

Briefing to the Incoming Ministers

November 2023

New Zealand Government

Contents

Tēnā koe Ministers	1
Your responsibilities as Ministers	2
Te Tāhuhu o te Mātauranga Ministry of Education	4
Working with others	6
An overview of the education system	8
Education funding	9
Significant strategic issues for the future of the education system	15
Annex 1: Actions up until the end of December 2023	18
Annex 2: Education entity types and levels of independence	20
Annex 3: Relevant legislation administered by the Ministry of Education	23
Annex 4: Employees Full-Time Equivalent by business group as at 30 June 2023	26

i

Tēnā koe Ministers

Congratulations on your appointment. This Briefing to the Incoming Ministers (BIM) is intended to support you in meeting your responsibilities for the education and tertiary education and skills portfolios.

It sets out the scope of your responsibilities, the role and purpose of the Ministry, what we do, how we work, and how we can support you in your role. This BIM also sets out the education context and information about the funding administered by the Ministry.

We are ready to provide further briefings and to meet with you in relation to your priorities as set out in the Coalition Agreements. When I meet with you I will be able to provide a document setting out our proposed actions in support of your 100 day plan.

This BIM covers the whole Education system. The Ministry and the Tertiary Education Commission (TEC) will send additional briefings to you, Minister Simmonds, on the tertiary education and skills portfolio.

As Ministers responsible for the Votes and the legislative programme, you will also receive routine briefings on education topics over the coming weeks. A list of actions that require your decisions up until 31 December 2023 is provided for you in Annex 1.

We look forward to working with you.

Iona Holsted

Your responsibilities as Ministers

As Ministers of Education and for Tertiary Education and Skills, you are responsible for education system leadership, deciding the direction and priorities for the education system, and determining and explaining policy decisions.

The Education and Training Act 2020

The Education and Training Act 2020 (the Act) provides the legal framework for our education system, from early childhood education and primary and secondary education, through to tertiary education. The Act specifies education rights and obligations; statutory education entities' roles – including those of the Teaching Council of Aotearoa New Zealand, Education New Zealand (ENZ), the Tertiary Education Commission (TEC) and the New Zealand Qualifications Authority (NZQA). It sets out the licensing and funding of early childhood education (ECE) services; school management and governance; international education; and tertiary education sector entities' roles and responsibilities. A summary of all the legislation administered by the Ministry is in Annex 3, which also includes details on the broader statutory context and international obligations.

Your role as Vote Ministers

You are the Ministers responsible for Vote Education, Vote Tertiary Education and Vote Education Review Office appropriations. This gives you responsibilities throughout the annual Budget process, making decisions on matters with fiscal implications throughout the year, and representing the Government at select committee reviews and debates in the House as part of the annual scrutiny cycle undertaken by Parliament.

Your regulatory and accountability responsibilities include:

- setting the priorities for the education portfolio
- · making decisions on any education legislative changes to be included in the Legislation Programme
- making decisions on regulations to be made under the primary legislation
- representing policy and operational education issues in the House of Representatives
- holding responsibility for Vote Education and Vote Tertiary Education non-departmental appropriations
- presenting the Ministry's Annual Report to the House of Representatives.

Your ECE and schooling responsibilities include:

- issuing foundation curriculum policy statements, national curriculum statements and frameworks that set requirements for teaching and learning as part of regulating ECE services, certified playgroups, schools and kura
- issuing government strategies and other guiding documents for the sector, including the National Education Learning Priorities (NELP)
- regulating the teaching profession, including pay arrangements¹
- approving network management applications for ECE services
- establishing different types of schools, intervening with schools, and making decisions on the future of existing schools
- determining the grants and setting conditions on funding for ECE services, within money appropriated by Parliament.

¹ Under the Education and Training Act 2020, the Public Service Commissioner is responsible for negotiating under the Employment Relations Act 2000 (the Act) every collective agreement applicable to employees in the education service as if the Commissioner were the employer. Typically, the Commissioner delegates these powers to the Secretary for Education. In exercising these powers, the Secretary will consult you as Minister regarding mandate considerations – particularly in respect of funding and policy decisions requiring sign-off by Cabinet. As Minister, you will be expected to respond to questions about the conduct of bargaining (including interruptions to education due to strike action) and in some instances the substance of union and Ministry claims, and Ministry responses to union claims.

Your tertiary education responsibilities include:

- issuing government strategies and other guiding documents for the sector, including the Tertiary Education Strategy (TES)
- overseeing universities, some w\u00e4nanga, and Te P\u00fckenga, including making Council appointments, and statutory interventions, if required
- setting the framework for the quality assurance, investment planning, funding and monitoring of tertiary education organisations
- overseeing the code of pastoral care for tertiary and international learners
- overseeing the Te Pūkenga future operating model and financial sustainability.

Your combined responsibilities with Crown entities and statutory bodies include:

- being involved in an accountability relationship between Crown entities, their board members and you as responsible Ministers. The Ministry is responsible for ownership monitoring of the Crown entities, whose Boards are responsible for directing their day-to-day operations
- playing a key role in the governance of NZQA, TEC and ENZ as Crown entities, and being responsible to the House of Representatives for overseeing and managing the Crown's interests in, and relationships with, them
- acting as a shareholder Minister, alongside the Minister of Finance, for the Crown-owned companies Network for Learning (N4L) and Education Payroll Limited (EPL). The Treasury is responsible for ownership monitoring of these
- holding a limited role in relation to the Teaching Council of Aotearoa New Zealand, the New Zealand Council for Educational Research (NZCER) and the Workforce Development Councils (WDCs).
- Chair of the Ngārimu VC and 28th Battalion Board, a role that may be delegated.

Descriptions of the different types of entities and bodies and their levels of independence are included in Annex 2.

The Crown's responsibility to give effect to Te Tiriti o Waitangi / the Treaty of Waitangi

Section 14 of the Public Service Act 2020 sets out the role of the public service to support the Crown in its relationships with Māori under Te Tiriti o Waitangi | the Treaty of Waitangi.

The Education and Training Act's purpose therefore includes establishing and regulating an education system that honours Te Tiriti o Waitangi / the Treaty of Waitangi and supports Māori Crown relationships.² We note that the Coalition Agreements envisage changes to these provisions.

The Act makes provisions that include:

- any statement of national education and learning priorities issued by the Minister must be consistent with instilling in each child and young person an appreciation of the importance of Te Tiriti o Waitangi / the Treaty of Waitangi and te reo Māori³
- the Minister and the Minister for Māori Crown Relations: Te Arawhiti may jointly issue and publish a
 statement that specifies what the Ministry, TEC, NZQA, the Education Review Office, and Education
 New Zealand must do to give effect to public service objectives (set out in any enactment) that relate to
 Te Tiriti o Waitangi / the Treaty of Waitangi⁴
- one of a school board's primary objectives in governing a school is to ensure that the school gives effect to Te Tiriti o Waitangi / the Treaty of Waitangi, including by:
 - working to ensure that its plans, policies, and local curriculum reflect local tikanga Māori, mātauranga Māori, and te ao Māori
 - o taking all reasonable steps to make instruction available in tikanga Māori and te reo Māori
 - achieving equitable outcomes for Māori students⁵

Treaty-related provisions for early childhood services and tertiary education institutions.⁶

³ Section 5(4)(c)(iii).

² Section 4(d).

⁴ Section 6.

⁵ Section 127(1)(d).

⁶ Section 9.

Te Tāhuhu o te Mātauranga Ministry of Education

What we do

Te Tāhuhu o te Mātauranga | Ministry of Education defines its purpose as "shaping an education system that delivers excellent and equitable outcomes." We carry this out through two overarching roles:

- Our operational role, where we deliver services and support nationally, regionally and locally;
- Our stewardship role, where we work on the policy and performance of the education system.

Around 71% of our people provide functions and services that directly support ākonga/learners or ECE services and schools. We have frontline staff across the country located as close as possible to the educators and communities they serve.

Our operational role is mainly delivered through Te Mahau, the Education Service Agency that was established in 2021 as a business unit within the Ministry. Te Mahau exists to support, advise, lead, fund and regulate schools and ECE services.

Te Mahau's largest operational function is to provide learning support for children with disabilities, learning difficulties or physical or mental health issues. Our staff include psychologists, speech language therapists, early intervention teachers, occupational therapists and other specialists who work directly with children and young people who need additional support, or the adults around that child, every day.

Also based in the Te Mahau regional offices, education advisors provide operational support and advice to schools and ECE services and act as a first point of contact and source of guidance for the wider community. They work alongside curriculum leads and leadership advisors, who support educators and leaders to strengthen the quality of teaching and learning, and build leadership capability in the sector.

Curriculum leads and other regional roles are supported by the Curriculum Centre, which is part of Te Mahau, and provides curriculum leadership and expertise. The national curricula set expectations for what and how ākonga/learners are taught in ECE services, schools and kura. We support the sector's implementation of the curricula through the provision of guidance, resources and the design of curriculum products, including funding professional learning and development. There are three levels of curriculum support (self-directed, guided, or in-depth) available online, and through access to expertise in the regions. Our services support the day-to-day work of leaders, kaiako and teachers, as well as providing an integrated package of support for implementation of curriculum and assessment changes. Progressing this change programme will progressively wind down (completion currently expected in 2027) with funding returning to baseline levels.

Te Pae Aronui is the operations and integration group in Te Mahau. It connects directly with the sector, running Pourato, the online resourcing system for schools and kura, provides regulation for schools and early learning services, and delivers national services including Ka Ora, Ka Ako | Healthy School Lunches and Ikura | Period products in Schools. Te Pae Aronui also runs attendance and engagement initiatives and plans the schooling network. Learning support is managed across Te Mahau, and Te Pae Aronui provides national oversight of key learning support levers including the Ongoing Resourcing Scheme, Assistive Technology, the School High Health Needs Fund and Alternative Education. This part of Te Mahau also gathers insights from international studies and local knowledge to provide an evidence base for policy advice and the continuous improvement of the education system.

The other major component of our operational role is infrastructure, school transport and digital services, which sit within the Ministry. We manage the school property portfolio, the second largest social property portfolio in New Zealand, with over 16,000 school buildings and a book value of around \$30.3 billion. We provide school transport assistance where distance or lack of suitable public transport present a barrier to education – assisting more than 100,000 students to get to and from school each day, coordinating around 7,000 daily vehicle movements and around 40 million passenger journeys each year. We provide a national

communications network for schools and kura via the Network for Learning (N4L), and we are developing a set of cybersecurity and managed services to directly support schools and kura.

The Ministry's central groups either provide the functions that enable the delivery of frontline services, such as collecting and maintaining data for the purposes of providing staffing and other resource entitlements, or carry out our stewardship role, including the provision of policy advice and information to Ministers. We also maintain data collections in support of the international studies we participate in, so that we have comparable information about the New Zealand education system's performance. We develop and deliver initiatives to support teacher supply, manage employment relations with the education workforce (including negotiating collective agreements and managing pay equity claims) and manage resourcing systems and payroll for approximately 100,000 school staff.

Working with others

Education agencies

The teams in your education agencies work closely together on a day-to-day basis. The roles and status of each is outlined in Annex 2. Agency Chief Executives regularly meet as a governance group and a wider stewardship forum, and these and other regular engagements provide the opportunity for CEs to collaborate on emerging risks and opportunities across the system and bring joint cut-through to priority issues where needed.

Social sector agencies

We work closely alongside other government agencies and education sector organisations. We are part of groups such as the Social Wellbeing Board and the Joint Venture Board to Eliminate Family Violence and Sexual Violence. We can provide you with more detailed briefings on groups that we are part of, with our joint purpose and activities.

Economic policy agencies

Education makes a significant difference to the economy by developing skills needed by tomorrow's entrepreneurs and employees, and building the capacity of our existing workforce. We work with cross-government groups including the Employment Education and Training CEs Group. We also collaborate with industry groups and peak bodies to support skill needs for particular industries and sectors, along with working with sectors at a strategic level, such as the Tech Leaders Forum and the Construction Sector Accord.

Unions and representative organisations

We hold relationships with unions that represent members employed by school boards and the Ministry, including the PPTA Te Wehengarua, NZEI Te Riu Roa, the New Zealand Public Service Association, the E tū, Primary Principals' Collective Bargaining Union, SPANZ Union and the Association of Professionals and Executive Employees (APEX), as well as, in the tertiary education sector, the Tertiary Education Union and the Tertiary Institutions Allied Staff Association.

Outside of the intensive industrial processes to bargain collective agreements and progress pay equity claims, the Ministry regularly engages with the education sector unions and other peak bodies on the development of policy advice and implementation of initiatives.

Our regional Directors of Education and their teams have strong connections with local principals and engage regularly to discuss a range of issues affecting local schools and kura. This provides opportunities to share planning and gather feedback to inform our work. In Hawke's Bay/Tairāwhiti, for example, the Director of Education, Leadership Advisors and Managers Integrated Services regularly attend the regional principals' associations hui to discuss planning and reporting, cyclone recovery and curriculum developments. In Canterbury, Ministry staff engage fortnightly with the Principals' Associations Presidents and attend a monthly Sector Connect with all Canterbury principals.

We also work closely at a regional level with other Government agencies including the Ministry of Social Development, Oranga Tamariki and the Ministry of Health.

We work with iwi and Māori

We have a range of formal agreements with Iwi Māori arising from commitments made as part of Treaty of Waitangi Settlements, and a growing number of less formal relationships where iwi have developed specific education plans for their ākonga/learners.

Some nationally based relationships include: the Mātauranga Iwi Leaders Group; in ECE Te Kōhanga National Trust; and in the schooling sector Ngā Kura ā Iwi o Aotearoa and Te Rūnanga Nui o Ngā Kura Kaupapa Māori o Aotearoa (Kura Kaupapa Māori is a protected term in the Education and Training Act 2020,

Te Rūnanga Nui has a statutory right to be consulted before a Kura Kaupapa Māori is established and they are also the legislated kaitiaki | caretaker of Te Aho Matua, their curriculum, used in some kura (s201)).

In the tertiary education system, we work with the wānanga on the Tiriti-based relationship between wānanga and the Crown, to support the mana and rangatiratanga of the wānanga, and the unique role they play in the tertiary education system.

We also support iwi education aspirations through the development and implementation of relationship instruments within the Deeds of Settlement of historic Treaty of Waitangi claims.

International Engagement

We develop and maintain education relationships with other countries and contribute to the education-related agendas of multilateral organisations such as the OECD, APEC and UNESCO. We provide advice and support for Ministerial international engagements work with Education NZ, MFAT and NZQA. We manage the Government's international obligations by contributing to the education-related aspects of Aotearoa New Zealand's human rights reporting processes, and education-specific legal instruments.

We operate large scale sample-based international research projects to monitor the performance of Aotearoa New Zealand's education system against our own curriculum goals, relative to education systems of other countries, and over time.

An overview of the education system

The New Zealand education system is set up under the Education and Training Act 2020. The Act establishes and regulates an education system that:

- provides New Zealanders and those studying in New Zealand with the skills, knowledge and capabilities that they need to fully participate in the labour market, society and their communities
- supports their health, safety and wellbeing
- assures the quality of the education provided and the institutions and educators that provide and support it
- honours Te Tiriti o Waitangi and supports Māori-Crown relationships.

ECE	Primary and Secondary	Tertiary
181,000 ākonga/learners	815,000 ākonga/learners	641,000 ākonga/learners ⁷
33,000 kaiako/teachers	73,000 kaiako/teachers	21,000 kaiako/teachers
4,600 licensed services	2,500 schools and kura	430 providers
\$2.3 billion government funding	\$8.5 billion government funding	\$5.4 billion government funding ⁸
Guided by: Te Whāriki: He whāriki mātauranga mō nga mokopuna o Aotearoa Te Whāriki a te Kōhanga Reo	 Guided by: Te Marautanga o Aotearoa (kaupapa Māori and Māori medium education pathways) The New Zealand Curriculum (English-medium) 	New Zealand Qualifications and Credentials Framework
	Qualifications and awards:	New Zealand credentials, certificates, diplomas and degrees
ECE options include: Kōhanga reo Kindergartens Playcentres Education and care services Māori and Pacific bilingual and immersion services Home-based education and care Hospital-based education and care services Playgroups	Primary and secondary options include: Kura Kaupapa Māori Aho Matua, Kura-a-lwi and other schools where learning occurs through te reo Māori State schools State-integrated schools Designated character schools Private schools Home schooling Alternative Education and related services	Tertiary options include: Wānanga Te Pūkenga Universities Private training establishments (PTEs) Community providers Supported by: Workforce Development Councils

Most of our school provision is small. Of the 2,450 State and State-integrated schools (most of them primary, 1,792) 1,322 (54%) have fewer than 250 learners, 678 (28%) have 250-499 learners, 245 (10%) have 500-749 learners, 81 have 750-999 learners (3%), and 124 schools (5%) have more than 1000 learners (with 17 schools with more than 2000 learners).

We will supply you with further introductory briefings that set out more detail on each of the three subsectors, including current policy and operational issues in each area, and detailed information about how they are funded. The Tertiary Education Commission will also brief you on tertiary education matters.

⁷ This figure includes adult and community education and adult literacy and numeracy provision, provider-based tertiary education, industry training and unfunded international provision.

⁸ Includes the cost to government of student loans and allowances.

Education funding

Education is one of the largest single areas of government spending, and each year it accounts for a significant proportion of additional funding through the Government's annual Budget process.

There are some significant pressures in the education fiscal environment that the Government will need to act quickly to manage.

This section of the BIM describes two major features of education funding:

- 1 Vote funding, with the main drivers of funding and the major categories of expenditure, using annual figures, for 2023/24. Most of the funding is Non-Departmental funding. The Departmental funding description includes outlines of the major categories of expenditure.
- The current fiscal position, and the main challenges for Budget 2024. In this part, we take a longerterm view because Budget investments are typically for four years or longer, and outline some of the policy challenges to be considered.

Vote Funding

Education funding is mainly administered through Vote Education (\$17.4 billion) and Vote Tertiary Education (\$4.1 billion), making a total of \$21.5 billion.

As lead Ministers for the student loan scheme and student support policy settings, you also have policy responsibility for significant funding in Vote Social Development (\$1.6 billion capital for student loan payments and \$0.6 billion operating expenses for student allowance payments) and Vote Revenue (\$0.6 billion operating expenses, mainly for student loan interest write-offs).

The Education Review Office will advise you separately on its vote.

How the funding works

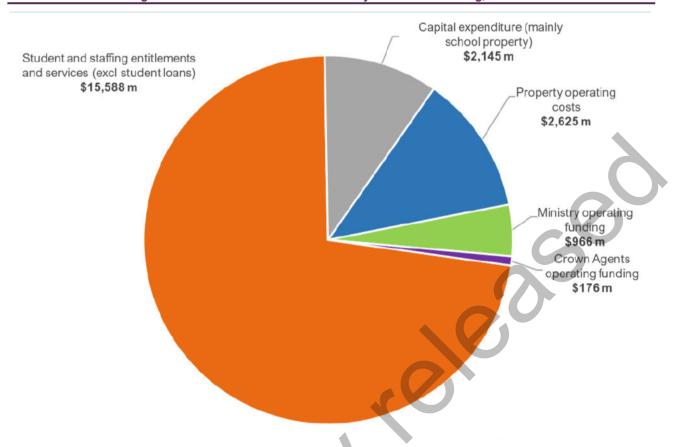
Education funding is largely directed towards learners and learner outcomes. Teacher salaries, subsidies to education providers and students, and other service provision amounts to \$15.6 billion in 2023/24, which is 72% of the total funding from Vote Education and Vote Tertiary Education.

The next largest components of the funding are capital and its consequential operating costs. We manage the Government's second largest social property portfolio, mostly land and school buildings, which has a book value of \$30.3 billion (June 2023) and leads to depreciation and capital charge costs for the Ministry of \$2.6 billion.

Annual capital expenditure is \$2.1 billion per year, mainly investment in the school property portfolio, but also Ministry digital solutions and corporate property.

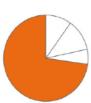
The balance of the funding is \$966m for the Ministry including funding for frontline services that are delivered directly by the Ministry (such as learning support) and \$176m for the Crown Agencies including the services they provide to schools and tertiary institutions.

Figure 1 Vote Education and Vote Tertiary Education Funding, 2023/24



This next section looks at the large pieces of the pie in more detail.

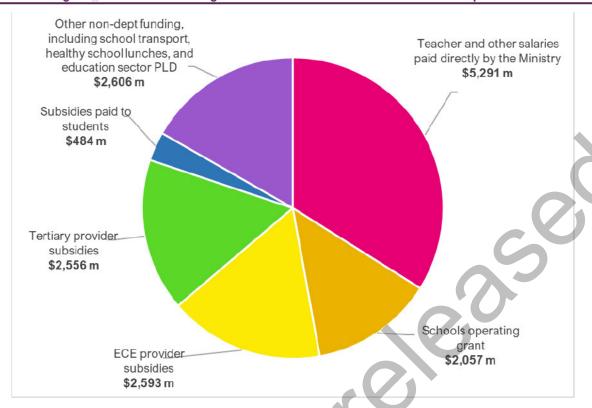
Funding for student and staffing entitlements and services, \$15,588m



Most of this funding is passed through directly to the schooling workforce, and to schools, ECE and tertiary education providers and students. It also includes funding for services and programmes, such as school transport, teacher professional development, and Ka Ora Ka Ako/Healthy School Lunches.

Figure 2 below shows the breakdown of the orange section in the pie above and the table below has the details.

Figure 2 Student and Staffing Entitlements and Services 2023/24 – Non-Departmental



Capital (\$2,145m) and associated operating expenses (\$2,625m)



The Ministry administers more than \$2 billion capital funding each year, primarily for the land and school property portfolio. On paper, the portfolio is valued at more than \$30 billion, but the replacement value is \$52.8 billion.

Vote	Capital funding	2023/24 \$m
Education	Departmental	2,004
Education	Non-Departmental	77
Tertiary Education	Non-Departmental	64
Total		2,145



Most of the capital funding is Departmental, and it triggers significant and unavoidable operational costs for managing the school property portfolio, depreciation, and capital charge (\$2,625 million).

Property operating costs (Departmental expenditure)	Amount \$m
Capital charge	1,385
Depreciation	1,048
School property management	192
Total	2,625

Ministry funding, \$966 million



Excluding the capital and associated costs described above, the Ministry's annual Departmental funding in 2023/24 is \$966 million. This can be split into the following four categories.

Departmental Operating Funding	2023/24 (\$m)
Learning Support	
 Funding for field staff (early intervention teachers, speech and language therapists, and behaviour specialists) and funding directly for the sector, mainly for teacher aides. 	417
Fiscal cliffs – areas where funding stops but there is an expectation of ongoing provision	
Education Payroll Ltd, \$38m ending 2026/27	80
Cybersecurity and managed IT Services, \$27m ending 2023/24	00
Period products in schools, \$8m ending 2023/24	
Free and healthy school lunches, Ka Ora Ka Ako, \$7m ending 2024/25	
 Time limited funding – programmes that are not intended to be ongoing Targeted support for Pacific learners and families, \$22m ending 2023/24 NCEA Change Programme, ~\$20m ending 2025/26 Curriculum refresh and online curriculum hub, \$12m ending in 2023/24 North Island Weather Events, \$11m, ending 2023/24 Investigating and negotiating pay equity claims, ~\$6m ending 2024/25 School attendance turnaround package, \$5m in 2023/24; \$2m ending 2024/25 Other time-limited funding, \$18m 	94
Ministry functions and services	
 Curriculum resources and support provided by The Curriculum Centre Te Poutāhū, \$109m reducing to \$79m after 2023/24 	
 Provision of operational support to the sector⁹, \$91m 	
 Infrastructure, digital (including cybersecurity and digital services to schools) and school transport services, \$41m 	375
 Education workforce services to support teacher supply, school payroll, and employment relations, \$25m 	
Corporate, policy and democracy services ¹⁰ , \$90m	
Funding to support other departmental activities, \$19m	
Total	966

⁹ Including, for example, the Ministry's frontline leadership advisors, education advisors working with schools and ECE services, data and insights functions.

 $^{^{10}}$ For example, oral and written parliamentary questions, and information requests under the Official Information Act and the Privacy Act.

Current issues with the fiscal position

The current fiscal position in education is extremely tight, and there are multiple pressures on both the existing votes and on Budget 2024.

Non-Departmental funding pressures

The main areas of pressure for Non-Departmental services arise from three main features:

- Expenditure pre-commitments
- Time-limited funding and fiscal cliffs
- · Other cost pressures.

Pre-commitments - Non Departmental

In annual terms, the Government has already committed \$94 million of expenditure against Budget 2024 for a number of items. Funding for pre-commitments is counted against your Operating Allowance¹¹ before other initiatives can be paid for. The main pre-commitments for 2024/25 are:

- 9(2)(j)
- \$17 million each year for the National Education Growth Plan in 2024/25 for land and buildings to meet roll growth demands.

Time-limited funding (funding cliffs) - Non Departmental

There are three major areas of expenditure where existing funding comes to an end. Either new funding needs to be found, or these programmes will stop.

- School lunches (Ka Ora Ka Ako) funding ends at the end of the 2024 academic year. The current cost is \$330 million per year.
- Funding for the Apprenticeship Boost Initiative (ABI) finishes at the end of the 2024 academic year.
 To continue ABI, Vote Social Development would require about \$90m per year. ABI has previously been funded from the Education Operating Allowance.
- A time-limited 4% increase in tertiary education subsidy rates for degree provision will end in 2026, if no additional funding is provided. Maintaining tuition subsidies at the current level from 2026 would require \$70 million annually.

Other cost pressures - Non-Departmental

The government generally adjusts the main funding rates across the sector to keep pace with cost inflation. Over recent years, these adjustments have been applied to most funding rates, but they have previously been more targeted.

Changes in tertiary student numbers and ECE volume changes also need to be paid for through the Budget. Changes in ECE and schooling student numbers are addressed through Budget, with additional forecast changes at the October and March Baseline Updates (OBU and MBU).

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¹¹ The amount allocated to the Minister of Education in each annual Budget process.

Savings programme

The Ministry has already committed to reprioritising:

- \$50 million of baseline funding over three years to contribute to the NCEA change programme, developing Te Reo Matatini (Literacy), Pāngarau (Maths) and Aromatawai (Assessment) in kura kaupapa and Māori-medium pathways, and progress in literacy and maths in English-medium settings, and
- \$40 million over 4 years to contribute to settlement of the secondary teachers' collective agreement.

Under the Savings Programme announced in August 2023 by the previous government, the Ministry is required to find almost \$70 million in permanent baseline savings each year from 2024/25. The Programme's expectation was that savings will not have a negative impact on the delivery of front-line services, with initial priorities to be contract and consultancy spend, and other low-value areas of expenditure.

The previous government's savings figure has been calculated based on 2% of most departmental funding, including direct services to the sector and operating costs associated with the Ministry's assets.

This covers two areas of departmental funding, capital charge and depreciation of school property (\$2,625 million¹²). Few savings are possible here without further delaying or stopping capital works. It also covers expenditure on frontline education workers, mainly for Learning Support (\$417 million), and \$94 million of time-limited funding (all figures from 2023/24) that largely cannot be used for permanent baseline savings.

This means that the saving requirement is not 2%, but closer to 15-17.5% of the Ministry's core expenditure, which is not likely to be possible without significant impact on our ability to deliver to our core role.

We will brief you further on options for meeting savings requirements, noting that, as the incoming Government, you also have policy priorities in relation to public service expenditure.

We want to discuss the identified priorities and areas for savings with you to understand how they align to your priorities for Budget 2024 and this term of Government.

¹² Includes \$192 million of property management costs

Significant strategic issues for the future of the education system

In addition to the commitments in your coalition agreements, we would like to brief you on a small number of critical priorities. These include the need to make some choices early on about both investments and savings to manage in the constrained fiscal environment.

The education system does not deliver excellent and equitable outcomes for all

Educational success contributes to personal, collective, and national wellbeing outcomes. A key education outcome is for all learners to develop skills and competencies that prepare them for work and to participate in society. Yet New Zealand has long-standing excellence and equity challenges to deliver education success for Māori, Pacific peoples, deaf people and those with disabilities and those from low socio-economic backgrounds.

These challenges are apparent in patterns of differential success, declining performance in some international benchmarks, in indices ranging from engagement, through educational progress and achievement to those for wellbeing. PISA 2018 scores reveal that New Zealand has some of the largest gaps in achievement compared to other countries and that this variation is greater for students within a school than between schools, pointing to in-class factors, such as the quality of teaching, as an important contributor to achievement. Some evidence suggests that our system is less effective than those in other countries at providing the "lift" for those from low socio-economic backgrounds.

The Equity Index for schools was implemented at the beginning of the 2022 school year. The Index was designed as part of the Social Investment approach of the last National-led government. Although funding increased by \$75m, by international standards, New Zealand's equity funding remains low. For example, the additional \$75m provided increased our equity-based funding from 2.9% of operational spending to around 4.3%. Other comparable jurisdictions' investment in equity funding ranges from around 6-7% (Victoria, Australia, England, Northern Ireland and the Netherlands) to over 12% of operational funding (some states in the US, California and Massachusetts).

The Donations Policy gives schools with higher Equity Index numbers the option of an additional \$150 per student in exchange for parents not being asked to pay school donations. There have been a range of other resources disbursed on the basis of the Equity Index, for example Ka Ora Ka Ako | Healthy School Lunches, Attendance in Schools, Counsellors in Schools, and funding to support distance learning.

We are currently evaluating the impact of these changes on school support for learners, student outcomes and public perceptions of the Index. The evaluation consists of case studies of a small group of schools, surveys of all schools on their practices and priorities, data collection and analysis on student achievement and analysis on the impact on public perception of the the index.

On its own, the redistribution of resources is unlikely to increase learner presence, participation and progress. International and domestic research shows that teachers need to have the capability to understand and respond to the identity, language and culture of every student to attract, retain and teach learners. Quality of teaching is the most important factor, after family, in influencing educational outcomes. It is not sufficient to fund supportively for greater equity, it is also necessary to address the other elements that will influence the quality of teaching, including greater direction from the centre on pedagogy, for example, in the form of a model of common practice that the sector could be required to adopt.

A feature of the post-Covid environment, here and overseas, is high levels of disassociation from school and early learning, challenging behaviour and a marked increase in anxiety as well as more severe mental health trauma for young people. Out of school factors contribute to this, as does the capacity of the education workforce to deal with this. Covid also led to a step-change in the use of distance learning technology, which can provide a basis for innovation in the future, but teachers have to adjust their pedagogies to teach in those media, compounding capacity issues.

There are some big system shifts required, within schools and beyond, if the schooling system is able to respond to the significant social and economic shifts in a post-pandemic world.

We will need to do things differently to effect change in the system

Responsibility for the delivery of education is devolved and each provider makes their own decisions, within regulatory and resourcing constraints, about how to meet the learning and wellbeing needs of their learners. It is the teachers, educators and trainers in the classrooms, ECE centres, tutorial rooms, lecture halls and workplaces who, along with famliy and whānau, directly affect education outcomes. The strengths of a devolved system include local innovation, decision-making that can be flexible and responsive to the people it matters to, and the ability to draw strongly on knowledge of local contexts in that decision-making. The downside is that, without some central support for and accountability in areas where it matters (e.g., the quality of teaching and learning, the strength of connections to family and whānau), this can lead to high levels of variability to teaching practice and outcomes for learners and inefficiencies in resource use (e.g., good teaching practice being built multiple times in multiple classrooms but not adopted more broadly.

Governments have influenced the education system over the years through signalling priorities, regulation, legislation, resourcing, collecting system-wide data to inform policy and practice and monitoring and enforcement, with the intention of getting the right balance between what is tight and what is loose in the system – to retain the benefits. This has not yet achieved the desired results. In our view, this is because we do not have the right balance between enough standardisation from the centre (in terms of supporting what is taught and how it is taught), local autonomy and innovation in local contexts, and accountability for outcomes.

The people who work in the education system are also dealing with greater levels of complexity in terms of student needs and the nature of teaching and learning that is required. This has implications for teacher education and adult to student ratios as well as the range of skills needed in a school setting, including support staff. A Ministerial advisory group, drawn from the sector, is currently doing some work on roles and responsibilities of the workforce in the schooling system. There is an opportunity to harness this work going forward and we can brief you in more detail on this.

In achieving the scale of change in educational practice that is needed, we need a clear vision and a coherent approach, we need to take the education workforces with us; selecting a small number of areas for change and sticking to them is likely to be more effective and sustainable. In line with your priorities, you also have choices to make about the right balance of what you want to keep tight, and what you want to have loose when the sector executes your key priorities.

Leaders across the education system, including the education workforce, are well positioned to share insights about what does or does not work in redesigns. The extent to which they embrace change will be key to the success of the system shifts we need.

In the current fiscal climate, we need to invest in the areas with the potential to make the largest change for educational outcomes. To achieve change, investment should be focused on fewer initiatives that are proven to be effective, that are well resourced and implemented well.

You can expect us to provide advice, consistent with your manifesto commitments, that drives quality of outcomes.

We seek early engagement with you on our view that the areas likely to result in the most efficient and effective change are:

- a. **Reforming the curriculum** (being clear about what learning cannot be left to chance, more direction over pedagogy pre-service and in-service, and assessment), and **lifting teaching effectiveness** through, both in-service and pre-service education
- b. **Early intervention** to respond to those at greatest risk of poor outcomes, delivered across social policy agencies. This mean, for example, targeted support where there are barriers to ECE participation, more focus on practice that promotes social and emotional learning, having the capacity to respond early to learning support needs, and improving support during times of transition.
- c. **Creating inclusive environments** for learners for whom the system doesn't work well, while still offering genuine alternatives to school settings for learners who would benefit from that.
- d. Raising engagement and improving outcomes for ākonga Māori/Māori learners by adopting practice that we know works for ākonga Māori, in all settings, including growing kaupapa Māori and

Māori medium pathways.¹³ To do this, greater agency and authority for Māori over education provision will be required.

e. A sustainable and resilient education system by addressing immediate sustainability issues, including designing fit for purpose funding systems, ¹⁴ making teaching attractive through a range of supports for the workforce to allow them to focus on teaching and learning, and investing in property and secure digital infrastructure that is fit for purpose for decades ahead (including looking at adaptive pathways for the 1,102 schools at risk of flooding across the country).

Over the next few years, there will be the Education Kaupapa Inquiry

The Waitangi Tribunal has notified the Crown that it intends to commence its Education Services and Outcomes Kaupapa Inquiry (WAI 3310) following the pending release of its report into the WAI 1718 Kura Kaupapa Māori Urgent Inquiry, which is expected to be released in the coming months. The Kaupapa Inquiry should start in early 2024 and will run for several years.

Kaupapa Māori education performs better for Māori learners on a range of indicators than English medium education (e.g., NCEA achievement at all levels). Whānau and iwi value access to the education, language and culture, leadership and personal outcomes that kaupapa Māori education options offer where they are available. This provision was established by Māori leaders and their communities to create learning outside of the English medium system that nurtures tamariki Māori, and it remains unique and requires different approaches.

Common to all of the kaupapa Māori education movements (Kōhanga, puna reo, kura kaupapa Māori, wānanga) is a call for increased agency and authority, and an expectation that the Crown engages with them prior to making any policy changes that affect them, and maintains an ongoing work programme with them on advancing their aspirations as set out in their various Treaty claims.

The Crown has agreed to work programmes with Kōhanga Reo and wānanga, led by the Ministry, to advance their specific objectives, set within the context of previous Treaty claims. g(2)(g)(i)

with the two schooling movements (Te Rūnanga Nui and Nga Kura a Iwi)

9(2)(q)(i)

This includes how we engage them in advance any decisions that affect their kura. 9(2)(g)(i) will be shared with them, if it is about them, and ideally co-created with them, in advance of being provided. 9(2)(f)(iv)

As we brief you on specific issues (for example, curriculum reform) we will identify issues where kaupapa Māori services may have an expectation of engagement.

Fiscal constraint requires innovative and sometimes difficult choices to optimise and fund investment

The current fiscal environment requires us to find savings and reprioritise within baselines. To reduce deadweight costs and focus more on efficiency and effectiveness, we need to think about the public and private contributions to education through fee-charging and donations, and targeting services and transfers delivered in and through education.

We have been working to better understand the performance of the current system and our ability to advise on where best to invest. We would like to brief you on the system's current investment, performance, the five areas identified above, and how this can be supported over the term through Budget 2024 and subsequent budgets.

Financial challenges currently being experienced across the tertiary education system (which the Tertiary Education Commission will provide you with detailed advice on) will continue into 2024. We expect this will see providers continuing to focus on loss-making delivery which will likely increase risks to the breadth of study options available to learners.

¹³ Kaupapa Māori education is a term that Māori communities and collectives use for education provision that is "by Māori for Māori". Māori medium education is the term that the Ministry uses to describe education delivered in or through te reo Māori, guided by tikanga and mātauranga Māori.

¹⁴ There are three significant funding reviews currently underway (ECE funding, school staffing and higher education funding). All are in their early scoping stages, and they have created high expectations across the sector.

Annex 1: Actions up until the end of December 2023

Cabinet papers

Name	Description	Date
Cell phones – Off and away all day	Progress regulation for cell phones in schools.	Briefing 26 November 2023 Cabinet 11 December 2023
100-day Plan curriculum commitments	An hour a day of reading, writing and maths, and the review of the maths and English learning areas.	Briefing 26 November 2023 Cabinet 18 December 2023
Reverse the extension of 20 Hours ECE to two-year- olds	Removal of new funding conditions on services for 20 Hours ECE funding (charging by the hour and submission of fee schedules to the Ministry). Retention of new funding conditions relating to publishing fee schedules and allowing for top-up fees to be charged by home-based educators for 20 Hours ECE. 9(2)(f)(iv)	Briefing 28 November 2023; Cabinet 4 December 2023
Education (2024 School Staffing) Amendment Order 2023 (Secondary legislation, requires Cabinet approval)	Required amendment to the Education (2024 School Staffing) Order 2023 needs to be in force prior to start of Term 1, 2024, so that we have the legal authority to deliver staffing to schools. The amendment follows recent settlement of the Secondary Teachers' Collective Agreement and Area School Teachers' Collective Agreement.	Cabinet date

Decisions required

Name	Description	Date
NCEA and sector readiness for 2024	Achievement Standards going live and	Briefing provided 27 November 2023
Early Childhood Advisory Committee (ECAC) meeting request	ECAC have invited the Minister of Education to attend their next meeting on Wednesday 6 December 9am-12.30pm (online)	6 December 2023

9(2)(j)	9(2)(j)	Briefing 1 December 2023
ECE Network Management Approvals	Approval of applications for establishment of new services.	Ongoing in tranches starting week of 4 December 2023
9(2)(f)(iv)	9(2)(f)(iv)	Briefing week of 11 December 2023
New Zealand Royal Honours		14 December 2023
TBC - LEG bids for the 2024 legislative programme	If LEG bids process takes place in December, advice will be provided to you about legislative bids for 2024 including legislation for partnership schools.	TBC

Upcoming releases (Media interest)

Name	Description	Date
Annual Teacher Supply Demand Forecast	Annual public release of forecast demand and supply of teachers in the school sector and supply initiatives to respond to demand in the sector. Released Mid December 2023	Briefing End of week 4 December
PISA	Brief you on key findings for New Zealand from PISA ahead of public release on 6 December .	Briefing 30 November 2023
Term 3 Attendance Data	Brief you on Term 3 attendance data ahead of scheduled release on 20 December	Briefing 13 December 2023

Annex 2: Education entity types and levels of independence

The following table depicts the different forms of entities and bodies and their levels of independence.

Type of entities and bodies	Ministerial influence
Crown agents	ENZ, NZQA, and TEC
» Responsible Minister: Minister of Education	» Entity must "give effect to" policy that relates to the entity's functions and objectives if directed by the Minister.
» Monitored by: Ministry of Education (note TEC and	» Responsible Minister sets direction through a Letter of Expectations (usually annually).
ENZ are also co-monitored by MBIE)	» Entity must prepare a Statement of Intent (SOI) at least every three years, but the Responsible Minister can also direct an entity at any time to develop a new SOI. Draft SOIs must be provided to the Responsible Minister for comment and the entity must consider any comment before providing the final SOI for the Responsible Minister to present to the House of Representatives.
	» Before the start of each financial year, the entity must prepare a Statement of Performance Expectations (SPE) which must be provided, in draft form, to the Responsible Minister and any comments made by the Responsible Minister must be considered by the entity. The Responsible Minister must present the final SPE to the House of Representatives.
	The entity must prepare an Annual Report and provide it to the Responsible Minister to present to the House of Representatives.
	» The Responsible Minister appoints board members through the Appointments and Honours Cabinet process.

Schedule 4A (of Public Finance Act) companies¹⁵

- » Responsible Minister: Minister of Finance, and Minister of Education
- » Shareholding Ministers: Minister of Finance and Minister of Education
- » Monitored by: Treasury. The Ministry of Education also manages Education Payroll Limited's delivery of school payroll.

Network for Learning (N4L), Education Payroll Limited (EPL)

- » Responsible Minister can set direction through a Letter of Expectations (usually annually).
- » Entity must prepare key accountability documents, including an SOI, SPE and Annual Report.
- » Responsible Minister appoints board members through the Appointments and Honours Cabinet process.
- » The Companies Act 1993, Section 127, requires that shareholder approval by way of a resolution is required before a Schedule 4A company can enter into a major transaction, defined as a transaction having a value which is more than half the value of the company's assets before the acquisition.

School Boards

- » Responsible Minister: Minister of Education
- » Monitored by: Ministry of Education

Boards of primary, secondary, State and integrated schools and distance learning

- » Boards have numerous statutory responsibilities and must prepare an Annual Report.
- » Both the Minister and Secretary for Education have powers to intervene under the Education and Training Act 2020, to support a board with operational risks, or risk to the welfare or educational performance of their students.
- » A statutory intervention, along with non-statutory assistance, may happen when a board requests help, after an ERO review report and/or when a concern has been raised with the Ministry. The approval of interventions is delegated to senior Ministry staff, except for some cases of the dissolution of a board and appointment of a commissioner, when the Minister will be asked to approve a proposed intervention.
- » The Minister makes appointments to some schools such as Te Kura o te Aho Pounamu through the Cabinet Appointments and Honours Committee process.

Tertiary Education Institutions (TEIs)

- » Responsible Minister: Minister of Education
- » Monitored by: TEC

Te Pūkenga, universities and wānanga

- » TEIs must act in all respects as to give effect to the intention of Parliament.
- » TEIs must prepare an Annual Report.
- » The Minister has some additional powers in relation to Te Pūkenga.
- » Te Pūkenga has additional reporting requirements that are the same as for Crown entities.
- » Note: the Wānanga sector legislative changes allow wānanga to reconstitute themselves as bespoke TEIs through Order in Council, and provide new accountability and monitoring arrangements.

¹⁵ Schedule 4A companies are non-listed companies in which the Crown is the majority or sole shareholder.

Independent Statutory Bodies

- » Responsible Minister: Minister of Education
- » Not monitored

Teaching Council of Aotearoa NZ, NZ Council for Educational Research (NZCER)

- » Minister has limited power to direct (the Minister can request information from the Teaching Council).
- » Body must have regard to any relevant statement of government policy.
- » Body must prepare an Annual Report.
- » Minister appoints one member to NZCER, and six members to the Teaching Council Governing Council, through the Cabinet Appointments and Honours Committee process.
- » The Minister appoints members of the Teaching Council (either elected or appointed) to be Chairperson and Deputy Chairperson.
- » The Teaching Council must consult the Minister before making changes to the criteria for teacher registration or the standards for qualifications leading to teacher registration.

Workforce Development Councils (WDCs)

» The Minister of Education appoints members to two Workforce Development Councils (4 members to Ringa Hora | Services WDC, and all members of Muka Tangata | People Food and Fibre WDC). WDCs must consult the Minister before issuing a Statement of Strategic Direction at least once every three years, and supply the Minister with their Annual Reports.

Other

» The Minister of Education also makes some board appointments to other independent statutory entities such as the New Zealand Council for Educational Research and the Pacific Education Foundation.

Annex 3: Relevant legislation administered by the Ministry of Education

Acts

The Ministry is responsible for the administration of the following substantive Acts.

Key Acts administered

- Education and Training Act 2020
- Children's Act 2014 (Part 3 Children's Worker Safety Checking)

University Acts

- Lincoln University Act 1961
- Massey University Act 1963
- University of Auckland Act 1961
- University of Canterbury Act 1961
- University of Waikato Act 1963
- Victoria University of Wellington Act 1961

Scholarship Acts

- Kitchener Memorial Scholarship Trust Act 1941
- Ngarimu VC and 28th (Māori) Battalion Memorial Scholarship Fund Act 1945
- Otaki and Porirua Trusts Act 1943
- Queen Elizabeth the Second Post-Graduate Fellowship of New Zealand Act 1963
- Queen Elizabeth the Second Technicians' Study Award Act 1970
- Taranaki Scholarships Trust Board Act 1957

Other Acts

- Education Lands Act 1949.
- Māori Education Foundation (Abolition) Act 1993
- Music Teachers Act 1981
- New Zealand Council for Educational Research Act 1972
- New Zealand Library Association Act 1939
- Pacific Education Foundation Act 1972

Secondary legislation

The following key secondary legislation is administered by the Ministry. Not all secondary legislation has been included here; there are also many notices and other exercises of powers by the Ministry that are secondary legislation.

Early Childhood Education

- Education (Early Childhood Services) Regulations 2008
- Education (Early Childhood Services Network Approval) Regulations 2022
- Education (Playgroups) Regulations 2008
- Education (Registration of Early Childhood Services Teachers) Regulations 2004
- Licensing Criteria/Certification Criteria

Schooling

- Education (Board Elections) Regulations 2022
- Education (Hostels) Regulations 2005
- Education (School Attendance) Regulations 1951
- Education (School Boards) Regulations 2020
- Education (School Risk Management Scheme) Regulations 2003
- Education (School Staffing) Order (note these are made the year ahead of taking effect so there is always an annual order)
- Education (Stand-down, Suspension, Exclusion, and Expulsion) Rules 1999
- Education (Surrender, Retention and Search) Rules 2013
- United World Colleges Scholarship Regulations 1980
- Education (When State Schools Must Be Open Regulations) 2022
- Education (School Planning and Reporting) Regulations 2023

The national curriculum is also issued as secondary legislation via notice in the New Zealand Gazette. This consists of foundational curriculum policies and national curriculum statements that form part of School Board legal requirements.

Tertiary

- Education (Export Education Levy) Regulations 2022
- Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021
- Education (Tertiary Education—Criteria Permanent Residents Studying Overseas Must Satisfy to be Domestic Students) Regulations 2016
- International Student Contract Dispute Resolution Scheme Rules 2016
- Education (Domestic Tertiary Student Contract Dispute Resolution Scheme) Rules 2021
- Education (Te Wānanga o Raukawa) Order 2023 (to come into effect on 1 January 2024)
- Education (Te Whare Wananga O Awanuiārangi) Order 1996
- Education (Aotearoa Institute) Order 1993

Other secondary legislation

- Children's (Requirements for Safety Checks of Children's Workers) Regulations 2015
- Education (Education Review Office Authorised to Use National Student Numbers) Regulations 2019
- Education (Ministry of Social Development Authorised to Use National Student Numbers) Regulations 2012
- Education (Payment of Relieving Teachers) Order 2012

Broader statutory context

Other key legislation also impacts on education, including the Human Rights Act 1993, the Privacy Act, Employment Relations Act 2000, Equal Pay Act 2020, Fair Pay Agreements Act 2022, Holidays Act 2003, Health and Safety at Work Act 2016, Building Act 2004, Civil Defence Emergency Management Amendment Act 2002 and the Epidemic Preparedness Act 2006. Key parts of the public sector legislative and accountability framework include the Public Service Act 2020, Public Finance Act 1989, Crown Entities Act 2004, New Zealand Bill of Rights Act 1990, Official Information Act 1982, Ombudsman Act 1975, and the Public Audit Act 2001.

International obligations

The Universal Declaration on Human Rights, adopted in 1948, has formed the basis for nine core human rights treaties. Actearoa New Zealand is party to seven of these. Actearoa New Zealand is also a party to other Conventions, including the United Nations Convention on the Rights of Persons with Disabilities, the Rights of the Child and the Rights of Indigenous Peoples as well as a number specifically related to education such as the Convention Against Discrimination in Education. Most Conventions require regular reporting from State Parties.

UNESCO

The Secretariat for the New Zealand National Commission for United Nations Educational, Scientific and Cultural Organisation (UNESCO) sits within the Ministry of Education. The National Commission connects Aotearoa New Zealand to UNESCO and leverages UNESCO collective resources, networks and programmes and applies them in a way that benefits Aotearoa New Zealand. The Minister of Education makes appointments to the National Commission through the Cabinet Appointment and Honours Committee process.

Sustainable Development Goals

In 2015, all UN member states adopted the 2030 Agenda, a blueprint for sustainable development which includes 17 goals, referred to as the Sustainable Development Goals (SDGs). The Ministry is responsible for reporting on SDG 4, which focuses on 'ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all'. Although the goals are not legally binding, countries are expected to report on their implementation¹⁶. Aotearoa New Zealand presented its first Voluntary National Review report to the UN in 2019.



¹⁶ Similarly, although the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Organisation for Economic Co-operation and Development (OECD) recommendations are not legally binding, New Zealand is expected to address them as a member state.

Annex 4: Employees Full-Time Equivalent by business group as at 30 June 2023

FTE by business group *Only includes active fixed term and permanent employees as at 30/06/2023.	
Business Group (and Hautū)	FTE
Te Mahau Takiwā Te Tai Raro (Isabel Evans)	649.2
Te Mahau Takiwā Te Tai Runga (Nancy Bell)	642.7
Te Mahau Takiwā Te Tai Whenua (Jocelyn Mikaere)	683.5
Te Pae Aronui (Sean Teddy)	500.5
Te Pou Hanganga, Matihiko Infrastructure & Digital (Scotty Evans)	815.8
Te Pou Kaupapahere Policy (Andy Jackson)	181.6
Te Pou Ohumahi Mātauranga Education Workforce (Anna Welanyk)	100.3
Te Pou Rangatōpū Corporate (Zoe Griffiths)	380.7
Te Pou Tuarongo (Māhina Melbourne – Acting)	34.8
Te Poutāhū (Curriculum Centre) – (Ellen MacGregor-Reid)	309.3
Te Tari o te Tumu Whakarae mō te Mātauranga Office of the Secretary for Education (includes Internal Audit team)	12.6
Grand Total	4311.0





We **shape** an **education** system that delivers **equitable** and **excellent outcomes**

He mea tārai e mātou te mātauranga kia rangatira ai, kia mana taurite ai ōna huanga

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