

report

Ministry of Education Annual Report

2009

For the year ended 30 June 2009

Presented to the House of Representatives pursuant to section 44(1) of the Public Finance Act 1989.

New Zealand Government

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report

Ministry of Education
Annual Report
Te Tāhuhu o Te Mātauranga

2009

For the year ended 30 June 2009

Presented to the House of Representatives pursuant to section 44(1) of the Public Finance Act 1989.

Foreword from the Secretary for Education

Kimihia te mātauranga
Ēngari, kaua e wareware ki te mātauranga a ngā tipuna

Seek after knowledge
But don't forget the knowledge of our ancestors

The 2008/09 year brought new challenges and new priorities for the Ministry of Education. The economic recession required us to achieve greater efficiencies and to continue to get better value for money for every education dollar spent. This required us to identify where we could make savings across our existing resources to support the Government's priorities.

We started a comprehensive review of our policies and service delivery, to ensure we are focusing our funding and resources on initiatives that evidence shows make the greatest difference to education outcomes.

Strong foundations in literacy and numeracy for all students are essential if we are to improve education outcomes. A significant project for the Ministry in the past year has been the design and development of National Standards in literacy and numeracy for all children in years 1 to 8 in English medium and Māori medium schools. These standards will clarify for boards, principals, teachers and parents what students should achieve and by when so that we will know what progress students are making and what additional support may be required.

The 2008/09 year has seen us further strengthen our focus on one of the education system's ongoing and major challenges: its failure to perform as well for Māori students as for other students. Our Māori education strategy, Ka Hikitia – Managing for Success is an action plan for the whole education sector to transform the system's performance for Māori. Implementing Ka Hikitia – Managing for Success has been a focus across all areas of work in the Ministry during 2008/09.

We will continue to develop and use evidence of what we know works for Māori students to ensure each of them has the opportunity to reach their full potential, and enjoy education success as Māori.

We have also focused on raising the achievement of Pasifika students, and during 2008/09, we revised and strengthened the Pasifika Education Plan.

The New Zealand Disability Strategy provided our platform for ensuring that students with disabilities or special education needs have the support and opportunities they need to achieve their potential.

In 2008/09, the Ministry developed a number of long-term work programmes to strengthen the overall quality and relevance of education provision. These included programmes to increase participation in high-quality early childhood education; support for schools as they prepare to implement the New Zealand Curriculum and Te Marautanga o Aotearoa in 2010; and improvements to NCEA, the National Certificate of Educational Achievement. The Ministry also planned and led the Taumata Whanonga, a Behaviour Summit focused on reducing disruptive and challenging behaviour in schools.

In these changing global economic times, the development of relevant qualifications and skills to meet the needs of the labour market is critical. During the term of this annual report the Ministry developed policies to strengthen the alignment between secondary and tertiary education. This work will lead to the establishment of at least five Trades Academies in 2011 and the implementation of the Youth Guarantee.

In the tertiary sector we carried out extensive policy work and research to enhance the responsiveness, effectiveness and efficiency of the tertiary system as well as developing a new Tertiary Education Strategy. High quality tertiary education in New Zealand and smart engagement internationally will strengthen the contribution that education makes to the achievement of the Government's economic and social goals.

A world-leading education system is the foundation for a productive and growing economy that provides greater prosperity, security and opportunity for all New Zealanders. Our vision is to maintain and strengthen our world leading education system and to equip every New Zealander with the knowledge, skills and values to be successful citizens in the 21st-century.

Karen Sewell
Secretary for Education

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Our progress
one



Introduction

What we do

The Ministry of Education is the Government's lead advisor on the New Zealand education system, shaping the direction for sector agencies and providers. We support the early childhood, schooling and tertiary education sectors by:

- ▲ developing strategic policy, providing leadership, and delivering services to the education sector including education research, analysis and monitoring
- ▲ working with other sector and government agencies and contributing to cross-sector work programmes
- ▲ monitoring and supporting education Crown entities
- ▲ ensuring that education providers have the resources and support they need to deliver services to students
- ▲ supporting teachers and principals in their professional leadership, learning and teaching
- ▲ providing education programmes, information and support to parents, iwi, Pasifika and community groups
- ▲ managing all education property owned by the Crown, including building new schools, and upgrading and improving existing property
- ▲ delivering interventions, policies, resources and services to target groups or individuals who need additional support (including young people with special education, developmental or learning needs).

The Ministry administers education legislation, exercises discretionary powers and manages the non-departmental appropriations in Vote Education. The Ministry's role in this area is primarily the disbursement of funding to providers of education services (including teachers' salaries), purchasing services on behalf of the Crown and monitoring those arrangements, and providing ownership advice in respect of education Crown entities. In 2008/09, Parliament appropriated \$11,222 million to the Ministry for the purposes of Vote Education. The Minister of Education is the Responsible Minister.

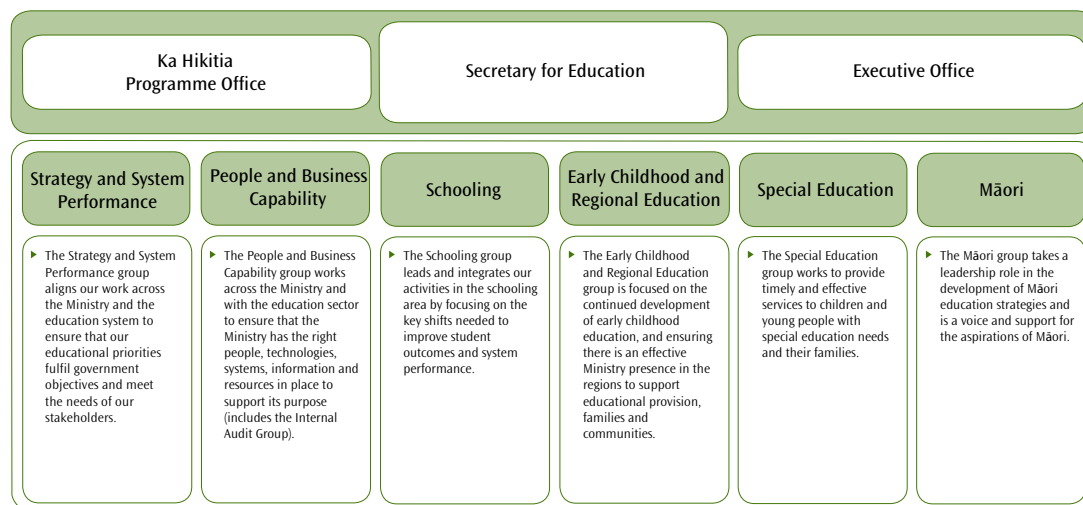
The Ministry supports the Minister for Tertiary Education in purchasing tertiary education. The Ministry focuses on leadership and governance, and the monitoring and evaluation of the sector. Education Crown entities, primarily the Tertiary Education Commission (TEC) and the New Zealand Qualifications Authority (NZQA), have a more direct interface with the tertiary education sector. Of the total Vote Education, \$2,913 million relates to tertiary and international education.

Staff information

On 30 June 2009:

- ▲ we had 3,411 employees (2,530.33 full-time equivalents)
- ▲ we were located in 51 sites around New Zealand
- ▲ we employed 2,773 women and 638 men
- ▲ the average age of our staff was 45.2 years
- ▲ staff members were employed for an average of 6.4 years
- ▲ staff turnover was 13.4 per cent in 2008/09.

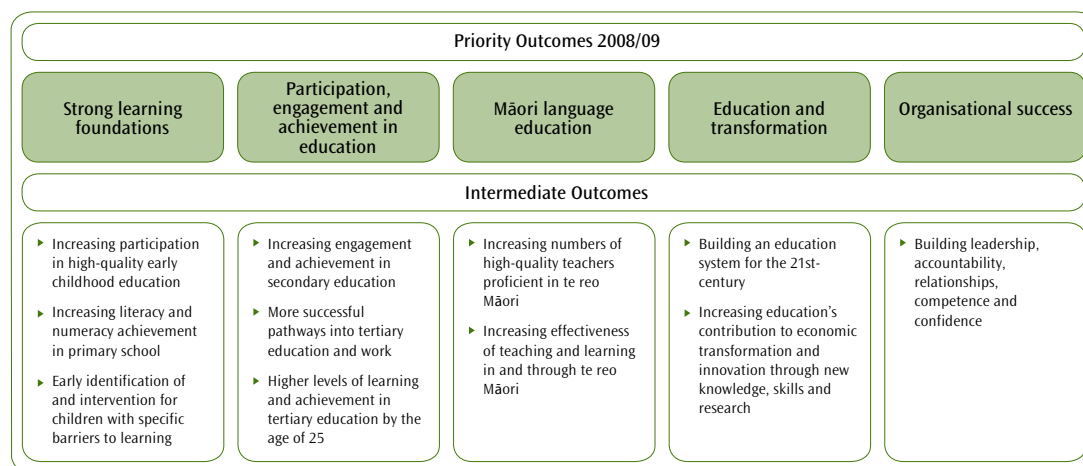
Ministry structure



Our strategic direction

The Ministry has the lead role in ensuring that the education system enables educational success for every learner. We use a number of direct and indirect approaches to achieve this, including our leadership role in the education sector; direct delivery of education services; and monitoring system performance and change.

The Ministry's strategic direction in 2008/09 focused on areas where evidence and research showed the need for improvement in the education system. To address this need, the Ministry determined five priority outcomes as the focus for effort, resources and expenditure. These are outlined in the diagram below.



This Annual Report describes our progress towards meeting these outcomes during 2008/09.

The year in summary

2008/2009 brought with it new opportunities and challenges for the Ministry. The new Government included a number of goals for education in its '100-day Action Plan' and the Ministry helped deliver on these goals, including making changes to early childhood education (ECE) regulations, amendments to the Education Act 1989 to allow for the setting of National Standards, increased capital investment in school property, and supporting the voluntary bonding scheme.

The economic situation meant changes for the Ministry and our work. The downturn in the economy resulted in a shift in focus and a need to find different ways of doing things, with a focus on achieving greater efficiency and value for money in everything we do. The Ministry undertook a baseline review, looking at the departmental spending within the Ministry, and identified a number of areas for reprioritisation of funding through a government-requested line-by-line review of our departmental and non-departmental expenditure, undertaken in January 2009. Areas for reprioritisation were announced in Budget 2009, alongside some new funding in a number of key areas to support the Government's priorities of increasing literacy and numeracy achievement in schools and ensuring that more young people leave education with worthwhile qualifications.

To ensure that the education system is meeting the needs, aspirations and expectations of Māori, the Ministry has developed Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012. This is a broad-reaching five-year strategy aiming to transform and change the education sector, to lift Māori educational achievement and to ensure Māori are able to enjoy education success as Māori.

Since its launch in 2008 there has been widespread acceptance of Ka Hikitia – Managing for Success as the overarching strategy to guide Māori education policy within and across the education system and other government agencies. Ka Hikitia – Managing for Success underpinned the Ministry's priorities in 2008/09, ensuring that Māori education success was considered in all Ministry business plans, work programmes, and policy documents.

Progress made in the past year includes:

Implementation of the New Zealand Curriculum

The new curriculum for schools was launched in November 2007 and sets the direction for teaching and learning in the 21st-century. The focus in 2008/09 was on implementing the curriculum in schools in preparation for it becoming mandatory in February 2010. This included the provision of professional development programmes and resource packs, the development of the Senior Teaching and Learning Guidelines and the creation of a new website to aid teachers in innovative curriculum design.

Development of National Standards

The National Standards will set clear, consistent expectations for learning in literacy and numeracy at each year level from years 1 to 8. Teachers will use a range of assessment tools to assess achievement against the National Standards, and will report regularly to parents in plain language. A key aim is to ensure that students who are having trouble meeting the National Standards are identified early and given the help they need to catch up.

The Ministry consulted widely on National Standards with parents, families and whānau, and the education sector during May and June 2009. More than 4,000 people attended 42 school sector meetings and 2,150 parents, families and whānau were involved in face-to-face discussions. Feedback from the meetings was analysed by the Ministry, and the New Zealand Council for Educational Research was commissioned to analyse nearly 5,000 feedback forms and submissions.

Feedback from the consultation has informed further development of the National Standards, shaped the implementation planning and contributed to decisions about plain language reporting to parents, in preparation for implementation in 2010.

Lift in school leavers with qualifications (Level 2 NCEA)

Since the introduction of the National Certificate of Educational Achievement (NCEA) in 2002 there has been an increase across all ethnic groups in the number of students leaving school with NCEA Level 2 or above. Ongoing improvements to the system by the Ministry, in conjunction with NZQA, aimed at increasing understanding of NCEA, building confidence and credibility in the system, motivating students to do their best, and supporting teachers, have seen further positive results in our recent school leaver indicator data in 2008/09.

Te Marautanga o Aotearoa

Launched in September 2008, Te Marautanga o Aotearoa is New Zealand's first curriculum to be developed and written in te reo Māori, and made New Zealand the first country in the world to implement a national school curriculum in two languages that are not simply direct translations of each other. Implementation has begun in Māori medium schools and settings, and will continue until December 2010.

20 Hours ECE

The Ministry provided subsidised ECE services to over 90,000 three- and four-year-old children in 2008/09. This funding was provided by over 80 per cent of all eligible service providers. Progress included:

- ▲ increasing the take-up of subsidised ECE services, reducing cost to parents
- ▲ maintaining the affordability of ECE outside the 20 Hours ECE programme by adjusting subsidies
- ▲ increasing the number of qualified ECE teachers, to help raise the quality of the services provided.

Special education

In 2008/09 the Ministry provided specialist education services to more than 30,000 children and young people with barriers to learning, as well as funding schools to support the 40,000 – 60,000 children with more moderate needs. Progress during the year included:

- ▲ delivering 244,000 hours of special education Early Intervention services to a total of 12,244 students
- ▲ increasing access to Early Intervention services for Māori children and Pasifika children in regions that currently have low take-up levels
- ▲ implementing the B4 School Checks programme – providing comprehensive health checks to children aged three and four
- ▲ the development and rollout of Te Hikoitanga – a cultural responsiveness plan to help Ministry specialist staff deliver services to Māori children and their whānau
- ▲ the delivery of Severe Behaviour Services – providing advice and specialist support to 4,500 children and young people with the most severe behaviour difficulties.

Tertiary education

The Ministry carried out significant policy development and provided advice to support the new Government's directions for tertiary education, including the introduction of the Youth Guarantee.

Replacement of schools payroll

The Ministry entered into a contract with an external provider in October 2008, for the development of a new payroll system for school staff to deliver greater efficiencies, reduce technical risk, and provide schools with a future-proofed service.

The new payroll service will be implemented in 2010 and is currently the largest payroll system in New Zealand, administering services to more than 110,000 school staff in the education sector.

It will include a new service desk, pay clerking service, technology systems and management processes. School staff will be trained on the new system and provided with ongoing support.

Measuring our performance

The Ministry was guided in how best to ensure educational achievement for every student by:

- ▲ using new and emerging data and evidence: national and international studies such as the Programme for International Student Assessment (PISA), the Progress in International Reading Literacy Studies (PIRLS) and the National Education Monitoring Project (NEMP), and research such as Best Evidence Synthesis (BES)
- ▲ building and using an evidence base of best practice models for our specialist services such as Early Intervention, speech language therapy and behaviour reviews
- ▲ learning from successful programmes that have been shown to have a positive impact on education outcomes: Te Kotahitanga, Assess-to-Learn, the Literacy Professional Development Project and Numeracy projects, and the Student Engagement Initiative
- ▲ using existing frameworks and strategies: Ka Hikitia – Managing for Success, the Pasifika Education Plan, and the New Zealand Disability Strategy.

The Ministry has a number of system-level indicators to help track progress for the priority outcomes in the long term. Some of these indicators are only updated on a four- or five-year cycle but provide a useful picture of how New Zealand students compare internationally.

Due to data collection timing, some of the data presented in this Annual Report relates to previous years. The most recent data is used wherever available.

Strong learning foundations

The early years of a child's education make a significant difference to the way they develop and learn throughout their lives. Children who develop key competencies early are more likely to become confident and competent learners.

The Ministry set a priority outcome in 2008/09 to ensure that:

All children develop strong learning foundations

Strong learning foundations snapshot

On 1 July 2008 there were:

- ▲ 176,993 enrolments in licensed ECE services (5,855 more than in 2007). This is an increase of 3.4 per cent
- ▲ over 13 per cent (1,197) more qualified ECE teachers (total 10,305) working in teacher-led ECE centres than at 1 July 2007. This represented 61.1 per cent of the total staff
- ▲ 3.5 per cent (131) more licensed and/or chartered services (total 3,881) than at 1 July 2007
- ▲ over 5 per cent (39) more licence-exempt ECE groups (total 768) than at 1 July 2007
- ▲ 477,901 year 1 to 8 primary students enrolled in school
- ▲ 2,081 primary schools (including 47 special schools), 98 per cent of which were state or state integrated schools
- ▲ 44 kura kaupapa Māori.

Early childhood education

What we set out to achieve

Increasing participation in high-quality ECE, particularly for Māori children, Pasifika children and children with specific barriers to learning.

Achieving earlier identification of and intervention for children with specific barriers to learning.

Increasing uptake of subsidised ECE.

Providing tools and support to teachers and services to enable them to identify children with specific barriers to learning earlier.

Developing locally-based strategies in areas such as South Auckland where participation is disproportionately low.

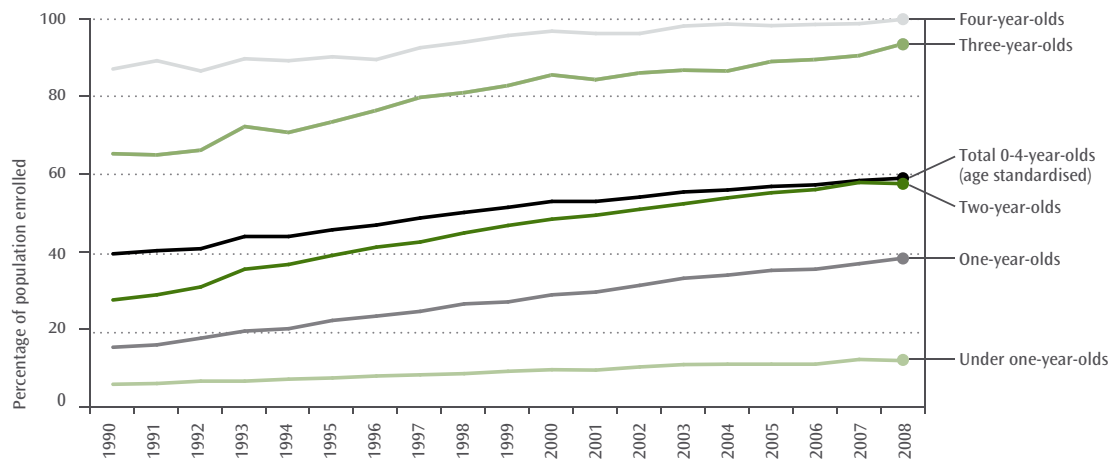
What our indicators tell us

In New Zealand, participation in ECE has been steadily increasing since the early 1990s, with an average overall increase of 49 per cent to 2008. Most primary school entrants (94.7 per cent) in 2008 had participated in ECE services prior to starting school.

The growth in ECE participation has been mainly evident in the three-year-old and under age groups, as more working parents have used ECE as an option for childcare.

However, while the number of children enrolled in ECE has increased each year, the growth has been levelling out over the past five years.

Apparent enrolment rates in ECE for licensed services, by age (1990 to 2008)¹

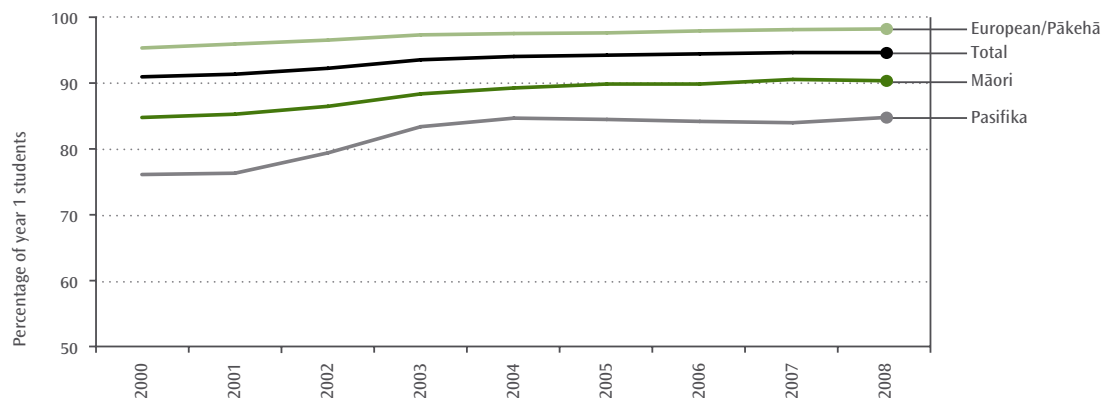


Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

While 94.7 per cent of the total new school entrants in 2008 had attended ECE prior to starting school, the percentage of Māori children, Pasifika children and children from low socio-economic areas attending ECE was considerably lower.

In 2008, 98.3 per cent of European/Pākehā children attended an ECE service prior to starting school, compared with 90.4 per cent of Māori children and 84.8 per cent of Pasifika children. The trends and plateau in the participation rates is matched across all ethnicities, and we have not yet managed to bridge the gap between the participation rates of European/Pākehā children and the significantly lower rates found for Māori children and for Pasifika children.

Percentage of year 1 students who attended ECE services, by ethnic group (2000 to 2008)



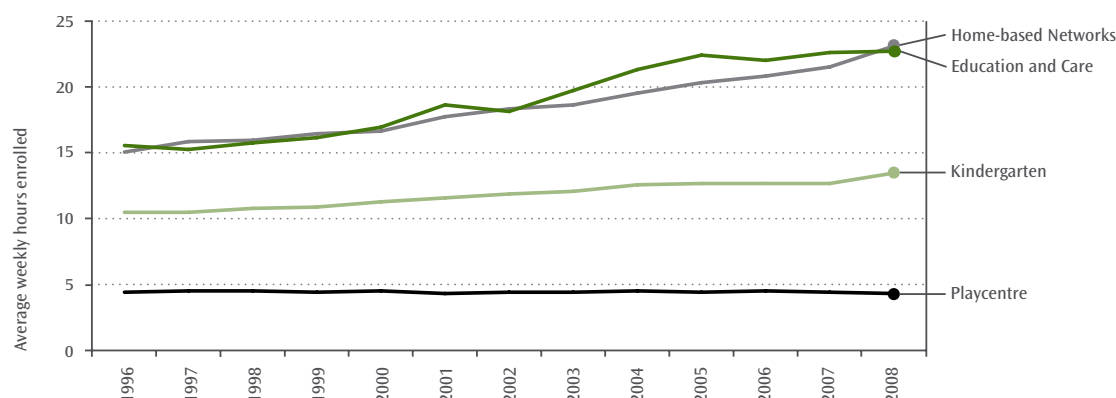
Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

Research suggests that children attending over six hours of high quality ECE per week tend to have better outcomes during their future education.

In 2008, 83.6 per cent of New Zealand children enrolled in an ECE service attended for at least six hours a week, with more than half of all enrolled children attending between six and 24 hours. Children attending home-based networks and education and care facilities had the highest average weekly attendance. Playcentre participation has remained steady at just over four hours per week.

¹ Apparent participation rates are calculated using the total number of children enrolled in licensed ECE services divided by the total population for each age group. Note that because children can enrol at more than one ECE service, double counting will occur.

Average weekly hours attended by children at licensed ECE services, by type of service (1996 to 2008)



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

Our progress

ECE participation and quality

In line with the Ministry's strategic plan for ECE, we have been focusing on implementing policy to lift the quality of ECE, increase participation, and promote collaboration between families and ECE services. Over recent years we have seen:

- ▲ increased take-up of subsidised ECE services reducing cost to parents (20 Hours ECE)
- ▲ affordability of ECE outside of the 20 Hours ECE programme maintained through adjusted subsidies
- ▲ increased numbers of qualified ECE teachers to help raise the quality of the services provided.

From 1 July 2007, an ECE subsidy (20 Hours ECE) was introduced for all teacher-led ECE services, allowing three- and four-year-old children to receive up to 20 hours of ECE per week with no compulsory fees. There were over 90,000 enrolments in the 20 Hours ECE programme as at May 2009 and over 80 per cent of all eligible service providers offered this increased subsidy.

Strategies were implemented in 2008/09 to address the lower uptake of 20 Hours ECE in certain parts of the country, particularly in Mangere, Papatoetoe, Manurewa, Otara and Tamaki-Maungakiekie in the Auckland region.

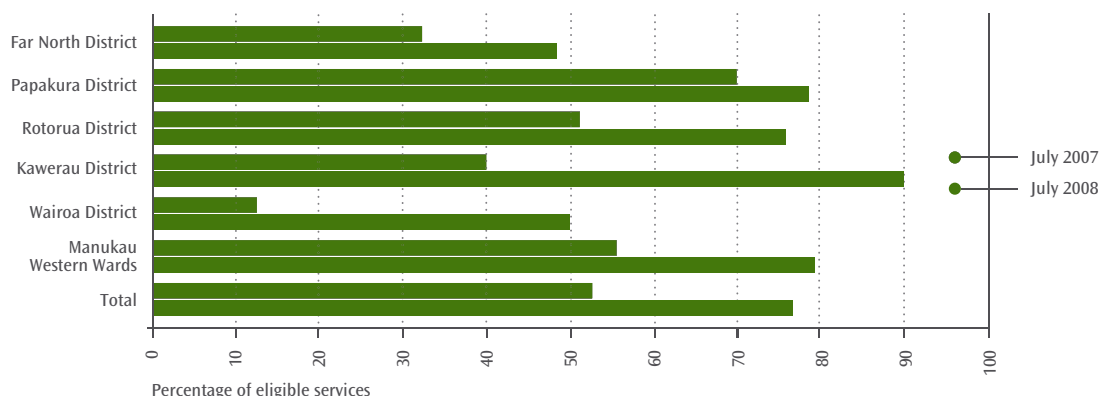
Forty-four clinics were held supporting 72 providers (20 of which were Pasifika services). The clinics worked with providers, families and whānau and communities in areas with low participation rates to increase participation in ECE by:

- ▲ improving interactions and engagement between parents and providers
- ▲ increasing the responsiveness of services to local communities
- ▲ promoting community support of the administration and management of services
- ▲ increasing the supply of teachers in hard-to-staff areas.

Continuing support is being provided to clinic participants.

These efforts have seen significant increases in services using the 20 Hours ECE programme, as shown in the following graph.

Proportion of eligible services in selected districts offering 20 Hours ECE



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

To increase or retain places in ECE services in areas where participation was low, where there was a shortage of available places, or where significant population growth was projected, the Ministry uses the Discretionary Grants Scheme (DGS) to provide capital funding to build new services.

The DGS had approximately \$16 million available during 2008/09. Approximately \$15 million was allocated to 19 capital grants for building new ECE services and 12 planning grants for the planning of new ECE services. Approximately \$1 million was used to provide assistance for health and safety projects and to top up existing DGS capital grants.

Initiatives focused on increasing the supply of qualified and registered ECE teachers continued in 2008/09. This included offering scholarships and grants to attract people into ECE teacher education training, and adjusting funding rates to recognise the higher cost of employing qualified and registered teachers.

There is growing recognition of the benefit of teachers and parents working together to identify learning goals and teaching strategies for each child. ECE services have been using a range of ways to involve and engage parents in their children's learning. This included:

- ▲ parents contributing to the assessment of their children through written entries in children's records
- ▲ sharing information with teachers through individual meetings and informal conversations
- ▲ daily notebooks for sharing information about infants' routines, including feeding and sleeping
- ▲ parent education evenings
- ▲ parent involvement in reviewing the charter, policies or aspects of the programme or environment.

In November 2008, the Ministry began a review of the Education ECE Regulations 2008 to ensure that the regulations were not placing unnecessary compliance burdens on, or compromising the quality of, ECE services.

This included working with parent focus groups, establishing a sector working group, and developing an ongoing work programme to reduce bureaucracy for ECE services. In addition, interim regulatory changes were developed while a review of the 2008 regulatory framework was carried out. The Ministry will continue to monitor the effectiveness of ECE regulations in order to identify and remove requirements that are unnecessary, ineffective or excessively costly.

Our next steps

Over the last few years there has been growth in both the numbers of children participating in ECE and the hours of participation. There has been an increase in the number of ECE staff with teacher qualifications, and subsidies provided to the cost of ECE to reduce the financial burden on families.

However, the participation rates in ECE are beginning to plateau, and while the numbers of Māori, Pasifika and children from low socio-economic backgrounds participating in ECE have continued to increase, participation rates for these groups have not increased in line with population growth.

In response, we are investigating opportunities to better target our participation initiatives at groups with low participation rates and to improve the effectiveness of those initiatives.

Additional funding was secured during Budget 2009 to extend 20 Hours ECE to playcentres, kōhanga reo, and five-year-olds, and to lift the six-hour cap, in line with the Government's commitments to continue boosting participation rates.

Population growth in South Auckland and constrained availability of ECE provision, combined with the effect of the recession, may impact on families' ability and desire to participate in ECE. Interventions currently being scoped will consider these factors and attempt to mitigate them where possible. Ensuring ECE services are viable and responsive to communities will continue to be a challenge in low socio-economic communities.

Primary school

What we set out to achieve

Increasing literacy and numeracy achievement in primary school.

Making greater use of our regional network to support schools to gather, analyse and use literacy and numeracy achievement data.

Increasing the levels of literacy and numeracy of Māori children and Pasifika children to equivalent levels among other children.

Providing tools and support to teachers and services to enable them to identify children with specific barriers to learning earlier.

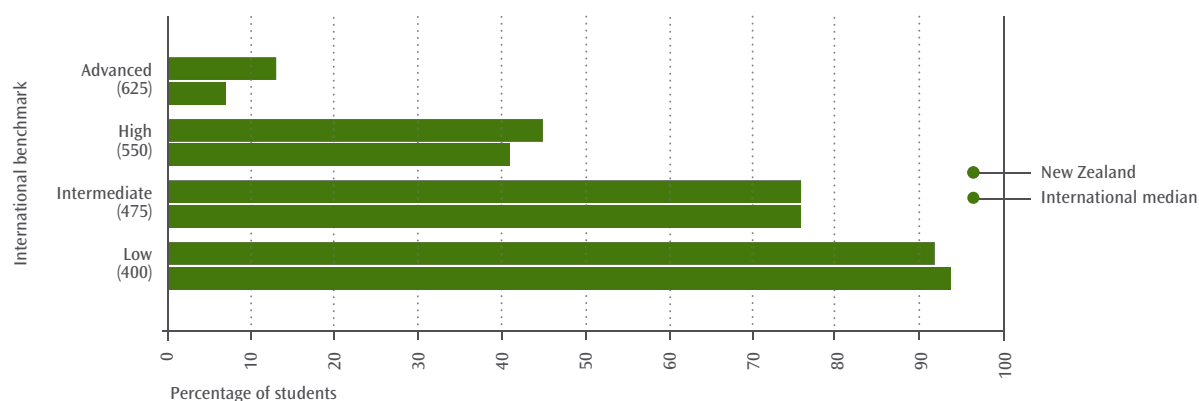
What our indicators tell us

Developing strong literacy and numeracy skills during primary school provides the foundation for continuing learning across the curriculum.

The mean reading literacy score for New Zealand year 5 students in the Progress in International Reading Literacy Study (PIRLS) 2005/06 was significantly higher than the international PIRLS scale mean. New Zealand's overall mean reading score was 532, compared with the PIRLS international mean score of 500. New Zealand year 5 students achieved, on average, scores significantly above the international mean for the 40 countries that took part in PIRLS-2005/06.

While approximately 13 per cent of New Zealand students achieved scores above 625 (Advanced International Benchmark) in 2005/06, 8 per cent of students did not reach the Low International Benchmark of 400. The spread between the highest- and lowest-performing students in New Zealand was large in comparison with other high-achieving countries.

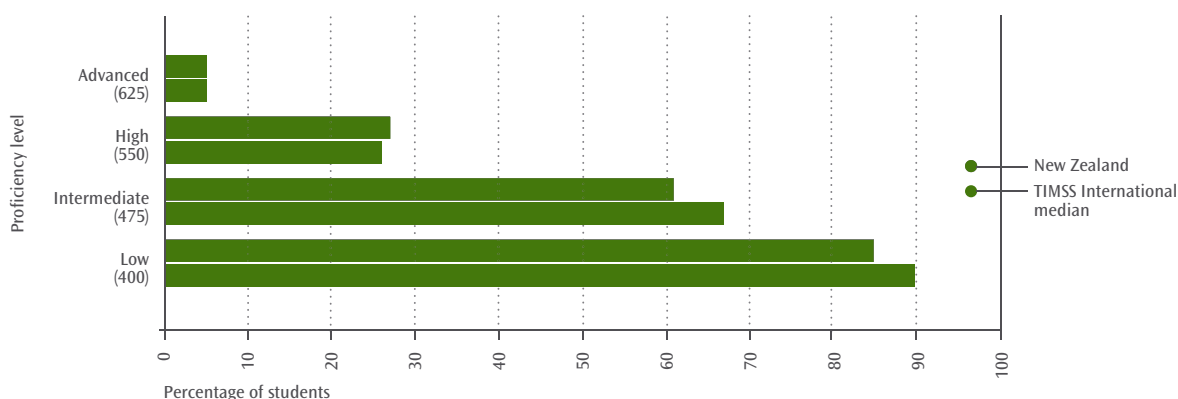
Percentage of New Zealand year 5 students reaching the PIRLS-2005/06 international benchmarks



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

In numeracy, there has been a slight reduction in New Zealand year 5 students' mathematics performance over the period 2002 to 2006. In the Trends in International Mathematics and Science Study (TIMSS) 2006 the overall mean mathematics score for New Zealand year 5 students was 492, down from 496 in 2002. This is slightly lower than the international average of 500.

Percentage of New Zealand year 5 students reaching the TIMSS mathematics benchmarks (2006)



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

A disproportionate number of Māori children, Pasifika children, and children from poorer communities are not developing the required literacy and numeracy skills in line with their peers.

In PIRLS-2005/06 3 per cent of Asian students and 4 per cent of European/Pākehā students failed to reach the Low International Benchmark (i.e. scored below 400) compared with 18 per cent of Māori students and 16 per cent of Pasifika students.

In TIMSS 2006, the average scores for European/Pākehā students (510) were significantly higher than Māori students (453) and Pasifika students (427).

Our progress

New Zealand Curriculum (NZC)

Launched in late 2007, the NZC sets the direction for teaching and learning in the 21st-century. Schools are required to base their teaching and learning programmes on the NZC from February 2010.

In 2008/09, the Ministry provided training, support and professional development programmes to schools to ensure that they effectively develop their teaching and learning programmes ready for implementation in 2010. This included conducting exploratory studies and evaluations to see how schools are creating and implementing their own curricula.

The Ministry has been developing resource packs to assist schools in their preparation for implementation of the NZC. The first packs sent to schools in 2009 reflected the themes emerging from the exploratory studies and provided additional support relating to the central role of the principal, the shifts in emphasis needed in schools to support the National Standards, and the governance role of boards of trustees.

A recent Education Review Office (ERO) report² reviewed 43 secondary schools and 141 primary and intermediate schools to determine how advanced they were in their preparation, review and design of their school curriculum in relation to the key components of vision, values, key competencies, learning areas and the NZC principles.

Most primary schools and all intermediate schools reviewed in late 2008 had either begun, or were well underway with preparations to implement the NZC. Almost half of the contributing schools were assessed as either 'well underway' or 'ready' to implement the NZC. Over 70 per cent of secondary schools had begun to review their curriculum in relation to both learning areas and principles and the majority knew what they needed to do next to prepare for implementing the NZC in 2010.

² Readiness to implement the New Zealand Curriculum, ERO (Jan 2009).

National Standards

2008/09 saw the beginning of a project to develop and implement National Standards for Literacy and Numeracy in years 1 to 8.

The National Standards will provide a nationally consistent means by which students' progress and achievement in reading, writing and maths can be considered, explained and responded to. A key aim is to ensure that students who are having trouble meeting the National Standards are identified early and given the help they need to catch up.

The progress of each student will be assessed throughout the year by teachers as part of their regular teaching programme. Assessment tools like e-asTTle, Progressive Achievement Tests (PAT), numeracy assessment tools, the Observation Survey, and the Supplementary Tests of Achievement in Reading, will continue to be used by schools to contribute to overall teacher judgements on student progress and achievement. As these tools describe student performance in differing ways, the Ministry is currently scoping work to map these assessment tools to the National Standards.

In addition, parents of children in years 1 to 8 will receive regular school reports showing how their child is progressing against the National Standards. The Ministry has developed sample reports and has been working with schools and parents to have these ready for the implementation of the National Standards in 2010.

The Ministry consulted widely on National Standards with parents, families and whānau and the education sector during May and June 2009. More than 4,000 people attended the 42 school sector meetings and 2,150 parents, families and whānau were involved in face-to-face discussions. Feedback from the meetings was analysed by the Ministry, and the New Zealand Council for Educational Research was commissioned to analyse nearly 5,000 feedback forms and submissions.

Feedback from the consultation has informed further development of the National Standards, shaped the implementation planning and contributed to decisions about plain language reporting to parents in preparation for implementation in 2010.

Schooling improvement initiatives

At 30 June 2009, the Ministry had 22 schooling improvement initiatives focused on improving reading comprehension or numeracy achievement in years 1 to 4 in low decile schools with a high proportion of Māori students or Pasifika students. Milestone reports from schools have shown that many students have been receptive to the initiatives, and that student achievement is moving upwards towards national norms. A formal evaluation of these projects is underway to identify the links to student achievement gains.

Professional development

To raise the achievement of our lower-performing students, the Ministry has provided professional development to teachers and school leaders, including the Literacy Professional Development Project (since 2004) and the Numeracy Development Project (since 2000).

The Literacy Professional Development Project focuses on improving student learning and achievement in literacy through evidence-based practice. The project also has a focus on improving teacher content knowledge and building effective professional learning communities.

The latest evaluation report shows that 127 schools have now completed two school years with the Literacy Professional Development Project, with a further 90 schools commencing in 2007. Evaluations of schools participating in the project show the following results:

- ▲ The Literacy Professional Development Project is extremely effective, particularly with those students most at risk of underachievement.
- ▲ Students' gains in reading and writing were twice those that could be expected without the intervention.
- ▲ The programme accelerated the rate of progress for the majority of the at-risk students by four times the expected gains.
- ▲ Medium decile schools made the greatest progress.
- ▲ The outcomes were particularly effective for Pasifika students. (Additional research is being conducted to determine why this has been so beneficial to Pasifika students. This will be completed by March 2011.)
- ▲ The difference in achievement levels between high and medium decile schools is reducing but the difference in achievement levels between high and low decile schools remains unchanged.
- ▲ Māori students have, in general, made significant progress, particularly in years 4 to 8.

The Numeracy Development Project findings for 2008 indicate that most of the students involved in this project have tracked at curriculum level expectations over the last seven years. Evaluations of schools participating in the project show the following results:

- ▲ Student performance is heavily influenced by teacher competence.
- ▲ Many teachers need considerable support to understand the complexities of the subject matter and be shown the best ways to help their students.
- ▲ Schools with strong internal networks and ongoing support from facilitators made more progress than others.
- ▲ There have been continued patterns of performance and progress between 2004 and 2008 in most areas.

It is expected that the positive impact of the Literacy Professional Development Project and the Numeracy Development Project on student achievement will be reflected in New Zealand students' results in the upcoming PIRLS-2010/2011 and TIMSS 2010/2011 international studies.

School-parent relationships

Evidence shows that strong partnerships between schools and parents, families and whānau can produce better results for students. The more meaningful and respectful the relationship, the better the child is likely to do at school and in their future life.

There are a number of Ministry-sponsored programmes underway that aim to build strong school-parent partnerships. These include:

- ▲ *The Reading Together programme* – to help parents, families and whānau support their children's reading at home. The programme is currently operating in several schools and kura in Rotorua to gather evidence on how schools and whānau can work together to effectively help children with their reading. Preliminary evaluations show the programme to be highly effective, with increased reading within families and whānau reported across the participating schools
- ▲ *The Pasifika Schools Community Parent Liaison Project* – a project that supports schools to improve Pasifika students' reading and writing through relationships with Pasifika parents and communities. Schools in Auckland, Wellington, Tokoroa and Christchurch have participated in this project to date, with evidence of improved interactions between teachers and Pasifika parents and communities
- ▲ *The Incredible Years Parent programme* – an evidence-based programme provided to parents to reduce children's aggression and behaviour problems, and increase social competence at home and at school. In the 2008/09 year about 1,000 families had access to the Incredible Years Parent programme. A pilot evaluation based on approximately 120 parent participants found significant improvement in children's behaviour after their family and whānau attended the course
- ▲ *The Home School Partnership programme* – a series of workshops covering how parents support their children with reading, writing and maths at home. Over 100 primary and intermediate schools have used the programme since 2001 and evaluations show that the programme has the potential to form effective multicultural partnerships with schools. The majority of participating schools (85 per cent) were positive about the partnerships established with parents and whānau through the programme and approximately 75 per cent of the surveyed schools reported that the programme had a positive impact on students' engagement, attitudes, confidence and literacy achievement.

Our next steps

In the early years of school most New Zealand children are performing well by international standards and consistent improvements have continued over time. However, a proportion of children are persistently underserved by the school system.

The introduction of the NZC and establishment of National Standards provide an opportunity to lift performance overall, and in particular, performance of those currently not doing well. The analysis of student achievement data and information, and improved relationships with parents, will enable teachers to better respond to the learning needs of their students.

A key challenge for the Ministry in 2009/10 will be the implementation of the NZC and the National Standards in schools. Successful implementation and alignment between the National Standards, the NZC and the effective use of assessment tools will see better supported teaching, learning and understanding of required achievement levels in schools.

Positive results should be reflected in the international studies PIRLS and TIMSS in 2015/16, as we are seeing in secondary schooling following the implementation of NCEA.

Special education

The Ministry works to ensure that all children have access to high quality education and the opportunity to achieve to their full potential. For children and young people with special education needs or disabilities, the role of the Ministry is to ensure that they have the same access to education as any other child. This role manifests in a number of different ways, such as the provision of direct services to children to support their access to and participation in education, providing advice and support to parents and providing professional advice to teachers on how to provide effective teaching and learning to students with a range of physical, behavioural and mental needs.

In 2008/09 the Ministry provided specialist education services to more than 30,000 children and young people with special education needs, as well as funding schools to support the 40,000 – 60,000 children with more moderate needs.

The Ministry had more than 2,000 staff working around New Zealand, including approximately 1,850 frontline specialist field staff and part-time support workers, working with and for children with special education needs and their families. They included psychologists, speech-language therapists, physiotherapists, occupational therapists, early intervention teachers, advisors on deaf children, and special education advisors. Teams based in national office include professional practice leaders, eligibility verifiers, and those working on developing and implementing policy, service development and support, and Māori service provision.

There is a strong body of research to indicate that through early identification of special education needs, and appropriate and timely intervention, we can significantly change the course of a person's life, improve their educational outcomes, and encourage success.

To support this, 2008/09 saw the start of the rollout of the joint Ministries of Health and Education B4 School Checks programme providing comprehensive checks to children aged four to five years old on hearing and vision screening, height and weight measurement, behaviour/developmental screening, oral health assessment and provision of health education, advocacy and support. This was particularly targeted at the Auckland region in areas with traditionally low special education referral rates. In the early stages of the rollout in 2008/09, the B4 School Checks programme resulted in 48 referrals to the Ministry's Early Intervention services for further support.

In 2008, the Ministry delivered over 244,000 hours of special education Early Intervention services to almost 12,500 children, supporting them from as young as birth, until they are settled in school. Services included: physical, occupational and speech language therapy; psychologist assessment and intervention; and education support worker time.

The Ministry has been developing localised solutions to increase access to Early Intervention services for Māori children in regions that currently have low take-up. This resulted in 284 new referrals for Māori children between 2007/08 and 2008/09, a 26 per cent increase.

Work to support Pasifika children and their families has also been a focus. At present, access by Pasifika children to Early Intervention services is low in comparison with other ethnicities. The Ministry has been implementing plans in Pasifika communities during 2008/09 to support the early identification of special education needs, working with ECE services, churches and community groups. This resulted in 104 new referrals for Pasifika children between 2007/08 and 2008/09, a 32 per cent increase.

In March 2009, the Ministry planned and led the Taumata Whanonga, a Behaviour Summit for more than 150 participants from across the education sector, as well as unions, government agencies, school boards, parents, police, ECE services and community organisations.

The Taumata Whanonga focused on behaviour issues in schools and ECE centres and presented research and evidence to inform priorities for teaching practice, school wide strategy and policy. The Summit was successful in discussing ways to reduce disruptive and challenging behaviour in schools, understanding how groups across the sector are approaching the issues, and ensuring agencies, services and programmes are working more coherently together and that practices are based on evidence.

The Summit identified a number of priorities for action, including improved collaboration between families, communities, government agencies and schools; faster early intervention with children in the early stages of their lives; better teacher professional development opportunities; improved outcomes for Māori students; and more support for successful evidence-based programmes such as Incredible Years.

The Ministry has been working these into a behaviour and learning action plan for the sector for rollout in 2009/10, to develop a portfolio of evidence-based intervention methods and programmes for our behaviour practitioners. This will include a focus on improving outcomes for Māori, as currently 40 per cent of severe behaviour service referrals are for Māori students.

Additional achievements in supporting children with disabilities or special education needs in 2008/09 included:

- ▲ the development and rollout of Te Hikoitanga – a cultural responsiveness plan to help Ministry specialist staff deliver more effective services to Māori children and their whānau. Early indications are that the programme has been very successful in highlighting to staff the importance of cultural responsiveness in ensuring Māori children access services
- ▲ the delivery of Severe Behaviour Services to 4,500 students. This involved the provision of advice and specialist support for students with severe behaviour difficulties and their schools, parents, caregivers and families
- ▲ the development of information on rights and obligations for schools and parents, and an escalation process for instances when those obligations are not being met
- ▲ the rollout of the second phase of the Universal Newborn Hearing Screening Programme in partnership with the Ministry of Health, supporting children who are born deaf or with significant hearing loss
- ▲ supporting the High and Complex Needs Unit – a cross-government unit that supports children, young people and their families with the highest and most complex unmet needs to access the mix and type of services that will have the most positive impact on their lives.

Our next steps

The Ministry's focus for 2009/10 in special education is to support schools and services to take responsibility for every child with special education needs, and ensure they are responsive to Māori children, Pasifika children and their families and whānau. This includes continuing to build strong partnerships with the wider education sector, iwi, families and whānau, communities and other agencies.

We will continue developing the Incredible Years Programme, the Behavior and Learning Action Plan, the B4 School Checks programme and the Newborn Hearing Screening programme, and will support the development of National Standards to ensure they are implemented in a way which assists the achievement of children with intellectual and cognitive difficulties.

Participation, engagement and achievement in education

Higher levels of education attainment for young people are associated with a range of benefits throughout life including better employment, higher income, better living and health standards and increased contribution back to their families and communities.

The Ministry set a priority outcome in 2008/09 to ensure that:

All young people participate, engage and achieve in education

Participation, engagement and achievement snapshot

On 1 July 2008 there were:

- ▲ 280,193 year 9 to 15 students enrolled in schools
- ▲ 482 secondary schools (including 146 composite schools), of which 86 per cent were state or state integrated schools
- ▲ 25 wharekura (all of which were composite).

What we set out to achieve

Increasing engagement and achievement in secondary education.

Improving pathways into further education and work.

Improving support for Māori students and Pasifika students in their education achievement particularly in years 9 and 10.

Working with secondary schools to ensure that professional teaching practice and school environments support student engagement.

What our indicators tell us

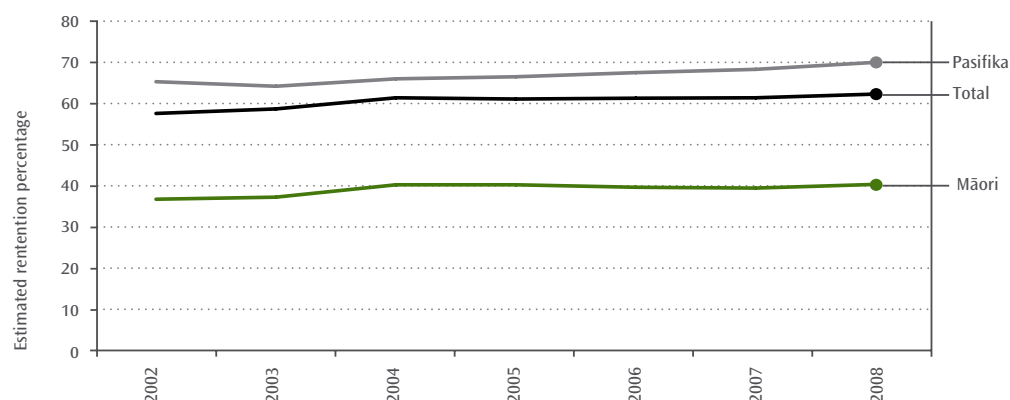
Participation

The numbers of New Zealand students remaining at school until they are 17.5 years old has been gradually increasing since 2002 (62.3 per cent of total students in 2008).

In 2008, 63.5 per cent of European/Pākehā students and 40.4 per cent of Māori students remained at school to age 17.5. This is low in comparison with Pasifika students and Asian students (70 per cent and 97.4 per cent respectively). The differences between ethnicities do not seem to have shifted over time.

New Zealand has relatively low retention rates in education and training for young people aged 15 to 19 in OECD comparisons.

Estimated percentage of students staying on at school to age 17.5, by ethnic group (2002 to 2008)

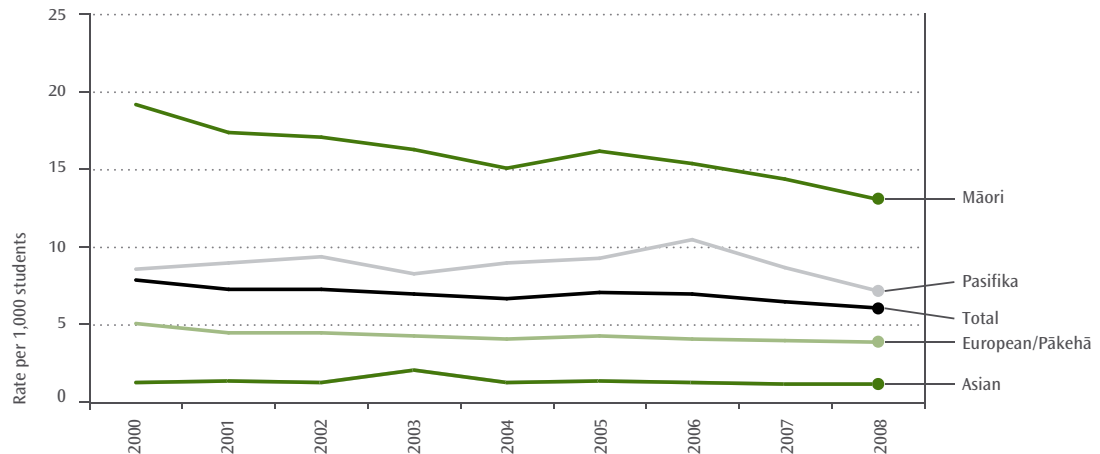


Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

The incidence of suspensions has decreased by 22 per cent over the last nine years, from an age-standardised rate of 7.9 students per 1,000 in 2000, to 6.1 students per 1,000 in 2008.

In 2008, the age-standardised suspension rate was 13.1 students per 1,000 for Māori students, 7.2 students per 1,000 for Pasifika students, and 3.9 students per 1,000 for European/Pākehā students.

Age-standardised suspension rates, by ethnic group (2000 to 2008)



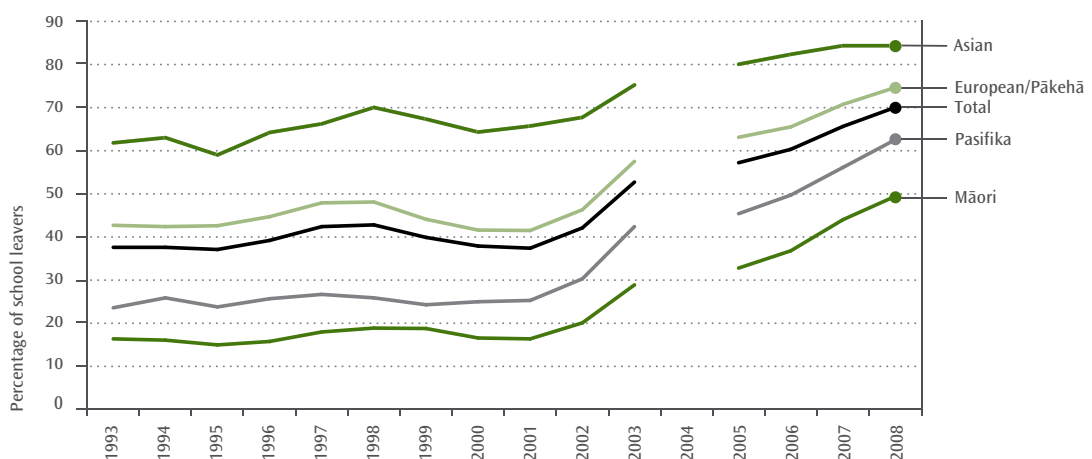
Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

Achievement

Achievement rates in secondary school have been improving since 2002, with just 6.2 per cent of all school leavers leaving school with little or no formal attainment in 2008.

In 2008, 69.9 per cent of school leavers achieved at least NCEA Level 2, a 33 per cent increase from 2003. The percentage of Asian students achieving at least NCEA Level 2 in 2008 was 84.2 per cent, with European/Pākehā at 74.5 per cent. This compares with 62.4 per cent of Pasifika students and 49.3 per cent of Māori students attaining at least NCEA Level 2.

Percentage of school leavers with an NCEA Level 2 qualification or above, by ethnic group (1993 to 2008)³

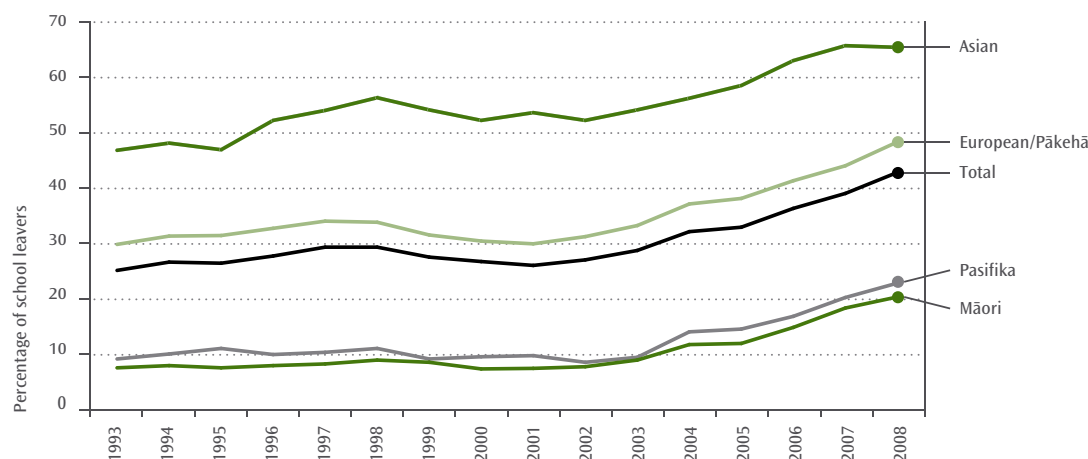


Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

³ Due to methodological changes to the way attainment levels were allocated in 2004, this year is not comparable with other years and has been excluded from the graph data.

In 2008, 42.8 per cent of school leavers achieved at least a university entrance standard that would allow them to go directly into tertiary study at degree level, a 49 per cent increase from 2003. In 2008, 65.3 per cent of Asian students, 48.3 per cent of European/Pākehā students, 22.8 per cent of Pasifika students and 20.3 per cent of Māori students attained a university entrance standard.

Percentage of school leavers eligible to attend university, by ethnic group (1993 to 2008)



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

Our progress

New Zealand Curriculum (NZC)

A key focus for 2008/09 was the implementation of the NZC in secondary schools, to set the direction for teaching and learning, and to improve student engagement and achievement.

The NZC aims to support schools to develop their individual curricula to ensure that teaching and learning programmes are clear, attuned to student needs, relevant, and support students to monitor their own progress.

To assist with the implementation of the NZC in secondary schools, the Ministry has been developing Senior Teaching and Learning Guidelines. These were designed to help bridge a perceived gap between some existing subjects and the NZC learning areas. The guidelines are aimed at supporting teachers, middle managers, and school leaders to design and develop effective teaching and learning programmes.

There are over 20 subject guidelines in development, including Business, Accounting, Economics, Geography, Media Studies, Classics, Psychology, Philosophy, Languages (seven), Agriculture and Horticulture, Science (including Chemistry, Physics and Biology), and History.

Ongoing improvements to NCEA

Since NCEA's first implementation cycle in 2003, approximately 250,000 students have studied for NCEA qualifications. Over the past five years, the proportion of students leaving school with at least NCEA Level 2 has increased significantly.

The Ministry and NZQA have been working through the recommendations from a number of reviews of NCEA conducted in 2005. Progress in 2008/09 focused on improving the design of the qualifications system and the programme coherence for students, and aligning NCEA with the NZC. This involved reviewing the NCEA standards to ensure that when the NZC is implemented in secondary schools, standards derived from the NZC will be available for all teaching and learning programmes.

There was wide consultation in 2009 with teachers, principals, employers and tertiary providers on the reviewed NCEA draft standards in all subject areas. Feedback from this consultation will inform any necessary amendments to the standards.

In 2008, an endorsement was introduced to the NCEA qualification in which students who obtain 50 credits at Excellence level would gain an NCEA endorsed with Excellence, and those with 50 credits at Merit or Excellence level would gain an NCEA endorsed with Merit. The purpose of the endorsements is to encourage students to strive to produce work of a high quality and be recognised for that achievement.

A 2008 survey of NCEA students examined the relationship between NCEA design and student motivation and achievement – particularly related to the Merit and Excellence endorsements attached to the NCEA certificates. The survey found that over 90 per cent of students reported that the endorsements mattered to them. Of those attaining NCEA with Merit, 80 per cent said the endorsements mattered, and of those attaining endorsement with Excellence, 98 per cent said they mattered.

By examining data available for nearly 600 students from 2006 to 2007, the Ministry found that motivation decreased over time for students who said the endorsements did not matter, whereas motivation remained stable and even increased for those who said endorsements mattered. The positive relationship between endorsements and motivation over time was evident for students at all levels of achievement.

Student Engagement Initiative (SEI)

The SEI was established in 2000 to reduce rates of truancy and early leaving exemptions⁴ (ELX), as well as suspensions. The SEI initially involved working with 65 secondary schools with historically high suspension rates for Māori. An additional 94 schools became part of the SEI from 2003 to 2008, including some composite and primary schools.

The SEI has been successful in reducing suspension rates among the original cohort of SEI schools, with the age-standardised suspension rate for these schools dropping from 35 students per 1,000 in 2000 to 16 students per 1,000 in 2008, a reduction of 54 per cent. This has helped contribute to the 22 per cent overall reduction in student suspensions since 2000.

As a result of a rising suspension rate, Pasifika students have been a focus of the SEI since July 2006. Schools with high Pasifika suspension rates have been supported by the Ministry to implement strategies to reduce their suspension rates. The evidence suggests that this approach has so far been very successful, with the age-standardised suspension rate for Pasifika students in SEI schools having declined by 38.5 per cent from 2006 to 2008, contributing to a 30 per cent decrease in the rate for all Pasifika students.

Age-standardised suspension rates for secondary schools, by Student Engagement Initiative (SEI) status (2000 to 2008)



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

The SEI also had an impact in lowering the rates of ELX in schools. This emphasis on keeping students in school led to a dramatic decrease in approved ELX through 2008/09. A review of schools with high ELX rates is underway and they will be phased into the SEI initiative in 2009 to continue the focus on supporting students to remain in education.

⁴ Students approved to leave school before the age of 16.

Professional development to support engagement

During 2008/09, the Ministry developed and implemented a range of professional development programmes to ensure teachers and principals have the necessary skills to promote engagement and achievement in the classroom. These included:

- 1) Te Kotahitanga – a programme delivered to 33 schools to improve engagement and achievement of Māori students in secondary schools (primarily students in years 9 and 10), with a focus on:
 - ▲ creating culturally responsive classrooms and schools
 - ▲ building effective relationships between teachers and students
 - ▲ strengthening teaching in order to better engage and meet the needs of students.

Leaders and teachers from the schools involved report significant positive shifts in their practices and the engagement and achievement of their Māori students as a result of their participation in Te Kotahitanga.

Schools report that:

- ▲ they are setting goals to improve Māori student achievement including specific targets for literacy, numeracy and NCEA
 - ▲ Te Kotahitanga has been a conduit for a shift in teaching practice and for developing learning communities
 - ▲ Te Kotahitanga operating methods are spreading into other school processes and meetings
 - ▲ they are making increased efforts to involve whānau and provide training for support staff such as teacher aides and office staff.
- 2) Te Kauhua – a programme to improve the way schools and whānau work together to achieve better outcomes for Māori learners. Schools report:
 - ▲ improved teacher performance
 - ▲ increased te reo Māori use and feelings of pride by Māori students
 - ▲ increased opportunities for Māori leadership
 - ▲ improved communication with Māori whānau and communities
 - ▲ more development of curriculum units with a specifically Māori context, and whānau/hapū/iwi-based activity.
 - 3) Secondary Numeracy/Pangarau – a programme provided to 428 teachers from 81 schools (20 of these teachers are from wharekura), with a focus on improving teacher content knowledge and changing teacher practices to improve student engagement and achievement in mathematics. Results show that:
 - ▲ most students of teachers in their first year of the project made gains in at least one area (for example, multiplication and division) with many students making gains in more than one area of numeracy
 - ▲ Pasifika students of teachers that have been part of the project made the most improvement gains
 - ▲ teacher practice changes are an important part of the project. Teachers use formative assessment data to plan and implement their teaching programme to support student achievement.
 - 4) Secondary literacy – a programme delivered to 500 teachers from 50 schools, with a focus on raising student achievement across all learning areas by building schools' capability in effective literacy practices. The focus is on year 9 and 10 students at risk of not reaching their academic potential, particularly Māori and Pasifika students.

Teachers and school leaders involved in the project learn a range of ways to identify and address the literacy learning needs of their students, and to evaluate and improve their teaching. Results show general increased achievement across all regions.
 - 5) Schools and Student Support – a programme focused on professional development across the learning areas of the NZC.

Two-thirds of secondary schools across the country have entered into a professional development agreement with School Support Services providers. To date, 94 per cent of secondary schools have accessed support.
 - 6) First-time and aspiring principal programmes – provided to 30 first-time principals and 49 aspiring principals, of which 26 have now gained principalships.⁵

⁵ This programme included both primary and secondary school principals.

Paths into tertiary and work

In 2008/09, the Ministry led a number of work programmes designed to ensure that all young people participate in education, skills training or other structured learning, relevant to their abilities and needs, until they reach the age of 18. Work included:

- ▲ leading a cross-government policy development process involving 10 government agencies
- ▲ carrying out an extensive public engagement process to determine what is needed to better support young people to achieve in secondary school and to transition from school to tertiary or work. This included consultation with schools, students, parents, families and whānau, employers, businesses, communities and tertiary education providers across New Zealand
- ▲ providing the Government with advice on how policy settings could be shifted to lift participation and achievement and to gain agreement on changes designed to lift engagement in secondary schooling. This included increasing the Secondary Tertiary Alignment Resource part of secondary schools' operational grants, to enable schools to purchase tertiary courses for their students
- ▲ commencing work to change policy settings that would strengthen schools' responsibility for meeting the needs of all students, and to achieve better alignment of the secondary and tertiary education systems.

Work continued to focus on lifting the participation, engagement and achievement of every student by providing more secondary students with hands-on learning opportunities, and increased chances to participate in learning options beyond school. This included developing policy to underpin the Government's Youth Guarantee that enables young people who have left school to re-engage in education and training. The initial rollout of the policy in 2010 will provide fee-free access to a limited range of tertiary courses at levels 1 to 3 on the qualifications framework to 2,000 students aged 16 and 17. It provides an alternative tertiary option for young people at risk of disengaging from school-level education.

Our next steps

The introduction of NCEA has stimulated a significant lift in achievement of school leavers over the last few years, and New Zealand students continue to perform as well as, or better than, their international peers. Ongoing refinement and development of NCEA will contribute to further gains in achievement.

There have been slight increases in school retention in 2008/09 through schools reflecting on how best to engage young people in education and implementing school-wide strategies. Considerable improvement is still needed in this area for New Zealand to catch up with its international peers.

The Ministry's focus in 2009/10 will be on ensuring fewer young people leave education without worthwhile qualifications, using support and interventions to raise the performance of schools that are not performing well; continuing to build a strong teaching workforce; and advancing the Government's Youth Guarantee to improve secondary-tertiary transitions.

In addition, the Ministry will work to establish a number of Trades Academies over the next few years focused on delivering programmes to students in years 9 to 13 interested in a career in trade or technology. Students will be able to combine study at a Trade Academy with studies towards NCEA.

Māori language education

Language is the essence of culture. Te reo Māori is the vehicle through which Māori culture, spirituality and thoughts are expressed. As one of the official languages of New Zealand, te reo Māori supports the development and celebration of our national identity, enhances the mana whenua of our indigenous people and contributes to a creative and successful economy. To revitalise the language it is necessary for the wider New Zealand society to value the language and support its development.

The Ministry set a priority outcome in 2008/09 to ensure that:

Learners have access to high-quality Māori language education that delivers positive language and learning outcomes

Māori language education snapshot

- ▲ Te reo Māori is the second most common language spoken in New Zealand.
- ▲ In the 2006 Census, 157,100 people (of which 84 per cent were Māori) reported that they could hold a conversation in te reo Māori about everyday things.
- ▲ In 2008, there were 28,733 school students involved in Māori medium education for more than 12 per cent of their time. Of those, 25,726 were Māori students (this equates to 15.6 per cent of all Māori students).
- ▲ The number of kura kaupapa Māori has grown from 13 in 1992 to 68 in 2008.
- ▲ In 2008, there were 1,410 students enrolled in Māori language courses at universities.

What we set out to achieve

| | |
|---|--|
| Increasing numbers of high-quality teachers proficient in te reo Māori. | Increasing effectiveness of teaching and learning in and through te reo Māori. |
| Providing support and resourcing for providers of Māori language education. | Improving family, whānau, community and iwi involvement in Māori language education. |

What our indicators tell us

Research indicates that Māori learners are more likely to achieve in the education system when they see themselves and their culture reflected in the subject matter and all other learning contexts.

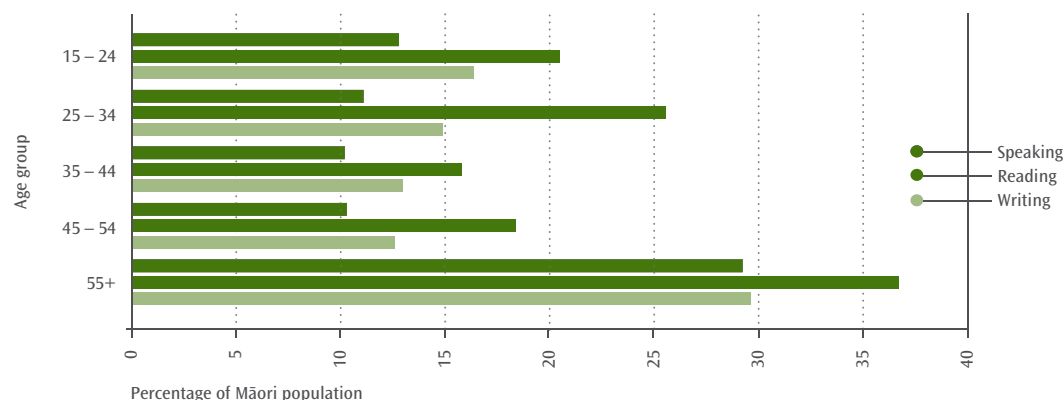
The proportion of students enrolled in Māori medium education across the system has decreased. In 2001, 17.1 per cent of all Māori school learners were enrolled in Māori medium schooling. By 2008, this had dropped to 15.6 per cent.

Students in most New Zealand secondary schools can learn te reo Māori as a specialised subject. In 2008, there were 19,158 students learning te reo Māori as a separate subject for three or more hours per week in year 9 and above.

Māori proficiency in te reo has increased significantly since 2001, especially among younger Māori. The 2006 Survey on the Health of the Māori Language found that 22.8 per cent of the Māori population aged 15 and over were proficient in reading te reo (that is, they could read 'well' or 'very well'), a significant increase from 2001 (13.2 per cent).

The survey found that 16.8 per cent of Māori adults were proficient in writing te reo and 14 per cent were proficient in speaking te reo. This compares with 11.6 per cent for writing and 9.8 per cent for speaking in 2001. Currently almost half of the population who are proficient in speaking te reo are over the age of 65.

Percentage of Māori population proficient in te reo (2006)



Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

The number of teachers working in Māori medium schools has increased from approximately 730 in 1999 to 1,470 in 2008. Of these teachers, 59 per cent are in primary or intermediate schools, 24 per cent are in composite schools and 7 per cent are in secondary schools. Most of these teachers (89 per cent) are in schools in deciles 1 to 3 (40 per cent in decile 1, 29 per cent in decile 2 and 20 per cent in decile 3).

Our progress

The New Zealand Māori Language Strategy provides the Government's framework for progress in Māori language for the next 25 years. The strategy aims to have te reo Māori widely spoken by Māori within whānau, homes and communities by 2028.

The education sector will continue to be a crucial area for language regeneration by supporting increases in the number of people with Māori language proficiencies. Education offers a means of language acquisition, particularly for students who do not have access to strong Māori language transmission at home.

In 2008, the Ministry developed and implemented its Māori education strategy, Ka Hikitia – Managing for Success. Māori language education is one of the focus areas of Ka Hikitia. To support this, the Ministry has developed a Māori Language Education Outcomes Framework that sets out the Government's investment priorities for Māori language education over the next 10 years in both Māori medium and English medium education.

Following three years of development, the Ministry launched Te Marautanga o Aotearoa (Te Marautanga) in September 2008. Te Marautanga is the curriculum that sets the direction and policy for teaching, learning and assessment in Māori medium schools and settings. The release of Te Marautanga made New Zealand the first country in the world to implement a national school curriculum in two languages that are not simply direct translations of each other.

Te Marautanga was designed from a Māori perspective, with the support of education organisations, teachers, principals, boards of trustees, whānau, parents, iwi and the wider community. The curriculum will help achieve the goals set out in Ka Hikitia – Managing for Success, contribute to the revitalisation of te reo Māori, and enable kura to build even stronger relationships with their whānau, hapū and iwi. As with the NZC, Te Marautanga will be implemented and supported in schools through 2009/10.

In addition, there were two key areas of focus for the Ministry as part of our Māori language education priority in 2008/09. These were:

- ▲ teacher supply and competence
- ▲ improved engagement with whānau and iwi.

Teacher supply and competence

One of the major challenges facing the Ministry in Māori language education is a shortage of qualified teachers.

An advisory group of Māori educationalists was established in 2008 to address concerns about the general shortage of Māori medium teachers and to develop new and fresh thinking about the issues that affect Māori medium education.

The group developed a model for initial teacher education in Māori medium that emphasised tailored packages of support, training and language development for each teacher trainee, depending on their individual needs. The Ministry is considering the model and its concept of flexible support as part of ongoing policy development regarding teacher workforce issues in Māori medium education.

In 2008/09, the Ministry funded 112 primary school scholarships and 37 secondary school scholarships in Māori medium, through its TeachNZ programme for people to retrain at universities, wānanga and private training establishments as Māori language teachers.

The Ministry also provided the Māori Immersion Teacher Allowance to teachers who are employed full-time and teach using Māori language for more than 50 per cent of their day. In 2008/09, 1,418 Māori Immersion Teacher Allowances were paid to Māori medium teachers at state and state integrated schools.

Ministry initiatives to boost teacher quality focused on professional development and teacher incentive programmes. These included:

- ▲ Kei Tua o te Pae Assessment for Learning: Early Childhood Exemplars – provides a range of insights into the effective teaching approaches within early childhood settings
- ▲ Te Whakapiki i te Reo Māori – provides an opportunity to increase the language proficiency for teachers in Māori medium. The initiative has five programmes for registered practising teachers in Māori medium settings to increase proficiency and competency in Māori language and improve the quality of teaching
- ▲ Ngā Taumataua – a full-time, 40-week Māori medium literacy professional development programme that takes a maximum of 15 teachers per year
- ▲ Te Poutama Tau – a Ministry programme for Māori medium education aimed at improving teaching in numeracy
- ▲ Atawhaingia Te Pā Harakeke – enables ECE providers to place child development and growth, early learning principles and parenting at the centre of their wide-ranging work programmes with whānau. The training during 2008/09 was delivered to 37 participants from 15 ECE provider groups in the Tamaki/Tainui region. Staff continue to provide on-site training, mentoring and support services for provider groups. There are currently 112 ECE providers receiving this support.

Engagement with whānau and iwi

The engagement of whānau and communities in a child's learning has a powerful influence on that child's education success. Parents, whānau, iwi and Māori organisations play a significant role in Māori language education, influencing a child's education pathway and their learning, development and success.

The Ministry has relationships with 30 iwi, encouraging whānau and iwi to participate in, and determine, effective education provision for their rangatahi. The Ministry's relationships with iwi aim for a shared approach to achieving high-quality outcomes in Māori language education. In addition to these 30 iwi relationships, the Ministry has agreements with five national Māori education groups. These partnership relationships are now focused specifically on supporting iwi and whānau to support Māori learner achievement.

In 2008/09, the Ministry produced 145 Māori language resources to support teaching in Māori medium settings, including books, magazines, DVDs, CDs, posters, wall charts and print reproductions. One playscript was produced for wharekura students.

Our next steps

The performance of the Māori immersion sector reflects that of the rest of the system, with some very high-performing students and a significant number who are underachieving. The development of the sector is hindered by a scarcity of suitably qualified teachers, inexperienced school leadership, and underdeveloped curriculum support. A sector-wide approach that builds on the success already achieved is needed to lift the performance in this sector.

To support this the Ministry will review the Māori medium network, governance and professional development provisions, alongside the development of National Standards in Māori medium and the expansion of the parents, whānau and iwi programmes.

Education and transformation

An increasingly diverse and globally connected society and economy mean that the skills and competencies individuals need to succeed are also changing. Education is the primary vehicle for the development of knowledge, skills and competencies. It has a role in supporting and driving innovation and economic growth through research, tertiary education and skilled trade training.

The Ministry set a priority outcome in 2008/09 to ensure that:

The education system produces the knowledge and develops people with the skills to drive New Zealand's future economic and social success

Education and transformation snapshot

Tertiary

In 2008, there were:

- ▲ 460,417 students participating in tertiary education, including 35,195 international students from nearly 150 countries
- ▲ eight universities, 20 institutes of technology and polytechnics, eight Government Training Establishments, three wānanga and approximately 700 private providers
- ▲ over 75 per cent of people aged 25 to 64 years with secondary or tertiary qualifications, which is above the OECD average of 68 per cent
- ▲ 194,500 people who had participated in work-based tertiary training, representing 6 per cent of the population aged over 15. Over 17 per cent of industry trainees were Māori and 6.6 per cent were Pasifika.

International

In 2008, there were:

- ▲ 9,815 international fee-paying students enrolled in schools – 1,943 students in primary schools and 7,872 in secondary schools. This is an overall decrease of 3.8 per cent from 2007
- ▲ 35,195 international fee-paying enrolments in public tertiary institutions
- ▲ 88,557 total international students in New Zealand (including at private training establishments).

What we set out to achieve

| | |
|---|---|
| Making the education system more responsive to economic and social changes. | Increasing the achievement of advanced trade, technical and professional qualifications to meet regional and national industry needs. |
| Building an understanding of the tertiary education needs, gaps and priorities. | |
| Improving the level of interaction between tertiary education and industry. | Improving New Zealand's international education links and relationships. |

What our indicators tell us

Tertiary

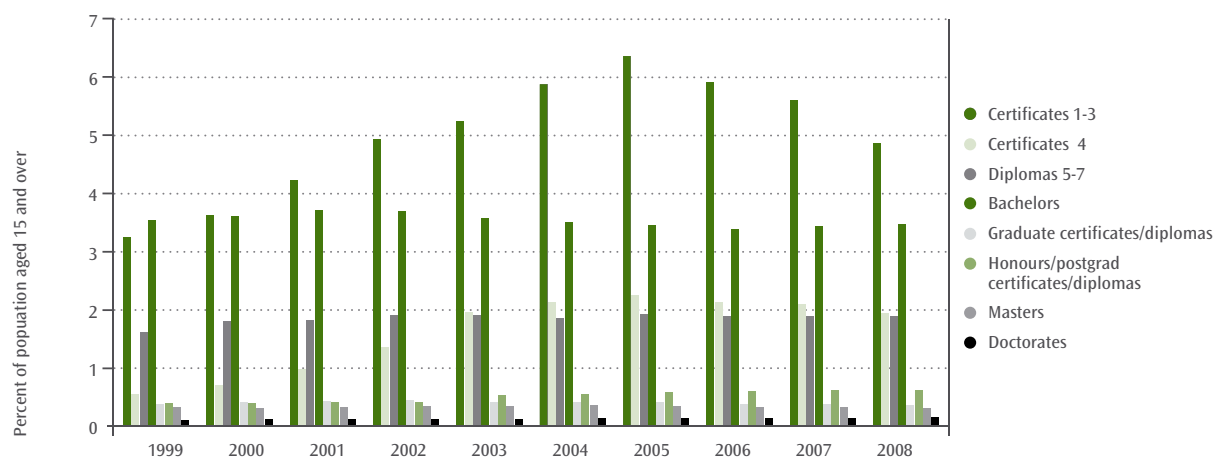
Tertiary education, including industry training, is a major contributor to economic development. Individuals benefit economically from tertiary education through greater employment opportunities and higher earnings. Tertiary education helps to improve industry productivity by creating a highly skilled workforce and supporting the development of innovative ideas and processes.

In New Zealand, wage and salary earners with a bachelors degree or higher possess a relative earning power 2.4 times greater than those with a school qualification and 2.6 times greater than those with no qualification.

The proportion of the New Zealand population with tertiary qualifications is high compared with other OECD countries. In 2005, New Zealand had the third highest tertiary type A (essentially a degree-level qualification) and type B (sub-degree level) graduation rates across 24 OECD countries.

In 2008, over 240,000 students in New Zealand were participating in certificate-level qualifications and more than 132,000 at bachelors degree level.

Age-standardised tertiary participation rates, by level (1999 to 2008)



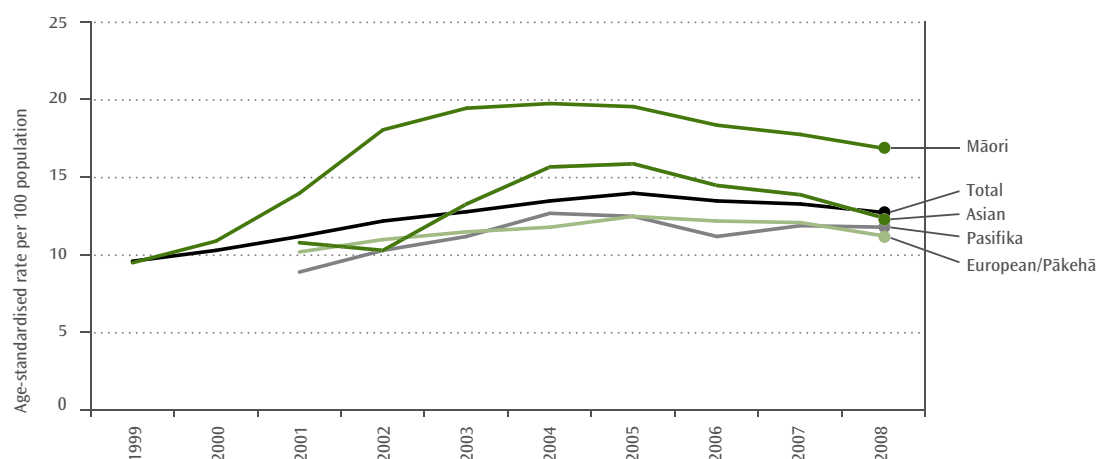
Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

Between April 2008 and April 2009, the number of formal student enrolments (including international students) increased by 6.2 per cent.

Participation by ethnicity

Māori participate in very high numbers in tertiary education. Since 1999, participation in tertiary education by Māori students has increased markedly, resulting in 17 per cent of Māori aged over 15 years participating in some form of tertiary education in 2008. This is the highest of any ethnic group.

Age-standardised participation rates in tertiary education per 100 population aged 15 plus, by ethnic group (1999 to 2008)

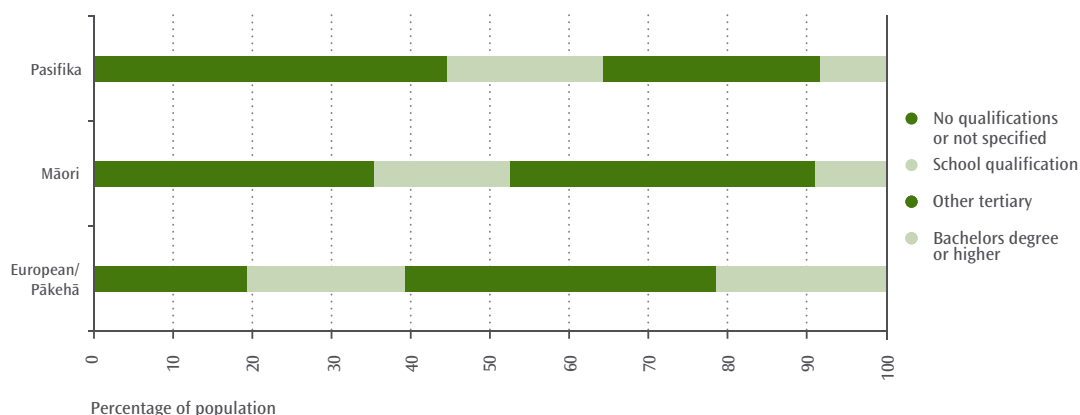


Source: Ministry of Education's Education Counts website www.educationcounts.govt.nz

However, much of the increase in Māori participation has been in sub-degree level courses. In 2008, the Māori participation rate in level 1 to 3 certificate courses (9 per cent) was nearly double that of other ethnic groups. The number of Māori moving from school to degree-level study is increasing; however, participation rates for Māori aged 18 to 19 in degree-level study remain at less than half the rate for all students.

The rate of Pasifika participation in tertiary education (11.8 per cent) is similar to the participation rate of European/Pākehā students (11.4 per cent) and lower than that of Māori students and Asian students. Although the nature of this participation has changed over the last five years, and a greater proportion of Pasifika students in tertiary education are studying at bachelors level or above, they are still over-represented in lower-level study. Completion rates of Pasifika students are also lower than for any other group.

Highest educational qualification of population aged 25 to 64, by ethnic group (2008)



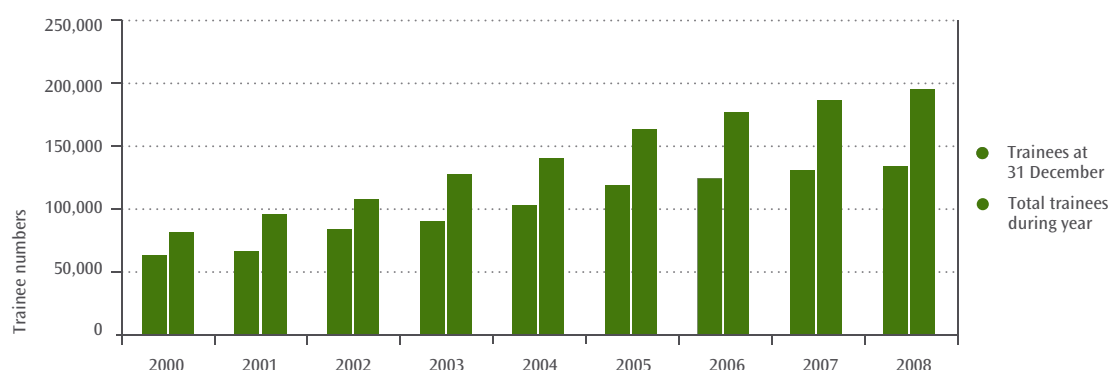
Source: Statistics New Zealand, Household Labour Force Survey

Industry training

Industry training provides opportunities for ongoing development and updating of skills in the workplace, coordinated through Industry Training Organisations (owned by industry groups). Industry training is also delivered through the Modern Apprenticeship scheme, which is focused on younger trainees.

In 2008, a total of 194,516 people undertook industry training, including Modern Apprenticeships. This is 2.4 times the number participating in 2000 (81,343) and a 10-fold increase from 1995.

Industry training participation (2000 to 2008)



Source: Tertiary Education Commission

On a labour force basis, Māori workers and Pasifika workers engage in industry training more than other ethnic groups. In 2007, an estimated 17 per cent of all working Māori and 15 per cent of all working Pasifika were participating in industry training. This compared with 7 per cent for European/Pākehā workers and 11 per cent for all other workers.

International

The international dimension of education is important, in terms of export revenues, the strengthening of New Zealand institutions through enhanced research and learning links, and increased international understanding for New Zealand students.

From a peak of 126,919 international enrolments with education providers in New Zealand in 2002, there has been a 28 per cent decline in international students to 88,557 enrolments with education providers in 2008. This decline has mainly affected private training establishments and schools, although total enrolments within the public tertiary education sector have also reduced.

This reduction is principally due to a decline in students from China and Japan. The decline in interest from China, in particular, is due to much greater competition from other countries for students (notably from Australia, the USA, Great Britain and Canada); significantly increased provision of tertiary education opportunities in China; and the rising value of the New Zealand dollar.

Recently however, there has been renewed growth in international education in New Zealand, with particular interest from some areas, including Europe, Latin America, South Korea, India and Saudi Arabia. The most significant increases are at doctorate level, graduate certificates and level 5 to 7 diplomas. One in every three doctoral students in New Zealand in 2009 is an international student.

Our progress

Tertiary

The majority of the Ministry's work around tertiary education in 2008/09 was strategic policy work and research to support the Government's desire to enhance the responsiveness, effectiveness and efficiency of the tertiary system. This involved:

- ▲ provision of initial advice to the Government on both simplifying the tertiary funding system and examining how the system might better support the achievement of priority outcomes for students and employers
- ▲ background work to inform the development of priorities in the new Tertiary Education Strategy. This work drew on a set of monitoring reports for the current Tertiary Education Strategy (2007-2012) assessing the extent to which the gaps and priorities are being addressed
- ▲ development of proposals for legislative change to support and enhance the performance of institutes of technology and polytechnics.

The Ministry also undertook policy work to advance the election commitments of the Government in the tertiary sector. This involved:

- ▲ policy work on implementing the student loan repayment bonus scheme, which applied from 1 April 2009
- ▲ coordinating advice from joint agencies (Education, Health, Agriculture and Forestry) on the implementation of voluntary bonding schemes to address shortages in hard to staff areas and specialities.

As part of the Government's response to the economic recession, through the process leading to the Prime Minister's Summit on Employment, the Ministry worked with employers, unions and providers on possible responses in the area of education and training.

As part of an initiative to improve the quality of information available to employers and students, and improve outcomes for students, the Ministry has also been working with the NZQA on a targeted review of certificate and diploma qualifications. This aims to simplify and clarify qualifications information and remove duplication so that employers and students can make better decisions. To date the project has established the nature and characteristics of fit-for-purpose standards and focused on alignment with the NZC. The review is scheduled for completion in 2010.

An important part of the Ministry's role in tertiary education is to undertake and release research to support system improvement. Significant reports published or developed during 2008/09 included:

- ▲ for the first time, a field of study-level analysis of students who have completed qualifications. This gave a detailed insight into the skills and knowledge acquired through tertiary education
- ▲ the first in-depth analysis of industry training and Modern Apprenticeship schemes, with a focus on participation and completion
- ▲ a report on the different ways in which New Zealanders get tertiary qualifications, the factors affecting completion rates, and how New Zealand compares with other OECD countries
- ▲ reports on the research effort of the tertiary education system including: the factors associated with the promoting of research staff in universities; the academic impact of New Zealand university research; and the factors associated with research quality
- ▲ analysis of the link between skills, qualifications and well-being, using information from the Adult Literacy and Life Skills (ALL) survey, and a report on the impact of literacy, numeracy and qualifications on wages across industries and occupations.

2008/09 saw the end of an eight year process of negotiation around the 1999 Waitangi Tribunal Wānanga Capital Establishment claim (Wai 718) for Te Wānanga-o-Raukawa with the signing of a deed of settlement between the Minister for Tertiary Education and the Minister of Māori Affairs.

The agreement acknowledged the unique contribution Te Wānanga-o-Raukawa makes to the tertiary education network and the important role that communities play in supporting Māori to enjoy education success as Māori. The settlement helps ensure the sustainability of wānanga to deliver education outcomes for and with Māori into the future.

International

A key focus during the year was the enhancement of relationships with a number of countries and regions. With the education counsellor network fully established, it was possible to achieve advancement in education relationships in a number of areas including:

- ▲ In China: negotiated the inclusion of New Zealand degree-granting private training establishments on the Chinese Ministry of Education website, enabling them to market, recruit and form joint ventures in China; signed a Government-level arrangement on the mutual recognition of academic qualifications, which further supports education exports and student mobility; and reached agreement with the Chinese Ministry of Education that we would jointly promote New Zealand as a study destination through the Study Abroad Training Centres at key Chinese universities.
- ▲ In Latin America: supported scholarship student flows from Chile, supported the growth of institutional links and research collaboration, and supported the growth in student flows from Brazil.
- ▲ In India: built strong relationships and networks with the Indian Government and education sector. This resulted in involvement of New Zealand experts in workshops on education reform, and participation in multilateral dialogues with Australia, the United Kingdom and India on barriers to qualifications recognition and partnerships between Indian and foreign providers.
- ▲ In the Gulf: negotiated education cooperation agreements, provided expertise on education services to free trade agreement negotiations and helped manage the flow of scholarship students to New Zealand.

The work of the counsellors and of agencies more generally is guided by regional education strategies. During 2008/09, regional education strategies for South East Asia, Latin America, and the states of the Gulf Cooperation Council were completed, and a strategy for South Korea drafted.

International relationships were supported by Minister and/or Chief Executive visits to Vietnam, Malaysia, North America and China, and to OECD and Commonwealth Education Ministers' meetings. These visits helped to strengthen education policy dialogue and arrangements which facilitate qualification recognition and trade in education services. The Ministry hosted or facilitated more than 40 visits from delegations from countries with which we have an educational relationship.

The Ministry completed its first assessment of the education counsellor network in 2008/09. The assessment was predominantly positive, identifying benefits to New Zealand providers seeking links overseas, support for export education, and the development of frameworks and arrangements to facilitate student mobility and the flow of intellectual property.

The assessment also suggested areas for improvement including better targeting of communications, strengthened interagency collaboration, and different modes of operating to ensure effectiveness in areas such as South East Asia.

Part of the Ministry's role in international education is to support a flow of information from offshore to providers in New Zealand. One of the vehicles for doing this is the International Education newsletter. Over the last two years, readership of the newsletter has almost quadrupled and it is now accessed by nearly 3,000 subscribers.

Another part of the Ministry's role in international education is to ensure the sector is underpinned by strong policy and regulatory frameworks. In 2008/09, the Ministry:

- ▲ revised the Code of Practice for the Pastoral Care of International Students
- ▲ completed an external review of the International Student Levy on state and state integrated schools and developed an implementation plan for a reduction in the Levy
- ▲ reshaped the package of Government programmes that support international education as part of the 2009 Budget.

Our next steps

The numbers participating in tertiary education has continued to grow, with particular growth in Māori participation. The challenge is to create policies that shift a greater proportion of learners into higher qualifications and to improve student course completion rates.

The focus for 2009/10 will be on developing a new Tertiary Education Strategy that sets the Government's strategic direction for the sector and its priorities over the next three to five years, and on ensuring that policy settings support the achievement of the Strategy's objectives for a more efficient and effective tertiary system that meets student and employer needs. We will continue to undertake research and evaluation on the tertiary system with a view to supporting improved performance.

In international education our focus will remain on further strengthening international relationships and enhancing the contribution of international education to economic growth.

Organisational success

The Ministry's ability to deliver its core services and major initiatives depends on the capacity and capability of our people and resources, as well as our ability to work with and provide leadership to other agencies across the sector.

The Ministry set a priority outcome in 2008/09 to ensure that:

Education agencies work efficiently and effectively to achieve education outcomes

What we set out to achieve

| | |
|---|--|
| Attracting, retaining and developing a skilled workforce – including building the leadership and management capabilities of Ministry staff. | Building the capability and engagement of staff to deliver the goals of Ka Hikitia – Managing for Success and the Pasifika Education Plan. |
| Improving management of interdependencies in work programmes across the Ministry. | Improving how and when we use evidence and supporting information. |
| Ensuring that we can achieve the best value for money from our funding. | Improving public access to, and visibility of, education information. |
| Ensuring that the Ministry and cross-agency ICT-related operations are supported by effective processes and information systems. | Undertaking the second iteration of the staff engagement survey. |

Our progress

Workforce

During 2008/09, the Ministry reviewed and implemented strategies and processes to attract new employees and build the capability of existing staff. These included:

- ▲ the successful completion of the review of our Human Resources (HR) function, and implementation of the recommended model of account management to ensure that HR services are more business and customer service focused
- ▲ undertaking work on the staffing establishment, to provide a clearer picture on how to focus our resources on front-line delivery
- ▲ completing a management and support structure review of the National Office Early Childhood and Regional Education group. This resulted in strengthened capability in senior leadership, operational policy capability and implementation infrastructure
- ▲ commencing the HR information and payroll system upgrade project.

In 2008/09, the Ministry conducted a second Gallup staff engagement survey, with a 75 per cent response rate across all employees. The Ministry's employee engagement score has risen slightly between 2007 and 2008 from 3.61 to 3.73 out of a possible score of five.

Within the Ministry, staff turnover has been dropping during 2008/09 to the current figure of 13.4 per cent as at 30 June 2009 (excluding support workers).

In line with the Government's staffing establishment cap expectations, the Ministry has actively monitored and reported on staffing establishment levels throughout the year to ensure that these stay within the Government's expectations.

Ministry governance and sector leadership

In 2008/09, the Ministry continued to strengthen the governance structures that set direction for and oversee progress on key work programmes. This included producing process guidance on issues requiring discussion and sign-off by the Chief Executive and Leadership Team, and strengthening the role and frequency of the Strategy and Implementation Board, the key governance board with oversight of significant work programmes.

In addition, the Ministry has been implementing the programme management tool PRINCE2 in its governance of the Ministry's major work programmes and training staff on its features.

To support cross-education agency governance, in 2008/09 the Secretary for Education:

- ▲ met regularly with the chief executives from the six education agencies⁶ to provide strategic leadership for the education sector. The meetings ensured a common understanding of the Minister's priorities so that work was aligned across the education sector agencies. This included aligning statements of intent, key work programmes and work across agencies in relation to Ka Hikitia – Managing for Success and the Pasifika Education Plan
- ▲ met regularly with the Sector Leadership Group, which comprises the Ministry, TEC and NZQA, to provide leadership in the tertiary sector particularly in the areas of monitoring the current Tertiary Education Strategy, quality assurance and monitoring systems, the development of the new Tertiary Education Strategy, the Government's approach to simplifying the tertiary funding system, and organisational restructuring. The meetings also provided an opportunity to share information and ensure a common understanding of issues around the 2009 Budget, the qualifications review and the proposals for legislative change to support and enhance the performance of institutes of technology and polytechnics.

Value for money

The economic recession during 2008/09 enhanced the need for a focus on value for money and efficiency within the Ministry, ensuring that funding is going to interventions and programmes that we know are going to make a difference to education outcomes.

In 2008/09, the Ministry:

- ▲ reviewed the performance measures for our public accountability documents for 2009, as part of a longer term aim to better link funding, outputs, and the impact of our activity and outcomes, and improving our ability to assess the cost-effectiveness of our activities
- ▲ began a policy improvement work programme that will improve policy staff understanding of cost-effectiveness concepts and analyses within education
- ▲ undertook a line-by-line review of Vote Education, which involved:
 - scrutinising all non-departmental expenditure to determine programmes that were clearly mismatched with the Government's priorities, or for which there was evidence of poor efficiency or cost effectiveness
 - examining all areas of the departmental baseline to determine how and where savings and efficiencies were available
- ▲ built on the line-by-line review by initiating reviews of selected programmes to improve their efficiency and better align them with the Government's priorities. This will result in departmental savings of \$66 million over four years.

Using our evidence

The Ministry continues to improve the development and use of evidence and information within the Ministry and across the sector including through the Best Evidence Synthesis (BES) Programme. The BES Programme is a collaborative knowledge-building strategy designed to strengthen the evidence base that informs education policy and practice in New Zealand.

The World Education Yearbook describes the BES Programme as “the most comprehensive approach to evidence” and states that “what is distinctive about the New Zealand approach is its willingness to consider all forms of research evidence ... and its concern in finding ... effective, appropriate and locally powerful examples of what works”.

In our BES Programme, key achievements during the year include:

- ▲ the completion of the Social Sciences/Tikanga-ā-iwi BES report which examines how different educational practices can improve outcomes for diverse learners
- ▲ the finalisation of a report on school leadership BES providing evidence on how leadership practices influence student outcomes in school. A paper that underpins this report has won a major international award – the William J. Davis award for the outstanding article in the 2008 volume year of Educational Administration Quarterly.

⁷ The agencies are NZQA, Career Services, the Teachers Council, TEC, ERO and The Correspondence School.

Key initiatives during 2008/09 to use ICT to develop the evidence/information base that underpins the Ministry's policy and operational activities included:

- ▲ successful completion of the ENROL initiative, with the rollout of the National Student Index to all school students
- ▲ the first electronic roll count from schools based on ENROL
- ▲ the first school attendance survey based on electronic attendance registers.

These and other initiatives support easier supply of data to the Ministry and enable us to track student progress across different parts of the sector.

In its research capacity, the Ministry conducted a number of activities to improve our collection and use of evidence. These included:

- ▲ an in-house ethics advisory function designed to provide advice and support to managers on ethics issues related to research and evaluation and access to data
- ▲ Ka Hikitia – Measurable Gains Framework designed to provide accurate and timely information on outcomes in Māori education that can be related to the strategies and actions of Ka Hikitia – Managing for Success
- ▲ the National Monitoring in Māori medium – He Tīrewa Māta to describe student achievement in Level 1 Māori immersion settings
- ▲ the Middle Schooling research programme, which looks at key issues in middle schooling
- ▲ the International Achievement Surveys: a series of reports were released in 2008/09 from the Ministry's programme of international achievement surveys. Most of these reports cover achievement at primary and secondary level in reading, mathematics and science (PIRLS [2 reports]; PISA [5 reports]; TIMSS [2 reports]). In addition, four reports were released on the results from ALL
- ▲ the completion of 10 education research working papers on subjects such as student achievement and engagement, comparisons in international studies and adult literacy. These reports continue to improve the use of evidence within the Ministry.

Making our information accessible

The Ministry has been supporting the public and the sector to access a range of relevant and timely education information. This includes:

- ▲ The Ministry's corporate website (www.minedu.govt.nz) was relaunched in August 2008. The refreshed website includes a new design, enhanced architecture with audience specific pages and improved search functionality, and conforms to eGovernment accessibility guidelines. The site also allows users to access information from numerous websites on the same page, and be notified of changes on the site as they happen.
- ▲ The New Zealand Education Gazette is increasingly being used as the major communications channel to ECE services and schools. This has reduced the number of pamphlets, notices and letters being distributed in hard copy.
- ▲ Education Counts (www.educationcounts.govt.nz) is a Ministry website which enables providers or members of the public to access statistical data, quantitative information or research about the education sector. During 2008/09, we continued to develop the range of statistics and publications available on the website.

Supporting the education Crown entities

The Ministry supported and monitored the education Crown entities on behalf of the Minister. This included:

- ▲ monitoring the performance of the entities and providing quarterly and annual reports to the Minister on the entities' contribution to the Government's goals for education, their performance in meeting targets and their financial performance and capability
- ▲ preparation of the Minister's Letter of Expectations to each entity, including holding a strategic stock-take meeting with each entity chair and chief executive at the start of the new planning cycle to better integrate their needs, and communicate the Government's needs
- ▲ working with each entity on the development of their statement of intent, and subsequently advising the Minister on the statements of intent. This resulted in:
 - ▶ clearer alignment of proposed outcomes and outputs to government policy
 - ▶ clearer, simpler and briefer statements of intent
 - ▶ performance measures that are clearer and better focused on results
 - ▶ a better assessment of progress towards achieving outcomes in our reports to the Minister
- ▲ preparing nominations and recommending candidates for Crown entity boards for 19 vacancies in 2008/09.

Fit for purpose buildings, processes and information systems

School Property

To ensure that our school buildings meet future demand in terms of student numbers and requirements, the Ministry completed a \$500 million capital works programme in 2008/09.

Progress included:

- ▲ completing facilities for eight new schools: Snells Beach Primary, Mission Heights Junior High, Mission Heights Primary, Albany Senior High, One Tree Hill College, TKKM o Te Raki Paewhenua, Te Whānau o Tuapuranga, and Taihape Area School
- ▲ completing a range of changes to the Property Management Handbook to reduce compliance for schools undertaking property projects
- ▲ establishing a governance board to oversee the management of school property and a specific programme of work to improve the management of school property
- ▲ establishing two programme offices to oversee the new schools work programme and the defective buildings programme.

ICT

Under the guidance of the Education Sector ICT Standing Committee, chaired by the Secretary for Education, the development of a shared ICT services approach for the sector was advanced in 2008/09 by:

- ▲ increasing the uptake of the Education Sector Authentication and Authorisation service (ESAA), which is a single secure authenticated logon service for learners, teachers, researchers and administrators across the sector. There are nine applications currently connected to ESAA within the sector
- ▲ increasing the uptake of the Education Sector Integration Service (ESIS), which improves the transfer of data across multiple agencies and educational organisations. There are five applications currently connected to ESIS within the sector
- ▲ completing and launching ENROL, an electronic enrolment management system for schools that replaced the paper-based student enrolment forms with a web application and online registry
- ▲ participating in joint procurement opportunities such as the Education Cluster Data-Centre Hosting contract and the selection of a new provider for the Government Shared Network (GSN). These resulted in savings for the sector as well as providing a suite of services
- ▲ promoting standards in learning, education and teaching through our membership in the International Organization of Standardization and by hosting the A Day in the Life of a Digital Learning Resource forum. This was attended by 215 national and international delegates.

Replacement of schools payroll

The Ministry entered into a contract with an external provider in October 2008 for the development of a new payroll system for school staff to deliver greater efficiencies, reduce technical risk, and provide schools with a future-proofed service.

The new payroll service will be implemented in 2010 and is the largest payroll system in New Zealand, administering services to more than 110,000 school staff in the education sector. It will include a new service desk, pay clerking service, technology systems and management processes. School staff will be trained on the system and provided with ongoing support.

Supporting our key strategies

Ka Hikitia – Managing for Success

Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012 is a broad-reaching five-year strategy aiming to transform and change the education sector, to lift Māori educational achievement and ensure Māori are able to enjoy education success as Māori.

Since its launch in early 2008, there has been widespread acceptance of Ka Hikitia – Managing for Success as the evidence-based strategy to guide Māori education policy within and across the education sector and government agencies. Ka Hikitia – Managing for Success was used to develop internal Ministry business planning guidelines and templates enabling teams to capture, reflect and cement Ka Hikitia – Managing for Success in their business plans for 2008/09.

There is a high level of awareness of Ka Hikitia – Managing for Success in the education sector. In 2008, every ECE service, school and tertiary provider in New Zealand received information and materials to support their use of Ka Hikitia – Managing for Success.

A Ka Hikitia Programme Office, reporting directly to the Secretary for Education, was established in February 2009 to monitor, support and evaluate the Ministry's progress in improving education outcomes for and with Māori learners.

The Programme Office has:

- ▲ developed an internal review process
- ▲ increased emphasis on the importance of te reo and tikanga Māori training
- ▲ developed a comprehensive HR plan to enable managers to build their own capability and that of staff to ensure the Ministry workforce is able to respond positively and contribute to the goals of Māori enjoying education success as Māori.

In addition, the Ka Hikitia – Measurable Gains Framework is being developed to monitor and evaluate the progress of Ka Hikitia – Managing for Success and provide accurate and timely information on outcomes in Māori education that can be related to the strategies and actions of Ka Hikitia – Managing for Success.

The Pasifika Education Plan

The Pasifika Education Plan 2008-2012 was launched in 2008 and set out the goals and targets to significantly raise Pasifika achievement and participation at all levels of the education system. During 2008/09 the Ministry:

- ▲ supported increasing participation at all levels of education, and improvements on achievement and engagement measures at school. Of great significance is the reduction in suspension rates at secondary school
- ▲ delivered the Pasifika Cultural Responsiveness Programme to Ministry staff and schools to increase understanding of the Pasifika contexts that impact on special education services, operational activities and Pasifika learners. Regular two-day programmes have been delivered to over 100 staff across the Ministry and other education agencies. A programme is now in development for rollout to schools in 2009/10
- ▲ worked with the Ministry of Pacific Island Affairs, ERO and the education Crown entities to support the plan and to accelerate Pasifika education achievement.

The Ministry's Pasifika Advisory Group and regional reference groups work with Pasifika families to support their children's education. Six youth and community fono were held in 2008 to provide parents, youth and communities with the opportunity to meet Ministry staff and discuss the priorities, issues and goals for Pasifika education.

New Zealand Disability Strategy

The Ministry has made progress in meeting the four education objectives of the Disability Strategy during 2008/09.

Accessible information: Access to web-based information for the disabled has been supported by the creation of accessible pdfs and html versions of web documents. All Ministry television advertising was set up with captioning available through teletext to ensure accessibility for the deaf and hearing impaired.

Accessible buildings: Additional disabled car parks have been provided, disability access has been improved, and disabled controls for lifts have been fitted in some Ministry buildings.

Accessible services: The Cultural Responsive Programme has been well supported across the Ministry, with requests for ongoing workshops. There is increasing demand from schools for this work and there is now a need to develop a nationally consistent approach to delivering the programme.

Being a good employer: The HR group has reviewed the recruitment processes, taking into account the needs of those with disabilities and special needs. HR has continued to promote opportunities for Mainstream Employment Programme candidates and to work with managers to support this programme with three new Mainstream employees commencing earlier this year.

The Equal Employment Opportunities (EEO) Plan

The Equal Employment Opportunities (EEO) Plan is an influential part of the Ministry's HR practices, to recognise and reflect the diversity of the communities we work with. The Ministry aims to support broader government EEO strategies such as the New Zealand Disability Strategy, the New Zealand Sign Language Act, the Pay and Employment Equity Review, and Career Progression. In 2008/09, the Ministry commenced and completed a Pay Investigation of Special Education Support Workers to identify factors affecting remuneration and the impact of gender on remuneration levels. This arose from the 2007/08 Pay and Employment Equity Review and response plan.



Our performance two

Our performance

Statement of responsibility

In terms of section 45c of the Public Finance Act 1989

The Ministry of Education's financial statements have been the responsibility of the Secretary for Education and have been prepared in accordance with generally accepted accounting practice as appropriate for financial and non-financial reporting in the public sector.

Appropriate systems of internal control have been employed to ensure that all transactions are executed in accordance with management's authorisation, that all transactions are correctly processed and accounted for in the financial records, and that the assets of the Ministry are properly safeguarded. Internal control systems are documented, evaluated and tested by the Ministry's internal auditors on a continuing basis to provide ongoing assurance of the integrity and reliability of data and systems for financial reporting.

In our opinion, the financial statements fairly reflect the financial position as at the end of the financial year and the financial and service performance and cash flows for the financial year ended 30 June 2009 and we authorise issuance of these financial statements on 30 September 2009.

Karen Sewell

Secretary for Education
30 September 2009

Tina Cornelius

Chief Financial Officer
30 September 2009

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Introduction to financial performance

The Ministry of Education's Annual Report reports on the financial dimension of the Ministry's performance through a series of financial statements. These statements cover both the operations of the Ministry and the funds managed by the Ministry on behalf of the Crown.

The first series of financial statements covers all monies and resources used by the Ministry to deliver the outputs of goods and services purchased by the Minister of Education and Minister for Tertiary Education. Included in this series of financial statements are statements of the Ministry's financial position, movements in taxpayer equity, the Ministry's financial performance and cash flows. These statements are followed by a financial commentary, supplementary information, and notes to the financial statements (which give more detailed information).

The second series of financial statements encompasses the Ministry's statements of service performance and includes information on service objectives, levels of service achieved and financial information on the costs of the activities undertaken. This series of statements is grouped by the seven classes of outputs the Ministry produces (Interventions for Target Student Groups; School Property Portfolio Management; Strategic Leadership in the Sector; Support and Resources for Education Providers; Support and Resources for Teachers; Support and Resources for the Community; Strategic Leadership in the Tertiary System). The statements of service performance also address the Ministry's management of the non-departmental appropriations in Vote Education. The Ministry's role in respect to non-departmental appropriations is primarily the disbursement of funding to providers of education services, purchasing of services on behalf of the Crown and monitoring those arrangements, and providing ownership advice in respect to public education sector entities.

The third series of financial statements and schedules covers the non-departmental funds managed by the Ministry on behalf of the Crown. The financial statements and schedules include details of non-departmental assets and liabilities, expenditure and parliamentary appropriations, and revenue and receipts. The statements and schedules are preceded by a statement of accounting policies and are followed by supplementary information.

The financial and non-financial reports have been audited by Grant Taylor of Ernst & Young on behalf of the Auditor-General.

Allocation of Vote Education

In 2008/09, Parliament appropriated \$11,222 million for the purposes of Vote Education. This was allocated to the Ministry of Education for:

- ▲ **Ministry of Education outputs and capital expenditure purchased by the Ministers (\$2,226 million). This is:**
 - ▶ \$1,225 million (10.92%) for property outputs produced including capital contribution and capital charge
 - ▶ \$420 million (3.74%) for other outputs produced including other expenses and capital charge
 - ▶ \$581 million (5.18%) for capital expenditure
- ▲ **payments made by the Ministry on behalf of the Crown (\$8,996 million or 80.16%) to fund:**
 - ▶ outputs supplied by other parties such as The Correspondence School, the Māori Women's Welfare League, bus service operators, tertiary education organisations, New Zealand Council for Educational Research, New Zealand Qualifications Authority, Career Services, and the Tertiary Education Commission
 - ▶ benefits such as scholarships, bursaries and study awards
 - ▶ other expenses such as funding to schools (including teachers' salaries), tertiary education institutions, early childhood education services, The United Nations Educational, Scientific and Cultural Organisation (UNESCO) and other agencies for community education
 - ▶ capital investment in other organisations or persons such as schools, wānanga and universities.

As part of these totals:

- ▲ \$8,309 million (74.04%) of appropriations relate to the early childhood education and schooling sectors (for which the Minister of Education is the Responsible Minister)
- ▲ \$2,913 million (25.96%) relate to tertiary and international education (for which the Minister for Tertiary Education is the Responsible Minister).

Vote Education financial summary

| Vote Education appropriations | 30/06/2009 | 30/06/2009 | 30/06/2009 | |
|-------------------------------|-------------------|----------------------------|-------------------|----------------|
| | Budget | Supplementary Estimates | Actual | Variance |
| | \$000 | \$000 | \$000 | \$000 |
| Departmental | | | | |
| Ministry outputs | 1,568,032 | 1,644,063 | 1,635,386 | 8,677 |
| Capital expenditure | 483,428 | 581,332 | 525,591 | 55,741 |
| Non-departmental | | | | |
| Crown outputs | 2,338,065 | 2,323,388 | 2,314,926 | 8,462 |
| Benefit expenses | 85,392 | 80,336 | 73,009 | 7,327 |
| Other expenses | 6,191,576 | 6,405,755 | 6,370,399 | 35,356 |
| Capital expenditure | 108,989 | 186,944 | 176,300 | 10,644 |
| Total | 10,775,482 | 11,221,818 | 11,095,611 | 126,207 |

Expenditure variances against appropriations

Ministry outputs variance is mainly owing to a combination of:

- ▲ scaling back of the long term work programme for primary and secondary teachers
- ▲ changes to priorities arising from the election including slowing or reducing programmes affected by decisions in Budget 2009
- ▲ delays and lower than expected costs for other services.

Ministry capital expenditure variance is mainly owing to:

- ▲ delays in the school property capital programme, including timing of expenditure on new sites and schools
- ▲ some delays in information technology projects.

Crown outputs variance is mainly owing to:

- ▲ lower than expected demand and some changes in priority across a range of programmes
- ▲ delays in some programmes where expenditure is now expected to occur in 2009/10
- ▲ delays and lower than expected costs for other services.

Benefits expenses variance is mainly owing to:

- ▲ lower than expected demand for some national study awards
- ▲ lower than expected demand for other programmes including boarding bursaries.

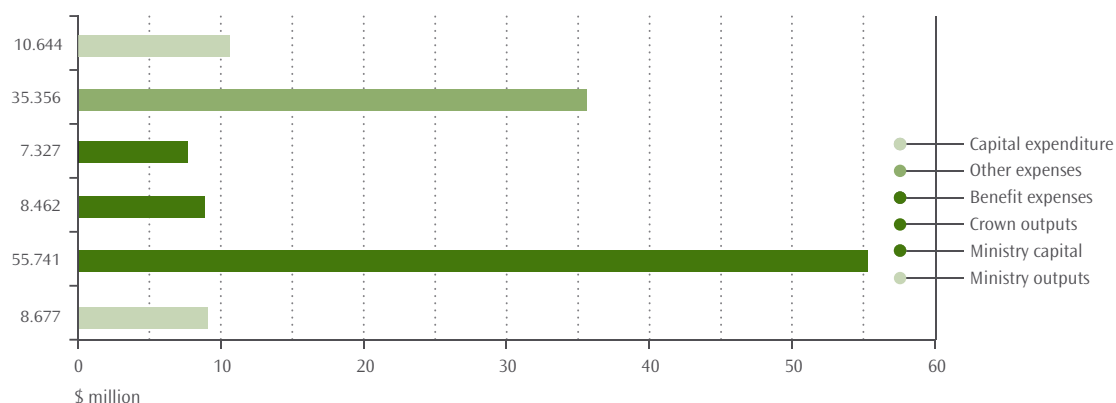
Other expenses variance is mainly owing to:

- ▲ lower than expected provision for teacher holiday pay and lower than expected demand in other programmes for primary and secondary education
- ▲ delays and lower than expected costs for some tertiary programmes, which may lead to transfers of funding to 2009/10
- ▲ fewer hours of early childhood education than expected for children over two years of age including under the 20 hours programme.

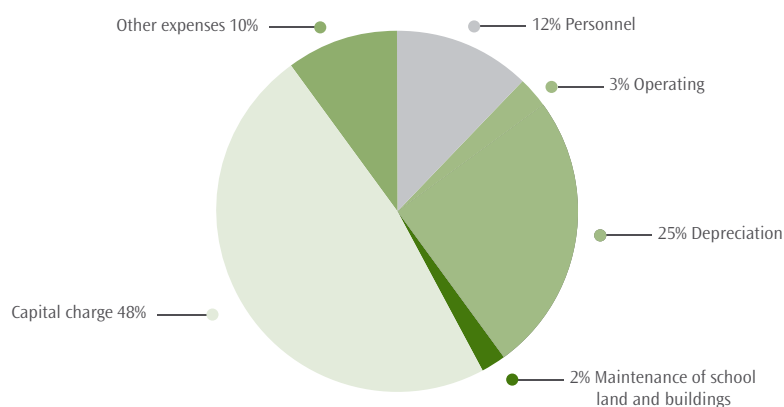
Capital expenditure variance is mainly owing to:

- ▲ timing changes for some other tertiary programmes, which may lead to a transfer of funding to 2010/11
- ▲ lower than expected demand for some other programmes.

Variance against 2008/09 appropriations



Ministry expenditure analysis



Movement in property, plant and equipment and intangible assets

The Ministry's financial statements are heavily influenced by movements in property, plant and equipment and intangible assets. Summarised below are the movements as they relate to the current and previous financial year.

| Property, plant and equipment and intangible assets movement | 30/06/2009 | 30/06/2008 |
|--|---------------|---------------|
| | Actual | Actual |
| | \$ million | \$ million |
| Opening balance | 10,543 | 9,769 |
| Additions | 530 | 446 |
| Disposals | (19) | (23) |
| Depreciation | (412) | (353) |
| Revaluations | 304 | 704 |
| Total property, plant and equipment and intangible assets | 10,946 | 10,543 |



Audit report

To the readers of Ministry of Education's Financial Statements and Statement of Service Performance for the year ended 30 June 2009

The Auditor-General is the auditor of the Ministry of Education (the Ministry). The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and statement of service performance included in the annual report of the Ministry for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

The financial statements of the Ministry on pages 47 to 78:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - ▶ the Ministry's financial position as at 30 June 2009;
 - ▶ the results of its operations and cash flows for the year ended on that date;
 - ▶ its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2009; and
 - ▶ its unappropriated expenses and capital expenditure for the year ended 30 June 2009.

The schedules of non-departmental activities on pages 105 to 125 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.

The statement of service performance of the Ministry on pages 79 to 104:

- ▲ complies with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflects for each class of outputs:
 - ▶ its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
 - ▶ its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Secretary for Education and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- ▲ determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- ▲ verifying samples of transactions and account balances;
- ▲ performing analyses to identify anomalies in the reported data;
- ▲ reviewing significant estimates and judgements made by the Secretary for Education;
- ▲ confirming year-end balances;
- ▲ determining whether accounting policies are appropriate and consistently applied; and
- ▲ determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Secretary for Education and the Auditor

The Secretary for Education is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2009. The financial statements must also fairly reflect the Ministry's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Secretary for Education is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2008 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.

The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Secretary for Education's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments in the areas of facilitating professional development sessions for school principals and IT infrastructure assurance, which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Ministry.

Grant Taylor

Ernst & Young

On behalf of the Auditor-General

Wellington, New Zealand

Financial statements

Statement of Accounting Policies for the year ended 30 June 2009

Reporting entity

The Ministry of Education (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

These financial statements have been prepared pursuant to section 43 of the Public Finance Act 1989.

In addition, the Ministry has reported on Crown activities and trust monies which it administers.

The primary objective of the Ministry is to provide services to the public.

Accordingly, the Ministry has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2009. The financial statements were authorised for issue by the Secretary for Education on 30 September 2009.

Basis of preparation

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, actuarial valuations of certain liabilities and the fair value of certain financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Ministry is New Zealand dollars.

Standards and interpretations issued but not yet effective

The Government has elected to early adopt all NZ IFRS and Interpretations that had been approved by the New Zealand Accounting Standards Review Board as at 30 June 2009 that are not yet applicable, except NZ IAS 1: Presentation of Financial Statements (revised) approved by the Accounting Standards Review Board in November 2007. This standard becomes effective for periods commencing on or after 1 January 2009, and was adopted in the forecast financial statements presented with the 2009 Budget, but not those presented with the 2008 Budget, against which these financial statements are compared. Adoption of NZ IAS 1: Presentation of Financial Statements (revised) results in presentation changes only.

The early adoption of these standards and interpretations did not have a material impact on the financial statements.

| Standards that have been early adopted | Effective date – periods beginning on or after |
|---|--|
| NZ IFRS 3 Business Continuations (revised) | 1 July 2009 |
| NZ IFRS 7 Amendment Significance of Financial Instruments for Financial Position or Performance | 1 January 2009 |

Revenue

Revenue is derived through the provision of outputs to the Crown and for services to third parties.

Revenue is measured at the fair value of consideration received.

This revenue is recognised when earned and is reported in the financial period to which it relates.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry has no obligation to award on receipt of the grant application and are recognised as expenditure when approved and the approval has been communicated to the applicant. Approvals are determined by either the Minister, a specifically convened panel or committee, or a delegated official.

However, most grants administered by the Ministry are under non-departmental appropriations.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss, in which case the transaction costs are recognised in the Statement of Financial Performance.

Cash and cash equivalents

Cash includes cash on hand and funds on deposit with banks that form part of the day-to-day cash management of the Ministry.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of the asset is reduced through the use of a doubtful debts provision, and the amount of the loss is recognised in the Statement of Financial Performance. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).

Accounting for derivative financial instruments, hedging activities and foreign currency transactions

The Ministry uses derivative financial instruments to hedge exposure to foreign exchange. In accordance with its Foreign-Exchange policy, the Ministry does not hold or issue derivative financial instruments for trading purposes. The Ministry has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the Statement of Financial Performance.

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

Non-current property assets held for sale

Non-current property assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current property assets held for sale are measured at the lower of their carrying amount at the date the asset is designated as surplus and fair value less costs to sell.

Any impairment losses for write-downs of non-current property assets held for sale are recognised in the Statement of Financial Performance.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current property assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current property assets are classified as available for sale when they are identified as surplus to requirements and a contractor is instructed to start the disposal process. Due to legal and procedural matters the length of time required to finalise disposal may extend beyond one year but the Ministry of Education has no intention to realise the benefits of these assets other than through their sale. Non-current property assets held for sale are recognised as current assets as their value is expected, in the majority of instances, to be realised in the 12-month period after balance date.

An active programme is in place to progress these sales as quickly as possible.

Property, plant and equipment

Property, plant and equipment consists of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than \$2,500. The value of an individual asset that is less than \$2,500 and is part of a group of similar assets is capitalised.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

The initial cost of property, plant and equipment is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Useful lives are: | Years |
|--|---------|
| Permanent school building roof, services, fitouts, lifts and boilers | 15 - 45 |
| Relocatable classrooms | 40 |
| Ancillary buildings, covered ways, houses, kindergartens, playcentres, site improvements, swimming pools | 30 - 50 |
| Permanent school building fabric | 75 |
| Motor vehicles | 4 |
| Computer hardware | 3 - 5 |
| Plant and equipment | 3 - 8 |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Revaluation

School buildings are stated at fair value as determined by an internal valuation process on an annual basis. Fair value is determined using depreciated replacement cost. An independent registered valuer has reviewed the valuation for school buildings and improvements.

Early childhood education (ECE) centre buildings (playcentres and kindergartens) are valued by an independent registered valuer based on depreciated replacement cost. Valuations are conducted on an annual basis.

School land, ECE land, house land and houses are recorded at market value as assessed by an independent registered valuer. Valuations are conducted on an annual basis. Additions between valuations are recorded at cost.

All other property, plant and equipment classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different from fair value. Additions between revaluations are recorded at cost.

Accounting for revaluations

The Ministry accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance.

The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

| Useful lives are: | Years |
|-------------------|-------|
| Computer software | 3 - 5 |

Impairment of non-financial assets

An intangible asset that is not yet available for use at the balance sheet date is tested for impairment annually.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Financial Performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Statement of Financial Performance.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Ministry recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover those future absences. For the year ended 30 June 2009 the liability for sick leave has been assessed as not material.

The Ministry recognises a liability and an expense for lump sum performance payments where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Financial Performance as incurred.

The Ministry does not contribute to, nor is it responsible for, any defined benefit schemes.

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when:

- ▲ there is a present obligation (either legal or constructive) as a result of a past event
- ▲ it is probable that an outflow of future economic benefits will be required to settle the obligation
- ▲ a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Taxpayers' funds

Taxpayers' funds is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Taxpayers' funds is disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are those included in the Ministry's Statement of Intent for the year ended 30 June 2009, which are consistent with the financial information in the 2008/09 Main Estimates. In addition, the financial statements also present the updated budget information from the 2008/09 Supplementary Estimates or any transfer made under Order in Council under section 26A of the Public Finance Act 1989.

Statement of cost accounting policies

The Ministry has determined the cost of outputs using the cost allocation system outlined below.

All costs are charged to activities or projects. Direct costs are charged directly to non-overhead activities or projects. Indirect costs are charged to overhead activities. Costs in the overhead activities are then ascribed to non-overhead activities based on cost drivers.

Criteria for direct and indirect costs

Direct costs are those costs charged directly to a non-overhead activity. Indirect costs are those overhead costs that cannot be identified with a specific output in an economically feasible manner, and are charged to an overhead activity.

Direct costs assigned to outputs

Non-overhead activities are mapped directly to outputs. Costs in these activities are therefore assigned directly to the relevant outputs. This includes costs related to the provision of school sector property.

Basis for assigning indirect and corporate costs to outputs

Indirect costs are assigned to non-overhead activities, and thereby to outputs, on the basis of direct salaries costs captured within the non-overhead activity. There have been no changes in cost accounting policies since the date of the last audited financial statements.

Changes in accounting policies

All accounting policies have been applied on bases consistent with previous years. The early adoption of new standards has not altered the accounting policies of the Ministry.

Critical accounting estimates and judgements

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- ▲ Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis (note 17 refers). The calculations are based on:
 - ▶ likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
 - ▶ the present value of the estimated future cash flows. A weighted average discount rate of 3.85% and a salary inflation factor of 2.75% were used for retiring and long service leave. The discount rate is based on the weighted average of government bonds with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.
- ▲ Replacement cost assumptions used in the revaluations of school buildings was based on Rawlinson's construction rates. This required apportionment of the quoted per square metre rates across the different configurations that make up different types of schools. That apportionment was completed based on a weighted average of buildings, by school type and by district. This was completed by experienced Ministry staff and reviewed by the external valuers, Darroch Valuation.
- ▲ The annual depreciation on school property assets is determined by the remaining useful life of each asset. Useful lives assigned to each component of the school buildings are still considered appropriate in light of Treasury guidance and the current condition of the portfolio. There were no material changes identified to specific assets that required any changes to useful lives. Refer to note 18 for further details.

Statement of Financial Performance for the year ended 30 June 2009

Description of statement

The Statement of Financial Performance details the income and expenditure relating to all outputs (goods and services) produced by the Ministry. The supporting statements for each output class provide further detail as to the costs and revenues of each output expense.

| | Notes | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|-------|------------------|----------------------------|------------------|------------------|
| | | Actual | Supplementary Estimates | Budget | Actual |
| | | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | | |
| From the Crown | | 1,630,846 | 1,630,846 | 1,558,161 | 1,512,165 |
| From other sources | 2 | 10,732 | 13,217 | 9,871 | 11,065 |
| Total revenue | | 1,641,578 | 1,644,063 | 1,568,032 | 1,523,230 |
| Expenditure | | | | | |
| Personnel | 3 | 193,282 | 192,795 | 192,795 | 187,480 |
| Operating | 4 | 48,616 | 50,873 | 50,355 | 50,962 |
| Depreciation and amortisation | 5 | 411,648 | 415,259 | 384,965 | 352,737 |
| Maintenance of school land and buildings | | 28,487 | 21,604 | 18,000 | 18,117 |
| Capital charge | 6 | 793,243 | 793,240 | 749,875 | 738,645 |
| Other expenses | 7 | 160,110 | 170,292 | 172,042 | 158,205 |
| Total expenditure | | 1,635,386 | 1,644,063 | 1,568,032 | 1,506,146 |
| Net surplus/(deficit) | | 6,192 | - | - | 17,084 |

Statement of Movements in Taxpayers' Equity for the year ended 30 June 2009

Description of statement

The Statement of Movements in Taxpayers' Equity combines information about the net surplus with other aspects of the financial performance of the Ministry to give a degree of measure of comprehensive income. This, together with the Statement of Financial Position, provides information for assessing the return on investment in the Ministry.

| | Notes | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|-------|-------------------|----------------------------|-------------------|-------------------|
| | | Actual | Supplementary Estimates | Budget | Actual |
| | | \$000 | \$000 | \$000 | \$000 |
| Taxpayers' equity brought forward as at 1 July | | 10,583,558 | 10,583,558 | 9,973,638 | 9,836,462 |
| Add net surplus/(deficit) | 10 | 6,192 | - | - | 17,084 |
| Increase/(decrease) in revaluation reserves | 11 | 303,987 | - | - | 705,741 |
| Total recognised revenues and expenses for the year | | 310,179 | - | - | 722,825 |
| Add capital contributions from the Crown | | 143,473 | 159,996 | 117,633 | 65,000 |
| Deduct capital withdrawal | | (38,473) | (38,473) | - | (23,645) |
| Deduct surplus repayable to the Crown | 10 | (6,192) | - | - | (17,084) |
| Total adjustments for flows to and from the Crown | | 98,808 | 121,523 | 117,633 | 24,271 |
| Taxpayers' equity as at 30 June | | 10,992,545 | 10,705,081 | 10,091,271 | 10,583,558 |

Statement of Financial Position as at 30 June 2009

Description of statement

The Statement of Financial Position reports the total resources and liabilities of the Ministry. The difference between the resources and the liabilities is the taxpayers' equity.

| | Notes | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|-------------------------------------|-------|------------|-------------------|----------------------------|-------------------|-------------------|
| | | Actual | Actual | Supplementary Estimates | Budget | Actual |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| Taxpayers' equity | | | 10,992,545 | 10,705,081 | 10,091,271 | 10,583,558 |
| Ministry equity | 12 | 4,002,059 | | 4,108,207 | 4,160,638 | 3,986,684 |
| Revaluation reserves | 11 | 6,990,486 | | 6,596,874 | 5,930,633 | 6,596,874 |
| which is represented by: | | | | | | |
| Current assets | | | 151,171 | 128,000 | 181,224 | 159,095 |
| Cash and bank | | 21,119 | | 27,930 | 68,666 | 55,854 |
| Accounts receivable | 13 | 55,752 | | 23,211 | 74,642 | 29,061 |
| Prepayments | 14 | 34,058 | | 27,103 | 3,241 | 24,424 |
| Property intended for sale | 15 | 40,242 | | 49,756 | 34,675 | 49,756 |
| Less | | | | | | |
| Current liabilities | | | (100,880) | (91,549) | (81,829) | (113,370) |
| Goods and Services Tax | | (13,063) | | - | - | (8,807) |
| Accounts payable | 16 | (69,018) | | (81,162) | (72,700) | (75,995) |
| Provision for employee entitlements | 17 | (12,607) | | (10,387) | (9,129) | (11,484) |
| Net surplus payable to the Crown | 10 | (6,192) | | - | - | (17,084) |
| Working capital | | | 50,291 | 36,451 | 99,395 | 45,725 |
| Plus | | | | | | |
| Non-current assets | | | 10,946,301 | 10,674,810 | 9,996,528 | 10,542,917 |
| School land | 18 | 2,775,532 | | 3,385,896 | 3,475,025 | 3,364,630 |
| School buildings | 18 | 8,105,339 | | 7,220,935 | 6,430,974 | 7,115,153 |
| Ministry chattels | 18 | 35,516 | | 36,169 | 47,254 | 37,156 |
| Intangible assets | 19 | 29,914 | | 31,810 | 43,275 | 25,978 |
| Less | | | | | | |
| Non-current liabilities | | | (4,047) | (6,180) | (4,652) | (5,084) |
| Provision for employee entitlements | 17 | (4,047) | | (6,180) | (4,652) | (5,084) |
| Net assets | | | 10,992,545 | 10,705,081 | 10,091,271 | 10,583,558 |

Statement of Cash Flows for the year ended 30 June 2009

Description of statement

The Statement of Cash Flows summarises the cash movements out of the Ministry during the year. It takes no account of monies owed to the Ministry or owing by the Ministry, and therefore differs from the Statement of Financial Performance.

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------|--------------------|----------------------------|--------------------|--------------------|
| | Actual | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | | |
| Cash was received from: | | | | | |
| The Crown | 1,598,228 | | 1,630,846 | 1,558,161 | 1,532,165 |
| Other | 16,673 | | 19,067 | 10,871 | 12,236 |
| | | 1,614,901 | 1,649,913 | 1,569,032 | 1,544,401 |
| Cash was expended on: | | | | | |
| Production of outputs | | | | | |
| Personnel | (193,210) | | (191,475) | (194,474) | (185,995) |
| Operating | (242,861) | | (244,740) | (242,718) | (212,795) |
| Capital charge | (793,243) | | (793,240) | (749,875) | (738,645) |
| | | (1,229,314) | (1,229,455) | (1,187,067) | (1,137,435) |
| Net cash flows from operating activities (note 20) | | 385,587 | 420,458 | 381,965 | 406,966 |
| Investing activities | | | | | |
| Cash was received from: | | | | | |
| Sales of assets | 35,801 | | 20,876 | - | 18,144 |
| | | 35,801 | 20,876 | - | 18,144 |
| Cash was expended on: | | | | | |
| School land and buildings | (530,511) | | (552,568) | (465,002) | (421,384) |
| Property, plant and equipment | (13,528) | | (17,188) | (14,345) | (20,688) |
| | | (544,039) | (569,756) | (479,347) | (442,072) |
| Net cash flow from investing activities | | (508,238) | (548,880) | (479,347) | (423,928) |

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|------------|-----------------|----------------------------|----------------|-----------------|
| | Actual | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Financing activities | | | | | |
| Cash was received from: | | | | | |
| The Crown: | | | | | |
| Capital contribution | 143,473 | | 156,056 | 113,693 | 65,000 |
| | | 143,473 | 156,056 | 113,693 | 65,000 |
| Cash was expended on: | | | | | |
| Repayment to the Crown: | | | | | |
| Prior period net surplus | (17,084) | | (17,085) | - | (122) |
| Capital withdrawal | (38,473) | | (38,473) | - | (23,645) |
| | | (55,557) | (55,558) | - | (23,767) |
| Net cash flows from financing activities | | 87,916 | 100,498 | 113,693 | 41,233 |
| Total net increase/ (decrease) in cash held | | (34,735) | (27,924) | 16,311 | 24,271 |
| Bank and cash balances as at 1 July | | 55,854 | 55,854 | 52,355 | 31,583 |
| Bank and cash balances as at 30 June | | 21,119 | 27,930 | 68,666 | 55,854 |

Financial commentary for 2008/09

The Ministry spent \$1,635.4 million (GST exclusive) on delivering its outputs in 2008/09, \$67.4 million more than had been originally budgeted. This is because of changes made after the 2008/09 budget was finalised that could not have been accurately forecast, including revaluation of school property assets, changes to government policy or the timing of outputs.

The significant movements in expenditure related to a combination of:

- ▲ increased operating costs for management of the school sector property portfolio (\$82.0 million) owing to a combination of:
 - ▶ higher capital charge after increased valuation of school property assets at the end of 2007/08 and higher than expected capital expenditure during 2008/09 (\$43.4 million)
 - ▶ increased depreciation costs on school buildings for similar reasons (\$28 million)
 - ▶ higher than expected other costs including property management, disposal and maintenance expenditure (\$10.7 million)

Part of the additional expenditure noted above – costs related to property disposals from previous years (\$3.4 million) and weathertightness issues for some schools (\$1.5 million) – was offset by transfers from other Ministry outputs.

- ▲ implementation of other policy changes made during the year (\$4.0 million) which mainly included:
 - ▶ provision for settlement of the Special Education Field Staff and Service Managers collective agreements (\$1.9 million)
 - ▶ funding for additional costs related to design and construction of Albany Senior High School (\$1.9 million)
- ▲ transfers of funding from 2007/08 to this year or from this year to subsequent years (\$0.7 million net increase). These transfers mainly included provision for changes in timing of outputs for:
 - ▶ development of the schools payroll replacement project
 - ▶ translations of Team-Up website material
 - ▶ publication of early childhood education licensing criteria
 - ▶ retendering of a student loan valuation and modelling contract
 - ▶ the Tackling Disruptive Behaviour initiative
 - ▶ the longitudinal evaluation of the Early Childhood Strategic Plan

In addition, consideration will be given to further transfers of funding to the new financial year related to the schools payroll project (\$1.5 million).

- ▲ delays or lower than expected costs for other services.

Revenue for services in 2008/09 was \$1,641.6 million, which was \$73.5 million more than forecast. This decrease was owing to:

- ▲ additional outputs purchased by the Government as noted above (\$72.7 million)
- ▲ higher than forecast fees for contracts and services for third parties including other government departments (\$0.8 million).

The operating surplus for 2008/09 was therefore \$6.2 million, which will be repaid to the Crown.

At \$10,992.5 million, taxpayers' funds at 30 June 2009 were \$901.3 million more than projected on Budget night, mainly owing to a combination of:

- ▲ revaluation of school property assets by \$304 million – this comprises a reduction of \$597.6 million for land and an increase of \$901.6 million for buildings. This reflects mainly market movements particularly for land and revised construction costs for replacement buildings
- ▲ the impact of increased valuations from 2007/08 (\$675.9 million)
- ▲ lower than expected capital investment, principally for the school property works programme in 2007/08 (\$57.8 million) partly offset by increased funding from 2008/09 (\$25.8 million)
- ▲ capital withdrawals returned to the Crown related to the school property work programme after an increase in operating appropriations, unused capital related to the schools payroll project and the share of proceeds from disposal of school property assets to be paid to schools (\$38.5 million) and an adjustment in 2007/08 related to the final transfer of teacher housing to boards (\$8.1 million).

2

The property, plant and equipment balance at 30 June 2009 was \$10,916.4 million, with a further \$29.9 million for intangibles, which was a total of \$949.8 million more than expected on Budget night. The increase was largely owing to the revaluation of school land and buildings, including last year's valuation, and higher than expected expenditure on development of assets, mainly school property.

The cash balance for the Ministry at 30 June 2009 was \$47.5 million less than forecast.

Changes in capital expenditure on property, plant and equipment repayments to the Crown related to transfer of teacher houses to school boards of trustees are the major cause of movements in the cash inflows for financing and cash outflows for investing. These changes are more than offset by higher net operating cash inflows arising from higher than expected movement in accruals and provisions at the end of the year.

The Ministry's working capital (current assets less current liabilities) at the end of 2008/09 was \$50.3 million, \$49.1 million less than originally forecast. This was mainly owing to a combination of:

- ▲ higher than expected payables, entitlements and provisions owed by the Ministry on 30 June 2009 (\$12.9 million)
- ▲ an increase in the surplus to be repaid to the Crown (\$6.2 million)
- ▲ lower level of cash in bank (\$47.5 million)
- ▲ higher than expected level of receivables and prepayments (\$11.9 million) mainly owing to funding not drawn down from the Treasury
- ▲ higher than forecast amount of school sector property intended for disposal (\$5.6 million).

Supplementary information

Statement of Commitments

The Statement of Commitments records those expenditures to which the Ministry is contractually committed and which will become liabilities if and when the terms of the contracts are met.

| | 30/06/2009 | 30/06/2008 |
|--|----------------|----------------|
| | Actual | Actual |
| | \$'000 | \$'000 |
| Curriculum development projects: | | |
| ▲ Not later than one year | 9,789 | 10,119 |
| ▲ Later than one year and not later than two years | 3,517 | 2,042 |
| ▲ Later than two years and not later than five years | 90 | 1,035 |
| Capital works projects: | | |
| ▲ Not later than one year | 172,830 | 142,761 |
| ▲ Later than one year and not later than two years | 4,830 | 5,294 |
| ▲ Later than two years and not later than five years | 7,358 | 11,460 |
| ▲ Later than five years | 310 | 565 |
| Other operating commitments | 1,800 | 1,743 |
| Research projects: | | |
| ▲ Not later than one year | 351 | 61 |
| ▲ Later than one year and not later than two years | 45 | - |
| Payroll contracts: | | |
| ▲ Not later than one year | 12,693 | 11,161 |
| Maintenance of schools – current year | 3,281 | 4,671 |
| Accommodation leases: | | |
| ▲ Not later than one year | 17,218 | 13,404 |
| ▲ Later than one year and not later than two years | 14,851 | 10,847 |
| ▲ Later than two years and not later than five years | 35,297 | 26,281 |
| ▲ Later than five years | 29,539 | 10,852 |
| Operating leases: | | |
| ▲ Not later than one year | 76 | 43 |
| ▲ Later than one year and not later than two years | 11 | - |
| Total commitments | 313,886 | 252,339 |

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at the balance sheet date.

Non-cancellable operating lease – accommodation

The Ministry leases office premises in the normal course of its business.

The Ministry's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on the Ministry by any of its leasing arrangements.

Other non-cancellable commitments

The Ministry has entered into non-cancellable contracts for maintenance, curriculum development contracts, consulting services and other contracts for service.

Statement of Contingent Liabilities

The Statement of Contingent Liabilities discloses situations that exist at 30 June 2009, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after the date of approval of the financial statements.

| | 30/06/2009 | 30/06/2008 |
|-------------------------------------|--------------|--------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Boundary fence dispute | - | 7 |
| Personal grievances | - | 35 |
| Contractual dispute | 2,800 | 1,300 |
| Total contingent liabilities | 2,800 | 1,342 |

Personal grievances

Personal grievances represent amounts claimed by employees of the Ministry.

Contractual disputes

Contractual disputes represent amounts claimed by plaintiffs in relation to unpaid fees alleged to be owing under a project management contract for Whangaparaoa College. The increase over the previous year is due to an additional plaintiff and formalisation of claim. The Ministry is disputing these claims.

It is uncertain when any payments arising from these contingent liabilities will be required.

Statement of Unappropriated Expenditure

In terms of section 26 of the Public Finance Act 1989, there was no unappropriated expenditure against departmental output expenses for 2008/09 (there was no unappropriated expenditure for the year ended 30 June 2008).

Notes to the financial statements for the year ended 30 June 2009

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Note 1 – Budget composition

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------------|------------------------------------|------------------|------------------|
| | Budget | Supplementary Estimates | Budget | Budget |
| | Forecasts | Increases/ (Decreases) | Total | Total |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 1,558,161 | 72,685 | 1,630,846 | 1,520,906 |
| Other | 9,871 | 3,346 | 13,217 | 9,936 |
| Total revenue | 1,568,032 | 76,031 | 1,644,063 | 1,530,842 |
| Expenditure | | | | |
| Personnel | 192,795 | - | 192,795 | 187,158 |
| Operating | 50,355 | 518 | 50,873 | 50,716 |
| Depreciation | 384,965 | 30,294 | 415,259 | 364,942 |
| Maintenance of school land and buildings | 18,000 | 3,604 | 21,604 | 18,101 |
| Capital charge | 749,875 | 43,365 | 793,240 | 739,044 |
| Other expenses | 172,042 | (1,750) | 170,292 | 170,881 |
| Total expenditure | 1,568,032 | 76,031 | 1,644,063 | 1,530,842 |
| Net operating surplus/(deficit) | - | - | - | - |

Note 2 – Other revenue

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|---------------|------------------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Payroll deduction fees | 833 | 587 | 587 | 808 |
| Sale of learning materials | 167 | 53 | 53 | 319 |
| Sundry rentals | 213 | 186 | 186 | 269 |
| School house rentals | 4,116 | 3,100 | 3,100 | 4,239 |
| Recoveries of costs of property disposals | - | 4,300 | - | - |
| State Sector Retirement Savings Scheme and KiwiSaver | 3,192 | 3,015 | 3,015 | 2,817 |
| Miscellaneous revenue | 898 | 176 | 30 | 625 |
| Special education | 1,313 | 1,800 | 2,900 | 1,988 |
| Total other revenue | 10,732 | 13,217 | 9,871 | 11,065 |

Note 3 – Personnel expenditure

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|----------------|----------------------------|----------------|----------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Salaries and wages | 185,769 | 184,531 | 184,688 | 178,616 |
| ACC | 948 | 955 | 980 | 871 |
| Superannuation subsidies | 3,891 | 3,650 | 3,524 | 3,629 |
| Training | 2,534 | 3,659 | 3,603 | 2,876 |
| Increase in provision for annual leave | 1,004 | - | - | 1,234 |
| Increase in provision for long service leave | (1,195) | - | - | 88 |
| Increase in provision for retiring leave | 331 | - | - | 166 |
| Total personnel expenditure | 193,282 | 192,795 | 192,795 | 187,480 |

Employer contributions to defined contribution plans include contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and Government Superannuation Fund.

Note 4 – Operating expenditure

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|------------------------------------|---------------|----------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Travel | 10,449 | 12,718 | 8,760 | 12,644 |
| Communications | 4,453 | 4,641 | 5,096 | 4,611 |
| Operating lease rentals | 18,429 | 18,537 | 17,200 | 18,354 |
| Contracts | 2,704 | 2,542 | 2,324 | 2,677 |
| Equipment maintenance | 587 | 350 | 637 | 545 |
| Other operating costs | 11,994 | 12,085 | 16,338 | 12,131 |
| Total operating expenditure | 48,616 | 50,873 | 50,355 | 50,962 |

Note 5 – Depreciation and amortisation

| | 30/06/2009 Actual | 30/06/2009 Supplementary Estimates | 30/06/2009 Budget | 30/06/2008 Actual |
|--|----------------------|--|----------------------|----------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Fabric | 48,746 | | | 67,928 |
| Roof | 24,760 | | | 16,408 |
| Services | 41,038 | | | 24,724 |
| Fitout | 167,412 | | | 106,541 |
| Lifts | 874 | | | 764 |
| Boilers | 3,537 | | | 3,923 |
| Ancillary buildings | 4,631 | | | 5,259 |
| Covered ways | 1,813 | | | 1,518 |
| Houses | 2,521 | | | 2,470 |
| Kindergartens | 854 | | | 795 |
| Playcentres | 183 | | | 249 |
| Relocatable classrooms | 30,760 | | | 33,479 |
| Site improvements | 54,966 | | | 61,039 |
| Swimming pools | 11,099 | | | 8,485 |
| Plant and equipment | 318 | | | 494 |
| Computer hardware | 3,953 | | | 4,729 |
| Furniture and fittings | 3,018 | | | 3,583 |
| Motor vehicles | 1,572 | | | 1,319 |
| Total depreciation | 402,055 | 403,903 | 373,609 | 343,707 |
| Computer software | 9,593 | 11,356 | 11,356 | 9,030 |
| Total amortisation | 9,593 | 11,356 | 11,356 | 9,030 |
| Total depreciation and amortisation | 411,648 | 415,259 | 384,965 | 352,737 |

Note 6 – Capital charge

The Ministry pays a capital charge on its average taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2009 was 7.5% (at 30 June 2008 the rate was 7.5%).

Note 7 – Other expenses

| | 30/06/2009 Actual \$000 | 30/06/2009 Supplementary Estimates \$000 | 30/06/2009 Budget \$000 | 30/06/2008 Actual \$000 |
|---|-------------------------------|---|-------------------------------|-------------------------------|
| Asset write-offs (Note 8) | - | - | - | 1,790 |
| Fees to auditors | | | | |
| ▲ Audit fees for audit of the financial statements | 385 | 510 | 522 | 390 |
| ▲ IT infrastructure assurance | 21 | - | - | - |
| ▲ Other fees for NZ IFRS transition | - | - | - | 35 |
| ▲ Fees for other services | 149 | - | - | 182 |
| Debt impairment | 71 | - | - | 126 |
| (Profit)/loss on sale of property, plant and equipment (Note 9) | 69 | - | - | 86 |
| Provision for additional property liabilities | 109 | - | - | (354) |
| Contracts for services | 73,151 | 84,818 | 85,000 | 76,379 |
| Special education payments | 75,396 | 75,140 | 70,000 | 72,257 |
| Other | 10,759 | 9,824 | 16,520 | 7,314 |
| Total other expenses | 160,110 | 170,292 | 172,042 | 158,205 |

Fees for other services are for the facilitation of professional development sessions for school principals.

Note 8 – Assets written off

The assets listed in the following table were written off either because they had been depreciated down to their residual value and were obsolete or because they were not fit for use.

| | 30/06/2009 Actual \$000 | 30/06/2008 Actual \$000 |
|---------------------------------|-------------------------------|-------------------------------|
| Software | - | 1,790 |
| Total assets written off | - | 1,790 |

Note 9 – Loss on sale of property, plant and equipment

| | 30/06/2009 Actual \$000 | 30/06/2008 Actual \$000 |
|--|-------------------------------|-------------------------------|
| Chattels | 69 | 86 |
| Total loss on sale of property, plant and equipment | 69 | 86 |

Note 10 – Net surplus payable to the Crown

| | 30/06/2009 | 30/06/2008 |
|---|--------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Surplus from the Statement of Financial Performance | 6,192 | 17,084 |
| Total for repayment to the Crown | 6,192 | 17,084 |

The repayment of surplus is required to be paid by 31 October of each year.

Note 11 – Revaluation reserves

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Balance brought forward as at 1 July | 6,596,874 | 6,596,874 | 5,930,633 | 5,900,837 |
| Add/(deduct) land revaluations | (597,645) | - | - | (54,865) |
| Add building revaluations | 901,632 | - | - | 760,606 |
| Add/(deduct) revaluation reserve on disposal of assets to Ministry equity | 89,625 | - | - | (9,704) |
| Balance as at 30 June | 6,990,486 | 6,596,874 | 5,930,633 | 6,596,874 |
| Revaluation reserves consist of: | | | | |
| Land revaluation reserves | 2,273,975 | 2,880,620 | 2,945,189 | 2,880,620 |
| Building revaluation reserves | 4,716,511 | 3,716,254 | 2,985,444 | 3,716,254 |
| Total revaluation reserve | 6,990,486 | 6,596,874 | 5,930,633 | 6,596,874 |

Note 12 – Ministry equity

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Ministry equity brought forward as at 1 July | 3,986,684 | 3,986,684 | 4,043,005 | 3,935,625 |
| Add/(deduct) revaluation related to assets sold | (89,625) | - | - | 9,704 |
| Add surplus/(deficit) for year | 6,192 | - | - | 17,084 |
| Total recognised revenues and expenses for the year | (83,433) | - | - | 26,788 |
| Add capital contribution from the Crown | 143,473 | 159,996 | 117,633 | 65,000 |
| Deduct capital withdrawal | (38,473) | (38,473) | - | (23,645) |
| Deduct net operating surplus payable to the Crown | (6,192) | - | - | (17,084) |
| Total adjustments for flows to and from the Crown | 98,808 | 121,523 | 117,633 | 24,271 |
| Ministry equity as at 30 June | 4,002,059 | 4,108,207 | 4,160,638 | 3,986,684 |

Note 13 – Accounts receivable

| | 30/06/2009 | 30/06/2008 |
|----------------------------------|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Trade receivables | 5,384 | 3,432 |
| Crown debtor | 48,218 | 15,600 |
| Non-trade receivables | 2,033 | 9,926 |
| Employee advances | 117 | 103 |
| Total accounts receivable | 55,752 | 29,061 |

The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2009 and 2008, all trade receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

| | 30/06/2009 | | | 30/06/2008 | | |
|---------------------|--------------|------------|--------------|--------------|------------|--------------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Not past due | 3,839 | - | 3,839 | 1,221 | - | 1,221 |
| Past due 1-30 days | 568 | - | 568 | 1,322 | - | 1,322 |
| Past due 31-60 days | 281 | - | 281 | 294 | - | 294 |
| Past due 61-90 days | 154 | - | 154 | 97 | - | 97 |
| Past due > 91 days | 778 | 236 | 542 | 663 | 165 | 498 |
| Total | 5,620 | 236 | 5,384 | 3,597 | 165 | 3,432 |

No other class of accounts receivable is past due or impaired.

The provision for doubtful debts has been calculated based on expected losses for the Ministry's pool of debtors. Expected losses have been determined based on an analysis of the Ministry's losses in previous periods, and review of specific debtors.

Movements in the provision for doubtful debts are as follows:

| | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|------------|------------|------------|
| | Actual | Budget | Actual |
| | \$000 | \$000 | \$000 |
| Balance at 1 July | 165 | 165 | 39 |
| Additional provisions made during the year | 162 | - | 209 |
| Receivables written off during period | (91) | - | (83) |
| Balance at 30 June | 236 | 165 | 165 |

Note 14 – Prepayments

| | 30/06/2009 | 30/06/2008 |
|--------------------------|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Prepayments | 2,107 | 1,248 |
| Property capital | 31,951 | 23,176 |
| Total prepayments | 34,058 | 24,424 |

Note 15 – Non-current assets held for sale

A range of school land and buildings and housing has been classified as held for sale following the approval to dispose of these assets, as they will provide no future use to the Ministry. The completion date for these sales is difficult to predict owing to an extensive formal disposal process but an active programme is in place to dispose of these properties.

Non-current assets held for sale include:

| | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|---------------|---------------|---------------|
| | Actual | Budget | Actual |
| | \$000 | \$000 | \$000 |
| Buildings | 5,797 | 18,687 | 18,687 |
| Land | 34,445 | 31,069 | 31,069 |
| Total non-current assets held for sale | 40,242 | 49,756 | 49,756 |

Note 16 – Accounts payable

| | 30/06/2009 | 30/06/2008 |
|-------------------------------|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Trade payables | 12,053 | 6,347 |
| Accrued expenses | 54,827 | 61,269 |
| Crown entities | 2,138 | 8,379 |
| Total accounts payable | 69,018 | 75,995 |

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of creditors and other payables approximates their fair value.

Note 17 – Provision for employee entitlements

| | 30/06/2009 | 30/06/2008 |
|--|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Current liabilities | | |
| Annual leave | 11,295 | 10,291 |
| Provision for State Sector Retirement Savings Scheme | 49 | 94 |
| Government Superannuation Fund: Employer subsidy | 7 | 16 |
| Long service leave | 98 | 86 |
| Retiring leave | 1,158 | 997 |
| Total current portion | 12,607 | 11,484 |

The provision for annual leave represents the amount owing to employees as at 30 June 2009. The provision for Government Superannuation Fund: Employer Subsidy represents the amount owing to the fund on behalf of employees as at 30 June 2009.

| | 30/06/2009 | 30/06/2008 |
|----------------------------------|--------------|--------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Non-current liabilities | | |
| Long service leave | 776 | 1,983 |
| Retiring leave | 3,271 | 3,101 |
| Total non-current portion | 4,047 | 5,084 |

In 2007/08 the long service liability included \$1.2 million related to the former Crown entity Specialist Education Services which has been reclassified in these financial statements to accounts payable (see Note 16).

The provision for long service and retiring leave is calculated on an actuarial basis as at 30 June 2009. This actuarial calculation recognises that the liability for these leave categories accrues as employees provide service to the Ministry.

The calculations for retiring leave and long service leave were determined by an independent actuary at 30 June 2009 where the main economic assumptions applied were a discount rate of 3.85% (7.45% in 2007/08) and a salary growth rate of 2.75% (2.75% in 2007/08).

If the salary inflation factor were to differ by 1% from the estimate, with all other factors held constant, the carrying amount of the:

- ▲ long service leave liability would be an estimated \$71,000 higher/\$65,000 lower
- ▲ retiring leave liability would be an estimated \$234,000 higher/\$209,000 lower.

If the resignation rates were to differ by 50% from the estimate, with all other factors held constant, the carrying amount of the:

- ▲ long service leave liability would be an estimated \$4,000 higher/\$4,000 lower
- ▲ retiring leave liability would be an estimated \$19,000 higher/\$19,000 lower.

Note 18 – Non-current assets

Valuation

The Ministry is responsible for, and has ownership of, the institutional land and buildings of primary, intermediate, area and secondary schools on behalf of the Government. The Ministry does not own the land and buildings of integrated schools and therefore they are not included in the Ministry's financial statements.

| | Land | Buildings | Furniture/ office equipment | Motor vehicles | Total |
|---|------------------|------------------|-----------------------------------|-------------------|-------------------|
| | Valuation | Valuation | Cost | Cost | |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cost or valuation | | | | | |
| Balance at 1 July 2007 | 3,408,530 | 6,297,145 | 60,913 | 10,698 | 9,777,286 |
| Additions | 19,807 | 406,672 | 9,239 | 2,945 | 438,663 |
| Revaluation increase/(decrease) | (44,421) | 414,775 | - | - | 370,354 |
| Transfer to held for sale | (19,286) | (3,439) | - | - | (22,725) |
| Disposals | - | - | (3,225) | (1,854) | (5,079) |
| Balance at 30 June 2008 | 3,364,630 | 7,115,153 | 66,927 | 11,789 | 10,558,499 |
| Additions | 21,799 | 482,215 | 9,693 | 2,534 | 516,241 |
| Revaluation increase/(decrease) | (597,645) | 508,780 | - | - | (88,865) |
| Transfer to held for sale | - | - | - | - | - |
| Disposals | (13,252) | (809) | (4,066) | (2,396) | (20,523) |
| Balance at 30 June 2009 | 2,775,532 | 8,105,339 | 72,554 | 11,927 | 10,965,352 |
| Accumulated depreciation and impairment losses | | | | | |
| Balance at 1 July 2007 | - | - | 31,005 | 3,903 | 34,908 |
| Depreciation expense | - | 333,580 | 8,807 | 1,320 | 343,707 |
| Eliminate on disposal | - | - | (2,303) | (1,172) | (3,475) |
| Eliminate on revaluation | - | (333,526) | - | - | (333,526) |
| Eliminate on transfer to held for sale | - | (54) | - | - | (54) |
| Balance at 30 June 2008 | - | - | 37,509 | 4,051 | 41,560 |
| Depreciation expense | - | 393,194 | 7,289 | 1,572 | 402,055 |
| Eliminate on disposal | - | (344) | 74 | (1,530) | (1,800) |
| Eliminate on revaluation | - | (392,850) | - | - | (392,850) |
| Eliminate on transfer to held for sale | - | - | - | - | - |
| Balance at 30 June 2009 | - | - | 44,872 | 4,093 | 48,965 |

| | Land | Buildings | Furniture/ office equipment | Motor vehicles | Total |
|-------------------------|------------------|------------------|-----------------------------------|-------------------|-------------------|
| | Valuation | Valuation | Cost | Cost | |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Carrying amounts | | | | | |
| At 1 July 2007 | 3,408,530 | 6,297,145 | 29,908 | 6,795 | 9,742,378 |
| At 30 June 2008 | 3,364,630 | 7,115,153 | 29,418 | 7,738 | 10,516,939 |
| At 30 June 2009 | 2,775,532 | 8,105,339 | 27,682 | 7,834 | 10,916,387 |

The annual revaluation of school land, ECE land and houses was conducted by Darroch Valuation, led by Kerry Stewart (FPINZ, FNZIV). The valuation had an effective date of 30 June 2009. School buildings and improvements are valued internally by experienced Ministry staff, and the internal valuation is reviewed by Darroch Valuation, also led by Kerry Stewart.

| | Land | Buildings | Total |
|---|------------------|------------------|-------------------|
| | \$000 | \$000 | \$000 |
| QV Valuation | 2,775,532 | 84,646 | 2,860,178 |
| Internal assessment by experienced Ministry staff | - | 8,020,693 | 8,020,693 |
| Total | 2,775,532 | 8,105,339 | 10,880,871 |

In addition to the figures above there is surplus property, plant and equipment valued at \$40.2 million (\$49.8 million for the year ended 30 June 2008) net realisable value, which the Ministry intends to dispose of.

All Crown property has to follow a specific disposal process that can result in delays in achieving a final sale. This does not have a material impact on the expected net proceeds received.

The Ministry has adopted a two-tier approach to the risk management of its property, plant and equipment:

- ▲ the first tier concentrates on upgrading fire protection and security systems in order to minimise arson and vandalism losses
- ▲ the second tier is a policy of self-insurance up to a yearly limit of \$8.5 million to cover claims from catastrophic loss. Losses beyond the annual limit are covered by a catastrophe insurance policy placed with the international insurance market, which provides cover for 100% of the loss, up to \$325 million for any one event or \$370 million in one year for more than one event.

The total amount of property, plant and equipment in the course of construction is \$242.891 million (2007/08 \$179.300 million).

Note 19 – Intangible assets

Internally generated software

\$'000

Cost

| | |
|------------------------|--------|
| Balance at 1 July 2007 | 51,480 |
|------------------------|--------|

| | |
|-----------|-------|
| Additions | 8,483 |
|-----------|-------|

| | |
|-----------|-------|
| Disposals | (832) |
|-----------|-------|

| | |
|--------------------------------|---------------|
| Balance at 30 June 2008 | 59,131 |
|--------------------------------|---------------|

| | |
|-----------|--------|
| Additions | 13,435 |
|-----------|--------|

| | |
|-----------|---|
| Disposals | - |
|-----------|---|

| | |
|--------------------------------|---------------|
| Balance at 30 June 2009 | 72,566 |
|--------------------------------|---------------|

Accumulated amortisation

| | |
|------------------------|--------|
| Balance at 1 July 2007 | 24,653 |
|------------------------|--------|

| | |
|----------------------|-------|
| Amortisation expense | 9,030 |
|----------------------|-------|

| | |
|-----------|-------|
| Disposals | (530) |
|-----------|-------|

| | |
|--------------------------------|---------------|
| Balance at 30 June 2008 | 33,153 |
|--------------------------------|---------------|

| | |
|----------------------|-------|
| Amortisation expense | 9,593 |
|----------------------|-------|

| | |
|-----------|------|
| Disposals | (94) |
|-----------|------|

| | |
|--------------------------------|---------------|
| Balance at 30 June 2009 | 42,652 |
|--------------------------------|---------------|

Carrying amounts

| | |
|----------------|--------|
| At 1 July 2007 | 26,827 |
|----------------|--------|

| | |
|-----------------|--------|
| At 30 June 2008 | 25,978 |
|-----------------|--------|

| | |
|-----------------|--------|
| At 30 June 2009 | 29,914 |
|-----------------|--------|

There are no restrictions over the title of the Ministry's intangible assets, nor are any intangible assets pledged as security for liabilities.

There are software assets valued at \$32.324 million that are fully amortised but that are still in use (2007/08 \$20.400 million).

The total amount of software assets in the course of development is \$4.855 million (2007/08 \$11.469 million).

Note 20 – Reconciliation of net surplus with cash flows from operating activities

Description of reconciliation

The reconciliation discloses the non-cash adjustments included in determining the net surplus reported in the Statement of Financial Performance to arrive at the net cash flows from operating activities disclosed in the Statement of Cash Flows.

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|-----------------|----------------------------|----------------|----------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Reported net surplus/(deficit) | 6,192 | - | - | 17,084 |
| Add non-cash items: | | | | |
| Assets written off | - | - | - | 1,790 |
| Depreciation | 411,648 | 415,259 | 384,965 | 352,737 |
| Increase in non-current employee entitlements | (1,037) | 1,096 | (1,900) | 153 |
| | 410,611 | 416,355 | 383,065 | 354,680 |
| Add/(less) movements in working capital items: | | | | |
| (Increase)/decrease in accounts receivable | (26,691) | 5,850 | 1,000 | 21,171 |
| (Increase)/decrease in prepayments | (859) | (1,992) | - | (888) |
| Increase/(decrease) in accounts payable | (4,858) | 1,342 | (1,000) | (7,623) |
| Increase/(decrease) in current employee entitlements | 1,123 | (1,097) | (1,100) | 1,332 |
| | (31,285) | 4,103 | (1,100) | 13,992 |
| Add/(less) items classified as investing activities | | | | |
| Net (surplus)/loss on sale of property, plant and equipment | 69 | - | - | 86 |
| Increase in capital works prepayments | - | - | - | 11,006 |
| Increase in capital works accounts payable | - | - | - | 10,118 |
| | 69 | - | - | 21,210 |
| Net cash flows from operating activities | 385,587 | 420,458 | 381,965 | 406,966 |

Note 21 – Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk – currency risk and interest rate risk

The Ministry enters into foreign currency forward contracts as required to hedge foreign currency transactions. There are no outstanding forward foreign exchange contracts at year end. The Ministry has no significant exposure to interest rate risk on its financial instruments.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. The Ministry incurs credit risk from accounts receivable, bank balances and short-term investments with the New Zealand Debt Management Office.

Maximum credit risk exposure

| | 30/06/2009 | 30/06/2008 |
|---|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Cash and bank balances | 21,119 | 55,854 |
| Accounts receivable | 55,752 | 29,061 |
| Total maximum credit risk exposure | 76,871 | 84,915 |

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above accounts.

Significant concentrations of credit risk

The Ministry does not require any collateral or security to support financial instruments with the financial institutions it deals with, and is not exposed to any other concentrations of credit risk.

Fair value

The fair value of all financial instruments is equivalent to the carrying value disclosed in the Statement of Financial Position.

Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

The table below analyses the Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

| | Less than 6 months \$000 | Between 6 months and 1 year \$000 | Between 1 and 5 years \$000 | Over 5 years \$000 | Total \$000 |
|------------------------------|--------------------------------|---|-----------------------------------|-----------------------|----------------|
| 2008 | | | | | |
| Creditors and other payables | 50,769 | 34,033 | - | - | 84,802 |
| 2009 | | | | | |
| Creditors and other payables | 57,428 | 24,653 | - | - | 82,081 |

Note 22 – Categories of financial instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

| | 30/06/2009 Actual \$000 | 30/06/2008 Actual \$000 |
|---|-------------------------------|-------------------------------|
| Loans and receivables | | |
| Cash and cash equivalents | 21,119 | 55,854 |
| Debtors and other receivables (notes 13 and 14) | 89,810 | 53,485 |
| Total loans and receivables | 110,929 | 109,339 |
| Financial liabilities measured at amortised cost | | |
| Creditors and other payables | 82,081 | 84,802 |

Note 23 – Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprises general funds and revaluation reserves. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government Budget processes and with Treasury Instructions.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Note 24 – Related party transactions and key management personnel

Related party transactions

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the role of the Ministry as well as being its major source of revenue.

The Ministry enters into transactions with other government departments, Crown entities and state-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

The following transactions were carried out with related parties:

During the year the Ministry purchased services from Te Rūnanga O Ngāti Porou, in which a Deputy Secretary's brother is the Deputy Chairman and the Deputy Secretary's sister-in-law was the Chief Executive Officer (until February 2009). These services cost \$3,122 (2008: \$1,433) and were supplied on normal commercial terms. No balance was outstanding at year end.

During the year the Ministry purchased services from Evaluation Associates. A senior manager's partner is a director and major shareholder in Evaluation Associates. These services cost \$307,010 (2008: \$166,381) and were supplied on normal commercial terms. There is a balance of \$74,959 (2008: \$23,304) outstanding at year end.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Key management personnel compensation

| | 30/06/2009 | 30/06/2008 |
|--|--------------|--------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Salaries and other short-term employee benefits | 2,201 | 2,211 |
| Post-employment benefits | 53 | 49 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Total key management personnel compensation | 2,254 | 2,260 |

Key management personnel information relates to the seven positions of the senior management team

– Secretary for Education and six deputy secretaries.

Note 25 – Events after the balance sheet date

There have been no significant events after the balance sheet date.

Statements of service performance

Summary of output expenses

To contribute to the outcomes sought by the Government, the Ministry agreed to produce seven classes of outputs for Vote Education during the 2008/09 year, to standards specified in accordance with management performance obligations and the financial performance targets agreed with the Minister of Education.

The statements of service performance outline for each output expense:

- ▲ the objectives established at the beginning of the year which contribute towards the outcomes sought by the Government, and measures of the levels of service achieved for each output produced
- ▲ actual performance measured against the objectives
- ▲ operating costs and revenues for each output expense produced.

In this way the operational and financial performance of the Ministry can be reviewed together to provide a better understanding of the relationship between effort and accomplishment.

Statement of Expenditure and Appropriations for Vote Education for the year ended 30 June 2009

| Output Expenses | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------------|----------------------------|------------------|----------------------------|
| | Expenditure | Supplementary Estimates | Budget | Supplementary Estimates |
| | \$000 | \$000 | \$000 | \$000 |
| Minister of Education | | | | |
| Interventions for Target Student Groups | 218,436 | 219,196 | 223,538 | 213,873 |
| School Property Portfolio Management | 1,223,984 | 1,224,445 | 1,141,943 | 1,116,188 |
| Strategic Leadership in the Sector | 32,322 | 32,662 | 33,080 | 34,580 |
| Support and Resources for Education Providers | 64,507 | 68,455 | 69,726 | 66,578 |
| Support and Resources for Teachers | 65,100 | 65,234 | 64,833 | 60,942 |
| Support and Resources for the Community | 15,263 | 18,223 | 18,726 | 21,592 |
| Minister for Tertiary Education | | | | |
| Strategic Leadership in the Tertiary System | 15,774 | 15,848 | 16,186 | 17,089 |
| Total appropriation for Vote Education | 1,635,386 | 1,644,063 | 1,568,032 | 1,530,842 |
| Capital expenditure for the Ministry of Education | 525,591 | 581,332 | 483,428 | 518,700 |

Subsequent to the 2008/09 Supplementary Estimates being finalised, further fiscally neutral adjustments were approved under Order in Council, pursuant to section 26A of the Public Finance Act. The following adjustments are reflected in the Supplementary Estimates numbers in the Statement of Expenditure and Appropriations above:

30/06/2009

**Section 26A
Adjustments**

| | \$'000 |
|---|--------|
| Interventions for Target Student Groups | (600) |
| Support and Resources for Education Providers | (400) |
| Support and Resources for the Community | (500) |
| School Property Portfolio Management | 1,500 |

Changes to departmental appropriations in 2008/09

Expenditure on outputs delivered by the Ministry of Education increased by \$76.0 million (GST exclusive) during 2008/09 (refer table on page 82). The major reasons for the decrease were:

Cabinet and other decisions

Cabinet and other decisions resulted in a \$32.0 million increase to appropriations. The major initiatives agreed by the Government during 2008/09 were:

- ▲ the upward revaluation of school sector property at the end of June 2008 resulting in increased depreciation (\$28 million)
- ▲ partly offset by provision for settlement of the Special Education Field Staff and Service Managers collective agreements (\$1.9 million)
- ▲ funding for additional costs related to design and construction of Albany Senior High School (\$1.9 million)
- ▲ support for the Netsafe initiative under the Digital Strategy 2.0 (\$0.7 million)
- ▲ implementation of a project for replacement of the schools payroll system (\$0.5 million).

Expense transfers

Transfers from 2008/09 to subsequent financial years (partly offset by transfers from 2007/08 to 2008/09) totalled \$0.7 million. The major transfers reflected changes in timing in the following outputs:

- ▲ transfers from the previous financial year (2007/08) owing to delays related to:
 - ▶ development of the schools payroll replacement project (\$0.6 million)
 - ▶ translations of Team-Up website material (\$0.1 million)
 - ▶ publication of early childhood education licensing criteria (\$0.1 million)
 - ▶ retendering of a student loan valuation and modelling contract (\$0.1 million)
- ▲ partly offset by transfers to 2009/10 related to:
 - ▶ the Tackling Disruptive Behaviour initiative (\$0.1 million)
 - ▶ the longitudinal evaluation of the Early Childhood Strategic Plan (\$0.1 million).

Other output adjustments

Other adjustments to Ministry outputs resulted in increased expenditure of \$43.3 million.

The major adjustments were for capital charge and mainly related to:

- ▲ the upward revaluation of school sector property at the end of June 2008 resulting in increased capital charge (\$45.7 million)
- ▲ impact of timing changes on capital charge (\$2.3 million).

Some significant fiscally neutral changes to appropriations were also required during the year to transfer funding to output School Property Portfolio Management from other output appropriations to offset:

- ▲ expenditure from previous years relating to the disposal of surplus properties
- ▲ higher than expected costs related to weathertightness issues for some schools.

Other significant changes to output appropriations reflected:

- ▲ expenditure incurred during the year related to the disposal of surplus properties (\$4.3 million)
- ▲ a change in timing for the Ministry's support to the Tokelau project (\$0.1 million)
- ▲ a transfer to Non-Departmental Output Expense Curriculum Support for non-enrolled truancy services (\$2.0 million)
- ▲ a reduction in the value of services provided to third parties, including assessments for the Independent Youth Benefit Allowance and specialist educational assessments (\$1.1 million)
- ▲ a transfer to the Education Review Office to maintain its capability (\$0.8 million)
- ▲ reduced costs for the Tackling Disruptive Behaviour initiative (\$0.6 million)
- ▲ a transfer of funding for the European Union – New Zealand mobility project to Non-Departmental Other Expense Tertiary Education Grants and Other Funding (\$0.1 million).

Capital injection

| all figures \$000 | Budget Night | Supplementary Estimates | Final Appropriation |
|----------------------|----------------|-------------------------|---------------------|
| School property | 93,991 | 65,622 | 159,613 |
| Other programmes | 23,642 | (23,259) | 383 |
| Total capital | 117,633 | 42,363 | 159,996 |

Capital injections to be received by the Ministry during 2008/09 increased by \$42.4 million, mainly owing to a combination of:

- ▲ additional expenditure on the school property works programme related to site purchases delayed from 2007/08 (\$42.4 million)
- ▲ provision for accelerated investment in school infrastructure (\$28 million)
- ▲ partly offset by changes to the schools payroll project (\$23.3 million).

Capital expenditure

This appropriation increased by \$97.9 million to \$581.3 million for 2008/09. The increase is mainly owing to:

- ▲ capital transfers from 2007/08 to 2008/09 after the purchase of several new school sites was deferred (\$42.4 million increase)
- ▲ additional funding for school property works as a result of bringing forward infrastructure spending (\$28 million increase) and disposal of surplus school property assets (\$20 million increase).

| Departmental Output Expense Appropriations 2008/09 | Interventions for Target Student Groups | School Property Portfolio Management | Strategic Leadership in the Sector | Strategic Leadership in the Tertiary System | Support and Resources for Education Providers | Support and Resources for Teachers | Support and Resources for the Community | Total |
|---|---|--------------------------------------|------------------------------------|---|---|------------------------------------|---|------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Budget 2008 | 223,538 | 1,141,943 | 33,080 | 16,186 | 69,726 | 64,833 | 18,726 | 1,568,032 |
| Cabinet and Ministerial Decisions | | | | | | | | |
| 21st-Century Building Programme | - | 28,000 | - | - | - | - | - | 28,000 |
| Group Special Education Field Staff and Service Managers: Settlements | 1,913 | - | - | - | - | - | - | 1,913 |
| Albany Senior High School: Design and Construction | - | 1,904 | - | - | - | - | - | 1,904 |
| Digital Strategy 2.0 | - | - | - | - | - | 700 | - | 700 |
| Business Case for Replacement of Schools Payroll | - | - | - | - | (513) | - | - | (513) |
| | 1,913 | 29,904 | - | - | (513) | 700 | - | 32,004 |
| Transfers from 2007/08 and to 2009/10 | | | | | | | | |
| Schools Payroll Project | - | - | - | - | 600 | - | - | 600 |
| Translation of Team-Up Website Material | - | - | - | - | - | - | 140 | 140 |
| Publication of ECE Licensing Criteria | - | - | - | - | 112 | - | - | 112 |
| Student Loan Valuation and Modelling | - | - | - | 100 | - | - | - | 100 |
| Tackling Disruptive Behaviour Initiative | (130) | - | - | - | - | - | - | (130) |
| Longitudinal Evaluation of Strategic Plan | - | - | (100) | - | - | - | - | (100) |
| | (130) | - | (100) | 100 | 712 | - | 140 | 722 |
| Fiscally Neutral Adjustments | | | | | | | | |
| Ministry Output Transfers to Property | (1,961) | 3,436 | (154) | (257) | (621) | (292) | (151) | - |
| School Property Adjustment | (600) | 1,500 | - | - | (400) | - | (500) | - |
| | (2,561) | 4,936 | (154) | (257) | (1,021) | (292) | (651) | - |
| Technical Changes | | | | | | | | |
| Capital Charge – Revaluation | - | 45,695 | - | - | - | - | - | 45,695 |
| Capital Charge – Other School Property Changes | - | (2,345) | - | - | - | - | - | (2,345) |
| Capital Charge – Adjustments Excluding School Property | 86 | 12 | (14) | (81) | 11 | (7) | 8 | 15 |
| | 86 | 43,362 | (14) | (81) | 11 | (7) | 8 | 43,365 |
| Other Changes | | | | | | | | |
| Cost of Property Disposal | - | 4,300 | - | - | - | - | - | 4,300 |
| New Zealand Government Agencies Fund | - | - | - | - | 146 | - | - | 146 |
| Non-Enrolled Tuancy Service | (1,950) | - | - | - | - | - | - | (1,950) |
| Reduced Expenditure on Services Provided by Special Education Group | (1,100) | - | - | - | - | - | - | (1,100) |
| Maintaining Education Review Office Capability | - | - | (150) | - | (606) | - | - | (756) |
| Savings – Disruptive Behaviour Tool | (600) | - | - | - | - | - | - | (600) |
| European Union – New Zealand Mobility Project | - | - | - | (100) | - | - | - | (100) |
| | (3,650) | 4,300 | (150) | (100) | (460) | - | - | (60) |
| Total Changes | (4,342) | 82,502 | (418) | (338) | (1,271) | 401 | (503) | 76,031 |
| Final Appropriations | 219,196 | 1,224,445 | 32,662 | 15,848 | 68,455 | 65,234 | 18,223 | 1,644,063 |

Output expense specifications

Interventions for Target Student Groups

Portfolio Minister – Minister of Education

Scope of appropriation

Expenditure on policies and services focused on targeted student groups' or individuals' participation in education. This includes providing services to individuals with special education and developmental needs, providing alternative education options, working with individuals and relevant stakeholders to resolve participation issues, and administering scholarships and awards for individuals.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|---|-----------------|--|
| Development and Evaluation of Student Intervention Policy | | |
| Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education. | Achieved | Achieved |
| Targeted Student Participation Interventions | | |
| The following scholarships and awards will be administered: | | |
| Boarding Allowances and Bursaries. | 1,200 - 1,500 | 739 The planned range was actually 400 – 600 in the 2008/09 Output Plan. |
| Home Schooling Allowances. | 5,500 - 6,500 | 6,104 |
| Mapihi Pounamu (places filled). | 400 - 500 | 348 |
| Interim response fund grant applications processed. | 1,000 - 1,800 | 1,487 |
| Non-enrolled truancy cases closed by the Ministry. | 400 - 1,000 | 608 |
| Scholarships and grants will be: ▲ awarded in line with Government policies and published criteria ▲ calculated accurately ▲ paid to the correct payee ▲ paid within the timeframes notified. | Achieved | Scholarships and grants were: ▲ awarded in line with Government policies and published criteria ▲ calculated accurately ▲ paid to the correct payee. Approximately 98% of students notified by letter of payment date were paid within that timeframe. Most students are not given an indication of an allowance or fees payment date in writing. Some delays were experienced in May and June 2009 while appropriation issues were worked through between the Ministry of Education and the Ministry of Social Development. These issues have been resolved. |
| Special Needs Interventions | | |
| Number of Communication Services students. | 5,500 - 7,000 | 7,214 students |

| Performance Measures | Budget Standard | Actual Performance |
|---|-----------------|---|
| Number of Behavioural Services students. | 6,000 - 8,000 | 4,037 students. The total number of hours spent with students is the same within the behaviour service; but with fewer students due to the complex nature of these cases. |
| Workshops for Family and Whānau and Education Providers. | 550 - 650 | 715 workshops delivered |
| Number of Early Intervention Services students. | 11,000 - 13,000 | 12,244 students |
| Number of Complex Needs Services: | | |
| ▲ Number of Ministry-provided Ongoing and Reviewable Resourcing Schemes students. | 3,600 - 3,800 | 4,428 students |
| ▲ Number of specialist service provider Ongoing and Reviewable Resourcing Schemes students. | 2,950 - 3,150 | 3,045 students with specialist service providers |
| ▲ Number of High Health Needs Fund students. | 550 | 603 students |
| ▲ Number of Other Service students. | 2,200 - 2,500 | 3,314 students |
| 10% of clients/client groups who have received each type of service during the year will be surveyed about their satisfaction with the service. | Achieved | The number of parents and educators surveyed was increased to 20% to ensure that the Ministry received an actual return of at least 10% for each core service. 85% of recipients have reported that the agreed programme/plan has helped meet the needs of the child/student and rated them Quite Good to Excellent. |

Cost of output expense: Interventions for Target Student Groups

| | 30/06/2009 Actual \$000 | 30/06/2009 Supplementary Estimates \$000 | 30/06/2009 Budget \$000 | 30/06/2008 Actual \$000 |
|--------------------------|-------------------------------|---|-------------------------------|-------------------------------|
| Revenue | | | | |
| From the Crown | 215,857 | 215,857 | 219,099 | 209,535 |
| Other | 3,387 | 3,339 | 4,439 | 4,017 |
| Total revenue | 219,244 | 219,196 | 223,538 | 213,552 |
| Expenditure | | | | |
| Personnel | 104,009 | | | 99,945 |
| Operating | 22,560 | | | 22,055 |
| Depreciation | 7,702 | | | 8,384 |
| Capital charge | 2,725 | | | 2,266 |
| Other expenses | 81,440 | | | 79,563 |
| Total expenditure | 218,436 | 219,196 | 223,538 | 212,213 |
| Surplus/(deficit) | 808 | - | - | 1,339 |

The increase in appropriation for Budget 2008 compared with expenditure in 2007/08 included provision for:

- ▲ educational services for children identified under a universal newborn hearing screening programme
- ▲ maintaining the services of non-Group Special Education providers in the face of increasing costs
- ▲ increasing capacity of non-enrolled truancy services.

The reduced funding during the 2008/09 year was mainly owing to:

- ▲ changes in cost allocations between output classes transferring funding to output School Property Portfolio Management, including a contribution toward higher than expected costs related to weathertightness issues for some school buildings
- ▲ a transfer to Non-Departmental Output Expense Curriculum Support for non-enrolled truancy services
- ▲ a reduction in the value of services provided to third parties, including assessments for the Independent Youth Benefit Allowance and specialist educational assessments
- ▲ reduced costs for the Tackling Disruptive Behaviour initiative, including transfers to subsequent years
- ▲ partly offset by provision for settlement of the Special Education Field Staff and Service Managers collective agreements.

School Property Portfolio Management

Portfolio Minister – Minister of Education

Scope of appropriation

Expenditure on goods and services focused on providing the land, buildings and other facilities that make up the property portfolio of the state school sector. This includes purchasing and constructing new property, upgrading existing property to maintain the quality of the portfolio, disposing of surplus property, and managing teacher and caretaker housing.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|---|
| The annual work programmes will be implemented in accordance with the annual School Property Business Case. | Achieved | Actual capital expenditure was \$504 million, which was \$48 million (8%) under the budget. Spending on new schools and special character schools was lower than expected. Spending was higher than expected on school modernisation projects, health and safety issues and special needs modifications. |
| The Ministry will ensure that: <ul style="list-style-type: none"> ▲ a current Property Occupancy Document will be held with all boards of trustees ▲ all state schools will have a 10 year property plan in place prior to accessing capital funding, with the exception of funding required to rectify a catastrophic loss ▲ all schools with a Compliance Schedule will hold a current Building Warrant of Fitness. | Achieved | <p>Nine schools (less than 1%) do not have a current Property Occupancy Document (POD).</p> <p>All schools have a 10-year property plan in place before accessing capital funding.</p> <p>A total of 188 (9%) of the 1,980 state schools with Compliance Schedules have not had their Building Warrant of Fitness (BWOF) issued on time, because:</p> <ul style="list-style-type: none"> ▲ remedial work and/or inspections required before the BWOF could be issued had not been undertaken by schools ▲ 1,188 (60%) of the BWOFs became due for renewal in the last quarter of the year. <p>All outstanding actions will be completed by 30 September 2009.</p> |

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| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|--|
| All programmes will be consistent with the Business Case, completed on schedule and within budget. | Achieved | <p>The new schools programme for 2008/09 was generally consistent with the business case.</p> <ul style="list-style-type: none"> ▲ The site purchase of Ormiston Road in Flat Bush has been completed. ▲ Purchase of a site in Kerikeri was approved and completed. ▲ Albany Senior High School, Mission Heights Junior College, Mission Heights Primary, and Snells Beach Primary opened as planned in 2009. ▲ Albany Senior High School required temporary accommodation in 2009. ▲ The designation for the permanent site for Albany Senior High has been granted and site works have commenced. ▲ Capital funding has been approved for the relocation of Wanaka Primary School and new primary schools in Rolleston and Frankton, both to open in 2010. <p>All other programmes were consistent with the business case:</p> <ul style="list-style-type: none"> ▲ programmes were completed on schedule ▲ programmes remained within budget. |
| All projects will comply with all statutory, regulatory and Ministry design standards and be implemented in accordance with the project management guidelines. | Achieved | <p>For each project a professionally qualified project manager, such as an architect or engineer, is required to certify that the design complies with all statutory, regulatory and Ministry design standards and is implemented in accordance with the Property Management Handbook.</p> |

Cost of output expense: School Property Portfolio Management

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 1,216,765 | 1,216,765 | 1,138,563 | 1,103,953 |
| Other | 4,732 | 7,680 | 3,380 | 4,589 |
| Total revenue | 1,221,497 | 1,224,445 | 1,141,943 | 1,108,542 |
| Expenditure | | | | |
| Personnel | 7,878 | | | 6,320 |
| Operating | 7,050 | | | 6,126 |
| Maintenance of school land and buildings | 28,487 | | | 18,117 |
| Depreciation | 392,220 | | | 334,228 |
| Capital charge | 786,520 | | | 733,694 |
| Other expenses | 1,829 | | | 1,228 |
| Total expenditure | 1,223,984 | 1,224,445 | 1,141,943 | 1,099,713 |
| Surplus/(deficit) | (2,487) | - | - | 8,829 |

The increase in appropriation for Budget 2008 compared with expenditure in 2007/08 was mainly owing to ongoing investment in school property assets through the annual works programme and staffing improvements and the impact of one-off reallocations to other education priorities during 2007/08.

The increased funding during 2008/09 was mainly owing to the upward revaluation of school sector property at the end of June 2008 resulting in increased depreciation and capital charge, partly offset by the impact of timing changes on capital charge.

Other significant changes included:

- ▲ expenditure incurred during the year related to the disposal of surplus properties
- ▲ expenditure from previous years relating to the disposal of surplus properties funded by transfers from other output classes
- ▲ funding for additional costs related to design and construction of Albany Senior High School
- ▲ transfers from other outputs to offset higher than expected costs related to weathertightness issues for some school buildings.

Under-expenditure at the end of the year was mainly due to lower than budgeted costs of rationalising school properties.

Strategic Leadership in the Sector

Portfolio Minister – Minister of Education

Scope of appropriation

Expenditure on policies and services focused on the Ministry's leadership role in the education sector. This includes enhancing the Ministry's coordination with other sector and government agencies and forums, undertaking research and analysis, developing strategic policy, monitoring the sector and select Crown entities, and supporting the Minister of Education and Associate Ministers to meet their obligations to Parliament.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|--|
| Cross Agency Coordination | | |
| The activities of the six education agencies are coordinated in line with educational priorities. | Achieved | Achieved. The education agency chief executive meetings are focused on addressing key education priority issues to ensure coordination across the six agencies. |
| Research and Analysis | | |
| Research and survey programmes will be delivered according to the Research and Survey work programme. | Achieved | 99% of implementation, analysis and reporting delivered in time period as set out in research and survey programmes. |
| Research programmes will meet the Ministry's quality requirements for methodology, contracts and reports and will be provided within agreed timeframes. | Achieved | <p>All aspects of the research programme have met quality requirements in terms of:</p> <ul style="list-style-type: none"> ▲ design, data collection, analysis and reporting ▲ tendering and contracting. <p>All reports have met peer review standards.</p> <p>98% of advice, research, monitoring and evaluation have met project milestones.</p> |
| Best Evidence Synthesis reports will be produced according to the standards for the Best Evidence Synthesis programme defined in the Ministry's Guidelines for Generating a Best Evidence Synthesis Iteration. | Achieved | <p>Achieved. Reports completed during the year included:</p> <ul style="list-style-type: none"> ▲ Educational Leadership Best Evidence Synthesis Iteration ▲ Social Sciences Tikanga ā Iwi Best Evidence Synthesis Iteration ▲ International Academy of Education Summary of Teacher Professional Learning and Development Best Evidence Synthesis (English) ▲ International Academy of Education Summary of Teacher Professional Learning and Development Best Evidence Synthesis (te reo Māori). |
| Monitoring of the Education Sector | | |
| Production of the annual School Sector Report and State of Education report. | Achieved | Achieved |
| Publication of all key sector statistics on the Education Counts website. | Achieved | Achieved |

| Performance Measures | Budget Standard | Actual Performance |
|---|-----------------|--|
| Monitor Crown entities by analysis of strategy, capability, financial performance and achieving of targets. | Achieved | <p>Achieved for Teachers Council, New Zealand Qualifications Authority and Career Services. (Tertiary Education Commission is covered under Monitoring the Tertiary System). Activity included:</p> <ul style="list-style-type: none"> ▲ Development of statements of intent was supported and advice was provided to the Minister. ▲ The process was also coordinated with the Purchase Adviser. ▲ Output agreements were finalised. ▲ Performance assessments were made and reported to the Minister for the second and third quarters for Teachers Council and Career Services. ▲ Six-monthly performance reports were prepared for New Zealand Qualifications Authority. ▲ Candidates for a total of 19 board vacancies were proposed. |
| Every education sector report will be peer reviewed prior to publication. | Achieved | Achieved |
| Development and Evaluation of Strategic Policy | | |
| Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education. | Achieved | Achieved |
| Support for the Education Minister | | |
| Parliamentary questions and petitions. | 1,350 - 1,555 | 1,608 |
| Select Committee examinations and inquiries. | 125 - 145 | <p>118</p> <p>This includes answers to 105 Estimates and Financial Review questions and 13 written and oral briefings to enquiries.</p> |
| Statutory information. | 190 - 215 | 148 |
| General ministerial correspondence, including responses to requests from the Minister. | 7,500 - 9,010 | <p>6,363</p> <p>This includes 3,050 ministry reports and submissions for the Minister.</p> |
| The content of all ministerial services provided will be factually accurate and appropriate in style and content for the individual Minister, consistent with the Ministry's Ministerial Correspondence Guidelines. | Achieved | <ul style="list-style-type: none"> ▲ Parliamentary questions and petitions – 100% (1,608 out of 1,608) met the standard. ▲ Select Committee examinations and enquiries – 100% (118 out of 118) met the standard. ▲ Statutory information – 92% (136 out of 148) met the standard. ▲ General ministerial correspondence – 93% (5,938 out of 6,363) met the standard. |

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|--|
| All responses and provision of information to the Minister of Education and Parliament, and its committees, will be prepared to agreed timeframes. | Achieved | <ul style="list-style-type: none"> ▲ Parliamentary questions and petitions – 97% (1,561 out of 1,608) of parliamentary questions met the standard. ▲ Select Committee examinations and enquiries – 99% (117 out of 118) met the standard. ▲ Statutory information – 87% (129 out of 148) met the standard. ▲ General ministerial correspondence – 76% (4,836 out of 6,363) met the standard. |

Cost of output expense: Strategic Leadership in the Sector

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--------------------------|---------------|-------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 32,333 | 32,333 | 32,751 | 34,241 |
| Other | 300 | 329 | 329 | 245 |
| Total revenue | 32,633 | 32,662 | 33,080 | 34,486 |
| Expenditure | | | | |
| Personnel | 17,848 | | | 18,355 |
| Operating | 3,356 | | | 3,851 |
| Depreciation | 3,397 | | | 2,214 |
| Capital charge | 1,323 | | | 570 |
| Other expenses | 6,398 | | | 8,459 |
| Total expenditure | 32,322 | 32,662 | 33,080 | 33,449 |
| Surplus/(deficit) | 311 | - | - | 1,037 |

The reduced funding during the 2008/09 year was mainly owing to:

- ▲ a transfer to the Education Review Office to maintain its capability
- ▲ a transfer to 2009/10 for the longitudinal evaluation of the Early Childhood Strategic Plan
- ▲ changes in cost allocations between output classes transferring funding to output School Property Portfolio Management.

Under-expenditure at the end of the year was mainly due to lower than expected expenditure for developing and evaluating strategic policy.

Strategic Leadership in the Tertiary System

Portfolio Minister – Minister for Tertiary Education

Scope of appropriation

Expenditure on policies and services focused on the Ministry's leadership role in the tertiary system. This includes enhancing coordination with sector and government agencies and forums, undertaking research and analysis, developing strategic policy, monitoring the system, providing information on tertiary and international education services, representing the education sector internationally, supporting international students, and supporting Ministers to meet their obligations to Parliament.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|--|
| Cross Tertiary Agency Coordination | | |
| The activities of the three tertiary education agencies will be coordinated in line with tertiary education priorities. | Achieved | Achieved. Meetings of the Sector Leadership Group (chief executives of the Ministry, TEC and NZQA) focused on relevant work programmes to provide leadership in the tertiary education sector. |
| Tertiary and International Research and Analysis | | |
| Tertiary sector annual analytical reports will be published – including Profile and Trends, Student Loans, Achievement of the Goals of the Tertiary Education Strategy and Progress against the Goals of the International Education Agenda. | Achieved | <p>The Profile and Trends report was published in November 2008. The Student Loans Annual Report was published in December 2008.</p> <p>The monitoring reports on the Tertiary Education Strategy were completed. However, publication was held over by the Minister until work had begun on the new Tertiary Education Strategy. The reports were published in July 2009.</p> <p>Progress made during 2007/08 against the goals of the International Education Agenda was reported to Ministers in July 2008, and this was updated with input provided for the Briefing to the Incoming Minister. A further progress report on the International Education Agenda implementation during 2008/09 is currently being drafted.</p> |
| Production of the annual tertiary sector statistics. | Achieved | The latest tertiary education statistics were published throughout the year, as soon as they became available, and met quality standards. |
| Every report will adhere to the established process of active feedback in every instance. | Achieved | Every report published was subjected to peer review. |

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|---|
| Monitoring the Tertiary System | | |
| The analysis and trends will be monitored for exception cases throughout the data collection period. | Achieved | Achieved |
| Monitor the Tertiary Education Commission by analysis of strategy, capability, financial performance and achieving of targets. | Achieved | <p>Achieved. Activity included:</p> <ul style="list-style-type: none"> ▲ Development of statement of intent was supported and advice was provided to the Minister. ▲ The process was also coordinated with the Purchase Adviser. ▲ Output agreement was still in preparation at 30 June 2009. ▲ Performance assessments were made and reported to the Minister for the second and third quarters. ▲ Six-monthly performance reports were prepared. ▲ Nominations for seven board vacancies were submitted to the Minister. |
| Development and Evaluation of Tertiary and International Policy | | |
| Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister for Tertiary Education and the Secretary for Education. | Achieved | Achieved |
| Provision of Tertiary and Other Information | | |
| Information will be delivered in accordance with documented terms of reference or specifications for each publication, campaign, seminar or other form of information. | Achieved | <p>Achieved</p> <ul style="list-style-type: none"> ▲ The annual survey report Profile and Trends was published during the year. ▲ The annual report on the loan scheme was published in the year. ▲ The Tertiary Education Strategy monitoring reports were completed and reviewed. Publication was held over by the Ministry until work had begun on the new Tertiary Education Strategy. The reports were published in July 2009. ▲ The tertiary e-learning portal (eLearn at www.elearn.govt.nz) has been decommissioned and its content transferred to the services for tertiary education organisations site (www.steo.govt.nz). ▲ A package of e-learning advisory resources to support tertiary organisations' managers, educators and students is complete. ▲ Information and communication technology support and coordination services were provided to education agencies. ▲ Various analytical reports and analyses were produced. |

| Performance Measures | Budget Standard | Actual Performance |
|---|------------------|--|
| Support for International Education | | |
| Maintain a network of Education Counsellors as specified in the International Education Agenda. | Achieved | Eight counsellors were deployed as specified in the International Education Agenda. |
| Number of international students covered by code of conduct for pastoral care. | 80,000 - 100,000 | 102,390 |
| Support for the Tertiary Minister | | |
| Parliamentary questions and petitions. | 225 - 295 | 68 |
| Select Committee examinations and inquiries. | 55 | 19 This includes answers to 18 Estimates and Financial Review questions and a written response to 1 enquiry. |
| Statutory information. | 30 - 35 | 29 |
| General ministerial correspondence, including responses to requests from the Minister. | 1,725 - 2,070 | 896 This includes 520 ministry reports and submissions for the Minister. |
| The content of all ministerial services provided will be factually accurate and appropriate in style and content for the individual Minister, consistent with the Ministry's Ministerial Correspondence Guidelines. | Achieved | <ul style="list-style-type: none"> ▲ Parliamentary questions and petitions – 100% (68 out of 68) met the standard. ▲ Select Committee examinations and enquiries – 100% (19 out of 19) met the standard. ▲ Statutory information – 100% (29 out of 29) met the standard. ▲ General ministerial correspondence – 93% (834 out of 896) met the standard. |
| All responses and provision of information to the Minister for Tertiary Education and Parliament, and its committees, will be prepared to agreed timeframes. | Achieved | <ul style="list-style-type: none"> ▲ Parliamentary questions and petitions – 99% (67 out of 68) met the standard. ▲ Select Committee examinations and enquiries – 100% (18 out of 18) met the standard. ▲ Statutory information – 90% (26 out of 29) met the standard. ▲ General ministerial correspondence – 90% (809 out of 896) met the standard. |

Cost of output expense: Strategic Leadership in the Tertiary System

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--------------------------|---------------|----------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 15,848 | 15,848 | 16,186 | 17,089 |
| Other | 278 | - | - | 215 |
| Total revenue | 16,126 | 15,848 | 16,186 | 17,304 |
| Expenditure | | | | |
| Personnel | 10,305 | | | 8,697 |
| Operating | 1,662 | | | 2,806 |
| Depreciation | 817 | | | 747 |
| Capital charge | 258 | | | 183 |
| Other expenses | 2,732 | | | 3,801 |
| Total expenditure | 15,774 | 15,848 | 16,186 | 16,234 |
| Surplus/(deficit) | 352 | - | - | 1,070 |

The decrease in appropriation for Budget 2008 compared with expenditure in 2007/08 was owing to:

- ▲ transfer of development of a national assessment tool for adult literacy to the TEC and provision for a tertiary information review
- ▲ reallocation to other tertiary education priorities
- ▲ partly offset by provision for taxation of allowances for staff posted overseas.

The reduced funding during the year was mainly owing to:

- ▲ changes in cost allocations between output classes transferring funding to output School Property Portfolio Management
- ▲ a transfer of funding for the European Union – New Zealand mobility project to Non-Departmental Other Expense Tertiary Education Grants and Other Funding
- ▲ a transfer from the previous financial year owing to delays in the retendering of a student loan valuation and modelling contract.

Support and Resources for Education Providers

Portfolio Minister – Minister of Education

Scope of appropriation

Expenditure on policies, regulations and services focused on the governance, management and operation of education providers. This includes managing regulations, administering the distribution of resources, delivering services that support school management – including industrial relations and education payroll – and working with providers to resolve underperformance.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|--|
| Development and Evaluation of Provider Policy | | |
| Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education. | Achieved | Achieved |
| Regulation of Providers | | |
| New enrolment schemes (state schools). | 50 - 70 | 61 |
| Supplementary integration agreements. | 30 - 100 | 81 |
| New early childhood education services licensed. | 200 - 300 | 265 |
| Provider licensing completed to agreed timeframes. | Achieved | Achieved |
| Resourcing Education Providers | | |
| Percentage of education providers subject to resource allocation audits (including repeat audits and special reviews). | 12% - 17% | 14.3% comprising: ▲ 10.6% of early childhood education centres ▲ 19.8% of schools. |
| School transport services managed: ▲ daily bus routes | 1,550 - 1,650 | 1,470 The lower than expected number is due to the majority of school bus routes having been reviewed in 2008 as part of the national tender. At that time it was identified that a number of routes had low student numbers and no longer complied with policy. The 2008 contracts were allocated to expire as the 'notice period' to remove those routes. Routes were amalgamated where possible due to the 'cluster approach' in the tender. |
| ▲ technology bus routes | 800 - 850 | 701 The tender review identified some route reductions, or the possibility of shared services. |
| ▲ special education transport clusters | 70 - 80 | 75 |
| ▲ directly resourced school transport routes | 480 - 520 | 576 |
| ▲ routes reviewed by transport agents | 500 - 600 | 412 Fewer reviews than expected as the majority of routes were reviewed before commencement of the pricing phase of the tender round in June 2008. |

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|---|
| <p>Accuracy of all resourcing payments, calculated and delivered, in respect of:</p> <ul style="list-style-type: none"> ▲ the amounts of the payments ▲ the schedules advised to public education service providers, or the agreements agreed with those providers ▲ the timeframes notified to payees ▲ funding delivered to the correct provider ▲ the number of returns and other information. | 98% | <p>Achieved, based on the:</p> <ul style="list-style-type: none"> ▲ number of errors in payments ▲ number of payments that miss cut-off. <p>An error was made in the 1 July 2008 adjustment for early childhood education funding rates. Rates were increased by 8% instead of the 4% that services should have received.</p> |
| <p>All purchasing agreements will:</p> <ul style="list-style-type: none"> ▲ fulfil the purpose of the appropriation, and be tailored to the particular business environments within which providers are operating ▲ be informed either by analysis of actual performance of the respective providers in previous periods or through referees and other information ▲ set terms and conditions consistent with the quality expectations for contracting set out in applicable Treasury and Ministry documents, specifically the Ministry's Purchasing Guidelines and Treasury's Guidelines for Contracts with Non-Government Organisations for Services Sought by the Crown (Treasury, December 2003). | Achieved | Achieved |
| <p>Appropriate action will be taken in all matters of material concern consistent with risk-based monitoring requirements of purchase agreements and the Ministry's Purchasing Guidelines.</p> | Achieved | Achieved |
| Provision of Services | | |
| Discretionary Grants processed. | 150 - 200 | 145 |
| Number of individual payees paid in each pay period (all actual permanent and temporary employees). | 56,000 - 90,000 | <p>High – 90,808</p> <p>Low – 56,001</p> <p>Average – 83,672</p> |
| Number of schools covered by the Risk Management Scheme. | 970 - 1,100 | 998 |
| All school sector and kindergarten industrial relations services will be provided to the agreed standards. | Achieved | Achieved |

| Performance Measures | Budget Standard | Actual Performance |
|---|------------------|--------------------|
| At Risk Provider Interventions | | |
| Management of appointment of commissioners and other interventions in accordance with section 78 of the Education Act 1989 and other formal and agreed processes. | Achieved | Achieved |
| | Completed | Completed |
| ▲ The Secretary for Education may require a Board to provide specific information s78J. | 0 - 2 | 1 |
| ▲ The Secretary for Education may require a Board to engage specialist help s78K. | 8 - 20 | 19 |
| ▲ The Secretary for Education may require a Board to prepare and carry out an action plan s78L. | 2 - 4 | - |
| ▲ The Minister of Education may direct the Secretary to appoint a limited statutory manager s78M. | 20 - 40 | 17 |
| ▲ The Minister of Education may dissolve a Board and direct the Secretary to appoint a commissioner s78N(1). | 3 - 15 | 3 |
| ▲ The Secretary for Education may dissolve a Board and appoint a commissioner s78N(3). | 3 - 15 | 3 |
| Schooling improvement interventions will occur in all cases where a medium to high risk of poor performance is identified. | Achieved | Achieved |

Cost of output expense: Support and Resources for Education Providers

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--------------------------|---------------|-------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 66,868 | 66,868 | 68,285 | 65,153 |
| Other | 1,362 | 1,587 | 1,441 | 1,313 |
| Total revenue | 68,230 | 68,455 | 69,726 | 66,466 |
| Expenditure | | | | |
| Personnel | 29,561 | | | 31,001 |
| Operating | 7,610 | | | 9,042 |
| Depreciation | 3,643 | | | 3,964 |
| Capital charge | 1,319 | | | 1,107 |
| Other expenses | 22,374 | | | 20,914 |
| Total expenditure | 64,507 | 68,455 | 69,726 | 66,028 |
| Surplus/(deficit) | 3,723 | - | - | 438 |

2

The increase in the appropriation for Budget 2008 compared with expenditure in 2007/08 was mainly owing to the consequential impact of delays in the Schools Payroll Project.

The reduced funding during the year was mainly owing to:

- ▲ changes in cost allocations between output classes transferring funding to output School Property Portfolio Management, including a contribution toward higher than expected costs related to weathertightness issues for some school buildings
- ▲ a transfer to the Education Review Office (ERO) to maintain its capability
- ▲ a change in timing for the Ministry's support to the Tokelau project
- ▲ a transfer from the previous financial year after delays in the publication of early child education licensing criteria.

The under-expenditure at the end of the year is mainly owing to reduced costs related to:

- ▲ at-risk provider interventions and provision of school management services on behalf of providers
- ▲ further delays in the teacher payroll development project which may move additional expenditure into 2009/10
- ▲ scaling back of the long-term work programme for both primary and secondary teachers.

Support and Resources for Teachers

Portfolio Minister – Minister of Education

Scope of appropriation

Expenditure on policies and services focused on supporting the work and enhancing the capability of teachers. This includes providing curriculum and achievement standards, teaching resources, professional development, and administering scholarships and awards for existing teachers and principals.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|---|
| Development and Evaluation of Teaching Policy | | |
| Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education. | Achieved | Achieved |
| Provision of Teaching and Learning Resources | | |
| The final Te Marautanga o Aotearoa (curriculum for Māori medium schools) will be published and disseminated. | Achieved | <p>Te Marautanga o Aotearoa was disseminated in December 2008 to all schools and settings that provide at least 50% of classroom teaching through the medium of te reo Māori. From January 2009 to December 2010 professional support will be provided to assist schools and settings to develop their school-based curriculum. Professional development workshops have been run during terms 1 and 2 of 2009 involving all in-service teacher educators to support them to:</p> <ul style="list-style-type: none"> ▲ lift their understanding of the content of Te Marautanga o Aotearoa ▲ identify key components of the document that will assist them with their specific outputs in their role of supporting schools ▲ develop a unified regional plan of support for all level 1 and 2 schools and settings within their region throughout terms 3 and 4 of 2009 and the whole of 2010. <p>All Māori medium schools and settings will begin to receive in-depth support starting from term 3 of 2009 through to the end of 2010.</p> |
| Learning, teaching and assessment resources will be provided in English medium, te reo Māori, Pasifika and Online delivery formats. | Achieved | <p>Achieved</p> <p>Those learning, teaching and assessment resources provided included:</p> <ul style="list-style-type: none"> ▲ 81 English medium resources - this is fewer than anticipated mainly due to taking a greater evidence-based approach to development, which has reduced overall quantities but increased the value of each resource ▲ 145 pieces in te reo Māori ▲ 2 resources supporting achievement of Pasifika students ▲ 23,493 curriculum support pages, community resources, research and administrative support for English and Māori medium. |

| Performance Measures | Budget Standard | Actual Performance |
|--|-----------------|--|
| The development of learning, teaching and assessment of resources will occur according to the Ministry's resource development process. | Achieved | Achieved |
| Provision of Services to Support Professional Leadership and Learning | | |
| Contracts for professional development programmes and other resources will be managed according to the Ministry's Contracting Guidelines policy. | Achieved | Achieved |
| Applications will be processed for the following scholarships and awards: | | |
| Scholarships for teachers and teacher trainees. | 1,550 - 2,000 | <p>Scholarships for teachers and teacher trainees included:</p> <ul style="list-style-type: none"> ▲ 1,717 fee payments for TeachNZ Teacher Recruitment Scholarships ▲ 2,109 allowance payments for TeachNZ Teacher Recruitment Scholarships that met eligibility criteria ▲ 1,259 scholarships awarded from 2,955 applications for TeachNZ Teacher Recruitment Scholarships. |
| Secondary subject trainee allowance for trainee teachers and teachers. | 1,100 - 1,280 | <p>659</p> <p>Secondary Subject Trainee Allowance was phased out from January 2008. These payments are for residual amounts for those who qualified before January 2008 - therefore numbers of eligible teachers and trainees will continue to fall.</p> |
| Secondary subject loan support for trainee teachers and teachers. | 240 - 300 | 176 |
| Priority staffing initiatives to support relocation of individual teachers in both schools and early childhood education sector. | 1,600 - 1,800 | 1,482 |
| National study awards for teachers and teacher trainees. | 480 - 580 | <p>652 – comprising 219 for Special Education and 433 for other teachers.</p> <p>There were also 1,086 teacher trainee awards.</p> |

Cost of output expense: Support and Resources for Teachers

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--------------------------|---------------|----------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 65,093 | 65,093 | 64,692 | 60,743 |
| Other | 538 | 141 | 141 | 552 |
| Total revenue | 65,631 | 65,234 | 64,833 | 61,295 |
| Expenditure | | | | |
| Personnel | 16,389 | | | 14,367 |
| Operating | 3,898 | | | 3,706 |
| Depreciation | 3,316 | | | 2,482 |
| Capital charge | 918 | | | 631 |
| Other expenses | 40,579 | | | 36,415 |
| Total expenditure | 65,100 | 65,234 | 64,833 | 57,601 |
| Surplus/(deficit) | 531 | - | - | 3,694 |

The increase in the appropriation for Budget 2008 compared with expenditure in 2007/08 was mainly owing to a combination of:

- ▲ provision for work programmes arising from collective agreement settlements with teachers and principals
- ▲ a lower level of reallocations to other education priorities in 2008/09 compared with 2007/08
- ▲ lower levels of funding for other initiatives including effective teaching projects and development of assessment tools for teaching and learning.

The increased funding during the year was mainly owing to a combination of:

- ▲ support for the Netsafe initiative under the Digital Strategy 2.0 programme
- ▲ changes in cost allocations between output classes transferring funding to output School Property Portfolio Management.

Support and Resources for the Community

Portfolio Minister – Minister of Education

Scope of appropriation

Expenditure on policies and programmes focused on the community's knowledge of and participation in the education system. This includes engaging with, providing information and support to, and delivering education courses to the community.

Output performance measures and standards

| Performance Measures | Budget Standard | Actual Performance |
|---|--|--|
| Development and Evaluation of Community Policy | | |
| Policy will be delivered according to the work programme (and any subsequent amendments) negotiated between the Minister of Education and the Secretary for Education. | Achieved | Achieved |
| Engagement and Provision of Information to the Community | | |
| Engagement with community groups, particularly iwi and Pasifika groups, on education programmes and issues as agreed. | Achieved | Achieved Community engagements included: <ul style="list-style-type: none"> ▲ Six national fono were held - some of the fono dates were changed due to availability of staff. ▲ One national and three regional Pasifika Advisory Group meetings. ▲ 29 iwi groups are actively engaged with the Ministry Iwi and Māori Education Relationships team. |
| Percentage of the target groups for: <ul style="list-style-type: none"> ▲ Team-Up (parents with children aged between 0 and 17 years old) ▲ Te Mana (rangatahi) who have received the programme message and are rated as aware of the programme. | 80% received the message 65% rated as aware | Team-Up (parents with children aged between 0 and 17 years old) <ul style="list-style-type: none"> ▲ Receiving the message – not known. The television campaign was put on hold late in the year and no rating data was taken. ▲ Awareness – 80% awareness based on March 2009 Research NZ survey of Team-Up brand awareness. Te Mana (rangatahi) The target group for this measure was changed from rangatahi to whānau. <ul style="list-style-type: none"> ▲ Receiving the message – there was 97% awareness achieved based on a survey undertaken by Research NZ in November 2008. There was no subsequent research after the programme was put on hold late in the year. ▲ Awareness – 89% of whānau were rated as aware – based on March 2009 Research NZ survey of brand awareness. These programmes were disestablished from the end of June 2009. |

| Performance Measures | Budget Standard | Actual Performance |
|---|-----------------|---|
| Provision of Services to the Community | | |
| Provide training through the Atawhaingia Te Pā Harakeke programme to provider groups, individuals, regional forums as agreed. | Achieved | <p>Achieved</p> <p>Training through the Atawhaingia Te Pā Harakeke programme was successfully delivered during the year.</p> <p>During the later part of the year there was a reassessment of the delivery model and this has now been refined, providing a narrower and deeper focus in work with provider groups.</p> <ul style="list-style-type: none"> ▲ At least 20 provider groups have received intake training throughout the country. ▲ Over 40 individuals have received intake training during the year. ▲ Four regional forums have been completed across several regions during the year. |
| All contracted activity and reporting is completed to time, to standard and information demonstrates that outcomes are being met for the target or contracted populations within each contract. | 95% | At least 95% |

Cost of output expense: Support and Resources for the Community

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--------------------------|---------------|-------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| From the Crown | 18,082 | 18,082 | 18,585 | 21,451 |
| Other | 135 | 141 | 141 | 134 |
| Total revenue | 18,217 | 18,223 | 18,726 | 21,585 |
| Expenditure | | | | |
| Personnel | 7,292 | | | 8,795 |
| Operating | 2,480 | | | 3,376 |
| Depreciation | 553 | | | 718 |
| Capital charge | 180 | | | 194 |
| Other expenses | 4,758 | | | 7,825 |
| Total expenditure | 15,263 | 18,223 | 18,726 | 20,908 |
| Surplus/(deficit) | 2,954 | - | - | 677 |

2

The decrease in the appropriation for Budget 2008 compared with expenditure in 2007/08 was mainly owing to:

- ▲ the transfer of parent support and development programmes such as Family Start and Parents as First Teachers to the Ministry of Social Development
- ▲ reallocation of savings to other education priorities
- ▲ allocation of funds in 2007/08 only for Extending the Community Partnership Fund.

The reduced funding during the year was mainly owing to:

- ▲ changes in cost allocations between output classes transferring funding to output School Property Portfolio Management, including a contribution toward higher than expected costs related to weathertightness issues for some school buildings
- ▲ partly offset by a transfer from the previous financial year after delays in the translations of Team-Up website material.

Under-expenditure at the end of the year was mainly due to:

- ▲ slowing down the Te Mana and Team-Up programmes which were to be stopped at the end of the year
- ▲ delays in holding the Hui Taumata Matauranga.

Financial statements and schedules – non-departmental for the year ended 30 June 2009

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Ministry of Education manages under Vote Education on behalf of the Crown.

The Ministry administered \$8,934.6 million of non-departmental payments, \$96.9 million of non-departmental revenue and receipts, \$100.5 million of assets and \$444.0 million of liabilities on behalf of the Crown for the year ended 30 June 2009. Further details of the Ministry's management of these Crown assets and liabilities are provided in the Output Performance sections of this report (page 83).

Statement of Expenditure and Appropriations for the year ended 30 June 2009

The Statement of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Ministry of Education administers these appropriations on behalf of the Crown.

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Non-Departmental Output Expenses | | | | |
| Centres of Research Excellence | 35,295 | 35,295 | 35,295 | 24,539 |
| Curriculum Support | 70,073 | 72,110 | 71,310 | 68,809 |
| Developing Strategic Coherence Across the Tertiary Sector | - | - | - | 28,869 |
| Education Research Initiatives | 3,230 | 3,230 | 3,230 | 3,230 |
| Management of Grants and Contracts | - | - | - | 14,049 |
| Managing the Government's Investment in the Tertiary Education Sector | 53,715 | 53,735 | 58,772 | - |
| Ownership Monitoring of Tertiary Education Institutions | 4,975 | 4,975 | 4,975 | - |
| Professional Development and Support | 101,411 | 104,594 | 114,000 | 108,469 |
| Provision of Information and Advisory Services | 24,130 | 25,082 | 25,082 | 25,850 |
| Qualifications Support Structures | 6,978 | 6,978 | 6,949 | 6,239 |
| Quality Assurance | 10,624 | 10,624 | 10,624 | 10,335 |
| School Transport | 150,910 | 150,018 | 138,176 | 131,071 |
| Secondary School Examinations | 23,760 | 23,760 | 23,760 | 23,760 |
| Supporting Parenting | 4,790 | 5,522 | 5,522 | 18,095 |
| Tertiary and International Advisory Services | 4,319 | 4,319 | 4,319 | 12,749 |
| Tertiary Education and Training Policy Advice | 8,021 | 8,021 | 8,021 | - |
| Tertiary Education: Student Achievement Component | 1,512,330 | 1,512,330 | 1,532,862 | 742,483 |
| Training for Designated Groups | 300,365 | 302,795 | 295,168 | 270,729 |
| Total Non-Departmental Output Expenses | 2,314,926 | 2,323,388 | 2,338,065 | 1,489,276 |

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|---------------|----------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Benefits and Other Unrequited Expenses | | | | |
| Boarding Allowances and Bursaries | 6,960 | 8,069 | 8,069 | 6,860 |
| Fee Reimbursement Payments | 55 | 55 | - | 34 |
| Home Schooling Allowances | 4,747 | 5,334 | 5,334 | 4,856 |
| International Student Scholarship Scheme | 3,694 | 4,400 | 4,400 | 3,268 |
| Māori and Pacific Island Scholarships and Bursaries | 735 | 1,080 | 1,080 | 964 |
| Māpihi Pounamu | 3,248 | 3,250 | 3,250 | 2,804 |
| National Study Awards | 20,884 | 24,075 | 24,075 | 18,971 |
| Queen Elizabeth II Study Awards | 100 | 100 | 100 | 100 |
| Study Abroad Awards | 2,194 | 2,290 | 2,290 | 2,269 |
| Targeted Education and Training Grants | 80 | 80 | 80 | 25 |
| Teacher Trainee Scholarships | 4,775 | 5,316 | 10,427 | 8,933 |
| Tertiary Scholarships | 25,287 | 26,037 | 26,037 | 17,868 |
| Tertiary Teaching Awards | 200 | 200 | 200 | 200 |
| United World Scholarships | 50 | 50 | 50 | 50 |
| Total Benefits and Other Unrequited Expenses | 73,009 | 80,336 | 85,392 | 67,202 |
| Non-Departmental Other Expenses | | | | |
| Adult and Community Education | 76,406 | 77,657 | 76,573 | 40,310 |
| Capability Development Funds | - | - | - | 13,415 |
| Early Childhood Education | 1,011,387 | 1,029,128 | 897,509 | 828,521 |
| Early Childhood Grants | 14,032 | 14,459 | 14,459 | 13,872 |
| Impairment of Loans to Tertiary Education Institutions | 36 | 36 | - | - |
| Impairment of Loans to the Western Institute of Technology at Taranaki | - | - | - | 1,362 |
| Integrated Schools Property | 72,574 | 72,614 | 51,563 | 39,001 |
| Interest Subsidy for Schools | 565 | 647 | 740 | 856 |
| New Zealand Teachers Council | 178 | 178 | 178 | 178 |
| Performance Based Research Fund | - | - | - | 102,960 |
| Primary Education | 2,388,084 | 2,389,227 | 2,342,195 | 2,178,105 |
| Remission of Fees | 1,288 | 1,288 | 1,288 | 1,288 |
| Residual Management Unit Payments | - | - | - | 104 |
| School Transport | 951 | 952 | 953 | 125 |

Part two
Our performance

2

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Schooling Improvement | 11,108 | 13,422 | 12,985 | 11,837 |
| Secondary Education | 1,802,078 | 1,809,418 | 1,811,432 | 1,712,434 |
| Special Needs Support | 289,640 | 290,309 | 293,862 | 274,867 |
| Tertiary Education and Training | - | - | - | 973,472 |
| Tertiary Education Grants and Other Funding | 66,258 | 66,383 | 68,101 | - |
| Tertiary Education Organisation Component – Capability Fund | 397,940 | 397,940 | 377,641 | 186,006 |
| Tertiary Education Organisation Component – Performance Based Research Fund | 236,114 | 236,114 | 236,114 | 117,271 |
| UNESCO | 1,760 | 2,083 | 2,083 | 1,584 |
| University of Auckland Starpath Project | - | 3,900 | 3,900 | 2,416 |
| Total Non-Departmental Other Expenses | 6,370,399 | 6,405,755 | 6,191,576 | 6,499,984 |
| Non-Departmental Capital Expenditure | | | | |
| Auckland University of Technology Campus Developments | 37,000 | 37,000 | - | - |
| Centres of Research Excellence – Capital | - | - | - | 20,000 |
| College of Education Mergers | - | - | 5,000 | 1,123 |
| Institute of Technology TradeFIT | - | - | - | 3,814 |
| Institutes of Technology and Polytechnics Distinctive Contributions | 1,700 | 3,100 | 40,000 | 6,000 |
| Investment in Te Wānanga o Aotearoa | 5,000 | 5,000 | 5,000 | 10,000 |
| National Assessment Tool for Adult Literacy, Numeracy and Language | 1,600 | 1,600 | 1,600 | - |
| National Centre of Excellence in Wood Processing | - | 1,000 | 1,000 | 1,000 |
| National Institute of Innovation in ICT | 3,700 | 3,700 | 3,700 | 4,000 |
| Nelson Marlborough Institute of Technology Visual Arts and Media Block | - | 5,000 | - | - |
| NorthTec Financial Assistance | 5,001 | 5,001 | - | - |
| NorthTec Future Trades Investment | 3,500 | 3,500 | - | - |
| NZQA Technology | 2,340 | 2,340 | 2,340 | - |
| Otago Polytechnic Property Rationalisation | - | - | - | 5,985 |
| Otago University Leading Thinkers | - | - | - | 1,600 |
| Property Disposal Incentives Scheme | 3,300 | 3,300 | - | 3,437 |
| Quality Reinvestment Programme | 14,118 | 15,423 | 17,500 | 5,020 |

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Rangahaua | - | - | - | 413 |
| Redevelopment of Whitireia Community Polytechnic Porirua Campus | - | - | 1,080 | - |
| School Support Project | 1,640 | 1,880 | 1,880 | 934 |
| Schools Furniture and Equipment | 18,640 | 19,989 | 19,989 | 13,984 |
| Strengthening the Auckland University of Technology | - | - | - | 50,000 |
| Support for Tairāwhiti Polytechnic | - | - | - | 1,300 |
| Te Wānanga o Raukawa | 50,649 | 50,649 | - | - |
| Tertiary Education Commission Restructuring | - | - | - | 4,085 |
| UCOL Whanganui Campus Redevelopment | 1,000 | 1,000 | - | 7,200 |
| University of Auckland Institute for Innovation in Biotechnology | 6,000 | 6,000 | 1,000 | 2,000 |
| Wānanga and Institutes of Technology and Polytechnics Infrastructure Fund | 3,494 | 3,494 | - | - |
| WelTec Financial Assistance | - | 350 | 4,500 | - |
| Western Institute of Technology at Taranaki | - | - | 4,400 | 4,350 |
| Western Institute of Technology at Taranaki – Financial Assistance | 17,618 | 17,618 | - | - |
| Total Non-Departmental Capital Expenditure | 176,300 | 186,944 | 108,989 | 146,245 |
| Non-Departmental Expenditure and Appropriations Vote Education | 8,934,634 | 8,996,423 | 8,724,022 | 8,202,707 |

(all figures are GST exclusive where applicable)

Subsequent to the 2008/09 Supplementary Estimates being finalised, further fiscally neutral adjustments were approved under Order in Council, pursuant to section 26A of the Public Finance Act. The following adjustments are reflected in the Supplementary Estimates numbers in the Statement of Expenditure and Appropriations above:

| | 30/06/2009 |
|--|----------------------------|
| | Section 26A Adjustments |
| | \$000 |
| Curriculum Support | (420) |
| Provision of Information and Advisory Services | (1,180) |
| School Transport | 1,600 |

For full details of the appropriations that were exceeded refer to the statement of Unappropriated Expenditure (p115).

Reasons for significant variances from Supplementary Estimates included:

Output Expenses

- ▲ *Curriculum Support* – (\$2.037 million decrease) due to lower than expected demand across several programmes
- ▲ *Professional Development and Support* – (\$3.183 million decrease) due to lower than expected demand, contract changes and revised priorities across several programmes
- ▲ *School Transport* – (\$0.892 million increase) mainly due to higher than expected cost adjustments and funding for new routes under special needs taxi services
- ▲ *Supporting Parenting* – (\$0.732 million decrease) due to delays and lower than expected demand, particularly for the Whānau Supporting Children's Learning programme and Promoting Participation Project
- ▲ *Training for Designated Groups* – (\$2.430 million decrease) mainly due to lower than expected take-up of the Gateway programme among higher-decile schools. Some costs will now occur in 2009/10.

Benefit Expenses

- ▲ *Boarding Allowances and Bursaries* – (\$1.109 million decrease) due to lower than expected demand particularly for primary allowances and bursaries
- ▲ *Home Schooling Allowances* – (\$0.587 million decrease) due to timing changes and some lower than expected demand
- ▲ *International Student Scholarship Scheme* – (\$0.706 million decrease) due to lower than expected demand and some timing changes
- ▲ *Māori and Pacific Island Scholarships and Bursaries* – (\$0.345 million decrease) due to lower than expected funding required for Māori Education Trust scholarships
- ▲ *National Study Awards* – (\$3.191 million decrease) due to lower than expected demand
- ▲ *Teacher Trainee Scholarships* – (\$0.541 million decrease) due to lower than expected demand for TeachNZ loan payments and scholarships.

Other Expenses

- ▲ *Adult and Community Education* – (\$1.251 million decrease) due to timing issues. Some costs will now occur in 2009/10
- ▲ *Early Childhood Education* – (\$17.741 million decrease) due to fewer than expected hours for children over two years-of-age including for the 20 hours programme
- ▲ *Interest Subsidy for Schools* – (\$0.082 million decrease) due to lower than expected interest rates
- ▲ *Primary Education* – (\$1.143 million decrease) due to removal of GST from teacher holiday pay liability, lower than expected demand across several programmes
- ▲ *Schooling Improvement* – (\$2.314 million decrease) mainly due to lower than expected demand with fewer schools and iwi than expected meeting funding requirements, reflecting in part capacity and capability issues
- ▲ *Secondary Education* – (\$7.340 million decrease) due to removal of GST from teacher holiday pay liability, lower than expected demand across several programmes and higher than expected staff usage recoveries
- ▲ *UNESCO* – (\$0.323 million decrease) mainly due to lower level of subscriptions to the international body as a result of better than estimated exchange rates
- ▲ *University of Auckland Starpath Project* – (\$3.900 million decrease) due to timing issues which have delayed expenditure.

Capital Expenditure

- ▲ *Institutes of Technology and Polytechnics Distinctive Contributions* – (\$1.400 million decrease) due to a change in timing for some projects. The balance of expenditure is now expected to take place in 2009/10
- ▲ *National Centre of Excellence in Wood Processing* – (\$1.0 million decrease) due to a delay in completing the project. The balance of expenditure is now expected to take place in 2009/10
- ▲ *Nelson Marlborough Institute of Technology Visual Arts and Media Block* – (\$5.0 million decrease) due to a delay in starting the project. The balance of expenditure is now expected to take place in 2009/10
- ▲ *Quality Reinvestment Programme* – (\$1.305 million decrease) due to a change in timing for some projects. The balance of expenditure is now expected to take place in 2009/10
- ▲ *School Support Project* – (\$0.240 million decrease) due to lower than expected demand
- ▲ *Schools Furniture & Equipment* – (\$1.349 million decrease) due to lower than expected level of claims for the year
- ▲ *Weltec Financial Assistance* – (\$0.350 million decrease) this funding was surplus to requirements.

Further details on services provided under output expense appropriations Curriculum Support, School Transport, Supporting Parenting and Tertiary and International Advisory Services can be found in the Non-Departmental Output Expense Report of the Ministry of Education – B.14 (Education) – tabled under section 32A of the Public Finance Act 1989.

For a brief explanation of key movements in non-departmental appropriations during 2008/09 refer to Changes to non-departmental appropriations (page 121).

Schedule of Expenses for the year ended 30 June 2009

The Schedule of Expenses summarises non-departmental expenses that the Ministry of Education administers on behalf of the Crown. Further details are provided in the Statement of Expenditure and Appropriations (page 105).

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|------------------|----------------------------|------------------|------------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Non-departmental output expenses | 2,314,926 | 2,323,388 | 2,338,065 | 1,489,276 |
| Benefits and other unrequited expenses | 73,009 | 80,336 | 85,392 | 67,202 |
| Non-departmental other expenses | 6,370,399 | 6,405,755 | 6,191,576 | 6,499,984 |
| Non-departmental capital expenditure | 22,296 | 25,169 | 21,869 | 17,421 |
| Teacher sick leave adjustment | 31 | - | - | 3,503 |
| Foreign exchange (gains)/losses | 330 | - | - | - |
| KiwiSaver tax credit | - | - | - | (395) |
| Non-Departmental Expenses: Vote Education | 8,780,991 | 8,834,648 | 8,636,902 | 8,076,991 |

The capital expenditure recorded in the Schedule of Expenses comprises the capital appropriations Property Disposal Incentives Scheme, Schools Furniture and Equipment, and part of School Support Project. The remaining capital contributions in the Statement of Expenditure and Appropriations are treated as investments.

Statement of Revenue and Receipts for the year ended 30 June 2009

The Statement of Revenue and Receipts details revenue, recoveries, interest and dividends, as well as capital receipts during the year. The Ministry of Education administers this income on behalf of the Crown.

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|---------------|----------------------------|---------------|---------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Operational Revenue | | | | |
| Charter Fees Early Childhood Education | 26 | 30 | 30 | 35 |
| Crown Entity Recoveries | 9,979 | 9,100 | - | 5,933 |
| Education Residual Management Unit Receipts | - | - | - | 28 |
| Export Education Levies | 3,097 | 3,521 | 3,521 | 4,320 |
| Miscellaneous Receipts | 1,566 | 350 | 350 | 441 |
| Overseas Students' Fees | 6,116 | 7,110 | 7,110 | 5,303 |
| Payroll Receipts | - | 25 | 25 | - |
| Roll Audit and Staffing Recoveries | 421 | 110 | 110 | 279 |
| State Sector Retirement Savings Scheme Recoveries | 50,855 | 49,579 | 41,992 | 44,483 |
| Total Operational Revenue | 72,060 | 69,825 | 53,138 | 60,822 |
| Interest | | | | |
| Tertiary Investments Interest | 1,674 | 1,908 | 356 | 619 |
| Total Interest | 1,674 | 1,908 | 356 | 619 |
| Total Current Non-Tax Revenue | 73,734 | 71,733 | 53,494 | 61,441 |
| Capital Revenue | | | | |
| Asset Sales | 569 | - | 1,080 | 2,855 |
| School Support Capital | - | - | - | 1,116 |
| Tertiary Investments Repayments | 22,621 | 22,613 | 22,613 | 6,802 |
| Total Capital Revenue | 23,190 | 22,613 | 23,693 | 10,773 |
| Total Revenue and Receipts | 96,924 | 94,346 | 77,187 | 72,214 |

(all figures are GST exclusive where applicable)

Schedule of Assets for the year ended 30 June 2009

The Statement of Assets summarises the assets that the Ministry of Education administers on behalf of the Crown.

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|----------------|----------------------------|----------------|----------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Cash and bank balances | 39,416 | 104,399 | 84,400 | 104,809 |
| Accounts receivable | 32,836 | 32,159 | 18,567 | 56,532 |
| Prepayments | 12,297 | 12,440 | 3,612 | 12,440 |
| Physical assets* | 16,000 | 18,200 | 18,200 | 22,210 |
| Non-Departmental Assets: Vote Education | 100,549 | 167,198 | 124,779 | 195,991 |

In addition, the Ministry of Education monitors several Crown entities. These are the Tertiary Education Commission, New Zealand Qualifications Authority, New Zealand Teachers Council and Career Services.

Other Crown entities include state schools, universities, polytechnics and wānanga.

The investment in these entities is recorded within the Financial Statements of the Government on a line-by-line basis or equity basis for tertiary education institutions. No disclosure is made in this schedule, although investments are initially disclosed as capital expenditure in the Statement of Expenditure and Appropriations.

Schedule of Liabilities for the year ended 30 June 2009

The Schedule of Liabilities summarises the liabilities that the Ministry of Education administers on behalf of the Crown.

| | 30/06/2009 | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|---|----------------|----------------------------|----------------|----------------|
| | Actual | Supplementary Estimates | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Accounts payable | 133,980 | 91,100 | 93,234 | 105,135 |
| Accruals and provisions | 149,812 | 108,084 | 104,683 | 281,144 |
| Provision for teacher entitlements | 160,229 | 177,619 | 181,214 | 132,057 |
| Non-Departmental Liabilities: Vote Education | 444,021 | 376,803 | 379,131 | 518,336 |

* Physical assets include the former Central Institute of Technology campus at Heretaunga.

Statement of Commitments

The Statement of Commitments records those expenditures to which the Crown is contractually committed and which will become liabilities if and when the terms of the contracts are met.

| | 30/06/2009 | 30/06/2008 |
|--|----------------|----------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Crown entity agreements | - | 64,494 |
| Curriculum development projects: | | |
| ▲ Not later than one year | 132,219 | 94,458 |
| ▲ Later than one year and not later than two years | 59,413 | 37,868 |
| ▲ Later than two years and not later than five years | 8,554 | 7,839 |
| UNESCO | 2,083 | 2,083 |
| Property maintenance | 1,333 | 1,296 |
| School bus contracts: | | |
| ▲ Not later than one year | 143,584 | 62,159 |
| ▲ Later than one year and not later than two years | 110,539 | 21,333 |
| ▲ Later than two years and not later than five years | 257,260 | 10,667 |
| ▲ Later than five years | 41,952 | - |
| Total Commitments | 756,937 | 302,197 |

Crown entity agreements

Crown entity agreements relate to the 2008/09 output agreements between the Crown and Tertiary Education Commission and New Zealand Qualifications Authority that were not recognised as a liability at the balance sheet date.

School bus contracts

The Crown has a number of non-cancellable multi-year contracts with bus operators and other transport providers for transporting students to and from school. Most daily and technology route contracts expire at the end of December 2014. Most special education contracts expire at the end of December 2010.

Statement of Contingent Liabilities

The Statement of Contingent Liabilities discloses situations that exist at 30 June 2009, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after the date of approval of the financial statements.

| | 30/06/2009 | 30/06/2008 |
|--|---------------|--------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Legal proceedings: | | |
| Historic claims | 3,360 | 2,520 |
| Negligence | 60 | 250 |
| Claim related to Treaty of Waitangi issues | 9,000 | 500 |
| Total Contingent Liabilities | 12,420 | 3,270 |

Historic claims

Claims related to historic abuse claims.

Claims related to Treaty of Waitangi issues

Claims related to Treaty of Waitangi issues concern appropriate levels of funding to support establishment of wānanga.

It is uncertain when any payments from these contingent liabilities will be required.

Statement of Contingent Assets

The Statement of Contingent Assets discloses situations that exist at 30 June 2009, the ultimate outcome of which will only be confirmed on the non-occurrence of one or more future events after the date of approval of the financial statements.

| | 30/06/2009 | 30/06/2008 |
|---|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Suspensory loans – private and integrated schools | 69,054 | 77,088 |
| Total Contingent Assets | 69,054 | 77,088 |

These suspensory loans are generally for 25 years and are progressively written off over that period based on the recipient achieving particular results or milestones.

Statement of Trust Monies

| Account | As at 1/07/2008 | Contribution | Distribution | Revenue | Expenses | As at 30/06/2009 |
|---------------------------|--------------------|--------------|--------------|---------|----------|---------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Export Education Levy | 2,368 | - | - | 4,164 | (3,884) | 2,648 |
| UNESCO ASPAC Conference | 2 | - | - | - | - | 2 |
| Total Trust Monies | 2,370 | | | | | 2,650 |

The Export Education Levy was established in accordance with section 238H of the Education (Tertiary Reform) Amendment Act 2002 and replaced the Code of Practice annual fee. Providers that enrol international students are

required to pay a levy for the purpose of the development, promotion and quality assurance of the export education sector, including the administration of the Code of Practice for the Pastoral Care of International Students.

UNESCO ASPAC Conference Trust was used to administer the Asian and Pacific Regional Consultation of UNESCO National Commissions, which was hosted in Wellington by the New Zealand National Commission on behalf of UNESCO Headquarters. International UNESCO programme funding was provided to cover the Congress infrastructural costs (such as venue, functions, interpretation, equipment, printing, communications), as well as international travel and accommodation for participants.

Statement of Unappropriated Expenditure

In terms of section 12 of the Public Finance Act 1989, approval has been received from the Minister of Finance for unappropriated expenditure totalling \$0.892 million (\$21.763 million for the year ended 30 June 2008).

| | 30/06/2009 | 30/06/2008 |
|--|------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Non-Departmental Output Expenses: | | |
| School Transport | 892 | - |
| Over expenditure is mainly owing to payment of funding arrears related to additional running costs and extensions to services and higher than expected growth in expenditure on special needs taxis. | | |
| Non-Departmental Other Expenses: | | |
| Early Childhood Education | - | 21,647 |
| Interest Subsidy for Schools | - | 116 |
| Total Unappropriated Expenditure | 892 | 21,763 |

Notes to the non-departmental financial statements

1 Statement of Accounting Policies for the year ended 30 June 2009

Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by the Ministry of Education on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

Accounting Policies

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following particular accounting policies have been applied:

Budget figures

The budgeted figures for the year ended 30 June 2009 are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

Foreign exchange

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the schedule of non-departmental income or expenses.

Revenue

Revenue is recognised when it is earned or received.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Ministry or entity administering the grant has no obligation to award on receipt of the grant application and are recognised as expenditure when approved and the approval has been communicated to the applicant. Approvals are determined by either the Minister, the board of the administering entity, a specifically convened panel or committee or a delegated official.

Goods and Services Tax

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the government financial statements.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of a doubtful debt provision, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debt is uncollectible, it is written off against the doubtful debts provision. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).

Property, plant and equipment

Property, plant and equipment mainly consists of the land and buildings for the Heretaunga site of the former Central Institute of Technology.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than \$2,500. The value of an individual asset that is less than \$2,500 and is part of a group of similar assets is capitalised.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

The initial cost of property, plant and equipment is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Useful lives are: | Years |
|-------------------|-------|
| Buildings | 50 |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

Revaluation

Land and buildings are recorded at market value as assessed by an independent registered valuer. Valuations are conducted on an annual basis. Additions between valuations are recorded at cost.

All other asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different from fair value. Additions between revaluations are recorded at cost.

Accounting for revaluations

The Crown accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

2 Debtors and other receivables

| | 30/06/2009 | 30/06/2008 |
|--|---------------|---------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Accrued revenue | 16,122 | 25,842 |
| Less provision for doubtful debts | (1,697) | (1,490) |
| Other receivables | 17,524 | 32,180 |
| Total Debtors and Other Receivables | 31,949 | 56,532 |
| Represented by: | | |
| Current | 19,649 | 39,229 |
| Non-current | 12,300 | 17,303 |

The carrying value of accrued revenue and other receivables approximates their fair value.

As at 30 June 2008 and 2009, all debtors and other receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

| | 2009 | | | 2008 | | |
|-----------------------|---------------|--------------|---------------|---------------|--------------|---------------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Not past due | 753 | - | 753 | 22 | - | 22 |
| Past due 1-90 days | 12,981 | - | 12,981 | 23,022 | - | 23,022 |
| Past due 90-180 days | 104 | 50 | 54 | 643 | 237 | 406 |
| Past due 180-360 days | 413 | 298 | 115 | 409 | 248 | 161 |
| Past due > 360 days | 1,871 | 1,349 | 522 | 1,746 | 1,005 | 741 |
| Total | 16,122 | 1,697 | 14,425 | 25,842 | 1,490 | 24,352 |

The provision for impairment has been calculated based on expected losses for the Crown's pool of debtors.

Expected losses have been determined based on an analysis of the Crown's losses in previous periods, and review of specific debtors.

Movements in the provision for doubtful debts are as follows:

| | 30/06/2009 | 30/06/2008 |
|--|--------------|--------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Balance at 1 July | 1,490 | 2,520 |
| Increase/(release) of provisions during the year | 207 | (558) |
| Receivables written off during period | - | (472) |
| Balance at 30 June | 1,697 | 1,490 |

3 Creditors and other payables

| | 30/06/2009 | 30/06/2008 |
|---|----------------|----------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Creditors | 133,980 | 105,135 |
| Accrued expenses | 149,812 | 281,144 |
| Total Creditors and Other Payables | 283,792 | 386,279 |

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of creditors and other payables approximates their fair value.

4 Related party transactions

The Ministry enters into numerous non-departmental transactions with Crown entities and State-owned enterprises at an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

The following transactions were carried out with related parties:

- ▲ During the year the Crown purchased services from Te Rūnanga O Ngāti Porou, in which a Deputy Secretary's brother is the Deputy Chairman and the Deputy Secretary's sister-in-law was the Chief Executive Officer (until February 2009). These services cost \$471,447 (2008: \$287,253) and were supplied on normal commercial terms. There is a balance of \$19,406 (2008: \$4,147) outstanding at year end.
- ▲ During the year the Crown purchased services of \$540,176 (2008: \$1,980,000) from Gardiner & Parata, which is owned by a Deputy Secretary's sister and brother-in-law. No balance was outstanding at year end (2008: \$nil).
- ▲ During the year the Crown purchased services from Evaluation Associates. A senior manager's partner is a director and major shareholder in Evaluation Associates. These services cost \$681,126 (2008: \$1,130,983) and were supplied on normal commercial terms. There is a balance of \$243,750 at year end (2008: \$nil).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

5 School Contents Risk Management Scheme

The Ministry of Education's Risk Management Scheme for Schools provides protection for both school contents (Board of Trustees property), and legal liability issues (including public liability). The Scheme was set up in the early 1990s in response to the private insurance market deeming some schools to be an unattractive risk, which resulted in a number of schools being uninsurable. Due to the continued high risk level of some schools, the Ministry has chosen to retain the Scheme as an alternative option for state and state integrated schools to the private insurance market.

The cost of membership to the Scheme is based on a school's risk management funding allowance in its operations grant. This per student cost per annum is levied according to a school's roll and deductions are made quarterly.

The Ministry acts as insurer for contents insurance in schools, and contracts the services of McLaren's Young International for loss adjustment of contents claims. Cover is described by a "Deed" for school contents and the Education (Risk Management Scheme) Regulations 2003 and includes replacement value of contents, refrigerated property, earthquake, subsidence, self ignition, works of art and money. Excess begins at \$500 increasing to a maximum of \$1,500. Liability insurance is provided by Lumley General Insurance through the Scheme's contracted insurance broker Marsh Ltd and includes public liability, punitive and exemplary damages, trustees cover, employers liability, statutory liability, fidelity guarantee, legal expenses and specific cover for principals and international students.

The effective date of the calculation in the actuarial report was 30 June 2006. The data in the model have been updated by the Ministry of Education for 30 June 2009.

The actuary who developed the model was Peter Cosseboom, FIA FNZSA, Fellow of the New Zealand Society of Actuaries.

The actuary was satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability for the scheme.

The key assumptions used by the actuary in determining the outstanding claims liability were:

- ▲ The in-but-not-reported (IBNR) reserve was calculated as the claim rate times the average delay times the average claims cost.
- ▲ The average claims cost was calculated on an ongoing basis; at 30 June 2009 this was \$4,351. The average claim rate was 0.416 claims per day and the average delay was 29 days.
- ▲ The outstanding claims reserve at 30 June 2009 was calculated by the Ministry of Education by individual case estimates (ie, the cost of each claim is individually assessed).

For the IBNR, slightly conservative assumptions were used relating to the components of the IBNR (ie, claim rate, average cost, and average delay). In total this gave a margin over the central estimate of approximately 3 to 5%. Given the relative size of the IBNR, this was considered adequate for the purpose of a risk margin.

There were no qualifications contained in the actuarial report.

The methodology used in determining the liability was taking the outstanding claims liability for existing claims as the total claims estimate. An IBNR reserve was calculated based on the experience of the portfolio.

There was no discounting or inflation rates applicable to claim payments assumed due to the short-term nature of the claims run-off.

The claims expenses were included in the claims estimate. No additional allowance was deemed necessary.

As individual claim estimates were used, the pattern of claims run-offs was not needed.

There were no other significant assumptions for the methodology used.

| | 30/06/2009 | 30/06/2009 | 30/06/2008 |
|--|------------|------------|--------------|
| | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 |
| Opening Claims Liability | | 117 | 904 |
| Plus premiums received | 1,381 | | 1,781 |
| (Less) re-insurance premiums paid | (1,334) | | (1,372) |
| (Less) claims paid | (784) | | (744) |
| Plus/(less) claims liability adjustment from valuation | 1,514 | | (452) |
| Insurance profit/(loss) | | 777 | (787) |
| Closing Claims Liability | | 894 | 117 |

Changes to non-departmental appropriations

Non-departmental appropriations for 2008/09 increased by \$272.4 million (GST exclusive) (refer table on pages 123 to 125). The major reasons for the increase were:

Cabinet and other decisions

Specific government decisions resulted in a \$120.5 million increase to appropriations. The major changes included:

- ▲ provision for the phased introduction of a careers education programme in all secondary schools (\$1.2 million)
- ▲ a contribution from the Crown toward the cost of construction of Sancta Maria College (\$18.9 million)
- ▲ an increase in the per-unit funding rate for the Secondary Tertiary Alignment Resource (\$3.0 million)
- ▲ a transfer of unspent funding from the previous year, mainly for the Tertiary Education Institution Base Investment element (\$4.5 million)
- ▲ provision for the purchase of a site for a university campus in Counties Manukau and to further develop research capabilities with the Millennium Institute of Sport and Health (\$37 million)
- ▲ the conversion of capital to operating funding to support the regional network of provision for Institutes of Technology and Polytechnics spread over the next three years (\$30 million net)
- ▲ support for tertiary education and training through local polytechnics:
 - ▶ construction of a new Visual Arts and Media Block at Nelson Marlborough Institute of Technology (\$5 million)
 - ▶ addressing Northland Polytechnic's viability and improvements in provision of education (\$5.001 million)
 - ▶ expanding and improving the quality of trades training provision at Northland Polytechnic (\$3.5 million)
- ▲ funding for Te Wānanga o Raukawa to compensate the wānanga for expenditure incurred to date on facilities, to bring its facilities to a standard comparable with other tertiary institutions and to meet additional capital requirements (\$50.6 million)
- ▲ support for tertiary institutions to implement projects to build infrastructure that will improve their capability to fulfil government requirements (\$2.1 million)
- ▲ provision to support tertiary education and training in Taranaki through Western Institute of Technology at Taranaki, addressing its viability and improvements in provision of education (\$18 million).

Revised forecasts and other changes in demand

Revised forecasts and demand changes resulted in a \$184.5 million increase in appropriations. Significant forecast changes during the year included:

- ▲ increased costs for school transport services mainly owing to a combination of:
 - ▶ higher than expected index-based adjustments to contract prices for daily services (\$6.5 million)
 - ▶ higher than expected rates for services for students with special education needs as more taxi operators reach the threshold for reviews under their 2008 contracts (\$1.8 million)
 - ▶ higher than expected numbers of schools opting for directly resourced transport (\$1.3 million)
- ▲ increased costs of early childhood education mainly owing to a combination of:
 - ▶ higher than expected growth in funded hours as a result of more children attending and children attending for longer hours (\$90.3 million)
 - ▶ increased take-up of the 20 hours option (\$40.1 million)
 - ▶ more child hours than expected funded at higher rates, including more kindergartens moving from providing sessional to all-day services (\$10.5 million)
 - ▶ partly offset by more early childhood education services than expected registered for GST (\$7.4 million)
- ▲ an increase in maintenance funding for proprietors of integrated schools arising from the revaluation of school sector property at the end of June 2008 (\$2.2 million)
- ▲ increased costs of schooling across Primary Education, Secondary Education and Special Needs Support mainly owing to:
 - ▶ the impact of different term date assumptions on teachers' holiday pay calculations (\$43.5 million)
 - ▶ partly offset by a combination of changes to school rolls including the Correspondence School, changes to average fortnightly teacher pay rates, changes in the number of full-time teacher equivalents and other entitlements (\$1.9 million).

Fiscally neutral adjustments

Major fiscally neutral adjustments between non-departmental appropriations for the year related to:

- ▲ transfers from Curriculum Support and Provision of Information and Advisory Services to offset higher than expected costs of school transport services (\$1.6 million)
- ▲ a transfer of funding from Tertiary Education Grants and Other Funding and Managing the Government's Investment in the Tertiary Education Sector to Adult and Community Education and Tertiary Education Organisation Component - Capability Fund to rationalise some tertiary programmes (\$1.9 million)
- ▲ a transfer from Tertiary Education: Student Achievement Component to Tertiary Education Organisation Component - Capability Fund for wānanga sector (\$9.3 million)
- ▲ support for maintaining the levels of targeted training places purchased in 2009 under Training for Designated Groups through transfers of unspent funding from Tertiary Education: Student Achievement Component (\$2.3 million)
- ▲ transfers between Primary Education, Secondary Education and Special Needs Support for revised salary cost allocations and funding for correspondence school
- ▲ a transfer from Quality Reinvestment Programme to the Supporting Change element in Tertiary Education Organisation Component - Capability Fund (\$6.2 million)
- ▲ a transfer between non-departmental capital expenditure appropriations Wānanga and Institutes of Technology and Polytechnics Infrastructure Fund and Institutes of Technology and Polytechnics Distinctive Contributions for infrastructure development projects (\$1.4 million).

Expense and capital transfers

Net transfers between financial years (from 2007/08 to 2008/09 and from 2008/09 to 2009/10 and subsequent years) resulted in a reduction of \$18.6 million. These transfers reflect changes in timings for some programmes. Significant transfers include:

- ▲ delays in the benchmarking project for Institutes of Technology and Polytechnics (\$3.7 million)
- ▲ provision for reallocation of unspent funding under tertiary sector Investment Plans (\$8.9 million)
- ▲ transfers of unspent funding from the previous financial year toward maintaining the existing levels of targeted training places (\$5.3 million)
- ▲ funding to support the Priorities for Focus element under approved Investment Plans (\$5.5 million)
- ▲ wānanga sector funding reflecting timing changes between 2009 and 2010 (\$5.1 million)
- ▲ capital funding for tertiary institutions, mainly owing to a combination of:
 - ▶ delays in the programme of the University of Auckland Institute for Innovation in Biotechnology (\$5 million)
 - ▶ delays in developing the functional and performance criteria to guide investment in systems and infrastructure for Institutes of Technology and Polytechnics Distinctive Contributions (\$4.5 million)
 - ▶ agreements under the Quality Reinvestment Programme extending beyond the two years originally expected (\$4.1 million)
 - ▶ projects related to the merger between the Dunedin College of Education and the University of Otago taking longer than expected (\$5 million)
 - ▶ Wellington Institute of Technology taking longer than expected to meet conditions for conversion of loans to equity (\$4.1 million)
 - ▶ an underwrite facility for the Western Institute of Technology at Taranaki being available until December 2009 (\$4 million).

Other adjustments

Other adjustments resulted in a decrease of \$14.0 million. These changes mainly included:

- ▲ a transfer from Departmental Output Expense Interventions for Target Student Groups for non-enrolled truancy services (\$1.9 million)
- ▲ a transfer of funding for the Skills Strategy Programme Office to Vote Labour (\$1.1 million decrease)
- ▲ lower than expected demand for professional development programmes, principally for the Diploma in Specialist Subjects (Secondary Teacher) programme (\$13.4 million)
- ▲ lower than expected uptake for TeachNZ Scholarships (\$5.1 million)
- ▲ a transfer of funding from departmental capital for disposal of more properties than expected during the year (\$3.3 million).

Part two
Our performance

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| Non-Departmental Appropriations 2008/09 | Budget 2008 \$000 | Cabinet and Ministerial Decisions \$000 | Demand Changes \$000 | Transfers Between Years \$000 | Fiscally Neutral Adjustments \$000 | Other Changes \$000 | Total \$000 |
|--|-------------------------|--|----------------------------|--|---|---------------------------|------------------|
| Non-Departmental Output Expenses | | | | | | | |
| Centres of Research Excellence | 35,295 | - | - | - | - | - | 35,295 |
| Curriculum Support | 71,310 | - | - | - | (1,150) | 1,950 | 72,110 |
| Education Research Initiatives | 3,230 | - | - | - | - | - | 3,230 |
| Managing the Government's Investment in the Tertiary Education Sector | 58,772 | - | - | (3,700) | (197) | (1,140) | 53,735 |
| Ownership Monitoring of Tertiary Education Institutions | 4,975 | - | - | - | - | - | 4,975 |
| Professional Development and Support | 114,000 | - | - | (300) | - | (9,106) | 104,594 |
| Provision of Information and Advisory Services | 25,082 | 1,180 | - | - | (1,180) | - | 25,082 |
| Qualifications Support Structures | 6,949 | - | - | - | - | 29 | 6,978 |
| Quality Assurance | 10,624 | - | - | - | - | - | 10,624 |
| School Transport | 138,176 | - | 10,242 | - | 1,600 | - | 150,018 |
| Secondary School Examinations | 23,760 | - | - | - | - | - | 23,760 |
| Supporting Parenting | 5,522 | - | - | - | - | - | 5,522 |
| Tertiary and International Advisory Services | 4,319 | - | - | - | - | - | 4,319 |
| Tertiary Education and Training Policy Advice | 8,021 | - | - | - | - | - | 8,021 |
| Tertiary Education: Student Achievement Component | 1,532,862 | - | - | (8,934) | (11,598) | - | 1,512,330 |
| Training for Designated Groups | 295,168 | 696 | - | 4,681 | 2,250 | - | 302,795 |
| Total Non-Departmental Output Expenses | 2,338,065 | 1,876 | 10,242 | (8,253) | (10,275) | (8,267) | 2,323,388 |

Benefits and Other Unrequited Expenses

| | | | | | | | |
|---|---------------|-----------|----------|----------|----------|----------------|---------------|
| Boarding Allowances and Bursaries | 8,069 | - | - | - | - | - | 8,069 |
| Fee Reimbursement Payments | - | 55 | - | - | - | - | 55 |
| Home Schooling Allowances | 5,334 | - | - | - | - | - | 5,334 |
| International Student Scholarship Scheme | 4,400 | - | - | - | - | - | 4,400 |
| Māori and Pacific Island Scholarships and Bursaries | 1,080 | - | - | - | - | - | 1,080 |
| Mapihi Pounamu | 3,250 | - | - | - | - | - | 3,250 |
| National Study Awards | 24,075 | - | - | - | - | - | 24,075 |
| Queen Elizabeth II Study Awards | 100 | - | - | - | - | - | 100 |
| Study Abroad Awards | 2,290 | - | - | - | - | - | 2,290 |
| Targeted Education and Training Grants | 80 | - | - | - | - | - | 80 |
| Teacher Trainee Scholarships | 10,427 | - | - | - | - | (5,111) | 5,316 |
| Tertiary Scholarships | 26,037 | - | - | - | - | - | 26,037 |
| Tertiary Teaching Awards | 200 | - | - | - | - | - | 200 |
| United World Scholarships | 50 | - | - | - | - | - | 50 |
| Total Benefits and Other Unrequited Expenses | 85,392 | 55 | - | - | - | (5,111) | 80,336 |

| Non-Departmental Appropriations 2008/09 | Budget 2008 \$000 | Cabinet and Ministerial Decisions \$000 | Demand Changes \$000 | Transfers Between Years \$000 | Fiscally Neutral Adjustments \$000 | Other Changes \$000 | Total \$000 |
|--|-------------------------|--|----------------------------|--|---|---------------------------|------------------|
| Non-Departmental Other Expenses | | | | | | | |
| Adult and Community Education | 76,573 | - | - | - | 1,084 | - | 77,657 |
| Early Childhood Education | 897,509 | - | 131,619 | - | - | - | 1,029,128 |
| Early Childhood Grants | 14,459 | - | - | - | - | - | 14,459 |
| Impairment of Loans to Tertiary Education Institutions | - | 36 | - | - | - | - | 36 |
| Integrated Schools Property | 51,563 | 18,888 | 2,163 | - | - | - | 72,614 |
| Interest Subsidy for Schools | 740 | - | (93) | - | - | - | 647 |
| New Zealand Teachers Council | 178 | - | - | - | - | - | 178 |
| Primary Education | 2,342,195 | 1,252 | 41,812 | - | 3,553 | 415 | 2,389,227 |
| Remission of Fees | 1,288 | - | - | - | - | - | 1,288 |
| School Transport | 953 | - | (1) | - | - | - | 952 |
| Schooling Improvement | 12,985 | - | - | - | 587 | (150) | 13,422 |
| Secondary Education | 1,811,432 | 2,558 | (20) | (200) | (168) | (4,184) | 1,809,418 |
| Special Needs Support | 293,862 | (76) | (235) | - | (3,242) | - | 290,309 |
| Tertiary Education Grants and Other Funding | 68,101 | 200 | (180) | - | (1,738) | - | 66,383 |
| Tertiary Education Organisation Component – Capability Fund | 377,641 | 14,486 | - | (10,558) | 16,371 | - | 397,940 |
| Tertiary Education Organisation Component – Performance Based Research Fund | 236,114 | - | - | - | - | - | 236,114 |
| UNESCO | 2,083 | - | - | - | - | - | 2,083 |
| University of Auckland Starpath Project | 3,900 | - | - | - | - | - | 3,900 |
| Non-Departmental Other Expenses | 6,191,576 | 37,344 | 175,065 | (10,758) | 16,447 | (3,919) | 6,405,755 |

Non-Departmental Capital Expenditure

| | | | | | | | |
|---|--------|----------|---|---------|---------|---|--------|
| Auckland University of Technology Campus Developments | - | 37,000 | - | - | - | - | 37,000 |
| College of Education Mergers | 5,000 | - | - | (5,000) | - | - | - |
| Institutes of Technology and Polytechnics Distinctive Contributions | 40,000 | (40,000) | - | 4,500 | (1,400) | - | 3,100 |
| Investment in Te Wānanga o Aotearoa | 5,000 | - | - | - | - | - | 5,000 |
| National Assessment Tool for Adult Literacy, Numeracy and Language | 1,600 | - | - | - | - | - | 1,600 |
| National Centre of Excellence in Wood Processing | 1,000 | - | - | - | - | - | 1,000 |
| National Institute of Innovation in ICT | 3,700 | - | - | - | - | - | 3,700 |
| Nelson Marlborough Institute of Technology Visual Arts and Media Block | - | 5,000 | - | - | - | - | 5,000 |
| NorthTec Financial Assistance | - | 5,001 | - | - | - | - | 5,001 |
| NorthTec Future Trades Investment | - | 3,500 | - | - | - | - | 3,500 |
| NZQA Technology | 2,340 | - | - | - | - | - | 2,340 |

Part two
Our performance

2

| Non-Departmental Appropriations 2008/09 | Budget 2008 \$000 | Cabinet and Ministerial Decisions \$000 | Demand Changes \$000 | Transfers Between Years \$000 | Fiscally Neutral Adjustments \$000 | Other Changes \$000 | Total \$000 |
|--|-------------------------|--|----------------------------|--|---|---------------------------|------------------|
| Property Disposal Incentives Scheme | - | - | - | - | - | 3,300 | 3,300 |
| Quality Reinvestment Programme | 17,500 | - | - | 4,095 | (6,172) | - | 15,423 |
| Redevelopment of Whitireia Community Polytechnic Porirua Campus | 1,080 | - | - | (1,080) | - | - | - |
| School Support Project | 1,880 | - | - | - | - | - | 1,880 |
| Schools Furniture and Equipment | 19,989 | - | - | - | - | - | 19,989 |
| Te Wānanga o Raukawa | - | 50,649 | - | - | - | - | 50,649 |
| UCOL Whanganui Campus Redevelopment | - | - | - | 1,000 | - | - | 1,000 |
| University of Auckland Institute for Innovation in Biotechnology | 1,000 | - | - | 5,000 | - | - | 6,000 |
| Wānanga and Institutes of Technology and Polytechnics Infrastructure Fund | - | 2,094 | - | - | 1,400 | - | 3,494 |
| WelTec Financial Assistance | 4,500 | - | - | (4,150) | - | - | 350 |
| Western Institute of Technology at Taranaki | 4,400 | - | (400) | (4,000) | - | - | - |
| Western Institute of Technology at Taranaki - Financial Assistance | - | 18,018 | (400) | - | - | - | 17,618 |
| Total Non-Departmental Capital Expenditure | 108,989 | 81,262 | (800) | 365 | (6,172) | 3,300 | 186,944 |
| | 8,724,022 | 120,537 | 184,507 | (18,646) | - | (13,997) | 8,996,423 |



Appendices three

Glossary

| Term | Definition |
|---|--|
| 20 Hours ECE | The 20 Hours ECE scheme was launched in 2007 and gives three- and four-year-old children in participating kōhanga reo and teacher-led ECE services (kindergartens, centre-based and home-based) up to 20 hours of subsidised early childhood education per week. |
| Best Evidence Synthesis (BES) | The best evidence synthesis iterations draw together, explain and illustrate, through accounts and case studies, bodies of evidence about what makes a difference to improve education outcomes. |
| Career Services | Career Services assists in the achievement of Government education, training and employment goals through the provision of high-quality career information, advice and guidance services. |
| Composite school | A school offering education to students at both the primary and secondary levels (years 1 to 15). |
| Decile | All schools are given a decile rating, depending on the socio-economic status of the area they serve. Schools in the lowest deciles (1 to 3) draw their students from communities with the highest degree of socio-economic disadvantage, while those in the highest deciles (8 to 10) draw the least from these communities. |
| Early Intervention services | Specialists and support staff provide Early Intervention support for children with special education needs who require additional support from the time they are born until they are settled in school. The need may be a physical disability, a sensory impairment, a learning or communication delay, a social, emotional or behavioural difficulty, or a combination of these. |
| e-asTTle | e-asTTle is an electronic, Internet-based version of Assessment Tools for Teaching and Learning. |
| Education and Care Services | Education and Care Services provide sessional, all-day, or flexible hour programmes for children from birth to school age. They may be privately owned, community-based, or operated as an adjunct to a business or organisation. Individual Education and Care Services may be known by many names, including crèches, private kindergartens, aoga, punanga reo, and childcare centres. These services are teacher-led and required to meet the teacher registration targets. |
| Education Counts | Education Counts is an online resource to increase the availability and accessibility of information about education statistics and research. Education Counts provides a range of information, including demographic, contextual and statistical analysis, and technical information to support the use and interpretation of data. |
| Education Review Office (ERO) | The ERO is the government department that reviews and reports publicly on the quality of education in all New Zealand schools and ECE services, including private schools, kura kaupapa Māori, special schools and kōhanga reo. |
| ENROL | ENROL is the electronic enrolment management system for schools, introduced in 2008, that replaced the paper-based student enrolment forms. |
| Information and Communications Technologies (ICT) | ICT includes any communication device or application encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems, as well as the various services and applications associated with them, such as video-conferencing and distance learning. |
| Ka Hikitia – Managing for Success | Ka Hikitia – Managing for Success, the Māori Education Strategy 2008-2012, is a broad reaching five-year strategy aiming to transform and change the education sector, ensuring Māori are able to enjoy education success as Māori. |
| Kōhanga reo | Kōhanga reo are ECE services whose programmes are based on the total immersion of children from birth to school age in Māori language, culture and values. |

| Term | Definition |
|--|---|
| Kura kaupapa Māori | Kura kaupapa Māori are schools in which the principal language of instruction is te reo Māori and education is based on Māori culture and values. Most kura kaupapa Māori cater for students from years 1 to 8, and a few (wharekura) cater for students up to year 13. |
| Licensed ECE services | Any premises used regularly for the education or care of three or more children under the age of six must be licensed except where specifically exempted by the Minister of Education. These include kindergartens, playcentres, education and care services, home-based care services and some kōhanga reo. |
| Licence-exempt ECE groups | A service that has been issued an exemption from licensing requirements, in recognition of the fact that more than half of the children attend with a parent. These include playgroups, Pacific Island early childhood groups, ngā puna kōhungahunga, licence-exempt playcentres and some kōhanga reo. |
| Mainstream Employment Programme | The Mainstream Employment Programme is a programme for the New Zealand State sector which facilitates employment opportunities for people who experience significant disability. |
| Modern Apprenticeships | Modern Apprenticeships is an employment-based education initiative for young people aged 16 to 21 that combines an apprenticeship (a job and workplace training) with mentoring and support arrangements. |
| National Certificate of Educational Achievement (NCEA) | NCEA is the secondary school national qualification, which was introduced in all New Zealand schools in 2002. |
| National Education Monitoring Project (NEMP) | NEMP aims to obtain a broad picture of the achievement and other educational outcomes of representative samples of students in New Zealand schools at years 4 and 8. Each year, over a four-year period, different areas related to the curriculum are assessed. |
| National Standards | National Standards will set clear expectations on what students in years 1 to 8 should be able to achieve in literacy and numeracy, and by when. These will be reported to parents in plain language. |
| New Zealand Curriculum (NZC) | The NZC sets the direction for teaching and learning in the 21st-century. It was launched in November 2007 and will be progressively implemented until February 2010, when it will become mandatory and replace current curriculum documents. |
| New Zealand Qualifications Authority (NZQA) | NZQA provides national and international leadership in assessment and qualifications. NZQA provides quality assurance for secondary and tertiary qualifications and education providers; recognition of qualifications, including from overseas; administration of national assessment for secondary qualifications; administration of the New Zealand Register of Quality Assured Qualifications; and stewardship of the National Qualifications System. |
| New Zealand Skills Strategy | A joint Government, Council of Trade Unions, Business New Zealand, and Industry Trading Federation initiative to ensure that New Zealand individuals and organisations are able to develop and use the skills needed in the workplaces of the future. |
| New Zealand Teachers Council | The New Zealand Teachers Council is the professional body for all registered teachers working in early childhood education, primary, secondary, tertiary and other teaching situations. It has responsibility for teacher registration and oversight of teacher education, and has a role in teacher conduct and performance issues. |
| Programme for International Student Assessment (PISA) | PISA is an international study of reading literacy, mathematical literacy and scientific literacy among 15-year-olds. |
| Progress in International Reading Literacy Study (PIRLS) | PIRLS is an international comparative study of reading achievement. |

| Term | Definition |
|---|---|
| Progressive Achievement Tests (PATs) | Teachers use PATs to assess listening comprehension in years 3 to 9 and to assess reading vocabulary, reading comprehension and maths in years 4 to 9. |
| Secondary Tertiary Alignment Resource (STAR) | STAR provides all state secondary schools with additional funding to access courses that provide greater opportunities for students. The objective of STAR is to enable schools to better meet the needs of students by personalising learning pathways and facilitating a smooth transition to the workplace or further study. |
| Special school | A school providing specialist education or support for students with specific physical, behaviour, sensory or intellectual support needs. |
| State integrated school | A school which has previously been a private school and is now integrated into the state-funded system. |
| Te Kotahitanga | Te Kotahitanga is a research project and professional development programme that supports teachers to build more effective teaching and learning relationships to improve the educational achievement of year 9 and 10 Māori students in English-medium secondary schools. |
| Te Marautanga o Aotearoa | Te Marautanga o Aotearoa is the new curriculum for Māori medium teaching, learning and assessment launched in September 2008. It is New Zealand's first curriculum to be developed and written in te reo Māori and sets the direction for teaching and learning in Māori medium schools and settings. |
| TeachNZ | TeachNZ is a unit of the Ministry of Education. Its key functions include: <ul style="list-style-type: none"> – promoting teaching as a profession including the need for Māori, Māori language, Māori medium and Pasifika teachers – promoting teacher supply initiatives – promoting TeachNZ scholarships and processing applications – informing overseas teachers of employment opportunities in key shortage areas in New Zealand – dealing with enquiries from members of the public interested in teaching, and overseas teachers interested in positions in New Zealand schools. |
| Tertiary Education Commission (TEC) | The TEC gives effect to the Government's priorities for tertiary education, and funds post-compulsory education and training offered by universities, institutes of technology and polytechnics, colleges of education, wānanga, private training establishments, foundation education agencies, industry training organisations, and adult and community education providers. |
| Observation Survey | The Observation Survey is a series of observational tasks which enable teachers to assess progress in beginning literacy. The tasks include letter identification, word test, concepts about print, writing vocabulary, hearing and recording sounds in words and text reading level. The Survey is designed to be administered after the child completes one year at school and is sometimes referred to as the Six Year Net. |
| Trends in International Mathematics and Science Study (TIMSS) | TIMSS is an international study that provides data on the mathematics and science achievement of years 5 to 9 students compared with that of students in other countries. |
| Voluntary Bonding Scheme | Voluntary bonding is an incentive payment scheme that has been introduced by the Government to reward medical, midwifery, nursing, teaching and veterinarian graduates who agree to work in hard-to-staff areas. It is a practical initiative designed to move graduates into the communities and specialties that need them most. |
| Youth Guarantee | A Government initiative designed to ensure that all young people participate in education, skills training or other structured learning, relevant to their abilities and needs, until they reach the age of 18. |

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Other education agencies

The other agencies involved in education as at 30 June 2009 are:

Career Services

www.careers.govt.nz

Level 4, CMC Building, 89 Courtenay Place

PO Box 9446

Wellington 6141

Phone: 04 801 5177, Fax: 04 801 5161

Email: careers@careers.govt.nz

Education Review Office

www.ero.govt.nz

Level 1, Sybase House, 101 Lambton Quay

PO Box 2799

Wellington 6140

Phone: 04 499 2489, Fax: 04 499 2482

Email: info@ero.govt.nz

New Zealand Qualifications Authority

www.nzqa.govt.nz

Level 13, 125 The Terrace

PO Box 160

Wellington 6140

Phone 04 463 3000, Fax 04 463 3112

Email: helpdesk@nzqa.govt.nz

New Zealand Teachers Council

www.teacherscouncil.govt.nz

93 The Terrace

PO Box 5326

Wellington 6145

Phone: 04 471 0852, Fax: 04 471 0870

Email: inquiries@teacherscouncil.govt.nz

Tertiary Education Commission

www.tec.govt.nz

Level 10, 44 The Terrace

PO Box 27-048

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Phone: 04 462 5200, Fax: 04 462 5400

Email: info@tec.govt.nz

