



Education Report: 2018/19 Estimates Examination – Responses to the Standard Estimates Questionnaire

To:	Minister of Education		
Date:	11 May 2018	Priority:	High
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Drafter:	Joana Johnston	DDI:	[REDACTED]
Key Contact:	Emily Fabling	DDI:	[REDACTED]
Messaging seen by Communications team:	N/A	Round Robin:	No s 9(2)(a) OIA

Purpose of Report

1. This report provides you with responses to the 2018/19 Standard Estimates Questionnaire for Votes Education and Tertiary Education, and recommends you submit the responses to the Clerk of the Education and Workforce Select Committee (the Clerk) by 18 May 2018.
2. The report also provides you with an update on the remainder of the 2018/19 Estimates Examination process.

Recommended Actions

The Ministry of Education recommends you:

1. **note** that the 2018/19 Estimates hearing for Votes Tertiary and Education has been tentatively scheduled for Tuesday 5 June, before the Education and Workforce Committee. **Noted**
2. **note** that the Ministry has prepared responses to the 2018/19 Standard Estimates Questionnaire for Votes Education and Tertiary Education, and is currently working on responses to the Supplementary Estimates Questionnaire for both Votes. **Noted**
3. **agree** to submit the attached responses to the Standard Estimates Questionnaire with the Clerk of the Education and Workforce Select Committee by 18 May 2018. **Agree** **Disagree**
4. **note** that we will provide you with a copy of the Supplementary Estimates Questionnaire responses by 25 May, so they can be lodged with the Clerk of the Education and Workforce Select Committee by 1 June 2018.

Noted

5. **note** that we are working with your office to understand the support you may require in advance of, and at the Estimates hearing.

Noted

6. **Proactively release** this report.

Release/Not release



Emily Fabling
Deputy Secretary
Strategy, Planning and Governance

11/05/2018



Hon Chris Hipkins
Minister of Education

17/5/18.

Proactively Released

Background

1. Work has commenced across the Ministry on preparations for your 2018/19 Estimates Examination by the Education and Workforce Select Committee (the Committee).
2. We understand that a hearing date of 5 June has been tentatively scheduled.
3. The Ministry will provide you with responses to both the Standard and Supplementary Estimates Questionnaires, and provide you with any support material you may need in advance of the hearing.
4. As some of the questions relate to Crown Entities funded through Votes Education and Tertiary Education, we are also working closely with the Tertiary Education Commission (TEC), New Zealand Qualifications Authority (NZQA) and Education New Zealand (ENZ) to provide answers of relevance to these agencies.

The Standard and Supplementary Estimates Questionnaires

Standard Estimates Questionnaire

5. On 5 April, you received 22 Standard Estimates Questions (for each of the Votes you are responsible for) from the Finance and Expenditure Committee for response. The Ministry has drafted the responses for you, and they are attached for your consideration. They are required to be lodged with the Clerk by 18 May 2018.
6. This year's questions are identical to previous years, and our responses are also consistent with previous years in terms of approach.

Supplementary Estimates Questionnaire

7. You will not receive the 115 Supplementary Estimates Questions (for each of the Votes you are responsible for) until 18 May, once the Budget has been tabled in the House. The responses are due to be lodged with the Clerk on 1 June.
8. On the basis that we consider the questions are likely to be similar, if not identical to previous years, we have begun developing responses to last year's questions in order to meet the deadline. We have been in contact with your office to advise we will be sending you responses for your consideration on 25 May.

Hearing Preparation

9. The Ministry is available to provide you with support material in advance of the Hearing. We will also be available to attend the hearing with you.
10. We will work closely with your office to understand your expectations, and whether you require one page briefings on topical matters, opening remarks and a pre-hearing meeting with members of the Ministry's leadership team.

Annexes

- Annex 1: Finance and Expenditure Committee 2018/19 Estimates Examination Standard Questionnaire responses.

**Finance and Expenditure
Committee**

**2018/19
ESTIMATES EXAMINATION
Standard Questionnaire**

Minister of Education

Vote Education

May 2018

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Which agencies will be using funds from this Vote, and who are the responsible Ministers?

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What outcomes does the Vote aim to achieve?

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What does each of the agencies funded by the Vote contribute to these outcomes?

Question 4..... 7

Sometimes more than one Vote or department is working towards the same outcome. Where this is happening, explain which other Votes and/or departments are involved (in working towards the same outcome), what resources they will be using and how, and how results will be reported. 7

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Question 5..... 8

Please describe the most significant factors (including social, environmental, or economic) that have affected the type and amount of the appropriations sought under the Vote in 2018/19.

Question 6..... 8

What is planned for significant capital expenditure and investment, including information system investments, for 2018/19 and out-years? How will this capital expenditure and investment be funded? How does the level of planned capital expenditure and investment differ from 2017/18, and why? What, if any, delays or curtailment of capital projects/investment have there been, why, and what is the expected impact on service delivery?

Question 7..... 10

Is the department administering the Vote planning to enter into any significant “as a service” arrangements (for example, “software as a service”, “business process as a service”, “infrastructure as a service”) in 2018/19 and out-years? How will these be funded and what effect will they have on the appropriations in the Vote?

Question 8..... 11

What are the financial risks relating to this Vote? How will any financial risks that have been identified be monitored and managed?

Question 9..... 11

What is the responsible Minister expecting regarding efficiency savings under this Vote in 2018/19? Where are those savings expected to be found? Please indicate how the funds saved are intended to be used (for example will they be returned to the Crown, or reinvested, and if so, in what).

Question 10..... 12

Please explain briefly what significant changes affect this Vote for 2018/19, and the reasons for them, including the following:

1. New policies or outputs.
2. Discontinued policies or outputs.

- a. Why they have been discontinued.
 - b. The exit strategy and cost of exiting any discontinued or re-prioritised policies or outputs; and
 - c. The effect this is expected to have on the agency's ability to achieve its outcomes.
3. Policies or outputs that have changed from the previous year (for example, any policies that have been reprioritised or refocused; increased or decreased outputs).
 4. Any new or discontinued multi-category appropriations.
 5. Increases or decreases of 10 percent or \$10 million (whichever is less), in the amount of appropriations. Where appropriations have decreased, please explain what effect this is likely to have on the department administering the Vote and the agencies that receive or use the funds.
 6. Any funds carried forward or transferred from previous appropriations (this should cover transfers from 2016/17 to 2017/18 as well as transfers from 2017/18 to 2018/19).\
 7. Any changes to staffing levels in the 2018/19 financial year and out-years, including:
 - a. Full-time-equivalent staff
 - b. Total head-count
 - c. Numbers and percentages of staff defined as “front-line” staff (those who provide a service directly to the public for a significant rather than an occasional part of their duties) and “back-office” staff (those whose role is mainly to provide corporate support services to others within the department).

Question 11..... 19

Are any changes planned for 2018/19 in the use of external resources (such as consultants, leased executives, advisers, or contractors) to provide the administering department’s outputs (that is, deliver its services to its customers)? If so, please advise:

1. The nature and size (both in percentage terms and nominally) of the changes planned.
2. The reason for the changes, and
3. Why internal resources cannot be used.

Question 12..... 20

Is the department administering this Vote reviewing, or intending to review, any legislation for which it is responsible? If so:

1. What changes to legislation are proposed, and why?
2. If the review is because of policy changes, please specify the policy areas and changes being considered.
3. How would the proposed legislative change affect the appropriations within this Vote?
4. What effect is it expected to have on any other Vote?

CROWN ENTITIES FUNDED UNDER THE VOTE 22

Question 13..... 22

For any Crown entities funded by the Vote:

1. If any significant changes in funding Crown entities are proposed in the Estimates, how are they expected to affect the services produced or provided?

2. What changes, if any, have been made to performance information for appropriations used by Crown entities under this Vote?
3. Are there any particular performance risks or concerns for the 2018/19 year?
4. How will the performance of the Crown entities be monitored to ensure the risks are well managed?

Question 14..... 23

What specific expectations has the responsible Minister communicated to each of the Crown entities funded under the Vote? If no expectations have been set, please explain why. Please describe in detail any specific human-resource, financial, or operational issues or risks that may arise in meeting these expectations. How will these be managed?

CAPABILITY OF AGENCIES TO DELIVER OUTPUTS 24

Question 15..... 24

What specific risks and challenges (in order of significance) to the capability of agencies delivering outputs under this Vote have been identified? What action is being taken to manage these challenges?

Question 16..... 24

What staff groups have you identified as being critical to the delivery of essential core services under the Vote? What risks are there to capability in these critical areas? Please provide information about the level of risk to this capability.

Question 17..... 25

For those agencies involved in the Canterbury rebuild/regeneration, what particular challenges and priorities have been identified?

Question 18..... 26

How have any mergers and machinery-of-government or other structural changes made in 2017/18 affected the Vote?

Question 19..... 27

Are any of the agencies funded under the Vote considering or developing any plans to:

1. Enter into any kind of shared services arrangements?
 - a. Collective or joint procurement.
 - b. Shared services arrangements?
2. Form or enter into any type of joint venture or public-private partnership?
3. Access external equity?

OTHER INFORMATION 28

Question 20..... 28

Would you like to bring to the committee's attention any other matters relating to your Vote that have not been described in the Estimates documents, in your Budget press statements, or in response to other questions in this questionnaire? Please give details.

Question 21..... 28

Please provide an electronic copy of each output plan drawn up between you (or an agent) and a department and/or other party for the supply of outputs for the 2018/19 year related to this Vote. If output plans have not yet been finalised, and you prefer not to provide draft plans, please let us know the timetable for finalising these and provide an electronic copy of each output plan as it is completed.

Question 22..... 28

Please provide a copy of the 4 year plan for each agency funded under this Vote.

Proactively Released

OUTCOMES THE VOTE AIMS TO ACHIEVE

Question 1

Which agencies will be using funds from this Vote, and who are the responsible Ministers?

The Ministry of Education, the New Zealand Qualifications Authority and the Education Council of Aotearoa New Zealand incur expenditure under Vote Education.

I am the Minister responsible for these agencies.

Question 2

What outcomes does the Vote aim to achieve?

The long term outcomes and objectives the Vote aims to achieve are set out in Table 1.5, of the Estimates and Appropriations document, which shows linkages to the contributing Appropriations. The “*What is intended to be achieved with this Appropriation*” sections under each Appropriation describe how they contribute to these outcomes and objectives.

Education agencies are working to support the Government’s vision for the education portfolio and the 2018 Education Work Programme as agreed with Cabinet in February 2018. www.education.govt.nz/ministry-of-education/information-releases/education-portfolio-work-programme/.

Work is also underway to develop and replace a number of education system strategies during 2018/19 including: the Statement of National Education and Learning Priorities; the Tertiary Education Strategy; Ka Hikitia; Tau Mai Te Reo; the Pasifika Education Plan; and an International Education Strategy.

Question 3

What does each of the agencies funded by the Vote contribute to these outcomes?

The contribution of the agencies funded by the Vote is set out in the “What is intended to be achieved with this Appropriation” sections under each Appropriation.

More information will be set out in the Output Plan 2018/19 and Statement of Intent available later in the year. Current priorities are outlined in the Updated Output Plan 2017/18. This will be forwarded to the Committee once finalised.

More information on the NZQA’s contribution is set out in their Statement of Intent (www.nzqa.govt.nz/about-us/publications/strategic-documents/soi-1617-1920/board-foreword/) and Statement of Performance Expectations (www.nzqa.govt.nz/about-us/publications/strategic-documents/statement-of-performance-expectations-201718/introduction/).

Question 4

Sometimes more than one Vote or department is working towards the same outcome. Where this is happening, explain which other Votes and/or departments are involved (in working towards the same outcome), what resources they will be using and how, and how results will be reported.

Government's expectations about Crown entities' contributions to these wider outcomes and priorities are set out in annual Letters of Expectations. Information about each agency's contribution to wider Government priorities is included in agencies' Statements of Intent, Statement of Performance Expectations and reported on in their Annual Reports.

Proactively Released

EXPENDITURE UNDER THE VOTE

Question 5

Please describe the most significant factors (including social, environmental, or economic) that have affected the type and amount of the appropriations sought under the Vote in 2018/19.

The most significant factors that have affected the type and amount of the appropriations sought under the Vote in 2017/18 include:

- Population growth, with a consequential impact on school rolls and school property.
- Ongoing increases in assessed need for learning support.

New Zealand's national school roll is forecast to increase by approximately 3.8% over the next five years. There is significant diversity in how this growth is emerging across the country, with rapid increases forecast in the Auckland, Tauranga and Queenstown areas.

There has also been an ongoing increase over time in the proportion of children assessed as having learning support needs.

Question 6

What is planned for significant capital expenditure and investment, including information system investments, for 2018/19 and out-years? How will this capital expenditure and investment be funded? How does the level of planned capital expenditure and investment differ from 2017/18, and why? What, if any, delays or curtailment of capital projects/investment have there been, why, and what is the expected impact on service delivery?

The Ministry maintains a four year capital investment plan. The funding available is as follows:

	2018/19 (\$M)	2019/20 (\$M)	2020/21 (\$M)	2021/22 (\$M)	4 year total (\$M)
Baseline - depreciation	798	655	670	670	2,793
Capital injections	313	273	180	56	822
Total	1,111	928	850	726	3,615

	2018/19 (\$M)	2019/20 (\$M)	2020/21 (\$M)	2021/22 (\$M)	4 year total (\$M)
Capital injections					
Budget 18	103	111	121	44	379
Previous Budgets:					
Budget 17	117	127	19	-	263
Budget 16	52	-	-	-	52
Budget 15	3	6	7	7	23

Budget 14	3	5	5	5	18
Others:					
Opex to capex swap - Cash for building funding programme	2	2	2	-	6
<i>Capital transfers in MBU 18:</i>					
New Schools (from Budget 14 allocated in 2015/16 and 2016/17)	25	10	26	-	61
Roll Growth (from Budget 16 & Budget 17 allocated in 2016/17 and 2017/18)	8	12	-	-	20
Total	313	273	180	56	822

The capital programme mainly comprises a mixture of investment in school property and information systems and accommodation with investments prioritised to remain within the available funding envelope.

How will Capital Expenditure and Investment be funded?

There are two main sources of funding for significant capital expenditure and investment intentions relating to School Property for 2018/19 and out-years. 1) Baseline Funding – depreciation, and, 2) Capital Injection from budget announcements.

The expenditure relates to three main groups as follows:

1. Maintenance of the existing portfolio (Baseline funded). The main areas of spend here are:
 - Five Year Agreement – funding provided to schools based on size of school to maintain and modernise buildings.
 - Special needs modifications – funding provided to schools that require modifications to property to accommodate students with special needs.
 - Remediation and minor redevelopment work on existing schools due to asset deterioration or unforeseen circumstances. This includes work to repair buildings with weather-tightness issues, other property initiatives and risk management.
 - This spend is funded from baseline (depreciation), which has not been affected to date by fiscal pressure. The Ministry is experiencing very high demand for redevelopment and remediation work due to a range of issues, including weather-tightness, seismic strengthening and ageing assets. Expenditure is being prioritised based on need and cost efficiency, for example, where there are health and safety issues or where remediation would cost more if it were delayed or deferred.
2. Improving the existing portfolio (Baseline funded). The main areas of spend here are:
 - Major redevelopment or replacement of existing school buildings/assets that have significantly deteriorated or are closer to end of their useful life. This is funded from the baseline (depreciation).
 - The Christchurch Schools Rebuild programme to rebuild, remodel and/or refurbish 115 schools in Christchurch following the 2011 earthquake. This is funded from Baseline (depreciation), capital injection and proceeds from the insurance payout.

The Government has announced its commitment to funding this programme and capital injections are sought through the Budget process.

3. Expansion of the School Property Portfolio (Capital Injection Funded). The main areas of spend here are:
- Roll growth.
 - School expansions.
 - New schools and kura.

This spend is funded from capital injections from annual Budget initiatives, which are supported by the annual Property Programme Business Case.

There are significant expansionary pressures for new schools and buildings across parts of the country, especially in Auckland and Christchurch. A \$332.36 million capital injection over four years was provided through Budget 2018 to build or fund:

- Three new schools and one replacement/rebuild school through Ministry managed processes.
- Two school expansions.
- Two Special Education Schools relocation and rebuild.
- Two kura.
- One Character School.
- Roll growth classrooms.
- Non-Teaching Spaces.
- Associated Furniture, Fittings and Equipment.

Under a Service Concession (PPP) arrangement the private partner is required to finance, design, construct and maintain the selected schools over the period of the agreement. The Ministry provides the land and pays a quarterly unitary charge over the agreement period which covers construction, finance, service and lifecycle costs of the schools.

There have been delays in project and Capital expenditure due to the timing of Roll Growth tranche announcements and longer than expected time taken to get projects off the ground. Other complexities such as longer stakeholder engagement process and availability of land were other key reasons for the delays. However, despite the delays all the projects are expected to be delivered within the revised timeframe.

Question 7

Is the department administering the Vote planning to enter into any significant “as a service” arrangements (for example, “software as a service”, “business process as a service”, “infrastructure as a service”) in 2018/19 and out-years? How will these be funded and what effect will they have on the appropriations in the Vote?

The Ministry has decided at this stage not to proceed with Desktop as a Service. Based on work undertaken to date, there would be an increase of costs to the Ministry.

The Ministry is planning on taking advantage of the Microsoft Office 365 service under the AoG Microsoft agreement. This change will be cost neutral in the midterm.

Question 8

What are the financial risks relating to this Vote? How will any financial risks that have been identified be monitored and managed?

The financial risks relating to Vote Education relate to departmental risks, expectations around pay settlements, school roll growth, and managing school property demand and conditions.

To manage the departmental risks the Ministry looks for opportunities such as process and procurement savings to help offset inflationary pressures. In addition the Ministry is carrying out a review of its role in the Education system (referred to as the Operating Model).

The expectations around pay settlements (be that from pay equity or renegotiation of Collective Agreements) are being managed by seeking a cost effective outcome through implementation of the Ministry's industrial relations strategies (sector and Ministry) and collective bargaining approach. Bargaining will follow the Government's Expectations for Pay and Employment Conditions, and is carried out in consultation with the State Services Commission.

With respect to the risks around the growth in school roll, the Ministry has two opportunities at OBU and MBU to ask for additional funding via forecast changes to offset these demand pressures. The Ministry develops school property investment plans annually which are used as a valuable planning tool for future Budgets and serve to manage the financial risks around school property demand and condition.

Question 9

What is the responsible Minister expecting regarding efficiency savings under this Vote in 2018/19? Where are those savings expected to be found? Please indicate how the funds saved are intended to be used (for example will they be returned to the Crown, or reinvested, and if so, in what).

The Ministry conducted a line by line review to identify efficiency savings. The savings identified for reprioritisation are detailed in Table 1.1 of the 2018/19 Budget Estimates for Vote Education. The funding was returned to the Crown for reprioritisation.

Question 10

Please explain briefly what significant changes affect this Vote for 2018/19, and the reasons for them, including the following:

1. New policies or outputs.
2. Discontinued policies or outputs.
 - a. Why they have been discontinued.
 - b. The exit strategy and cost of exiting any discontinued or re-prioritised policies or outputs; and
 - c. The effect this is expected to have on the agency's ability to achieve its outcomes.
3. Policies or outputs that have changed from the previous year (for example, any policies that have been reprioritised or refocused; increased or decreased outputs).
4. Any new or discontinued multi-category appropriations.
5. Increases or decreases of 10 percent or \$10 million (whichever is less), in the amount of appropriations. Where appropriations have decreased, please explain what effect this is likely to have on the department administering the Vote and the agencies that receive or use the funds.
6. Any funds carried forward or transferred from previous appropriations (this should cover transfers from 2016/17 to 2017/18 as well as transfers from 2017/18 to 2018/19).
7. Any changes to staffing levels in the 2018/19 financial year and out-years, including:
 - a. Full-time-equivalent staff
 - b. Total head-count
 - c. Numbers and percentages of staff defined as “front-line” staff (those who provide a service directly to the public for a significant rather than an occasional part of their duties) and “back-office” staff (those whose role is mainly to provide corporate support services to others within the department).

The biggest driver of change in the Vote was forecast changes, which have a net impact on the Vote of \$984.308 million over four years. Forecast changes relate to expense changes due to changing levels of demand and price changes under existing policy settings. As detailed in response to question 4, in the case of Vote: Education, forecast changes were largely driven by school roll growth and rising demand for ECE hours. These directly translate into expenditure on school operations funding, teacher numbers, a requirement for new schools and expansions to existing schools, and to increased early childhood education subsidy payments.

The other significant driver of change in the Vote was policy changes made by the Government. Key policy changes having an impact on the vote were:

- Price adjustments to ECE subsidy rates and schools operational funding, to enable schools and ECE providers to meet rising costs.
- Increased funding across a range of learning support programmes, to respond to a substantial increase in time in demand for learning support—due to both roll growth and increasing diagnosis rates, and
- Substantial investment in a Schools Growth package to support growth in school rolls.

The impact of these on the Vote was partially offset by a number of smaller policy changes and reprioritisations of expenditure, as discussed below.

Q10.1

A number of new policy changes were made that will impact on the Vote from 2018/19 onwards. These changes, and their impact on appropriations, are detailed in Table 1.1 of the Estimates documentation for Vote: Education, which is attached for your information.

Q10.2

Several policies and outputs have been discontinued, and the impact of this on appropriations is detailed in Table 1.1 of the Estimates documentation for Vote Education, which is attached for your information. In respect of the impact of these changes:

- Careers Pilots: careers education pilots that were planned for 10 Kāhui Ako across New Zealand will not be progressed. This programme is no longer a priority as it has been superseded by the initiative to develop a School leavers' toolkit. As such, discontinuation is not expected to impact on outcomes. As this initiative has not progressed beyond the design stage, no exit strategy is required and there are no exit costs.
- Funding Arrangements for Private Schools: removal of operational grant components, access to Te Kura subjects, and Aspire Scholarships from private schools. This is expected to result in only minimal impact on schools, and grandfathering arrangements for current Aspire Scholarship holders will mean that there is no disruption to their schooling. No exit strategy is required and there are no material exit costs.
- Interest Subsidy for Schools: the Interest Subsidy for Schools programme is in its final year and funding will no longer be required after 2017/18. No exit strategy is required and there are no exit costs. There is not expected to be any impact on outcomes.
- NASA Teacher Ambassador Programme: the NASA Teacher Ambassador Programme will not progress, as the Ministry has been unable to establish this programme due to barriers signing relevant contracts with NASA. No exit strategy is required, and there are no exit costs or impact on outcomes.
- United World College Scholarships: Funding for United World College Scholarships has been discontinued. No exit strategy is required aside from communication with affected stakeholders, and there are no exit costs or material impact on outcomes.
- ECE Participation Funds: Discontinuation of Targeted Assistance for Participation – Full funding (TAP 1), Intensive Community Participation Projects, and Participation Flexible funding. No exit strategy is required and there are no exit costs. Removal of this funding is expected to have only a minor impact on the sector, as the demand for this funding stream is very low.

Q10.3

Significant changes between 2017/18 and 2018/19 appropriations for Vote Education are explained in the *Reasons for Changes to Appropriation* for each appropriation in Part 2-4 of the Estimates of Appropriations 2018/19 for the Education Sector [B.5 Vol.2]. Further information can be found in the tables of Current and Past Policy Initiatives for each appropriation. A table listing all the new policy initiatives (in alphabetical order) and changes to appropriations is also included in Part 1.

Q10.4

One new multi-category appropriation (MCA) has been established for 2018/19. Non-Departmental output expenses Provision of Communication and Advice, Qualifications Support Structures, Quality Assurance and Secondary School Assessments have been combined into a MCA called Oversight and Administration of the Qualifications System MCA. This MCA has the single overarching purpose to provide effective oversight and administration of the qualifications system by the New Zealand Qualifications Authority.

The reorganisation of appropriations for 2018/19 is set out in The Estimates of Appropriations 2018/19 for the Education Sector [B.5 Vol.2] under Part 1.4 - Reconciliation of Changes in Appropriation Structure supported by Part 4 - Details of Multi-Category Expenses and Capital Expenditure.

Q10.5

Significant changes between 2017/18 and 2018/19 appropriations for Vote Education are explained in the section Reasons for Changes to Appropriation for each appropriation in Parts 2-4 of the Estimates of Appropriations 2018/19 for the Education Sector [B.5 Vol.2]. Further information can be found in the tables of Current and Past Policy Initiatives for each appropriation.

The changes in appropriation structure that apply from 1 July 2018, including the transfer to multi-category appropriations, are presented in the Estimates under Part 1.4 – Reconciliation of Changes in Appropriation Structure. This is complemented by the Comparators for Restructured Appropriation section in Parts 2-4 for each appropriation to provide traceability of funding.

The most significant changes in appropriations are summarised below:

1. Departmental Output Expense

- a. School Property Portfolio Management: \$31.847 million increase (2%) from \$1,794.597 million to \$1,826.444 million is mainly due to a combination of:
 - i. Capital charge and depreciation related to new schools and additional classrooms (\$19.463 million increase).
 - ii. Continuation of the Christchurch Schools Rebuild programme (\$10.573 million increase).
 - iii. Continuation of the New Zealand Schools Public Private Partnership programme (\$10.016 million increase).
 - iv. Reduced savings in capital charge expense following the decrease in rate from 8% to 6% in 2016/17 (\$8.946 million increase).
 - v. Support for infrastructure service delivery due to declining baselines (\$8.600 million increase).
 - vi. Utilisation of revenues from successful legal claims to cover costs associated with weather-tightness issues in schools in 2017/18 (\$10.340 million decrease).
 - vii. Increased property portfolio management activity funded by revenue from the sale of property in 2017/18 (\$9.286 million decrease).
 - viii. Increased provision for rental arrangements where building construction solutions are not available or are uneconomic in 2017/18 (\$3.500 million decrease).
 - ix. Rationalisation of school buildings transferred from 2016/17 to 2017/18 (\$1.400 million decrease).

2. Departmental Capital Expenditure

- a. Ministry of Education – Capital Expenditure: \$88.168 million increase (9%) from \$1,023.027 million to \$1,111.195 million is mainly due to a combination of:
 - i. Additional spend on school redevelopments, new schools and roll growth (\$135.572 million increase).
 - ii. Additional investment in Information and Communications Technology in line with progress of projects (\$3.886 million increase).
 - iii. Fit-out of office accommodation (\$2.515 million increase).
 - iv. Completion of the Third New Zealand Schools Public Private Partnership undertaken in 2017/18 (\$40.077 million decrease).
 - v. Fewer land acquisitions in line with the number of new schools later in the forecast period (\$13.728 million decrease).

3. Non-Departmental Output Expenses

- a. Early Childhood Education (previously classified under non-departmental other expenses): \$103.643 million increase (6%) from \$1,872.008 million to \$1,975.651 million is mainly due to:
 - i. Volume growth driven mainly by increased immigration, higher-than-expected birth rates and initiatives to improve awareness and engagement of families in early childhood education services (\$79.531 million increase).
 - ii. Changes in the mix of expenditure between service types, subsidy types and age of children (\$17.154 million increase).
 - iii. Full-year effect of Budget 2017 targeted funding for disadvantaged children (\$5 million increase).
 - iv. Transfer from non-departmental output expense Provision of Information and Advisory Services for Te Kōhanga Reo National Trust (\$2.560 million increase).
 - v. Improvements to the implementation of Communities of Learning | Kāhui Ako in 2018 (\$1.270 million increase).
- b. Primary Education (previously classified under non-departmental other expenses): \$96.441 million increase (3%) from \$3,196.982 million to \$3,293.423 million is mainly due to a combination of:
 - i. Return to the Crown of 2017/18 Investing in Educational Success underspend (\$29.976 million increase).
 - ii. Difference in estimated school term start dates between the two financial years (\$22.198 million increase).
 - iii. Additional teachers' salary costs mainly from increased rolls, changes in the level of effective average rates and settlement of collective employment agreements (\$18.570 million increase).
 - iv. Increase in school operations grant allocations (\$10.301 million increase).
 - v. Supporting the collaboration of early learning services implementing Communities of Learning | Kāhui Ako (\$8.203 million increase).
 - vi. Increased provision for the revised cost profile for Investing in Educational Success (\$4.786 million increase).
 - vii. Grants to schools boards of trustees towards triennial election costs (\$2.834 million increase).
 - viii. Effect of transfer in 2017/18 to departmental output expense category Interventions for Target Student Groups in Outcomes for Target Students Groups MCA to cover the cost of initial investigation into pay equity claims (\$1.731 million increase).
 - ix. Initiatives to ease short to medium-term pressure on teacher supply (\$1.150 million increase).
 - x. Transfer of funding to Improved Quality Teaching and Learning MCA, departmental output expense Support and Resources for Teachers for enhancement to Progress and Consistency Tool/Te Waharoa Ararua (\$2.829 million decrease).
- c. Schooling Improvement (previously classified under non-departmental other expenses): \$1.262 million increase (20%) from \$6.203 million to \$7.465 million is mainly due to additional funding for improvements to the implementation of Communities of Learning | Kāhui Ako in 2018 (\$800,000).
- d. Secondary Education (previously classified under non-departmental other expenses): \$67.512 million increase (3%) from \$2,247.057 million to \$2,314.569 million is mainly due to a combination of:

- i. Return to the Crown of 2017/18 Investing in Educational Success underspend (\$17.399 million).
 - ii. Additional teachers' salary costs mainly from increased rolls, changes in the level of effective average rates and settlement of collective employment agreements (\$17.028 million).
 - iii. Difference in estimated school term start dates between the two financial years (\$15.473 million).
 - iv. Increase in school operations grant allocations (\$7.348 million).
 - v. Supporting the collaboration of early learning services implementing Communities of Learning | Kāhui Ako (\$4.761 million).
 - vi. Rephasing of 2017/18 underspend in Investing in Educational Success to non-departmental output expenses Early Childhood Education and Schooling Improvement between 2018/19 and 2020/21 to provide better support for Kāhui Ako outcomes (\$3.995 million).
 - vii. Initiatives to ease short to medium-term pressure on teacher supply (\$1.734 million).
 - e. Teacher-Led Innovation Fund: \$740,000 increase (19%) from \$4 million to \$4.740 million for this multi-year appropriation is due to a change to the indicative spending profile.
4. Benefits or Related Expenses
- a. Home Schooling Allowances: \$900,000 decrease (15%) from \$6.028 million to \$5.128 million is due to additional allowance requirements for home schooling in 2017/18 that were not carried over to the next year.
 - b. Scholarships and Awards for Students (combination of the previous separate appropriations Boarding Allowances, Puawaitanga Scholarships and Scholarships for Students to Attend Private Schools): \$1.969 million increase (14%) from \$14.297 million to \$16.266 million is due to:
 - i. Return of savings to the Crown in 2017/18 for the underspend in boarding allowances (\$1.100 million).
 - ii. One-off transfer to benefit expense Home Schooling Allowances to manage additional allowances for home schooling in 2017/18 (\$900,000).
5. Non-Departmental Other Expenses
- a. Impairment of Debts and Assets and Debt Write-Offs: \$500,000 increase (33%) from \$1.500 million to \$2 million provide for potential impairment or write-off of historical Crown debtor balances that are assessed as unlikely to be recovered.
6. Non-Departmental Capital Expenditure
- a. Schools Payroll Sustainability Loan: \$2.341 million decrease (30%) from \$7.783 million for this multi-year appropriation to \$5.442 million as per the original profile.
7. Multi-Category Expenses and Capital Expenditure
- a. Outcomes for Target Student Groups: \$40.348 million increase (6%) from \$713.269 million to \$753.617 million mainly due to:
 - i. Provision for expected increased demand for the Ongoing Resourcing Scheme (\$16.462 million).

- ii. Additional teacher aide hourly funding (\$5.713 million).
 - iii. Additional funding for early intervention specialist service providers (\$4.958 million).
 - iv. Increase in the Expanding Behavioural Services initiative (\$4.558 million).
 - v. Additional funding for the Sustaining Momentum on New Zealand Sign Language in Education programme (\$4.333 million).
 - vi. Additional funding to meet increased demand for English for Speakers of Other Languages programme (\$3.483 million increase).
 - vii. Funding to increase the number of students receiving specialist support through the Te Kahu Toi Intensive Wraparound Service (\$1.313 million).
- b. Oversight of the Education System MCA: \$9.409 million decrease (13%) from \$71.882 million to \$62.495 million mainly due to a combination of:
- i. Completion of tranche 0 and the first year of tranche 1 of the Integrated Education Data (iED) Programme (\$9.463 million decrease).
 - ii. Review of the Ministry's operating model in 2017/18 (\$1.900 million decrease).
 - iii. Transfer from 2016/17 to 2017/18 for the Education Funding Review (\$1 million decrease).
 - iv. Expansion of the New Directions for the Education System project (\$2.667 million increase).

Q10.6

Funds in Vote Education that have been transferred from 2016/17 to 2017/18 financial year are provided in the table below.

Education	\$000
Departmental Output Expenses	
Place-Based Initiative-Te Tai Tokerau, Northland	
Northland Place-Based Initiative	650
School Property Portfolio Management	
Corporate Transformation Programme	370
Impact of Kaikoura Earthquakes on Technical Advice and Assessments	700
Improving Education Infrastructure Investment Decisions and Services for Schools	475
Rationalisation of School Buildings	1,400
Weather-tightness Product Claim Legal Expenses	2,000
Support and Resources for Education Providers	
Education Resourcing System Programme	900
Holidays Act Investigation	800
Operating Model Review	249
Support and Resources for Parents and the Community	
Corporate Transformation Programme	550
Non-Departmental Output Expense	
Contribution to the Education Council of Aotearoa New Zealand	
Reimbursement of Education Council for Teacher Practicing Certificate fees	1,200
Primary Education	

Education	\$000
Establishment of Round 4 Partnership Schools	360
Secondary Education	
Establishment of Round 4 Partnership Schools	739
School Managed Network Funding	
School Managed Network Funding	1,700
Integrated Schools Property	
Takanini School	1,900
Wireless School Network Upgrade	200
Non-departmental Capital Expenditure	
Schools Furniture and Equipment	
Furniture and Equipment Grants	1,900
Multi-Category Expenses and Capital Expenditure	
Outcomes for Target Student Groups MCA: Interventions for Target Student Groups	
Intensive Wrap-around Service Year 9	30
Corporate Transformation Programme	750
Education System Identity and Access Management	1,485
Improved Quality Teaching and Learning MCA: Support and Resources for Teachers	
Communities of Learning - Bundled Services	750
Communities of Learning – Expert Partners	
Communities of Learning – New Appointments National Panel	500
Corporate Transformation Programme	1,250
Improved Quality Teaching and Learning MCA: Curriculum Support	
NASA Teacher Ambassador Programme	300
Improved Quality Teaching and Learning MCA: Professional Development and Support	
Centrally Funded Professional Learning and Development	4,779
Oversight of the Education System MCA: Policy Advice	
Education Funding Review	1,000
Oversight of the Education System MCA: Research and Analysis	
Corporate Transformation Programme	500
Integrated Education Data (IED) Programme	1,307
Departmental Capital Injection	
Education Resourcing System Programme	7,100
New Schools	18,639
Christchurch Schools Rebuild Programme	60,495
School Property Guides Capital Works Programme Funding	7,351

Funds in Vote Education that have been transferred from 2017/18 to 2018/19 financial year are provided in the table below.

Education	\$000
Departmental Output Expenses	
Support and Resources for Education Providers	
Education Resourcing System Programme	2,400

Education	\$000
Strengthening Frontline Service Delivery to Support Student Achievement	1,511
Non-Departmental Output Expense	
Contribution to the Education Council of Aotearoa New Zealand	
Reimbursement of Education Council for Teacher Practicing Certificate fees	4,000
Schools Furniture and Equipment	
Furniture and Equipment Grants	4,700
Multi-Category Expenses and Capital Expenditure	
Outcomes for Target Student Groups MCA: Interventions for Target Student Groups	
Intensive Wrap-around Service Year 9	145
Improved Quality Teaching and Learning MCA: Support and Resources for Teachers	
Communities of Learning – Expert Partners	2,800
Communities of Learning – New Appointments National Panel	500
Departmental Capital Injection	
New Schools	24,661
Roll Growth	7,706

Q10.7

During the financial year 2017/18 to date (31 March 2018), the Ministry had 2,781.3 FTE (3,108 headcount). There has been a modest increase in FTE by 7.7%. This reflects an expansion in permanent and fixed-term employees to deliver growing work programme demands. The Ministry has also reviewed capacity and capability requirements, which has resulted in the conversion of some contracted resource to either fixed term or permanent employee, providing on-going cost savings.

Work is underway to forecast staff numbers for out years, currently the Ministry does not capture this information.

The ratio of front-line and back office has remained relatively constant (1.4 back office staff for every one front-line staff).

Question 11

Are any changes planned for 2018/19 in the use of external resources (such as consultants, leased executives, advisers, or contractors) to provide the administering department's outputs (that is, deliver its services to its customers)? If so, please advise:

1. The nature and size (both in percentage terms and nominally) of the changes planned.
2. The reason for the changes, and
3. Why internal resources cannot be used.

As the Ministry is still finalising its plans for the year it cannot provide, at this time, either the Budget for 2018/19 or a detailed list of proposed spending on external consultants, leased executives, advisers or contractors. Information on external resources is normally provided during the Annual Review process.

Question 12

Is the department administering this Vote reviewing, or intending to review, any legislation for which it is responsible? If so:

1. What changes to legislation are proposed, and why?
2. If the review is because of policy changes, please specify the policy areas and changes being considered.
3. How would the proposed legislative change affect the appropriations within this Vote?
4. What effect is it expected to have on any other Vote?

There are two Government Bills before the Education and Workforce Committee that will amend the Education Act 1989, and two further proposed Government Bills that will amend the Act.

The Education (Teaching Council of Aotearoa) Amendment Bill was introduced as a member's bill on 29 June 2017. Subsequently, the Bill was adopted by the Government and had its First Reading on 1 February 2018. The Bill proposes to change the name of the Education Council of Aotearoa New Zealand to the Teaching Council of Aotearoa, and to change the composition of the Council to provide for seven elected members and six appointed members.

The Education (Teaching Council of Aotearoa) Amendment Bill, if enacted, is not expected to affect any appropriations within Vote Education or have an effect on any other Vote.

The Education Amendment Bill was introduced on 8 February 2018 and had its First Reading on 15 February 2018. The Bill:

- Removes provisions relating to national standards and the partnership school model from the Education Act 1989.
- Restores places for staff and students on the councils of tertiary education institutions
- Creates a new offence of making a false representation in relation to an application for free tertiary education.
- Makes improvements to the new strategic planning and reporting framework for State and State integrated schools.
- Makes minor and technical amendments to the Education Act 1989 and the Education (Update) Amendment Act 2017.

In relation to Vote Education, the removal of provisions relating to the partnership school model will have an effect on appropriations within the Vote; however, at this stage, the actual effect cannot be quantified. For possible effects on appropriations within Vote Tertiary Education, please refer to the answer to question 12 of the 2018/19 Estimates Examination Standard Questionnaire for Vote Tertiary Education. The Bill is not expected to have an effect on any other Vote.

Public consultation has been completed on proposals for an education Bill. The proposals for changes to the Education Act 1989, the Education (Update) Amendment Act 2017, the Industry Training and Apprenticeships Act 1992, and the State Sector Act 1988 include:

- Ensuring that only children five years old and older may start school in a cohort.
- Amending the registration criteria for private schools to require them to provide a safe physical and emotional environment for students.
- Providing strengthened vetting requirements for home based early childhood education and care provision.
- Restoring a skills leadership role for industry training organisations.
- Providing options for strengthening the Government's engagement with the Education Council of Aotearoa New Zealand.
- Repealing the legislative framework for Communities of Online Learning.

- Ensuring that the State Sector Act 1988 is applied consistently for mergers and closures of State schools and State integrated schools.

In relation to Vote Education, any changes to cohort entry arrangements are expected to have a minor effect on appropriations within the Vote. It is also expected that the changes may affect Vote Social Development. At this stage, the actual effects cannot be quantified. For possible effects on appropriations within Vote Tertiary Education, please refer to the answer to question 12 of the 2018/19 Estimates Examination Standard Questionnaire for Vote Tertiary Education.

An education rewrite Bill has been proposed. It is envisaged that the Bill will address both cross-sector and, or complex policy issues, and structural issues with the Education Act 1989. At this stage, it is not possible to assess any likely effects on appropriations within Vote Education or any other Vote.

Proactively Released

CROWN ENTITIES FUNDED UNDER THE VOTE

Question 13

For any Crown entities funded by the Vote:

1. If any significant changes in funding Crown entities are proposed in the Estimates, how are they expected to affect the services produced or provided?
2. What changes, if any, have been made to performance information for appropriations used by Crown entities under this Vote?
3. Are there any particular performance risks or concerns for the 2018/19 year?
4. How will the performance of the Crown entities be monitored to ensure the risks are well managed?

There are no significant changes in funding to the New Zealand Qualifications Authority (NZQA).

For 2018/19 NZQA's appropriations have shifted into a new multi-category appropriation (MCA) Oversight and Administration of the Qualifications System (M26). Under the MCA four former appropriations are now categories. NZQA incorporated feedback from auditors, the Treasury and the Ministry of Education during this process, which included:

- Refining scope statements.
- Adding a measure to capture service provision to Ministers.
- Revising a measure to reflect faster customer service times.

The two overarching measures for the MCA are impact measures that NZQA has been measuring progress against under its 2016/17 – 2019/20 Statement of Intent. The MCA does not include the appropriation for Non departmental Other Expenses.

The Estimates measures will be supplemented with additional measures agreed as part of their Statement of Performance Expectations for 2018/19.

All Crown entities recognise the need to shift from outputs to outcomes. NZQA has put in place a work programme to improve its performance measures over time. This year NZQA has removed activity measures and trialled a methodology to improve measure alignment and relevance.

No specific performance issues have been identified for the 2017/18 year for Crown entities funded by the Vote.

NZQA is monitored by the Ministry of Education.

Monitoring performance of Crown entities involves:

- Working with the entity to ensure performance reports provide sufficient detail on progress against goals in the annual Statement of Performance Expectations, impacts in the Statement of Intent and Government Education sector priorities.
- Developing metrics to identify strengths and weaknesses in the entity's performance.
- Providing the Minister with timely and practical advice on the entity's progress against strategic goals, areas of focus, performance expectations and risks.
- Giving feedback to the entity on how performance reporting data is used.

Question 14

What specific expectations has the responsible Minister communicated to each of the Crown entities funded under the Vote? If no expectations have been set, please explain why. Please describe in detail any specific human-resource, financial, or operational issues or risks that may arise in meeting these expectations. How will these be managed?

The Minister sets out expectations of Crown entities in the Letters of Expectations. The Letters of Expectations for 2018/19 are currently being developed and will be finalised shortly.

The previous Letters of Expectations (2017/18) will remain in place until the 2018/19 Letters of Expectations replace them.

In meeting expectations set out by the Minister NZQA has an established risk management system. Senior management and the respective board and Audit and Risk subcommittee manage significant entity risks through regular monitoring and reporting. The Minister and the Ministry of Education will be informed of any significant risks, as will the entities' auditors.

Proactively Released

CAPABILITY OF AGENCIES TO DELIVER OUTPUTS

Question 15

What specific risks and challenges (in order of significance) to the capability of agencies delivering outputs under this Vote have been identified? What action is being taken to manage these challenges?

The Ministry undertakes system level analysis and advice and works to ensure education providers contribute to a well-functioning education system.

The Ministry of Education monitors the New Zealand Qualifications Authority. As part of this monitoring, capability risks are regularly assessed

Question 16

What staff groups have you identified as being critical to the delivery of essential core services under the Vote? What risks are there to capability in these critical areas? Please provide information about the level of risk to this capability.

The essential core services for each group of stakeholders are defined as follows.

For Ministers:

- Policy development and advice.
- Drafting of proposed legislation.

Education Services:

- Learning Support.
- Curriculum development.
- Information technology.
- Property provision.
- School transport.
- School payroll.
- Education Workforce Management.

The same risks are present in both groups of services. At various locations the Ministry must attract appropriately qualified people to ensure a continuity of service.

The Ministry has a number of specialised roles such as psychologists, speech language therapists, special education advisors and early intervention teachers. It takes longer to fill these roles than the time required to fill other more generalised and professional roles. Demand for high quality policy professionals remains high and the market is competitive for the same roles. The risk the Ministry monitors is the impact on the continuity of service provision where appointment processes are lengthy.

Similar to other public service organisations, the Ministry's employee demographics has an ageing workforce, with almost half (45.4%) of the workforce aged over 50. Of those workforce aged 50 and over, 41% (584) have been in the Ministry for 11 years or more and 33.0% (193) aged 65 or more. The workforce aged 65+ has reduced by almost half (45.8%) in four years (356) while workforce aged 30 and below remained constant.

Question 17

For those agencies involved in the Canterbury rebuild/regeneration, what particular challenges and priorities have been identified?

The earthquakes of September 2010 and February 2011 caused massive disruption and loss for the people of Greater Christchurch, impacting all members of the community. Even eight years on from the start of a sequence of 13,000 earthquakes over a two year period, and another major event in November 2016, the impact on people's lives is still significant. One of the Ministry's challenges lies around increasing instances of negative student behaviour, often related to repeated exposure to and on-going reminders of the trauma of the earthquakes, and the ongoing fatigue and stress across our schooling workforce.

A key challenge is tailoring individual school wellbeing plans based on the needs and issues the schools are experiencing and the ongoing resourcing for appropriate interventions and support available to meet those needs. In particular, a range of initiatives to collectively deliver services that are responsive, coordinated, consistent, reliable, accessible and adaptable to address a growing incidence of youth mental health issues in the region remains an interagency challenge.

The school property portfolio generally responded well during the earthquakes, in comparison to other asset categories, but considerable damage was sustained. While the significant Government investment over the next ten years will provide new and improved school facilities across greater Christchurch, it comes with challenges such as:

- Managing schools expectations in relation to the capital investment.
- Working with schools on maintenance whilst they wait for their building works to start takes a lot of planning and preparation.
- Facilitating and guiding schools in determining and shaping a sustainable network.
- Some schools take longer and need more support to get to grips with what is possible, and how effective teaching and learning could be delivered in new or remodelled teaching and learning spaces.

Along with the new and improved school infrastructure, the wider aims of education renewal can only be achieved by:

- Sustaining the model of education delivery within greater Christchurch that is structured around education providers working collaboratively to integrate education delivery for students within their local community.
- Harnessing the full potential of collaborative teaching and learning practises by schools when they move into their new facilities.
- Ensuring that all state and state integrated Christchurch schools have a stable, high quality workforce focussed on achieving education outcomes.

The Ministry summarises its contribution to the Government's key priority of rebuilding Canterbury on page 5 of its Four Year Plan 2016 - 2020. Our priorities include:

- Supporting wellbeing plans based on the needs and issues of the schools in greater Christchurch.
- Delivering planned property and infrastructure solutions to support and enable a schools education vision to be realised.
- Delivering a transformative teaching and learning practice programme so the benefits of investment in our schools is realised.
- Implementing the agreed proposals for Special Education network development.
- Enhancing technology provision for Year 7 & 8 pupils in greater Christchurch.
- Supporting the plan for secondary schools working collaboratively to achieve their vision for education renewal in greater Christchurch.

Our main priority remains to ensure the people in our education community continue to receive the support they need as a result of the earthquakes and changes which have been made in response to them.

The Ministry has convened a Sector Working Group following the passing of the Education (Update) Amendment Act 2017 to review our guidance around processes for school changes including closures and mergers. Each of the ten key schooling sector national organisations are represented on the Sector Working Group, the Terms of Reference for the Group have been agreed, and discussions that have taken place over four meetings since the group's establishment have been positive and wide ranging.

The group has collectively decided that this is an opportunity to have significant input into the process for effective management of the schooling network, meaning the work we are undertaking in relation to the closure and merger process forms an important part of a much broader piece of work.

Christchurch Schools Rebuild (CSR) Programme.

In regards to school property, there are 115 schools included. Once complete the programme will:

- Construct 13 schools (on new sites)
- Rebuild 10 schools (on existing sites)
- Fully redevelop 34 schools; and
- Moderately redevelop 58 schools.

The CSR programme is in its fifth year. As at the end of April, 93 schools are the programme at various stages of development. To date we have completed 25 schools, 25 are in construction, 34 are in various stages of design, 9 are in the pre-engagement stage and 22 schools are yet to enter the programme.

Question 18

How have any mergers and machinery-of-government or other structural changes made in 2017/18 affected the Vote?

The disestablishment of Careers NZ and the integration of its functions into the Tertiary Education Commission (TEC) took effect from 1 July 2017. To ensure that there was continuity of the professional support for careers staff in schools during the restructure of the TEC, a Ministerial Directive was signed in December 2017 directing TEC to continue to provide professional support until the end of 2018, funded from Vote Education. This involved a fiscally neutral adjustment between Vote Education and Vote Tertiary Education of \$1.024 million in total across financial years 2017/18 to 2018/19, with \$0.475 million transferred in 2017/18.

Question 19

Are any of the agencies funded under the Vote considering or developing any plans to:

1. Enter into any kind of shared services arrangements?
 - a. Collective or joint procurement.
 - b. Shared services arrangements?
2. Form or enter into any type of joint venture or public-private partnership?
3. Access external equity?

In each case, please provide details

The Government has indicated an intention to no longer use Public-private partnerships (PPPs) for the provision of schools.

The consortium for the third Public Private Partnership for new schools (PPP3) was appointed in April 2017. The Schools the consortium will deliver are:

- Matua Ngaru Kumeu / Huapai Primary School (previously known as Kumeu / Huapai Primary School), opening in Auckland in 2019.
- Te Uho Te Nikau Flat Bush South East Primary School (previously known as Flat Bush South East Primary School), opening in Auckland in 2019.
- Sylvester Primary School, opening in Hamilton in 2019.
- Shirley Boys' High School and Avonside Girls' High School, co-located on a Christchurch site and opening in 2019.

The New Zealand Qualifications Authority is not considering or developing any plans to enter into any kind of shared services arrangements, form or enter into any type of joint venture or public-private partnership, or access external equity.

OTHER INFORMATION

Question 20

Would you like to bring to the committee's attention any other matters relating to your Vote that have not been described in the Estimates documents, in your Budget press statements, or in response to other questions in this questionnaire? Please give details.

No.

Question 21

Please provide an electronic copy of each output plan drawn up between you (or an agent) and a department and/or other party for the supply of outputs for the 2018/19 year related to this Vote. If output plans have not yet been finalised, and you prefer not to provide draft plans, please let us know the timetable for finalising these and provide an electronic copy of each output plan as it is completed.

The Ministry of Education 2018/19 Output Plan will be forwarded to the Committee once finalised.

Question 22

Please provide a copy of the 4 year plan for each agency funded under this Vote.

The Treasury agreed the Ministry of Education did not need to provide a comprehensive Four Year Plan for 2018-22 in December 2017. The Ministry plans to provide an updated Statement of Intent 2018-22 which will be published by October 2018.

**Finance and Expenditure
Committee**

**2018/19
ESTIMATES EXAMINATION
Standard Questionnaire**

Minister of Education

Vote Tertiary Education

May 2018

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Sometimes more than one Vote or department is working towards the same outcome. Where this is happening, explain which other Votes and/or departments are involved (in working towards the same outcome), what resources they will be using and how, and how results will be reported.....	6
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What is planned for significant capital expenditure and investment, including information system investments, for 2018/19 and out-years? How will this capital expenditure and investment be funded? How does the level of planned capital expenditure and investment differ from 2017/18, and why? What, if any, delays or curtailment of capital projects/investment have there been, why, and what is the expected impact on service delivery?	
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Is the department administering the Vote planning to enter into any significant “as a service” arrangements (for example, “software as a service”, “business process as a service”, “infrastructure as a service”) in 2018/19 and out-years? How will these be funded and what effect will they have on the appropriations in the Vote?	
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What are the financial risks relating to this Vote? How will any financial risks that have been identified be monitored and managed?	
Question 9.....	8
What is the responsible Minister expecting regarding efficiency savings under this Vote in 2018/19? Where are those savings expected to be found? Please indicate how the funds saved are intended to be used (for example will they be returned to the Crown, or reinvested, and if so, in what).	
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Please explain briefly what significant changes affect this Vote for 2018/19, and the reasons for them, including the following:	
1. New policies or outputs.	
2. Discontinued policies or outputs.	
a. Why they have been discontinued.	

- b. The exit strategy and cost of exiting any discontinued or re-prioritised policies or outputs; and
 - c. The effect this is expected to have on the agency's ability to achieve its outcomes.
3. Policies or outputs that have changed from the previous year (for example, any policies that have been reprioritised or refocused; increased or decreased outputs).
 4. Any new or discontinued multi-category appropriations.
 5. Increases or decreases of 10 percent or \$10 million (whichever is less), in the amount of appropriations. Where appropriations have decreased, please explain what effect this is likely to have on the department administering the Vote and the agencies that receive or use the funds.
 6. Any funds carried forward or transferred from previous appropriations (this should cover transfers from 2016/17 to 2017/18 as well as transfers from 2017/18 to 2018/19).
 7. Any changes to staffing levels in the 2018/19 financial year and out-years, including:
 - a. Full-time-equivalent staff
 - b. Total head-count
 - c. Numbers and percentages of staff defined as “front-line” staff (those who provide a service directly to the public for a significant rather than an occasional part of their duties) and “back-office” staff (those whose role is mainly to provide corporate support services to others within the department).

Question 11..... 11

Are any changes planned for 2018/19 in the use of external resources (such as consultants, leased executives, advisers, or contractors) to provide the administering department's outputs (that is, deliver its services to its customers)? If so, please advise:

1. The nature and size (both in percentage terms and nominally) of the changes planned.
2. The reason for the changes, and
3. Why internal resources cannot be used.

Question 12..... 12

Is the department administering this Vote reviewing, or intending to review, any legislation for which it is responsible? If so:

1. What changes to legislation are proposed, and why?
2. If the review is because of policy changes, please specify the policy areas and changes being considered.
3. How would the proposed legislative change affect the appropriations within this Vote?
4. What effect is it expected to have on any other Vote?

CROWN ENTITIES FUNDED UNDER THE VOTE 13

Question 13..... 13

For any Crown entities funded by the Vote:

1. If any significant changes in funding Crown entities are proposed in the Estimates, how are they expected to affect the services produced or provided?
2. What changes, if any, have been made to performance information for appropriations used by Crown entities under this Vote?

3. Are there any particular performance risks or concerns for the 2018/19 year?
4. How will the performance of the Crown entities be monitored to ensure the risks are well managed?

Question 14..... 14

What specific expectations has the responsible Minister communicated to each of the Crown entities funded under the Vote? If no expectations have been set, please explain why. Please describe in detail any specific human-resource, financial, or operational issues or risks that may arise in meeting these expectations. How will these be managed?

CAPABILITY OF AGENCIES TO DELIVER OUTPUTS 15

Question 15..... 15

What specific risks and challenges (in order of significance) to the capability of agencies delivering outputs under this Vote have been identified? What action is being taken to manage these challenges?

Question 16..... 15

What staff groups have you identified as being critical to the delivery of essential core services under the Vote? What risks are there to capability in these critical areas? Please provide information about the level of risk to this capability.

Question 17..... 15

For those agencies involved in the Canterbury rebuild/regeneration, what particular challenges and priorities have been identified?

Question 18..... 16

How have any mergers and machinery-of-government or other structural changes made in 2017/18 affected the Vote?

Question 19..... 16

Are any of the agencies funded under the Vote considering or developing any plans to:

1. Enter into any kind of shared services arrangements?
 - a. Collective or joint procurement.
 - b. Shared services arrangements?
2. Form or enter into any type of joint venture or public-private partnership?
3. Access external equity?

OTHER INFORMATION 17

Question 20..... 17

Would you like to bring to the committee's attention any other matters relating to your Vote that have not been described in the Estimates documents, in your Budget press statements, or in response to other questions in this questionnaire? Please give details.

Question 21..... 17

Please provide an electronic copy of each output plan drawn up between you (or an agent) and a department and/or other party for the supply of outputs for the 2018/19 year related to this Vote. If output plans have not yet been finalised, and you prefer not to provide draft plans, please let us know the timetable for finalising these and provide an electronic copy of each output plan as it is completed.

Question 22..... 17

Please provide a copy of the 4 year plan for each agency funded under this Vote.

OUTCOMES THE VOTE AIMS TO ACHIEVE

Question 1

Which agencies will be using funds from this Vote, and who are the responsible Ministers?

The Ministry of Education, the Tertiary Education Commission (TEC) and Education New Zealand incur expenditure under Vote Tertiary Education.

I am the responsible Minister for tertiary and international education functions in the Ministry of Education, TEC and Education New Zealand.

Question 2

What outcomes does the Vote aim to achieve?

The long term outcomes and objectives the Vote aims to achieve are set out in Table 1.5, of the Estimates and Appropriations document, which shows linkages to the contributing Appropriations. The “*What is intended to be achieved with this Appropriation*” sections under each Appropriation describe how they contribute to these outcomes and objectives.

Education agencies are working to support the Government’s vision for the education portfolio and the 2018 Education Work Programme as agreed with Cabinet in February 2018. www.education.govt.nz/ministry-of-education/information-releases/education-portfolio-work-programme/.

Question 3

What does each of the agencies funded by the Vote contribute to these outcomes?

The contribution of the agencies funded by the Vote is set out in the “*What is intended to be achieved with this Appropriation*” sections under each Appropriation.

More information will be set out in the Output Plan 2018/19 and Statement of Intent available later in the year. Current priorities are outlined in the Updated Output Plan 2017/18. This will be forwarded to the Committee once finalised.

More information on the contribution of TEC and Education New Zealand is set out in their Statements of Intent and Statements of Performance Expectations. (links provided below)

www.tec.govt.nz/assets/Reports/Statement-of-intent-2015-2019-2.pdf

www.tec.govt.nz/assets/Publications-and-others/TEC-Statement-of-Performance-Expectations-2017-2018.pdf

<https://enz.govt.nz/assets/Uploads/Statement-of-Performance-Expectations-2017-18.pdf>

<https://enz.govt.nz/assets/Uploads/Statement-of-Intent-2017-2021.pdf>

Question 4

Sometimes more than one Vote or department is working towards the same outcome. Where this is happening, explain which other Votes and/or departments are involved (in working towards the same outcome), what resources they will be using and how, and how results will be reported.

Government's expectations about Crown entities' contributions to these wider outcomes and priorities are set out in annual Letters of Expectations. Information about each agency's contribution to wider Government priorities is included in agencies' Statements of Intent, Statement of Performance Expectations and reported on in their Annual Reports.

While the New Zealand Qualifications Authority is not funded through Vote Tertiary Education, they also contribute to the achievement of Tertiary Education Strategy priorities. Further details of the New Zealand Qualifications Authority contributions to tertiary education priorities can be found in their Statements of Intent, Statement of Performance Expectations and annual reports.

Proactively Released

EXPENDITURE UNDER THE VOTE

Question 5

Please describe the most significant factors (including social, environmental, or economic) that have affected the type and amount of the appropriations sought under the Vote in 2018/19.

The most significant factors that have affected the type and amount of the appropriations sought under Vote Tertiary Education in 2018/19 include ensuring funding supports:

- Improved outcomes for learners, employers and the broader community to ensure we are developing a workforce that is innovative, highly skilled, well-connected and contributes to excellent high-impact research.
- Improved results for learners, including increased qualification completion rates, progression to high levels of study, and improvements in the value of Government expenditure.
- High-quality research and research-based teaching as part of a wider research and development system.
- Flexible access to tertiary provision, to accommodate different aspects of learners' lives and to make it easier to adapt to workplace change and life-long learning needs.
- Increasing the international reputation of New Zealand providers in ensuring that New Zealand graduates can operate in the international labour market, and in building New Zealand's appeal to international students.
- Increasing uptake of technology and new delivery models such as e-learning and blended delivery.
- Delivering the Government's commitment for the first year of tertiary education and training to be fees-free from 1 January 2018.

Question 6

What is planned for significant capital expenditure and investment, including information system investments, for 2018/19 and out-years? How will this capital expenditure and investment be funded? How does the level of planned capital expenditure and investment differ from 2017/18, and why? What, if any, delays or curtailment of capital projects/investment have there been, why, and what is the expected impact on service delivery?

The significant capital expenditure and investment intentions in the tertiary education sector, including information system investments for 2018/19 and out-years include:

- Continuing to support the rebuild of Canterbury following the earthquakes. Funding of up to \$260 million was appropriated to support the rebuild of the University of Canterbury's science and engineering facilities and \$210 million of this funding has already been paid. Payment of the remaining \$50 million in 2018/19 is subject to conditions in the Funding Agreement.
- Cabinet has agreed to provide a capital injection of \$8.5 million to keep Tai Poutini Polytechnic operating while work continues on the sustainability of institutes of technology and polytechnics, and the Crown Manager continues to make operational and educational improvements. \$6.450 million is to be paid in 2017/18 and the remaining \$2.050 million in 2018/19.
- In 2017, Cabinet agreed in-principle to provide up to \$85 million to help fund the construction of a joint Lincoln University – AgResearch facility (the Joint Facility). Lincoln has experienced some delays in completing and submitted the Implementation Business Case that is a prerequisite for the first instalment of this funding, which may impact on construction timeframes.

Question 7

Is the department administering the Vote planning to enter into any significant “as a service” arrangements (for example, “software as a service”, “business process as a service”, “infrastructure as a service”) in 2018/19 and out-years? How will these be funded and what effect will they have on the appropriations in the Vote?

The Ministry has decided at this stage not to adopt Desktop as a Service. Based on work undertaken to date, there would be an increase of costs to the Ministry.

The Ministry is planning on taking advantage of the Microsoft Office 365 service under the AoG Microsoft agreement to better enable model / flexible working. This change will be cost neutral in the midterm.

Question 8

What are the financial risks relating to this Vote? How will any financial risks that have been identified be monitored and managed?

The risks of over expenditure are minimal because the tertiary funding system is capped. To manage the residual risk, some flexibility has been introduced into the Vote to enable funding to follow demand more closely and ensure that available funding is used effectively by the tertiary sector overall. Alongside these changes, the Ministry has continued to refine its approach to forecasting demand for tertiary education so that it can inform Government’s understanding and decisions about potential financial risks.

The Government’s decisions on introducing its first-year fees-free and increased student support policies included funding to manage the risk of a modest increase in demand due to the combined impact of those policies.

The Government has committed to delivering two years fees-free tertiary education and training from 2021 and three-years fees-free from 2024. No funding has yet been appropriated to deliver these commitments. The Ministry leads a work programme to provide Ministers with advice on the implementation of its fees-free commitments.

Question 9

What is the responsible Minister expecting regarding efficiency savings under this Vote in 2018/19? Where are those savings expected to be found? Please indicate how the funds saved are intended to be used (for example will they be returned to the Crown, or reinvested, and if so, in what).

The Government expects that available funding is invested in high-value, effective tertiary education and training programmes.

A relatively small amount of funding (\$86.45 million over four years) has been reprioritised out of the tertiary education and training multi-category appropriation and returned to the centre for investment in other priorities across Government in Budget 2018. The reprioritisation better aligns funding with recent and expected future levels of demand for delivery of programmes at qualification levels 1–3.

The reprioritisation reflects that, in recent years, improved retention and achievement in the compulsory school sector, initiatives such as Trades Academies, and a strong labour market (demand for labour) have impacted on demand for tertiary education and training programmes at the lower end of the qualifications framework.

Question 10

Please explain briefly what significant changes affect this Vote for 2018/19, and the reasons for them, including the following:

1. New policies or outputs.
2. Discontinued policies or outputs.
 - a. Why they have been discontinued.
 - b. The exit strategy and cost of exiting any discontinued or re-prioritised policies or outputs; and
 - c. The effect this is expected to have on the agency's ability to achieve its outcomes.
3. Policies or outputs that have changed from the previous year (for example, any policies that have been reprioritised or refocused; increased or decreased outputs).
4. Any new or discontinued multi-category appropriations.
5. Increases or decreases of 10 percent or \$10 million (whichever is less), in the amount of appropriations. Where appropriations have decreased, please explain what effect this is likely to have on the department administering the Vote and the agencies that receive or use the funds.
6. Any funds carried forward or transferred from previous appropriations (this should cover transfers from 2016/17 to 2017/18 as well as transfers from 2017/18 to 2018/19).\
7. Any changes to staffing levels in the 2018/19 financial year and out-years, including:
 - a. Full-time-equivalent staff
 - b. Total head-count
 - c. Numbers and percentages of staff defined as “front-line” staff (those who provide a service directly to the public for a significant rather than an occasional part of their duties) and “back-office” staff (those whose role is mainly to provide corporate support services to others within the department).

Q 10.1 & Q10.2

Significant changes in policies and outputs between 2017/18 and 2018/19 in Vote Tertiary Education are outlined as New Policy Initiatives in Part 1 of the Estimates of Appropriations 2018/19 for the Education Sector [B.5 Vol.2]. Further information can be found in the tables of Current and Past Policy Initiatives for each appropriation.

Key changes in policies and outputs in Vote Tertiary Education compared to 2017/18 include:

- The disestablishment of Careers New Zealand and the integration of its functions into TEC took effect from 1 July 2017 and resulted in the merging of two appropriations to create the ‘Administration of and Support for the Tertiary Education and Careers systems’ appropriation and updated performance measures.
- Implementation of students’ first year of tertiary education and training being fees-free from the start of 2018, including the establishment of the ‘Fees-Free Payments’ category in the Tertiary Tuition and Training Multi-Category Appropriation.

Q10.3

Significant changes between 2017/18 and 2018/19 appropriations for Vote Tertiary Education are explained in the section *Reasons for Changes to Appropriation* for each appropriation in Parts 2-4 of the Estimates of Appropriations 2018/19 for the Education Sector [B.5 Vol.2]. Further information can be found in the tables of Current and Past Policy Initiatives for each appropriation. A table listing all the new policy initiatives (in alphabetical order) and changes to appropriations is also included in Part 1.

Q10.4

There are no new or discontinued multi-category appropriations in this Vote for 2018/19.

Information on the category “Fees Free Payments” that was added to the Tertiary Tuition and Training Multi-Category Appropriation is provided in the answer to 10.5.

Q10.5

Significant changes between 2017/18 and 2018/19 appropriations for Vote Tertiary Education are explained in the section *Reasons for Changes to Appropriation* for each appropriation in Parts 2-4 of the Estimates of Appropriations 2018/19 for the Education Sector [B.5 Vol.2]. Further information can be found in the tables of Current and Past Policy Initiatives for each appropriation. A table listing all the new policy initiatives (in alphabetical order) and changes to appropriations is also included in Part 1.

The most significant changes in Vote Tertiary Education appropriations between 2017/18 and 2018/19 are summarised below:

Financial Impacts of the 100 Days Tertiary Education Package

- \$2.017 billion over five years to make the first year of tertiary education and training fees-free from the start of 2018 for eligible students.

Support for the University of Canterbury

- The final instalment (\$50.0 million) of the Crown’s contribution to the rebuild of the University of Canterbury’s science and engineering facilities is due to be paid in 2018/19.

Support for Tai Poutini Polytechnic

- Capital injections of \$6.45 million in 2017/18 and \$2.05 million in 2018/19 to support Tai Poutini Polytechnic and ongoing delivery on the West Coast.

Reprioritisation

- \$47.5 million of 2017/18 funding unspent or recovered from providers due to under-delivery in the 2017 calendar year was returned to the centre for reprioritisation across Government in Budget 2018.
- \$86.45 million over the next four years has been reprioritised out of the tertiary education and training multi-category appropriation and returned to the centre for investment in other priorities across Government in Budget 2018. The reprioritisation better aligns funding with recent and expected future levels of delivery of programmes at qualification levels 1–3.
- The reprioritisations will not impact on the Ministry of Education. The reprioritisations better align funding with recent and expected future levels of delivery, so are not expected to impact on providers, other than it being likely less funding will be recovered from providers for under-delivery in the future.

Q10.6

Funds in Vote Tertiary Education that have been transferred from 2016/17 to 2017/18 financial year are provided below.

Tertiary Education

Non-Departmental Output Expenses

- For Māori and Pasifika Trades Training Fees Top-up Fund to reflect the number of places taken up at tertiary institutions and length of programme undertaken by each learner across 2016/17 and 2017/18 - \$900k.

Tertiary Sector / Industry Collaboration Projects

- Timing of initiatives to increase the number of engineering graduates - \$578k.
- Post-Graduate Initial Teacher Education Programmes in Maori Medium - \$1,714k.

Multi-Category Expenses and Capital Expenditure

Tertiary Tuition and Training MCA

- Progress the DualPathways Pilot being run from 2017 to help students achieve qualifications at Levels 2 and 3 and help them move into employment or further education - \$2,730k.

Funds in Vote Tertiary Education that have been transferred from 2017/18 to 2018/19 financial year are provided in the table below.

Non-Departmental Output Expenses

Administration of and Support for the Tertiary Sector

- Information and Communication Technology Graduate Schools - \$234k.
- International Connections for New Zealanders (CAPEs) - \$125k.

Tertiary Sector / Industry Collaboration Projects

- Engineering Education to Employment - \$449k.

10.7

In the Ministry of Education, there were 60.94 FTE (63 headcount) as at 31 March 2018 funded from Vote Tertiary Education. There are staff in other parts of the Ministry who have an ancillary role in supporting tertiary education.

There has been a small increase in the number of FTE staff funded from Vote Tertiary Education. Additional Policy capability is required to support the Ministry's International Education and Tertiary programmes of work.

In the out years it is expected that the number of FTE to be funded from Vote Tertiary Education will increase by 9.0 permanent FTE and 4.0 fixed-term FTE to support the delivery of the Fees Free programme and new Tertiary Education policy and data work.

All roles are based in Wellington. The majority are policy or policy-related roles, in addition to a data and support team. The Ministry does not employ any front-line staff through Vote Tertiary Education.

Question 11

Are any changes planned for 2018/19 in the use of external resources (such as consultants, leased executives, advisers, or contractors) to provide the administering department's outputs (that is, deliver its services to its customers)? If so, please advise:

1. The nature and size (both in percentage terms and nominally) of the changes planned.
2. The reason for the changes, and
3. Why internal resources cannot be used.

As the Ministry is still finalising its plans for the year, it cannot provide at this time either the budget for 2018/19 or a detailed list of proposed spending on external consultants, leased executives, advisers or contractors. Information on external resources is normally provided during the Annual Review process.

Question 12

Is the department administering this Vote reviewing, or intending to review, any legislation for which it is responsible? If so:

1. What changes to legislation are proposed, and why?
2. If the review is because of policy changes, please specify the policy areas and changes being considered.
3. How would the proposed legislative change affect the appropriations within this Vote?
4. What effect is it expected to have on any other Vote?

There are currently two Government Bills before the Education and Workforce Committee which propose to amend the Education Amendment Act 1989. Only one of these, the Education Amendment Bill, contains amendments relating to tertiary education.

The Education Amendment Bill was introduced on 8 February 2018 and had the first reading on 15 February 2018. In relation to tertiary education, the Bill:

- Restores places for staff and students on the councils of tertiary education institutions.
- Creates a new offence of making a false representation in relation to an application for free tertiary education.

This Bill is not expected to have any effects on the appropriations within Vote Tertiary Education. For the possible effects on appropriations within Vote Education, please refer to question 12 of the 2018/19 Estimates Examination Standard Questionnaire for Vote Education. The Bill is not expected to have any effect on any other Vote.

There are also two proposals for Government Bills. Public consultation has been completed on proposals for an education Bill that proposes changes to a number of Acts including the Education Act 1989 and, the Industry Training and Apprenticeships Act 1992. In relation to tertiary education, the Bill proposes to:

- Restore a skills leadership role for industry training organisations.

This Bill may have an effect on the appropriations within the Vote, however, at this stage, the effect cannot be quantified. For the possible effects on appropriations within Vote Education and Vote Social Development, please refer to question 12 of the 2018/19 Estimates Examination Standard Questionnaire for Vote Education.

CROWN ENTITIES FUNDED UNDER THE VOTE

Question 13

For any Crown entities funded by the Vote:

1. If any significant changes in funding Crown entities are proposed in the Estimates, how are they expected to affect the services produced or provided?
2. What changes, if any, have been made to performance information for appropriations used by Crown entities under this Vote?
3. Are there any particular performance risks or concerns for the 2018/19 year?
4. How will the performance of the Crown entities be monitored to ensure the risks are well managed?

There are no significant changes in funding to Education New Zealand (ENZ) and the Tertiary Education Commission (TEC).

The Estimates measures will be supplemented with additional measures agreed as part of ENZ's and TEC's Statement of Performance Expectations for 2017/18.

All Crown entities recognise the need to shift from outputs to outcomes. ENZ and TEC have put in place a work programme to improve their performance measures over time.

ENZ has:

- Revised (ie simplified and made wording changes) two measures.
- Removed a measure regarding economic value of services delivered offshore and added a measure on the number of international students enrolled to study outside of Auckland to reflect Government priorities.

TEC has:

- Made minor wording changes to three measures.
- Removed a duplicate measure.
- Added a new appropriation to reflect the merger with Careers New Zealand, which has a combination of new and existing measures.
- Replaced all measures in the Tertiary Tuition and Training Multi-category appropriation (MCA), to shift the focus to the impact of tertiary education on learners rather than numbers of students. No change was made to the overarching performance measure.

No specific concerns have been identified for the 2018/19 year for Crown entities funded by the Vote.

ENZ and TEC are jointly monitored by the Ministry of Education and the Ministry for Business, Innovation and Employment. Monitoring performance of Crown entities involves:

- Working with the entity to ensure performance reports provide sufficient detail on progress against goals in the annual Statement of Performance Expectations, impacts in the Statement of Intent and Government Education sector priorities.
- Developing metrics to identify strengths and weaknesses in the entity's performance.
- Providing the Minister with timely and practical advice on the entity's progress against strategic goals, areas of focus, performance expectations and risks.
- Giving feedback to the entity on how performance reporting data is used.

Question 14

What specific expectations has the responsible Minister communicated to each of the Crown entities funded under the Vote? If no expectations have been set, please explain why. Please describe in detail any specific human-resource, financial, or operational issues or risks that may arise in meeting these expectations. How will these be managed?

The Minister sets out expectations of Crown entities in the Letters of Expectations. The Letter of Expectations for 2018/19 are currently being developed and will be finalised shortly.

The previous Letter of Expectations (2017/18) will remain in place until the 2018/19 Letters of Expectations replace them.

In meeting expectations set out by the Minister both TEC and ENZ have established risk management systems. Senior management and the respective TEC and ENZ boards and Audit and Risk subcommittees manage the entities' risks through regular monitoring and reporting. The responsible Minister, the Ministry of Education and the Ministry of Business, Innovation and Employment will be informed of any significant risks, as will the entities' auditors.

CAPABILITY OF AGENCIES TO DELIVER OUTPUTS

Question 15

What specific risks and challenges (in order of significance) to the capability of agencies delivering outputs under this Vote have been identified? What action is being taken to manage these challenges?

During 2017, the Ministry reviewed its core purpose and agreed on the following statement – “We shape an education system that delivers equitable and excellent outcomes”. The Ministry is in the process of reviewing the strategy and operating model for the organisation and this will progressively shape how it delivers its work. This is designed to ensure the Ministry has the capability to meet the needs of current and future government.

The Ministry of Education and the Ministry of Business, Innovation and Employment jointly monitor the Tertiary Education Commission (TEC) and Education New Zealand (ENZ). As part of this monitoring, capability risks are regularly assessed.

No specific issues have been identified for ENZ.

TEC are implementing a new structure to support key shifts in the system including incorporating the careers services functions and fees free tertiary operations. We are monitoring this work closely to ensure that any capability risks resulting from the expanded functions of TEC or through these changes are being managed. TEC have robust plans in place.

I am confident that the Ministry of Education, Education New Zealand and the Tertiary Education Commission have the skills and capability to deliver the required outputs.

Question 16

What staff groups have you identified as being critical to the delivery of essential core services under the Vote? What risks are there to capability in these critical areas? Please provide information about the level of risk to this capability.

The Ministry of Education is the Government’s principal advisor on tertiary education, as set out in the Education Act 1989. The staffing groups that are critical to deliver on this role are in the Ministry’s Graduate Achievement, Vocations and Careers Group.

A number of policy teams provide advice to Ministers on the full breadth of the tertiary education system. The group also advises on international education policy and engagement and undertakes a research and analysis programme to inform this advice. There are no significant risks to capability in this area.

Question 17

For those agencies involved in the Canterbury rebuild/regeneration, what particular challenges and priorities have been identified?

Rebuilding Canterbury as a vibrant and strong city is a key Government priority.

Tertiary education has a large role to play in supporting the labour market to operate effectively in Canterbury. This includes:

- Supporting Canterbury tertiary education institutions to re-build.
- Ensuring that the tertiary education system and the skills sector are responsive to the skills needed to rebuild Canterbury.

- Supporting the recovery of international education.

The Crown has provided significant capital contributions to Christchurch Polytechnic Institute of Technology (now Ara) and the University of Canterbury to support their recovery and boost the supply of skills. The Prime Minister opened Stage 1 of the University of Canterbury's Rutherford Regional Science and Innovation Centre in February 2018.

Lincoln University has experienced some delays in completing the Implementation Business Case for the Joint Facility it and AgResearch have committed to. In 2017, the Government agreed to contribute up to \$85 million to the cost of the Joint Facility, with the first instalment subject to endorsement of the Implementation Business Case.

Due to the impact of the Global Financial Crisis, tertiary student enrolments were relatively high in the early 2010s. As the economy improved, a strong labour market contributed to a fall in demand for tertiary education. The Crown has provided both universities with financial support to rebuild, although it is not clear that enrolments will reach pre-earthquake levels

Question 18

How have any mergers and machinery-of-government or other structural changes made in 2017/18 affected the Vote?

The disestablishment of Careers NZ and the integration of its functions into TEC took effect from 1 July 2017. From then and up until the 2018 March Baseline Update (MBU), there were two appropriations in Vote TE: Administration of and Support for the Tertiary Sector; and Administration of and Support for the Careers System. Through the 2018 MBU, these were merged to create 'Administration of and Support for the Tertiary Education and Careers Systems'.

Question 19

Are any of the agencies funded under the Vote considering or developing any plans to:

1. Enter into any kind of shared services arrangements?
 - a. Collective or joint procurement.
 - b. Shared services arrangements?
2. Form or enter into any type of joint venture or public-private partnership?
3. Access external equity?

In each case, please provide details

No agencies funded under the Vote are considering or developing any plans to enter into any kind of shared services arrangements.

Please refer to the answer to question 19 of the 2018/19 Estimates Examination Standard Questionnaire for Vote Education for information related to the Ministry's activities.

OTHER INFORMATION

Question 20

Would you like to bring to the committee's attention any other matters relating to your Vote that have not been described in the Estimates documents, in your Budget press statements, or in response to other questions in this questionnaire? Please give details.

No.

Question 21

Please provide an electronic copy of each output plan drawn up between you (or an agent) and a department and/or other party for the supply of outputs for the 2018/19 year related to this Vote. If output plans have not yet been finalised, and you prefer not to provide draft plans, please let us know the timetable for finalising these and provide an electronic copy of each output plan as it is completed.

The Vote Tertiary Education 2018/19 Output Plan is not yet available. It will be forwarded to the Committee in July, once finalised.

Question 22

Please provide a copy of the 4 year plan for each agency funded under this Vote.

The Treasury agreed the Ministry of Education did not need to provide a comprehensive Four Year Plan for 2018-22 in December 2017. The Ministry plans to provide an updated Statement of Intent 2018-22 which will be published by October 2018