

VOTE *Education*

Terms and Definitions Used

ASR	Assessment of Strategic Relevance
ECE	Early Childhood Education
EFTS	Equivalent Full Time Students
ESOL	English for speakers of other languages
FTTE	Full time teacher equivalents
ICT	Information and Communication Technologies
ITO	Industry Training Organisation
NCEA	National Certificate of Educational Achievement
NZQA	New Zealand Qualifications Authority
ORRS	Ongoing and Reviewable Resourcing Schemes
PAFT	Parents as First Teachers
PTE	Private Training Establishment
STEP	Statement of Tertiary Education Priorities
TEC	Tertiary Education Commission
TEI	Tertiary Education Institution
TEO	Tertiary Education Organisation
TES	Tertiary Education Strategy
UCOL	Universal College of Learning
UNESCO	United Nations Educational, Scientific and Cultural Organisation

Footnotes

Note 1	The departmental output class D11 Implementing the Tertiary Education Strategy was purchased for the six months ending 31 December 2002, after which the Government assigned the newly created Tertiary Education Commission as the lead agency for implementing these reforms.
Note 2	New tertiary sector Capability Development funds include the Innovation and Development Fund, E-learning Collaborative Development Fund, and Partnerships for Excellence facility.
Note 3	Under the core capital works programme, components of “Other” include: facilities to enable access for the disabled; structural mitigation; property rationalisation; risk-management; and provision for emergency works.
Note 4	Projects carried forward from one financial year to the next have been programmed but the cash is not required until the following year.

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 B - Statement of Appropriations

Summary of Appropriations

	Appropriations to be Used				Total Appropriations \$000
	By the Department Administering the Vote		For Non-Departmental Transactions		
Types of Appropriation	Annual \$000	Other \$000	Annual \$000	Other \$000	
Operating Flows					
Classes of Outputs to be Supplied	1,274,024	-	560,042	-	1,834,066
Benefits and Other Unrequited Expenses	-	-	62,858	-	62,858
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	5,775,699	-	5,775,699
Capital Flows					
Capital Contributions	67,157	-	115,784	-	182,941
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	-	-
Total Appropriations for 2002/03	1,341,181	-	6,514,383	-	7,855,564
Total 2002/03 Main Estimates Appropriations	1,288,634	-	6,225,058	-	7,513,692

Part B1 - Details of Appropriations

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Policy Advice	35,847	-	75	-	35,922	-	Purchase of advice on various aspects of the education system, by anticipating future opportunities and pressures, identifying priorities for improvement, developing options for improving effectiveness and recommending legislative change. The increase in the appropriation is mainly owing to work on indicators and self-review criteria for the early childhood education (ECE) sector, evaluation of the ECE strategic plan and work on a schooling strategy, partially offset by transfers to 2003/04, including building capability for diverse students, analysis of student loans data and data collection for international studies.
D2 Ministerial Services	3,277	-	393	-	3,670	-	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. The increase in appropriation is owing to revised allocation of costs between output classes including a specific adjustment from D10 Special Education Services.
D3 Purchasing of Services on Behalf of the Crown	8,931	-	2,039	-	10,970	-	Facilitating the purchase of services from third parties by the Minister including advising on purchasing strategy, negotiating terms and conditions of purchase agreements, and monitoring and reporting on provider performance. The increase in the appropriation is mainly owing to managing the regional broadband Internet service extension, implementation of adult literacy initiatives and ECE centres of innovation, and initiatives to support education for gifted and talented learners.

D4 Ownership Advice on Public Education Sector Entities	19,566	-	232	-	19,798	-	Purchase of ownership advice on education sector entities including judgements about long-run capability, educational viability and financial viability, and strategic capability of individual entities and collectively as a portfolio. The increase in the appropriation includes additional costs related to the vacant Heretaunga campus and negotiating an agreement with Te Whare Wananga o Awanuiarangi, partially offset by changes in cost allocations between output classes.
D5 Provision of Information	38,513	-	(695)	-	37,818	-	Provision of information to both the consumers and providers of education services as a specific intervention to address information gaps and other inequalities among participants in the education system. The change in the appropriation is mainly owing to savings from the Status of Teachers Project and Whakaaro Maturanga (Māori education strategy), partially offset by development of web portals for the tertiary sector (transferred from O5 Provision of Information and Advisory Services) and assisting ECE services better support parents and whānau.
D6 Administration of Education Regulations	6,256	-	(451)	-	5,805	-	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. The reduction in the appropriation is owing to a delay in providing planned support for schools in implementing new planning and reporting requirements until later in 2003 and revised cost allocations between output classes.
D7 Administration of Education Sector Resourcing	54,875	-	1,744	-	56,619	-	Administering the distribution of resources to education service providers, consumers, and employees of State and integrated schools. The increase in this appropriation is owing to the Ministry continuing to fund the tertiary sector, until the establishment of the Tertiary Education Commission (TEC), provision for implementing teachers collective agreements, increased information technology services to support new systems development, and revised cost allocations between output classes, partially offset by transfers to 2003/04, mainly related to the education service payroll and development of school administrative systems.
D8 Provision of School Sector Property	796,663	-	132,664	-	929,327	-	Providing the property portfolio for the State school sector by managing the existing property portfolio through the Works Programme and purchasing and constructing new property through the Roll Growth Programme. The increase in appropriation is mainly owing to a change to the basis for calculating depreciation and additional capital charge costs after revaluation of the school property portfolio at 30 June 2002. These are partially offset by savings in the school property management budget and a delay until 2003/04 for some glazing rectification costs.

Part B1 - Details of Appropriations (continued)

Appropriations	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross) – cont'd							
D9 Provision of Teacher and Caretaker Housing	33,162	-	(1,935)	-	31,227	-	Managing rental housing provided to teachers, principals, and caretakers. This includes property maintenance, rent collection and administration of the teacher housing pool. The change to appropriation is mainly owing to lower than expected programmed maintenance for the housing portfolio. Capital charge and depreciation costs have also been reduced owing to the revaluation of the property portfolio.
D10 Special Education Services	129,607	-	9,949	-	139,556	-	Provides a nationally coordinated network of support and resource centres to facilitate the successful inclusion and participation of children and young people with special education needs in their education facility and community. The increase in the appropriation is owing to a combination of: higher than expected costs of new structures; increased costs of wage settlements; additional investment in infrastructure; and funds to offset a shortfall in revenue from other sources.
D11 Implementing the Tertiary Education Strategy	-	-	3,312	-	3,312	-	This output class provides for the initial implementation of the Tertiary Education Strategy (TES) by the Transition Tertiary Education Commission (operating as a semi-autonomous unit within the Ministry of Education), particularly commencing work on charters and profiles. The outputs were delivered for the six months ending 31 December 2002, after which the new TEC was responsible mainly under O12 Developing Strategic Coherence Across the Tertiary Sector.
Total Appropriations for Departmental Output Classes (Mode B Gross)	1,126,697	-	147,327	-	1,274,024	-	

Non-Departmental Output Classes							
O1 Professional Development and Support	96,997	-	3,344	-	100,341	-	Delivery of professional development and advisory support to staff, managers, and parents in ECE services and in schools. The increase in appropriation mainly reflects support for gifted and talented students, professional development for teacher aides, which was delayed from 2001/02, and transfers from O2 Curriculum Support for an extra day of National Certificate of Educational Achievement (NCEA) professional development, partially offset by a transfer for additional school relationship managers to O3 Assessment of Entitlements or Eligibility.
O2 Curriculum Support	45,539	-	2,584	-	48,123	-	Purchase of supplementary education programmes for schools and communities to ensure wider access to these opportunities. The increase in appropriation is mainly owing to initial implementation of broadband Internet services in some regions. This is partially offset by transfers to O1 Professional Development and Support for NCEA training and to Primary Education for the Study Support Centres programme, which is now provided as a grant in aid. There is also a change in the timing of expenditure on the Laptops for Teachers programme.
O3 Assessment of Entitlements or Eligibility	7,534	-	5,011	-	12,545	-	Assessing and determining eligibility for secondary school qualifications, special education resources and delivery of correct entitlements. The increase in appropriation mainly reflects a reorganisation of funding for New Zealand Qualifications Authority (NZQA) between this, O5 Provision of Information and Advisory Services and O9 Development and Registration of Standards and Qualifications appropriations.
O4 School Transport	110,823	-	4,987	-	115,810	-	Payments to contractors for provision of school transport services to State and integrated schools for eligible students and to schools who manage their own bus routes and payments to eligible parents where other transport services are unavailable. The increase in appropriation is mainly owing to higher than expected expenditure for children with special education needs owing to higher usage of taxis and total mobility vehicles and more students with behavioural problems that restrict the number of passengers per vehicle.

Part B1 - Details of Appropriations (continued)

Appropriations	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Non-Departmental Output Classes – cont'd							
O5 Provision of Information and Advisory Services	25,188	-	(2,380)	-	22,808	-	Providing information on educational policy and programmes and general advisory services to the public, community groups, industry and the education community. The decrease in appropriation is largely owing to transferring funds for developing and maintaining the tertiary education web portal to D5 Provision of Information. There is also a transfer to O3 Assessment of Entitlements or Eligibility to reflect the revised outputs agreed in the NZQA Document of Accountability.
O6 Management of Grants and Contracts	13,602	-	(1,628)	-	11,974	-	Contract negotiation and management services on behalf of the Crown, including the awarding of contracts, monitoring the performance of those contracts, management of tertiary tuition subsidies, research funding and other payments to third parties. The decrease in appropriation is mainly owing to a transfer of funds for tertiary payments back to Ministry outputs owing to a delay in the establishment of the TEC. There is also a transfer to O10 Training for Designated Groups owing to reduced administration costs for the modern apprenticeship programme.
O7 Supporting Parenting	26,009	-	329	-	26,338	-	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 ECE experiences. The change in appropriation reflects an increase to the cap on early childhood enrolments at the Correspondence School and a transfer from O1 Professional Development and Support to help a joint social service initiative for Kaikohe.

O8 Specialist Support Services	2,475	-	(672)	-	1,803	-	Provision of specialist services to support teachers, parents and agencies for children with special education needs. The decrease in appropriation reflects a transfer to D10 Special Education Services owing to a decrease in the number of children receiving moderation services from third party providers.
O9 Development and Registration of Standards and Qualifications	6,326	-	(3,951)	-	2,375	-	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. The decrease in appropriation is largely owing to a transfer to O3 Assessment of Entitlements or Eligibility to reflect revised outputs agreed in the NZQA Document of Accountability.
O10 Training for Designated Groups	188,798	-	1,700	-	190,498	-	Purchasing training linked to the National Qualifications Framework and the purchase of both on-job and off-job training places, including delivery of fully or partially funded training places. The increase in appropriation is mainly due to a transfer from O6 Management of Grants and Contracts after a reduction in the administration component of industry training programmes. There is also additional expenditure for the Industry Training Fund, which was delayed from 2001/02.
O11 Education Research Initiatives	17,658	-	12	-	17,670	-	Purchase of cooperative and collaborative tertiary research through the contestable Centres of Research Excellence Fund. The increase in appropriation is mainly owing to some initial expenditure for the Centres of Research Excellence being delayed from 2001/02, partially offset by savings from a research programme into teaching practice.
O12 Developing Strategic Coherence Across the Tertiary Sector	-	-	9,757	-	9,757	-	Development, trialing, evaluation and implementation by the TEC of a range of steering, funding and support mechanisms for the tertiary education sector. The TEC was established on 1 January 2003.
Total Appropriations for Non-Departmental Output Classes	540,949	-	19,093	-	560,042	-	

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Benefits and Other Unrequited Expenses							
Boarding Allowances and Bursaries	5,885	-	100	-	5,985	-	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. The change in appropriation reflects a transfer from National Study Awards owing to a higher than expected number of claims for boarding bursaries, including those who originally applied unsuccessfully for Mapihi Pounamu.
Home Schooling Allowances	5,140	-	244	-	5,384	-	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. The change in appropriation reflects higher than expected demand for this allowance.
Māori and Pacific Island Scholarships and Bursaries	5,619	-	-	-	5,619	-	Programmes to provide scholarships and bursaries to Māori and Pacific secondary students, according to established criteria. The programmes include Manaaki Tauira, Māori Education Trust and Polynesian and Pacific Island Education Foundation Scholarships, Ngarimu VC and Māori Battalion Memorial Scholarship Fund and Māori and Polynesian Scholarships.
Mapihi Pounamu	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	17,363	-	(29)	-	17,334	-	Provision for the costs of teacher study awards, including replacement of the teacher while on study leave. The change in appropriation reflects the transfers to Boarding Allowances and Bursaries appropriation to meet higher than expected demand, partially offset by the effect of the settlement of the Secondary Teachers' Collective Agreement.

Queen Elizabeth II Study Awards	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	-	For student examination fees remitted in cases of hardship.
Targeted Individual Entitlement	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	6,788	-	1,636	-	8,424	-	Study scholarships and allowances awarded to students entering into teacher training. The change in appropriation reflects the transfer of secondary subject training allowances from National Study Awards as a more suitable appropriation.
Tertiary Scholarships	14,820	-	-	-	14,820	-	Enterprise, Top Achiever Doctoral, Mathematics and Science scholarships and School Achievers awards.
Tertiary Teaching Awards	200	-	-	-	200	-	Award to recognise outstanding tertiary education teachers.
United World Scholarships	50	-	-	-	50	-	Scholarships for attendance at United World Colleges.
Total Appropriations for Benefits and Other Unrequited Expenses	60,907	-	1,951	-	62,858	-	
Other Expenses to be Incurred by the Crown							
Community Education	21,192	-	278	-	21,470	-	Providing funding for delivery of community and adult education courses through schools and other agencies. The change in appropriation mainly reflects an increase in the rate for tutor hours.
Early Childhood Education	378,321	-	12,716	-	391,037	-	Subsidising ECE services for children under six years of age from licensed and chartered ECE centres and from licence-exempt centres. The increase in appropriation is mainly owing to higher than expected growth in hours for children attending education and care and home-based ECE services. Additional funding was also provided for the settlement of the Kindergarten Teachers' Collective Agreement, implementing pay parity.
Early Childhood Grants	8,835	-	1,644	-	10,479	-	Assistance is provided to ECE groups for the establishment of new centres, or to increase the capacity of existing centres, and to improve the standard of accommodation in existing centres. The increase in appropriation is for additional high priority proposals for Māori and Pasifika communities and to meet health and safety requirements.

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Other Expenses to be Incurred by the Crown – cont'd							
Integrated Schools Property	28,092	-	(392)	-	27,700	-	Provision for property maintenance at integrated schools as part of a funding regime negotiated with the proprietors of integrated schools. The change in appropriation reflects a lower than anticipated per-pupil funding rate being determined.
Interest Subsidy for Schools	2,000	-	(400)	-	1,600	-	Subsidises interest payments for borrowing by private schools for approved property-related projects. The change in appropriation reflects lower than expected interest rates during the year.
New Zealand Teachers Council	300	-	-	-	300	-	Operating grant to assist the Teachers Council establish its new leadership function.
Primary Education	1,895,590	-	33,976	-	1,929,566	-	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. The increase in the appropriation is largely owing to higher than expected average teacher salary rates and holiday pay adjustments. There are also the flow on from the settlement of the Secondary Teachers' Collective Agreement and a teachers' retirement savings scheme, partially offset by a reduction in the number of Full Time Teacher Equivalents (FTTEs).
Residual Management Unit Payments	760	-	(200)	-	560	-	Payments for outstanding commitments of the former Department of Education and Education Boards, including maintaining buildings previously owned by them, accommodation leases and legal costs. The decrease in appropriation reflects further adjustments to two leases which were fully expensed as onerous contracts in 2001/02.
School Transport	1,264	-	-	-	1,264	-	Payments to teachers who, as Bus Controllers, assist in the provision of school transport assistance.

Schooling Improvement	17,409	-	-	-	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	1,295,152	-	82,215	-	1,377,367	-	Delivering the curriculum for Years 9 to 13 (Forms 3 to 7) to pupils of State, integrated, and private schools and the Correspondence School. The increase in appropriation is mainly owing to the settlement of the Secondary Teachers' Collective Agreement. There are also higher than expected average teacher salary rates and holiday pay adjustments, partially offset by a reduction in the number of FTTEs.
Special Needs Support	247,387	-	11,022	-	258,409	-	Additional resources to enable students with special education needs to participate in education, including provision for residential services, English for speakers of other languages (ESOL), and alternative education programmes. The increase in appropriation is largely owing to the settlement of the Secondary Teachers' Collective Agreement and an increase in average teacher salary rates. There is also provision for additional payments to magnet schools and ESOL programmes, partially offset by a reduction in the number of FTTEs.
Tertiary Education and Training	1,643,686	-	73,983	-	1,717,669	-	Providing funding for teaching and accompanying research by subsidising Equivalent Full Time Students (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. The increase in appropriation is mainly owing to growth in tuition subsidies owing to higher student numbers, particularly in Wananga.
Tertiary Education Strategic Change	18,142	-	-	-	18,142	-	Assistance for tertiary education institutions in making strategic changes required by the new tertiary education environment.
UNESCO	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	500	-	-	-	500	-	Grant to support development work on a proposed Whare Wananga.
Total Appropriations for Other Expenses to be Incurred by the Crown	5,560,857	-	214,842	-	5,775,699	-	

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Capital Contributions to the Department							
Capital Investment	161,937	-	(94,780)	-	67,157	-	Mainly provides for construction of additional schools, permanent and relocatable classrooms and other facilities required to meet roll growth. The reduction in the appropriation is mainly owing to an offsetting increase in funds received from depreciation after changes to the useful lives of individual school asset components. In addition there are transfers to 2003/04 for delayed work and to Crown appropriations to meet higher than expected demands for furniture and equipment.
Total Appropriations for Capital Contributions to the Department	161,937	-	(94,780)	-	67,157	-	
Capital Contributions to Other Persons or Organisations							
Capital Contributions to Wananga	9,000	-	15,000	-	24,000	-	Capital contribution towards the purchase of buildings and equipment for Wananga. The increase in appropriation is to fund the capital requirements of Te Whare Wananga o Awanuiarangi owing to the settlement of their Waitangi Tribunal claim.
Centres of Research Excellence	15,000	-	11,000	-	26,000	-	A contribution toward the purchase of strategic assets required in the Centres' research activity. The increase in appropriation is owing to the establishment of additional Centres of Research Excellence.
Northland Polytechnic	-	-	5,500	-	5,500	-	Financial assistance to the Northland Polytechnic in the form of a Crown loan owing to its deteriorating financial position.
NZQA Technology	2,974	-	-	-	2,974	-	Investment in improved information systems for NZQA.

Property Disposal Incentives Scheme	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	-	Capital costs of implementing approved school support and schooling improvement projects (other than costs related to school property assets).
Schools Furniture and Equipment	14,856	-	5,000	-	19,856	-	Provides funds for new furniture and equipment when approved remodelling/upgrading makes existing furniture and equipment obsolete or when additional teaching spaces are provided. The increase in appropriation reflects a transfer from the Ministry's capital contribution to fund increased expenditure related to school property guides, additional specialist facilities and contributions to new integrated schools.
Tertiary Education Commission	-	-	13,114	-	13,114	-	Capital funding for the establishment of the TEC, including the net assets of Skill New Zealand, fitting out new accommodation and development of the new information systems to support the TES, particularly the negotiations of Charters and Profiles and monitoring sector capability.
Tertiary Education Strategic Capital Fund	16,615	-	-	-	16,615	-	Capital fund to assist the tertiary sector make strategic adjustments to the new tertiary education environment.
Wanganui Tertiary Education	-	-	3,825	-	3,825	-	Funding to support the future provision of tertiary education in Wanganui. The increase in appropriation reflects delays in finalising details of the merger with the Universal College of Learning (UCOL) and transfer of some programmes to other institutions.
Total Appropriations for Capital Contributions to Other Persons or Organisations	62,345	-	53,439	-	115,784	-	
Total Appropriations	7,513,692	-	341,872	-	7,855,564	-	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Output Class D11 - Implementing the Tertiary Education Strategy

This class of outputs involves the purchase of the initial (see note 1) development, trialing, evaluation and implementation of a range of steering and support mechanisms to give effect to the Government's strategic direction for tertiary education.

The strategic direction for the sector is described in the Tertiary Education Strategy (TES) and Statement of Tertiary Education Priorities (STEP) and aims to improve the focus, connectivity and capability of the tertiary sector as a whole, so that it is well placed to respond to the challenges of modern society through:

- enhanced cooperation and collaboration across the sector
- improved capability both across the system and within specific parts of it in response to strategic considerations
- enhanced relationships, partnerships and linkages with business and other external stakeholders, including more effective partnership relationships with Māori communities.

This involves the establishment and implementation of new funding and accountability arrangements, including a system of charters and profiles for all publicly funded providers and industry training organisations (ITOs). The initial establishment and trialing of charters and profiles for tertiary organisations will require:

- determination and publication of the key factors, indicators or considerations to be taken into account in assessing an organisation's strategic relevance to the TES
- the development and refinement of the assessment of strategic relevance
- trialing and putting in place new policy instruments
- assessment of their alignment with TES.

Performance Dimensions

Quality

- Tertiary education providers indicate satisfaction with the pilot implementation of charters and profiles - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.
- New tertiary sector Capability Development funds (see note 2) are administered according to agreed criteria, processes and timelines.

- All applications for sector Capability Development funding are assessed against agreed assessments of strategic relevance (ASR) criteria.
- All payments to tertiary education organisations (TEOs) are delivered on time and with 100% accuracy as to amount.
- Participants in the Collaborating for Efficiency project report a high level of satisfaction with process and outcomes - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.
- Draft system performance indicators that reflect progress towards the six strategies in the TES are completed and communicated.
- TEOs and other stakeholders indicate satisfaction with communications regarding the tertiary education portfolio - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.

Quantity

- Analysis of pilot charters and profiles from tertiary education providers - at least 60 samples will be analysed.
- Capability Development tertiary education funds administered against agreed ASR criteria - three.
- Completion of provider surveys in respect of the charters and profiles pilot - at least one survey will be completed.
- Completion and evaluation of Collaborating for Efficiency projects - at least four.
- Number of TES strategies for which draft system performance indicators will be developed - six.
- Communications to stakeholders on the tertiary education portfolio - at least one communication to stakeholders.

Timeliness

- An analysis of charters and profiles will be completed by 31 December 2002.
- An evaluation report on charters and profiles will be provided to Ministers by 31 December 2002.
- Strategic funding will be delivered within agreed timeframes as specified in published criteria statements - 100%.
- Collaboration for Efficiency projects will be completed and evaluated by 31 December 2002.
- Draft system performance indicators will be reported to Ministers by 31 December 2002.
- A report on the analysis of the current portfolio of provision in the tertiary education system will be delivered to Ministers by 31 December 2002.

Output Class O12 - Developing Strategic Coherence Across the Tertiary Sector

Description

Under this class of outputs, the Minister of Education and the Minister responsible for the Tertiary Education Commission (TEC) purchase from the TEC the development, trialing, evaluation and implementation of a range of steering, funding and support mechanisms to give effect to the Government's strategic direction for tertiary education as prescribed in the Tertiary Education Strategy (TES) and Statement of Tertiary Education Priorities (STEP).

The Government is seeking to improve the focus, connectivity and capability of the tertiary sector as a whole so that it is well placed to respond to the challenges of modern society through:

- enhanced cooperation and collaboration across the sector
- improved capability both across the system and within specific parts of it in response to strategic considerations
- enhanced relationships, partnerships and linkages with business and other external stakeholders, including more effective partnership relationships with Māori communities.

In addition the output class includes a level of capability management in the tertiary sector, to ensure a match between the overall level of education and training provision and the TES. This will require:

- analysis of the capability of the sector, and of individuals, Tertiary Education Institutions (TEIs) and Industry Training Organisations (ITOs) within it
- an assessment of the overall fit with the TES in terms of capability and capacity
- processes that will promote rationalisation of areas of over supply or development of capability where there are gaps in provision.

This class of outputs also includes provision of advice by the TEC to the Minister of Education and the Minister responsible for the TEC on the strategic direction of the tertiary education system, including tertiary education policy and regulatory matters.

Performance Measures	Performance Standards 2002/03
<p><u>Quality</u></p> <p>Implementation by the TEC of sector instruments (charters and profiles). Charters and profiles received and assessed by the TEC and results reported to Ministers.</p>	<p>Tertiary Education Organisations (TEOs) indicate satisfaction with the implementation of charters and profiles - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.</p>

Performance Measures	Performance Standards 2002/03
<p><u>Quality - cont'd</u></p> <p>Criteria for new Capability Development funds completed, applications assessed and funds delivered.</p> <p>Collaborating for Efficiency projects completed and evaluated.</p>	<p>Criteria for Innovation and Development Fund, E-learning Collaborative Development Fund, and Partnerships for Excellence facility are completed and communicated to TEOs.</p> <p>All Capability Development funds applications are analysed by the TEC against agreed Assessment of Strategic Relevance (ASR) criteria.</p> <p>All payments to TEOs are delivered by the TEC on time and with 100% accuracy as to amount.</p> <p>Participants in the Collaborating for Efficiency projects report a high level of satisfaction with process and outcomes - at least 85% of respondents to the survey give mark of three or higher on a scale of five.</p>
<p>Portfolio of tertiary education provision is analysed.</p> <p>ASRs developed and communicated.</p> <p>Development of a system scorecard to measure the effectiveness of the implementation of the six TES strategies.</p>	<p>Significant progress towards portfolio analysis achieved and communicated to Ministers and system stakeholders.</p> <p>TEOs and other stakeholders indicate satisfaction with the development and communication of the ASRs - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.</p> <p>Draft system performance indicators developed to Ministers' expressed satisfaction.</p>
<p><u>Quantity</u></p> <p>Charters and profiles from tertiary education providers received and assessed by the TEC.</p> <p>Completion of provider surveys in respect of charters and profiles.</p> <p>Collaborating for Efficiency projects are on track.</p> <p>Criteria developed for Capability Development funds.</p> <p>Capability Development funds administered.</p> <p>Analysis of current portfolio of provision in the tertiary education system communicated</p>	<p>At least 300 are analysed and assessed.</p> <p>At least one survey completed.</p> <p>At least four projects achieve agreed milestones and are completed and evaluated.</p> <p>Criteria for three funds completed and evaluated.</p> <p>Three funds administered.</p> <p>At least three communications made to system stakeholders, including Ministers, on the current portfolio of provision in the tertiary education system.</p>
<p><u>Timeliness</u></p> <p>Charters and profiles received and evaluated by the TEC.</p> <p>Collaboration for Efficiency projects completed.</p> <p>Capability Development funding delivered within agreed timeframes as specified in published criteria statements.</p> <p>Draft system performance indicators reported to Ministers.</p>	<p>By 30 June 2003.</p> <p>Completed and evaluated by 31 December 2002.</p> <p>Funds delivered with 100% accuracy as to amount and timing.</p> <p>By 30 June 2003.</p>

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

Capital Contribution to the Department

	2002/03		Cumulative Vote \$000
	Main Estimates \$000	Supplementary Estimates \$000	
Investment in School Property			
Roll growth/expansion programme:			
• New classrooms	52,400	-	52,400
• New schools	21,200	-	21,200
• Site purchases and site works	12,800	-	12,800
• School Property Guide Deficiencies	50,000	-	50,000
• Kura kaupapa Māori, schools of special character, and change of class	7,000	-	7,000
• School Staffing Review	23,700	-	23,700
• Early Childhood Education	5,000	-	5,000
Core capital works programme:			
• 5-year Property Programme	90,000	-	90,000
• Schools of the Future	8,000	-	8,000
• Other (see note 3)	22,000	-	22,000
	292,100	-	292,100
Plus completion of projects from previous years (see note 4)	604,700	31,240	635,940
Less projects carried forward to next year	(526,800)	(74,240)	(601,040)
Total capital programme	370,000	(43,000)	327,000
Less funds available from depreciation, asset sales and cash on hand	(210,000)	(57,000)	(267,000)
Capital contribution required	160,000	(100,000)	60,000

The reasons for changes to school property work programme allocations are set out below:

Completion of projects from previous years

This increase reflects the actual level of projects carried forward after the cancellation of budget no longer required. A significant factor in the increase was delays in the commencement of projects under the 5-year property programme.

Projects carried forward to next year

The increase in the level of projects carried forward reflects delays in the 5-year property programme, guide deficiency and new kura programmes.

Capital Contribution Required

The decrease in the capital contribution is the result of the changes above and a change in the basis on which depreciation is calculated resulting in an increase in operating expenditure of approximately \$75 million, which has been offset by a corresponding decrease in capital funding.

Also, to assist in funding those projects delayed from this year, \$20 million has been carried forward to 2003/04.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2002/03			Explanation of 2002/03 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Current Revenue				
Non-Tax Revenue				
ACC Levy Rebate	820	(820)	-	ACC levy experience-rating rebate for teachers. No revenue is now expected as there are no longer any significant differences between the ACC levy and expenditure on the sector that would give rise to rebates from the corporation.
Charter Fees Early Childhood Education	30	-	30	Charter application and amendment fees received from early childhood education (ECE) services.
Crown Entity Recoveries	-	2,789	2,789	Recoveries from Crown entities of operating surpluses and unspent funding relating to previous financial years. The increase in revenue is owing to the recovery of the 2001/02 operating surplus from Skill New Zealand.
Education Residual Management Unit Receipts	300	200	500	Rental received from leased buildings belonging to the former Department of Education or Education Boards. The increase in revenue is due to recent changes in leasing arrangements.
Export Education Levies	1,406	(156)	1,250	Levies charged to education institutions offering education services to foreign students. The change in revenue is owing to removing GST from the forecast.
Learning Media Limited	2,872	(2,342)	530	Annual dividends to be received from Learning Media Limited. The revenue has been revised downwards in light of the company's latest business plan.
Miscellaneous Receipts	350	-	350	Those other Crown receipts which are not separately identified.
Overseas Students' Fees	6,620	1,776	8,396	Fees paid by foreign students attending New Zealand primary and secondary schools (excluding integrated schools) for the use of Crown-owned assets. The change in revenue is due to a higher than anticipated growth in the number of international students.

Payroll Receipts	5	120	125	Recovery of debts arising from overpayment of teachers' salaries during previous financial years. The increase in revenue reflects higher than expected recoveries of salary overpayments.
Roll Audit Recovery	110	1,520	1,630	Recoveries of funding outside the current year from ECE services and schools owing to auditing and correction of rolls on which entitlements for funding are based. The increase in revenue reflects recoveries from over payments of staffing entitlements in the 2001 school year.
Tertiary Investments - Interest	7	-	7	Interest paid by Tertiary Education Institutions (TEIs) on loans received from the Crown.
Tertiary Recoveries	-	438	438	Recovery of Equivalent Full Time Students (EFTS) and other funding paid during previous financial years for services that were not delivered. The change in revenue relates to recoveries of overpaid tuition subsidies from the 2001 academic year.
Total Non-Tax Revenue	12,520	3,525	16,045	
Total Current Revenue	12,520	3,525	16,045	
Capital Receipts				
Asset Sales	350	(350)	-	Proceeds from disposal of Crown assets. No revenue is expected in 2002/03.
SkillNZ Net Assets	-	5,654	5,654	Recovery of the final net equity from Skill New Zealand after it was disestablished following the passage of the Tertiary Education Reform Act and the establishment of the Tertiary Education Commission (TEC) on 1 January 2003.
Tertiary Investments - Repayments	83	2,700	2,783	Repayments on loans and advances made to TEIs. The increase in receipts is owing to repayment of loans by the Western Institute of Technology (formerly Taranaki Polytechnic) and the Wellington Institute of Technology.
Total Capital Receipts	433	8,004	8,437	
Total Crown Revenue and Receipts	12,953	11,529	24,482	