

VOTE *Education*

Education

Overview

Appropriations sought for Vote Education in 2003/04 total \$8,248.673 million. This is to be spent as follows:

- \$1,330.690 million (16.13% of the Vote) on the purchase of services from the Ministry of Education (depreciation and capital charge on school accommodation being the most significant costs).
- \$626.838 million (7.60% of the Vote) on the purchase of educational services from central education Crown entities and other non-departmental providers.
- \$74.392 million (0.90% of the Vote) on allowances, bursaries, scholarships, and grants.
- \$6,090.920 million (73.84% of the Vote) on the provision of educational services from schools, early childhood education providers, tertiary education institutions, and other education providers, as well as other expenses.
- \$60.139 million (0.73% of the Vote) on additional capital investment in schools and for departmental systems.
- \$65.694 million (0.80% of the Vote) on capital for other education organisations.

The Ministry expects to collect \$15.291 million of Crown revenue in 2003/04.

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

Terms and Definitions Used

5-year Property Programme	A funding agreement between the Ministry and a school's board of trustees, based on the first half of the 10-year Property Plan
10-year Property Plan	A plan that includes all the property work (prioritised as costed projects) the board wants to undertake over a 10-year horizon to support the school's strategic goals
ACE	Adult and Community Education
ACC	Accident Compensation Corporation
ASR	Assessment of Strategic Relevance
Capability Development funds	Innovation and Development Fund, E-learning Collaborative Development Fund and Partnerships for Excellence facility
Central education Crown entities	Includes Early Childhood Development (ECD), New Zealand Qualifications Authority (NZQA), New Zealand Teachers Council, Tertiary Education Commission (TEC) and Career Services
Chartered early childhood centres and services	Centres and services that undertake to adhere to Desirable Objectives and Practices as prescribed by the Minister and set out in their charter document. Chartered centres and services are eligible to receive funding through the Ministry
ECD	Early Childhood Development - in March 2003 the Minister of Education announced a proposal to merge ECD and the Ministry from September 2003. A decision will be made in May 2003
ECE	Early Childhood Education
EFTS	Equivalent Full-Time Student
ESOL	English for Speakers of Other Languages
FTTE	Full Time Teacher Equivalent
ICT	Information and Communication Technologies
ITO	Industry Training Organisation
Integrated school	A school that is integrated into the State system in terms of the Private Schools Conditional Integration Act 1975
KiwiCareers	KiwiCareers is a Career Services website providing comprehensive independent and up-to-date careers and labour market information and an online career decision making/planning tool
Kura kaupapa Māori	A Māori State school in which the principal language of instruction is te reo Māori (the Māori language)
LEOTC	Learning Experiences Outside the Classroom
Licensed early childhood centres	Centres which meet all the health, safety, and management requirements of the Education (Early Childhood Centres) Regulations 1990
National Qualifications Framework	The National Qualifications Framework (NQF) is designed to provide nationally recognised, consistent standards and qualifications and recognition and credit for all learning of knowledge and skills
NCEA	The National Certificate of Educational Achievement is a qualification on New Zealand's NQF. NCEA is achievement-based and national standards have been set in each area of learning. When students achieve these standards they earn credits toward their NCEA qualification. In school curriculum subjects they can do more than achieve a standard - they can achieve with merit or excellence grades

Terms and Definitions Used (continued)

NZCER	New Zealand Council for Educational Research
NZQA	New Zealand Qualifications Authority
ORRS	Ongoing and Reviewable Resourcing Schemes - schemes that help students who have very high or high ongoing special education needs, by providing extra teaching, specialist programming, therapy, and education support, wherever the student attends school
PAFT	Parents as First Teachers
PBRF	Performance Based Research Fund
POD	Property Occupancy Document - formal record of rights and responsibilities of the board of trustees in relation to school property
Private school	A school governed by an independent board which is registered as meeting specified standards and receives some state funding but charges tuition fees
PTE	Private training establishment - an establishment, other than a State tertiary education institution, that provides post-school education and vocational training
REAP	Rural Education Activities Programme
RTLB	Resource Teachers: Learning and Behaviour - specially trained teachers who work with schools to assist students who have learning and behaviour difficulties
SES	Specialist Education Services (disestablished from 28 February 2002)
STEP	Statement of Tertiary Education Priorities
Teachers Council	New Zealand Teachers Council
Te Kete Ipurangi	The On-line Learning Centre - a portal website for teachers
TEC	The Tertiary Education Commission was established on 1 January 2003
TEI	Tertiary Education Institution - includes colleges of education, polytechnics, universities, and wananga
TEO	Tertiary Education Organisation
TES	Tertiary Education Strategy - this, together with the Statement of Tertiary Education Priorities, aims to improve the focus, connectivity and capability of the tertiary sector as a whole
Unit Standard	Nationally recognised requirements to be met in a particular learning area, resulting in credits leading up to the award of a National Certificate
UNESCO	United Nations Educational, Scientific and Cultural Organisation
Wananga	Māori tertiary education institution

Footnotes

Note 1	The cost for D8 Provision of School Sector Property in 2003/04 includes funding for capital charge on land and buildings of \$531.051 million (GST inclusive). This was \$525.783 million in 2002/03.
Note 2	The cost for D9 Provision of Teacher and Caretaker Housing in 2003/04 includes funding for capital charge on land and buildings of \$16.964 million (GST inclusive). This was also \$16.964 million in 2002/03.

Footnotes (continued)

- Note 3** Under output class D3 Purchasing of Services on Behalf of the Crown, purchasing agreements may include contracts of services, documents of accountability, Memoranda of Understanding, letters of agreement, etc.
- Note 4** The central education Crown entities from which services are purchased under output class D3 are Early Childhood Development (ECD), New Zealand Qualifications Authority (NZQA), New Zealand Teachers Council, Career Services and the Tertiary Education Commission (TEC).
- Note 5** Rural Education Activities Programmes (REAPs) are incorporated societies that provide services to early childhood centres/services, schools, and community education services and coordinate educational activities across the sectors, in a number of rural districts.
- Note 6** The Crown entities monitored under output class D4 Ownership Advice on Public Education Sector Entities include Learning Media Limited, ECD, NZQA, Career Services, Teachers Council and the TEC.
- Note 7** There are currently 13 special schools, established under section 95 of the Education Act 1989, for which the Minister appoints various numbers of board members.
- Note 8** Under output class O1 Professional Development and Support, appropriateness and effectiveness mean:
- Appropriateness: the extent to which the programmes' aims are consistent with the needs of the client.
- Effectiveness: the extent to which the programmes fulfilled their aims.
- Note 9** Under output class O2 Curriculum Support more schools are applying for and receiving funding for Arts Coordinators. The programme reaches its maximum funding level in 2004/05.
- Note 10** Under output class O2 Curriculum Support further funding has been committed for the SportsFit sports coordinators that will enable additional schools to participate.
- Note 11** The increase in the number of contracts for students at-risk innovations for 2003/04 in output class O2 Curriculum Support is owing to a clarification of the criteria that is expected to reduce the average funding per programme.
- Note 12** Under output class O2 Curriculum Support the increase in the number of schools delivering reading, writing and maths programmes reflects the higher number of schools already with programmes that run on into 2003/04.
- Note 13** Under output class O2 Curriculum Support the percentage of eligible teachers who have laptops has increased due to the phasing in of the original programme and to the inclusion of other teachers, in particular teachers of year 7 and 8 under this Budget.
- Note 14** Under output class O2 Curriculum Support the higher number of PC licences reflects the growing number of PCs in schools and recent policies to provide laptops for teachers and principals.
- Note 15** Under output class O2 Curriculum Support the number of schools receiving support in use of Information and Communications Technologies (ICT) under the digital opportunities programme has increased due to an extension in scope of two of the projects.

Footnotes (continued)

- Note 16** The increase in funding for output class O2 Curriculum Support is mainly owing to expansion of the laptops for teachers programme and provision of a managed Internet service, as well as growth in the sports coordinators programme and improving student engagement in education. These are partially offset by funding provided in 2002/03 only for initial broadband Internet project costs and provision for the balance of the Microsoft licensing agreement until 31 December 2003.
- Note 17** The increase in funding for output class O3 Administration of National Assessment for Secondary Qualifications (previously Assessment of Entitlements or Eligibility) is mainly owing to provision for implementation of NCEA levels 2 and 3.
- Note 18** Under output class O5 Provision of Information and Advisory Services, appropriateness and effectiveness mean:
- Appropriateness: the extent to which the focus of the information provided is consistent with the users' needs.
- Effectiveness: accuracy - all material facts are included and are accurate; timeliness - information is provided within the times required.
- Note 19** The increase in funding for 2003/04 in output class O5 Provision of Information and Advisory Services mainly relates to a review of the existing ICT infrastructure in schools, as well as additional costs in the school administration/support clusters project reflecting previous decisions.
- Note 20** Under output class O6 Management of Grants and Contracts the tuition subsidies and research funds being disbursed to tertiary education service providers by the TEC are mainly appropriated in Other Expenses Tertiary Education and Training and Performance Based Research Fund (PBRF).
- Note 21** The Family Start initiatives under output class O7 Supporting Parenting are being run jointly by the Ministries of Health, Education, and Social Development, the Department of Child, Youth and Family Services and ECD.
- Note 22** Under output class O7 Supporting Parenting, appropriateness and effectiveness mean:
- Appropriateness: the extent to which the services'/programmes' aims are consistent with the needs of the clients/consumers.
- Effectiveness: the extent to which the services'/programmes fulfilled their aims.
- Note 23** The increase in funding under output class O8 Specialist Support Services is owing to a combination of:
- programmes transferred in 2003/04 to this class from output class O3 Administration of National Assessment for Secondary Qualifications (previously Assessment of Entitlements or Eligibility)
- a transfer to Ministry outputs in 2002/03 only for moderation services.
- Note 24** The increased funding for output class O9 Stewardship of the New Zealand Qualifications System (previously Development and Registration of Standards and Qualifications) relates to continuing services previously funded from NZQA reserves.

Footnotes (continued)

- Note 25** The increased funding for output class O10 Training for Designated Groups in 2002/03 mainly reflects expansion of the Industry Training Fund and provision for expected growth of the Modern Apprenticeships and Gateway programmes.
- Note 26** The increased funding for output class O11 Education Research Initiatives relate to provision for a full year of operation by the Centres of Research Excellence, after initial establishment in 2001/02 and 2002/03.
- Note 27** Under output class O12 Developing Strategic Coherence Across the Tertiary Sector, in 2002/03 the charters and profiles received and assessed by the TEC were based on a trial. The 2003/04 figures represent the expected throughput of the system in operation.
- Note 28** The increased funding for output class O12 Developing Strategic Coherence Across the Tertiary Sector is owing to there being only six months of funding in 2002/03 (after the TEC was established on 1 January 2003). In addition there is provision for new outputs such as implementation of the PBRF (particularly peer assessment processes) and for increased work in the area of adult and community education (ACE), including building capability and further developing networks with ACE providers.
- Note 29** Increased funding for Career Services in 2003/04 maintains quality of services and provides for increased demand for services, as well as for expanding career education opportunities for teachers and a career-planning pilot for at-risk youth.
- Note 30** Increased funding for the NZQA in 2003/04 mainly relates to implementation of levels 2 and 3 of the NCEA, as well as continued development of information systems and provision for continuing services previously funded from reserves.
- Note 31** The TEC was established on 1 January 2003 and incorporated Skill New Zealand. The increased funding for the TEC in 2003/04 is owing to providing for a full year of work. There is also provision for new services, including support for the PBRF (peer assessment, monitoring, audit, review and reporting costs) and for improving quality and capability development in ACE.
- Note 32** Equity funding for the early childhood education (ECE) sector was introduced in 2002 to provide additional support for community-based services. The equity funding components are weighted as follows:
- 50% of the fund toward low socio-economic communities
 - 25% of the fund toward special education needs and non-English speaking backgrounds
 - 15% of the fund toward language and culture other than English
 - 10% of the fund toward isolation.
- Note 33** From 1 July 2003 hourly funding rates for ECE will increase by:
- 1.9% for licence-exempt and licensed and chartered services on Rate 1.
 - 1.9% for licensed and chartered services on Rate 2, with a further 1.7% increase effective from 1 January 2004.
 - 5.55% for kindergarten services.

Footnotes (continued)

- Note 34** The appropriation for Other Expense Special Needs Support has reduced mainly because all Ongoing and Reviewable Resourcing Schemes (ORRS) funding was reflected under D10 Special Education Services from 1 January 2003. This reflects changes in fund holding arrangements as a result of the integration of Specialist Education Services with the Ministry of Education (Group Special Education).
- Note 35** In the tertiary tuition funding table in Part D:
the Equivalent Full-time Student (EFTS) places are actuals for the 2002 academic year. In addition to the EFTS shown in the field of study table there are 6,100 EFTS enrolled in community education programmes.
the tuition funding figures for 2003/04 assume 7.4% growth in EFTS places for 2003 and 1.0% growth for 2004. Significant growth in 2003 is expected in wananga, while growth over the whole sector is expected to be lower in 2004.
- Note 36** Under the core capital works programme, components of “Other” include: facilities to enable access for the disabled; structural mitigation; property rationalisation; risk-management; provision for emergency works.
- Note 37** Projects carried forward from one financial year to the next have been programmed but the cash is not required until the following year.

Education

VOTE MINISTER: Minister of Education

ADMINISTERING DEPARTMENT: Ministry of Education

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

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote Education

Government Goals

Vote Education primarily contributes to the following overarching strategic goals:

- **Improving New Zealanders Skills**
Fostering education and training to enhance and improve the nation's skills so that all New Zealanders have the best possible future in a changing world.
- **Reducing Inequalities in Health, Education, Employment and Housing**
Reducing the inequalities that currently divide our society and offer a good future for all by better coordination of strategies across sectors and by supporting and strengthening the capacity of Māori and Pacific Island communities.

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

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

Outcomes for Vote Education

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

All New Zealanders with strong foundations for future learning

All New Zealanders need to master the basic skills of literacy and numeracy; be confident, motivated and healthy; and have a strong sense of identity. These basic foundations are critical for success in schooling, for coping with the demands of modern society and for engagement in learning throughout life. The foundation skills and attitudes needed include:

- the ability to read, write and communicate effectively
- sound numeracy skills
- self-confidence, including a strong sense of cultural identity and pride
- social skills and competencies
- openness to diversity, challenge, and change
- learning skills and an enthusiasm for ongoing learning.

General knowledge about New Zealand and the world - who we are, where we come from, and where we live - is also a core element of strong foundations.

These foundations build resilience and provide a basis for self-improvement. The education system must provide and encourage foundation learning wherever it is needed, for people of all ages.

High levels of achievement by all school leavers

Strong foundations are necessary but not enough. We want all students to leave school having succeeded to the best of their abilities and with the skills and knowledge needed to:

- pursue their ongoing education and development
- make a productive contribution to New Zealand society
- become our future leaders and innovators.

All school leavers need good skills in problem-solving, creative thinking, interpreting information, reflecting on learning and knowledge and relating to others. They must be able to apply these skills to different subject areas and in different contexts. Creativity must be fostered and allowed to flourish. Successful school leavers will have a strong sense of self-worth and identity, a keenness for learning, self-motivation, tolerance and respect for others.

All students need to attain school leaving qualifications that attest to this achievement and which enable them to make a successful transition to work, tertiary education and adulthood.

New Zealanders engage in learning throughout their lives and develop into a highly skilled workforce

Opportunities to gain good qualifications and training are as important for those already in the workforce as for those entering the workforce. All school leavers and working-age adults need to participate in further learning to acquire new skills and knowledge - whether this is at work, at home or in formal education institutions.

In a diverse society and economy, there needs to be a wide, flexible range of relevant and quality learning opportunities. Employers need to invest in skill-development and training. New Zealand's tertiary qualifications need to be recognised as being world class if our country and our people are to succeed on the global stage.

Make a strong contribution to our knowledge-base, especially in key areas of national development

The knowledge and research capability of our education sector makes an important contribution to New Zealand's economic, cultural and social development through innovation and creativity, increasing workforce capability and lifting our productivity. We must make the most of this contribution and enhance our research capability, ensuring that the tertiary sector effectively interacts with other sectors.

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

- policy advice that is aimed at identifying priorities for improving educational outcomes and developing options for improving the effectiveness of the education system
- the key interventions that are available to influence educational outcomes. These interventions fall into four broad categories including the:
 - provision and management of resources
 - administration of legislation and regulations
 - provision of information and advice
 - provision of special education services.

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

Links Between Departmental Output Classes and the Outcomes for Vote Education

Within each of the Ministry of Education's output classes the areas being focussed on to contribute to the Government's key goals are:

Output Classes	Key Areas of Focus
D1 Policy Advice	<p>Defining the key outcomes required from the education system to contribute to Government's economic, social and sustainable development goals for New Zealand. This includes:</p> <ul style="list-style-type: none"> • work arising from the stocktake of the New Zealand curriculum • supporting a process to develop a new vision of the future of secondary schooling. <p>Monitoring trends and patterns in educational outcomes across the system, building the evidence-base to inform policy development and professional practice across the sector and evaluating the effectiveness of specific policies and programmes, including:</p> <ul style="list-style-type: none"> • further engagement in both new and ongoing national and international studies of educational achievement • strengthening Ministry of Education capability to assess the performance of the education system • ongoing evaluation and monitoring of specific initiatives and programmes.

Output Classes	Key Areas of Focus
D1 Policy Advice - cont'd	<p>Advice on the design and implementation of regulatory and resourcing frameworks, including:</p> <ul style="list-style-type: none"> • continuing the review of the regulations and funding systems for the early childhood education (ECE) sector to support implementation of the Strategic Plan • ongoing work to improve schools resourcing policies including school transport • further development of policy and research related to international education • continued development of integrated tertiary education funding systems, including a review of funding categories and implementation of the Performance Based Research Fund (PBRF) • development of an Information and Communications Technologies (ICT) strategic framework and providing a coordinated approach to national infrastructure services. <p>Advice on policies and programmes to build the capability of education professionals and education providers, including:</p> <ul style="list-style-type: none"> • further development of self-review indicators for early childhood services and professional standards for kindergarten teachers • building teacher capability to meet diverse student needs • addressing teacher supply issues especially in the secondary schools sector • developing performance criteria for adult English for Speakers of Other Languages (ESOL) as well as effective practice in teaching foundation skills to adults. <p>Advice on policies and programmes to support learners and their families and communities, including:</p> <ul style="list-style-type: none"> • review of strategies supporting students at-risk of educational underachievement • consultation on proposed improvements to student support funding in tertiary education and development of a fair value model for Student Loans.

Output Classes	Key Areas of Focus
<p>D3 Purchasing of Services on Behalf of the Crown</p> <p>D4 Ownership Advice on Public Sector Entities</p>	<p>Of particular importance this year will be:</p> <ul style="list-style-type: none"> • continuing to build relationships between the Crown and iwi and Māori to give effect to the collaborative relationships envisaged in the treaty of Waitangi and create new opportunities to improve Māori education outcomes • improving the effectiveness of schools with young Māori and Pasifika students • improving monitoring of schools • additional reviews of local school networks • increased support for ICT initiatives • improving governance capability and managing interventions in the tertiary sector.
<p>D5 Provision of Information</p>	<p>The major focus for 2003/04 is on:</p> <ul style="list-style-type: none"> • attracting more people into the teaching profession, particularly for the early childhood and secondary education sectors and Māori and Pasifika peoples in particular subject areas • ongoing implementation of local and national information campaigns for Whakaaro Matauranga • support for quality teaching of literacy for years 1 to 8 in all primary schools • ongoing implementation of Te Kete Ipurangi and other ICT initiatives such as improving school administration standards including ability to manage National Certificate of Educational Achievement (NCEA) data.
<p>D6 Administration of Education Regulations</p>	<p>Of particular significance in 2003/04 will be ongoing implementation of new planning and reporting arrangements for schools, further work on export education initiatives and continuing to address the high level of Māori suspensions and encourage better engagement with the education system for students at-risk.</p>
<p>D7 Administration of Education Sector Resourcing</p>	<p>The major focus for the year will be on disbursing funding and improvements to resourcing systems, including education service payroll, development of new ECE funding systems and provision of training and support for new administrative funding systems.</p>

Output Classes	Key Areas of Focus
D8 Provision of School Sector Property D9 Teacher and Caretaker Housing	Key initiatives for 2003/04 will be: <ul style="list-style-type: none"> improving the quality of school property through ongoing implementation of five-year property agreements ensuring there is sufficient property, particularly in secondary schools with emerging roll growth introduction of service tenancy level rentals for teacher housing managing an active disposal programme for surplus housing.
D10 Special Education Services	Of particular importance in 2003/04 will be: <ul style="list-style-type: none"> provision of quality special education services to children and young people development of local support and resource centres building the capability of the sector continued development of standard practice policies and procedures.

Links Between Non-Departmental Output Classes and the Outcomes for Vote Education

Within each output class being purchased from third parties the areas being focussed on to contribute to the Government's key goals are:

Output Classes	Key Areas of Focus
O1 Professional Development and Support	Ensure effective use of resources and responsive implementation of educational programmes by providing: <ul style="list-style-type: none"> professional development for teachers management and advisory services for managers in schools and early childhood services.
O2 Curriculum Support	Improve educational outcomes and promote innovation by making education programmes more widely available, including ICT and digital opportunities programmes, purchase of Microsoft licences and partial payment for personal computers for full time secondary and some other teachers.
O3 Administration of National Assessment for Secondary Qualifications (previously Assessment of Entitlements or Eligibility)	Address and improve quality of provision and decision-making and lift educational achievement, through administration and moderation of secondary qualifications, including ongoing implementation of the NCEA.

Output Classes	Key Areas of Focus
O4 School Transport	Improve educational outcomes for children at-risk by providing school transport services to eligible students attending State and integrated schools.
O5 Provision of Information and Advisory Services	<p>Address and improve quality of provision and decision-making and lift educational achievement, by providing information and general advocacy services to the public, community groups, industry and the education community.</p> <p>The major areas of focus in this class are careers information and the industry training initiative. A significant focus in 2003/04 will be a review of the ICT infrastructure in schools.</p>
O6 Management of Grants and Contracts	Improve educational outcomes and support innovation by negotiation and management of contracts on behalf of the Crown to ensure the effective use of resources and the responsive implementation of education programmes. This class of outputs has a particular focus on the tertiary sector, including development of better linkages between tertiary education providers, industry and communities.
O7 Supporting Parenting	Improve educational outcomes through targeting services to break cycles of disadvantage, strengthen families, and improve the educational outcome of children at-risk, by developing parenting skills to enhance children's development and education.
O8 Specialist Support Services	Improve educational outcomes for children at-risk of education failure by providing specialist and technical support for students with special education needs.
O9 Stewardship of the New Zealand Qualifications System (previously Development and Registration of Standards and Qualifications)	Improve educational outcomes by effective stewardship of the qualifications system, including development, management and monitoring of quality assurance processes.
O10 Training for Designated Groups	Improve educational outcomes and innovation through building a skilled workforce, improving literacy and numeracy skills, strengthening pathways for students to further education and training, continued investment in industry training and development of new training arrangements.
O11 Education Research Initiatives	<p>Improve educational outcomes and strengthen innovation through:</p> <ul style="list-style-type: none"> • building a skilled workforce that contributes to a robust and innovative economy and supports the knowledge economy • promoting high-quality, strategically focused research in the tertiary sector and encouraging the transfer of knowledge. This will largely focus on the implementation of Centres of Research Excellence.

Output Classes	Key Areas of Focus
O12 Developing Strategic Coherence Across the Tertiary Sector	Improve educational outcomes and innovation by improving the focus, connectivity and capability of the tertiary sector as a whole. In 2003/04 this will largely focus on: <ul style="list-style-type: none"> • ongoing implementation of new steering and support mechanisms for the sector • managing investments in improving capability and responsiveness through capability development funds • implementing the PBRF • promoting improvements in adult and community education (ACE).

Part A2 - Trends in Vote Education

Introduction

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

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

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

Expenditure and Revenue Trends: 1998/99 to 2003/04

Departmental outputs

The growth in departmental output expenditure across 1998/99 to 2003/04 is principally reflected in the costs of providing school land and buildings and other facilities. These costs include:

- the capital charge on the value of the property portfolio, which has increased as a result of:
 - the increased value of the property portfolio, resulting from additional government investment in schools and the annual revaluation of the portfolio
 - partially offset by changes in the capital charge rate (from 11% for 1998/99, 10% for 1999/2000 and 2000/01, 9% for 2001/02 and 8.5% for 2002/03 and 2003/04)

- depreciation, which has also increased in line with the growth in the value of the school property portfolio. From 2002/03 the basis of calculation of depreciation has also changed to now be based on separate components rather than averaged over the entire asset. This has increased expenses by approximately \$75 million per annum, although offset by a corresponding decrease in the level of capital funding
- deferred works and glazing maintenance.

During 2001/02 the Crown entity SES was disestablished and merged with the Ministry. A new departmental output class was established for special education services including targeted funding for special needs students verified for the Ongoing and Reviewable Resourcing Schemes (ORRS).

Over the period under review there was also provision for a range of related policies such as implementation of Special Education 2000, including communication of the policy, evaluation programmes and assessing the eligibility of special education needs students applying for the ORRS.

Over this period there has also been funding provided for:

- additional activities including:
 - the design and operation of instruments for monitoring student achievement including participation in international studies and development of assessment tools
 - the development and implementation of a single, unified system of national qualifications National Certificate of Educational Achievement (NCEA) for secondary schools
 - implementation of Special Education 2000, including communication of the policy, evaluation programmes and assessing the eligibility of special needs students applying for the ORRS
 - Māori education initiatives, including the Māori Education Strategy, establishment of new kura kaupapa Māori and other programmes to promote immersion education options
 - monitoring institutions in the compulsory and tertiary sectors at risk of educational or financial failure and managing appropriate interventions
- an increase in the cost of teacher payroll services
- initiatives to increase the supply of teachers and address specific skill shortages
- greater communication of Government education policies, notably in the areas of teacher supply and literacy
- provision of additional curriculum support material, including support for ICT in schools and development of Te Kete Ipurangi - the teaching and learning web portal
- work on tertiary education policy, including options for valuation of tertiary assets, work of the Tertiary Education Advisory Commission and establishment of the Tertiary Education Commission (TEC). The TEC was established on 1 January 2003 and the Ministry's resourcing and some monitoring functions were transferred to the new agency.

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

Non-departmental outputs

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

- additional resources to support curriculum initiatives, teacher professional development and training for boards of trustees
- further development of programmes to support parenting and to promote participation in early childhood education
- growth in the industry training fund and other work-based education and training initiatives (for example the Modern Apprenticeships and Gateway programmes)
- some special education activities being reclassified as a new output class Specialist Support Services from 1999/2000
- Centres of Research Excellence initiative
- activities of the TEC which was established on 1 January 2003. This includes developing new steering, funding and support mechanisms for the sector as well as taking over resourcing functions from the Ministry of Education.

But this is partially offset by transferring the costs of SES to departmental output classes during 2001/02 and 2002/03 after its merger with the Ministry from 28 February 2002.

Benefits and other unrequited expenses

From 1 January 1999, administration of student allowances became the responsibility of the Ministry of Social Development and the appropriation was transferred from that date. This accounts for a significant reduction in expenditure between 1998/99 and 1999/2000.

After that, growth in benefit expenses is largely related to provision of new tertiary doctoral and enterprise scholarships and to initiatives to attract students to a career in teaching. In 2001/02 there were also several programmes transferred to benefit expenses from Primary Education and Secondary Education appropriations.

Other expenses

Increases in these appropriations for the period under review mainly reflect:

- roll-related increases in early childhood education sessional payments and school operations funding, as well as revised funding rates
- the impact of wage settlements for teachers and principals and a change to the formulae for bulk funding (the Fully Funded Option) in 2000/01
- increased numbers of tertiary students, with the cap on funded places being removed from 1999. There have also been increases in per-student funding provided to institutions to sustain quality while stabilising student fees and promoting research.

These are partially offset by transfers of:

- some special education funding back to output classes from 1999/2000
- ORRS funding to departmental output classes when the Ministry became sole fundholder after the merger with SES.

Capital contributions

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

- school land and buildings to meet roll growth and changes to staff-student ratios
- student loans, although from 1 January 2000 administration of student loans became the responsibility of the Ministry of Social Development and the appropriation was transferred from that date
- tertiary institutions including assistance to Tertiary Education Institutions (TEIs) at financial risk, consideration for the inadequate capitalisation of Wananga and provision for their future needs and assistance for institutions to prepare for the new tertiary education environment envisaged by the Tertiary Education Strategy (TES).

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

Revenue

The significant revenue at the start of the period related to student loans (interest, establishment fees and repayments). However, this revenue now appears in Vote Social Development.

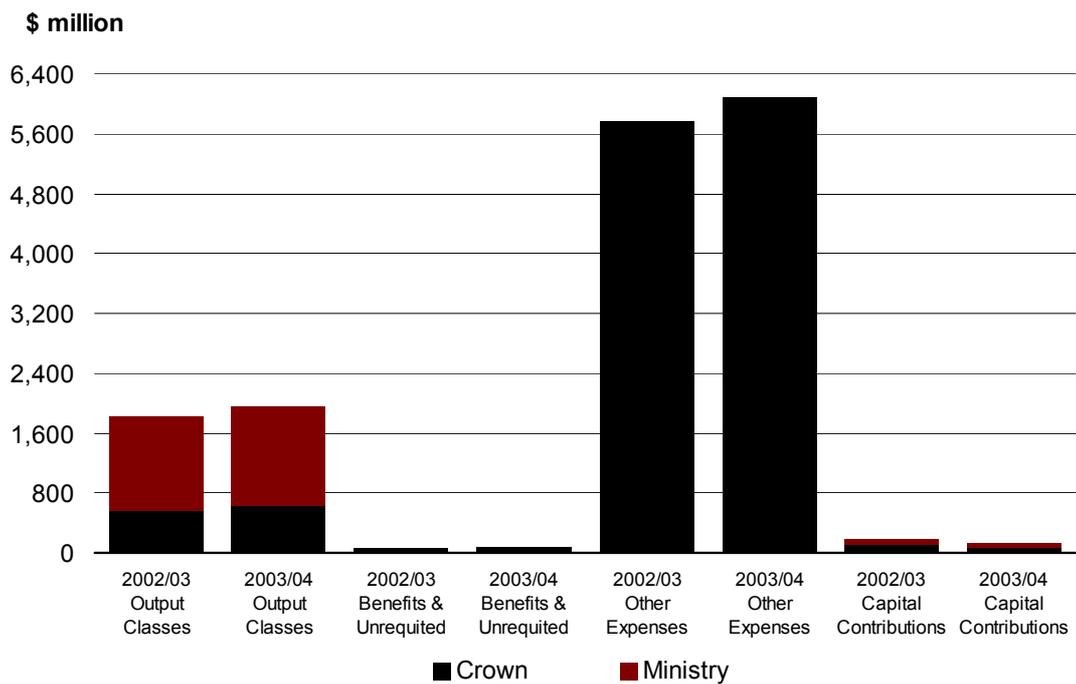
Other significant changes between years include asset sales, recoveries from Crown entities (\$21.0 million in 1998/99), Accident Compensation Corporation (ACC) experience rating rebates (until 2000/01), levies to support an export education industry body and recoveries from foreign fee-paying students.

Analysis by Appropriation Type: 2002/03 and 2003/04 Compared

Total appropriations for Vote Education in 2003/04 are \$8,248.673 million, an increase of \$393.109 million over 2002/03. This reflects:

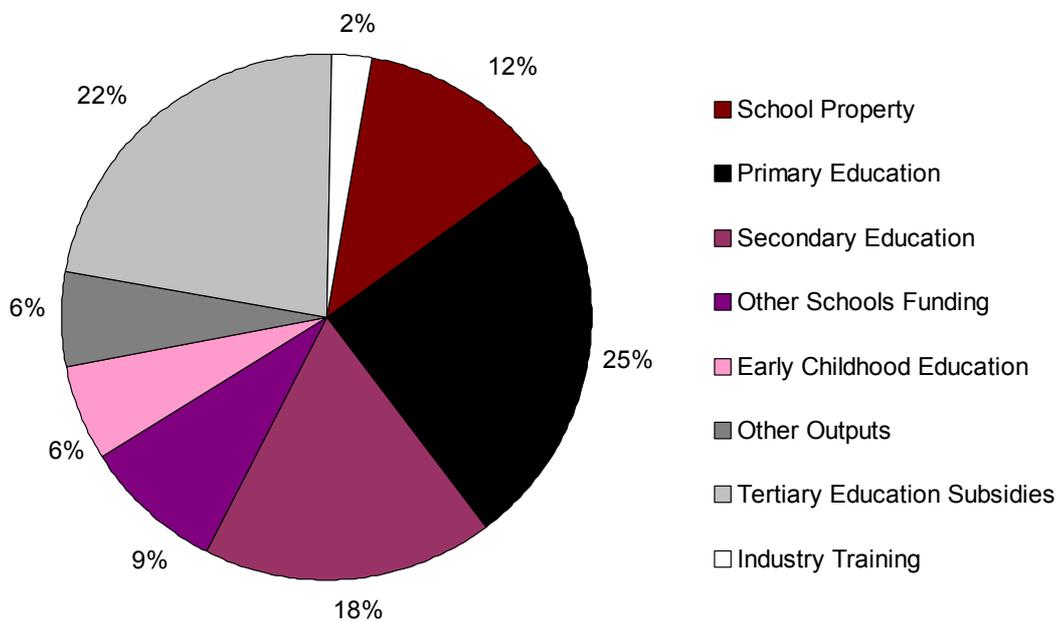
- demographic changes, including school roll increases and related increases in teacher numbers and higher tertiary and early childhood participation
- costs of additional school accommodation required by roll growth

Figure 1 - Comparison of total appropriations: 2002/03 and 2003/04



Source: Ministry of Education

Figure 2 - Analysis of 2003/04 appropriations by sector



Source: Ministry of Education

- new initiatives costing approximately \$232.173 million this year to build an education system that equips New Zealanders with 21st Century skills and reduce systematic underachievement in education. These initiatives mainly focus on:
 - improving literacy
 - increasing the capability and effectiveness of teachers
 - improving resourcing in all sectors of education, including improved staffing for schools and continued implementation of an integrated funding framework for the tertiary sector
 - investing in the infrastructure particularly with a focus on better systems
 - encouraging participation by improving pathways and access to tertiary education including adult and community education.

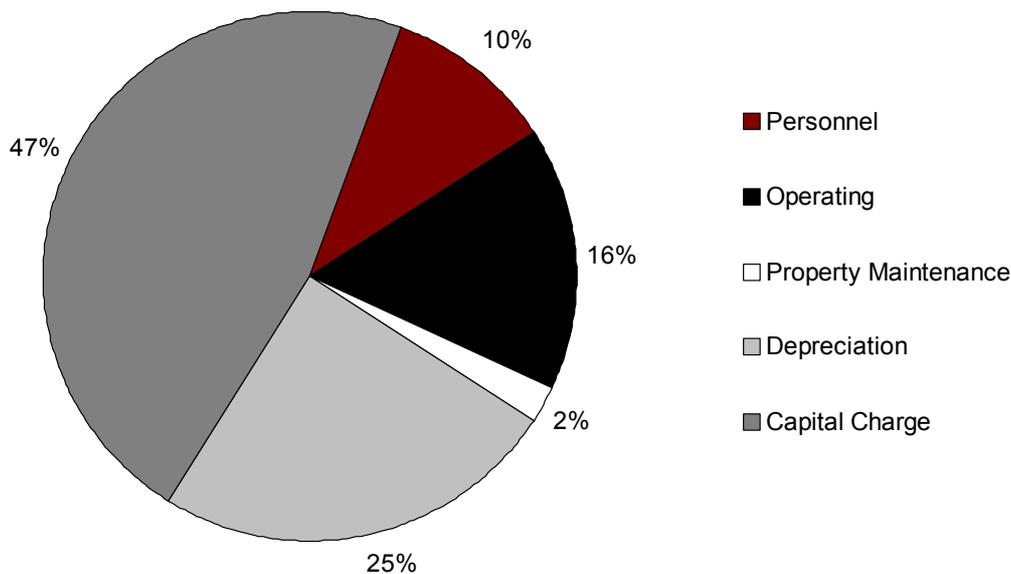
Departmental outputs

Appropriations for the purchase of departmental outputs in 2003/04 are \$1,330.690 million (including GST), which is \$56.666 million more than in 2002/03 (see Part B1 for details).

The increase is mainly owing to the full year effect of the Ministry becoming sole fundholder for students verified for the ORRS programme from 1 January 2003 and higher depreciation and capital charge, largely as a result of increased investment in schools and classrooms to meet roll growth.

In addition funding is provided for:

- systems developments for all sectors, including development of new administrative systems including improved ability to manage NCEA data and training for schools. Also included are establishing a helpdesk/call centre for schools, work on e-learning initiatives in the tertiary sector such as web-portals and developing new funding systems for the ECE sector
- development of adult literacy and foundation education initiatives
- building the capability to assist primary schools with quality teaching of literacy
- starting a programme to improve teaching capability to meet diverse student needs
- undertaking additional reviews of the schools network
- continuing work begun last year related to management of the ECE network.

Figure 3 - Analysis of 2003/04 departmental expenditure

Source: Ministry of Education

Non-departmental outputs

Appropriations for the purchase of non-departmental outputs for 2003/04 have increased by \$66.796 million to \$626.838 million (see Part B1 for details). This is mainly owing to:

- an increase in the Industry Training Fund, Modern Apprenticeships and Gateway programmes
- increased costs for administration of NCEA levels 2 and 3 by the New Zealand Qualifications Authority (NZQA) and maintaining other core functions of NZQA
- initiatives to improve engagement by students in learning, including managing increased referrals of non-enrolled students
- ICT initiatives, including additional teacher professional development opportunities and establishing network standards in schools and extending the laptops for teachers programme
- provision for the TEC to strengthen foundation skills and improve access for Māori and Pasifika in adult and community education and establish peer review assessment panels for the PBRF
- the full year effect of the TEC which was established on 1 January 2003.

Benefits and other unrequited expenses

Funding of \$74.392 million has been appropriated in 2003/04 for benefits and other unrequited expenses (see Part B1 for details). This is an increase of \$11.534 million over 2002/03. This is mainly owing to:

- additional scholarships and allowances to attract trainee teachers and retain existing teachers
- increased numbers of tertiary doctoral and enterprise scholarships being available including the new Growth and Innovation scholarships
- provision for extending the remission of fees for secondary qualifications.

Other expenses

Other expenses are \$6,090.920 million, an increase of \$315.221 million between 2002/03 and 2003/04 (see Part B1 for details). This is mainly owing to:

- an increase in per-pupil funding rates for schools and early childhood education services
- other roll-related increases in ECE sessional payments and school operations funding
- provision for additional staffing in schools
- funding to assist tertiary education institutions in making strategic changes required by the new tertiary education environment
- provision for increased Equivalent Full Time Student (EFTS) places and higher per-student funding rates to sustain quality while maintaining fees
- additional funding for the PBRF. This is funded from a new appropriation this year, separate from the Tertiary Education and Training appropriation
- increased funding for foundation education and adult literacy initiatives.

Capital contributions

Capital contributions to other persons or organisations for 2003/04 total \$65.694 million, which is \$50.090 million less than for 2002/03 (see Part B1 for details). The level of loans or capital injections approved for the tertiary sector in 2003/04 is lower than last year. The assistance for establishing new Centres of Research Excellence and assisting institutions deal with their changing environment were essentially completed in 2002/03. These reductions are partially offset by provision for capability development initiatives in the tertiary sector and for systems developments by Career Services and the NZQA.

The capital injection into the Ministry, which owns and manages the school property portfolio, is \$60.139 million in 2003/04 compared to \$67.157 million in 2002/03. The capital is primarily for construction of new schools and additional classrooms to meet the requirements of school roll growth. There is also provision for ongoing investment in development of new systems, including investment in e-learning in the tertiary sector and developing a new funding system for the early childhood sector.

Forecast capital contributions fall in 2004/05 and outyears mainly because the capital injection for the school property works programme and other appropriations are only approved on an annual basis.

Revenue

Revenue and receipts for Vote Education are \$15.291 million in 2003/04, which is \$9.191 million lower than for 2002/03 (see Part F for details). This is mainly owing to lower forecast recoveries required from Crown entities or tertiary institutions, repayment of loans from tertiary institutions and the repayment of the net assets of Skill New Zealand after its disestablishment at the end of 2002 when it was merged into the new TEC.

Impact on the Crown's Financial Performance and Position

The Crown's financial performance and position are recorded in the fiscal forecasts that appear in the Government's periodic *Economic and Fiscal Updates* and in the *Financial Statements of the Government of New Zealand* (B.3, B.6 and B.11). The nature of the impact of flows in Vote Education on the Crown's financial performance and position is outlined below.

Statement of financial performance

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

Statement of financial position

Influences on the statement of financial position include:

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

Statement of cash flows

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

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

Reconciliation of New Initiatives to Appropriations

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
2004 School Staffing Improvements	Departmental Output Class: Administration of Education Sector Resourcing	-	210	260	260	170
	Other Expenses to be Incurred by the Crown: Primary Education	-	9,368	22,482	22,482	22,482
	Other Expenses to be Incurred by the Crown: Secondary Education	-	10,040	24,095	24,095	24,095
	Other Expenses to be Incurred by the Crown: Special Needs Support	-	824	1,977	1,977	1,977
A Future Focused ECE Funding Framework	Capital Contributions to the Department: Capital Investment	-	3,000	1,500	-	-
	Departmental Output Class: Administration of Education Sector Resourcing	-	430	1,810	2,802	2,617
Access to Student Allowances for 16 and 17-Year-Olds	Benefits and Other Unrequited Expenses: Targeted Education and Training Grants	-	100	100	100	100
Access to the Student Loan Scheme for Part-Time Part-Year Students	Departmental Output Class: Policy Advice	-	370	90	107	75
Additional Staffing for New Secondary Schools	Other Expenses to be Incurred by the Crown: Secondary Education	34	292	265	175	151
Administration of National Assessment for Secondary Qualifications, Including NCEA	Non-Departmental Output Class: Administration of National Assessment for Secondary Qualifications	-	11,592	8,141	8,058	7,974
Adult ESOL Initiatives for Improving Participation and Achievement	Departmental Output Class: Policy Advice	-	256	-	-	-
	Departmental Output Class: Provision of Information	-	66	41	41	41
	Non-Departmental Output Class: Management of Grants and Contracts	-	13	25	25	25

Reconciliation of New Initiatives to Appropriations (continued)

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
	Non-Departmental Output Class: Provision of Information and Advisory Services	-	231	261	543	473
	Other Expenses to be Incurred by the Crown: Tertiary Education and Training	-	213	825	1,357	1,489
Adult Literacy and Life Skills Survey	Departmental Output Class: Provision of Information	-	714	1,827	460	150
Annual Adjustment of School Operational Funding	Departmental Output Class: Administration of Education Sector Resourcing	-	10	-	-	-
	Departmental Output Class: Special Education Services	-	718	1,436	1,436	1,436
	Non-Departmental Output Class: Curriculum Support	-	37	73	73	73
	Other Expenses to be Incurred by the Crown: Community Education	-	19	36	36	36
	Other Expenses to be Incurred by the Crown: Primary Education	-	4,127	8,087	8,068	8,082
	Other Expenses to be Incurred by the Crown: Secondary Education	-	3,346	6,675	6,759	6,823
	Other Expenses to be Incurred by the Crown: Special Needs Support	-	551	1,091	1,092	1,090
Asset Revaluation for Tertiary Education Institutions	Departmental Output Class: Ownership Advice on Public Education Sector Entities	-	306	-	-	-
Baselining Industry Training Growth	Non-Departmental Output Class: Management of Grants and Contracts	-	135	135	135	135
	Non-Departmental Output Class: Training for Designated Groups	-	7,600	16,500	25,400	34,300

Capability Development Funds	Capital Contributions to Other Persons or Organisations: Capability Development Funds - Capital	-	7,000	7,000	7,000	7,000
	Other Expenses to be Incurred by the Crown: Capability Development Funds	-	-	10,000	10,000	10,000
Early Childhood Education Sustainability and Quality Funding	Other Expenses to be Incurred by the Crown: Early Childhood Education	-	8,132	10,151	10,436	10,568
Early Intervention: Career Education Support for Intermediate to Secondary Transitions	Non-Departmental Output Class: Provision of Information and Advisory Services	-	250	250	250	250
ECE Discretionary Grants Scheme	Other Expenses to be Incurred by the Crown: Early Childhood Grants	1,644	-	-	-	-
ECE Incentive Training Grant	Benefits and Other Unrequited Expenses: National Study Awards	-	73	147	147	147
ECE Research - Quality in Parent-Led Services	Departmental Output Class: Policy Advice	-	100	50	-	-
ECE Teacher Education Scholarships	Benefits and Other Unrequited Expenses: National Study Awards	-	233	233	466	466
Education Service Payroll Development	Departmental Output Class: Administration of Education Sector Resourcing	(1,200)	427	773	-	-
Effective Literacy in all Primary Schools	Departmental Output Class: Provision of Information	-	1,215	2,088	2,088	2,088
	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	(50)	(50)	(50)	(50)
	Non-Departmental Output Class: Curriculum Support	-	(512)	(83)	(68)	362
Effective Services for Children and Young People with Sensory Impairments	Non-Departmental Output Class: Specialist Support Services	-	200	200	200	200
Effective Teaching for all Students	Departmental Output Class: Policy Advice	-	580	523	225	225
	Non-Departmental Output Class: Professional Development and Support	-	656	436	-	-
Ensuring Capacity to Maintain Quality and Meet Heightened Service Demands	Non-Departmental Output Class: Provision of Information and Advisory Services	-	364	364	364	364

Reconciliation of New Initiatives to Appropriations (continued)

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
ESOL and Operational Support for Schools - International Students	Benefits and Other Unrequited Expenses: National Study Awards	-	36	72	72	72
	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	273	273	273	273
	Non-Departmental Output Class: Curriculum Support	-	112	112	112	112
	Non-Departmental Output Class: Professional Development and Support	-	419	419	419	419
	Non-Departmental Output Class: Provision of Information and Advisory Services	-	500	500	500	500
Foundation Education	Departmental Output Class: Policy Advice	-	450	120	120	120
	Departmental Output Class: Provision of Information	-	-	682	1,094	1,094
	Non-Departmental Output Class: Stewardship of the New Zealand Qualifications System	-	200	-	-	-
Foundation Skills: Quality and Capability Development in ACE	Non-Departmental Output Class: Developing Strategic Coherence Across the Tertiary Sector	-	1,641	1,843	1,843	1,843
	Other Expenses to be Incurred by the Crown: Community Education	-	(1,070)	(1,070)	(1,070)	(1,070)
Funding Additional TEC Operational Costs	Non-Departmental Output Class: Developing Strategic Coherence Across the Tertiary Sector	-	728	761	383	402
Gateway Expansion	Non-Departmental Output Class: Management of Grants and Contracts	-	378	878	878	878
	Non-Departmental Output Class: Training for Designated Groups	-	1,600	3,650	6,300	9,000
Growth and Innovation Scholarships	Benefits and Other Unrequited Expenses: Tertiary Scholarships	-	920	1,360	2,750	6,750

	Departmental Output Class: Administration of Education Sector Resourcing	-	250	250	300	300
ICT Initiatives, including Strategic Framework and Baselines, E-learning, Access and Infrastructure, Capability	Capital Contributions to Other Persons or Organisations: Schools Furniture and Equipment	-	1,500	2,000	-	-
	Capital Contributions to the Department: Capital Investment	-	7,592	2,782	1,500	-
	Departmental Output Class: Administration of Education Sector Resourcing	-	317	712	712	712
	Departmental Output Class: Policy Advice	-	1,545	520	520	520
	Departmental Output Class: Provision of Information	-	(398)	2,336	2,350	2,350
	Departmental Output Class: Provision of School Sector Property	-	157	584	948	1,109
	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	1,508	1,524	1,488	1,488
	Non-Departmental Output Class: Curriculum Support	-	4,876	6,404	7,847	8,347
	Non-Departmental Output Class: Professional Development and Support	-	1,960	4,030	4,030	4,030
	Non-Departmental Output Class: Provision of Information and Advisory Services	-	2,000	1,000	-	-
Improved School Administration Standards and Ability to Handle NCEA Data	Departmental Output Class: Provision of Information	-	3,193	2,893	925	925
	Other Expenses to be Incurred by the Crown: Primary Education	-	602	860	1,720	1,720
	Other Expenses to be Incurred by the Crown: Secondary Education	-	649	685	245	245
	Other Expenses to be Incurred by the Crown: Special Needs Support	-	12	18	35	35

Reconciliation of New Initiatives to Appropriations (continued)

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
Improving Student Engagement in Education	Departmental Output Class: Administration of Education Regulations	-	360	720	720	720
	Non-Departmental Output Class: Curriculum Support	-	1,150	1,650	1,650	1,650
Increased Baseline Funding for Group Special Education	Capital Contributions to the Department: Capital Investment	3,000	-	-	-	-
	Departmental Output Class: Special Education Services	6,700	9,992	8,232	8,232	8,232
Information for Tertiary Students	Departmental Output Class: Provision of Information	-	289	64	-	-
International Education Policy, Research and Regulatory Development	Departmental Output Class: Policy Advice	129	773	773	773	773
IT Resource and Infrastructure	Capital Contributions to the Department: Capital Investment	-	750	-	-	-
	Departmental Output Class: Administration of Education Sector Resourcing	389	1,553	1,923	1,923	1,923
KiwiCareers: Future Proofing, Enhancing and Aligning with Skills Initiatives	Non-Departmental Output Class: Provision of Information and Advisory Services	-	-	726	961	921
	Capital Contributions to Other Persons or Organisations: Kiwi Careers	-	1,204	305	-	-
Licence-Exempt Services Places Increase	Other Expenses to be Incurred by the Crown: Early Childhood Education	-	234	234	234	234
Modern Apprenticeships Expansion	Non-Departmental Output Class: Training for Designated Groups	-	653	3,430	4,914	5,577
Network Reviews	Departmental Output Class: Ownership Advice on Public Education Sector Entities	-	2,561	2,561	2,561	2,561

New Zealand Council for Educational Research: Capability Building	Non-Departmental Output Class: Education Research Initiatives	-	200	200	200	200
NZQA Core Functions	Non-Departmental Output Class: Stewardship of the New Zealand Qualifications System	-	2,779	2,859	2,942	3,026
NZQA Information Systems Replacement – eQA	Capital Contribution to Other Persons or Organisations: NZQA Technology	-	3,911	-	-	-
	Non-Departmental Output Class: Administration of National Assessment for Secondary Qualifications	-	2,552	-	-	-
Online Resource Celebrating the History of NZ Women	Departmental Output Class: Administration of Education Sector Resourcing	-	135	-	-	-
ORRS Appropriation Adjustment	Departmental Output Class: Special Education Services	-	(963)	(489)	(255)	(489)
	Other Expenses to be Incurred by the Crown: Special Needs Support	-	1,192	1,560	1,713	1,498
Performance Based Research Fund	Capital Contributions to Other Persons or Organisations: Centres of Research Excellence	(9,000)	-	-	-	-
	Capital Contributions to Other Persons or Organisations: Tertiary Education Commission	500	-	-	-	-
	Departmental Output Class: Policy Advice	-	150	310	230	150
	Departmental Output Class: Provision of Information	-	120	120	120	120
	Non-Departmental Output Class: Developing Strategic Coherence Across the Tertiary Sector	1,916	2,929	893	893	893
	Non-Departmental Output Class: Education Research Initiatives	-	(357)	(909)	(620)	(512)
	Other Expenses to be Incurred by the Crown: Performance Based Research Fund	-	130,580	137,566	147,538	158,492
	Other Expenses to be Incurred by the Crown: Tertiary Education and Training	-	(128,020)	(132,275)	(139,131)	(146,290)
Physical Activity Coordinators (Secondary Schools)	Non-Departmental Output Class: Curriculum Support	-	1,000	2,000	4,000	4,000

Reconciliation of New Initiatives to Appropriations (continued)

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
Professional Development for the NCEA	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	33	-	-	-
	Non-Departmental Output Class: Professional Development and Support	-	472	-	-	-
Project Early	Non-Departmental Output Class: Supporting Parenting	-	200	200	200	-
Providing Evidence for Strategic Education Policy Development	Departmental Output Class: Policy Advice	-	1,199	1,312	1,256	1,479
Provision of Information on Special Education	Departmental Output Class: Special Education Services	-	350	250	250	250
Raising the Medical Enrolment Cap	Other Expenses to be Incurred by the Crown: Tertiary Education and Training	-	208	623	1,039	1,574
Remission of Fees for Qualifications Assessment	Benefits and Other Unrequited Expenses: Remission of Fees	-	1,483	1,798	1,883	1,965
Reprioritisation of Expenditure	Departmental Output Class: Administration of Education Sector Resourcing	(18)	-	-	-	-
	Departmental Output Class: Policy Advice	(100)	-	-	-	-
	Departmental Output Class: Provision of Information	(1,632)	-	-	-	-
	Departmental Output Class: Special Education Services	(50)	-	-	-	-
	Non-Departmental Output Class: Education Research Initiatives	(500)	-	-	-	-
	Non-Departmental Output Class: Professional Development and Support	(230)	-	-	-	-

Research Excellence in the Social Sciences	Capital Contributions to Other Persons or Organisations: Centres of Research Excellence	-	-	500	-	-
	Non-Departmental Output Class: Education Research Initiatives	-	-	1,500	1,500	1,500
	Non-Departmental Output Class: Management of Grants and Contracts	-	208	-	-	-
School Housing Sales and Increased Rents	Departmental Output Class: Provision of Teacher and Caretaker Housing	(1,350)	(2,700)	(1,800)	(1,462)	(2,137)
	Capital Contributions to Other Persons or Organisations: Property Disposal Incentives Scheme	-	12,300	31,500	19,200	-
School Property Management Savings	Departmental Output Class: Provision of School Sector Property	(4,500)	(4,500)	(4,500)	(4,500)	(4,500)
School Resourcing Systems Development	Departmental Output Class: Administration of Education Sector Resourcing	141	842	842	842	-
Schools Accommodation	Capital Contributions to Other Persons or Organisations: Schools Furniture and Equipment	-	10,000	-	-	-
	Capital Contributions to the Department: Capital Investment	-	27,300	-	-	-
	Departmental Output Class: Provision of School Sector Property	-	1,647	7,341	7,486	7,710
	Other Expenses to be Incurred by the Crown: Integrated Schools Property	-	197	1,125	1,125	1,125
	Other Expenses to be Incurred by the Crown: Primary Education	-	94	242	290	302
	Other Expenses to be Incurred by the Crown: Secondary Education	-	187	483	581	605
	Capital Contributions to Other Persons or Organisations: Property Disposal Incentives Scheme	-	1,000	-	-	-

Reconciliation of New Initiatives to Appropriations (continued)

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
Staffing of Therapy Positions	Other Expenses to be Incurred by the Crown: Special Needs Support	-	750	750	-	-
Strategic Review and Plan for the Tertiary Education Workforce	Non-Departmental Output Class: Developing Strategic Coherence Across the Tertiary Sector	-	50	100	-	-
Strengthening Capability to Assess System Performance	Departmental Output Class: Policy Advice	-	415	382	382	382
Student Component: Funding Rate Changes	Capital Contributions to the Department: Capital Investment	-	50	-	-	-
	Departmental Output Class: Administration of Education Sector Resourcing	-	1	5	5	5
	Departmental Output Class: Policy Advice	-	376	214	214	214
	Departmental Output Class: Provision of Information	-	90	84	84	84
	Non-Departmental Output Class: Developing Strategic Coherence Across the Tertiary Sector	-	583	46	46	46
	Other Expenses to be Incurred by the Crown: Tertiary Education and Training	-	25,281	79,759	141,732	183,743
Support for Legislative Reform	Departmental Output Class: Policy Advice	-	220	-	-	-
Support for Pasifika Bilingual Learners	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	300	200	-	-
	Non-Departmental Output Class: Curriculum Support	-	-	150	350	350
Supporting Growth and Development of Te Reo and Tikanga Māori in Schooling	Departmental Output Class: Administration of Education Sector Resourcing	-	(20)	-	-	-
	Departmental Output Class: Policy Advice	-	71	52	52	52

	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	-	46	50	40
	Non-Departmental Output Class: Professional Development and Support	-	660	1,702	1,368	1,178
Te Reo Māori Bilingual/Immersion Education Project	Departmental Output Class: Policy Advice	-	381	420	-	-
	Non-Departmental Output Class: Professional Development and Support	-	(381)	(420)	-	-
Teacher Aide Funding for Some Students in ORRS	Departmental Output Class: Special Education Services	-	2,400	-	-	-
Teacher Supply in Secondary Schools	Benefits and Other Unrequited Expenses: Teacher Trainee Scholarships	-	5,007	4,627	4,556	4,556
	Departmental Output Class: Administration of Education Sector Resourcing	-	165	140	203	203
	Departmental Output Class: Policy Advice	-	300	684	15	15
	Departmental Output Class: Provision of Information	-	515	475	475	475
Tertiary Students with Disabilities	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	189	-	-	-
	Non-Departmental Output Class: Management of Grants and Contracts	-	45	-	-	-
	Non-Departmental Output Class: Provision of Information and Advisory Services	-	-	-	20	-
	Other Expenses to be Incurred by the Crown: Tertiary Education and Training	-	384	729	688	700
Trade Access	Departmental Output Class: Policy Advice	-	166	166	166	166
Tripartite Workplace Learning Initiative	Non-Departmental Output Class: Developing Strategic Coherence Across the Tertiary Sector	-	200	200	200	200
Visioning the Future of Schooling	Departmental Output Class: Policy Advice	143	844	-	-	-

Reconciliation of New Initiatives to Appropriations (continued)

Initiative	Appropriations as shown in Part B	\$000 – increase/(decrease)				
		2002/03	2003/04	2004/05	2005/06	2006/07
Vocational Education and Training - Scoping	Non-Departmental Output Class: Education Research Initiatives	-	50	-	-	-
Whanau/Family Supporting Children's Learning	Departmental Output Class: Policy Advice	-	200	209	209	209
	Departmental Output Class: Purchasing of Services on Behalf of the Crown	-	20	91	91	91
	Non-Departmental Output Class: Supporting Parenting	-	490	800	1,000	1,000
Youth Offending Strategy: Scaled Education Assessments	Departmental Output Class: Special Education Services	-	185	273	507	769
Youth Training, Post-Placement Support	Non-Departmental Output Class: Management of Grants and Contracts	-	-	75	75	-
	Non-Departmental Output Class: Training for Designated Groups	-	513	1,025	1,025	1,025
Youth Transitions: Career Planning Pilot for At-Risk Youth	Non-Departmental Output Class: Provision of Information and Advisory Services	-	240	50	-	-
Total Initiatives		(3,984)	232,173	332,915	395,634	436,643

Trends in Vote Education – Summary of Appropriations and Crown Revenue

Types of Appropriation	1998/99	1999/2000	2000/01	2001/02	2002/03		2003/04 Appropriations to be Used				2004/05	2005/06	2006/07	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Operating Flows														
Classes of Outputs to be Supplied	1,312,785	1,428,573	1,508,594	1,544,582	1,834,066	1,833,065	1,330,690	-	626,838	-	1,957,528	1,954,017	1,967,213	1,972,940
Benefits and Other Unrequited Expenses	237,076	27,577	33,568	45,767	62,858	59,358	N/A	N/A	74,392	-	74,392	77,635	78,735	82,511
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	4,602,755	4,856,396	5,108,528	5,359,668	5,775,699	5,749,199	-	-	6,090,920	-	6,090,920	6,235,497	6,382,584	6,496,408
Capital Flows														
Capital Contributions	753,608	310,526	144,576	203,051	182,941	132,941	60,139	-	65,694	-	125,833	67,904	43,956	18,256
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Total Appropriations	6,906,224	6,623,072	6,795,266	7,153,068	7,855,564	7,774,563	1,390,829	-	6,857,844	-	8,248,673	8,335,053	8,472,488	8,570,115
Total Crown Revenue and Receipts	103,429	58,540	19,340	26,517	24,482	24,482	N/A	N/A	N/A	N/A	15,291	18,207	16,557	16,281

Part B - Statement of Appropriations

Part B1 - Details of Appropriations

Appropriations	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Policy Advice	35,922	-	35,922	-	43,014	-	- Purchase of timely and relevant policy advice in relation to the regulatory and policy frameworks for the education system as a whole, learning outcomes including curriculum matters, assessment approaches and qualifications, resourcing arrangements for providers and individuals within the education system and governance and management arrangements for State-owned providers. The increase in the appropriation mainly relates to work arising from 2003 Budget – including developing a strategic framework for Information and Communication Technologies (ICT) and a coordinated approach to infrastructure services, monitoring performance of the education system and consulting on the schooling strategy.
D2 Ministerial Services	3,670	-	3,670	-	3,670	-	- Purchase of services and support to assist the Minister to meet his obligations to Parliament, primarily through drafting replies to questions and inquiries put to the Minister and Associate(s), or responding to inquiries directly, as requested by the Minister.
D3 Purchasing of Services on Behalf of the Crown	10,970	-	10,970	-	10,415	-	- Facilitating the purchase of services from third parties by the Minister. This can include advising on purchasing strategy, negotiating terms and conditions of purchase agreements with a range of education service providers and monitoring and reporting on performance of the provider. The decrease in appropriation is mainly owing to reduced expenditure planned for implementation of the broadband Internet extension and new school planning and reporting requirements.

D4 Ownership Advice on Public Education Sector Entities	19,798	-	19,798	-	22,300	- Purchase of ownership advice on education sector entities including judgements about long-run and strategic capability and educational and financial viability of individual entities and collectively as a portfolio. The output class also involves negotiating and monitoring ownership accountability documents, and working with governing bodies and management. Managing the establishment, closure, and merger of public education sector entities is also included. The increase for 2003/04 is mainly due to additional reviews of local schooling networks.
D5 Provision of Information	37,818	-	37,818	-	45,362	- Provision of information services as a specific government intervention to address information gaps and other inequalities among consumers and providers of education services. This information is intended to improve education-related decision-making by students, parents and other caregivers, to better inform expectations about students' learning and achievement, strengthen provider capability and make them more responsive to learners. The output class also involves the provision of information to people interested in careers as teachers. The increase for 2003/04 is mainly owing to provision for improving school administration standards, including ability to handle National Certificate of Educational Achievement (NCEA) data.
D6 Administration of Education Regulations	5,805	-	5,805	-	7,039	- Administration of legislative and regulatory controls in the education system focused on protecting the rights of students, parents and other caregivers. This includes licensing early childhood education (ECE) services, registering and integrating private schools and processing applications for various exemptions. It also includes ensuring that children and young people (aged 6 to 16) are enrolled in a registered school. The increase in 2003/04 is mainly related to ongoing implementation of new planning and reporting requirements for schools.
D7 Administration of Education Sector Resourcing	56,619	-	56,619	-	60,571	- Administering the distribution of resources to education service providers, consumers (students, parents and other caregivers), and employees of State and integrated schools. This can involve determining the appropriate level of resources, delivery of those resources (both in cash and in kind) and monitoring of ongoing eligibility. Also included in the output class are an education payroll service, a risk-management scheme for school contents and industrial relations services. The increase for 2003/04 is mainly owing to provision for management and development of new systems for compulsory and early childhood sectors.

Part B1 - Details of Appropriations (continued)

Appropriations	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross) - cont'd							
D8 Provision of School Sector Property	929,327	-	928,326	-	947,558	-	- Providing the property portfolio for the State school sector by managing the existing property portfolio through the Works Programme, focusing on upgrades and improvements for modernisation purposes and health and safety reasons (see note 1). The output class also includes purchasing and constructing new property through the Roll Growth Programme. The increase for 2003/04 is mainly owing to increased investment in school property assets and expenditure carried over from last year for glazing rectification.
D9 Provision of Teacher and Caretaker Housing	31,227	-	31,227	-	29,599	-	- Managing rental housing provided to teachers, principals and caretakers. This includes property maintenance, rent collection, administration of the teacher housing pool and the identification and disposal of surplus teacher, principal, and caretaker housing (see note 2). The decrease in 2003/04 reflects lower programmed maintenance requirements owing to ongoing disposal of surplus teacher housing.
D10 Special Education Services	139,556	-	139,556	-	161,162	-	- Provides a nationally coordinated network of support and resource centres to facilitate the successful inclusion and participation of children and young people with special education needs in their education facility and community. The increase for 2003/04 is mainly owing to including the full cost of the Ongoing and Reviewable Resourcing Schemes (ORRS) where last year it was partially funded under other expense Special Needs Support.

Implementing the Tertiary Education Strategy	3,312	-	3,312	-	-	-	-	For initial implementation of the Tertiary Education Strategy (TES) by the Transition Tertiary Education Commission. There is no appropriation for this output class in 2003/04 as its activities were taken over by the Tertiary Education Commission (TEC) from 1 January 2003.
Total Appropriations for Departmental Output Classes (Mode B Gross)	1,274,024	-	1,273,023	-	1,330,690	-	-	
Non-Departmental Output Classes								
O1 Professional Development and Support	100,341	-	100,341	-	102,949	-	-	Delivery of professional development and advisory support to staff, managers and parents in ECE services and in schools, to enhance self-management and to implement and give support to the curriculum. The increase in appropriation largely relates to decisions in Budget 2003 for ICT initiatives.
O2 Curriculum Support	48,123	-	48,123	-	53,092	-	-	Purchase of supplementary education programmes for schools and communities to ensure wider access to these opportunities. The increase in funding is mainly owing to Budget initiatives, including expansion of the laptops for teachers programme, provision for a managed Internet service, expanding the sports coordinators programme and improving student engagement in education. These are partially offset by reduced costs related to the broadband Internet project and the current Microsoft licensing agreement.
O3 Administration of National Assessment for Secondary Qualifications	12,545	-	12,545	-	27,854	-	-	Overseeing the setting of standards for qualifications in secondary schools and setting and conducting examinations and assessments. The increase in funding is mainly owing to provision for implementation of NCEA levels 2 and 3.
O4 School Transport	115,810	-	115,810	-	116,292	-	-	Payments to contractors for provision of school transport services to State and integrated schools for eligible students, payments to schools who manage their own bus routes and payments to parents to compensate for the costs of taking children to school where other transport services are unsuitable or unavailable.
O5 Provision of Information and Advisory Services	22,808	-	22,808	-	29,548	-	-	Providing information on the Government's educational policy and programmes and general advisory services to the public, community groups, industry and the education community. The increase in funding for 2003/04 mainly relates to an assessment of existing ICT network infrastructure in schools as well as additional costs in the school administration/support clusters project reflecting previous decisions.

Part B1 - Details of Appropriations (continued)

	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Non-Departmental Output Classes - cont'd							
O6 Management of Grants and Contracts	11,974	-	11,974	-	13,013	-	- Contract negotiation and management services on behalf of the Crown, including the awarding of contracts, monitoring the performance of those contracts, administration of tertiary tuition subsidies and research funding and management of other payments to third parties. The increase in appropriation is mainly owing to the full year effect of managing tertiary sector funding, increased administration costs arising from expansion of the Gateway programme and developing a research initiative in the social sciences.
O7 Supporting Parenting	26,338	-	26,338	-	26,447	-	- Purchasing programmes, such as Parents as First Teachers (PAFT) and Family Start, and advice and support, which enhance the role of parents in the development of their children and promote the value of quality early childhood education experiences.
O8 Specialist Support Services	1,803	-	1,803	-	3,036	-	- Provision of specialist services to support teachers, parents and agencies for children with special education needs. The increase in funding is owing to a combination of programmes transferred from output class O3 Administration of National Assessment for Secondary Qualifications and a transfer to Ministry outputs in 2002/03 only for moderation services.
O9 Stewardship of the New Zealand Qualifications System	2,375	-	2,375	-	5,454	-	- Development and management of quality assurance processes and the development, implementation and maintenance of arrangements for national qualifications including the Register of Quality Assured Qualifications. The increased funding relates to continuing services previously funded from New Zealand Qualifications Authority (NZQA) reserves.

O10 Training for Designated Groups	190,498	-	190,498	-	205,440	-	Purchasing training linked to the National Qualifications Framework and the purchase of both on-job and off-job training places, including delivery of fully or partially funded training places. The increased funding in 2003/04 reflects provision for expansion of the Industry Training Fund and growth in the Modern Apprenticeships and Gateway programmes.
O11 Education Research Initiatives	17,670	-	17,670	-	24,801	-	Purchase of cooperative and collaborative tertiary research through the contestable Centres of Research Excellence Fund. Also included is independent research on the effectiveness of education. The increased funding reflects a full year of operation by the Centres of Research Excellence after initial establishment in 2001/02 and 2002/03.
O12 Developing Strategic Coherence Across the Tertiary Sector	9,757	-	9,757	-	18,912	-	Development, trialing, evaluation and implementation by the TEC of a range of steering, funding and support mechanisms for the tertiary education sector. This includes applying charters and profiles to give effect to the TES and Statement of Tertiary Education Priorities (STEP). The increase in funding is owing to there being only six months of funding in 2002/03 (after the TEC was established on 1 January 2003). In addition there is provision for new outputs such as implementation of the Performance Based Research Fund (PBRF).
Total Appropriations for Non-Departmental Output Classes	560,042	-	560,042	-	626,838	-	
Benefits and Other Unrequited Expenses							
Boarding Allowances and Bursaries	5,985	-	5,985	-	5,885	-	Provides an annual allowance to subsidise boarding fees and some travel costs of primary and secondary students who must live away from home to receive their education, either because of the distance of the nearest school or bus service from their home or because certain approved subjects are not available at the local school.
Home Schooling Allowances	5,384	-	5,384	-	5,384	-	Provides an allowance payable to caregivers of children in full-time correspondence programmes for primary and secondary education and to parents of children receiving their primary and secondary education at home.
International Student Scholarship Scheme	-	-	-	-	112	-	A scholarship available to international students wishing to study in New Zealand. This is a new appropriation in 2003/04.

Part B1 - Details of Appropriations (continued)

	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Māori and Pacific Island Scholarships and Bursaries	5,619	-	5,619	-	5,619	-	Programmes to provide scholarships and bursaries to Māori and Pacific secondary students, according to established criteria. The programmes include Manaaki Tauira, Māori Education Trust and Polynesian and Pacific Island Education Foundation Scholarships, Ngarimu VC and Māori Battalion Memorial Scholarship Fund and Māori and Polynesian Scholarships.
Mapihi Pounamu	3,000	-	3,000	-	3,250	-	Assistance to Māori students who face barriers to learning - either through difficult home circumstances or being from a low-income family living in an isolated area - to ensure that they participate and achieve in education.
National Study Awards	17,334	-	15,334	-	18,260	-	Provision for the costs of teacher study awards, including the replacement of the teacher while on study leave. The increase in appropriation reflects decisions from last year's budget related to study awards for kura kaupapa Māori teachers and secondary teacher supply initiatives.
Queen Elizabeth II Study Awards	100	-	100	-	100	-	Technicians' Study Awards for individuals undertaking study in disciplines such as engineering, science, building science, management, design, architecture, dairying, technology, health, forestry, mining and technologies associated with tourism.
Remission of Fees	650	-	650	-	2,133	-	For student examination fees remitted in cases of hardship. The increase in 2003/04 is owing to changes to entitlement for remission of fees and to recent increases in fees.
Targeted Education and Training Grants	-	-	-	-	100	-	Initiatives to provide living support for students at-risk who need to move away from home to pursue alternative education options. This is a new appropriation in 2003/04.

Targeted Individual Entitlement	1,292	-	1,292	-	874	- Provides assistance to students from low-income families to attend a private school. The programme has been stopped but current recipients are being grandparented to the end of their studies.
Teacher Trainee Scholarships	8,424	-	8,424	-	15,209	- Study scholarships and allowances awarded to students entering into teacher training. The increase in appropriation is largely owing to additional teacher supply initiatives including an extension of the Secondary Subject Trainee Allowance.
Tertiary Scholarships	14,820	-	13,320	-	17,216	- Enterprise, Top Achiever Doctoral, Mathematics and Science scholarships and School Achievers awards. The increase in appropriation reflects planned growth in enterprise scholarships and additional funds for growth and innovation scholarships.
Tertiary Teaching Awards	200	-	200	-	200	- Award to recognise outstanding tertiary education teachers.
United World Scholarships	50	-	50	-	50	- Scholarships for attendance at United World Colleges.
Total Appropriations for Benefits and Other Unrequited Expenses	62,858	-	59,358	-	74,392	-
Other Expenses to be Incurred by the Crown						
Capability Development Funds	-	-	-	-	9,932	- Support for innovation and development and e-learning initiatives to assist Tertiary Education Organisations (TEOs) and others to contribute to the goals of the TES and adapt to the changing environment. This is a new appropriation in 2003/04 and has an associated capital appropriation as well.
Community Education	21,470	-	21,470	-	20,015	- Providing funding for delivery of community and adult education courses through schools and other agencies.
Early Childhood Education	391,037	-	386,037	-	421,310	- Subsidising early childhood education services for children under six years of age from licensed and chartered early childhood centres and from licence-exempt centres. The increase in appropriation mainly reflects forecast growth in participation, the full year flow-on effects of kindergarten teachers' pay parity and increased funding rates for 2003/04.

Part B1 - Details of Appropriations (continued)

	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Other Expenses to be Incurred by the Crown - cont'd							
Early Childhood Grants	10,479	-	10,479	-	8,835	-	- Assistance is provided to ECE groups for the establishment of new centres, or to increase the capacity of existing centres. Assistance can also be given to improve the standard of accommodation in existing centres. The reduction in the appropriation relates to one-off funding in 2002/03 to address high priority grants for Māori and Pasifika communities.
Integrated Schools Property	27,700	-	27,700	-	29,217	-	- Provision for property maintenance at integrated schools as part of a funding regime negotiated with the proprietors of integrated schools. The change in appropriation reflects the growing value of state school buildings on which the funding formula depends.
Interest Subsidy for Schools	1,600	-	1,600	-	2,000	-	- Subsidises interest payments for borrowing by private schools for approved property-related projects. The change in appropriation reflects lower than expected interest rates in 2002/03.
New Zealand Teachers Council	300	-	300	-	200	-	- Operating grant to assist the Teachers Council establish its new leadership function. The reduction in appropriation is owing to assistance provided in 2002/03 towards set-up costs.
Performance Based Research Fund	-	-	-	-	130,580	-	- Funding for research in the tertiary education sector. The PBRF was previously part of the per-student funding appropriated through Other Expense Tertiary Education and Training. The change to separate appropriations is to raise the quality and focus of research, as well as provide incentives for improved investment in basic research.

Primary Education	1,929,566	-	1,912,566	-	2,036,494	- Delivering the curriculum for Years 0 to 8 (new entrant to Form 2) to pupils of State, integrated, and private schools and the Correspondence School. Provides roll-based operations funding to schools, teacher and management salaries, support costs, and supplementary funding programmes. The increase in appropriation is mainly due to movements in school rolls, numbers of Full Time Teacher Equivalent (FTTEs) and increases in teacher salaries.
Residual Management Unit Payments	560	-	560	-	567	- Payments for outstanding commitments of the former Department of Education and Education Boards. This includes: the costs of maintaining buildings owned by the former Department or Boards, accommodation leases and legal costs.
School Transport	1,264	-	1,264	-	1,252	- Payments to teachers who, as Bus Controllers, assist in the provision of school transport assistance.
Schooling Improvement	17,409	-	17,409	-	16,626	- School support and schooling improvement projects to improve the capability of schools and clusters and their responsiveness to the needs of the community. These include iwi-strengthening education projects. Most projects are developed in the context of a business case. The decrease in appropriation is mainly owing to initial costs for expanding the iwi education partnership programmes being incurred in 2002/03 only.
Secondary Education	1,377,367	-	1,377,367	-	1,469,806	- Delivering the curriculum for Years 9 to 13 (Forms 3 to 7) to pupils of State, integrated, and private schools and the Correspondence School. Provides roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes. The increase in appropriation is mainly due to movements in school rolls, numbers of FTTEs and increases in teacher salaries.
Special Needs Support	258,409	-	253,909	-	251,635	- Providing additional resources to enable students with special needs to participate in education, including supplementary resources for special education needs, residential services, English for speakers of other languages (ESOL) and alternative education programmes. The reduction in the appropriation relates to the transfer of the ORRS funding to Ministry outputs, effective from 2003, partially offset by roll growth, increased FTTEs and increases in teacher salary rates.

Part B1 - Details of Appropriations (continued)

	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Other Expenses to be Incurred by the Crown - cont'd							
Tertiary Education and Training	1,717,669	-	1,717,669	-	1,690,224	-	- Providing funding for teaching and accompanying research by subsidising Equivalent Full Time Students (EFTS) places in approved courses and programmes. Also included is funding for base grants to State tertiary institutions and for other tertiary education and training institutions. The change in funding is owing to creation of a separate appropriation for the PBRF, partially offset by higher student numbers and increases in funding rates.
UNESCO	2,227	-	2,227	-	2,227	-	- Annual membership contribution to UNESCO's international administration and programme of activities of the National Commission, including participation in regional and international activities.
Tertiary Education Strategic Change	18,142	-	18,142	-	-	-	- Assistance for tertiary education institutions in making strategic changes required by the new tertiary education environment. The appropriation was for 2002/03 only.
Whare Wananga Development	500	-	500	-	-	-	- A grant was provided in 2002/03 only to support development work on a proposed Whare Wananga.
Total Appropriations for Other Expenses to be Incurred by the Crown	5,775,699	-	5,749,199	-	6,090,920	-	

Capital Contributions to the Department							
Capital Investment	67,157	-	17,157	-	60,139	-	Mainly provides for construction of additional schools, permanent and relocatable classrooms and other facilities required to meet roll growth. In addition there is provision for further investment in systems development including e-learning in the tertiary sector, a new funding system for the ECE sector and ICT initiatives for schools.
Total Appropriations for Capital Contributions to the Department	67,157	-	17,157	-	60,139	-	
Capital Contributions to Other Persons or Organisations							
Capability Development Funds - Capital	-	-	-	-	7,000	-	Support for innovation and development and e-learning initiatives to assist TEOs and others to contribute to the goals of the TES and adapt to the changing environment. This is a new appropriation in 2003/04 and has an associated other expense appropriation as well.
Capital Contributions to Wananga	24,000	-	24,000	-	17,000	-	Capital contribution towards the purchase of buildings and equipment for Wananga. The change in appropriation reflects the phasing of agreed payments to the institutions.
Kiwi Careers	-	-	-	-	1,204	-	Capital injection to widen the functionality and ensure the ongoing operation of Career Services' KiwiCareers career information website.
NZQA Technology	2,974	-	2,974	-	3,911	-	Investment in improved information systems for the NZQA. The change in appropriation is owing to the different work to be undertaken.
Property Disposal Incentives Scheme	2,000	-	2,000	-	13,300	-	Payments to schools of a share of the proceeds from the sale of their surplus school property assets. The increase in the appropriation is owing to plans for an active disposal programme for surplus teacher housing.
School Support Project	1,900	-	1,900	-	1,900	-	Capital costs of implementing approved school support and schooling improvement projects (other than costs related to school property assets).
Schools Furniture and Equipment	19,856	-	19,856	-	20,856	-	Provides funds to schools for new furniture and equipment when approved remodelling/upgrading makes existing furniture and equipment obsolete or when the Ministry of Education provides additional teaching spaces.

Part B1 - Details of Appropriations (continued)

Appropriations	2002/03				2003/04		Description of 2003/04 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Capital Contributions to Other Persons or Organisations - cont'd							
Tertiary Education Commission	13,114	-	13,114	-	523	-	- Capital funding for the establishment of the TEC, including the net assets of Skill New Zealand, fitting out new accommodation and development of the new information systems to support the TES, particularly the negotiations of Charters and Profiles and monitoring sector capability. The decrease in appropriation is owing to most purchases being required in the first few months after establishment on 1 January 2003.
Centres of Research Excellence	26,000	-	26,000	-	-	-	- A contribution toward the purchase of strategic assets required in the Centres' research activity. There is no appropriation in 2003/04.
Northland Polytechnic	5,500	-	5,500	-	-	-	- Financial assistance to the Northland Polytechnic in the form of a Crown loan due to its deteriorating financial position. There is no appropriation in 2003/04.
Tertiary Education Strategic Capital Fund	16,615	-	16,615	-	-	-	- Capital fund to assist the tertiary sector make strategic adjustments to the new tertiary education environment. There is no appropriation in 2003/04.
Wanganui Tertiary Education	3,825	-	3,825	-	-	-	- Funding to support the future provision of tertiary education in Wanganui. There is no appropriation in 2003/04.
Total Appropriations for Capital Contributions to Other Persons or Organisations	115,784	-	115,784	-	65,694	-	
Total Appropriations	7,855,564	-	7,774,563	-	8,248,673	-	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Output Class D1 - Policy Advice

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

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

- the provision of associated legislative advice
- advice on the implementation of Government policy
- conducting consultation processes with sector stakeholders and the general public to gather information that will feed into policy advice and Government decision-making
- the initial promulgation of Government policy, where such communication is clearly separate from supporting the ongoing implementation of the policy
- ongoing oral and written briefings and preparation of speech notes not provided in the course of delivering other services.

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

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

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

Output Class D2 - Ministerial Services

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

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

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

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

The purchasing of services involves providing purchasing advice to the Minister to determine respective purchasing strategies and negotiating the terms and conditions of various forms of purchasing agreements (see note 3), including specifying the nature and expected performance dimensions of the services to be supplied. Purchasing agreements are negotiated with a range of suppliers:

- central education Crown entities (see note 4)
- education service providers such as Te Kohanga Reo National Trust Board, the Royal New Zealand Foundation for the Blind, Pacific Islands and Polynesian Education Foundation, School Support Services, Teacher Refresher Course Committee, Association of Colleges of Education of New Zealand and services provided through the Rural Education Activities Programme (REAP) (see note 5)
- other public and private providers of a range of services, as determined by the Minister.

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

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

Output Class D4 - Ownership Advice on Public Education Sector Entities

In this class of outputs, the Minister of Education will purchase ownership advice on the service delivery capability and financial viability of public education sector entities, comprising State tertiary education sector entities (TEIs), State and integrated schools and education Crown entities (see note 6).

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

This class of outputs involves providing ownership advice to determine the ownership objectives for individual entities in the public education sector portfolio, negotiating ownership accountability documents and reviewing annual reports and other performance reports on individual public education sector entities.

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

This class of outputs also involves regular reporting to the Minister on the ownership performance of the public education sector portfolio and includes managing the establishment, closure and merger of public education sector entities and the disposal of a small number of surplus assets held by TEIs prior to 1989. It also includes assistance with the preparation of consolidated Crown financial statements for central education Crown entities.

Output Class D5 – Provision of Information

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

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

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

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

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

Output Class D6 – Administration of Education Regulations

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

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

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

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

Output Class D7 – Administration of Education Sector Resourcing

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

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

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

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

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

Output Class D8 – Provision of School Sector Property

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

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

The school sector property portfolio comprises approximately 2,300 State schools (non-integrated). In addition, there are approximately 300 sites occupied by early childhood services. The school sector property portfolio has a capital value of \$6,000 million, including \$5,000 million worth of improvements. The total replacement value of the portfolio is approximately \$11,000 million.

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

Output Class D9 – Provision of Teacher and Caretaker Housing

In this output class, the Minister of Education will purchase services to provide houses that are available to be rented by teachers, principals, and caretakers. The housing portfolio includes some 2,500 houses with a value of approximately \$200 million. An active disposal programme is expected to see these numbers reduce to 2,300 and \$180 million by the end of the year. The housing portfolio has two components – houses that are identified with a particular school and houses that are available to a cluster of schools. Rental houses are provided as an incentive for the recruitment and retention of teachers, particularly in isolated areas, and as a security measure. The output includes executing new tenancy agreements, collecting and accounting for rentals received and the associated maintenance and capital works (including purchase and disposal).

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

Output Class D10 – Special Education Services

In this class of outputs, the Minister of Education will purchase quality special education services to children and their families through development of a network of learning support that will provide coordinated and integrated services to children and young people who need them.

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

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

These services will be responsive to local needs, while also delivering national consistency and leadership. The Ministry will also provide strong professional support for the specialists who work in the sector.

To provide these services the Ministry will work closely with families, whanau, caregivers, iwi, communities, schools, early childhood educators and agencies. There is also a key role in building the capability of the people, educators and organisations that are critical to the care, development and education of the children and young people with special education needs.

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

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

Part C2 – Non-Departmental Output Classes

Output Class 01 – Professional Development and Support

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

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

Quantity, quality, timeliness and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity</u>		
Number of hours of ongoing school support.	200,000 – 240,000	200,000- 240,000
Number of Teacher Refresher Course Committee participant days for national professional development.	3,400 – 4,000	3,400 – 4,000
Number of professional development support programmes.	215 – 245	215 – 235
Number of teacher exchange programmes.	20 – 30	20 – 30

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
Number of teachers assisted to retrain, including: <ul style="list-style-type: none"> primary teachers converted to ECE primary teachers converted to secondary teaching former secondary teachers returning to the work force. 	Up to 395	Up to 395
Quality Programmes delivered to targets specified in contracts with providers. Teachers and early childhood staff satisfied with the appropriateness and effectiveness (see note 8) of professional development programmes, as assessed by survey.	95% of contracts will be delivered to contract specifications. 80% of responses received will indicate satisfaction.	95% of contracts will be delivered to contract specifications. 80% of responses received will indicate satisfaction.
Timeliness Programmes delivered within timelines where specified in contracts with providers.	95%	95%

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive)	102,949
2002/03	Total output class to be provided within (GST inclusive)	100,341

Major providers (\$ million GST inclusive)

Thirty to 100 providers of teacher professional development programmes and resources (\$56.197); School Advisory Services (\$26.426); Early Childhood Advisory and Training Fund (\$6.743).

Output Class O2 - Curriculum Support

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

- proposal pools for innovative programmes to assist at-risk students and reading, writing and maths programmes

- programmes supporting Information and Communications Technologies (ICT) initiatives in schools, including digital opportunities, central purchase of Microsoft licenses and provision of laptops for secondary school teachers and some other teachers, particularly for years 7 and 8
- access to high-speed (broadband) Internet services for all schools and their communities including provision of a managed service
- Learning Experiences Outside the Classroom (LEOTC)
- truancy management and programmes to reduce suspension rates
- Rural Education Activities Programme (REAP).

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

Quantity, quality, timeliness and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity</u>		
Number of District Truancy Service contracts.	110 - 130	110 - 130
Number of students receiving LEOTC services.	400,000	400,000
Schools and students receiving services under Books in Homes.	450 schools 83,000 students	420 schools 81,000 students
Schools receiving funding for Arts Coordinators (see note 9).	310 - 330	240 - 260 schools
Schools involved in extension to SportsFit Sports Coordinators (see note 10).	390 - 440	320 - 350 schools
Reduce suspensions of Māori students for schools with high Māori suspension rates.	1% reduction	Not measured in 2002/03
Number of contracts for students at-risk innovations (see note 11).	35 - 45	20 - 25
Schools delivering reading, writing and maths programmes (see note 12).	500 - 650	490 - 520 schools
Number of other curriculum support programmes.	12 - 20	12 - 20
Percentage of eligible teachers who have laptops (see note 13).	72% - 80% of eligible teachers	50% of eligible teachers
Microsoft software licences will be provided free of charge to all State and State integrated schools that enrol (see note 14).	Licences for 80,000 - 110,000 PCs	Licences for 65,000 - 80,000 PCs

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
Schools receiving support in use of ICT under the digital opportunities programme (see note 15).	45	26
Schools will have the opportunity to access a managed Internet and collaborative environment.	80% of schools will be approached	Not applicable
Quality		
Programmes delivered to targets specified in contracts with providers.	95% of contracts will be delivered to contract specifications.	95% of contracts will be delivered to contract specifications.
Participating teachers report increased confidence and capability with ICT.	95% of participating teachers report increased confidence and capability.	95% of participating teachers report increased confidence and capability.
Timeliness		
A register of eligible PCs will be maintained and sample audits conducted throughout the year to verify the accuracy of the register.	A report will be submitted by 31 December 2003.	A report will be submitted by 31 December 2002.
Programmes delivered within timelines where specified in contracts with providers.	95%	95%
Schools will have access to a managed Internet and collaborative environment by June 2004	80% schools will have been approached by 30 June 2004.	Not applicable

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 16)	53,092
2002/03	Total output class to be provided within (GST inclusive)	48,123

Major providers (\$ million GST inclusive)

Reading, Writing and Maths proposals pool (\$4.279); 55 to 75 providers for LEOTC (\$5.970); 13 REAPs (\$3.660); 120 to 140 providers of truancy services (\$6.654); 630 to 680 schools with Arts or Sports Coordinators (\$4.836); Microsoft License Agreement (\$2.852); Laptops for teachers programme (\$9.529).

Output Class O3 - Administration of National Assessment for Secondary Qualifications

Under this class of outputs, the Minister of Education purchases the following services from the New Zealand Qualifications Authority (NZQA):

- overseeing the setting of standards for qualifications in secondary schools including the National Certificate of Educational Achievement (NCEA) (levels 1, 2 and 3), Sixth Form Certificate, (transition) University Bursary, High School Certificate and Scholarship
- monitoring and regularly reviewing the standards for qualifications in secondary schools
- setting and conducting examinations and assessments as considered necessary for the performance of its functions
- monitoring and review of achievement standards and New Zealand scholarship standards in close collaboration with the Ministry of Education.

The funding provided by the Government is supplemented by fees charged to those sitting secondary school qualifications.

Quantity, quality and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity</u>		
Percentage of candidates results published within timelines.	100%	As agreed in Purchase Agreement with the NZQA.
Number of candidates for senior secondary school qualifications assessed.	As agreed in Purchase Agreement with the NZQA.	As agreed in Purchase Agreement with the NZQA.
<u>Quality</u>		
Percentage of moderator judgements successfully appealed.	As agreed in the Purchase Agreement with the NZQA.	As agreed in the Purchase Agreement with the NZQA.
Percentage of student results in external assessment successfully appealed.	As agreed in the Purchase Agreement with the NZQA.	As agreed in the Purchase Agreement with the NZQA.

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 17)	27,854
2002/03	Total output class to be provided within (GST inclusive)	12,545

Major providers (\$ million GST inclusive)

NZQA (\$27.854).

Output Class O4 - School Transport

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

Quantity, quality, timeliness and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity</u>		
School transport routes:		
• Contracted daily bus routes.	1,450 - 1,600	1,450 - 1,600
• Contracted routes transporting students to manual training.	650 - 750	650 - 750
• Directly resourced routes.	550 - 650	550 - 650
Number of conveyancing allowance approvals.	7,000 - 8,000	7,000 - 8,000
Number of special education assistance approvals.	5,000 - 6,000	5,000 - 6,000
<u>Quality and Timeliness</u>		
Services are provided according to contract terms:		
• Contracted bus services provided for authorised days that schools are open.	Reports of failure received about less than 0.5% of Ministry bus routes during the year.	Reports of failure received about less than 0.5% of Ministry bus routes during the year.
• Directly resourced bus services provided for authorised days that schools are open.	Reports of failure received about less than 0.5% of directly resourced school transport during the year.	Reports of failure received about less than 0.5% of directly resourced school transport during the year.

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive)	116,292
2002/03	Total output class to be provided within (GST inclusive)	115,810

Major providers

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

Output Class O5 - Provision of Information and Advisory Services

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

- Communications - Education Crown entities and other providers provide information and advisory services to stakeholders on Government education policy matters. This includes:
 - advice and support to assist with the development of groups and/or organisations, or that leads to the development and implementation of services consistent with Government policy
 - the promotion of qualifications, quality assurance procedures and quality management systems for education and training
 - assisting in the development of post-school pathways
 - the promotion and dissemination of current policy
 - provision of careers services, including career information
 - establishment of the Learning and Assessment Centres
 - industry training and involvement with enterprise
 - assistance with licensing and chartering for early childhood providers
 - disseminating relevant information to tertiary education providers, school principals and boards of trustees
 - management of databases and provision of statistical data.
- Ministerial Servicing - Education Crown entities deliver information within agreed timeframes on request to the Minister and Associate Ministers, the Ministry of Education, Select Committees and other Government agencies.
- Policy Advice to the Minister and Associate Ministers - Education Crown entities provide policy advice to the Ministers on operational issues and other relevant issues as required.

Quantity, quality, timeliness and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p><u>Quantity</u></p> <p>Numbers of draft replies and responses to Ministerial correspondence produced.</p> <p>Output levels for information and advisory services to the public, community groups, industry, the education community, Crown entities and other Government departments.</p>	<p>As agreed in the Purchase Agreement with each provider.</p> <p>As agreed in the Purchase Agreement with each provider.</p>	<p>As agreed in the Purchase Agreement with each provider.</p> <p>As agreed in the Purchase Agreement with each provider.</p>
<p><u>Quality</u></p> <p>Recipients of the service express satisfaction with the appropriateness and effectiveness (see note 18) of the information or advice (or another quality measure as agreed with each provider).</p> <p>Draft responses for Ministerial correspondence, Parliamentary Questions and Official Information Act requests acceptable to the Minister in terms of content and technical accuracy.</p>	<p>As agreed in the Purchase Agreement with each provider.</p> <p>95% of draft responses accepted by the Minister.</p>	<p>85% - 95% (dependent on provider) of responses received from surveyed recipients will indicate satisfaction or another quality standard, as agreed with each provider.</p> <p>As agreed in the Purchase Agreement with each provider.</p>
<p><u>Timeliness</u></p> <p>Percentage of Ministerial, Select Committee and inter-agency correspondence prepared within the required timeframes.</p> <p>Information and advisory services provided within the agreed timeframes.</p>	<p>As agreed in the Purchase Agreement with each provider.</p> <p>As agreed in the Purchase Agreement with each provider.</p>	<p>As agreed in the Purchase Agreement with each provider.</p> <p>As agreed in the Purchase Agreement with each provider.</p>

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 19)	29,548
2002/03	Total output class to be provided within (GST inclusive)	22,808

Major providers (\$ million GST inclusive)

ECD (\$1.910); Career Services (\$9.876); Tertiary Education Commission (TEC) (\$4.758); NZQA (\$1.241); 4 to 6 providers under School Administration Support Clusters (\$3.270); Te Kohanga Reo National Trust (\$1.860).

Output Class O6 - Management of Grants and Contracts

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

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

- disbursement of tuition subsidies and research funding to the tertiary sector
- provision of funds to Industry Training Organisations (ITOs) for training services to industry
- management of Modern Apprenticeships, Māori Trade Training, Gateway and Adult Literacy programmes
- purchase of Youth Training and Skill Enhancement programmes
- management of the Centres of Research Excellence Fund and Tertiary Scholarships.

Other programmes under this class of outputs include:

- administration of disbursements to kohanga reo for the provision of ECE
- administration of payments for ECE delivered by licence-exempt services
- management of contracts with providers of parent support programmes, including Parents as First Teachers (PAFT) and Family Start
- administration of bursaries and scholarships for eligible Māori and Pasifika students
- administration of tertiary teaching awards.

Quantity, quality, and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
Quantity Number of industry training, Youth Training, Skill Enhancement and Modern Apprenticeships service providers.	To be reported on as per the TEC Purchase Agreement.	To be reported on as per the TEC Purchase Agreement.

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
Equivalent Full Time Students (EFTS) resourcing payments will be made to tertiary education service providers (see note 20).	<ul style="list-style-type: none"> • up to eight universities • up to 21 polytechnics • up to four colleges of education • up to three wananga • 230 - 260 Private Training Establishments (PTEs) • an estimated 10 other providers of tertiary education services. 	<ul style="list-style-type: none"> • up to eight universities • up to 21 polytechnics • up to four colleges of education • up to three wananga • 230 - 260 PTEs • an estimated 10 other providers of tertiary education services.
Number of kohanga reo administered through the contract (includes licence-exempt).	500 - 600	600 - 700
Number of payments to licence-exempt services.	1,300 - 1,600	1,300 - 1,600
Number of PAFT contracts.	40 - 45	25 - 40
Number of Family Start contracts.	As agreed in contracts with Early Childhood Development (ECD), Department of Child, Youth and Family Services and Ministry of Health.	As agreed in contracts with ECD, Department of Child, Youth and Family Services and Ministry of Health.
Number of Māori and Pacific Island scholarship applications administered.	12,200 - 13,500	12,200 - 13,500
Quality		
Percentage of providers with written agreements that include programme/service requirements, milestone dates (when appropriate) and payment schedule/method.	100%	100%
Prices are based on a competitive tender process or benchmarking (including sessional payments) or full-cost disclosure by the provider (not including EFTS funding).	100% compliance	100% compliance
All contracts with providers meet the specifications outlined in the TEC Purchase Agreement.	100% compliance	100% compliance

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
All EFTS resourcing payments to tertiary education service providers based on returns from TEIs and PTEs will be determined, calculated and delivered with no less than 98% accuracy in respect of:	<ul style="list-style-type: none"> the amounts of the payments the schedules advised to public education service providers or agreements agreed with those providers the timeframes notified to payees funding delivered to the correct provider the number of returns and other information. 	<ul style="list-style-type: none"> the amounts of the payments the schedules advised to public education service providers or agreements agreed with those providers the timeframes notified to payees funding delivered to the correct provider the number of returns and other information.

Cost

	Output Class Cost	\$000
2003/04	Tertiary Sector Administration to be provided within (GST inclusive)	11,471
2003/04	Other Grants and Contracts Management to be provided within (GST inclusive)	1,542
2003/04	Total output class to be provided within (GST inclusive)	13,013
2002/03	Total output class to be provided within (GST inclusive)	11,974

Major providers (\$ million GST inclusive)

TEC (\$11.471).

Output Class 07 - Supporting Parenting

Under this class of outputs the Minister of Education purchases programmes including PAFT and Family Start (see note 21), and advice and support to enhance the role of parents in the development of their children and to promote the value of quality ECE experiences. The output class is directed at parents of young children, Māori parents, and community groups (including those wishing to establish early childhood services).

Quantity, quality, and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity</u>		
Number of families involved in PAFT programmes.	7,500 - 8,000	7,515 - 8,665
Number of families supported under Family Start.	700 - 1,000	700 - 1,000
Number of families in other parent support programmes.	1,800 - 2,000	1,900 - 2,400

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
Number of playgroups and Māori and Pasifika groups supported, as outlined in the Purchase Agreement with ECD.	As specified in the contract with ECD.	As specified in the contract with ECD.
Number of contracts for reducing barriers to participation in Māori and Pasifika communities.	At least 25 contracts with community groups. Two to four contracts with ECD.	28 - 36 contracts with community groups. Two to four contracts with ECD.
Quality		
Participants satisfied with the programmes attended or services received in terms of appropriateness and effectiveness (see note 22), as assessed by survey.	95% of responses received will indicate satisfaction.	95% of responses received will indicate satisfaction.
PAFT programmes will operate according to the criteria specified in the PAFT manual, <i>Programme Planning and Implementation Guide</i> .	100% of programmes.	100% of programmes.

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive)	26,447
2002/03	Total output class to be provided within (GST inclusive)	26,338

Major providers (\$ million GST inclusive)

Correspondence School (\$2.343); ECD (\$2.822); 12 providers of PAFT programmes (\$8.200); Family Start programmes (\$5.324); 40 to 50 community groups under Early Childhood Needs Assistance programmes (\$4.350).

Output Class O8 - Specialist Support Services

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

Quantity, quality and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity and Quality</u>		
Number of children receiving early childhood moderation services.	160 - 220	160 - 220
Coordinated specialist support will be provided to children with special education needs and assessed as positive by their families and early childhood centres.	Families and early childhood centres are positive about the support provided as recorded in responses from a sample of customers.	Families and early childhood centres are positive about the support provided as recorded in responses from a sample of customers.
Advice, guidance and information provided to the Ministry on students with sensory impairments is reliable, timely and in accordance with the contract requirements.	The advice, guidance and information provided is reliable, timely and in accordance with the contract requirements.	The advice, guidance and information provided is reliable, timely and in accordance with the contract requirements.
Assessments by the Royal New Zealand Foundation for the Blind and other agencies will be made according to established protocols.	100%	100%

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 23)	3,036
2002/03	Total output class to be provided within (GST inclusive)	1,803

Major providers (\$ million GST inclusive)

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

Output Class O9 - Stewardship of the New Zealand Qualifications System

Under this class of outputs, the Minister of Education purchases services from the NZQA relating to the stewardship of the New Zealand Qualifications System.

The specific services purchased include the development and management of quality assurance processes, including the management of relationships with quality assurance bodies and education agencies and the monitoring and audit of quality assurance standards.

The development, implementation and maintenance of arrangements for national qualifications including the New Zealand Register of Quality Assured Qualifications, credit recognition and transfer and review of high level criteria for approval and accreditation is also funded through this output class. This includes work on qualifications in areas of Government priority such as Māori, Pasifika and Foundation Skills. The NZQA also liaises with national and international standard setters to achieve benchmarking of skill standards and mutual recognition of standards and qualifications.

The NZQA also conducts work with other agencies to monitor and support providers potentially at-risk and is responsible for managing complaints from students from wananga and PTEs.

Quantity, Quality and Timeliness

Performance measures	Performance standards 2003/04	Performance standards 2002/03
<p>Quantity</p> <p>Develop, maintain, review and support standards and standards-based qualifications in agreed areas of government priority.</p>	As agreed in Purchase Agreement with the NZQA.	As agreed in Purchase Agreement with the NZQA.
<p>Quality</p> <p>Audit and monitoring processes of the national Quality Assurance Bodies will comply with agreed standards.</p> <p>Public Access to the New Zealand Register of Qualifications is maintained.</p> <p>Evaluations and registrations of unit standards, achievement standards and unit standards-based qualifications comply with agreed standards.</p>	<p>Accountability arrangements with all Quality Assurance Bodies are current and meet the NZQA's standards for quality assurance.</p> <p>To the conditions specified in the Purchase Agreement with the NZQA.</p> <p>100% of submitted unit standards are put through the registration process as described in the Purchase Agreement with the NZQA.</p>	<p>As agreed in Purchase Agreement with the NZQA.</p> <p>As agreed in Purchase Agreement with the NZQA.</p> <p>As agreed in Purchase Agreement with the NZQA.</p>
<p>Timeliness</p> <p>Evaluation of standards and qualifications.</p>	All standards and qualifications will be evaluated within an average of 25 working days.	As agreed in Purchase Agreement with the NZQA.

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 24)	5,454
2002/03	Total output class to be provided within (GST inclusive)	2,375

Major provider (\$ million GST inclusive)

NZQA (\$5.454).

Output Class O10 - Training for Designated Groups

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

Quantity, quality and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
Quantity		
Total training places offered:		
• Modern Apprenticeships	6,500	5,500
• Skill Enhancement	650 - 750	650 - 750
• Youth Training	4,500 - 5,300	4,500 - 5,300
• Gateway.	3,000 - 4,000	1,300 - 1,600
Industry training standard training measures. A standard training measure is equivalent to 120 National Qualifications Framework credits on an approved structured training programme.	32,000 - 35,000 standard training measures	29,000 - 32,000 standard training measures.
Average number of National Qualifications Framework credits achieved.	As agreed in the TEC Purchase Agreement.	As agreed in the TEC Purchase Agreement.
Quality		
Number of credits on the National Qualifications Framework achieved, on average, by trainees participating in the Youth Training programme.	20 credits	20 credits
Number of credits on the National Qualifications Framework achieved, on average, by trainees participating in the Skill Enhancement programme.	60 credits	60 credits

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 25)	205,440
2002/03	Total output class to be provided within (GST inclusive)	190,498

Major providers (\$ million GST inclusive)

ITOs, polytechnics and PTEs for Industry Training Fund (\$98.363); accredited providers for Skill Enhancement (\$8.222), Youth Training (\$69.486) and Modern Apprenticeship - Training Fund and Coordinators (\$22.892).

Output Class O11 - Education Research Initiatives

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

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity and Timeliness</u>		
Centres of Research Excellence to be established.	An additional Centre of Research will be scoped and established.	An additional 2-3 Centres of Research Excellence will be established.
Research programmes to be advanced in accordance with the agreed timeframe in the contract (or in any variations to the contract) between each Centre of Research Excellence and the Ministry (or its agent).	Each Centre of Research Excellence will advance its research programmes in accordance with the agreed timeframe in the contract (or in any variations to the contract) between the Centres and the TEC (or its agent).	Each Centre of Research Excellence will advance its research programmes in accordance with the agreed timeframe in the contract (or in any variations to the contract) between the Centres and the TEC (or its agent).
Research projects will be completed or advanced to the position agreed in the annual Purchase Agreement between the New Zealand Council for Educational Research (NZCER) and the Ministry including any variations to that Agreement.	Projects completed or otherwise advanced as specified in the Purchase Agreement (or any agreed modification).	Projects completed or otherwise advanced as specified in the Purchase Agreement (or any agreed modification).

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p>Research projects will be completed or advanced to the position agreed by the Board of the Teaching and Learning Research Initiative. The Ministry of Education is managing a contract with NZCER to provide programme coordination for the Initiative.</p>	<p>The Board for the Teaching and Learning Initiative agrees on a annual programme of research and the programme coordination team, NZCER, implements the agreed programme.</p>	<p>This programme was implemented on 1 July 2003.</p>
<p>Quality</p> <p>Each Centre of Research Excellence to achieve an ongoing research capability that is recognised as excellent by international standards.</p> <p>Each Centre of Research Excellence to undertake research activity of excellent quality, which contributes to New Zealand's social and economic development and to knowledge transfer.</p> <p>NZCER research projects comply with systematic internal quality assurance processes and key tasks/documents, which are supported by external peers.</p> <p>Sign-off on NZCER research projects by the Director of NZCER or nominee.</p> <p>The programme of research funded through the Teaching and Learning Research Initiative both delivers research projects and builds a research capability that is recognised as excellent by local and international standards and supports the aims and objectives of the Initiative.</p>	<p>Each Centre of Research Excellence will achieve an ongoing research capability that is recognised as excellent by international standards.</p> <p>Each Centre of Research Excellence will undertake research activity of excellent quality, which contributes to New Zealand's social and economic development and to knowledge transfer.</p> <p>100% compliance.</p> <p>100% signed off.</p> <p>NZCER will ensure delivery of, in accordance with the direction of the Board of the Teaching and Learning Research Initiative, a programme of research and related activity of excellent quality that will contribute to the goals of the Initiative and to knowledge transfer.</p>	<p>Each Centre of Research Excellence will achieve an ongoing research capability that is recognised as excellent by international standards.</p> <p>Each Centre of Research Excellence will undertake research activity of excellent quality, which contributes to New Zealand's social and economic development and to knowledge transfer.</p> <p>100% compliance.</p> <p>100% signed off.</p> <p>This programme was implemented 1 July 2003.</p>

Cost

	Output Class Cost	\$000
2003/04	Centres of Research Excellence to be provided within (GST inclusive)	22,118
2003/04	Research on Education to be provided within (GST inclusive)	2,683
2003/04	Total output class to be provided within (GST inclusive) (see note 26)	24,801
2002/03	Total output class to be provided within (GST inclusive)	17,670

Major provider (\$ million GST inclusive)

Seven to eight Centres of Research Excellence (\$22.118); NZCER (\$1.633).

Output Class O12 - Developing Strategic Coherence Across the Tertiary Sector

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

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

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

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

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

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

Performance Measures	Performance Standards 2003/4	Performance Standards 2002/3
Quality Implementation by the TEC of sector instruments (charters and profiles). Charters and profiles received and assessed by the TEC and results reported to Ministers.	Tertiary education organisations (TEOs) indicate satisfaction with the implementation of charters and profiles - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.	TEOs indicate satisfaction with the implementation of charters and profiles - at least 85% of respondents to the survey give a mark of three or higher on a scale of five.

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p>Criteria for new Capability Development funds completed, applications assessed and funds delivered.</p> <p>ASRs developed and communicated.</p> <p>Portfolio of tertiary education provision is analysed.</p> <p>Development of a system scorecard to measure the effectiveness of the implementation of the six TES strategies.</p>	<p>All Capability Development funds applications are analysed by the TEC against agreed Assessment Of Strategic Relevance (ASR) criteria.</p> <p>All payments to TEOs are delivered by the TEC on time and with 100% accuracy as to amount.</p> <p>TEOs and other stakeholders indicate satisfaction with the development and communication of the ASRs - at least 85% of respondents to the survey give mark of three or higher on a scale of five.</p> <p>As agreed in the Purchase Agreement with the TEC.</p> <p>Final system performance indicators developed to Ministers' expressed satisfaction.</p>	<p>All Capability Development funds applications are analysed by the TEC against agreed ASR criteria.</p> <p>All payments to TEOs are delivered by the TEC on time and with 100% accuracy as to amount.</p> <p>Criteria for Innovation and Development Fund, E-learning Collaborative Development Fund and Partnerships for Excellence facility are completed and communicated to TEOs.</p> <p>TEOs and other stakeholders indicate satisfaction with the development and communication of the ASRs - at least 85% of respondents to the survey give mark of three or higher on a scale of five.</p> <p>Significant progress towards portfolio analysis achieved and communicated to Ministers and system stakeholders.</p> <p>Draft system performance indicators developed to Ministers' expressed satisfaction.</p>
<p><u>Quantity</u></p> <p>Charters and profiles from tertiary education providers received and assessed by the TEC (see note 27).</p> <p>Completion of provider surveys in respect of charters and profiles.</p> <p>Criteria developed for Capability Development funds.</p> <p>Capability Development funds administered.</p> <p>Analysis of current portfolio of provision in the tertiary education system communicated.</p>	<p>Charters - 630 Profiles - 850</p> <p>At least one survey completed.</p> <p>As agreed in the Purchase Agreement for the TEC.</p> <p>As agreed in the Purchase Agreement for the TEC.</p> <p>At least three communications made to system stakeholders, including Ministers, on the current portfolio of provision in the tertiary education system.</p>	<p>At least 60 are analysed and assessed.</p> <p>At least one survey completed.</p> <p>Criteria for three funds completed and evaluated.</p> <p>Three funds administered.</p> <p>At least three communications made to system stakeholders, including Ministers, on the current portfolio of provision in the tertiary education system.</p>

Timeliness		
Charters and profiles received and evaluated by the TEC.	Charters - by 31 December 2003. Profiles - by 30 June 2004.	By 30 June 2003.
Evaluation report on trial charters and profiles provided to Ministers.	By 31 December 2003.	Not applicable
Capability Development funding delivered within agreed timeframes as specified in published criteria statements.	Funds delivered with 100% accuracy as to amount and timing.	Funds delivered with 100% accuracy as to amount and timing.
Report on the analysis of current portfolio of provision in the tertiary education system delivered to Ministers.	By 31 October 2003.	Not applicable
Draft system performance indicators reported to Ministers.	Final indicators by 30 June 2004.	By 30 June 2003.

Cost

	Output Class Cost	\$000
2003/04	Total output class to be provided within (GST inclusive) (see note 28)	18,912
2002/03	Total output class to be provided within (GST inclusive)	9,757

Major provider (\$ million GST inclusive)

TEC (\$18.912).

Part C3 - Central Education Crown Entities

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

Central Education Crown Entities	2002/03 Vote \$000	2002/03 Estimated Actual \$000	2003/04 Vote \$000
Career Services (see note 29)	8,968	8,968	9,876
Early Childhood Development (ECD)	4,950	4,950	4,947
New Zealand Qualifications Authority (NZQA) (see note 30)	16,350	16,350	35,999
Tertiary Education Commission (TEC) (see note 31)	24,938	24,938	35,191

Part D - Explanation of Appropriations for Other Operating Flows

Part D1 - Benefits and Other Unrequited Expenses

Analysis of Māori and Pacific Island Scholarships and Bursaries

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

Māori and Pacific Island Scholarships and Bursaries	2002/03 Vote \$000	2002/03 Estimated Actual \$000	2003/04 Vote \$000
Manaaki Tauiira	4,300	4,300	4,300
Māori Education Scholarships	664	664	664
Ngarimu VC and 28 th (Māori) Battalion Memorial Scholarship Fund	54	54	54
Polynesian and Pacific Island Education Foundation	75	75	75
Māori and Polynesian Scholarships	526	526	526
Total	5,619	5,619	5,619

Analysis of Tertiary Scholarships

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

Tertiary Scholarships	2002/03 Vote \$000	2002/03 Estimated Actual \$000	2003/04 Vote \$000
Enterprise Scholarships	3,870	2,870	5,146
Top Achiever Doctoral Scholarships	10,000	9,500	10,000
Science and Mathematics Scholarships and School Achievers Awards	950	950	950
Growth and Innovation Scholarships	-	-	920
European Union Exchange Scholarships	-	-	200
Total	14,820	13,320	17,216

Part D3 - Other Expenses

Other Expense - Early Childhood Education

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

- Licensed Early Childhood Education (under two) - provision of ECE for children under two years of age by licensed and chartered early childhood services
- Licensed Early Childhood Education (two and over) - provision of ECE for children over two years of age by licensed and chartered early childhood services
- Licence-Exempt Early Childhood Education - provision of ECE for children under six years of age by licence-exempt services
- Equity funding for community-based ECE (see note 32).

Quantity, quality and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p><u>Quantity</u></p> <p>Subsidised hours provided by licensed and chartered early childhood services:</p> <ul style="list-style-type: none"> • Kindergarten • Playcentres • Education and care centres • Home-based • Nga kohanga reo <p>Hours of ECE provided by licence-exempt centres.</p>	<p>22.5 million - 23.5 million</p> <p>3 million - 3.5 million</p> <p>55 million - 56 million</p> <p>7 million - 7.5 million</p> <p>12.5 million - 13.5 million</p> <p>2 million - 3 million</p>	<p>23 million - 24 million</p> <p>3 million - 4 million</p> <p>53 million - 54 million</p> <p>7 million - 7.5 million</p> <p>12.5 million - 13.5 million</p> <p>2 million - 3 million</p>
<p><u>Quality</u></p> <p>Early childhood centres/services will provide services to the level and standard specified and agreed in their negotiated and approved charter.</p>	<p>99.5% of all licences and charters will remain valid in respect of compliance with the standards.</p>	<p>99.5% of all licences and charters will remain valid in respect of compliance with the standards.</p>

Cost

Hourly Rates for Children	Rate 1	Rate 2	Rate 3
Rates until 30 June 2003			
Under two years	\$5.46	\$6.14	-
Two years and over	\$2.74	\$3.07	-
In kindergarten	-	-	\$3.76
In licence-exempt centres - ECD funded	\$1.10	-	-
In licence-exempt centres - Other	\$1.13	-	-
Rates from 1 July 2003 (see note 33)			
Under two years	\$5.57	\$6.26	-
Two years and over	\$2.79	\$3.13	-
In kindergarten	-	-	\$3.97
In licence-exempt centres - ECD funded	\$1.12	-	-
In licence-exempt centres - Other	\$1.15	-	-
Rates from 1 January 2004			
Under two years	\$5.57	\$6.36	-
Two years and over	\$2.79	\$3.18	-
In kindergarten	-	-	\$3.97
In licence-exempt centres – ECD funded	\$1.12	-	-
In licence-exempt centres – Other	\$1.15	-	-

Rate 1: basic rate for licensed and chartered services

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

Rate 3: rate for kindergartens

	Other Expense Cost	\$000
2003/04	Licensed Early Childhood Education (under two) to be provided within (GST inclusive)	120,308
2003/04	Licensed Early Childhood Education (two and over) to be provided within (GST inclusive)	289,563
2003/04	Licence-Exempt Early Childhood Education to be provided within (GST inclusive)	3,319
2003/04	Equity Funding Pool to be provided within (GST inclusive)	8,120
2003/04	Total other expense to be provided within (GST inclusive)	421,310
2002/03	Total other expense to be provided within (GST inclusive)	391,037

Major providers

Licensed and chartered services include: 600 to 615 kindergartens (including mobile services) managed through 35 associations of which Auckland, Waikato, Central North Island, Wellington, and Canterbury are the largest associations; 480 to 500 playcentres; 1,610 to 1,725 education and care services (including 40 casual services); 190 to 215 home-based networks, of which about 90% are organised through Barnardos; 535 to 560 kohanga reo managed through Te Kohanga Reo National Trust Board.

Licence-exempt services include: 10 to 30 kohanga reo managed through Te Kohanga Reo National Trust Board; 725 to 745 Pasifika language groups, playgroups and other services.

Other Expense - Primary Education

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

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

Quantity, quality, timeliness and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p><u>Quantity</u></p> <p>Number of students to receive the curriculum as at census dates 1 July 2003 and 1 March 2004.</p>	484,000 - 490,000	482,000 - 485,000
<p><u>Quality</u></p> <p>State and integrated schools will meet legislative standards of performance and standards agreed in charters, as indicated by the number of:</p> <ul style="list-style-type: none"> actions under section 64 (Education Act 1989) to effect and enforce the charter actions under section 107 (Education Act 1989) to appoint a Commissioner to manage the school. 	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p><u>Timeliness</u></p> <p>Schools to remain open for the delivery of the curriculum in terms of the National Education Guidelines.</p>	<p>The equivalent of 394 half-days per annum in the 2003/04 financial year.</p>	<p>The equivalent of 394 half-days per annum in the 2002/03 financial year.</p>

Cost

	Other Expense Cost	\$000
2003/04	Total other expense to be provided within (GST inclusive)	2,036,494
2002/03	Total other expense to be provided within (GST inclusive)	1,929,566

Major providers (\$ million GST inclusive)

Correspondence School (\$5.248); 40 to 50 private primary schools and 40 to 50 other private schools with primary pupils (\$15.584); 80 to 90 State and integrated composite schools; 2,125 to 2,180 State and integrated primary schools.

Other Expense - Secondary Education

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

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

Quantity, quality, timeliness and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p><u>Quantity</u></p> <p>Number of students to receive the curriculum as at census dates 1 July 2003 and 1 March 2004.</p>	<p>255,000 - 259,000</p>	<p>246,000 - 255,000</p>

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<p>Quality</p> <p>State and integrated schools will meet legislative standards of performance and standards agreed in charters, as indicated by the number of:</p> <ul style="list-style-type: none"> actions under section 64 (Education Act 1989) to effect and enforce the charter actions under section 107 (Education Act 1989) to appoint a Commissioner to manage the school. 	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>	<p>99.5% of all registered State and integrated schools will meet the required standards under section 64 of the Education Act.</p> <p>99.5% of all registered State and integrated schools will be governed by a board of trustees.</p>
<p>Timeliness</p> <p>Schools to remain open for the delivery of the curriculum in terms of the National Education Guidelines.</p>	<p>The equivalent of 380 half-days per annum in the 2003/04 financial year.</p>	<p>The equivalent of 380 half-days per annum in the 2002/03 financial year.</p>

Cost

	Other Expense Cost	\$000
2003/04	Total other expense to be provided within (GST inclusive)	1,469,806
2002/03	Total other expense to be provided within (GST inclusive)	1,377,367

Major providers (\$ million GST inclusive)

Correspondence School (\$22.038); 10 to 20 private secondary schools and 40 to 50 other private schools with secondary pupils (\$24.664); 80 to 90 State and integrated composite schools; 305 to 330 State and integrated secondary schools.

Other Expense - Special Needs Support

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

- supplementary resources for learners with special education needs provided to schools, including the Special Education Grant and special education teachers. Access to these resources is regulated by school boards of trustees
- programmes and services for students in residential special schools
- services and resources such as English for Speakers of Other Languages (ESOL) and alternative education programmes for students with other special needs.

Quantity, quality, timeliness, and cost

Performance Measures	Performance Standards 2003/04	Performance Standards 2002/03
<u>Quantity</u>		
Resource Teachers: Learning and Behaviour.	700 - 800	700 - 800
Number of students in residential care.	300 - 400	300 - 400
Number of ESOL learners funded.	24,000-29,000	22,000 - 27,000
Number of students in alternative education programmes at any one time.	1,750-1,850	1,750 - 1,850
<u>Quality</u>		
Resources targeted and delivered according to documented criteria.	100%	100%
<u>Timeliness</u>		
Resources for services will be delivered according to documented timeframes.	100% compliance.	100% compliance.

Cost

	Other Expense Cost	\$000
2003/04	Total other expense to be provided within (GST inclusive) (see note 34)	251,635
2002/03	Total other expense to be provided within (GST inclusive)	258,409

Major providers (\$ million GST inclusive)

Correspondence School (\$3.228); 100 to 130 providers of alternative education programmes (\$20.202).

Other Expense - Tertiary Education and Training

Under this appropriation, funding is provided to tertiary education organisations to support teaching and learning, research and a range of strategic development initiatives the government wishes them to undertake. From 1 January 2003 this funding has been administered by the Tertiary Education Commission (TEC).

Current policy is focused upon:

- delivering opportunities for all students to access quality tertiary education with particular initiatives to encourage Māori and Pasifika peoples participation and achievement
- supporting the alignment of the tertiary education system with the Tertiary Education Strategy (TES)

- a system that recognises and responds to the diversity of students and their learning needs
- providing strong incentives on providers for efficiency, innovation and quality improvements in teaching and research
- improved management and accountability of tertiary education organisations
- improving adult literacy and other foundation skills.

Funding for teaching and learning

Student component funding is paid to approved providers for students studying in approved courses and programmes as a subsidy towards the cost of tuition and supporting research. Student component funding:

- is provided to tertiary education organisations as a bulk fund covering tuition for all domestic students, regardless of age, enrolled in approved programmes at universities, polytechnics, colleges of education, wananga, private training establishments, and other tertiary education providers
- applies only to providers and qualifications that meet quality assurance and financial viability criteria
- is allocated to private providers
 - within a ring-fenced allocation of \$146 million each academic year
 - but at a rate excluding the notional capital contribution that makes up 9.5% of student component funding.

Student component funding supports the cost of tertiary education and training in the following fields of study:

- Science and Applied Science, comprising Agriculture, Horticulture, Science and Veterinary Science
- Arts and Performing Arts, comprising Arts, Humanities, Social Sciences, Languages, Advanced Studies for Teachers, General Education, Music, Fine Arts and Design
- Technology and Design, comprising Architecture, Quantity Surveying, Engineering, Technology and Industry Training
- Health Professions, comprising Health Sciences and health-related professions (including Dentistry and Medicine)
- Business and Law, comprising Business, Accountancy, Office Systems/Secretarial, Management, Computing, Data Processing and Law
- Teacher Education for pre-service early childhood, primary and secondary training and for specialist teachers.

Designated tuition funds are paid as grants to approved providers to support students studying, and associated quality and provider capability development, in specific programmes and courses in:

- Adult literacy
- Adult and community education
- Adult ESOL.

Strategic Development Funding

Special Supplementary Grants are paid to public tertiary education institutions (TEIs) for a range of specified purposes including:

- to improve tertiary education outcomes for Māori and Pacific peoples
- to improve participation and achievement in tertiary education for students with disabilities
- to assist in training medical interns in 6th year medical studies.

Institutional Base Grants are paid to all public TEIs to contribute towards basic running costs incurred regardless of size.

Student component funding			
Field of Study (see note 35)	EFTS Places	2002/03 \$000	2003/04 \$000
Science and Applied Science	22,178	211,208	223,702
Arts and Performing Arts	75,403	428,071	453,340
Technology and Design	20,217	174,641	184,972
Health Professions	13,126	151,033	159,902
Business and Law	69,964	402,205	425,461
Teacher Education	12,952	91,898	97,334
Designated tuition and strategic development grants			
Grants and special supplementary grants	-	95,347	98,562
Total funding	213,840	1,554,403	1,643,273

In 2003/04 research funding has been separated into a new other expense appropriation - Performance Based Research Fund. The table above assumes the change took effect in 2002/03 for comparison purposes.

Community education

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

Community Education Programmes	2002/03 \$000	2003/04 \$000
Student component tuition subsidies	29,660	31,090
Designated tuition funding to other tertiary education providers	14,952	15,861
Total funding from Tertiary Education and Training appropriation	44,612	46,951

Other Expense - Performance Based Research Fund

The Performance Based Research Fund (PBRF) is provided as part of the bulk grant to each Tertiary Education Organisation (TEO). This grant is a contribution towards the cost of research that underpins teaching and learning at degree and postgraduate levels.

In previous years the funding has been appropriated under other expense Tertiary Education and Training. The table below assumes the change took effect in 2002/03 for comparison purposes.

The PBRF will be allocated on the basis of the research performance of TEO. The PBRF will be allocated as follows:

- 60% of the allocation on the basis of peer assessment of research outputs, peer esteem and the contribution to the research environment of participating staff (resulting from the 2003 Quality Evaluation)
- 25% of the allocation on the basis of postgraduate research degree completions
- 15% of the allocation on the basis of external research income earned by the organisation.

The PBRF will be phased in between 2004 and 2006. In the interim, some funding will be provided on the basis of student enrolments in undergraduate degrees, taught postgraduate degrees and wholly research postgraduate degrees.

Research Funding (from EFTS-based tuition subsidies)	2002/03 \$000	2003/04 \$000
Enrolment-based	118,654	114,443
Performance-based	-	16,137
Total research	118,654	130,580

Significant Tertiary Education Funding

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

Significant Providers and Programmes	2002/03 Vote \$000	2002/03 Estimated Actual \$000	2003/04 Vote \$000
Tertiary Education and Training and Performance Based Research Fund appropriations			
• University EFTS	831,920	831,920	890,520
• Polytechnic EFTS	430,692	430,692	465,020
• Colleges of education EFTS	61,459	61,459	62,440
• Special supplementary grants	24,110	24,110	24,604
• Other tertiary education providers	14,369	14,369	11,798
• Private training EFTS	168,642	168,642	147,468
• Wananga EFTS	186,477	186,477	218,954
Total	1,717,669	1,717,669	1,820,804
Industry Training (output class O10 Training for Designated Groups)			
• Industry Training Fund	89,384	89,384	98,363
• Youth Training	68,973	68,973	69,486
• Skill Enhancement	8,349	8,349	8,222
• Modern Apprenticeships	19,137	19,137	22,892
• Gateway	3,415	3,415	5,115
• Māori Trades Training	1,240	1,240	1,362
Total	190,498	190,498	205,440
Centres of Research Excellence (output class O11 Education Research Initiatives)	16,237	16,237	22,118

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

Capital Contribution to the Department

Investment in School Property	2002/03 Vote \$000	2002/03 Estimated Actual \$000	2003/04 Vote \$000
Roll growth/expansion programme:			
• New classrooms	52,400	52,400	35,000
• New schools	21,200	21,200	87,500
• Site purchases and site works	12,800	12,800	17,200
• School Property Guide Deficiencies	50,000	50,000	50,000
• Kura kaupapa Māori, schools of special character and change of class	7,000	7,000	20,000
• School Staffing Review	23,700	23,700	20,000
• Early Childhood Education	5,000	5,000	5,000
• Special Schools	-	-	50,000
Core Capital Works programme:			
• 5-year Property Programme	90,000	90,000	90,000
• Schools of the Future	8,000	8,000	-
• Other (see note 36)	22,000	22,000	26,000
	292,100	292,100	400,700
Plus completion of projects from previous years (see note 37)	635,940	635,940	601,040
Less projects carried forward to next year	(601,040)	(651,040)	(671,740)
Total capital programme	327,000	277,000	330,000
Less funds available from depreciation, asset sales and cash on hand	(267,000)	(267,000)	(282,700)
Capital contribution required	60,000	10,000	47,300

The capital contribution to the Ministry of Education for 2003/04 for investment in school property is \$47.300 million. The capital programme focuses on the delivery of new school accommodation and enhancement of existing accommodation to support school-age population growth through:

- the purchase of six new school sites required for schools needed in the future and the extension of existing school sites to cater for roll growth
- the construction of nine new schools in response to demographic changes and roll growth in specific locations

- the continued implementation of the new property guides for primary, intermediate and secondary schools
- commencement of the implementation of new property guides for composite schools (subject to Government approval)
- the establishment of new kura kaupapa Māori and other special character schools, and extending current kura to wharekura
- the provision of ECE facilities to encourage participation in targeted areas
- the commencement of a programme to address property deficiencies in special schools
- extension of the 5-year property programme to a further 400 schools.

The capital injection required for 2002/03 was decreased by \$100 million to \$60 million mainly owing to a change in the depreciation basis that has increased funding from that source. Additionally total capital expenditure is lower with a buoyant construction market resulting in delays in projects commencing as schools balanced priority works within available budgets.

Since the appropriations were finalised it appears that expenditure for 2002/03 will be lower than initially expected, particularly in the 5-year property programme and for new sites. As well as a buoyant market this is owing to a combination of fewer consultants being available, delays in negotiating site purchases, higher than expected tender prices and delays in finalising property guide programmes.

The balance of the Ministry capital injection this year (excluding property) relates to further investment in new systems development - mainly for:

- a new funding system for the early childhood sector
- enhancing the school ICT infrastructure
- continuing development of tertiary e-learning initiatives.

*Net Worth of Entities Owned***Statement of Estimated and Forecast Net Worth**

	Balance Date	Estimated Net Worth 2003 \$ million	Forecast Net Worth 2004 \$ million
Ministry of Education	30 June	6,410.677	6,458.516
Crown Entities:			
Career Services	30 June	1.962	3.181
Early Childhood Development	30 June	2.612	2.407
Tertiary Education Commission (see note 36)	30 June	9.781	10.996
Learning Media Ltd	30 June	5.300	5.600
New Zealand Qualifications Authority	30 June	8.951	9.400
New Zealand Teachers Council	30 June	0.465	0.749
State schools	31 December	989.864	1,028.744
State tertiary institutions	31 December	3,890.872	3,975.859

The increase in net worth for the Ministry of Education (\$47.839 million) mainly reflects increased investment in school land and buildings to meet roll growth. There is also provision for ongoing investment in development of new systems including e-learning in the tertiary sector and a new funding system for the early childhood sector.

The increase in the net worth for Career Services is owing to upgrading the career information management system that supports KiwiCareers.

The increase in the net worth for the NZQA also reflects further investment in upgrading their information systems.

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

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2002/03		2003/04	Description of 2003/04 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Current Revenue				
Non-Tax Revenue				
Charter Fees Early Childhood Education	30	30	30	Charter application and amendment fees received from early childhood education (ECE) services.
Education Residual Management Unit Receipts	500	500	500	Rental received from leased buildings belonging to the former Department of Education or Education Boards.
Export Education Levies	1,250	1,250	3,000	Levies charged to education institutions offering education services to foreign students. The increase in revenue is owing to a full year effect of the levy in 2003/04 as it commenced in January 2003.
Learning Media Limited	530	530	610	Annual dividends to be received from Learning Media Limited.
Miscellaneous Receipts	350	350	350	Those other Crown receipts which are not separately identified.
Overseas Students' Fees	8,396	8,396	9,196	Fees paid by foreign students attending New Zealand primary and secondary schools (excluding integrated schools) for the use of Crown-owned assets. The increase in revenue is owing to forecast growth in the number of overseas students.
Payroll Receipts	125	125	50	Recovery of debts arising from overpayment of teachers' salaries during previous financial years.
Roll Audit and Staffing Recoveries	1,630	1,630	110	Recoveries of funding outside the current year from ECE services and schools owing to auditing and correction of rolls on which entitlements for funding are based. Revenue in 2002/03 included recoveries of staffing entitlement overpayments, which are not forecast for 2003/04.
Tertiary Investments - Interest	7	7	1	Interest paid by Tertiary Education Institutions (TEIs) on loans received from the Crown.
Crown Entity Recoveries	2,789	2,789	-	Recoveries from Crown entities of operating surpluses and unspent funding relating to previous financial years. There is no revenue expected in 2002/03.

Tertiary Recoveries	438	438	-	Recovery of Equivalent Full Time Students (EFTS) and other funding paid during previous financial years for services that were not delivered. No revenue is expected in 2003/04.
Total Non-Tax Revenue	16,045	16,045	13,847	
Total Current Revenue	16,045	16,045	13,847	
Capital Receipts				
SkillNZ Net Assets	5,654	5,654	-	Net assets of Skill New Zealand returned to the Crown after the Crown entity was disestablished with the passage of the Tertiary Education Reform Act and establishment of the Tertiary Education Commission on 1 January 2003.
Tertiary Investments - Repayments	2,783	2,783	1,444	Repayments on loans and advances made to TEIs.
Total Capital Receipts	8,437	8,437	1,444	
Total Crown Revenue and Receipts	24,482	24,482	15,291	