

## Partnership Schools Information Release

13 February 2013

<http://www.treasury.govt.nz/publications/informationreleases/education/partnershipschools>

Item	Date	Document Description	Note
1.	15 February 2012	Email: RE: for comments by 11am tomorrow – SOC paper on Charter School Working Group	Email to Ministry of Education; not advice to the Minister of Finance.
2.	16 February 2012	Email: Filenote: Discussion with MoFMaxim Institute re charter schools, 16-Feb-12	Internal Treasury document; not advice to the Minister of Finance.
3.	16 February 2012	Email: Discussion between Minister of Finance and Maxim Institute re charter schools	Email to Ministry of Education; not advice to the Minister of Finance.
4.	17 February 2012	Email: Quick update on Charter Schools	
5.	23 February 2012	Document: Background Q&As for Gabs' 20 March Speech: Schooling Policy	Internal Treasury document; not advice to the Minister of Finance.
6.	23 May 2012	Email: Treasury work on Charter schools	Email to Ministry of Education; not advice to the Minister of Finance.
7.	31 May 2012	Document: Charter school sponsors	Internal Treasury document; not advice to the Minister of Finance.
8.	1 June 2012	Email: RE: Choice and Diversity in schooling, Charter Schools and BPS results	Email to Department of Prime Minister and Cabinet; not advice to the Minister of Finance.
9.	8 June 2012	Email: RE: Charter school working group feedback on cab paper	Email to Ministry of Education; not advice to the Minister of Finance.
10.	3 July 2012	Treasury Report: Education Policy Priorities	
11.	5 July 2012	Document: Paper for the New Zealand Model of Charter School Working Group – the Role of the Sponsor	Paper for Partnership Schools/Kura Hourua Working Group.
12.	26 July 2012	Aide Memoire: Meeting with Catherine Isaac on Wednesday 1 August	
13.	26 July 2012	Email: Pre Cab Briefing – Charter schools	
14.	21 September 2012	Email: MoF'S UK trip – academies/free schools	
15.	25 September 2012	Treasury Report: Follow up from Structural Reform Discussion	
16.	29 October 2012	Document: FEC 14 November 2012 briefing material Education issues	Internal Treasury document; not advice to the Minister of Finance.

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**From:** Barbara Annesley  
**Sent:** Wednesday, 15 February 2012 10:15 a.m.  
**To:** 'Richard Mallinson'  
**Cc:** Heather Penny; Mary.Slater@ssc.govt.nz; ^DPMC: Simon Macpherson; Rohan Biggs  
**Subject:** RE: For comment by 11am tomorrow - SOC paper on Charter School Working Group

Hi Richard

Thanks for the opportunity to comment. It was refreshing to read such a short paper. I have two main questions / comments, and a couple of minor ones.

**The role of the Working Group vis-a-vis the Ministry of Education in providing policy advice to Ministers:**

- Para 13 indicates that the Working Group (WG) will report directly to Ministers and one of its key functions will be to *provide advice on decisions about the Charter School model*.
- Its unclear what “*advice on decisions*” means. It could imply mean that advice will be provided once decisions are made – is this what’s intended? It could potentially mean that the WG will provide independent advice to Ministers on policy proposals developed by MoE, to assist them in making decisions. Or it could mean that the WG will be fully responsible for developing the advice submitted to Ministers. The latter seems like an extensive role, which then begs the question as to what role the MoE will play in supporting the development of advice by the WG. I think this is an important point to provide greater clarity on.
- A related point is that Para 17 indicates that a Terms of Reference will be agreed b between the Minister of Education, Associate Minister Hon John Banks, and the Chair of the WG. This suggest there is no further opportunity for other Ministers or Cabinet to influence these Terms of Reference. Given the significant public attention on charter schools, and the potential fiscal implications arising from their establishment, we think it would be appropriate if the Terms of Reference were referred back to Cabinet for agreement, or at the very least, the Minister of Finance was also party to agreeing the ToR.

**Duration of the Working Group:**

- The timeframe for the ongoing operation of the WG seems quite lengthy (nearly two full years), and I wonder whether the paper should expand on the rationale for this long duration, despite (as the paper states, the WG will need to work quickly). If the first schools are to be established by 2014, then we would expect that the key policy and implementation decisions would have been taken well before the end of 2013. Is the intention that the role of the WG will change and be less intensive over time– e.g. move into more of a monitoring / advocacy role? It would be good if the paper could provide a bit more clarity here.

**Minor comments:**

- Para 12 indicates that Ministers Parata and Banks will report back to Cabinet on progress on this policy. As a general rule, Cabinet papers should specify the timeframe / date for reporting back.
- Para 25 should indicate that the Minister of Education will be submitting the MTSS to Cabinet shortly/by end of February.

I hope that these comments are useful, and would be happy to discuss.

**Barbara Annesley** | Senior Analyst | **The Treasury**

Tel: +64 4 917 6243 | Barbara.Annesley@treasury.govt.nz

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**From:** Richard Mallinson [mailto:Richard.Mallinson@minedu.govt.nz]  
**Sent:** Tuesday, 14 February 2012 2:25 p.m.  
**To:** Mary.Slater@ssc.govt.nz; Barbara Annesley; ^DPMC: Simon Macpherson  
**Cc:** Heather Penny; Jessica Ranger; Frances Kelly; Sandra Cubitt <sup>s9(2)(g)(i)</sup> ^SSC: Helen Walter  
**Subject:** For comment by 11am tomorrow - SOC paper on Charter School Working Group

Tēnā Koutou,

The Confidence and Supply Agreement between National and ACT included a commitment to trial a model of Charter Schools. One specific aspect of the C&S Agreement was to establish a Working Group to support the implementation of this policy. You may have seen media coverage around the announcement by Associate Minister Banks that Catherine Isaac would be nominated as Chair of the Group.

Our Ministers (Hon Parata and Hon Banks) want to establish this Working Group as soon as possible. The Ministry of Education is currently coming up with a list of potential nominees for the Group. Before a Cab Paper can go to APH to make these nominations, I understand that Social Policy Committee (SOC) need to agree to the establishment of the Working Group.

I attach a short draft Cab Paper for you to comment on. We want to submit this paper to SOC by 10am on Thursday this week if we can. This means, I'm afraid, that I need to ask for your comments by 11am tomorrow (the paper is only 3 1/2 pages). Apologies for this short deadline.

Please come back to me with any comments and anything that your respective Departments want reflected in the consultation section. Feel free to call to discuss if that would be helpful.

Ngā mihi,

Richard

Richard Mallinson | **Schooling Policy | Ministry of Education**  
Saint Paul Square, 45 - 47 Pipitea Street, Thorndon, Wellington, New Zealand | Tel: +64 (0)4 463 8388 | Email:  
[richard.mallinson@minedu.govt.nz](mailto:richard.mallinson@minedu.govt.nz)

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Thank you.

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**From:** Nic Blakeley  
**Sent:** Thursday, 16 February 2012 12:32 p.m.  
**To:** Rohan Biggs; s9(2)(g)(i) Barbara Annesley; Sheryl Chase; s9(2)(g)(i)  
**Subject:** Filenote: Discussion with MoF/Maxim Institute re charter schools, 16-Feb-12

I got invited at late notice to tag along to MoF meeting Greg Fleming and Steve Thomas from Maxim Institute. They emphasised the importance of the make-up of the advisory group for charter schools, *Withheld under s9(2)(g)(i)*

They also gave MoF their thoughts on what the TOR should look like:

[Maxim Institute memo re charter schools' terms of reference \(Treasury:2269743\)](#) [Add to worklist](#)

They had just come from meeting Alister in Hon Parata's office and were off to see Sue Moroney next.

*Withheld under s9(2)(g)(i)*

*Not relevant to request*

Nic

**Nic Blakeley** | Manager, Education & Skills / Labour Market & Welfare | **The Treasury**

Tel: +64 4 917 6896 | [nic.blakeley@treasury.govt.nz](mailto:nic.blakeley@treasury.govt.nz)

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**From:** Barbara Annesley  
**Sent:** Thursday, 16 February 2012 2:55 p.m.  
**To:** Heather Penny; 'Frances Kelly'; 'Richard Mallinson'  
**Subject:** Discussion between Minister of Finance and Maxim Institute re charter schools (16-Feb-12)  
**Attachments:** Maxim Institute memo re charter schools' terms of reference

Hi Frances, Heather and Richard

Nic Blakeley attended a discussion today between the Minister of Finance and Greg Fleming and Steve Thomas from the Maxim Institute, on the topic of charter schools. MoF was given the attached memorandum outlining what the Maxim Institute sees as the key considerations regarding the Terms of Reference for the working group supporting the implementation of Charter schools. We're forwarding this to you, as we understand that the Maxim Institute also met with staff in Minister Parata's office today (we're not sure whether any Ministry of Education officials attended this meeting).

The Maxim institute highlighted the importance of both the composition of the Working Group and the Terms of Reference as key in framing and guiding the development of the charter school model.

*Withheld under s9(2)(g)(i)*

In the comments I provided yesterday on the draft SOC Cabinet paper, I queried the intention to agree the ToR between Ministers Parata and Banks and the Chair of the Working Group, and suggested that the ToR should be referred back to Cabinet for agreement (or at the very least, that the Minister of Finance should also be party to agreeing the ToR).

*Withheld under s9(2)(g)(i)*

I'd be grateful if you could let me know whether you're still intending to proceed with the proposed approach to agreeing the ToR, or whether you've revised the paper to take account of our comments.

Many thanks,

Barbara

**Barbara Annesley** | Senior Analyst | The Treasury

Tel: +64 4 917 6243 | [Barbara.Annesley@treasury.govt.nz](mailto:Barbara.Annesley@treasury.govt.nz)

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**From:** Barbara Annesley  
**Sent:** Friday, 17 February 2012 12:09 p.m.  
**To:** 'Andrew Craig (MIN)'  
**Cc:** s9(2)(g)(i) Nic Blakeley  
**Subject:** Quick update on Charter Schools

Hi AC

The Minister met with the Maxim Institute on Tuesday to discuss Charter schools,  
*Withheld under s9(2)(g)(i)*

This email provides a quick update on where things are at with the establishment of the Working Group.

On Wednesday we received a draft SOC paper seeking Cabinet agreement to establish the Working Group to support the implementation of the charter schools policy. Cabinet needs to formally agree to the establishment of the working group, so that the Minister of Education can take a paper to APH with nominations for membership of the group.

One matter we raised as a concern was the proposal for the Terms of Reference to be agreed between Ministers Parata and Banks, and the Chair of the Working Group. Given the significant public attention on charter schools, and the potential fiscal implications arising from their establishment, we suggested that the ToR either be referred back to Cabinet for agreement, or that the Minister of Finance was also party to agreeing the ToR. The Ministry has now amended the paper to add the Minister of Finance to the group that approves the Terms of Reference, giving MoF and the Treasury an opportunity to shape the ToR.

We understand that the paper is on the SOC agenda for next week, and nominations will go to APH shortly thereafter. The paper includes a proposal to report back to SOC on progress in May 2012.

Please get in touch if you require any further information.

Barbara

**Barbara Annesley** | Senior Analyst | **The Treasury**  
Tel: +64 4 917 6243 | [Barbara.Annesley@treasury.govt.nz](mailto:Barbara.Annesley@treasury.govt.nz)

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**BACKGROUND Q&AS FOR GABS' 20 MARCH SPEECH: SCHOOLING POLICY**

*Not relevant to request. Pages 2-4 also not relevant to request.*



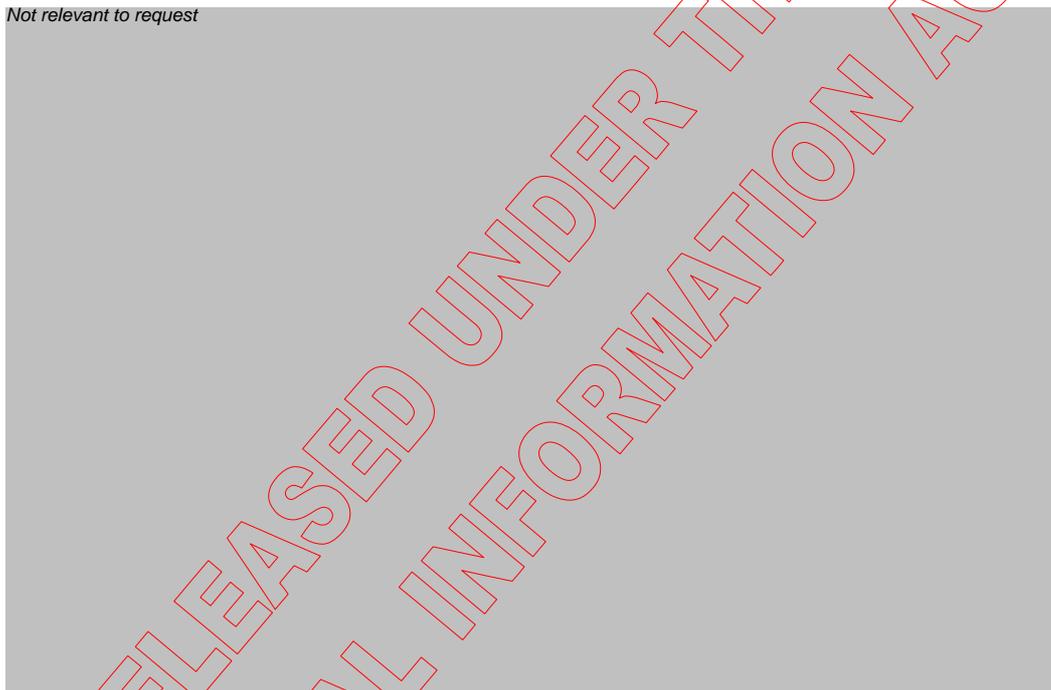
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**What does Treasury think about charter schools?**

We're interested in innovations that can help improve our current system. Charter schools provide the opportunity to innovate and that's positive.

But charter schools aren't an excuse for complacency about the system as a whole. Addressing low achievement will require system change.

*Not relevant to request*



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**From:** Barbara Annesley  
**Sent:** Wednesday, 23 May 2012 11:55 a.m.  
**To:** Frances Kelly; Heather Penny  
**Cc:** *Withheld under s9(2)(g)(i)*  
**Subject:** Treasury work on Charter schools

Hi Frances and Heather

Just to let you know that *s9(2)(g)(i)* and I are plugging away on a note for the Working Group on Charter school sponsors (roles / responsibilities, how the UK academy model works, evidence re costs and benefits of, relationship with central government and schools governance etc). I'll send you through something draft next week. We're keen to have a deadline to work to for delivering this note - could you let me know a potential date for putting it on the Working Group's agenda.

We've also been thinking about other work we could undertake to support Working Group, and are keen to ensure that whatever we focus on aligns to our Ministers interests. To this end, we wanted to offer to provide the Working Group with a note on the charter or contract document. This could cover the following kinds of things (happy to take advice on the specifics for this work):

- key features considerations / for effective contract documents and contractual relationships;
- some principles for charter school contracts (simplicity; transparency; what you can and can't hold schools to account for);
- what specific things should the contract cover.
- How do you ensure accountability without having too much compliance?
- What interventions should you have in place to address poor performance / failure to deliver on the contract?

Let me know whether this would be useful. I'm conscious that the Ministry might already have something on the go in this area, in which case the question would be how we could support or augment this work in some way.

Regards

Barbara

**Barbara Annesley** | Senior Analyst | **The Treasury**  
Tel: +64 4 917 6243 | [Barbara.Annesley@treasury.govt.nz](mailto:Barbara.Annesley@treasury.govt.nz)

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**Charter School Sponsors: Background Information**

**What is a charter school sponsor?**

Internationally, there are two different uses of the term sponsor in relation to charter schools.

**USA**

In some states of America, the term sponsor is used inter-changeably with (or in place of) the term 'authoriser', to refer to the entity (or entities) that can legally issue charters (or contracts) to school boards.

Charter school sponsors/authorisers are generally charged under law with ensuring that the charter school meets the student achievement goals and financial and operational standards required by the contract (or charter).

In many American states, the state education authority is the sponsor/authoriser, while in others the sponsor /authoriser role is undertaken by another entity that has been granted this role by the State (e.g. university, city council). In some states of the USA, there is only one sponsor/authorising body, while in others, there are multiple authorising bodies.

**UK**

The terms 'sponsor' in the UK is different to distinct from that of authoriser. In the UK charter school model (which encompasses academy and free schools), sponsors have specific responsibilities for establishing the academy trust, the governing body and the appointment of the headteacher for academy schools. They also have an ongoing role in supporting the performance of their school, and may provide financial contributions. Further information on the roles of sponsors in the UK is provided in the relevant section below.

Under the original UK policy, all academy schools were required to have a sponsor. In July 2010, following the passing of the Academies Act, all schools were given the opportunity to convert to academy status, and the *requirement* to have a sponsor was dropped, though expected for low performing schools. 'Free schools' are not expected to have a sponsor.

**What is meant by sponsor in the context of the development of the NZ charter school model?**

The inference in the Annex to the National – ACT Confidence and Supply Agreement is that the intention in the NZ context is to have both an authorising entity *and* a sponsoring entity. This suggests that the UK notion of sponsor is more relevant than the US one (where the charter and sponsor are one and the same). However, this is not entirely clear cut, as indicated by the comments in the following table.

<b>Wording in the C&amp;A Agreement</b>	<b>Comment</b>
Groups proposing to operate charter schools would be granted a charter by an authorised body	Current working group position is that this group should be a specially-convened advisory group to the Secretary for Education.
Schools would be <b>externally accountable to charter</b>	For the UK schools that do have

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<p><b>school sponsors</b> (e.g. universities, iwi, special accountability group within MoE)</p>	<p>sponsors, the sponsors are more like partners in the establishment and oversight of the school. School governance/management are not formally accountable to the sponsor.</p> <p>The current Cabinet paper suggests the key accountability relationship would be between the sponsor and the Crown.</p>
<p>Charter schools will be required to enter into a <b>contractual relationship with the sponsor</b></p>	<p>This is not the case in the UK, where the contractual (or charter) relationship is with the authorising body (DoE). For example, academies have to operate in accordance with the funding agreement between themselves and the Secretary of State for Education</p>
<p>Sponsor responsible for ensuring that charter schools meet agreed student achievement goals</p>	

For the purposes of brevity and clarity, the remainder of this note assumes that the intention is for sponsors in the NZ charter schools model to be more akin to the UK model.

**What does a charter school sponsor do (i.e. roles & responsibilities)?**

*Role*

- Determine the vision and ethos of the school
- Determine the structures for governance and leadership
- Can appoint a majority of Academy governors

*Responsibilities*

- Ensuring the key objectives outlined in their Funding Agreements are met, including those relating to pupil attainment.

The academy trust is the legal body responsible for running an academy. The trust ensures compliance with the statutory and contractual obligations<sup>2</sup> placed on academies through legislation, and their funding agreements. In establishing the trust, a sponsor can often draw upon a wide range of expertise to support the school.

"Sponsorship also provides academies with a broad range of expertise both directly from the sponsor(s) and from his or her business and personal associations."<sup>3</sup>

"There is a high level of expertise at trustee level. Linked to this, sponsors have co-opted additional governors who contribute expertise in areas such as financial management and business."<sup>3</sup>

When the academy opens, each sponsor brings a diverse range of expertise, time and effort to that particular academy. No matter what their approach, they cannot deliver real transformation without working effectively with the academy trust, governing body, principal and senior leadership team of the school.

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Typically activities include:

- chairing regular meetings of the academy trust and/or governing body
- challenging progress in all areas of the school's operation whilst providing support and guidance aimed at promoting success
- reporting to the Department on the performance of the academy, and where necessary establishing a plan of action to improve performance
- setting up committees with a specific focus to monitor aspects of academy life
- leading involvement with parents and the wider community, to promote the academy and support community regeneration
- ensuring value for money and good use of public funds, and leveraging in other finance and resources when needed.

### What kind of entities can become a charter school sponsor in the UK?

In the UK, Sponsors come from a wide range of backgrounds, including;

- universities
- individual philanthropists
- businesses
- the charitable sector
- academy converters
- state maintained schools
- independent schools
- educational foundations
- faith communities

Multiple-school sponsorship has become more common during the growth of academy schools in the UK (e.g. a single umbrella organisation sponsoring a number of academies). There is no formal limit to the number of academies a 'chain sponsor' can operate.

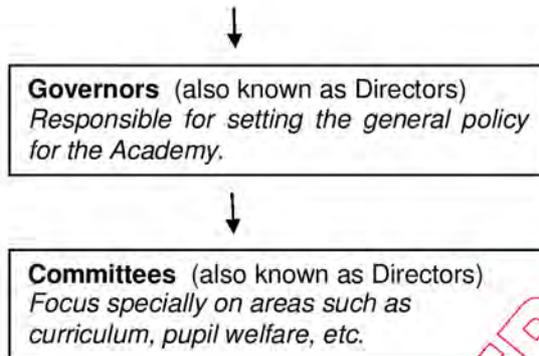
There are also cases in the UK of joint sponsorship arrangements – where one academy school has more than one sponsor (including, in some cases, a local authority sponsor).

### What is the relationship of the charter school sponsor to the school governance entity?

Sponsor / Academy Trust required to establish a governing body (e.g. Board of Governors). Over time there has been a shift in the governance entities from being stakeholder governance to corporate governance

<p><b>Trustees</b> (also known as Directors) <i>Responsible for setting the strategic direction of the Academy.</i></p>
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**What does the evidence say about impact of sponsors on school establishment, and effectiveness?**

*National College of Leadership of Schools and Childrens Services (2011)*

Sponsored academies were generally of the view that sponsors added value in many ways. 71% said that the sponsor provided them with access to new networks/contacts 70% indicated that the sponsor contributed to the ethos and values of the school

However, 70% of academies without a sponsor thought that not being required to have a sponsor was a good thing generally

A PWC evaluation (2008) concluded that overall, sponsorship had contributed significantly to school improvement.

**What are the characteristics of effective sponsors?**

**What are the key considerations in establishing policy settings with regard to charter school sponsors?**

Whether a single charter school sponsor can grant charters to multiple school boards of trustees.

The kinds of entities that can become charter school sponsors (e.g. NFP/NGOs, universities, private organisations etc)

To what extent and in what way should the sponsor / authoriser be held accountable for its own performance?

Should sponsors be required to make financial contributions?

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**From:** Barbara Annesley  
**Sent:** Friday, 17 February 2012 12:09 p.m.  
**To:** 'Andrew Craig (MIN)'  
**Cc:** s9(2)(g)(i) Nic Blakeley  
**Subject:** Quick update on Charter Schools

Hi AC

The Minister met with the Maxim Institute on Tuesday to discuss Charter schools,  
*Withheld under s9(2)(g)(i)*

This email provides a quick update on where things are at with the establishment of the Working Group.

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Please get in touch if you require any further information.

Barbara

**Barbara Annesley** | Senior Analyst | **The Treasury**  
Tel: +64 4 917 6243 | [Barbara.Annesley@treasury.govt.nz](mailto:Barbara.Annesley@treasury.govt.nz)

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**From:** Barbara Annesley  
**Sent:** Friday, 1 June 2012 12:13 p.m.  
**To:** 'Claire Douglas'  
**Subject:** RE: Choice and Diversity in schooling, Charter Schools and BPS results  
**Attachments:** Quick update on the BPS Skills/Employment RAPs(Barbara Annesley)

*Not relevant to request*

Barbara

**Barbara Annesley** | Senior Analyst | **The Treasury**  
Tel: +64 4 917 6243 | [Barbara.Annesley@treasury.govt.nz](mailto:Barbara.Annesley@treasury.govt.nz)

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**From:** Claire Douglas [<mailto:Claire.Douglas@dpmc.govt.nz>]  
**Sent:** Friday, 1 June 2012 11:54 a.m.  
**To:** Barbara Annesley  
**Subject:** Choice and Diversity in schooling, Charter Schools and BPS results

Barbara

Thanks for firing through that material on school choice and I will take some time to digest it all - maybe over the long weekend coming up.

*Withheld under s9(2)(g)(i)*

*Not relevant to request*

Not relevant to request

Cheers Claire

Claire Douglas  
Policy Advisor  
Department of Prime Minister and Cabinet  
DDI 04 8179693  
Cell 021408137

>>> Barbara Annesley <Barbara.Annesley@treasury.govt.nz> 29/05/2012 12:02 p.m. >>>  
Hi Claire

I've tracked down the paper that Fiona Ross wrote on diversity and choice in the NZ school sector – see attached.

Note, however, that this report was never finalised, as Fiona left Treasury for the UK. The note that I wrote to Gavin Lockwood following feedback from an external reviewer (sent to you on Friday) was our last word on this topic at the time, but we used some of the thinking from this work as background for a discussion we had with Trevor Mallard on the future of secondary education (you might recall the 'Secondary Futures' work that he kicked off – our advice was provided at the very beginning of this process, in an attempt to frame this consultation/discussion).

Barbara

**Barbara Annesley** | Senior Analyst | **The Treasury**  
Tel: +64 4 917 6243 | [Barbara.Annesley@treasury.govt.nz](mailto:Barbara.Annesley@treasury.govt.nz)

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**From:** Barbara Annesley  
**Sent:** Friday, 25 May 2012 12:29 p.m.  
**To:** 'Claire Douglas'  
**Subject:** RE: Choice and Diversity in schooling and Charter Schools

I'll have to dig around for Fiona's final paper and the note we did for Mallard, but here is a note I wrote to Gavin Lockwood following receipt of external peer review – it gives a pretty good flavour of our views at the time and formed the basis of our advice.

The OECD has written a fairly recent report on markets in education, which provides a pretty good summary of the evidence and has some clear messages – I've attached this too.

Not relevant to request

Barbara

**Barbara Annesley | Senior Analyst | The Treasury**

Tel: +64 4 917 6243 | Barbara.Annesley@treasury.govt.nz

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**From:** Claire Douglas [mailto:Claire.Douglas@dpmc.govt.nz]  
**Sent:** Friday, 25 May 2012 9:15 a.m.  
**To:** Barbara Annesley  
**Subject:** Choice and Diversity in schooling and Charter Schools

Hi Barbara

It was great to catch up with you yesterday and to run over some of the big challenges in policy and for the Ministry.

Withheld under s9(2)(f)(iv)

Withheld under s9(2)(g)(i)

I wonder whether the earlier work you did with Fiona Ross - on choice and diversity in schooling - might be useful background for me to look into. You may judge that earlier work to be too much out of date, or you can't even locate it, but if so, please send it over if you are happy to do so.

Cheers Claire

Claire Douglas  
Policy Advisor  
Department of Prime Minister and Cabinet  
DDI 04 8179693  
Cell 021408137

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**NEW ZEALAND TREASURY**

**DISCUSSION DOCUMENT**

**DIVERSITY AND CHOICE IN THE SCHOOL SECTOR: A LITERATURE UPDATE  
AND SOME IMPLICATIONS FOR NZ POLICY**

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**Project/ paper scope**

This paper seeks to collect together the latest information on school choice – particularly literature from an empirical basis – and provide a view on whether (and to what extent) school choice could assist to improve the efficiency and / or effectiveness of the New Zealand education system. In doing so, the paper also seeks to provide a simple framework for considering school choice. Such a framework could be used as a basis for internal and external discussions, and for analysing school choice policy options within the New Zealand policy context. The intent is for this paper to be updated from time to time by the Education Section, in order to keep well informed about school choice policy.

The paper does not purport to provide an analysis of all school choice literature, which is vast. Rather it draws on summative reports and articles (i.e. those which collate the most recent information on school choice or related topics), literature which traverses a broad spectrum of evidence and views on choice, and some information on country-based experiences. As noted above, the intent is to continually update this information, as new evidence and findings come to hand.

**Executive Summary**

There is no one school choice model. Rather there are a number of different policy levers associated with school choice. To be most effective school choice levers need to be applied together and in combination with other policies. For example, to be most effective voucher programmes should be introduced alongside changes to school property policy, school support systems (for failing and poorly performing schools), school transport, school assessment/ student achievement information systems etc.

The range of school choice policies and levers that can be applied and the many different ways the government can use its resourcing, ownership and regulation policy levers to enable choice can be viewed in relation to two intersecting continuums/ axes:

- One relating to the extent of diversity (or non diversity) of provision - ranging from education provision that is fully homogeneous to education provision that is heterogeneous.
- Another relating to the extent to which school choice is enabled - ranging from full and free parental choice is enabled to no choice is enabled.

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Evidence regarding school choice is as yet inconclusive regarding benefits in relation to: student achievement<sup>1</sup>; improving access to education of choice; social integration; and school/ education system efficiency. Many studies have been small scale and while these show some potential for improvements for some groups (African American students) these results cannot yet be easily assumed for wider implementation. A large scale experiment is more likely to be required – but this could have significant methodological difficulties. In addition, while there is potential for school choice related policies to have a considerable positive impact – there is also a risk of a big negative impact (according to RAND). The design of the school choice programme seems to be critical – and can significantly impact on the outcomes sought.

We already have some level of choice within the NZ system – although we are more likely to be in the homogeneous and no choice quadrant of the 'choice continuums'. A key question is how much further along the choice continuums do we want to move.

Focusing on raising student achievement as a key outcome there are three broad policy options:

- Status quo – do not make amendments to the current level of choice and make improvements focused more on non-choice policies (eg PD, assessment policy). Some improvements could be made regarding the diversity of provision, but more likely around the margins, with schools broadly offering the same type of education (but maybe allowing flexibility to meet the needs of the groups of students they are providing for).
- Focus on increasing the extent to which 'choice can be enabled' for specific groups – such as in the form of a tightly targeted vouchers – on a small scale, targeted to specific population groups/ types of students (most likely to be low income students – possibly the students of lower ability rather than higher ability?). The group to target will depend on whose performance we are trying to raise and the initiative would be designed to evaluate improvements relative to other initiatives and to assist to determine the possible risks and benefits if applied on a wider basis.
- Opt for wholesale choice in relation to enabling much more choice of schooling and allowing for a wide diversity of schools – sort of like a large experiment – and ensure the system is well supported in relation to information provision, property policy, strategies to address failing schools, policies to support a range of schools developing etc. This would involve significant changes to the funding of schools and students, enrolment schemes and regulations regarding the diversity of provision. Note this is uncharted waters – full economic costs, fiscal costs and benefits are not known. In addition, we may not yet have the information or policy tools available that could make this system work well (eg information and property practices that would ensure responsiveness to students demand, or to manage school selection of students over parental selection).

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<sup>1</sup> A RAND study of US evidence to date of vouchers and charter schools concludes that many of the important empirical questions about vouchers and charters have not yet been answered., and none of the important empirical questions have been answered definitively. Even the strongest evidence is based on programmes that have been operating for only a short time with a small number of participants; serious questions about generalisability remain.

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### **Structure of this paper**

This paper is divided into three parts:

- **PART 1: General description:** describing school choice and providing a simple framework for thinking about school choice policies.
- **PART 2: Literature on school choice:** providing information on the claimed benefits of choice, some underlying theory and a summary of current empirical literature regarding empirical findings regarding the benefits.
- **PART 3: Choice in the New Zealand education system.** A description of the current level of choice and diversity within the New Zealand education system and an assessment of the benefits of any marginal improvements in this regard.

### **PART 1: General Description of School Choice**

School choice (sometimes called parental choice) is a possible education system or set of policy initiatives that involves a level of parental and student choice of schooling (whether public and private, choice between public, or choice of home schooling for example). It seeks to increase the level of choice and the diversity of schooling choices that are available.

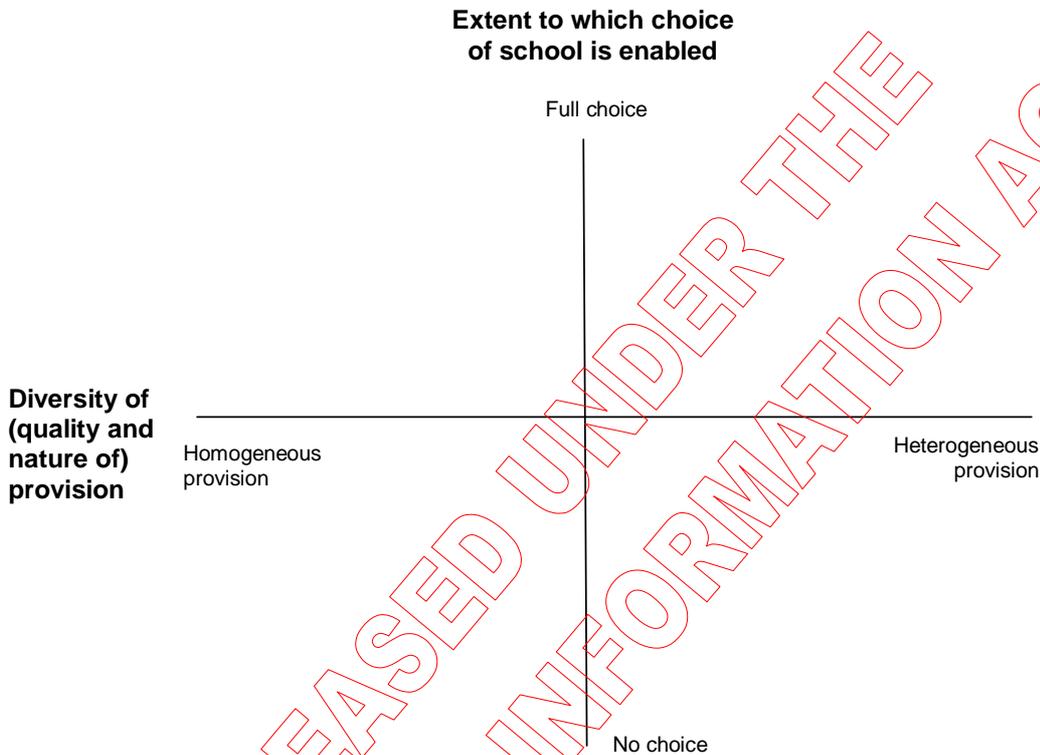
School choice is also often associated with the introduction of market principles into schooling, and in particular increasing competition between schools. School choice can also involve increasing independence for schools – such as devolving budget spending responsibility or teacher hiring/ employment to school administrators (and governors).

There is no one model of choice – it can be expressed in many different forms and involves a number of different policy levers. The following are examples of the choice 'levers' available to the Government:

- **'Ownership'** related levers – access to non-public schools, home-schooling, public-private partnerships in schooling, charter schools, access to any public school, access to public schools with private alternatives or access to any form of private provision.
- **Resourcing** related levers – funding follows the student (vouchers for example), tax credits, financing for alternative education providers.
- **Regulation** related levers - enrolment schemes, entry criteria for new schools, curriculum requirements, establishment of Government goals and objectives, reporting requirements.

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At the most basic level, school choice can be considered in relation to the following axes:



Axis 1: **Extent to which choice is enabled.** This axis describes the range of choice that individuals (incl. parents) have between schools – at one extreme complete freedom to move between schools, at the other no choice of which school to attend (ie students are directed by the centre to attend certain schools).

Axis 2: **Diversity of provision.** This axis describes the extent to which providers are able to exhibit distinct aspects of schooling – such as curricula, education programmes and culture. There are a couple of elements to consider within this: first diversity with regard to the type or form of provision (eg maybe express a cultural or religious focus, or ability to provide specialist education), and second diversity with regard to the quality of education provided. At the left side there is no difference between providers – education is of the same quality and there is no difference in what is taught (or the way it is taught), while on the right side quality of provision will vary and providers have full ability to choose what and how to deliver.

Across these two axes there can be different combinations of policy levers and objectives. Some examples of quadrants on this axis (note these are the extremes of these quadrants):

***Homogeneous provision, no choice quadrant***

Under this arrangement all providers are the same (operate on the same basis) and students have no choice of which school to attend (are directed to attend a particular school).

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Policy lever implications:

- *Ownership*: could be a fully public or fully private (or mixed) education system.
- *Regulation*: Government sets strict regulations for school rules and operation, including a detailed and prescriptive curriculum. Enforced enrolment schemes/ school zones – students directed to attend local school.
- *Resourcing*: direct to provider. Government funds providers, but is essentially purchasing specific inputs and or outputs.

**Homogeneous provision, full choice quadrant**

Under this arrangement all providers are broadly the same (operate on the same basis) and students have full choice of which school to attend.

Policy lever implications:

- *Ownership*: could be a fully public or fully private (or mixed) education system.
- *Regulation*: Government sets strict regulations for school rules and operation, including a detailed and prescriptive curriculum. No enrolment schemes – students can attend any school.
- *Resourcing*: all follows student (operating, property etc) – such as with vouchers, or demand driven funding to providers.

**Heterogeneous provision, no choice quadrant**

Heterogeneous provision, but students are directed to attend particular schools.

Policy lever implications

- *Ownership*: could be a fully public or fully private (or mixed) education system
- *Regulation*: Government sets very broad and enabling regulations for school rules and operation, and curriculum – allowing for maximum diversity. Regulations designed to enable providers to express independence and autonomy to make own decisions – eg employment practice, use of operational funds. Regulations operate to enforce school zones and may operate to direct students to particular schools.
- *Resourcing*: provided to schools based on student numbers attending – schools have high level of freedom for application of resources (staffing, property, curriculum etc).

**Heterogeneous provision, full choice quadrant**

Providers able to be fully diverse – students have ability to choose any provider.

Policy lever implications

- *Ownership*: could be a fully public or fully private (or mixed) education system.
- *Regulation*: No regulations established – full ability for schools to set rules, curriculum etc (may be some regulations around use of government funds). No enrolment schemes or school zones.
- *Resourcing*: follows student – and the focus is on funding those choices (no purchase focus).

Note that similar policy levers (such as vouchers, curriculum requirements and mix of public and private provision) can be used across these different settings. What is even more important, however, is that no one lever can operate effectively on its own – it is a combination of levers that is necessary. For example when introducing vouchers it is important to consider other policies such as the regulations governing school zones, property policy impacts, curriculum flexibility, staffing resourcing arrangements (and teacher supply) and transport arrangements. This point is discussed further in the following section focusing on empirical evidence.

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Some outstanding questions that need to be considered

- Excluding the issue of competition, to what extent does public or private ownership affect diversity of provision/ innovation in the system? Is it the ownership arrangement itself or the way that regulations and resources are set up that affect the level and incentives for diversity?
- Where do various countries and jurisdictions sit within the quadrants?

## **PART 2: Literature on School Choice**

There is a considerable amount of theoretical and empirical literature on school choice, and a broad range of views and evidence on risks and benefits (often the views are polemic – with either very strong support for or against school choice). The following looks across 4 claimed benefits of school choice policies (raises students achievement; improves school efficiency; enables right to an education of choice to be expressed; and improves social integration) and briefly discusses the underlying theory or theoretical assumptions and the empirical findings to date (including whether findings are available).

The empirical findings are mainly drawn from a recent (2001) RAND study<sup>2</sup> that provides a comprehensive summary of the most recent US evidence (and some international evidence) on vouchers and charter schools. Where relevant, studies relating to experiences in NZ and the UK have also been included (as RAND is mainly US), as well as summary literature on peer effects (the Ministry of Education literature reviews).

A key summary message from the literature summarised in the RAND study is that there is not yet any clear evidence on school choice that can apply for large-scale roll-out. A large scale project (a “grand experiment”) would be required, although there are methodological difficulties that would mean definitive answers are unlikely to be provided.

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<sup>2</sup> Rhetoric Versus Reality: What We Know and What We Need to Know About Vouchers and Charter Schools. Brian P. Gill, P. Michael Timpone, Karen E. Ross, Dominic J. Brewer

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Proposed benefits of choice	Theory	Empirical findings
<b>Raises student achievement</b>		
<p>a) Raises average achievement</p>	<p>Choice creates competition between schools (and in doing so breaks the public school monopoly) and encourages schools to look at the ways their resources are used and to maximise resource use to improve students' outcomes.</p> <p>Public choice theory expands on this – public schools need the incentives of competition for improvement (breaks domination by interest groups who are likely to be unresponsive to the needs of parents and students).</p> <p>Competition provides incentives for all schools to discover what works and create a better match between students and programmes. There will also be increased parental support and purpose for students attending, all contributing to enhanced learning.</p> <p>Benefits of competition likely to be higher if private schools are able to compete with public schools (as private schools are better performers at raising achievement)?</p>	<p>RAND – vouchers and charter schools</p> <p>Small-scale, experimental privately funded voucher programmes targeted to low-income students suggest a possible (but as yet uncertain and unexplained) modest achievement benefit for African-American students after one to two years in voucher schools (as compared with local public schools);</p> <ul style="list-style-type: none"> <li>- For children of other racial/ethnic groups, attendance at voucher schools has not provided consistent evidence of either benefit or harm in academic achievement;</li> <li>- Achievement results in charter schools are mixed, but they suggest that charter-school performance improves after the first year of operation. None of the studies suggest that charter-school achievement outcomes are dramatically better or worse on average than those of conventional public schools.</li> <li>- Whether the introduction of vouchers/ charters will help or harm the achievement of students who stay in conventional public schools remains for the moment unknown.</li> <li>- There is little information that would permit the effectiveness of vouchers and charters to be compared with other, more conventional reforms, such as class-size reduction, professional development, high stakes accountability, and district-level interventions.</li> </ul> <p>Peer effects literature finding</p> <ul style="list-style-type: none"> <li>- negative peer effects may arise via increased choice (eg through increased segregation) – but increased segregation is not proven and even if this does occur, other learning techniques can be employed to simulate positive peer effects.</li> </ul>

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<p>b) Raises the performance of the tail</p>	<p>As above – more specifically competition will encourage schools to focus on the specific needs of their students</p> <p>Andrew Coleman’s theoretical work on vouchers - may be possible that some children from lower income groups will experience improved educational outcomes– but mainly the higher ability low income students. The low ability and low income students are likely to be (or remain?) in poorer performing schools, and those schools performance risks reduction as the higher ability students would have exited.</p>	<p>RAND – vouchers and charter schools</p> <ul style="list-style-type: none"> <li>- Little evidence as yet regarding raising the tail – either in relation to improvements for students participating in school of choice or for students not participating in the choice programme. RAND study findings (as above) – shows modest achievement benefits for African-American students.</li> </ul> <p>NZ (Fiske and Ladd)</p> <ul style="list-style-type: none"> <li>- suggest detrimental impact for low income (with the suggestion of lower performing) students who have (possibly) not exercised a choice of school and are 'left' in poorer performing schools. Suggestion of 'spiral of decline' for these schools once more able students have left.</li> </ul>

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<b>Improves school efficiency (reduces costs of education).</b> Arguments relating to improved performance for same costs are captured in the student achievement discussion		
	<p>As above with average achievement -education would be more efficiently provided if parents had broad discretion to select their children's schools. The monopoly of public schools leads to waste and inefficiency in those schools i.e. to the expenditure of money on activities other than those directly related to student achievement or educational quality. Competition between schools encourages them to look at the way their resources are used and to maximise resource use to improve students' outcomes. Chubb and Moe (1990) repeated this argument focusing on public choice theory – public schools have little incentives for improvement and are likely to be dominated by interest groups who are likely to be unresponsive to the needs of parents and students.</p>	<p>RAND – vouchers and charter schools</p> <ul style="list-style-type: none"> <li>- Voucher/charter programmes should not be expected to provide substantial savings to the public purse if they are to provide high quality choices to a substantial number of children – likely to cost about as much per pupil as do current public schools (especially as costs associated with choice include the cost of the dissemination of information, transportation costs. Note other costs includes establishment costs – and wind down costs for schools facing roll decline).</li> <li>- Programme scale is an important variable – is the choice programme to be just a targeted 'escape valve' for some students or wholesale choice? Wholesale reform has the potential to create the larger effects – both positive and negative. Predicting any benefits or costs depends currently on theory rather than existing evidence.</li> </ul> <p>NZ (Fiske and Ladd)</p> <ul style="list-style-type: none"> <li>- Study suggests there are additional costs of choice programmes associated with supporting and closing unsuccessful/ unpopular schools.</li> </ul>
<p>c) Ensure relevance of achievement to economy (and social wellbeing?)</p>	<p>Choice is promoted to encourage a diversity of providers to emerge. As with raises student achievement – the focus is that competition between providers encourages better responsiveness to students needs.</p>	<p>RAND – vouchers and charter schools</p> <ul style="list-style-type: none"> <li>- No evidence as yet – RAND notes the most important unknown related to parental liberty concerns the quality and quantity of the schools made available by voucher and charter programmes. The number of high-quality alternatives that different varieties of voucher and charter programmes will produce is for the moment highly speculative.</li> </ul> <p>One area to look at may be UK where at senior secondary level there has been a focus on increasing the diversity of providers.</p>

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<b>Enables right to an education of choice to be expressed</b>		
<p>a) Enables parents and students to express their right to education of choice</p>	<p>Note this benefit comes from a political or rights based view rather than theory.</p>	<p>RAND – vouchers and charter schools</p> <ul style="list-style-type: none"> <li>- Parental satisfaction levels are high in virtually all voucher and charter programmes studied, indicating that parents are happy with the school choices made available by the programmes. In the experimental voucher programmes that have been studied for two successive years, levels of parental satisfaction declined somewhat in the second year but remained substantially higher than those of public school comparison groups.</li> <li>- As noted above, the most important unknown related to parental liberty concerns the quality and quantity of the schools made available by voucher and charter programmes. The number of high-quality alternatives that different varieties of voucher and charter programmes will produce is for the moment highly speculative.</li> </ul>
<p>b) Improves equity of access</p>	<p>Choice assists the poor, as only the poor effectively have no ability to change school (eg they cannot move/ shift property as easily in order to access a school of preference)</p>	<p>RAND – vouchers and charter schools</p> <ul style="list-style-type: none"> <li>- Programmes explicitly designed with income qualifications have succeeded in placing low-income, low-achieving, and minority students in voucher schools;</li> <li>- However, in most choice programmes (whether voucher or charter), students with disabilities and students with poorly education parents are somewhat underrepresented;</li> <li>- Education tax subsidy programmes are dis-proportionally used by middle- and upper-income families.</li> <li>- Critical unanswered questions about access to voucher charter schools relate to the variability that would result from different kinds of programmes. The characteristics of voucher students in existing programmes differ from those of charter students, and the characteristics of charter students vary across states. Other programmes might differ further still in the access they provide to different groups of students. In particular, many types of vouchers may be dis-proportionally used by middle</li> </ul>

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		<p>and upper income families.</p> <p>NZ (Fiske and Ladd)</p> <ul style="list-style-type: none"><li>- some evidence of increased segregation of students in schools as a result of increased choice (although note this is disputed by commentators on the F and L study).</li></ul> <p>UK</p> <ul style="list-style-type: none"><li>- some evidence of reduced segregation/ improved distribution of students in schools (on ses lines) as a result of choice.</li></ul> <p>NZ experience relating to enrolment schemes – note anecdotal and reported in media – impact of immigration in Auckland may be further excluding lower income from attending school of choice – due to immigrants residency in a zone at time of enrolment (so therefore no available spaces for other students).</p> <p>There is also a number of studies that suggest that choice programmes have enabled motivated lower income people to exercise choice of school – and ‘escape’ schools in their local district<sup>3</sup></p>
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<sup>3</sup> See – Adler. M, Petch. A and Tweedie. J (1989) Parental Choice and Educational Policy. Edinburgh. Edinburgh University Press.

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<b>Improves social integration (eg improves mix of people from different ethnic groups)</b>	
	<p>Similar to above regarding better access to all groups to education of choice – but this argument is more focused on civic society and the values of having a mix of racial or ethnic groups in communities.</p> <p>RAND – vouchers and charter schools</p> <ul style="list-style-type: none"> <li>- In communities where public schools are highly stratified, targeted voucher programmes may modestly improve racial integration in that they put minority children into voucher schools that are less uniformly minority without reducing integration in the public schools;</li> <li>- Limited evidence suggests that, across the nation, most charter schools have racial/ethnic distributions that probably fall within the range of distributions of local public schools. In some states, however, many charter schools serve racially homogeneous populations;</li> <li>- Evidence from other school-choice contexts, both in the United States and abroad, suggests that large-scale unregulated choice programmes are likely to lead to some increase in stratification.</li> <li>- The effects of voucher and charter programmes on the sorting of students across schools have not been well explored. Studies have produced extensive amounts of demographic data on the students participating in voucher and charter programmes, but very few of them provide school-level information – on both voucher/charter schools and local public schools – that is linked to information on individual students, which is essential to understanding dynamic integration effects. Even a direct comparison of school level integration in voucher/ charter schools and conventional public schools does not explain how the introduction of a voucher/ charter policy changes levels of integration across schools.</li> </ul>

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### **Summary of empirical findings**

- Evidence regarding choice programmes and policies is still quite limited and a number of important policy questions have not been investigated (eg the economic costs and benefits of choice programmes; why some programmes are successful; the impact on students not participating in choice programmes). Where there are results it is difficult to extrapolate these results and determine the effect when implemented on a larger scale.

### **Achievement impacts**

- There appears to be some achievement benefit arising from small-scale voucher programmes for African-American students, but there is no consistent evidence about the achievement impact for other racial/ethnic groups. Why there has been some benefit for African-American students has not been explained.
- There is debate about the achievement impacts on students not participating in a choice programme. There are no firm conclusions regarding positive or negative impacts.
- There may be some negative impact on the performance of low income, possibly lower ability students, who do not participate in choice programmes. However, this may be more about how non-performing schools are treated rather than the impact of choice programmes.
- We do not have good information as to why some 'choice' related policies work and others don't (eg why there is a broad range of performance between charter schools). There still needs to be investigation into what makes for successful choice policies. We do know that the policies can take a wide variety of forms and can be tailored to meet different objectives.

### **Other impacts**

- Voucher and charter programmes are likely to cost as much per pupil as do current public school programmes.
- No evidence yet about the amount of diversity that is created between schools when choice is enabled. However, there seems to be some level of parental satisfaction when choice is enabled.

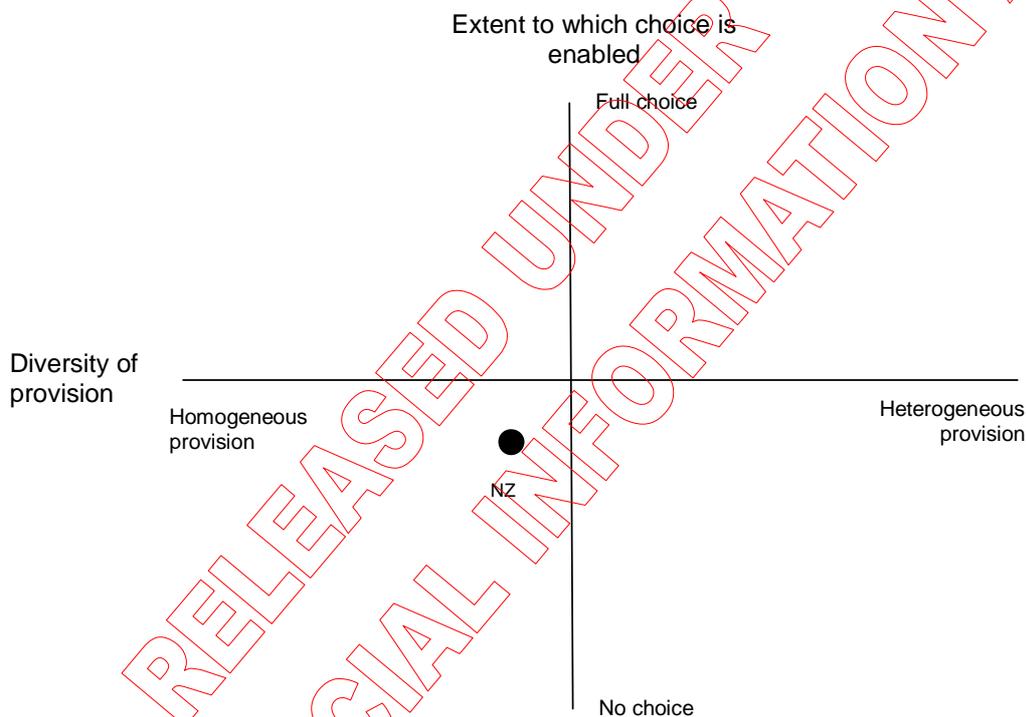
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### **PART 3: Choice in the NZ education system**

#### ***How much choice currently?***

Using the axis presented above (description of choice) New Zealand could currently be placed as follows:



The main factors placing NZ on this part of the continuum:

#### ***Diversity of provision***

- There is a requirement for NZ providers to adhere to the NZ curriculum, but the curriculum is designed to be quite broad and enabling – recent changes to NAGs has relaxed requirements regarding the need to focus on a broad curriculum (although still some constraints on this)
- NZ public schools have a fair amount of autonomy to choose how to operate and design their education delivery – but some restrictions exist primarily relating to employment practice (although some ability to use ops funding and to bank staffing). There does appear to be a range in the quality of provision between schools.
- There has been increasing focus within the resourcing system on purchasing education, although not very specific and likely to be more outcomes focused.

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- Our public schools tend to be more homogeneous – although we do have some diversity opportunities with our curriculum (schools can choose how to deliver and secondary schools can offer some specialist academies), there are some alternatives (integrated schools and Kura Kaupapa Maori), and secondary schools are able to purchase alternative provision for their most at risk students and to offer tertiary related study (STAR) – both of these options are still reasonably small scale.
- About 3.5% of all NZ students attend private schools. No use of Public-Private-Partnerships – the nearest we get is alternative ed, although the purchase is through public schools and only for at risk students. In NZ home schooling is also an option (although little financial incentives for this).

*Extent to which choice is enabled*

- NZ has a demand driven funding – funding follows the student within the public education system.

**BUT**

- Enrolment schemes operate for overcrowded schools (primarily to manage property supply and possibly to ensure higher achieving low income students are retained in their local school). We currently have about 180 schools with enrolment schemes – predominately located in high population urban areas. This effectively means that choice is limited for students in certain urban areas and in these areas choice is most restricted for low income groups who cannot move property as easily. Choice is also restricted for students in rural areas, where options for alternatives in schooling are naturally more limited.
- We have limited voucher schemes - Maori scholarships/vouchers for attendance at public boarding schools.

Note that over the last three years there has been a shift away from more heterogeneous provision, via removal of the limited private school voucher scheme, capping of funding for private schools, tightening of enrolment schemes (focus on the local school and managing property supply).

**Assessment of the benefits of any marginal improvement to choice within the NZ system**

In assessing whether there could be benefits from adopting a choice policy (or policies) within NZ, a key issue is to consider the marginal costs and benefits of movement more towards the heterogeneous and full choice end of the continuums (rather than assuming a zero starting point).

Two main considerations are useful to take into account when considering this move:

- Costs of choice vs the benefits of choice – including choices regarding how you allow more choice to be expressed (eg change regulations, how much private provision is able to compete)
- Costs of choice and the benefits – vs costs and benefits of other education initiatives.

Unfortunately we have no information on the second consideration, slightly more, but not much more, for the first.

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As well as costs and benefits of choice policies it may also be useful to give particular consideration to the following:

- Policy and/or political objective – such as raising average performance or performance of the tail and evidence of educational effectiveness in relation to these objectives; or improving equity of access to education of choice.
- Nature of the education infrastructure – response time, range of providers available to move to more choice, quality of the information we have on parent/student demand (ie predicting how many students will turn up on a school's doorstep)

*An example of policy of policy implications*

The following uses an objective focused on raising student achievement as the policy objective and discusses three possible policy options:

1. Status quo – not seeking any change within a choice framework, and in particular to the extent to which choice can be enabled, but working on other improvements (eg focusing on quality of teaching and quality of school leadership/ governance etc). This would mean not making amendments to current enrolment schemes/ zoning, voucher programmes. Possible that some changes to 'other improvement' could impact on the diversity of provision – and increase the amount of diversity/ innovation.
2. Marginal improvements to choice – in order to target particular groups or meet quite specific objectives (note has possibility of deliberately excluding some people from choice). The groups to target would depend on what your specific objectives might be – eg raising the tail, raising average achievement, improving choices of education for low ses or rural people etc.

Some examples of targeting ideas:

- Relax some enrolment zone requirements (maybe change criteria for priority entry into schooling)
- Allow some students to access private schools via vouchers
- Use ownership levers to establish alternative providers for students at risk of underachievement (for example) – including establishing public schools with a specific focus, public-private partnership model schools, could include charter schools.

The main feature would be tightly targeted and small scale, **experimental** initiatives (how much more benefit would we achieve from a marginal increase in choice for these groups as opposed to other initiatives that might raise their performance- AND – what is the impact on the other students not participating in the choice programme). The evaluations should also be established in order to provide a good information base to determine the likelihood of policy success of the programmes were applied on a wider scale.

3. Wholesale introduction of school choice: This means wholesale redesigning of the education system to focus on a choice model – including changes to funding and ownership arrangements. In addition, if school choice is introduced what whole infrastructure is required to make the choice environment work:
  - changes to property policy, particularly regarding how to manage changing demands for schooling and under and oversupply of classrooms

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- school transport policies (so some students require special assistance)
- policies to identify and address low performing and underachieving schools
- policies for schools facing role decline (transition arrangements for reduced staffing and property for example)
- new information provision arrangements – information to manage property supply for example, or to provide good information to parents to make well informed choices.
- regulations and resourcing arrangements associated with how will we let schools grow – how much capacity, whether schools select students, students select (ie endless growth) or whether Government establishes some rules for enrolment.

This would be equivalent to the large experiment noted by RAND. Note that there are significant risks with such a policy move – and hence the need for total experiment:

- the total costs of such systemic change are unknown and would be difficult to quantify
- the results cannot be assured (the small scale findings are difficult to turn into large scale estimates and RAND suggests that any benefits are likely to be very big – either positive or negative).

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30 January 2013

To: Gavin Lockwood

From: Barbara Annesley

Cc: Peter Bushnell  
Carl Bakker  
Ron Crawford  
Warwick Terry  
Paula Skilling

**School Choice: Directions for Further Work**

**Background**

Fiona Ross recently wrote a draft discussion paper entitled "Diversity and Choice in the School Sector: A Literature Update and Some Implications for New Zealand". As the title suggests, this paper provides an update on the school choice literature, and canvasses implications for New Zealand education policy.

Following internal feedback on the draft paper, we commissioned Professor Cecilia Rouse at Princeton University to provide an external peer review. In keeping with our instructions, she:

- Provided an assessment of the Rand Corporation report "Rhetoric vs. Reality: What We Know and What we Need to Know about Vouchers and Charter Schools" (2001), on which Fiona's draft paper drew heavily;
- Commented on the appropriateness of the conceptual framework set out in the paper, the cogency of the arguments, and soundness and relevance of the conclusions for policy
- Identified any significant omissions or errors of fact within the draft discussion document and any critical references (significant studies, literature reviews or meta-analyses) other than those cited; and
- Suggested areas for further investigation.

In addition, subsequent to the drafting of Treasury's discussion document, the OECD/CERI has published a working paper entitled "School: A Choice of Directions", which provides a review of recent developments with regards to school choice, and is intended as an update on developments since their last substantive report on this topic, published in 1994.

**Purpose of this Note**

Drawing on Fiona's draft paper, the feedback from Professor Rouse and the additional points made in the OECD report, this note summarises the key messages that should guide our thinking about school choice. On the basis of these messages, it considers how the Education Section might approach matters relating to school choice in its 2002/03 work programme.

### Summary of Key Points in the Draft Discussion Paper

Fiona's draft discussion paper noted the following key messages from the literature:

- There is no one school choice model and there are a number of different policy levers associated with school choice. The range of school choice policies and levers can be viewed in relation to two intersecting continuums/ axes - one relating to the extent to which school choice is enabled (full and free parental choice <-> no choice continuum), and the other relating to the extent of diversity of provision (homogenous <-> heterogeneous continuum).
- Evidence of the benefits of school choice for student achievement, improved access to education of choice, social integration and school/ education system efficiency, is inconclusive. Many studies have been small scale and while these show some potential for improvements for some groups (e.g. African American students in the U.S.) these results cannot yet be easily assumed for wider implementation. The design of the school choice programme seems to be critical and can significantly impact on the outcomes sought.

In terms of the policy implications for New Zealand and future policy directions, the paper drew the following conclusions:

- New Zealand already provides some level of school choice – although we are more likely to be in the homogeneous and no choice quadrant of the 'choice continuums'. A key question is how much further along each of the choice continuums do we want to move?
- While there is potential for school choice related policies to have a positive impact, there is also a risk of a big negative impact. Understanding the positive and negative effects of systemic policies to enable greater school choice would require a large-scale 'experiment'. But such an approach also presents methodological problems (e.g. the need for a control group).
- Focusing on raising student achievement as a key outcome, there are three broad policy options:
  - Rather than introducing greater choice, focus on other policies where there is evidence on effectiveness (e.g. teacher quality).
  - Introduce a small-scale initiative to enable greater choice for specific groups (such as in the form of tightly targeted vouchers). Such an initiative could be used to determine the possible risks and benefits of applied on a wider basis.
  - Opt for wholesale choice in relation to enabling much more choice of schooling and allowing for a wide diversity of schools. Other policies would need to be aligned (e.g. funding, regulatory framework, information provision, property policy, strategies to address failing schools).

### Summary of Feedback from the External Peer Reviewer

The external reviewer, Professor Cecilia Rouse, provided useful comments on the draft discussion paper. She confirmed that the RAND report provides an excellent overview of the issues and evidence on school vouchers, and is comprehensive and balanced in its assessment and conclusions. She agreed with Fiona's cautions around extrapolating from the findings of small-scale choice programmes to larger, system-wide developments. She added a further caution about citing results from privately-funded voucher programmes as potential evidence on the effects of a publicly-funded voucher programmes, as there are large differences between them that could be important for the outcomes.

Professor Rouse agreed with the conclusions Fiona drew with regard to the inconclusiveness of research to date, and that a well-designed experiment is necessary to understand the effects of a large-scale school choice (e.g. voucher) programme. She also noted that such an experiment is likely to be politically infeasible.

In terms of the framework adopted in Fiona's paper (the intersecting choice / diversity continuums), Professor Rouse provided the following comments:

- Rather than the diversity dimension, it might be more useful to talk about "autonomy". This would capture the notion of school's being able to choose curriculum and quality of education and freedom from other government regulations, and would also encompass diversity as currently defined in the paper.
- It's unclear whether the extremes of the axes are meant to be rhetorical or whether we believe they may actually exist somewhere. This distinction matters as it aids in understanding where to place countries on the graph.
- School choice is somewhat more complex than we have characterised. For example, while we might characterise a system in which pupils are required to attend their local school as providing 'no choice', embedded in such a system is the powerful mechanism of residential choice.

Professor Rouse was surprised at Fiona's assessment that there is very little school choice in New Zealand at present. The perspective from the U.S. is that we have a lot of choice. She commented that, "in theory, at least, students in New Zealand, can attend any public school". (N.B. this is only true to the extent that the school of choice has spare capacity). She urged us to reconsider our assessment of the extent of school choice in New Zealand.

Key questions she suggested we consider are:

- Exactly what dimensions of further choice are possible in New Zealand?
- Would it really make such a big difference (and to what)?
- What is the motivation behind pursuing the issue of further choice in New Zealand?

Professor Rouse's comments provide an interesting insight into international perceptions of the degree of school choice in New Zealand. One can speculate on the extent to which this is based on incorrect understandings of our policy settings. For example, Prof Rouse assumes that 'enrolment schemes' mean selective admission policies, which is not correct in the New Zealand context. Neither was she aware that in the last few years a policy of 'school zones' has been re-introduced in New Zealand.

It's likely that the draft discussion paper doesn't sufficiently explain our policy settings to enable international or uninformed readers to get a good sense of the opportunities and constraints on school choice in New Zealand. Nevertheless, Professor Rouse's comments suggest that where we locate New Zealand on the 'choice continuum' should be based on a relative rather than absolute assessment - especially as there are very few examples of countries of systems that are located at the extreme end of the choice continuum.

### Key Messages from the OECD / CERI Working Paper on School Choice

The OECD/CERI working paper's conclusions with regard to the effects of school choice on student achievement are congruent with those of the RAND study. They note that there is no single answer to the question "does choice improve performance?". This is because:

- There are many forms of choice and they take place in many different education contexts;
- Even if choice were to marginally improve average performance, an adverse impact on a minority of students could make its effects undesirable.
- Measurable results such as test scores are not the only outcomes we might be concerned with;
- Many other forces are at work simultaneously with the introduction of policies to increase choices (aka 'noise').

The OECD/CERI working paper differs from the RAND study in that it is not intended as a comprehensive and detailed review of the empirical evidence on school choice. Rather the paper looks at recent developments and emerging issues in school choice policy and practice in selected countries (Australia, France, Netherlands, Sweden, United Kingdom and the United States). The paper notes that in each of these countries over recent years, increased choice and a more 'demand-driven' education system have been an important part of the context of educational change. Across the countries looked at, choice-related policies have varied significantly in their nature and the scale at which they've been implemented.

The paper gives a useful flavour of the varying approaches to school choice and their effects on factors such as enrolment patterns, school admission practices, school quality, network efficiency, diversity of schooling provision and equity of access. Overall, it emphasises that the effects of school choice initiatives can only be understood alongside an analysis of other education policies. It is the way in which school choice interacts with other aspects of educational policy and practice that determines its influence on behaviours and outcomes.

In their 1994 report, the OECD identified five main types of policy supporting school choice:

- Public support for non-public schooling (e.g. vouchers for private schools)
- Liberalised enrolment rules in the public sector (e.g. abolition of strict zones or catchment areas);
- Policies encouraging schools to compete under liberal enrolment rules (e.g. by allowing money to follow pupils);
- Policies enabling schools to be different (e.g. permitting, encouraging or organising schools to take on 'specialist' characteristics);
- Policies to make choosing schools more feasible (e.g. better information or school transport options).

In their 2002 paper, the OECD takes a wider perspective on school choice and its interaction with other policy directions. It notes that some of these policy directions facilitate choice, while others of which may constrain it. They include:

- Policies that support the involvement of parents in decisions about education provision (and in this sense, regard them as co-producers as well as consumers of education);
- Policies that support choice within the school curriculum (e.g. by promoting curriculum choices, multiple student pathways, diverse teaching styles, in the context of a stronger outcome-orientation);
- Policies that encourage and support local decision-making and diverse approaches to school improvement and development (e.g. schools making choices with regard to their strategic direction and priorities, and the approaches they adopt for achieving these);

- Policies that promote or support innovation and collaboration by schools.

The OECD/CERI paper concludes that the traditional understandings and language of school choice, which focus on parent's roles as consumers and their ability to select schools, are not particularly helpful, and often serve to polarise views and simplify complex policy issues. They note that:

*"School choice needs to be seen as something much wider than the increased ability to select a school. At the most general level, it is about the ways in which the stakeholders in education help choose what kind of education children receive. This may be felt for example through parental or community representation in school governance, through pupil choices over study tracks, or through sensitivity of schools to the preferences of their clients".*

In closing, the OECD/CERI paper argues that choice and the move towards a more demand-driven school system need to be considered at three levels: that of the individual, that of specific groups or interests, and that of the collective interests of all users.

#### **Key Messages and Directions for Further Work**

My impression is that we are up-to-date to the two most recent and comprehensive reviews of the evidence and policy developments in the area of school choice (by RAND and the OECD/CERI). Overall, based on Fiona's work, the feedback from Cecilia Rouse, and additional points from the OECD/CERI working paper, the conclusions we can draw are:

- Choice is far more complex than simply enabling parental choice of schools within the public system, or between private vs. public school sectors. There are a range of policy levers that support varying forms and degrees of choice by parents and students, both between and within schools.
- A simple focus on school choice and whether it is good or bad, is too narrow. It may be more useful to think in terms of clusters of policies and their effects, with more or less choice being one of these effects. Effects of policies on school choice can be direct or indirect, intended or unintended.
- At the present time, the research literature does not provide sufficient evidence to enable us to reach a conclusion about the benefits, costs and wider effects of choice-oriented policies such as voucher systems. This is particularly the case with regard to the application of such policies at a systemic level. There are simply no clear lessons we can take from the small-scale overseas choice programmes, and apply at a system-wide level in New Zealand.

Given these conclusions, the best way for us to advance our work in this area is to ensure that choice issues are considered the context of other policy changes (e.g. how do these policies facilitate or hinder choice and for whom?). This suggests that school choice should be addressed within the other items on our work programme, rather than as a separate, stand-alone area of work.

It's also important, however, that we remain up-to-date with new research findings and other developments that point to a need for further in-depth work to consider more specific policies pertaining to school choice.

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**From:** *Withheld under s9(2)(g)(i)*  
**Sent:** Friday, 8 June 2012 4:13 p.m.  
**To:** 'Jessica Ranger'  
**Cc:** Barbara Annesley  
**Subject:** RE: Charter school working group feedback on cab paper

Hi Jess,

Thanks for sending this through; appreciate the resourcing difficulties that your schooling policy teams are under this week. It would be useful at our catch up next Wednesday to discuss where your team is getting to in terms of timeframes for getting this to a Cabinet Committee (and presumably a Officials Committee), and how the Working Group fits into the Cabinet paper drafting process.

Some initial comments:

- Pilot - we found the terminology quite confusing. We think it would be clearer to i) set out the rationale for charter schools as a policy – e.g. improving educational outcomes for disadvantaged students, and ii) set out the rationale for why the Government has chosen to pilot this policy – e.g. minimise risks, learn from best practice, etc.

- *Withheld under s9(2)(g)(i)*

- Contract

- We think likely indicators should also include retention and progression, in addition to suspension, exclusion, and expulsion.
- Para 44 Do we actually have information for state schools (e.g. staff turnover, engagement with parents and community, etc.) that would enable charter schools to demonstrate they are exceeding performance of similar state schools?
- Para 47 Would an annual basis be a sensible timeframe for reporting publically on progress?

- *Withheld under s9(2)(f)(iv)*

- Mission

- Is it essential that a school has a special character? This was part of the C&SA, but what about if an interested body/ company/ person just wants to commit to raising achievement by whatever way possible (e.g. a combination of an academic focus, vocational pathways, pedagogical philosophies). Would they be restricted in their ability to apply to be a sponsor?

- *Withheld under s9(2)(f)(iv)*

- We think Ministers should be aware of the financial implications of changes to rolls - if a charter school can keep growing, what are the likely impacts on surrounding schools? Will the Crown be liable for keeping surrounding schools open? Will the Crown have to fund continued growth in the charter school, to an unspecified level? Conversely, what happens if a charter schools does not have a sufficient enrolment to maintain financial viability?
- Facilities
  - Para 82 implies charter schools “will be accountable for meeting health and safety legislation around property”. Is this implying schools must have a physical site, and require children to be educated on-site?
  - Would this rule out a virtual school model? (Although the US evidence suggests these are amongst the worst performing charter schools). It would be useful to clarify if this is the intention.
- Governance – the Cabinet paper is quite light on what the expectations are around governance; would the sponsor have complete freedom to determine governance arrangements, or would we expect something traditional like a board of trustees to sit below the sponsor?

**It would be useful if the recommendations made it clear what the next report back will include. (Currently legislative changes by June 2012, but I imagine there will be further details to report back on too).**

*Minor comments:*

*Not relevant to request*

- 
- 
- Entry and exit will be on the same basis as state schools (para 34) – is this by the school, or the student? Both are formalised in current legislation?
- Para 36 – a “third school” – one could argue we have more than two types of schools (e.g. integrated, special character, etc.)
- Para 42 – we think financial management should be including in the criteria for assessing the capability and capacity of sponsors wishing to operate a charter school.
- Para 90 – can you explain what Education Development Initiative (EDI) funding is?
- 

**We understand a new draft is going up to your Minister early next week, it would be great if we could see the next version, and be kept in the loop.**

Cheers,

*Withheld under s9(2)(g)(i)*

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**From:** Jessica Ranger [mailto:Jessica.Ranger@minedu.govt.nz]  
**Sent:** Wednesday, 6 June 2012 1:30 p.m.  
**To:** Barbara Annesley; Sarah Wood; 'claire.douglas@dpmc.govt.nz'; 'Kathleen Atkins'  
**Cc:** Frances Kelly; Heather Penny  
**Subject:** Charter school working group feedback on cab paper

Hi all

FYI - attached is the proposed changes to the draft Cabinet paper we received from the chair of the working group. We are now in the process of working through these with her, particularly around what is required for legislative change.

Cheers

Jessica

**Jessica Ranger**

Senior Policy Analyst

Schooling Policy

Ministry of Education | Te Tāhuhu o te Mātauranga

45-47 Pipitea Street | Thorndon | PO Box 1666 | Wellington 6011

DDI 04 463 8356 | Extn 48356 | [jessica.ranger@minedu.govt.nz](mailto:jessica.ranger@minedu.govt.nz)

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**Treasury Report: Education Policy Priorities**

<b>Date:</b>	3 July 2012	<b>Report No:</b>	T2012/1334
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**Action Sought**

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Bill English)	<p><b>Read</b> prior to meeting with officials on 4 July 2012</p> <p><b>Discuss</b> the scope and scale of the change agenda with the Minister of Education</p>	Wednesday 4 July 2012

**Contact for Telephone Discussion (if required)**

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Audrey Sonerson	Acting Manager, Education & Skills and Labour Market & Welfare	917 6137 (wk)	Withheld under s9(2)(a) ✓
Rohan Biggs	Senior Analyst	917 6892 (wk)	

**Minister of Finance's Office Actions (if required)**

None.
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**Enclosure: No**

*Pages 2 and 3 not relevant to request*

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**Over time, incremental change can have a big impact across the system...**

13. *Not relevant to request*



14. In addition, Charter schools provide a ready-made testing ground for negotiating fair and reasonable measures of schools' 'value add' to support contracting in the near term. This work could also provide the tools to improve accountability measures across the whole system in the longer term. If parents can see what is technically possible regarding measuring performance, they could demand such measurement across the system.

15. *Not relevant to request*



**... while the Government can focus on communicating a positively framed crucial few.**

16. *Not relevant to request*

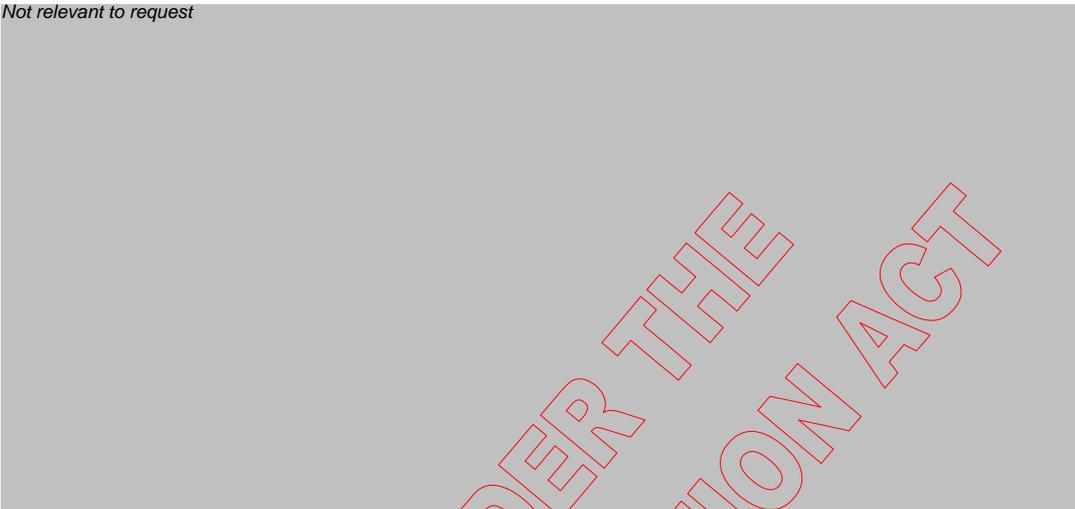
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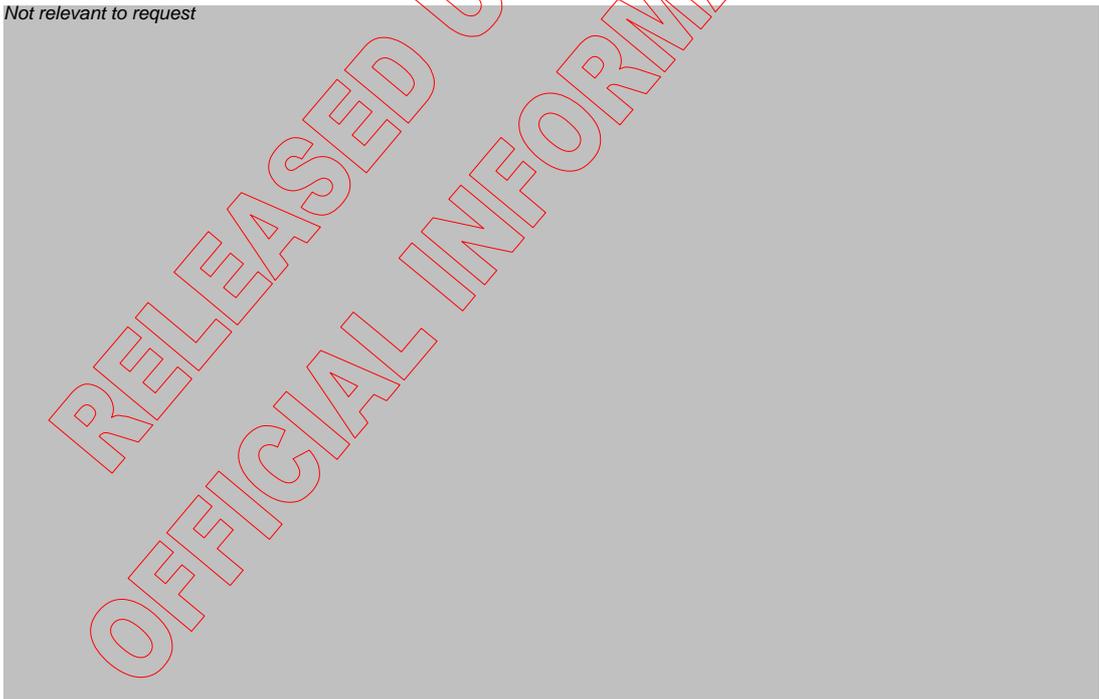
**IN-CONFIDENCE**

*Not relevant to request*

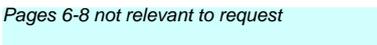


19. In addition to these types of changes, there are other 'announcables' associated with the opening of the first Charter school. *Not relevant to request*
- 

*Not relevant to request*



*Pages 6-8 not relevant to request*





# Background paper: the sponsor in the NZ model of charter school

Prepared for the New Zealand Model of Charter School Working Group

July 2012

This note has been prepared by Treasury to assist the Working Group (WG) in thinking through and making recommendations with regard to the role of the sponsor in the New Zealand model of charter school. It has assumed that the model of sponsor is per an earlier draft of the Charter Schools Cabinet paper (received by Treasury on 21 June), that is:

- the sponsor will have a relationship with the Crown through a contract,
- the sponsor will be required to demonstrate capability, and
- it is not compulsory for a sponsor to include parents or members of the community in governance arrangements.

These assumptions mean that the evidence from the United Kingdom's academy programme is more directly relevant to the New Zealand context than that of the US experience. In the US, the term sponsor is sometimes used inter-changeably with (or in place of) the term 'authoriser', to refer to the entity (or entities) that can legally issue charters (or contracts) to school boards.

In the UK, the sponsor was initially a key feature of the academies programme. However, in 2010, all schools were given the opportunity to convert to academy status, and the *requirement* to have a sponsor was dropped, though is still expected for low-performing schools converting to academies. 'Free schools'<sup>1</sup> are not expected to have a sponsor.

<sup>1</sup> Free Schools are all-ability state-funded schools set up in response to what local people say they want and need in order to improve education for children in their community.

**The sponsor in the NZ model of charter school**

In setting up a charter school, there are three key stages where the government has the ability to influence the performance of the school and ultimately student learning:

- i) Determining who can become a sponsor
- ii) Establishing a contract that incentivises student achievement (but does not hinder the charter school’s ability to be flexible), and
- iii) Ensuring the terms of the contract are met, and taking action where they are not.

This note focuses on i), specifically:

- The role and responsibilities of the sponsor
- Key competencies of a sponsor
- Key considerations in the establishment process to become a sponsor
- Types of entities that could become a sponsor

Treasury will provide advice to the Working Group at a later stage on the charter school contract (ii, and iii above).

**Role and responsibilities of sponsor**

Outlined below are potential roles/responsibilities that the sponsor could adopt, with key questions that the Working Group may wish to consider.

Potential role	Treasury comment
Determine the mission / vision of the school	<ul style="list-style-type: none"> <li>• The draft Cabinet paper states that “the sponsor has the relationship with the Crown through a contract” and that “these contracts will have clearly defined outcomes that the sponsor will be held accountable for achieving”.</li> <li>• As accountability ultimately lies with the sponsor, it is important that the sponsor has a role in determining the vision and ethos of the school (potentially in consultation with the school community). Sponsors in the UK often play a key role, posited as individuals/entities that can overturn cultures of under-aspiration.</li> <li>• The C&amp;SA states that the missions for charter schools should “be ambitious and clearly defined...would typically be some or all of the following: a rigorous academic focus; a traditional curriculum; faith based; to service a target population of students; based on specific governance principles eg. Te Aho Matua; to focus on a particular language, vocational training or other area of specialisation”.</li> <li>• There is a possibility that a focus on one or a combination of areas may not necessarily be enough to sufficiently improve outcomes for students (we do not have information of the efficacy of each approach).</li> <li>• <b>Key question: Should the sponsor be required to demonstrate how its chosen mission (e.g. a traditional curriculum, faith based) will improve student outcomes?</b></li> </ul>
Provide	<ul style="list-style-type: none"> <li>• It is likely that a range of sponsors with different backgrounds will be</li> </ul>

<p>educational expertise</p>	<p>interesting in running charter schools in New Zealand; some with education backgrounds, others without.</p> <ul style="list-style-type: none"> <li>In the UK, academy programme sponsors do not need to need to have educational expertise to become a sponsor, although those without it are required to demonstrate how they will access it, and in some cases form partnerships or consortiums with educational organisations. Initially sponsors' contributions were mainly confined to organisation and management experience, rather than pedagogy. There is evidence to suggest that principals highly value the fact that sponsors often bring different expertise to the table, mainly in the form of their business acumen.</li> <li><b>Key question: for sponsors from business or other non-compulsory education backgrounds, is demonstrating the ability to contract/delegate responsibility for key educational roles (e.g. pedagogy/curriculum/teaching) sufficient? If a sponsor comes from an educational background, should they be required to demonstrate they can bring other skill sets?</b></li> </ul>
<p>Determine governance arrangements</p>	<ul style="list-style-type: none"> <li>This could range from the sponsor performing governance / leadership functions itself, to the sponsor delegating this to an entity / entities / individual(s).</li> <li>In the UK, governance arrangements are generally structured as follows: the academy trust (the legal entity responsible for running the academy) appoints a majority of Academy governors (the governance layer). Sitting under the governance layer are committees, usually led by Governors, that focus on specific areas (e.g. curriculum, pupil welfare).</li> <li>The evidence suggests there is a high level of expertise at this governance level – sponsors have co-opted additional governors who have expertise in (for example) financial and / or business management and these people offer additional strategic input on how best to maximise the resources in the Academy.</li> <li>Note international evidence suggests a weak relationship between the type of governance arrangement and student outcomes. While poor governance is more likely to correlate with low achievement, well governed schools do not directly lead to high levels of student achievement. Similarly, there is no evidence to suggest parent engagement in school governance leads to higher student achievement (other approaches to school engagement with parents are more effective).</li> <li><b>Key question: A cornerstone of the Tomorrow's Schools model of governance is community/parental involvement. Should charter schools be required to involve communities / parents in governance arrangements, or should charter schools look to more effective ways of engaging communities / parents?</b></li> </ul>
<p>Employer</p>	<ul style="list-style-type: none"> <li>Under the current state education system, most staff are covered by a collective employment agreement, with largely centrally determined remuneration. Schools develop their own performance management</li> </ul>

	<p>systems based on government guidelines. The Board of Trustees is the employer of staff in each school. In reality, the majority of the functions of the employer are delegated to the principal of the school.</p> <ul style="list-style-type: none"> <li>• The draft Cabinet paper gives significantly more flexibility in employment decisions to charter schools, who would have “the ability to: set performance pay incentives; have flexible starting rates and salary progressions; prescribe different hours of work and different roles; and set other conditions of service”.</li> <li>• In the UK model, the academy trust (the legal body that runs the academy) is responsible for acting as employer.</li> </ul>
<p><i>Withheld under s9(2)(f)(iv)</i></p>	
<p>Responsible for ensuring that charter schools meet agreed student achievement goals, as well as financial and operational standards</p>	<ul style="list-style-type: none"> <li>• As per the C&amp;SA.</li> <li>• In the UK, this is the role of the academy, through their Funding Agreement (akin to the contract in the proposed NZ model).</li> <li>• The Treasury will provide further advice on the charter school contract to the Working Group in the coming months.</li> </ul>

Key competencies of a sponsor

In determining the criteria / competencies that must be demonstrated by potential sponsors, a balance needs to be struck between giving a wide range of organisations the opportunity to apply for sponsor status; and managing the risks to the Crown (and students) of a new model of educational delivery.

The criteria identified in the following table draw heavily from the UK criteria for accreditation as an academy sponsor.

Criteria	Treasury comment
<p><i>Purpose / Vision, i.e.</i></p> <ul style="list-style-type: none"> <li>• Purpose in seeking accreditation</li> <li>• Overarching / distinctive approach of the organisation (particular contribution and ethos of the organisation)</li> <li>• Outcomes being sought for children and young people, over short and longer-term</li> <li>• How attainment will be improved and student wellbeing ensured</li> </ul>	<p>See comments above for “Determine the vision / mission of the school”.</p>
<p><i>Capacity, i.e.</i></p> <ul style="list-style-type: none"> <li>• The capacity (including time, resources) the organisation has and/or will develop to deliver its vision</li> <li>• The organisation’s understanding of education and how to drive and sustain school improvement and performance</li> <li>• Leadership, management and accountability arrangements</li> <li>• Capacity and time within the organisation</li> <li>• Roles and responsibilities envisaged in enabling the organisation to lead school improvement</li> <li>• The structure / nature of leadership, governance and accountability arrangements of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Prospective sponsors in the UK are expected to provide evidence to support their application for accreditation, including of: <ul style="list-style-type: none"> <li>○ effective impact of the governance, leadership team and staff</li> <li>○ achieving improvements, and</li> <li>○ effective HR practices (recruitment, performance management retention, professional development) and staff / industrial relations.</li> </ul> </li> <li>• <b>Key question: what evidence will be recognised as valid for the purposes of recognising / accrediting sponsors?</b></li> <li>• UK experience has suggested that some sponsors have struggled with the pressure to improve rapidly in the absence of adequate acknowledgement of the complex challenges faced.</li> <li>• <b>Key question: To what extent should the establishment process balance the Government’s desire to promote innovation if it may be at the expense of the successfulness of the pilot?</b></li> </ul>
<p><i>Education experience or expertise with regard to:</i></p>	<ul style="list-style-type: none"> <li>• Sponsors may not need to have direct educational experience or expertise – if not they should be</li> </ul>

<ul style="list-style-type: none"> <li>• establishment of a school or other education delivery organisation</li> <li>• Governance, management &amp; leadership</li> <li>• School support</li> <li>• School improvement</li> <li>• Models for effective teaching and learning</li> </ul>	<p>required to demonstrate how they will access it.</p> <ul style="list-style-type: none"> <li>• In the UK, non-educational organisations can seek accreditation as a sponsor in their own right, as part of a consortium, or as co-sponsor with an educational organisation. If they apply for sponsorship in their own right, then they <b>must</b> demonstrate how they will access necessary educational and school improvement expertise.</li> <li>• <b>Key question: How do potential sponsors who have not had experience running schools, best demonstrate they have the ability to run a successful school e.g. should there be a requirement to partner with an education organisation ? Or a higher threshold for authorisation?</b></li> </ul>
<p><i>Educational track record, i.e.</i></p> <ul style="list-style-type: none"> <li>• Effective leadership and management</li> <li>• High levels of student achievement</li> <li>• Partnership working (with communities, other schools and education providers. businesses etc)</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence in this area could include on ERO review information, NCEA or other student outcome data.</li> <li>• Evidence of student achievement could include attainment / value-add / progress measures, evidence of narrowing achievement gaps.</li> <li>• UK experience has suggested some high achieving school sponsors have had difficulty with schools not offering a breadth of curriculum to suit pupils from a range of abilities and social backgrounds; and staff's ability to integrate, plan and teach a broader range of abilities.</li> <li>• <b>Key question: The establishment process may need to consider the extent to which running a successful school / other educational institution / business can adequately prepare sponsors for the challenges faced in the target population.</b></li> </ul>
<p><b>Other relevant experience / expertise</b> with regard to the following areas:</p> <ul style="list-style-type: none"> <li>• Change management</li> <li>• HR functions</li> <li>• Procurement / tendering / contracting</li> <li>• Building maintenance</li> <li>• Finance functions</li> <li>• Quality assurance</li> <li>• Accountability and</li> </ul>	<ul style="list-style-type: none"> <li>• Some potential sponsors may have this experience / expertise, but not in an education context. The authorising body may need to make a judgment (and possibly seek further information / evidence) to determine the organisation's capacity to apply general expertise to an education-specific context</li> <li>• Some organisations will not have significant expertise or experience across all these areas. Those considered particularly important could be</li> </ul>

<ul style="list-style-type: none"> <li>performance management</li> <li>Partnership working</li> </ul>	<p>given additional weighting in the approval process.</p>
<p><b>Business / financial practices</b></p> <p>Sound financial position and business practices, and evidence of ability to manage (and possibly raise) funds</p>	<ul style="list-style-type: none"> <li>Organisations could be required to provide audited financial statements, although this may not be appropriate for all types of entities seeking to become sponsors.</li> <li>The ability of the organisation to provide a financial contribution to the establishment and / or operation of the school is addressed in an earlier part of this note.</li> </ul>

**Key considerations in the establishment process to become a sponsor.**

There are two broad approaches to identifying charter school sponsors:

- (a) EOIs are sought for establishment of a specified number of charter schools in defined locations, with sponsors approved for the purposes of establishing and operating these schools only.
- (b) A pre-approval or accreditation process is used to identify potential sponsors. The authorising body (or some other entity representing the Crown's interests) could then either:
  - (i) work with the sponsor to determine the detail of the location, legal and financial and other aspects of the charter school to be established; or
  - (ii) seek expressions of interest from all accredited / pre-approved sponsors, regarding the establishment of charter schools in specific locations.

Regardless of the process that is established, potential sponsors should be required to provide evidence that they meet the criteria. Templates or standardised documents should be used to ensure consistency and comparability of applications. The approach for determining sponsor status needs to be transparent and defensible in the face of legal challenge.

Outlined below is the accreditation / establishment process in the UK Academy model.

*Accreditation / establishment process in the UK Academy model*

Academy sponsors in the UK come from a wide range of backgrounds. They include: existing schools with proven success in improving performance, Further Education Institutions, diocese, universities, businesses, charities, independent schools, educational foundations, faith communities, and some individual philanthropists. The Department of Education has identified that the key things it is seeking from sponsors are a record of success either in education or other enterprises, a passion for educational excellence and opportunities, and the capacity to bring these about.

To become a sponsor, interested organisations / individuals contact a 'broker' at the Office of the Schools Commissioner. An accreditation process and criteria for academy sponsors were established in 2010. Sponsors generally seek accreditation before entering discussions about an individual project, but can go through the two processes in parallel.

Once a sponsor is accredited, a suitable school for them to sponsor is identified. This relationship is approved by the Minister of Education. A named project lead at the Department for Education then supports the sponsor through the process of ensuring all staffing, legal, land and financial issues are properly and transparently agreed before the new academy opens. There are several stages to this process:

- Completing an Academy Action Plan, which sets out the challenges at the school, and the sponsors' plan for tackling these challenges and improving performance at the school. The Academy Action Plan is signed off by the Minister of Education.
- Working through and agreeing legal issues between the sponsor and local authority, including staffing structure, land transfers and financial agreements. Administrative tasks are also completed at this stage, including registering the new academy with examination boards, and establishing new contracts for services such as HR.
- Signing the funding agreement to formally transfer leadership of the school from the local authority to the sponsor. This completes the establishment process.

***Discussion point: Draft guidelines on timeframes suggest the approval and establishment process takes approximately 18 to 24 months. Given Ministers desire to have pilot charter schools operational by 2014, how might a similar process be fast-tracked, while still maintaining a fair and robust establishment process?***

#### **Types of entities that could be sponsors**

The C&SA suggested universities, iwi, and community organisations as types of entities that could be sponsors.

In the UK's academy programme four sponsorship models have evolved i) philanthropic sponsorship – sponsorship by individuals from the business community, ii) high achieving school sponsorship – where an existing high achieving school sponsors an Academy; iii) multiple academy sponsorship – where a single umbrella organisation (e.g. a faith group) sponsors one or a number of Academies, and iv) group sponsorship – where there are two or more sponsors, often from a range of diverse backgrounds, sponsoring one Academy or a group of Academies. The research has indicated that each type brings unique strengths and challenges, but there is no data to suggest that one or other sponsorship type is more effective in terms of school improvement.

***Key question: Should the establishment process specify what types of entities should apply to be charter schools?***

The draft Cabinet paper also indicates that consortiums of individuals/entities may wish to become charter sponsors. The UK experience has suggested a larger number of players makes it more difficult to ensure equal representation and contribution to the life of the Academy, and that securing the agreement of the vision, ethos and key strategic direction for the school also becomes more complex.

***Key question: To mitigate this risk (and others), would a lead sponsor/individual be appropriate in some cases?***

In our advice on the charter school contract, we could address the practicalities of accountability requirements for multiple sponsorship.

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THE TREASURY  
Kaitiaki Takekōwhiri

Date: 26 July 2012

To: Minister of Finance

### **Aide Memoire: Meeting with Catherine Isaac on Wednesday 1 August 2012**

We understand you are meeting with Catherine Isaac, Chair of the New Zealand Model of Charter Schools Working Group ("the Working Group"), at 4pm on Wednesday 1 August 2012.

#### The Working Group

1. The Working Group was established to provide advice and recommendations to the Minister of Education, the Associate Minister of Education (Hon John Banks), and the Minister of Finance to support the development and implementation of the New Zealand model of charter school, as a targeted response to education underachievement in disadvantaged areas. It has met (approximately) fortnightly since the beginning of April.
2. **So far, the Working Group has focused on discussing the legislative changes required to implement charter schools, which went to the Cabinet Social Policy Committee on Wednesday 25 July 2012.** (For Treasury's advice on this paper, see T2012/1620).
3. The Working Group has been provided with secretarial support by Ministry of Education officials.
4. *You may wish to discuss any reflections Catherine Isaac has had so far on the role of the Working Group in informing Government policy and any challenges the Working Group has faced in developing and providing advice.*

#### Where to next

5. The next step for the Working Group is to **provide advice on an authorisation and monitoring process** by December 2012.
6. The authorisation and monitoring process will be vital for influencing the performance of the school, and ultimately student learning as it will determine the criteria for:
  - Who can become a sponsor (e.g. what level of educational experience is desirable?)
  - Designing a contract that incentivises student achievement (but does not hinder the charter school's ability to be flexible), and

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- Ensuring the terms of the contract are met, and taking actions where they are not.
7. *You may wish to discuss the possible design features for the authorisation and monitoring process and how the Working Group intends to approach the development of this advice.*

Consultation

8. As part of developing the model, the Working Group has consulted with representatives from the education and other interested sectors.
9. *You may wish to discuss how the Working Group's engagement with the sector has informed its advice on charter schools, and how she plans to engage with the sector on the design of the authorisation and monitoring process.*

Withheld under s9(2)(g)(i)

**Barbara Annesley**, Senior Analyst, Education & Skills, 917 6243

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**From:** *Withheld under s9(2)(g)(i)*  
**Sent:** Thursday, 26 July 2012 10:15 a.m.  
**To:** Andy Jackson  
**Cc:** Barbara Annesley  
**Subject:** Pre Cab briefing - Charter schools

Hi Andy,

**The paper seeks Cabinet's agreement to the legislative changes required to implement a NZ model of Charter School.**

We have briefed the Minister of Finance on this paper: [Developing and Implementing a New Zealand Model of Charter School \(Treasury:2402394\)](#) [Add to worklist](#) and he has engaged on our briefing (asking us follow up questions that we have answered).

*Note:*

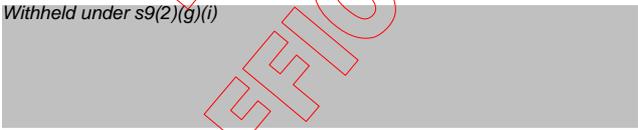
- The paper contained a split recommendation on whether charter schools should be required to employ 100% registered teachers (as is the case in both state and private schools) [Ministry of Education's preferred option] or whether the Crown should negotiate the percentage of registered teachers that it wishes to employ as part of the charter schools contract [Hon Banks' preferred option].
- Our TR recommended that the Minister of Finance support the Ministry of Education's preferred option.
- SOC went with Hon Banks' option.
- The next stage in the process is for the Minister Banks to report back to SOC in December on an **authorisation and monitoring process**. We think a sound authorisation process, focused on the charter school demonstrating it can attract high quality teaching professionals, should mitigate some of the risks of not hiring 100% registered teachers.

**We recommend that the Minister of Finance support the recommendations agreed at SOC.**

**No fiscal implications.**

Cheers,

*Withheld under s9(2)(g)(i)*



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**From:** *Withheld under s9(2)(g)(i)*  
**Sent:** Friday, 21 September 2012 1:21 p.m.  
**To:** ^SSC: Paul Jones  
**Cc:** Barbara Annesley  
**Subject:** MoF's UK trip - academies/free schools

Gday Paul,

I understand AC has requested a couple of bullets ahead of the Central Agencies' CE meeting next week, looking for examples of innovation in the UK for discussion during his trip.

Here are some on academies/free schools:

- The UK Government has adopted policies to give schools greater freedom to innovate and raise standards over the last ten or so years. It implemented an Academy schools programme in 2000 and in 2011, introduced further flexibility through the establishment of 'free schools'. There are some subtle differences between academies and free schools, but essentially they are state-funded schools free from many of the regulations normal state-schools face - e.g. employing registered teachers, local-authority control, etc.
- UK legislation allows all existing state schools to become academies and free schools. Over the past couple of years the requirements for the establishment of academies have undergone substantial revision, and the number of schools converting to academy status has grown significantly.
- The Minister could discuss what lessons the NZ Government's partnership/kura hourua programme (similar to the academies/free schools concept) could learn from the UK. Specific questions could include:
  - What best-practice lessons could NZ learn from the Academies programme?
  - How to effectively scale up the initiative from an initial pilot phase?
  - What has the impact of the academies and free schools initiative been on education outcomes, particularly for students from disadvantaged communities?
  - Have there been large fiscal costs associated with the academies and free schools policy, and how do these weigh up against the benefits?

Let me know whether any further information is required.

Cheers,

*Withheld under s9(2)(g)(i)*

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**Treasury Report:** Follow up from Structural Reform Discussion

<b>Date:</b>	25 September 2012	<b>Report No.:</b>	T2012/2261
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**Action Sought**

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Bill English)	<b>Indicate</b> whether you would like further advice on any of the options for structural reform outlined in this report	None

**Contact for Telephone Discussion** (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Chris Nees	Senior Analyst, EPOC	04 917 6019 (wk)	[Withheld under s9(2)(a)] ✓
Mario Di Maio	Principal Advisor, EPOC	04 917 6154 (wk)	

**Actions for the Minister's Office Staff** (if required)

<b>Return</b> the signed report to Treasury.
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**Enclosure:** No

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Treasury first-best recommendations (not on Government agenda)	Smaller scale policy options	Next opportunity for engagement/advice	Commission broader advice?
<p><i>Not relevant to request</i></p>			
<p><b>Improve education for low socio-economic school students:</b> Provide financial incentives for the best teachers to work at poor performing schools and central leadership to implement evidence-based small-group remedial programmes.</p>	<p><i>Not relevant to request</i></p> <ul style="list-style-type: none"> <li>• Charter schools focusing on areas of poor performance.</li> </ul>	<p><b>Range of work planned:</b></p> <ul style="list-style-type: none"> <li>• We will advise you on the authorisation process and monitoring of charter schools, when the Associate Minister of Education reports back to SOC in December.</li> </ul> <p><i>Not relevant to request</i></p>	<p>Planned advice noted here is likely to be sufficient.</p>

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**Education – FEC, 14 November 2012**

*Not relevant to request*



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Not relevant to request

**Did Treasury advise that charter schools should form part of the Government's policy agenda for schools?**

- No. Treasury did not propose that the government establish charter schools.
- Since the Confidence and Supply agreement between the Act and National parties was agreed, the Treasury has provided advice to the Minister of Finance about how to implement this policy in a New Zealand context.
- Charter schools are an opportunity (amongst others) to trial different approaches to achieving better outcomes for students.

*Background*

- Treasury's 2011/12 annual report noted "We're seeking to lift New Zealand's youth achievement and our analysis and evidence supported development of the Government's policy agenda for schools".
- The National/ACT Confidence and Supply Agreement announced that New Zealand would pilot a small number of charter schools (now known as partnership schools/kura hourua). Treasury was not aware that these would form part of the Government's post election agenda until this point.
- *Withheld under s9(2)(g)(i)*

Not relevant to request

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*Not relevant to request*



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