



Office of Hon Nikki Kaye

MP for Auckland Central

Minister of Education

Minister for Youth

6 September 2017

Vanguard Military School Christchurch Limited

Commercial Business Services Limited

49 Victoria Road

Devonport

Auckland 0624

Attention: Nick Hyde

Partnership Schools / Kura Hourua – Additional Property Related Payment

- 1 We refer to the Agreement relating to Partnership Schools / Kura Hourua between the Minister of Education (*Minister*) and Vanguard Military School Christchurch Limited (*Sponsor*) dated on or about the same date as this letter (*Agreement*).
- 2 This letter sets out the basis on which the Sponsor will be entitled to receive property related payments that are in addition to those provided for in the Agreement. This arrangement is intended to be supplemental to the Agreement and is not excluded by anything in clause 34.13 of the Agreement.
- 3 This letter and arrangement shall be read and construed as if it formed a part of the Agreement. Defined terms used in this letter have the same meaning as is given to them in the Agreement.
- 4 When the Sponsor first achieves a School roll of more than 120 enrolled Students (as evidenced by a quarterly roll count or roll return submitted by the Sponsor to the Minister in accordance with Schedule 7 of the Agreement), the Sponsor will be entitled to an additional payment (determined as provided for below, the *Property Establishment Payment* or *PEP*) for the additional Students over and above 120.
- 5 In any subsequent quarter in which the School roll exceeds the previous highest number of Students ever enrolled at the School (again, as evidenced by a quarterly roll count or roll return submitted by the Sponsor to the Minister in accordance with Schedule 7 of the Agreement), a further PEP will become payable, provided that, no PEP will be payable in respect of any increase above the Maximum Roll set out in Schedule 1 of the Agreement.

The PEP will be calculated as follows:

$$\text{PEP} = P \times (\text{AR} - \text{HER})$$

where:

P means the amount determined by the Ministry and separately notified in writing to the Sponsor as being the per-Student dollar amount which corresponds to the property funding described as 'P' in clause 1.2(b) of Schedule 7 of the Agreement (and derived by reference to the roll used to determine that amount), as adjusted by the Ministry from time to time for future PEP to reflect any review of the 'Property (includes insurance) funding' component of the Quarterly Operational Payments (such adjustment to be made by the Ministry consistent in all material respects with the methodology used by the Ministry in carrying out the review of that component of the Quarterly Operational Payment);

AR (or Actual Roll) means the number of Students enrolled at the School at the time of payment calculation provided that the AR can never exceed the Maximum Roll; and

HER (or Highest Ever Roll) means the highest ever number of enrolled Students at the School above the roll used to determine the property funding described as 'P' in clause 1.2(b) of Schedule 7 of the Agreement provided that the HER can never exceed the Maximum Roll;

provided that the PEP will equal \$nil for any quarter where $(AR - HER)$ is a negative number.


- 6 If a PEP becomes due under the arrangement set out in this letter that payment amount (plus GST, if any) will be deemed to be a supplementary Quarterly Operational Payment for the purposes of (and which is payable by the Minister to the Sponsor in accordance with) Schedule 7 of the Agreement, and the mechanisms in Schedule 7 relating to the Sponsor's bank account, payment notices and invoicing will apply to the payment of any such PEP.
- 7 As an illustration of how the arrangement described above is intended to operate in practice (and by way of example only):
 - 7.1 if the Sponsor achieves a School roll of 150 enrolled Students on 1 March 2019 (being the first time the School roll is greater than the original First School Year roll projection of 120 Students – and being the roll used to determine the property funding described in clause 1.2(b) of Schedule 7 of the Agreement), the Sponsor will be entitled to receive a PEP based on the additional thirty (30) Students; and
 - 7.2 if the Sponsor achieves a roll of 160 enrolled Students on 1 June 2020 (having achieved a roll of, and been paid a PEP based on, 150 on 1 March 2020), then the Sponsor will be entitled to receive a further PEP based on the additional ten (10) Students.
- 8 For the avoidance of doubt, the PEP can only be paid once in relation to additional enrolments. For example, if the roll increases to 150 and a PEP is paid, but the roll subsequently drops to 130 and then any increases back to 150 than subsequent increase will not give rise to an entitlement to be paid a further PEP because only increases above the previous highest roll are eligible for the purposes of determining the PEP.
- 9 The terms of this letter will take effect from the date it is signed by both parties.

**SIGNED by The Minister of Education,
acting in the name and on behalf
of the Crown**

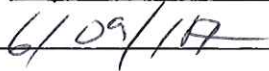
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Date



SIGNED by Vanguard Military School Christchurch Limited

Authorised Signatory / Director

Print Name

Date