Briefing Note: 13 November 2019 meeting with Independent Schools of New Zealand

To: Hon Jenny Salesa, Associate Minister of Education

Date: 11 November 2019  
Priority: Medium

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Round robin: No

Purpose of report

This paper provides you with information for your meeting on Wednesday 13 November with Deborah James, executive director of Independent Schools of New Zealand (ISNZ).

Summary

This briefing note provides information relating to the agenda items for discussion on 13 November. It also provides contextual information on recent events in the media relating to private schools, which may be raised. The agenda items for discussion are:

- Strategic implications for per-student subsidy rates
- Update on the Government’s education work programme
- Update on action points from previous meetings, specifically subsidised access to Network for Learning and NCEA achievement reporting on the NZQA website.

Proactive release

The Ministry of Education recommends you agree to proactively release this briefing note.

Andrea Schöllmann  
Deputy Secretary  
Education System Policy  
11/11/2019

Hon Jenny Salesa  
Associate Minister of Education  
12/11/19
Background

1. You are meeting Deborah James, executive director of Independent Schools of New Zealand (ISNZ) on Wednesday 13 November 2019.

2. ISNZ represents 46 of the 88 private schools in New Zealand, enrolling 86 percent of private school students and 3.2 percent of all school students.

3. You last met with ISNZ on 21 August and spoke at their conference on 30 August.

Per-student subsidy funding for private schools

4. Government funding for private schools is a $41.6 million (GST exclusive) per-year fixed pool. This is distributed based on year level and number of students.

5. The per-student subsidy depends on the total number of students in all private schools. If overall private school enrolments increase, the per-student subsidy decreases. Table 1 below shows the per-student subsidy levels from 2016-2020.

6. This policy was introduced in the early 2000s with a $35.7 million pool. The pool was increased to the current value of $41.6 million in 2010.

7. The proportion of all students enrolled at private schools has remained fairly steady at around 3.5 to 4 percent since the early 2000s.

<table>
<thead>
<tr>
<th>Years 1–6</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Years 7–8</td>
<td>$1,124</td>
<td>$1,111</td>
<td>$1,071</td>
<td>$1,267</td>
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<td>Years 9–10</td>
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<td>Years 11–13</td>
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<td>$2,160</td>
<td>$2,082</td>
<td>$2,462</td>
<td>$2,356</td>
</tr>
</tbody>
</table>

Table 1: Per-student subsidy for private schools 2016–2020 (GST exclusive)

Independent Schools of New Zealand may request increased funding

8. The fixed pool decreases in real value over time due to inflation, putting financial pressure on private schools. The $41.6 million per-year funding is worth 14 percent less now than it was in 2010.

9. ISNZ will likely request that the funding pool is adjusted each year according to either the consumer price index or funding rates for state and state integrated schools.

10. Alternatively, ISNZ may request that the fixed funding pool mechanism be replaced with a fixed per-student mechanism instead. A fixed per-student mechanism would cause increased government expenditure when private school enrolments grow.

Private schools have greater operational flexibility than state and state integrated schools

11. Adjusting funding arrangements for private schools is not a priority because they have greater flexibility than state schools in how they operate, and this means they are able to choose how they respond to potential changes in enrolment patterns. For instance, private schools have freedom to alter their cost structures and/or increase fees.
12. ISNZ may argue that increasing fees would lead to more students enrolling in state and state integrated schools instead of private schools, increasing costs to government.

13. Directing more funding to private schools would not align with the Government’s position to prioritise supporting state and state integrated schools. You have previously discussed this with ISNZ and mentioned that it would be unlikely that you would gain your colleagues’ agreement to make changes to funding for private schools.

**Government stopped some funding for private schools in 2019**

14. A number of funding streams previously available to private schools were reprioritised through Budget 2018:
   - Kiwisport, Māori Language Programme and NCEA grant funding for private schools stopped at the end of 2018, totalling $577,000 per year.
   - Aspire Scholarships have been closed to new entrants since the start of 2019. The total funding for Aspire Scholarships was $4.1 million per year.
   - From the start of 2019, private schools no longer receive government-funded access to Te Kura, except for three with special character.

15. This funding was reprioritised to align with the Government’s priority of supporting state and state integrated schools.

**Update on the Education Work Programme**

**Implications of the Review of Tomorrow’s Schools for private schools**

16. The release date of the Government’s response to the Review of Tomorrow’s Schools is likely to be Tuesday 12 November. You may wish to ask ISNZ for their views.

17. The terms of reference set for the Independent Taskforce reviewing Tomorrow’s Schools excluded private schools from the scope of the review. This means that any policy changes the government makes in response to the review are very unlikely to affect private schools’ funding arrangements or how they operate.

**Curriculum, Progress and Achievement**

18. The Curriculum, Progress and Achievement work programme has included input from some private schools [METIS 1167496 refers]. The aim of this work is to build an education system where all children have the right opportunities and support to learn and be successful in ways that are meaningful to them and their communities.

**Government’s Statement of National Learning and Education Priorities**

19. The statement of National Education and Learning Priorities (NELP) is a new mechanism that will set high level priorities to guide planning for early learning services, kura and schools. The NELP will let all schools know what is expected in terms of delivering on the Government’s educational priorities. It marks the first time private schools will be required to have regard to the Government’s priorities for the education system when operating a school.

20. Consultation on the draft NELP ends on 25 November. You may wish to invite ISNZ to make a submission, if they have not already done so.
Updates on action points from previous meetings

21. The Network for Learning (N4L) is a Crown-owned company that provides schools with uncapped, filtered and secure internet access. The Ministry fully subsidises N4L access for state and state integrated schools but does not subsidise access for private schools.

22. The Ministers of Education and Finance are the shareholding ministers for the N4L.

NZQA cannot include non-NCEA results in their online reporting

27. ISNZ expressed concern at your last two meetings in June and August 2019 about how NCEA results are shown on the NZQA website.

28. NZQA makes school-level NCEA attainment statistics available to other schools. Many private school students do Cambridge or International Baccalaureate (IB) instead of NCEA for some or all of their assessment. These students are represented in the NCEA statistics as doing poorly or not achieving, which often does not reflect their actual educational achievement.

29. At the August meeting, we proposed adding text explaining that non-NZQA qualifications including Cambridge and IB are not included in the statistics. ISNZ said this was not sufficient, so we have not consulted NZQA about this.

30. Following the August meeting, we have consulted further with NZQA. As requested by ISNZ, we asked NZQA about how Cambridge and IB results could be reported alongside NCEA results. NZQA cannot do this because they do not have Cambridge or IB results.
31. Private schools can release their non-NCEA results to the public and explain their achievement statistics for all qualifications as they wish. Alternatively, you may wish to propose again that the Ministry approach NZQA about adding text to their website.

Recent events related to private schools in the media

Crimson Consulting is opening an online private school

32. Education company Crimson Consulting registered a private school in August, Crimson Online Academy. This will be an online school. It plans to open in February 2020 for part-time domestic students in Years 11-13, take full-time students from mid-2020, and later take Year 9 and 10 students. Crimson Consulting plan to invest over $10 million into the online school.

33. The executive principal is former Auckland Grammar headmaster John Morris. Advisors include Sir John Key and Stanford Online High School head Tomohiro Hoshi. The school is advertising for teachers in the Education Gazette.

34. ISNZ may wish to raise this with you, particularly in relation to additional pressures on the fixed funding pool. Further information is needed on how the school will operate; however, the Ministry’s preliminary view is that part-time students would not be eligible for the per-student subsidy. Likewise, international students would not be eligible.

Minister Hipkins agreed to integrate Hamilton Christian School, a small private school

35. Hamilton Christian School will become a state integrated school from 1 January 2020 after the integration agreement was made on 22 October 2019. It has about 400 students in Years 1–15.

36. ISNZ may raise this as an example of financial challenges facing small private schools. Hamilton Christian School is not an ISNZ member.