

# report

## Ministry of Education Annual Report

# 2010

For the year ended 30 June 2010

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

New Zealand Government

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# report

**Ministry of Education**  
**Annual Report**  
**Te Tāhuhu o Te Mātauranga**

# 2010

For the year ended 30 June 2010

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## Foreword from the Secretary for Education

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Waiho i te toipoto, kaua i te toiroa  
Let us keep close together, not wide apart

The Ministry of Education is focused on raising the achievement of all students – from when they first arrive in early childhood education to when they leave study or training and take their next steps into their futures. The Ministry has a proud role as the tāhuhu, or the ridgepole, of the education system. As in a whare, we hold the diverse elements of the whole together, adding strength to our shared determination to raise student achievement.

On any given work day, nearly a third of New Zealand's population is involved in education – including over 200,000 children in early childhood education, 760,000 students in schools and over 670,000 learners in tertiary education and industry training.

The modern learning environment continues to adapt to produce learners who will succeed in the 21st-century. Our students are participating in and contributing to a rapidly changing world. New Zealand needs to have an innovative, flexible and resilient workforce whose skills and qualifications are recognised and valued internationally.

Our indicators are clear that while many students are achieving at high levels in our system, up to a fifth are not achieving the foundation skills, knowledge and qualifications needed to succeed.

The priority outcomes we report on in this Annual Report reflect our focus on approaches that deliver change faster for those groups for whom the system is currently under-performing. We are tailoring our work based on the evidence of what works for and with Māori learners, Pasifika learners, learners from low socio-economic areas and learners with special education needs. Our key strategies, Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012, the Pasifika Education Plan 2009-2012 and the New Zealand Disability Strategy provide our direction and focus to improve outcomes for these groups.

In early childhood education, we are increasingly targeting our resources and activities on increasing participation of those who are most vulnerable, while managing costs and maintaining high quality provision across the sector. We are identifying and addressing special education needs in children earlier, and providing the necessary support for their successful learning.

In the schooling sector, we are providing support and advice to assist schools to raise student achievement through the New Zealand Curriculum, Te Marautanga o Aotearoa (the curriculum for teaching and learning in Māori-medium settings), National Standards in literacy and numeracy and Ngā Whanaketanga Rumaki Māori (National Standards for Māori-medium settings). We continue to provide resources, funding and operational services to support good teaching and learning in schools and kura.

We are redesigning the way we work with schools to improve student achievement. Over the next year we will implement this approach, drawing on expertise from the sector as well as from the Ministry.

We have begun to implement the Youth Guarantee targeting at-risk 16- to 17-year-olds providing them with a clearer range of learning pathways. This includes setting up trades academies and service academies, and providing some fees-free places in tertiary education for students from targeted groups.

The Ministry has led the development of the new Tertiary Education Strategy 2010-15, which will drive required changes for greater efficiency and more effective spending in the education sector. We need to increase the number of young people moving successfully from school into tertiary education, and who are achieving qualifications at higher levels. We also need to improve the educational and financial performance of tertiary providers.

We have been strengthening our own performance, as an organisation and as a strong and effective leader for the education sector. We recognise the need to respond flexibly to the future and to the complexities of the present.

In the last year we have done significant work to consolidate our approach to delivering our priorities across the organisation. We have initiated a comprehensive change management process to review and refocus what we do and how we do it, in order to accelerate lifts in student achievement.

This Annual Report demonstrates that we have achieved much over the past year. We recognise there will always be ways we can improve as a Ministry and in our influence on the sector.

Public expectations of New Zealand's education system, and those who lead it, have never been higher. We will always strive to do better, and to ensure quality education outcomes for and with all learners in New Zealand, their families and communities. We are committed to maintaining our world-leading education system and equipping every New Zealander with the knowledge, skills and values to be successful citizens in the 21st-century.

**Karen Sewell**  
Secretary for Education

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Our focus  
**one**

## About the Ministry

The Ministry of Education is the government's lead advisor on the education system and provides advice and critical operational services across the early childhood, schooling and tertiary sectors.

Our work is funded through Vote Education funding from the Government, which in 2009/10 totalled \$11,751 million. Approximately \$1,184 million was spent on early childhood education, \$7,572 million on schooling and \$2,867 million on tertiary education.<sup>1</sup>

Most of this funding is paid by the Ministry for services supplied by education providers, operational grants to early childhood education services and schools, teacher salaries, and for management of the school property portfolio and capital expenditure.

Our departmental baseline (excluding capital expenditure and school property portfolio management) is approximately \$425 million. The largest component of this departmental expenditure is personnel. At 30 June 2010, we employed a total of 2,444 full-time equivalents. Of this figure, 1,264 full-time equivalents worked for, and with, children with special education needs.

### Our role

On behalf of the Government, we provide policy advice and have funding, regulating, ownership and service delivery roles across the education system. These include:

- ▲ developing national guidelines and curriculum statements
- ▲ administering and managing school property
- ▲ allocating funding
- ▲ delivering special education services
- ▲ providing professional learning and development for educators, leaders, principals and teachers
- ▲ providing services and support to students, communities, early childhood education providers and schools.

We use indicators of system-level performance, collect data and conduct research studies to monitor the performance of the education system. The analysis of this information is central to the ongoing development and refinement of our priorities each year, so that the education system is meeting the needs of all learners.

We have a collective leadership role integrating the educational direction across the six education agencies. These agencies are: the Ministry of Education, Career Services Rapuara, the Education Review Office,<sup>2</sup> the New Zealand Qualifications Authority, the New Zealand Teachers Council and the Tertiary Education Commission. We support and monitor the performance of the four education Crown entities on behalf of the Minister of Education and the Minister for Tertiary Education (Career Services Rapuara, the New Zealand Qualifications Authority, the New Zealand Teachers Council and the Tertiary Education Commission).

We engage regularly with representative organisations from across the sector to share evidence and information, and to develop innovative and collective approaches and solutions. These organisations include groups from across the early childhood education, schooling and tertiary sectors, iwi and national Māori education organisations, Pasifika community organisations and disability sector groups.

### Staff information

On 30 June 2010:

- ▲ we had 3,187 employees (2,444.35 full-time equivalents)
- ▲ we were located in 48 sites around New Zealand
- ▲ we employed 2,552 women and 635 men
- ▲ the average age of our staff was 46.02 years
- ▲ staff members were employed for an average of seven years
- ▲ staff turnover was 13.6%.

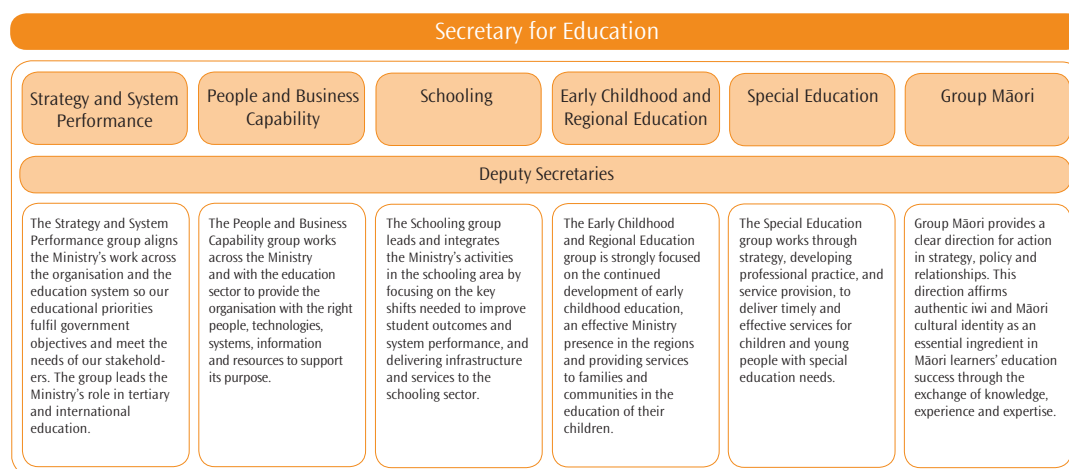
<sup>1</sup> The tertiary education figure excludes expenditure on student support, which encompasses student loans and allowances

<sup>2</sup> The Education Review Office is a government department in its own right while the others are Crown entities.



## Ministry structure

The Ministry of Education is led by Karen Sewell, the Secretary for Education, and six deputy secretaries.



## Our strategic direction

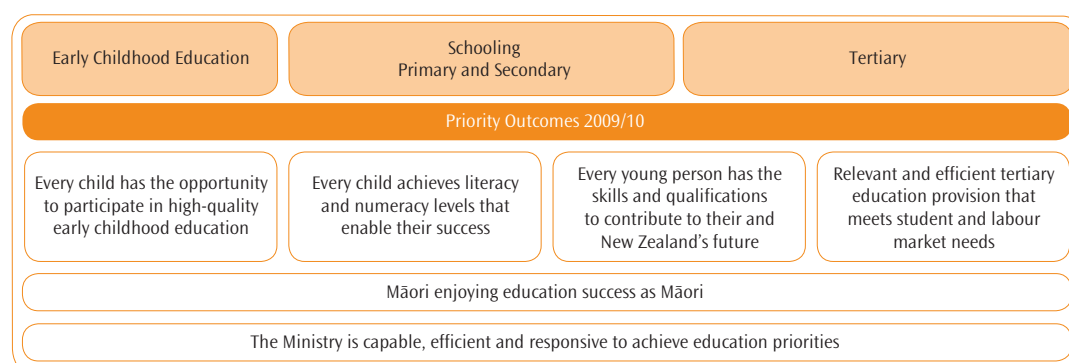
A high-performing education system is essential to the Government's goal of creating a society where all New Zealanders have the opportunity to succeed.

Our education system works well for most learners and leads the world in some respects. We have high overall rates of participation in early childhood education and tertiary education. On average, New Zealand students achieve as well as, or better than, students from other Organisation for Economic Co-operation and Development (OECD) countries in core areas such as reading, mathematics and science.

However, the education system consistently under-performs for particular groups of students, including Māori learners, Pasifika learners, learners from low socio-economic areas and learners with special education needs. This has significant consequences for social mobility and equality of opportunity, and represents a major cost to society and the economy. Māori and Pasifika peoples will form a greater share of the New Zealand population in future years, making addressing system under-performance for these groups especially important.

In 2009/10, the Ministry's strategic direction and six priority outcomes identified in the Statement of Intent 2009-2014 have focused and driven our activity and resources on improving the education system for these learners.

The diagram below outlines the Ministry's strategic direction over 2009/10.



This Annual Report describes our progress towards meeting these priorities during 2009/10.

## Early childhood education sector

Participation in high-quality early childhood education before starting school significantly enhances a child's chance of future educational achievement.

The Ministry set a priority outcome in 2009/10:

Every child has the opportunity to participate in high-quality early childhood education.

### Our goal

Increased participation, and quality of participation, in early childhood education for groups with traditionally low participation rates, namely Māori children, Pasifika children, children from low socio-economic areas and children with special education needs.

### Early childhood education snapshot

As at 1 July 2009:

- ▲ there were 210,437 enrolments in licensed (180,910) and licence-exempt (29,527) early childhood education services: of these, 36,118 enrolments (17%) were identified as Māori and 11,060 (5%) identified as Pasifika
- ▲ there were 4,890 early childhood education services
- ▲ there were 18,397 teaching staff at teacher-led licensed services: of these, 1,548 (8%) identified as Māori teachers and 1,539 (8%) as Pasifika teachers. The number of full-time staff increased by 9.2% (1,232) to 14,607 since 2008.

Approximately \$1,184 million of Vote Education was spent on early childhood education, allocated directly to providers, and includes around \$14 million on property and grants.

### Our role

The Ministry has a substantial strategic and operational role in the early childhood education sector.

This includes:

- ▲ regulating requirements and licensing and certificating early childhood education services
- ▲ developing strategic policy, design and implementation activity to develop and give effect to government objectives
- ▲ allocating grants to community groups to establish new, or expand existing, places in early childhood education services
- ▲ providing information and outreach programmes to help families in areas of low participation to access early childhood education services and to support their children's continued attendance
- ▲ providing subsidy payments to offset the cost of early childhood education for families and providers, and to support sustainable provision
- ▲ supplying resources to support teaching, learning and assessment, and funding professional development programmes
- ▲ administering early childhood education teacher supply initiatives
- ▲ negotiating collective agreements for kindergarten teachers on behalf of Government
- ▲ providing early intervention services for children aged 0 to 5 years with special education needs.<sup>3</sup>

### What we set out to achieve

- |  |   |
|--|---|
| ▲ Increase rates and quality of participation in early childhood education by targeting certain geographical areas and groups with traditionally low participation rates and tailoring responses to them | ▲ Increase the proportion of Māori children and Pasifika children receiving early intervention services |
|--|---|

<sup>3</sup> Some provision is contracted to accredited service providers.

## What we did

### Targeting for participation

In 2009/10, we targeted early childhood education policies and services to increase participation rates for Māori children, Pasifika children, children from low socio-economic areas and children with special education needs.

Through the Promoting Early Childhood Education Participation Project, the Ministry contracts agents to build relationships with parents, families, whānau and early childhood education providers, and to identify early childhood education services and locations. These contracts run for two years. In 2010, reports on concluding contracts showed that targets had been exceeded, which were to:

- ▲ identify 3,695 non-participating children – 5,364 were identified
- ▲ introduce families and children to appropriate early childhood education services and facilities by enrolling 2,954 children in early childhood education – 3,560 children were enrolled
- ▲ support families to keep their children in early childhood education services by ensuring 2,550 children were retained (attended the service for at least 13 weeks) – 2,764 children were retained.

The Counties Manukau Participation Project, a targeted community initiative, included:

- ▲ setting up 20 supported playgroups, as well as new certificated playgroups, providing a safe and responsive learning environment for children and their parents
- ▲ identifying a number of existing school sites where community-based early childhood education provision could be set up – three services are planned to open on these sites in the coming year
- ▲ setting up early childhood education services on new school sites in areas of high growth – three new services have opened on these sites
- ▲ running store-front playgroups that took early childhood education to malls and shopping areas
- ▲ targeting TeachNZ scholarships to students who live in Counties Manukau studying for their first early childhood education qualification
- ▲ providing governance and management fono, workshops and support for early childhood education services.

The initial phase of the programme is now ending. Initiatives put in place under the Counties Manukau Participation Project will continue. An evaluation of the longer-term impact of this project will inform future activity, including how to improve similar initiatives that will be run in other areas of low participation.

### Early childhood education teacher workforce

A review of teacher supply policy conducted in 2009/10 has resulted in greater targeting of initiatives to ensure an even spread of qualified teachers across the network, and a greater proportion of teachers with Māori and Pasifika language skills and cultural knowledge.

As a result, over 260 grants were awarded to Māori and Pasifika students studying towards an early childhood education teaching qualification and 75 scholarships were awarded for those enrolled in a Māori- or Pasifika-focused early childhood education teaching qualification.

In 2009/10, a review of professional development resulted in a refocus on the following key priorities:

- ▲ literacy and numeracy teaching and learning in early childhood education
- ▲ supporting children's transition to school
- ▲ developing children's social competence
- ▲ providing quality education for children under the age of two
- ▲ developing and strengthening leadership
- ▲ providing early childhood education responsive to and reflective of children's identity, language and culture.

The contracts for provision of this professional development have been finalised. Ten providers will start delivering to early childhood educators in October 2010.

The Whakapiki te Reo professional development programme is being delivered to those services that operate at between 81-100% in te reo Māori. The intent of this programme is to provide professional development to kaiako (teachers) to strengthen the skills and knowledge needed for effective learning and teaching through the medium of te reo Māori.

Decisions made in Budget 2010 led to the removal of the funding incentives for early childhood education services to have a 100% registered teaching workforce. This change addressed sector concerns about wage inflation, fierce competition for qualified teachers and an uneven distribution of qualified teachers across the network. Current data indicates that:

- ▲ 64% of the early childhood teacher workforce are already qualified and registered teachers
- ▲ more than two-thirds of teacher-led, centre-based early childhood education services already meet the 80% target for registered and qualified teachers
- ▲ the 80% registered teacher target is achievable by 2012 at a national level.

### Regulatory framework

On 1 September 2009, the revised regulations for licensing and operating of early childhood education services came into force. The revised regulations reduce compliance costs and requirements while maintaining high-quality provision. The Ministry is required to re-license all early childhood education services by 2014.

In 2009/10, we:

- ▲ re-licensed 480 services
- ▲ licensed 247 new services
- ▲ introduced a customer satisfaction survey to gather feedback from early childhood education providers on their licensing and re-licensing experiences. Feedback has been overwhelmingly positive with 89% of respondents reporting they were very satisfied or satisfied with the process.

The new regulations changed the status of parent-led playgroups from licence-exempt to certificated services. By certificating playgroups, the regulations recognise the importance of these services and provide quality assurance for parents. In 2009/10, we provided advice and support to 806 playgroups, including resources, funding and support to help them transition to the new regulatory framework. In the same period, we certificated 236 playgroups.

### Support and investment to develop provision

In 2009/10, the Ministry provided approximately \$14 million in grants through the Early Childhood Discretionary Grants Scheme to build new early childhood education services or to extend or retain existing services.

This funding has supported the creation of 644 new, and the retention of a further 295, early childhood education child places.

### Support and development for parents, families and whānau

The Ministry continued to deliver the Atawhaingia Te Pā Harakeke whānau development programme in 2009/10, to Māori education, health and iwi social service provider groups to equip and support whānau to understand how children grow, learn and develop.

Te Kōmako is the Ministry team supported to deliver the programme by the Kāhui Whakaruruhau, a group of kaumātua from across the country who provide cultural, te reo Māori and tikanga oversight and shelter for the programme.

In 2009/10, through Te Kōmako, we:

- ▲ completed four intense training sessions with whānau and iwi
- ▲ completed two focused cluster hui with regional providers
- ▲ provided ongoing support through active relationships with 111 provider groups across six regions.

### Services for children with special education needs

Early intervention services are comprehensive services provided to children who have been identified in their early years as having special education needs. The services provided are specific to the needs of the individual child, with the overall aim of enabling the child to participate in early childhood education and preparing them to transition into school.

In 2009/10, early intervention services were provided to 12,342 children. Of those, 2,607 (21.1%) were Māori children and 751 (6.1%) were Pasifika children.

There is a range of initiatives underway to build awareness and understanding of the special education services we provide in local communities.

In South Auckland, we have been working with kōhanga reo, puna reo, Pasifika language nests, early childhood education services, local marae, churches and a range of public sector and community organisations to build awareness of early intervention services available.

Results from this targeted community initiative show that Māori and Pasifika children are still more likely to be under-represented in these services. Of those children being referred, more are being transitioned from home into early childhood education, and more children are diagnosed and/or confirmed as having special education needs.

Ministry of Health-led programmes such as the Universal Newborn Hearing Screening Test programme and the B4 School Health Check programme are helping to identify children with special education needs earlier.

Through the Incredible Years programmes, parents, whānau and teachers receive training and support to develop complimentary and consistent strategies to manage children with behavioural issues.

In 2009/10:

- ▲ 2,078 parents and whānau received training through the Incredible Years parents programme
- ▲ 210 early childhood education and primary school teachers received training through the Incredible Years teachers programme.

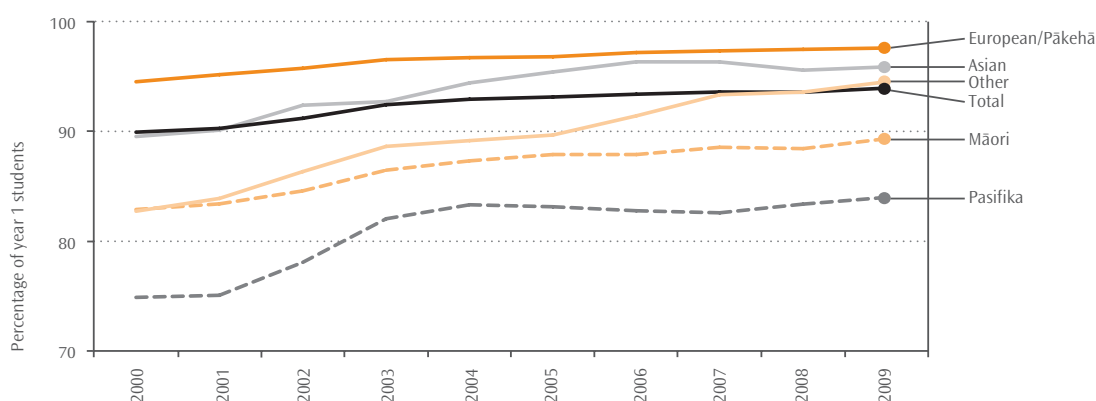
### What our indicators are telling us

Overall participation rates, measured by the percentage of year 1 students in schools who participated in early childhood education before starting school, remain high and compare favourably with other Organisation for Economic Co-operation and Development (OECD) countries.

In 2009, the percentage of year 1 students who had attended early childhood education immediately before starting school was 93.9% (up from 93.6% in June 2008).<sup>4</sup> The data is showing slight increases in participation each year since 2000. For Māori children, the rate of prior participation increased to 89.3% in 2009 and for Pasifika children, the rate is 84%. The data also shows that rates of prior participation for these groups are trending upwards.

While there have been increases in overall participation and for each of the population groups, Māori children and Pasifika children are still less likely to attend early childhood education before starting school.

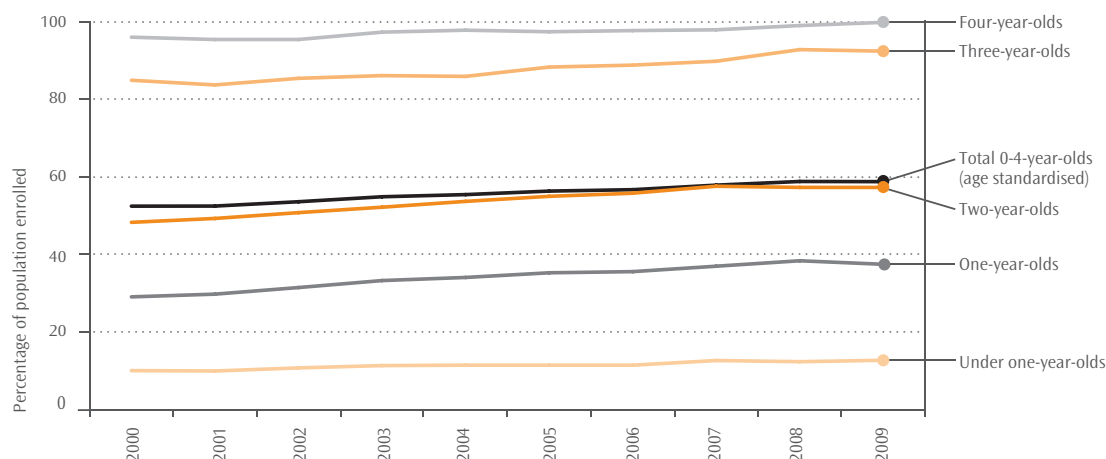
### Percentage of year 1 students who attended early childhood education services, by ethnic group (2000 to 2009)



<sup>4</sup> In 2010, the data collection method for prior participation in early childhood education was improved to reduce the number of children whose participation cannot be considered because of insufficient information. This change in data collection has caused a reduction in the reported prior participation in early childhood education rate. Whereas the prior participation in early childhood education rate for the year ending June 2009 was initially published as 95.1%, with more complete information this has been revised.

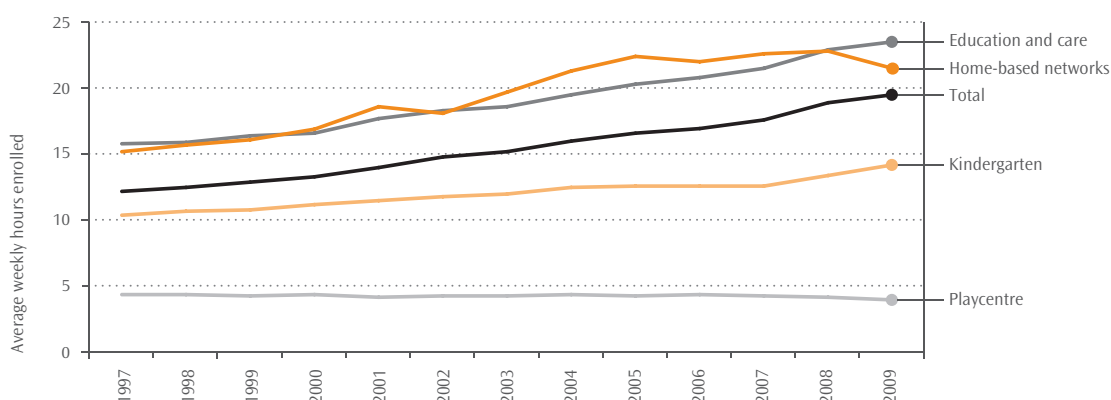
Enrolment rates in licensed early childhood education services have remained relatively stable over the past five years.

### Enrolment rates in licensed early childhood education services, by age (2000 to 2009)



The average number of hours children are participating in early childhood education in licensed services is increasing. In 2009, children participated for an average of 19.5 hours per week, up from 18.9 hours in 2008.

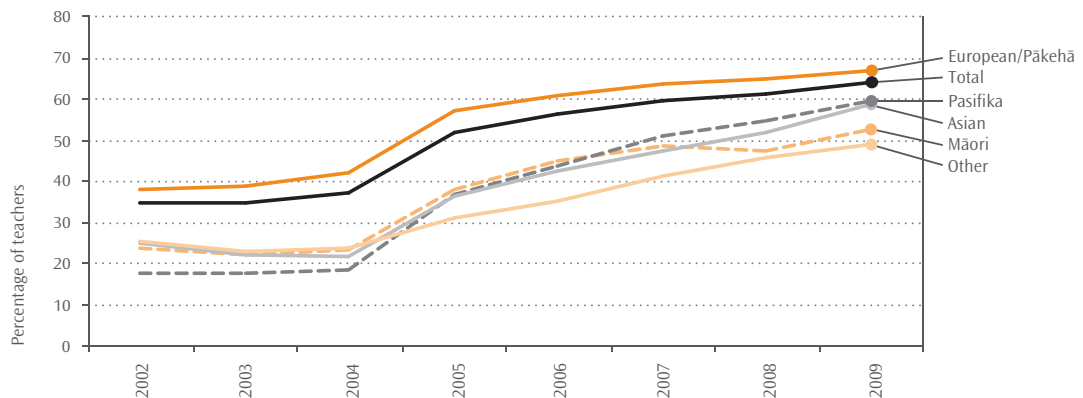
### Average weekly hours attended for children at licensed early childhood education services, by type of service (1997 to 2009)



The proportion of early childhood education teachers who are registered has grown over time. In 2009, 64% of teachers were registered, up from 61.2% in 2008. Of those registered teachers:

- ▲ 52.8% identified as Māori, up from 47.5% in 2008
- ▲ 59.7% as Pasifika, up from 54.7%
- ▲ 66.9% as European/Pākehā, up from 65%
- ▲ 58.6% as Asian, up from 51.8%
- ▲ 49.1% identified as "Other", up from 45.7%.

Percentage of teachers who are registered, by ethnic group (2002 to 2009)

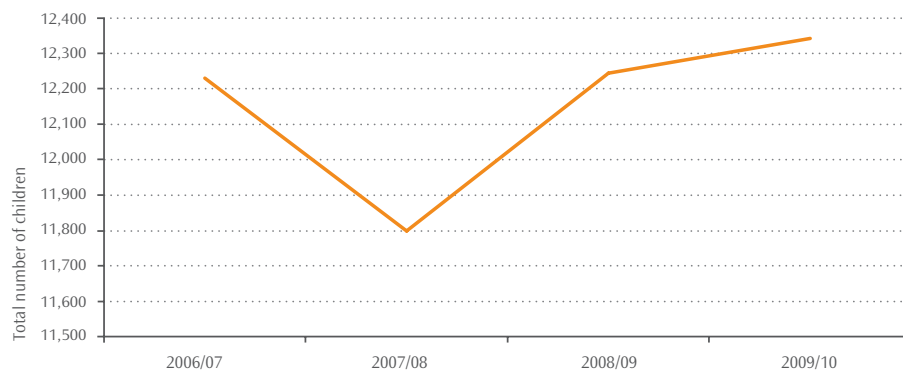


The number of children accessing early intervention services has increased over the past two financial years, after a small decrease in 2007/08. The increasing numbers of children engaged in these services are largely a result of better processes for identifying children with special education needs earlier.

In 2009/10, 12,342 children accessed these services, up from 12,244 in 2008/09. Of those children:

- ▲ 21.1% were Māori children, up from 19.3% in 2008/09
- ▲ 6.1% were Pasifika children, up from 5.9% in 2008/09

Total number of children receiving early intervention services (2006/07 to 2009/10)



Further information and data are available on the Ministry's data and research website – [www.educationcounts.govt.nz](http://www.educationcounts.govt.nz)

### Future focus in early childhood education

Access to high-quality early childhood education and provision of early intervention services have a significant impact on children achieving educational success.

Barriers to participation vary within and between geographical areas and require specific approaches for those groups with traditionally low participation rates. Raising participation will require initiatives that are:

- ▲ tailored to the community being targeted
- ▲ able to sustain gains made
- ▲ flexible enough to adapt to changing conditions and community factors
- ▲ owned by the community.

Managing the balance between specific approaches to increase participation rates, maintaining high-quality service provision and containing costs will likely mean prioritisation and trade-offs.

Ensuring these decisions do not unduly impact on participation rates and quality will require ongoing management and strong collaboration across the sector to develop and deliver innovative and effective solutions.

## Schooling sector

Strong literacy and numeracy skills are the foundation for engagement and success in education, enabling students to participate and stay engaged in learning. Gaining a useful school qualification is the platform on which young people base their next steps into employment, further training and higher-level education. There is a particular emphasis on achievement for those students for whom the system performs less well – Māori students, Pasifika students, students from low socio-economic areas and students with special education needs.

The Ministry set two priority outcomes in 2009/10:

- ▲ Every child achieves literacy and numeracy levels that enable their success
- ▲ Every young person has the skills and qualifications to contribute to their and New Zealand's future.

### Our goal

All students are present and engaged in learning, and are leaving school with useful qualifications that allow them to undertake further study or to be productive members of the workforce.

### Schooling sector snapshot

In 2009:

- ▲ there were 2,581 schools with 760,859 students: of these, 166,998 (22%) students identified as Māori and 73,081 (10%) as Pasifika
- ▲ 6,787 students were homeschooled
- ▲ 151,314 students were participating in Māori language education (19.9% of the student population)
- ▲ 28,171 students were participating in Māori-medium education and 1,465 in Pasifika-medium education
- ▲ approximately 19,000 students received individualised special education support in schools
- ▲ there were 51,974 teaching staff<sup>5</sup> in schools: of these, 4,943 (10%) were registered teachers who identified as Māori and 1,310 (3%) were registered teachers who identified as Pasifika
- ▲ there were 18,855 board of trustee members.

Approximately \$7,572 million of Vote Education was spent on schooling, with \$2,547 million on primary education and \$1,896 million on secondary education, covering mostly teachers' salaries, subsidies and grants. School property spend was approximately \$1,928 million. Special needs support in the school sector was approximately \$297 million, school transport \$158 million, and professional development \$95 million.

### Our role

The Ministry has a substantial operational and service delivery role in the schooling sector.

This includes:

- ▲ developing curricula and achievement standards, providing resources to support teaching, learning and assessment, and funding professional development programmes
- ▲ administering a range of initiatives aimed at improving the performance of the schooling system
- ▲ determining and delivering funding to schools
- ▲ intervening where schools are at risk in relation to financial viability, student achievement or student engagement
- ▲ managing the Crown's ownership interest in the school property portfolio, which is the second largest property portfolio in government
- ▲ making fortnightly payments to an average of 90,000 school staff in the education sector, which is the largest payroll system in New Zealand
- ▲ managing the school transport network
- ▲ regulating to ensure the attendance of children and young people during the compulsory years of schooling (6- to 16-years old)
- ▲ negotiating collective agreements, on behalf of government, for teachers in schools, principals, school support staff and special education staff

<sup>5</sup> Teaching staff numbers include principals, senior and middle management, teachers, resource teachers, community education teachers, guidance counsellors and therapists.



- ▲ providing specialist services to school-aged children with special education needs
- ▲ providing information about, and support for, education options to students, parents and communities
- ▲ providing leadership and support for the development and use of e-learning infrastructure, tools and information.

## What we set out to achieve

Every child achieves literacy and numeracy levels that enable their success

- |   |  |
|---|--|
| ▲ Ensure all students develop the requisite literacy and numeracy skills in primary school, particularly Māori students, Pasifika students and students from low socio-economic areas | ▲ Provide teachers with the skills and tools required to develop students' literacy and numeracy skills, and to communicate effectively with parents |
| ▲ Provide the right support to children with special education needs so they develop their literacy and numeracy skills in primary school   | ▲ Support teachers and schools to identify options to better support children not achieving the requisite literacy and numeracy skills               |

Every young person has the skills and qualifications to contribute to their and New Zealand's future

- |   |   |
|---|---|
| ▲ Ensure all students are engaged in education and gain useful qualifications, particularly Māori students, Pasifika students, students from low socio-economic areas and students with special education needs | ▲ Ensure schools are engaging with students at risk of poor attendance, truancy, behavioural issues and lack of progress in learning in ways that are appropriate and supportive                    |
| ▲ Support schools to be responsive to the needs of every student and to shape and deliver education   | ▲ Ensure the education system is providing a wide range of learning options within schools and through partnerships between schools, training and tertiary education providers and local businesses |

## What we did

### The New Zealand Curriculum and Te Marautanga o Aotearoa

The New Zealand Curriculum, which sets the direction for teaching and learning in English-medium schools, and Te Marautanga o Aotearoa, the curriculum for Māori-medium settings, became mandatory at the beginning of 2010.

Over the past three years, we have actively provided support to schools to understand and implement the new curricula, and to use them to develop their own school-specific curricula in association with their communities.

In June 2010, the Education Review Office reported on the readiness of English-medium schools to implement the New Zealand Curriculum, showing that almost all of the sample of 228 schools were either giving full effect to the curriculum, or making good progress towards giving effect to it.

The Education Review Office reported that:

- ▲ 78% of schools were managing curriculum change well: 49% of schools were making good progress and 29% were giving full effect to the new curriculum
- ▲ 17% of schools were just beginning to implement the new curriculum
- ▲ five per cent of schools had not yet begun.

Māori-medium kura have worked collaboratively with whānau, hapū and iwi to develop marautanga-a-kura (kura-specific curriculum) so that ownership and successful implementation of the curriculum are shared. We are working with the Education Review Office and those kura to complete reports on their readiness to implement Te Marautanga o Aotearoa. These will be finalised by the end of 2010 and published on the Education Review Office's website.

In 2009/10, the Ministry led the development of school language guideline documents for the teaching and learning of gagana Tokelau<sup>6</sup> and Samoan. These documents are now available for schools to use in their own curriculum planning and development. Multi-media resources supporting the Samoan, Niuean and Tongan language guidelines have also been developed and distributed.

<sup>6</sup> Gagana Tokelau means "the Tokelau language" and is the title of the Tokelau language guidelines the Ministry has produced.

## Improving literacy and numeracy achievement

In 2009/10, as part of the new curricula, we continued to develop the National Standards for literacy and numeracy in years 1 to 8 for English-medium settings, and Ngā Whanaketanga Rumaki Māori, National Standards for Māori-medium settings.

Schools were expected to start using the English-medium National Standards at the start of the 2010 school year. Teachers are using a range of tools to assess students' achievement against the National Standards, and schools are reporting on progress and achievement in plain language.

We released draft Ngā Whanaketanga Rumaki Māori in 2009/10 and conducted a consultation and information-gathering process, including:

- ▲ 14 regional hui involving more than 800 participants
- ▲ ongoing in-depth engagement with teachers, principals, board of trustees members, parents, families and whānau from 42 kura to gather information to finalise the Ngā Whanaketanga.

Ngā Whanaketanga will be finalised in late 2010, for implementation in 2011.

Work is underway to align key assessment tools with the National Standards, which will assist teachers in making their overall judgements of student progress. Tools that have undergone preliminary alignment include e-asTTle, Progressive Achievement Tests, numeracy assessment tools, the Observation Survey, and the Supplementary Tests of Achievement in Reading.

Implementation of the National Standards is supported by modifications to electronic student management systems, which are now fully operational for 94% of all New Zealand primary schools. These systems allow schools to view an overall picture of a student's progress and achievement in relation to the National Standards, and to generate plain language reports for parents about their child's progress and achievement. The systems will also enable schools to analyse their information and aggregate student data for school self-review and reporting to boards of trustees.

All schools and kura are required to set charter targets in relation to the National Standards or Ngā Whanaketanga and to report school-level data against those targets. English-medium schools will begin to report this data in 2012 and Māori-medium kura in 2013.

We have started to develop the monitoring and evaluation frameworks that will generate evidence about the implementation and outcomes of the National Standards and Ngā Whanaketanga. The frameworks will draw on a number of information sources to present a robust picture of progress in implementing the standards, and the resulting impact on student outcomes.

## NCEA achievement standards

The Ministry is working closely with the New Zealand Qualifications Authority to improve the quality of the National Certificate of Educational Achievement (NCEA). A core aspect of this is aligning the NCEA achievement standards with the New Zealand Curriculum and Te Marautanga o Aotearoa.

In 2009/10, we:

- ▲ drafted and released new achievement standards for NCEA Levels 1 and 2, including 244 Level 1 achievement standards (each supported by two assessment activities and 12 exemplars) and 246 draft NCEA Level 2 achievement standards
- ▲ continued to develop achievement standards for NCEA Level 3 and supporting assessment activities and exemplars.

We also developed teaching and learning guidelines for senior secondary subjects in 2009/10. These guidelines provide the framework with which the achievement standards in these subjects are aligned.

## Professional learning and development for principals and teachers

In 2009/10, we provided training and support for principals, teachers and school leaders to build their understanding of student assessment and support implementation of the National Standards and reporting to parents on student progress. Provision of training and support involved 4,500 representatives from 1,804 schools attending workshops (84% of primary schools).

### ***Literacy and numeracy development projects***

We have continued to implement a number of focused literacy development projects that, while small in scale, are demonstrating significant achievement gains for students in those schools. We continue to work to apply lessons from these projects in wider professional development support programmes, so increasing numbers of students are gaining literacy and numeracy skills. There are lessons that can be applied in other activity to ensure a system-wide shift in achievement.

The Literacy Professional Development Project operated in 105 primary schools in 2008/09 and focused on improving reading and writing in years 1 to 8.

- ▲ Results were particularly good for the 20% of students in the lowest achievement band, including the over-representation of Māori students and Pasifika students in this group.
- ▲ The rate of progress for all students in these schools exceeded expectations, with students most at risk of under-achieving progressing at a far greater rate than the wider cohort, and sustaining this accelerated progress over two years.

The Secondary Literacy Project focused on students in years 9 and 10. Approximately 6,950 students were involved in 2009, 1,792 of whom identified as Māori.

- ▲ This project has resulted in increased literacy achievement across curriculum areas for students.
- ▲ Māori students made similar gains to European/Pākehā students; both groups made significantly higher gains than Pasifika students, and by the end of year 10, Māori students were at the same levels as other students in their schools.
- ▲ Pasifika students made expected, but not accelerated, progress.

In 2009/10, we included support for teachers to understand and use a self-review tool as part of their literacy and numeracy professional development. As a result, 415 schools (20% of primary schools) are using the self-review tool as part of their in-depth professional development. Teachers in other schools have had access to training sessions on using the tool.

The Numeracy Development Projects have been in place since 1997 and have been implemented in most schools. Results from the 2009 studies show that there continues to be a positive impact in the years following initial implementation of the project and that students who are involved in the projects over the long term, perform well in mathematics in comparison with the national population.

However, groups of students with lower initial achievement in the numeracy assessments appear to make less progress than groups of students with higher initial results, leading to a widening of the achievement gap. There is continued evidence that primary teachers need to have greater understanding of mathematics and ways to support their students' mathematical development.

The Assess to Learn professional development project focuses on supporting teachers to develop effective assessment practices and strategies and to support their students to participate actively in setting their own learning goals. Schools can focus on a range of activities through this project: some of the schools involved in the project have focused on literacy assessment. The project operated in 155 schools in 2009, reaching 1,866 teachers. Results show accelerated progress over and above expectations for writing, with shifts between 2.1 and 4.5 times greater for all students and shifts between 2.1 and 5.1 times greater for Māori students.

### ***Professional learning and development focused on Māori student achievement***

Te Kotahitanga is an evidence-based professional development programme that has an explicit focus on raising Māori achievement in English-medium secondary schools. Seventeen new schools entered the programme at the end of 2009, taking the number of schools participating to 49. There are nearly 3,000 teachers in the schools that are participating, and approximately 17,000 Māori students.

An evaluation of Te Kotahitanga concluded that the programme is a sound and effective process for improving classroom teaching and learning for Māori students. This evaluation will be used in our broader professional development and learning approach, maximising the impact of all the Ministry's activity in this area for Māori students.

He Kākano is a professional learning and school-based development programme that allows principals and senior leadership teams to build capability to improve the performance of their schools for and with Māori learners. The programme will provide support for at least two years to enable schools to embed new practices and build sustainability. In 2009/10, 100 area and secondary schools started implementing the programme.

### ***Professional learning and development for leaders***

The Kiwi Leadership for Principals framework guides the professional learning and development support that we provide to educational leaders. This framework presents a model of leadership that reflects the qualities, knowledge and skills required to lead New Zealand schools into the future.

In 2009/10, we delivered professional learning and development support for:

- ▲ 300 experienced principals
- ▲ 176 first-time principals
- ▲ 230 aspiring principals
- ▲ 80% of primary school leaders to support their implementation of the National Standards.

Tū Rangatira: Māori Medium Educational Leadership is a strategy that was developed in 2009/10 to support and strengthen leadership of teaching and learning in the Māori-medium sector. Tū Rangatira will work alongside the Kiwi Leadership for Principals framework and will be implemented in Māori-medium settings to support Māori world views and philosophies as articulated in Te Marautanga o Aotearoa.

### **Workforce development and support**

The Minister of Education set up the Workforce Advisory Group in 2009/10, to provide advice on how to raise the overall quality of teaching across the school system.

This group developed a vision for the teaching profession, released for consultation in May 2010, which centres on establishing a system that:

- ▲ has clear and high professional standards at entry and induction to the profession
- ▲ supports effective teaching in a variety of cultural identities and languages
- ▲ has high flexibility for school leaders to support the growth and capability of teachers.

We are awaiting decisions on the next steps, and any changes to our approach and activity required as a result of the review.

In 2009, we continued to support the education workforce by:

- ▲ promoting teaching and teacher supply initiatives and TeachNZ scholarships and processing the applications
- ▲ informing overseas teachers of employment opportunities in key shortage areas in New Zealand
- ▲ redeveloping the special education specialist teacher qualifications
- ▲ awarding 1,023 scholarships to student teachers to study across the early childhood education, and schooling sectors. Of those 1,023 scholarships:
  - ▲ 682 were for early childhood education, and 341 for the schooling sector
  - ▲ 24% went to student teachers who identified as Māori and 12% to student teachers who identified as Pasifika.

We continued throughout the year to make accurate and on-time payroll payments totalling over \$4,000 million to 110,000 individuals (cumulatively over the year) employed by schools. Approximately 90,000 teachers and support staff are paid each fortnight. At the same time, we continued to develop and prepare for the transition to a new payroll system to be introduced in 2011.

The Ministry also continued to exercise its delegation under the State Sector Act from the State Services Commissioner to negotiate the conditions of employment under which school boards employ their staff. Specifically, this year, we achieved settlements of the non-teaching collective agreements.

### **Resourcing schools**

The Ministry determines and delivers resources for schools, monitors eligibility and entitlements of each provider through audits of rolls and staffing entitlements, and verifies compliance with other eligibility criteria.

In 2009/10, we continued to provide services to support the governance, management and operation of schools and other education providers.

Purchases on behalf of providers included:

- ▲ school payroll services for the payment of salaries, wages and allowances to principals, teachers and support staff in state and integrated schools

- ▲ school transport services
- ▲ special education school transport assistance
- ▲ industrial relations services as delegated under the State Sector Act
- ▲ the services of supplementary education providers
- ▲ advice and training to boards of trustees
- ▲ coordinated purchasing for the school sector, such as software licenses.

Services delivered to providers included a range of discrete school management services directly to and on behalf of education providers, such as risk management schemes for school contents, industrial relations services and promotion of teaching as a profession.

### **E-learning support and infrastructure for schools**

In 2009, we strengthened e-learning support and infrastructure in schools, by:

- ▲ developing the infrastructure to make use of the applications and fast data rates that ultra-fast broadband can deliver through the School Network Upgrade Programme. By 30 June 2010, 469 schools had been upgraded
- ▲ providing the hardware needed so that applications using ultra-fast broadband are available to students and teachers within schools. Hardware is currently funded by schools or partially funded centrally as in the case of laptops for teachers through the Laptops for Teachers initiative, which provided 14,600 laptops in 2009/10
- ▲ training school staff to make best use of the technical and pedagogical advantages of digital technology
- ▲ exploring opportunities and possibilities for the development of a national education network
- ▲ developing resources and support for schools, teachers, principals and educators, including through Te Kete Ipurangi (the bilingual online education portal).

### **Working with schools**

We provide a range of support and advice to schools on a daily basis through our regional network. Regional staff work with schools, professional development providers, iwi and other agencies to improve participation, engagement and educational achievement. Our activity covers a wide range, including providing support and resources to schools, taking action to ensure every student is enrolled at and attending school, working with clusters of schools to improve the quality of classroom teaching, providing support to boards of trustees and managing statutory interventions.<sup>7</sup>

The Ministry's regional structure is organised in four regions:

- ▲ Northern (Northland and Auckland)
- ▲ Central North (Waikato, Bay of Plenty, Hawke's Bay and East Coast)
- ▲ Central South (Wellington, Wairarapa, Horowhenua, Manawatu and Taranaki)
- ▲ Southern (the South Island).

### ***Example of one region's approach to working with schools***

In the Central South region, our key priorities include:

- ▲ partnering with iwi to improve engagement with and educational outcomes for Māori learners. We have 10 formal relationships with iwi in this region. For example, a partnership with Whanganui iwi is enabling the protection and promotion of te reo-a-iwi. In 2009/10, the Whanganui iwi produced, with our support, language resources that contain information about the iwi history and whakapapa.
- ▲ engaging parents and whānau in their local schools, with a focus on achievement
- ▲ working with whānau advisory groups to foster relationships between schools and their Māori community
- ▲ improving the quality of teaching and learning by encouraging schools to work together to share solutions and ideas to lift achievement
- ▲ improving the quality of relationships at school among students, parents, families and school staff to reduce suspensions and exclusions
- ▲ supporting boards of trustees to take accountability for student achievement in their schools.

<sup>7</sup> Statutory interventions are put in place in schools that are at risk. Risk may include student engagement and/or achievement, financial situation or relationships. Interventions may involve a limited statutory manager, or in more serious cases a commissioner.

## School property portfolio

The Ministry works with schools so learning environments are safe and functional and enable quality teaching and learning to occur.

The state school property portfolio comprises 2,143 state schools with 16,981 buildings on over 19,000 hectares of Ministry-owned land.<sup>8</sup> The portfolio has a capital value of \$10,537 million, including \$7,675 million worth of improvements. The total replacement value of the portfolio is approximately \$14,542 million.

In 2009/10, the Ministry focused efforts on providing additional schools in key areas of growth:

- ▲ Four new schools opened at the beginning of 2010 – Albany Senior High School (Auckland), Clearview Primary School (Rolleston), Remarkables Primary School (Queenstown) and Te Wharekura o Mauao (Tauranga).
- ▲ Te Kura Kaupapa Māori o Te Kotuku (Auckland) and Te Kura Kaupapa Māori Whangaroa (Northland) began operating from new facilities in May 2010.
- ▲ Wanaka Primary School will move to its new facilities by term four of 2010.
- ▲ Four new schools are scheduled to open in 2011 – Mt Wellington Primary (Auckland), Papamoa East Primary and Papamoa Secondary School (Bay of Plenty), and Ormiston Road Senior High School (Auckland).
- ▲ Hingaia Primary (Auckland) and Churton Park Primary (Wellington) will open at the beginning of 2012.

We addressed deficiencies in 82 schools, including:

- ▲ providing additional space in 73 schools
- ▲ replacing obsolete buildings in eight schools
- ▲ extensively modernising four schools in Upper Hutt.

The Ministry improved Special School satellite provision where there were health and safety issues, and built new satellites for Kelston Deaf Education Centre at Oteha Valley School (Auckland) and Ormiston Road Senior High School (Auckland). We are currently building a new school and resource centre for Blind and Low Vision Education Network NZ on the Homai site in Auckland.

The Ministry has made a number of changes to the processes to improve school property, including:

- ▲ introducing a modern learning environment standard that schools will need to use to identify priorities for property improvements and developments
- ▲ setting priorities for school property projects such as health and safety, essential infrastructure and modern learning environments. Schools will need to complete these projects before undertaking discretionary projects.
- ▲ reducing compliance costs for schools undertaking property projects.

These changes will allow schools to identify property priorities and projects, and the processes will mean those projects are undertaken more quickly and to a higher standard. Therefore, gradually over time the school property stock will be modernised in line with current teaching and learning requirements.

## Student engagement

In 2009/10, we commenced a three-year work programme to further support schools to improve the attendance and engagement of students.

Budget 2009 provided \$4 million of ongoing funding to support schools to manage attendance more efficiently. Using this funding, we have set in place a range of initiatives including:

- ▲ building Information and Communications Technology capability in schools to manage truancy
- ▲ investigating and growing good practice in managing attendance
- ▲ streamlining the case management of chronic truants, and where necessary the prosecution of parents who do not meet their legal obligations to make their children attend school.

In addition, training and financial assistance have been provided to 839 schools to implement electronic attendance registers, so they can manage student engagement better. Funding for Early Notification Services has been made available for up to 560 schools. These services allow schools to send a text message to parents to notify them that their child is not at school.

<sup>8</sup> This does not include state integrated schools, where the property is owned by the proprietor.

We are also supporting the rollout of a Parent Portal which allows parents to access information about their children's learning and attendance online.

Additional funding of \$1.5 million has been provided to services that locate students who have become de-enrolled from school because of non attendance of more than 20 days, and return them to school. As a result, the time taken to re-enrol these students decreased by 14%. By June 2010 there were 2,022 non-enrolled students, the lowest level in three years and a 41% reduction since January 2009.

### Including students with high special education needs

In June 2010, the Education Review Office released a report investigating how well schools included students with high special education needs. The evaluation reports that approximately half of the 229 schools in the study demonstrated inclusive practice, including:

- ▲ having ethical standards and leadership that built the culture of an inclusive school
- ▲ having well-organised systems, effective teamwork and constructive relationships that identified and supported the inclusion of students with high needs
- ▲ using innovative and flexible practices that managed the complex and unique challenges relating to including students with high needs.

A further 30% of schools had some inclusive practices. Systems, teaching, attitudes or approaches at each of these schools meant that, in some significant ways, students with high needs were not fully included in the academic, extracurricular or social life of the school. The remaining 20% of schools were found to have few inclusive practices.

The report recommended that the Ministry:

- ▲ build school-wide capability to ensure teaching is effective for all students by extending whole-of-school professional development programmes that are proven to be successful
- ▲ review how well principal training and support foster leadership for inclusive schools
- ▲ consider, as part of the special education review, how effective mainstream schools, special schools, Group Special Education (Ministry of Education) and Resource Teachers: Learning and Behaviour (RTLBs) can work together to improve the level of inclusion in New Zealand schools.

This report provides a useful baseline measure against which further special education policy and practice development will be benchmarked. We have set a target of 80% of schools demonstrating good inclusive practice and none demonstrating poor practice. This target is to be achieved by the end of 2014, and will also demonstrate whether we have been effective in supporting students and schools as required.

### Youth Guarantee

The Youth Guarantee will give all young people access to a programme of study in secondary school and tertiary education that leads to worthwhile qualifications and meaningful employment.

Cabinet decided on a phased implementation of the Youth Guarantee by:

- ▲ introducing elements of the policy in 2010 that will target young people most at risk of not being engaged in some form of education, employment or training
- ▲ moving, over time, to a more universal entitlement to free tertiary education for 16- to 17-year-olds at levels one to three on the New Zealand Qualifications Framework.

Over the last 18 months we have implemented a number of programmes to support this commitment. Two thousand fees-free places were provided in tertiary education for some of these at-risk 16- to 17-year-olds in Budget 2009. An additional 500 fees-free places were provided in Budget 2010.

Service academies are year-long, military-focused programmes run in 16 secondary schools. They target students in years 12 and 13 who are at risk of disengaging from education. On completion of the course it is expected that students will return to mainstream education, move on to tertiary education, or gain sustainable employment.

In 2009/10, we supported the establishment of eight new service academies and took responsibility for an additional eight academies that had previously been funded through the Ministry of Social Development. Each academy provides places for approximately 20 students.

Trades academies provide an alternative learning pathway for students who are engaged in school but are eager to begin their trades training early, which may be more useful to their future education engagement than remaining solely in a school.



In 2009/10, we developed the establishment processes and criteria for trades academies, and worked with providers that expressed interest in setting up a trade academy to develop their proposals and business cases.

- ▲ Nine trades academies will open at the beginning of 2011.
- ▲ Three trades academies are signalling that they will open in 2012.

The Manukau Institute of Technology set up a secondary-tertiary programme that began operating in the 2010 academic year, providing opportunities for those students who have already disengaged, or are showing signs of disengaging, from school and providing them with more flexible education pathways. A high proportion of these are Māori students and Pasifika students. We have worked to support this programme, and are gathering information from the process to inform the future establishment and development of the trades academies.

## What our indicators are telling us

Literacy and numeracy skill levels for New Zealand students are currently measured through international studies such as the Progress in International Reading Literacy Study (PIRLS) and the Trends in International Mathematics and Science Study (TIMSS).

In PIRLS 2005/06, New Zealand year 5 students scored highly on average, compared with students in the other countries who took part. The spread of achievement in New Zealand was large in comparison with other high-achieving countries. PIRLS will be conducted again in New Zealand in 2010/11 and data will be available in late 2012.

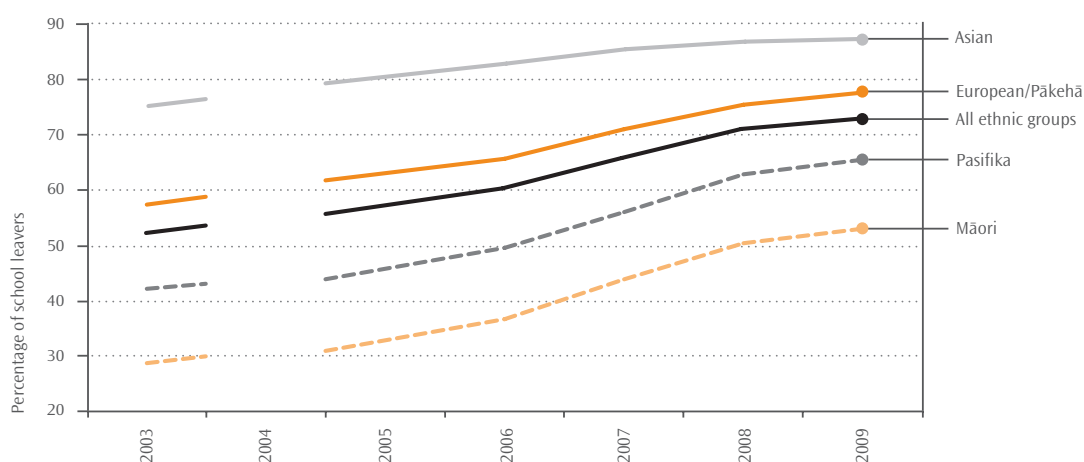
TIMSS measures achievement of numeracy skills and knowledge at years 5 and 9. New Zealand year 5 students' mathematics performance was similar to the level achieved in 2002. In TIMSS 2006, scores for European/Pākehā students were significantly higher than for Māori students and Pasifika students. TIMSS will next be conducted in 2010 (for year 9 students) and 2011 (for year 5 students) and data will be available in late 2012.

National Standards data and Education Review Office reports will give us other indicators of the picture of literacy and numeracy achievement annually.

The percentage of school leavers with NCEA Level 2 or above has continued to increase for most groups including Māori students and Pasifika students.

- ▲ The overall percentage for all students in 2009 was 73%.
- ▲ The percentage for Māori students was 53.1% in 2009, up from 50.5% in 2008.
- ▲ The percentage for Pasifika students was 65.5% in 2009, up from 62.9% in 2008.

## Percentage of school leavers with NCEA Level 2 or above, by ethnic group (2003 to 2009)<sup>9</sup>



<sup>9</sup> Due to methodological changes to the way attainment levels were allocated in 2004, this year is not comparable with other years and has been excluded from the graph data.

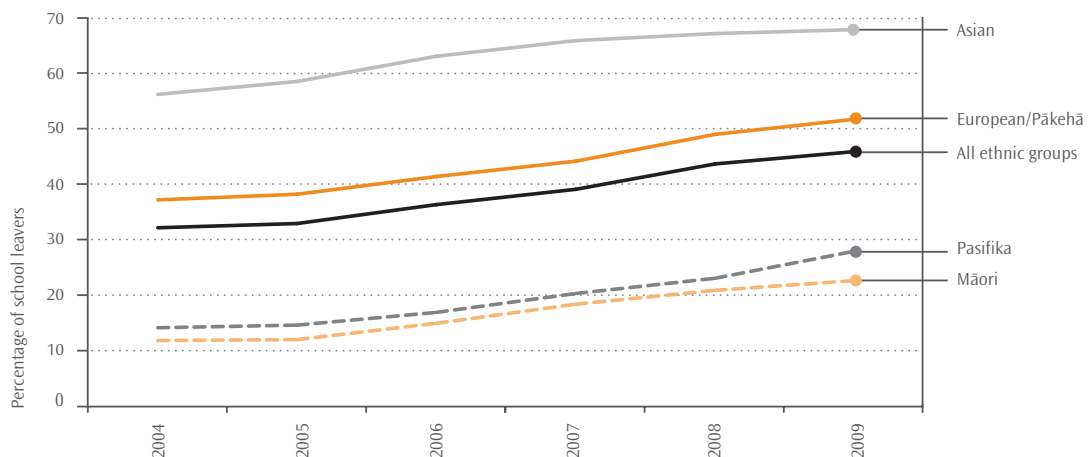


The percentage of students gaining university entrance standard has continued to increase for most groups. The percentage of Māori students and Pasifika students remains significantly lower than the percentage of European/Pākehā students and Asian students.

In 2009:

- ▲ the overall percentage for all students gaining university entrance standard was 45.8%
- ▲ 51.7% of European/Pākehā students gained the standard compared with 22.6% of Māori students, 27.8% of Pasifika students and 67.8% of Asian students.

#### Percentage of school leavers with university entrance standard, by ethnic group (2004 to 2009)

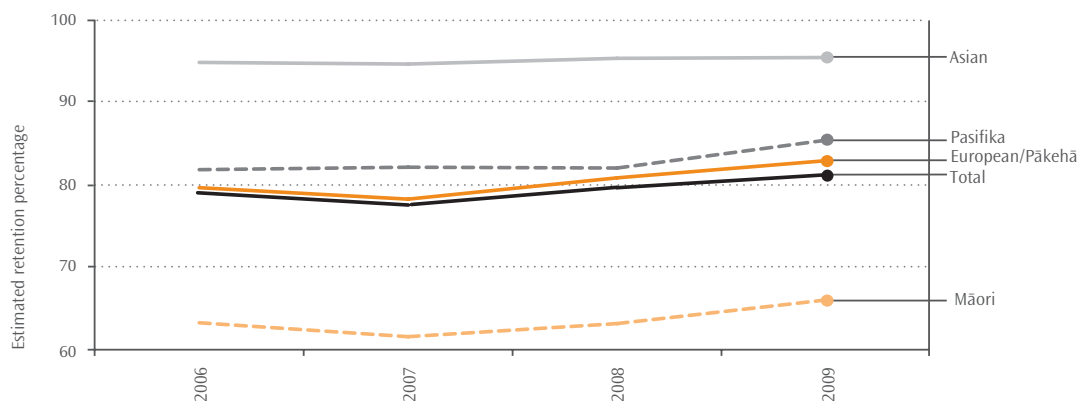


The percentage of students staying on at school to age 17 is increasing slightly for all groups. Māori students are significantly less likely still to be at school at age 17 than other groups.

In 2009:

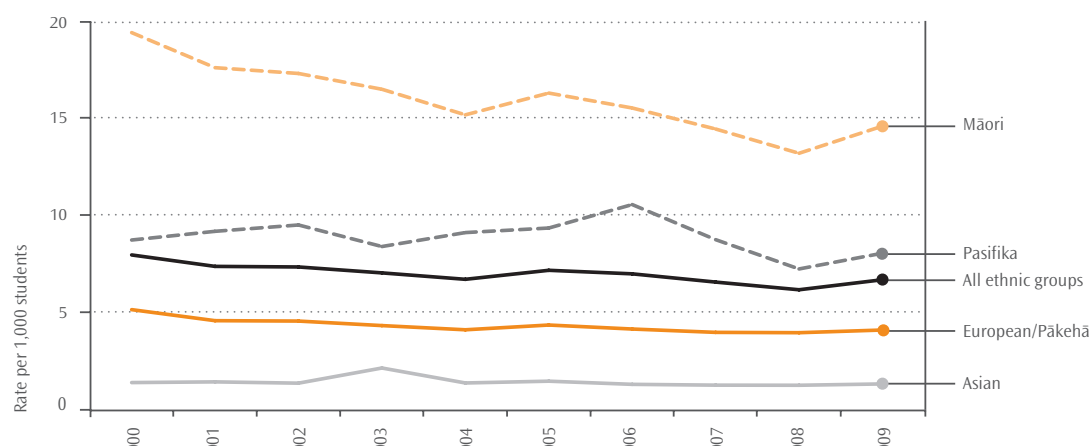
- ▲ 81.1% of students stayed on at school to the age of 17
- ▲ 82.8% of European/Pākehā students stayed on at school to age 17 compared with 65.8% of Māori students, 85.3% of Pasifika students and 95.4% of Asian students.

#### Estimated percentage of students staying on at school to age 17, by ethnic group (2006 to 2009)



In 2009, there was a slight increase in the suspension rates for all groups. This follows overall reductions for the past three years. The largest increase was for Māori students, up to 14.6 per 1,000 students in 2009 from 13.2 per 1,000 students in 2008. Suspension rates of Pasifika learners increased slightly to 8.0 per 1,000 students.

#### Age-standardised suspension rates per 1,000 students, by ethnic group (2000 to 2009)



Further information and data are available on the Ministry's data and research website – [www.educationcounts.govt.nz](http://www.educationcounts.govt.nz)

#### Future focus in the schooling sector

It is imperative that all students through school, education or training achieve a useful qualification that allows them to participate in further study and be active and productive members of the workforce.

Ensuring that we are providing quality services and support to the sector will mean improving our capability, streamlining our functions and continuously looking for efficiencies in our processes. Managing the balance between providing adequate resourcing, infrastructure and support to the sector and increasingly focusing our efforts on supporting student achievement may require trade-offs and prioritisation. Ultimately, we will be seeking to focus our activities and support in our core priorities while ensuring schools are supported to deliver 21st-century education.

Significant system change is needed at the secondary-tertiary interface, to support better transitions from secondary into tertiary education or the workplace, particularly in relation to vocational education. Vocational pathways through the system are not always clear to young people, their parents and education providers. The current system means that some young people make choices early that restrict their later choices.

This work will require a particular focus on those students who are not currently well served by our education system, especially Māori students, Pasifika students and students with special education needs.

## Tertiary education sector

Tertiary education makes a major contribution to New Zealand's national development both socially and economically. It is significant in providing the skills needed in the workforce, contributes significantly to social cohesion and is responsible for much of the country's innovation and knowledge creation.

The Ministry set a priority outcome in 2009/10:

Relevant and efficient tertiary education provision that meets student and labour market needs.

### Our goal

A more productive and responsive tertiary education system offering what students want and what the economy needs – a high-performing, highly skilled workforce. This includes increasing the proportion of Māori students and Pasifika students who gain higher-level qualifications.

### Tertiary education snapshot<sup>10</sup>

In 2009, there were:

- ▲ 469,107 students enrolled in formal study programmes with tertiary education providers. Of these:
  - ▲ 83,790 (18%) enrolments were Māori students
  - ▲ 33,751 (7%) were Pasifika students
  - ▲ 43,457 (9%) were international students
  - ▲ 20,719 (4%) were students with disabilities
- ▲ 202,000 trainees (including 12,100 modern apprentices) taking part in industry training
- ▲ more than three out of four young tertiary students studying at level four and above on the New Zealand Qualifications Framework
- ▲ 50% of working-age New Zealanders holding a tertiary qualification and 17% with a bachelors or higher qualification
- ▲ eight universities, 20 polytechnics, three wānanga, 39 industry training organisations, 14 other tertiary education providers and around 750 private training establishments.

Within Vote Education, approximately \$2,867 million was spent on direct funding to tertiary providers and includes around \$365 million on skills and training programmes.

### International education snapshot

In 2009:

- ▲ 15,462 international students were enrolled in primary and secondary schools
- ▲ 43,457 international students were enrolled in formal study programmes with tertiary education providers or organisations
- ▲ international students made up 9.3% of total formal tertiary education students
- ▲ income for tertiary education institutions from international student fees was \$343 million
- ▲ the largest contingent of international students in tertiary education institutions came from Asia (71.2%), followed by Europe (9.4%), North America (7.1%) and Pacific countries (4.9%)
- ▲ the highest area of growth continued to be in the number of students from the Middle East region, though this group represented only 4.1% of the total.

<sup>10</sup> Note that the tertiary education data includes some double counting of individuals, as students can be enrolled with more than one provider at the same time.

## Our role

The Ministry shares responsibility for the performance of the tertiary education sector with the Tertiary Education Commission and the New Zealand Qualifications Authority.

Our role in the tertiary education sector includes:

- ▲ developing strategic policy for the tertiary sector, including managing the Budget process
- ▲ developing and monitoring the Tertiary Education Strategy
- ▲ providing the lead advice on policy for student loans and allowances, working closely with StudyLink (a division of the Ministry of Social Development) and Inland Revenue.

We also provide advice on international education policy, administer regulations, manage international education relationships, administer the Code of Practice for the Pastoral Care of International Students, and build capability within the international education sector.

The Tertiary Education Commission is primarily responsible for giving effect to the Tertiary Education Strategy, funding tertiary providers, monitoring institutions, implementing policy, developing operational and implementation policy and supporting tertiary institutions.

The New Zealand Qualifications Authority's role is to ensure that New Zealand qualifications are regarded as credible and robust, nationally and internationally, in order to help learners succeed in their chosen endeavours and contribute to New Zealand society.

StudyLink administers the efficient payment of student loans and allowances and administers the regulatory framework for student allowances. Inland Revenue administers the collection of student loan repayments from borrowers once they earn above the income threshold for repayment.

## What we set out to achieve

- |  |  |
|--|--|
| ▲ Increase numbers of students from target groups completing tertiary qualifications at higher levels  | ▲ Achieve excellence in research development and application of new knowledge by industry and business   |
| ▲ Ensure greater levels of achievement for those learners who are currently leaving school without NCEA Level 2, in either tertiary education or industry training   | ▲ Encourage tertiary education providers to work in partnership with industry and employers  |
| ▲ Achieve ongoing increases in the levels of student achievement per dollar invested in tertiary education   | ▲ Ensure New Zealand maintains comparability with other Organisation for Economic Co-operation and Development (OECD) countries for provision of high-quality tertiary education |
| ▲ Ensure the tertiary education system makes the greatest possible contribution to New Zealand's economy and society by delivering qualifications that meet the current and future needs of industries and employers | ▲ Increase numbers of international students studying in New Zealand and enhance links between New Zealand and foreign tertiary and research providers                           |

## What we did

In 2009/10, we focused on reshaping the tertiary education system and its strategic direction so the system delivers on its goals, and to provide assurance that spending on tertiary education provides value for money. The impact of this work will be seen over upcoming years as the changes are embedded and start to take effect.

### Tertiary Education Strategy 2010-2015

In 2009/10, we developed and began to implement the Tertiary Education Strategy 2010-2015, which describes the Government's strategic direction and priorities for tertiary education over the next five to ten years. The Tertiary Education Strategy will be used to drive the tertiary education sector towards the achievement of key goals including:

- ▲ increasing the number of young people (aged under 25) achieving qualifications at levels four and above on the New Zealand Qualifications Framework, particularly degrees
- ▲ increasing the number of Māori students and Pasifika students enjoying success at higher levels
- ▲ increasing the number of young people moving successfully from school into tertiary education
- ▲ improving literacy, language and numeracy skills outcomes from study at levels one to three on the New Zealand Qualifications Framework
- ▲ improving the educational and financial performance of providers
- ▲ strengthening research outcomes.

### Changing the approach and settings for tertiary education

Substantial changes in the policy settings and approach for tertiary education were made in 2009/10 to align with the Tertiary Education Strategy. The focus included:

- ▲ providing advice on what changes to policy settings are required to make the tertiary education system more efficient, while improving student outcomes, and on how the funding system might be enhanced to respond better to demand
- ▲ developing policy work to implement changes to the student support system to manage eligibility and cost-effectiveness
- ▲ strengthening the consequences of poor performance in both the funding and quality assurance systems
- ▲ developing and enacting the new Education (Polytechnics) Amendment Act
- ▲ opening New Zealand's first tertiary high school, where students are dual enrolled at their school and at the Manukau Institute of Technology. This allows students to maintain strong links with their school and with school activities while studying towards a work-related qualification.
- ▲ continuing to publish a number of reports and analytical and research articles in the area of tertiary education to inform policy, investment and practice.

### International education

International education is a key contributor to the Government's economic growth and development goals. While most international students are enrolled in tertiary education organisations, there are a number of international students studying in New Zealand primary and secondary schools.

Our broader international education work programme seeks to create and enhance relationships that provide a good basis for trade and education services between countries. This includes developing frameworks and agreements that facilitate student mobility and greater joint recognition of qualifications, and providing input into the development of free trade agreements that New Zealand signs with other countries.

In 2009/10, our focus in international education was on:

- ▲ reviewing the role of international education to maximise the contribution the sector makes to economic growth
- ▲ reviewing the Code of Practice for the Pastoral Care of International Students to incorporate the sector's diverse views and the Government's objectives to support the growth of export education in New Zealand while maintaining high-quality pastoral care of international students
- ▲ raising the profile of New Zealand education through activities such as New Zealand Education Week at the World Expo, held in Shanghai in May 2010 with over 80 education representatives.

The Ministry has six education counsellors posted overseas (in Beijing, Kuala Lumpur, New Delhi, Riyadh, Brussels and Santiago), who work to support export education and the growth of education linkages. The counsellors' work in 2009/10 included:

- ▲ supporting ministerial missions to Europe, the Gulf and China
- ▲ representing New Zealand at education meetings of the Organisation for Economic Co-operation and Development (OECD), the Asia-Pacific Economic Cooperation (APEC) organisation and other multilateral groups
- ▲ providing input on education services to New Zealand's free trade agreement negotiations.

The Ministry provided a curriculum expert to Niue in 2009/10 to support the ongoing development of its curriculum for teaching and learning. This connection and support for education and training in the Pacific Islands are critical given the high level of migration and movement between New Zealand and these nations.

## What our indicators are telling us

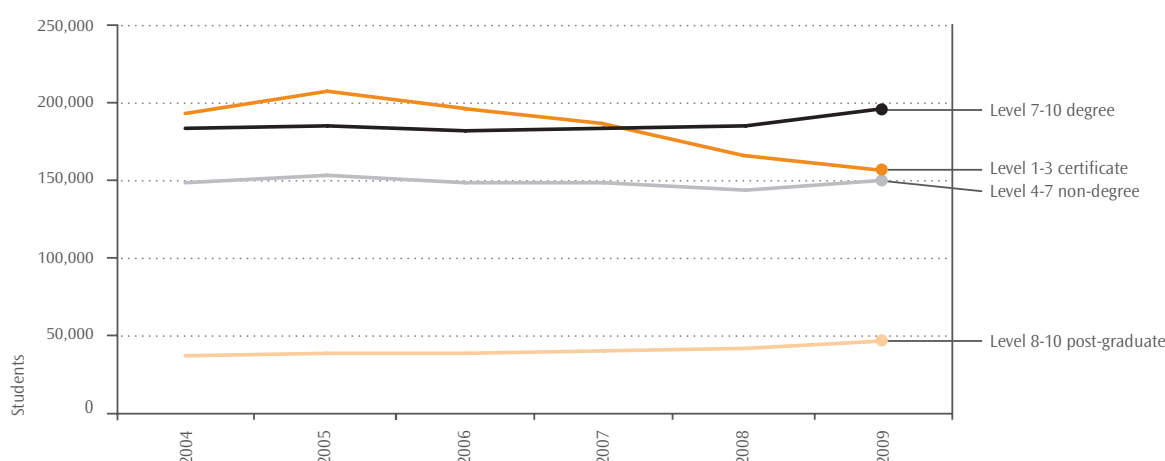
Fifty per cent of working-age New Zealanders now hold a tertiary qualification, compared with 44% a decade ago, and 17% have a bachelors or higher qualification, compared with 9.9% in 1999.

Following a three-year downward trend, the number of domestic and international students enrolled in formal tertiary study increased in 2009. Between 2008 and 2009, enrolments increased by more than five per cent at every qualification level, except lower-level certificates, which fell by 5.5%. Study for graduate and postgraduate qualifications rose by as much as 15% from 2008 to 2009.

In 2009, enrolments in bachelors degrees and graduate certificates and diplomas represented 42% of all equivalent full-time enrolments in provider-based tertiary education. Enrolments in postgraduate qualifications accounted for 11%.

The number of students enrolled in bachelors and postgraduate qualifications increased substantially from 2008 to 2009. An increase in enrolments of 20- to 24-year-olds was the largest contributor to the latest increase. Enrolments also increased for all other age groups, except students under the age of 18.

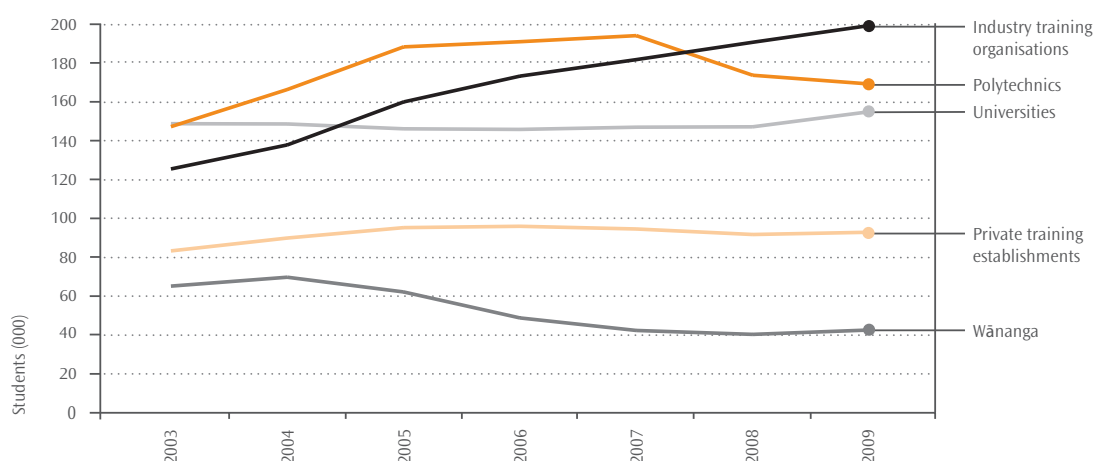
### Number of students participating in tertiary education, by qualification level (2004 to 2009)<sup>11</sup>



The number of students enrolled in industry training has been steadily increasing since 2003. There were 202,000 industry trainees in 2009, more than any other subsector of tertiary education. Industries where trainee participation grew rapidly include real estate, retail, equine industries, plastics and materials processing, sport and fitness, and community and social support services.

Numbers of students participating in wānanga courses and programmes decreased from 2004 to 2007 as funding restrictions were placed on certificates, but have remained steady since then.

### Number of domestic students enrolled, by subsector (2003 to 2009)<sup>12</sup>



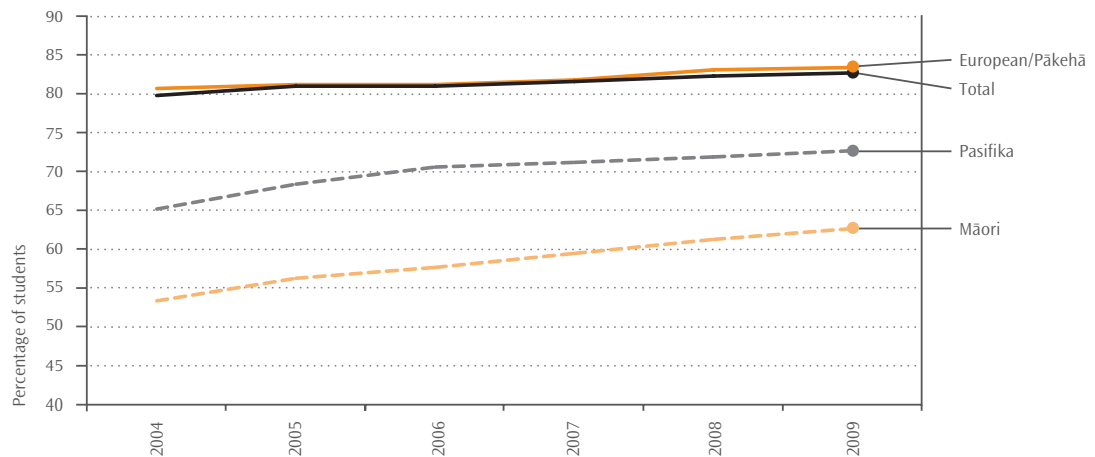
<sup>11</sup> Students who were enrolled at more than one qualification level have been counted in each level. Consequently, the sum of the students in each level may not add to the total number of students.

<sup>12</sup> Colleges of education are included with universities. Numbers include targeted training.

The proportion of Māori with a bachelors or higher qualification increased from 2.7% in 1999 to 7.5% in 2009. The comparable figures for Pasifika were 3.5% in 1999 and 5.9% in 2009. This compares with 17% for the total population.

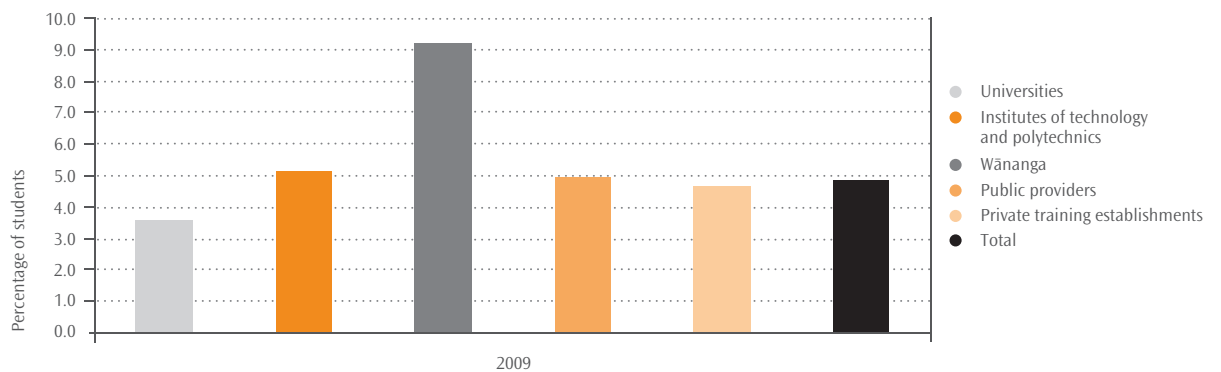
Enrolments in high-level qualifications (level four and above of the New Zealand Qualifications Framework) have increased substantially for both Māori and Pasifika ethnic groups over recent years. Participation rates continued to increase to 62.6% for Māori students and 72.6% for Pasifika students.

#### Percentage of students aged 18 to 24 participating in tertiary education solely at level 4 and above, by ethnicity (2004 to 2009)



In 2009, the percentage of students who had a disability in formal tertiary study remained relatively stable at 4.9%. Students who had a disability were more likely than students without a disability to be studying at lower levels (level one to three certificates). In 2009, 42% of disabled students studied at this level.

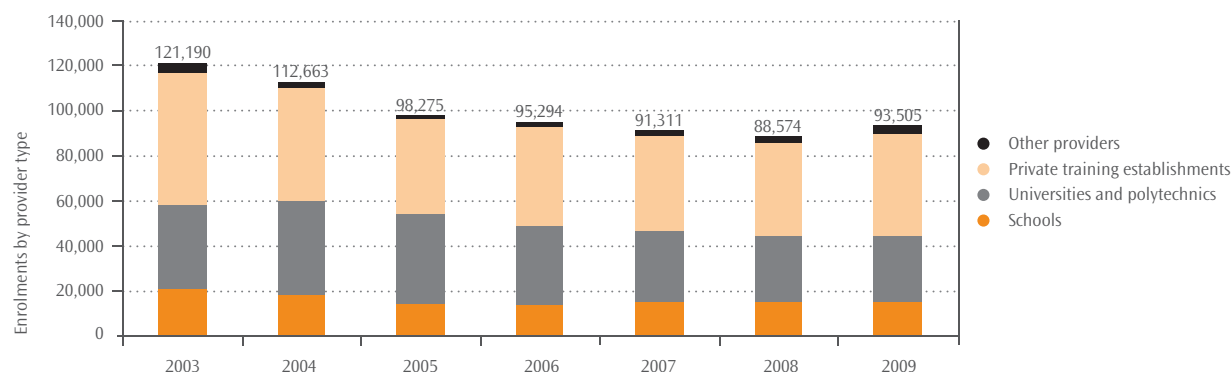
#### Percentage of domestic students who have disabilities by subsector (2009)



In 2009, there was a six per cent increase in the number of international fee-paying enrolments from 2008, with a total of 93,505 students for the year. This growth was mainly in private training establishments (10% increase) and polytechnics (four per cent increase), while enrolments in universities remained relatively static and enrolments in schools declined by 17%.

The number of international students in New Zealand is projected to increase further in 2010. Based on 2009 figures and current trends, an increase of eight per cent is expected by the end of 2010.

### International fee-paying student enrolments in New Zealand tertiary education, by provider type (2003 to 2009)



Further information and data are available on the Ministry's data and research website – [www.educationcounts.govt.nz](http://www.educationcounts.govt.nz)

### Future focus in the tertiary education sector

The tertiary education system must deliver value for money on current government spending – delivering higher-quality qualifications, ensuring that students complete qualifications, and targeting increases in participation, retention and completion rates for Māori students, Pasifika students and students with special education needs.

This will require ongoing alignment of the policy settings for the tertiary education system, including funding frameworks, with strategic priorities. The new Tertiary Education Strategy places much greater emphasis on the transparency of performance information and on incentives for providers and students to make decisions that represent better value.

At the same time, we will increasingly need to manage the impacts of student loan uptake and repayment trends and ensure value for money in student support mechanisms (loans, allowances, and course- and living-related costs support). These mechanisms allow students to access tertiary education, particularly those who face other barriers to participation.

The Ministry will continue to focus on improving the contribution of tertiary and international education to New Zealand's economy. This continues work on improving value for money within the tertiary education system.



## Māori enjoying education success as Māori

The education system is responsible for ensuring Māori learners are able to realise their inherent potential as Māori, as New Zealanders, and as citizens of the world.

The Treaty of Waitangi is central to, and symbolic of, our national heritage, identity and future. It provides the high-level context for the Ministry's relationship with iwi, and the Ministry's understanding that excellent relationships with iwi will ultimately deliver for and with Māori learners, their families and whānau.

The Ministry set a priority outcome in 2009/10:

### Māori enjoying education success as Māori.

#### Our goal

Every Māori learner is supported to achieve their full potential as Māori.

#### Māori enjoying education success as Māori snapshot<sup>13</sup>

In 2009:<sup>14</sup>

- ▲ 36,118 enrolments in licensed early childhood education were identified as Māori, 20% of all enrolments
- ▲ 166,998 of students who identified as Māori were participating in compulsory schooling, 22% of all students
- ▲ 151,314 students were participating in Māori language education,<sup>15</sup> 19.9% of all students
- ▲ 16,795 students were involved in Māori-medium education<sup>16</sup> for more than 50% of their time: of those 16,422 (98%) identified as Māori
- ▲ 83,785 enrolments in tertiary education identified as Māori students
- ▲ the Ministry had 45 formal relationships with iwi.

In addition to the activity outlined in the early childhood education, schooling and tertiary sections of this Annual Report, in 2009/10 we undertook specific activity to support Māori to enjoy education success as Māori.

#### What we set out to achieve

- |  |  |
|--|--|
| ▲ Ensure all Māori learners are supported to achieve their potential in education that supports their identity, language and culture, in both English-medium and Māori-medium settings | ▲ Encourage teachers to have high expectations of their Māori students and tailor their teaching approaches to ensure the success of those students  |
| ▲ Support a strong network of sustainable, high-performing Māori-medium provision that offers genuine choice   | ▲ Ensure teaching and learning of and through te reo Māori are valued and recognised as a key contributor to the success of Māori students, and to the maintenance and enhancement of te reo Māori as an official language |
| ▲ Ensure iwi and Māori are actively involved in informing, designing and supporting initiatives to advance Māori education   |  |

<sup>13</sup> Numbers of Māori students in education are based on data collected by early childhood education centres, schools and tertiary education organisations. Processes for identifying students as Māori differ, but are generally based on self or parental declaration on enrolment forms.

<sup>14</sup> Note that the early childhood education and tertiary education enrolment numbers include some double counting of individuals as children and students can be enrolled in more than one centre or provider at the same time.

<sup>15</sup> Māori language education refers to settings where students are learning te reo Māori, or through te reo Māori, and can be in English-medium and Māori-medium settings.

<sup>16</sup> Māori-medium education refers to settings where teaching and learning are through the medium of te reo Māori.

## What we did

All of the Ministry's activity in the early childhood education, schooling and tertiary education sectors is expected to deliver improved outcomes for and with Māori learners.

In addition to the activity outlined in the early childhood education, schooling and tertiary sections of this Annual Report, in 2009/10 we undertook specific activity to support Māori to enjoy education success as Māori.

### **Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012**

In 2009/10, we continued to implement Ka Hikitia – Managing for Success, our strategy to improve education outcomes for Māori. We reviewed the impact of our activity, and progress being made against the targets set out in the strategy, and, as a result, strengthened our focus on our internal capability, ownership, leadership, action and accountability. We have built our knowledge on what works for Māori learners and how to apply this knowledge across the early childhood education, schooling, tertiary and special education sectors.

We released Ngā Haeata Mātauranga – Annual Report on Māori Education 2008/09. This series of reports chart progress in achieving the goals, actions and targets of Ka Hikitia – Managing for Success. The 2008/09 report shows that while progress is being made in some areas, this change is not big enough, nor is it occurring fast enough. New monitoring and reporting processes that have been put in place will allow a more substantive picture of progress made to achieve the outcomes sought through Ka Hikitia – Managing for Success.

### **Managing relationships with iwi**

Strong relationships supporting the significant and distinctive contribution of iwi are crucial. Evidence shows that teaching and learning that enhance and support the identity, language and culture of Māori learners enable them to achieve education success. The nature of the relationships we have with iwi varies depending on the goals and aspirations of each iwi, but generally include formal agreements to work together on education projects in their region.

Iwi the Ministry has relationships with, are carrying out a range of activities, including:

- ▲ developing learning and teaching resources based on tribal knowledge
- ▲ developing local curriculum and cultural standards
- ▲ setting up and running early childhood education services that are distinctively iwi-based
- ▲ jointly developing operational approaches and strategies to provide better special education services for and with Māori children and their whānau.

In 2009/10, the number of iwi relationships with the Ministry increased by 13 to a total of 45. This has increased from a total of 13 relationships in 2006.

We have developed Whakapūmautia, Papakōwhaitia, Tau Ana – Grasp, Embrace and Realise, a framework for excellent relationships with iwi. This framework is currently with iwi for discussion and endorsement, which are essential so both parties agree the approach that will result in successful education outcomes for all Māori learners.

### **Protecting and strengthening te reo Māori**

In 2009/10, we reorganised the Ministry's functions and staff working in the area of te reo Māori in the schooling sector into one team and line of management. This represented a different way of thinking and working and will strengthen the Ministry's leadership and activity supporting Te Marautanga o Aotearoa and Ngā Whanaketanga Rumaki Māori.

The Ministry is one of the key government departments responsible for implementing the Māori Language Strategy and we contributed to the current work to review the strategy in 2009/10.

### **Treaty of Waitangi claim settlements**

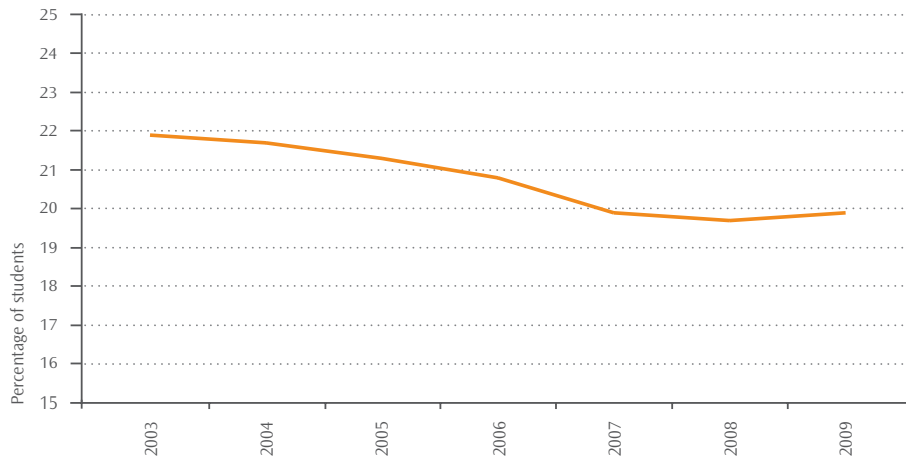
We have concluded settlement negotiations with Te Whare Wānanga o Awanuiārangi. Cabinet approved the settlement package, and a deed of settlement will be signed in late 2010. The purpose of the settlement is to address the Wānanga Capital Establishment Claim (Wai 718). The current settlement concludes outstanding matters in the 2003 Deed of Settlement.

### What our indicators are telling us

The indicators provided below are supplementary to the indicators provided in the early childhood education, schooling and tertiary education sections of this Annual Report.

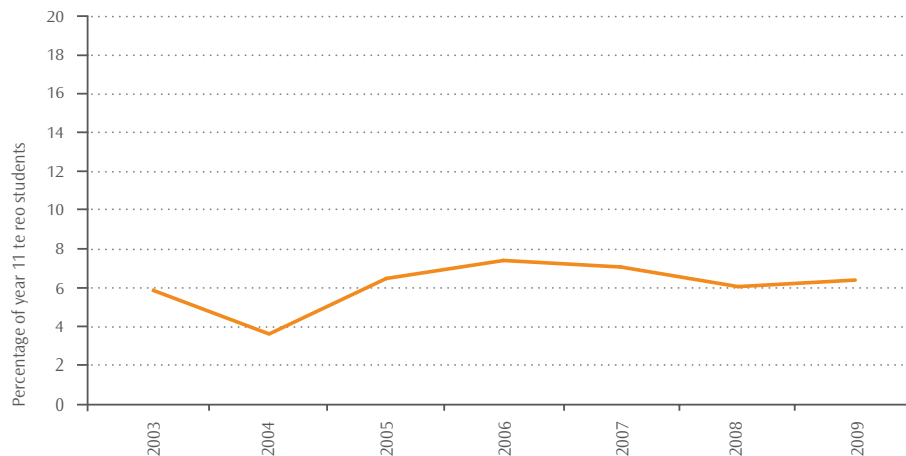
After decreasing in 2007 and 2008, the percentage of students engaged in Māori language education grew in 2009, although this percentage is still lower than it was in 2003 to 2006. In 2009, 19.9% of the New Zealand student population was engaged in Māori language education.

#### Percentage of school students in Māori language education (2003 to 2009)



The percentage of year 11 students studying te reo (te reo Māori and te reo Rangatira) has increased slightly from 6.1% in 2008 to 6.4% in 2009.

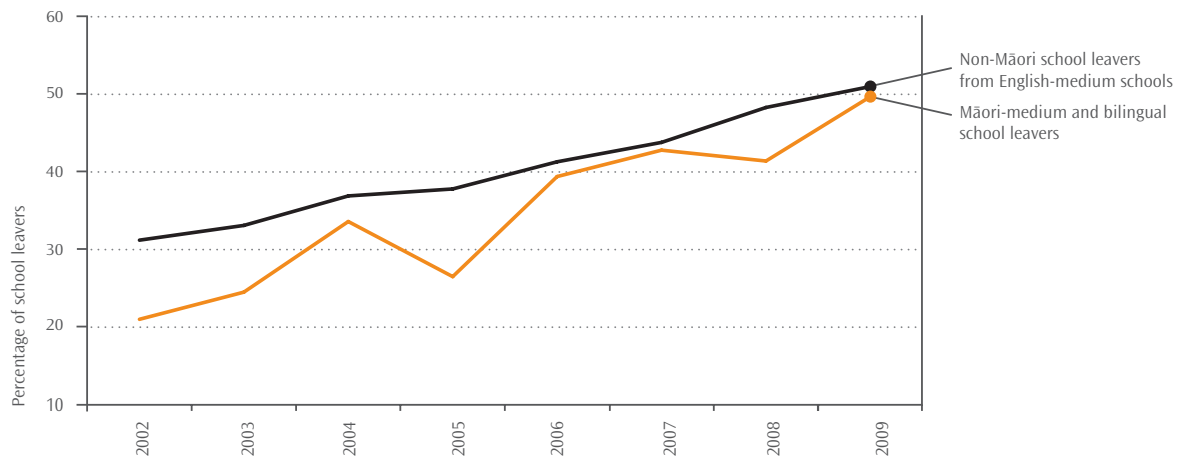
#### Percentage of year 11 te reo students studying te reo Rangatira (2003 to 2009)



In 2009, the percentage of Māori-medium school leavers with a university entrance qualification increased, and is now similar to the percentage of non-Māori students leaving English-medium schools qualified to attend university. Māori-medium education programmes involve students being taught either all or some curriculum subjects in te reo Māori, in either immersion (Māori language only) or bilingual programmes (Māori and English).

There are relatively few school leavers from Māori-medium education, and, as a result, year-on-year actual percentages can vary substantially (margin of error approximately four to five per cent).

#### Percentage of school leavers from Māori-medium and bilingual schools qualified to attend university (2002 to 2009)



Further information and data are available on the Ministry's data and research website – [www.educationcounts.govt.nz](http://www.educationcounts.govt.nz)

#### Future focus for Māori enjoying education success as Māori

A key challenge for the sector is to identify and implement those actions that will have significant impacts on Māori learner outcomes and all activity across the education sector will need to improve those outcomes.

The Ka Hikitia – Managing for Success Measurable Gains Framework, developed to measure the impact of our activity and to demonstrate the change being made in the sector as a result of the strategy, is being activated as the central process for capturing information and data to facilitate the Ministry's progress in this area.

This requires thinking and working differently, accepting that identity, language and culture are essential ingredients for success for Māori learners, and ensuring that Māori learners are considered in the planning and development phases of work. It will also require greater targeting of resources to programmes and local solutions that are delivering results for and with Māori learners.

Iwi are critical partners in the education system and can make significant contributions to improving outcomes for their learners. Increasingly, iwi have the resources to do this. Education providers will have to partner more closely with iwi when developing teaching and learning programmes. This is critical so Māori learners are engaged in ways that support their identity, language and culture, and are supported to achieve education success in culturally responsive and reinforcing ways.

## Special education

Every learner must have the opportunity to enjoy high-quality education that allows them to participate and to contribute socially and economically to New Zealand. This relies on raising expectations of what children can do, rather than being influenced by what they cannot do – focusing on ability and potential, not disability.

### Our goal

Every learner enjoys high-quality education that enables them to participate and contribute socially and economically, whether that is in mainstream education or in a special education needs learning environment.

### Special education snapshot

As at 1 July 2009 there were:

- ▲ approximately 30,000 children and young people with high or very high special education needs receiving an individualised special education service
- ▲ 40,000-60,000 children and young people with more moderate special education needs receiving support from their schools
- ▲ 1,264 full-time equivalent staff working in the Ministry to support children with special education needs
- ▲ 16 special education districts through which services are delivered
- ▲ 28 special schools, 26 specialist service providers in the school sector and 10 specialist service providers in early intervention
- ▲ 780 Resource Teachers: Learning and Behaviour (RTLBs).

Within Vote Education, approximately \$450 million was spent supporting special education learners and their needs. This included the Ministry providing services directly to learners with special education needs, and their parents, families and whānau, as well as funding special education service providers to deliver services to learners.

### What we did

In addition to the Ministry's activity outlined in the early childhood education, schooling and tertiary sections of this Annual Report, in 2009/10 we undertook specific activity to support the success of students with special education needs.

### Review of special education

In 2009/10, the Government initiated a review of special education to identify how better outcomes for students, and better value from the overall investment in education for students with special education needs, could be delivered. Terms of reference for the review were released and a discussion document published in February 2010 seeking feedback from the sector. Over 2,000 submissions were received and have been analysed and summarised for decision-making, along with recommendations for future action.

Following decision-making related to the recommendations and findings of the review, we will implement any necessary changes in how services are provided, structured or targeted. It is likely that decisions will focus on providing greater value for the existing expenditure on special education.

### Positive Behaviour for Learning Action Plan

In 2009/10, we worked with the sector to develop the Positive Behaviour for Learning Action Plan, the response to discussions at the Taumata Whanonga Behaviour Summit held in March 2009.

The expected impact of the plan is that by 2014:

- ▲ 12,000 parents will have taken part in the Incredible Years parents programme through which they will have learnt skills such as how to reward good behaviour, set boundaries and discipline children
- ▲ 5,000 early childhood education teachers, school teachers, and RTLBs will have taken part in the Incredible Years teachers programme. They will be confident in managing students and the classroom environment, and supporting children's social and emotional development.
- ▲ 500 students with ongoing extreme behaviour will have been supported by an intensive service working across agencies
- ▲ 400 schools will be participating in the Positive Behaviour for Learning school-wide initiative. In these schools, the school leadership, culture and climate will be strengthened to address challenging and disruptive behaviour

- ▲ 20,000 students will have been supported by Ministry's behaviour specialists
- ▲ 97,000 students will have been supported by RTLBs, who will have received additional training in managing behaviour
- ▲ more children and young people will be achieving at school, not being suspended or stood down, will be more engaged and will transition more smoothly between settings
- ▲ parents and whānau will have confidence and strategies to build positive relationships with their children
- ▲ educators will be confident and supported in addressing behaviour problems
- ▲ school leaders and boards will be monitoring and improving strategies to build a positive culture and increase engagement.

### Continuing to improve our core services

In 2009/10, we began to develop a new comprehensive case management system to replace the current outdated system. This new system will improve the capture and analysis of information to further improve services provided to children, young people and their families.

We have continued to provide special education services to children and young people who have been identified as needing support to be present and engaged in education, including:

- ▲ delivering early intervention services to 12,342 pre-school children to help them participate in early childhood education and to provide foundations for learning<sup>17</sup>
- ▲ delivering severe behavioural services to 3,870 children identified as having severe and challenging behaviour
- ▲ delivering communication services (for example, speech language therapy) to 6,289 children and young people
- ▲ supporting 4,592 complex needs students through the Ongoing and Reviewable Resourcing Schemes (ORRS)<sup>18</sup> and providing funding to 64 specialist service providers to support 3,058 students
- ▲ funding teacher aides for 617 students with high health needs
- ▲ responding to 185 traumatic incidents in early childhood education services and schools
- ▲ supporting the ongoing rollout of Ministry of Health-led programmes such as the Universal Newborn Hearing Screening Test and the B4 School Health Check programme
- ▲ delivering the Incredible Years programme to parents and teachers.

In recent years, the Ministry has developed a strategy for our special education service provision in the Auckland area that supports more efficient and effective provision of quality services. The main shifts made as a result of the strategy were:

- ▲ focusing teams on intervening early in the life of the child and/or life of the problem
- ▲ providing services using a kaupapa Māori approach in areas with high Māori populations
- ▲ strengthening relationships with the sector
- ▲ placing a stronger emphasis on professional practice
- ▲ regionalising some services, systems and processes where it makes economic sense, including managing funds at a regional level using consistent processes
- ▲ developing a crisis response service to respond to calls from schools dealing with a behaviour crisis within 24 hours
- ▲ operating special education services in Auckland as one integrated area with consistent approaches.

Implementation of this strategy began in 2009/10, and has resulted in simplified processes, a reduction in overhead costs, more equitable access to services and resource allocation, implementation of consistent practices and improved relationships with the sector.

<sup>17</sup> Discussion about early intervention services is located in the early childhood education section of this Annual Report.

<sup>18</sup> ORRS provides resources to approximately one per cent of all students in New Zealand who have the highest need for special education services. Most of these students have this level of need throughout their school years.

### Developing our workforce

In 2009/10, training was provided to staff to support culturally responsive and appropriate special education practice for Māori and Pasifika children. This included:

- ▲ training staff using the Māori cultural responsiveness framework, Te Hikoitanga, to enhance cultural competence, and providing professional development
- ▲ providing training in Māori cultural suspension models for Kaitakawaenga<sup>19</sup> and other Māori staff so they are able to provide formal professional supervision to assist non-Māori staff
- ▲ providing Sau Ta Ō, the Pasifika cultural responsiveness training, to help specialists and staff working with children and families.

We have also provided staff training by:

- ▲ developing a professional learning and development model for speech language therapists on the new model of practice for this group of specialists
- ▲ redeveloping the specialist teacher qualifications now delivered through Canterbury and Massey Universities to provide greater coherence and improved career progression across the specialist teaching workforce.

### Future focus for special education

The education system must deliver for students with special education needs so that they are supported to be present, participating and learning. For the Ministry, this means focusing on providing quality services to students who need additional support to engage in education and ensuring that early childhood education services, schools and tertiary education providers include and engage students with special education needs.

An ongoing focus is to improve the quality of the services that we provide to children and students with special education needs, and their parents, families and whānau. As with other areas of the Ministry's expenditure, there will be increasing focus on ensuring that services are providing value for money.

<sup>19</sup> Kaitakawaenga are staff who work alongside special education specialists to ensure that the service being provided meets the needs of the child and their whānau.

# 1

## Building a more effective organisation

The Ministry leads the education sector on behalf of the Government, with a large strategic leadership and policy development role, as well as a substantial operational role that includes administering education property, developing guidelines and curriculum statements, allocating funding and paying provider salaries.

The Ministry set a priority outcome in 2009/10:

**The Ministry is capable, efficient and responsive to achieve education priorities.**

### Our goal

We structure our business and spending, and the way we deliver our core functions, in the most effective and efficient manner possible to maximise our impact on improving education outcomes for learners.

### What we set out to achieve

- ▲ Improve our targeting of interventions and levers to respond quickly where equality of opportunity for education is at risk for groups of students not well served by the education system (disproportionately Māori learners, Pasifika learners, learners from low socio-economic areas and learners with special education needs)
- ▲ Review Ministry spending to identify and implement savings in corporate expenditure and focus policy development and resources on key areas of government priority
- ▲ Ensure the delivery of our core business services represents ongoing value for money (for example, school property and school transport services)

### What we did

#### The Effectiveness Programme

In 2009/10, the Ministry initiated the Effectiveness Programme, our overarching change management approach, which aims to review and refocus what we do and how we do it in order to accelerate lifts in student achievement. The Effectiveness Programme focuses the Ministry's approach around four main elements:

- ▲ Student achievement
- ▲ Infrastructure and services to the sector
- ▲ Efficiency
- ▲ Organisational culture and practice.

The first of the Effectiveness Programme's three phases has been completed, resulting in the following progress:

#### *Student achievement*

We have been developing the Student Achievement Function, which sets out a new model of working with schools to lift student achievement. The Student Achievement Function will be set up to work directly with schools and target support and resources to the areas of greatest need in terms of student achievement.

An additional \$36 million investment has been approved in Budget 2010 to support schools through the Student Achievement Function. In 2009/10, we designed the methodology for the function, began developing and mapping business processes and started developing tools and training needed to initiate the function.

We have also developed a long-term work programme looking at student attendance and engagement, including issues of truancy and exclusion, and the outcomes for students in alternative education.



### ***Infrastructure and services to the sector***

A new Property Infrastructure group structure and role were agreed, to improve the Ministry's management of school property. This involved clearly defining the roles within the school property and network teams, making some structural and staffing capability changes, and changing reporting lines. Transition to the new set-up is currently underway and will be completed by the end of 2010.

### ***Efficiency and effectiveness***

The Ministry has completed the first stage of a number of reviews of key areas of the business, looking for options to improve efficiency and effectiveness within and across these areas. The first stage has focused on process mapping and data collection.

The areas reviewed include:

- ▲ financial management
- ▲ analytical and research services
- ▲ ministerial processes.

These findings will feed into the Effectiveness Programme's advice on Ministry improvements in 2010/11.

### **Monitoring the performance of Crown entities**

The Ministry monitors the performance of the Crown education entities – the Tertiary Education Commission, the New Zealand Qualifications Authority, Career Services Rapuara and the New Zealand Teachers Council.

Through our Crown Entity Monitoring Unit, in 2009/10 we focused on:

- ▲ supporting the four central education entities to improve their Statements of Intent, focusing on improving performance measures
- ▲ developing a board appointments manual to ensure best practice
- ▲ improving reporting to Ministers and ability to track entity financial trends which has resulted in tighter reporting with closer monitoring of entity risk on behalf of Ministers.

In 2009/10, we reviewed how our Crown Entity Monitoring Unit rated against the recommendations provided in a report from the Auditor-General in June 2009. In most recommendations, we have made progress and improved monitoring and relationships with the agencies.

### **Management and leadership framework**

We are putting in place a management and leadership development framework with a focus on key organisational needs and to raise management capability. The strategy will be delivered through initiatives relating to five key areas. These are:

- ▲ attracting, developing and retaining talented people
- ▲ developing effective leaders and managers
- ▲ providing an integrated framework to manage the Ministry's talent and succession needs that allow staff to realise their potential
- ▲ ensuring the Ministry is recognised as a sought-after employer
- ▲ implementing organisational development initiatives that support organisational success and develop and maintain a supportive culture of achievement and engagement.

### **Shared Information and Communications Technology services with the sector**

The Ministry is part of the Education Sector Information and Communications Technology standing committee, which aims to drive and oversee the collaborative development and use of Information and Communications Technology across the education sector. The committee has worked to achieve the targets in the Information and Communications Technology Strategic Framework for Education 2008-2012:

- ▲ Connection – improving network connectivity
- ▲ Capability – supporting integration of e-learning activities into professional practice
- ▲ Confidence – authentication and cyber-safety support and resources for the sector
- ▲ Content – improving the quality of data and the searchability of education information.

In addition, the shared education sector information technology services work has supported core priorities, including:

- ▲ literacy and numeracy, National Standards, assessment and reporting
- ▲ broadband preparation and rollout
- ▲ young people achieving higher levels of qualifications and moving more easily through the system.

In 2009/10, the Ministry's Information Technology (IT) group focused on maximising value for the organisation by driving efficiencies through our work streams. These efficiencies were achieved through a number of approaches, including:

- ▲ renegotiating key IT contracts
- ▲ strengthening working relationships within the Ministry and with sector agencies
- ▲ delivering the 2009/10 CAPEX and SECTOR technology work programmes on time and within budget
- ▲ implementing key processes (for example, time sheeting and benefit reviews).

### Supporting our key strategies

The Ministry works to improve outcomes for its target groups, through our key strategies:

- ▲ Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012 (refer to the Māori enjoying education success as Māori section of this Annual Report).
- ▲ The Pasifika Education Plan 2009-2012
- ▲ The New Zealand Disability Strategy.

#### Pasifika Education Plan 2009-2012

In addition to the activity outlined in the early childhood education, schooling, tertiary and special education sections of this Annual Report, we undertook specific activity to support Pasifika education success.

The Ministry launched a revised Pasifika Education Plan in 2009/10. The revised plan is sharper and focuses on priorities including participation in early childhood education, literacy and numeracy foundations, more effective engagement with parents and transitioning students into higher levels of learning and achievement.

The plan guides our staff so that work programmes and policies support and enable a lift in Pasifika students' achievement.

We are on track to meet our target of delivering the Sau Ta Ō Pasifika cultural responsiveness programme to 500 of our staff in 2010 across the regions and in national office.

In 2009, eight youth and community fono were held to discuss priorities, issues and contributions towards achieving the Pasifika Education Plan's goals. The fono series highlighted the importance of leadership and the need for the Ministry so that priorities for Pasifika education flow through to parents, families and communities, early childhood education services and schools, and to hear the key issues impacting on achievement.

In December 2009, we released the Pasifika Education Plan Monitoring Report 2008, providing a national and regional picture of where Pasifika learners were before the revised plan was implemented and the level of progress needed to achieve the goals and targets for 2012. The report also showed progress across the key indicators in the 2008 year. The 2009 monitoring report will be released in late 2010.

#### New Zealand Disability Strategy and the United Nations Convention on the Rights of Persons with Disabilities

The New Zealand Disability Strategy's vision is of a society that highly values the lives and continually enhances the full participation of disabled people. It provides a framework to guide our activity in making policy and delivering services that impact on disabled people.

In 2009/10, the Office for Disability Issues changed its planning and reporting requirements. These changes are a result of New Zealand becoming party to the United Nations Convention on the Rights of Persons with Disabilities. New Zealand will now be responsible for reporting annually to the United Nations.

A six-month report on progress with the Ministry's work plans in February 2010 reported the following achievements:

- ▲ Developing a draft long-term strategic plan for school property taking into account the needs of students with disabilities
- ▲ Beginning the rollout of a special facilities guide to schools
- ▲ Completing a disability audit to produce guidelines to ensure the Ministry considers disabled standards during the selection and fitout of premises

- ▲ Progressing the reviews of the individual education and learning plans used with students with special needs and of the way information is provided to parents and educators
- ▲ Developing resources for early childhood services, schools and boards of trustees to help ensure children have safe physical and emotional environments
- ▲ Completing new web pages on the Ministry's website providing information to support parents of students with disabilities
- ▲ Developing resources to support the transition from early childhood education to school for children with disabilities.

A 12-month report outlining further progress on these activities is currently being finalised. We are also developing a programme to raise the awareness within the Ministry of our responsibilities in relation to the New Zealand Disability Strategy.

### **Equal employment opportunities**

The Ministry recognises equal employment opportunities as good business practice. These nurture and enable a diverse workforce, reflecting community diversity at all levels of the Ministry from which the organisation will benefit.

In 2009/10, the Ministry made progress through the following activities:

#### ***Pay and Employment Equity review***

The Pay and Employment Equity committee identified 12 areas where pay and employment equity issues existed in the Ministry, and the committee set about actioning the areas for improvement. Progress has been made against some of the high and medium priority points and some have not been furthered because of the change in Government priorities in 2009. Key achievements and activities have included:

- ▲ reviewing our job evaluation system and processes
- ▲ updating a range of human resources policies in consultation with unions and staff so that policies are fair and equitable
- ▲ conducting an audit of our performance management system to make sure it does not perpetuate any gender bias in its outcomes.

#### ***New Zealand Sign Language***

Over the past two years, we have organised and funded three New Zealand Sign Language courses for our staff. Ministry staff have been encouraged to become involved with New Zealand Sign Language Week as part of raising the identity of sign language as an official language of New Zealand.

#### ***Career progression***

The Career progression round was conducted in September and October 2009 to provide opportunities for staff to develop their careers at the Ministry. Career progression complements efforts to continuously improve performance through highly motivated, appropriately skilled and properly managed employees.

### **Future focus within the Ministry**

The Ministry has a significant influence on the education sector, as well as having a key operational role. Therefore, we must ensure that the way we deliver our services and use our resources, and the way we think and act, is producing quality services that are value for money and that are effective.

We are operating in an environment of fiscal constraint, and in order to deliver on the Government's education priorities we need to examine the way we are working. This will require identifying savings we can make in our budget and efficiencies we can make in our processes, services and ways of working.

The Effectiveness Programme will continue to shape major change across the Ministry over 2010/11 as it reviews and refocuses what we do and our ways of working to drive faster gains in student achievement.

The relationships the Ministry has with the other Government education agencies and departments will be critical to the success of this new approach. The Ministry will continue to work with Career Services Rapuara, the Education Review Office, New Zealand Qualifications Authority, New Zealand Teachers Council and Tertiary Education Commission so that seamless and quality service is provided across the sector.

We will need to continually refine and reshape the way we work and deliver our core services so we can identify and provide ongoing cost savings and efficiencies. Ultimately, we are focused on delivering on the Government priorities in ways that support and enhance our performance.



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# Our performance two

## Our performance

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### 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 2010 and we authorise issuance of these financial statements on 30 September 2010.

**Karen Sewell**

Secretary for Education  
30 September 2010

**Tina Cornelius**

Chief Financial Officer  
30 September 2010

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## Introduction to 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 covers all monies and resources used by the Ministry to deliver the outputs of goods and services purchased by the Minister of Education and the Minister for Tertiary Education. Included in this series of financial statements are statements of the Ministry's comprehensive income, financial position, movements in taxpayers' equity and cash flows. These statements are followed by a financial commentary, supplementary information, and notes to the financial statements (which give more detailed information).

The second series of financial statements encompasses the Ministry's statements of service performance and includes information on service objectives, levels of service achieved and financial information on the costs of the activities undertaken. This series of statements is grouped by the seven classes of outputs the Ministry produces (Interventions for Target Student Groups; School Property Portfolio Management; Strategic Leadership in the Sector; Support and Resources for Education Providers; Support and Resources for Teachers; Support and Resources for the Community; Strategic Leadership in the Tertiary System). The statements of service performance also address the Ministry's management of the non-departmental appropriations in Vote Education. The Ministry's role in respect to non-departmental appropriations 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 have been audited by Grant J. Taylor of Ernst & Young on behalf of the Auditor-General.

### Allocation of Vote Education

In 2009/10, Parliament appropriated \$11,751 million for the purposes of Vote Education. This was allocated to the Ministry for:

- ▲ **Ministry outputs and capital expenditure purchased by the ministers (\$2,395 million).** This is:
  - ▲ \$1,288 million (10.96%) for property outputs produced including capital contribution and capital charge
  - ▲ \$425 million (3.62%) for other outputs produced including other expenses and capital charge
  - ▲ \$682 million (5.80%) for capital expenditure.
- ▲ **payments made by the Ministry on behalf of the Crown (\$9,356 million or 79.62%)** to fund:
  - ▲ outputs supplied by other parties such as Te Aho o Te Kura Pounamu – The Correspondence School, the Māori Women's Welfare League, bus service operators, tertiary education organisations, 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 Organization (UNESCO) and other agencies for community education
  - ▲ capital investment in other organisations or persons such as schools, wānanga and universities.

As part of these totals:

- ▲ \$8,848 million (75.30%) of appropriations relates to the early childhood education and schooling sectors (for which the Minister of Education is the Responsible Minister)
- ▲ \$2,903 million (24.70%) relates to tertiary and international education (for which the Minister for Tertiary Education is the Responsible Minister).



## Vote Education financial summary

Vote Education appropriations	30/06/2010	30/06/2010	30/06/2010	
	Budget	Supplementary Estimates	Actual	Variance
	\$000	\$000	\$000	\$000
<b>Departmental</b>				
Ministry outputs	1,674,401	1,712,592	1,687,298	25,294
Capital expenditure	637,683	682,283	647,764	34,519
<b>Non-departmental</b>				
Crown outputs	2,398,350	2,401,818	2,378,641	23,177
Benefit expenses	79,249	72,796	61,207	11,589
Other expenses	6,650,667	6,812,098	6,785,015	27,083
Capital expenditure	68,161	68,984	63,073	5,911
<b>Total</b>	<b>11,508,511</b>	<b>11,750,571</b>	<b>11,622,998</b>	<b>127,573</b>

## Expenditure variances against appropriations

**Ministry outputs** variance is mainly owing to:

- ▲ lower depreciation expenses than expected due to delays in some capital projects
- ▲ delays in programmes undergoing changes to align with the implementation of National Standards
- ▲ delays in some activity until 2010/11 including National Education Network and Schools Network Upgrade programme, schools' payroll system and the rollout of the Positive Behaviour for Learning Action Plan
- ▲ delays and lower than expected costs for other services.

**Ministry capital** expenditure variance is mainly owing to:

- ▲ delays in expenditure on special schools and special character schools including kura kaupapa Māori. The expenditure is now expected to be incurred in the next financial year.
- ▲ slower than expected completion of projects which reduced depreciation and consequently funding available for further investment
- ▲ lower than expected expenditure on Ministry programmes including information technology.

**Crown outputs** variance is mainly owing to:

- ▲ lower than expected demand for some training programmes mainly related to current economic conditions
- ▲ provision for smoothing tertiary student achievement funding across the calendar year no longer being required
- ▲ a combination of lower than expected demand and changes in timing, including some programmes finishing earlier than expected.

**Benefits expenses** variance is mainly owing to:

- ▲ some study occurring later than expected although there will be consequential transfers of funding to subsequent financial years
- ▲ changes in timing which resulted in one-off reductions in expenditure
- ▲ lower than expected demand for other benefits.

**Other expenses** variance is mainly owing to:

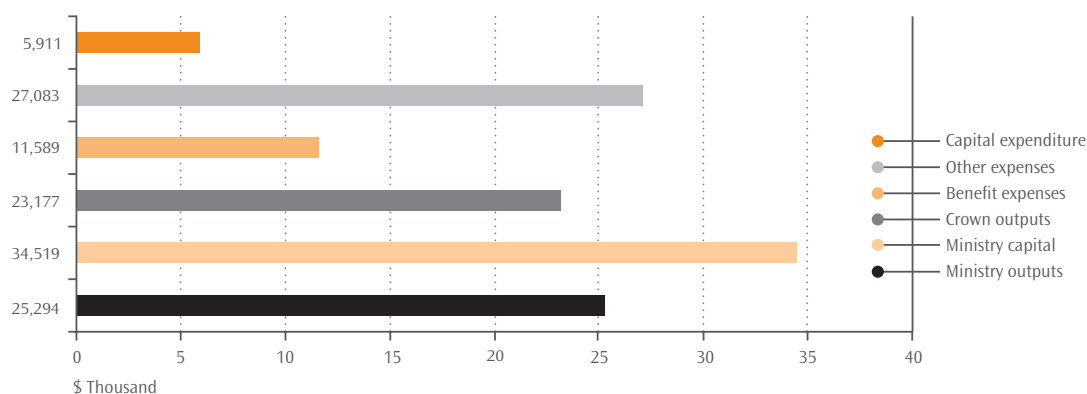
- ▲ slower uptake and lower demand than expected for some tertiary and adult and community education programmes. Some expenditure is now expected to be incurred in the next financial year.
- ▲ lower than expected funding for schools' operations and relieving teachers' grants, and savings from winding down the Extending High Standards initiative
- ▲ slower implementation of the Positive Behaviour for Learning Action Plan although these costs will now be incurred in 2010/11
- ▲ lower than expected depreciation on tertiary sector assets
- ▲ partly offset by more early childhood education services moving to more expensive funding bands and a higher number of child hours being funded than expected.

Capital expenditure variance is mainly owing to:

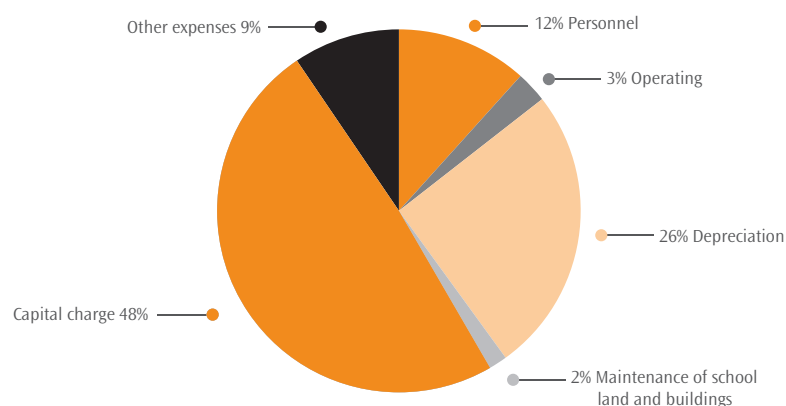
- ▲ changes in timing, with some expenditure delayed until 2010/11
- ▲ lower than expected demand.

## Expenditure variances against appropriations

### Variance against 2009/10 appropriations



## Ministry expenditure analysis



## Movement in property, plant and equipment and intangible assets

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

Property, plant and equipment and intangible assets movement	30/06/2010	30/06/2009
	<b>Actual</b>	<b>Actual</b>
	\$ million	\$ million
Opening balance	10,946	10,543
Additions	648	530
Disposals	(31)	(19)
Depreciation	(430)	(412)
Revaluations	(94)	304
Impairments	(930)	-
<b>Total property, plant and equipment and intangible assets</b>	<b>10,109</b>	<b>10,946</b>



## Audit report

### To the readers of the Ministry of Education's Financial Statements and Statement of Service Performance for the year ended 30 June 2010

The Auditor-General is the auditor of the Ministry of Education (the Ministry). The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young to carry out the audit on her behalf. The audit covers the financial statements, the schedules of non-departmental activities and statement of service performance included in the annual report of the Ministry, for the year ended 30 June 2010.

#### Unqualified opinion

In our opinion:

- ▲ The financial statements of the Ministry on pages 51 to 82:
  - ▲ comply with generally accepted accounting practice in New Zealand; and
  - ▲ fairly reflect:
    - ▶ the Ministry's financial position as at 30 June 2010;
    - ▶ the results of its operations and cash flows for the year ended on that date;
    - ▶ its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
    - ▶ its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- ▲ The schedules of non-departmental activities on pages 114 to 133 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 2010.
- ▲ The statement of service performance of the Ministry on pages 83 to 113:
  - ▲ 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 included 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 included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, 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 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
- ▲ 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 and 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 the financial statements and 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 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Ministry's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Secretary for Education is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2009, that 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 2010.

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.

The Secretary for Education's responsibilities arise from sections 45A and 45B 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 New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out an assurance assignment relating to the proposed closure of Aorangi school and an agreed upon procedures engagement in relation to base funding of schools, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Ministry.

### **Grant Taylor**

Ernst & Young

On behalf of the Auditor-General

Wellington, New Zealand



## On behalf of the Auditor-General Wellington, New Zealand

### **Matters relating to the electronic presentation of the audited financial statements, statement of service performance and schedules of non-departmental activities**

This audit report relates to the financial statements, statement of service performance and schedules of non-departmental activities of the Ministry of Education for the year ended 30 June 2010 included on the Ministry's website. The Secretary for Education is responsible for the maintenance and integrity of the Ministry of Education's website. We have not been engaged to report on the integrity of the Ministry of Education's website. We accept no responsibility for any changes that may have occurred to the financial statements, statement of service performance and schedules of non-departmental activities since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance and schedules of non-departmental activities named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statement of service performance and schedules of non-departmental activities. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statement of service performance and schedules of non-departmental activities and related audit report dated 30 September 2010 to confirm the information included in the audited financial statements, statement of service performance and schedules of non-departmental activities presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

## Financial statements

### Statement of Accounting Policies for the year ended 30 June 2010

#### Reporting entity

The Ministry of Education is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

These financial statements have been prepared pursuant to section 43 of the Public Finance Act 1989.

In addition, the Ministry has reported on Crown activities and trust monies which we administer.

The primary objective of the Ministry is to provide services to the public.

Accordingly, we have designated ourselves as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2010. The financial statements were authorised for issue by the Secretary for Education on 30 September 2010.

#### Basis of preparation

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, actuarial valuations of certain liabilities and the fair value of certain financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Ministry is New Zealand dollars.

#### Standards and interpretations issued but not yet effective

The Government has elected to early adopt the following new and revised NZ IFRS and interpretations that have been approved by the New Zealand Accounting Standards Review Board as at 30 June 2010 that are not yet applicable. The early adoption of these standards and interpretations did not have a material impact on the financial statements.

New or revised standards that have been early adopted	Effective date – periods beginning on or after
NZ IAS 24 Related Party Disclosures (2009)	1 January 2011
NZ IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendment to NZ IAS 32 Financial Instruments – Presentation – Classification of Rights Issues	1 February 2010
IFRIC 19 Extinguishing Liabilities with Equity Instruments	1 January 2010
Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement	1 January 2011

### Standards not adopted early (adoption deferred)

The Government has elected not to adopt the NZ IFRS 9: Financial Instruments standard approved by the New Zealand Accounting Standards Review Board in November 2009. This standard becomes applicable for annual periods beginning on or after 1 January 2013. This standard introduces a new classification and measurement regime for financial assets and will need to be carefully considered. The Ministry will not look to adopt the standard until its consideration is complete. This standard is likely to become effective in 2013.

### Standards not adopted early in previous accounting periods but now effective

The following revised NZ IFRS were not early adopted by the Government but have now come into effect. The adoption of these standards did not have a material impact on the financial statements.

New or revised standards	Effective date – periods beginning on or after
NZ IAS 1 Presentation of Financial Statements (revised September 2007)	1 January 2009
Amendment to NZ IFRS 7 Improving Disclosures about Financial Instruments	1 January 2009
Amendment to NZ IAS 34 Interim Financial Reporting – Scope	1 July 2009

### Revenue

Revenue is derived through the provision of outputs to the Crown and for services to third parties.

Revenue is measured at the fair value of consideration received.

This revenue is recognised when earned and is reported in the financial period to which it relates.

### Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

### Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry has no obligation to award on receipt of the grant application and are recognised as expenditure when approved and the approval has been communicated to the applicant. Approvals are determined by either the Minister, a specifically convened panel or committee, or a delegated official.

However, most grants administered by the Ministry are under non-departmental appropriations.

### Leases

#### *Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss, in which case the transaction costs are recognised in net surplus or deficit.

### Cash and cash equivalents

Cash includes cash on hand and funds on deposit with banks that form part of the day-to-day cash management of the Ministry.

### Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of doubtful debts provision, and the amount of the loss is recognised in net surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).

### Accounting for derivative financial instruments, hedging activities and foreign currency transactions

The Ministry uses derivative financial instruments to hedge exposure to foreign exchange. In accordance with its foreign exchange management policy, the Ministry does not hold or issue derivative financial instruments for trading purposes. The Ministry has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in net surplus or deficit.

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net surplus or deficit.

### Non-current property assets held for sale

Non-current property assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current property assets held for sale are measured at the lower of their carrying amount at the date the asset is designated as surplus and fair value less costs to sell.

Any impairment losses for write-downs of non-current property assets held for sale are recognised in net surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current property assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current property assets are classified as available for sale when they are identified as surplus to requirements and a contractor is instructed to start the disposal process. Due to legal and procedural matters the length of time required to finalise disposal may extend beyond one year but the Ministry has no intention to realise the benefits of these assets other than through their sale. Non-current property assets held for sale are recognised as current assets as their value is expected, in the majority of instances, to be realised in the 12-month period after balance date.

An active programme is in place to progress these sales as quickly as possible.

### Property, plant and equipment

Property, plant and equipment consists of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$2,500. The value of an individual asset that is less than \$2,500 and is part of a group of similar assets is capitalised.



### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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.

### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in net surplus or deficit. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

### **Subsequent costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### **Revaluation**

School buildings are stated at fair value as determined by an internal valuation process on an annual basis. Fair value is determined using depreciated replacement cost. An independent registered valuer reviews the valuation for school buildings and improvements.

Early childhood education service buildings (playcentres and kindergartens) are valued by an independent registered valuer based on depreciated replacement cost. Valuations are conducted on an annual basis.

School land, early childhood education 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 classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

### ***Accounting for revaluations***

The Ministry accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in net surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in net surplus or deficit will be recognised first in net surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### **Intangible assets**

#### ***Software acquisition and development***

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

#### ***Amortisation***

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in net surplus or deficit.

The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Useful lives are:	Years
Computer software	3 - 5

### **Impairment of non-financial assets**

An intangible asset that is not yet available for use at balance date is tested for impairment annually.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in net surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in net surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in net surplus or deficit, a reversal of the impairment loss is also recognised in net surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in net surplus or deficit.

## Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Employee entitlements

### *Short-term employee entitlements*

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Ministry recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover those future absences. For the year ended 30 June 2010, the liability for sick leave has been assessed as not material.

The Ministry recognises a liability and an expense for lump sum performance payments where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

### *Long-term employee entitlements*

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis.

## Superannuation schemes

### *Defined contribution schemes*

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in net surplus or deficit as incurred.

The Ministry does not contribute to, nor is it responsible for, any defined benefit schemes.

## Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when:

- ▲ there is a present obligation (either legal or constructive) as a result of a past event
- ▲ it is probable that an outflow of future economic benefits will be required to settle the obligation
- ▲ a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

## Taxpayers' funds

Taxpayers' funds is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Taxpayers' funds is disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

## Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

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

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Income tax**

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

### **Budget figures**

The budget figures are those included in the Ministry's Statement of Intent 2010-2015, which are consistent with the financial information in the 2009/10 Main Estimates. In addition, the financial statements also present the updated budget information from the 2009/10 Supplementary Estimates or any transfer made under Order in Council under section 26A of the Public Finance Act 1989.

### **Statement of cost accounting policies**

The Ministry has determined the cost of outputs using the cost allocation system outlined below.

All costs are charged to activities or projects. Direct costs are charged directly to non-overhead activities or projects. Indirect costs are charged to overhead activities. Costs in the overhead activities are then ascribed to non-overhead activities based on cost drivers.

#### ***Criteria for direct and indirect costs***

Direct costs are those costs charged directly to a non-overhead activity. Indirect costs are those overhead costs that cannot be identified with a specific output in an economically feasible manner, and are charged to an overhead activity.

#### ***Direct costs assigned to outputs***

Non-overhead activities are mapped directly to outputs. Costs in these activities are therefore assigned directly to the relevant outputs. This includes costs related to the provision of school sector property.

#### ***Basis for assigning indirect and corporate costs to outputs***

Indirect costs are assigned to non-overhead activities, and thereby to outputs, on the basis of direct salaries costs captured within the non-overhead activity. There have been no changes in cost accounting policies since the date of the last audited financial statements.

#### ***Changes in accounting policies***

All accounting policies have been applied on bases consistent with previous years. The early adoption of new standards has not altered the accounting policies of the Ministry.

## Critical accounting estimates and judgements

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- ▲ Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis (note 15 refers). The calculations are based on:
  - ▲ likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
  - ▲ the present value of the estimated future cash flows. The discount rates prescribed by the Treasury as at 30 June 2010 and a salary inflation factor of 2.75% were used for retiring and long service leave.
- ▲ Replacement cost assumptions used in the revaluations of school buildings was based on Rawlinson's construction rates. This required apportionment of the quoted per square metre rates across the different configurations that make up different types of schools. That apportionment was completed based on a weighted average of buildings, by school type and by district. This was completed by experienced Ministry staff and reviewed by the external valuers, Darroch Limited.

The following table provides the overall or Auckland index unit rates adopted for calculating the depreciated replacement cost for each component of buildings by the Ministry. Rates for other regions and provinces are determined by applying provincial indices to these rates.

Component	2010 unit rate	2009 unit rate
Classroom Fabric – Single Storey	\$1,021/m <sup>2</sup>	\$1,027/m <sup>2</sup>
Classroom Fabric – Per Storey	\$346/m <sup>2</sup>	\$355/m <sup>2</sup>
Classroom – Roof	\$195/m <sup>2</sup>	\$200/m <sup>2</sup>
Classroom – Services	\$573/m <sup>2</sup>	\$572/m <sup>2</sup>
Classroom – Fitout	\$463/m <sup>2</sup>	\$472/m <sup>2</sup>
Lifts – Basic Rate	\$105,118	\$109,548
Lifts – Per Storey	\$9,344	\$9,738
Boilers	\$58,399 each	\$60,860 each
Ancillary Buildings	\$653/m <sup>2</sup>	712/m <sup>2</sup>
Relocatable Buildings	\$2,125/m <sup>2</sup>	\$1,716/m <sup>2</sup>
Covered Ways	\$360/m <sup>2</sup>	\$353/m <sup>2</sup>
Site Improvements	\$312,688/ha	\$316,700/ha
Swimming Pools	\$3,033/m <sup>3</sup>	\$3,001/m <sup>3</sup>

Construction rates have been applied to all components on the same basis as 2009. That is, Rawlinson's 2009 construction rates plus Capital Goods Price Index (CGPI) have been applied to all components with the exception of site improvements and fabric – extra floor (single rate), which have been increased by the CGPI from last year's rate.

Depreciated replacement cost is used for buildings because of the specialised nature of the assets.

- ▲ The annual depreciation on school property assets is determined by the remaining useful life of each asset. Useful lives assigned to each component of the school buildings are still considered appropriate in light of Treasury guidance and the current condition of the portfolio. There were no material changes identified to specific assets that required any changes to useful lives. Refer to note 16 for further details.
- ▲ School buildings were impaired by an amount of \$930.4 million to provide for damage resulting from weather-tightness issues.

In quantifying the extent of impairment, the Ministry commissioned an analysis by Prendos New Zealand Limited – a registered valuer and building surveyor. Prendos undertook a visual survey of 199 Auckland schools with buildings constructed or upgraded since 1994. No destructive testing was done during the survey. The repair cost estimate for the defective buildings in this sample was \$434 million. The sample excluded 148 schools where weather-tightness issues had already been identified.

Using the Ministry's property information database (PMIS), Prendos extrapolated these results to schools throughout the country. This resulted in a total cost estimate of approximately \$1,163 million (+/- 20%) in 2010 dollars (including trade, professional fees and a 15% contingency). A greater level of accuracy was not possible due to difficulties with extrapolating the survey results. The repairs that Prendos classified as urgent (required within two years) were estimated to cost \$175 million.

The initial report made the following assumptions:

- ▲ Not all surplus stock would be repaired or replaced.
- ▲ Schools will accept the Ministry's offer to fund up to 50% of their share of repairs for buildings that they have purchased. As capital funding must be spent on assets the Ministry will own, this will increase the Ministry's ownership share in these buildings.
- ▲ Defective building repair costs would be the same throughout the country.
- ▲ Regional variation of the work required to address the issues such as climate, were taken into account. For example, Christchurch issues take a nominal five years longer to reach the same point of defect than Auckland. The model assumes that cost to repair in real terms was the same.
- ▲ The estimated cost for repair was calculated by taking the total cost from the 199 school sample by the five external cladding types and dividing by the PMIS record of 'new' floor area for the five cladding types in the 199 school sample.

Since the initial survey, the Ministry has been performing destructive testing as part of our defective buildings programme. So far this has supported the initial conclusions from the Auckland survey.

Because of the uncertain nature of the estimation, the provision for the impairment of defective building was based on the lower end of the estimates of \$930.4 million. Refer notes 10 and 16.

## Statement of Comprehensive Income for the year ended 30 June 2010

### Description of statement

The Statement of Comprehensive Income 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. The statement also details items of other comprehensive income, namely the revaluation of property.

		30/06/2010	30/06/2010	30/06/2010	30/06/2009
		Actual	Supplementary Estimates	Budget	Actual
Notes		\$000	\$000	\$000	\$000
<b>Revenue</b>					
From the Crown		1,688,200	1,703,200	1,661,696	1,630,846
From other sources	2	11,395	9,392	12,705	10,732
<b>Total revenue</b>		<b>1,699,595</b>	<b>1,712,592</b>	<b>1,674,401</b>	<b>1,641,578</b>
<b>Expenditure</b>					
Personnel	3	195,895	194,738	192,237	193,282
Operating	4	46,809	48,662	48,862	48,616
Depreciation and amortisation	5	430,422	442,135	425,885	411,648
Maintenance of school land and buildings		28,651	29,517	25,820	28,487
Capital charge	6	827,135	827,115	808,744	793,243
Other expenses	7	158,386	170,425	172,853	160,110
<b>Total expenditure</b>		<b>1,687,298</b>	<b>1,712,592</b>	<b>1,674,401</b>	<b>1,635,386</b>
Net surplus/(deficit)	9	12,297	-	-	6,192
<b>Other comprehensive income</b>					
Gain/(loss) on property revaluations	10	(94,107)	-	-	303,987
Impairment on defective buildings	10	(930,400)	-	-	-
<b>Total comprehensive income/(deficit)</b>		<b>(1,012,210)</b>	<b>-</b>	<b>-</b>	<b>310,179</b>

## Statement of Movements in Taxpayers' Equity for the year ended 30 June 2010

### 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	General Funds \$000	Revaluation Reserve \$000	Total \$000	Supplementary Estimates \$000	Budget \$000
<b>Taxpayers' equity at 1 July 2008</b>		<b>3,986,684</b>	<b>6,596,874</b>	<b>10,583,558</b>	<b>10,583,558</b>	<b>9,973,638</b>
Net surplus for the year	9	6,192	-	6,192	-	-
<b>Other comprehensive income:</b>						
Revaluation reserve for assets disposed		(89,625)	89,625	-	-	-
Add/(deduct) land revaluations		-	(597,645)	(597,645)	-	-
Add/(deduct) buildings revaluations		-	901,632	901,632	-	-
<b>Total comprehensive income</b>		<b>(83,433)</b>	<b>393,612</b>	<b>310,179</b>	<b>-</b>	<b>-</b>
<b>Transactions with the Crown:</b>						
Net surplus repayable to the Crown	9	(6,192)	-	(6,192)	-	-
Capital contributions		143,473	-	143,473	159,996	117,633
Capital withdrawals		(38,473)	-	(38,473)	(38,473)	-
<b>Taxpayers' equity at 30 June 2009</b>		<b>4,002,059</b>	<b>6,990,486</b>	<b>10,992,545</b>	<b>10,705,081</b>	<b>10,091,271</b>
<b>Taxpayers' equity at 1 July 2009</b>		<b>4,002,059</b>	<b>6,990,486</b>	<b>10,992,545</b>	<b>10,992,545</b>	<b>10,705,081</b>
Net surplus for the year	9	12,297	-	12,297	-	-
<b>Other comprehensive income:</b>						
Revaluation reserve for assets disposed		4,327	(4,327)	-	-	-
Add/(deduct) land revaluations		-	(40,332)	(40,332)	-	-
Add/(deduct) buildings revaluations		-	(53,775)	(53,775)	-	-
Add/(deduct) impairment on defective buildings		-	(930,400)	(930,400)	-	-
<b>Total comprehensive income</b>		<b>16,624</b>	<b>(1,028,834)</b>	<b>(1,012,210)</b>	<b>-</b>	<b>-</b>
<b>Transactions with the Crown:</b>						
Net surplus repayable to the Crown		(12,297)	-	(12,297)	-	-
Capital contributions		203,863	-	203,863	228,133	183,633
Capital withdrawals		(24,270)	-	(24,270)	(24,270)	(5,217)
<b>Taxpayers' equity at 30 June 2010</b>		<b>4,185,979</b>	<b>5,961,652</b>	<b>10,147,631</b>	<b>11,196,408</b>	<b>10,883,497</b>



## Statement of Financial Position as at 30 June 2010

### Description of statement

The Statement of Financial Position reports the total assets and liabilities of the Ministry. The difference between the resources and the liabilities is the taxpayers' equity.

		30/06/2010	30/06/2010	30/06/2010	30/06/2010	30/06/2009
		Actual	Actual	Supplementary Estimates	Budget	Actual
Notes	\$000	\$000	\$000	\$000	\$000	\$000
<b>Taxpayers' equity</b>		<b>10,147,631</b>	<b>11,196,408</b>	<b>10,883,497</b>	<b>10,992,545</b>	
General funds		4,185,979		4,205,922	4,286,623	4,002,059
Revaluation reserves	10	5,961,652		6,990,486	6,596,874	6,990,486
which is represented by:						
<b>Current assets</b>		<b>161,648</b>	<b>129,873</b>	<b>114,616</b>	<b>151,171</b>	
Cash and bank		24,130		40,748	30,305	21,119
Accounts receivable	11	61,441		22,211	22,211	55,752
Prepayments	12	35,362		26,672	26,672	34,058
Property intended for sale	13	40,715		40,242	35,428	40,242
Less						
<b>Current liabilities</b>		<b>(118,059)</b>	<b>(93,769)</b>	<b>(91,549)</b>	<b>(100,880)</b>	
Goods and Services Tax		(10,471)		-	-	(13,063)
Accounts payable	14	(81,989)		(81,162)	(81,162)	(69,018)
Provision for employee entitlements	15	(13,302)		(12,607)	(10,387)	(12,607)
Net surplus payable to the Crown	9	(12,297)		-	-	(6,192)
<b>Working capital</b>		<b>43,589</b>	<b>36,104</b>	<b>23,067</b>	<b>50,291</b>	
Plus						
<b>Non-current assets</b>		<b>10,109,302</b>	<b>11,164,351</b>	<b>10,866,610</b>	<b>10,946,301</b>	
School land	16	2,740,000		2,800,143	3,406,296	2,775,532
School buildings	16	7,306,523		8,299,312	7,392,869	8,105,339
Ministry chattels	16	39,009		32,584	33,237	35,516
Intangible assets	17	23,770		32,312	34,208	29,914
Less						
<b>Non-current liabilities</b>		<b>(5,260)</b>	<b>(4,047)</b>	<b>(6,180)</b>	<b>(4,047)</b>	
Provision for employee entitlements	15	(5,260)		(4,047)	(6,180)	(4,047)
<b>Net assets</b>		<b>10,147,631</b>	<b>11,196,408</b>	<b>10,883,497</b>	<b>10,992,545</b>	

## Statement of Cash Flows for the year ended 30 June 2010

### 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 Comprehensive Income.

	30/06/2010	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Operating activities</b>					
<b>Cash was received from:</b>					
The Crown	1,654,078		1,735,818	1,661,696	1,598,228
Other	15,482		10,315	13,705	16,673
		<b>1,669,560</b>	<b>1,746,133</b>	<b>1,675,401</b>	<b>1,614,901</b>
<b>Cash was expended on:</b>					
<b>Production of outputs</b>					
Personnel	(193,911)		(193,141)	(190,954)	(193,210)
Operating	(226,264)		(245,132)	(248,818)	(242,861)
Capital charge	(827,135)		(827,115)	(808,744)	(793,243)
		<b>(1,247,310)</b>	<b>(1,265,388)</b>	<b>(1,248,516)</b>	<b>(1,229,314)</b>
<b>Net cash flows from operating activities (note 18)</b>		<b>422,250</b>	<b>480,745</b>	<b>426,885</b>	<b>385,587</b>
<b>Investing activities</b>					
<b>Cash was received from:</b>					
Sales of assets	22,100		20,877	18,777	35,801
		<b>22,100</b>	<b>20,877</b>	<b>18,777</b>	<b>35,801</b>
<b>Cash was expended on:</b>					
School land and buildings	(635,992)		(666,187)	(608,226)	(530,511)
Property, plant and equipment	(3,018)		(13,477)	(13,477)	(13,528)
		<b>(639,010)</b>	<b>(679,664)</b>	<b>(621,703)</b>	<b>(544,039)</b>
<b>Net cash flow from investing activities</b>		<b>(616,910)</b>	<b>(658,787)</b>	<b>(602,926)</b>	<b>(508,238)</b>

	30/06/2010	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Financing activities</b>					
<b>Cash was received from:</b>					
The Crown:					
Capital contribution	203,863		228,133	183,633	143,473
		<b>203,863</b>	<b>228,133</b>	<b>183,633</b>	<b>143,473</b>
<b>Cash was expended on:</b>					
Repayment to the Crown:					
Prior period net surplus	(6,192)		(6,192)	-	(17,084)
Capital withdrawal	-		(24,270)	(5,217)	(38,473)
		<b>(6,192)</b>	<b>(30,462)</b>	<b>(5,217)</b>	<b>(55,557)</b>
<b>Net cash flows from financing activities</b>		<b>197,671</b>	<b>197,671</b>	<b>178,416</b>	<b>87,916</b>
<b>Total net increase/ (decrease) in cash held</b>		<b>3,011</b>	<b>19,629</b>	<b>2,375</b>	<b>(34,735)</b>
Bank and cash balances as at 1 July		21,119	21,119	27,930	55,854
<b>Bank and cash balances as at 30 June</b>		<b>24,130</b>	<b>40,748</b>	<b>30,305</b>	<b>21,119</b>

## Financial commentary for 2009/10

The Ministry spent \$1,687.3 million (GST exclusive) on delivering our outputs in 2009/10, \$12.9 million more than had been originally budgeted. This is because of changes made after the 2009/10 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.

The significant movements in expenditure related to a combination of:

- ▲ increased operating costs for management of the school sector property portfolio as a result of:
  - ▲ higher capital charge mainly from increased valuation of school property assets at the end of 2008/09 (\$18.4 million)
  - ▲ increased depreciation costs on school buildings for similar reasons (\$12.7 million)
  - ▲ additional expenditure on managing defective school buildings (\$2.6 million). This was less than expected due to delays in finalising some contracts.
- ▲ implementation of other policy changes during the year, which mainly included:
  - ▲ extension of the National Education Network trial and support for broadband initiatives (\$0.4 million). Schools have been slower to sign up to the trial than expected, so some of the activities planned for the year will now occur in 2010/11.
  - ▲ implementation of the Positive Behaviour for Learning Action Plan (\$0.5 million). Implementation has taken longer than expected as a result of delays in recruiting specialist staff, so some of the activities planned for 2009/10 are likely to be transferred to subsequent years.

- ▲ transfers of funding to subsequent years (\$9.7 million net decrease) included changes in timing for:
  - ▲ development of the schools' payroll replacement project (\$8.0 million)
  - ▲ the long-term work programme for teachers (\$1.4 million).

Consideration will also be given to further transfers of funding to the new financial year as a result of additional delays in some programmes, which resulted in lower than expected costs this year. Transfers to 2010/11 of approximately \$8.4 million will be considered including for the National Education Network trial and the Positive Behaviour for Learning Action Plan.

- ▲ transfers to non-departmental other expense Special Needs Support for the Interim Response Fund for Disruptive Students (\$2 million) and to maintain therapy services for some high needs students (\$0.7 million)
- ▲ delays or lower than expected costs for other services.

Revenue for services in 2009/10 was \$1,699.6 million, which was \$25.2 million more than forecast. This increase was owing to:

- ▲ additional outputs purchased by the Government as noted above (\$26.5 million)
- ▲ lower than forecast fees for contracts and services for third parties including other government departments (\$1.3 million).

The operating surplus for 2009/10 was therefore \$12.3 million, which will be repaid to the Crown.

At \$10,147.6 million, taxpayers' funds as at 30 June 2010 was \$735.9 million less than projected on Budget night, mainly owing to a combination of:

- ▲ downward revaluation of school property assets by \$94.1 million – this comprises a reduction of \$40.3 million for land and a reduction of \$53.8 million for buildings. This mainly reflects market movements, particularly for land and revised construction costs for replacement buildings
- ▲ the impact of increased valuations from 2008/09 (\$304.0 million)
- ▲ impairment of the school property portfolio for the impact of weather-tightness issues (\$930.4 million)
- ▲ higher than expected capital investment, principally for the school property works programme, totalling \$3.7 million across 2008/09 and 2009/10
- ▲ capital withdrawals returned to the Crown primarily related to the school property work programme after an increase in operating appropriations (\$19.1 million).

The property, plant and equipment balance at 30 June 2010 was \$10,085.5 million, with a further \$23.8 million for intangibles, which was a total of \$757.3 million less than expected on Budget night. The decrease was largely owing to the impairment of school buildings due to water-tightness damage (\$930.4 million) and the downward revaluation of school land and buildings (\$94.1 million), partly offset by last year's upward revaluation of school land and buildings and higher than expected expenditure on development of assets, mainly school property.

The cash balance for the Ministry at 30 June 2010 was \$6.2 million less than forecast. This is largely as a consequence of a lower than expected cash balance carried forward from 2008/09.

Changes in capital expenditure on property, plant and equipment are the major cause of movements in the cash inflows for financing and cash outflows for investing. These changes are almost offset by higher net operating cash inflows arising from changes to services delivered and higher than expected movements in accruals and provisions at the end of the year.

The Ministry's working capital (current assets less current liabilities) at the end of 2009/10 was \$43.6 million, \$20.5 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 2010 (\$14.2 million)
- ▲ an increase in the surplus to be repaid to the Crown (\$12.3 million)
- ▲ a lower level of cash in bank (\$6.2 million)
- ▲ a higher than expected level of receivables and prepayments (\$47.9 million), mainly owing to funding not drawn down from the Treasury
- ▲ a higher than forecast amount of school sector property intended for disposal (\$5.3 million).

## 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.

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
<b>Curriculum development projects:</b>		
▲ Not later than one year	11,703	9,789
▲ Later than one year and not later than two years	2,725	3,517
▲ Later than two years and not later than five years	989	90
<b>Capital works projects:</b>		
▲ Not later than one year	214,909	172,830
▲ Later than one year and not later than two years	7,000	4,830
▲ Later than two years and not later than five years	9,516	7,358
▲ Later than five years	570	310
Other operating commitments	3,209	1,800
<b>Research projects:</b>		
▲ Not later than one year	7	351
▲ Later than one year and not later than two years	20	45
<b>Payroll contracts:</b>		
▲ Not later than one year	13,585	12,693
Maintenance of schools – current year	4,114	3,281
<b>Accommodation leases:</b>		
▲ Not later than one year	16,436	17,218
▲ Later than one year and not later than two years	15,416	14,851
▲ Later than two years and not later than five years	36,317	35,297
▲ Later than five years	41,246	29,539
<b>Operating leases:</b>		
▲ Not later than one year	-	76
▲ Later than one year and not later than two years	-	11
<b>Total commitments</b>	<b>377,762</b>	<b>313,886</b>

### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date.

### Non-cancellable operating lease – accommodation

The Ministry leases office premises in the normal course of our business.

The Ministry's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on the Ministry by any of our leasing arrangements.

### Other non-cancellable commitments

The Ministry has entered into non-cancellable contracts for maintenance, curriculum development contracts, consulting services and other contracts for service.

## Statement of Contingent Liabilities

The Statement of Contingent Liabilities discloses situations that exist at 30 June 2010, 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.

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Personal grievances	25	-
Civil claims	1,322	-
Contractual dispute	6,450	2,800
<b>Total contingent liabilities</b>	<b>7,797</b>	<b>2,800</b>

### Personal grievances

Personal grievances represent amounts claimed by employees of the Ministry.

### Civil claims

Civil claims represent amounts claimed by plaintiffs in relation to school transport allowances, disposal of a school site, and a dispute about software accreditation decisions.

### Contractual disputes

Contractual disputes represent amounts claimed by plaintiffs in relation to unpaid fees alleged to be owing under a project management contract for Whangaparaoa College and disputes in relation to school transport contracts. The Ministry is disputing these claims.

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, there was no unappropriated expenditure against departmental output expenses for 2009/10 (there was no unappropriated expenditure for the year ended 30 June 2009).

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**Note 1 – Budget composition**

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	<b>Budget</b>	<b>Supplementary Estimates</b>	<b>Budget</b>	<b>Budget</b>
	Forecasts	Increases/ (Decreases)	Total	Total
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	1,661,696	41,504	1,703,200	1,630,846
Other	12,705	(3,313)	9,392	13,217
<b>Total revenue</b>	<b>1,674,401</b>	<b>38,191</b>	<b>1,712,592</b>	<b>1,644,063</b>
<b>Expenditure</b>				
Personnel	192,237	2,501	194,738	192,795
Operating	48,862	(200)	48,662	50,873
Depreciation	425,885	16,250	442,135	415,259
Maintenance of school land and buildings	25,820	3,697	29,517	21,604
Capital charge	808,744	18,371	827,115	793,240
Other expenses	172,853	(2,428)	170,425	170,292
<b>Total expenditure</b>	<b>1,674,401</b>	<b>38,191</b>	<b>1,712,592</b>	<b>1,644,063</b>
Net operating surplus/(deficit)	-	-	-	-

**Note 2 – Other revenue**

	30/06/2010	30/06/2009
	<b>Actual</b>	<b>Actual</b>
	\$000	\$000
Payroll deduction fees	714	833
Sale of learning materials	169	167
Receipts from property disposal	-	-
Early childhood licences	476	-
Sundry rentals	253	213
School house rentals	3,731	4,116
State Sector Retirement Savings Scheme and KiwiSaver	3,685	3,192
Miscellaneous revenue	1,121	898
Special education	1,246	1,313
<b>Total other revenue</b>	<b>11,395</b>	<b>10,732</b>



### Note 3 – Personnel expenditure

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Salaries and wages	186,599	185,769
ACC	958	948
Superannuation subsidies	4,246	3,891
Training	2,257	2,534
Increase in provision for annual leave	406	1,004
Increase in provision for long service leave	624	(1,195)
Increase in provision for retiring leave	805	331
<b>Total personnel expenditure</b>	<b>195,895</b>	<b>193,282</b>

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund.

### Note 4 – Operating expenditure

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Travel	8,355	10,449
Communications	4,415	4,453
Operating lease rentals	20,435	18,429
Contracts	2,547	2,704
Equipment maintenance	636	587
Other operating costs	10,421	11,994
<b>Total operating expenditure</b>	<b>46,809</b>	<b>48,616</b>

## Note 5 – Depreciation and amortisation

	30/06/2010 Actual	30/06/2009 Actual
	\$000	\$000
Buildings	411,998	393,194
Plant and equipment	20	318
Computer hardware	4,271	3,953
Furniture and fittings	3,396	3,018
Motor vehicles	1,599	1,572
<b>Total depreciation</b>	<b>421,284</b>	<b>402,055</b>
Computer software	9,138	9,593
<b>Total amortisation</b>	<b>9,138</b>	<b>9,593</b>
<b>Total depreciation and amortisation</b>	<b>430,422</b>	<b>411,648</b>

## 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 2010 was 7.5% (at 30 June 2009 the rate was 7.5%).

## Note 7 – Other expenses

	30/06/2010 Actual	30/06/2009 Actual
	\$000	\$000
Fees to auditors		
▲ Audit fees for audit of the financial statements	405	385
▲ IT infrastructure assurance	-	21
▲ Fees for other services	28	149
Debt impairment	(12)	71
(Profit)/loss on sale of property, plant and equipment (note 8)	501	69
Provision for additional property liabilities	-	109
Contracts for services	66,444	73,151
Special education payments	77,561	75,396
Other	13,459	10,759
<b>Total other expenses</b>	<b>158,386</b>	<b>160,110</b>

**Note 8 – Loss on sale of property, plant and equipment**

	30/06/2010 <b>Actual</b> \$000	30/06/2009 <b>Actual</b> \$000
Chattels	501	69
<b>Total loss on sale of property, plant and equipment</b>	<b>501</b>	<b>69</b>

**Note 9 – Net surplus payable to the Crown**

	30/06/2010 <b>Actual</b> \$000	30/06/2009 <b>Actual</b> \$000
Surplus from the Statement of Comprehensive Income	12,297	6,192
<b>Total for repayment to the Crown</b>	<b>12,297</b>	<b>6,192</b>

The repayment of surplus is required to be paid by 31 October of each year.

**Note 10 – Revaluation reserves**

	30/06/2010 <b>Actual</b> \$000	30/06/2009 <b>Actual</b> \$000
<b>Revaluation reserves consist of:</b>		
Land revaluation reserves	2,223,236	2,273,975
Building revaluation reserves	3,738,416	4,716,511
<b>Total revaluation reserve</b>	<b>5,961,652</b>	<b>6,990,486</b>

## Note 11 – Accounts receivable

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Trade receivables	1,592	5,384
Crown debtor	58,073	48,218
Non-trade receivables	1,735	2,033
Employee advances	41	117
<b>Total accounts receivable</b>	<b>61,441</b>	<b>55,752</b>

The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2010 and 2009, all trade receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	30/06/2010			30/06/2009		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	740	-	740	3,839	-	3,839
Past due 1 - 30 days	132	-	132	568	-	568
Past due 31 - 60 days	62	-	62	281	-	281
Past due 61 - 90 days	615	-	615	154	-	154
Past due > 91 days	268	225	43	778	236	542
<b>Total</b>	<b>1,817</b>	<b>225</b>	<b>1,592</b>	<b>5,620</b>	<b>236</b>	<b>5,384</b>

No other class of accounts receivable is past due or impaired.

The provision for doubtful debts has been calculated based on expected losses for the Ministry's pool of debtors. Expected losses have been determined based on an analysis of the Ministry's losses in previous periods, and review of specific debtors.

Movements in the provision for doubtful debts are as follows:

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
<b>Balance at 1 July</b>	<b>236</b>	<b>165</b>
Additional provisions made during the year	10	162
Receivables written off during period	(21)	(91)
<b>Balance at 30 June</b>	<b>225</b>	<b>236</b>

## Note 12 – Prepayments

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Prepayments	2,915	2,107
Property capital	32,447	31,951
<b>Total prepayments</b>	<b>35,362</b>	<b>34,058</b>

## Note 13 – Non-current assets held for sale

A range of school land and buildings and housing has been classified as held for sale following the approval to dispose of these assets, as they will provide no future use to the Ministry. The completion date for these sales is difficult to predict owing to an extensive formal disposal process but an active programme is in place to dispose of these properties.

Non-current assets held for sale include:

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Buildings	10,087	5,797
Land	30,628	34,445
<b>Total non-current assets held for sale</b>	<b>40,715</b>	<b>40,242</b>

## Note 14 – Accounts payable

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Trade payables	13,002	12,053
Accrued expenses	63,430	54,827
Crown entities	5,557	2,138
<b>Total accounts payable</b>	<b>81,989</b>	<b>69,018</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of creditors and other payables approximates their fair value.

## Note 15 – Provision for employee entitlements

	30/06/2010	30/06/2009
	Actual	Actual
	\$'000	\$'000
<b>Current liabilities</b>		
Annual leave	11,701	11,295
Provision for State Sector Retirement Savings Scheme	120	49
Government Superannuation Fund: Employer Subsidy	9	7
Long service leave	177	98
Retiring leave	1,295	1,158
<b>Total current portion</b>	<b>13,302</b>	<b>12,607</b>

The provision for annual leave represents the amount owing to employees as at 30 June 2010. The provision for Government Superannuation Fund: Employer Subsidy represents the amount owing to the fund on behalf of employees as at 30 June 2010.

	30/06/2010	30/06/2009
	Actual	Actual
	\$'000	\$'000
<b>Non-current liabilities</b>		
Long service leave	1,321	776
Retiring leave	3,939	3,271
<b>Total non-current portion</b>	<b>5,260</b>	<b>4,047</b>

The provision for long service and retiring leave is calculated on an actuarial basis as at 30 June 2010. This actuarial calculation recognises that the liability for these leave categories accrues as employees provide service to the Ministry.

The calculations for retiring leave and long service leave were determined by an independent actuary at 30 June 2010, where the main economic assumptions applied were discount rates prescribed by the Treasury calculated as at 30 June 2010 (3.85% in 2008/09) and a salary growth rate of 2.75% (2.75% in 2008/09).

If the salary inflation factor were to differ by one percent from the estimate, with all other factors held constant, the carrying amount of the:

- ▲ long service leave liability would be an estimated \$79,000 higher/\$71,000 lower
- ▲ retiring leave liability would be an estimated \$321,000 higher/\$282,000 lower.

If the resignation rates were to differ by 50% from the estimate, with all other factors held constant, the carrying amount of the:

- ▲ long service leave liability would be an estimated \$6,000 higher/\$5,000 lower
- ▲ retiring leave liability would be an estimated \$15,000 higher/\$17,000 lower.

## Note 16 – 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.

	Land	Buildings	Furniture/ office equipment	Motor vehicles	Total
	Valuation	Valuation	Cost	Cost	
	\$000	\$000	\$000	\$000	\$000
<b>Cost or valuation</b>					
Balance at 1 July 2008	3,364,630	7,115,153	66,927	11,789	10,558,499
Additions	21,799	482,215	9,693	2,534	516,241
Revaluation increase/(decrease)	(597,645)	508,780	-	-	(88,865)
Disposals	(13,252)	(809)	(4,066)	(2,396)	(20,523)
<b>Balance at 30 June 2009</b>	<b>2,775,532</b>	<b>8,105,339</b>	<b>72,554</b>	<b>11,927</b>	<b>10,965,352</b>
Additions	9,020	621,948	11,579	2,224	644,771
Revaluation increase/(decrease)	(40,332)	(460,101)	-	-	(500,433)
Disposals	(4,220)	(24,590)	(950)	(1,622)	(31,382)
<b>Balance at 30 June 2010</b>	<b>2,740,000</b>	<b>8,242,596</b>	<b>83,183</b>	<b>12,529</b>	<b>11,078,308</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 July 2008	-	-	37,509	4,051	41,560
Depreciation expense	-	393,194	7,289	1,572	402,055
Eliminate on disposal	-	(344)	74	(1,530)	(1,800)
Eliminate on revaluation	-	(392,850)	-	-	(392,850)
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>-</b>	<b>44,872</b>	<b>4,093</b>	<b>48,965</b>
Depreciation expense	-	411,999	7,685	1,600	421,284
Eliminate on disposal	-	-	(540)	(1,007)	(1,547)
Eliminate on revaluation	-	(406,326)	-	-	(406,326)
Impairment provision	-	930,400	-	-	930,400
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>936,073</b>	<b>52,017</b>	<b>4,686</b>	<b>992,776</b>
<b>Carrying amounts</b>					
At 1 July 2008	3,364,630	7,115,153	29,418	7,738	10,516,939
At 30 June 2009	2,775,532	8,105,339	27,682	7,834	10,916,387
<b>At 30 June 2010</b>	<b>2,740,000</b>	<b>7,306,523</b>	<b>31,166</b>	<b>7,843</b>	<b>10,085,532</b>

The balance of accumulated depreciation and impaired losses under buildings as at 30 June 2010 relates to impairment for damage resulting from weather-tightness issues and estimated depreciation of work in progress completed as at 30 June 2010 but not yet capitalised.

The annual revaluation of school land, early childhood education land and houses was conducted by Darroch Limited, led by Kerry Stewart (FPINZ, FNZIV). The valuation had an effective date of 30 June 2010. School buildings and improvements are valued internally by experienced Ministry staff, and the internal valuation is reviewed by Darroch Limited, also led by Kerry Stewart.

	Land \$000	Buildings \$000	Total \$000
Darroch Limited	2,740,000	121,751	2,861,751
Internal assessment by experienced Ministry staff	-	7,184,772	7,184,772
<b>Total</b>	<b>2,740,000</b>	<b>7,306,523</b>	<b>10,046,523</b>

There are no restrictions over the title of the Ministry's school land, buildings and chattels, nor are any school land, buildings and chattels pledged as security for liabilities.

In addition to the figures above there is surplus property, plant and equipment valued at \$40.7 million (\$40.2 million for the year ended 30 June 2009) 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 our 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 \$12.5 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 \$198 million for any one fire event and up to \$258 million for any one non-fire event or \$456 million in one year for more than one event.

The total amount of property, plant and equipment in the course of construction is \$206.465 million (2008/09 \$242.891 million).



## Note 17 – Intangible assets

Internally generated software

\$'000

### Cost

Balance at 1 July 2008	59,131
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Additions	13,435
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Disposals	-
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<b>Balance at 30 June 2009</b>	<b>72,566</b>
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Additions	2,994
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Disposals	-
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<b>Balance at 30 June 2010</b>	<b>75,560</b>
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### Accumulated amortisation

Balance at 1 July 2008	33,153
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Amortisation expense	9,593
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Disposals	(94)
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<b>Balance at 30 June 2009</b>	<b>42,652</b>
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Amortisation expense	9,138
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Disposals	-
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<b>Balance at 30 June 2010</b>	<b>51,790</b>
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### Carrying amounts

At 1 July 2008	25,978
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At 30 June 2009	29,914
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<b>At 30 June 2010</b>	<b>23,770</b>
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There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities.

There are software assets valued at \$32.654 million that are fully amortised but that are still in use (2008/09: \$32.324 million).

The total amount of software assets in the course of development is \$1.849 million (2008/09: \$4.855 million).

## 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 Comprehensive Income to arrive at the net cash flows from operating activities disclosed in the Statement of Cash Flows.

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Reported net surplus/(deficit)</b>	<b>12,297</b>	<b>-</b>	<b>-</b>	<b>6,192</b>
<b>Add non-cash items:</b>				
Assets written off	-	-	-	-
Depreciation	430,422	442,135	425,885	411,648
Increase in non-current employee entitlements	1,213	-	-	(1,037)
	<b>431,635</b>	<b>442,135</b>	<b>425,885</b>	<b>410,611</b>
<b>Add/(less) movements in working capital items:</b>				
(Increase)/decrease in accounts receivable	(29,959)	32,407	1,000	(26,691)
(Increase)/decrease in prepayments	(808)	-	-	(859)
Increase/(decrease) in accounts payable	7,889	6,203	-	(4,858)
Increase/(decrease) in current employee entitlements	695	-	-	1,123
	<b>(22,183)</b>	<b>38,610</b>	<b>1,000</b>	<b>(31,285)</b>
<b>Add/(less) items classified as investing activities:</b>				
Net (surplus)/loss on sale of property, plant and equipment	501	-	-	69
	<b>501</b>	<b>-</b>	<b>-</b>	<b>69</b>
<b>Net cash flows from operating activities</b>	<b>422,250</b>	<b>480,745</b>	<b>426,885</b>	<b>385,587</b>

## Note 19 – Financial instrument risks

The Ministry's activities expose us to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and we seek to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market 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. We have no significant exposure to interest rate risk on our 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 and bank balances.

### Maximum credit risk exposure

	30/06/2010 Actual \$000	30/06/2009 Actual \$000
Cash and bank balances	24,130	21,119
Accounts receivable	61,441	55,752
<b>Total maximum credit risk exposure</b>	<b>85,571</b>	<b>76,871</b>

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 we deal with, and we are not exposed to any other concentrations of credit risk.

### Fair value

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

### Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting our liquidity requirements, we closely monitor our forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

The table below analyses the Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000	Total \$000
<b>2009</b>					
Creditors and other payables	57,428	24,653	-	-	<b>82,081</b>
<b>2010</b>					
Creditors and other payables	66,819	25,641	-	-	<b>92,460</b>

## Note 20 – Categories of financial instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
<b>Loans and receivables</b>		
Cash and cash equivalents	24,130	21,119
Debtors and other receivables (notes 11 and 12)	96,803	89,810
<b>Total loans and receivables</b>	<b>120,933</b>	<b>110,929</b>
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	92,460	82,081

## Note 21 – Capital management

The Ministry's capital is our equity (or taxpayers' funds), which comprises general funds and revaluation reserves. Equity is represented by net assets.

We manage our revenues, expenses, assets, liabilities, and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government Budget processes and with Treasury Instructions.

The objective of managing the Ministry's equity is to ensure we effectively achieve our goals and objectives for which we have been established, while remaining a going concern.

## Note 22 – Related party transactions and key management personnel

### *Related party transactions*

The Ministry is a wholly owned entity of the Crown. The Government controls the role of the Ministry as well as being our major source of revenue.

The Ministry enters into transactions with other government departments, Crown entities and State-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

The following transactions were carried out with related parties:

During the year the Ministry purchased services from the following related parties:

- ▲ Te Rūnanga O Ngāti Porou. A Deputy Secretary's brother is the Deputy Chairman. These services cost \$350 (2009: \$3,123) and were supplied on normal commercial terms. No balance was outstanding at year end. The Ministry also purchased services in 2009 from Te Matatini Society, of which a Deputy Secretary's brother is the Chairman. These services cost \$11,250 in 2009. No services were purchased in 2010.
- ▲ Gardiner & Parata Ltd. A Deputy Secretary's brother-in-law and sister own the company. These services cost \$37,303 (2009: \$nil) and were supplied on normal commercial terms. No balance was outstanding at year end.
- ▲ Evaluation Associates. A senior manager's partner is a director and major shareholder in Evaluation Associates. These services cost \$118,935 (2009: \$307,010) and were supplied on normal commercial terms. No balance was outstanding at year end (2009: \$74,959).
- ▲ Educational Leadership Project Ltd. A senior manager's sister-in-law is a director of this company. These services cost \$39,077 (2009: \$40,643) and were supplied on normal commercial terms. No balance was outstanding at year end (2009: \$38,565).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

**Key management personnel compensation**

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Salaries and other short-term employee benefits	2,254	2,201
Post-employment benefits	62	53
<b>Total key management personnel compensation</b>	<b>2,316</b>	<b>2,254</b>

Key management personnel relates to the seven positions of the senior management team – the Secretary for Education and six deputy secretaries.

Key management personnel compensation excludes the remuneration and other benefits the Minister of Education and the Minister for Tertiary Education receive for their roles as Ministers of the Crown. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, and not paid by the Ministry.

**Note 23 – Events after balance date**

The 2010 Canterbury earthquake (also known as the Christchurch earthquake) was a 7.1 magnitude earthquake, that struck the South Island of New Zealand on 4 September 2010. The quake caused widespread damage and several power outages, particularly in the city of Christchurch.

All schools and early childhood services in Christchurch City, Selwyn and Waimakariri Districts were closed until 13 September for health and safety assessments.

The Ministry's insurance assessors have yet to finalise the estimated costs of damage to all affected school property in the region.

The Ministry is covered by a catastrophe insurance policy; refer to note 16 above for the detail.

## Statements of service performance

### Summary of output expenses

To contribute to the outcomes sought by the Government, the Ministry agreed to produce seven classes of outputs for Vote Education during the 2009/10 year, to standards specified in accordance with management performance obligations and the financial performance targets agreed with the Minister of Education and the Minister for Tertiary 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 the Government, and measures of the levels of service achieved for each output produced:
  - ▲ actual performance measured against the objectives
  - ▲ operating costs and revenues for each output expense produced.

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

### Statement of Expenditure and Appropriations for Vote Education for the year ended 30 June 2010

Output Expenses	30/06/2010 Expenditure \$000	30/06/2010 Supplementary Estimates \$000	30/06/2010 Budget \$000	30/06/2009 Supplementary Estimates \$000
<b>Minister of Education</b>				
Interventions for Target Student Groups	223,231	225,266	226,442	219,196
School Property Portfolio Management	1,279,667	1,287,871	1,244,497	1,224,445
Strategic Leadership in the Sector	30,529	31,276	31,147	32,662
Support and Resources for Education Providers	73,858	77,258	82,876	68,455
Support and Resources for Teachers	55,750	61,347	59,883	65,234
Support and Resources for the Community	10,130	14,492	14,484	18,223
<b>Minister for Tertiary Education</b>				
Strategic Leadership in the Tertiary System	14,133	15,082	15,072	15,848
<b>Total appropriation for Vote Education</b>	<b>1,687,298</b>	<b>1,712,592</b>	<b>1,674,401</b>	<b>1,644,063</b>
Capital expenditure for the Ministry of Education	647,764	682,283	637,683	581,332

### Changes to departmental appropriations in 2009/10

Expenditure on outputs delivered by the Ministry increased by \$38.2 million (GST exclusive) during 2009/10 (refer table on page 85). The major reasons for the increase were:

#### Cabinet and other decisions

Cabinet and other decisions resulted in a \$6.8 million increase to appropriations. The major initiatives agreed by the Government during 2009/10 were:

- ▲ extension of the National Education Network trial and support for broadband initiatives (\$4.3 million)
- ▲ implementation of the Positive Behaviour for Learning Action Plan, mainly funded by a transfer from non-departmental other expense Special Needs Support (\$1.4 million)
- ▲ operating costs associated with increased expenditure for maintenance and improvement of school property (\$0.7 million)
- ▲ provision to boost participation in early childhood education (\$0.4 million).

### Expense transfers

Transfers from 2009/10 to subsequent financial years totalled \$9.7 million. The major transfers reflected changes in timing in the following outputs:

- ▲ development of the schools' payroll replacement project (\$8.0 million including a small transfer from 2008/09 to 2009/10)
- ▲ the long-term work programme for teachers (\$1.4 million).

### Other output adjustments

Other adjustments to Ministry outputs resulted in increased expenditure of \$41.1 million.

The major adjustments were for cost related to School Property Portfolio Management related to the upward revaluation of school sector property at the end of June 2009, which resulted in increased depreciation expense (\$19.1 million) and capital charge (\$22.8 million).

Some significant fiscally neutral changes to appropriations were also required during the year:

- ▲ related to the long-term work programme for teachers (\$3.4 million) – from Support and Resources for Teachers to Support and Resources for Education Providers
- ▲ support for broadband initiatives (\$0.5 million) – transferred from School Property Portfolio Management to Support and Resources for Teachers.

Other significant changes to output appropriations reflected:

- ▲ transfers from capital funding to School Property Portfolio Management for increased costs of managing defective school buildings (\$5.6 million) and costs of site surveys for proposed early childhood centres (\$0.3 million)
- ▲ bringing forward some expenditure on development of assessment resources for the National Certificate of Educational Achievement (\$0.4 million)
- ▲ savings from lower than expected expenditure related to the disposal of surplus properties (\$2.4 million)
- ▲ impact of timing changes on capital charge, mainly related to the school property works programme (\$2.1 million decrease)
- ▲ transfers to non-departmental other expense Special Needs Support for the Interim Response Fund for Disruptive Students (\$2 million) and to maintain therapy services for some high needs students (\$0.7 million).

### Capital injection

All figures \$000	Budget Night	Supplementary Estimates	Final Appropriation
School property	177,535	34,100	211,635
Other programmes	6,098	10,500	16,598
<b>Total capital</b>	<b>183,633</b>	<b>44,600</b>	<b>228,233</b>

Capital injections to be received by the Ministry during 2009/10 increased by \$44.6 million, mainly owing to a combination of:

- ▲ additional expenditure on the school property works programme related to increased maintenance and improvement (\$40 million)
- ▲ funding for the School Network Upgrade Programme for the introduction of ultra-fast broadband into schools (\$10.5 million)
- ▲ partly offset by transfers to operating expenditure (\$5.9 million), mainly for managing defective school buildings and site surveys for proposed early childhood centres.

### Capital expenditure

This appropriation increased by \$44.6 million to \$682.3 million for 2009/10. The increase is mainly owing to:

- ▲ provision for increased maintenance and improvement of school property (\$40 million increase)
- ▲ funding for the School Network Upgrade Programme for the introduction of ultra-fast broadband into schools (\$10.5 million increase)
- ▲ transfers to operating expenditure for managing defective school buildings and site surveys for proposed early childhood services (\$5.9 million decrease).

Part two  
Our performance

Departmental Output Expense Appropriations 2009/10	Interventions for Target Student Groups	School Property Portfolio Management	Strategic Leadership in the Sector	Strategic Leadership in the Tertiary System	Support and Resources for Education Providers	Support and Resources for Teachers	Support and Resources for the Community	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Budget 2009 Appropriations</b>	<b>226,442</b>	<b>1,244,497</b>	<b>31,147</b>	<b>15,072</b>	<b>82,876</b>	<b>59,883</b>	<b>14,484</b>	<b>1,674,401</b>
<b>Cabinet and Ministerial Decisions</b>								
Transfer of Broadband Investment (Schools): Funding to National Education Network Trial	-	-	-	-	-	4,300	-	4,300
Positive Behaviour for Learning Action Plan: Implementation	1,400	-	-	-	-	-	-	1,400
Increased Maintenance and Improvement of School Property	-	657	-	-	-	-	-	657
Immediate Actions to Boost Participation in Early Childhood Education	-	-	-	-	355	-	-	355
Establishing a Scholarship Programme for Children from Low Income Families to Attend Private Schools	81	-	-	-	-	-	-	81
Service Academies	20	-	-	-	-	-	-	20
	<b>1,501</b>	<b>657</b>	<b>-</b>	<b>-</b>	<b>355</b>	<b>4,300</b>	<b>-</b>	<b>6,813</b>
<b>Transfers from 2008/09 or to 2010/11</b>								
School Payroll Project	-	-	-	-	(8,020)	-	-	(8,020)
Industrial Relations long term Work Programme	-	-	-	-	(1,400)	-	-	(1,400)
Alignment of e-asTTle with National Standards	-	-	-	-	-	(263)	-	(263)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,420)</b>	<b>(263)</b>	<b>-</b>	<b>(9,683)</b>
<b>Fiscally Neutral Adjustments</b>								
Long term Work Programme - FNA	-	-	-	-	3,425	(3,425)	-	-
Support for Broadband Initiatives	-	(464)	-	-	-	464	-	-
	<b>-</b>	<b>(464)</b>	<b>-</b>	<b>-</b>	<b>3,425</b>	<b>(2,961)</b>	<b>-</b>	<b>-</b>
<b>Technical Changes</b>								
Capital Charge Adjustment – Revaluation	-	22,800	-	-	-	-	-	22,800
Depreciation Adjustment – Revaluation	-	19,053	-	-	-	-	-	19,053
Capital Charge – Timing and Revised Allocations	(14)	(2,174)	(3)	2	(6)	(3)	(1)	(2,199)
Employer Contributions to Superannuation Schemes	84	2	32	8	28	24	9	187
	<b>70</b>	<b>39,681</b>	<b>29</b>	<b>10</b>	<b>22</b>	<b>21</b>	<b>8</b>	<b>39,841</b>
<b>Other Changes</b>								
Managing Defective School Buildings	-	5,600	-	-	-	-	-	5,600
Site Surveys for new Early Childhood Centres in Auckland	-	300	-	-	-	-	-	300
NCEA Assessment Resource Development – Revised	-	-	-	-	-	367	-	367
Growing Up in New Zealand Longitudinal Study	-	-	100	-	-	-	-	100
Costs Related to Disposal of School Property Assets	-	(2,400)	-	-	-	-	-	(2,400)
Interim Response Fund for Disruptive Students	(2,000)	-	-	-	-	-	-	(2,000)
Additional Therapy for Some High Needs Students	(747)	-	-	-	-	-	-	(747)
	<b>(2,747)</b>	<b>3,500</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>1,220</b>
<b>Total Changes</b>	<b>(1,176)</b>	<b>43,374</b>	<b>129</b>	<b>10</b>	<b>(5,618)</b>	<b>1,464</b>	<b>8</b>	<b>38,191</b>
<b>Final 2009/10 Appropriations</b>	<b>225,266</b>	<b>1,287,871</b>	<b>31,276</b>	<b>15,082</b>	<b>77,258</b>	<b>61,347</b>	<b>14,492</b>	<b>1,712,592</b>



## Departmental output expense specifications

### Interventions for Target Student Groups

#### Portfolio Minister – Minister of Education

#### Scope of appropriation

Expenditure on policies and services focused on targeted student groups' or individuals' participation in education. This includes providing services to individuals with special education and developmental needs, providing alternative education options, working with individuals and relevant stakeholders to resolve participation issues, and administering scholarships and awards for individuals.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
<b>Development and Evaluation of Student Intervention Policy</b>		
Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education.	100%	100%
Assessed quality of a representative sample of the Ministry's policy advice to Education Ministers and Cabinet Committees as assessed against the Ministry's Criteria for Assessing Policy Papers.	> 7.5/10	The assessed quality of Ministry policy advice remains below the target range of above 7.5/10, with the result fairly static at around 5.5 - 6.0 over the year ending 30 June 2010. The Ministry will be considering further measures to lift the quality of policy advice to within the target.
Percentage of policy that is provided within the agreed timeframes.	100%	100%  Where delays against initial timeframes occurred, delivery matched revised timeframes as agreed with the party concerned.
<b>Targeted Student Participation Interventions</b>		
The following scholarships and awards will be administered:		
▲ Boarding Allowances and Bursaries.	400 - 600	1,069 applications – 939 were approved and 130 declined.
▲ Home Schooling Allowances.	5,500 - 6,500	Bulk home schooling allowance payments are processed and paid in June and December each year.  As at 30 June 2010, 6,093 children were registered for entitlement to their families receiving home schooling allowances. For the year to June 2010, 6,056 payments were made to families.
▲ Māpihi Pounamu.	250 - 350	477  The higher than expected number of recipients of Māpihi Pounamu allowances reflects a greater demand to assist students during the year.
Interim Response Fund grant applications processed.	1,500 - 2,500	2,992 applications

Performance Measures	Budget Standard	Actual Performance
The following funding will be provided to schools for the provision of support to English language learners:		
▲ English for Speakers of Other Languages (ESOL) funding for provision of support.	32,000 students	ESOL funding has been paid for 33,161 students in 1,221 schools.
▲ Refugee Flexible Funding pool (for additional support to at-risk refugee background students).	30 - 40 schools for at least 600 students	Over 730 refugee background students in 55 schools and four early childhood education services have been supported through initiatives in the Refugee Flexible Funding pool.
▲ Refugee pathways.	25 - 35 schools	During the year funding was provided to 20 schools for additional pathway, planning support, and careers programmes for 612 refugee background students.
▲ Computers in homes.	75 - 100 families	No computers in homes have been supported by the Ministry this year. Funding support has instead been provided from the Community Partnership Fund administered by the Department of Internal Affairs. The Ministry's contract lapsed at the end of 2009/10.
Scholarships and grants will be:	98%	100%
<ul style="list-style-type: none"> <li>▲ awarded in line with government policies and published criteria</li> <li>▲ calculated accurately</li> <li>▲ paid to the correct payee</li> <li>▲ paid within the timeframes notified.</li> </ul>		
Satisfaction of providers, families, communities and students with support and assistance provided.	Feedback collected	Milestone reports indicate continued support and satisfaction from families in the programmes.
Services for students from non-English speaking backgrounds will be provided as required.	100%	<p>Out of approximately 720 schools, with eight or more funded students, 309 schools were verified as providing services to students from a non-English speaking background (ESOL support) as required.</p> <p>ESOL verifiers audit schools (once every three years approximately) to ensure that the schools are identifying and providing ESOL support for the appropriate students.</p>
<b>Special Needs Interventions</b>		
Number of Communications services students.	5,500 - 7,000	6,289
Number of Behavioural services students.	4,000 - 6,000	3,870
		The number of children who received a specialist service is relatively consistent with previous years, but the cases are becoming increasingly complex, requiring a greater number of hours per child.
Workshops for family and whānau and education providers.	550 - 650	601

Performance Measures	Budget Standard	Actual Performance
Number of Early Intervention services students.	11,000 - 13,000	12,342
Number of complex needs services comprising:		
▲ Ministry provided Ongoing and Reviewable Resourcing Schemes ORRS students.	3,600 - 3,800	4,592
▲ Specialist service provider ORRS students.	2,950 - 3,150	3,058
▲ High health needs students.	550	617
▲ Other services.	2,200 - 2,500	3,253 students.
		The increase over the expected range mainly relates to services for moderate hearing loss, assistive technology, moderate physical needs programmes and ORRS applicants.
Families, education providers and communities are satisfied with the services received.	Feedback collected	<p>Results from surveys on the quality of service delivery showed the following levels of satisfaction:</p> <ul style="list-style-type: none"> <li>▲ Early intervention service – 80% for parents and 74% for teachers (educators)</li> <li>▲ Behaviour service – 70% for parents and 69% for teachers (educators)</li> <li>▲ Communication service – 80% for parents and 66% for teachers (educators)</li> <li>▲ Complex needs – 59% for parents and 70% for teachers (educators).</li> </ul>
Percentage of providers that were reviewed during the year that met or exceeded the standards for service.	90%	<p>From January to June 2010, 10 reviews were undertaken with two early intervention providers, four special school providers and four mainstream school providers. Three Special Education district offices were also reviewed.</p> <p>Of the standards reviewed, providers were generally meeting in excess of 90% of the standards.</p> <p>All but one provider had effective self-review systems in place, which enabled them to reflect on the quality of their specialist service provision and use the information to provide services in line with the standards.</p> <p>In all cases, the review teams were confident that the action plans developed by providers were of a good standard and had a high probability of effectively addressing the requirements set by the review teams.</p>

Performance Measures	Budget Standard	Actual Performance
Percentage of eligible children waiting more than 90 days from referral for Communications, Behavioural, Early Intervention and ORRS service.	No more than 5% for each service	<p>The percentage of eligible children waiting more than 90 days from referral for service of ORRS was 4%, Behaviour 6%, Communication 20% and Early Intervention 26%.</p> <p>Further analysis of the data is required to fully understand the delays in providing the Early Intervention service.</p> <p>It would appear that, in some districts, children transitioning from Early Intervention to school are being recorded on the database as a referral for a Communication service as a way of monitoring them, resulting in an overstated delay between referral and service.</p>

#### Cost of output expense: Interventions for Target Student Groups

	30/06/2010 Actual \$000	30/06/2010 Supplementary Estimates \$000	30/06/2010 Budget \$000	30/06/2009 Actual \$000
<b>Revenue</b>				
From the Crown	221,934	221,934	223,194	215,857
Other	4,020	3,332	3,248	3,387
<b>Total revenue</b>	<b>225,954</b>	<b>225,266</b>	<b>226,442</b>	<b>219,244</b>
<b>Expenditure</b>				
Personnel	106,763			104,009
Operating	22,512			22,560
Depreciation	7,093			7,702
Capital charge	2,682			2,725
Other expenses	84,181			81,440
<b>Total expenditure</b>	<b>223,231</b>	<b>225,266</b>	<b>226,442</b>	<b>218,436</b>
Surplus/(deficit)	2,723	-	-	808

The increase in the 2009/10 appropriation compared with 2008/09 funding is mainly owing to a combination of:

- ▲ extension of the Ongoing and Reviewable Resourcing Schemes
- ▲ the full-year effect of settlement of the Special Education Field Staff and Service Managers collective agreements
- ▲ additional funding for the Interim Response Fund for Disruptive pupils
- ▲ partly offset by reversal of funding for the Non-Enrolled Truancy Services in 2008/09 only.

The reduction in the appropriation during the year is owing to a combination of:

- ▲ a transfer of funding for the Interim Response Fund for Disruptive Students to non-departmental other expense Special Needs Support
- ▲ adjustments to maintain therapy services for some high needs students
- ▲ implementation of the Positive Behaviour for Learning Action Plan, partly funded by a transfer from non-departmental other expense Special Needs Support.

Expenditure for the year was below budget mainly due to delays in the full rollout of the Positive Behaviour for Learning Action Plan until term three and delays for intensive wraparound services, particularly related to slower than expected recruiting of staff. Some of this activity will now be delivered in 2010/11.

## School Property Portfolio Management

### Portfolio Minister – Minister of Education

#### Scope of appropriation

Expenditure on goods and services focused on providing the land, buildings and other facilities that make up the property portfolio of the state school sector. This includes purchasing and constructing new property, upgrading existing property to maintain the quality of the portfolio, disposing of surplus property, and managing teacher and caretaker housing.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
The 2009/10 work programmes will be implemented in accordance with the 2009/10 School Property Business Case.	100%	Actual capital expenditure was \$628 million, which was \$29 million (4%) under the budget, largely related to delays in spending on Special Schools and Special Character Schools including kura kaupapa Māori.  It is expected that the remaining capital funding will be transferred to 2010/11.
The Ministry will ensure that:	100%	
▲ a current Property Occupancy Document is held by all boards of trustees		Seven schools (or less than 0.5%) do not have a current Property Occupancy Document.
▲ state schools have a Ten-Year Property Plan in place prior to accessing capital funding, with the exception of funding to rectify a catastrophic loss		All schools have a Ten-Year Property Plan in place before accessing capital funding.
▲ state schools have a Five-Year Agreement that prioritises issues identified in the Ten-Year Property Plan		All schools have a Five-Year Agreement in place before accessing capital funding.
▲ schools with a compliance schedule hold a current Building Warrant of Fitness.		As at 30 June 2010, 107 (5.4%) of 1,993 state schools with Compliance Schedules had not had their Building Warrant of Fitness issued on time. This was because the pre-requisite remedial work and/or inspections had not been undertaken by schools to enable the Building Warrant of Fitness to be issued. Almost all outstanding action was completed by 31 August 2010.
All schools are visited by Ministry property staff within two years to support school property management including planning, capital projects and maintenance.	900 - 1,100 per year	1,282 schools were visited in the six months to June 2010.
New schools are opened in time for the new school year.	100%	All new schools were open for term one, 2010. The relocation of Wanaka Primary is on track as planned for term four of 2010. Remarkables Primary and Albany Senior High opened with staged accommodation; however, all facilities were operational by July 2010.

Performance Measures	Budget Standard	Actual Performance
All programmes are consistent with the Business Case, completed on schedule and within budget.	100%	<p>All programmes were consistent with the Business Case.</p> <p>All programmes were completed within budgets allocated in the Business Case or subsequent revisions approved through delegated processes.</p> <p>Under the 2009/10 new schools capital plan:</p> <ul style="list-style-type: none"> <li>▲ three new schools (Clearview Primary in Rolleston, Remarkables Primary in Queenstown and the Albany Senior High School permanent campus) opened for the first day of term one of 2010</li> <li>▲ Wanaka Primary is on track to be relocated for term four of 2010</li> <li>▲ a temporary campus was developed for Te Wharekura o Mauao in Tauranga, which opened for the first day of term one of 2010.</li> </ul> <p>The four new schools planned for 2011 have all had capital funding approved (Ormiston Road Senior High School in Auckland, Mt Wellington Primary in Auckland and both Papamoa Primary and Secondary schools in the Bay of Plenty). Work has started and is on track for opening in 2011.</p> <p>The Minister agreed to delay the opening of a new primary school in Waipapa/Kerikeri as the projected growth in student numbers has not occurred and instead brought forward two site purchases into 2009/10.</p>
All projects comply with statutory, regulatory and Ministry design standards and are implemented in accordance with the project management guidelines.	100%	<p>Every project requires certification from a professionally qualified project manager, such as an architect or engineer.</p> <p>They certify that the design complies with all statutory, regulatory and Ministry design standards and was implemented in accordance with Ministry operational policies outlined in the property management handbook.</p> <p>This has occurred in all cases for 2009/10.</p>
All schools suffering a catastrophic incident of loss (fire, flood, earthquake, etc) are restored to operational status within three working days of the loss.	100%	<p>Schools affected by all but one of the 312 catastrophic incidents during the year were restored to operational status within three working days of the loss.</p> <p>Mangere East School had a large fire on 7 June 2010 and was closed for four days.</p>
Delivery of classrooms in schools occurs as necessary to meet increased school rolls.	100%	<p>During 2009/10, 172 classrooms were approved out of 188 classrooms estimated as necessary to meet peak rolls.</p> <p>This number was all that was required to meet the peak rolls; however, the average cost of providing classrooms was also higher than expected due to the specific site and service requirements for schools with roll growth.</p>

Performance Measures	Budget Standard	Actual Performance
Post-occupancy evaluations are completed for each new school within two years of the opening of the school.	100%	Evaluations have been completed for the following schools – Mission Heights Primary, Mission Heights Junior College, One Tree Hill College, Silverdale Primary School, Snells Beach Primary School and Taihape Area School.
Post-occupancy evaluations confirm that schools that opened in 2009 are aligned with their vision and meet the users' needs, and that no major design or construction issues have been identified.	100%	Evaluations completed for six schools as above.  The evaluation process included testing the OECD Evaluating Quality in Schools Manual, as well as specific New Zealand design questions.  The results have been used to provide feedback to the OECD and to develop a specific New Zealand post occupancy evaluation process. This will be used for other new schools to be evaluated early in 2011.
School house occupancy rate.	85%	74% due to an increase in vacancies.
Maintenance of teacher and caretaker housing is:		
▲ completed as required for compliance with the Residency Tenancy Act 1986	100%	Annual inspection was completed and a maintenance plan established for all properties. Maintenance was carried out in line with that plan during the year.
▲ undertaken as programmed following annual inspection.	Schedule of works submitted by end of September. Works to be completed by June the following year	The work schedule was completed at the end of September.  Most work was completed by June, except where local environmental restrictions prevented the planned schedule of works being completed, for example where local water restrictions prevented the washing down of houses in preparation for painting.
Surplus properties are identified and disposed of in accordance with statutory, regulatory and Government policy requirements that apply to surplus Crown land.	100%	Surplus properties were sold in accordance with all statutory, regulatory and government policy requirements.
Surplus properties are sold on average within 16 to 38 months of them being assigned to the disposal process.	100%	The average selling time for: ▲ 50 surplus school properties was 47 months. Ten properties had protracted selling times of over 70 months. The average selling time for the remaining properties was 36 months ▲ 34 teacher and caretaker houses was 27 months.

### Cost of output expense: School Property Portfolio Management

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	1,274,582	1,284,582	1,237,210	1,216,765
Other	4,339	3,289	7,287	4,732
<b>Total revenue</b>	<b>1,278,921</b>	<b>1,287,871</b>	<b>1,244,497</b>	<b>1,221,497</b>
<b>Expenditure</b>				
Personnel	8,684			7,878
Operating	7,799			7,050
Maintenance of school land and buildings	28,651			28,487
Depreciation	412,194			392,220
Capital charge	819,665			786,520
Other expenses	2,674			1,829
<b>Total expenditure</b>	<b>1,279,667</b>	<b>1,287,871</b>	<b>1,244,497</b>	<b>1,223,984</b>
Surplus/(deficit)	(746)	-	-	(2,487)

The increase in appropriation for 2009/10 compared with 2008/09 is mainly owing to:

- ▲ ongoing investment in school property through the annual works programme, particularly reflected in higher depreciation and capital charge
- ▲ partly offset by the reversal of a one-off appropriation in 2008/09 to expense costs from previous years related to disposal of surplus property assets.

The increase in appropriation during 2009/10 is mainly owing to:

- ▲ increased capital charge and depreciation costs as a consequence of the revaluation of school sector property at 30 June 2009
- ▲ increased expenditure on managing defective school buildings and site surveys for new early childhood education services for which funds were transferred from capital
- ▲ reduced costs related to disposals of surplus properties
- ▲ other capital charge adjustments that are mainly related to timing.

Under-expenditure at the end of the year mainly comprises:

- ▲ lower depreciation than expected due to delays in some capital expenditure projects
- ▲ delays in finalising contracts for some work on defective buildings
- ▲ lower than expected demand for rationalisation of surplus school property and some maintenance programmes.



## Strategic Leadership in the Sector

### Portfolio Minister – Minister of Education

#### Scope of appropriation

Expenditure on policies and services focused on the Ministry's leadership role in the education sector. This includes enhancing the Ministry's coordination with other sector and government agencies and forums, undertaking research and analysis, developing strategic policy, monitoring the sector and select Crown entities, and supporting the Minister of Education and Associate Minister to meet their obligations to Parliament.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
<b>Cross-Agency Coordination</b>		
The Secretary for Education has regular formalised contact with education chief executives to address issues of alignment within the sector.	Record of meeting and topics	Eight formal meetings were held between the Secretary for Education and education agency chief executives. Topics included developing shared sector outcomes, improving value for money, and 2010 budget coordination.
Education chief executives, peak bodies and other government agencies recognise the Ministry's leadership on education issues.	Feedback collected	<p>Chief executives actively participated in a series of Ministry-led meetings and discussions during the year on education issues.</p> <p>The Ministry worked extensively with peak bodies and other government agencies through the year.</p> <p>A formal feedback mechanism is still being developed to record their views on the Ministry's performance. This reporting will occur in 2010/11.</p>
Education chief executives are satisfied with Ministry advice on shared sector Information and Communications Technology services.	Feedback collected	Informal feedback from chief executives indicates a high level of satisfaction with advice to the committee and operation of the work programme.
<b>Research and Analysis</b>		
Research and survey programmes will be delivered according to the research and survey work programme.	100%	<p>All international and national achievement surveys are on track.</p> <p>All other project milestones were met except Competent Learners @ 20. A contract variation was agreed for the extension to this programme.</p>
Educational Leadership Best Evidence Synthesis Iteration.	4 - 6 related publications	<p>The Educational Leadership Best Evidence Synthesis "School Leadership and Student Outcomes" was completed and launched by the Minister of Education on 4 November 2009.</p> <p>In addition five papers/publications related to this major publication have been completed by the authors.</p>
Research and survey programmes initiated contribute to the achievement of Government priorities.	Evidence to be collected	All research contributed to the priorities of student engagement and achievement; pathways to gaining qualifications; National Standards in literacy and numeracy (in English- and Māori-medium); Ka Hikitia – Managing for Success and the Pasifika Education Plan.

Performance Measures	Budget Standard	Actual Performance
Users (international consortia, clients commissioning work or in-house) of research are satisfied with the standard of the research.	Evidence to be collected	All quality criteria set by international consortia have been met or exceeded. For all other projects clients, and where relevant peer reviewers, have expressed satisfaction with the standard of the work.  Additional resource has been put into increasing the rate of progress on developing the Measurable Gains Framework.
Research programmes are provided within the agreed timeframes.	100%	All international and national achievement surveys are on track. All other project milestones were met except Competent Learners @ 20.  Where delays against initial timeframes occurred, delivery matched revised timeframes as agreed with the party concerned.
<b>Monitoring of the Education Sector</b>		
Required monitoring reports, including the annual Schools Sector Report, the State of Education report and Ngā Haeata Mātauranga, are produced.	100%	Achieved. Monitoring reports released during 2009/10 include: ▲ Schools Sector Report, available at <a href="http://www.educationcounts.govt.nz/publications/series/2523/57149/1">http://www.educationcounts.govt.nz/publications/series/2523/57149/1</a> ▲ Ngā Haeata Mātauranga, available at <a href="http://www.educationcounts.govt.nz/publications/series/5851/75954">http://www.educationcounts.govt.nz/publications/series/5851/75954</a> ▲ Pasifika Education Plan Monitoring Report, available at <a href="http://www.educationcounts.govt.nz/publications/series/22967/67893">http://www.educationcounts.govt.nz/publications/series/22967/67893</a>
Key sector statistics are published on the Education Counts website.	100%	All key sector statistics that were produced during the year have been published on Education Counts: <a href="http://www.educationcounts.govt.nz/">http://www.educationcounts.govt.nz/</a>
Crown entities are monitored by analysis and reporting of strategy, capability, financial performance and achievement of targets in their accountability documents (Letters of Expectation, Statements of Intent, Output Plan, quarterly reports).	100%	All Crown entity monitoring was structured around strategy, capability, financial performance and achievement of targets. ▲ Three Letters of Expectation were prepared. ▲ Three Statements of Intent were prepared. ▲ Three Output Plans were reviewed (from this year these were produced as part of the Statement of Intent documents). ▲ 12 quarterly/six-monthly reports have been prepared. The quarterly report for NZQA was incorporated with the annual report.
Board appointments for the Crown entities are monitored and facilitated.	100%	The Ministry managed the appointment processes for four Crown entity board appointments (to the three Crown entities responsible to the Minister of Education) during 2009/10.

Performance Measures	Budget Standard	Actual Performance
Analysis of and comment on the performance of Crown entities under their output agreements will be provided to the Minister within 30 working days of receipt of reports.	100%	Overall, 15 of 22 reports (68%) were achieved on time.  Delays during the first six months of the year were owing to the Crown Entity Monitoring Unit redesigning its analytical approach in the light of the new Government's monitoring requirements and dealing with a large backlog of board appointments deferred from the six months before the 2008 election. The unit increased its staffing in 2010 to deal with these pressures.
<b>Development and Evaluation of Strategic Policy</b>		
Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education.	100%	Achieved
Assessed quality of a representative sample of the Ministry's policy advice to Education Ministers and Cabinet Committees as assessed against the Ministry's Criteria for Assessing Policy.	> 7.5/10	The assessed quality of Ministry policy advice remains below the target range of above 7.5/10, with the result fairly static at around 5.5 - 6.0 over the year ending 30 June 2010. The Ministry will be considering further measures to lift the quality of policy advice to within the target.
Percentage of policy that is provided within the agreed timeframes.	100%	Achieved  Where delays against initial timeframes occurred, delivery matched revised timeframes as agreed with the party concerned.
<b>Support for the Education Minister</b>		
Ministerial services will be provided in the following ranges:		
▲ Parliamentary questions and petitions.	1,110 - 1,400	2,919
▲ Select Committee examinations and inquiries.	250 - 400	594 Select Committee questions were responded to and 16 reports provided.  This figure includes responses relating to tertiary education that were not separately identified prior to the appointment of a separate Minister for Tertiary Education in January 2010.
▲ Statutory information.	100 - 200	308 items.
▲ General ministerial correspondence, including responses to requests from the Minister.	6,000 - 7,000	8,578
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 Correspondence Guidelines.	100%	97.5% of all material was accepted by the Minister as being of acceptable quality.

Performance Measures	Budget Standard	Actual Performance
All responses and provision of information to the Minister of Education and Parliament, and its committees, will be prepared to agreed timeframes.	95%	<p>86.25% of material was provided within the specified timelines.</p> <p>Parliamentary questions were all on time, while 99% of Select Committee responses, 98% of statutory information and 79% of general correspondence were on time.</p> <p>Delays were due to a combination of:</p> <ul style="list-style-type: none"> <li>▲ an increase in the standard of quality assurance required</li> <li>▲ shorter timeframes in which to provide responses requested (excluding those subject to statutory response times)</li> <li>▲ a threefold increase in the number of urgent requests for information</li> <li>▲ an increase in the volume of requests over that of previous periods.</li> </ul>

#### Cost of output expense: Strategic Leadership in the Sector

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	29,829	30,829	30,732	32,333
Other	304	447	415	300
<b>Total revenue</b>	<b>30,133</b>	<b>31,276</b>	<b>31,147</b>	<b>32,633</b>
<b>Expenditure</b>				
Personnel	17,235			17,848
Operating	2,757			3,356
Depreciation	2,863			3,397
Capital charge	1,192			1,323
Other expenses	6,482			6,398
<b>Total expenditure</b>	<b>30,529</b>	<b>31,276</b>	<b>31,147</b>	<b>32,322</b>
Surplus/(deficit)	(396)	-	-	311

The decrease in appropriation for 2009/10 compared with 2008/09 is mainly owing to the Secondary Futures project ending in 2008/09 and a reduction in funding for general support functions.

The small increase in funding during 2009/10 is a result of:

- ▲ provision for participation in a longitudinal study transferred from non-departmental output Education Research Initiatives
- ▲ increased provision for contributions to superannuation schemes and adjustments related to the timing of capital charge.

The under-expenditure for the year mainly relates to reduced costs in developing and evaluating strategic policies.

## Strategic Leadership in the Tertiary System

### Portfolio Minister – Minister for Tertiary Education

#### Scope of appropriation

Expenditure on policies and services focused on the Ministry's leadership role in the tertiary system. This includes enhancing coordination with sector and Government agencies and forums, undertaking research and analysis, developing strategic policy, monitoring the system, providing information on tertiary and international education services, representing the education sector internationally, supporting international students, and supporting Ministers to meet their obligations to Parliament.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
<b>Cross-Tertiary Agency Coordination</b>		
The Secretary for Education has regular, formalised contact with the chief executives of the Tertiary Education Commission and New Zealand Qualifications Authority to address issues of alignment within the tertiary sector.	Record of meeting and topics	Regular meetings of chief executives of all education agencies and of tertiary sector leadership groups were held throughout the year.
<b>Tertiary and International Research and Analysis</b>		
Research and survey programmes initiated in the tertiary area contribute to the achievement of government priorities.	Evidence from research programmes	The tertiary education research and analysis programme is aligned with the priorities of the Government's Tertiary Education Strategy (TES). Under this programme, the Ministry produced and published 24 reports that analysed the performance of the tertiary education system.  The Ministry also commissioned 11 research reports which were completed by other organisations. In addition four reports are currently being finalised.
Research programmes are provided within the agreed timeframes.	100%	Reports governed by timelines were published in accordance with those timelines.
The Profile and Trends report will be published on an annual basis. Other reports will be published to specific, mutually agreed deadlines.	100%	The Profile and Trends report was published in early November 2009 – ahead of the agreed date.
<b>Monitoring the Tertiary System</b>		
The analysis and trends are monitored for exception cases throughout the data collection period.	100%	Achieved. The Ministry's research and analysis of tertiary education includes analysis of trends against key indicators of sector performance.

Performance Measures	Budget Standard	Actual Performance
The Tertiary Education Commission is monitored by analysis and reporting of strategy, capability, financial performance and achievement of targets in its accountability documents (Letters of Expectation, Statements of Intent, Output Plans, quarterly reports).	100%	<p>All monitoring of the Tertiary Education Commission looks at strategy, capability, financial performance and achievement of targets.</p> <p>During the year the Ministry provided the Minister for Tertiary Education with:</p> <ul style="list-style-type: none"> <li>▲ draft Letter of Expectation for the Tertiary Education Commission</li> <li>▲ advice on the Tertiary Education Commission Statement of Intent and on its outputs</li> <li>▲ advice on all quarterly reports.</li> </ul>
Board appointments for the Tertiary Education Commission are managed.	100%	The Ministry managed the appointment processes for six Tertiary Education Commission board appointments during 2009/10.
Reports on monitoring and evaluating the Tertiary Education Strategy are published each year.	100%	In July 2009, the Ministry released a report on the progress of the system against the goals of the Government's Tertiary Education Strategy.
Progress against the Government's goals for international education is reported each year.	100%	A report on progress achieved in 2008/09 was submitted in September 2009.
Analysis of and comment on the performance of the Tertiary Education Commission under its output agreement is provided to the Minister within 30 working days of receipt of reports.	100%	Achieved
<b>Development and Evaluation of Tertiary and International Policy</b>		
Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister for Tertiary Education and the Secretary for Education.	100%	Achieved
Assessed quality of a representative sample of the Ministry's policy advice to Education Ministers and Cabinet Committees as assessed against the Ministry's Criteria for Assessing Policy Papers.	> 7.5/10	The assessed quality of Ministry policy advice remains below our target range of above 7.5/10, with the result fairly static at around 5.5 - 6.0 over the year ending 30 June 2010. The Ministry will be considering further measures to lift the quality of policy advice to within the target.
Percentage of policy that is provided within the agreed timeframes.	100%	<p>Achieved</p> <p>All specified policy advice was provided within key timeframes.</p>

Performance Measures	Budget Standard	Actual Performance
<b>Provision of Tertiary and Other Information</b>		
Information will be delivered in accordance with documented terms of reference/ specifications for each publication, campaign, seminar, or other form of information.	100%	<p>Achieved</p> <ul style="list-style-type: none"> <li>▲ The Profile and Trends report was published in early November 2009.</li> <li>▲ The Student Loan Scheme Annual Report was published in early November 2009.</li> <li>▲ A monitoring report on the progress of the system against the goals of the Tertiary Education Strategy 2010- 2015 was released in July 2009.</li> <li>▲ The Ministry extended the range of data and information on tertiary education available to users via the internet.</li> <li>▲ The Ministry worked with the Tertiary Education Commission, Career Services Rapuara and New Zealand Qualifications Authority in the Information and Communications Technology Standing Committee and the Tertiary Information Governance Group to improve coordination of Information and Communications Technology planning and coordination across agencies.</li> <li>▲ The Ministry published 35 research and analysis reports on tertiary education during 2009/10 in support of the Tertiary Education Strategy 2010 - 2015. This included 11 reports on adult foundation learning.</li> <li>▲ There were two publications in support of the e-learning strategy with a third report currently being finalised.</li> <li>▲ An initial draft Leadership Statement for export education was provided to ministers in February with a further draft provided in June 2010.</li> </ul>
Tertiary scholarships are administered and awarded according to the criteria for each scheme.	100%	Achieved
<b>Support for International Education</b>		
The network of Education Counsellors is deployed as agreed by Government.	100%	The network was reconfigured to meet 25% savings target from Budget 2009.
Joint Working Group meetings are held as specified in bilateral agreements with other countries.	100%	A NZ – India Joint Working Group meeting was held in India in February 2010 and another with South Korea was held in Wellington in March 2010. The NZ – China Joint Working Group meeting was held in Shanghai in June 2010.
Number of international students covered by the Code of Practice for the Pastoral Care of International Students annually.	80,000 - 100,000	108,938 for the year.

Performance Measures	Budget Standard	Actual Performance
Pastoral care administered to the standards set out in the Ministry's Code of Practice for the Pastoral Care of International Students.	100%	A total of 99.8% of schools are compliant with the Code of Practice.  Two non-compliant schools were subject to intervention by the code office.
The Export Education Levy Fund is managed to deliver on its stated criteria.	Export Education Levy Annual Report	The Levy Fund was managed according to stated criteria as demonstrated by the Fund's audited Annual Report.
Achievement of quarterly programme milestones will be reported and discussed in regular meetings with Education New Zealand.	100%	Regular monthly meetings have been held with Education New Zealand. Quarterly monitoring reports were received from Education New Zealand and scrutinised by the Ministry.

#### Support for the Tertiary Minister

Ministerial services will be provided in the following ranges:

▲ Parliamentary questions and petitions.	100 - 150	46
▲ Select Committee examinations and inquiries	150 - 250	Three reports.  This figure is low because most tertiary education responses were not recorded separately until the allocation of the portfolio to a separate Minister in January 2010.
▲ Statutory information.	20 - 30	30
▲ General ministerial correspondence.	600 - 800	1,197
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 Correspondence Guidelines.	100%	92.5% of material provided was satisfactory to the Minister(s).
Responses and provision of information to the Minister for Tertiary Education and Parliament, and its committees, will be prepared to agreed timeframes.	95%	85.7% of material was supplied within the agreed timeframe.  Delays have been the result of a combination of: <ul style="list-style-type: none"> <li>▲ an increase in the standard of quality assurance required</li> <li>▲ shorter timeframes in which to provide responses requested (excluding those subject to statutory response times)</li> <li>▲ an increase in the number of urgent requests for information</li> <li>▲ an increase in the volume of requests over that of previous periods.</li> </ul>



## Cost of output expense: Strategic Leadership in the Tertiary System

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	15,074	15,074	15,072	15,848
Other	270	8	-	278
<b>Total revenue</b>	<b>15,344</b>	<b>15,082</b>	<b>15,072</b>	<b>16,126</b>
<b>Expenditure</b>				
Personnel	9,779			10,305
Operating	1,491			1,662
Depreciation	616			817
Capital charge	220			258
Other expenses	2,027			2,732
<b>Total expenditure</b>	<b>14,133</b>	<b>15,082</b>	<b>15,072</b>	<b>15,774</b>
Surplus/(deficit)	1,211	-	-	352

The decrease in appropriation for 2009/10 compared with 2008/09 is mainly owing to:

- ▲ a reduction in the number of Education Counsellors
- ▲ the ending of a feasibility study on employment outcomes of tertiary education
- ▲ a reduction in funding for general support functions.

Expenditure was below budget at 30 June owing to:

- ▲ lower than budgeted costs for pastoral care of international students
- ▲ lower than expected costs for foundation learning contracts.

## Support and Resources for Education Providers

### Portfolio Minister – Minister of Education

#### Scope of appropriation

Expenditure on policies, regulations and services focused on the governance, management and operation of education providers. This includes managing regulations, administering the distribution of resources, delivering services that support school management – including industrial relations and education payroll, and working with providers to resolve under performance.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
<b>Development and Evaluation of Provider Policy</b>		
Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education.	100%	Achieved
Assessed quality of a representative sample of the Ministry's policy advice to Education Ministers and Cabinet Committees as assessed against the Ministry's Criteria for Assessing Policy Papers.	> 7.5/10	The assessed quality of Ministry policy advice remains below the target range of above 7.5/10, with the result fairly static at around 5.5 - 6.0 over the year ending 30 June 2010. The Ministry will be considering further measures to lift the quality of policy advice to within the target.
Percentage of policy that is provided within the agreed timeframes.	100%	Achieved Where delays against initial timeframes occurred, delivery matched revised timeframes as agreed with the party concerned.
<b>Regulation of Providers</b>		
New enrolment schemes (state schools).	0 - 15	19
Supplementary integration agreements.	30 - 100	114 While the reason for the higher than usual number of supplementary integration agreements this year is not clear, it appears that the impact of the economic downturn on some private schools was a factor.
Integration of private schools.	0 - 10	Nil
New early childhood education services licensed.	200 - 300	247
Early childhood education services re-licensed.	300 - 400	480
Early childhood education centre licences reclassified from Provisional to Full.	100 - 200	42
Early childhood education providers are satisfied with Ministry licensing actions.	Feedback collected	89% of respondents were either satisfied or very satisfied with the overall quality of service delivery.
Provider licensing is completed to agreed timeframes.	100%	100%

Performance Measures	Budget Standard	Actual Performance
<b>Resourcing Education Providers</b>		
Percentage of education providers subject to resource allocation audits (including repeat audits and special reviews).	12% - 17%	14.3% of providers have had resource allocation audits.  This comprised 13.8% of early childhood education services and 15% of schools.
Resourcing payments, calculated and delivered accurately in respect of amounts, advised timeframes, providers or persons paid, statutory requirements and the numbers of returns and other information.	98%	Accuracy of calculation and delivery of resourcing payments have met the performance target based on the: ▲ number of errors in payments ▲ number of payments that miss cut-off.  99.8% of the payments were paid on time.  Funding was delivered to the correct provider in all cases. All statutory requirements were met and there were no returns.
Services are provided within the terms of the contracts.	95%	Achieved
All eligible students are delivered to school safely and on time by the contracted transport provider.	Information to be sought from service providers	Whenever delays have occurred, the transport providers have rectified those anomalies in compliance with their contractual obligations.  All transport providers have met their contractual obligations regarding vehicle and student safety.
<b>Provision of Services</b>		
Percentage of discretionary grants processed within the agreed timeframe.	95%	100% except for early childhood discretionary grants, which was 98.8%.
All school sector and kindergarten industrial relations services provided to all appropriate standards.	100%	Achieved
All eligible payees paid in each pay period (all actual permanent and temporary employees).	95%	Achieved  The number of payees per fortnightly payrolls for the year to date were: ▲ High – 92,561 payees ▲ Low – 58,030 payees ▲ Average – 84,903 payees.
Employees paid the correct amount each fortnight.	98%	Achieved ▲ High – 99.93% ▲ Low – 99.40% ▲ Average – 99.81%.
Payroll payments will be made on or before advised pay dates.	100%	Achieved
The Risk Management Scheme's content deed will be updated and available from the Ministry's website by 30 July each year.	100%	Achieved

Performance Measures	Budget Standard	Actual Performance
<b>At-Risk Provider Interventions</b>		
Where interventions are required, appropriate action under section 78 of the Education Act 1989 is taken.	100%	Achieved As at 30 June 2010, there were 106 statutory interventions in place in schools.
Interventions will occur in all cases where a high risk of poor performance is identified.	100%	Achieved In all cases where the Education Review Office has recommended an intervention, and the Ministry has concurred, an intervention has been put in place. In addition, the Ministry has initiated interventions at the request of a board.
Support for education outcomes is provided in clusters of schools where common achievement issues have been identified.	Initiated 2 - 5 Completed 1 - 3	Initiated – 1 Completed – 7
At-risk schools are provided with schooling improvement interventions to improve sufficiently for them to move off the intervention list.	20% of schools with interventions	12.3% Seven at-risk schools, which were also subject to schooling improvement projects, had interventions revoked during 2009/10.

#### Cost of output expense: Support and Resources for Education Providers

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	75,257	75,257	81,403	66,868
Other	1,826	2,001	1,473	1,362
<b>Total revenue</b>	<b>77,083</b>	<b>77,258</b>	<b>82,876</b>	<b>68,230</b>
<b>Expenditure</b>				
Personnel	32,294			29,561
Operating	7,348			7,610
Depreciation	4,596			3,643
Capital charge	1,329			1,319
Other expenses	28,291			22,374
<b>Total expenditure</b>	<b>73,858</b>	<b>77,258</b>	<b>82,876</b>	<b>64,507</b>
Surplus/(deficit)	3,225	-	-	3,723

## 2

The increase in appropriation for 2009/10 compared with 2008/09 is mainly owing to:

- ▲ ongoing work on replacement of the schools' payroll system
- ▲ reversal of a transfer to the School Property Portfolio Management output in 2008/09 only
- ▲ reversal of a contribution in 2008/09 only toward maintaining the capability of the Education Review Office
- ▲ a reduction in funding for general support functions
- ▲ reduced activity related to extension and implementation of earlier policy changes in the early childhood education sector.

The reduction in this appropriation during 2009/10 is mainly owing to:

- ▲ a transfer to 2010/11 as a result of delays in the schools' payroll project
- ▲ a transfer from departmental output Support and Resources for Teachers related to the long-term work programme, partly offset by a transfer to 2010/11 as a result of delays in the programme
- ▲ provision to boost participation in early childhood education.

Under-expenditure for the year mainly relates to delays for development of the schools' payroll system. This may result in further funding being transferred to 2010/11.

## Support and Resources for Teachers

### Portfolio Minister – Minister of Education

#### Scope of appropriation

Expenditure on policies and services focused on supporting the work and enhancing the capability of teachers. This includes providing curriculum and achievement standards, teaching resources and professional development, and administering scholarships and awards for existing teachers and principals.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
<b>Development and Evaluation of Teaching Policy</b>		
Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education.	100%	Achieved
Assessed quality of a representative sample of the Ministry's policy advice to Education Ministers and Cabinet Committees as assessed against the Ministry's Criteria for Assessing Policy Papers.	> 7.5/10	The assessed quality of Ministry policy advice remains below the target range of above 7.5/10, with the result fairly static at around 5.5 - 6.0 over the year ending 30 June 2010. The Ministry will be considering further measures to lift the quality of policy advice to within the target.
Percentage of policy that is provided within the agreed timeframes.	100%	Achieved  Where delays against initial timeframes occurred, delivery matched revised timeframes as agreed with the party concerned.
<b>Provision of Teaching and Learning Resources</b>		
Learning, teaching and assessment resources will be provided in print or online in both English and te reo Māori.	Printed: 146 - 164	152 English-medium, 61 Māori-medium.  The number of print publications produced in 2009/10 is higher than the metric because the actual figures reported are based on both English- and Māori-medium print-based resources, whereas the metric was based only on the former.
	Online: 18,000 - 20,000	As at 30 June 2010, there were 28,948 live items. Te Kete Ipurangi web channel is improving its cataloguing of live pages. This improvement will result in an increase in the number of pages accessible to the sector.
Teachers and early childhood education providers are satisfied with the level of support provided and the usefulness of resources.	Feedback collected	The Ministry has responded to feedback and made changes as appropriate.  Anecdotal feedback indicates general satisfaction with resources. Website statistics show increasing use and access to new information and new resources.
Parents and caregivers are satisfied with the provision of information about curriculum teaching and learning.	Feedback collected	The Ministry has responded to feedback and made changes as appropriate.

Performance Measures	Budget Standard	Actual Performance
Learning, teaching and assessment resources will be provided according to individually agreed deadlines.	100%	<p>Achieved</p> <p>Work is ongoing to align the National Standards with the current assessment tools and the curriculum levels. Information is being put on the site as soon as it is available.</p> <p>Since October 2009, more than 45 script scrutiny exercises have been undertaken. Where appropriate, these have been made available to teachers.</p>
<b>Provision of Services to Support Professional Leadership and Learning</b>		
Professional development resources are targeted at areas of Government priority.	There is a shift in resources to targeted areas	Professional development for the 2009 school year was focused on areas of Government priority. Contracts for the 2010 school year have been negotiated in line with decisions coming out of the Line-by-Line review and the move to a greater focus on a smaller number of Government priorities.
Contracts for professional development programmes and other resources will be managed according to the Ministry's Contracting Guidelines policy.	100%	Achieved
Teachers are satisfied with the professional development provided.	Feedback from providers	<p>Achieved with an exception in relation to National Standards professional development, as follows:</p> <ul style="list-style-type: none"> <li>▲ National Standards professional development has focused on the initial knowledge required to enable school leaders to implement National Standards. These workshops were generally well received.</li> <li>▲ Following the broad focus of the initial phase, the Ministry has provided more flexible and tailored professional learning and development to meet the needs of individual schools. The second phase of workshops is focused on overall teacher judgements, reporting and moderation. Both quantitative and qualitative feedback received indicates an improving level of satisfaction for workshop participants.</li> </ul>
<p>Scholarships and awards will be:</p> <ul style="list-style-type: none"> <li>▲ awarded in line with Government policies and published criteria</li> <li>▲ calculated accurately</li> <li>▲ paid to the correct payee and within the timeframes notified.</li> </ul>	98%	<p>Scholarships and awards were awarded in line with policies and criteria.</p> <p>98% of payments were calculated accurately.</p> <p>98% of awards were paid to the correct payee and within the timeframes notified.</p>

### Cost of output expense: Support and Resources for Teachers

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	59,682	61,182	59,742	65,093
Other	503	165	141	538
<b>Total revenue</b>	<b>60,185</b>	<b>61,347</b>	<b>59,883</b>	<b>65,631</b>
<b>Expenditure</b>				
Personnel	14,526			16,389
Operating	2,734			3,898
Depreciation	2,645			3,316
Capital charge	1,895			918
Other expenses	33,950			40,579
<b>Total expenditure</b>	<b>55,750</b>	<b>61,347</b>	<b>59,883</b>	<b>65,100</b>
Surplus/(deficit)	4,435	-	-	531

The decrease in appropriation for 2009/10 compared with 2008/09 is mainly owing to:

- ▲ the rationalising of resources and support for teachers and principals to focus on fewer support programmes
- ▲ a lower level of funding allocated to development of digital learning objects
- ▲ the reversal of funding allocated to the NetSafe initiative under the Digital Strategy 2.0 in 2008/09 only
- ▲ a contribution to the State Services Commission Identity Verification Service
- ▲ partly offset by additional funding for alignment of standards for National Certificate of Educational Achievement.

The increase for this appropriation during 2009/10 is mainly owing to:

- ▲ the extension of the National Education Network trial and support for broadband initiatives
- ▲ the bringing forward of some expenditure on development of assessment resources for the National Certificate of Educational Achievement
- ▲ a transfer to departmental output Support and Resources for Education Providers related to the long-term work programme
- ▲ delays on work developing assessment tools.

The underspend against budget for the year is mainly owing to:

- ▲ schools not signing up to the National Education Network as quickly as expected. This activity is expected to happen in the new financial year.
- ▲ delays with the digital opportunities programme while the focus has been on the broadband initiative.



## Support and Resources for the Community

### Portfolio Minister – Minister of Education

#### Scope of appropriation

Expenditure on policies and programmes focused on the community's knowledge of and participation in the education system. This includes engaging with, providing information and support to, and delivering education courses to, the community.

#### Output performance measures and standards

Performance Measures	Budget Standard	Actual Performance
<b>Development and Evaluation of Community Policy</b>		
Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education.	100%	Achieved
Assessed quality of a representative sample of the Ministry's policy advice to Education Ministers and Cabinet Committees as assessed against the Ministry's Criteria for Assessing Policy Papers.	> 7.5/10	The assessed quality of Ministry policy advice remains below the target range of above 7.5/10, with the result fairly static at around 5.5 - 6.0 over the year ending 30 June 2010. The Ministry will be considering further measures to lift the quality of policy advice to within the target.
Percentage of policy that is provided within the agreed timeframes.	100%	Achieved Where delays against initial timeframes occurred, delivery matched revised timeframes as agreed with the party concerned.
<b>Engagement and Provision of Information to the Community – Community Based</b>		
Community-based support programmes for parents, families and whānau are operating in communities that have been identified as priority by Government.	100%	<p>Agreed work programmes and relationships now exist with 45 iwi, with each at various stages of development. Ongoing management and support of these iwi relationships continue.</p> <p>Seven agreed work programmes continue research and evaluation into identifying effective approaches to engage whānau and iwi in education.</p> <p>There were also:</p> <ul style="list-style-type: none"> <li>▲ 543 hui to inform parents, families and whānau about early childhood education and/or schooling</li> <li>▲ 219 hui with whānau about literacy and numeracy</li> <li>▲ 387 hui with early childhood education services and schools about better education relationships between providers and parents, families and whānau.</li> </ul> <p>During 2009/10, other community-based support programmes have been undergoing changes to align with the implementation of National Standards. Delivery of these programmes during the year was reduced as a consequence.</p>

Performance Measures	Budget Standard	Actual Performance																		
Priority communities are satisfied with quality of engagement in community-based support programmes.	Feedback collected	<p>Anecdotal evidence demonstrates that those iwi and whānau engaged in research and evaluation investments are satisfied with the quality of engagement that the Ministry is undertaking with them.</p> <p>Feedback from iwi regarding engagement and shared work with the Ministry is positive.</p> <p>Surveys of participants at hui to improve education outcomes for learners through active engagement of their parents, families and whānau (March-June 2010) showed:</p> <ul style="list-style-type: none"> <li>▲ 72% felt knowledgeable and informed about early childhood education and their children's education</li> <li>▲ 68% felt more confident to ask questions about early childhood education and schooling and be more involved in their children's reading, writing and mathematics.</li> </ul>																		
<b>Engagement and Provision of Information to the Community – Target Groups</b>																				
Māori communities have access to advice and support for improving Māori achievement.	100%	<p>Investment continues in:</p> <ul style="list-style-type: none"> <li>▲ iwi relationships</li> <li>▲ Māori organisation relationships</li> <li>▲ research and evaluation initiatives to engage, support and provide appropriate information for whānau and iwi.</li> </ul>																		
Fono participants are satisfied with the information and engagement provided and the follow-up of key actions arising from the fono.	Feedback collected	<p>Fono participants were given the opportunity to evaluate the fono by rating structure, content, presentations and discussion sessions. Of the 430 participants, 161 evaluation forms were completed in the Northern Region and Central South Wellington.</p> <table> <tr> <th>%</th><th>Fono structure and content</th><th>Presentations and discussions</th></tr> <tr> <td>Excellent</td><td>39</td><td>44</td></tr> <tr> <td>Very good</td><td>33</td><td>38</td></tr> <tr> <td>Good</td><td>14</td><td>11</td></tr> <tr> <td>Satisfactory</td><td>11</td><td>4</td></tr> <tr> <td>Poor</td><td>3</td><td>3</td></tr> </table> <p>The majority of participants rated the fono structure and content highly and only three per cent rated it as unsatisfactory. The same results were reflected with presentations and discussions.</p>	%	Fono structure and content	Presentations and discussions	Excellent	39	44	Very good	33	38	Good	14	11	Satisfactory	11	4	Poor	3	3
%	Fono structure and content	Presentations and discussions																		
Excellent	39	44																		
Very good	33	38																		
Good	14	11																		
Satisfactory	11	4																		
Poor	3	3																		
Engagement with iwi groups is premised on, and guided by, the Iwi Relationships Framework.	100%	<p>The development of the Iwi Relationships Framework was influenced by ongoing engagement with iwi. Reciprocally the development of the framework helped define and refine the nature of our engagement with iwi.</p>																		

Performance Measures	Budget Standard	Actual Performance
Contracts for service and agreements between the Ministry and iwi align with Ka Hikitia – Managing for Success and meet the required contract management standards of the Ministry and the respective iwi.	100%	The Ministry is now actively engaged with 45 iwi. All work agreements established so far align with Ka Hikitia – Managing for Success and meet the Ministry's required standards for contract management.
<b>Provision of Services to the Community</b>		
Number of targeted interventions – Pasifika School Community Parent Liaison.	3 - 5 clusters	Three clusters until December 2009. Five clusters from February 2010.
Provision of professional development and support to licence-exempt groups.	750 - 900	806 for the 2009 schooling year. 821 for the financial year to 30 June 2010.
Training is provided through the Atawhaingia Te Pā Harakeke programme to:		All work planned through the Atawhaingia Te Pā Harakeke programme has been delivered as projected in the 2009/10 year. Training was provided to:
▲ provider groups	15 - 20	111 provider groups
▲ individuals	30 - 40	388 individuals
▲ regional forums	4	Four regional forums.  The Ministry embarked on an initiative to devolve the programme to those provider groups that had signalled their willingness and capability to deliver the programme to their own whānau, hapū and iwi.  The programme was delivered to four intensive training wānanga covering several regions across the country and hence gave rise to higher participation numbers.  This campaign was a one-off initiative aimed at reaching as many key providers within the regions as possible, who in turn are expected to spread delivery of the programme even further.
Families and whānau are satisfied with training and assistance provided.	Feedback collected	The Atawhaingia Te Pā Harakeke training programme continues to receive very positive feedback and the team has collected data on a number of successes and highlights of the programme.
Provider groups are satisfied with the Atawhaingia Te Pā Harakeke training programme.	Feedback collected	The Atawhaingia Te Pā Harakeke training programme continues to receive very positive feedback and the team has collected data on a number of successes and highlights of the programme.
Education and support programmes are provided within a timeframe to effectively address community needs.	Consistent with agreed timeframe	The Atawhaingia Te Pā Harakeke training programme has been delivered as per agreement within Taitokerau, Mataatua/Waiāriki and Tairāwhiti Provider Groups, who reflect, and give expression to, these particular community aspirations.

Cost of output expense: Support and Resources for the Community

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Revenue</b>				
From the Crown	11,842	14,342	14,343	18,082
Other	133	150	141	135
<b>Total revenue</b>	<b>11,975</b>	<b>14,492</b>	<b>14,484</b>	<b>18,217</b>
<b>Expenditure</b>				
Personnel	6,614			7,292
Operating	2,168			2,480
Depreciation	415			553
Capital charge	152			180
Other expenses	781			4,758
<b>Total expenditure</b>	<b>10,130</b>	<b>14,492</b>	<b>14,484</b>	<b>15,263</b>
Surplus/(deficit)	1,845	-	-	2,954

The decrease in appropriation for 2009/10 compared with 2008/09 is mainly owing to the full-year effect of achieving efficiencies in information campaigns, ie the Team-Up and Te Mana programmes.

Expenditure for the year was less than budgeted mainly owing to delays in programmes for parents, families and whānau, which have been undergoing changes to align with the implementation of National Standards.

## Financial statements and schedules – non-departmental for the year ended 30 June 2010

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Ministry manages under Vote Education on behalf of the Crown.

The Ministry administered \$9,287.9 million of non-departmental payments, \$115.7 million of non-departmental revenue and receipts, \$141.3 million of assets and \$449.5 million of liabilities on behalf of the Crown for the year ended 30 June 2010. Further details of the Ministry's management of these Crown assets and liabilities are provided in the Output Performance sections of this report (page 86).

### Statement of Expenditure and Appropriations for the year ended 30 June 2010

The Statement of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Ministry administers these appropriations on behalf of the Crown.

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Non-departmental output expenses</b>				
Centres of Research Excellence	34,559	34,562	34,562	35,295
Curriculum Support	65,721	67,575	65,588	70,073
Education Research Initiatives	3,130	3,130	3,230	3,230
Managing the Government's Investment in the Tertiary Education Sector	41,871	41,877	41,877	53,715
Ownership Monitoring of Tertiary Education Institutions	2,567	2,567	2,567	4,975
Professional Development and Support	95,372	99,089	104,319	101,411
Provision of Information and Advisory Services	22,064	22,999	22,739	24,130
Qualifications Support Structures	6,070	6,070	6,049	6,978
Quality Assurance	7,700	7,700	7,700	10,624
School Transport	158,763	157,754	156,893	150,910
Secondary School Examinations	23,760	23,760	23,760	23,760
Service Academies	360	360	-	-
Supporting Parenting	4,422	5,089	5,089	4,790
Tertiary and International Advisory Services	5,789	5,789	5,789	4,319
Tertiary Education and Training Policy Advice	5,737	5,737	5,737	8,021
Tertiary Education: Student Achievement Component	1,614,950	1,622,950	1,604,141	1,512,330
Training for Designated Groups	285,806	294,810	308,310	300,365
<b>Total non-departmental output expenses</b>	<b>2,378,641</b>	<b>2,401,818</b>	<b>2,398,350</b>	<b>2,314,926</b>

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Benefits and other unrequited expenses</b>				
Boarding Allowances and Bursaries	6,838	7,517	8,069	6,960
Fee Reimbursement Payments	-	-	-	55
Home Schooling Allowances	5,672	5,537	5,334	4,747
International Student Scholarship Scheme	3,077	3,050	3,100	3,694
Māori and Pacific Island Scholarships and Bursaries	876	1,052	1,052	735
Māpihi Pounamu	3,802	3,802	3,250	3,248
National Study Awards	20,462	26,378	26,378	20,884
Queen Elizabeth II Study Awards	100	100	100	100
Scholarships for Students to Attend Private Schools	1,003	1,213	-	-
Study Abroad Awards	1,771	1,840	1,790	2,194
Targeted Education and Training Grants	10	80	80	80
Teacher Trainee Scholarships	583	858	8,727	4,775
Tertiary Scholarships	16,763	21,119	21,119	25,287
Tertiary Teaching Awards	200	200	200	200
United World Scholarships	50	50	50	50
<b>Total benefits and other unrequited expenses</b>	<b>61,207</b>	<b>72,796</b>	<b>79,249</b>	<b>73,009</b>
<b>Non-departmental other expenses</b>				
Adult and Community Education	79,431	83,155	80,029	76,406
Early Childhood Education	1,166,112	1,156,621	1,105,642	1,011,387
Early Childhood Grants	13,842	13,844	14,459	14,032
Impairment of Loans to Tertiary Education Institutions	-	-	-	36
Integrated Schools Property	46,557	46,907	44,378	72,574
Interest Subsidy for Schools	296	393	574	565
New Zealand Teachers Council	178	178	178	178
Primary Education	2,547,694	2,551,651	2,494,446	2,388,084
Remission of Fees	1,288	1,288	1,288	1,288
School Transport	892	892	952	951
Schooling Improvement	10,627	13,572	13,572	11,108
Secondary Education	1,896,229	1,907,026	1,867,613	1,802,078
Special Needs Support	297,406	302,869	294,550	289,640
Tertiary Education Grants and Other Funding	60,033	65,569	67,584	66,258

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
Tertiary Education Organisation Component – Capability Fund	418,103	421,686	419,710	397,940
Tertiary Education Organisation Component – Performance-Based Research Fund	244,294	244,294	241,859	236,114
UNESCO	2,033	2,153	2,083	1,760
University of Auckland Starpath Project	-	-	1,750	-
<b>Total non-departmental other expenses</b>	<b>6,785,015</b>	<b>6,812,098</b>	<b>6,650,667</b>	<b>6,370,399</b>

#### Non-departmental capital expenditure

Auckland University of Technology Campus Developments	-	-	-	37,000
College of Education Mergers	5,000	5,000	5,000	-
Institutes of Technology and Polytechnics Distinctive Contributions	2,600	5,100	4,500	1,700
Investment in Te Wānanga o Aotearoa	5,000	5,000	5,000	5,000
National Assessment Tool for Adult Literacy, Numeracy and Language	600	600	600	1,600
National Centre of Excellence in Wood Processing	1,000	1,000	-	-
National Institute of Innovation in ICT	-	-	-	3,700
Nelson Marlborough Institute of Technology Visual Arts and Media Block	8,132	8,132	3,132	-
NorthTec Financial Assistance	-	-	-	5,001
NorthTec Future Trades Investment	-	-	-	3,500
NZQA Technology	200	200	200	2,340
Property Disposal Incentives Scheme	3,777	5,303	5,700	3,300
Quality Reinvestment Programme	3,328	3,328	3,328	14,118
Redevelopment of Whitireia Community Polytechnic Porirua Campus	-	-	1,080	-
School Support Project	-	1,880	1,880	1,640
Schools Furniture and Equipment	24,603	24,603	23,903	18,640
Te Wānanga o Raukawa	-	-	-	50,649
UCOL Whanganui Campus Redevelopment	-	-	1,800	1,000
University of Auckland Institute for Innovation in Biotechnology	3,000	3,000	2,000	6,000
Wānanga and Institutes of Technology and Polytechnics Infrastructure Fund	1,683	1,688	1,888	3,494

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
WelTec Financial Assistance	4,150	4,150	4,150	-
Western Institute of Technology at Taranaki	-	-	4,000	-
Western Institute of Technology at Taranaki – Financial Assistance	-	-	-	17,618
<b>Total non-departmental capital expenditure</b>	<b>63,073</b>	<b>68,984</b>	<b>68,161</b>	<b>176,300</b>
Non-departmental expenditure and appropriations Vote Education	<b>9,287,936</b>	<b>9,355,696</b>	<b>9,196,427</b>	<b>8,934,634</b>

(All figures are GST exclusive where applicable)

For full details of the appropriations that were exceeded refer to the Statement of Unappropriated Expenditure (page 123).

Reasons for significant variances from the Supplementary Estimates included:

#### Output expenses

- ▲ *Curriculum Support* – (\$1.854 million decrease) mainly due to winding down some programmes that will not continue next year, including Network Innovation and Collaboration and Developing Effective Schools, and lower than expected demand and delays for other programmes
- ▲ *Professional Development and Support* – (\$3.717 million decrease) mainly due to a combination of lower than expected demand, contract changes, delays arising from changes to improve value for money and revised priorities across several programmes
- ▲ *School Transport* – (\$1.009 million increase) mainly due to increased road user charges as part of school transport contract funding
- ▲ *Supporting Parenting* – (\$0.667 million decrease) due to projects not progressing as anticipated, some funding not being required and some projects finishing earlier than expected
- ▲ *Tertiary Education: Student Achievement Component* – (\$8.000 million decrease) due to funding set aside to manage enrolments across 2010 in response to a reduction in the baseline not being needed after the baseline was restored in Budget 2010
- ▲ *Training for Designated Groups* – (\$9.004 million decrease) mainly due to lower demand for some funds as a result of reduced levels of employment related to current economic conditions and schools recruiting fewer trainees for Gateway programmes than expected.

#### Benefit expenses

- ▲ *Māori and Pacific Island Scholarships and Bursaries* – (\$0.176 million decrease) due to lower than expected demand for scholarships
- ▲ *National Study Awards* – (\$5.916 million decrease) mainly due to large numbers of teachers and principals deferring study to the next financial year and a change in timing for Early Childhood Incentive and Transition grants so there was only one round of applications for the year
- ▲ *Scholarships for Students to Attend Private Schools* – (\$0.210 million decrease) due to fewer than expected students in the programme as a result of unforeseen cancellations
- ▲ *Targeted Education and Training Grants* – (\$0.070 million decrease) due to lower than expected demand
- ▲ *Teacher Trainee Scholarships* – (\$0.275 million decrease) due to recipients making claims later than expected
- ▲ *Tertiary Scholarships* – (\$4.356 million decrease) mainly due to fewer than expected eligible recipients and medical school graduates as well as scholars completing their research later than expected.

#### Other expenses

- ▲ *Adult and Community Education* – (\$3.724 million decrease) mainly due to slower than anticipated take-up of literacy and numeracy programmes by wānanga and lower demand for Intensive Numeracy and Literacy funds due to providers achieving fewer enrolments than expected
- ▲ *Early Childhood Education* – (\$9.491 million increase) mainly due to more services than expected moving to higher and more expensive funding bands and a higher number of funded child hours



- ▲ *Interest Subsidy for Schools* – (\$0.097 million decrease) due to lower than expected average interest rates
- ▲ *Primary Education* – (\$3.957 million decrease) mainly due to savings in operations funding under Extending High Standards, school reviews and relief initiatives, partly offset by higher than expected salaries expenditure
- ▲ *Schooling Improvement* – (\$2.945 million decrease) due to tighter criteria for funding to improve value for money and equity, and delays with new projects as a result of the focus on National Standards
- ▲ *Secondary Education* – (\$10.797 million decrease) mainly due to savings in operations funding under Extending High Standards and relief initiatives, partly offset by higher than expected salaries expenditure
- ▲ *Special Needs Support* – (\$5.463 million decrease) mainly due to lower than expected salary allocations and delays with implementing the Positive Behaviour for Learning Action Plan
- ▲ *Tertiary Education Grants and Other Funding* – (\$5.536 million decrease) mainly due to lower than expected depreciation on Crown tertiary assets
- ▲ *Tertiary Education Organisation Component – Capability Fund* – (\$3.583 million decrease) due to lower than expected equity funding and base investment payments.

### Capital expenditure

- ▲ *Institutes of Technology and Polytechnics Distinctive Contributions* – (\$2.500 million decrease) due to a change in timing for some projects. The balance of expenditure on a benchmarking tool is now expected to take place in 2010/11 and 2011/12.
- ▲ *Property Disposal Incentives Scheme* – (\$1.526 million decrease) due to fewer than expected sales of surplus properties requiring payment of incentives to schools
- ▲ *School Support Project* – (\$1.880 million decrease) due to schools not requiring this financial assistance during the year.

Further details on services provided under output expense appropriations Curriculum Support, School Transport, Supporting Parenting, and Tertiary and International Advisory Services can be found in the “Report in Relation to Selected non-departmental appropriations 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 2009/10 refer to Changes to non-departmental appropriations (page 129).

## Schedule of Expenses for the year ended 30 June 2010

The Schedule of Expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Expenditure and Appropriations (page 114).

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
Non-departmental output expenses	2,378,641	2,401,818	2,398,350	2,314,926
Benefits and other unrequited expenses	61,207	72,796	79,249	73,009
Non-departmental other expenses	6,785,015	6,812,098	6,650,667	6,370,399
Non-departmental capital expenditure	28,380	31,786	31,483	22,296
Teacher sick leave adjustment	(2,662)	-	-	31
Foreign exchange gains/(losses)	(176)	-	-	330
<b>Non-departmental expenses: Vote Education</b>	<b>9,250,405</b>	<b>9,318,498</b>	<b>9,159,749</b>	<b>8,780,991</b>

The capital expenditure recorded in the Schedule of Expenses above (\$28.380 million) comprises the Property Disposal Incentives Scheme, Schools Furniture and Equipment, and part of the School Support Project appropriations. The remaining capital contributions in the Statement of Expenditure and Appropriations (\$34.693 million) are treated as investments.

## Statement of Revenue and Receipts for the year ended 30 June 2010

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.

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
<b>Operational revenue</b>				
Charter fees early childhood education	-	-	30	26
Crown entity recoveries	45,198	42,419	-	9,979
Export education levies	3,019	3,521	3,521	3,097
Miscellaneous receipts	1,734	650	350	1,566
Overseas students' fees	6,102	5,432	5,432	6,116
Payroll receipts	-	25	25	-
Roll audit and staffing recoveries	1,101	110	110	421
State Sector Retirement Savings Scheme recoveries	55,179	59,302	54,554	50,855
<b>Total operational revenue</b>	<b>112,333</b>	<b>111,459</b>	<b>64,022</b>	<b>72,060</b>
<b>Interest</b>				
Tertiary investments interest	46	122	122	1,674
<b>Total interest</b>	<b>46</b>	<b>122</b>	<b>122</b>	<b>1,674</b>
<b>Total current non-tax revenue</b>	<b>112,379</b>	<b>111,581</b>	<b>64,144</b>	<b>73,734</b>
<b>Capital revenue</b>				
Asset sales	2,338	-	1,080	569
Tertiary investments repayments	1,000	-	-	22,621
<b>Total capital revenue</b>	<b>3,338</b>	<b>-</b>	<b>1,080</b>	<b>23,190</b>
<b>Total revenue and receipts</b>	<b>115,717</b>	<b>111,581</b>	<b>65,224</b>	<b>96,924</b>

(All figures are GST exclusive where applicable)

## Schedule of Assets for the year ended 30 June 2010

The Statement of Assets summarises the assets that the Ministry administers on behalf of the Crown.

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
Cash and bank balances	95,116	40,730	90,623	39,416
Accounts receivable	15,524	32,182	32,009	32,836
Prepayments	14,639	7,556	12,440	12,297
Physical assets <sup>20</sup>	16,000	15,600	15,600	16,000
<b>Non-departmental assets: Vote Education</b>	<b>141,279</b>	<b>96,068</b>	<b>150,672</b>	<b>100,549</b>

In addition, the Ministry monitors several Crown entities. These are the Career Services Rapuara, the New Zealand Qualifications Authority, New Zealand Teachers Council and Tertiary Education Commission.

Other Crown entities include State schools, universities, polytechnics and wānanga.

The investment in these entities is recorded in the financial statements of the Government on a line-by-line basis or equity basis for tertiary education institutions. No disclosure is made in this schedule, although investments are initially disclosed as capital expenditure in the Statement of Expenditure and Appropriations.

## Schedule of Liabilities for the year ended 30 June 2010

The Schedule of Liabilities summarises the liabilities that the Ministry administers on behalf of the Crown.

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Actual	Supplementary Estimates	Budget	Actual
	\$000	\$000	\$000	\$000
Accounts payable	145,291	133,000	93,276	133,980
Accruals and provisions	160,812	128,717	131,954	149,812
Provision for teacher entitlements	143,374	144,538	156,738	160,229
<b>Non-departmental liabilities: Vote Education</b>	<b>449,477</b>	<b>406,255</b>	<b>381,968</b>	<b>444,021</b>

<sup>20</sup> Physical assets include the former Central Institute of Technology campus at Heretaunga.

## 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.

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
<b>Curriculum development projects:</b>		
▲ Not later than one year	109,835	83,474
▲ Later than one year and not later than two years	42,599	42,081
▲ Later than two years and not later than five years	13,403	7,050
UNESCO	2,083	2,083
Property maintenance	252	1,333
<b>School bus contracts:</b>		
▲ Not later than one year	92,650	143,584
▲ Later than one year and not later than two years	82,000	110,539
▲ Later than two years and not later than five years	246,000	257,260
▲ Not later than five years	41,000	41,952
<b>Total commitments</b>	<b>629,822</b>	<b>689,356</b>

### School bus contracts

The Crown has a number of non-cancellable multi-year contracts with bus operators and other transport providers for transporting students to and from school. Most daily and technology route contracts expire at the end of December 2014. Most special education contracts expire at the end of December 2010.

## Statement of Contingent Liabilities

The Statement of Contingent Liabilities discloses situations that exist at 30 June 2010, 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.

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
<b>Legal proceedings:</b>		
Personal grievance claims	3,562	3,360
Negligence	-	60
Claims related to Treaty of Waitangi issues	265	9,000
<b>Total contingent liabilities</b>	<b>3,827</b>	<b>12,420</b>

### Personal grievance claims

Personal grievances relate to historic abuse claims.

### Claims related to Treaty of Waitangi issues

Claims related to Treaty of Waitangi issues concern appropriate levels of funding to support the establishment of wānanga.

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

### Statement of Contingent Assets

The Statement of Contingent Assets discloses situations that exist at 30 June 2010, the ultimate outcome of which will be confirmed only on the non-occurrence of one or more future events after the date of approval of the financial statements.

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Suspensory loans – private and integrated schools	61,019	69,054
<b>Total contingent assets</b>	<b>61,019</b>	<b>69,054</b>

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 1/07/2009	Contribution	Distribution	Revenue	Expenses	As at 30/06/2010
	\$000	\$000	\$000	\$000	\$000	\$000
Export Education Levy	2,648	-	-	3,383	(3,547)	2,484
UNESCO ASPAC Conference	2	-	-	-	-	2
<b>Total trust monies</b>	<b>2,650</b>	<b>-</b>	<b>-</b>	<b>3,383</b>	<b>(3,547)</b>	<b>2,486</b>

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 and 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 the following expenses were incurred in excess of appropriation for the year ended 30 June 2010 by \$10.662 million (\$0.892 million for the year ended 30 June 2009).

	30/06/2010	30/06/2010	30/06/2010	30/06/2009
	Expenditure	Appropriation	Unappropriated expenditure	Unappropriated expenditure
	\$000	\$000	\$000	\$000
<b>Non-departmental output expenses:</b>				
School Transport	158,763	157,754	1,009	892
Over-expenditure is mainly due to provision for increased road user charges as part of school transport contract funding.				
Approval for this unappropriated expenditure has been sought under section 26C of the Public Finance Act.				
<b>Benefits and other unrequited expenses:</b>				
Home Schooling Allowances	5,672	5,537	135	-
Over-expenditure is due to increasing rolls at Te Aho o Te Kura Pounamu - the Correspondence School, leading to a higher than expected number of payments to supervisors of these children.				
Approval for this unappropriated expenditure has been sought under section 26C of the Public Finance Act.				
International Student Scholarships	3,077	3,050	27	-
Over-expenditure is due to demand for these scholarships being higher than anticipated mainly through higher retention of scholarship recipients than experienced in previous years.				
Approval for this unappropriated expenditure has been sought under section 26C of the Public Finance Act.				
<b>Non-departmental other expenses:</b>				
Early Childhood Education	1,166,112	1,156,621	9,491	-
Over-expenditure is mainly owing to services moving to higher and more expensive funding bands, and a higher number of funded child hours. This has been partly offset by lower expenditure on smaller components, in particular Limited Attendance Centres and Te Aho o Te Kura Pounamu - the Correspondence School.				
Approval for this unappropriated expenditure has been sought under section 26C of the Public Finance Act.				
<b>Total unappropriated expenditure</b>	<b>1,333,624</b>	<b>1,322,962</b>	<b>10,662</b>	<b>892</b>

## Notes to the non-departmental financial statements

### 1 Statement of accounting policies for the year ended 30 June 2010

#### **Reporting entity**

These non-departmental schedules and statements present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

#### **Accounting policies**

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

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

The following particular accounting policies have been applied:

#### **Budget figures**

The budgeted figures for the year ended 30 June 2010 are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

#### **Foreign exchange**

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the schedule of non-departmental income or expenses.

#### **Revenue**

Revenue is recognised when it is earned or received.

#### **Grant expenditure**

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry or entity administering the grant has no obligation to award on receipt of the grant application and are recognised as expenditure when approved and the approval has been communicated to the applicant. Approvals are determined by the Minister, the board of the administering entity, a specifically convened panel or committee or a delegated official.

#### **Goods and Services Tax**

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the government financial statements.

#### **Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the

debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of a doubtful debts provision, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectible, it is written off against the doubtful debts provision. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).

### ***Property, plant and equipment***

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$2,500. The value of an individual asset that is less than \$2,500 and is part of a group of similar assets is capitalised.

### ***Additions***

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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.

### ***Disposals***

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in net surplus or deficit. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

### ***Subsequent costs***

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

### ***Depreciation***

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Useful lives are:	Years
Buildings	50

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

### ***Revaluation***

Land and buildings 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 asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

### ***Accounting for revaluations***

The Crown accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the net surplus or deficit.



Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in net surplus or deficit will be recognised first in net surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

## 2 Debtors and other receivables

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Accrued revenue	5,967	16,122
Less provision for doubtful debts	(1,646)	(1,697)
Other receivables	9,264	17,524
<b>Total debtors and other receivables</b>	<b>13,585</b>	<b>31,949</b>
<b>Represented by:</b>		
Current	3,985	19,649
Non-current	9,600	12,300

The carrying value of accrued revenue and other receivables approximates their fair value.

As at 30 June 2009 and 2010, all debtors and other receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2009		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	2,030	-	2,030	753	-	753
Past due 1 - 90 days	447	-	447	12,981	-	12,981
Past due 90 - 180 days	396	40	356	104	50	54
Past due 180 - 360 days	1,063	288	775	413	298	115
Past due > 360 days	2,031	1,318	713	1,871	1,349	522
<b>Total</b>	<b>5,967</b>	<b>1,646</b>	<b>4,321</b>	<b>16,122</b>	<b>1,697</b>	<b>14,425</b>

The provision for impairment has been calculated based on expected losses for the Crown's pool of debtors.

Expected losses have been determined based on an analysis of the Crown's losses in previous periods, and review of specific debtors.

Movements in the provision for doubtful debts are as follows:

	30/06/2010	30/06/2009
	Actual	Actual
	\$000	\$000
Balance at 1 July	1,697	1,490
Increase/(release) of provisions during the year	(51)	207
Receivables written off during period	-	-
<b>Balance at 30 June</b>	<b>1,646</b>	<b>1,697</b>

### 3 Creditors and other payables

	30/06/2009	30/06/2008
	Actual	Actual
	\$000	\$000
Creditors	145,291	133,980
Accrued expenses	160,812	149,812
<b>Total creditors and other payables</b>	<b>306,103</b>	<b>283,792</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of creditors and other payables approximates their fair value.

### 4 Related party transactions

The Ministry enters into numerous non-departmental transactions with Crown entities and State-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship and are on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

During the year the Crown purchased services from the following related parties:

- ▲ Te Rūnanga O Ngāti Porou. A Deputy Secretary's brother is the Deputy Chairman. These services cost \$332,159 (2009: \$471,446) and were supplied on normal commercial terms. There was a balance of \$242,606 (2009: \$19,406) outstanding at year end.
- ▲ Gardiner & Parata. A Deputy Secretary's brother-in-law and sister own the company. No services were purchased in 2010 (2009: \$540,175). No balance was outstanding at year end (2009: \$nil).
- ▲ Te Matatini Society. A Deputy Secretary's brother is the Chairman. These services cost \$56,250 (2009: \$nil) and were supplied on normal commercial terms. No balance was outstanding at year end.
- ▲ Evaluation Associates. A senior manager's partner is a director and major shareholder in Evaluation Associates. These services cost \$1,051,706 (2009: \$681,125) and were supplied on normal commercial terms. There is a balance of \$201,339 (2009: \$243,750) outstanding at year end.
- ▲ Educational Leadership Project Ltd. A senior manager's sister-in-law is a director of this company. These services cost \$802,120 (2009: \$804,691) and were supplied on normal commercial terms. No balance was outstanding at year end (2009: \$130,724).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### 5 School Contents Risk Management Scheme

The Ministry's Risk Management Scheme for Schools provides protection both for school contents (Board of Trustees property) and for legal liability issues (including public liability). The Scheme was set up in the early 1990s in response to the private insurance market deeming some schools to be an unattractive risk, which resulted in a number of schools being uninsurable. Due to the continued high risk level of some schools, the Ministry has chosen to retain the Scheme as an alternative option for State and State integrated schools to the private insurance market.

The cost of membership to the Scheme is based on a school's risk management funding allowance in its operations grant. This per student cost per annum is levied according to a school's roll and deductions are made quarterly.

The Ministry acts as insurer for contents insurance in schools, and contracts the services of McLarens Young International for loss adjustment of contents claims. Cover is described by a 'Deed' for school contents and the Education (Risk Management Scheme) Regulations 2003 and includes replacement value of contents, refrigerated property, earthquake, subsidence, self-ignition, works of art and money. Excess begins at \$500, increasing to a maximum of \$1,500. Liability insurance is provided by Lumley General Insurance through the Scheme's contracted insurance broker, Jardine Lloyd Thompson Ltd, and includes public liability, punitive and exemplary damages, trustees' cover, employers' liability, statutory liability, fidelity guarantee, legal expenses and specific cover for principals and international students.

The effective date of the calculation in the actuarial report was 30 June 2006. The data in the model has been updated by the Ministry for 30 June 2010.

The actuary who developed the model was Peter Cosseboom, FIA FNZSA, Fellow of the New Zealand Society of Actuaries.

The actuary was satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability for the Scheme.

The key assumptions used by the actuary in determining the outstanding claims liability were:

- ▲ The incurred-but-not-reported reserve was calculated as the claim rate times the average delay times the average claims cost
- ▲ The average claims cost was calculated on an ongoing basis; at 30 June 2010 this was \$4,353. The average claim rate was 0.416 claims per day and the average delay was 29 days.
- ▲ The outstanding claims reserve at 30 June 2010 was calculated by the Ministry by individual case estimates (ie, the cost of each claim is individually assessed).

For the incurred-but-not-reported reserve, slightly conservative assumptions were used relating to the components of the incurred-but-not-reported reserve (ie, claim rate, average cost, and average delay). In total this gave a margin over the central estimate of approximately three to five per cent. Given the relative size of the incurred-but-not-reported reserve, this was considered adequate for the purpose of a risk margin.

There were no qualifications contained in the actuarial report.

The methodology used in determining the liability was taking the outstanding claims liability for existing claims as the total claims estimate. An incurred-but-not-reported reserve was calculated based on the experience of the portfolio.

There was no discounting or inflation rates applicable to claim payments assumed due to the short-term nature of the claims run-off.

The claims expenses were included in the claims estimate. No additional allowance was deemed necessary.

As individual claim estimates were used, the pattern of claims run-offs was not needed.

There were no other significant assumptions for the methodology used.

	30/06/2010 Actual \$000	30/06/2010 Actual \$000	30/06/2009 Actual \$000
Opening claims liability		894	117
Plus premiums received	2,315		1,381
(Less) re-insurance premiums paid	(1,326)		(1,334)
(Less) claims paid	(1,216)		(784)
Plus/(less) claims liability adjustment from valuation	(363)		1,514
<b>Insurance profit/(loss)</b>		<b>(590)</b>	<b>777</b>
<b>Closing claims liability</b>		<b>304</b>	<b>894</b>

## Changes to non-departmental appropriations

Non-departmental appropriations for 2009/10 increased by \$159.3 million (GST exclusive) (refer table on pages 131 to 133). The major reasons for the increase were:

### Cabinet and other decisions

Specific government decisions resulted in a \$26.9 million increase to appropriations. The major changes included:

- ▲ increased funding for additional equivalent full-time students in Youth Guarantee programmes (\$13.2 million)
- ▲ increased early childhood education funding rates (\$6.8 million)
- ▲ increased funding for KiwiSport – to increase young people's participation in sport (\$6.8 million)
- ▲ implementing Service Academies and progressing trade academies (\$1.5 million)
- ▲ implementation of the Positive Behaviour for Learning Action Plan (\$1.4 million)
- ▲ establishment of scholarships for secondary students from low-income families to attend private schools.

### Revised forecasts and other changes in demand

Revised forecasts and demand changes resulted in a \$143.0 million increase in appropriations. Significant forecast changes during the year included:

- ▲ increased costs for school transport services mainly owing to:
  - ▲ higher than expected transport assistance costs for students with special education needs (\$4.6 million increase)
  - ▲ higher costs for Directly Resourced Services, including a flow-on effect from the 2008 national school bus tender round and index-based adjustments and provision for additional services (\$4.1 million increase)
  - ▲ a reduction for Daily Service contract rates based on negative movements in the indices that determine rate changes (\$7.7 million decrease).
- ▲ increased costs of early childhood education mainly owing to:
  - ▲ more child hours than expected funded at higher funding rates, including kindergartens moving more quickly from providing sessional to all-day services (\$44.4 million increase)
  - ▲ more provisionally registered teachers receiving a support grant than expected (\$3.1 million increase)
  - ▲ a slight reduction in the number of hours of early childhood education (\$3.8 million decrease).
- ▲ an increase in maintenance funding for proprietors of integrated schools arising from the revaluation of school sector property at the end of June 2008 (\$2.9 million)
- ▲ increased costs of schooling across Primary Education, Secondary Education and Special Needs Support appropriations mainly owing to:
  - ▲ higher than expected numbers of full-time teacher equivalents, because of higher usage of entitlements and provisional rolls based on March roll data and increased retention in the senior secondary school sector (\$58.1 million increase)
  - ▲ higher than expected rates largely owing to the impact of extra salary units as per the Primary Teachers' Collective Agreement (\$24.4 million increase)
  - ▲ increased energy costs in schools (\$5.3 million increase)
  - ▲ higher than expected growth in enrolments at Te Aho o Te Kura Pounamu - the Correspondence School (\$5.0 million increase).

### Fiscally neutral adjustments

Major fiscally neutral adjustments between non-departmental appropriations for the year related to:

- ▲ a transfer from non-departmental other expense Tertiary Education Organisation Component – Capability Fund to non-departmental output Tertiary Education: Student Achievement Component as part of a wānanga response to job summit and enrolment pressures (\$5 million)
- ▲ transfers from non-departmental output Professional Development and Support to Curriculum Support to merge the Laptops for Teachers and Laptops for Principals programmes and to support the Gifted Education programme (\$3.0 million and \$0.6 million respectively)
- ▲ a transfer from non-departmental other expense Secondary Education to Primary Education to allow the rollout of the electronic enrolment system and to non-departmental output Curriculum Support to increase funding for the Non-Enrolled Truancy Service (\$1.4 million)
- ▲ a transfer from benefit expense Boarding Allowances and Bursaries to alleviate funding pressures in Māpihi Pounamu (\$0.6 million)
- ▲ transfer of Centre for Refugee Education funding from non-departmental other expense Adult and Community Education to Secondary Education (\$0.4 million)

- ▲ transfer of adult literacy projects from non-departmental other expense Tertiary Education Grants and Other Funding to Adult and Community Education – Foundation Learning Pool (\$2.3 million)
- ▲ transfers between non-departmental other expenses Primary Education, Secondary Education and Special Needs Support resulting in increases to:
  - ▲ Special Needs Support for extension of the Ongoing and Reviewable Resourcing Schemes (\$4.0 million)
  - ▲ Secondary Education for Te Aho o Te Kura Pounamu - the Correspondence School funding (\$1.7 million)
  - ▲ Secondary Education for private schools funding (\$1.3 million)
  - ▲ Secondary Education for revised salary allocations (\$1.8 million).
- ▲ transfers from non-departmental capital expenditure appropriations Wānanga and Institutes of Technology and Polytechnics Infrastructure Fund and Institutes of Technology and Polytechnics Distinctive Contributions to top up funding for the University of Auckland Institute for Innovation in Biotechnology (\$1 million).

### Expense and capital transfers

Transfers between financial years (from 2008/09 to 2009/10 and from 2009/10 to 2010/11 and subsequent years) resulted in a net increase of \$12.7 million. Significant transfers included:

- ▲ provision for reallocation of unspent funding under tertiary sector investment plans reflecting changes in timing for some programmes (\$11.5 million)
- ▲ delays in development of the Raise Māori Learners' Achievement programme (\$2.4 million)
- ▲ timing changes related to a wānanga response to job summit and enrolment pressures (\$1.5 million)
- ▲ a transfer of funding from 2008/09 for the Foundation Learning and Workplace Literacy Pools (\$1.3 million)
- ▲ delays in the University of Auckland Starpath Project (\$1.7 million)
- ▲ capital funding for tertiary institutions, mainly owing to:
  - ▲ a transfer of unspent funding from 2008/09 owing to delays for Institutes of Technology and Polytechnics Distinctive Contributions (\$1.4 million)
  - ▲ a transfer from the previous year for the National Centre of Excellence in Wood Processing owing to delays in the programme (\$1 million)
  - ▲ a transfer of unspent funding from the previous year for Nelson Marlborough Institute of Technology Visual Arts and Media Block (\$5 million)
  - ▲ a transfer to 2010/11 for the Property Disposal Incentives Scheme owing to changes in the expected timing of property sales (\$0.4 million)
  - ▲ carry forward to 2010/11 for the Redevelopment of Whitireia Community Polytechnic Porirua Campus owing to a delay in the sale of property that will offset the planned capital injection (\$1.1 million).

### Other adjustments

Other adjustments resulted in a decrease of \$23.4 million. These changes mainly included:

- ▲ lower than expected uptake of places in the Industry Training Fund and the Modern Apprenticeships programme (\$13.5 million)
- ▲ transfers to Vote Social Development to enable StudyLink to continue to make scholarship payments to recipients and providers (\$4.5 million)
- ▲ savings owing to lower than expected demand in other programmes (\$3.3 million)
- ▲ return of funding to the Crown where it was no longer required – Western Institute of Technology at Taranaki (\$4 million) and UCOL Whanganui Campus Redevelopment (\$1.8 million)
- ▲ a transfer from departmental output expense Interventions for Target Student Groups for interim response fund for disruptive students and additional therapy for some high needs students (\$2.7 million)
- ▲ funding for the School Network Upgrade Programme (\$0.7 million) transferred from Ministry capital.

Part two  
Our performance

Non-Departmental Appropriations 2009/10	Budget 2009 \$000	Cabinet & Ministerial Decisions \$000	Demand Changes \$000	Transfers Between Years \$000	Fiscally Neutral Adjustments \$000	Other Changes \$000	Total \$000
<b>Non-departmental output expenses</b>							
Centres of Research Excellence	34,562	-	-	-	-	-	34,562
Curriculum Support	65,588	(2,630)	(5)	-	4,322	300	67,575
Education Research Initiatives	3,230	-	-	-	-	(100)	3,130
Managing the Government's Investment in the Tertiary Education Sector	41,877	-	-	-	-	-	41,877
Ownership Monitoring of Tertiary Education Institutions	2,567	-	-	-	-	-	2,567
Professional Development and Support	104,319	571	-	(2,394)	(3,407)	-	99,089
Provision of Information and Advisory Services	22,739	260	-	-	-	-	22,999
Qualifications Support Structures	6,049	-	-	-	-	21	6,070
Quality Assurance	7,700	-	-	-	-	-	7,700
School Transport	156,893	-	861	-	-	-	157,754
Secondary School Examinations	23,760	-	-	-	-	-	23,760
Service Academies	-	360	-	-	-	-	360
Supporting Parenting	5,089	-	-	-	-	-	5,089
Tertiary and International Advisory Services	5,789	-	-	-	-	-	5,789
Tertiary Education and Training Policy Advice	5,737	-	-	-	-	-	5,737
Tertiary Education: Student Achievement Component	1,604,141	11,371	-	2,438	5,000	-	1,622,950
Training for Designated Groups	308,310	-	-	-	-	(13,500)	294,810
<b>Total non-departmental output expenses</b>	<b>2,398,350</b>	<b>9,932</b>	<b>856</b>	<b>44</b>	<b>5,915</b>	<b>(13,279)</b>	<b>2,401,818</b>
<b>Benefits and other unrequited expenses</b>							
Boarding Allowances and Bursaries	8,069	-	-	-	(552)	-	7,517
Home Schooling Allowances	5,334	-	203	-	-	-	5,537
International Student Scholarship Scheme	3,100	-	-	-	(50)	-	3,050
Māori and Pacific Island Scholarships and Bursaries	1,052	-	-	-	-	-	1,052
Māpihi Pounamu	3,250	-	-	-	552	-	3,802
National Study Awards	26,378	-	-	-	-	-	26,378
Queen Elizabeth II Study Awards	100	-	-	-	-	-	100
Scholarships for Students to Attend Private Schools	-	1,213	-	-	-	-	1,213
Study Abroad Awards	1,790	-	-	-	50	-	1,840
Targeted Education and Training Grants	80	-	-	-	-	-	80
Teacher Trainee Scholarships	8,727	-	-	-	(70)	(7,799)	858
Tertiary Scholarships	21,119	-	-	-	-	-	21,119
Tertiary Teaching Awards	200	-	-	-	-	-	200
United World Scholarships	50	-	-	-	-	-	50
<b>Total benefits and other unrequited expenses</b>	<b>79,249</b>	<b>1,213</b>	<b>203</b>	<b>-</b>	<b>(70)</b>	<b>(7,799)</b>	<b>72,796</b>

Non-Departmental Appropriations 2009/10	Budget 2009	Cabinet & Ministerial Decisions	Demand Changes	Transfers Between Years	Fiscally Neutral Adjustments	Other Changes	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Non-departmental other expenses</b>							
Adult and Community Education	80,029	-	-	1,251	1,875	-	83,155
Early Childhood Education	1,105,642	6,847	44,132	-	-	-	1,156,621
Early Childhood Grants	14,459	(615)	-	-	-	-	13,844
Integrated Schools Property	44,378	-	2,865	(336)	-	-	46,907
Interest Subsidy for Schools	574	-	(181)	-	-	-	393
New Zealand Teachers Council	178	-	-	-	-	-	178
Primary Education	2,494,446	5,468	56,907	-	(5,170)	-	2,551,651
Remission of Fees	1,288	-	-	-	-	-	1,288
School Transport	952	-	(60)	-	-	-	892
Schooling Improvement	13,572	-	-	-	-	-	13,572
Secondary Education	1,867,613	2,983	35,060	-	1,370	-	1,907,026
Special Needs Support	294,550	(950)	3,237	-	3,285	2,747	302,869
Tertiary Education Grants and Other Funding	67,584	260	-	-	(2,275)	-	65,569
Tertiary Education Organisation Component – Capability Fund	419,710	1,792	-	5,184	(5,000)	-	421,686
Tertiary Education Organisation Component – Performance-Based Research Fund	241,859	-	-	2,435	-	-	244,294
UNESCO	2,083	-	-	-	70	-	2,153
University of Auckland Starpath Project	1,750	-	-	(1,750)	-	-	-
<b>Total non-departmental other expenses</b>	<b>6,650,667</b>	<b>15,785</b>	<b>141,960</b>	<b>6,784</b>	<b>(5,845)</b>	<b>2,747</b>	<b>6,812,098</b>
<b>Non-departmental capital expenditure</b>							
College of Education Mergers	5,000	-	-	-	-	-	5,000
Institutes of Technology and Polytechnics Distinctive Contributions	4,500	-	-	1,400	(800)	-	5,100
Investment in Te Wānanga o Aotearoa	5,000	-	-	-	-	-	5,000
National Assessment Tool for Adult Literacy, Numeracy and Language	600	-	-	-	-	-	600
National Centre of Excellence in Wood Processing	-	-	-	1,000	-	-	1,000
Nelson Marlborough Institute of Technology Visual Arts and Media Block	3,132	-	-	5,000	-	-	8,132
NZQA Technology	200	-	-	-	-	-	200
Property Disposal Incentives Scheme	5,700	-	-	(397)	-	-	5,303
Quality Reinvestment Programme	3,328	-	-	-	-	-	3,328
Redevelopment of Whitireia Community Polytechnic Porirua Campus	1,080	-	-	(1,080)	-	-	-
School Support Project	1,880	-	-	-	-	-	1,880
Schools Furniture and Equipment	23,903	-	-	-	-	700	24,603

Non-Departmental Appropriations 2009/10	Budget 2009 \$000	Cabinet & Ministerial Decisions \$000	Demand Changes \$000	Transfers Between Years \$000	Fiscally Neutral Adjustments \$000	Other Changes \$000	Total \$000
UCOL Whanganui Campus Redevelopment	1,800	-	-	-	-	(1,800)	-
University of Auckland Institute for Innovation in Biotechnology	2,000	-	-	-	1,000	-	3,000
Wānanga and Institutes of Technology and Polytechnics Infrastructure Fund	1,888	-	-	-	(200)	-	1,688
WelTec Financial Assistance	4,150	-	-	-	-	-	4,150
Western Institute of Technology at Taranaki	4,000	-	-	-	-	(4,000)	-
<b>Total non-departmental capital expenditure</b>	<b>68,161</b>	<b>-</b>	<b>-</b>	<b>5,923</b>	<b>-</b>	<b>(5,100)</b>	<b>68,984</b>
	<b>9,196,427</b>	<b>26,930</b>	<b>143,019</b>	<b>12,751</b>	<b>-</b>	<b>(23,431)</b>	<b>9,355,696</b>





# Appendices three

## Glossary

Term	Definition
asTTle	asTTle (Assessment Tools for Teaching and Learning) is a world-leading assessment tool that tests reading, writing and mathematics skills. It is available in both English and te reo Māori from curriculum levels two to five (years 5 to 10).
B4 School Health Check	The B4 School Health Check is a nationwide programme run by the Ministry of Health offering a free health and development check for four-year-olds. It aims to identify any health, behavioural, social or developmental concerns that could affect a child's ability to get the most benefit from school, such as a hearing problem or communication difficulty.
Code of Practice for the Pastoral Care of International Students	The Code of Practice for the Pastoral Care of International Students provides the framework for education providers to ensure a high standard of care and wellbeing is maintained for international students while they live and study in New Zealand.
Communications services	Communications services are provided to students with identified special education needs, to support them to engage in education. An example of these services is speech-language therapy.
Complex needs services	Complex needs services are provided to students with high and very high special education needs. Funding is usually provided through the Ongoing and Reviewable Resourcing Schemes, either directly by the Ministry or through accredited providers.
Decile	All schools are given a decile rating, depending on the socio-economic status of the area they serve. Schools in the lowest deciles (1 to 3) draw their students from communities with the highest degree of socio-economic disadvantage, while those in the highest deciles (8 to 10) draw the least from these communities.
e-asTTle	e-asTTle is an internet-based version of asTTle, which allows teachers to create and analyse literacy and numeracy tests for students in years 5 to 10 and curriculum levels two to six.
Early intervention services	Early intervention services are provided to children with special education needs who require additional support from the time they are born until they are settled in school. The need may be a physical disability, a sensory impairment, a learning or communication delay, a social, emotional or behavioural difficulty, or a combination of these.
Education Counts	Education Counts is the Ministry's website that provides a range of information, including demographic, contextual and statistical analysis, and technical information to support the use and interpretation of data.
English-medium education	English-medium refers to settings where teaching and learning are through the medium of the English language. Most students in New Zealand are engaged in English-medium education.
Exclusion	Exclusion means the formal removal of a student aged under 16 from a school and the requirement that the student enrol elsewhere.
High health needs funding	High health needs funding is used to support students who need specialised health support to allow them to participate in education.
Incredible Years	The Incredible Years programmes support teachers and parents with strategies and approaches to reduce challenging behaviours in children and to increase children's social and self-control skills.
Industry training organisations	Industry training refers to training that occurs on the job. Industry training organisations make arrangements for workplace assessment and off-job training.
Ka Hikitia – Managing for Success	Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012 is a broad-reaching five-year strategy aiming to transform the education sector, ensuring Māori are able to enjoy education success as Māori.

Term	Definition
Kōhanga reo	Kōhanga reo are early childhood education services that deliver programmes based on the total immersion of children from birth to school age in te reo Māori, and Māori culture and values.
Kura-a-iwi	Kura-a-iwi are established under section 156 of the Education Act 1989 as a special character kura delivering Māori-medium education. The philosophy of the kura is based on the practices, language and history of a specific iwi.
Kura kaupapa Māori	Kura kaupapa Māori are established under section 155 of the Education Act 1989 as a kura supported by Te Rūnanganui o Ngā Kura Kaupapa Māori o Aotearoa where the learning programmes are based on Te Aho Matua philosophy.
Kura Māori	Kura Māori are established under section 156 of the Education Act 1989 as a special character school delivering Māori-medium education.
Licence-exempt early childhood education services	These are services that have been issued an exemption from licensing requirements, in recognition of the fact that more than half of the children attend with a parent. These include playgroups, Pasifika early childhood groups, ngā puna kōhungahunga, licence-exempt playcentres and some kōhanga reo.
Licensed early childhood education services	Any premises used regularly for the education or care of three or more children under the age of six must be licensed, except where specifically exempted by the Minister of Education. These include kindergartens, playcentres, education and care services, home-based care services and some kōhanga reo.
Māori language education	Māori language education refers to the teaching and learning of and through te reo Māori, across both English-medium and Māori-medium settings.
Māori-medium education	Māori-medium education refers to settings where teaching and learning are through the medium of te Reo Māori.
Modern apprentices	Modern apprentices are students studying under the Modern Apprenticeships initiative, which is an employment-based education initiative for young people aged 16 to 21 that combines an apprenticeship (a job and workplace training) with mentoring and support arrangements.
National Education Monitoring Project	The National Education Monitoring Project (NEMP) is an ongoing project that assesses and reports on the achievement of New Zealand year 4 and year 8 primary school children in all areas of the school curriculum. Each year, over a four-year period, different areas related to the curriculum are assessed.
National Standards	National Standards are descriptions of what students should know and be able to do in literacy and numeracy at different points of their schooling. They are a tool to help teachers and schools improve teaching and learning for better student progress and achievement in all areas of the curriculum. Student progress is assessed and reported to parents in plain language.
NCEA	National Certificates of Educational Achievement (NCEA) levels 1-3 are New Zealand's national qualifications for senior secondary students.
New Zealand Curriculum	The New Zealand Curriculum sets the direction for teaching and learning in the 21st-century. It became mandatory in February 2010 and replaced previous curriculum documents.
New Zealand Qualifications Framework	The New Zealand Qualifications Framework is a comprehensive list of all quality assured qualifications in New Zealand. The framework has 10 levels of qualification; within any one level, qualifications can cover a wide mix of subjects, and take different amounts of time to complete. Each level is based on the complexity of learning, with level one the least complex and level ten the most.
Ngā Haeata Mātauranga – Annual Report on Māori Education	The Ministry's Ngā Haeata Mātauranga publications are a series of annual reports that monitor the achievement of the Government's key priorities for the education success of Māori learners.

Term	Definition
Ngā puna kōhungahunga	Ngā puna kōhungahunga are playgroups that are run with a te reo Māori and tikanga Māori focus (although some learning may be in both the English language and te reo Māori).
Ngā Whanaketanga Rumaki Māori	Ngā Whanaketanga Rumaki Māori are the National Standards in literacy and numeracy for Māori-medium settings.
Ongoing and Reviewable Resourcing Schemes	The Ongoing and Reviewable Resourcing Schemes (ORRS) provide resources for a very small group of school students throughout New Zealand who have the highest need for special education support. Most of these students have this level of need throughout their school years.
Pasifika Education Plan	The Ministry's Pasifika Education Plan 2009-2012 sets out what needs to be done so the education system works for Pasifika students, enabling them to gain the knowledge and skills necessary to do well for themselves, their communities, Aotearoa New Zealand, the Pacific region and the world.
Pasifika Education Plan Monitoring Report	The Pasifika Education Plan Monitoring Report is produced annually by the Ministry and outlines progress made in achieving targets set out in the Pasifika Education Plan.
Positive Behaviour for Learning Action Plan	The Positive Behaviour for Learning Action Plan incorporates a series of programmes and initiatives to address behaviour problems in schools. It is a collaboration between the Ministry and other education sector agencies.
Progress in International Reading Literacy Study (PIRLS)	The Progress in International Reading Literacy Study is an international comparative study of the reading literacy achievement of year 5 students.
Progressive Achievement Tests	Teachers use Progressive Achievement Tests to assess listening comprehension of students in years 3 to 9 and to assess reading vocabulary, reading comprehension and mathematics for students in years 4 to 9.
Resource Teachers: Learning and Behaviour (RTLBs)	Resource Teachers: Learning and Behaviour work within schools to provide advice and guidance to teachers of students who are at risk of low achievement due to learning and/or behaviour difficulties.
Severe behaviour services	Severe behaviour services are provided to children and young people with the most severe behaviour difficulties. Services are also provided for their early childhood education centres, schools and families.
Student Achievement Function	The Student Achievement Function sets out the new approach to how the Ministry works with schools to improve student achievement. Detailed development of how the function will operate is currently underway.
Suspension	A suspension is the formal removal of a student from a school by the principal until the board of trustees decides the outcome at a suspension meeting. At this meeting, the board may decide to lift the suspension without conditions, lift the suspension with reasonable conditions imposed, extend the suspension with reasonable conditions imposed or exclude or expel the student.
Te Kete Ipurangi	Te Kete Ipurangi (the bilingual education portal) provides New Zealand schools and students with a wealth of information, resources and curriculum materials.
Te Marautanga o Aotearoa	Te Marautanga o Aotearoa is the national curriculum for Māori-medium teaching, learning and assessment. It is New Zealand's first curriculum to be developed and written in te reo Māori and sets the direction for teaching and learning in Māori-medium kura and settings. Te Marautanga o Aotearoa and Ngā Whanaketanga Rumaki Māori are closely related.

Term	Definition
Te reo Rangatira	Te reo Rangatira is a set of standards designed to support students in Māori-medium settings learning the academic language of te reo Māori. Standards assess the language competence of students in a variety of contexts and are designed for first language speakers.
Traumatic incidents	Traumatic incident services are provided to early childhood education services and schools who have had a traumatic incident in their community. This can include serious accidents or deaths involving members of the service or school community.
Trends in International Mathematics and Science Study (TIMSS)	The Trends in International Mathematics and Science Study is an international study of the mathematics and science achievement of year 5 to 9 students.
Universal Newborn Hearing Screening Test	The Universal Newborn Hearing Screening Test provides babies with a hearing test within a week of birth and is designed to identify hearing conditions that will impact on the child's ability to engage in education and learn.
Year levels	The New Zealand school years are made up of 13 year levels. Primary school education generally starts at year 0/1 and continues until year 8. Years 7 and 8 may be offered either at primary school or at a separate intermediate school or composite school. Secondary school education generally starts at year 9 and continues until year 13.
Youth Guarantee	The Youth Guarantee is intended to increase the educational achievement of 16- and 17-year-olds by making the education system more responsive to their needs. The goal is to create stronger links between the senior secondary and lower-level tertiary education systems.

## Contact information

Ministry of Education website: [www.minedu.govt.nz](http://www.minedu.govt.nz)

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## Other education agencies

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The other agencies involved in education as at 30 June 2010 are:

### **Career Services Rapuara**

***[www.careers.govt.nz](http://www.careers.govt.nz)***

Level 3, CMC Building, 89 Courtenay Place

PO Box 9446

Wellington 6141

Phone: 04 801 5177, Fax: 04 801 5161

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### **Education Review Office**

***[www.ero.govt.nz](http://www.ero.govt.nz)***

Level 1, Sybase House, 101 Lambton Quay

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Phone: 04 499 2489, Fax: 04 499 2482

Email: [info@ero.govt.nz](mailto:info@ero.govt.nz)

### **New Zealand Qualifications Authority**

***[www.nzqa.govt.nz](http://www.nzqa.govt.nz)***

Level 13, 125 The Terrace

PO Box 160

Wellington 6140

Phone: 04 463 3000, Fax: 04 463 3112

Email: [helpdesk@nzqa.govt.nz](mailto:helpdesk@nzqa.govt.nz)

### **New Zealand Teachers Council**

***[www.teacherscouncil.govt.nz](http://www.teacherscouncil.govt.nz)***

Level 7, 93 The Terrace

PO Box 5326

Wellington 6145

Phone: 04 471 0852, Fax: 04 471 0870

Email: [inquiries@teacherscouncil.govt.nz](mailto:inquiries@teacherscouncil.govt.nz)

### **Tertiary Education Commission**

***[www.tec.govt.nz](http://www.tec.govt.nz)***

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