appropriate action will be taken in all situations where the ownership performance or other actions of an individual entity deviate materially from the agreed intervention approach, in accordance with time frames agreed with Ministers.

Ownership investigations were undertaken on a case-by-case basis as agreed with Ministers.

The ministry will maintain a capability sufficient to enable it to manage a portfolio of interventions and to conclude interventions in a timely fashion.

The ministry maintained a capability sufficient to manage and conclude interventions in a timely manner as follows:

Category of monitoring and support intervention – schools	Estimated initiated	Estimated completed	Initiated	Completed
Formal action				
• medium to high risk is identified beyond the scope of an informal project	28-38	19-26	7	3
Commissioners and other appointments				
Section 78 of the Education Act allows a range of interventions in schools as follows:				
• the Secretary for Education may require a board to provide specific information [78J]	0-2	0-2	Nil	Nil
• the Secretary for Education may require a board to engage specialist help [78K]	8-12	8-12	19	9
• the Secretary for Education may require a board to prepare and carry out an action plan [78L]	2-4	4-6	Nil	1
• the Minister of Education may direct the Secretary for Education to appoint a Limited Statutory Manager for education [78M]	24-28	12-15	23	23

• the Minister of Education may dissolve a board and direct the Secretary for Education to appoint a Commissioner [78N(1)]	3-5	0-3	4	6
• the Secretary for Education may dissolve a board and appoint a Commissioner [78N(3)]	3-5	6-10	8	13
Schooling improvement				
• support for education outcomes in clusters of schools where common performance issues have been identified.	2-5	1-3	1	3

Output 3: Ownership advice on the public education sector portfolio

Performance of the public education sector portfolio

Ownership advice on the performance of the portfolio will:

- focus on long-term capability and financial viability
- be informed by comprehensive analysis of trends and risks
- identify common themes, linkages and opportunities
- identify and assess options to address risks and capture opportunities, linking with education and other relevant government policies.

Ownership advice on the performance of the portfolio met the agreed performance dimensions.

New Zealand Schools/Ngā Kura o Aotearoa, the annual report on the performance of the school sector, will be prepared and tabled in the House of Representatives according to legislative requirements.

The annual report on the performance of the school sector for the 2005 year was tabled in Parliament in September 2006 according to legislative requirements.

Characteristics of the portfolio

Ownership advice, or decisions, on the characteristics of the portfolio will be informed by:

- comprehensive analysis of demographic trends; the capacity of the school sector property portfolio; the service delivery capability and financial viability of current institutional arrangements; and relevant government and education policies
- consultation with relevant stakeholders.

Ownership advice, or decisions, on the characteristics of the portfolio will:

- recommend specific options to address the findings of the analysis
- meet legislative obligations relating to consultation and timeliness, where applicable.

Ownership advice and decisions on the characteristics of the education portfolio met the agreed performance dimensions.

The ministry will maintain a capability sufficient to enable it to manage:

- the establishment of new state and integrated schools (including kura kaupapa Māori under section 156 of



the Education Act 1989) – up to six

- school closures – 10 - 15
- school reorganisations – an estimated 10 - 15.

The ministry managed the following establishments, closures and reorganisations:

- three new state and integrated schools established
- eight school closures
- six school reorganisations approved.

Cost of output expenses: Ownership advice on public education sector entities

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue:				
From the Crown	16,683	16,683	17,105	19,879
Other	151	198	198	193
Total revenue	16,834	16,881	17,303	20,072
Expenditure:				
Personnel	10,172			11,438
Operating	3,312			3,476
Depreciation	849			596
Capital charge	171			144
Other expenses	2,007			3,812
Total expenditure	16,511	16,881	17,303	19,466
Surplus/(deficit)	323	-	-	606

The change from 2005/06 to the 2006/07 budget mainly related to the transfer of funds to the new output expense Tertiary and international policy and ownership advice.

The change at Supplementary estimates was owing to reallocations between output appropriations.

Output expense: Policy advice

This output expense provides timely and relevant policy advice to the Minister of Education and the government on a wide range of issues relating to various aspects of New Zealand's public education system, excluding tertiary and international education. Particular areas of focus for 2006/07 were:

- the New Zealand Curriculum – a draft for consultation was published in July 2006, and more than 9,000 responses were received and analysed. The curriculum was further developed reflecting the feedback for Cabinet consideration at the end of July 2007. The goal was to launch the final document in late 2007, in preparation for implementation over the next two years
- review of initial teacher education – during 2006 and 2007 the ministry consulted with a wide range of stakeholders involved in initial teacher education to gain consensus on: responsibility for assuring the quality of graduates and provisionally and fully registered teachers; the quality of induction; and consistent and robust decision making in awarding graduation and provisional and full registration. Review findings are expected to be released in 2007/08
- reviewing recruitment incentives for hard to staff subjects, especially technology and Māori medium, and teacher supply in Auckland and rural schools to address teacher supply pressures
- career pathways for teachers – as part of the longer term work programmes negotiated with the teacher unions, the ministry has developed policy positions on career pathways, advanced qualifications and professional learning opportunities for primary and secondary teachers
- completion of the review of schools operational funding in November 2006, with the report of the review

publicly released in December 2006. The findings informed Budget 2007 decisions

- provision of advice on implementing a lower staffing entitlement for year one students, to support improved achievement of students in foundation learning skills
- working through the recommendations from a number of reviews of NCEA with the NZQA. The design changes announced in May 2007 complete ministerial consideration of the recommendations of the 2005 State Services Commission's report for NCEA. The work plan deals with the design of NCEA, with a focus on motivation, moderation, consistency, credibility, transparency and confidence. Responses to the issues raised by the Scholarship Reference Group in 2005 were reported to Cabinet in June 2007
- consultation on the ICT Strategic Framework for Education
- ongoing work on the Iterative Best Evidence Synthesis (BES) Programme covering *Professional Development in Early Childhood Settings; Community and Family Influences on Children's Achievement; Quality Teaching: Early Foundations; and Quality Teaching for Diverse Students in Schooling*
- provision of policy advice on: attendance with particular emphasis on Early Leaving Exemption changes; Healthy Community Schools; and the regulatory implications of personalising learning
- advice on the ECE regulatory environment, including a new licensing and certification process, the development of clearer regulatory standards, changes to home-based and hospital-based regulations, and improvements to adult to child ratios
- ECE teacher qualifications and registration – developing proposals for the regulation of the 2007 teacher registration target
- ECE funding review – advice was provided on the ECE subsidy, Free ECE rates, associated budget advice and implementation of Free ECE
- special education quality framework – advice was provided to support work on *Better Outcomes for Children*, resource teachers: learning and behaviour, and student support policy
- assisting development of the inter-agency plan for conduct disorder/severe antisocial behaviour and provision of related budget advice and policy advice on the Setting Boundaries work programme
- further work on proposals for changes to special education resourcing policy and provision of advice on a range of resourcing issues and the Ministry of Social Development review of long-term disability supports
- development and implementation of *Ka Hikitia: Managing for Success – the draft Māori Education Strategy 2008-12*, including the development of the final Māori Education Strategy, to be released in 2008, and implementation of the action plan.

In addition, this output included:

- the provision of associated legislative advice
- advice on the implementation of government policy
- conducting consultation processes with sector stakeholders and the public to gather information that will feed into policy advice and government decision-making
- the initial promulgation of government policy where such communication is clearly separate from supporting the ongoing implementation of the policy
- ongoing oral and written briefings and preparation of speech notes not provided in the course of delivering other services.

In order to provide high-quality policy advice, in both the short and medium terms, this output included:

- the systematic collation of information, covering various aspects of the performance of the education system
- analysis, research and evaluation of the impact of current and potential government interventions on education outcomes
- monitoring developments in related areas of social policy and issues emerging internationally in education.

Policy advice included: Output 1.1: Policy Advice on the Regulatory and Policy Frameworks for Education; Output 1.2: Policy Advice on Learning Outcomes; Output 1.3: Policy Advice on Resource Allocation and Resourcing Arrangements; and Output 1.4: Policy Advice on Governance and Management Arrangements.

Performance dimensions/achievement dimensions – quality, quantity, timeliness

Aspects of policy advice – qualitative characteristics

All policy advice was fit for the purpose of informing the government and/or ministerial decision-making, having regard to the stage in the policy development process and the political context within which those decisions are made and incorporating the following two qualitative characteristics: policy analysis and the policy development process; and policy projects.

Policy analysis and the policy development process

Problem definition

The public policy problem, including the underlying causes, was identified and supported by data or other evidence, and the policy objectives articulated.

Analysis

Analysis incorporated the following aspects:

- a range of options was identified and assessed for benefits, costs, risks (including strategic or long and medium-term risks as well as operational or immediate risks), and consequences to the government and the community⁴
- consistency – linkages were drawn with prior advice provided within the project through cross-referencing, trade-offs or explicit variations were made to improve prior advice
- cross-sector inter-relationships – linkages with government policy directions and interventions across sectors, particularly the labour market, research and other social policy areas within the broad education sector were taken into account
- impact for Māori – the impact of the proposals on the achievement of Māori students and the participation of Māori in education was taken into account
- stakeholder impact – the impact of the proposals on relevant stakeholders was taken into account, including specifically, the achievement and participation of disadvantaged or at-risk groups of students and Pasifika students
- assumptions/principles – these were explicit and robust, with logical argument supported by fact
- cost implications – costs, in terms of the implications of the proposals for specific appropriations or appropriation types, were identified and methods and assumptions for costings were transparent and robust, with risks explicitly identified
- regulatory impact – the impact of the proposals on efficiency and compliance costs for the sector and the Crown were identified
- implementation implications – the proposals included approaches for addressing any feasibility, timing and

⁴ A “range of options” were judged in the context of well-established analytical and legal frameworks, relevant research and evaluation, existing (empirical) data held by the Ministry of Education, previous government decisions within the policy project, and a sound knowledge of the sector.

change-management issues, and associated legislative implications.

Consultation

Relevant government agencies and other affected parties, where applicable, were provided with reasonable opportunities to influence policy advice, and any comments on the analysis, options or proposals were taken into account.

Timeliness

Policy advice was provided to the Minister in sufficient time to enable the Minister and/or the government to make decisions in a timely fashion.

Presentation of policy advice

All policy papers, briefings to the Ministers and initial promulgation of government policy met the following presentation standards:

- written policy advice was presented in accordance with the following standards: purpose – the purpose of each policy paper and written briefing was clearly stated; argument – each policy paper presented the assumptions and principles on which it was based and the evidence on which the conclusions and recommendations were based; recommendations – all papers included specific recommendations for decisions and actions; and format – all papers met Cabinet Office requirements, and style and content requirements consistent with the ministry's *Ministerial Guidelines*
- oral policy advice was provided by people with the appropriate delegated authority and initial promulgation was delivered in accordance with the documented terms of reference/specifications for each notification, consistent with the objectives of those policies.

Policy projects

The ministry maintained a capability sufficient to enable it to advance policy projects in accordance with the milestones established in policy project specifications which were included in the policy work programme. The programme was modified from time to time during the year by agreement between the Minister and the Secretary for Education.

Cost of output expense: Policy advice

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue:				
From the Crown	32,063	32,063	30,899	39,780
Other	198	229	229	224
Total revenue	32,261	32,292	31,128	40,004
Expenditure:				
Personnel	13,089			15,198
Operating	3,294			4,421
Depreciation	847			794
Capital charge	199			197
Other expenses	13,185			16,136

Total expenditure	30,614	32,292	31,128	36,746
Surplus/(deficit)	1,647	-	-	3,258

The change from 2005/06 to the 2006/07 budget mainly related the transfer of some programmes to the new output expense Tertiary and international policy and ownership advice, and reductions related to a range of other policy work. These were partly offset by planned increases related to existing projects, some new work and ongoing investment in ministry infrastructure.

The change at Supplementary estimates was mainly owing to reallocations between output appropriations.

Under-expenditure mainly relates to delays in some projects including the National Education Monitoring project, review of Resource Teachers: Māori, the Best Evidence Synthesis programme and some lower than expected costs.

Output expense: Provision of information

This output expense involves the provision of information to both the consumers and providers of education services, as a specific government intervention to address information gaps and other asymmetries between the various participants in the education system, as well as improving the quality of provision and decision-making.

The information provided to consumers includes information on the New Zealand education system and the New Zealand curriculum, and aggregate achievement information and system performance information. The provision of this information is intended to improve education-related decision-making by students, parents/caregivers and whānau, and to better inform expectations about students' learning and achievement.

The information provided to education service providers (organisations and individuals) includes examples of good practice on governance and management matters, curriculum-related guidelines, aggregate achievement information and system performance information. This information is intended to strengthen the capability of providers, increase co-operation and collaboration and lead to greater responsiveness to the expectations and needs of consumers. This output also involves the provision of information for people interested in careers as teachers to encourage participation in the teacher labour market.

This output involves collating, analysing and presenting information in the forms most useful to the above range of audiences and purposes, including print and electronic publications and seminars that are not provided in the course of delivering other services.

This output involves applying critical judgement as part of adding value to information collected by the ministry, in the course of delivering other services, and by other entities such as the NZQA and Statistics New Zealand.

All information provided under this output will be in areas of existing government policy and will be information that is not provided by way of normal communication and relationship management with the sector in the course of delivering other services.

Performance dimensions/Achievement dimensions – quality and quantity

Output 1: Provision of general information

Information will be delivered in accordance with documented terms of reference/specifications for each publication, campaign, seminar or other form of information. Information will be provided as follows:

- promote and attract people to teaching (nationally and internationally), particularly in shortage areas – early childhood education (ECE), Māori-medium and secondary teaching in target subjects, by running television and radio advertising campaigns to promote scholarships – an estimated three to four
- editions of the *Education Gazette* – 22
- further portal development to provide quality information to identified audiences
- ICT co-ordination and support services to education agencies
- managing the Hui Taumata Matauranga process.

Information was delivered in accordance with terms of reference/specifications for:

- information campaigns – three national TeachNZ campaigns were run on television and radio for ECE, secondary education and general. One international information campaign was also run
- editions of the *Education Gazette* – 22
- further portal development – developments included:
 - the TeachNZ website www.teachnz.govt.nz was successfully migrated to ministry hosting
 - the education sector portal www.edcentre.govt.nz completed phase 1 of the site content review. Additional reports to the relevant agencies on the site content they own is in development
 - Team-Up programme successfully launched a new school holidays section and implemented the 20 hours Free ECE indicator into the ECE listing
 - the Ministry of Education website www.minedu.govt.nz underwent a refresh, changing the look and feel of the site and the implementation of an improved search function
- ICT co-ordination and support services to education agencies. The ICT Shared Services Business Unit has been:
 - managing the education sector ICT governance and management framework. The ICT Shared Services (Oversight) Sub-Committee has been established and a memorandum of understanding agreed between the agencies. A monthly report is co-ordinated by the ICT Shared Services Business Unit, providing an update to the committee on each of the ICT shared services
 - supporting the implementation of cross-agency shared services. Feedback from the ICT Strategic Framework consultation has informed the identification of areas for action/implementation identified. Specific communications on implementation will be tailored for the different sub-sectors
 - supporting the ministry architects in drafting Business Element Models for the sector and working towards the e-framework goals by providing service usage models
- managing the Hui Taumata Matauranga process included:
 - the regional hui was held in Palmerston North in August 2006 and consisted of three separate events – a rangatahi forum (approx 60 students), a luncheon (approx 100 people) and a community hui in the evening (approx 200 people)
 - the national hui was held in Taupo in October 2006 and was attended by approximately 300 people over three days
 - the synthesis report of the 2006 regional and national hui has been finalised and is to be signed off by the Ngati Tuwharetoa Trust Board
 - work to complete the Hui Taumata Mātauranga process, preparing summary reports, and developing communications around the discussions from the hui. Preparation has also begun for reviewing the future Hui Taumata Matauranga programme.
- Whakaaro Mātauranga – the key elements for 2006/07 will continue to focus on rangatahi, and particularly whānau and will involve Pouwhakataki and national and regional media:
 - rangatahi/tamariki: *Taiohi*, TV and radio schedule and accompanying resources such as the *Taiohi study guide*
 - whānau: whānau hui programme with accompanying resources and programme elements
 - Pouwhakataki: supporting the objectives of Te Mana education campaign by providing a face-to-face (kanohi ki te kanohi) dimension
 - events that promote the Te Mana message within the community.
- Māori education communications activities included:
 - the *Te Mana Taiohi* magazine, study guide and website resources were redeveloped. New resources and the study guide were released in 2007 and the magazine continues to be distributed to schools
 - new TV and radio ads, advertising on buses and bus shelters and street posters were released
 - the whānau hui programme continued to be developed
 - Pouwhakataki continued to work with regional and local ministry offices and other key stakeholders

- in their communities. NCEA workshops and Te Mana *Taiohi Study Guide* roadshows were trialled with positive results. These resources will now be added to the information kete for replication by other Pouwhakataki in their respective areas
- the event schedule has been redeveloped into a regional strategy and plan, which will help Pouwhakataki connect with whānau and rangatahi to grow their participation and decision-making in education.
- Pasifika Communications Strategy – key priorities will continue to focus on:
 - providing quality information to Pasifika communities to enable better understanding of and better engagement in education
 - support student learning
 - increase demand for education
 - facilitate opportunities for feedback on Pasifika students, families and communities
- Key media used will include:
 - 30 fono providing face to face opportunities for discussions with communities on education issues and how the communities can support their children’s learning. This includes the eight annual strategic fono series and three Pasifika Advisory Group meetings
 - three editions of *Talanoa Ako* (Pacific Education Talk) – further development of the newsletter to meet increasing demand for information in both size and number published
 - promoting the *Pasifika Education Plan 2006 - 2010* to providers, educators, parents, families, students and communities
 - Annual Pasifika Education Plan (PEP) Report.

More than 24 fono were held. They included: the annual strategic fono series and education expo events with communities; symposia on the *Pasifika Education Plan* with Pasifika umbrella education organisations to help groups understand the Plan and create opportunities for contributing to its success; National Pasifika Advisory Group and Regional Reference Groups fono to raise understanding of education policies and raise community engagement and demand for education; and fono with communities across the country on the new *Tertiary Education Strategy* and with the Pacific reference group of the Tertiary Education Commission.

There were also: Pasifika think tank discussions on schooling improvements; Pasifika School Community Parent Liaison project fono helping schools understand Pasifika issues in education and helping them to be more focused on achievement; and fono with members of the Minister of Pacific Island Affairs’ advisory council.

Promoting the Plan continues through face-to-face fono, *Talanoa Ako* and in alignment with key communications strategies such as Team-Up.

A local Pasifika Education newsletter has been developed for Pacific communities in the Central North, promoting the work of the *Pasifika Education Plan* by sharing data and good news stories. The first edition was distributed in April 2007.

The *Pasifika Education Plan: Monitoring Report 2006* was prepared and released in July 2007.

- Parents and Families Communication Programme – the ministry has developed a significant, multi-year information programme to encourage, support and empower parents to support their children’s learning. Research undertaken early in 2005 and outcomes reported to date inform the continued development of the key messages, the media and implementation strategy and evaluation. However the overall outcomes sought include:
 - parents have high and accurate expectations about their children’s ability to achieve at each stage of their education, based on knowledge of how and what their children learn
 - parents understand the contribution they can make to their children’s learning and future success, and seek information to enable them to actively support their children’s learning
 - parents understand how the education system works, and have confident and meaningful interactions with their children’s teachers.

- Parents and Families communications activities:
 - research among parents of children aged up to 17 years shows that the Team-Up advertising campaign is firmly establishing itself. There is 78 percent awareness (prompted and unprompted) which rises to 89 percent for Pacific and 86 percent for Māori respondents. For parents, awareness of Team-Up messages is 79 percent. This rises to 89 percent of Pacific and 84 percent of Māori respondents. For those parents aware of Team-Up 28 percent say they have used a Team-Up tip or idea with their children. This rises to 54 percent of Pacific and 40 percent of Māori respondents
 - there has been strong demand for new Team-Up booklets launched during May 2007 – 118,400 for the secondary booklet and 47,700 for the ECE booklet
 - web traffic (number of user sessions per month) has grown to 12,613 in May 2007 (up 99.9% on the previous month).

Output 2: Provision of curriculum information

New curriculum materials will be developed in accordance with the annual curriculum support publishing and Te Kete Ipurangi (TKI) work programmes. These programmes are developed and approved before the start of each financial year. Projects included in the programme are determined on a basis of priority and need and their development is informed by evidence and best publishing practice, namely:

- new or revised curriculum materials will be developed, published, and provided to the target audiences, throughout the year in accordance with the publishing programme. Materials include curriculum guidelines, teacher handbooks and essential learning area support material. Current priorities are literacy and numeracy, and physical activity
- copies of new and existing curriculum materials will be stored and supplied on request to ECE centres, schools and other stakeholders
- the number of quality assured teacher resources accessible online through TKI will continue to be expanded. These include professional reading and classroom resources to support the essential learning areas as well as areas such as the curriculum project, assessment and National Certificate of Educational Achievement (NCEA)⁵
- TKI will provide continuous access to online resources and, through the work of online editors, with weekday support for professional communities in the essential learning areas and other priority areas.

All learning materials were delivered in accordance with the documented terms of reference/specifications for each item. New or revised learning materials were developed, published and provided to the target audiences throughout the year in accordance with the publishing programme – 202 projects were completed (166 in English, 36 in te reo Māori) and 57 projects were progressed (43 in English, 14 in te reo Māori).

Materials include curriculum guidelines, teacher handbooks and essential learning area support material. Priorities for this period have been literacy and numeracy, health and nutrition (Mission-On) and the Best Evidence Synthesis (BES) research publications.

At the end of June 2007 there were 3,449 items in stock with total holdings of approximately 3.4 million units.

Resources able to be accessed online through TKI by resource type:

- 3,292 professional support materials (37 in Māori)

⁵ Resource figures for Te Kete Ipurangi are reported in terms of metadata records available, ie, the number of quality assured resources catalogued and accessible using the Te Kete Ipurangi search facilities, and broken down into resource type.

- 9,721 teaching/classroom materials (789 in Māori)
- 2,452 student materials (145 in Māori)
- 23,476 records
- 2,452 Assessment Resources Bank resources
- 2,496 Māori language records
- 2,635 Māori Education resources
- 4 sets of Māori teacher resource notes for Te Tautoko, te Kohikohinga and te Wharekura
- 1,016 digital assets available through Digistore.

TKI met the key performance indicators.

Cost of output expense: Provision of information

	30/06/2007 Actual \$000	30/06/2007 Supplementary estimates \$000	30/06/2007 Budget \$000	30/06/2006 Actual \$000
Revenue:				
From the Crown	51,568	51,568	52,771	56,514
Other	171	361	252	263
Total revenue	51,739	51,929	53,023	56,777
Expenditure:				
Personnel	15,030			15,761
Operating	4,189			4,712
Depreciation	1,380			3,555
Capital charge	281			845
Other expenses	30,403			31,782
Total expenditure	51,283	51,929	53,023	56,655
Surplus/(deficit)	456	-	-	122

The change from 2005/06 to the 2006/07 budget related to transfers to new tertiary and international education output expenses partly offset by increases for continued development of an internet-based version of Assessment Tools for Teaching and Learning (e-asTTle), new initiatives, ongoing investment in ministry infrastructure and one-off funding adjustments in 2005/06.

The change at Supplementary estimates was mainly owing to changes in the timing of some outputs delayed until 2007/08, reallocations between output appropriations, partly offset by provision for the Children's and Young Persons Lifestyles project.

Under-expenditure is owing to delays in several projects, particularly the development of e-asTTle.

Output expense: Provision of school sector property

This output expense involves the provision of the property portfolio (land, buildings and other facilities, excluding school contents and teacher and caretaker housing) for the state school sector. Property is provided predominantly through management of the existing property portfolio, focusing on upgrades and improvements to sustain the current quality of the portfolio, and on the purchase and construction of new property to expand

the portfolio's capacity to meet the demands of schooling or demographic changes.

Property is provided for schooling under the conditions of a Property Occupancy Document (POD). Under the POD, responsibility for maintenance of school sector property rests with the respective board of trustees, resourced through a component of their operations grant.

The school sector property portfolio comprises approximately 2,300 state schools (non-integrated). In addition, there are approximately 280 sites occupied by ECE services. The school sector property portfolio has a capital value of \$9,000 million, including \$6,600 million worth of improvements. The total replacement value of the portfolio is approximately \$12,000 million.

Also included in this output is the identification and disposal of surplus state school sector property.

Performance dimensions/Achievement dimensions – quality, quantity and timeliness

Output 1: Management of the school sector portfolio

Allocation of capital funding

The 2006/07 work programmes will be implemented in accordance with the 2006/07 School Property Business Case.

Some of the individual demand-led programmes were reprioritised. More funding was allocated for the risk management programme, new schools and sites and school property guide than was budgeted. For the new school, sites and school property guide programmes this will be offset by reductions in subsequent years.

The capital programme for the management of the school sector portfolio will be comprised as follows:

Maintenance of the school sector portfolio – current programme (\$m)	Carry forward target	Carry forward actual	2006/07 Target	2006/07 Actual	Total target	Total actual
Five-year programme	368	495.2	285	292.5	653	787.7
Replacement buildings	-	-	36	35.1	36	35.1
Targeted investment						
– Property initiatives	54	44.4	7	8.1	61	52.5
– Unforeseen	8	3.9	5	6.4	13	10.3
– Special needs modifications	62	15.1	20	16.1	82	31.2
– Risk management	7	1.7	2	9.5	9	11.2
– Property rationalisation	25	0.2	1	2.6	26	2.8
Total	524	560.5	356	370.3	880	930.8

The capital programme for the management of the school sector portfolio will be comprised as follows:

Maintenance of the school sector portfolio – projected expenditure for 2006/07 (\$m)	Carry forward target	Carry forward actual	2006/07 Target	2006/07 Actual	Total target	Total actual
Five-year programme	129	157.6	60	35.2	189	192.8
Replacement buildings	-	-	25	2.2	25	2.2
Targeted investment						
– Property initiatives	20	3.2	4	5.0	24	8.3
– Unforeseen	4	2.3	4	3.7	8	6.0
– Special needs modifications	18	3.2	10	9.5	28	12.7
– Risk management	5	3.0	2	4.4	7	7.4
– Property rationalisation	18	8.0	1	0.8	19	8.7
Total	194	177.3	106	60.8	300	238.1

The capital expenditure was \$61.9 million under budget (20 percent). This comprised:

- an underspend of \$23 million in replacement buildings due to delays in the large projects at Porirua and Penrose Colleges
- underspends of \$16 million in property initiatives, \$16 million on special needs modifications, and \$10 million on property rationalisation. These projects are completed by school boards of trustees.

All programmes will be consistent with the Business Case, completed on schedule and within budget.

All projects will comply with all statutory, regulatory and ministry design standards and implemented in accordance with the project management guidelines.

Schools renewing their five-year property programme from July will be able to commence projects from 1 July 2006. Other allocation decisions are made progressively through the financial year, largely in response to specific need.

The ministry will ensure there is appropriate property available to support the education needs of children with special needs.

The construction of buildings for Penrose and Porirua High Schools will commence in 2006/07.

The network infrastructure upgrade project – stage 2 will expend \$4 million of capital in 2006/07 for the ministry contribution to cabling in schools (part of the education initiatives budget).

All programmes were consistent with the Business Case and completed on schedule and within budget. Projects are managed by school boards of trustees.

All projects complied with statutory, regulatory and ministry design standards and were implemented in accordance with the project management guidelines.

Schools renewing their Five-Year Property Programme were able to commence projects from 1 July 2006.

The special needs modification programme ensures property is available to students with special needs. A special education strategy has been completed for the Wellington area and this methodology will be rolled out as required. The special needs modifications expenditure was below budget.

Planning for Porirua College has started and construction is now expected to commence in 2007/08 due to the project requiring a long design phase because of its size. Penrose High School commenced in January 2007 and the project is approximately 13 percent complete at 30 June.

A total of \$3.3 million has been spent on stage 2 of the network infrastructure upgrade project up to the end of June 2007.

Proprietary responsibilities

The ministry will ensure that:

- a current Property Occupancy Document (POD) will be held with all boards of trustees
- all state schools will have 10-year property plans in place prior to accessing capital funding, with the exception of funding required to rectify a catastrophic loss
- all schools with a Compliance Schedule will hold a current Building Warrant of Fitness
- all schools suffering a catastrophic incident of loss (such as fire, flood, earthquake) will be restored to operational status within three working days of the loss.

All schools had a POD notified. As at 30 June 2007 one signed POD had not been returned by a school. This will be obtained once the property has been occupied.

All schools have a 10-year property plan in place before accessing capital funding.

As at 30 June 2007, 311 (16 percent) of the 1,968 state schools with Compliance Schedules had not had their Building Warrant of Fitness (BWOF) issued on time. This can be attributed to two causes – schools not completing the required

remedial work as identified by the various annual independently qualified person (IQP) inspections, and/or the delay in the supply of the required paperwork from the IQP to the ministry Building Act compliance manager to enable the BWOFF to be issued. All outstanding actions were expected to be completed by late 2007.

A total of 264 schools were damaged by a catastrophic event and returned to operation within three working days. Three schools required temporary accommodation.

The ministry will have processes in place to ensure that school property meets at least a minimum standard.

The ministry's funding allocation and property management policies are based on three minimum objectives: school property meets all health and safety requirements; the buildings are maintained to ensure the optimum life of the buildings; and there is sufficient space in the school.

The following processes exist to ensure these minimum objectives are met:

- all schools are required to have a 10-Year Property Plan setting out how they will maintain and modernise their property
- where required all schools have a building warrant of fitness
- building work must comply with all statutory, regulatory and ministry design standards
- accommodation provision is based on rolls and prescribed staffing policies.

Output 2: Purchase and construction of new school property

The purchase and construction of any new school property will be achieved through the following programme of work based on the 2006/07 School Property Business Case.

Purchase and construction of new school property – programme (\$m)	Carry forward target	Carry forward actual	2006/07 Target	2006/07 Actual	Total target	Total actual
Building capacity						
Additional classrooms	100	41.3	47.5	43.1	147.5	84.4
Site extensions	7	4.4	3.0	1.2	10.0	5.6
New schools – new sites	132	122.3	11.0	29.3	143.0	151.6
New schools – site works	-	-	3.0	2.0	3.0	2.0
New schools – construction	108	118.6	4.0	19.2	112.0	137.8
Special schools	-	50.1	-	-	-	50.1
Special character schools	13	63.8	8.0	11	21.0	74.8
ECE centres	7	2.9	5.0	2.1	12.0	5.0
School property guides	84	49.6	30.0	32.7	114.0	82.3
Total	451	453	111.5	140.6	562.5	593.6

The purchase and construction of any new school property will be achieved through the following programme of work based on the 2006/07 School Property Business Case.

Purchase and construction of new school property – expenditure for 2006/07 (\$m)	Carry forward target	Carry forward actual	2006/07 Target	2006/07 Actual	Total target	Total actual
Building capacity						
Additional classrooms	31	31.7	17.0	9.0	48.0	40.6
Site extensions	5	1.1	2.0	0.5	7.0	1.6
New schools – new sites	43	14.4	11.0	25.8	54.0	40.2
New schools – site works	-	4.1	3.0	0.3	3.0	4.5

New schools – construction	18	24.2	1.0	10.0	19.0	34.2
Special character schools	8	13.6	3.0	2.5	11.0	16.0
ECE centres	3	1.5	2.5	0.8	5.5	2.3
School property guides	60	24.8	15.0	1.5	75.0	26.3
Total	168	115.4	54.5	50.4	222.5	165.7

Site purchases and opening dates for a number of schools have been delayed. This is due to: the availability of school sites and willing sellers; and prioritisation of the site purchase and/or construction to take into account the emerging demand in each growth area.

Some reprioritisation has occurred with further staged construction for Albany Junior High, Botany Downs and Whangaporoa schools not budgeted for. Previously these had been included under roll growth classrooms.

All programmes will be consistent with the Business Case, completed on schedule and within budget.

All projects will comply with all statutory, regulatory and ministry design standards and implemented in accordance with the project management guidelines.

The school property guide deficiencies programme will be announced after the July 2006 rolls are known and deficiencies verified, but no later than 31 December 2006.

The 2006/07 programme was implemented in accordance with the 2006/07 school property business case and was completed on schedule and within approved budget. The business case budgets in some instances were reviewed to reflect market rates for land and new construction rates.

All projects complied with all statutory, regulatory and ministry design standards, and were implemented in accordance with the project management guidelines.

The School Property Guide Deficiencies programme was announced in December 2006. The total programme was \$32.7 million.

Performance indicators from the 2006/07 school property business case:

- delivery of 250 classrooms in schools to meet increased school rolls
- expenditure for 250 classrooms (a mix of those approved in 2006/07 and prior years) to be delivered at \$47.5 million
- purchase eight school sites in 2006/07 (Albany, Flat Bush, Huapai Kumeu, Hamilton, Papamoa, Rangiora, Burwood, Frankton)
- have started construction work on nine new schools in 2006/07 for opening in 2007 and 2008.

A total of 173 classrooms have been approved for construction and a total of \$38.5 million has been spent on classrooms.

There were five school sites purchased in 2006/07 including Babich, two in Flat Bush, Hamilton and Hingaia. There was some substitution of site purchases during the year due to: decisions to lease sites instead of purchasing them; changes to planned location of new schools to land already owned by the ministry; and changes in the priority given particular schools with establishment for some new schools being delayed until later years.

Construction occurred on five new schools including Stanmore Bay, Albany Junior High Stage Two, Whangaporoa Stage 2 and Botany Downs Stage 2 which are already open, and Hamilton North Primary which is scheduled to open in 2008.

Hamilton North East Secondary, Waimauku (now called Muriwai Valley), Halswell, Rangiora and Frankton school openings have all moved from 2008 to opening in 2009. In addition, these relocations were rescheduled – Snells Beach moved from 2007 to 2009 and Wanaka moved from 2008 to 2009.

Work on Felix Donnelly Special School has changed from construction of a new school to an upgrade of the existing school. The Silverdale School relocation has now been completed.

Output 3: Disposal of surplus school sector property

The ministry will sell surplus closed school properties, with proceeds of \$20.0 million.

Fifty-five closed schools and bare land properties were sold with proceeds of \$20.5 million.

It is targeted to sell these surplus properties, on average, within 22 months of them ceasing to be required for educational purposes.

The average selling time for these properties was 28 months. The average settlement has exceeded 22 months due to the time required for the Sites of Significance process and hold-ups for sensitive land testing. Four properties had disposal times in excess of 50 months – if these properties are excluded from the figures, the average selling time falls to 25 months.

Cost of output expense: Provision of school sector property

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Revenue:				
From the Crown	1,121,204	1,121,204	1,067,895	1,102,025
Other	315	225	225	101
Total revenue	1,121,519	1,121,429	1,068,120	1,102,126
Expenditure:				
Personnel	5,599			5,334
Operating	5,364			2,363
Depreciation	370,114			351,117
Maintenance of land and buildings	16,583			22,727
Capital charge	743,783			725,618
Other expenses	1,458			1,036
Total expenditure	1,142,901	1,121,429	1,068,120	1,108,195
Surplus/(deficit)	(21,382)	-	-	(6,069)

The change from 2005/06 to the 2006/07 budget mainly related to changes in capital charge including a change in the rate partly offset by continuing investment in school property assets.

The change at Supplementary estimates was mainly owing to increased capital charge almost entirely as a result of revaluations of school property assets at the end of 2005/06, partly offset by reallocations between output appropriations.

Over-expenditure relates to depreciation on the property portfolio owing to higher than expected levels of capitalisation of work in progress.

Output expense: Provision of teacher and caretaker housing

This output expense involves the provision of houses that are available to be rented by teachers, principals and caretakers. The teacher/principal housing portfolio has two components – those houses that are identified as core and those that are non-core. Core houses are provided as an incentive for the recruitment and retention of principals and teachers, particularly in isolated areas, and as a security measure.

This output expense includes (for non-core houses) executing new tenancy agreements, collecting and accounting for rentals received, and the associated maintenance and capital works (including purchase and disposal).

Schools are responsible for providing these services for caretaker houses and are funded for their maintenance as a component of their operating grants. Core housing is the responsibility of schools to manage as owners, except in those circumstances where ownership has yet to be transferred from the ministry.

Performance dimensions/Achievement dimensions – quality, quantity

and timeliness

The teacher and caretaker housing portfolio will be managed as follows:

- to have any remaining core houses owned by schools and to have non-core houses declared surplus to requirements as current teacher tenants vacate them, unless schools provide evidence that they are required for teacher recruitment at that school
- have all rents based on market rates discounted to recognise service tenancy issues where appropriate.

Nearly all core houses have now been transferred to schools. The ministry will retain ownership of the remaining 17 core houses where boards have been unwillingly to take on ownership. A strategy has been developed for the rationalisation of the non-core housing portfolio (600 houses) subject to consultation with the sector and a final report to the Minister of Education.

The ministry annually reviews housing rentals. All teacher rents are assessed at 75% of the market rental, being service tenancy rates.

Surplus house properties will be sold, most within the Surplus Property Disposal Incentive Scheme, under which the schools receive back 50 percent of the net sales proceeds.

Disposal proceeds for non-core houses will be \$5.0 million.

These houses will be sold on average within 22 months of them ceasing to be required for educational purposes.

The Surplus Property Disposal Incentive Scheme applied to all housing released by schools for disposal.

A total of 81 houses were sold in 2006/07 with proceeds of \$11.8 million.

The average selling time for these 81 properties was 28 months. The average settlement has exceeded 22 months due to the time required for the Sites of Significance process and hold-ups for sensitive land testing.

Two properties had disposal times in excess of 80 months – if these properties are excluded from the figures, the average selling time falls to 26 months.

Cost of output expense: Provision of teacher and caretaker housing

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Revenue:				
From the Crown	15,354	15,354	12,037	12,499
Other	4,213	3,503	3,503	4,734
Total revenue	19,567	18,857	15,540	17,233
Expenditure:				
Personnel	359			153
Operating	1,097			76
Depreciation	2,615			2,488
Maintenance of land and buildings	2,793			2,418
Capital charge	12,035			11,624
Other expenses	47			192

Total expenditure	18,946	18,857	15,540	16,951
Surplus/(deficit)	621	-	-	282

The change from 2005/06 to the 2006/07 budget mainly related to reduced capital charge owing to a combination of the effect of transferring houses to school boards of trustees and a lower rate of capital charge applying in 2006/07.

The change at Supplementary estimates is mainly owing to increased capital charge almost entirely as a result of revaluations of school property assets at the end of 2005/06.

Over-expenditure relates to depreciation on the property portfolio owing to higher than expected levels of capitalisation of work in progress. For teacher housing this has been more than offset by higher than expected levels of rental income.

Output expense: Purchasing of services on behalf of the Crown

This output expense involves the purchasing of services, on behalf of the Minister of Education, from third parties and education Crown entities⁶. The resources that are provided to purchase these services are appropriated as Non-departmental output expenses.

The purchasing of services involves providing purchasing advice to the Ministers to determine respective purchasing strategies and negotiating the terms and conditions of various forms of purchasing agreements⁷. This includes specifying the nature and expected performance dimensions of the services to be supplied. Purchasing agreements are negotiated with a range of suppliers:

- education Crown entities
- education service providers such as Te Kōhanga Reo National Trust, the Royal New Zealand Foundation for the Blind, Pacific Islands and Polynesian Education Foundation, School Support Services⁸, Teacher Refresher Course Committee, Association of Colleges of Education in New Zealand and services provided through Rural Education Activities Programmes (REAP)⁹.
- other public and private providers of a range of services, as determined by the Minister.

Purchasing agreements are negotiated with these suppliers in respect of a range of services such as education programmes for students, co-ordinated purchases for the schools sector such as software licences, professional development programmes for providers and teachers, research to build knowledge about teaching and learning in our educational institutions, school transport services, parental support programmes, and truancy services to support schools in addressing student attendance and absenteeism issues.

The Minister may specify both the services to be purchased and a preferred supplier, or the broad nature of the services to be purchased. In the latter case, the output expense also involves managing a contestable tendering process to identify a preferred supplier and may include recommending the preferred supplier to the Minister.

This output expense involves development and ongoing management of the purchase agreements and, in particular, monitoring each service provider's performance and, for agreements signed by the Minister, reporting to the Minister on provider performance. For some of the purchase arrangements managed under this class, the output includes the development of the strategic direction of the purchasing arrangement in question. Information on provider performance informs subsequent purchasing strategies.

Performance dimensions/Achievement dimensions – quality, quantity

⁶ Career Services rapuara and New Zealand Qualifications Authority (NZQA).

⁷ Purchasing Agreements include contracts of service and documents of accountability.

⁸ Contracts for School Support Services are with the University of Auckland College of Education, University of Waikato, Massey University, Victoria University of Wellington College of Education, University of Canterbury and University of Otago.

⁹ REAPs are incorporated societies that provide services to ECE services, schools and community education services and co-ordinate educational activities across the sectors, in a number of rural districts.

¹⁰ As expressed in the record of authority (such as Cabinet paper, Gazette notice etc.).

and timeliness

Purchasing advice

All purchasing agreements will:

- fulfil the purpose¹⁰ of the appropriation and be tailored to the particular business environments within which providers are operating
- be informed either by analysis of actual performance of the respective providers in previous periods or through referees and other information
- set terms and conditions consistent with the quality expectations for contracting set out in applicable Treasury and ministry documents, specifically the ministry's *Purchasing Guidelines* and Treasury's *Guidelines for Contracts with Non-Government Organisations for Services sought by the Crown* (Treasury, December 2003).

All purchasing agreements met the agreed performance dimensions.

Management of agreements

Purchasing recommendations requiring the Minister's approval¹¹ will be forwarded to the Minister at least 30 days prior to the commencement of the period to which the agreements apply, to enable the Minister to sign agreements in a timely fashion.

All purchase agreements were forwarded to the Minister for approval at least 30 days before the commencement of the period to which the agreement related.

Agreements will be signed prior to the commencement date for the delivery of goods and services in the period to which the agreements relate.

All agreements were signed prior to the commencement date for delivery of goods and services.

Payments will be made only where there is a current signed agreement and only in terms of the conditions set out in the agreement.

Payments were made only where there was a current signed agreement and only in terms of the conditions set out in the agreement.

Analysis of and comment on the performance of all central education Crown entities under their purchase agreements will be provided to the Minister within 30 working days of receipt of reports.

Analysis and comment on purchasing performance were provided to the Minister within the agreed timeframe.

Appropriate action will be taken in all matters of material concern consistent with risk-based monitoring requirements of purchase agreements and the ministry's *Purchasing Guidelines*.

Appropriate action has been taken for all identified matters of material concern consistent with risk-based monitoring requirements of purchase agreements and the ministry's *Purchasing Guidelines*.

Advice and recommendations will be provided to the Minister on significant variances of provider performance in all matters of material concern that have not been resolved through follow-up action.

Advice and recommendations were provided to the Minister on significant performance issues.

Between 130 and 150 programmes under which services are purchased will be managed within nine non-departmental output expense appropriations.

The ministry managed 135 programmes, under which services were purchased, within eight output expense

¹¹ The Minister of Education is signatory to the annual agreements with the central education Crown entities.

appropriations.

Between 1,020 and 1,100 purchasing agreements will be managed (excluding Purchasing Agreements managed with schools).

The ministry managed 854 purchasing agreements excluding those managed with schools.

Between 390 and 400 school transport agreements with bus operators will be managed.

The ministry managed 476 contracts with bus operators (monitored by two transport agents) covering 1,598 daily bus routes and 710 technology routes.

Between 1,000 and 1,100 contracts will be managed with schools.

The ministry managed 1,372 contracts with schools.

Between 40 and 50 non-contestable agreements will be managed.

A total of 91 non-contestable agreements were managed.

Cost of output expenses: Purchasing of services on behalf of the Crown

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Revenue:				
From the Crown	12,037	12,037	11,525	12,031
Other	68	68	68	66
Total revenue	12,105	12,105	11,593	12,097
Expenditure:				
Personnel	4,516			5,047
Operating	1,817			1,581
Depreciation	423			254
Capital charge	81			58
Other expenses	4,535			4,984
Total expenditure	11,372	12,105	11,593	11,924
Surplus/(deficit)	733	-	-	173

The change at Supplementary estimates was owing to a combination of managing software licensing agreements for schools and reallocations between output appropriations.

The under-spend in this output is mainly related to delays and lower than expected costs for some information, communication and technology projects.

Output expense: Special education services

This output expense provides quality special education services to children, young people and their families through the development of a network of learning support that will provide co-ordinated and integrated services to children and young people who need them.

Under this output the ministry will provide a wide range of services and support, both directly and indirectly, to children and young people with special education and developmental needs. The services are to assist these children and young people to: be present and attend safely; participate socially and be increasingly self-determining; and have experiences that maximise learning, achievement and wellbeing.

These services will be responsive to local needs, while also delivering national consistency and leadership. The ministry will also provide strong professional support for the specialists who work in the sector.

To provide these services the ministry will work closely with families, whānau, caregivers, iwi, communities, schools, early childhood educators and agencies. There is also a key role in building the capability of the people, educators and the organisations that are critical to the development and education of the children and young people with special education needs.

Performance dimensions/Achievement dimensions - quality, quantity and timeliness

Output 1: Services for children and young people

Specialist services will be provided as follows:

- infants and young children requiring early intervention in the early childhood education (ECE) sector – an estimated 11,200 - 13,200 including both high and moderate needs (services are provided by both the ministry's Group Special Education (GSE) and accredited service providers)
- students in the school sector with severe behaviour challenges – up to 6,000
- students in the school sector with communication disorders and delays – between 5,500 and 7,000
- Ongoing and Reviewable Resourcing Schemes (ORRS) verified students to receive specialist services – a demand driven service involving up to 7,100 students (services are provided by both the ministry's GSE and other school providers)
- providing re-integration support plans for student support – an estimated 50 - 200
- specialist services for students on the supplementary learning support programme – up to 1,500
- students with moderate physical needs – an estimated 300 - 500
- students with moderate needs related to hearing loss – an estimated 1,000 - 1,200
- assessments for recommendation (such as correspondence courses, boarding bursary, meetings with Youth Offending Family Group Conferences, assistance with transport, application of Education Act 1989 (section 9), and assessments of non-Group Special Education clients) – an on-demand service.

During 2006/07 the following specialist services were provided:

- infants and children requiring early intervention in the ECE sector – 12,230. This included services provided by both GSE and other service providers
- students with severe behaviour challenges – 4,545. The level of ongoing specialist support required by students can limit the number of students that receive a service
- students who received a communications service during the year – 8,311. A high number of students go through an initial screening process (up to eight hours of service) which resulted in a higher out-turn. Fewer students progress through to a more comprehensive specialist service
- ORRS students – 6,925 (5,228 high and 1,697 very high). This included services provided by both GSE and other service providers. In addition 523 students received funding under the Schools High Health Needs Fund
- re-integration support plans for student support – 135. This is a demand-driven service dependent on the number of suspensions and exclusions
- specialist support services provided to students on the Supplementary Learning Support scheme – 1,448 as at 30 June. There are 1,500 places available but there is a regular turnover as students move in and out of the service
- students with moderate physical needs – 621
- students with moderate special education needs relating to hearing loss – 1,515
- assessments for recommendation – 10,700 hours
 - 4,829 hours, 897 students – the Correspondence School
 - 1,128 hours, 45 students – Individual Education Plans: non-GSE clients
 - 952 hours, 440 students – Transport and Section Nine

- 2,467 hours, 201 students – preparation of material for students assessed for ORRS funding
- 1,324 hours, 321 students – boarding bursary assessments.

Assessment work will be done for other agencies as follows (the requests are demand-driven, but estimated to number):

- up to 4,500 assessments for Independent Youth Benefit (IYB) applications
- up to 1,100 assessments for Independent Circumstances Allowances (ICA)
- up to 800 assessments and ongoing support for Accident Compensation Corporation (ACC) referrals
- up to 300 assessments for the Youth Offending Strategy.

During 2006/07 assessment work for other agencies involved:

- assessments for IYB Allowances – 2,077. This is a demand-driven service dependent on the number of applications referred by Work and Income – a service of the Ministry of Social Development. There was a change in the referrals process during the year resulting in fewer assessments
- assessments for ICA – 65. The ministry is no longer contracted to provide this services for the Ministry of Social Development
- assessments for ACC referrals – 286. This is a demand-driven service dependent on referrals from ACC. The ministry is no longer the preferred supplier for this service
- assessments for the Youth Offending Strategy – 318. These assessments are undertaken when a youth consents to the Family Group Conference process after being referred by a Child, Youth and Family youth offending co-ordinator.

Ten percent of client groups are surveyed about the effectiveness of (educational, social and cultural) outcomes for individual students and their level of satisfaction with the services provided. Surveys provide the opportunity to gather feedback from a child or young person and their family, whānau and educators.

Ten percent of clients were given the opportunity to complete a client satisfaction survey. A total of 82.3 percent of these clients responded: 82 percent of respondents thought the difference made to their child was either quite good, very good or excellent; 79 percent of respondents thought the timeliness of service was either quite good, very good or excellent; and 84 percent of respondents thought the way they were kept informed was either quite good, very good or excellent.

At the closure of service, all client groups are given the opportunity to complete a client survey.

Client groups are surveyed at the closure of service.

Districts will implement national service standards and guidelines.

All districts have implemented specialist services standards.

The Quality Review System is undertaken bi-annually (half the districts reviewed each year) to review the management of internal organisational systems and procedures.

The Quality Review System was undertaken to review the management of internal organisational systems and procedures.

Output 2: Services to families and whānau

Services will be delivered as follows:

- continued maintenance and further development of one national and 16 local district Special Education

Reference Groups that will enable parents, families and/or whānau to represent their concerns with the ministry

- advice and guidance to families and whānau regarding special education – an on-demand service
- up to 180 workshops/courses will be delivered.

During 2006/07 the following services were delivered to families and whānau:

- there are 75 local and national Special Education Reference Groups in place. This includes groups for specific disabilities. There are also 16 local district reference groups in place
- advice and guidance to families and whānau – 3,459 hours
- workshops and courses – 156.

Workshops/courses will be evaluated by participants.

Evaluations of participants attending workshops and courses have been received and analysed. Feedback is used to inform future workshop delivery.

Output 3: Services to education providers

For education facilities generally:

- up to 400 courses/workshops for educators will be delivered across ECE, school sector, kaupapa Māori and Pasifika contexts
- up to 40 schools will begin developing school-wide systems for eliminating violent behaviour
- a demand-driven service possibly involving 40 – 60 responses to traumatic incidents
- approximately 700 management/intake meetings or support meetings for Resource Teachers: Learning and Behaviour (RTLb), RTLb Māori and Learning Support teachers will be supported
- 16 admissions committees for special residential schools supported
- approximately 400 to 600 assistive equipment requests managed.

During 2006/07 the following services were provided:

- workshops/courses delivered – 467
- schools developing systems for eliminating violent behaviour – 26 schools
- traumatic incidents – 166. This is a demand-driven service
- support of management/intake or clinical supervision meetings for RTLbs – 215 clusters were supported with generally one meeting a term with an average of three attendees per meeting, resulting in deliveries consistent with the target
- admission committees for special residential schools supported – 16
- assistive equipment requests managed – 751.

The individual resources for students through the Ongoing and Reviewable Resourcing Schemes (ORRS) and School High Health Needs Fund (SHHNF) will be determined. The applications are demand-driven, but decisions are estimated to number between 1,000 and 2,500 per year.

Student applications – 1,751 applications (1,392 for ORRS and 259 for SHHNF) of which 1,651 were approved (965 for ORRS and 176 for SHHNF).

For individually targeted funds:

- SHHNF verified students to receive resourcing – for up to 300 students
- ORRS verified students to receive resourcing – for up to 7,100 students.

The numbers of students who received resourcing under individually targeted funds were: SHHNF-verified students – 467 and for ORRS-verified students – 7,037. These services are demand-driven.

Workshops/courses will be evaluated by participants.

Workshops and courses have been evaluated by their participants.

In respect of the eligibility and assessment services, all decisions will be made in accordance with the published criteria and communicated within three weeks of receipt of an application.

Assessments have been made in accordance with established criteria. Visits were made to fundholders and accredited service providers and monitoring was carried out through all the required steps.

Annual visits with an Early Intervention Alternative Service Provider in the ECE sector and every ORRS fund managing school. The purpose of the visits is to discuss progress and review compliance.

All annual visits have been completed over the course of the year as part of monitoring service provision of Early Intervention Specialist Service providers and fund managers for the ORRS.

Output 4: Services to communities

Services will be provided as follows:

- participation in Strengthening Families, Youth Offending Teams, High and Complex Needs projects at System Two as negotiated
- participation in wider ministry iwi partnerships as negotiated
- at least seven individual publications, four targeted at Māori and Pasifika families/whānau, as well as three more general publications to be available nationally
- participation in advisory reference groups for Pasifika peoples
- interagency liaison – on demand
- advice and guidance to communities regarding special education.

During 2006/07 the following services were provided:

- participation in Strengthening Families, Youth Offending Teams, High and Complex Needs projects at System Two – 1,428 specialist hours
- participation in ministry iwi partnerships – 312 hours
- four publications targeted at Māori and Pasifika families/ whānau and nine general publications available
- participation in advisory reference groups for Pasifika peoples – 107 hours provided for Pasifika advisory reference groups
- interagency liaison – 11,386 hours
- advice and guidance to communities – 1,538 hours.

Districts will seek feedback on the effectiveness of their participation and contribution to intersectoral community-based programmes.

Feedback has been sought where appropriate.

There will be internal peer review of involvement with projects, groups, or agencies.

Internal peer-review of involvement with projects, groups or agencies occurred during the year.

Cost of output expenses: Special education services

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Revenue:				
From the Crown	170,637	170,637	168,515	161,818
Other	4,085	4,510	4,466	3,998
Total revenue	174,722	175,147	172,981	165,816
Expenditure:				
Personnel	79,475			75,111
Operating	16,744			15,273
Depreciation	4,563			4,238
Capital charge	1,355			1,038
Other expenses	73,833			69,767
Total expenditure	175,970	175,147	172,981	165,427
Surplus/(deficit)	(1,248)	-	-	389

The change from 2005/06 to the 2006/07 budget mainly related to a combination of increased investment in ministry infrastructure, increased services in the ECE sector, the impact of recent collective agreements for support workers and field staff, provision to offset other funding pressures and maintain service levels, partly offset by adjustments to funding for ORRS, Behaviour Initiative and Supplementary Learning Support programmes.

The change at Supplementary estimates was mainly owing to reallocations between output appropriations including provision for higher than expected payments for the ORRS, partly offset by changes in the timing of some outputs delayed until 2007/08.

Over-expenditure is owing to higher than expected costs for ORRS, including for High Health Needs, partly offset by a higher than expected level of staff vacancies.

Output Expense: Tertiary and international education policy and ownership advice

This output expense provides for policy development and evaluation for the tertiary and international education sectors, purchasing and monitoring advice in respect to delivery agencies and state owned providers and ministerial services. Services include:

- timely and relevant policy advice through briefings and policy papers on a wide range of issues relating to various aspects of the tertiary and international education system. This policy advice will anticipate future opportunities and pressures, identify priorities for improvement, develop options for improving the effectiveness of tertiary education and recommend appropriate legislative expression of tertiary education policy. Policy advice will seek to align tertiary and international education, with other social and economic policy, for example labour market, research and innovation, health and welfare.

In addition to the core business of policy analysis and advice, this output includes:

- the provision of associated legislative advice
- advice on the implementation of government tertiary and international education policy
- conducting consultation processes with sector stakeholders and the general public
- the initial promulgation of government policy where such communication is clearly separate from supporting the ongoing implementation of the policy

- ongoing oral and written briefings and preparation of speech notes not provided in the course of delivering other services.

In order to provide high-quality policy advice, in both the short and medium terms, this output includes:

- the systematic collation of information covering various aspects of the performance of the tertiary and international education system
- analysis, research and evaluation of the impact of current and potential government interventions on tertiary and international education outcomes
- monitoring developments in related areas of social policy and issues emerging internationally in tertiary and international education and establishing an international network of education counsellors to support this.

Policy advice will be provided, in consultation with the Tertiary Education Commission (TEC) and New Zealand Qualifications Authority (NZQA) as appropriate: in relation to the strategic policy and regulatory frameworks for the tertiary and international education system; learning outcomes including curriculum matters, assessment approaches and qualifications; and governance and management arrangements for public tertiary and international education providers. Policy advice will also be provided in relation to student loans, allowances and scholarships in consultation with the Ministry of Social Development and Inland Revenue as appropriate.

- ownership advice on the service delivery capability and financial viability of tertiary education institutions (TEIs) and the TEC and monitoring of the Crowns' risk. Risk in this context is the risk to a TEI's ongoing viability in fulfilling its mission such that additional government support may be required. Advising and reporting in this context encompasses judgements about the strategic capability of the entities and, in particular, the educational viability of those entities providing education services and the financial viability and long-term capability of the entities, both on an individual basis and collectively as a portfolio.

This output includes monitoring advice related to the performance of the TEC. This involves negotiating accountability documents including Statement of Intent and Output Agreement (and any subsequent variations), reviewing quarterly and annual reports and other performance reports.

Advice will be provided relating to the appointment of Ministerial appointees to TEI Councils and the TEC.

This output also involves taking follow-up action with governing bodies and management, as necessary, to address any material problems. Follow-up action may also involve managing external interventions to improve the capability and financial viability of tertiary education sector entities where the governing bodies have been unable to resolve the performance issues without such intervention.

External interventions may include application of statutory interventions (requiring a board or council to provide information or prepare an action plan, appointing an advisor/Crown observer or limited statutory manager to the board, or replacing the board or council with a commissioner) or preparing a business case to support requests for a capital injection or loan. Provision of governance and management training for TEI Councils and management teams is also included.

This output also involves regular reporting to the Minister on performance of the tertiary education sector portfolio and includes managing the establishment, closure and merger of these entities and the disposal of surplus assets held by TEIs and includes:

- facilitation of purchasing services from third parties and education Crown entities. The purchasing of services involves providing purchasing advice to the Minister to determine respective purchasing strategies and negotiating the terms and conditions of various forms of purchasing agreements, including specifying the nature and expected performance dimensions of the services to be supplied. Purchasing agreements are negotiated with a range of suppliers – TEC, and public and private tertiary and international education service providers such as State tertiary education institutions (TEIs), private training establishments and Education NZ Trust.

Purchasing agreements are negotiated with these suppliers in respect of a range of services. The Minister may specify both the services to be purchased and a preferred supplier, or the broad nature of the services to be purchased. In the latter case the output also involves managing a contestable tendering process to identify a preferred supplier and may include recommending the preferred supplier to the Minister.

The output involves development and ongoing management of the purchase agreements and, in particular, monitoring each service provider's performance and, for agreements signed by the Minister, reporting to the Minister on provider performance. For some of the purchase agreements managed under this expense the output includes the development of the strategic direction of the purchasing arrangement in question. Information on provider performance informs subsequent purchasing strategies

- ministerial services and support to assist the Minister to meet the obligations to Parliament that are associated with the responsibilities of a Minister of the Crown. Ministerial services are provided primarily through drafting replies to questions and inquiries put to the Minister and Minister for Tertiary Education or through responding to inquiries directly, as requested by the Minister. Questions and inquiries include parliamentary questions and petitions, select committee examinations and inquiries, requests to Ministers for information under legislative provisions and general correspondence (ministerials) from the public. The output also includes the provision of advisory support to the Minister in Cabinet committees and select committees.

The resources administered through the output expense are appropriated as Non-departmental output expenses, Other expenses to be incurred by the Crown, and Benefits and other unrequited expenses. Resources for the tertiary education sector are generally managed by TEC.

Output 1: Policy advice

Aspects of policy advice – qualitative characteristics

All policy advice was fit for the purpose of informing the government and/or ministerial decision-making, having regard to the stage in the policy development process and the political context within which those decisions are made and incorporating the following two qualitative characteristics: policy analysis and the policy development process; and the policy projects.

Policy analysis and the policy development process

The public policy problem, including the underlying causes, was identified and supported by data or other evidence, and the policy objectives articulated.

Analysis incorporated the following aspects:

- a range of options was identified and assessed for benefits, costs, risks (including strategic or long and medium-term risks as well as operational or immediate risks), and consequences to the government and the community¹²
- consistency – linkages were drawn with prior advice provided within the project through cross-referencing and trade-offs, or explicit variations were made to improve prior advice
- cross-sector inter-relationships – linkages with government policy directions and interventions across sectors, particularly the labour market, research and other social policy areas within the broad education sector were taken into account
- impact for Māori – the impact of the proposals on the achievement of Māori students and the participation of Māori in education was taken into account
- stakeholder impact – the impact of the proposals on relevant stakeholders was taken into account, including, specifically, the achievement and participation of: disadvantaged or at-risk groups of students; and Pasifika

¹² A "range of options" was judged in the context of well-established analytical and legal frameworks, relevant research and evaluation, existing (empirical) data held by the Ministry of Education, previous government decisions within the policy project, and a sound knowledge of the sector.

students

- assumptions/principles – were explicit and robust, with logical argument supported by fact
- cost implications – costs, in terms of the implications of the proposals for specific appropriations or appropriation types, were identified; and methods and assumptions for costings were transparent and robust, with risks explicitly identified
- regulatory impact – the impact of the proposals on efficiency and compliance costs for the sector and the Crown were identified
- implementation implications – the proposals included approaches for addressing any feasibility, timing and change-management issues, and associated legislative implications.

Policy analysis and the policy development process also involved:

- consultation – relevant government agencies and other affected parties, where applicable, were provided with reasonable opportunities to influence policy advice, and any comments on the analysis, options or proposals were taken into account
- timeliness – policy advice was provided to the Minister in sufficient time to enable the Minister and/or the government to make decisions in a timely fashion
- presentation of policy advice – all policy papers, briefings to the Ministers and initial promulgation of government policy met the following presentation standards – written policy advice was presented in accordance with the following standards:
 - purpose – the purpose of each policy paper and written briefing was clearly stated
 - argument – each policy paper presented the assumptions and principles on which it was based and the evidence on which the conclusions and recommendations were based
 - recommendations – all papers included specific recommendations for decision and action
 - format – all papers met Cabinet Office requirements, and style and content requirements consistent with the ministry's *Ministerial Guidelines*
- oral policy advice – was provided by people with the appropriate delegated authority
- initial promulgation – was delivered in accordance with the documented terms of reference/specifications for each notification, consistent with the objectives of those policies.

Policy projects

The ministry maintained a capability sufficient to enable it to advance policy projects in accordance with the milestones established in policy project specifications which were included in the *Policy Work Programme*. The programme was modified from time to time during the year by agreement between the Minister for Tertiary Education and the Secretary for Education.

The development of the *Tertiary Education Strategy* (TES), as well as the associated *Statement of Tertiary Education Priorities* (STEP), was a major focus of the policy work programme in the year. This included:

- development of a new approach to assuring the quality of education provided in the tertiary education system
- development of a policy framework that links tertiary education to broader social, cultural and economic objectives, as well as the education system as a whole, and supports the government's reform agenda for tertiary education, including changes to the funding, quality and monitoring regimes
- undertaking appropriate consultation with a range of stakeholders including, but not limited to, tertiary education sector representatives
- advice to Ministers and Cabinet on the TES
- publication of the TES, as well as the associated STEP, in time for it to be taken into consideration by TEC and

Tertiary Education Organisations developing and negotiating Profiles in 2007.

Other policy advice relating to the strengthening of the tertiary education system has included:

- development and management of the tertiary education elements of Budget 2007
- support to the tertiary reforms including sustainability of funding, setting the baseline, budget management rules and accountability arrangements for quality assurance
- legislative change to support the tertiary education reforms
- advice to strengthen TEIs with further incentives and interventions, including review of the at-risk interventions of the Education Act and the gazetted risk criteria, and enhanced capital investment approach for government
- developing the medium-term work programme for student support
- developing initial advice for the plan of action for the next three to five years to upskill the workforce in literacy, numeracy and language
- learning for living (adult literacy, numeracy and language) activities to inform policy development including commissioned research, sustained professional development, tools and resources, communication activities and workshops to widen and deepen sector engagement and knowledge.

Performance dimensions/Achievement dimensions

Output 2: Ownership advice

Ownership advice to the Minister or, on the Minister's behalf, to central education Crown entities, and tertiary education sector institutions (TEIs) will be:

- informed by monitoring Crown risk. Risk in this context includes the risk to the Crown that an entity's ongoing viability in fulfilling its mission may come under pressure such that government support may be required, and the risk that as result of financial pressures an institution's fundamental intellectual and technical capability may erode
- informed by analysis of actual performance of the respective entities in previous periods, and their strategies for future performance
- consistent with the government's strategy, taking account of the entities' performance capability and be tailored to the environment within which the particular entity is operating.

Ownership advice to the Minister, or on the Minister's behalf, to central education Crown entities, and tertiary education sector institutions met the agreed performance dimensions. Provision of ownership advice in respect to the tertiary sector transferred to the TEC from 1 September 2006.

All statutory approvals, processes and follow-up action taken will be in accordance with the provisions of the Education Act 1989 and other relevant legislation.

All statutory approvals, processes and follow-up action taken were in accordance with the provisions of the Education Act 1989 and other relevant legislation. Follow-up action in each case was undertaken by the TEC.

All recommendations for appointment will demonstrate a sound match between the specifications required for the position and the characteristics and expertise of the individuals recommended and be informed by an analysis of the current skill mix of councils. In the case of TEIs, applicants will be screened against established criteria, which take into account State Services Commission guidelines around appointments and conflicts of interest.

All recommendations for appointments met this performance dimension. Recommendations for appointments in the tertiary sector became the responsibility of the TEC on 1 September 2006.

Follow-up action

Appropriate action will be taken, either with the entity directly or as advice to the Minister, in all situations

where monitoring identifies adverse situations in terms of ongoing strategic capability and financial viability. Those actions will be taken as a result of reviewing: quarterly reports from TEC within 20 working days of receipt; and TEI financial reports, budgets or one-off special reports, borrowing applications and other business cases.

Appropriate action was taken, either with the TEC directly or as advice to the Minister where adverse situations were identified from reviewing the TEC quarterly reports within 20 working days of their receipt.

Responsibility for follow-up action on TEI financial reports, budgets or one-off special reports, borrowing applications and other business cases has transferred to the TEC.

Tertiary Education Commission (TEC)

Advice will be provided to the Minister on a range of issues including:

- Statement of Intent – in time to allow for these to be approved in accordance with statutory timeframes (by 31 May 2007 unless otherwise agreed)
- Output Agreement – at least 20 working days before the start of the financial year
- Quarterly reports – within 20 working days of receipt of each report
- Annual report – within 20 working days of receipt.

Advice was provided to the Minister as follows:

- Statement of Intent – advice was provided to the Minister in June 2007 because the Statement of Intent took longer to develop than expected
- Output Agreement – advice on the agreement was also provided in June 2007 because the Statement of Intent on which the Output Agreement is derived took longer than expected
- Quarterly reports – comments on and analysis of TEC quarterly reports were provided within 20 days of their receipt expect for the third report which was delayed when additional information had to be requested from TEC
- Annual report – advice was provided to the Minister within 20 working days of receipt.

Appropriate action will be taken where matters of concern are identified in the quarterly report – as per timeframes agreed with Ministers.

Appropriate action was taken where matters of concern were identified in the quarterly reports and according to timeframes agreed with Ministers.

Tertiary education institutions (TEIs)

Advice will be provided to the Minister on a range of ownership issues including:

- five bi-monthly combined reports on at-risk TEIs – within 15 working days of the end of each two month period (December and January excluded)
- advice on up to 33 TEIs charters and profiles – as per the timeframe agreed with Ministers and the TEC
- reports or briefing papers on issues impacting upon individual TEIs – as and when required
- applications from TEIs for capital injections – as per the timeframe agreed with Ministers.

Responsibility for advice to the Minister on a range of ownership issues in respect to TEIs has transferred to the TEC from 1 September 2006.

Advice on appointments

The Minister will be advised on proposed appointments to all vacancies arising within the period covered by the agreement.

Information and advice will be provided to the Minister in relation to TEIs and the TEC as follows:

- appointments for TEIs – an estimated 40 – 50
- appointments for the TEC – two to three.

Responsibility for appointments for TEIs has transferred to the TEC. There have been no appointments to the TEC's Board during the year.

Management of external ownership interventions

External interventions may occur in cases where a medium to high risk of poor performance is identified. All recommendations to the Minister, or decisions by the ministry, for external interventions in tertiary education sector entities (including TEIs) will:

- clearly identify the nature and extent of the strategic capability and financial risk
- identify and assess a range of options to reduce or manage the risk, in terms of the benefits, costs, risks and consequences for the individual entity and the Crown
- identify the most effective and efficient option(s) to manage the risk
- identify a plan of action for addressing the issue (and where appropriate seek ministerial or stakeholder input).

All external interventions will be monitored and reassessed at key milestones, as part of monitoring the individual entity's progress against the agreed plan of action between the ministry and the individual entity.

Appropriate action will be taken in all situations where the ownership performance or other actions of an individual entity deviate materially from the agreed intervention approach, in accordance with time-frames agreed with Ministers.

The ministry will maintain a capability sufficient to enable it to manage a portfolio of interventions and to conclude interventions in a timely fashion, including:

Category of monitoring and support intervention	Estimated initiated 2006/07	Actual initiated 2006/07	Estimated completed 2006/07	Actual completed 2006/07
Tertiary				
Pre-emptive support:				
• Support designed to assist institution performance from deteriorating to the point of requiring formal external intervention.	5-10	-	2-5	-
Formal intervention:				
• Management of formal intervention under section 195 (appointment of Crown Observers to Councils or Commissioners).	1-5	-	1-5	-

Responsibility for managing external ownership interventions in the tertiary sector has transferred to the TEC from 1 September 2006.

Ownership advice on the tertiary education sector portfolio

Ownership advice on the performance of the portfolio will:

- focus on long-term capability and financial viability
- be informed by comprehensive analysis of trends and risks

- identify common themes, linkages and opportunities
- identify and assess options to address risks and capture opportunities, linking with education and other relevant government policies (including in the tertiary area the *Tertiary Education Strategy* (TES) and the *Statement of Tertiary Education Priorities* (STEP))
- provide six monthly overviews of key trends and issues across the TEI sector.

Responsibility for ownership advice on the performance of the tertiary sector portfolio has transferred to the TEC.

Characteristics of the portfolio

Advice or decisions, on the characteristics of the portfolio will be informed by:

- comprehensive analysis of: demographic trends; the service delivery capability and financial viability of current institutional arrangements; relevant Government and education policies; and consultation with relevant stakeholders.

Advice or decisions on the characteristics of the portfolio will:

- recommend specific options to address the findings of the analysis
- meet legislative obligations relating to consultation, timeliness etc, where applicable.

Responsibility for advice or decisions on the tertiary sector has transferred to the TEC. Ownership advice and decisions on the characteristics of the TEC met the agreed performance dimensions.

The ministry will maintain a capability sufficient to enable it to manage:

- up to two applications or processes for the establishment, disestablishment or change of status of TEIs
- up to three mergers of TEIs.

Responsibility for managing establishments, closures or mergers in the tertiary sector has transferred to the TEC.

Output 3: Purchasing of services

Purchasing advice

All purchasing agreements will:

- fulfil the purpose¹³ of the appropriation, and be tailored to the particular business environments within which providers are operating
- be informed either by analysis of actual performance of the respective providers in previous periods or through referees and other information
- set terms and conditions consistent with the quality expectations for contracting set out in applicable Treasury and ministry documents, specifically the ministry's *Purchasing Guidelines* and Treasury's *Guidelines for Contracts with Non-Government Organisations for Services sought by the Crown* (Treasury, December 2003).

All purchasing agreements met the agreed performance dimensions.

Management of agreements

Purchasing recommendations requiring the Minister's approval¹⁴ will be forwarded to the Minister at least 20 working days prior to the commencement of the period to which the agreements apply, to enable the Minister to sign agreements in a timely fashion.

The draft TEC output agreement for 2007/08 was submitted to the Minister for his comment later than 20 days before the start of the period owing to difficulties in developing a draft that adequately covered the transition to the new tertiary funding system on 1 January 2008 – half way through the period.

¹³ As expressed in the record of authority (such as Cabinet paper, Gazette notice etc.).

¹⁴ The Minister for Tertiary Education is signatory to the annual agreements with the Tertiary Education Commission.

Agreements will be signed prior to the commencement date, for the delivery of goods and services in the period to which the agreements relate.

All agreements were signed prior to the commencement date for delivery of goods and services.

Payments will be made only where there is a current signed agreement and only in terms of the conditions set out in the agreement.

Payments were made only where there was a current signed agreement and only in terms of the conditions set out in the agreement.

Analysis of and comment on the performance of the TEC under its Output Agreement will be provided to the Minister within 20 working days of receipt of reports.

Analysis and comment on purchasing performance were provided to the Minister within the agreed timeframe, except for the third quarterly report of the Tertiary Education Commission. This analysis was delayed because of the need to obtain extra information from the TEC.

Appropriate action will be taken in all matters of material concern consistent with risk-based monitoring requirements of purchase agreements and the ministry's *Purchasing Guidelines*.

Appropriate action has been taken for all identified matters of material concern consistent with risk-based monitoring requirements of purchase agreements and the ministry's *Purchasing Guidelines*.

Advice and recommendations will be provided to the Minister on significant variances of provider performance in all matters of material concern that have not been resolved through follow-up action.

Advice and recommendations were provided to the Minister on significant performance issues.

Between 20 and 30 programmes under which services are purchased will be managed within five non-departmental output expense appropriations.

The ministry managed 30 programmes, under which services were purchased, within five output expense appropriations.

Output agreements with the Tertiary Education Commission and Education New Zealand will be managed.

These agreements were managed on behalf of the Minister.

Output 4: Ministerial services

All responses and provision of information to the Minister for Tertiary Education and Parliament, and its committees, will be prepared to the following timelines, or as otherwise specifically agreed:

- parliamentary questions – in accordance with Parliamentary Standing Orders
- Select Committee examinations and inquiries – as specifically agreed
- statutory information – as required in legislation
- general ministerial correspondence – within 20 working days.

Responses and provision of information to the Minister for Tertiary Education, Parliament and its committees were prepared as follows:

- 90 percent of parliamentary questions were prepared in accordance with parliamentary standing orders
- 69 percent of statutory information was prepared as required by legislation
- 97 percent of general ministerial correspondence was answered within 20 working days
- 97 percent of responses to select committee examinations and inquiries were provided as specifically agreed.

The content of all ministerial services provided will be factually accurate and appropriate in style and content for

the individual Minister, consistent with the ministry's *Ministerial Guidelines*.

- 98 percent of the content of ministerial services provided was factually accurate and appropriate in style and content for the individual Minister, consistent with the *Ministerial Guidelines*
- 97 percent of parliamentary questions were accepted for style and content
- 100 percent of draft statutory information responses provided for the Minister were acceptable for content and style
- 98 percent of draft general ministerial correspondence provided for the Minister was acceptable for content and style
- 100 percent of select committee responses were accepted for style and content.

Ministerial services will be provided in the following ranges:

- parliamentary questions and petitions – an estimated 255 - 295
- statutory information – an estimated 30 - 35
- general ministerial correspondence – an estimated 1,725 - 2,070.

Ministerial services were provided as follows:

- responses to parliamentary questions and petitions – 71
- responses to inquiries about statutory information – 16
- responses to general ministerial correspondence – 744
- responses to select committee examinations and inquiries – 34.

The total volume of general ministerial correspondence has decreased because: enquiries about the Student Loans scheme have greatly reduced; and the ownership monitoring and related functions for the tertiary sector, which accounted for a significant amount of correspondence, have been transferred from the ministry to the TEC.

Cost of output expense: Tertiary and international policy and ownership advice

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Revenue:				
From the Crown	13,320	13,320	16,634	-
Other	89	-	-	-
Total revenue	13,409	13,320	16,634	-
Expenditure:				
Personnel	5,660			-
Operating	1,671			-
Depreciation	309			-
Capital charge	72			-
Other expenses	5,110			-
Total expenditure	12,822	13,320	16,634	-
Surplus/(deficit)	587	-	-	-

This output was a new appropriation in 2006/07.

The change at Supplementary estimates was mainly owing to a combination of relocating the ownership monitoring and related functions for the tertiary sector to the TEC, reallocations of costs between output appropriations and changes in the timing of some outputs delayed until 2007/08.

Under-expenditure is owing to delays in appointing staff to international liaison posts and timing of initiatives for support of Tertiary Education Organisations.

Output Expense: Tertiary information services

This output expense involves the provision of information to both the consumers and providers of tertiary and international education services, as a specific government intervention to address information gaps and other asymmetries between the various participants in the education system, as well as improving the quality of provision and decision-making.

The information provided to education service providers (organisations and individuals) includes examples of good practice on governance and management matters, aggregate achievement information and system performance information. This information is intended to strengthen the capability of providers, increase co-operation and collaboration and lead to greater responsiveness to the expectations and needs of consumers.

This output involves collating, analysing, and presenting information in the forms most useful for tertiary and international education providers (including governing bodies, managers and teachers) and consumers. While the information provided would primarily be in the form of print and electronic publications, it may also involve holding seminars with groups of consumers and providers. The output involves applying critical judgement as part of adding value to information collected by the Ministry of Education in the course of delivering other services, and by other entities, such as NZQA, the TEC and Education New Zealand.

The output also involves the provision of general information on the New Zealand education system, guidelines for addressing a wide range of governance and management matters, and aggregate achievement and performance information.

All information provided under this output will be in areas of existing government policy and will be information that is not provided by way of normal communication and relationship-management with the tertiary and international sectors in the course of delivering other services.

Performance dimensions/Achievement dimensions – quality, quantity and timeliness

Information will be delivered in accordance with documented terms of reference/specifications for each publication, campaign, seminar or other form of information. Information will be provided as follows:

- one report on the tertiary education sector
- one report on the Student Loan Scheme
- one report on the achievement of goals in the *Tertiary Education Strategy*
- further portal development to provide quality information to identified audiences
- ICT co-ordination and support services to education agencies
- publications of strategies, research and other reports as developed, in support of the *Tertiary Education Strategy*, *Tertiary Information Strategy*, *International Strategy* and the *Tertiary E-Learning Strategy* and adult foundation learning (literacy, numeracy and language)
- one report on the government's International Education Framework – provided by June 2007.

Information was provided as follows:

- *Profile and Trends*, the annual report on the tertiary education sector was released in December 2006
- the annual report on the Student Loan Scheme was published on 19 October 2006
- the annual monitoring report on the achievement of goals in the *Tertiary Education Strategy* (TES) was released in September 2006
- the tertiary and e-learning portal sites were reviewed to determine performance against original business objectives. That review work and analysis has been completed and a work programme of additional

functionality and augmentation is being evaluated for 2007/08

- the ICT Shared Services Business Unit has been established. This unit has been:
 - managing the education sector ICT governance and management framework; supporting the implementation of cross-agency shared services; and implementing aspects of the ICT strategic framework. An ICT Shared Services oversight committee has also been established with representatives from the education sector agencies to provide a forum for cross-agency management of IT shared services. Shared Services, ESAA, NSI and ESDR are now operating well
- publications of strategies, research and other reports included:
 - reporting to the ICT Management Committee on the consultation with the education sector on the ICT Strategic Framework which guides ICT investment across the sector. Recommendations arising from the consultation included reprioritising goals and clarifying targets, developing minimum standards for technology and equipment, supporting professional development, and revising timeframes. This feedback will contribute to the next iteration of the strategic framework
 - drafting a Tertiary e-Learning Action Plan (following on from the Interim Tertiary e-Learning Framework 2004) in consultation with the Tertiary e-Learning Reference Group (TeLRG), in alignment with the new TES and the TEC's tertiary reform work
 - 20 analytical/research reports which focused on the performance of the system and supported the TES
 - international education reports on *Guide to Living and Studying in NZ, English Edition* (April 2007), and *International Students: Interpersonal, Institutional and Community Impacts Literature Review* (July 2006). An e-newsletter on international education issues was launched in November 2006 with six subsequent issues released during the year
- a discussion document *International Education Agenda 2007 – 2012* was released in April 2007 for consultation with lead sector bodies. This set out government's proposed key goals for international education. A final report was released in August 2007. An International Education Strategy for Schools is also under consideration.

Cost of output expenses: Tertiary Information Services

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Revenue:				
From the Crown	9,975	9,975	9,009	-
Other	46	-	-	-
Total revenue	10,021	9,975	9,009	-
Expenditure:				
Personnel	3,298			-
Operating	1,358			-
Depreciation	2,719			-
Capital charge	599			-
Other expenses	1,381			-
Total expenditure	9,355	9,975	9,009	-
Surplus/(deficit)	666	-	-	-

This output was a new appropriation in 2006/07.

The change at Supplementary estimates was mainly owing to reallocations of costs between output appropriations and increased provision for the Learning for Living professional development project.

Under-expenditure is owing to lower than expected depreciation costs and a reduced level of activity pending the outcome of a review of tertiary education activities within the ministry.

Financial statements and schedules – non-departmental

for the year ended 30 June 2007

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Ministry of Education manages under Vote Education on behalf of the Crown. The ministry administered \$7,449.9 million of non-departmental payments, \$72.4 million of non-departmental revenue and receipts, \$196.8 million of assets and \$453.0 million of liabilities on behalf of the Crown for the year ended 30 June 2007. Further details of the Ministry's management of these Crown assets and liabilities are provided in the Output Performance sections of this report (page 88).

Statement of accounting policies

for the year ended 30 June 2007

Measurement and recognition rules applied in the preparation of these non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

These non-departmental balances are consolidated into the Crown financial statements and therefore readers of these statements and schedules should also refer to the Crown financial statements for 2006/07.

Changes in accounting policies

All accounting policies have been applied on bases consistent with previous years.

Statement of expenditure and appropriations

for the year ended 30 June 2007

The Statement of expenditure and appropriations details expenditure and capital payments incurred against appropriations. The Ministry of Education administers these appropriations on behalf of the Crown.

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Non-departmental output expenses				
Administration of national assessment for secondary qualifications	25,324	25,324	25,324	25,501
Centres of research excellence	22,745	22,745	22,745	-
Curriculum support	66,947	67,851	62,423	65,484
Developing strategic coherence across the tertiary sector	28,129	28,129	24,236	17,760
Education research initiatives	3,229	3,230	3,230	25,873
Management of grants and contracts	13,771	13,809	13,334	13,641
Professional development and support	103,775	107,960	108,217	100,711
Provision of information and advisory services	23,175	23,815	25,307	28,022
School transport	123,893	124,833	118,098	117,125

The accompanying accounting policies on page 141 are an integral part of these financial statements.

Stewardship of the New Zealand qualifications system	12,007	12,007	10,661	11,138
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	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Continued				
Supporting parenting	18,696	18,947	21,057	18,200
Tertiary and international advisory services	9,272	9,310	8,110	-
Training for designated groups	249,308	254,608	262,534	217,597
Total non-departmental output expenses	700,271	712,568	705,276	641,052
Benefits and other unrequited expenses				
Boarding allowances and bursaries	7,378	7,925	8,425	7,621
Fee reimbursement payments	54	54	-	-
Home schooling allowances	4,665	5,334	5,334	3,905
International student scholarship scheme	2,819	3,740	3,740	1,449
Māori and Pacific Island scholarships and bursaries	1,317	3,407	3,407	5,332
Mapihi Pounamu	2,273	2,750	3,250	2,224
National study awards	21,479	22,135	22,135	18,344
Queen Elizabeth II study awards	77	100	100	100
Remission of fees	-	-	-	1,235
Study abroad awards	2,327	2,543	2,543	1,154
Targeted education and training grants	80	80	80	80
Targeted individual entitlement	-	-	-	57
Teacher trainee scholarships	10,880	13,892	14,542	10,478
Tertiary scholarships	18,947	22,177	25,277	16,565
Tertiary teaching awards	175	200	200	200
United World scholarships	50	50	50	20
Total benefits and other unrequited expenses	72,521	84,387	89,083	68,764
Other expenses to be incurred by the Crown				
Adult and community education	44,756	44,756	49,200	32,320
Capability development funds	18,447	21,643	25,852	21,556
Early childhood education	584,320	586,006	589,774	518,795
Early childhood grants	13,734	14,434	14,434	18,010
Integrated schools property	35,246	36,921	36,921	34,325
Interest subsidy for schools	659	886	1,486	1,081
New Zealand Teachers Council	178	178	178	178
Performance Based Research Fund	200,376	200,376	189,728	165,196
Primary education	2,074,073	2,069,445	2,061,925	1,973,576
Remission of fees	1,273	1,273	1,273	-
Residual management unit payments	63	178	178	432
School transport	1,172	1,177	1,113	1,113
Schooling improvement	9,719	11,256	14,122	9,151
Secondary education	1,612,950	1,614,101	1,599,801	1,523,609
Special needs support	262,835	261,258	257,093	245,016
Tertiary education and training	1,713,047	1,735,783	1,740,030	1,647,673
UNESCO	1,519	1,586	2,083	1,551
University of Auckland Starpath project	1,200	4,516	2,250	734

The accompanying accounting policies on page 141 are an integral part of these financial statements.

Total other expenses to be incurred by the Crown	6,575,567	6,605,773	6,587,441	6,194,316
	30/06/07 Actual	30/06/07 Supplementary estimates	30/06/07 Budget	30/06/06 Actual
Continued	\$000	\$000	\$000	\$000
Capital expenditure				
Agriculture and life sciences partnership	8,950	8,950	-	-
Capability development funds – capital	6,222	6,222	6,222	5,068
Capital contributions to Wānanga	-	-	10,000	-
Centre of plastic innovation and technology	5,000	5,000	1,500	-
College of education mergers	8,377	8,377	-	-
Future-focused New Zealand equine industry	5,000	5,000	-	-
Institute of Technology TradeFIT	880	880	580	-
National Centre of Excellence in Wood Processing	1,000	1,000	1,000	2,000
National Institute for Health Innovation	7,000	7,000	7,000	-
National Institute of Innovation in ICT	1,000	3,000	3,000	-
NZQA technology	-	850	-	1,950
Otago University Leading Thinkers	9,646	11,246	11,246	6,629
Property disposal incentives scheme	4,991	7,000	7,000	3,433
Rangahaua	-	413	-	1,709
School support project	485	1,880	1,880	355
Schools furniture and equipment	16,801	20,849	20,849	42,936
Te Wānanga o Aotearoa	-	-	4,000	-
Teacher and caretaker housing	5,997	9,202	-	19,798
Tertiary Education Commission	-	-	-	2,436
Tertiary Education Commission restructuring	6,750	6,789	-	-
UCOL	-	3,000	3,000	-
UCOL Whanganui campus redevelopment	-	5,900	-	-
University of Auckland Institution for Innovation in Biotechnology	-	7,000	7,000	-
WelTec	-	-	-	9,000
WelTec financial assistance	8,600	8,600	-	-
Western Institute of Technology at Taranaki	4,820	5,320	5,200	3,430
Total capital expenditure	101,519	133,478	89,477	98,744
Non-departmental expenditure and appropriations: Vote Education	7,449,878	7,536,206	7,471,277	7,002,876

(all figures are GST exclusive where applicable)

For full details of the appropriations that were exceeded refer to the Statement of unappropriated expenditure (page 149).

Other expenditure remained within budget. Reasons for significant variances from budget included:

- Professional development and support – mainly owing to delays in several teacher professional development programmes including retraining for teachers and ECE ICT strategy
- Training for designated groups – mainly owing to economic conditions, including the low unemployment rate that has resulted in lower than expected uptake for most of the industry training programmes
- International Student Scholarship scheme – mainly owing to lower than expected numbers of scholarship recipients, and later than expected start dates for 2007 recipients

The accompanying accounting policies on page 141 are an integral part of these financial statements.

- Māori and Pacific Island scholarships and bursaries – mainly owing to cessation of the Manaaki Taurira programme
- Teacher trainee scholarships – mainly owing to slower than expected processing of claims for Secondary School Teacher Allowances, and delays in processing TeachNZ Other Scholarships owing to insufficient documentation
- Tertiary scholarships – mainly owing to reduced numbers of Top Achievers Tertiary Scholarships, fewer medical interns and fewer claimants for Bursary awards
- Capability development funds – mainly owing to delays in the Building Research Capability in Strategically Relevant Areas programme and Growth and Innovation Pilot initiatives. This expenditure is now expected in subsequent financial years
- Schooling improvement – mainly owing to fewer than expected applications from schools and projects for the Effective Schools programme occurring later than planned
- Tertiary education and training – mainly owing to delays in projects from the Quality Reinvestment Fund programme. Some of this expenditure is now expected in subsequent financial years
- University of Auckland Starpath project – mainly owing to a change in the timing of the programme and receipt of matching private sector funds. Expenditure is now expected to be incurred in subsequent financial years
- National Institute for Innovation in ICT – mainly owing to a change in the timing of the programme. Expenditure is now expected to be incurred in subsequent financial years
- NZQA technology – owing to the planned upgrades being put on hold while further system design work is done
- Otago University Leading Thinkers – mainly owing to an inability of Otago University to secure third-party donors, which are required for funding draw downs
- Property Disposal Incentives Scheme – mainly owing to slower than expected disposal of some properties. These sales and the related payment to schools are now expected in 2007/08
- Rangahaua – mainly owing to a change in the timing of the programme. Expenditure is now expected to be incurred in subsequent financial years
- School Support project – owing to fewer schools than expected requiring financial support during the year
- Schools furniture and equipment – mainly owing to a lower level of claims during the year than expected
- Teacher and caretaker housing – mainly owing to some houses not being transferred to boards of trustees as planned and remaining in ministry ownership
- UCOL – owing to no requirement for the funding being apparent
- UCOL Whanganui campus redevelopment – mainly owing to a delay in finalising the loan agreement. Expenditure is now expected in 2007/08
- University of Auckland Institute of Innovation in Biotechnology – mainly owing to a change in the timing of the programme and receipt of matching private sector funds. Expenditure is now expected to be incurred in subsequent financial years.

Further details on services provided under output expense appropriations Curriculum support, School transport and Supporting parenting can be found in the *Non-Departmental Output Expense Report of the Ministry of Education – B.14 (Education)*, tabled under section 32A of the Public Finance Act 1989.

For a brief explanation of key movements in non-departmental appropriations during 2006/07 refer to Changes

to non-departmental appropriations (page 150).

Schedule of expenses

for the year ended 30 June 2007

The Schedule of Expenses summarises non-departmental expenses that the Ministry of Education administers on behalf of the Crown. Further details are provided in the Statement of expenditure and appropriations (page 141-143).

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Non-departmental output expenses	700,271	712,568	705,276	641,052
Benefits and other unrequited expenses	72,521	84,387	89,083	68,764
Other expenses to be incurred by the Crown	6,575,567	6,605,773	6,587,441	6,194,316
Capital expenditure	21,792	29,729	29,729	46,724
Non-departmental expenses: Vote Education	7,370,151	7,432,457	7,411,529	6,950,856

The capital expenditure recorded in the Schedule of expenses comprise the Property Disposal Incentives

The accompanying accounting policies on page 141 are an integral part of these financial statements.

Scheme, Schools furniture and equipment, and School Support Project appropriations. The remaining capital contributions in the Statement of expenditure and appropriations are treated as investments.

Statement of revenue and receipts

for the year ended 30 June 2007

The Statement of revenue and receipts details revenue, recoveries, interest and dividends, as well as capital receipts during the year. The Ministry of Education administers this income on behalf of the Crown.

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Operational revenue				
Charter fees early childhood education	35	30	30	36
Crown entity recoveries	8,922	8,922	-	5,595
Education residual management unit receipts	28	24	24	312
Export education levies	4,224	3,950	3,950	2,646
Miscellaneous receipts	2,178	1,350	350	2,456
Overseas students' fees	4,721	6,942	6,942	6,389
Payroll receipts	-	25	25	-
Roll audit and staffing recoveries	153	110	110	106
State sector retirement savings scheme recoveries	41,529	38,561	36,898	36,267
Total operational revenue	61,790	59,914	48,329	53,807
Interest				
Tertiary investments interest	992	1,239	839	2,688
Total interest	992	1,239	839	2,688
Total current non-tax revenue	62,782	61,153	49,168	56,495
Capital revenue				
Tertiary investments repayments	9,621	747	24,347	7,748
School support capital	-	-	-	260

The accompanying accounting policies on page 141 are an integral part of these financial statements.

Total capital revenue	9,621	747	24,347	8,008
Total revenue and receipts	72,403	61,900	73,515	64,503

(all figures are GST exclusive where applicable)

Schedule of assets

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
Cash and bank balances	122,570	81,120	74,539	191,134
Accounts receivable	44,584	45,695	4,284	51,704
Prepayments	3,612	2,257	14,799	2,257
Physical assets ¹⁵	26,040	23,905	23,905	23,990
Non-departmental assets: Vote Education	196,806	152,977	117,527	269,085

In addition, the Ministry of Education monitors several Crown entities. These are the Tertiary Education Commission, New Zealand Qualifications Authority, New Zealand Teachers Council and Career Services rapuara.

Other Crown entities include State schools, universities, polytechnics and wānanga. The investment in these entities is recorded within the Crown financial statements. These investments are disclosed as capital expenditure in the Statement of expenditure and appropriations.

Schedule of liabilities

for the year ended 30 June 2007

The Schedule of liabilities summarises the liabilities that the Ministry of Education administers on behalf of the Crown.

	30/06/07 Actual \$000	30/06/07 Supplementary estimates \$000	30/06/07 Budget \$000	30/06/06 Actual \$000
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¹⁵ Physical assets in 2006/07 include the former Central Institute of Technology campus in Heretaunga.

The accompanying accounting policies on page 141 are an integral part of these financial statements.

Accounts payable	84,632	71,807	85,646	79,264
Accruals and provisions	250,106	190,340	184,013	220,485
Provision for teacher holiday pay	118,291	118,291	145,830	122,835
Non-departmental liabilities: Vote Education	453,029	380,438	415,489	422,584

Statement of commitments

The Statement of commitments records those expenditures to which the Crown is contractually committed and which will become liabilities if and when the terms of the contracts are met.

	30/06/07 Actual \$000	30/06/06 Actual \$000
Schools support projects		
– Not later than one year	-	924
– Later than one year and not later than two years	-	8,045
– Later than two years and not later than five years	-	4,641
Curriculum development projects		
– Not later than one year	91,141	64,985
– Later than one year and not later than two years	48,297	22,267
– Later than two years and not later than five years	5,209	8,130
UNESCO	2,083	1,577
Property maintenance	1,320	2,994
School bus contracts:		
– Not later than one year	38,953	71,248
– Later than one year and not later than two years	27,876	68,241
– Later than two years and not later than five years	83,628	63,062
Total commitments	298,507	316,114

Statement of contingent liabilities

The Statement of contingent liabilities discloses situations that exist at 30 June 2007, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after the date of approval of the financial statements.

	30/06/07 Actual \$000	30/06/06 Actual \$000
Legal proceedings:		
– Property-loss of bargain	-	65
– Personal grievance claims	417	21
– Negligence	200	200
– Exemplary damages, judicial review	-	3,837
Total contingent liabilities	617	4,123

It is uncertain when any payments from these contingent liabilities will be required.

Statement of contingent assets

The accompanying accounting policies on page 141 are an integral part of these financial statements.

	30/06/07 Actual \$000	30/06/06 Actual \$000
Suspensory loans – private and integrated schools	85,122	93,157
Total contingent assets	85,122	93,157

These suspensory loans are generally for 25 years and are progressively written off over that period based on the recipient achieving particular results or milestones.

Statement of trust monies

Account	As at 1/07/2006 \$000	Contribution \$000	Distribution \$000	Revenue \$000	Expenses \$000	As at 30/06/2007 \$000
Export Education Levy	3,933	-	-	3,173	(4,685)	2,421
UNESCO ASPAC Conference	2	-	-	-	-	2
Total trust monies	3,935					2,423

The Export Education Levy was established in accordance with Section 238H of the Education (Tertiary Reform) Amendment Act 2002 and replaced the Code of Practice annual fee. Providers that enrol international students are required to pay a levy for the purpose of the development, promotion and quality assurance of the export education sector, including the administration of the Code of Practice for the Pastoral Care of International Students.

UNESCO ASPAC Conference Trust was used to administer the Asian and Pacific Regional Consultation of UNESCO National Commissions, which was hosted in Wellington by the New Zealand National Commission on behalf of UNESCO Headquarters. International UNESCO programme funding was provided to cover the Congress infrastructural costs (such as venue, functions, interpretation, equipment, printing, communications), as well as international travel and accommodation for participants.

Statement of unappropriated expenditure

In terms of section 26 of the Public Finance Act 1989, approval has been received from the Minister of Finance for unappropriated expenditure totalling \$6.205 million (\$0.103 million for the year ended 30 June 2006).

	30/06/07 Actual \$000	30/06/06 Actual \$000
Non-departmental output expenses:		
School transport	-	103
Other expenses to be incurred by the Crown:		
Primary education		
Over-expenditure is owing to higher numbers of full-time teacher equivalents than expected	4,628	-
Special needs support		
Over-expenditure is mainly owing to higher numbers of full-time teacher equivalents partly offset by lower than expected costs for the Correspondence School	1,577	-
Total unappropriated expenditure	6,205	103

Changes in ownership of integrated schools

The accompanying accounting policies on page 141 are an integral part of these financial statements.

Changes to non departmental appropriations

Non-departmental appropriations for 2006/07 increased by \$64.9 million (GST exclusive) (refer table on pages 153 to 155). The major reasons for the increase were:

Cabinet and other decisions

Specific government decisions resulted in a \$7.6 million decrease to appropriations. The major changes included:

- provision for new software licences for schools (\$6.6 million)
- further funding for New Zealand Qualifications Authority (NZQA) and Tertiary Education Commission (TEC) to implement the tertiary reforms (\$3.8 million)
- relocating the ownership monitoring and related functions for Tertiary Education Institutions (\$2.2 million)
- management of a new selection round for Centres of Research Excellence (\$0.5 million)
- implementation of Mission-On initiatives including nutrition in schools and early childhood education (ECE) environments (\$0.6 million increase)
- implementation of a new funding model for the Correspondence School (\$0.6 million)
- additional promotional activity for international education (\$1.2 million)
- transfer of responsibility for payment of TeachNZ scholarships allowances to Ministry of Social Development (\$0.7 million)
- resetting the tertiary baseline for delivery of certificate and diploma courses (\$76.7 million)
- additional funding to Quality Reinvestment Fund (\$4.7 million)
- additional resources for universities under a tripartite agreement and for increased postgraduate level student component funding rates (\$27.6 million)
- new funding and investment package for Te Wānanga o Aotearoa that has delayed expenditure until 2007/08 (\$14.0 million)
- rephrasing the funding provided for the Centre for Plastics Innovation and Technology under the Partnership for Excellence facility (\$3.5 million)
- the merger of the Christchurch and Dunedin Colleges of Education into their local universities (\$8.4 million)
- provision for restructuring of the TEC (\$6.8 million)
- funding for Universal College of Learning (UCOL) for redevelopment of the Whanganui campus (\$5.9 million)
- restructuring of Crown assistance to WelTec through the conversion of loans to equity to help secure its sustainability (\$8.6 million)
- financial assistance to ensure the Western Institute of Technology at Taranaki is able to meet its cash flow requirements (\$3.5 million).

Other priorities

Reprioritisation, reflecting efficiency gains and rationalisations across a range of programmes to assist in funding other education priorities totalled \$29.3 million. These changes included:

- tertiary education initiatives (\$21.0 million)
- other mainly school programmes (\$8.3 million).

Revised forecasts and other changes in demand

Revised forecast and demand changes resulted in a \$61.2 million increase in appropriations. Significant forecast changes during the year included:

- increased costs of school transport (\$6.8 million) mainly owing to index-based adjustments to contract prices for daily and technology services partly offset by a reduction in the number of routes managed by schools
- lower ECE subsidies (\$5.6 million) because of lower than expected growth in hours of ECE, partly offset by:
 - higher than expected proportions of registered teachers being recorded resulting in more teacher-led services accessing higher funding rates
 - growth in the number of provisionally registered teachers
- increased costs of the Performance-Based Research Fund (PBRF), mainly as a result of higher numbers of equivalent full-time students (EFTS) for both degree and postgraduate courses (\$10.6 million)
- increased tertiary education and training funding (\$21.5 million) because of more EFTS and higher average funding rates for degree and postgraduate courses and changes to certificate and diploma courses
- increased funding for teacher salaries and school operations (\$28.9 million) owing to a combination of:
 - higher than expected numbers of full-time teacher equivalents
 - higher than expected teacher salary rates
 - changes to term dates compared to forecast – moving funding into a subsequent year
 - revised levels of funding adjustments for schools' operations grants
 - higher than expected rolls and deciles for special education grant funding.

Other forecast changes reflected lower than expected interest rates on loans to integrated schools and lower than expected cost of annual membership contribution to UNESCO as a result of better than forecast exchange rates.

Fiscally neutral adjustments

Major fiscally neutral adjustments between non-departmental appropriations for the year related to:

- transfer from Curriculum Support to Professional Development and Support for the Te Kauhua – Māori in the Mainstream project (\$0.5 million)
- funding improvements in professional development in literacy, numeracy and language for the tertiary sector (\$0.7 million)
- transfers from Primary Education (\$3.3 million) to Secondary Education (\$1.5 million) and Special Needs Support (\$1.8 million) owing to a combination of:
 - differences between 2006 and 2007 staffing entitlements including a reclassification of restricted composite schools
 - re-apportionment of Budget 2006 policy changes from special needs across the other appropriations.

Expense and capital transfers

Net transfers between financial years (from 2005/06 to 2006/07 and from 2006/07 to 2007/08 and subsequent years) totalled \$42.5 million. These transfers reflect changes in timing for some programmes. Significant transfers included:

- support for Tertiary Education Institutions through the Quality Reinvestment Fund (\$19.9 million)
- funding under the Partnerships for Excellence facility (\$16.6 million) related to Agriculture and Life Sciences Partnership, Future Focused New Zealand Equine Industry, Institute of Technology TradeFIT and University of Auckland Starpath project
- transfer of core teacher and caretaker housing to school boards of trustees (\$9.2 million)
- funding support for the Western Institute of Technology at Taranaki to manage cash flow issues (\$3.4 million)
- funding to support consolidation of the UCOL campus at Wanganui (\$1.5 million)
- assistance to schools for the take-up of accredited student management systems (\$0.9 million)
- development of NZQA information systems – e-QA programme (\$0.9 million)
- delays in other tertiary capability initiatives – e-Learning Collaborative Development Fund and Innovation and Development Fund and Growth and Innovation Pilot initiatives (\$0.8 million).

Other smaller transfers related to the timing of funding for Rangahua, Creating Pathways and Building Lives project, evaluation of the PBRF, Learning Progressions project, In-Service Teacher Education Practice project and Te Kōtahitanga.

Other adjustments

Other adjustments resulted in a decrease of \$1.9 million. These changes included:

- a change in timing for the National Centre of Tertiary Teaching Excellence (\$1.6 million)
- funds transferred from Crown to ministry output appropriations for professional development in literacy, numeracy and language (\$0.3 million).



Vote Education 2006/07 – changes to non-departmental appropriations

Appropriation	Budget 2006	Cabinet decisions	Other priorities	Demand changes	Transfers between years	Fiscally neutral changes	Other changes	Total changes	Final budget
Non-departmental output expenses									
Administration of national assessment for secondary qualifications	25,324	-	-	-	-	-	-	-	25,324
Centres of research excellence	22,745	-	-	-	-	-	-	-	22,745
Curriculum support	62,423	6,570	(600)	-	-	(542)	-	5,428	67,851
Developing strategic coherence across the tertiary sector	24,236	4,683	-	-	130	680	(1,600)	3,893	28,129
Education research initiatives	3,230	-	-	-	-	-	-	-	3,230
Management of grants and contracts	13,334	475	-	-	-	-	-	475	13,809
Professional development and support	108,217	217	(491)	-	(525)	542	-	(257)	107,960
Provision of information and advisory services	25,307	575	(1,751)	-	(480)	-	164	(1,492)	23,815
School transport	118,098	-	-	6,735	-	-	-	6,735	124,833
Stewardship of the New Zealand qualifications system	10,661	1,346	-	-	-	-	-	1,346	12,007
Supporting parenting	21,057	(1,175)	(830)	-	-	-	(105)	(2,110)	18,947
Tertiary and international advisory services	8,110	1,200	-	-	-	-	-	1,200	9,310
Training for designated groups	262,534	-	(7,926)	-	-	-	-	(7,926)	254,608
	705,276	13,891	(11,598)	6,735	(875)	680	(1,541)	7,292	712,568
Benefits and other unrequited expenses									
Boarding allowances and bursaries	8,425	-	(500)	-	-	-	-	(500)	7,925
Fee reimbursement payments	-	54	-	-	-	-	-	54	54
Home schooling allowances	5,334	-	-	-	-	-	-	-	5,334
International student scholarship scheme	3,740	-	-	-	-	-	-	-	3,740
Māori and Pacific Island scholarships and bursaries	3,407	-	-	-	-	-	-	-	3,407
Mapihi Pounamu	3,250	-	(500)	-	-	-	-	(500)	2,750
National study awards	22,135	-	-	-	-	-	-	-	22,135
Queen Elizabeth II study awards	100	-	-	-	-	-	-	-	100

Study abroad awards	Budget 2006	Cabinet decisions	Other priorities	Demand changes	Transfers between years	Fiscally neutral changes	Other changes	Total changes	Final budget
Appropriation continued	2,543	-	-	-	-	-	-	-	2,543
Targeted education and training grants	80	-	-	-	-	-	-	-	80
Teacher trainee scholarships	14,542	(650)	-	-	-	-	-	(650)	13,892
Tertiary scholarships	25,277	-	(3,100)	-	-	-	-	(3,100)	22,177
Tertiary teaching awards	200	-	-	-	-	-	-	-	200
United World scholarships	50	-	-	-	-	-	-	-	50
Other expenses to be incurred by the Crown	89,083	(596)	(4,100)	-	-	-	-	(4,696)	84,387
Adult and community education	49,200	-	(4,444)	-	-	-	-	(4,444)	44,756
Capability development funds	25,852	-	(3,422)	-	(787)	-	-	(4,209)	21,643
Early childhood education	589,774	2,320	(500)	(5,588)	-	-	-	(3,768)	586,006
Early childhood grants	14,434	-	-	-	-	-	-	-	14,434
Integrated schools property	36,921	-	-	-	-	-	-	-	36,921
Interest subsidy for schools	1,486	-	-	(600)	-	-	-	(600)	886
New Zealand Teachers Council	178	-	-	-	-	-	-	-	178
Performance Based Research Fund	189,728	-	-	10,648	-	-	-	10,648	200,376
Primary education	2,061,925	(272)	(251)	11,633	(282)	(3,308)	-	7,520	2,069,445
Remission of fees	1,273	-	-	-	-	-	-	-	1,273
Residual management unit payments	178	-	-	-	-	-	-	-	178
School transport	1,113	-	-	64	-	-	-	64	1,177
Schooling improvement	14,122	-	(2,866)	-	-	-	-	(2,866)	11,256
Secondary education	1,599,801	(1,550)	-	14,952	(587)	1,485	-	14,300	1,614,101
Special needs support	257,093	-	-	2,342	-	1,823	-	4,165	261,258
Tertiary education and training	1,740,030	(44,099)	(2,089)	21,499	21,442	(680)	(320)	(4,247)	1,735,783
UNESCO	2,083	-	-	(497)	-	-	-	(497)	1,586
University of Auckland Starpath project	2,250	-	-	-	2,266	-	-	2,266	4,516

	6,587,441	(43,601)	(13,572)	54,453	22,052	(680)	(320)	18,332	6,605,773
Capital expenditure									
Agriculture and life sciences partnership	-	-	-	-	8,950	-	-	8,950	8,950
Capability development funds - capital	6,222	-	-	-	-	-	-	-	6,222
Capital contributions to Wānanga	10,000	(10,000)	-	-	-	-	-	(10,000)	-
Centre for Plastics Innovation and Technology	1,500	3,500	-	-	-	-	-	3,500	5,000
College of education mergers	-	8,377	-	-	-	-	-	8,377	8,377
Future-focused New Zealand equine industry	-	-	-	-	5,000	-	-	5,000	5,000
Institute of Technology TradeFIT	580	-	-	-	300	-	-	300	880
Investment in Te Wānanga o Aotearoa	-	-	-	-	-	-	-	-	-
National Centre of Excellence in Wood Processing	1,000	-	-	-	-	-	-	-	1,000
National Institute for Health Innovation	7,000	-	-	-	-	-	-	-	7,000
National Institute of Innovation in ICT	3,000	-	-	-	-	-	-	-	3,000
NZQA technology	-	-	-	-	850	-	-	850	850
Otago University Leading Thinkers	11,246	-	-	-	-	-	-	-	11,246
Property disposal incentives scheme	7,000	-	-	-	-	-	-	-	7,000
Rangahaua	-	-	-	-	413	-	-	413	413
School Support project	1,880	-	-	-	-	-	-	-	1,880
Schools furniture and equipment	20,849	-	-	-	-	-	-	-	20,849
Te Wānanga o Aotearoa	4,000	(4,000)	-	-	-	-	-	(4,000)	-
Teacher and caretaker housing	-	-	-	-	9,202	-	-	9,202	9,202
Tertiary Education Commission restructuring	-	6,789	-	-	-	-	-	6,789	6,789
UCOL	3,000	-	-	-	-	-	-	-	3,000
UCOL Whanganui campus redevelopment	-	5,900	-	-	-	-	-	5,900	5,900
University of Auckland Institute for Innovation in Biotechnology	7,000	-	-	-	-	-	-	-	7,000
WelTec financial assistance	-	8,600	-	-	-	-	-	8,600	8,600
Western Institute of Technology at Taranaki	5,200	3,500	-	-	(3,380)	-	-	120	5,320
Supplementary estimates 2006/07	7,471,277	(7,640)	(29,270)	61,188	42,512	-	-	64,929	7,536,206



Part Four | *Appendices*

Building a world-leading education system



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As at 30 June 2007

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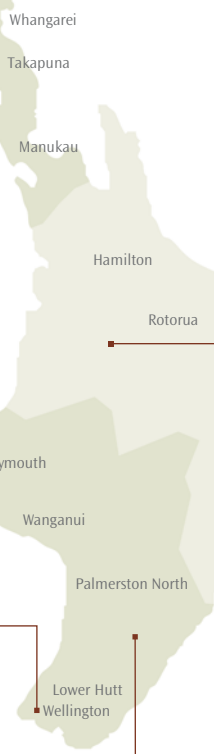
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Level 3, Regency House, 1 Elizabeth Street,
Tauranga 3110.
Phone: 07 571 7800, Fax: 07 571 7864.

Poutama Pounamu Education Research & Development Centre

C/- Welcome Bay School, J Block, 309 Welcome Bay Road,
Tauranga 3112. Phone: 07 544 3581, Fax: 07 544 0723.

Bay of Plenty West

Level 3, 1144 Pukaki Street, PO Box 701, Rotorua 3040.
Phone: 07 348 5145, Fax: 07 349 2560.

Gisborne

Tower Building, Cnr Gladstone Road & Grey Street,
PO Box 658, Gisborne 4010.
Phone: 06 868 0120, Fax: 06 868 0121.

Hawke's Bay

Heretaunga House, Cnr Warren Street & Lyndon Road,
PO Box 1248, Hastings 4122.
Phone: 06 870 9750, Fax: 06 870 9789.

Central South region

Wanganui

93 Ingestre Street, Private Bag 3012, Wanganui 4500.
Phone: 06 349 6300, Fax: 06 349 6301,
Email: enquiries.wanganui@minedu.govt.nz

Lower Hutt

19 Market Grove, PO Box 30-177, Lower Hutt 5010.
Phone: 04 463 8699, Fax: 04 463 8698,
Email: enquiries.lowerhutt@minedu.govt.nz

Special Education offices

Taranaki

Level 4, Tasman Towers, 52-58 Gill Street,
PO Box 8158, New Plymouth 4310.
Phone: 06 758 7858, Fax: 06 758 4135.

Central District

Cnr Fitzherbert Ave & Ferguson Street,
PO Box 758, Palmerston North 4410.
Phone: 06 358 3026, Fax: 06 358 9590.

Central South

19 Market Grove, PO Box 30-177, Lower Hutt 5010.
Phone: 04 439 4600, Fax: 04 570 3649.

Ministry of Education websites

The following websites are administered by the Ministry of Education as at 30 June 2007

Site	Domain Name	Description
Ministry of Education	www.minedu.govt.nz	Website of the Ministry of Education.
Any Questions?	www.anyquestions.co.nz	An online reference service for school students to access a librarian.
Arts Online	arts.unitec.ac.nz	A resource for arts educators in primary and secondary schools.
Digital Opportunities Project	www.digiops.org.nz	The projects are joint partnerships between schools, ICT organisations and the ministry to improve learning through innovative use of leading edge technologies.
Early Childhood Education	www.ece.govt.nz	Advice, support and information about early childhood education (ECE).
edCentre	www.edcentre.govt.nz	Education sector portal providing a gateway to NZ education information.
Education Counts	educationcounts.edcentre.govt.nz	One-stop-shop for information on education statistics and research.
Education Gazette	www.edgazette.govt.nz	The ministry's online magazine for teachers, principals and boards of trustees containing news, job vacancies and official notices.
Education Sector Federated Search	www.esfs.govt.nz	Users can search education collections within NZ and overseas.
eLearn	www.elearn.govt.nz	NZ's portal for information on tertiary e-learning.
English Online	english.unitec.ac.nz	Access to English professional development resources.
ESOL Online	www.esolonline.ac.nz	Resources for teachers of students from non-English speaking backgrounds.
Flat Bush Area Strategy	www.flatbushstrategy.co.nz	Flat Bush Area Strategy for the provision of schooling.
Free ECE Training	www.ecetraining.co.nz	Information about training courses to assist services preparing to offer 'Free ECE'.
LeadSpace	www.leadspace.govt.nz	Information, tools and links to support leadership, governance and management in schools.
Māori Language Education Team	www.mlet.co.nz	Māori language education resource website.

Site	Domain Name	Description
Media Centre	mediacentre.minedu.govt.nz	Ministry media releases, speeches, fact sheets, articles and events information.
MOE Talent Centre	www.moe-talent.co.nz	Gateway to ministry job vacancies and career opportunities.
National Student Index	www.nsi.govt.nz	The index assigns unique lifetime identifiers to tertiary students and NCEA candidates that students keep even if they study with more than one provider.
NZ Maths	www.nzmaths.co.nz	A range of resources and information for mathematics teachers.
Schools Strategy	www.schoolingstrategy.govt.nz	Information about the Schooling Strategy.
School Zones	www.schoolzones.co.nz	Information about enrolment zones for all schools.
Secondary Futures	www.secondaryfutures.co.nz	A project encouraging discussion about secondary education in NZ, 20 years from now.
Services for Tertiary Education Organisations	www.steo.govt.nz	Information for Tertiary Education Organisations.
Studyit	www.studyit.org.nz	An online learning environment for NCEA Science, Maths and English students.
TeachNZ	www.teachnz.govt.nz	Information for those considering a teaching career.
Team-Up	www.teamup.co.nz	Information for parents, caregivers and families/whānau to help them get involved in and supporting their child's education.
TEd Tertiary Education Portal	www.ted.govt.nz	A gateway to information and services related to the tertiary education sector.
Te Hiringa i te Mahara	www.thm.ac.nz	Information and support for Māori secondary school teachers and teachers of te reo Māori.
Te Kete Ipurangi	www.tki.govt.nz	Bilingual online learning centre for educators and learners.
Te Mana	www.taiohi.co.nz	Resources and online tools to help young Māori get the most out of school.
Virtual Learning Network	www.virtuallearning.school.nz	A networked environment for educators and learners using a range of online tools.
Which Course Where?	www.whichcoursewhere.govt.nz	A site for students wanting information on tertiary education.
WickED	www.wicked.org.nz	Learning site for students aged 7-12.

Legislation administered by the Ministry of Education

as at 30 June 2007

The ministry is responsible for the administration of the following Acts and any regulations made under these Acts:

- Education Act 1964
- Education Act 1989
- Education Lands Act 1949
- Industry Training Act 1992
- Kitchener Memorial Scholarship Trust Act 1941
- Modern Apprenticeship Training Act 2000
- Māori Education Foundation (Abolition) Act 1993
- Music Teachers Act 1981
- Ngarimu VC and 28th Māori Battalion Memorial Scholarship Fund Act 1945
- NZ Council for Education Research Act 1972
- NZ Library Association Act 1939
- Pacific Islands Polynesian Education Foundation Act 1972
- Private Schools Conditional Integration Act 1975
- Queen Elizabeth the Second Post-Graduate Fellowship of New Zealand Act 1963
- Queen Elizabeth the Second Technicians Study Award Act 1970
- Taranaki Scholarships Trust Board Act 1957

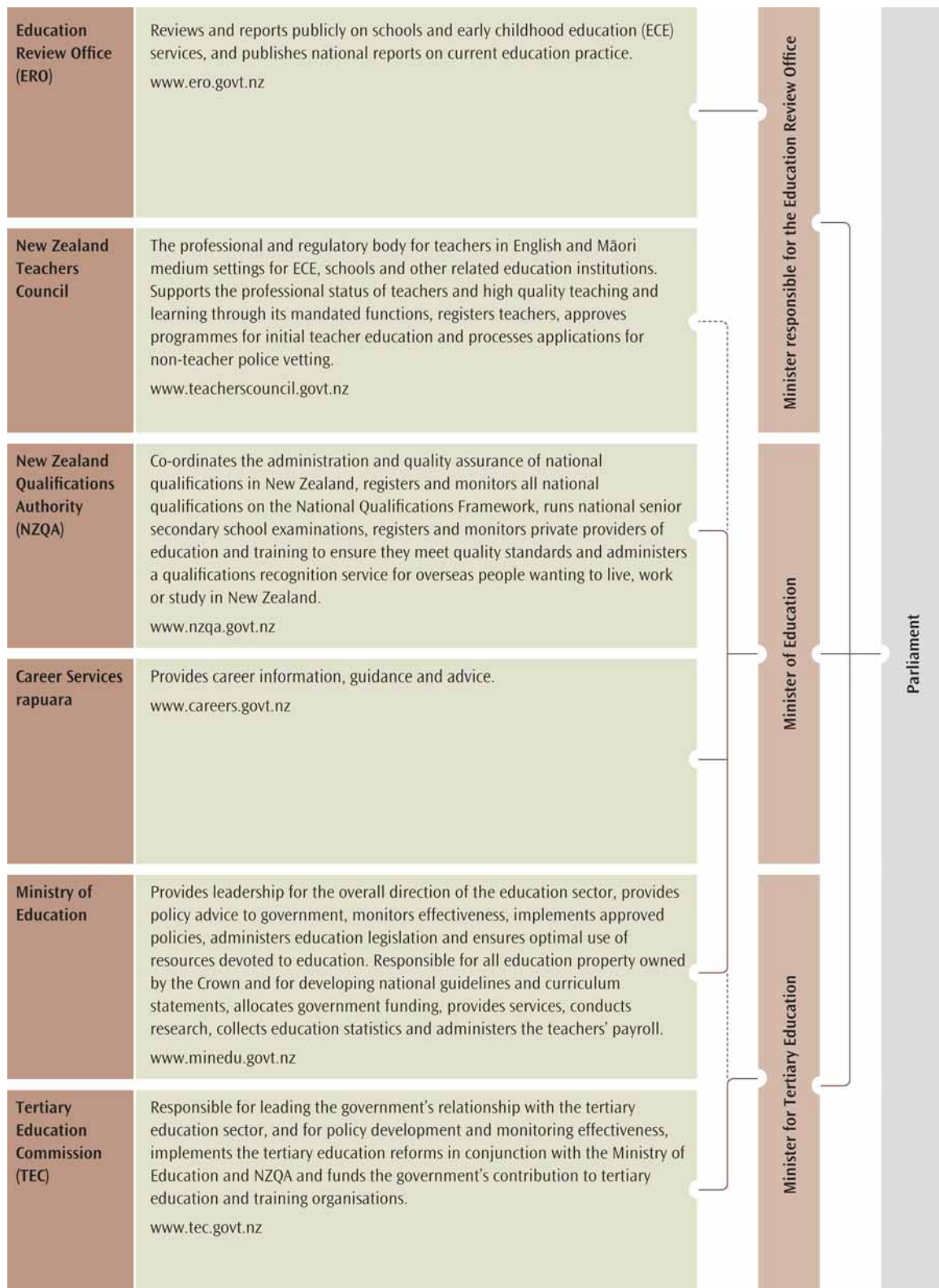
Copies of legislation can be accessed at www.legislation.govt.nz



Government education agencies

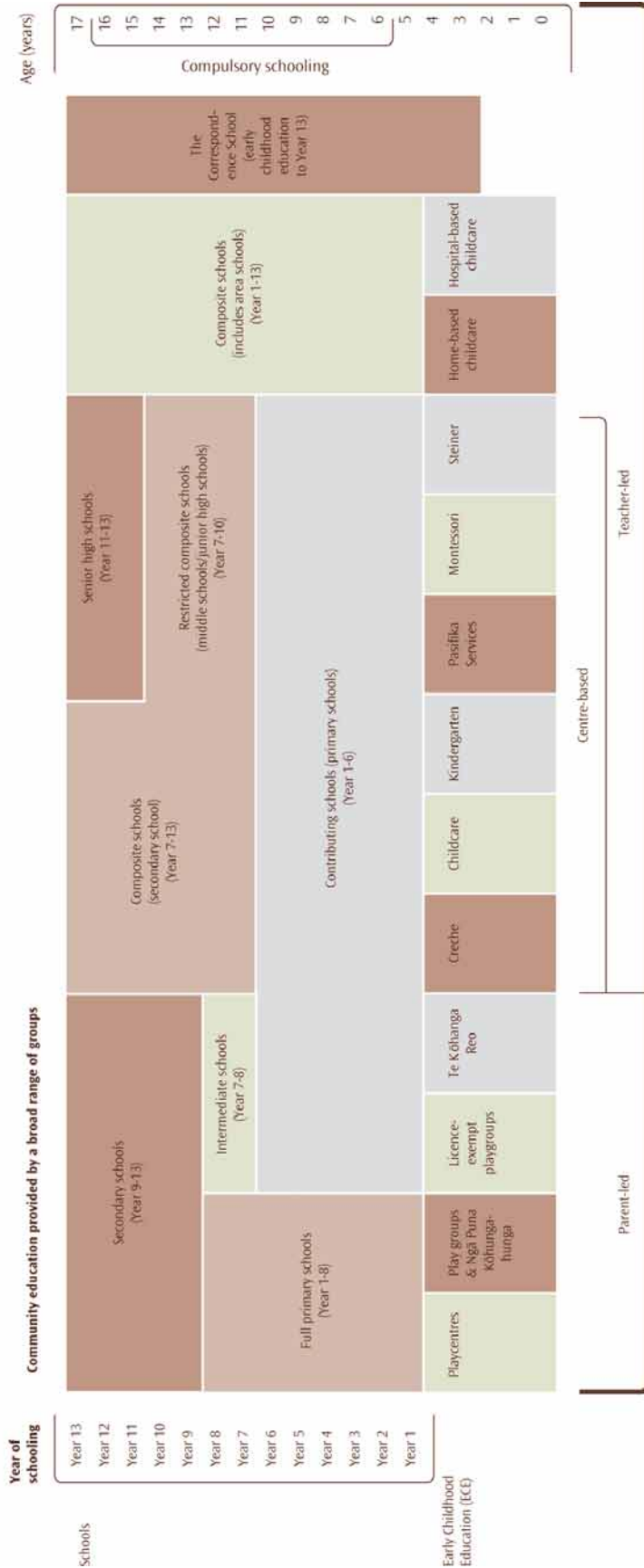
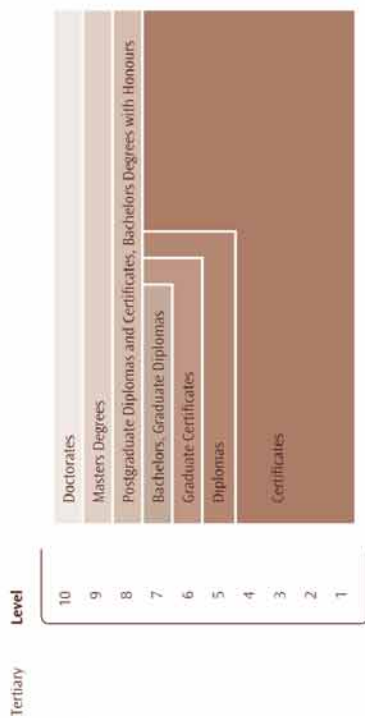
The agencies involved in education

as at 30 June 2007



The education system

as at 30 June 2007



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