

VOTE *Education*

Education

Overview

Appropriations sought for Vote Education in 2002/03 total \$7,513.692 million. This is to be spent as follows:

- \$1,126.697 million (15.00% of the Vote) on the purchase of services from the Ministry of Education (depreciation and capital charge on school accommodation being the most significant costs).
- \$540.949 million (7.20% of the Vote) on the purchase of educational services from central education Crown entities and other non-departmental providers.
- \$60.907 million (0.81% of the Vote) on allowances, bursaries, scholarships, and grants.
- \$5,560.857 million (74.00% of the Vote) on the provision of educational services from schools, early childhood education providers, tertiary education institutions, and other education providers, as well as other expenses.
- \$161.937 million (2.16% of the Vote) on additional capital investment in schools.
- \$62.345 million (0.83% of the Vote) on capital for other organisations.

The Ministry expects to collect \$12.953 million of Crown revenue in 2002/03.

Details of how the appropriations are to be applied appear in Parts B1, C, D, and E of this Vote. Details of Crown revenue appear in Part F.

Terms and Definitions Used

5-Year Property Programme	A funding agreement between the Ministry and a school's board of trustees, based on the first half of the 10-Year Property Plan
10-Year Property Plan	A plan that includes all the property work (prioritised as costed projects) the board wants to undertake over a 10-year horizon to support the school's strategic goals
ACC	Accident Compensation Corporation
Central education Crown entities	Includes ECD, NZQA, New Zealand Teachers Council, Tertiary Education Commission (TEC), and Career Services Specialist Education Services was disestablished on 28 February when it was integrated into the Ministry of Education Skill New Zealand will be integrated into the new TEC when it is established in 2002/03
Chartered early childhood centres and services	Centres and services that undertake to adhere to Desirable Objectives and Practices as prescribed by the Minister and set out in their charter document. Chartered centres and services are eligible to receive funding through the Ministry
ECD	Early Childhood Development
EFTS	Equivalent full-time student
ESOL	English for speakers of other languages
ICT	Information and communication technologies
ITO	Industry Training Organisation
Integrated school	A school that is integrated into the State system in terms of the Private Schools Conditional Integration Act 1975
Kura kaupapa Māori	A Māori State school in which the principal language of instruction is te reo Māori (the Māori language)
LEOTC	Learning experiences outside the classroom
Licensed early childhood centres	Centres which meet all the health, safety, and management requirements of the Education (Early Childhood Centres) Regulations 1990
National Qualifications Framework	A new structure for senior secondary, industry, and tertiary education qualifications, using nationally agreed unit standards to award credits towards National Certificates, National Diplomas, or Degrees
NCEA	National Certificate of Educational Achievement – new secondary, standards-based qualification
NZCER	New Zealand Council for Educational Research
NZQA	New Zealand Qualifications Authority
ORRS	Ongoing and Reviewable Resourcing Schemes – schemes that help students who have very high or high ongoing special education needs, by providing extra teaching, specialist programming, therapy, and education support, wherever the student attends school
PAFT	Parents as First Teachers
POD	Property Occupancy Document – formal record of rights and responsibilities of the board of trustees in relation to school property
Private school	A school governed by an independent board which is registered as meeting specified standards, and that receives some state funding but charges tuition fees

Terms and Definitions Used (continued)

Private training establishment (PTE)	An establishment, other than a State tertiary institution, that provides post-school education and vocational training
REAP	Rural Education Activities Programme
RTL B	Resource Teachers: Learning and Behaviour – specially trained teachers who work with schools to assist students who have learning and behaviour difficulties
SES	Specialist Education Services (disestablished from 28 February 2002)
Te Kete Ipurangi	The On-line Learning Centre – a portal web site for teachers
TEC	The Tertiary Education Commission will commence operations during 2002/03 (subject to the passage of the Tertiary Education Reform Bill). When established, the TEC will subsume the Crown entity Skill New Zealand
TEI	Tertiary education institution – includes colleges of education, polytechnics, universities, and wananga
Unit Standard	Nationally recognised requirements to be met in a particular learning area, resulting in credits leading up to the award of a National Certificate
UNESCO	United Nations Educational, Scientific, and Cultural Organisation
Wananga	Māori tertiary education institution

Footnotes

Note 1	In the table Trends in Vote Education, the major reason for the apparent fall in the level of capital contributions after 2002/03 is that capital injections for the school property works programme are agreed on an annual basis.
Note 2	The cost for D8 Provision of School Sector Property in 2002/03 includes funding for capital charge on land and buildings of \$534.254 million (GST inclusive). This was \$551.080 million in 2001/02.
Note 3	The cost for D9 Provision of Teacher and Caretaker Housing in 2002/03 includes funding for capital charge on land and buildings of \$19.647 million (GST inclusive). This was \$20.739 million in 2001/02.
Note 4	Under output class D3 Purchasing of Services on Behalf of the Crown, purchasing agreements may include contracts of services, documents of accountability, Memoranda of Understanding, letters of agreement, etc.
Note 5	The central education Crown entities from which services are purchased under output class D3 are Early Childhood Development (ECD), New Zealand Qualifications Authority (NZQA), New Zealand Teachers Council, Career Services, and the Tertiary Education Commission (TEC) (subject to the passage of the Tertiary Education Reform Bill).
Note 6	Rural Education Activity Programmes (REAPs) are incorporated societies that provide services to early childhood centres/services, schools, and community education services and coordinate educational activities across the sectors, in a number of rural districts.
Note 7	The Crown entities monitored under output class D4 Ownership Advice on Public Education Sector Entities include Learning Media Ltd, ECD, NZQA, Career Services, New Zealand Teachers Council and TEC (subject to the passage of the Tertiary Education Reform Bill).

Footnotes (continued)

- Note 8** There are currently 13 special schools, established under section 95 of the Education Act 1989, for which the Minister appoints various numbers of board members.
- Note 9** Under output class O1 Professional Development and Support, appropriateness and effectiveness mean:
 Appropriateness: the extent to which the programmes' aims are consistent with the needs of the client.
 Effectiveness: the extent to which the programmes fulfilled their aims.
- Note 10** The change in output class O2 Curriculum Support for the number of contracts for students at risk innovations in 2002/03 is because there were two "rounds" of proposals in the previous year and there will only be one this year.
- Note 11** The increase in funding for output class O2 Curriculum Support is mainly due to an initiative to assist secondary school teachers in acquiring laptops.
- Note 12** The reduction in funding for output class O3 Assessment of Entitlements or Eligibility is due to a combination of a full year of funding for outputs for Specialist Education Services (SES) being transferred to departmental outputs and changes in the mix of outputs delivered by NZQA.
- Note 13** Under output class O5 Provision of Information and Advisory Services, appropriateness and effectiveness mean:
 Appropriateness: the extent to which the focus of the information provided is consistent with the users' needs.
 Effectiveness: accuracy - all material facts are included and are accurate; timeliness - information is provided within the times required.
- Note 14** The increase in funding for 2002/03 in output class O5 Provision of Information and Advisory Services mainly relates to provision for E-Learning initiatives and development and support for Māori providers by NZQA.
- Note 15** Under output class O6 Management of Grants and Contracts the function of paying EFTS funding to tertiary education service providers was previously carried out by the Ministry of Education (under D7 Administration of Education Resourcing). The tuition subsidies and research funds being disbursed are mainly appropriated in Other Expense Tertiary Education and Training.
- Note 16** The increase in funding for output class O6 Management of Grants and Contracts mainly relates to the cost of administering payments for tertiary education service providers.
- Note 17** The Family Start initiatives under output class O7 Supporting Parenting are being run jointly by the Ministries of Health, Education, and Social Development, the Department of Child, Youth and Family Services and ECD.
- Note 18** In 2002/03 the number of families assisted under the Parents as First Teachers (PAFT) programme in output class O7 has been reduced to expand alternative parenting support and development programmes.

Footnotes (continued)

- Note 19** Under output class O7, appropriateness and effectiveness mean:
 Appropriateness: the extent to which the services'/programmes' aims are consistent with the needs of the clients/consumers.
 Effectiveness: the extent to which the services/programmes fulfilled their aims.
- Note 20** The reduction in funding under output class O8 Specialist Support Services is due to the full year effect of merging SES with the Ministry of Education. In 2001/02 only four months of funding was transferred to departmental output classes.
- Note 21** The increased funding for output class O10 Training for Designated Groups in 2002/03 mainly reflects an expansion of the Industry Training Fund and provision for expected growth of the Modern Apprenticeships programme.
- Note 22** The increased funding for output class O11 Education Research Initiatives relates to timing of implementation of Centres of Research Excellence announced in the 2001 Budget. In addition, this Budget provides funding to expand the Centres of Research Excellence Fund.
- Note 23** Increased funding for Career Services in 2002/03 provides support for career education in schools and allows career planning for all school leavers as well as providing better careers information to support decisions about tertiary education.
- Note 24** Increased funding for NZQA in 2002/03 relates to implementation of new information systems and funding to strengthen the capacity of Pacific peoples education providers and assist Māori providers improve their programmes and systems.
- Note 25** From 28 February 2002, the operations of SES have been integrated into the Ministry of Education.
- Note 26** The Tertiary Education Reform Bill provides for the TEC to be set up from 1 July 2002. This new agency will incorporate Skill New Zealand and this is assumed in the appropriations.
- Note 27** Under Māori and Pacific Island Scholarships and Bursaries the Secondary Māori and Polynesian Scholarships ceased at the end of 2001, with current holders of scholarships transferring to the Government Boarding Bursaries programme.
- Note 28** Equity funding for community-based early childhood education was implemented from January 2002. The equity funding components are weighted as follows:
- 50% of the fund toward low socio-economic communities
 - 25% of the fund toward special education needs and non-English speaking backgrounds
 - 15% of the fund toward language and culture other than English
 - 10% of the fund toward isolation.
- Note 29** From 1 July 2002 hourly funding rates for early childhood education will increase by:
- 2.5% for license-exempt and licensed and chartered services on Rate 1.
 - 0.7% for licensed and chartered services on Rate 2, with a further 3% increase effective from 1 January 2003.
 - 0.35% for kindergarten services.

Footnotes (continued)

- Note 30** Under Special Needs Support the drop in the number of ORRS-verified students is due to the students for whom the Ministry of Education (Group Special Education) is now fund holder being reported under Departmental Output Class D10 Special Education Services. In total the number of ORRS-verified students in 2002/03 is expected to be similar to last year at 6,500-7,500.
- Note 31** The reduction in funding for Other Expense Special Needs Support reflects the transfer of funding for ORRS-verified students where the Ministry of Education (Group Special Education) is now fund holder to D10 Special Education Services following the integration of SES with the Ministry of Education. This compares to only four months of ORRS funding transferred in 2001/02. Also from 1 January 2003 all ORRS funding is reflected under D10 because of a change in fund holding arrangements.
- Note 32** In the tertiary tuition funding table:
- the Equivalent Full-time Student (EFTS) places are actuals for the 2001 academic year
 - the tuition funding figures for 2002/03 assume 9.9% growth in EFTS places for 2002 and 4.4% growth for 2003.
- Note 33** In 2002/03 the tertiary Teacher Supply Initiatives are appropriated under Non-Departmental Output Class O1 Professional Development and Support.
- Note 34** In the 2001/02 roll growth/expansion programme, "Other" comprises work on Special Education and Full Service Schools projects.
- Note 35** Under the core capital works programme, components of "Other" include: new works, including health and safety issues, facilities to enable access for the disabled; property rationalisation; risk-management; and provision for emergency works.
- Note 36** Projects carried forward from one financial year to the next have been programmed but the cash is not required until the following year.
- Note 37** The estimated net worth for TEC at the end of 2002/03 has been based on the net worth for Skill New Zealand at the end of 2001/02. It does not include any additional investment that Government may consider to assist TEC establish its new functions.

Education

VOTE MINISTER: Minister of Education

ADMINISTERING DEPARTMENT: Ministry of Education

The Minister of Education is the Responsible Minister for the Ministry of Education

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote Education

Government Strategic Framework

Vote Education primarily contributes to the following overarching strategic goals:

- **Improve New Zealanders' Skills**

Foster education and training to enhance and improve the nation's skills so that all New Zealanders have the best possible future in a changing world.

- **Reduce Inequalities in Health, Education, Employment, and Housing**

Reduce the inequalities that currently divide our society and offer a good future for all by better coordination of strategies across sectors and by supporting and strengthening the capacity of Māori and Pacific Island communities.

In addition, expenditure in Vote Education also contributes to the following objectives:

- Restore Trust in Government and Provide Strong Social Services.
- Strengthen National Identity and Uphold the Principles of the Treaty of Waitangi.
- Grow an Inclusive, Innovative Economy for the Benefit of All.

Outcomes for Vote Education

The Minister is purchasing outputs from Vote Education to achieve the following outcomes:

More children gaining strong learning foundations

The Government recognises that access to, and participation in, quality early childhood education is critical for many children to gain a good education foundation. The Strategic Plan for Early Childhood Education will require a more proactive role by the Ministry of Education in both further reducing barriers to access and participation and to increasing the quality of overall provision.

Current areas of focus include reviews of regulations and funding and a greater involvement in planning and situating early childhood services. Particular emphasis will also be placed on increasing the participation levels of Māori and Pacific children in early childhood education over the next four years, as they have lower participation rates than the population generally.

Another priority is for children to have gained a strong foundation in literacy and numeracy, and become confident learners as a result of their early childhood education and during their first four years at school so that they succeed in their later education.

The ongoing development of a national literacy and numeracy strategy, access to parent support, adult and community education, and Māori language policies will also be important areas of focus.

The ongoing development and implementation of a comprehensive assessment policy, which includes exemplars and diagnostic tools for literacy and numeracy learning, will help teachers and schools with the setting of challenging, but realistic, goals and learning objectives for students, and for the monitoring of their achievement.

The Government will ensure that a Māori perspective is reflected across all education policy areas, as increased success of Māori in education remains a key priority.

More students participating in and achieving in education

For a significant proportion of the population, an increased involvement with education is essential both for personal success and for social cohesion.

High standards and expectations across all areas of the curriculum will continue to be developed through the work on exemplars and the National Certificate of Educational Achievement (NCEA). Access, support and services for people with special needs will continue to be improved (with the establishment of a new Group Special Education in the Ministry of Education and development of effective learning support centres and networks).

Other areas of focus include reducing levels of suspensions, raising the assessment skills of teachers, new resourcing and regulatory arrangements in tertiary education to improve the focus on quality and educational achievement, developing and supporting alternative “pathways” or approaches that reflect the diversity of our student population, and increasing participation and achievement through adult literacy, and adult and community education.

Better quality learning institutions and teachers

Good education outcomes require quality early childhood education services, good schools, and a high-quality tertiary sector. Quality services are linked to quality teaching. Raising the overall quality of education provision will be integral to a number of areas of work.

These areas of work include focusing schools on learning outcomes through implementation of National Administration Guidelines and development of school planning, review, reporting and assessment practices, increasing the integration of Information and Communication Technologies (ICT) practices into schools to enhance student learning, implementing a strengthened schools monitoring programme, and continuing the implementation of major school support, and strengthening education projects.

Work to further develop the professional capability of teachers will include enhancing the quality of principal leadership, introducing higher qualifications for early childhood educators, further implementation of the Teachers Council, increasing the supply of secondary teachers, Māori and Pacific teachers and the capability of teachers to work with children with special needs, and ongoing development of Te Kete Ipurangi and a wider range of curriculum exemplars and teaching and learning materials.

Stronger, more responsive tertiary system

This Government will encourage people to continue to develop and enhance their lives, improve their employability, and develop skills and enterprises needed for New Zealand to have long-term prosperity. The tertiary sector, in particular, has a key role to play in working with people to further develop their capabilities and will also support the priority areas of innovation, and skills and talent as articulated in the Government's growth and innovation framework.

The Tertiary Education Reform Bill provides for the Tertiary Education Commission (TEC) to be established on 1 July 2002. In particular the TEC will focus on implementing the Tertiary Education Strategy and introducing profiles and charters for institutions, other providers and Industry Training Organisations (ITO), consistent with the Government's Statement of Tertiary Education Priorities.

Better linkages will be developed between tertiary education providers, industry and communities. Centres of Research Excellence remain a key initiative, with more Centres planned this year. A performance-based research fund will also be developed.

Other work in the sector will focus on improved industry training, adult and community education, adult literacy, e-learning initiatives, resourcing of tertiary education and approaches to student fee stabilisation, and lifting participation of Māori and Pacific students.

Families, whānau and communities more effectively engaged in education

The Government aims to increase the capability of families and communities and ensure that their links with the education system are strengthened.

By strengthening family, and community, understanding and ability to engage with the education system, children can be better supported during their formative education experiences and in developing high longer-term expectations regarding education. Better integration of education, health and social policies is important, as are improved relationships between education institutions and communities and business.

Important to achieving better outcomes for Māori education will be ongoing development of iwi partnerships. These partnerships strengthen the role and increase the involvement and authority of Māori (whānau, hapū, and iwi) in education, while allowing the development of more tailored approaches to the design and implementation of policy within different rohe.

Other initiatives include strengthening adult literacy, contributing to the revitalisation of Te Reo, and ongoing review of parent support programmes.

A range of outputs contributes individually and collectively to the above outcomes. These outputs, which are provided by both the Ministry and a range of external providers, include:

- policy advice that is aimed at identifying priorities for improving educational outcomes and developing options for improving the effectiveness of the education system
- the key interventions that are available to influence educational outcomes. These interventions fall into three broad categories, including the:

- provision and management of resources
- administration of legislation and regulations
- provision of information and advice.

These outputs and the key areas of focus within each output class are described in the table below:

Links Between Departmental Output Classes and the Government's Education Outcomes

The links between the Government's key goals and the Ministry of Education's classes of outputs are shown in the table below:

Output Classes	Key Areas of Focus
D1 Policy Advice	<ul style="list-style-type: none"> • Development of the Early Childhood Strategic Plan and the review of the regulations and funding systems for the sector. • Review of strategies supporting students at risk of educational underachievement. • Development of a performance-based research fund. • Building teacher capability to meet diverse student needs. • Continued development of new integrated funding systems for tertiary education. • Development of improvements to student support funding in tertiary education. • Extension of literacy and numeracy strategies to higher year levels. • Work arising from the stocktake of the New Zealand Curriculum. • Further development of the school sector ICT strategy. • Development of a framework for monitoring the <i>Pasifika Education Plan</i>. • Review of strategies for pre-service and in-service teacher professional development.
D3 Purchasing of Services on Behalf of the Crown D4 Ownership Advice on Public Sector Entities	<p>Of particular importance this year will be:</p> <ul style="list-style-type: none"> • Ongoing schooling improvement work with iwi, including key initiatives for the Far North, East Coast, Tuhoe, Ngai Tahu, Hauraki and Tuwharetoa. • Improving the effectiveness of schools with young Māori and Pacific students. • Improving monitoring of schools. • Improving governance capability and managing interventions in the tertiary sector.

Output Classes	Key Areas of Focus
D5 Provision of Information	<p>The major focus for 2002/03 is on:</p> <ul style="list-style-type: none"> • Attracting more people into the teaching profession, particularly for the early childhood and secondary sectors and Māori and Pacific peoples in particular subject areas. • Implementing local and national information campaigns for Whakaaro Matauranga. • Ongoing implementation of Te Kete Ipurangi and other ICT initiatives, such as online facilitators to support school principals. • Implementing the NCEA including provision for materials and related research.
D6 Administration of Education Regulations	<p>Of particular significance in 2002/03 will be effectively managing the introduction of new legislation, which will impact on the compulsory sector and to address the high level of Māori suspensions.</p>
D7 Administration of Education Sector Resourcing	<p>The major focus for the year will be on disbursing funding and improvements to resourcing systems, including network planning for the early childhood sector, and provision of training and support for new administrative funding systems.</p>
D8 Provision of School Sector Property D9 Teacher and Caretaker Housing	<p>Key initiatives for 2002/03 will be improving the quality of school property through implementation of five-year property agreements, and ensuring there is sufficient property, particularly in secondary schools with emerging roll growth.</p>
D10 Special Education Services	<p>Of particular importance in 2002/03 will be:</p> <ul style="list-style-type: none"> • provision of quality special education services to children and young people • development of local support and resource centres • continued development of standard practise policies and procedures.

Links Between Non-Departmental Output Classes and the Government's Education Outcomes

The links between the Government's outcomes and the classes of outputs purchased from third parties are shown in the table below:

Output Classes	Key Areas of Focus
O1 Professional Development and Support	<p>Ensure effective use of resources and responsive implementation of educational programmes by providing:</p> <ul style="list-style-type: none"> • Professional development for teachers. • Management and advisory services for managers in schools and early childhood services.
O2 Curriculum Support	<p>Improve educational outcomes and promote innovation by making education programmes more widely available, including ICT and digital opportunities programmes, purchase of Microsoft licences and partial payment for personal computers for full time secondary teachers.</p>
O3 Assessment of Entitlements or Eligibility	<p>Improve educational outcomes for children at risk through administration and moderation of school qualifications and assessments of targeted resources.</p>
O4 School Transport	<p>Improve educational outcomes for children at risk by providing school transport services to eligible students attending State and integrated schools.</p>
O5 Provision of Information and Advisory Services	<p>Address and improve quality of provision and decision-making and lift educational achievement, by providing information and general advocacy services to the public, community groups, industry, and the education community.</p>
O6 Management of Grants and Contracts	<p>Improve educational outcomes and support innovation by negotiation and management of contracts on behalf of the Crown to ensure the effective use of resources and the responsive implementation of education programmes. This class of outputs has a particular focus on the tertiary sector, including development of better linkages between tertiary education providers, industry and communities.</p>
O7 Supporting Parenting	<p>Improve educational outcomes through targeting services to break cycles of disadvantage, strengthen families, and improve the educational outcome of children at risk, by developing parenting skills to enhance children's development and education.</p>
O8 Specialist Support Services	<p>Improve educational outcomes for children at risk of education failure by providing specialist and technical support for students with special needs.</p>
O9 Development and Registration of Standards and Qualifications	<p>Improve educational outcomes by reviewing, maintaining, and registering unit standards and qualifications on the National Qualifications Framework.</p>

Output Classes	Key Areas of Focus
O10 Training for Designated Groups	Improve educational outcomes and innovation through building a skilled workforce, improving literacy and numeracy skills, strengthening pathways for students to further education and training, continued investment in industry training, and development of new training arrangements.
O11 Education Research Initiatives	<p>Improve educational outcomes and strengthen innovation through:</p> <ul style="list-style-type: none"> • Building a skilled workforce that contributes to a robust and innovative economy and supports the knowledge economy. • Promoting high-quality, strategically focused research in the tertiary sector and encouraging the transfer of knowledge. This will largely focus on the implementation of Centres of Research Excellence.

Part A2 - Trends in Vote Education

Introduction

The departmental and Crown flows in Vote Education are detailed in the trends table and generally show steady increases in outputs purchased and other expenses incurred by the Crown. The table also shows increases in capital contributions for the property works programme and for student loans until 1999/2000.

Post-school activities were incorporated into a separate Vote Tertiary Education during 1999/2000, mainly comprising tertiary tuition subsidies and student loans. But this initiative lasted for just the one year, and the following commentary discusses both Votes together.

From 28 February 2002 the functions of the Crown entity Specialist Education Services (SES) have been merged into the Ministry of Education, resulting in a substantial change between non-departmental output classes, other expenses and departmental output classes.

From 1 July 2002 there is a transfer from departmental output classes to non-departmental output classes, reflecting the establishment of the Tertiary Education Commission as a Crown entity (subject to passage of the Tertiary Education Reform Bill).

Expenditure and Revenue Trends: 1997/98 to 2002/03

Departmental outputs

The growth in departmental output expenditure across 1997/98 to 2002/03 is principally reflected in the costs of providing school land and buildings and other facilities. These costs include:

- the capital charge on the value of the property portfolio, which has increased as a result of:
 - the increased value of the property portfolio, resulting from additional government investment in schools and the annual revaluation of the portfolio
 - partially offset by changes in the capital charge rate (from 11% for 1997/98 and 1998/99, 10% for 1999/2000 and 2000/01, 9% for 2001/02 and 8.5% for 2002/03)
- depreciation, which has also increased in line with the growth in the value of the school property portfolio
- deferred works and glazing maintenance.

There has also been funding for:

- additional activities including:
 - the design and operation of instruments for monitoring student achievement
 - the development and implementation of a single, unified system of national qualifications (NCEA) for secondary schools
 - implementation of Special Education 2000, including communication of the policy, evaluation programmes, and assessing the eligibility of special needs students applying for the Ongoing and Reviewable Resourcing Schemes (ORRS).
 - the merging of the functions of Specialist Education Services into the Ministry as a separate Group, including the cost of transition arrangements
 - implementing the recommendations of the Maths and Science Taskforce and the Literacy Taskforce
 - Māori education initiatives, including the Māori Education Strategy, establishment of new kura kaupapa Māori, and other programmes to promote immersion education options
 - monitoring institutions in the compulsory and tertiary sectors at risk of educational or financial failure, and managing appropriate interventions
- an increase in the cost of teacher payroll services
- initiatives to increase the supply of teachers and address specific skill shortages
- greater communication of government education policies, notably in the areas of teacher supply and literacy
- provision of additional curriculum support material, including support for ICT in schools and provision of a web site for teachers – Te Kete Ipurangi
- work on tertiary education policy, including options for valuation of tertiary assets, work of the Tertiary Education Advisory Commission and implementation of the Tertiary Education Commission.

Costs of student loans and allowances administration are included in 1998/99 and 1999/2000. These programmes have subsequently been transferred to the Department of Work and Income - now the Ministry of Social Development.

Non-departmental outputs

Non-departmental output classes show a steady growth over the forecast period, principally due to:

- additional resources to support curriculum initiatives, teacher professional development, and training for boards of trustees
- further development of programmes to support parenting, such as Family Start
- development of the industry training strategy and other industry training initiatives (for example, Skill Enhancement and Modern Apprenticeships)
- some special education outputs being brought back to outputs as a new class Specialist Support Services from 1999/2000.

But this is offset by two discrete changes in funding:

- From 1998/99, a substantial part of Training Opportunities Programme funding was transferred to Vote Work and Income (now Social Development).
- In 2001/02 the costs of Specialist Education Services were partially transferred to departmental output classes to reflect its merger with the Ministry from 28 February 2002. In 2002/03 the full year effect of the transfer is shown in the appropriations.

Benefits and other unrequited expenses

The significant component of these costs in the early years was student allowances. Increases in tertiary enrolments led to higher numbers of students receiving allowances, particularly in polytechnics and universities. Increases in the numbers of mature students (over 25 years of age) and students with dependants, who were not subject to parental income tests also lead to growth in the more expensive allowances.

From 1 January 1999, administration of these allowances became the responsibility of the Department of Work and Income (now the Ministry of Social Development), and the appropriation was transferred from that date.

After that, growth in benefit expenses is largely related to provision of new tertiary doctoral and enterprise scholarships and to initiatives to attract students to a career in teaching.

Other expenses

Increases in these appropriations over 1997/98 mainly reflect:

- roll-related increases in early childhood education sessional payments and school operations funding, as well as revised funding rates
- the impact of wage settlements for teachers and principals and a change to the formulae for bulk funding (the Fully Funded Option)
- increased numbers of tertiary students, with the cap on funded places being removed from 1999. There has also been funding provided to institutions to stabilise student fees.

These are partially offset by transfers of special education funding back to output classes from 1999/2000 and of ORRS funding to Ministry output classes where the Ministry became fundholder after the merger with SES.

Capital contributions

The major changes in capital contributions relate to a continuing investment in:

- school land and buildings to meet roll growth and changes to staff-student ratios
- student loans, although from 1 January 2000 administration of student loans became the responsibility of the Department of Work and Income (now Social Development) and the appropriation was transferred from that date
- tertiary institutions including Wananga.

The apparent reduction in the forecast years is mainly due to most appropriations, including provision for additional investment in school property, being determined on an annual basis.

Revenue

Interest revenue, establishment fees, and repayments related to student loans have been steadily increasing throughout the review period. However, this revenue appears in Vote Work and Income from 1999/2000.

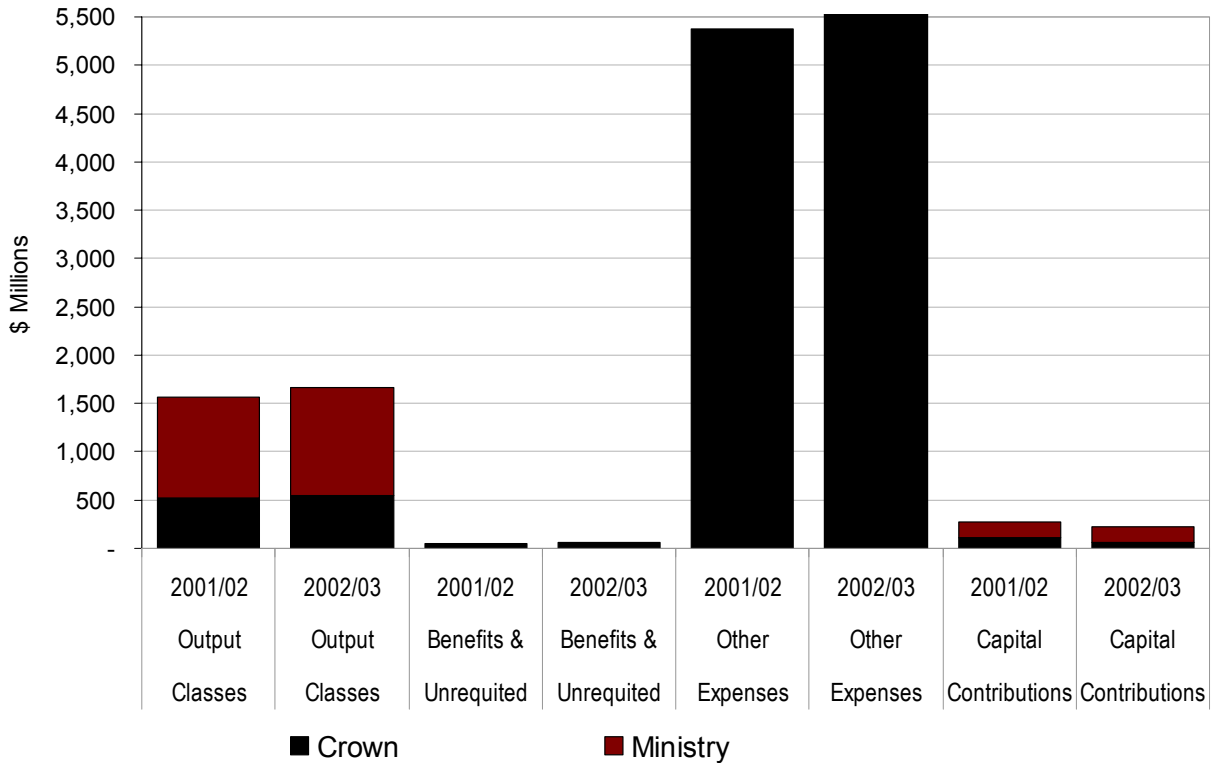
Other significant changes between years include asset sales, recoveries from Crown entities (\$21.0 million in 1998/99), Accident Compensation Corporation (ACC) experience rating rebates, levies to support an export education industry body, and recoveries from foreign fee-paying students.

Analysis by Appropriation Type: 2001/02 and 2002/03 Compared

Total appropriations for Vote Education in 2002/03 are \$7,513.692 million, an increase of \$260.768 million over 2001/02. This reflects:

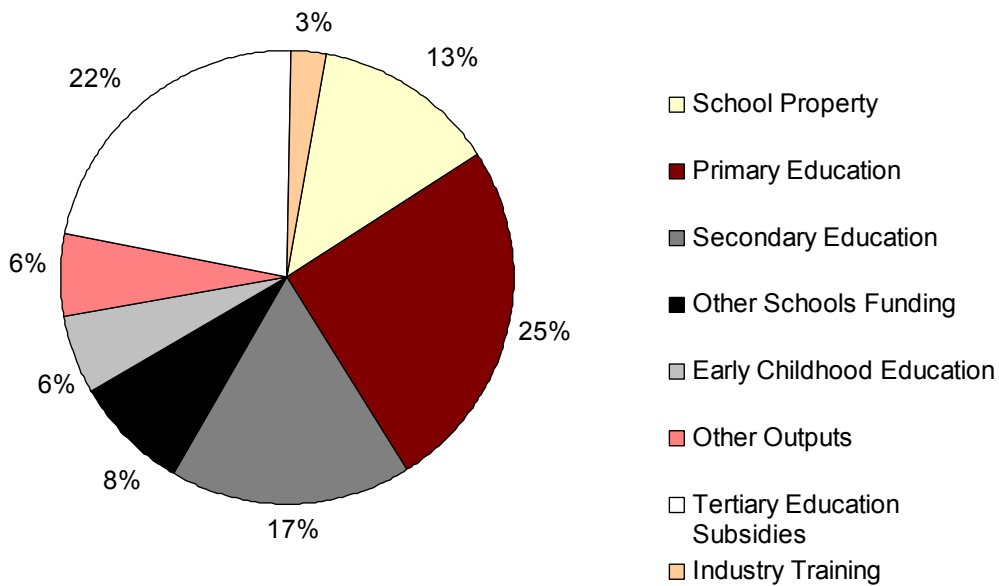
- costs of additional school accommodation required by roll growth
- new initiatives costing approximately \$109.535 million this year (plus increased investment in school property assets), mainly for increasing the capability and effectiveness of teachers and school leadership, improving resourcing in all sectors of education, providing more programmes and resources for teaching and learning, including a focus on the role of technology, and encouraging participation by improving pathways and access to tertiary education.

Figure 1 - Comparison of total appropriations: 2001/02 and 2002/03



Source: Ministry of Education

Figure 2 - Analysis of 2002/03 appropriations by sector



Source: Ministry of Education

Departmental outputs

Appropriations for the purchase of departmental outputs in 2002/03 are \$1,126.697 million (including GST), which is \$83.057 million more than in 2001/02 (see Part B1 for details).

This change is mainly due to the full year impact of providing special education services after the merger of the Ministry with SES, including targeted funding for students verified for the ORRS. In addition funding is provided for:

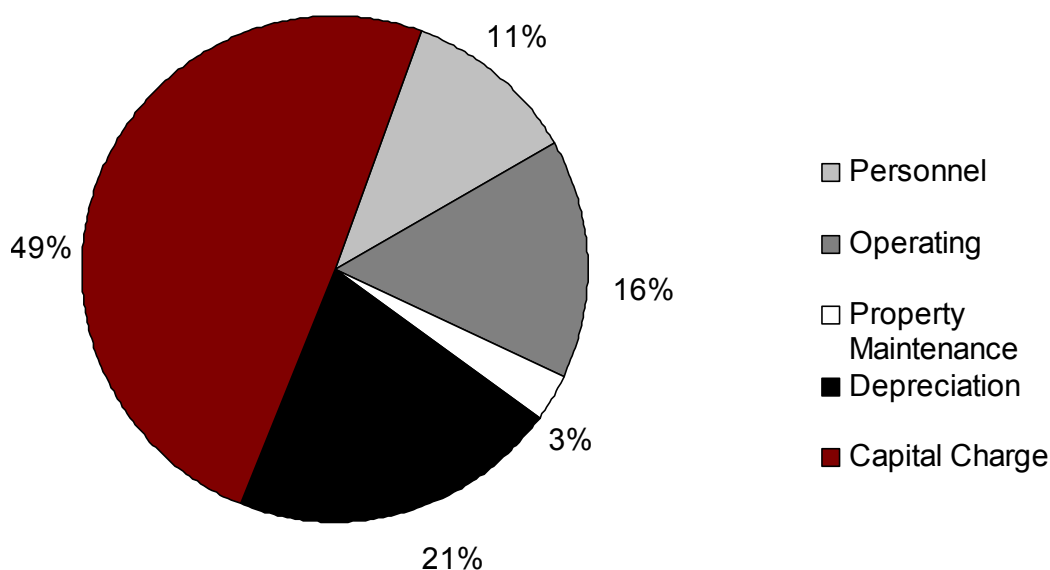
- higher depreciation, largely due to increased investment in new schools and classrooms to meet roll growth
- increased costs of the teacher payroll service, mainly related to projects to improve the efficiency of the payroll
- full implementation of the local and national information campaigns to provide better information and support to Māori parents and students about how to enhance access to a quality education
- further teacher supply initiatives, including communications initiatives to promote teaching as a profession
- development of exemplars of student work and diagnostic tools for providing information to improve teaching and learning programmes and for reporting to parents
- ongoing implementation of improved school monitoring and planning and reporting
- increased support for ICT, particularly for expansion of materials available on the web site Te Kete Ipurangi
- capability training and development for schools in web-based applications and an integrated contact centre.

There is also provision for working with Australian states in development of additional teaching and learning resources, improving capability in tertiary governance and management, research into teaching and learning and how to improve the outcomes for students with learning difficulties, and development of a performance-based research fund for the tertiary sector.

These have been partially offset by reduced capital charge on school property assets and Ministry chattels, through a change in the rate to 8.5%, although this is partially offset by the growth in the value of the school property portfolio.

These are further offset by reductions due to the end of programmes in 2001/02, notably:

- additional communications and implementation activity related to the Special Education 2000 policy
- the initial work on bringing the functions of SES into the Ministry as a separate Group
- planning for and establishing the new Tertiary Education Commission, including the work of the Tertiary Education Advisory Commission. There are also some Ministry functions being transferred to the TEC from 2002/03.

Figure 3 - Analysis of 2002/03 departmental expenditure

Source: Ministry of Education

Non-departmental outputs

Appropriations for the purchase of non-departmental outputs for 2002/03 have increased by \$25.549 million to \$540.949 million (see Part B1 for details). This is mainly owing to:

- an increase in the Industry Training Fund, Modern Apprenticeships and Gateway programmes
- increased professional development opportunities for teachers and principals, focused on high priority areas, including the implementation of NCEA, ICT and support for appropriately qualified primary teachers to move into secondary teaching
- the full year effect of Centres of Research Excellence from last Budget but also providing for additional Centres
- a programme to assist fulltime secondary school teachers have a computer for their work
- provision for NZQA to work with Māori training providers in developing quality systems and to assist in building the capacity of Pacific communities
- provision for disbursement of tuition subsidies (previously funded from departmental output classes).

But these have been partially offset by the full year effect of the transfers of SES funding to Ministry outputs after the merger of the two organisations.

Benefits and other unrequited expenses

Funding of \$60.907 million has been appropriated in 2002/03 for benefits and other unrequited expenses (see Part B1 for details). This is an increase of \$10.340 million over 2001/02. This is mainly due to increased numbers of tertiary doctoral and enterprise scholarships being available and additional scholarships for trainee teachers.

Other expenses

Other expenses are \$5,560.857 million, an increase of \$190.660 million between 2001/02 and 2002/03 (see Part B1 for details). This is mainly owing to:

- an increase in per-pupil funding rates for schools and early childhood education services
- implementation of equity funding in the early childhood education sector
- other roll-related increases in early childhood education sessional payments and school operations funding
- funding to assist tertiary education institutions in making strategic changes required by the new tertiary education environment
- provision for increased EFTS places, and higher funding rates to stabilise fees
- increased funding for adult literacy initiatives.

Capital contributions

Capital contributions to other persons or organisations for 2002/03 total \$62.345 million, which is \$55.176 million less than for 2001/02 (see Part B1 for details). The level of loans or capital injections approved for the tertiary sector in 2002/03 is lower than last year, but this has been partially offset by provision for assisting institutions deal with their changing environment and establishment costs for Centres of Research Excellence.

The capital injection into the Ministry, which owns and manages the school property portfolio, is \$161.937 million in 2002/03 compared to \$155.599 million in 2001/02. The capital is primarily for construction of new schools and additional classrooms to meet the requirements of school roll growth.

Forecast capital contributions fall substantially in 2003/04 and outyears because they do not include a capital injection for the school property works programme, which is approved on an annual basis.

Revenue

Revenue and receipts for Vote Education are \$12.953 million in 2002/03, which is \$14.456 million lower than for 2001/02 (see Part F for details). This is mainly owing to lower forecast recoveries required from Crown entities or tertiary institutions and repayment of loans from tertiary institutions and the repayment of the net assets of SES after its disestablishment in 2001/02.

Impact on the Crown's Financial Performance and Position

The Crown's financial performance and position are recorded in the fiscal forecasts that appear in the Government's periodic *Economic and Fiscal Updates* and in the *Financial Statements of the Government of New Zealand* (B.10 and B.11). The nature of the impact of flows in Vote Education on the Crown's financial performance and position is outlined below.

Statement of financial performance

Appropriations for output classes, benefits, and other expenses in this Vote contribute to Education Expenses (by functional classification).

Statement of financial position

Influences on the statement of financial position include:

- investment by the Crown in school property and Crown entities. Until January 2000, student loan advances (less any provisions for write-down) were also reflected, but these are now in Vote Social Development
- changes in accruals and prepayments arising from the timing of expenditure, including advances to schools and early childhood services, and teacher salaries including holiday pay.

Statement of cash flows

This statement reveals the cash impact of flows arising from operating, investing, and financing activities (excluding non-cash expenses such as depreciation, provision for write-downs, and asset revaluations).

The Crown's combined cash flow statement is also affected by cash movements generated by the Ministry from the sale and purchase of assets, principally in the property works programme.

Trends in Vote Education - Summary of Appropriations and Crown Revenue

Types of Appropriation	1997/98	1998/99	1999/2000	2000/01	2001/02		2002/03 Appropriations to be Used				2003/04	2004/05	2005/06	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Operating Flows														
Classes of Outputs to be Supplied	1,368,226	1,312,785	1,428,573	1,508,594	1,559,040	1,559,040	1,126,697	-	-	540,949	-	1,667,646	1,705,014	1,694,327
Benefits and Other Unrequited Expenses	376,867	237,076	27,577	33,568	50,567	50,567	N/A	N/A	N/A	60,907	-	60,907	62,956	64,017
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	N/A	-	-	-	-	-
Other Expenses	4,353,904	4,602,755	4,856,396	5,108,528	5,370,197	5,356,197	-	-	-	5,560,857	-	5,560,857	5,685,178	5,776,167
Capital Flows														
Capital Contributions (see note 1)	840,166	753,608	310,526	144,576	273,120	249,420	161,937	-	-	62,345	-	224,282	23,334	16,256
Purchase or Development of Capital Assets	623	-	-	-	-	-	N/A	N/A	N/A	-	-	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	N/A	-	-	-	-	-
Total Appropriations	6,939,786	6,906,224	6,623,072	6,795,266	7,252,924	7,215,224	1,288,634	-	-	6,225,058	-	7,513,692	7,476,482	7,550,767
Total Crown Revenue and Receipts	86,913	103,429	58,540	19,340	27,409	27,409	N/A	N/A	N/A	N/A	N/A	12,953	15,193	17,196

Part B - Statement of Appropriations

Part B1 - Details of Appropriations

Appropriations	2001/02				2002/03		Description of 2002/03 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Policy Advice	36,406	-	36,406	-	35,847	-	Purchase of timely and relevant policy advice on various aspects of the education system, by anticipating future opportunities and pressures, identifying priorities for improvement, developing options for improving the effectiveness of New Zealand's education system and recommending appropriate legislative change. Policy advice will be provided in relation to the regulatory and policy frameworks for the education system as a whole, learning outcomes including curriculum matters, assessment approaches and qualifications, resourcing arrangements for providers and individuals within the education system, and governance and management arrangements for State-owned providers.
D2 Ministerial Services	3,272	-	3,272	-	3,277	-	Purchase of services and support to assist the Minister to meet his obligations to Parliament, primarily through drafting replies to questions and inquiries put to the Minister and Associate(s), or responding to inquiries directly, as requested by the Minister.
D3 Purchasing of Services on Behalf of the Crown	8,206	-	8,206	-	8,931	-	Facilitating the purchase of services from third parties by the Minister. This can include advising on purchasing strategy, negotiating terms and conditions of purchase agreements with a range of education service providers, and monitoring and reporting on performance of the provider.

<p>D4 Ownership Advice on Public Education Sector Entities</p>	<p>25,074</p>	<p>-</p>	<p>25,074</p>	<p>-</p>	<p>19,566</p>	<p>-</p>	<p>Purchase of ownership advice on education sector entities. Ownership perspectives include judgements about the long-run capability of the entities and, in particular, the educational viability of those entities providing education services, and the financial viability and strategic capability of the entities both on an individual basis and collectively as a portfolio. The output class also involves:</p> <ul style="list-style-type: none"> • advising on ministerial appointments to various governing bodies • advising on the ownership objectives for individual entities, negotiating ownership accountability documents, and reviewing reports • taking follow-up action with governing bodies and management • managing the establishment, closure, and merger of public education sector entities.
<p>D5 Provision of Information</p>	<p>34,635</p>	<p>-</p>	<p>34,635</p>	<p>-</p>	<p>38,513</p>	<p>-</p>	<p>Provision of information to both the consumers and providers of education services as a specific government intervention to address information gaps and other inequalities among the various participants in the education system. This information is intended to:</p> <ul style="list-style-type: none"> • improve education-related decision-making by students, parents, and other caregivers, and to better inform expectations about students' learning and achievement • strengthen the capability of providers and lead to greater responsiveness to the expectations and needs of learners. <p>The output class also involves the provision of information to people interested in careers as teachers.</p>
<p>D6 Administration of Education Regulations</p>	<p>5,509</p>	<p>-</p>	<p>5,509</p>	<p>-</p>	<p>6,256</p>	<p>-</p>	<p>Administration of the range of legislative and regulatory controls in the education system that are focused on protecting the rights of students, parents, and other caregivers, and which are not administered by the Ministry in the course of delivering other services. This includes procedures for licensing early childhood services, registering and integrating private schools, and processing applications for various exemptions under the law. It also includes a range of actions related to ensuring that children and young people (aged 6 – 16) receive their right to education by being enrolled in a registered school.</p>

Part B1 - Details of Appropriations (continued)

	2001/02			2002/03		
	Vote		Estimated Actual	Vote		Other \$000
	Annual \$000	Other \$000		Annual \$000	Other \$000	
Appropriations						
Departmental Output Classes (Mode B Gross) - cont'd						
D7 Administration of Education Sector Resourcing	46,460	-	46,460	-	54,875	-
						Description of 2002/03 Appropriations
						Administering the distribution of resources to education service providers, consumers (students, parents, and other caregivers), and employees of State and integrated schools. This can involve determining the appropriate level of resources, delivery of those resources (both in cash and in kind) and monitoring of ongoing eligibility. Also included in the output class are the provision of an education payroll service, administration of a risk-management scheme for school contents, and the provision of industrial relations services.
D8 Provision of School Sector Property	812,789	-	812,789	-	796,663	-
						Providing the property portfolio for the State school sector by:
						<ul style="list-style-type: none"> managing the existing property portfolio through the Works Programme, focusing on upgrades and improvements for intensification purposes and health and safety reasons (see note 2) purchasing and constructing new property through the Roll Growth Programme.
						The reduction in the appropriation is mainly due to a change in the rate of capital charge.
D9 Provision of Teacher and Caretaker Housing	34,480	-	34,480	-	33,162	-
						Managing rental housing provided to teachers, principals, and caretakers. This includes property maintenance, rent collection, administration of the teacher housing pool, and the identification and disposal of surplus teacher, principal, and caretaker housing (see note 3).
D10 Special Education Services	36,809	-	36,809	-	129,607	-
						Provides a nationally coordinated network of support and resource centers to facilitate the successful inclusion and participation of children and young people with special education needs in their education facility and community.

Total Appropriations for Departmental Output Classes (Mode B Gross)	1,043,640	-	1,043,640	-	1,126,697	-
Non-Departmental Output Classes						
O1 Professional Development and Support	86,708	-	86,708	-	96,997	- Delivery of professional development and advisory support to staff, managers, and parents in early childhood services and in schools, to enhance self-management and to implement and give support to the curriculum.
O2 Curriculum Support	36,223	-	36,223	-	45,539	- Purchase of supplementary education programmes for schools and communities to ensure wider access to these opportunities. Programmes include Books in Homes, Learning Experiences Outside the Classroom, and truancy management services.
O3 Assessment of Entitlements or Eligibility	9,528	-	9,528	-	7,534	- Assessing and determining eligibility for secondary school qualifications, special education resources, and delivery of correct entitlements.
O4 School Transport	108,508	-	108,508	-	110,823	- Payments to contractors for provision of school transport services to State and integrated schools for eligible students, payments to schools who manage their own bus routes, and payments to parents to compensate for the costs of taking children to school where other transport services are unsuitable or unavailable.
O5 Provision of Information and Advisory Services	19,985	-	19,985	-	25,188	- Providing information on the Government's educational policy and programmes and general advisory services to the public, community groups, industry, and the education community.
O6 Management of Grants and Contracts	10,410	-	10,410	-	13,602	- Contract negotiation and management services on behalf of the Crown, including the awarding of contracts, monitoring the performance of those contracts, administration of tertiary tuition subsidies and research funding, and management of other payments to third parties.
O7 Supporting Parenting	25,984	-	25,984	-	26,009	- Purchasing programmes, such as Parents as First Teachers (PAFT) and Family Start, and advice and support, which enhance the role of parents in the development of their children and promote the value of quality early childhood education experiences.
O8 Specialist Support Services	43,961	-	43,961	-	2,475	- Provision of specialist services to support teachers, parents, and agencies for children with special education needs.
O9 Development and Registration of Standards and Qualifications	3,214	-	3,214	-	6,326	- Development, maintenance, and review of unit standards and qualifications for registration on the National Qualifications Framework, and the establishment and support of national standard-setting bodies.

Part B1 - Details of Appropriations (continued)

	2001/02			2002/03		
	Vote		Estimated Actual	Vote		Other \$000
	Annual \$000	Other \$000		Annual \$000	Other \$000	
Appropriations						Description of 2002/03 Appropriations
Departmental Output Classes (Mode B Gross) - cont'd						
O10 Training for Designated Groups	167,446	-	167,446	-	188,798	- Purchase of both on-job and off-job training places, including delivery of fully or partially funded training places.
O11 Education Research Initiatives	3,433	-	3,433	-	17,658	- Purchase of cooperative and collaborative tertiary research through a contestable fund - Centres of Research Excellence Fund. Also included is independent research on the effectiveness of education.
Total Appropriations for Non-Departmental Output Classes	515,400	-	515,400	-	540,949	
Benefits and Other Unrequited Expenses						
Boarding Allowances and Bursaries	5,618	-	5,618	-	5,885	- 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 the local school.
Home Schooling Allowances	5,070	-	5,070	-	5,140	- Provides an allowance payable to caregivers of children in full-time correspondence programmes for primary and secondary education and to parents of children receiving their primary and secondary education at home.
Māori and Pacific Island Scholarships and Bursaries	5,886	-	5,886	-	5,619	- Programmes to provide scholarships and bursaries to Māori and Pacific secondary students, according to established criteria. The programmes include Manaaki Taura, Māori Education Trust and Polynesian and Pacific Island Education Foundation Scholarships, Ngārimu VC and Māori Battalion Memorial Scholarship Fund, and Māori and Polynesian Scholarships.

Mapihi Pounamu	3,000	-	3,000	-	3,000	-	3,000	-	3,000	-	Assistance to Māori students who face barriers to learning - either through difficult home circumstances or being from a low-income family living in an isolated area - to ensure that they participate and achieve in education.
National Study Awards	13,501	-	13,501	-	13,501	-	17,363	-	17,363	-	Provision for the costs of teacher study awards, including the replacement of the teacher while on study leave.
Queen Elizabeth II Study Awards	100	-	100	-	100	-	100	-	100	-	Technicians' Study Awards for individuals undertaking study in disciplines such as engineering, science, building science, management, design, architecture, dairying, technology, health, forestry, mining, and technologies associated with tourism.
Remission of Fees	650	-	650	-	650	-	650	-	650	-	For student examination fees remitted in cases of hardship.
Targeted Individual Entitlement	1,835	-	1,835	-	1,835	-	1,292	-	1,292	-	Provides assistance to students from low-income families to attend a private school. The programme has been stopped but current recipients are being grandparented to the end of their studies.
Teacher Trainee Scholarships	4,418	-	4,418	-	4,418	-	6,788	-	6,788	-	Study scholarships and allowances awarded to students entering into teacher training.
Tertiary Scholarships	10,239	-	10,239	-	10,239	-	14,820	-	14,820	-	Enterprise, Top Achiever Doctoral, Mathematics and Science scholarships, and School Achievers awards.
Tertiary Teaching Awards	200	-	200	-	200	-	200	-	200	-	Award to recognise outstanding tertiary education teachers.
United World Scholarships	50	-	50	-	50	-	50	-	50	-	Scholarships for attendance at United World Colleges.
Total Appropriations for Benefits and Other Unrequited Expenses	50,567	-	50,567	-	50,567	-	60,907	-	60,907	-	
Other Expenses to be Incurred by the Crown											
Community Education	21,363	-	18,363	-	18,363	-	21,192	-	21,192	-	Providing funding for delivery of community and adult education courses through schools and other agencies.
Early Childhood Education	348,445	-	348,445	-	348,445	-	378,321	-	378,321	-	Subsidising early childhood education services for children under six years of age from licensed and chartered early childhood centres and from licence-exempt centres.
Early Childhood Grants	13,835	-	13,835	-	13,835	-	8,835	-	8,835	-	Assistance is provided to early childhood groups for the establishment of new centres, or to increase the capacity of existing centres. Assistance can also be given to improve the standard of accommodation in existing centres.

Part B1 - Details of Appropriations (continued)

	2001/02			2002/03			
	Vote		Estimated Actual	Vote		Other \$000	
	Annual \$000	Other \$000		Annual \$000	Other \$000		
Appropriations						Description of 2002/03 Appropriations	
Other Expenses to be Incurred by the Crown - cont'd							
Integrated Schools Property	27,790	-	27,790	-	28,092	-	Provision for property maintenance at integrated schools as part of a funding regime negotiated with the proprietors of integrated schools.
Interest Subsidy for Schools	2,000	-	2,000	-	2,000	-	Subsidises interest payments for borrowing by private schools for approved property-related projects.
New Zealand Teachers Council	550	-	550	-	300	-	Operating grant to assist the Teachers Council establish its new leadership function. In 2001/02 an establishment grant was also paid.
Primary Education	1,869,116	-	1,858,116	-	1,895,590	-	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.
Residual Management Unit Payments	2,573	-	2,573	-	760	-	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. In 2001/02 several leases were expensed in full.
School Transport	1,238	-	1,238	-	1,264	-	Payments to teachers who, as Bus Controllers, assist in the provision of school transport assistance.
Schooling Improvement	15,834	-	15,834	-	17,409	-	School support and schooling improvement projects to improve the capability of schools and clusters and their responsiveness to the needs of the community. These include iwi strengthening education projects. Most projects are developed in the context of a business case.

Secondary Education	1,251,747	-	1,251,747	-	1,295,152	-	-	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.
Special Needs Support	284,290	-	284,290	-	247,387	-	-	Providing additional resources to enable students with special 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.
Tertiary Education and Training	1,529,089	-	1,529,089	-	1,643,686	-	-	Providing funding for teaching and accompanying research by subsidising EFTS places in approved courses and programmes. Also included is funding for base grants to State tertiary institutions and for other tertiary education and training institutions.
Tertiary Education Strategic Change	-	-	-	-	18,142	-	-	Assistance for tertiary education institutions in making strategic changes required by the new tertiary education environment.
UNESCO	2,227	-	2,227	-	2,227	-	-	Annual membership contribution to UNESCO's international administration and programme of activities of the National Commission, including participation in regional and international activities.
Whare Wananga Development	100	-	100	-	500	-	-	Grant to support development work on a proposed Whare Wananga.
Total Appropriations for Other Expenses to be Incurred by the Crown	5,370,197	-	5,356,197	-	5,560,857	-	-	
Capital Contributions to the Department								
Capital Investment	155,599	-	135,599	-	161,937	-	-	Mainly provides for construction of additional primary schools, permanent and relocatable classrooms, and other facilities required to meet roll growth.
Total Appropriations for Capital Contributions to the Department	155,599	-	135,599	-	161,937	-	-	

Part B1 - Details of Appropriations (continued)

	2001/02			2002/03			
	Vote		Estimated Actual	Vote		Other \$000	
	Annual \$000	Other \$000		Annual \$000	Other \$000		
Appropriations						Description of 2002/03 Appropriations	
Capital Contributions to Other Persons or Organisations							
Capital Contributions to Wananga	29,000	-	29,000	-	9,000	-	Capital contribution towards the purchase of buildings and equipment for Wananga.
Centres of Research Excellence	5,000	-	5,000	-	15,000	-	A contribution toward the purchase of strategic assets required in the Centres' research activity.
NZQA Technology	-	-	-	-	2,974	-	Investment in improved information systems for the New Zealand Qualifications Authority.
Property Disposal Incentives Scheme	2,000	-	2,000	-	2,000	-	Payments to schools of a share of the proceeds from the sale of their surplus school property assets.
School Support Project	1,900	-	1,900	-	1,900	-	Capital costs of implementing approved school support and schooling improvement projects (other than costs related to school property assets).
Schools Furniture and Equipment	19,456	-	19,456	-	14,856	-	Provides funds to schools for new furniture and equipment when approved remodelling/upgrading makes existing furniture and equipment obsolete or when the Ministry of Education provides additional teaching spaces.
Tertiary Education Strategic Capital Fund	-	-	-	-	16,615	-	Capital fund to assist the tertiary sector make strategic adjustments to the new tertiary education environment.
Aoraki Polytechnic	300	-	300	-	-	-	Capital injection to assist the institution to restructure its balance sheet and reduce its level of debt. There is no appropriation in 2002/03.
New Polytechnic	18,500	-	14,800	-	-	-	For assistance with the costs involved in disestablishing the Central Institute of Technology and incorporating it within the Hutt Valley Polytechnic - the new institution will be known as the Wellington Institute of Technology. There is no appropriation in 2002/03.

Wairarapa Polytechnic Future	1,400	-	1,400	-	-	-	-	-	Capital injection to meet the costs of the disestablishment of Wairarapa Community Polytechnic and its incorporation into the Universal College of Learning. There is no appropriation in 2002/03.
Wanganui Regional Polytechnic	3,965	-	3,965	-	-	-	-	-	Assistance with bridging finance to manage cash flow problems while the institution developed robust long-term financial solutions. There is no appropriation in 2002/03.
Wanganui Tertiary Education	36,000	-	36,000	-	-	-	-	-	Funding to support the future provision of tertiary education in Wanganui. There is no appropriation in 2002/03.
Total Appropriations for Capital Contributions to Other Persons or Organisations	117,521	-	113,821	-	-	-	62,345	-	
Total Appropriations	7,252,924	-	7,215,224	-	-	-	7,513,692	-	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Output Class D1 - Policy Advice

In this class of outputs, the Minister of Education will purchase timely and relevant policy advice. Policy advice will be provided to the Minister and the Government through briefings and policy papers on a wide range of issues relating to various aspects of New Zealand's public education system. Policy advice provided under this output class will anticipate future opportunities and pressures, identify priorities for improvement, develop options for improving the effectiveness of New Zealand's education system, and recommend appropriate legislative expression of education policy. Policy advice will seek to align education, health, welfare, labour market, and other social policy interventions.

In addition to the core business of policy analysis and advice, this output class includes:

- the provision of associated legislative advice
- advice on the implementation of government policy
- the initial promulgation of government policy, where such communication is clearly separate from supporting the ongoing implementation of the policy
- ongoing oral and written briefings and preparation of speech notes not provided in the course of delivering other services.

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

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

Policy advice will be provided in relation to the regulatory and policy frameworks for the public education system as a whole; learning outcomes including curriculum matters, assessment approaches, and qualifications; resourcing arrangements for education providers and individuals within the education system; and governance and management arrangements for State-owned providers.

Output Class D2 - Ministerial Services

In this output class, the Minister of Education will purchase ministerial services and support to assist the Minister to meet the obligations to Parliament that are associated with the responsibilities of a Minister of the Crown. Ministerial services are provided primarily through drafting replies to questions and inquiries put to the Minister and Associate Ministers of Education or through responding to inquiries directly, as requested by the Minister. Questions and inquiries include parliamentary questions and petitions, select committee examinations and inquiries, requests to Ministers for information under legislative provisions, and general correspondence (ministerials) from the public.

The output class also includes the provision of advisory support to the Minister in Cabinet committees and select committees.

Output Class D3 - Purchasing of Services on Behalf of the Crown

In this output class, the Minister of Education will purchase the facilitation of purchasing services from third parties and central education Crown entities. The resources that are provided to purchase these services are appropriated as non-departmental output classes.

The purchasing of services involves providing purchasing advice to the Minister to determine respective purchasing strategies, and negotiating the terms and conditions of various forms of purchasing agreements (see note 4), including specifying the nature and expected performance dimensions of the services to be supplied. Purchasing agreements are negotiated with a range of suppliers:

- central education Crown entities (see note 5)
- education service providers such as Te Kohanga Reo National Trust Board, the Royal New Zealand Foundation for the Blind, Pacific Islands and Polynesian Education Foundation, School Support Services, Teacher Refresher Course Committee, Association of Colleges of Education of New Zealand and services provided through Rural Education Activity Programmes (see note 6)
- other public and private providers of a range of services, as determined by the Minister.

Purchasing agreements are negotiated with these suppliers in respect of a range of services such as education programmes for students, coordinated purchases for the schools sector such as software licenses, professional development programmes for providers and teachers, research activities in tertiary providers and research to build knowledge about teaching and learning in our educational institutions, school transport services, and truancy services to support schools in addressing student attendance and absenteeism issues. The Minister may specify both the services to be purchased and a preferred supplier, or the broad nature of the services to be purchased. In the latter case, the output class also involves managing a contestable tendering process to identify a preferred supplier and may include recommending the preferred supplier to the Minister.

The output involves development and ongoing management of the purchasing agreements and, in particular, monitoring each service provider's performance and, for agreements signed by the Minister, reporting to the Minister on provider performance. For some of the purchase agreements managed under this class, the output includes the development of the strategic direction of the purchasing arrangement in question. Information on provider performance informs subsequent purchasing strategies.

Output Class D4 - Ownership Advice on Public Education Sector Entities

In this class of outputs, the Minister of Education will purchase ownership advice on the service delivery capability and financial viability of public education sector entities, comprising State tertiary education sector entities (TEIs), State and integrated schools, and central education Crown entities (see note 7). Advising and reporting on the ownership performance of the governing bodies encompass judgements about the strategic capability of the entities and, in particular, the educational viability of those entities providing education services, and the financial viability and long-term capability of the entities, both on an individual basis and collectively as a portfolio. The provision of ownership advice includes advising on ministerial appointments to the governing bodies of central education Crown entities, tertiary education sector entities, and some special schools, and on expectations for each board of trustees appointment (see note 8).

This class of outputs involves providing ownership advice to determine the ownership objectives for individual entities in the public education sector portfolio, negotiating ownership accountability documents, and reviewing annual reports and other performance reports on individual public education sector entities. The class of outputs also involves taking follow-up action with governing bodies and management, as necessary, to address any material problems. Follow-up action may include the provision of informal advisory and facilitation services, requiring more frequent selective reporting. It may also involve managing external interventions to improve the capability and financial viability of public education sector entities, where the governing bodies have been unable to resolve the performance issues without such intervention. External interventions may include application of statutory interventions (requiring a board to provide information or prepare an action plan, appointing an advisor or limited statutory manager to the board, or replacing the board with a commissioner) or preparing a business case to support requests for a capital injection or loan.

This class of outputs also involves regular reporting to the Minister on the ownership performance of the public education sector portfolio, and includes managing the establishment, closure, and merger of public education sector entities, and the disposal of a small number of surplus assets held by TEIs prior to 1989.

Output Class D5 - Provision of Information

In this class of outputs, the Minister of Education will purchase services to provide information to both consumers and providers of education services. The provision of information is a specific government intervention to address information gaps and other asymmetries between the various participants in the education system, as well as to improve the quality of provision and decision-making.

The information provided to consumers includes information on the New Zealand education system and the New Zealand curriculum, and aggregate achievement information. This information is intended to improve education-related decision-making by students, parents, and other caregivers, and to better inform expectations about students' learning and achievement. This includes information specifically targeted to Māori parents, whānau, and communities, and Pacific families, parents, students, and communities.

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

The output class involves collating, analysing, and presenting information in the forms most useful to the above range of audiences and purposes, including print and electronic publications and seminars that are not provided in the course of delivering other services. The output class involves applying critical judgement as part of adding value to information collected by the Ministry of Education, in the course of delivering other services, and by other entities, such as NZQA and Statistics New Zealand.

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

Output Class D6 - Administration of Education Regulations

In this output class, the Minister of Education will purchase services to administer a range of legislative and regulatory controls operating in the education system that focus on protecting the rights of students, parents, and other caregivers and that are not administered by the Ministry of Education in the course of delivering other services.

The provision of this output class involves exercising judgements over whether early childhood services, private schools, and home-based education providers are able to commence operation in the first instance and continue to operate. The administration of education regulations has an emphasis on licensing and revoking the licences of early childhood services and registering, de-registering, and integrating private schools, and includes the approval of attendance dues charged by integrated schools. The output class includes actions to resolve situations of non-compliance by these private education service providers with their obligations under the regulatory framework for education. Compliance concerns may arise through third-party public reports on the performance of the providers, such as those prepared by the Education Review Office, formal notifications of non-compliance, and complaints by consumers.

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

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

Output Class D7 - Administration of Education Sector Resourcing

In this class of outputs, the Minister of Education will purchase services to administer the distribution of resources to participants in the early childhood, school and tertiary education sectors, consumers (students, parents, and other caregivers), providers, and employees of State and integrated schools. The resources administered through the output class are appropriated as Other Expenses to be Incurred by the Crown and Benefits and Other Unrequited Expenses.

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

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

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

In addition, this class of outputs includes the provision of an education payroll service, administration of a risk-management scheme for school contents, and provision of industrial relations services. These three services are provided in respect of State and integrated schools.

Output Class D8 - Provision of School Sector Property

In this class of outputs, the Minister of Education will purchase services in relation to the provision of the property portfolio (land, buildings, and other facilities, excluding school contents and teacher and caretaker housing) for the State school sector. Property is provided predominantly through management of the existing property portfolio, focusing on upgrades and improvements to maintain the current quality of the portfolio, and on the purchase and construction of new property to expand the portfolio's capacity to meet the demands of demographic changes.

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

The school sector property portfolio comprises approximately 2,300 State schools (non-integrated). In addition, there are approximately 300 sites occupied by early childhood services. The school sector property portfolio has a capital value (based on a government valuation) of \$6,000 million, including \$5,000 million worth of improvements. The total replacement value of the portfolio is approximately \$8,000 million.

Also included in this class of outputs is the identification and disposal of surplus State school sector property.

Output Class D9 - Provision of Teacher and Caretaker Housing

In this output class, the Minister of Education will purchase services to provide houses that are available to be rented by teachers, principals, and caretakers. The housing portfolio, some 2,500 houses with a value of approximately \$200 million, has two components – houses that are identified with a particular school and houses that are available to a cluster of schools. Rental houses are provided as an incentive for the recruitment and retention of teachers, particularly in isolated areas, and as a security measure. The output includes executing new tenancy agreements, collecting and accounting for rentals received, and the associated maintenance and capital works (including purchase and disposal).

Under the POD, responsibility for maintenance of school-specific housing rests with the respective board of trustees, resourced through a component of the operations grant for schools.

Output Class D10 - Special Education Services

This class of outputs provides quality special education services to children and their families through development of a network of local support and resource centres that will provide coordinated and integrated services to children and young people with special needs.

These services and the special education policies on which they are based will be responsive to local needs, while also providing national consistency, leadership, and strong professional support for the specialists who work in the sector, to parents and families, and to educators.

Under this class of outputs the Ministry will provide a wide range of services and support, both directly and indirectly, to children and young persons with special education and developmental needs. The services are to assist these children and young people to:

- participate and be included successfully in their education facility and community
- achieve to the best of their ability
- develop the skills and confidence to participate in society.

To deliver these services the Ministry will work closely with families, whānau, caregivers, iwi, communities, schools, early childhood educators and agencies. There is also a key role in building the capability of the people, educators and the organisations that are critical to the care, development, and education of the children and young people with special needs, including those verified as eligible for individually targeted funds.

Effective relationships will be developed with whānau, hapū, iwi and Māori urban authorities to ensure that the provision and delivery of services are culturally relevant. The objective of these relationships will be to increase participation and improve educational outcomes for tamariki, rangatahi with special education needs, and their whānau in all education settings,

The Ministry will also work towards structures and practices that reflect Pacific cultural diversity, values and beliefs, whereby services for Pacific people can be provided in a culturally relevant and effective way.

Part C2 - Non-Departmental Output Classes

Output Class 01 - Professional Development and Support

Under this class of outputs, the Minister of Education purchases professional development and advisory support to staff, managers, and parents in early childhood services and in schools, to enhance self-management, and implement and give support to the curriculum. This includes:

- ongoing school support services focusing on school self-management, curriculum and Māori education
- provision to retrain current primary teachers for the early childhood and secondary sectors
- national professional development courses focusing on curriculum delivery, school and classroom management, and assessment of student learning
- short-term support for the implementation of new curriculum statements and curriculum policy
- early childhood services professional support
- Māori language training
- teacher exchange programmes and study awards
- mental health programmes with particular emphasis on drug education.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u>		
Number of hours of ongoing school support.	200,000–240,000	200,000–240,000
Number of Teacher Refresher Course Committee participant days for national professional development.	3,400–4,000	3,400–4,000
Number of professional development support programmes.	215–235	150–180
Number of teacher exchange programmes.	20–30	20–30
Number of former teachers assisted to retrain	Up to 250	-

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<p>Quality</p> <p>Programmes delivered to targets specified in contracts with providers.</p> <p>Teachers and early childhood staff satisfied with the appropriateness and effectiveness (see note 9) of professional development programmes, as assessed by survey.</p>	<p>95% of contracts will be delivered to contracts specifications.</p> <p>80% of responses received will indicate satisfaction.</p>	<p>95% of contracts will be delivered to contracts specifications.</p> <p>80% of responses received will indicate satisfaction.</p>
<p>Timeliness</p> <p>Programmes delivered within timelines where specified in contracts with providers.</p>	95%	95%

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive)	96,997
2001/02	Total output class to be provided within (GST inclusive)	86,708

Major providers (\$ million GST inclusive)

Thirty to 100 providers of teacher professional development programmes and resources (\$57.791); School Advisory Services (\$26.294); Early Childhood Advisory and Training Fund (\$7.269).

Output Class O2 - Curriculum Support

Under this class of outputs, the Minister of Education purchases supplementary educational programmes for schools and communities, including:

- proposal pools for innovative programmes to assist student at risk and reading, writing, and maths programmes.
- programmes supporting ICT initiatives in schools, including digital opportunities, central purchase of Microsoft licenses and provision of laptops for secondary school teachers
- Learning Experiences Outside the Classroom (LEOTC)
- truancy management and programmes to reduce suspension rates
- Rural Education Activities Programmes.

Other support programmes include Books in Homes, Sports and Arts Coordinators, contracts for delivering language programmes, and Study Support Centres.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
Quantity		
Number of truancy contracts.	110–130	110–130
Number of class groups receiving LEOTC services.	16,000–20,000 class groups will receive LEOTC services.	16,000–20,000 class groups will receive LEOTC services.
Schools and students receiving services under Books in Homes.	At least 420 schools At least 83,000 students	At least 250 schools At least 56,000 students
Schools receiving funding for Arts Coordinators.	240–260 schools.	180–210 schools
Schools involved in extension to SportsFit Sports Coordinators.	320–350 schools	320–350 schools
Schools involved in Māori suspension reduction programmes.	18–20 clusters	18–20 clusters
Number of contracts for students at risk innovations (see note 10).	20–25	30–45
Schools delivering innovative reading, writing and maths programmes.	490–520 schools	490–520 schools
Study support centres established and maintained.	120–150 centres	120–150 centres
Number of other curriculum support programmes.	12–20	12–20
Percentage of eligible teachers who have laptops.	50% of eligible teachers	-
Microsoft software licenses will be provided free of charge to all state and state integrated schools that enrol.	Licenses for 65,000-80,000 PCs	-
Schools receiving support in use of ICT under the digital opportunities programme.	26	-
Quality		
Programmes delivered to targets specified in contracts with providers.	95% of contracts will be delivered to contracts specifications.	95% of contracts will be delivered to contracts specifications.
Participating teachers report increased confidence and capability with ICT.	95% of participating teachers report increased confidence and capability.	-

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Timeliness</u>		
An annual audit of all eligible school PCs will be conducted and a report submitted to the Minister.	A report will be submitted by 31 December.	-
Programmes delivered within timelines where specified in contracts with providers.	95%	95%

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive) (see note 11)	45,539
2001/02	Total output class to be provided within (GST inclusive)	36,223

Major providers (\$ million GST inclusive)

45 to 55 providers for LEOTC (\$5.964); 13 REAPs (\$3.559); 120 to 140 providers of truancy services (\$5.326); Reading, Writing and Maths proposals pool (\$4.860); 560 to 610 schools with Arts or Sports Coordinators (\$3.923); Microsoft License Agreement (\$5.411); Laptops for teachers programme (\$4.840).

Output Class O3 - Assessment of Entitlements or Eligibility

Under this class of outputs, the Minister of Education requires education agencies to determine eligibility for secondary school qualifications and special education resources, and to deliver the correct entitlements. This mainly entails assessments by NZQA for secondary school qualifications, including the production and distribution of examination papers, quality control, and review procedures to enable the assessment of candidates, the assessment of scripts, and the notification of results. Also included in this output class is assessments done by the Royal New Zealand Foundation for the Blind for allocation of resources to students.

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u>		
Number of candidates for secondary school qualifications assessed.	As agreed in Purchase Agreement with NZQA.	As agreed in Purchase Agreement with NZQA.
<u>Quality</u>		
Percentage of special education assessments made according to established protocols.	100%	100%

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive) (see note 12)	7,534
2001/02	Total output class to be provided within (GST inclusive)	9,528

Major providers (\$ million GST inclusive)

NZQA (\$6.973).

Output Class O4 - School Transport

Under this class of outputs, the Minister of Education purchases transport services to State and integrated schools for eligible students. The outputs include service payments to school transport contractors and to schools which manage their own bus routes, as well as payment of conveyancing allowance and special education assistance claims to compensate the parents of eligible students where suitable school transport services are not available to their children.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u>		
School transport routes:		
<ul style="list-style-type: none"> Contracted daily bus routes. 	1,450–1,600	1,500–1,600
<ul style="list-style-type: none"> Contracted routes transporting students to manual training. 	650–750	650–750
<ul style="list-style-type: none"> Directly resourced routes. 	550–650	550–650
Number of conveyancing allowance approvals.	7,000–8,000	10,000–11,000
Number of special education assistance approvals.	5,000–6,000	5,800–6,800
<u>Quality and Timeliness</u>		
Services are provided according to contract terms:		
<ul style="list-style-type: none"> Contracted bus services provided for authorised days that schools are open. 	Reports of failure received about less than 0.5% of Ministry bus routes during the year.	Reports of failure received about less than 0.5% of Ministry bus routes during the year.
<ul style="list-style-type: none"> Directly resourced bus services provided for authorised days that schools are open. 	Reports of failure received about less than 0.5% of directly resourced school transport during the year.	Reports of failure received about less than 0.5% of directly resourced school transport during the year.

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive)	110,823
2001/02	Total output class to be provided within (GST inclusive)	108,508

Major providers

Central Motorways Ltd; Invercargill Passenger Transport Ltd; McDermotts Coaches Ltd; Murphy Buses Ltd; Nelson Suburban Bus Company; Ritchies Transport Holdings; Tranzit Group Ltd; Waipawa Buses Ltd.

Output Class O5 - Provision of Information and Advisory Services

Under this class of outputs, the Minister of Education purchases services to provide information on government education policy and programmes and general advisory services to the public, community groups, industry, the education community, Crown entities, and other government departments. These services involve:

- advice and support to assist with the development of groups and/or organisations, or that leads to the development and implementation of services consistent with government policy
- promotion and/or dissemination of current policy
- provision of careers services, including career information
- disseminating information to school principals and boards of trustees
- management of databases and provision of statistical data
- an advocacy service, dealing with inquiries and complaints that arise from students and their parents/caregivers in the education sector.

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u> Number of recipients of information initiatives and advice.	As specified in Purchase Agreements with each provider.	As specified in Purchase Agreements with each provider.
<u>Quality</u> Recipients of the service express satisfaction with the appropriateness and effectiveness (see note 13) of the information or advice or another quality measure, as agreed with each provider.	85%-95% (dependant on provider) of responses received from surveyed recipients will indicate satisfaction or another quality standard, as agreed with each provider.	85%-95% (dependant on provider) of responses received from surveyed recipients will indicate satisfaction or another quality standard, as agreed with each provider.

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive) (see note 14)	25,188
2001/02	Total output class to be provided within (GST inclusive)	19,985

Major providers (\$ million GST inclusive)

ECD (\$1.775); Career Services (\$8.600); Tertiary Education Commission (\$4.350); NZQA (\$2.471); 4 to 6 providers under School Administration Support Clusters (\$2.670); Te Kohanga Reo National Trust (\$1.860).

Output Class O6 - Management of Grants and Contracts

Under this class of outputs, the Minister of Education purchases contract negotiation and management services for the delivery of education and training programmes, including the administration of scholarships, and the disbursement of funds.

The major output in this class is for coordination of tertiary education and training programmes, including industry training, and disbursement of funds, including:

- disbursement of tuition subsidies and research funding to the tertiary sector
- provision of funds to ITOs for training services to industry
- management of Modern Apprenticeships
- purchase of Youth Training and Skill Enhancement programmes
- management of the Centres of Research Excellence Fund and Tertiary Scholarships.

Other programmes under this class of outputs include:

- administration of disbursements to kohanga reo for the provision of early childhood education, plus the allocation and management of loans
- administration of payments for early childhood education delivered by licence-exempt services
- management of contracts with providers of parent support programmes, including PAFT and Family Start
- administration of bursaries and scholarships for eligible Māori and Pacific Island students
- administration of tertiary teaching awards.

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
Quantity		
Number of industry training, Youth Training, Skill Enhancement and Modern Apprenticeships service providers.	To be reported on as per the TEC Document of Accountability.	As agreed in Skill New Zealand's Document of Accountability.
EFTS resourcing payments will be made to tertiary education service providers (see note 15).	<ul style="list-style-type: none"> • up to 8 universities • an estimated 21 polytechnics • up to 4 colleges of education • up to 3 wananga • 230-260 private training establishments • an estimated 10 other providers of tertiary education services 	-
Number of kohanga reo administered through the contract (includes licence-exempt).	600–700	600–700
Number of licence-exempt services paid.	1,300–1,600	1,300–1,600
Number of PAFT contracts.	25–40	15–30
Number of Family Start contracts.	As agreed in contracts with ECD, Department of Child, Youth and Family Services, and Ministry of Health.	As agreed in contracts with ECD, Department of Child, Youth and Family Services, and Ministry of Health.
Number of Māori and Pacific Island Scholarship applications administered.	12,200–13,500	12,200–13,100
Quality		
Percentage of providers with written agreements that include programme/service requirements, milestone dates (when appropriate), and payment schedule/method.	100%	100%
Prices are based on a competitive tender process or benchmarking (including sessional payments) or full-cost disclosure by the provider (not including EFTS funding).	100% compliance.	100% compliance.
All contracts with providers meet the specifications outlined in the TEC Document of Accountability.	100% compliance.	-

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
Quality (cont'd)		
All EFTS resourcing payments to tertiary education service providers based on returns from TEIs and PTEs will be determined, calculated and delivered with no less than 98% accuracy in respect of:	<ul style="list-style-type: none"> the amounts of the payments the schedules advised to public education service providers or agreements agreed with those providers the timeframes notified to payees funding delivered to the correct provider the number of returns and other information. 	-

Cost

	Output Class Cost	\$000
2002/03	Tertiary Sector Administration to be provided within (GST inclusive)	11,707
2002/03	Other Grants and Contracts Management to be provided within (GST inclusive)	1,895
2002/03	Total output class to be provided within (GST inclusive) (see note 16)	13,602
2001/02	Total output class to be provided within (GST inclusive)	10,410

Major providers (\$ million GST inclusive)

Tertiary Education Commission (\$11.707).

Output Class 07 - Supporting Parenting

Under this class of outputs the Minister of Education purchases programmes including PAFT and Family Start (see note 17), and advice and support to enhance the role of parents in the development of their children and to promote the value of quality early childhood education experiences. The output class is directed at parents of young children, Māori parents, and community groups (including those wishing to establish early childhood services).

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
Quantity		
Number of families involved in PAFT programmes (see note 18).	7,515–8,665	8,650–9,150
Number of families supported under Family Start.	700–1,000	700–1,000
Number of families in other parent support programmes.	1,900–2,400	1,650–1,900

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
Quantity (cont'd)		
Number of playgroups and Māori and Pacific groups supported, as outlined in the Purchase Agreement with ECD.	As specified in the contract with ECD.	750–850
Number of contracts for reducing barriers to participation in Māori and Pacific communities.	28–36 contracts with community groups. 2–4 contracts with ECD.	15–25 contracts with community groups. 2–4 contracts with ECD.
Quality		
Participants satisfied with the programmes attended or services received in terms of appropriateness and effectiveness (see note 19), as assessed by survey.	95% of responses received will indicate satisfaction.	95% of responses received will indicate satisfaction.
PAFT programmes will operate according to the criteria specified in the PAFT manual, <i>Programme Planning and Implementation Guide</i> .	100% of programmes.	100% of programmes.

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive)	26,009
2001/02	Total output class to be provided within (GST inclusive)	25,984

Major providers (\$ million GST inclusive)

Correspondence School (\$2.138); ECD (\$2.822); 12 providers of PAFT programmes (\$8.200); Family Start programmes (\$6.068); 25 to 35 community groups under Early Childhood Needs Assistance programmes (\$4.150).

Output Class O8 - Specialist Support Services

Under this class of outputs, the Minister of Education purchases specialist services to support teachers, parents, and agencies for children with special education needs. This mainly includes early intervention programmes and advice, guidance, and support to early childhood education centres as well as and support for bodies coordinating advice on sensory impairment.

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity and Quality</u>		
Number of children receiving early childhood moderation services.	160–220	160–220
Coordinated specialist support will be provided to children with special needs and assessed as positive by their families and early childhood centres.	95% of families and early childhood centres a positive about the support provided.	-
Advice, guidance and information provided to the Ministry on students with sensory impairments is reliable, timely and in accordance with the contract requirements.	95% of the advice, guidance and information provided is reliable, timely and in accordance with the contract requirements.	-

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive) (see note 20)	2,475
2001/02	Total output class to be provided within (GST inclusive)	43,961

Major providers (\$ million GST inclusive)

11 to 15 providers of early childhood moderation services (\$2.275).

Output Class O9 - Development and Registration of Standards and Qualifications

Under this class of outputs, the Minister of Education purchases the registration, maintenance, and review of unit standards and qualifications for the National Qualifications Framework, support for national standards-setting bodies, and other outputs to support the development and implementation of the National Qualifications Framework.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u>		
Number of qualifications and unit standards registered.	As agreed in Purchase Agreement with NZQA.	As agreed in Purchase Agreement with NZQA.

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quality</u> Percentage of qualifications and unit standards registered on the National Qualifications Framework according to published criteria.	100%	100%
<u>Timeliness</u> Percentage of qualifications registered within timeframes agreed in the Purchase Agreement with NZQA.	100%	100%

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive)	6,326
2001/02	Total output class to be provided within (GST inclusive)	3,214

Major provider (\$ million GST inclusive)

NZQA (\$6.326).

Output Class O10 - Training for Designated Groups

Under this class of outputs, the Minister of Education purchases training linked to the National Qualifications Framework, including the delivery of fully or partially funded on-job and off-job training places. Specific funds or programmes within this output include the Industry Training Fund, Youth Training, Skill Enhancement, and Modern Apprenticeships.

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u> Total training places offered:		
• Modern Apprenticeships	5,500	3,000
• Skill Enhancement	650–750	650–750
• Youth Training	4,500–5,300	4,900–5,500
• Gateway.	1,300–1,600	1,300–1,600

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
Quantity (cont'd)		
Industry training standard training measures. A standard training measure is equivalent to 120 National Qualifications Framework credits on an approved structured training programme.	29,000–32,000 standard training measures.	21,000–26,000 standard training measures.
Average number of National Qualifications Framework credits achieved.	As agreed in TEC's Document of Accountability.	As agreed in Skill New Zealand's Document of Accountability.
Quality		
Number of credits on the National Qualifications Framework achieved, on average, by trainees participating in the Youth Training programme.	20 credits	20 credits
Number of credits on the National Qualifications Framework achieved, on average, by trainees participating in the Skill Enhancement programme.	60 credits	60 credits

Cost

	Output Class Cost	\$000
2002/03	Total output class to be provided within (GST inclusive) (see note 21)	188,798
2001/02	Total output class to be provided within (GST inclusive)	167,446

Major providers (\$ million GST inclusive)

IOTs, polytechnics and Private Training Establishments for Industry Training Fund (\$88.763); accredited providers for Skill Enhancement (\$8.349), Youth Training (\$68.973), and Modern Apprenticeship – Training Fund and Coordinators (\$17.773).

Output Class O11 - Education Research Initiatives

Under this class of output, the Minister of Education purchases tertiary research from the contestable Centres of Research Excellence Fund. The Fund will support leading edge, international standard innovative research that fosters excellence and contributes both to New Zealand's economic and social development and to knowledge transfer. The research may be in any area including the social sciences and humanities. The Centres of Research Excellence are to be primarily, but not exclusively, inter-institutional research networks, with the researchers working together on a commonly agreed work programme. The output class also includes funding for research programmes aimed at building knowledge about teaching and learning in our education institutions and independent research on issues, policies, and practices contributing to the effectiveness of education in New Zealand.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<p><u>Quantity and Timeliness</u></p> <p>Centres of Research Excellence to be established.</p> <p>Research programmes to be advanced in accordance with the agreed timeframe in the contract (or in any variations to the contract) between each Centre of Research Excellence and the Ministry (or its agent).</p> <p>Research projects will be completed or advanced to the position agreed in the annual Purchase Agreement between the New Zealand Council for Educational Research (NZCER) and the Ministry including any variations to that Agreement.</p>	<p>An additional 2–3 Centres of Research Excellence will be established.</p> <p>Each Centre of Research Excellence will advance its research programmes in accordance with the agreed timeframe in the contract (or in any variations to the contract) between the Centres and the TEC (or its agent).</p> <p>Projects completed or otherwise advanced as specified in the Purchase Agreement (or any agreed modification).</p>	<p>3–6 Centres of Research Excellence will be established.</p> <p>Each Centre of Research Excellence will advance its research programmes in accordance with the agreed timeframe in the contract (or in any variations to the contract) between the Centres and the Ministry (or its agent).</p> <p>Projects completed or otherwise advanced as specified in the Purchase Agreement (or any agreed modification).</p>
<p><u>Quality</u></p> <p>Each Centre of Research Excellence to achieve an ongoing research capability that is recognised as excellent by international standards.</p> <p>Each Centre of Research Excellence to undertake research activity of excellent quality, which contributes to New Zealand’s social and economic development and to knowledge transfer.</p> <p>NZCER research projects comply with systematic internal quality assurance processes and key tasks/documents, which are supported by external peers.</p> <p>Sign-off on NZCER research projects by the Director of NZCER or nominee.</p>	<p>Each Centre of Research Excellence will achieve an ongoing research capability that is recognised as excellent by international standards.</p> <p>Each Centre of Research Excellence will undertake research activity of excellent quality, which contributes to New Zealand’s social and economic development and to knowledge transfer.</p> <p>100% compliance.</p> <p>100% signed off.</p>	<p>Each Centre of Research Excellence will achieve an ongoing research capability that is recognised as excellent by international standards.</p> <p>Each Centre of Research Excellence will undertake research activity of excellent quality, which contributes to New Zealand’s social and economic development and to knowledge transfer.</p> <p>100% compliance.</p> <p>100% signed off.</p>

Cost

	Output Class Cost	\$000
2002/03	Centres of Research Excellence to be provided within (GST inclusive)	15,725
2001/02	Research on Education to be provided within (GST inclusive)	1,933
2002/03	Total output class to be provided within (GST inclusive) (see note 22)	17,658
2001/02	Total output class to be provided within (GST inclusive)	3,433

Major provider (\$ million GST inclusive)

7 to 8 Centres of Research Excellence (\$15.725); NZCER (\$1.433).

Part C3 – Significant Providers and Programmes

The following table summarises funding allocated to Crown entities and other providers where the information may not be readily ascertained from the detail in Part B1, Part C2, or Part D3.

Significant Providers and Programmes	2001/02 Vote \$000	2001/02 Estimated Actual \$000	2002/03 Vote \$000
<u>Central Education Crown Entities</u>			
Career Services (see note 23)	8,032	8,032	8,968
ECD	4,835	4,835	5,171
NZQA (see note 24)	13,166	13,166	15,820
SES (see note 25)	39,054	39,054	-
Skill New Zealand (see note 26)	13,272	13,272	-
Tertiary Education Commission (see note 26)	-	-	16,057
<u>Other Agencies</u>			
New Zealand School Trustees Association	600	600	600
Te Kohanga Reo National Trust Board	2,880	2,880	2,880

Part D - Explanation of Appropriations for Other Operating Flows

Part D1 - Benefits and Other Unrequited Expenses

Analysis of Māori and Pacific Island Scholarships and Bursaries

The following table details forecast expenditure between the various programmes that comprise the Māori and Pacific Island Scholarships and Bursaries appropriation.

Māori and Pacific Island Scholarships and Bursaries	2001/02 Vote \$000	2001/02 Estimated Actual \$000	2002/03 Vote \$000
Manaaki Tauiira	4,300	4,300	4,300
Māori Education Scholarships	664	664	664
Ngarimu VC and 28 th (Māori) Battalion Memorial Scholarship Fund	54	54	54
Polynesian and Pacific Island Education Foundation	75	75	75
Māori and Polynesian Scholarships (see note 27)	793	793	526
Total	5,886	5,886	5,619

Analysis of Tertiary Scholarships

The following table details forecast expenditure on the various programmes that comprise the Tertiary Scholarships appropriation.

Tertiary Scholarships	2001/02 Vote \$000	2001/02 Estimated Actual \$000	2002/03 Vote \$000
Enterprise Scholarships	2,622	2,622	3,870
Top Achiever Doctoral Scholarships	6,667	6,667	10,000
Science and Mathematics Scholarships and School Achievers Awards	950	950	950
Total	10,239	10,239	14,820

Part D3 - Other Expenses

Other Expense - Early Childhood Education

Under this appropriation, the Minister of Education subsidises early childhood education services for children under six years of age from licensed and chartered early childhood centres and from licence-exempt centres. The expenses include:

- Licensed Early Childhood Education (under two) – provision of early childhood education for children under two years of age by licensed and chartered early childhood services
- Licensed Early Childhood Education (two and over) – provision of early childhood education for children over two years of age by licensed and chartered early childhood services
- Licence-Exempt Early Childhood Education – provision of early childhood education for children under six years of age by licence-exempt services
- Equity funding for community-based early childhood education (see note 28).

Quantity, quality, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<p><u>Quantity</u></p> <p>Subsidised hours provided by licensed and chartered early childhood services:</p> <ul style="list-style-type: none"> • Kindergarten • Playcentres • Education and care centres • Home-based • Nga kohanga reo <p>Hours of early childhood education provided by licence-exempt centres.</p>	<p>23 million–24 million</p> <p>3 million–4 million</p> <p>53 million–54 million</p> <p>7 million–7.5 million</p> <p>12.5 million–13.5 million</p> <p>2 million–3 million</p>	<p>22 million–23 million</p> <p>3 million–4 million</p> <p>51 million–52 million</p> <p>6.5 million–7 million</p> <p>14 million–15 million</p> <p>3 million–4 million</p>
<p><u>Quality</u></p> <p>Early childhood centres/services will provide services to the level and standard specified and agreed in their negotiated and approved charter.</p>	<p>99.5% of all licences and charters will remain valid in respect of compliance with the standards.</p>	<p>99.5% of all licences and charters will remain valid in respect of compliance with the standards.</p>

Cost

Hourly Rates for Children	Rate 1	Rate 2	Rate 3
Rates until 30 June 2002			
Under two years	\$5.33	\$5.92	-
Two years and over	\$2.67	\$2.96	-
In kindergarten	-	-	\$3.56
In licence-exempt centres	\$1.10	-	-
Rates from 1 July 2002 (see note 29)			
Under two years	\$5.46	\$5.96	-
Two years and over	\$2.74	\$2.98	-
In kindergarten	-	-	\$3.57
In licence-exempt centres	\$1.13	-	-
Rates from 1 January 2003 (see note 29)			
Under two years	\$5.46	\$6.14	-
Two years and over	\$2.74	\$3.07	-
In kindergarten	-	-	\$3.57
In licence-exempt centres	\$1.13	-	-

Rate 1: basic rate for licensed and chartered services

Rate 2: rate for services meeting criteria for staff qualification and staff-to-child ratios that are higher than licensing requirements

Rate 3: rate for kindergartens

	Other Expense Cost	\$000
2002/03	Licensed Early Childhood Education (under two) to be provided within (GST inclusive)	103,722
2002/03	Licensed Early Childhood Education (two and over) to be provided within (GST inclusive)	261,378
2002/03	Licence-Exempt Early Childhood Education to be provided within (GST inclusive)	3,141
2002/03	Equity Funding Pool to be provided within (GST inclusive)	10,080
2002/03	Total other expense to be provided within (GST inclusive)	378,321
2001/02	Total other expense to be provided within (GST inclusive)	348,445

Major providers

Licensed and chartered services include: 600 to 608 kindergartens (including mobile services) managed through 35 associations of which Auckland, Waikato, Central North Island, Wellington, and Canterbury are the largest associations; 500 to 520 playcentres; 1,650 to 1,680 education and care services (including 38 casual services); 200 to 230 home-based networks, of which about 90% are organised through Barnardos; 550 to 600 kohanga reo managed through Te Kohanga Reo National Trust Board.

Licence-exempt services include: 15 to 25 kohanga reo managed through Te Kohanga Reo National Trust Board; 700 to 760 Pacific language groups, playgroups and other services.

Other Expense - Primary Education

Under this appropriation, the Minister of Education provides funding (excluding major maintenance and capital expenditure on school land and buildings) for the delivery of the curriculum by State, integrated, and private primary, intermediate, composite, special, and correspondence schools for pupils from Years 1 to 8 (new entrant to Form 2). This includes provision for roll-based operational funding to schools, teacher and management salaries, support costs, and supplementary funding programmes.

The Minister of Education requires school boards of trustees to provide students with opportunities to achieve the objectives and goals of the New Zealand Curriculum (gazetted syllabuses and/or national curriculum statements), and of programmes organised by the school to respond to the needs of their students (the school curriculum).

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<p><u>Quantity</u></p> <p>Number of students to receive the curriculum as at census dates 1 July 2002 and 1 March 2003.</p>	482,000–485,000	480,000–486,000
<p><u>Quality</u></p> <p>State and integrated schools will meet legislative standards of performance and standards agreed in charters, as indicated by the number of:</p> <ul style="list-style-type: none"> actions under section 64 (Education Act 1989) to effect and enforce the charter actions under section 107 (Education Act 1989) to appoint a Commissioner to manage the school. 	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Timeliness</u> Schools to remain open for the delivery of the curriculum in terms of the National Education Guidelines.	The equivalent of 394 half-days per annum in the 2002/03 financial year.	The equivalent of 394 half-days per annum in the 2001/02 financial year.

Cost

	Other Expense Cost	\$000
2002/03	Total other expense to be provided within (GST inclusive)	1,895,590
2001/02	Total other expense to be provided within (GST inclusive)	1,869,116

Major providers (\$ million GST inclusive)

Correspondence School (\$5.122); 40 to 50 private primary schools and 40 to 50 other private schools with primary pupils (\$15.748); 70 to 80 State and integrated composite schools; 2,180 to 2,200 State and integrated primary schools.

Other Expense - Secondary Education

Under this appropriation, the Minister of Education provides funding (excluding major maintenance and capital expenditure on school land and buildings) for the delivery of the curriculum by State, integrated, and private secondary, composite, special, and correspondence schools for pupils from Years 9 to 13 (Form 3 to Form 7). This includes provision for roll-based operational funding to schools, teacher and management salaries, support costs and supplementary funding programmes.

The Minister of Education requires school boards of trustees to provide students with opportunities to achieve the objectives and goals of the New Zealand Curriculum (gazetted syllabuses and/or national curriculum statements), and of programmes organised by the school to respond to the needs of their students (the school curriculum).

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u> Number of students to receive the curriculum as at census dates 1 July 2002 and 1 March 2003.	246,000–255,000	246,000–255,000

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<p><u>Quality</u></p> <p>State and integrated schools will meet legislative standards of performance and standards agreed in charters, as indicated by the number of:</p> <ul style="list-style-type: none"> actions under section 64 (Education Act 1989) to effect and enforce the charter actions under section 107 (Education Act 1989) to appoint a Commissioner to manage the school. 	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>
<p><u>Timeliness</u></p> <p>Schools to remain open for the delivery of the curriculum in terms of the National Education Guidelines.</p>	<p>The equivalent of 380 half-days per annum in the 2002/03 financial year.</p>	<p>The equivalent of 380 half-days per annum in the 2001/02 financial year.</p>

Cost

	Other Expense Cost	\$000
2002/03	Total other expense to be provided within (GST inclusive)	1,295,152
2001/02	Total other expense to be provided within (GST inclusive)	1,251,747

Major providers (\$ million GST inclusive)

Correspondence School (\$20.503); 10 to 20 private secondary schools and 40 other private schools with secondary pupils (\$24.500); 70 to 80 State and integrated composite schools; 315 to 325 State and integrated secondary schools.

Other Expense - Special Needs Support

Under this appropriation, the Minister of Education provides additional services and resources to enable students with special needs to participate in education. These are:

- coordinated specialist services to students assessed as eligible for the ORRS. These resources are allocated according to established criteria
- supplementary resources for learners with special education needs provided to schools, including the Special Education Grant and special education teachers. Access to these resources is regulated by school boards of trustees
- programmes and services for students in residential special schools
- services and resources such as ESOL and alternative education programmes for students with other special needs.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2002/03	Performance Standards 2001/02
<u>Quantity</u>		
Students in the ORRS (see note 30).	1,500–3,500	6,500–7,500
Resource Teachers: Learning and Behaviour.	700–800	700–800
Number of students in residential care.	300–400	300–400
Number of ESOL learners funded.	22,000–27,000	22,000–27,000
Number of students in alternative education programmes at any one time.	1,750–1,850	1,750–1,850
<u>Quality</u>		
Resources targeted and delivered according to documented criteria.	100%	100%
<u>Timeliness</u>		
Resources for services will be delivered according to documented timeframes.	100% compliance.	100% compliance.

Cost

	Other Expense Cost	\$000
2002/03	Total other expense to be provided within (GST inclusive)	247,387
2001/02	Total other expense to be provided within (GST inclusive) (see note 31)	284,290

Major providers (\$ million GST inclusive)

Correspondence School (\$3.174); 100 to 130 providers of alternative education programmes (\$20.202); 70 to 80 special education fund-holders (\$18.634).

Significant Compulsory Education Programmes

The following table summarises funding allocated to particular compulsory education programmes of interest where the information may not be readily ascertained from the detail in Part B1, Part C2, or Part D3.

Table of Compulsory Education Resourcing	2001/02 Vote \$000	2001/02 Estimated Actual \$000	2002/03 Vote \$000
Centrally funded teachers' salaries	2,302,431	2,296,431	2,355,087
Schools - operational funding (for further details see below)	1,008,202	1,003,202	1,034,815
	3,310,633	3,299,633	3,389,902
Other funds allocated to schools include:			
• Correspondence school	32,539	32,539	30,937
• Private schools	42,803	42,803	40,248
• Alternative education and truancy programmes	25,387	25,387	25,528
	100,729	100,729	96,713
Total compulsory education resourcing	3,411,362	3,400,362	3,486,615
Some programmes included in schools operational funding are:			
• ESOL	13,409	13,409	10,803
• ORRS	70,415	70,415	72,213
• Secondary-Tertiary Alignment Resource	23,234	23,234	23,580
• Special education grants	38,587	38,587	39,037
• Targeted Funding for Educational Achievement	52,899	52,899	53,823
• Targeted Funding for Isolation	6,279	6,279	6,347

Other Expense - Tertiary Education and Training

Under this appropriation, tuition subsidies for students studying approved courses and programmes are paid to approved providers as a subsidy towards the cost of tuition and supporting research. Funding is also provided for other tertiary education and training services and base grants for State tertiary education institutions. From 1 July 2002, subject to the passage of the Tertiary Education Reform Bill, this funding will be administered by the Tertiary Education Commission.

Current policy is focused upon delivering:

- opportunities for all students to access quality tertiary education with particular initiatives to encourage Māori and Pacific peoples participation and achievement
- a system that recognises and responds to the diversity of students and their learning needs
- improved quality assurance in teaching, research, and qualifications
- improved management and accountability of tertiary institutions
- encouragement for research-based study through higher subsidy rates
- improving adult literacy and other foundation skills.

Key policies include the following:

- Government subsidies are provided to institutions covering tuition for all domestic students, regardless of age, enrolled in approved programmes at universities, polytechnics, colleges of education, wananga, private training establishments, and other tertiary education providers.
- Government subsidies apply only to providers and qualifications that meet quality assurance and financial viability criteria.
- Tuition subsidies are allocated at the same rates for either public or recognised private providers.
- Subsidy payments are linked to actual enrolments at each institution.
- Supplementary grants are paid to TEIs to improve tertiary education outcomes for Māori and Pacific peoples and tertiary students with disabilities.

Tuition

Funding is provided as a subsidy towards the cost of tertiary education and training tuition through:

- EFTS-based funding in the following fields of study:
 - Science and Applied Science, comprising Agriculture, Horticulture, Science, and Veterinary Science.
 - Arts and Performing Arts, comprising Arts, Humanities, Social Sciences, Languages, Advanced Studies for Teachers, General Education, Music, Fine Arts, and Design.
 - Technology and Design, comprising Architecture, Quantity Surveying, Engineering, Technology, and Industry Training.

- Health Professions, comprising Health Sciences and health-related professions (including Dentistry and Medicine).
 - Business and Law, comprising Business, Accountancy, Office Systems/Secretarial, Management, Computing, Data Processing, and Law.
 - Teacher Education for pre-service early childhood, primary and secondary training, and for specialist teachers.
- Other funding (such as grants and special supplementary grants).

Field of Study (see note 32)	EFTS Places	2001/02 \$000	2002/03 \$000
Science and Applied Science	20,374	197,530	204,809
Arts and Performing Arts	64,721	369,913	381,354
Technology and Design	19,240	169,234	175,329
Health Professions	12,491	147,901	152,771
Business and Law	59,544	342,606	353,306
Teacher Education	12,122	88,816	92,099
Grants and special supplementary grants		60,130	118,176
Total tuition funding		1,376,130	1,477,844

Research

Funding is provided as a subsidy towards the cost of tertiary education and training research which supports learning at degree level and above through:

Research Funding (from EFTS-based tuition subsidies)	2001/02 \$000	2002/03 \$000
Undergraduate courses	24,793	26,900
Taught postgraduate courses	22,750	24,684
Research-based courses	66,089	71,707
Total research	113,632	123,291

Community education

Funding is provided as a subsidy towards the cost of non-formal learning activities for adults through:

Community Education Programmes	2001/02 \$000	2002/03 \$000
EFTS-based tuition subsidies	28,683	29,975
Other tertiary education provider funding	10,644	12,576
Total funding from Tertiary Education and Training appropriation	39,327	42,551

Community Education Programmes (cont'd)	2001/02 \$000	2002/03 \$000
School community education funding	15,015	15,031
Correspondence School adult education funding	4,634	4,443
REAP community education funding	1,714	1,718
Total funded from Community Education appropriation	21,363	21,192
Total community education	60,690	63,743

Significant Tertiary Education Funding

The following table summarises funding allocated to TEIs and other tertiary education and training providers where the information may not be readily ascertained from the detail in Part B1, Part C2, or Part D3.

Significant Providers and Programmes	2001/02 Vote \$000	2001/02 Estimated Actual \$000	2002/03 Vote \$000
Tertiary Education and Training			
• University EFTS	783,956	783,956	794,132
• Polytechnic EFTS	384,487	384,487	397,626
• Colleges of education EFTS	58,020	58,020	55,815
• Special supplementary grants	82,036	82,036	141,402
• Other tertiary education providers	7,185	7,185	7,047
• Teacher supply initiatives (see note 33)	1,200	1,200	-
• Private training EFTS	148,606	148,606	148,062
• Wananga EFTS	63,599	63,599	99,602
Total	1,529,089	1,529,089	1,643,686
Industry Training (output class O10 Training for Designated Groups)			
• Industry Training Fund	78,763	78,763	88,763
• Youth Training	67,098	67,098	68,973
• Skill Enhancement	9,484	9,484	8,349
• Modern Apprenticeships	10,131	10,131	17,773
• Other programmes	1,970	1,970	4,940
Total	167,446	167,446	188,798
Centres of Research Excellence (from output class O11 Education Research Initiatives)	2,000	2,000	15,725

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

Capital Contribution to the Department

Investment in School Property	2001/02 Vote \$000	2001/02 Estimated Actual \$000	2002/03 Vote \$000
Roll growth/expansion programme:			
• New classrooms	37,500	37,500	52,400
• New schools	29,800	29,800	21,200
• Site purchases and site works	12,200	12,200	12,800
• School Property Guide Deficiencies	40,000	40,000	50,000
• Kura kaupapa Māori, schools of special character, and change of class	25,000	25,000	7,000
• School Staffing Review	22,100	22,100	23,700
• Early Childhood Education	-	-	5,000
• School Support	15,000	15,000	-
• Other (see note 34)	3,000	3,000	-
Core Capital Works programme:			
• 5-Year Property Programme	186,000	186,000	90,000
• Financial Assistance Scheme	10,000	10,000	-
• Schools of the Future	-	-	8,000
• Other (see note 35)	57,000	57,000	22,000
	437,600	437,600	292,100
Plus completion of projects from previous years (see note 36)	497,200	497,200	604,700
Less projects carried forward to next year	(584,700)	(604,700)	(526,800)
Total capital programme	350,100	330,100	370,000
Less funds available from depreciation, asset sales and cash on hand	(207,100)	(207,100)	(210,000)
Capital contribution required	143,000	123,000	160,000

The capital contribution to the Ministry of Education for 2002/03 for investment in school property is \$160 million. The capital programme focuses on the delivery of new school accommodation and enhancement of existing accommodation to support school-age population growth through:

- the purchase of 9 sites and the associated site works required for schools needed in the future
- the continued implementation of the new property guides for primary and secondary schools
- commencement of the implementation of new property guides for intermediate and composite schools (subject to Government approval)
- the establishment of new kura kaupapa Māori and other special character schools, and extending current kura to wharekura
- commencement of a programme to provide early childhood education facilities to encourage participation in targeted areas
- extension of the 5-year property programme to a further 400 schools
- commencement of a new Schools of the Future programme to encourage innovation in property design.

The capital injection required for 2001/02 was decreased by \$20 million to \$123 million mainly due to delays by schools in reaching agreement on the scope of works for 5-year property programme modernisation projects, school property guide expansion projects and new classroom projects.

The balance of the Capital Contribution to the Department for 2002/03 (\$1.937 million) mainly relates to:

- continuing development of system for monitoring performance in the compulsory sector, including supporting new planning and reporting requirements for schools
- establishing an integrated contact centre for schools to support new web-based administration systems.

Net Worth of Entities Owned

Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 2002 \$ million	Forecast Net Worth 2003 \$ million
Ministry of Education	30 June	5,773.091	5,935.028
<u>Crown Entities:</u>			
Career Services	30 June	1.957	1.957
Early Childhood Development	30 June	2.382	2.482
Skill New Zealand	30 June	5.654	-
Tertiary Education Commission (see note 37)	30 June	-	5.654
Learning Media Ltd	30 June	4.900	5.600
New Zealand Qualifications Authority	30 June	14.250	9.738
New Zealand Teachers Council	30 June	1.092	0.769
State schools	31 December	1,053.251	1,115.132
State tertiary institutions	31 December	2,223.000	2,280.000

The increase in net worth for the Ministry of Education (\$161.937 million) mainly reflects increased investment in school land and buildings to meet roll growth.

The reduction in the net worth for NZQA reflects a series of initiatives being funded from the Authority's reserves.

Other changes in the Crown entities' forecast net worth result from estimated surpluses or deficits from normal operations.

Changes reflected in this schedule from previous years include:

- the Teacher Registration Board has become the New Zealand Teachers Council from 1 February 2002
- the Tertiary Education Commission will commence from 1 July (subject to the passage of the Tertiary Education Reform Bill) and will subsume Skill New Zealand as well as some functions of the Ministry of Education
- Specialist Education Services was integrated into the Ministry of Education from 28 February 2002.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2001/02		2002/03	Description of 2002/03 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Current Revenue				
Non-Tax Revenue				
ACC Levy Rebate	820	820	820	ACC levy experience-rating rebate for teachers.
Charter Fees Early Childhood Education	30	30	30	Charter application and amendment fees received from early childhood services.
Education Residual Management Unit Receipts	300	300	300	Rental received from leased buildings belonging to the former Department of Education or Education Boards.
Export Education Levies	-	-	1,406	Levies charged to education institutions offering education services to foreign students.
Learning Media Limited	1,664	1,664	2,872	Annual dividends to be received from Learning Media Ltd.
Miscellaneous Receipts	800	800	350	Those other Crown receipts which are not separately identified.
Overseas Students' Fees	5,984	5,984	6,620	Fees paid by foreign students attending New Zealand primary and secondary schools (excluding integrated schools) for the use of Crown-owned assets.
Payroll Receipts	25	25	5	Recovery of debts arising from overpayment of teachers' salaries during previous financial years.
Roll Audit Recovery	225	225	110	Recoveries of funding outside the current year from early childhood services and schools owing to auditing and correction of rolls on which entitlements for funding are based.
Tertiary Investments - Interest	13	13	7	Interest paid by TEIs on loans received from the Crown.
Crown Entity Recoveries	5,916	5,916	-	Recoveries from Crown entities of operating surpluses and unspent funding relating to previous financial years. There is no revenue expected in 2002/03.

Tertiary Recoveries	2,255	2,255	-	- Recovery of EFTS and other funding paid during previous financial years for services that were not delivered. No revenue is expected in 2002/03.
Total Non-Tax Revenue	18,032	18,032	12,520	
Total Current Revenue	18,032	18,032	12,520	
Capital Receipts				
Asset Sales	300	300	350	Proceeds from disposal of Crown assets.
Tertiary Investments - Repayments	2,577	2,577	83	Repayments on loans and advances made to TEIs.
Withdrawal of Equity from SES	6,500	6,500	-	Recovery of the final net equity from Specialist Education Services upon its merger with the Ministry of Education in 2001/02.
Total Capital Receipts	9,377	9,377	433	
Total Crown Revenue and Receipts	27,409	27,409	12,953	