

# *Vote Education*

---

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Education (M26), Minister for Tertiary Education (M68)

ADMINISTERING DEPARTMENT: Ministry of Education

MINISTER RESPONSIBLE FOR MINISTRY OF EDUCATION : Minister of Education

# Details of Appropriations

## Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Interventions for Target Student Groups (M26)</b> 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.	192,496	21,377	213,873
<b>School Property Portfolio Management (M26)</b> 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.	1,160,233	(44,045)	1,116,188
<b>Strategic Leadership in the Sector (M26)</b> 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.	33,440	1,140	34,580
<b>Strategic Leadership in the Tertiary System (M68)</b> 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.	24,483	(7,394)	17,089
<b>Support and Resources for Education Providers (M26)</b> 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 underperformance.	87,289	(20,711)	66,578
<b>Support and Resources for Teachers (M26)</b> 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, professional development, and administering scholarships and awards for existing teachers and principals.	65,840	(4,898)	60,942
<b>Support and Resources for the Community (M26)</b> 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.	14,566	7,026	21,592
<b>Total Departmental Output Expenses</b>	<b>1,578,347</b>	<b>(47,505)</b>	<b>1,530,842</b>

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Non-Departmental Output Expenses</b>			
<b>Centres of Research Excellence (M68)</b> Purchase of cooperative and collaborative tertiary research through the contestable Centres of Research Excellence (CoRE) Fund.	22,841	1,698	24,539
<b>Curriculum Support (M26)</b> Purchase of supplementary educational programmes for schools and communities to ensure wider access to these opportunities.	68,693	375	69,068
<b>Developing Strategic Coherence Across the Tertiary Sector (M68)</b> Development, evaluation and implementation by the Tertiary Education Commission (TEC) of a range of steering and support mechanisms including the provision of ownership and purchase advice to Government, for the tertiary education sector. This is to give effect to the Tertiary Education Strategy (TES) and Statement of Tertiary Education Priorities (STEP) and improve the focus, connectivity and capacity of the sector.	29,444	(575)	28,869
<b>Education Research Initiatives (M26)</b> Purchase of research about teaching and learning in our educational institutions and independent research on education issues, policies and practices.	3,230	-	3,230
<b>Management of Grants and Contracts (M68)</b> Contract negotiation and management services on behalf of the Crown for the delivery of tertiary education and training programmes, including allocation and disbursement of funds and monitoring the performance of providers against contracts and agreements.	13,909	140	14,049
<b>Professional Development and Support (M26)</b> Delivery of professional development and advisory support to staff, managers and parents in ECE services and in schools, to support effective teaching and enhance self-management.	120,410	(9,457)	110,953
<b>Provision of Information and Advisory Services (M26)</b> Providing information on the government's education policy and programmes and general information, advisory programmes and services to the public, community groups, industry and the education community.	25,846	527	26,373
<b>Qualifications Support Structures (M26)</b> Provision for the New Zealand Qualifications Authority (NZQA) to oversee the setting of standards and standards based qualifications. This includes recognition and review of qualifications, records management processes to support the Register of Quality Assured Qualifications and National Qualifications Framework, and participation in the promotion of the New Zealand National Qualifications system to key education and immigration partner countries.	6,199	40	6,239
<b>Quality Assurance (M26)</b> Provision for NZQA to provide quality assurance services to support the New Zealand qualifications system	9,520	815	10,335
<b>School Transport (M26)</b> Purchase of services to transport eligible students to and from State and integrated schools. Also included are payments to schools that manage their own transport services and payments to parents/caregivers to compensate for the costs of taking children to school where other transport services are unsuitable or unavailable.	127,174	4,074	131,248
<b>Secondary School Examinations (M26)</b> Provision for NZQA to oversee assessment for national secondary school qualifications and conduct examinations.	23,760	-	23,760

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Non-Departmental Output Expenses - cont'd</b>			
<b>Supporting Parenting (M26)</b> Purchasing programmes, such as Parents as First Teachers (PAFT) and Family Start, and advice and support, which enhance the role of parents/caregivers in the development of their children and promote the value of quality early childhood education experiences.	19,360	(511)	18,849
<b>Tertiary and International Advisory Services (M68)</b> Providing information and advisory services in respect to tertiary education and international education policies and programmes to the public, community groups, industry, the education community, Crown entities and other government departments.	10,750	2,000	12,750
<b>Tertiary Education: Student Achievement Component (M68)</b> This appropriation is limited to teaching and learning services for enrolled students in approved courses at tertiary education organisations to achieve recognised tertiary qualifications.	-	748,549	748,549
<b>Training for Designated Groups (M68)</b> Purchasing training linked to the National Qualifications Framework and the purchase of both on-job and off-job training places including delivery of fully or partially funded training places.	287,351	(500)	286,851
<b>Total Non-Departmental Output Expenses</b>	<b>768,487</b>	<b>747,175</b>	<b>1,515,662</b>
<b>Benefits and Other Unrequited Expenses</b>			
<b>Boarding Allowances and Bursaries (M26)</b> Provides an annual allowance to subsidise boarding fees and some travel costs of primary and secondary students who must live away from home to receive their education, either because of the distance of the nearest school or bus service from their home, or because certain approved subjects are not available at their local school. Bursaries are awarded according to the School Boarding Bursaries Regulations 1972.	8,243	(1,200)	7,043
<b>Fee Reimbursement Payments (M68)</b> Ex-gratia payments to specific domestic students for the loss of prepaid tuition fees as a result of the failure of Private Training Establishments. Applications for fee reimbursement are considered on a case-by-case basis according to the policy criteria and decision-making process set out on the NZQA website.	-	34	34
<b>Home Schooling Allowances (M26)</b> Provides an allowance payable to parents/caregivers of children in full-time correspondence programmes for primary and secondary education and to parents/caregivers of children receiving their primary and secondary education at home (where a certificate of exemption from enrolment has been approved under section 21 of the Education Act 1989).	5,334	-	5,334
<b>International Student Scholarship Scheme (M68)</b> Scholarships available to international students wishing to study in New Zealand. Details of the criteria and selection process for the scheme are available from Education New Zealand.	4,500	(655)	3,845
<b>Māori and Pacific Island Scholarships and Bursaries (M68)</b> Programmes to provide scholarships and bursaries to Māori and Pasifika students, according to established criteria. The programmes include Manaaki Tauira, Māori Education Trust and Polynesian and Pacific Island Education Foundation Scholarships, Ngarimu VC and Māori Battalion Memorial Scholarship Fund and Māori and Polynesian Scholarships.	993	73	1,066
<b>Mapihi Pounamu (M26)</b> Assistance to at-risk secondary school-aged students aged 14 and above, who face barriers to learning to ensure that they participate and achieve in education. The scheme is administered by the Ministry of Education.	3,250	(203)	3,047

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>National Study Awards (M26)</b> Provision for the costs of study awards, sabbaticals and fellowships for teachers, including replacement of the teacher while on study leave. Awards include those linked to teachers' collective agreements and approved prestigious awards. Priorities, criteria and selection processes are published by the Ministry of Education.	20,002	1,824	21,826
<b>Queen Elizabeth II Study Awards (M68)</b> Awards for training assistance in a Commonwealth country provided to technicians under The Queen Elizabeth II Technicians' Study Award Act 1970.	100	-	100
<b>Study Abroad Awards (M68)</b> Awards granted to provide assistance to top scholars, researchers and teachers to undertake placements abroad and to participate in reciprocal education exchange arrangements with partner countries in selected areas of priority study, teaching and research. The criteria and selection process are available from Education New Zealand and AFS Intercultural Programmes New Zealand.	2,290	-	2,290
<b>Targeted Education and Training Grants (M68)</b> Initiatives to provide living support for students at risk who need to move away from home to pursue alternative education options. The criteria and process for these grants are available from the Tertiary Education Commission.	80	-	80
<b>Teacher Trainee Scholarships (M26)</b> Scholarships and allowances for students undertaking teacher training education, and loan support payments to teachers. The criteria and process for awarding scholarships are published by the Ministry of Education.	15,158	(4,886)	10,272
<b>Tertiary Scholarships (M68)</b> Scholarships payable to tertiary students, including Enterprise, Top Achiever Doctoral, European Union Exchange, Learning for Living and Mathematics and Science scholarships; Trainee Medical Intern grants and School Achievers awards. The criteria and process for these awards are available from the Tertiary Education Commission.	26,137	-	26,137
<b>Tertiary Teaching Awards (M68)</b> Awards to recognise outstanding tertiary education teachers as selected by a committee appointed by the Minister of Education and according to approved criteria and guidelines as published by NZQA.	200	-	200
<b>United World Scholarships (M26)</b> Scholarships for attendance at United World Colleges.	50	-	50
<b>Total Benefits and Other Unrequited Expenses</b>	86,337	(5,013)	81,324
<b>Other Expenses to be Incurred by the Crown</b>			
<b>Adult and Community Education (M68)</b> Providing funding for delivery of community and adult education courses through tertiary education institutions, schools and other agencies.	40,311	-	40,311
<b>Capability Development Funds (M68)</b> Assistance to Tertiary Education Organisations and others to develop their capability to contribute to the goals of the Tertiary Education Strategy and adapt to the changing environment - enhancing innovation, excellence, quality and organisational capability across the tertiary education system, and promoting linkages with the wider community of stakeholders. The Export Education Innovations Fund is also included.	43,404	(29,869)	13,535

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Other Expenses to be Incurred by the Crown - cont'd</b>			
<b>Early Childhood Education (M26)</b> Subsidising early childhood education (ECE) services for children under six years of age from licensed and chartered ECE services (including centres and chartered home-based care networks) and from licence-exempt centres. Also included are several targeted funds.	755,222	52,008	807,230
<b>Early Childhood Grants (M26)</b> Assistance is provided to ECE groups for developing accommodation including the establishment of new centres, or to increase the capacity or improve the standard of accommodation in existing centres. The criteria and selection process are published by the Ministry of Education.	14,459	-	14,459
<b>Impairment of Loans to the Western Institute of Technology at Taranaki (M68)</b> This appropriation is limited to the impairment expenses associated with Crown decisions about the repayment of Crown loans previously made to the Western Institute of Technology at Taranaki.	-	1,362	1,362
<b>Integrated Schools Property (M26)</b> Provision for modernisation of existing property at integrated schools as part of a funding regime negotiated with the proprietors of integrated schools. Funding to assist in the expansion of the network is also included.	38,627	547	39,174
<b>Interest Subsidy for Schools (M26)</b> Provides a subsidy on interest payments for borrowing by private schools for approved property-related projects. Administration costs are also included.	1,486	(746)	740
<b>New Zealand Teachers Council (M26)</b> Operating grant to assist the Teachers Council to carry out its leadership function.	178	-	178
<b>Performance Based Research Fund (M68)</b> Funding for research in the tertiary education sector to raise the quality and focus of research as well as provide incentives for improved investment in basic research.	215,920	(112,960)	102,960
<b>Primary Education (M26)</b> Delivering the curriculum for Years 0 to 8 (new entrant to Form 2) to pupils of State, integrated and private schools, and The Correspondence School. Provides roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes.	2,123,871	99,629	2,223,500
<b>Remission of Fees (M26)</b> Payment to NZQA for student examination fees remitted in cases of hardship.	1,288	-	1,288
<b>Residual Management Unit Payments (M26)</b> Payments for outstanding commitments of the former Department of Education and Education Boards. This includes the costs of maintaining buildings owned by the former Department or Boards, accommodation leases and legal costs.	178	(58)	120
<b>School Transport (M26)</b> Payments to teachers who, as Bus Controllers, assist in the provision of school transport assistance.	1,158	(206)	952
<b>Schooling Improvement (M26)</b> School support and schooling improvement projects to improve the capability of schools and clusters and their responsiveness to the needs of their communities. These include iwi-strengthening education projects. Most projects are developed in the context of a business case.	13,322	(937)	12,385

	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Secondary Education (M26)</b> Delivering the curriculum for Years 9 to 13 (Forms 3 to 7) to pupils of State, integrated and private schools, and The Correspondence School. Provides roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes.	1,647,083	72,651	1,719,734
<b>Special Needs Support (M26)</b> Providing additional resources to enable students with special education needs to participate in education including supplementary resources for special education needs, residential services, English for Speakers of Other Languages (ESOL) and alternative education programmes.	268,157	12,151	280,308
<b>Tertiary Education and Training (M68)</b> Providing funding for teaching and learning by subsidising EFTS places in approved courses and programmes. Also included is funding for base grants to State tertiary institutions, strategic development initiatives, community education programmes and for depreciation on Crown-owned tertiary assets.	1,818,407	(837,780)	980,627
<b>Tertiary Education Organisation Component - Capability Fund (M68)</b> This appropriation is limited to financial contributions to the cost of tertiary education organisations maintaining and enhancing their capability to deliver quality and relevance, and to develop their specific and distinctive roles in the network of tertiary education provision.	-	190,494	190,494
<b>Tertiary Education Organisation Component - Performance Based Research Fund (M68)</b> This appropriation is limited to financial contributions for the cost of research and research-based teaching and learning in tertiary education organisations, to raise the quality and focus of research, and provide incentives for improved investment in basic research in the tertiary sector.	-	117,271	117,271
<b>UNESCO (M26)</b> Annual membership contribution to United Nations Educational, Scientific and Cultural Organisation's (UNESCO's) international administration and programme of activities of the National Commission including participation in regional and international activities.	2,083	-	2,083
<b>University of Auckland Starpath Project (M68)</b> Funding under the Partnerships for Excellence facility to support the Starpath initiatives at the University of Auckland.	-	2,416	2,416
<b>Total Other Expenses to be Incurred by the Crown</b>	6,985,154	(434,027)	6,551,127
<b>Capital Expenditure to be Incurred by the Department</b>			
<b>Ministry of Education - Capital Expenditure PLA (M26)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Education, as authorised by section 24(1) of the Public Finance Act 1989	-	518,700	518,700
<b>Total Capital Expenditure to be Incurred by the Department</b>	-	518,700	518,700
<b>Capital Expenditure to be Incurred by the Crown</b>			
<b>Centres of Research Excellence - Capital (M68)</b> To assist Centres of Research Excellence to purchase strategic assets required in their research activity.	-	20,000	20,000
<b>College of Education Mergers (M68)</b> Provision of support for transition and related costs of the mergers of Dunedin College of Education and University of Otago and Christchurch College of Education and University of Canterbury.	6,123	(5,000)	1,123
<b>Institute of Technology TradeFIT (M68)</b> A suspensory loan for TradeFIT - a trades learning and innovation centre at the Christchurch Polytechnic Institute of Technology under the Partnerships for Excellence facility.	3,814	-	3,814

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Capital Expenditure to be Incurred by the Crown - cont'd</b>			
<b>Institutes of Technology and Polytechnics Distinctive Contributions (M68)</b> Capital funding to support strategic change in the Institutes of Technology and Polytechnics sector. This includes capital funding for plant and equipment, information systems, and shared infrastructure amongst Institutes of Technology and Polytechnics to enhance the capability and distinctive contributions of the sector in line with the Tertiary Education Strategy.	15,000	-	15,000
<b>Investment in Te Wananga o Aotearoa (M68)</b> To provide a suspensory loan to Te Wananga o Aotearoa, to further invest in institutional capability, provide short term liquidity or funding support, meet Treaty of Waitangi settlement obligations or purchase essential assets to facilitate educational delivery.	14,000	-	14,000
<b>National Centre of Excellence in Wood Processing (M68)</b> Capital funding to complete the National Centre of Excellence in Wood Processing where a number of new programmes central to the Wood Processing Strategy will be delivered.	1,000	-	1,000
<b>National Institute of Innovation in ICT (M68)</b> A suspensory loan for a National Institute of Innovation in ICT at the University of Canterbury under the Partnerships for Excellence facility.	5,000	-	5,000
<b>NZQA Technology (M26)</b> Investment in improved information systems for the New Zealand Qualifications Authority (NZQA).	2,340	(2,340)	-
<b>Otago Polytechnic Property Rationalisation (M68)</b> This appropriation is limited to redevelopment of facilities for the School of Hospitality and Catering and construction of a new Annex for the Art School at the Forth Street campus of the Otago Polytechnic.	-	5,985	5,985
<b>Otago University Leading Thinkers (M68)</b> Suspensory loan to fund the University of Otago Leading Thinkers programme under the Partnerships for Excellence facility.	-	1,600	1,600
<b>Property Disposal Incentives Scheme (M26)</b> Payments to schools of a share of the proceeds from the sale of their surplus school property assets.	-	4,400	4,400
<b>Quality Reinvestment Programme (M68)</b> Support for Institutes of Technology and Polytechnics and Wananga through the Quality Reinvestment Programme to develop and maintain a high quality network of tertiary education provision aligned with the core roles of the sector as expressed in the Tertiary Education Strategy.	17,500	-	17,500
<b>Rangahaua (M68)</b> To facilitate the transfer of the Rangahaua programme from the former Wanganui Polytechnic to Te Wananga o Raukawa.	-	413	413
<b>School Support Project (M26)</b> Capital costs of implementing approved school support and schooling improvement projects (other than costs related to school property assets).	1,880	-	1,880
<b>Schools Furniture and Equipment (M26)</b> Provides funds to schools for new furniture and equipment when capital works (including remodelling/upgrading of existing property and new school property) are approved.	16,494	-	16,494
<b>Strengthening the Auckland University of Technology (M68)</b> Crown investment in the Auckland University of Technology transformation business case.	-	50,000	50,000

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Support for Tairāwhiti Polytechnic (M68)</b> This appropriation is limited to the provision of financial assistance to the Tairāwhiti Polytechnic to manage cash flow issues.	-	1,300	1,300
<b>Te Wananga o Aotearoa (M68)</b> Provision of a Crown loan to Te Wananga o Aotearoa to meet cash flow requirements and unforeseen contingencies.	4,000	-	4,000
<b>Tertiary Education Commission Restructuring (M68)</b> Capital Contribution towards the costs of restructuring the Tertiary Education Commission.	4,750	-	4,750
<b>UCOL Whanganui Campus Redevelopment (M68)</b> Crown support for the development of the UCOL Whanganui Campus.	4,100	5,900	10,000
<b>University of Auckland Institute for Innovation in Biotechnology (M68)</b> Suspensory loan under the Partnerships for Excellence facility for the establishment of a biotechnology and innovation centre for graduate training and research at the University of Auckland.	2,000	7,000	9,000
<b>Western Institute of Technology at Taranaki (M68)</b> Financial assistance to the Western Institute of Technology at Taranaki to manage cash flow issues.	8,250	(3,900)	4,350
<b>Total Capital Expenditure to be Incurred by the Crown</b>	106,251	85,358	191,609
<b>Total Annual and Permanent Appropriations</b>	9,524,576	864,688	10,389,264

# Details of Projected Movements in Departmental Net Assets

## Ministry of Education

Details of Net Asset Schedule	2007/08 Estimates Projections \$000	2007/08 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2007/08
Opening Balance	10,199,681	9,836,462	Supplementary Estimates opening balance reflects the audited results as at 30 June 2007.
Capital Injections	213,144	107,379	Mainly related to lower than expected expenditure on the school property works programme (\$97.500 million), change in timing of expenditure on systems developments related to teacher payroll (\$5.857 million) and allocation of funding to the Tertiary Education Commission for projects that the Commission will lead (\$2.600 million).
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	29,797	Adjustment to the revaluation reserve for school property assets.
Closing Balance	10,412,825	9,973,638	

# *Information Supporting the Supplementary Estimates*

## *Vote Education*

---

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Education (M26), Minister for Tertiary Education (M68)

ADMINISTERING DEPARTMENT: Ministry of Education

MINISTER RESPONSIBLE FOR MINISTRY OF EDUCATION : Minister of Education

## Part 1 - Summary of the Vote

### Part 1.3 - Trends in the Vote

#### Summary of Financial Activity

	2007/08				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	2,346,834	(47,505)	747,175	699,670	3,046,504
Benefits and Other Unrequited Expenses	86,337	N/A	(5,013)	(5,013)	81,324
Borrowing Expenses	-	-	-	-	-
Other Expenses	6,985,154	-	(434,027)	(434,027)	6,551,127
Capital Expenditure	106,251	518,700	85,358	604,058	710,309
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
<b>Total Appropriations</b>	<b>9,524,576</b>	<b>471,195</b>	<b>393,493</b>	<b>864,688</b>	<b>10,389,264</b>
<b>Crown Revenue and Receipts</b>					
Tax Revenue	-	N/A	N/A	-	-
Non-Tax Revenue	51,240	N/A	N/A	9,107	60,347
Capital Receipts	25,822	N/A	N/A	(15,018)	10,804
<b>Total Crown Revenue and Receipts</b>	<b>77,062</b>	<b>N/A</b>	<b>N/A</b>	<b>(5,911)</b>	<b>71,151</b>

## Part 1.4 - Reconciliation of Changes in Appropriation Structure

2007/08 Structure - Appropriations that have been Changed	2007/08 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Transferred	Amount Moved \$000	2007/08 Supplementary Estimates Structure - Appropriations affected by the Changes in Appropriation Structure	2007/08 (Restated) \$000
Non-Departmental Output Expenses					
				Tertiary Education: Student Achievement Component	748,549
Non-Departmental Other Expense					
Capability Development Funds	39,413	Transfer to Tertiary Education Organisation Component - Capability Fund	25,878	Tertiary Education Organisation Component - Capability Fund	190,494
				Capability Development Funds	13,535
Performance Based Research Fund	220,231	Transfer to Tertiary Education Organisation Component - Performance Based Research Fund	117,271	Tertiary Education Organisation Component - Performance Based Research Fund	117,271
				Performance Based Research Fund	102,960
Tertiary Education and Training	1,893,792	Transfer to Tertiary Education: Student Achievement Component - Non-Departmental Output Expense	748,549		
		Transfer to Tertiary Education Organisation Component - Capability Fund	164,616		
				Tertiary Education and Training	980,627
<b>Total Changes in Appropriations</b>	<b>2,153,436</b>		<b>1,056,314</b>		<b>2,153,436</b>

From 1 January 2008 a new funding system was introduced for the tertiary sector. Three new appropriations have been created to enable differentiation between purposes of funding for the direct costs of teaching and learning, and the costs of capability development and research.

The three new appropriations are:

- Tertiary Education: Student Achievement Component (Non-Departmental Output Expense)
- Tertiary Education Organisation Component - Capability Fund (Non-Departmental Other Expense)
- Tertiary Education Organisation Component - Performance Based Research Fund (Non-Departmental Other Expense).

Funding for these has been drawn from the following Non-Departmental Other Expenses:

- Tertiary Education and Training
- Capability Development Funds
- Performance Based Research Fund.

The table above is based on the funds that were transferred from 1 January 2008.

Grant funding incurred for the tertiary sector for the first six months of 2007/08 remained in the original appropriations as well as several programmes that were not incorporated in the new Student Achievement Component and Tertiary Education Organisation Component. The remaining amounts are to be transferred to other appropriations in 2008/09.

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Interventions for Target Student Groups (M26)

##### *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.

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$21.377 million to \$213.873 million for 2007/08. The increase in appropriation is mainly owing to:

- changes to cost allocations between output classes (\$16.485 million increase)
- a transfer from Departmental Output Expense School Property Portfolio Management for the increased cost of Ongoing and Reviewable Resourcing Schemes and the Schools High Health Needs Fund (\$5.907 million increase)
- a transfer to 2008/09 owing to delays in the development of a screening tool for the Tackling Disruptive Behaviour initiative (\$800,000 decrease)
- a reduction in services provided to third parties, principally assessments for the Independent Circumstances Allowance for the Ministry of Social Development and specialist educational assessments for the Accident Compensation Corporation (\$399,000 decrease)
- a transfer to 2008/09 owing to delays in the professional development programme for additional early intervention specialists (\$200,000 decrease).

#### School Property Portfolio Management (M26)

##### *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.

##### *Reasons for Change in Appropriation*

This appropriation will decrease by \$44.045 million to \$1,116.188 million for 2007/08. The decrease in appropriation is mainly owing to reduced capital charge as a consequence of:

- the downward revaluation of school sector property (\$22.742 million)

- the reduction in funding required for the 2007/08 schools accommodation business case (\$2.063 million)
- lower than expected property expenditure (\$6.454 million), withdrawals and other timing changes (\$2.343 million)
- savings to be used to offset the cost of School Decile Recalibration Transition (\$2.947 million)
- a transfer to Departmental Output Expense Interventions for Target Student Groups for Ongoing and Reviewable Resourcing Schemes and the Schools High Health Needs Fund (\$5.907 million)
- changes in cost allocations between output classes (\$1.189 million).

## Strategic Leadership in the Sector (M26)

### *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.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$1.140 million to \$34.580 million for 2007/08. The increase in funding is mainly owing to changes in cost allocations between output classes (\$1.190 million).

## Strategic Leadership in the Tertiary System (M68)

### *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.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$7.394 million to \$17.089 million for 2007/08. The decrease in appropriation is mainly owing to a combination of:

- changes in cost allocations between output classes (\$6.153 million decrease)
- a transfer to Non-Departmental Output Expense Developing Strategic Coherence Across the Tertiary Sector, for the development of an adult literacy assessment tool for adult literacy, numeracy and language (\$1.293 million decrease)
- support for the Centre for New Zealand Studies in London (\$255,000 increase)
- provision for a project on employment outcomes of tertiary education (\$150,000 increase)
- a transfer of funding to outyears as a result of delays in ensuring the research strategy for upskilling the workforce fully aligns with the strategies of the interagency programmes (\$200,000 decrease).

## Support and Resources for Education Providers (M26)

### *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 underperformance.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$20.711 million to \$66.578 million for 2007/08. The decrease in funding is mainly owing to:

- changes in cost allocations between output classes (\$14.298 million)
- a transfer to 2008/09 after delays with the school payroll project while the Ministry investigates outsourcing options (\$3.925 million)
- a reduction in capital charge following delays in capital expenditure related to the schools payroll project (\$1.404 million)
- a reduction in funding after a change in the scope of the enrolment management systems integrated solution (\$987,000).

## Support and Resources for Teachers (M26)

### *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, professional development, and administering scholarships and awards for existing teachers and principals.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$4.898 million to \$60.942 million for 2007/08. The decrease in appropriation is mainly owing to a combination of:

- changes in cost allocations between output classes (\$3.126 million decrease)
- a reallocation of savings to other education priorities (\$1.700 million decrease)
- a transfer of funding to 2008/09 owing to the next phase of the project to improve the capability of in-service teacher educators being delayed (\$350,000 decrease)
- a transfer of funding to 2008/09 owing to delays in the analysis and reporting from Māori medium work for the Quality Teaching Research and Development in Practice project (\$169,000 decrease)
- an increase in funding for a new bonded scholarship for school teacher recruitment to replace and encompass existing scholarships and allowances (\$675,000 increase).

## Support and Resources for the Community (M26)

### *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.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$7.026 million to \$21.592 million for 2007/08. The increase in funding is mainly owing to changes in cost allocations between output classes (\$7.091 million).

## Part 2.2 - Non-Departmental Output Expenses

### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Contribute to the goals of the Tertiary Education Strategy 2007-12: <ul style="list-style-type: none"> <li>• achieving success for all New Zealanders through lifelong learning</li> <li>• creating and applying knowledge to drive innovation</li> <li>• building strong connections between tertiary education organisations and the communities they serve.</li> </ul>	Tertiary Education: Student Achievement Component

## Centres of Research Excellence (M68)

### *Scope of Appropriation*

Purchase of cooperative and collaborative tertiary research through the contestable Centres of Research Excellence (CoRE) Fund.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$1.698 million to \$24.539 million for 2007/08. The increase reflects renegotiated funding agreements with the Centres of Research Excellence after the 2006/07 selection round.

## Curriculum Support (M26)

### *Scope of Appropriation*

Purchase of supplementary educational programmes for schools and communities to ensure wider access to these opportunities.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$375,000 to \$69.068 million for 2007/08. The increase in appropriation is mainly owing to:

- a reallocation of funding from Non-Departmental Other Expense Secondary Education to Curriculum Support for the Artists in Schools programme (\$600,000 increase)

- a transfer from Non-Departmental Output Expense Professional Development and Support to redistribute savings agreed to in Budget 2007 (\$250,000 increase)
- a transfer from Benefits Expense Mapihi Pounamu and Non-Departmental Other Expense Primary Education support students whose enrolment exemptions have been declined during 2007/08 to help them stay engaged in schooling (\$210,000 increase)
- a reprioritisation of savings to Non-Departmental Output Expense Quality Assurance (\$703,000 decrease).

## Developing Strategic Coherence Across the Tertiary Sector (M68)

### *Scope of Appropriation*

Development, evaluation and implementation by the Tertiary Education Commission (TEC) of a range of steering and support mechanisms including the provision of ownership and purchase advice to Government, for the tertiary education sector. This is to give effect to the Tertiary Education Strategy (TES) and Statement of Tertiary Education Priorities (STEP) and improve the focus, connectivity and capacity of the sector.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$575,000 to \$28.869 million for 2007/08. The decrease in funding is mainly owing to:

- a transfer to Non-Departmental Output Expense Tertiary and International Advisory Services after a change in the distribution of costs resulting from the revision of the structure of the Tertiary Education Commission (\$2.000 million decrease)
- a transfer from the Ministry of Education for Tertiary Information Review (\$800,000 increase)
- a transfer from Non-Departmental Output Expense Training for Designated Groups to help Industry Training Organisations ensure that training, developed through pilot literacy and numeracy projects, meets quality assurance standards (\$500,000 increase).

## Management of Grants and Contracts (M68)

### *Scope of Appropriation*

Contract negotiation and management services on behalf of the Crown for the delivery of tertiary education and training programmes, including allocation and disbursement of funds and monitoring the performance of providers against contracts and agreements.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$140,000 to \$14.049 million for 2007/08. The increase is owing to additional administration related to the Centres of Research Excellence after the 2006/07 selection round.

## Professional Development and Support (M26)

### *Scope of Appropriation*

Delivery of professional development and advisory support to staff, managers and parents in ECE services and in schools, to support effective teaching and enhance self-management.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$9.457 million to \$110.953 million for 2007/08. The decrease in funding is owing to:

- a transfer to 2008/09 owing to delays in implementing the Diploma in Specialist Subjects (Secondary Teacher) Division II qualification (\$7.364 million)
- a reprioritisation of savings to Non-Departmental Output Expense Quality Assurance (\$907,000)
- a transfer to 2009/10 owing to an extension of the Te Kotahitanga programme (\$440,000)
- a transfer to 2008/09 owing to delays in the development of a screening tool for the Tackling Disruptive Behaviour initiative (\$285,000)
- a transfer to Non-Departmental Output Expense Curriculum Support to redistribute part of the savings agreed to in Budget 2007 (\$250,000)
- a transfer to 2008/09 owing to delays in Te Reo Tikanga Māori programme (\$200,000).

## Provision of Information and Advisory Services (M26)

### *Scope of Appropriation*

Providing information on the government's education policy and programmes and general information, advisory programmes and services to the public, community groups, industry and the education community.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$527,000 to \$26.373 million for 2007/08. The increase in funding is to provide more migrants with tailored career planning assistance in order to match the skills and talents of migrants to the needs of the labour market.

## Qualifications Support Structures (M26)

### *Scope of Appropriation*

Provision for the New Zealand Qualifications Authority (NZQA) to oversee the setting of standards and standards based qualifications. This includes recognition and review of qualifications, records management processes to support the Register of Quality Assured Qualifications and National Qualifications Framework, and participation in the promotion of the New Zealand National Qualifications system to key education and immigration partner countries.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$40,000 to \$6.239 million for 2007/08. The increase in funding is mainly owing to a transfer from Vote Foreign Affairs and Trade for support for negotiation of international agreements (\$34,000).

## Quality Assurance (M26)

### *Scope of Appropriation*

Provision for NZQA to provide quality assurance services to support the New Zealand qualifications system

### *Reasons for Change in Appropriation*

This appropriation will increase by \$815,000 to \$10.335 million for 2007/08. Funding was increased to allow for additional full-time moderators for the National Certificate of Educational Achievement (\$1.610 million) offset by funding carried forward to 2008/09 owing to delays in the development of the quality assurance framework for the tertiary sector required for specifying system requirements (\$795,000).

## School Transport (M26)

### *Scope of Appropriation*

Purchase of services to transport eligible students to and from State and integrated schools. Also included are payments to schools that manage their own transport services and payments to parents/caregivers to compensate for the costs of taking children to school where other transport services are unsuitable or unavailable.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$4.074 million to \$131.248 million for 2007/08. The increase in funding is mainly owing to:

- Directly Resourced Services - improvements made to the funding model to address the discrepancies between Daily and Directly Resourced funding rates and to resource improvements in safety standards as well as to reflect historical levels of cost (\$2.999 million increase)
- Special Needs Taxi Service - recent re-tendering of contracts resulting in an overall increase in costs as well as other movements in prices during the year (\$1.632 million increase)
- partly offset by lower than expected demand for Conveyance Allowances and Direct Services (\$586,000 decrease).

## Supporting Parenting (M26)

### *Scope of Appropriation*

Purchasing programmes, such as Parents as First Teachers (PAFT) and Family Start, and advice and support, which enhance the role of parents/caregivers in the development of their children and promote the value of quality early childhood education experiences.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$511,000 to \$18.849 million for 2007/08. The decrease in funding is mainly owing to:

- a reallocation of savings to other education priorities (\$600,000 decrease)
- partly offset by a strengthening of community-based child and family services under the Pathway to Partnership plan (\$149,000 increase).

## Tertiary and International Advisory Services (M68)

### *Scope of Appropriation*

Providing information and advisory services in respect to tertiary education and international education policies and programmes to the public, community groups, industry, the education community, Crown entities and other government departments.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$2 million to \$12.750 million for 2007/08. The increase in funding is owing to a transfer from Non-Departmental Output Expense Developing Strategic Coherence Across the Tertiary Sector to reflect a change in the distribution of costs resulting from the revision of the structure of the Tertiary Education Commission.

## Tertiary Education: Student Achievement Component (M68)

### *Scope of Appropriation*

This appropriation is limited to teaching and learning services for enrolled students in approved courses at tertiary education organisations to achieve recognised tertiary qualifications.

### *Expenses*

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	748,549	748,549
Universities	-	422,162	422,162
Institutes of Technology and Polytechnics	-	193,735	193,735
Wananga	-	54,274	54,274
Private Training Establishments	-	66,138	66,138
Other Tertiary Education Providers	-	12,240	12,240

### *Reasons for Change in Appropriation*

This is a new appropriation with funding of \$748.549 million for 2007/08. The Tertiary Education: Student Achievement Component provides for the Crown's share of the cost of delivering courses to students. The funding was transferred from Non-Departmental Other Expense Tertiary Education and Training. See Part 1.4 - Reconciliation of Changes in Appropriation Structure - for details.

### *Output Performance Measures and Standards*

Performance Measures	2007/08		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Number of Domestic Equivalent Full-Time Students (EFTS) by significant sub-sector:			
Universities	-	50,000-62,000	50,000-62,000
Institutes of Technology and Polytechnics	-	29,000-37,000	29,000-37,000
Wananga	-	10,000-14,000	10,000-14,000
Private Training Establishments	-	8,500-11,000	8,500-11,000
Other Tertiary Education Providers	-	1,400-1,800	1,400-1,800
Total Equivalent Full-Time Students	-	98,900-125,800	98,900-125,800
Funded courses with quality assurance from New Zealand Qualifications Authority or New Zealand Vice-Chancellors' Committee, as appropriate.	-	100 per cent	100 per cent

### *Conditions on Use of Appropriation*

Reference	Conditions
Cabinet Decision	The Tertiary Education: Student Achievement Component provides for the Government's share of the cost of delivering courses to students. The amount that a provider receives through this component is calculated on the basis of the nature of the programme and the volume of teaching and learning.

### *Current and Past Policy Initiatives*

From 1 January 2008 a new funding system was introduced. The new funding system has been designed to fulfil a number of goals:

- Shift the focus of providers away from volume growth and onto delivering quality and relevant provision and ensuring students succeed.
- Incentivise providers to achieve strong outcomes for their learners and external stakeholders.
- Support the distinctive roles of providers, both between sub-sectors and for individual providers, including the capabilities needed to fulfil those roles.
- Have a longer term focus on maintaining and developing a capable and efficient network of provision.
- Give confidence to the sector that they can focus on government priorities and the skill and learning needs of their regions without fear of compromising their financial viability.
- Constrain tertiary expenditure and provide fiscal certainty to the Government.

- Underpin the “Investing in a Plan” approach by allocating funding to providers on the basis of what is agreed in their Plans.
- Allow measurement of the outcomes that providers are expected to achieve.

Three new appropriations have been created to enable differentiation between purposes of funding for the direct costs of teaching and learning, and the costs of capability development and research.

The Tertiary Education: Student Achievement Component provides for the Government’s share of the cost of delivering courses to students. The amount that a provider receives through this component is calculated on the basis of the nature of the programme and the volume of teaching and learning.

## **Training for Designated Groups (M68)**

### *Scope of Appropriation*

Purchasing training linked to the National Qualifications Framework and the purchase of both on-job and off-job training places including delivery of fully or partially funded training places.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$500,000 to \$286.851 million for 2007/08. The decrease represents a transfer to Developing Strategic Coherence Across the Tertiary Sector to help Industry Training Organisations ensure that training, developed through pilot literacy and numeracy projects, meets quality assurance standards.

## Part 3 - Details for Benefits and Other Unrequited Expenses

### Part 3.2 - Non-Departmental Benefits and Other Unrequited Expenses

#### **Boarding Allowances and Bursaries (M26)**

##### *Scope of Appropriation*

Provides an annual allowance to subsidise boarding fees and some travel costs of primary and secondary students who must live away from home to receive their education, either because of the distance of the nearest school or bus service from their home, or because certain approved subjects are not available at their local school. Bursaries are awarded according to the School Boarding Bursaries Regulations 1972.

##### *Reasons for Change in Appropriation*

This appropriation will decrease by \$1.200 million to \$7.043 million for 2007/08. The decrease is owing to a reallocation of savings resulting from lower than expected demand for allowances and bursaries to the Extending the Community Partnerships Fund.

#### **Fee Reimbursement Payments (M68)**

##### *Scope of Appropriation*

Ex-gratia payments to specific domestic students for the loss of prepaid tuition fees as a result of the failure of Private Training Establishments. Applications for fee reimbursement are considered on a case-by-case basis according to the policy criteria and decision-making process set out on the NZQA website.

##### *Reasons for Change in Appropriation*

This appropriation was approved during 2007/08 for students who lost domestic student fees through the failure of a tertiary provider (\$34,000).

#### **International Student Scholarship Scheme (M68)**

##### *Scope of Appropriation*

Scholarships available to international students wishing to study in New Zealand. Details of the criteria and selection process for the scheme are available from Education New Zealand.

##### *Reasons for Change in Appropriation*

This appropriation will decrease by \$655,000 to \$3.845 million for 2007/08. The decrease is owing to a transfer to Departmental Output Expense Strategic Leadership in the Tertiary System for European Union/New Zealand Mobility projects.

## Māori and Pacific Island Scholarships and Bursaries (M68)

### *Scope of Appropriation*

Programmes to provide scholarships and bursaries to Māori and Pasifika students, according to established criteria. The programmes include Manaaki Tauira, Māori Education Trust and Polynesian and Pacific Island Education Foundation Scholarships, Ngarimu VC and Māori Battalion Memorial Scholarship Fund and Māori and Polynesian Scholarships.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$73,000 to \$1.066 million for 2007/08. The increase is owing to a transfer from Benefit Expense Mapihi Pounamu to meet commitments for Māori and Polynesian Higher Education Scholarships.

## Mapihi Pounamu (M26)

### *Scope of Appropriation*

Assistance to at-risk secondary school-aged students aged 14 and above, who face barriers to learning to ensure that they participate and achieve in education. The scheme is administered by the Ministry of Education.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$203,000 to \$3.047 million for 2007/08. The decrease is owing to transfers to:

- Non-Departmental Output Expense Curriculum Support for students declined enrolment exemptions from schooling in 2007/08 (\$130,000)
- Benefit Expense Māori and Pacific Island Scholarships and Bursaries to meet commitments for Māori and Polynesian Higher Education Scholarships (\$73,000).

## National Study Awards (M26)

### *Scope of Appropriation*

Provision for the costs of study awards, sabbaticals and fellowships for teachers, including replacement of the teacher while on study leave. Awards include those linked to teachers' collective agreements and approved prestigious awards. Priorities, criteria and selection processes are published by the Ministry of Education.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$1.824 million to \$21.826 million for 2007/08. The increase is owing to:

- settlement of the teachers' and principals' collective agreements (\$1.024 million)
- a transfer from Non-Departmental Other Expense Early Childhood Education for a Teacher Qualification requirement (\$800,000).

## Teacher Trainee Scholarships (M26)

### *Scope of Appropriation*

Scholarships and allowances for students undertaking teacher training education, and loan support payments to teachers. The criteria and process for awarding scholarships are published by the Ministry of Education.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$4.886 million to \$10.272 million for 2007/08. This reduction is owing to the Ministry of Social Development taking over payment of TeachNZ scholarships sooner than expected (\$3.322 million decrease) and the transfer of funding for a new scholarship to the Ministry of Social Development (\$1.564 million decrease).

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.2 - Non-Departmental Other Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Provide the Government's contribution to costs that support each provider to focus on its specific and distinctive role in the network of provision, and to drive improvements in quality and relevant provision, in the achievement of the goals of the Tertiary Education Strategy 2007-12. This component consists of five elements, each of which has specific outcome goals.	Tertiary Education Organisation Component - Capability Fund
Contribute primarily to the Tertiary Education Strategy 2007-12 goal of Creating and Applying Knowledge to Drive Innovation, and the priority of Improving Research Connections and Linkages to Create Economic Opportunities. Outcomes expected include: <ul style="list-style-type: none"> <li>increased volume and quality of research outputs</li> <li>increased quality of research-based teaching</li> <li>enhanced research connections and linkages between tertiary education organisations, other research organisations and businesses.</li> </ul>	Tertiary Education Organisation Component - Performance Based Research Fund

#### Adult and Community Education (M68)

##### *Scope of Appropriation*

Providing funding for delivery of community and adult education courses through tertiary education institutions, schools and other agencies.

#### Capability Development Funds (M68)

##### *Scope of Appropriation*

Assistance to Tertiary Education Organisations and others to develop their capability to contribute to the goals of the Tertiary Education Strategy and adapt to the changing environment - enhancing innovation, excellence, quality and organisational capability across the tertiary education system, and promoting linkages with the wider community of stakeholders. The Export Education Innovations Fund is also included.

##### *Reasons for Change in Appropriation*

This appropriation will decrease by \$29.869 million to \$13.535 million for 2007/08. The decrease in funding is represented mainly by:

- a transfer to the new Non-Departmental Other Expense Tertiary Education Organisation Component - Capability Fund for tertiary education organisations to maintain and enhance their ability to deliver quality and relevance (\$30.490 million decrease)

- partly offset by a transfer from the previous financial year owing to delays in the Building Research Capability in Strategically Relevant Areas programme (\$188,000 increase)
- a transfer from the previous financial year owing to delays in the Growth and Innovation Pilot Initiatives programme (\$533,000 increase).

## Early Childhood Education (M26)

### *Scope of Appropriation*

Subsidising early childhood education (ECE) services for children under six years of age from licensed and chartered ECE services (including centres and chartered home-based care networks) and from licence-exempt centres. Also included are several targeted funds.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$52.008 million to \$807.230 million for 2007/08. The increase in funding is owing to:

- higher than expected growth in hours of early childhood education (\$28.930 million)
- more child hours than expected funded at higher rates mainly reflecting higher levels of qualified staff and some kindergartens changing from sessional to all-day services (\$11.081 million)
- flow on costs from the settlement of the school teacher collective agreements (\$8.874 million)
- an increase in the number of new provisionally registered teachers with some teachers receiving grants for longer than expected (\$4.749 million).

## Impairment of Loans to the Western Institute of Technology at Taranaki (M68)

### *Scope of Appropriation*

This appropriation is limited to the impairment expenses associated with Crown decisions about the repayment of Crown loans previously made to the Western Institute of Technology at Taranaki.

### *Expenses*

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,362	1,362

### *Reasons for Change in Appropriation*

This is a new appropriation in 2007/08.

## Integrated Schools Property (M26)

### *Scope of Appropriation*

Provision for modernisation of existing property at integrated schools as part of a funding regime negotiated with the proprietors of integrated schools. Funding to assist in the expansion of the network is also included.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$547,000 to \$39.174 million for 2007/08. This increase is owing to:

- provision for proprietors of integrated schools to receive the property component of the International Student Levy rate (\$597,000)
- partly offset by a decrease owing to a transfer to the Residual Management Unit Payments appropriation for painting the Helen Lowry Hall (\$50,000).

## Interest Subsidy for Schools (M26)

### *Scope of Appropriation*

Provides a subsidy on interest payments for borrowing by private schools for approved property-related projects. Administration costs are also included.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$746,000 to \$740,000 for 2007/08. The decrease in funding is mainly owing to lower than expected interest rates reducing the subsidies on school loans (\$754,000).

## Performance Based Research Fund (M68)

### *Scope of Appropriation*

Funding for research in the tertiary education sector to raise the quality and focus of research as well as provide incentives for improved investment in basic research.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$112.960 million to \$102.960 million for 2007/08. The decrease in funding represents a transfer of funds from 1 January 2008 to the new Tertiary Education Organisation Component: Performance Based Research Fund appropriation. See Part 1.4 - Reconciliation of Changes in Appropriation Structure - for details.

## Primary Education (M26)

### *Scope of Appropriation*

Delivering the curriculum for Years 0 to 8 (new entrant to Form 2) to pupils of State, integrated and private schools, and The Correspondence School. Provides roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$99.629 million to \$2,223.500 million for 2007/08. The increase in appropriation is mainly owing to:

- settlement of the teachers' and principals' collective agreements (\$60.152 million)
- higher than expected numbers of full-time teacher equivalents driven by increased national roll projections (\$22.896 million)
- higher than expected average fortnightly payment rates for teachers (\$9.231 million)
- additional operations funding owing to higher than expected rolls (\$5.076 million).

### **Residual Management Unit Payments (M26)**

#### *Scope of Appropriation*

Payments for outstanding commitments of the former Department of Education and Education Boards. This includes the costs of maintaining buildings owned by the former Department or Boards, accommodation leases and legal costs.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$58,000 to \$120,000 for 2007/08. The decrease is mainly owing to a transfer to the Departmental of Internal Affairs to contribute to the establishment of the Listening and Assistance Service (\$108,000) partly offset by a transfer to Non-Departmental Other Expense Integrated School Property for painting the Helen Lowry Hall (\$50,000).

### **School Transport (M26)**

#### *Scope of Appropriation*

Payments to teachers who, as Bus Controllers, assist in the provision of school transport assistance.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$206,000 to \$952,000 for 2007/08. The decrease is owing to a reduction in average rates for bus controllers.

### **Schooling Improvement (M26)**

#### *Scope of Appropriation*

School support and schooling improvement projects to improve the capability of schools and clusters and their responsiveness to the needs of their communities. These include iwi-strengthening education projects. Most projects are developed in the context of a business case.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$937,000 to \$12.385 million owing to a reallocation of savings to other education priorities.

## Secondary Education (M26)

### *Scope of Appropriation*

Delivering the curriculum for Years 9 to 13 (Forms 3 to 7) to pupils of State, integrated and private schools, and The Correspondence School. Provides roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$72.651 million to \$1,719.734 million for 2007/08. The increase in appropriation is mainly owing to:

- settlement of the teachers' and principals' collective agreements (\$45.882 million increase)
- higher than expected numbers of full-time teacher equivalents driven by increased national roll projections (\$23.831 million increase)
- higher than expected average fortnightly payment rates for teachers (\$5.958 million increase)
- additional operations funding owing to higher than expected rolls (\$4.496 million increase)
- partly offset by transfers to subsequent years after delays in some programmes including implementing the Diploma in Specialist Subjects (Secondary Teacher) qualification (\$4.376 million decrease).

## Special Needs Support (M26)

### *Scope of Appropriation*

Providing additional resources to enable students with special education needs to participate in education including supplementary resources for special education needs, residential services, English for Speakers of Other Languages (ESOL) and alternative education programmes.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$12.151 million to \$280.308 million for 2007/08. The increase in appropriation is mainly owing to:

- settlement of the teachers' and principals' collective agreements (\$7.532 million increase)
- higher than expected numbers of full-time teacher equivalents driven by increased national roll projections (\$4.723 million increase)
- higher than expected average fortnightly payment rates for teachers (\$1.081 million increase)
- partly offset by transfers to Primary Education and Secondary Education for cost reallocations between the three school appropriations (\$994,000 decrease).

## Tertiary Education and Training (M68)

### *Scope of Appropriation*

Providing funding for teaching and learning by subsidising EFTS places in approved courses and programmes. Also included is funding for base grants to State tertiary institutions, strategic development initiatives, community education programmes and for depreciation on Crown-owned tertiary assets.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$837.780 million to \$980.627 million for 2007/08. The decrease in funding is mainly owing to the creation of two new appropriations for tertiary funding with effect from 1 January 2008. A total of \$748.549 million was transferred to Non-Departmental Output Expense Tertiary Education: Student Achievement Component and \$164.616 million to Non-Departmental Other Expense Tertiary Education Organisation Component - Capability Fund.

This was partly offset by:

- the impact of a higher than expected number of students at the level of degree-and-above and other forecast changes (\$50.414 million increase)
- a transfer from the previous financial year owing to delays in the Quality Reinvestment Fund (\$22.736 million increase).

### **Tertiary Education Organisation Component - Capability Fund (M68)**

#### *Scope of Appropriation*

This appropriation is limited to financial contributions to the cost of tertiary education organisations maintaining and enhancing their capability to deliver quality and relevance, and to develop their specific and distinctive roles in the network of tertiary education provision.

#### *Expenses*

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	190,494	190,494
Public Provider Base Grant	-	139,742	139,742
Industry Training Organisation Core Component	-	2,250	2,250
Priorities for Focus	-	2,751	2,751
Supporting Change	-	32,078	32,078
Encouraging and Supporting Innovation	-	13,673	13,673

### *Reasons for Change in Appropriation*

This is a new appropriation with funding of \$190.494 million for 2007/08. This appropriation provides funding to tertiary education organisations for maintaining and enhancing their ability to deliver quality and relevance, and to develop their specific and distinctive roles in the network of tertiary education provision. The funding represents:

- a transfer from Non-Departmental Other Expenses Tertiary Education and Training (\$164.616 million)
- a transfer from Capability Development Funds (\$30.490 million)
- partly offset by a transfer to 2008/09 as a consequence of investment plans agreed with universities and wananga (\$4.612 million).

See Part 1.4 - Reconciliation of Changes in Appropriation Structure - for details.

*Expected Results*

	2007/08		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
<b>Public Provider Base Grant</b>			
Universities	-	56,951	56,951
Institutes of Technology and Polytechnics	-	63,512	63,512
Wananga	-	19,279	19,279
Total	-	139,742	139,742
<b>Industry Training Organisation Core Component</b>			
Industry Training Organisations	-	2,250	2,250
<b>Priorities for Focus</b>			
Universities	-	1,251	1,251
Wananga	-	1,500	1,500
Total	-	2,751	2,751
<b>Supporting Change</b>			
Institutes of Technology and Polytechnics	-	28,337	28,337
Wananga	-	3,741	3,741
Total	-	32,078	32,078
Encouraging and Supporting Innovation	-	13,673	13,673
Total	-	190,494	190,494

Examples of expected results for each element include:

***Public Provider Base Grant***

- improved quality of governance and management
- enhanced stakeholder engagement capability
- development of a culture of continuous performance improvement.

***Industry Training Organisation Core Component***

- increased provision of high-quality information on current and future industry skill and training needs
- reduced costs of sector-wide engagement
- development of national qualifications where there is evidence of industry support for the development of the qualification(s), and where they are delivered, or will be delivered, by providers.

***Priorities for Focus***

- expected results will be developed as appropriate to the specific area of focus.

***Supporting Change***

- improved alignment of Tertiary Education Institutions' portfolios of provision alignment with identified priorities or skills needs
- increase of quality provision in areas where there is an identified skill or provision gap
- development of necessary staff and organisational capabilities required to re-align provision.

### ***Encouraging and Supporting Innovation***

- increased innovation which benefits learners and stakeholders outside the tertiary education sector through skill development, innovative delivery systems, infrastructure improvements, research linkages, and relationships to enhance technology and knowledge transfer and exchange.

### ***Conditions on Use of Appropriation***

Reference	Conditions
Cabinet Decision	Criteria for each element of the Tertiary Education Organisation Component - Capability Fund have been agreed by Cabinet. The Tertiary Education Commission will use these criteria in determining funding to tertiary education organisations in the course of approving investment plans.

### ***Current and Past Policy Initiatives***

From 1 January 2008 a new funding system was introduced. Three new appropriations have been created to enable differentiation between purposes of funding for the direct costs of teaching and learning, and the costs of capability development and research.

The Tertiary Education Organisation Component - Capability Fund has three key functions:

- supporting the costs associated with a tertiary education organisation's role and distinctive contribution to the network of provision
- promoting and supporting innovation in teaching and learning
- contributing to the costs involved in tertiary education organisations making major changes to their provision.

The five elements of the Tertiary Education Organisation Component - Capability Fund are:

**Public Provider Base Grant** - support for tertiary education institutions to focus on their core roles and distinctive contributions. This element will also provide for effective governance and management, working with stakeholders, and having a culture of continuous performance improvement.

**Industry Training Organisation Core Component** - supports proposals related to the development of:

- the provision of high quality information on current and future industry skill and training needs that is accessible to providers and government agencies
- lowering the associated costs of sector-wide engagement.

This element also supports the development of national qualifications where:

- there is evidence of industry support for the development of the qualification(s)
- there is evidence of collaborative arrangements with providers willing to deliver the qualifications
- Industry Training Organisations do not manage delivery of the qualifications.

**Priorities for Focus** - provides incentives for the achievement of specific Tertiary Education Strategy priorities and support for stakeholder-identified national and/or regional priorities beyond that provided by other elements of the Tertiary Education Organisation Component - Capability Fund.

**Supporting Change** - provides support for Tertiary Education Institutions to make changes to their portfolio of provision, such as:

- exiting from activities that do not align with identified priorities or skills needs
- entering new areas where there is an identified skill or provision gap
- developing the necessary staff and organisational capabilities required to re-align provision.

**Encouraging and Supporting Innovation** - promotes innovation, particularly where it will benefit learners, and stakeholders outside the tertiary education sector by supporting a range of initiatives including skill development, innovative delivery systems, infrastructure improvements, research linkages, and relationships to enhance technology and knowledge transfer and exchange.

In particular, this element will support collaborative initiatives between tertiary education organisations and other stakeholders. For this reason, funding eligibility is not only open to individual tertiary education organisations (including private training establishments), but also to tertiary education organisations representative bodies, consortia of tertiary education organisations, and consortia comprising both tertiary education organisations and stakeholders from outside the tertiary education sector.

## Tertiary Education Organisation Component - Performance Based Research Fund (M68)

### *Scope of Appropriation*

This appropriation is limited to financial contributions for the cost of research and research-based teaching and learning in tertiary education organisations, to raise the quality and focus of research, and provide incentives for improved investment in basic research in the tertiary sector.

### *Expenses*

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	117,271	117,271
Universities	-	114,534	114,534
Institutes of Technology and Polytechnics	-	2,368	2,368
Wananga	-	195	195
Private Training Organisations	-	172	172

### *Reasons for Change in Appropriation*

This is a new appropriation from 1 January 2008 with funding of \$117.271 million for 2007/08. This appropriation is intended to support increased quality of research and research-based teaching and learning, and provide incentives for improving investment in basic research in the tertiary sector. Most of the funding was transferred from Non-Departmental Other Expense Performance Based Research Fund. See Part 1.4 - Reconciliation of Changes in Appropriation Structure - for details.

### *Expected Results*

This appropriation is intended to support increased quality of research and research-based teaching and learning, and provide incentives for improving investment in basic research in the tertiary sector.

Specific outcomes include:

- increased quality of research (as measured by the Quality Evaluation)
- increased research degree completions
- increased external research income generated by tertiary education organisations.

The quality of research is measured on a six-yearly basis through the Performance Based Research Fund Quality Evaluation.

### *Conditions on Use of Appropriation*

Funding in this appropriation is provided as a part of the bulk grant to tertiary education organisations on the basis of research performance. All degree-awarding tertiary education organisations are eligible for funding.

The Tertiary Education Organisation Component - Performance Based Research Fund is allocated on the basis of three measures:

- 60% of the allocation on the basis of performance in the Quality Evaluation to encourage the quality of research
- 25% of the allocation on the basis of postgraduate research degree completions
- 15% of the allocation on the basis of external research income earned by the organisation.

### *Current and Past Policy Initiatives*

From 1 January 2008 a new funding system was introduced. Three new appropriations have been created to enable differentiation between purposes of funding for the direct costs of teaching and learning, and the costs of capability development and research.

## **University of Auckland Starpath Project (M68)**

### *Scope of Appropriation*

Funding under the Partnerships for Excellence facility to support the Starpath initiatives at the University of Auckland.

### *Reasons for Change in Appropriation*

This appropriation will increase to \$2.416 million for 2007/08. The increase in appropriation represents a transfer from the previous year owing to delays in the programme.

## Part 6 - Details and Expected Results for Capital Expenditure

### Part 6.1 - Departmental Capital Expenditure

#### Ministry of Education - Capital Expenditure PLA (M26)

##### *Scope of Appropriation*

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Education, as authorised by section 24(1) of the Public Finance Act 1989

##### *Capital Expenditure*

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	68,900	68,900
Property, Plant and Equipment	-	428,272	428,272
Intangibles	-	21,528	21,528
Other	-	-	-
Total Appropriation	-	518,700	518,700

##### *Reasons for Change in Appropriation*

Capital expenditure of the Ministry is incurred to support:

- the annual school sector property programme to meet the demands of schooling and demographic change
- the purchase of plant and equipment to support the operational activities of the Ministry of Education, and to support Information Technology requirements of the wider Education sector
- the purchase, and development, of software (intangibles) also to support the operational activities of the Ministry of Education, and to support Information Technology requirements of the wider Education sector.

## Part 6.2 - Non-Departmental Capital Expenditure

### Centres of Research Excellence - Capital (M68)

#### *Scope of Appropriation*

To assist Centres of Research Excellence to purchase strategic assets required in their research activity.

#### *Reasons for Change in Appropriation*

This is a new appropriation in 2007/08 for the purchase of additional strategic assets for the Centres of Research Excellence following the 2006/07 selection round (\$20 million).

### College of Education Mergers (M68)

#### *Scope of Appropriation*

Provision of support for transition and related costs of the mergers of Dunedin College of Education and University of Otago and Christchurch College of Education and University of Canterbury.

#### *Reasons for Change in Appropriation*

This appropriation will decrease by \$5 million to \$1.123 million for 2007/08. Funding was transferred to 2008/09 owing to delays in the redevelopment and refurbishment of the Bill Robertson Library.

### NZQA Technology (M26)

#### *Scope of Appropriation*

Investment in improved information systems for the New Zealand Qualifications Authority (NZQA).

#### *Reasons for Change in Appropriation*

This appropriation of \$2.340 million was carried forward to 2008/09 owing to delays in the development of the framework required for specifying system requirements.

### Otago Polytechnic Property Rationalisation (M68)

#### *Scope of Appropriation*

This appropriation is limited to redevelopment of facilities for the School of Hospitality and Catering and construction of a new Annex for the Art School at the Forth Street campus of the Otago Polytechnic.

#### *Reasons for Change in Appropriation*

This is a new appropriation in 2007/08. This funding is for the redevelopment of facilities for the School of Hospitality and Catering and the construction of a new annex for the Art School at the Forth Street campus of the Otago Polytechnic (\$5.985 million).

## Otago University Leading Thinkers (M68)

### *Scope of Appropriation*

Suspensory loan to fund the University of Otago Leading Thinkers programme under the Partnerships for Excellence facility.

### *Reasons for Change in Appropriation*

This appropriation will increase to \$1.600 million for 2007/08. The unspent balance from 2006/07 was transferred to 2007/08 owing to slower than anticipated achievement of offsetting private sector donations.

## Property Disposal Incentives Scheme (M26)

### *Scope of Appropriation*

Payments to schools of a share of the proceeds from the sale of their surplus school property assets.

### *Reasons for Change in Appropriation*

This appropriation will increase to \$4.400 million for 2007/08. The increase is owing to disposal of more properties than expected which has been funded by a transfer from departmental capital (\$2.500 million increase) as well as a transfer from 2006/07 after delays in some disposals in that year (\$1.900 million increase).

## Rangahaua (M68)

### *Scope of Appropriation*

To facilitate the transfer of the Rangahaua programme from the former Wanganui Polytechnic to Te Wananga o Raukawa.

### *Reasons for Change in Appropriation*

This appropriation will increase to \$413,000 for 2007/08. The unspent balance for 2006/07 was transferred to 2007/08 owing to delays in the programme.

## Strengthening the Auckland University of Technology (M68)

### *Scope of Appropriation*

Crown investment in the Auckland University of Technology transformation business case.

### *Reasons for Change in Appropriation*

This is a new appropriation in 2007/08. This funding is to reduce debt and financial risk and to strengthen research capability at the Auckland University of Technology (\$50 million).

## Support for Tairawhiti Polytechnic (M68)

### *Scope of Appropriation*

This appropriation is limited to the provision of financial assistance to the Tairawhiti Polytechnic to manage cash flow issues.

### *Reasons for Change in Appropriation*

This is a new appropriation in 2007/08. The funding is for the provision of financial assistance to the Tairawhiti Polytechnic to manage cash flow issues (\$1.300 million).

## UCOL Whanganui Campus Redevelopment (M68)

### *Scope of Appropriation*

Crown support for the development of the UCOL Whanganui Campus.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$5.900 million to \$10 million for 2007/08. Funding was transferred from 2006/07 owing to delays in the programme.

## University of Auckland Institute for Innovation in Biotechnology (M68)

### *Scope of Appropriation*

Suspensory loan under the Partnerships for Excellence facility for the establishment of a biotechnology and innovation centre for graduate training and research at the University of Auckland.

### *Reasons for Change in Appropriation*

This appropriation will increase by \$7 million to \$9 million for 2007/08. Funding was transferred from 2006/07 owing to delays in the programme.

## Western Institute of Technology at Taranaki (M68)

### *Scope of Appropriation*

Financial assistance to the Western Institute of Technology at Taranaki to manage cash flow issues.

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$3.900 million to \$4.350 million for 2007/08. Funding was transferred to 2008/09 owing to delays in the programme (\$3.900 million).