



TE TĀHUHU O TE MĀTAURANGA  
**THE MINISTRY OF EDUCATION**

# Annual Report **2023**

For the year ended 30 June 2023

**Presented to the House of Representatives pursuant to  
section 44 of the Public Finance Act 1989**

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1 The Terrace, Mezzanine floor

Wellington 6011

New Zealand

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**Te Kāwanatanga o Aotearoa**  
New Zealand Government

# Contents

<b>Contents</b> .....	<b>3</b>
<b>Introduction from the Secretary for Education</b> .....	<b>4</b>
<b>Ministry of Education purpose</b> .....	<b>7</b>
<b>Vision and priorities</b> .....	<b>8</b>

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<b>Part One: The year in review</b> .....	<b>11</b>
Ko ngā akonga te iho   Ākongā at the centre.....	12
Kāore he tauārai i roto i te mātauranga   Barrier-free access.....	20
Ngā whakaakoranga me te hautūtanga kōunga   Quality teaching and leadership.....	26
Te anamata o the ako me te mahi   Future of learning and work.....	33
He mātauranga tūmatanui taumata tiketike o te ao   World class inclusive public education.....	37
<b>Building Ministry capability</b> .....	<b>41</b>
<b>Our performance measurement reporting approach</b> .....	<b>50</b>
<b>Indicator definitions</b> .....	<b>51</b>
<b>Nature and Scope of functions</b> .....	<b>56</b>
<b>Our governance</b> .....	<b>58</b>
<b>Statement of Responsibility</b> .....	<b>61</b>
<b>Independent Auditor's Report</b> .....	<b>62</b>

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<b>Part Two: Our performance information</b> .....	<b>67</b>
Vote Education.....	69
Vote Tertiary Education.....	99
Asset measures.....	103

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<b>Part Three: Annual financial statements</b> .....	<b>105</b>
Contents.....	106
Ministry of Education Department Financial Statements.....	107
Ministry of Education Non-Department Schedules.....	161
Appropriation statements.....	178

# Introduction from the Secretary for Education



By the beginning of this reporting period many of the most restrictive requirements to manage the COVID-19 pandemic had been lifted. It quickly became apparent that returning to so-called 'normal' was unlikely, and that the scarring caused by the pandemic would have a lasting effect on education, as with other parts of society. Regular school attendance fell to an all-time low as children and young people were at home with illnesses (not just COVID-19). Educators were, of course, not immune. Early learning services and schools had to make a range of challenging decisions to manage staff shortages, aggravated by fewer relievers being available, and many having returned to full-time employment while the borders were closed.

During the past year Te Tāhuhu o te Mātauranga | Ministry of Education (the Ministry) has focused, with the sector, on **presence, participation and progress**.

**Presence**, in particular school attendance, received significant investment, including funding directly to schools and communities to support local efforts and solutions to reconnect ākonga (students) with learning. Attendance will continue to be challenging as parents, ākonga and teachers will heed the advice “stay home if you are sick.” Anecdotally, we also know of some young people who are working at night or early mornings to support their families, which interferes with their attendance. From attendance officers we are hearing about a complex range of barriers to attendance that need a family-centred, wrap-around approach to resolve. Responding to these multiple challenges requires effort from our colleagues in health, social development and Police, as well as parents and communities. The creation of Regional Public Service Commissioners convening public service agencies to work on agreed priorities has streamlined working across government.

Getting young people to attend school is a first essential step; having them **participate** in learning depends on their lived experience when they are there. Teachers and leaders who know their students well, connect with their families, understand and respond to their identity, language and culture, and have inclusive practices, make school the best place to be. There is a groundswell demand for professional development that builds teachers’ capability and capacity to meet the diverse needs of learners. This is evidenced by over-subscription to opportunities such as Te Ahu o te Reo Māori, investment in trauma-informed practice that helps educators manage challenging behaviours, as well as collaboration among teachers and principals on issues of common interest and concern in clusters or more formal kāhui ako.

Presence and participation are needed for ākonga to **progress** in their learning. Several decades of stagnation in literacy and numeracy, as measured domestically, put the spotlight (exacerbated by COVID-19) on progression against the New Zealand Curriculum (the Curriculum). The Curriculum refresh, Te Marautanga redevelopment and the NCEA Change Programme (interrupted by COVID-19) have been ramped up again during the past year.

All of the changes we need in the education system are implemented by the workforce, so engaging them as we have developed attendance strategies and plans, curriculum content and the NCEA Review has been critical. Inevitably, that means that work is developed iteratively as we put material out to be tested and challenged. This can mean that things take longer. But as the saying goes, *“If you want to go fast, go alone, if you want to go far, go together.”* The rights and wrongs of what happens in our schools — what gets taught, by whom, and how — are all hotly contested within the profession and beyond, more so than in early childhood services or in the tertiary sector. Such levels of interest are to be welcomed. But while the Ministry of Education cannot please everyone, we do engage very broadly with the profession, young people and experts, as we develop various policies and develop curriculum, resources and development opportunities that are fit for purpose.

I take this opportunity to thank everyone who has contributed, formally or informally, to the development of these major change programmes and who will champion them in the future, to grow both equity and excellence in our system.

While there is a tendency to focus on schools as the compulsory sector, the experiences that children have in early learning services play a critical role in shaping how they will be present, participate and progress in their learning. I am very mindful that the early learning sector has undergone a lot of change and disruption over recent years. I acknowledge the willingness of early learning sector representatives to work with us to identify policies and practices that can help in the short term as well as maintain a commitment to the longer-term needs of the sector.

Within this context, the Ministry itself needs to be fit for purpose to provide both the support and the challenge that our system needs to shift toward equity and excellence. In April 2023, the Ministry made its most significant structural changes in 30 years, implementing the new structure of Te Tāhuhu to support Te Mahau. The powerhouse of Te Mahau is its integrated teams, a mix of inter-disciplinary expertise including schooling, early learning, curriculum and learning support, and drawing on new resources such as Leadership Advisors. Te Mahau is beginning to provide greater frontline support to schools and early learning services, with our wider organisation providing the critical functions and support that enable this.

All of this has been taking place within an increasingly tight fiscal environment. This will continue to provide us with both opportunities and challenges, as we further sharpen our focus and prioritise doing those things that will make the biggest difference to presence, participation and progress.

Thank you to my staff who bring their best selves to work every day and who are committed to improving outcomes for all; those who work with early learning services and with children with additional learning needs; those who provide leadership and curriculum support to the workforce; and those who provide data, resources, technology and property directly into the system. Finally, a very special acknowledgement to our teams in Tai Tokerau | Northland, Tai Rawhiti | Gisborne and Hawke's Bay and Tāmaki Makaurau | Auckland for their remarkable work during and following the floods and cyclone.



**Iona Holsted**

Te Tumu Whakarae mō te Mātauranga |  
Secretary for Education

# Ministry of Education purpose

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He mea tārai e mātou te mātauranga kia rangatira ai, kia mana taurite ai ōna huanga.

We shape an education system that delivers equitable and excellent outcomes.

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# Vision and priorities

The Government's 30-year vision for the future of New Zealand education was released in 2019 following extensive public consultation. This vision reflects the aspirations of New Zealanders for a more inclusive, equitable, connected and future-focused New Zealand learning system.

***Whakamaua te pae tata kia tina —***

***Take hold of your potential so it becomes your reality ...***

*We are descendants of explorers, discoverers and innovators who used their knowledge to traverse distant horizons. Our learning will be inclusive, equitable and connected so we progress and achieve advances for our people and their future journeys and encounters.*

***Whaia te pae tawhiti kia tata —***

***Explore beyond the distant horizon and draw it near!***



The Statement of National Education and Learning Priorities (NELP) and Tertiary Education Strategy (TES) set out five overarching objectives, from early learning through schooling to tertiary:



### **Ākonga at the centre**

Learners with their whānau are at the centre of education



### **Barrier-free access**

Greater education opportunities and outcomes are within reach for every ākonga



### **Quality teaching and leadership**

Quality teaching and leadership makes the difference for ākonga | learners and their kaiako | teachers.



### **Future of learning and work**

Learning needs to be relevant to the lives of New Zealanders today and throughout their lives, as we meet the changing opportunities and challenges of the future of work.



### **World class inclusive public education**

Aotearoa New Zealand needs a world class inclusive public education system that meets the needs of our diverse population, now and in the future.

Our delivery expectations are set out in the Ministry's Statement of Intent 2021-2026, published in December 2021, and the Government's Education Work Programme, which was updated in March 2021.



# Part One: The year in review

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The Annual Report for Te Tāhuhu o te Mātauranga | Ministry of Education  
(the Ministry)

This report is divided into three parts:

**Part One:** reports on progress against the National Education and Learning Priorities (NELP) and the Tertiary Education Strategy (TES) objectives, including our work in 2022/23 to lift ākonga presence, participation and progress

**Part Two:** provides details about the resources used to deliver goods and services for the 2022/23 financial year

**Part Three:** provides the financial statements

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We have developed a mix of performance and system indicators to link our performance to the Government's objectives for the education system. Trends on system performance reported in Part One are drawn from Ngā Ara o te Mātauranga: The Pathways of Education report on the 2022 calendar year. In some cases, data collection is not annual, and draws from the most recently available information (for example, PISA data is from 2018 with the next results scheduled for release later this year).

#### Performance indicators:



Upwards (positive)  
trend



Downwards  
(negative) trend



Maintained trend



Not available



## Ko ngā ākonga te iho | Ākonga at the centre

The national curricula are an important mechanism for delivering education that responds to ākonga (learner) needs and sustains their identities, languages and cultures, to achieve excellent and equitable educational outcomes.

### Te Mātaiaho | The refreshed New Zealand Curriculum

The Ministry is refreshing the New Zealand Curriculum so that schools and communities can create rich and responsive learning. The refresh provides clarity about the learning that matters for ākonga and curricula that are inclusive and easy for kaiako (teachers) to use from Years 1-13.

The refreshed curriculum, Te Mātaiaho, will more clearly define progress for ākonga. A major shift is the new progressions model. Five phases of learning will replace the previous curriculum levels. Each phase of learning contains progress outcomes that describe what ākonga should understand, know and do by the end of each phase.

In November 2022, we introduced the first updated learning area, te ao tangata | social sciences. By early 2023, schools had incorporated the new Aotearoa New Zealand Histories content. In May 2023, we released the refreshed English and mathematics and statistics learning areas. The Ministry engaged with the education sector to develop these learning areas, and implementation is being supported locally by Te Mahau (regions), including curriculum leads. We are developing supporting resources and material for release in late 2023.

### Te Tīrewa Marautanga | The redesigned Te Marautanga o Aotearoa

Te Tīrewa Marautanga, the new name for Te Marautanga o Aotearoa, is being redesigned from an indigenous perspective in collaboration with Kaupapa Māori and Māori medium education experts, leaders, kaiako, ākonga, whānau and iwi to develop a national curriculum that:

- › reflects all that kura, whānau and iwi value most
- › enables a broader definition of success
- › provides holistic and integrated learning, teaching and aromatawai (confirmation of progress, achievement and success) programmes.

The core components of Te Tīrewa Marautanga are tīrewa ako (learning progression frameworks) that define core areas of learning and tīrewa mātai that acknowledge the importance of regularly monitoring ākonga progress and achievement both locally and nationally.

We will complete development of nine tīrewa ako by the end of 2023, and the remainder will be completed by mid-2024. Schools and kura will have opportunities to engage with the draft tīrewa ako during 2024 and these will be refined and tested throughout 2025.

## Developing foundational skills

### *Improving te reo matatini, pāngarau, literacy & communication and maths*

Our Literacy & Communication and Maths Strategy and Hei Raukura Mō te Mokopuna are two multi-year projects to improve and support the development of foundational skills. 2022/2023 is the first year of the five-year Literacy & Communication and Maths Strategy. We are currently developing an outcomes framework that will enable us to report on improvement over time, to identify areas of success and where further support, resources or a different approach is needed.

The Early Literacy Approach is a school-based early literacy intervention that supports skilled teaching for ākonga in Years 1-3 facing literacy challenges (Ready to Read Phonics Plus books, the Better Start Literacy Approach professional support, and strengthened Reading Recovery and Early Literacy Support). We are currently implementing the programme and expect results and feedback in 2023/24.

### *The Common Practice Model (CPM)*

Through the development of the Literacy & Communication and Maths Strategy, we heard that kaiako want greater clarity and direction on teaching and learning for literacy, communication and maths. This is the goal of the CPM, which will outline principles, evidence-informed pedagogical approaches and practices. This approach is to underpin teaching and learning for literacy, communication and maths within Te Whāriki (the early learning curriculum) and Te Mātaiaho | the refreshed New Zealand Curriculum. It will guide strong teaching and assessment practices for early learning through to the end of secondary schooling.

The CPM for early learning, Kōwhiri Whakapae, will be available online later in June 2024. This optional curriculum resource is designed to help early learning kaiako strengthen teaching practice and formative assessment within the framework of Te Whāriki in three learning areas: social and emotional, oral language and literacy, and maths.

Kōwhiri Whakapae supports kaiako to notice and recognise children's capabilities and then respond through effective teaching practice. Building on the pedagogical approaches of the CPM, Kōwhiri Whakapae will provide the CPM practices and progressions for the early learning sector when the full suite is released in June 2024.

### *Ako Framework*

The Ako Framework will provide clarity, consistency and specificity for ako (teaching and learning) and aromatawai (confirmation of progress, achievement and success) practices across Te Tīrewa Mātauranga. The Ako Framework was designed and developed in 2022/23 and provides consistency across Māori medium and Kaupapa Māori education pathways, particularly in te reo matatini and pāngarau. It aligns with the future direction of Te Tīrewa Mātauranga and will provide guidance for kaiako and leaders on the overarching principles, pedagogical approaches and high-quality practices for effective ako in Māori medium and Kaupapa Māori education pathways.

### ***Transforming outcomes for Pacific learners and their families***

The refreshed Action Plan for Pacific Learners (2022/23) outlines five key shifts and actions for Pacific bilingual and immersion education to be delivered by 2030:

- › Work reciprocally with diverse Pacific communities to respond to unmet needs, including growing and supporting Pacific bilingual and immersion education pathways.
- › Confront systemic racism and discrimination in education.
- › Enable every teacher, leader and educational professional to take coordinated action to become culturally competent with diverse Pacific learners.
- › Partner with families to design education opportunities together with teachers, leaders and educational professionals so aspirations for learning and employment can be met.
- › Grow, retain and value highly competent teachers, leaders and educational professionals with diverse Pacific whakapapa.

To deliver these priorities, we will provide NCEA Assessments for Gagana Tokelau and Vagahau Niue languages as part of the Review of Achievement Standards under the NCEA Review. Levels 1, 2 and 3 are due to be completed by 2026, with full implementation planned for 2027.

### ***Te Rito***

Te Rito is a web-based national information repository that enables ākonga information to follow them throughout their education. The programme was paused in 2021 to strengthen cyber-security across the system and address privacy concerns, and during 2022/23 FY the Ministry restarted the programme. Te Rito has now been designed to protect sensitive data from cyber-attacks and privacy breaches. More than 200 schools have registered to connect to Te Rito (as at September 2023), and we are working with sector working groups to plan and implement the next phase of the roll-out.

## **NCEA Change Programme**

The Ministry is strengthening NCEA by making changes to improve equity, coherence, pathways and credibility in the qualification for students, teachers, tertiary institutions and employers. This includes replacing the existing achievement standards with fewer, larger standards that enable more coherent teaching and learning, and introducing a literacy and numeracy | te reo matatini me te pāngarau co-requisite to assess foundational skills more reliably and effectively.

The Ministry has been working with kaiako, ākonga, school leaders, parents, whānau and other representatives from the sector to implement the changes to the NCEA. The new standards are scheduled to be implemented in 2024 (Level 1), 2026 (Level 2) and 2027 (Level 3).

We are developing NCEA Level 2 materials for one Te Tīrewa Marautanga wāhanga ako (subject area) Te Reo Pākehā and Te Mātaiao (NZ Curriculum) subjects, totalling 68 subjects. Mini-pilots began in 2022/23, with full pilots scheduled for 2024 and full implementation in 2026. Over the past year, NCEA Implementation Facilitator roles were also established to support priority learner groups.

### ***Preparing young people for NCEA***

Through the NCEA Review in 2018, we heard that that NCEA learners do not always have the literacy and numeracy skills to support them in learning, life and work. Our sources of data show that literacy and numeracy achievement has stagnated over several decades. Through the development of the Literacy & Communication and Maths Strategy, we also heard that the Ministry needed to provide greater clarity and direction on teaching and learning for literacy, communication and maths. From 2024, ākonga will be required to achieve literacy and numeracy co-requisites to achieve NCEA. Along with the CPM, the co-requisites address this decline by emphasising literacy and numeracy in teaching and assessment.

NCEA will introduce a 20-credit co-requisite for literacy and numeracy from 2024. We have developed and piloted five dedicated standards to assess the NCEA co-requisite. This year, 14 Literacy and Numeracy and five Te Reo Matatini me te Pāngarau Regional Support providers were contracted to provide wrap-around support and practice guidance to the sector. This was to improve their literacy and numeracy teaching and learning in addition to the NCEA Implementation Facilitators.

### **Implementing the early childhood curriculum Te Whāriki**

Licensed Early Learning Services and certified playgroups will be legally required to implement Te Whāriki, the early childhood curriculum, from 1 May 2024. Ngā kōhanga reo affiliated with Te Kōhanga Reo National Trust will be required to implement the following from Te Whāriki a te Kōhanga Reo:

- › Ngā Kaupapa Whakahaere
- › Ngā Taumata Whakahirahira and
- › Te Taura Whāriki | Te Katoa o te Mokopuna.

As part of this change, Te Ara Māori (now referred to as Te Ara Whānui) was included within the existing framework of Te Whāriki to enable Māori medium early childhood services not affiliated with Te Kōhanga Reo National Trust to implement a local curriculum that fully reflects te ao Māori and te reo Māori. The Ministry is developing a suite of resources to support the implementation of Te Ara Whānui, including professional learning and development.

### **Responding to COVID-19 impacts on learning**

We have continued to respond to the impact of COVID-19 on student learning. On 14 September 2022, a package of initiatives was announced to support students whose learning had been disrupted by the COVID-19 pandemic. The initiatives expanded the cap on Te Kura's Dual Tuition Summer School places, increased existing Māori and Pacific community-led NCEA programmes, as well as provided targeted funding for additional teaching and tutoring support.

The original funding for the Pacific Learners Support Programme supported a total of 1,557 Pacific learners. The Ākonga Support Programme enabled iwi to design tailored initiatives, which supported 1,143 ākonga to progress in their NCEA aspirations and enhance their wellbeing.






The Ministry provided schools with the opportunity to opt into and receive a one-off payment to enable additional tutoring. For example, an intermediate school selected a range of Year 8 classes to participate in a reading or writing group over six weeks. Comparative results from the pre- and post-programme assessments showed that most students demonstrated an increase in their test scores.

## Performance indicators

When ākonga feel safe and a sense of belonging, they are better able to progress in their learning. Inclusive curricula and teaching practices directly support their presence, participation, and progress at all levels, including the development of foundational skills. (Refer to “Performance indicators” section below for data source and trend years.)






Year 5 ākonga feel safe at school

Proportion who agreed or strongly agreed to “I feel safe at school”<sup>1</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2020	2015 to 2020	2020	2015 to 2020	2020	2015 to 2020	2020	2015 to 2020	
87%				91%		89%		Maintain or improve






15-year-olds feel safe at school

Proportion who agreed or strongly agreed to “I feel safe at school”<sup>2</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2018	2012 to 2018	2018	2012 to 2018	2018	2012 to 2018	2018	2012 to 2018	
76%				83%		81%		Maintain or improve

Sense of belonging at school for Year 5 ākonga

Proportion who agreed or strongly agreed to “I feel like I belong at school”<sup>3</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2020	2015 to 2020	2020	2015 to 2020	2020	2015 to 2020	2020	2015 to 2020	
81%				85%		81%		Maintain or improve

1 This data is from the Progress in International Reading Literacy Study (PIRLS), IEA (International Association for the Evaluation of Educational Achievement) and is not provided on an annual basis. For more information, refer to [page 51](#)






2 This data is from the Programme for International Student Assessment, OECD and is not provided on an annual basis. For more information, refer to [page 51](#)

3 This data is from the Progress in International Reading Literacy Study (PIRLS), IEA and is not provided on an annual basis. For more information, refer to [page 51](#)







## Sense of belonging at school for 15-year-olds

Proportion who agreed or strongly agreed to "I feel like I belong at school"<sup>4</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2018	2012 to 2018	2018	2012 to 2018	2018	2012 to 2018	2018	2012 to 2018	
63%				74%		68%		Maintain or improve











## School leavers attaining NCEA Level 2 or above

Proportion of school leavers attaining qualifications at NCEA Level 2 or above<sup>5</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2021	2018 to 2021	2021	2018 to 2021	2021	2018 to 2021	2021	2018 to 2021	
59%		72%		69%		75%		Maintain or improve

## Achievement against the Curriculum in Art

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8<sup>6</sup>

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
	2015 to 2022	N/A	2015 to 2022	N/A	2015 to 2022	N/A	2015 to 2022	N/A	
<b>Year 4</b>	43%				47%		61%		Maintain or improve
<b>Year 8</b>	37%				37%		52%		Maintain or improve

4 This data is from the Programme for International Student Assessment, OECD and is not provided on an annual basis. For more information, refer to [page 51](#)

5 This data is from the School Leavers, Ministry of Education. For more information, refer to [page 51](#)

6 This data is from the National Monitoring Study of Student Achievement, Otago University. For more information, refer to [page 51](#)

## Achievement against the Curriculum in Science

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8<sup>7</sup>

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	
<b>Year 4</b>	90%	●	●	●	79%	●	94%	●	Maintain or improve
<b>Year 8</b>	7%	●	●	●	5%	●	20%	●	Maintain or improve

## Achievement against the Curriculum in Reading

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8<sup>8</sup>

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	
<b>Year 4</b>	51%	●	●	●	43%	●	63%	●	Maintain or improve
<b>Year 8</b>	38%	●	●	●	30%	●	56%	●	Maintain or improve

## Achievement against the Curriculum in Maths

Proportion achieving at Curriculum Level 2 or higher in Year 4 or Curriculum Level 4 or higher in Year 8<sup>9</sup>

Level	Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	Latest result 2015 to 2022	Recent trend N/A	
<b>Year 4</b>	70%	●	●	●	63%	●	82%	●	Maintain or improve
<b>Year 8</b>	21%	●	●	●	15%	●	42%	●	Maintain or improve






7 This data is from the National Monitoring Study of Student Achievement, Otago University. For more information, refer to [page 51](#)

8 This data is from the National Monitoring Study of Student Achievement, Otago University. For more information, refer to [page 51](#)

9 This data is from the National Monitoring Study of Student Achievement, Otago University. For more information, refer to [page 51](#)






## Reading ability of Year 5 ākongā

Percentage of Year 5 ākongā achieving at or above the PIRLS Intermediate Benchmark<sup>10</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2020	2015 to 2020	2020	2015 to 2020	2020	2015 to 2020	2020	2015 to 2020	
53%				57%		71%		Maintain or improve






## Reading ability of 15-year-olds

Percentage of 15-year-olds achieving proficiency Level 2 or above in PISA<sup>11</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2018	2012 to 2018	2018	2012 to 2018	2018	2012 to 2018	2018	2012 to 2018	
70%				64%		81%		Maintain or improve

## Maths ability of 15-year-olds

Percentage of 15-year-olds achieving proficiency level 2 or above in PISA<sup>12</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
70%				64%		81%		Maintain or improve

10 This data is from the Progress in International Reading Literacy Study (PIRLS), IEA and is not provided on an annual basis. For more information, refer to [page 51](#)

11 This data is from the Programme for International Student Assessment, OECD and is not provided on an annual basis. For more information, refer to [page 51](#)

12 This data is from the Programme for International Student Assessment, OECD and is not provided on an annual basis. For more information, refer to [page 51](#)



## Kāore he tauārai i roto i te mātauranga | Barrier-free access

There can be a range of barriers to accessing education, and they are particularly apparent in areas of high social deprivation, and for deaf, disabled and neurodiverse ākonga. Addressing all the barriers to accessing education requires a coordinated approach across government, as well as collaboration with whānau and communities. The Ministry has prioritised school attendance, addressing student need and improving digital access.

### Addressing attendance and engagement

#### *Attendance and Engagement Strategy*

The drivers of attendance and engagement are complex and many sit outside the education system. The impact of COVID-19 on school attendance has also been significant, and we have heard from the sector that sickness continues to be the highest contributor to low attendance.

Bringing together our work in this area is a comprehensive attendance and engagement strategy released in June 2022. The strategy emphasises the shared responsibility of ākonga, whānau, schools, communities and government agencies in creating an environment that supports presence, participation and progress.

We have implemented or enabled a range of initiatives at the frontline through Te Mahau, and we are seeing many successful examples of bespoke initiatives lifting attendance rates within local communities. However, it is too early to be confident that we are achieving sustained progress towards the targets that have been set. Much more work and evaluation is needed to shift entrenched patterns of low attendance.

We have heard from the sector that meeting the definition of regular attendance is challenging if ākonga are absent for any reason. For example, if a student is away sick for more than 10 days a term, they fall into the definition of not attending regularly. Providing every child with every opportunity to learn and flourish means getting students going to school or kura every day, unless they are unwell.

#### *Regional Response Fund (July 2022)*

An \$88 million package was announced in Budget 2022 to establish a Regional Response Fund, refresh and enhance Positive Behaviour for Learning (PB4L), and address cost and volume pressures in the Incredible Years programmes, Attendance Services and Te Aho o Te Kura Pounamu.

The Regional Response Fund allocated \$10 million to takiwā (regions) to support attendance and engagement through local solutions during 2022/23. During 2022/23, 98 percent of this fund was allocated to support initiatives to lift attendance and engagement within local communities. For example:

- › A community provider used funding to provide mentoring to 21 ākonga who were completely disengaged in schooling and known to Police. At the programme's conclusion, all ākonga who completed the programme were enrolled in education and their regular attendance improved to an average of 77.7 percent.
- › Regional response funding was used to establish a multi-agency programme aimed at supporting ākonga who have been involved in dangerous escalating behaviours at school or in the community. The programme emphasises a rapid, unified agency response and a whānau-focused approach to provide resources and support to 163 ākonga and their whānau.
- › At a Waikato secondary school, the appointment of a kaiawhina/whānau connector role with strong relational skills and connections with the wider community saw regular attendance increase by 20 percent.
- › A campaign led by primary schools in Bay of Plenty/Wairariki emphasised the responsibility of caregivers and whānau to get ākonga to school, and resulted in an increase in regular attendance by 43 percent.
- › An initiative in Taranaki/Whanganui/Manawatū introduced several simple targeted interventions, including walking with ākonga to school, meeting and greeting students as they arrive at school, and providing breakfast and other resources as they were needed. Feedback on the initiative shows improved engagement in learning and improved connections with whānau.

### ***School Attendance Turnaround Package***

An additional \$74 million package was launched in February 2023 to provide frontline resources and supports for schools and kura to lift attendance rates. This funding built on the redesign of Attendance Services, bringing them closer to schools, which was implemented in early 2023. This package:

- › enabled the establishment of a new attendance officer role to help schools develop plans to prevent students from becoming chronically absent
- › addressed cost and volume pressures faced by existing Attendance Service providers, enabling them to reach an additional 2,800 chronically absent or non-enrolled students
- › funded the establishment of a project to improve the quality, use and clarity of attendance data.

We worked with the sector and existing Attendance Service providers to implement the new attendance officer roles as quickly as possible. By the end of June 2023, contracts had been signed with 64 existing providers to recruit 76 full-time equivalent (FTE) roles, and 57 part-time and full-time attendance officers (41 FTEs) had been appointed. Funding for a further six FTE roles has been set aside for kura Kaupapa Māori. The cyclone event in Hawke's Bay and Tai Rawhiti has made recruitment in those areas particularly challenging.

### ***Ka Ora, Ka Ako | Healthy School Lunches***

Being hungry is a major impediment to learning. We have continued to contract for the delivery of the Ka Ora, Ka Ako | Healthy School Lunches programme, which currently provides a lunch each school day to over 230,000 ākonga in 998 schools and kura Kaupapa Māori. There are 108 suppliers and 16 iwi and hapū partners delivering lunches through the programme, creating over 2,300 jobs in communities across Aotearoa New Zealand. Funding through Budget 2023 has been allocated to continue the programme through to December 2024.

### ***Free Period Products in Schools***

Poor access to period products reduces students' attendance and engagement at school. Ikura | Manaakitia te whare tangata provides free period products for ākonga in all state and state-integrated schools and kura. Providing period products to ākonga reduces barriers to access, improves school attendance, and promotes child and youth wellbeing. As of September 2023, 87 percent of schools and kura have opted into the initiative.

The initiative has developed a suite of resources for younger tamariki and whānau to learn about periods and support whānau when having conversations with young people about them. The Ikura resources have also been shortlisted for the 2023 Designers Institute of New Zealand Best Design Awards in the Public Good category, with winners to be announced at the start of October 2023. Funding for the initiative is available until 30 June 2024.

### ***Social and Emotional Support Pilot Programme***

The Social and Emotional Learning in Early Years Pilot programme comprised three separate initiatives — ENGAGE, The Alert Programme, and Incredible Beginnings — to improve emotional self-regulation for children in early learning services.

A study conducted by the Dunedin Multidisciplinary Health & Development Research Unit in 2011 showed that even small improvements in self-control for children and adolescents can lead to reductions in costs of healthcare, welfare dependency and crime to the government. The study shows that children who scored lower on measures of self-control were more likely to report adverse outcomes in adulthood, including physical health problems, substance dependence and criminal convictions.

Pilot programmes in approximately 560 early learning services were completed in June 2023. A further \$19.7 million of funding for a wider roll-out of ENGAGE has been committed over the next four years to expand the ENGAGE programme to 72 percent of eligible early learning services.

## Learning Support Action Plan 2019-2025:

The Learning Support Action Plan 2019-2025 sets out six key priority areas to ensure that ākonga within the education system get the right support at the right time. Significant progress has been made across all priority areas as set out below.

### *Learning Support Coordinators*

Learning Support Coordinators work directly with ākonga and their whānau to ensure they get the help they need, including disabled, deaf and gifted ākonga, and those with neurodiversity or behavioural issues. Six hundred and twenty-three full-time roles are shared across 1,052 schools in 124 clusters.

### *Responding to the Highest Needs Review*

In October 2022, Cabinet agreed to progress the design of a new system to better support children and young people with the highest learning support needs. We will work collaboratively with Māori, disabled and deaf people and their communities, people with learning support needs, the education sector and Pacific communities to develop and design a new system and deliver ongoing improvements.

### *Improving school property accessibility*

Recently built schools and expansions are designed to support universal accessibility. However, accessibility needs are not always met in older schools. The Ministry is upgrading the property portfolio to meet the accessibility needs of current ākonga. During 2022/23, \$70 million went into learning support modifications to school property, funding 400 projects across schools in Aotearoa New Zealand.

## Programmes for Students:

Programmes for Students (PFS) are literacy and numeracy interventions that are designed to accelerate learning for students who need further support to succeed in foundational areas. PFS includes three interventions: ALL (Accelerating Learning in Literacy), ALiM (Accelerating Learning in Mathematics) and MST (Mathematics Support Teacher).

Of the 1,573 students who participated in ALL in 2022, 77 percent made clear progress in their learning. Seventy-five percent of the 1,442 MST students from 2022 and 83 percent of the 1,078 students in ALiM made accelerated progress. Te Mahau works closely with the providers to ensure that the supports provided reflect the local setting.

### *Mauri Tū, Mauri Ora*

Mauri Tū, Mauri Ora (MTMO) is a collection of programmes that accelerate progress for ākonga who need extra support in te reo matatini (literacy) and pāngarau (mathematics). In 2022/23, 961 ākonga participated in MTMO. Of these, 862 made progress in their identified learning area of need. However, there have been a range of factors that have affected further progress in these learning areas, including withdrawals from the programme and extreme weather events. Reasons for withdrawals include COVID-19 and student and whānau movements out of schools and programmes. The current iteration of MTMO will conclude in December 2023.

***Improving digital access***

In 2020/21, the Ministry assisted distance learning, required due to COVID-19, for ākongā through digital access. We provided 60,000 students across 40,000 households with internet connectivity, so they could participate in remote learning. We also delivered 49,000 digital devices to schools for students to take home to expand online learning capabilities.

While we have continued to fund connectivity, the Ministry is working with Department of Internal Affairs as Government Chief Digital Officer and the telecommunications industry to develop options for up to 18,000 households when funding ends in June 2024.

***Enabling safer and more sustainable digital connectivity***

Te Mana Tūhono is a six-year programme so that state and state-integrated schools in Aotearoa New Zealand have internal ICT networks that are reliable, resilient, secure and safe. The programme strengthens school networks against cyber-attacks, reduces the administrative burden on schools (through the centralised provision of cyber-security and digital services), and improves the quality and consistency of digital learning environments. So far, 36 percent of all eligible state and state-integrated schools have completed their systems upgrade, with an additional 13 percent receiving equipment replacements.

***Growth in Pūhoro STEM Academy***

Budget 2022 provided funding to grow the Pūhoro STEM Academy to over 2,000 students in 68 schools and expand into two new regions in the next year. The Academy has also announced a partnership with AgResearch to support their efforts in promoting Science, Technology, Engineering, Mathematics (STEM) education for Māori youth.

Pūhoro has entered a partnership with Te Aka Whai Ora, designing a customised Health Career Pathway to enhance the presence of health sciences among rangatahi Māori. This collaboration aims to augment the number of Māori youth joining the Māori health workforce in the coming years. The project will run for the next 12 months.

***Healthy Active Learning***

In partnership with Sport New Zealand and the Ministry of Health, we've advanced the Healthy Active Learning resources based on the Atua Matua framework. This free initiative has seen growing demand, with 800 schools participating across Aotearoa New Zealand. A recent evaluation found that participating schools increased student engagement in health and physical education.








## Performance indicators

Measures of attendance and participation at school and in early learning provide an indication of how well ākonga can access education. Addressing barriers to attendance and engagement is a shared responsibility across government, whānau and communities. (Refer to “Indicator Definitions” section below for data source and trend years.)





### Participation in early learning

Proportion of children attending early learning services for 10 or more hours a week on average at age 4<sup>13</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
62%				59%		74%		Maintain or improve






### Attendance at school

Proportion of ākonga attending school for more than 90% in Term 2<sup>14</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
27%		22%		26%		40%		Maintain or improve

### Course completion in tertiary education

Proportion of ākonga completing 75% or more of their courses in degree or above study<sup>15</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
74%				69%		85%		Maintain or improve

13 This data is from the Early Learning Information, Ministry of Education. For more information, refer to [page 51](#)

14 This data is from School attendance data, Ministry of Education. For more information refer to [page 52](#)

15 This data is from Single Data Return, Ministry of Education and Tertiary Education Commission. For more information refer to [page 52](#)



## Ngā whakaakoranga me te hautūtanga kounga | Quality teaching and leadership

The most significant in-school effect on ākonga learning outcomes is the quality of teaching and leadership. Education workforce supply, internationally, has been tight following COVID-19 and related border restrictions. Supporting international and domestic recruitment, improving conditions, and providing resources to deal with new and emerging issues have been important in helping alleviate pressures and to retain and grow the workforce we need. The Ministry is committed to developing a more strategic approach to the education workforce and the recently announced Ministerial Advisory Group will provide advice on future needs. This year we have prioritised pay equity, collective bargaining, teacher supply, supporting school leaders and tools and resources for teaching.

### Pay equity and payroll

#### *Pay equity settlements*

In 2022 and 2023, pay equity settlements were reached for school administrators (covering approximately 11,000 employees), kaiārahi i te reo (approximately 80 employees), school librarians (approximately 1,200 employees), and science technicians (approximately 400 employees), addressing sex-based undervaluation of their remuneration.

#### *Collective bargaining*

Since July 2022, collective bargaining with the education unions has led to the settlement or variation of 15 collective agreements covering all kaiako, principals and non-teaching staff in the education workforce. Approximately 65,000 kaiako, 2,500 principals and 45,000 non-teaching staff will benefit from the pay increases and improvements to employment conditions delivered through these bargained outcomes.

Of these settlements, eight agreements were bargained and settled in 2022/23. These agreements covered kindergarten teachers, Te Aho o te Kura Pounamu early childhood teachers, some primary principals, secondary principals, school caretakers, cleaners, canteen and ground staff, specialist residential school staff, Te Aho o Te Kura Pounamu specialist and support staff, and community education workers.

A further five agreements were bargained in 2022/23, but settled in 2023. These agreements covered primary teachers, secondary teachers, area school teachers, some primary principals and area school principals. Two agreements which were settled in 2021/22 were varied in 2022/23 to provide updated rates of pay. These agreements covered support staff in schools (including teacher aides), kaiārahi i te reo and school-employed therapists.

### ***Pay parity for education and care services***

Budgets 2021 and 2022 provided funding to advance pay parity for certificated teachers in education and care services with their counterparts in kindergartens.

Budget 2021 provided \$170 million over four years to introduce the first set of pay parity opt-in funding rates. Services that opt into the parity funding rates must pay their certificated teachers at least steps 1-6 of the pay scale in the kindergarten collective agreement (KTCA). In July 2022, 84 percent of education and care services had opted into parity funding rates.

Budget 2022 provided \$265.6 million over four years to introduce the second set of pay parity opt-in funding rates, called extended parity. Services that opt into extended parity must pay their certificated teachers at least KTCA steps 1-6, partial KTCA steps 7-11 and a management step. Extended parity came into effect in January 2023. In March 2023, 54 percent of education and care services had opted into extended parity and 36 percent had opted into parity.

### ***Holidays Act remediation***

On 27 June 2023, the Ministry made the first payment of about \$38.4 million in Holidays Act 2003 arrears to around 82,300 employees (approximately 75 percent of the schools' payroll). To reach the greatest number of people, the payment addressed:

- › sick leave, public holidays, bereavement leave and family violence leave for current school employees (except short-term relief teachers)
- › public holidays on days that would be otherwise working days for short-term relief teachers.

The payment covered the period from 4 September 2013 to 27 January 2022. It did not cover former school employees whose arrears will be addressed at a later date.

## **Growing quality teachers and professionals**

The Ministry has rolled out several initiatives to support the education workforce, and has invested an additional \$23.63 million to lift teacher supply for the 2023 year.

### ***New Zealand teacher attraction, training recruitment and beginning teaching***

To grow the domestic workforce, we have invested to attract students and career changers into teacher education and encouraged beginning and returning teachers to address our supply challenges. This includes the Be a Real Influencer – Go Teach campaign. This was the first of a series of campaigns planned, which aims to support the teaching profession, make it an appealing career choice, and create a pipeline of teachers at early childhood education (ECE), primary and secondary education.

The Ministry has also increased the number of Te Huawhiti | Career Changer Scholarships to 100. These scholarships support mid-career professionals with extensive experience prior to join the teaching profession. A total of 185 Te Huawhiti scholarships were awarded in 2022/23.

Interest in work-integrated and employment-based Initial teacher Education (ITE) pathways is growing. We have initiated work to clarify the current ITE pathways, which offer schools the opportunity to 'grow their own' teachers and increase their visibility to both schools and potential trainee teachers. This covers both employment-based and field-based ITE programmes. We are engaging with sector bodies, ITE providers and schools to develop solutions (within current funding and regulatory settings). Initial sector feedback advises that schools see the value of 'grow your own' pathways for workforce diversity and developing an education workforce with strong connections to their local communities.

We have increased the supply of secondary school teachers in in Tāmaki Makaurau and Te Tai Tokerau by funding the expansion of two ITE programmes that combine online and embedded learning. There are 89 student teachers across the two programmes in host schools in 2023. The BeTTER Jobs Programme matched new and returning teachers with schools struggling to recruit and retain teachers. As a result of this work, we have placed 128 new and returning teachers with schools in 2022/23.

### ***Iwi Māori Workforce Support Package***

We are working in partnership with iwi/Maori to grow the Māori teaching workforce, including te reo Māori and Māori medium/Kaupapa Māori teachers through the delivery of the Iwi Māori Workforce Support Package. During 2022/23, 64 scholarships were awarded — 28 new Uri scholarships (those starting ITE) and 36 scholarships tracking (for those in Years 2 and 3 of ITE).

### ***Māori Medium Beginning Teacher’s Retention Programme***

This programme is delivered by Te Runanga Nui o Nga Kura Kaupapa Māori and Kia Ata Mai Educational Trust. The programme works with beginning teachers, their mentors, employers, whānau, hapu and iwi to improve teacher retention and lift the quality of teaching and language learning in Māori medium/Kaupapa Māori education. Kia Ata Mai supports at least 150 participants and Te Runanga Nui supports between 70 to 100 participants.

### ***Overseas teacher recruitment***

Alongside our efforts to grow the workforce domestically, we have also invested in initiatives to attract overseas teachers to Aotearoa New Zealand and address our supply challenges. To encourage and make it easier for overseas teachers to come to this country, we have streamlined recruitment processes by reducing agency processing times and minimising upfront costs for teachers. This led to 1,055 qualified teachers arriving in Aotearoa New Zealand between January 2022 and July 2023. We also introduced a Navigator Service that provides one-on-one support for leaders to make it easier to recruit overseas teachers.

Between October 2022 and February 2023, we met the upfront costs of international qualification assessments for 2,400 applicants. Over 600 Overseas Relocation Grants for teachers who have arrived from overseas and are in teaching were in progress or had been approved between 1 July 2022 and 28 July 2023. Nearly 120 of these were science, technology or maths teachers.

The Overseas Finders Fee (OFF) was reintroduced in July 2022 with the reopening of the border. The OFF recognises there is a higher cost to schools and centres to recruit teachers from overseas and provides funding to offset these costs. Three hundred and thirty-four applications had been approved or were being processed between 1 July 2022 and 30 June 2023.

### ***Supporting leaders – Leadership Advisors***

The Leadership Advisor roles were created as part of Supporting All Schools to Succeed, the Government’s response to the reform of Tomorrow’s Schools. The response signalled changes to be delivered over several years, including a more visible support system to support effective leadership by principals and tumuaki.

Budget 2022 provided \$22.3 million over four years to establish up to 21 Leadership Advisors and one supporting Chief Advisor. The Leadership Advisor roles were developed with the sector in two strands. One strand is for English medium school leaders (up to 12 roles) and the other is with Te Rūnanga Nui and Ngā Kura ā Iwi for their tumuaki (five roles).

The Leadership Advisors are based within Te Mahau and provide frontline support to school leaders in English medium contexts. Leadership Advisors are seconded from the sector and work directly with principals to address their needs in the regions. Their purpose is to build the capability and capacity of principals to think and act strategically in their leadership roles. Initial feedback from the sector has been very positive about the added value of these roles, as part of the integrated frontline teams.

### ***Principal development map and toolkit/kete***

To provide greater clarity about school leadership development opportunities, we are working with the sector to create a development map and toolkit. This will include initiatives funded or supported by the Ministry, those provided through collective agreements, and those provided through associations, peak bodies and unions. The map and toolkit will make these supports and development opportunities easily accessible and aligned to career stages, with clear pathways for principals to get further information.

### ***Staffing support following North Island weather events***

In response to North Island weather events, the Ministry allocated funds for 38.7 Full Time Teacher/Teaching Equivalent (FTTEs) through Special Reasons Natural Disaster Staffing and just under \$858,000 for Special Reasons Natural Disaster Funding. This funding provided short-term assistance to kura and schools and support staff who have been impacted by these extreme weather events.

## Delivering tools and resources

### *Te Takanga o Te Wā resources*

In 2023, the Ministry developed six self-directed resource packs to support Te Takanga o Te Wā curriculum content designed for kura Kaupapa Māori.

From November 2022, a collection of resources created specifically for the implementation of Te Takanga o Te Wā were made available on Kauwhata Reo. Various designed for ākonga, kaiako, iwi, hapū and whānau to use, we invite kura and school leaders, and kaiako, to explore and engage with this collection. Resources and professional learning support for Te Takanga o Te Wā will continue to be developed and added to over time.

### *Curriculum Leads*

Curriculum Leads based within Te Mahau provide frontline support across education settings, including early learning, schools, Kaupapa Māori and Māori medium. They work as part of integrated teams providing a range of support, advice, and at times challenge, to the sector. Curriculum Leads foster the connection between wellbeing and foundational skills, such as literacy and numeracy.

Curriculum Leads have provided services working directly with kaiako and leaders in early learning services, schools and kura. The service provides support in designing local curriculum and marau ā kura, and a new tranche of Curriculum Leads were introduced in 2023 to help kaiako and leaders implement the Literacy & Communication and Maths Strategy.

### *Tāhūrangi | Online Curriculum Platform Delivery*

Tāhūrangi is the bilingual digital platform for teaching and learning resources from early learning to secondary schooling across the national curriculum. It will act as a key interface between Te Poutāhū and teachers and kaiako. It also offers easily accessible information, guidance, resources and other curriculum materials, saves time for teachers and kaiako, and enables quality learning experiences for all ākonga.

### *Te Ahu o te Reo Māori*







Te Ahu o te Reo Māori seeks to improve te reo Māori acquisition, use and proficiency across the early learning and schooling sectors. It seeks to support the te reo Māori development of teachers, managers and support staff in all kōhanga reo, kura, wharekura, schools and early childhood education centres across Aotearoa New Zealand. It also provides opportunities for te reo Māori to be normalised, and Māori identity, language and culture to be shared and embraced in early learning services and schools.

In its second year, Te Ahu o te Reo Māori saw an uplift in participation, with 9,853 enrollees compared to 6,190 the previous year. Due to its rising popularity, some regions have requested increased participant allocations.







## Performance indicators

To enable quality teaching and learning, we need to support schools to attract and retain a capable education workforce that reflects their communities. (Refer to “Indicator Definitions” section below for data source and trend years.)

Proportion of ākonga in Māori medium and Kaupapa Māori education<sup>16</sup>






School level	Māori		Total		Target
	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	
<b>Early learning</b>	21%		5%		Maintain and improve
<b>Primary school</b>	14%		4%		Maintain and improve
<b>Secondary school</b>	7%		2%		Maintain and improve

Proportion of ākonga learning te reo Māori in English medium education<sup>17</sup>

School level	Māori		Total		Target
	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	
<b>Early learning</b>	42%		36%		Maintain and improve
<b>Primary school</b>	25%		12%		Maintain and improve
<b>Secondary school</b>	25%		10%		Maintain and improve

Ākonga assessment of support they receive from kaiako

Proportion of 15-year-olds who agreed or strongly agreed “I felt that my teacher understood me”<sup>18</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result 2018	Recent trend	Latest result 2018	Recent trend	Latest result 2018	Recent trend	Latest result 2018	Recent trend	
72%				74%		75%		Maintain or improve

16 This data is from the Early Childhood Education Census and School Roll Returns, Ministry of Education. For more information refer to [page 52](#)

17 This data is from the School Roll Returns, Ministry of Education, Single Data Return, Ministry of Education and Tertiary Education Commission. For more information refer to [page 52](#)

18 This data is from the Programme for International Student Assessment, OECD. For more information refer to [page 52](#)

## Kaiako view of school practices around inclusion

Proportion who thought their school was moderately like or very like the statement “We effectively include ākongā in our classes whatever their needs, strengths, and identities”<sup>19</sup>

Latest result 2021	Recent trend	Target
92%		Maintain and improve

## Kaiako reporting their professional development had a positive impact on their teaching

Proportion who agreed that professional development they received in the last 12 months had a positive impact<sup>20</sup>

Latest result 2018	Recent trend	Target
87%		Maintain and improve

## Māori and Pacific representation in kaiako workforce

Proportion of teaching staff who are Māori and Pacific

School level	Māori		Total		Target
	Latest result 2022	Recent trend 2018 to 2022	Latest result 2022	Recent trend 2018 to 2022	
<b>Early learning</b> <sup>21</sup>	9%		7%		Maintain and improve
<b>Primary school</b> <sup>22</sup>	11%		4%		Maintain and improve
<b>Secondary school</b>	13%		4%		Maintain and improve
<b>Tertiary education</b> <sup>23</sup>	14%		4%		Maintain and improve

19 This data is from Teaching and school practices tool, NZCER. For more information refer to [page 53](#)

20 This data is from Teaching and Learning International Survey, OECD. For more information refer to [page 53](#)

21 This data is from the Early Childhood Education Census. For more information refer to [page 53](#)

22 Data for primary and secondary school teachers is from the Teacher Payroll. For more information refer to [page 53](#)

23 This data is from the Tertiary Staffing Return. For more information refer to [page 53](#)





## Te anamata o the ako me te mahi | Future of learning and work

To be effective and meaningful, learning must be relevant to New Zealanders today and throughout their lives. Future demographic and labour market needs require a deliberate and coordinated approach to connect young people to the world of work.

### **Kōkirihiā: the plan for removing streaming from our schools**

The Ministry supported Tokona Te Raki (a Ngāi Tahu think-tank) to convene key organisations and experts from across the education system to develop Kōkirihiā, the plan for removing streaming from our schools. This report, launched February 2023, sets out expectations and actions for several education organisations, including the Ministry. We are supporting Tokona Te Raki to implement Kōkirihiā over the next three years.

### **Refreshing Career Education guidelines**

In 2022/23, we supported the development of the Tertiary Education Commission's (TEC's) Te Rautaki Pūnaha Aramahi ā Motu | National Career System Strategy and continued the revised Career Education guidelines.

Te Rautaki Pūnaha Aramahi ā Motu | National Career System Strategy, launched in August 2023, aims to ensure ākonga understand themselves and their aspirations, and can navigate career opportunities throughout their lives. The Ministry supported the Strategy's development through our role on the Advisory Panel, providing advice about career education in schools.

Once complete and released, the Career Education guidelines will assist schools to understand the role and importance of careers education and guidance, and how school governance and leadership can implement a high-quality, cohesive school-wide careers education programme. They will also support kaiako and career professionals to assist ākonga and their whānau to make informed decisions about life, learning and work post-schooling. Alongside the TEC's updates to the Careers New Zealand website, and the development of Tahatū (the next generation of the Careers New Zealand website), schools and careers professionals will have more comprehensive tools to deliver quality career advice and support to ākonga.

## Education to employment

We have created opportunities for ākonga to connect with the STEAM (Science, Technology, Engineering, Arts, Mathematics) industries, particularly those in the technology sector. Programmes such as Pathways to Technology enable ākonga to have access to industry mentors, workplace experiences and site visits, authentic learning opportunities, and paid internships over a five-year pathway to employment in the technology sector.

The Digital Technologies Industry Transformation Plan (coordinated by the Ministry for Business, Innovation and Employment) will develop other innovative solutions to enhance the skills and talent pipeline from school into employment in high-value, low-carbon employment careers in technology.

## Progressing the Review of Vocational Education (RoVE)

In 2022/23, we supported the RoVE implementation agencies through the completion of the policy and operational implementation of the reforms. The reform programme now moves towards the integration of the work-based and provider-based learning within Te Pūkenga, rationalisation of qualifications and programmes, and the establishment phase of the Workforce Development Councils. The Ministry also:

- › led the Budget 2023 process to support the transformation of Te Pūkenga via an interest-free Crown loan of \$220 million to implement an IT transformation programme
- › led the Unified Funding System to go live in January 2023.

## Artificial Intelligence





We developed guidance for schools and kura on the safe and appropriate use of Artificial Intelligence (AI). In support of this guidance, we are adding information to our website describing generative AI, possible uses, risks and limitations. We are updating the information to address emerging issues and share new advice from the Office of the Privacy Commissioner and cross-government guidance on AI use in the public service. We continue to develop further resources and advice for schools and kura.

## Performance indicators

Participation and attainment in tertiary education and training allows us to gauge the relevance of learning to the lives of young people and the needs of employers, both now and in the future. (Refer to “Indicator Definitions” section below for data source and trend years.)






School leaver enrolment in tertiary education at Level 3 or higher

Proportion of school leavers enrolling in tertiary education at Level 3 or higher within one year of leaving school<sup>24</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
56%		63%		58%		71%		Maintain or improve






Highest qualification ākonga expect to gain

Proportion of 15-year-olds who expect to obtain a degree or higher<sup>25</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2018		2018		2018		2018		
40%				48%		53%		Maintain or improve

Qualification completion and progression rates at tertiary education providers

Eight-year qualification completion rate at degree and above<sup>26</sup>






Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
67%				66%		79%		Maintain or improve

<sup>24</sup> This data comes from the School Leavers, Ministry of Education, Single Data Return, Ministry of Education and Tertiary Education Commission, Industry Training Register, Tertiary Education Commission. For more information refer to [page 54](#)









<sup>25</sup> This data comes from the Programme for International Student Assessment, OECD. For more information refer to [page 54](#)

<sup>26</sup> This data is from the Single Data Return, Ministry of Education and TEC Industry Training Register, TEC. For more information, refer to [page 54](#)









Proportion of 25- to 64-year-olds with no formal qualifications<sup>27</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2023	2022 to 2023	2023	2022 to 2023	2023	2022 to 2023	2023	2022 to 2023	
22%				26%		12%		Maintain or improve

First-time participation rate in level 3 to 7 education<sup>28</sup>






Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2023	2022 to 2023	2023	2022 to 2023	2023	2022 to 2023	2023	2022 to 2023	
								Maintain or improve

Participation rate in vocational education and training<sup>29</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2023	2022 to 2023	2023	2022 to 2023	2023	2022 to 2023	2023	2022 to 2023	
								Maintain or improve

## Qualification completion rates in industry training

Seven-year qualification completion rate for apprenticeships<sup>30</sup>

Māori		Māori-medium and Kaupapa Māori		Pacific		Total		Target
Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	Latest result	Recent trend	
2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	2022	2018 to 2022	
55%				56%		65%		Maintain or improve

27 This data is from the Household Labour Force Survey, Statistics New Zealand. For more information, refer to [page 54](#)

28 This data is from the School Leavers, Ministry of Education Single Data Return, Ministry of Education and Industry Training Register, Tertiary Education Commission. For more information, refer to [page 54](#)

29 This data is from the Single Data Return, Ministry of Education Industry Training Register, Tertiary Education Commission and Population Estimates, Statistics New Zealand. For more information, refer to [page 54](#)

30 This data is from the Single Data Return, Ministry of Education and TEC Industry Training Register, Tertiary Education Commission. For more information, refer to [page 54](#)



## He mātauranga tūmatanui taumata tiketike o te ao | World class inclusive public education

Aotearoa New Zealand aims to have a world class inclusive public education system that responds to the evolving needs of communities and provides the infrastructure and resources to support teaching and learning. This includes research and mātauranga Māori within tertiary education. Work is underway to rebuild the international education sector.

### Locally responsive and sustainable education networks

As communities change, so too do the schooling needs of their children and young people. The Ministry regularly monitors the capacity and projected growth of the school network and works closely with schools, local communities and other agencies.

The National Education Growth Plan (NEGP) identifies what we know from a range of sources about the anticipated location and nature of patterns of growth in school-aged populations. It also identifies measures that government may need to consider to manage, maintain and grow the schooling network across those areas in the period through to 2030.

He Taonga te Tamaiti | The Early Learning Action Plan 2019-2029 outlines actions to manage the network of early childhood education and care services. Providers are now required to consider the needs of the community they plan to serve, and there are additional requirements around the capability and suitability of potential providers. Twenty-three early childhood service applications were approved in 2022/23.

### Investing in the school property portfolio

In 2022/23, the Ministry invested \$1.5 billion of capital funding in the school property portfolio. The Ministry manages school infrastructure by planning for growth and population shifts to ensure that every child has access to a local school. The NEGP identifies areas where we know population growth will be highest and demand for additional space in schools will be greatest. In 2022/23, the plan delivered 8,736 new student places across the network.

### ***National School Redevelopment Programme***

Throughout this year, the Ministry has continued to upgrade schools with complex infrastructure needs through the National School Redevelopment Programme, which provides upgrades at schools that cannot manage their property requirements with the next two allocations of 5YA funding. There are over 300 projects in the programme, with:

- › 56 projects in planning and design
- › 54 projects in construction
- › 93 projects delivered.

### ***Christchurch Schools Rebuild Programme***

We established the Christchurch Schools Rebuild Programme in 2013 to rebuild and repair 115 schools in Greater Christchurch. As of February 2023, we have completed 81 schools, with 27 in construction and five in planning and design. The Ministry delivered 11 rebuild projects in 2022/23.

### ***Upgrading property at small, isolated and rural schools***

The Ngā Iti Kahurangi programme provides upgrades to property at 600 small, isolated and rural schools. The programme helps rural schools improve lighting, noise, temperature and energy efficiency. Improvements include LEDs, acoustic panels and thermal insulation in ceilings. The programme also installs residual current devices and supports state primary schools to update their Asbestos Management Plans.

This programme was extended to around another 175 small schools in 2023. As at September 2023, 261 rural schools have had upgrades completed through this programme.

### ***Ensuring value for money through the school property portfolio***

During 2022/23, the Ministry has continued to respond to significant challenges posed to the portfolio by ongoing supply shortages, increased construction costs and contractor resourcing issues. We are refining our investment decision-making process to improve the accuracy of investment forecasts and achieve value for money across the portfolio. In some cases, staging or phasing of projects is required to optimise the investment we are making across our programmes, and provide the greatest benefit to the greatest number of schools.

To address cost pressures, we have also introduced more repeatable designs for school buildings and off-site manufactured buildings for new classroom builds. Repeatable school designs are proven to deliver good learning outcomes and can be easily customised to school sites and needs, while off-site manufacturing provides high-quality and versatile buildings that can be delivered in a shorter timeframe than traditional classrooms and with minimal disruption to teaching and learning. Reference designs have been used in over 40 projects in the past three years, and almost 600 classrooms have been delivered through off-site manufacturing over the same period.

### ***Responding to property damage caused by North Island weather events***

In early 2023, two separate extreme weather events caused flooding and damage across large parts of the North Island, impacting communities and educational facilities. Over 500 schools across the North Island were damaged. Following these events, the Ministry mobilised teams quickly to undertake repairs to roofs and plumbing infrastructure, as well as carpentry, tree removal and emergency cleaning. Budget 2023 allocated further funding to return weather-damaged schools to their original state.

One hundred and sixty-three projects were delivered immediately to support affected schools and communities. One hundred and forty-five projects are in progress and 245 are in planning and design. The Ministry is also working on several long-term repair and rebuild projects.

### **Introducing the Equity Index and increasing equity funding levels**

In January 2023, the Ministry implemented the Equity Index (EQI) to determine a school's level of equity funding and invested an additional \$75 million per year in equity funding. While the decile system served this purpose for nearly 30 years, the EQI makes use of better data, will be updated annually, and is based on student-level information rather than the neighbourhoods where ākonga live. The EQI more accurately targets resources to those schools with ākonga facing greater socio-economic barriers to educational achievement.

This work was recognised in Te Kawa Mataaho | Public Service Commission Spirit of Service Awards. The Ministry of Education and Statistics New Zealand have been jointly awarded the te Tohu mō te Hiranga o te Mahi Kaupapa Here | the Excellence in Public Policy Award category.

### **Launch of Pourato – Online Education Resourcing System**

Pourato was introduced in November 2022 and allows schools and kura to monitor their roll, funding and staffing in real time. Since its launch, over 99.5 percent of schools have accessed Pourato. The Ministry is continuing to add new functionality for schools and is working on the systems for early learning services. The main functionality for both systems is expected to be completed in 2025.

### **Progress in wānanga education**

Legislative amendments have been initiated to better honour the mana, rangatiratanga and whakapapa of the three wānanga and any future wānanga that transition into tertiary institutions. Additional funding has been allocated to wānanga, and a long-term funding framework is in development.

### **Re-establishment of post-COVID-19 international education**

The refreshed New Zealand International Education Strategy 2022-2023, launched in August 2022, provides the overarching framework for the recovery and rebuild of international education. It aims to develop a high-value, diverse and resilient international education sector that benefits all New Zealanders.

International student enrolments have started to recover from the pandemic. As at April 2023, there were approximately 44,255 onshore and offshore international students enrolled across all these levels of study. This is an increase of around 50 percent compared with a year earlier and this reverses the steady decline since the border closures at the start of the pandemic. This compares with a pre-COVID (2019) number of 110,090 international students.

## Performance Indicators

Investing in the condition of school properties is an important part of the infrastructure to deliver world class inclusive education. (Refer to “Indicator Definitions” section below for data source and trend years.)

Condition of the school property portfolio<sup>31</sup>

Percentage of State schools that have a condition grade of 3 or better

2021/22	2022/23	Recent trend 2022 to 2023	Target
87%	87%		Maintain or improve

31 This data is from Ministry of Education. For more information, refer to [page 55](#)



# Building Ministry capability

This section describes the changes the Ministry is making to how we work, and our contributions to all-of-government initiatives and other required reporting activity.

We have included reporting on cross-government expectations to:

- › improve Māori-Crown relations capability and promote te reo Māori revitalisation
- › promote diversity, equity and inclusion within the Ministry
- › shape our response to climate change and actively participating in the Carbon Neutral Government Programme (CNGP).
- › address the impact of North Island weather events and the ongoing effects of COVID-19.

## The Future Education Change Programme

October 2022 marked the first full year of our new organisational structure, which established Te Mahau within a redesigned Ministry. Further structural changes to embed our new design were consulted on with Ministry staff over the latter parts of 2022 and implemented in April 2023.

These are the biggest organisational structural changes to the Ministry in its 30-year history. They give effect to the Cabinet direction to establish a more responsive, accessible and integrated local support function for early learning services and schools by substantially rebalancing the Ministry of Education towards more regional and local support. This new function, Te Mahau, is the core of our operational role. It is about delivering services, support and building relationships with the education workforce and others that work with them locally, regionally and nationally so they can directly serve ākongā and whānau. This includes our regulatory role and important services that we provide directly to them.

Multi-disciplinary integrated teams have been created across our Te Mahau takiwā (regions), which are as local as possible and the key point of contact with the sector. They bring together learning support, curriculum, education (including early learning), and in some cases Education Advisers Māori. The teams work alongside, and can draw on, the support and expertise of new frontline roles that have been developed over the past year which include:

- › Leadership Advisors, which are based within Te Mahau and support school leaders and building their capability
- › NCEA Implementation Facilitator roles established to work directly with the sector and communities to support priority learner groups.

The takiwā teams are supported by the central parts of Te Mahau (Te Pae Aronui | Operations and Integration, and Te Poutāhū | The Curriculum Centre) and by the wider Ministry. The relationship and feedback loops that this new operating model creates between the frontline and centre will transform the way that policy, advice, planning and implementation are carried out because they will be strongly informed by the sector's capacity and capability to absorb and give effect to change at scale.

## Mātauranga House

Our staff are continuing to work flexibly after we moved out of Mātauranga House in 2022 due to a structural engineering report on its ability to withstand earthquakes under updated regulations. While Mātauranga House remains vacant, we have stopped paying rent for the building and are optimising the use of our existing office space in central Wellington, with some kaimahi working from home where necessary. Negotiations with the landlord for the remediation of Mātauranga House are underway, supported by the Government Property Group, and we expect to enter into a new long-term lease for the upgraded premises.

## Achieving broader outcomes from government procurement

Broader Outcomes is a government-wide initiative that seeks to achieve supplementary benefits through the way a service, project or goods are produced or delivered. These outcomes can be social, environmental, cultural or economic benefits that deliver long-term public value for Aotearoa New Zealand. We are using our procurement process to achieve greater value for public money while encouraging inclusiveness and unlocking innovation. To achieve this, we have developed toolkits that support this mahi across our procurement activities. We have also streamlined procurement processes to allow for better ease of access for Māori, Pasifika and small-to-medium sized businesses to procurement opportunities.

Our procurement team has been recognised with the Strategic Achievement Award (APAC) at the 2023 World Commerce & Contracting Innovation & Excellence Awards. This award acknowledged the Ministry's innovative approach to sourcing a supplier to deliver the Curriculum Insights and Progress Study.

## Prioritising Ministry staff hauora | wellbeing

The Ministry continued to support kaimahi wellbeing during 2022/23. This work included introducing an online Wellbeing Hub, continuing our annual influenza vaccination programme, and implementing the Hauora Allowance as agreed through bargaining with the Public Service Association. We now provide wellbeing workshops for all our people and offered additional support to kaimahi affected by adverse weather events.

## Kia Toipoto Pay Gap Action Plan

We are addressing pay disparities through our Gender and Ethnic Pay Gap Action Plan and Diversity and Inclusion initiatives. In particular:

- › the Ministry reduced its gender pay gap from 17.3 percent in 2022 to 15.9 percent by 30 June 2023
- › the negative pay gap for kaimahi Māori (-5.3 percent) suggests that our work to address disparities for Māori continues to improve outcomes for kaimahi Māori
- › the reduction in the Pacific pay gap from 5.7 percent in 2020/21 to 3.7% in 2022/23 demonstrates our efforts to address disparities faced by our Pacific staff
- › we continue to address the pay gap (11.2 percent) for our Asian workforce.

## Diversity and inclusion

### *Te Urupare I te Mariu | Addressing Bias*

The Ministry introduced an Unconscious Bias eLearning module, which has been completed by 183 staff since its launch in November 2022. The module provides approaches to attracting and hiring diverse talent, and creating a supportive workplace that anticipates and responds to diverse needs. We continue to test our systems and processes with the purpose of eliminating unconscious bias.

### *Hautūtanga Ngākau Tuwhera | Inclusive Leadership*

We have refined our induction process so that employees from diverse backgrounds feel included, and are working with current leaders so that they are able to foster a workplace where everyone feels valued.

## Māori-Crown relations capability

Māori-Crown relations capability involves increasing our individual and organisational capability to meet our commitment to be a good kāwanatanga partner under Te Tiriti o Waitangi. We navigate this through Whāinga Amorangi, our organisational and public service commitment, and Tātai Pou, our Māori-Crown Relations capability framework for individual staff.

### *Increasing Māori-Crown relations capability*

We are increasing Māori-Crown relations capability through attraction, appointment, development and retention practices. This includes embedding Tātai Pou into all new and newly vacant role descriptions, recruitment supported by Tātai Pou expertise, fair and equal weighting of Tātai Pou capability through the recruitment process, and alignment to our Whāinga Amorangi commitments.

### *Pou Ārahi*

Pou Ārahi are senior leaders within Te Pou Tuarongo, embedded into each business group's leadership team. These roles build capability, and provide on the ground support for our Māori-Crown relations capability.

### *Supporting te reo Māori capability within the Ministry*

Te Aka Maurea, our internal Māori language plan, supports us to grow te reo and tikanga Māori capability that aligns to the Maihi Karauna, the Crown's Strategy for Māori Language Revitalisation 2019-2023 under Te Ture mō te reo Māori 2016. The strategic priorities for the plan are to shape a workforce who are competent and confident in te reo and tikanga Māori, and that quality te reo Māori is used, accessible and consistent across the organisation to give effect to Tau Mai Te Reo and Ka Hikitia – Ka Hāpaitia.

## Carbon Neutral Government Programme (CNGP)

The CNGP was established to accelerate the reduction of emissions within the public sector. The CNGP requires a commitment to carbon neutrality by 2025 by all government organisations. It also requires all mandatory agencies to measure and report on their CO<sub>2</sub> emissions annually and set emissions reduction targets and associated reduction plans to achieve these.

### Our response

In 2022, the Ministry set a baseline year for our corporate emissions of 2018/19, and reported our 2021/22 emissions for mandatory emissions sources required by the CNGP and additional corporate material emissions sources. Table 1 tracks our progress toward our reduction targets set in 2022 for our CNGP corporate mandatory emissions sources.

The Ministry's 2022/23 inventory includes all activities undertaken by the state schooling sector, including school boards. This enables the Ministry and school boards to respond to the carbon emissions of the state school system as a whole, rather than a component part of it.

### Our inventory

The quantity of emissions reported in our inventory reflect the scale, nature and variety of activities undertaken to support and deliver education to the state schooling sector. Our mandatory emissions sources are divided into:

- › In Category 1 reported vehicle fleet and natural gas for heating office buildings
- › In Category 2 reported electricity supplied to office buildings
- › In Category 3 reported staff business travel including air travel
- › In Category 4 reported waste from office buildings, staff working from home and business travel accommodation.

Our mandatory emissions sources form part of our corporate emissions, shown in Table 1, and then collated into the overall Ministry's emissions inventory presented in Table 3 where our material emissions are divided into Categories 3, 4 and 5.

### Our reduction targets

In 2022, the Ministry set gross emissions reduction targets for mandatory emissions sources for our corporate activities. Our reduction targets set in 2022 for mandatory emissions are as follows:

Target	2025	2030
Reduce our mandatory Category 1, 2, 3 and 4 gross emissions by:	21%	42%
	Equating to 4,538 tonnes CO <sub>2</sub> -e by 2024/25 from a base year of 2018/19 of 5,744 tonnes CO <sub>2</sub> -e	Equating to 3,332 tonnes CO <sub>2</sub> -e by 2029/30 from a base year of 2018/19 of 5,744 tonnes CO <sub>2</sub> -e

For our material emissions, the Ministry intends to work with school boards, the CNGP, and our internal and external stakeholders to set appropriate targets across all our material emissions sources.

**Table 1:** Ministry corporate emissions

Our emissions for the Ministry as a corporate entity are shown in Table 1 and collated into the overall Ministry's emissions inventory presented in Table 3 across mandatory and material Categories 1, 2, 3, 4 and 5.

<b>Emissions category</b>	<b>2018/19 emissions (tonnes CO<sub>2</sub>e )</b>	<b>2021/22 emissions (tonnes CO<sub>2</sub>e )</b>	<b>2021/22 emissions (tonnes CO<sub>2</sub>e )</b>	<b>Change from 2021/22 to 2022/23</b>
<b>FTE (approx.)</b>	3,250	4,086	4,311	▲ 6%
Mandatory emissions sources				
Category 1: Direct GHG emissions and removals (vehicle fleet and natural gas)	1,577	999	1,172	▲ 17%
Category 2: Indirect GHG emissions from building energy	504	511	297	▼ 42%
Category 3: Indirect GHG emissions from transportation (staff business travel including air travel, WFH and hotel stays) *	3,229*	2085*	3,923	▲ 88%
Category 4: Indirect GHG emissions from products used by the Ministry (waste, water and wastewater) *	434*	452*	381	▼ 15%
Mandatory emissions subtotal	5,744	4,047	5,773	▲ 42%
Material emissions sources				
Category 3: Indirect GHG emissions from transportation – employee commuting	4,005**	3,985	3,437	▼ 14%
Mandatory emissions sources + Material employee commuting subtotal	9,749	8,032	9,209	▲ 15%
Category 4: Indirect GHG emissions from products used by the Ministry – purchased goods and services	~40,099	48,646	14,703***	▼ 70%
<b>2018/19 Total emissions</b>		<b>-50,728 tonnes CO<sub>2</sub>e</b>		<b>▼ 58%</b>
<b>2021/22 Total emissions</b>		<b>-56,678 tonnes CO<sub>2</sub>e</b>		
<b>2022/23 Total emissions</b>		<b>-23,912 tonnes CO<sub>2</sub>e</b>		

\* Emissions from hotel stays and WFH have been re-aligned from category 4 to category 3, total emissions are unchanged.

\*\*Emissions from staff commuting were overestimated in the 2018/19 baseline year and have since been corrected.

\*\*\*Due to changes in inclusions, allocations, and methodology the 2018/19 and 2022/23 material emissions for Category 4 cannot be compared.

## Commentary on corporate emissions

### *Emissions per FTE have come down by 25 percent*

The Ministry has similar corporate mandatory emissions to 2018/19 due to reductions from the transition of the vehicle fleet to electric vehicles, sustained reduction in international staff business travel, and a reduction in office building carbon emissions from electricity. Mandatory Category 1-4 emissions per FTE have come down by 25 percent.

### *29 percent of the 565-vehicle fleet are electric*

Twenty-nine percent of the 565 vehicles in the fleet have been transitioned to electrical vehicles, with 73 battery electric vehicles and 91 plug-in hybrid electric vehicles.

### *Monitoring increasing domestic travel levels*

There has been a rise in emissions from an increase in staff domestic travel since 2021/22. The Ministry is committed to ensuring that travel decisions are considered in the context of our carbon emissions reduction targets.

### *NABERSNZ ratings for five of our largest office buildings*

As part of our wider CNGP, we are reviewing the energy efficiency of our corporate office portfolio and have completed NABERSNZ ratings for five of our largest office buildings. We have also launched Mevo, a car sharing service for business travel use, which provides fully electric and hybrid alternatives to taxis and rental cars.

### *Verification of emissions data*

Our mandatory emissions inventories have been independently verified to reasonable assurance for Category 1 and 2 emissions, and limited assurance for Category 3 and 4 emissions. Our material emissions, including schools and kura, are unverified. The Ministry will include verified material emissions in our 2023/24 Annual Report.

**Table 2:** School board emissions

An aggregate of school board emissions as if reporting was undertaken independently of the Ministry. This takes the emissions shown in Table 3 as Category 5 and shows them as Category 1, 2, 3 and 4 for school boards.

<b>Emissions category</b>	<b>Schools and kura (school boards) in aggregate tonnes CO<sub>2</sub>e</b>
Mandatory emissions sources	
Category 1: Direct GHG emissions and removals (fuels such as natural gas, coal and LPG)	35,855
Category 2: Indirect GHG emissions (electricity)	18,625
Category 3: Indirect GHG emissions from transportation (Correspondence School pupils)	1,004
Category 4: Indirect GHG emissions from products used (water, waste, wastewater used in schools and kura)	10,678
Mandatory emissions subtotal	66,162
Material emissions sources	
Category 3: Indirect GHG emissions from transportation (pupil and staff commuting)	341,278
Category 4: Indirect GHG emissions from products used (purchased goods and services and capital works)	275,571
Material emissions subtotal	616,849
<b>Total emissions (tonnes CO<sub>2</sub>-e)</b>	<b>683,010</b>



**Table 3:** State schooling sector emissions (including Ministry, state schools and kura)

Our organisational emissions include our corporate activities (Table 1) and school boards (Table 2). It also includes the emissions resulting from expenditure the Ministry undertakes directly to deliver educational outcomes for ākonga. This includes our state school construction programme, education programmes, professional development for teachers, and additional support services for ākonga including our Ka Ora, Ka Ako Healthy | School Lunches Programme.

Emissions category	Schools and kura (school boards) in aggregate tonnes CO <sub>2</sub> e
Mandatory emissions sources	
Category 1: Direct GHG emissions and removals (vehicle fleet and natural gas)	1,172
Category 2: Indirect GHG emissions from building electricity	297
Category 3: Indirect GHG emissions from transportation (Ministry staff business travel including air travel, accommodation and WFH)	3,923
Category 4: Indirect GHG emissions from products used (waste, water, wastewater and transmission and distribution for electricity and natural gas)	381
<b>Mandatory emissions subtotal</b>	<b>5,773</b>
Material emissions sources	
Category 3: Indirect GHG emissions from transportation (Ministry staff commute and Ministry-funded school transport)	30,911
Category 4: Indirect GHG emissions from products used – purchased goods and services and state school capital works by the Ministry	386,443
Category 5: Indirect GHG emissions associated with the use of products from the organisation (school board-related emissions, energy used in schools, pupil and school staff commuting, school-led purchased goods and services, and capital works)	683,010
<b>Material emissions subtotal</b>	<b>1,100,364</b>
<b>Total emissions (tonnes CO<sub>2</sub>-e)</b>	<b>1,106,137</b>

# Our performance measurement reporting approach

The Ministry's performance reporting is based on its Statement of Intent 2021-2026 (SOI).

The SOI sets out what success looks like, the Ministry's focus for the next four years, and how it will measure progress. This aligns with the outcomes and priorities in the National Education Learning Priorities (NELP), Tertiary Education Strategy (TES), Ka Hikitia - Ka Hāpaitia, and other strategy documents.

## Guide to this document

### *Part One*

Part One of the report provides performance reporting based on the result areas and indicators outlined in Part Two of this document, the Ministry's Statement of Intent, and Ngā Ara o te Mātauranga: The Pathways of Education report (2022).

Internationally comparative information is dependent on the completion of research like the Programme for International Student Assessment (PISA), the Trends in International Mathematics and Science Study (TIMSS), the Progress in International Reading Literacy Study (PIRLS), the Teaching and Learning International Survey (TALIS) and the Survey of Adult Skills (PIAAC).

### *Part Two*

Part Two of the report provides service delivery measures reporting. On an annual basis, the Ministry reviews the service delivery measures in the Estimates of Appropriations and updates any changes through the Budget process. The Ministry provides appropriate and meaningful performance information supporting the relevant intention statement for the appropriation. Measures are updated and approved by relevant managers and signed off by the Vote Minister through the Estimates process.

### *Performance measure definitions*

The Ministry develops and maintains data dictionary documents for each measure, which confirm how data is collected, calculated and recorded. Reporting on Estimates measures is provided on an exceptions-basis monthly to the Ministry's Leadership team and quarterly to the Minister.

# Indicator definitions

## Ākonga at the centre

Indicator	Definition / Notes	Source	Latest result	Recent trend	Coverage
Sense of belonging at school for 15-year-olds	Proportion of ākonga who agreed or strongly agreed to "I feel like I belong at school"	Programme for International Student Assessment, OECD	2018	2012 to 2018	English medium schooling
Sense of belonging at school for Year 5 ākonga	Proportion of ākonga who 'agreed a little' or 'agreed a lot' to "I feel like I belong at school"	Progress in International Reading Literacy Study (PIRLS), IEA	2020	2015 to 2020	All schools
15-year-olds who feel safe at school	Proportion of ākonga who agreed or strongly agreed to "I feel safe at school"	Programme for International Student Assessment, OECD	2018	2012 to 2018	English medium schooling
Year 5 ākonga who feel safe at school	Proportion of ākonga who 'agreed a little' or 'agreed a lot' to "I feel safe when I am at school"	Progress in International Reading Literacy Study (PIRLS), IEA	2020	2015 to 2020	All schools
Proportion of school leavers with NCEA Level 2 or equivalent qualifications	Proportion of school leavers with NCEA 2 and above and with UE	School leavers, Ministry of Education	2022	2018 to 2022	All schools
Achievement against the curriculum for Year 4 and 8 ākonga in other curriculum (The Arts, Health and PE) areas	Proportion of ākonga who reached the expected curriculum levels in assessed subjects: Level 2 and higher in Year 4 and Level 4 in Year 8	National Monitoring Study of Student Achievement, Otago University	2015 to 2022	N/A	English medium schooling
Maths, reading and writing ability of 15-year-olds	Proportion of 15-year-olds at proficiency Level 2 or above	Programme for International Student Assessment, OECD	2018	2012 to 2018	English medium schooling
Achievement against the curriculum for Year 4 and 8 ākonga in maths	Proportion of ākonga meeting the expected curriculum levels in maths: Level 2 and higher in Year 4 and Level 4 in Year 8	National Monitoring Study of Student Achievement, Otago University	2022	N/A	English medium schooling
Reading and ability of Year 5 ākonga	Proportion of Year 5 ākonga achieving at or above the PIRLS Intermediate International Benchmark	The Progress in International Reading Literacy Study (PIRLS), IEA	2020	2015 to 2020	All schools

## Barrier-free access

Indicator	Definition / Notes	Source	Latest result	Recent trend	Coverage
Proportion of children attending early learning services for 10 or more hours a week on average at ages 3 and 4		Early Learning Information, Ministry of Education	2022	2018 to 2022	Licensed early learning services, except Ngā Kohanga Reo
Percentage of ākonga attending school for more than 90% in Term 2		School attendance data, Ministry of Education	2022	2018 to 2022	State and state-integrated schools
Proportion of tertiary ākonga completing 75% or more of their courses		Single Data Return, Ministry of Education and Tertiary Education Commission	2022	2018 to 2022	Tertiary education providers

## Quality teaching and leadership

Indicator	Definition / Notes	Source	Latest result	Recent trend	Coverage
Proportion of ākonga in Māori medium and Kaupapa Māori education	Proportion of ākonga in early learning in services that are delivered as Māori medium (50% or higher te reo Māori usage)  Proportion of ākonga in primary and secondary school in Māori medium and Kaupapa Māori (50% or higher te reo Māori usage)	ECE Census and School Roll Returns, Ministry of Education	2022	2018 to 2022	Licensed early learning services  State and state-integrated schools
Proportion of ākonga learning te reo Māori in English medium settings	Proportion of all ākonga who are learning te reo Māori in English medium settings in primary and secondary school (any language learning or usage under 50%)  Denominator includes ākonga in Māori medium and Kaupapa Māori settings  Proportion of formal domestic ākonga enrolled in tertiary education providers who are studying te reo Māori as a subject	School Roll Returns, Ministry of Education  Single Data Return, Ministry of Education and Tertiary Education Commission	2022	2018 to 2022	State and state-integrated schools  Tertiary education providers
Ākonga assessment of support they receive from kaiako	Proportion of ākonga who agreed or strongly agreed to statement on support from kaiako	Programme for International Student Assessment, OECD	2018	N/A	English medium schooling

Indicator	Definition / Notes	Source	Latest result	Recent trend	Coverage
Ākonga assessment of support they receive from kaiako	Proportion of ākonga who 'agreed a little' or 'agreed a lot' to statement on support from kaiako	The Progress in International Reading Literacy Study (PIRLS), IEA	2020	N/A	State and state-integrated schools
Kaiako view of their practices in the classroom around inclusion		Teaching and school practices tool, NZCER	2021	N/A	English medium schooling
Kaiako reporting that their PLD had a positive impact on their teaching	Kaiako reporting that their PLD had a positive impact on their teaching	Teaching and Learning International Survey, OECD	2018	N/A	English medium schooling
Kaiako reporting that their PLD had a positive impact on their teaching	Kaiako reporting whether they have participated in formal professional development in reading in the past two years and how kaiako prioritised their need for future professional development	The Progress in International Reading Literacy Study (PIRLS), IEA	2020	N/A	State and state-integrated schools
Ethnic breakdown of kaiako in early learning	Proportion of all early learning kaiako who are Māori and Pacific	ECE Census	2022	2019 to 2022	Early learning kaiako and home-based coordinators, excluding Ngā Kohanga Reo
Ethnic breakdown of kaiako in schooling	Proportion of all kaiako who are Māori and Pacific	Teacher Payroll	2022	2018 to 2022	State and state-integrated schools
Ethnic breakdown of kaiako in tertiary education	Proportion of tertiary kaiako who are Māori and Pacific (out of total with ethnicity responses)	Tertiary Staffing Return	2022	2018 to 2022	Tertiary education providers

## Future of learning and work

Indicator	Definition / Notes	Source	Latest result	Recent trend	Coverage
School leavers enrolling in tertiary education	Proportion of school leavers enrolled in Level 3 or higher tertiary education or training within one year of leaving school	School leavers, Ministry of Education  Single Data Return, Ministry of Education and Tertiary Education Commission  Industry Training Register, Tertiary Education Commission	2022	2018 to 2022	All schools, tertiary education providers and industry training organisations
Highest qualifications ākongā expect to gain	Proportion of ākongā who said the highest level of education they expected to obtain was either 'Year 10', 'NCEA Level 1 or National Cert Level 1-3', 'NCEA Level 2 or 3', 'National Cert Level 4', 'Diploma or Cert at Level 5' or 'A degree or higher'	Programme for International Student Assessment, OECD	2018	N/A	English medium schooling
Tertiary qualification completion rates	Proportion of ākongā starting in a specific year who completed a qualification within a specified time period  Reported separately for provider-based enrolments and industry training  Provider rates include ākongā who progress onto higher level study without completing a qualification at the level they started at	Single Data Return, Ministry of Education and Tertiary Education Commission	2022	2018 to 2022	Tertiary education
Proportion of 25- to 64-year-olds with no formal qualifications	Proportion of the 25- to 64-year-old population who have no formal qualifications	Household Labour Force Survey, Statistics New Zealand	2023	2022 to 2023	
First-time participation rates in Level 3 to 7 education	Proportion of the 18- to 19-year-olds population who are enrolled in tertiary education in Levels 3 to 7 for the first time.	School Leavers, Ministry of Education Single Data Return, Ministry of Education and Industry Training Register, Tertiary Education Commission	N/A	N/A	
Participation rate in vocational education and training	Proportion of 16- to 24-year-olds and 25- to 64-year-olds enrolled in vocational education and training	Single Data Return, Ministry of Education Industry Training Register, Tertiary Education Commission and Population Estimates, Statistics New Zealand	N/A	N/A	

## World class inclusive public education

Indicator	Definition / Notes	Source	Latest result	Recent trend	Coverage
Condition of the school property portfolio	Proportion of State schools that meet the Ministry's property-related condition standard	Ministry of Education	2023	2022 to 2023	

# Nature and scope of functions

The education system impacts every person, whānau and community across Aotearoa New Zealand and is a major contributor to improving our society and economy.

The Ministry of Education is the lead advisor to the Government on education and the steward of the education system responsible for:

- › Advising on the long-term health and performance of the whole education system.
- › Working collaboratively with sector partners to deliver equitable and excellent outcomes for all ākonga.
- › Providing support to enable sector leaders and the workforce to improve progress and achievement where needed.
- › Taking action to give practical effect to Te Tiriti o Waitangi.
- › Advising Ministers on policy changes needed to enhance the performance of and outcomes from the system.
- › Administering the Education and Training Act 2020 and other education legislation.



## Our key responsibilities and functions include:

- › Administering Vote Education and Vote Tertiary Education.
- › Providing advice to Ministers on education, from early learning through schooling to tertiary education
- › Administering a range of legislative and regulatory controls, delivering funding and other resources, and providing services that support the governance, management and operation of early learning and schooling education providers.
- › Monitoring providers and schools and intervene when there is operational or educational risk.
- › Providing curriculum leadership, expertise and partnership for the New Zealand Curriculum, Te Marautanga o Aotearoa and Te Whāriki, as well as expertise and resources for quality teaching.
- › Providing support and resources to the community. This includes empowering parents and whānau to engage with the education of their ākonga, and working with whānau, iwi, employers and communities to strengthen engagement and achievement in education to involve them in the education system.
- › Providing support for the Ministry's international engagements and operating the New Zealand Secretariat for UNESCO.
- › Providing advice on and support for workforce negotiations, bargaining and pay equity.
- › Providing advice on interventions to support the supply of quality kaiako across the education sector.
- › Setting a school payroll strategy and monitoring the operational performance of Education Payroll Limited (EPL), which administers the largest payroll system in New Zealand, making payments to around 97,000 teachers, principals and people in non-teaching roles each fortnight.
- › Overseeing all education property owned by the Crown, and managing the continued performance of school property, school transport and school ICT network infrastructure.
- › Managing appointments to education entities' boards, supporting the setting of Crown entity performance expectations, and monitoring the operational performance of Crown entities.
- › Undertaking research and analysis and monitoring the overall performance of the education system.
- › Providing education system reporting on the all-of-government priorities and cross-government initiatives.
- › Honouring Te Tiriti o Waitangi and supporting Māori-Crown relationships in the implementation and delivery of our legislative requirements.

# Our governance

## Our Ministers as of 30 June 2022

The Ministry of Education administered Vote Education and Vote Tertiary Education on behalf of our Ministers, as set out below.

Minister and portfolio	Associates
<b>Hon Jan Tinetti</b> Minister for the Ministry of Education Minister of Education	<b>Hon Kelvin Davis</b> Associate Minister of Education (Māori Education)  <b>Hon Jo Luxton</b> Parliamentary Under-Secretary, Education

## Our education system

The management, governance and leadership of the early learning, schooling and tertiary sectors is the responsibility of largely autonomous boards of trustees, councils of tertiary institutions and other individual providers. The Ministry works with around 4,500 licensed early childhood education (ECE) services, over 2,500 schools and over 500 tertiary education providers.

Within government, the New Zealand education sector has many specialised agencies focused on delivering their part of the education system. The Ministry work with these agencies to improve and manage the performance of the education system to maximise results for New Zealand.

### ***Education Review Office (ERO) – Te Tari Arotake Mātauranga***

Reviews and reports publicly on the quality of education in all New Zealand schools and ECE services. The ERO also publishes national reports on current education topics.

### ***Tertiary Education Commission (TEC) – Te Amorangi Mātauranga Matua***

Responsible for investing in government-funded tertiary education and training offered in New Zealand. The TEC also provides career services from education through to employment.

### ***New Zealand Qualifications Authority (NZQA) – Mana Tohu Mātauranga o Aotearoa***

Affirms that New Zealand qualifications are regarded as credible and robust, nationally and internationally.

### ***Teaching Council of Aotearoa New Zealand – Matatū Aotearoa***

The professional and regulatory body for registered teachers working in early childhood centres, schools and other education institutions in New Zealand, representing teachers in both English and Māori settings. The Council aims to support the professional status of teachers and high-quality teaching and learning.

***Education Payroll Limited (EPL)***

A Crown-owned company managing the payroll for schools to affirm an accurate and reliable payroll service.

***The Network for Learning Limited (N4L)***

A Crown-owned company providing schools with a government-funded managed network service package that includes access to uncapped monthly data, online content filtering and security services.

***Education New Zealand (ENZ)***

The lead government agency for the promotion of New Zealand education internationally. ENZ works to build awareness of this country as a study destination and to pave the way for exporting education providers and businesses.

***New Zealand Council for Education Research (NZCER)***

An independent, statutory education research and development organisation that carries out and disseminates education research and provides information and advice.

***Te Aho o Te Kura Pounamu – The Correspondence School***

Provides distance education from early childhood to Year 13.

**Our organisation as at 30 June 2023*****Te Tāhuhu o te Mātauranga | The Ministry of Education******Te Mahau***

Te Mahau has been set up as a separately branded collective within the Ministry to provide greater support to the education sector and others, so they can deliver inclusive education that meets the needs of ākonga and whānau. This provides real opportunities to make a much bigger difference for education and to work more closely with the sector the Ministry is here to serve. Te Mahau provides an area of common ground for ākonga to be served and supported by the sector and us.

Three of the five groups within Te Mahau collectively lead the provision of integrated services to the sector and others and provide national portfolio leadership for the following:

***Te Tai Raro | North (Isabel Evans - Pacific National Portfolio Lead)******Te Tai Whenua | Central (Jocelyn Mikaere - Education to Employment National Portfolio Lead)******Te Tai Runga | South (Nancy Bell - Early Learning National Portfolio Lead)***

These groups and staff in our regional offices are focused on the learner, their whānau and local community, listening and engaging to provide advice and support to meet local needs. Through their relationships they also help give priority to regional and local voices so that decision-making across the organisation is informed by needs at the frontline.

Te Mahau also includes:

***Te Poutāhū | Curriculum Centre (Ellen MacGregor-Reid)***

Providing leadership for the curriculum, which sets the direction for what and how ākonga are taught, and resources to support quality teaching.

***Te Pae Aronui | Operations and Integration (Sean Teddy)***

Leading the provision of central services to Te Mahau and education organisations. It provides nationally consistent service design, practice guidance and systems to support the frontline's focus on flexible and responsive services.

***The Secretary for Education (Iona Holsted)***

With the support of the hautū heading the following business groups, leads the Ministry.

***The Ministry of Education***

The Ministry of Education provides central leadership, advice and services that support the sector, our Ministers and partner agencies.

***Te Pou Tuarongo | Māori Education***

Has a focus on lifting our organisation's capability to meet our responsibilities in relation to Te Tiriti o Waitangi.

***Te Pou Ohumahi Mātauranga | Education Workforce (Anna Welanyk)***

Is responsible for sector workforce strategy, teacher supply and employment relations, and maintaining a payroll service for the payment of employees of school boards of trustees.

***Te Pou Hanganga, Matihiko | Infrastructure & Digital (Scotty Evans)***

Is responsible for the development of inclusive, accessible and integrated national, digital and physical infrastructure and transport services to the education system. This includes managing the school property portfolio.

***Te Pou Kaupapahere | Policy (Andy Jackson)***

Is responsible for whole-of-system, end-to-end policy integration covering early learning, compulsory schooling and tertiary. This includes providing integrated policy advice to Ministers and managing our regulatory stewardship responsibilities.

***Te Pou Rangatōpū | Corporate (Zoe Griffiths)***

Is responsible for the delivery of essential statutory and corporate functions that enable the organisation to operate effectively and fulfil its statutory obligations.

***Te Tari o te Tumu Whakarae mō te Mātauranga | Office of the Secretary for Education***

Supports the Secretary and acts as a central point for the ongoing change programme so that further changes align to intent and maintain momentum.

## Statement of Responsibility

I am responsible, as Chief Executive of the Ministry of Education (the Ministry), for:

- › the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- › having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- › ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report
- › the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in the Annual Report.

In my opinion:

- › the Annual Report fairly reflects the operations, progress and the organisational health and capability of the Ministry
- › the financial statements fairly reflect the financial position of the Ministry as of 30 June 2023 and its operations for the year ended on that date
- › the forecast financial statements fairly reflect the forecast financial position of the Ministry as of 30 June 2023 and its operations for the year ending on that date.



**Iona Holsted**

Te Tumu Whakarae mō te Mātauranga |  
Secretary for Education

29 September 2023

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF MINISTRY OF EDUCATION'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Ministry of Education (the Ministry). The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 105 to 160, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2023, the statement of comprehensive revenue and expenses, statement of changes in taxpayers' equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2023 on pages 11 to 40, 45 to 47, and 67 to 102;
- the statements of budgeted and actual expenses and capital expenditure incurred against appropriation and statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry and statement of departmental capital injections and statement of funds held for the year ended 30 June 2023 on pages 166 to 167, and 178 to 182; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 161 to 177 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2023;
  - the schedules of revenue; capital receipts and expenses for the year ended 30 June 2023; and
  - the notes to the schedules that include accounting policies and other explanatory information.

#### Opinion

In our opinion:

- the financial statements of the Ministry on pages 105 to 160:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023;
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information of the Ministry on pages 11 to 40, 45 to 47 and 67 to 102:
  - presents fairly, in all material respects, for the year ended 30 June 2023:
    - what has been achieved with the appropriation;
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and



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- complies with generally accepted accounting practice in New Zealand.
- the statements of budgeted and actual expenses and capital expenditure incurred against appropriation and statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry and statement of departmental capital injections and statement of funds held on pages 166 to 167, and 178 to 182 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 161 to 177 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2023; and
  - the revenues; capital receipts and expenses for the year ended 30 June 2023.

Our audit was completed on 29 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. We draw your attention to other matters. In addition, we outline the responsibilities of the Secretary for Education and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of matter – Holidays Act non-compliance liability**

Without modifying our opinion, we draw attention to the Schedule of Non-Departmental Liabilities on page 164 of the financial statements, which describes the uncertainty related to the potential impact of non-compliance with the Holidays Act 2003 within the schools' payroll.

### **Other matter**

The Ministry has chosen to report its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to pages 45 to 47 of the annual report. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

### **Responsibilities of the Secretary for Education for the information to be audited**

The Secretary for Education is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.

- statements of budgeted and actual expenses and capital expenditure incurred against appropriation and statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority of the Ministry and statement of departmental capital injections and statement of funds held of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Secretary for Education is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Secretary for Education is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Secretary for Education is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Secretary for Education's responsibilities arise from the Public Finance Act 1989.

#### **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's information on strategic intentions.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Education.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.





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- We conclude on the appropriateness of the use of the going concern basis of accounting by the Secretary for Education and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Secretary for Education regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Secretary for Education is responsible for the other information. The other information comprises the information included on pages 1 to 10, 41 to 44, 48 to 61, and 103 but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Independence**

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out an assurance engagement related to school payroll reporting, quality assurance over calculations within the new education resourcing system and delivered some digital technology programmes on behalf of the Ministry.

Other than the provision of these engagements, we have no relationship with, or interests, in the Ministry.

A handwritten signature in blue ink, appearing to read 'Grant Taylor', with a long horizontal flourish extending to the right.

Grant Taylor  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand

A member firm of Ernst & Young Global Limited



# Part Two:

## Our performance information

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The following information reports on what we achieved against the performance measures set out in the 2022/23 Estimates of Appropriations for Vote Education and Vote Tertiary Education.

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We are the appropriation administrator for some multi-category appropriations (MCAs), which include both departmental and non-departmental expenditure. For these appropriations, we must report on what has been achieved with the whole appropriation as well as each of the categories. Non-departmental categories have been highlighted in grey. Non-departmental outputs are outputs (goods and services) purchased from a provider other than the Ministry. The provider may be a government agency, a non-governmental organisation or a private sector organisation.

Additional information on asset measures is provided on **page 103**. This information is required to be included in the Annual Report as part of the Treasury's Investor Confidence Rating.

### Status indicators:

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 **Achieved**    **Not Achieved**    **Not Available**

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## 2022/23 summary of non-financial performance results

The following table shows where the various appropriations contribute to the five objectives for education and the outcome story reported in Part 1 of the Annual Report, noting their primary area of focus (✓). The table also provides a summary of the performance measure results for 2021/22.

VOTE	LINKAGES TO GOVERNMENT'S OBJECTIVES FOR EDUCATION					PAGES
VOTE EDUCATION						
Titles of Appropriations by Appropriation Type	Learners at the centre	Barrier-free access	Quality teaching and leadership	Future of learning and work	World class inclusive public education	
<b>Multi-Category Expenses and Capital Expenditure</b>						
Oversight of the Education System MCA (M26)					✓	69 - 74
Improved Quality Teaching and Learning MCA (M26)			✓			75 - 79
Outcomes for Target Student Groups MCA (M26)		✓				79 - 82
Primary and Secondary Education MCA (M26)		✓				83 - 92
<b>Departmental Output Expenses</b>						
Support and Resources for Parents and the Community (M26)	✓					92 - 93
School Property Portfolio Management (M26)					✓	93 - 95
<b>Departmental Capital Expenditure</b>						
Ministry of Education - Capital Expenditure PLA (M26)					✓	96 - 97
<b>VOTE TERTIARY EDUCATION</b>						
<b>Departmental Capital Expenditure</b>						
Oversight of the Education System MCA (M26)				✓		99 - 101
<b>Non-Departmental Capital Expenditure</b>						
Tertiary Education Institutions' Proceeds from Disposal of Crown Assets					✓	102

# Vote Education

## Portfolio Minister – Minister of Education

### Oversight of the Education System

#### Overarching Purpose Statement

The single overarching purpose of this appropriation is to provide policy advice, research, monitoring and related services that enable Ministers to discharge their responsibilities for a well-functioning education system (excluding tertiary education).

#### Intention Statement:

This appropriation is intended to provide high-quality and timely advice to Ministers to support decision-making, managing the Government's investment in the education sector, and monitoring and oversight of the sector.

#### SCOPE OF APPROPRIATION:

#### INTENTION STATEMENT:

##### Departmental Output Expenses

##### *Stewardship and Oversight of the Education System*

This category is limited to providing advice and services to support Ministers to discharge their portfolio responsibilities relating to education (excluding tertiary and international education), and delivery of research and data analysis, monitoring and reporting on the education system, and related administrative and oversight activities.

##### *Stewardship and Oversight of the Education System*

This category is intended to provide high-quality and timely advice to Ministers to support decision-making, managing the Government's investment in the education sector, and monitoring and oversight of the sector by the Ministry of Education.


##### *Independent Advice on Government Priority Areas*

This category is limited to the provision, independently of the Ministry of Education, of advice (including second opinion advice and contributions to policy advice led by other agencies, advice on operational matters and expert review service advice) to support decision-making by Ministers on government priority areas.

##### *Independent Advice on Government Priority Areas*






This category is intended to provide, independent of the Ministry of Education, advice to support decision-making by Ministers on government priority areas.

### Oversight of the Education System Performance



Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
8	The satisfaction rating given by the Minister of Education with the overall performance of the Ministry (see Note 1)	7	7	

**Note 1:** The rating measures Ministers' satisfaction on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

### Ministerial Services Performance




Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
97.70%	Percentage of Ministerial correspondence replies, Parliamentary question replies and Ministerial Official Information Act replies completed within the timeframes agreed between the Ministry and the Office of the Minister	95%	97.00%	
99.00%	Percentage of Ministerial Correspondence replies, Parliamentary question replies and Ministerial Official Information Act replies provided that are factually accurate, meet any legislative requirements and contain no avoidable errors, as measured by acceptance rates by the Office of the Minister	95%	98%	
99.53%	Percentage of requests made to the Ministry under the Official Information Act responded to within the legislative timeframes	100%	99.61%	
95.70%	Percentage of Official Information Act requests made to the Ministry released on the Ministry's website within 10 working days, where a decision has been made to publicly release the information	98%	82.82%	
	<b>Not achieved</b> — Due to a single point of failure, the Q1 result was very low. A review of the supporting process was undertaken and improvements were made during the subsequent quarters. We are on track to meet the standard for Q1 2023/24			
96.01%	Percentage of Education Reports and Briefing Notes to Ministers proactively released and published online within 30 business days of final decisions being taken by Ministers, unless there is good reason not to publish all or part of the material, or to delay the release beyond 30 business days	70%	26%	
	<b>Not achieved</b> — Capacity within the team has been stretched so priority decisions had to be made. All papers were published, however not within the Standard. A process review was undertaken and changes were made and additional resources allocated as a result. For the first two months of the 2023/24 year the standard is tracking at 100%			

**Monitoring the Education System**

<b>Performance 2021/22</b>	<b>Performance Measure</b>	<b>Budget Standard 2022/23</b>	<b>Actual Performance 2022/23</b>	<b>Comment</b>
ECE expenditure: -1.9% Teacher salaries expenditure: +0.2% School operational expenditure: -0.3%	Forecasts of enrolment numbers, and expenditure for early learning and primary and secondary schooling, are accurate	Accurate within $\pm 3\%$ of actual values	ECE expenditure: +0.67% Teacher salaries expenditure: +1.4% School operational expenditure: -0.53%	
8	The satisfaction rating given by the Minister of Education on the quality of monitoring advice provided by the Ministry about Crown agencies (see Note 1)	7	9	







**Note 1:** The rating measures Ministers' satisfaction on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

**Policy Advice**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
	Internal assessment of the quality of the Ministry's policy advice (see Note 2):			
3.58	> mean	Mean 4 out of 5	3.45	
> Met "less than 10% score 2.5 and under" – actual 2.5%	> distribution target of scores – less than 10% scoring 2.5 and under with 90% at 3 or above, and over 40% scoring 4 and above	Achieved	> Met "less than 10% score 2.5 and under/5" – actual 0%	
> Met "90% with 3/5 or above" – actual 97.5%			> Met "over 90% score 3/5 or higher" – actual 100%	
> Did not meet "over 40% score 4 and above" – actual 37.5%			> Did not meet "over 40% score 4 and above/5" – actual 16.1%	
	<b>Not achieved</b> – In 2020/21, the Ministry achieved the previous target of 3.5 out of 5. From 2021/22, more challenging targets were set, with a new mean score of 4 out of 5 and an ambitious distribution target. We are working on continuous improvement to improve performance, and on setting new stretch targets.			
4.00	Satisfaction of the portfolio Minister with the policy advice service (see Note 3)	4.00	3.43	
	<b>Not achieved</b> – This measure is calculated using a survey provided by the Department of Prime Minister and Cabinet (DPMC) to policy agencies, which contains 21 questions about policy advice. The Ministry will work to understand and better meet Ministers' expectations for quality policy advice over the coming year, alongside its work on improving its Policy Quality Framework results.			
<b>Note 2:</b> Based on a five-point scale: (1 = Unacceptable; 2 = Poor; 3 Acceptable; 4 = Good; 5 = Outstanding). All agencies are required to use the refreshed Policy Quality Framework to assess the quality of their policy papers.				
<b>Note 3:</b> The Ministerial Policy Satisfaction Survey assesses Ministers' satisfaction with the services provided by the policy function on a scale from 1 to 5, where 1 means unsatisfied and 5 means extremely satisfied. The survey contains a common set of questions to be used by all policy agencies from 1 July 2019, with guidance available on the DPMC Policy Project website.				



## Research and Analysis

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
	For newly released research and/or evaluation reports on the Education Counts website, the minimum number of:			
14,903	> page visits per annum	7,000	10,395	
4,800	> downloads per annum	4,000	4,732	
Good (4)	The quality and range of the Ministry's outputs is assessed through an independent expert review (see Note 4)	Quality is assessed as 'good' or better	Good (4)	
	Provision and servicing of information requests:			
2,482	> minimum number of issues closed per year	1,600	2,582	
1 day	> median time to turn over information requests (see Note 5)	2 working days	1 day	

**Note 4:** Based on reviews of a sample of analytical and research outputs independently assessed on a five-point scale (1 = Very poor, 2 = Poor, 3 = Acceptable, 4 = Good, 5 = Very good). The annual result would be an average of the 10 reviews.

**Note 5:** "Information requests" can vary from same day provision to up to two months for some complex Official Information Act requests.

## Independent Advice on Government Priority Areas

The following information is an indication of expected numbers and is provided for context only.

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23
48	Number of newly released research and/or evaluation reports on the Education Counts website	40	33

**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Total expenses for MCA as a whole</b>	<b>69,302</b>	<b>72,745</b>	<b>71,175</b>	<b>68,700</b>
This is made up of the following category information:				
<b>Departmental Output Expenses</b>				
Stewardship and Oversight of the Education System	69,302	72,245	70,800	68,700
<b>Non-Departmental Output Expenses</b>				
Independent Advice on Government Priority Areas	-	500	375	-
<b>Funding for Departmental Output Expenses</b>				
<b>Revenue from the Crown</b>				
Stewardship and Oversight of the Education System	72,019	72,235	70,790	70,790
<b>Revenue from Others</b>				
Stewardship and Oversight of the Education System	-	10	10	-

Actual expenditure is \$4.045 million (6%) below Budget, mainly due to a combination of:

- › discontinuation of the School Entry Kete programme (\$4.602 million decrease)
- › savings (\$2.175 million decrease)
- › underspend to be carried forward to 2023/24 in the 2023 October Baseline Update for work programme Integrated Data Infrastructure for ECE Equity Index delayed due to circumstances beyond the Ministry's control (\$300,000 decrease), and
- › expense transfers from 2021/22 to 2022/23 in the Supplementary Estimates (\$3.127 million increase).

## Improved Quality Teaching and Learning

### Overarching Purpose Statement


The single overarching purpose of this appropriation is to improve the quality of teaching and learning for children and young people aged 0 to 18 years.

### Intention Statement:

This appropriation is intended to achieve improved professional development of the workforce and enhanced learning for children and young people aged 0 to 18 years.

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
<b>Departmental Output Expenses</b>	
<p><i>Support and Resources for Teachers</i></p> <p>This category is limited to expenditure on policies and services focused on supporting the capability of teachers, kaiako and leaders to improve outcomes for students.</p>	<p><i>Support and Resources for Teachers</i></p> <p>This category is intended to enable a highly effective workforce that can address the personalised needs of all learners.</p>
<b>Non-Departmental Output Expenses</b>	
<p><i>Curriculum Support</i></p> <p>This category is limited to funding educational programmes for teachers, kaiako and leaders, students with their families, and the community that expand learning opportunities.</p>	<p><i>Curriculum Support</i></p> <p>This category is intended to engage all teachers, kaiako and leaders, and students with their families, as well as their communities, in equitably and responsively supporting students to be successful through relevant and accessible curriculum pathways.</p>
<p><i>Professional Development and Support</i></p> <p>This category is limited to building the capability of teachers, kaiako and leaders, through the delivery of learning and development opportunities.</p>	<p><i>Professional Development and Support</i></p> <p>This category is intended to support teachers, kaiako and leaders to develop their capability to deliver authentic, relevant and culturally responsive learning aligned to the needs of their learners.</p>

### Improved Quality Teaching and Learning

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
1,337	Total number of schools, kura and kāhui ako receiving centrally funded locally focused allocations of professional learning and development (see Note 1)	Maintain or improve	1035	

**Not achieved** — The 2022 school year, which includes allocations in the 2021/22 and 2022/23 financial years, had only three allocation rounds (a typical year has four). Also regional allocation panels had less resource available to allocate to schools in total due to cost pressures in the appropriation and this was partially addressed through a B23 cost pressure bid. While the individual monthly reports add to 1,060 schools, when those who returned their funding are removed the final total is 1,035 schools and kura supported by this budget.

**Note 1:** The target has been changed from 'maintain or improve' to a fixed target of 880 schools for 2023/24 to improve transparency of service performance.









### Support and Resources for Teachers

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
	Usage of the Te Kete Ipurangi portal:			
25.72 million	› overall number of page views	Maintain or improve	20.05 million	⊖
4.20 million	› total number of unique users	Maintain or improve	2.99 million	⊖
	Usage of the Kauwhata Reo portal:			
423,525	› overall number of page views	Maintain or improve	244,632	⊖
314,394	› total number of unique users	Maintain or improve	52,284	✓
New measure for 2022/23	› total number of new New Zealand users	Baseline year	129,550	✓
New measure for 2022/23	engagement with information accessed (see Note 1)	Baseline year	338,374	✓
	<p><b>Non-achievement</b> — The reduction is expected to be due to Te Kete Ipurangi (TKI) winding down and the Ministry having largely shifted support from the websites to prepare for the release of Tāhūrangi. However, in some areas (such as Aotearoa New Zealand's histories) average views have increased from 30,000 to a month.</p> <p><b>Usage of the Kauwhata Reo portal</b> — We have identified a reporting error for this measure last year. The total for FY21/22 of 314,394 is incorrect. Based on trend data this year, and for FY20/21 of 45,231, the total number of unique users for the Kauwhata Reo portal use is trending upward.</p>			




**Note 1:** Engagement is indicated by users who scroll 90% of a page.

### Curriculum Support

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
70.60%	Percentage of children successfully completing Reading Recovery and are able to read at cohort expectation	70%	74.00%	✓
68.00%	Percentage of ākonga who have exited Mauri Tū Mauri Ora initiatives and are achieving at expected levels of Te Marautanga o Aotearoa	Maintain or improve	90.00%	✓
	Children who have undertaken the Better Start Literacy Approach (BSLA) and have shown progress in reading and writing skills (see Note 2):			
25,757	› total number of learners receiving BSLA teaching	Maintain or improve	45,322	✓

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
77.00%	› percentage of learners who show improvement in all four BSLA categories	Maintain or improve	75.00%	
<p><b>Not achieved</b> — University of Canterbury informs us that the 30 week data has been impacted by many teachers not repeating one or more of the tasks at the 30 week assessment point because ākongā moved to a different class where the teacher wasn't using BSLA (i.e. Year 2) There are now more Year 2 teachers involved in BSLA, so this will improve over time and there is consistency in assessment practices.</p>				
<p>Places of learning receiving support through the Curriculum Lead service (see Note 3):</p>				
7,594	› total number of Curriculum Lead interactions	Maintain or improve	2,127	
<p>Percentage of all Curriculum Lead interactions by place of learning type:</p>				
30.00%	› Early learning	Maintain or improve	32.00%	
11.00%	› Māori-medium (see Note 4)	Maintain or improve	5.00%	
59.00%	› English-medium	Maintain or improve	63.00%	
<p>Percentage of all interactions by support level:</p>				
38.00%	› self-directed	Maintain or improve	67.00%	
51.00%	› guided	Maintain or improve	23.00%	
11.00%	› supported	Maintain or improve	10.00%	
<p><b>Note 2:</b> BSLA categories are Oral narrative and listening comprehension, Vocabulary knowledge, Phonic and phonemic awareness, and Word decoding and encoding.</p>				
<p><b>Note 3:</b> The Curriculum Lead service has been impacted in several ways this year: the restructure changes in Curriculum Lead management regionally; the new expanded Curriculum Leads getting up to speed on their role; weather events; and curriculum changes and changes in focus areas to meet the needs of the regions and takiwa. Industrial action also meant that Curriculum Leads were unable to engage with schools during this time.</p>				
<p><b>Note 4:</b> Sensitivities around Curriculum Leads engaging with the Māori-medium sector, including as a result of the Waitangi Tribunal inquiries, meant engagement numbers were lower than expected.</p> <p>The inconsistent way of gathering and collating the data set to inform this measure has also likely impacted on results. A new data system has been trialled and will be in operation from Term 3, 2023, providing a consistent data set to inform future reporting. Many engagements are with Kāhui Ako and cluster, which represents a large number of schools and kura. These engagements are currently represented in the data as one engagement, but we know Curriculum Leads are reaching far more than one place of learning through these settings.</p>				

**Professional Development and Support**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
94.76%	Percentage of early learning services participating in Strengthening Early Learning Opportunities (SELO) programmes that demonstrate positive shifts in practice (see Note 1)	80%	N/A	
96%	Percentage of Beginning Principals who report positive feedback about the support they have received from their Leadership Advisors	Maintain or improve	96%	
6,190	Number of people who participated in the Te Ahu o Te Reo Māori programme	Maintain or improve	9,853	

**Note 1:** It is expected that SELO programmes are delivered to between 1,200 and 1,500 early learning services.

**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Total expenses for MCA as a whole</b>	<b>367,519</b>	<b>373,229</b>	<b>399,814</b>	<b>389,682</b>
This is made up of the following category information:				
<b>Departmental Output Expenses</b>				
Support and Resources for Teachers	165,908	174,988	195,866	186,251
<b>Non-Departmental Output Expenses</b>				
Curriculum Support	73,101	74,973	73,968	75,486
Professional Development and Support	128,510	123,268	129,980	127,945
<b>Funding for Departmental Output Expenses</b>				
<b>Revenue from the Crown</b>				
Support and Resources for Teachers	169,644	174,978	195,856	195,856
<b>Revenue from Others</b>				
Support and Resources for Teachers	-	10	10	-

Actual expenditure is \$16.453 million (4%) higher than Budget, mainly due to a combination of:

- › expense transfers from 2021/22 to 2022/23 and from 2022/23 to 2023/24 in the Supplementary Estimates (\$10.776 million increase)
- › funding to support the delivery of the NCEA Change Programme (\$9.453 million increase)
- › funding to provide support to quality teaching, learning and curriculum (\$7 million increase)
- › funding to extend the period of subsidy for internet connections covered by the Equitable Digital Access programme to the end of 2022/23 (\$3.750 million increase)
- › underspends to be carried forward to 2023/24 in the 2023 October Baseline Update to complete work programmes delayed due to circumstances beyond the Ministry's control (\$10.132 million decrease), and
- › a transfer to Ministry of Youth for initiatives to prevent youth crime through better youth engagement supports and services, and (\$4.851 million decrease).

## Outcomes for Target Student Groups

### Overarching Purpose Statement


The single overarching purpose of this appropriation is to improve outcomes for targeted student groups.

### Intention Statement:

This appropriation is intended to achieve equitable participation and increased engagement within the education system.









SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
<b>Departmental Output Expenses</b>	
<i>Interventions for Target Student Groups</i> This category is limited to expenditure on policies and services focused on targeted student groups or individuals' participation in education.	<i>Interventions for Target Student Groups</i> This category is intended to achieve equitable participation and education outcomes for targeted student groups.
<b>Non-Departmental Output Expenses</b>	
<i>Learning Support and Alternative Education</i> This category is limited to providing additional resources and programmes to enable students with additional learning needs or those who are disengaged or disengaging from education to participate in education.	<i>Learning Support and Alternative Education</i> This category is intended to achieve equitable participation and education outcomes for targeted student groups.
<i>Students Attendance and Engagement</i> This category is limited to providing services to support increased attendance for non-attending students.	<i>Students Attendance and Engagement</i> This category is intended to achieve maximum attendance at schools by reducing absence rates and non-enrolment and reducing the time it takes to return students to education.
<i>Ka Ora, Ka Ako   Healthy School Lunches Programme</i> This category is limited to providing lunches to students in schools and kura with high concentrations of disadvantage.	<i>Ka Ora, Ka Ako   Healthy School Lunches Programme</i> This category is intended to improve learners' levels of concentration, engagement, school achievement and behaviour by providing access to a healthy lunch every day.

**Outcomes for Target Student Groups**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
59.70%	Participation in primary and secondary education: The percentage of students attending school regularly (see Note 1).	70%	39.90%	
<b>Not achieved</b> – Participation is a strategic priority for Te Tāhuhu, and as reflected in Part 1 of the Annual Report, there are various initiatives underway to improve attendance.				

**Note 1:** Attending regularly is defined for statistical purposes as attending at least 90% of half days. This does not mean 90% is regarded as adequate for learning; it is the threshold used to benchmark attendance. This is measured through a Term 2 collection of attendance data files from schools' Student Management Systems that approximately 93% of schools complete. The 2021/22 Estimated Actual figure is Term 2, 2021 data.


**Interventions for Target Student Groups**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
	Average number of days eligible children and young people wait to receive support after the request for support:			
51.17 calendar days	› Behaviour Service	< 50 calendar days	51.12 calendar days	
70.02 calendar days	› Communication Service	< 75 calendar days	78.85 calendar days	
11.91 calendar days	› Ongoing Resourcing Support	< 22 calendar days	14.40 calendar days	
103.58 calendar days	Average number of days eligible children and young people wait to receive support from the Early Intervention Service after the request for support:	< 90 calendar days	105.30 calendar days	
26.73%	› percentage within 45 calendar days	25%	29.45%	
33.31%	› percentage within 60 calendar days	40%	37.02%	
81.70%	Percentage of children whose behavioural issues have improved following their parents' completion of the Incredible Years Parent Programme (see Note 1)	70%	81.70%	
78.00%	Percentage of schools and kura who have opted in for the access to free period products	No less than 80%	87.00%	




**Note 1:** The data for this measure is drawn from results from a questionnaire (Eyberg Child Behaviour Inventory) completed by parents before and after participation in the programme.



**Learning Support and Alternative Education**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
81.30%	› Percentage of retained students in Service Academies who achieve NCEA Level 2 or higher	75%	74.00%	

**Students Attendance and Engagement**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
<b>Departmental Output Expenses</b>				
	Percentage of students who have been returned to schooling within:			
56%	› 40 days following an exclusion	55%	58.78%	
84.64%	› 75 days following an exclusion	85%	85.91%	
<b>School Lunch Programme</b>				
98%	All schools in the programme are provided with the required lunches through managed contracts	98%	100%	

**Interventions for Target Student Groups**

The following information is an indication of expected numbers and is provided for context only.

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23
46,563	Number of children receiving a specialist learning support service	34,225 – 45,720	47,593

**Learning Support and Alternative Education**

Performance 2021/21	Performance Measure	Budget Standard 2021/22	Actual Performance 2021/22
2,339	Number of young people enrolled in the Alternative Education programme (see Note 1)	2,500	2,236
13,549	Number of individual students supported through the Resource Teacher: Learning and Behaviour service	15,000 – 17,000	14,405

**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Total expenses for MCA as a whole</b>	<b>1,276,394</b>	<b>1,326,585</b>	<b>1,400,850</b>	<b>1,376,025</b>
This is made up of the following category information:				
<b>Departmental Output Expenses</b>				
Interventions for Target Student Groups	396,407	406,560	420,166	414,791
<b>Non-Departmental Output Expenses</b>				
Learning Support and Alternative Education	661,346	645,707	688,412	673,104
School Lunch Programme	203,684	257,807	272,157	267,026
Students Attendance and Engagement	14,957	16,511	20,115	21,104
<b>Funding for Departmental Output Expenses</b>				
<b>Revenue from the Crown</b>				
Interventions for Target Student Groups	407,200	404,632	418,166	418,166
<b>Revenue from Others</b>				
Interventions for Target Student Groups	759	2,040	2,112	599

Actual expenditure is \$49.440 million (4%) higher than Budget, mainly due to a combination of:

- › expense transfers from 2021/22 to 2022/23 in the Supplementary Estimates (\$26.588 million)
- › impact of higher-than-expected national roll projections on teacher salaries and school operational grants (\$14.169 million increase)
- › funding to support increased teacher salary costs in schools (\$8.660 million increase)
- › funding to meet the cost of the teacher aides and non-teaching staff in schools, as well as collective agreement settlements (\$7.959 million increase)
- › funding for the settlement and implementation of the administration support staff and Kaiārahi i te Reo pay equity claims (\$7.034 million increase)
- › funding for school attendance turnaround initiative (\$5.408 million increase)
- › underspends, including salaries for Learning Support Coordinators due to vacancies being higher than expected (\$19.245 million decrease), and
- › provision for settlement of teacher and principal bargaining to be carried forward to 2023/24 in the 2023 October Baseline Update (\$5.580 million decrease).

## Primary and Secondary Education

### Overarching Purpose Statement

The overarching purpose of this appropriation is to provide teachers, funding and other resourcing entitlements to schools (and other education providers) to deliver education to school students in Years 0 to 13.

### Intention Statement:

This appropriation is intended to achieve inclusive, equitable and quality education which supports all students in Years 0 to 13.

### SCOPE OF APPROPRIATION:

### INTENTION STATEMENT:

#### Departmental Output Expenses

##### *Support and Resources for Education Providers*

This category is limited to expenses incurred on operational policies, regulations and services relating to the governance, management and operation of education providers (other than tertiary education providers).

##### *Support and Resources for Education Providers*

This category is intended to support the effective and efficient governance, management and operation of early learning services, schools and kura.

#### Non-Departmental Output Expenses

##### *Primary Education*

This category is limited to providing roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes to enable the delivery of education to all students for Years 0 to 8.

##### *Primary Education*

This category is intended to achieve inclusive, equitable and quality education that supports all Year 0 to 8 students.

##### *Secondary Education*

This category is limited to providing roll-based operations funding to schools, teacher and management salaries, support costs and supplementary funding programmes to enable the delivery of education, including programmes of learning at the secondary-tertiary interface to all students for Years 9 to 13.

##### *Secondary Education*

This category is intended to achieve inclusive, equitable and quality education that supports all Year 9 to 13 students and continuation of education to a tertiary level.

##### *School Risk Management Scheme*

This category is limited to the expenses incurred in purchasing reinsurance and settling claims under the school risk management scheme, in accordance with the Education and Training Act 2020.





##### *School Risk Management Scheme*

This category is intended to provide insurance cover for participating state and state-integrated schools, by providing insurance protection.

### Primary and Secondary Education

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
	Participation in primary and secondary education: The percentage of students attending school regularly (see Note 1):			
66.80%	› Term 1	70%	59.50%	⊖
59.70%	› Term 2	70%	39.90%	⊖
63.20%	› Term 3	70%	46.00%	⊖
64.90%	› Term 4	70%	64.9%	⊖
	<b>Not achieved</b> – Participation is a strategic priority for Te Tāhuhu, and as reflected in Part 1 of the Annual Report, there are various initiatives underway to improve attendance.			
	Percentage of school leavers with NCEA Level 2 or equivalent:			
78.70%	› all	Maintain or improve on previous year's result	75.01%	⊖
62.90%	› Māori	Maintain or improve on previous year's result	58.61%	⊖
76.20%	› Pacific	Maintain or improve on previous year's result	68.79%	⊖
	<b>Not achieved</b> – School leaver attainment of NCEA Level 2 was lower for the financial year ending 2023. This was likely in part due to students leaving school early in the 2022 calendar year. Retention data for 2023 shows the retention rate – percentage of school leavers who remain at school until age 17 or above – dropped 3.4% to 78.5% (the lowest rate seen since data collection began in 2009). Analysis suggests the lower retention rate is likely affected by disruption to learning due to COVID-19 and decreased attendance, increased cost of living and the strong labour market.			
	As for the total population, NCEA Level 2 attainment rate for Māori school leavers decreased, likely affected by the retention rate. The drop in retention rate for Māori for the year ended 2023 (4.7% decrease to 63.9%) was higher than for the total population (3.4% decrease to 78.5%).			
	As for the total population, NCEA Level 2 attainment rate for Pacific school leavers decreased, likely affected by the retention rate. Since 2020 Pacific school leavers have experienced the largest decline in retention. The drop in retention rate for Pacific school leavers for the year ended 2023 (5.6% decrease to 77.4%) was higher than for the total population (3.4% decrease to 78.5%).			
	<b>Note 1:</b> Attending regularly is for statistical purposes as attending at least 90% of half days. This does not mean 90% is regarded as adequate for learning; it is the threshold used to benchmark attendance. This is measured through a Term 2 collection of attendance data files from schools' Student Management Systems that at least 93% of schools complete and additional information collected for Terms 1, 3 and 4. The 2021/22 Estimated Actual figures are 2021 calendar year data. The 2022/23 Budget Standards refer to the 2022 calendar year. The Term 4 Estimated Actual 2021 figures are preliminary and may be subject to change.			

**Support and Resources for Education Providers**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
Updated measure	All resourcing payments are accurate and on time (see Note 1)	100%	99.53%	
	Percentage of payroll payments to eligible teachers and school support staff which are:			
99.76%	› accurately calculated	99.5%	98.64%	
99.97%	› sent to financial institutions on time in order to be processed on or before advised pay dates	99.5%	99.09%	
<p><b>Not achieved payroll accuracy and timeliness</b> – The introduction of enhancements to education payroll accuracy and timeliness performance measures early in the 2022/23 financial year resulted in EPL not meeting performance targets.</p> <p>There is currently an exceptionally high volume of non-negotiable requirements for EPL generated by the Ministry's obligation to promptly implement a number of collective agreements. This has put considerable tension on resources and has been exacerbated by other unprecedented payroll activities.</p> <p>EPL recognises the need to dedicate resource to improving both accuracy and timeliness and will prioritise this once we have transitioned through the current period.</p>				
100.00%	› Percentage of decisions on proposed statutory interventions under Part 3, Subpart 5 'Interventions in State Schools' of the Education and Training Act 2020 that are made within three months of the confirmed Education Review Office report being published, or request from boards of trustees, or referral from the sector, or determination by the Ministry	95.00%	94.00%	

**Note 1:** Accuracy and timeliness is calculated and aggregated in respect of payment amounts, payment to the correct providers, schedules advised to public education service providers or agreements with those providers, timeframes notified to payees, and fulfilling statutory requirements.

## Primary Education

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
93.22%	Percentage of primary schools who do not use exclusions as a disciplinary action	Maintain or improve	89.52%	⊖
	Participation in primary education - The percentage of students attending school regularly (see Note 1):			
71.40%	› Term 1	70%	62.60%	⊖
	› Term 2			
63.60%	• all students	70%	41.60%	⊖
48.90%	• Māori students	70%	29.00%	⊖
50.50%	› English-medium	70%	30.60%	⊖
44.10%	› Māori-medium (see Note 2)	70%	22.40%	⊖
43.40%	› Mixed-medium	70%	24.00%	⊖
48.40%	• Pacific students	70%	27.50%	⊖
67.70%	› Term 3	70%	49.20%	⊖
70.00%	› Term 4	70%	53.50%	⊖
71.40%	Percentage of School Analysis of Variance Reports received from schools (see Note 3)	90%	66.82%	⊖
42.6%	Percentage of schools and kura with students in Years 1 to 8 receiving Māori Language Programme Funding for Levels 3, 4a, 4b and 5	Maintain or improve on baseline	44.4%	✓
<p><b>Not achieved</b> – Participation is a strategic priority for Te Tāhuhu, and as reflected in Part 1 of the Annual Report, there are various initiatives underway to improve attendance.</p>				





**Note 1:** Attending regularly is defined for statistical purposes as attending at least 90% of half days. This does not mean 90% is regarded as adequate for learning; it is the threshold used to benchmark attendance. This is measured through a Term 2 collection of attendance data files from schools' Student Management Systems that approximately 93% of schools complete and additional information collected for Terms 1, 3 and 4. The 2021/22 Estimated Actual figures are 2021 calendar year data. The 2022/23 Budget Standards refer to the 2022 calendar year. The Term 4 Estimated Actual 2021 figures are preliminary and may be subject to change.

**Note 2:** In 2021, Term 2, attendance data achieved a response rate of 93% of all state and state-integrated schools, representing 96% of enrolled students. Achieved response rates were lower for Māori-medium primary schools (75%) and for Māori-medium secondary schools (72%), so regular attendance figures for these schools should be interpreted with care.

**Note 3:** School Analysis of Variance Reports report on a school's performance compared to agreed performance goals.


## Secondary Education

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
	Participation in secondary education – The percentage of students attending school regularly (see Note 1):			
58.60%	› Term 1	70%	54.00%	–
	› Term 2			
52.50%	› all students	70%	36.60%	–
35.40%	• Māori students	70%	23.00%	–
36.00%	• English-medium	70%	23.60%	–
34.50%	› Māori-medium (see Note 2)	70%	22.50%	–
30.60%	› Mixed-medium	70%	18.50%	–
38.20%	• Pacific students	70%	24.30%	–
53.90%	› Term 3	70%	40.00%	–
51.00%	› Term 4	70%	39.20%	–
	<b>Not achieved</b> – COVID-19 remains a barrier to attendance, and has also impacted staffing, making attendance management difficult for schools. The new School Attendance and Engagement Strategy, launched in June 2022, will tackle long declines in regular attendance and engagement in schools. Initiatives underway include developing national public awareness communications activity to support the work being led out by Te Mahau in local communities, the redesign of the Attendance Services, and a reset of regional action plans to activate local implementation of the Strategy's priority actions and to identify priorities for investment of the Regional Response Fund for financial year 2022/23.			
52.27%	Percentage of secondary schools who do not use exclusions as a disciplinary action	Maintain or improve	40.06%	–
12.60%	Percentage of school leavers with NCEA Level 2 and a Vocational Pathways Award	20%	11.60%	–
	<b>Not achieved</b> – There is a continuing downwards trend in this measure since changes were made to refine the Vocational Pathways and reduce the number of students who were unintentionally getting Vocational Pathways Awards. This year's result is likely due in part to the drop in percentage of school leavers with NCEA Level 2, as well as no changes being made to the Vocational Pathways Awards as part of the Ministry's COVID-19 response and reduced opportunities for students to engage in vocational education and training.			
61.8%	Percentage of school leavers progressing directly from NCEA Level 2 and 3 or equivalent to Level 4 or above tertiary study	55%	58.20%	✓

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
16.8%	Percentage of schools and kura with students in Years 9 to 15 receiving Māori Language Programme Funding for Levels 1 and 2	Maintain or improve on baseline	18.5	
61.8%	Percentage of schools and kura with students in Years 9 to 15 receiving Māori Language Programme Funding for Levels 3, 4a and 4b	Maintain or improve on baseline	60.3%	
<b>Not achieved</b> — This result reflects a small decrease (1.5%) in the number of secondary schools providing te reo Māori at Levels 3, 4a and 4b. There is limited impact on the overall number of learners participating in te reo Māori in education.				
4.4%	Percentage of ākonga Māori leaving school from Māori-medium and Kaupapa Māori Levels 1 and 2	Maintain or improve on baseline	4.6%	
81.70%	Percentage of students in secondary-tertiary programmes who achieve NCEA Level 2 or higher	80%	78.00%	
<b>Not achieved</b> — Participation is a strategic priority for Te Tāhuhu, and as reflected in Part 1 of the Annual Report, there are various initiatives underway to improve attendance.				
<b>Note 1:</b> Attending regularly is defined for statistical purposes as attending at least 90% of half days. This does not mean 90% is regarded as adequate for learning; it is the threshold used to benchmark attendance. This is measured through a Term 2 collection of attendance data files from schools' Student Management Systems that approximately 93% of schools complete and additional information collected for Terms 1, 3 and 4. The 2021/22 Estimated Actual figures are 2021 calendar year data. The 2022/23 Budget Standards refer to the 2022 calendar year. The Term 4 Estimated Actual 2021 figures are preliminary and may be subject to change.				
<b>Note 2:</b> In 2021, Term 2, attendance data achieved a response rate of 93% of all state and state-integrated schools, representing 96% of enrolled students. Achieved response rates were lower for Māori-medium primary schools (75%) and for Māori-medium secondary schools (72%), so regular attendance figures for these schools should be interpreted with care.				



**School Risk Management Scheme**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
New measure	› The scheme grows the percentage of schools that participate over time (see Note 1)	55%	55%	

**Note 1:** Schools can join the scheme at any time. The percentage of participation is reported as at year-end.

The following information is an indication of expected numbers and is provided for context only.

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23
497,452	Number of Year 1 to 8 students in English-medium receiving the National Curriculum (see Note 1)	513,850	485,504
18,867	Number of Year 1 to 8 students learning in Māori-medium (Levels 1 to 2)	18,185	19,659
172,834	Number of Year 1-8 students who are learning te reo Māori in English-medium	158,302	182,403
31,635	Total number of Full-time Teacher Equivalents teaching Years 0 to 8 (see Note 2)	Not available	31,765
285	Number of schools with students in Years 1 to 8 receiving additional funding for Māori language resourcing Levels 1 and 2	275	298
	Retention rate for the primary teacher workforce (see Note 3):		
95.4%	› all regular (non-relief) teachers	90%	89.00%
95.7%	› Māori teachers	Not available	87.20%
96.2%	› Pacific teachers	Not available	90.90%
274,797	Number of students receiving Years 9 to 13 curriculum (see Note 4)	287,256	273,155
24,618	Total number of Full-time Teacher Equivalents teaching Years 9 to 13 (see Note 5)	Not available	24,974

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
24,618	Total number of Full-time Teacher Equivalents teaching Years 9 to 13 (see Note 5)	Not available	24,974	●
	Number of school leavers with NCEA Level 2 or equivalent:			
50,403	› all students	Not available	48,344	●
10,067	› Māori students	Not available	9,630	●
6,085	› Pacific students	Not available	5,752	●
4,294	Number of Year 9 to 15 students learning in Māori-medium	3,078	4,707	✓
31,659	Number of Year 9 to 15 students who are learning te reo Māori in English-medium	29,746	33,243	✓
87	Number of schools with students in Years 9 to 15 receiving additional funding for Māori language resourcing Levels 1 and 2	87	100	✓
	Retention rate for the secondary teacher workforce (see Note 6):			
94.90%	› all regular (non-relief) teachers	90%	88.60%	⊖
94.20%	› Māori teachers	Not available	87.90%	●
96.00%	› Pacific teachers	Not available	91.70%	●
	<b>Not achieved</b> — Retention rates increased over 2020 and 2021 due to the COVID-19 pandemic as more teachers stayed in their roles. Following the pandemic there has been more movement of teachers. The Ministry is monitoring retention rates and they are expected to improve and return towards pre-pandemic levels and the target.			

**Note 1:** This is calculated from the July School Roll returns.

**Note 2:** This number includes English-medium and Māori-medium at full primary, contributing and intermediate schools, but excludes Partnership Schools | Kura Hourua, Te Kura Correspondence School, private schools and composite schools, or schools that pro-rata their roll. The calculation is based on a survey conducted in the first pay run of April.

**Note 3:** 'Retention rate' is based on the number of teachers/principals who remain in the workforce in any type of role (ie, they did not leave the workforce entirely), as an indicator of workforce sustainability. It is calculated as the percentage of the headcount of the specified teacher group in the given year who continued in the workforce in any type of role in the following year.

**Note 4:** This is calculated from the March School Roll returns using full-time equivalents.

**Note 5:** This number includes English-medium and Māori-medium teachers at secondary and composite schools, but excludes Partnership Schools | Kura Hourua, Te Kura Correspondence School and private schools. The calculation is based on a survey conducted in the first pay run of April.

**Note 6:** 'Retention rate' is based on the number of teachers/principals who remain in the workforce in any type of role (ie, they did not leave the workforce entirely), as an indicator of workforce sustainability. It is calculated as the percentage of the headcount of the specified teacher group in the given year who continued in the workforce in any type of role in the following year.

**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Total expenses for MCA as a whole</b>	<b>7,147,537</b>	<b>7,104,215</b>	<b>7,514,914</b>	<b>7,243,663</b>
This is made up of the following category information:				
<b>Departmental Output Expenses</b>				
Support and Resources for Education Providers	164,513	183,033	215,975	208,188
<b>Non-Departmental Output Expenses</b>				
Primary Education	4,037,574	3,967,813	4,182,800	4,034,936
School Risk Management Scheme	3,025	5,000	5,900	5,822
Secondary Education	2,942,425	2,948,369	3,110,239	2,994,717
<b>Funding for Departmental Output Expenses</b>				
<b>Revenue from the Crown</b>				
Support and Resources for Education Providers	178,378	181,893	214,835	214,835
<b>Revenue from Others</b>				
Support and Resources for Education Providers	356	1,140	1,140	398

Information on the financial performance and operation of the School Risk Management Scheme is disclosed under the non-departmental schedules on **page 171**.

Actual expenditure is \$139.448 million (2%) higher than Budget, mainly due to a combination of:



- › funding to support increased teacher salary costs in schools (\$132.022 million increase)
- › funding for Teacher Aide Pay Equity Claim Settlement (\$80.469 million increase)
- › funding for settlement and implementation of the administration support staff and Kaiārahi i te Reo pay equity claims (\$79.330 million increase)
- › funding to correct the historic underpayment of long-term relievers' holiday pay (\$57.893 million increase)
- › funding to address lost learning and teacher supply issues because of significant and ongoing impacts of COVID-19, including disruption to learning and assessment opportunities (\$30.081 million increase)
- › settlement of Education sector collective bargaining agreements (\$27.360 million increase)
- › expense transfers from 2021/22 to 2022/23 in the Supplementary Estimates (\$23.592 million increase)
- › funding a programme of work to identify and analyse options for future delivery of the schools' payroll (\$4 million increase)

- › underspends mainly driven by lower teacher retention rates that impact expectations around sector level average remuneration for teachers, which has a significant influence on forecast expenditure (\$137.940 million decrease).
- › provision for settlement of teacher and principal bargaining to be carried forward to 2023/24 in the 2023 October Baseline Update (\$107.040 million decrease)
- › underspend to be carried forward to 2023/24 in the 2023 October Baseline Update for work programme Integrated Data Infrastructure for ECE Equity Index, delayed due to circumstances beyond the Ministry's control (\$26.271 million)
- › expense transfers from 2022/23 to 2023/24 and 2024/25 in the Supplementary Estimates (\$16.100 million), and
- › impact of lower-than-expected national roll projections on teacher salaries and school operations grants (\$12.283 million decrease).

## Support and Resources for Parents and the Community

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to expenditure on support focused on increasing informed engagement by families and communities in their children's educational outcomes	This appropriation is intended to provide targeted information and support focused on creating informed demand and engagement by whānau, hapū, iwi, Māori, families and communities in education, and enabling them to support their children's learning.

### Support and Resources for Parents and the Community

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
80%	› Percentage of families accessing and receiving targeted information and support report that they are more confident, enabled and better equipped to support their children's learning and make informed decisions about learning pathways (see Note 1)	80%	100%	
10,026	› Number of times education engagement toolkits and guided resources were accessed (see Note 2)	Maintain and improve		

**Note 1:** The methodology of this measure has been updated in 2022/23 to cover both Talanoa Ako and Saili Malo. Talanoa Ako is a 10-week Pacific parent education programme that aims to equip and empower parents, families and communities with the skills, knowledge and confidence they need to champion their children's education. Saili Malo is an initiative focused on developing careers and transition resources to better support Pacific learners and their parents as they navigate career decision-making and transitions into tertiary, further training or employment.

**Note 2:** Target groups for these toolkits and guided resources include Pacific parents and families (including those not part of Talanoa Ako) and all schools, parents and whānau.






**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Expenses</b>	<b>11,722</b>	<b>15,685</b>	<b>15,685</b>	<b>15,488</b>
Funded by:				
<b>Revenue Crown</b>	<b>14,086</b>	<b>15,675</b>	<b>15,675</b>	<b>15,675</b>
<b>Other revenue</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>

**School Property Portfolio Management**

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
<p>This appropriation is limited to support and advice for schools on property issues; managing and supporting the purchase and construction of new property; and upgrades to existing property and disposal of surplus property; managing teacher and caretaker housing; and other services provided by the Ministry of Education in its stewardship of the land, buildings and other facilities that comprise the State school sector property portfolio.</p>	<p>This appropriation is intended to achieve a well-managed, sustainable (socially, environmentally and economically) and equitable school sector property portfolio that delivers quality learning environments.</p>

**School Property Portfolio Management**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
77.00%	The Ministry is seen as a high-quality property manager for government as measured by the Asset Management maturity index for the school property portfolio (see Note 1)	75-80%	77.00%	
70.60%	Percentage of State schools that meet the Ministry's property-related utilisation standards (see Note 2)	66%	70.90%	
87.00%	Percentage of State schools that meet the Ministry's property-related condition standards (see Note 3)	75%	87.00%	
82.00%	Percentage of State schools that meet the Ministry's property-related functionality standards (see Note 4)	75%	85%	
95.00%	Percentage of the additional student places forecast delivered (see Note 5)	80%	81.00%	

The following information is an indication of expected numbers and is provided for context only.

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23
10,412	Number of additional student places delivered (see Note 6)	8,000 – 11,000	8,736

**Note 1:** The Asset Management maturity index scale is 0-20% Aware, 20-40% Minimum, 40-60% Core, 60-80% Intermediate and 80-100% Advanced on the index criteria established by the Treasury.

**Note 2:** Running the large school property portfolio is expensive and good utilisation performance helps to minimise this cost and maximise the effectiveness of education delivery. The Ministry's school property-related utilisation standards aim to get schools operating at between 50% and 105% of their roll capacity. This measure considers the relationship between schools' annual July Student Roll returns and their respective roll capacity, which is determined from the total net area available in schools for teaching and non-teaching use. The measure refers to the July rolls and capacity from the previous year's returns. The standard recognises that below 50% there is likely to be excess capacity, which may be inefficient to operate or may be expensive to remove, and above 105% there may be a need for additional capacity to be built or the demand managed. When a school is identified as being above 105% the Ministry would have clear plans in place for the best way to help address the capacity needs of the school through various demand and supply management responses (eg, there may be new capacity already in development, or rolls may be expected to decline). This measure covers more than 95% of all State schools in coverage of this measure. For 2022/23, the standard has been lifted to reflect an updated expectation of performance.

**Note 3:** Maintaining appropriate condition performance helps to minimise expensive asset failures and supports the effectiveness of education delivery. The Ministry's school property-related condition standards aim to get schools operating at a moderate ("C3") or better condition rating for their school buildings. Performance against this industry-standard condition framework for each school building is based on assessments conducted during each school's annual property visit. Performance is separately assessed for components of each building (ie, roof, building fabric and fitout). A school-wide aggregated rating is then determined based on weightings that reflect the built-area of those buildings. The aggregated rating needs to be at least "C3" on the five-point industry-standard rating scale, which runs from "C1" (very good) to "C5" (very poor), and where "C3" means "moderate". This measure covers 97% of all State schools in coverage of the measure as at 30 June 2023. For 2022/23, the standard has been lifted.

**Note 4:** Maintaining appropriate functionality (fitness for purpose) performance helps to support the effectiveness of education delivery. The Ministry's school property-related functionality standards aim to get schools operating at a moderate ("3") or better functionality rating. Performance against this standard is based on assessments conducted as part of schools' five-yearly property planning process. Schools use the School Evaluation of the Physical Environment (SEPE) tool to self-assess and rate aspects of their school site and school buildings. In some cases, data from internal environment sensors will supplement these self-assessments. A school-wide aggregated rating is then determined based on weightings that reflect site functionality and the usability and comfort of school buildings. The aggregated rating needs to be at least "3" on the five-point SEPE functionality rating scale, which runs from "1" (very poor) to "5" (very good), and where "3" means "moderate". This year the measures covers 46% all State schools in coverage of the measure. This is forecast to increase each year as more SEPE assessments are undertaken. Coverage is expected to increase towards 100% by June 2025.

**Note 5:** This includes all student places which have been added to the Ministry's school property portfolio, regardless of funding source, project type or delivery method, and permanent or temporary nature, for State schools. One teaching space (the previous measure) contains places for 22 students.

**Note 6:** The Ministry's planning and response to roll growth involves several Ministry teams. From initial identification of the need for more student places, to the actual construction of teaching spaces (buildings), is a multi-year process. This means the total number of new student places required will vary with both forecast demands, and the completion of new teaching spaces to accommodate them.

**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Expenses</b>	<b>2,320,538</b>	<b>2,395,742</b>	<b>2,598,143</b>	<b>2,594,678</b>
Expense components:				
Capital charge	1,176,673	1,237,996	1,309,992	1,309,992
Depreciation	888,773	906,766	997,321	995,709
Finance costs	41,106	49,038	40,044	42,924
Management of the school property portfolio	213,986	201,942	250,786	246,053
Funded by:				
<b>Revenue Crown</b>	<b>2,112,868</b>	<b>2,193,448</b>	<b>2,300,751</b>	<b>2,300,751</b>
<b>Other Revenue</b>	<b>351,414</b>	<b>3,186</b>	<b>22,605</b>	<b>43,790</b>




Actual expenditure is \$198.936 million (8%) higher than Budget, mainly due to a combination of:

- › increased capital charge (\$96.353 million increase) and depreciation (\$90.086 million increase) for the 30 June 2022 upward revaluation of the school property portfolio (land, buildings, site improvements, teacher housing and early childhood centres)
- › capital-to-operating swaps to lease buildings where a building construction solution is not available or is uneconomic to pursue (\$7 million increase), relocation of students during major capital work projects (\$7 million increase) and implementing a new Property Portfolio Management Tool to support the management of the school property portfolio (\$3.101 million increase)
- › increased provision for the management of the school property portfolio, offset by gains from the sale of surplus school property (\$5.354 million increase) and rental income from school houses (\$3.032 million increase)
- › increased capital charge due to unrealised gain on interest rate swap derivatives used to manage exposure to fluctuating interest rates because of the Public Private Partnership (PPP) service concession arrangements that are interest bearing (\$5.627 million increase)
- › funding to cover the immediate costs to enable schools to open and/or operate safely following the extreme North Island weather events (\$5.128 million increase)
- › funding to reimburse school property contractors who have incurred additional unavoidable costs because of COVID-19 (\$4.715 million), and
- › capital charge savings due to increases in appropriation without the increase in Revenue Crown for the increased depreciation expense because of the annual revaluation of the school property portfolio and changes to timing of drawing down of capital injections (\$30.997 million decrease).

## Ministry of Education – Capital Expenditure PLA

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Education, as authorised by section 24(1) of the Public Finance Act 1989.	This appropriation is intended to provide assets that support the delivery of the Ministry of Education's services, and for schools to deliver their educational responsibilities, including new assets, and renewal and replacement of life-expired assets for the school sector property portfolio.

### Ministry of Education – Capital Expenditure PLA

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
71.00%	Percentage of State schools that meet the Ministry's property-related utilisation standards (see Note 1)	66%	70.90%	
87.00%	Percentage of State schools that meet the Ministry's property-related condition standards (see Note 2)	75%	87.00%	
82.00%	Percentage of State schools that meet the Ministry's property-related functionality standards (see Note 3)	75%	85.00%	

**Note 1:** Running the large school property portfolio is expensive and good utilisation performance helps to minimise this cost and maximise the effectiveness of education delivery. The Ministry's school property-related utilisation standards aim to get schools operating at between 50% and 105% of their roll capacity. This measure considers the relationship between schools' annual July Student Roll returns and their respective roll capacity, which is determined from the total net area available in schools for teaching and non-teaching use. The measure refers to the July rolls and capacity from the previous year's returns. The standard recognises that below 50% there is likely to be excess capacity, which may be inefficient to operate or may be expensive to remove, and above 105% there may be a need for additional capacity to be built or the demand managed. When a school is identified as being above 105% the Ministry would have clear plans in place for the best way to help address the capacity needs of the school through various demand and supply management responses (eg, there may be new capacity already in development, or rolls may be expected to decline). This measure covers more than 95% of all State schools in coverage of this measure. For 2022/23, the standard has been lifted.

**Note 2:** Maintaining appropriate condition performance helps to minimise expensive asset failures and supports the effectiveness of education delivery. The Ministry's school property-related condition standards aim to get schools operating at a moderate ("C3") or better condition rating for their school buildings. Performance against this industry-standard condition framework for each school building is based on assessments conducted during each school's annual property visit. Performance is separately assessed for components of each building (ie, roof, building fabric and fitout). A school-wide aggregated rating is then determined based on weightings that reflect the built-area of those buildings. The aggregated rating needs to be at least "C3" on the five-point industry-standard rating scale, which runs from "C1" (very good) to "C5" (very poor), and where "C3" means "moderate". This measure covers 97% of all State schools in coverage of the measure as at 30 June 2023. For 2022/23, the standard has been lifted.

**Note 3:** Maintaining appropriate functionality (fitness for purpose) performance helps to support the effectiveness of education delivery. The Ministry's school property-related functionality standards aim to get schools operating at a moderate ("3") or better functionality rating. Performance against this standard is based on assessments conducted as part of schools' five-yearly property planning process. Schools use the School Evaluation of the Physical Environment (SEPE) tool to self-assess and rate aspects of their school site and school buildings. In some cases, data from internal environment sensors will supplement these self-assessments. A school-wide aggregated rating is then determined based on weightings that reflect site functionality and the usability and comfort of school buildings. The aggregated rating needs to be at least "3" on the five-point SEPE functionality rating scale, which runs from "1" (very poor) to "5" (very good), and where "3" means "moderate". This year the measures covers 46% all State schools in coverage of the measure. This is forecast to increase each year as more SEPE assessments are undertaken. Coverage is expected to increase towards 100% by June 2025.



**Financial performance**

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Capital expenditure</b>				
<b>School property portfolio:</b>				
Land	111,051	85,000	120,340	116,894
Buildings	1,466,333	1,724,471	1,528,331	1,687,791
<b>Ministry-wide:</b>				
Office furniture, fittings, and equipment	2,302	6,646	11,143	2,235
Computer hardware	7,198	2,760	7,166	1,862
Intangibles — computer software	31,422	29,121	52,554	40,249
<b>Total capital expenditure</b>	<b>1,618,306</b>	<b>1,847,998</b>	<b>1,719,534</b>	<b>1,849,031</b>

The amount of appropriation is a forecast amount to be spent for the budget year rather than an approved amount as the appropriation is authorised by a permanent legislative authority (PLA). The Ministry uses depreciation funding held on its balance sheet, proceeds of sale and capital injections to purchase or develop assets. For details of departmental capital injections, refer to Note 18 in the *Departmental Financial Statements* (page 148).

## Services to Other Agencies RDA

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to the provision of services by the Ministry of Education to government departments and other agencies where those services are not within the scope of another departmental output expense appropriation in Vote Education.	This appropriation is intended to provide support services to government departments and other government or education agencies, on a cost-recovery basis, including office accommodation and related services, and information technology management and development services.
WHAT WAS ACHIEVED	
An exemption was granted under section 15D(1) of the Public Finance Act 1989, as the appropriation relates exclusively to outputs supplied by a department to one or more other departments.	

### Financial performance

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Expenses</b>	<b>5,933</b>	<b>4,748</b>	<b>6,128</b>	<b>5,230</b>
Funded by:				
<b>Revenue from other government agencies</b>	<b>5,933</b>	<b>4,748</b>	<b>6,128</b>	<b>5,230</b>

Under a Revenue Dependent Appropriation (RDA) output expenses may be incurred, without further appropriation, up to the amount of revenue earned. The RDA provides flexibility to respond to unanticipated changes in the level of demand. The 2022/23 outturn reflects the prevailing level of demand for services to other agencies on a cost recovery basis.


# Vote Tertiary Education

## Portfolio Minister – Minister of Education

### Stewardship and Oversight of the Tertiary Education System


SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
<b>Departmental Output Expenses</b>	
This appropriation is limited to providing advice and services to support Ministers to discharge their portfolio responsibilities relating to tertiary and international education, as well as administrative and oversight activities, including research and monitoring the tertiary education system.	This appropriation is intended to provide high-quality and timely advice to Ministers to support decision-making, managing the Government's investment in the tertiary education sector, and monitoring and oversight of the sector.

#### Stewardship of the Tertiary Education System

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
8	The satisfaction rating given by the Minister of Education with the overall performance of the Ministry (see Note 1)	7	7	

**Note 1:** The rating measures the Minister's satisfaction on a scale of 1 to 10, where 1 means unsatisfactory and 10 means extremely satisfied.










#### Minister's Policy Advice Satisfaction

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
4.0	Satisfaction of the portfolio Minister with the policy advice service (see Note 1)	Maintain or improve	3.43	

**Not achieved** – This measure is calculated using a survey provided by the Department of Prime Minister and Cabinet (DPMC) to policy agencies, which contains 21 questions about policy advice. The Ministry will work to understand and better meet Ministers' expectations for quality policy advice over the coming year, alongside its work on improving its Policy Quality Framework results.

**Note 1:** The Ministerial Policy Satisfaction Survey assesses Ministers' satisfaction with the services provided by the policy function on a scale from 1 to 5, where 1 means unsatisfied and 5 means extremely satisfied. The survey contains a common set of questions to be used by all policy agencies from 1 July 2019, with guidance available on the DPMC Project website.

**Research, Data Analysis and Monitoring**

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
<b>Departmental Output Expenses</b>				
0.3%	Forecast demand for tertiary education at Levels 3 and above is accurate within an agreed average of actual values (see Note 1)	Accurate within +/-3% of actual values	0.02	
8	The satisfaction rating given by the Minister of Education on the quality of monitoring advice provided by the Ministry about Crown agencies (see Note 2)	7	9	
Very good	The quality and range of the Ministry's analytical outputs is assessed through an independent expert review (see Note 3)	Quality is assessed as 'Good' or better	Very good	
8	The satisfaction rating given by Ministers for the quality and timeliness of support for Ministerial delegations and visits (see Note 4)	7	5	
99.30%	The percentage of Ministerial correspondence replies, Parliamentary question replies and Ministerial Official Information Act replies completed within the timeframes agreed between the Ministry and the Office of the Minister	95%	99.00%	
99.00%	Percentage of Ministerial Correspondence replies, Parliamentary question replies and Ministerial Official Information Act replies provided that are factually accurate, meet any legislative requirements, and contain no avoidable errors, as measured by acceptance rates by the Office of the Minister	95%	99.00%	
100.00%	Percentage of requests made to the Ministry under the Official Information Act responded to within the legislative timeframes	100%	100%	
100.00%	Percentage of Official Information Act requests made to the Ministry released on the Ministry's website within 10 working days, where a decision has been made to publicly release the information	98%	100%	
100%	Percentage of Education Reports and Briefing notes to Ministers proactively released and published online within 30 business days of final decisions being taken by Ministers, unless there is good reason not to publish all or part of the material, or to delay the release beyond 30 business days	70%	20%	

**Note 1:** This forecast is for equivalent full-time student (EFTS) places delivered in provider-based tertiary education and training at New Zealand Qualification Framework Level 3 and above.

**Note 2:** The rating measures the Minister's satisfaction on a scale of 1 to 10, where 1 means unsatisfactory and 10 means extremely satisfied.

**Note 3:** This review is based on a sample of analytical and research outputs, independently assessed on a five-point rating scale: 1 = 'Very poor'; 2 = 'Poor'; 3 = 'Acceptable'; 4 = 'Good'; 5 = 'Very good'. The annual result will be an average of ratings for all outputs reviewed.

**Note 4:** The rating measures the Minister's satisfaction on a scale of 1 to 10, where 1 means unsatisfactory and 10 means extremely satisfied.

**Financial performance**


	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Expenses</b>	16,117	18,171	19,451	18,419
Funded by:				
<b>Revenue Crown</b>	16,228	17,421	18,701	18,701
<b>Other revenue</b>	-	750	750	74

## Non-Departmental Capital Expenditure

### Tertiary Education Institutions' Proceeds from Disposal of Crown Assets

SCOPE OF APPROPRIATION:	INTENTION STATEMENT:
This appropriation is limited to investing in Tertiary Education Institutions (TEIs) their share of the proceeds from the disposal of assets used by TEIs that are or were previously held in Crown title.	This appropriation is intended to enable the Ministry of Education to honour obligations under agreements with TEIs with respect to property sales, and act in accordance with decisions by Ministers with respect to property sale proceeds.

### Tertiary Education Institutions' Proceeds from Disposal of Crown Assets

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
Achieved	The Ministry of Education meets property sales obligations agreed with TEIs and abides by Ministers' decisions regarding payment of asset sale proceeds (see Note 1)	Achieved	The Ministry has made the associated payments to the Pūkenga subsidiaries in line with Ministerial decisions or contractual arrangements.	

**Note 1:** Where a TEI property sale results in sale proceeds being paid to the Ministry, the Ministry will meet its obligations under any agreement (including an agreement pursuant to the Crown Asset Transfer and Disposal Policy) to pay those sale proceeds, or any percentage share of those sale proceeds:

- › to the TEI in accordance with the terms and conditions set out in the agreement, or
- › to the Treasury, if the agreement requires the Crown to retain a percentage share of the sale proceeds and the Minister of Finance and the Minister of Education jointly determine a percentage of the sale proceeds should be retained by the Crown.

### Financial performance

	2021/22	2022/23		
	Actual	Budget	Supplementary Estimates	Actual
	\$000	\$000	\$000	\$000
<b>Non-departmental capital expenditure</b>	<b>493</b>	<b>20,026</b>	-	-
TEI investments:				
Wellington Institute of Technology	493	-	-	-
<b>Total investments in Te Pūkenga (New Zealand Institute of Skills and Technology)</b>	<b>493</b>	<b>20,026</b>	-	-

This appropriation varies from year to year to make provision for the expected fiscally neutral transfers to TEIs of their share of proceeds the Ministry of Education has received from the sale of certain land, or buildings used by TEIs that are or were previously in Crown title. An appropriation is required for the transfer of public money to TEIs despite being fiscally neutral to the Crown.









The amount appropriated is based on TEI estimates of when settlements are expected to take place and projected proceeds, but variations may be needed if a sale is delayed or a TEI makes notification to the Tertiary Education Commission.

The entire appropriation for 2022/23 has been transferred to 2023/24 due to delays in the sales expected by TEIs.

## Asset measures


The Ministry is required to have a set of asset measures for ICT and the School Property Portfolio to meet our Investor Confidence Rating (ICR) and other external reporting obligations. These are not Estimates measures but need to be approved by the Minister and reported in our 2022 Annual Report.

### Information Communications and Technology

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
100%	The percentage of time our critical systems are available (see Note 1)	99.85%	100%	
100.00%	The percentage of time our systems are available	95%	100%	
69.86%	Peak usage of any one of the Ministry of Education's Wide Area Network bandwidth links	No more than 80%	63.73%	
71.21%	The Ministry of Education's disk storage capacity – allocated storage	No more than 90%	69.21%	
100%	The percentage of computers/user devices aged < 5 years	95%	100%	
100%	The percentage of critical systems requiring upgrade within the last 5 years, which have been upgraded (see Note 1)	70%	100%	
53	Number of critical (priority 1) faults per annum	80	40	
4	Annual network penetration test risk level assessment (5 – critical, 4 – high, 3 – medium, 2 – low, 1 – informational)	4	4	

**Note 1:** The Ministry of Education identifies 12 systems as critical systems.

### School ICT Network

Performance 2021/22	Performance Measure	Budget Standard 2022/23	Actual Performance 2022/23	Comment
89%	Percentage of State schools which rate their experience of their school's property-related ICT functionality as 'moderate' to 'very good' (see Note 1)	80%	89%	

**Note 1:** Maintaining appropriate functionality (fitness for purpose) helps to support the effectiveness of education delivery. The Ministry's school property-related ICT functionality standards aim to get schools operating at a moderate ("5") or better functionality rating. Performance against this standard is based on assessments conducted as part of schools' five-yearly property planning process. Schools use the School Evaluation of the Physical Environment (SEPE) tool to self-assess and rate ICT functionality on their school site and in their school buildings. A school-wide aggregated rating is then determined based on weightings that reflect both site and building ICT functionality. The aggregated rating needs to be at least "5" on the 10-point functionality rating scale, which runs from "1" (very poor) to "10" (very good) and where "5" means "moderate". This measure is forecast to cover about 20% of all State schools by June 2021 while the SEPE tool is being implemented, but coverage will increase to 100% by June 2025.





# Part Three:

## Annual financial statements

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The financial statements are presented in three parts - departmental (**page 107**), non-departmental (**page 161**) and appropriation statements (**page 178**).

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The departmental financial statements cover all financial resources used by the Ministry to deliver the goods or services purchased by the Minister of Education for the financial year ended 30 June 2023. They also include forecast financial statements for the following financial year and comparative information for the previous financial year.

Treasury Instructions also require departments to disclose non-departmental activities they administer on behalf of the Crown in the form of schedules. As these schedules are not financial statements for the purposes of the Public Finance Act 1989 (PFA), they do not provide forecast results for the following financial year.

The appropriation statements report information about expenses and capital expenditure incurred against each appropriation under Vote Education and Vote Tertiary Education administered by the Ministry.

# Contents

<b>Ministry of Education Departmental Financial Statements .....</b>	<b>107</b>
Statement of Comprehensive Revenue and Expenses .....	107
Statement of Financial Position .....	108
Statement of Changes in Taxpayers' Equity .....	109
Statement of Cash Flows .....	110
Statement of Commitments .....	113
Statement of Contingent Liabilities and Contingent Assets .....	116
Notes to the Departmental Financial Statements .....	117
<b>Ministry of Education Non-Departmental Schedules.....</b>	<b>161</b>
Schedule of Non-Departmental Revenue.....	161
Schedule of Non-Departmental Capital Receipts .....	161
Schedule of Non-Departmental Expenses .....	162
Schedule of Non-Departmental Assets .....	163
Schedule of Non-Departmental Liabilities .....	164
Schedule of Non-Departmental Commitments .....	165
Schedule of Non-Departmental Contingent Liabilities and Assets .....	165
Statement of Funds Held .....	166
Notes to the Non-Departmental Schedules .....	168
<b>Appropriation Statements .....</b>	<b>178</b>
Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations .....	178
Statement of Departmental Capital Injections .....	182
Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority .....	182

# Ministry of Education

## Departmental Financial Statements

for the year ended 30 June 2023

### Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2023

2022 Actual		Notes	2023 Actual	2023 Budget	2024 Forecast
\$000			\$000	(unaudited) \$000	(unaudited) \$000
<b>Revenue</b>					
2,970,423	Revenue Crown	3	3,234,774	3,071,628	3,484,904
358,462	Other revenue	3	50,091	11,894	12,686
<b>3,328,885</b>	<b>Total operating revenue</b>		<b>3,284,865</b>	<b>3,083,522</b>	<b>3,497,590</b>
<b>Expenses</b>					
492,868	Personnel costs	4	533,395	456,697	539,288
924,129	Depreciation and amortisation	11,12	1,025,781	943,239	1,327,761
1,184,525	Capital charge	5	1,319,945	1,249,921	1,551,641
41,106	Finance costs	6	42,924	49,038	44,060
507,812	Other operating expenses	7	589,700	583,623	601,391
<b>3,150,440</b>	<b>Total operating expenses</b>		<b>3,511,745</b>	<b>3,282,518</b>	<b>4,064,141</b>
<b>178,445</b>	<b>Net operating surplus/(deficit)</b>		<b>(226,880)</b>	<b>(198,996)</b>	<b>(566,551)</b>
<b>Remeasurements<sup>1</sup></b>					
(1,144)	Impairment of non-current assets held for sale	10	(2,842)	-	-
2,625	Movement in discount rate for retiring and long service leave	16	872	-	-
98,124	Net unrealised gain/(loss) in fair value of derivative financial instruments	19	18,905	3,678	(623)
<b>278,050</b>	<b>Net surplus/(deficit)</b>		<b>(209,945)</b>	<b>(195,318)</b>	<b>(567,174)</b>
<b>Other comprehensive revenue</b>					
1,927,052	Gain on property revaluations	11	3,339,580	-	-
<b>2,205,102</b>	<b>Total comprehensive revenue and expense</b>		<b>3,129,635</b>	<b>(195,318)</b>	<b>(567,174)</b>

Explanations of major variances against the original 2023 budget are provided in Note 22.

The above *Statement of Comprehensive Revenue and Expenses* should be read in conjunction with the accompanying notes.

<sup>1</sup> Remeasurements mean revisions of prices or estimates that result from revised expectations of future economic benefits or obligations that change the carrying amounts of assets or liabilities. Remeasurement losses are not included in the meaning of expenses requiring appropriation under the PFA 1989.

## Statement of Financial Position

as at 30 June 2023

2022 Actual			2023 Actual	2023 Budget	2024 Forecast
\$000	Notes		\$000	(unaudited) \$000	(unaudited) \$000
<b>Assets</b>					
<b>Current assets</b>					
182,282			168,379	95,000	95,000
728,630		8	434,516	318,462	308,957
118,054		9	138,543	89,000	110,000
91,475		10	164,887	54,914	164,887
-		19	234	-	-
<b>1,120,441</b>			<b>906,559</b>	<b>557,376</b>	<b>678,844</b>
<b>Non-current assets</b>					
26,320,747		11	30,375,247	25,484,379	31,035,115
96,987		12	116,730	123,172	151,419
2,610		19	6,746	-	6,348
<b>26,420,344</b>			<b>30,498,723</b>	<b>25,607,551</b>	<b>31,192,882</b>
<b>27,540,785</b>			<b>31,405,282</b>	<b>26,164,927</b>	<b>31,871,726</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
264,414		13	352,360	239,475	264,484
173,909		14	36,043	-	-
12,339		15	2,497	150	150
45,295		16	48,973	32,000	42,000
10,158		17	9,583	11,895	13,450
<b>506,115</b>			<b>449,456</b>	<b>283,520</b>	<b>320,084</b>
<b>Non-current liabilities</b>					
1,617		15	2,176	1,600	1,600
13,107		16	10,999	14,000	14,000
526,688		17	540,908	533,074	571,188
14,707		19	172	66,807	163
<b>556,119</b>			<b>554,255</b>	<b>615,481</b>	<b>586,951</b>
<b>1,062,234</b>			<b>1,003,711</b>	<b>899,001</b>	<b>907,035</b>
<b>26,478,551</b>			<b>30,401,571</b>	<b>25,265,926</b>	<b>30,964,691</b>
<b>Taxpayers' equity</b>					
7,387,665		18	8,014,427	8,101,317	8,597,957
19,090,886		18	22,387,144	17,164,609	22,366,734
<b>26,478,551</b>			<b>30,401,571</b>	<b>25,265,926</b>	<b>30,964,691</b>

Explanations of major variances against the original 2023 budget are provided in Note 22.

The above *Statement of Financial Position* should be read in conjunction with the accompanying notes.

## Statement of Changes in Taxpayers' Equity

for the year ended 30 June 2023

2022 Actual		2023 Actual	2023 Budget	2024 Forecast
\$000	Notes	\$000	(unaudited) \$000	(unaudited) \$000
23,726,347	Balance at 1 July	26,478,551	24,613,097	30,381,161
2,205,102	Total comprehensive revenue and expense	3,129,635	(195,318)	(567,174)
	<i>Owner transactions</i>			
961,007	Capital injections	889,321	861,992	1,164,137
(239,996)	Capital withdrawals	(59,893)	(13,845)	(13,433)
(173,909)	Return of operating surplus to Crown	(36,043)	-	-
<b>26,478,551</b>	<b>Balance as at 30 June</b>	<b>30,401,571</b>	<b>25,265,926</b>	<b>30,964,691</b>

Explanations of major variances against the original 2023 budget are provided in Note 22.

The above *Statement of Changes in Taxpayers' Equity* should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

for the year ended 30 June 2023

2022 Actual		2023 Actual	2023 Budget  (unaudited)	2024 Forecast  (unaudited)
\$000		\$000	\$000	\$000
<b>Cash flows from operating activities</b>				
2,925,624	Receipts from Revenue Crown	3,528,634	3,495,612	3,608,534
39,662	Receipts from other revenue	31,029	11,894	14,168
(501,629)	Payments to suppliers	(595,147)	(596,569)	(603,846)
(481,135)	Payments to employees	(541,684)	(462,822)	(542,264)
(1,184,525)	Payments for capital charge	(1,319,945)	(1,249,921)	(1,551,641)
(475)	Goods and services tax (net)	(240)	-	543
<b>797,522</b>	<b>Net cash flow from operating activities</b>	<b>1,102,647</b>	<b>1,198,194</b>	<b>925,494</b>
<b>Cash flows from investing activities</b>				
366,542	Receipts from sale of property, plant and equipment	29,714	-	-
(1,597,523)	Purchase of property, plant and equipment	(1,711,222)	(1,807,996)	(2,004,911)
(31,422)	Purchase of intangible assets	(40,249)	(29,121)	(55,414)
<b>(1,262,403)</b>	<b>Net cash flow from investing activities</b>	<b>(1,721,757)</b>	<b>(1,837,117)</b>	<b>(2,060,325)</b>
<b>Cash flows from financing activities</b>				
961,007	Capital injections	889,321	861,992	1,164,137
(239,996)	Capital withdrawals	(59,893)	(13,845)	(13,433)
(91,499)	Return of operating surplus to Crown	(173,909)	(150,219)	(36,043)
(41,323)	Payment of finance charges on service concession arrangements	(41,766)	(49,372)	(43,626)
(5,321)	Repayment of service concession liabilities	(8,546)	(9,633)	(9,583)
<b>582,868</b>	<b>Net cash flow from financing activities</b>	<b>605,207</b>	<b>638,923</b>	<b>1,061,452</b>
<b>117,987</b>	<b>Net (decrease)/increase in cash</b>	<b>(13,903)</b>	<b>-</b>	<b>(73,379)</b>
64,295	Cash at the beginning of the year	182,282	95,000	168,379
<b>182,282</b>	<b>Cash at the end of the year</b>	<b>168,379</b>	<b>95,000</b>	<b>95,000</b>

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department (Inland Revenue). The GST components have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of major variances against the original 2023 budget are provided in Note 22.

The above *Statement of Cash Flows* should be read in conjunction with the accompanying notes.

## Reconciliation of net surplus with cash flow from operating activities

2022		2023
Actual		Actual
\$000		\$000
<b>278,050</b>	<b>Net surplus</b>	<b>(209,945)</b>
	<b>Add/(less) non-cash items</b>	
904,150	Depreciation, impairment and write-off on property, plant and equipment	1,008,431
23,607	Amortisation, impairment and write-off on intangible assets	20,613
1,144	Impairment of non-current assets held for sale	2,842
(98,124)	Net unrealised (gains) on derivative financial instruments	(18,905)
(1,004)	(Decrease) in non-current employee entitlements	(2,108)
120	Increase in non-current provisions	559
<b>829,893</b>	<b>Total non-cash items</b>	<b>1,011,432</b>
	<b>Add/(less) items classified as investing or financing activities</b>	
(320,858)	Net (gains) on sale of property, plant and equipment	(20,644)
41,106	Finance charges on service concession arrangements	42,924
<b>(279,752)</b>	<b>Total investing or financing activities</b>	<b>22,280</b>
	<b>Add/(less) movements in working capital items</b>	
(42,598)	(Increase)/decrease in debtors and other receivables	294,114
(7,997)	(Increase) in prepayments	(4,543)
10,156	Increase/(decrease) in creditors and other payables	(4,527)
9,529	Increase in current employee entitlements	3,678
241	Increase/(decrease) in current provisions	(9,842)
<b>(30,669)</b>	<b>Total net movement in working capital items</b>	<b>278,880</b>
<b>797,522</b>	<b>Net cash flow from operating activities</b>	<b>1,102,647</b>

### Reconciliation of movements in liabilities arising from financing activities

The table below provides a reconciliation between the opening and closing balance of financial liabilities, both changes arising from cash flows and non-cash changes.

Service Concession Liabilities	2022			Service Concession Liabilities	2023		
	Derivative Financial Instruments	Total			Derivative Financial Instruments		
	Actual \$000	Actual \$000	Actual \$000		Actual \$000	Actual \$000	Actual \$000
<b>514,341</b>	<b>110,221</b>	<b>624,562</b>	<b>Balance at 1 July</b>	<b>536,846</b>	<b>12,097</b>	<b>548,943</b>	
(5,321)	-	(5,321)	Net cash flows	(8,546)	-	(8,546)	
27,826	-	27,826	Additions	22,191	-	22,191	
-	(98,124)	(98,124)	Fair value movements	-	(18,905)	(18,905)	
<b>536,846</b>	<b>12,097</b>	<b>548,943</b>	<b>Balance at 30 June</b>	<b>550,491</b>	<b>(6,808)</b>	<b>543,683</b>	

The balances for derivative financial instruments are stated as net liabilities/(assets).

Further details on the service concession liabilities and derivative financial instruments are at Notes 17 and 19, respectively.



## Statement of Commitments

as at 30 June 2023

2022 Actual \$000		2023 Actual \$000
<b>Capital commitments</b>		
The future aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date are as follows:		
<b>School property capital works programme</b>		
1,253,651	• Not later than one year	1,316,557
1,565,155	• Later than one year and not later than five years	1,390,217
311,326	• Later than five years	300,511
<b>3,130,132</b>	<b>Total school property capital commitments</b>	<b>3,007,285</b>
<b>Internally developed software assets</b>		
4,006	• Not later than one year	6,795
297	• Later than one year and not later than five years	500
-	• Later than five years	-
<b>4,303</b>	<b>Total internally developed software assets commitments</b>	<b>7,295</b>
<b>3,134,435</b>	<b>Total capital commitments</b>	<b>3,014,580</b>
<b>Non-cancellable operating leases</b>		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
<b>Ministry office premises</b>		
21,211	• Not later than one year	26,839
67,399	• Later than one year and not later than five years	78,973
39,620	• Later than five years	28,524
<b>School property (restated)<sup>2</sup></b>		
48,190	• Not later than one year	57,008
175,008	• Later than one year and not later than five years	207,836
588,383	• Later than five years	619,318
<b>Motor vehicles</b>		
2,829	• Not later than one year	3,366
4,274	• Later than one year and not later than five years	3,507
-	• Later than five years	-
<b>IT equipment</b>		
2,880	• Not later than one year	2,880
4,482	• Later than one year and not later than five years	1,602
-	• Later than five years	-
<b>954,276</b>	<b>Total non-cancellable operating lease commitments</b>	<b>1,029,853</b>
<b>4,088,711</b>	<b>Total commitments</b>	<b>4,044,433</b>

2 The restatement relates to an update of the figures which were incorrectly disclosed on a GST inclusive basis in the prior year.

## Capital commitments

### *School property capital works programme*

The school property capital works programme commitments are for the acquisition or construction of buildings.

The \$122.847 million decrease in school property capital works programme commitments is due to a combination of:

- › Decrease in land acquisition, new school construction, redevelopment, roll growth and shovel ready reflects the way that the Ministry plans and funds its projects in stages. This enables the Ministry to optimise funding and be responsive to its asset conditions and demographic demand across its property network. There are also more approved projects being completed than there are future projects being approved as the Ministry prioritises pipeline projects, which also contributes to the decrease.

These decreases have been partially offset by increases in two programmes: learning support modifications and weathertightness. In learning support modifications, the Ministry has seen an increase in the demand for property modifications required for students with specific needs. In the weathertightness space, there has been an increase in volume of weathertightness projects being delivered as the programme starts to mature. Collectively, this is a net decrease of \$185.859 million.

- › Increase in the Public Private Partnership (PPP) capital commitments, mainly due to additional commitments for the Rolleston College expansion construction work which began in May 2023 and corresponding increase to the lifecycle costs. Collectively, this is a \$59.303 million increase.
- › Increase in the five-year agreement commitments reflecting more entitlements to the schools in the current 10-year property plan cycle, which is a \$3.709 million increase.

### *Internally developed software assets*

Capital commitments for the internally developed software assets arise in relation to the following assets:

- › Pourato, the Ministry's online resourcing system that facilitates the distribution of funding to schools and kura in the form of grants, claims and staffing entitlements. During 2023, Pourato is being enhanced for schools and kura, and it is in development for the early learning sector.
- › Te Rito, a web-based national information repository that enables information about ākonga to be stored securely and to follow them as they progress through their education. The Te Rito programme was developed with the schooling sector, and the Ministry will continue to work in partnership with the sector to deliver it. In 2023, the Ministry began connecting kura and schools to Te Rito.
- › Pokapū Waka Kura, the school transport contract management system. Capital funding was allocated in Budget 2022 for the second phase of a two-phase project to complete the build of Pokapū Waka Kura. Phase 1 successfully delivered the payment functionality required to make payments to school transport providers and manage supplier performance. Phase 2 will automate and integrate the remaining processing and reporting functions.
- › Online Curriculum Hub, replacing Te Kete Ipurangi (TKI), to further enhance Kauwhata Reo and Te Whāriki Online. It will provide kaiako with fast and easy digital access to up-to-date and fit-for-purpose quality curriculum content and support to enhance the teaching and learning experience and provide better education outcomes in Aotearoa New Zealand.
- › Digital Identity Continuous Improvement Value Stream, supporting the ongoing provision of digital identity services for education sector-facing applications.

***Non-cancellable operating leases***

The Ministry has leases on office premises, school land, motor vehicles and IT equipment, which are for varying terms, escalation clauses and renewal rights. The amounts disclosed above as future commitments are based on the current lease terms.

The most significant office lease commitments are for the Ministry's national office premises at 33 Bowen Street, 8 Gilmer Terrace and 1 The Terrace, Wellington. These leases expire in December 2030, August 2025 and December 2032, respectively.

The Ministry vacated its head office at 33 Bowen Street, Wellington in May 2022 in keeping with its health and safety requirements following a targeted detailed seismic assessment of the building. Any potential liability will depend on the outcome of a confidential arbitration hearing and commercial negotiations with the landlord (refer *Statement of Contingent Liabilities and Contingent Assets*).

The total of minimum future office accommodation payments expected to be received under co-location agreements with other government departments at balance date is \$4.027 million (2022: \$5.933 million). This revenue is accounted for against appropriation *Services to Other Agencies RDA*.

Most school property leases are for Treaty of Waitangi settlement redress over some school land. Under these leases, the Crown can keep leasing the land from iwi for as long as it is needed for education purposes. There are currently 192 leases, each having an initial term of 21 years with rights of renewal at 21-year intervals. Three new leases were established in 2023 for Ruapehu College, Stratford Primary School and Thorndon School.

There are no restrictions placed on the Ministry by any of its leasing arrangements.

## Statement of Contingent Liabilities and Contingent Assets

as at 30 June 2023

### Quantifiable contingent liabilities

2022	2023
Actual	Actual
\$000	\$000
<b>Legal proceedings and disputes</b>	
2,259 Contractual disputes	3,139
10,525 Historical personal grievance claims in government institutions such as special schools	18,935
<b>12,784 Total quantifiable contingent liabilities</b>	<b>22,074</b>

Legal proceedings and disputes represent the amounts claimed by plaintiffs in relation to the performance of the Ministry's statutory role and estimated associated legal costs. The Ministry is currently disputing these claims.

### Unquantifiable contingent liabilities

The Ministry vacated its head office at 33 Bowen Street, Wellington in May 2022 in keeping with its health and safety requirements following a targeted detailed seismic assessment of the building. Any potential liability will depend on the outcome of a confidential arbitration hearing and commercial negotiations with the landlord.

The Ministry has several cases where there is no direct financial claim, although they have implications for changes to policy and operations if successful (2021: \$Nil).

### Contingent assets

The Ministry has no contingent assets (2022: \$Nil).

# Notes to the Departmental Financial Statements

for the year ended 30 June 2023

## Note 1 – Reporting Entity

The Ministry of Education (the Ministry) is a government department as defined by section 5 of the Public Service Act 2020 and is domiciled and operates in New Zealand. The relevant legislation governing the Ministry's operations includes the Public Finance Act 1989 (PFA), the Public Service Act 2020 and the Public Accountability Act 1998. The Ministry's ultimate parent is the New Zealand Crown.

The Ministry has also reported separately on Crown activities and funds that it administers in the non-departmental schedules and *Statement of Funds Held* on **pages 161-167**.

The Ministry is the lead advisor to the Government on education, early childhood education, primary and secondary education, and tertiary education. The Ministry is also the steward of the education system. The Ministry does not operate to make a financial return. Accordingly, the Ministry has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Ministry are for the year ended 30 June 2023 and were approved for issue by the Secretary for Education on 29 September 2023.

## Note 2 – Basis of Preparation and Statement of Significant Accounting Policies

### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the PFA 1989, which includes the requirement to comply with generally accepted accounting practices (GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with and comply with PBE Standards.

### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of land, buildings (schools, houses, site improvements and early childhood centres), derivatives and service concession assets, actuarial valuations of certain liabilities, and the fair value of certain financial instruments.

***Presentation currency and rounding***

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

***Changes in accounting policies***

There have been no changes in the Ministry's accounting policies since the date of the last audited financial statements.

***Standards issued and not yet effective and not early adopted***

Standards and amendments issued, but not yet effective, which have not been early adopted and that are relevant to the Ministry are:

***PBE IFRS 17 Insurance Contracts***

This Standard was issued in July 2019 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. PBE IFRS 17 will be mandatory for reporting periods beginning on or after 1 January 2026.

The Ministry has not yet determined how application of PBE IFRS 17 will affect its reporting. The Ministry does not plan to adopt the standard early.

***2022 Omnibus Amendments to PBE Standards***

Effective for annual reporting periods beginning on or after 1 January 2023, the standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- › amendments arising from Improvements to IPSAS, 2018, Improvements to IPSAS, 2019 and Improvements to IPSAS, 2021
- › amendments arising from Amendments to IPSAS 5, Borrowing Costs - Non-authoritative Guidance
- › amendments arising from IASB amendments, and
- › other New Zealand amendments.

The Ministry has not yet determined how these amendments will affect its financial statements. The Ministry does not plan to adopt the standard early.

**Significant accounting policies**

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

***Foreign currency transactions***

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

**Goods and services tax (GST)**

All items in the financial statements, including *Appropriation Statements*, are stated exclusive of GST, except for Debtor Crown, trade debtors and creditors, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST payable to, or recoverable from, Inland Revenue at balance date is included as part of creditors and other payables or debtors and other receivables in the *Statement of Financial Position*.

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

Commitments and contingencies are disclosed exclusive of GST.

**Income tax**

Government departments are exempt from income tax as public authorities (Income Tax Act 2007). Accordingly, no charge for income tax has been provided for.

**Statement of cost accounting policies**

The Ministry has determined the cost of departmental outputs in the *Appropriation Statements* using the cost allocation system outlined below.

All costs are charged to responsibility centres and services or projects.

*Criteria for direct and indirect costs*

Direct costs are those costs charged directly to non-overhead responsibility centres and services or projects. Indirect costs are those overhead costs that cannot be identified with a specific output in an economically feasible manner and are charged to an overhead responsibility centre and service.

*Direct costs assigned to outputs*

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

*Basis for assigning indirect and corporate costs to outputs*

Indirect costs are assigned to non-overhead responsibility centres and services, and thereby to outputs, on the basis of cost drivers such as direct salary costs captured within the non-overhead responsibility centres and services.

There have been no material changes in cost accounting policies since the date of the last audited financial statements.

### ***Critical accounting estimates and assumptions***

In preparing these financial statements, the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below:

#### *Land, houses and early childhood centres valuation*

Land, houses and early childhood centres (ECC) fair values have been determined by Quotable Value Limited (QV), with a full valuation completed triennially. In the intervening years, an indexed valuation is completed by QV. The financial year ended 30 June 2023 is a full valuation year.

QV provides the indexed valuations to assess the fair market valuation for land and housing (or in respect of ECC – replacement costs).

The indexation for land and housing are derived by using the annual movement at sales group level and the QV house price index with an adjustment based on localised market.

The indexation for ECC reflects an average increase in residential building costs within each local authority.

The full valuation is applied to the book value of the properties and additional transactions up to 31 January. The subsequential transactions to 30 June are recorded as the initial book values when they occurred to reflect the fair value at 30 June as cost of the recent additions deemed to be their fair value.

The basis for the land fair values have been determined from market-based evidence on a highest and best use basis. Land has been valued as if vacant based on comparable vacant market sales evidence and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage, and an open market 'willing buyer willing seller' scenario. For schools with a designation or other restriction against the land, the values are adjusted accordingly.

The discounted cash flow approach is used to calculate the market value for the 20 largest school sites, reflecting a range of parameters based on interpretation of current market conditions, including (but not limited to) the proposed development stages and investment period, section density, sales, inflation, legal and selling costs, and discount rates.

#### *School buildings and site improvements valuation*

School buildings and site improvements are stated at fair value as determined by an internal valuation process on an annual basis, except the buildings under the Service Concession arrangements which are valued by QV. Fair value is determined using optimised depreciated replacement cost, which is used because of the specialised nature of the assets. An independent registered valuer reviews the valuation methodology for school buildings and site improvements.



The construction rates applied for calculating the depreciated replacement costs have been sourced from 'QV Costbuilder' with an effective date of 1 April 2023. The Ministry has applied an uplift factor based on the Capital Goods Pricing Index when establishing the inputs used in the 30 June 2023 revaluation.

The following table provides component rates applied for calculating the depreciated replacement cost for each component of buildings by the Ministry in Auckland. Rates for other regions and provinces are determined by applying provincial indices to these rates.

2022 unit rate	Component	2023 unit rate
\$1,284 m <sup>2</sup>	Classroom – fit out	\$1,858 m <sup>2</sup>
\$1,485 m <sup>2</sup>	Classroom – services	\$1,715 m <sup>2</sup>
\$608 m <sup>2</sup>	Classroom – roof	\$559 m <sup>2</sup>
\$2,182 m <sup>2</sup>	Classroom building structures – single storey	\$3,132 m <sup>2</sup>
\$562 m <sup>2</sup>	Classroom building structures – per storey	\$662 m <sup>2</sup>
\$1,084 m <sup>2</sup>	Ancillary buildings	\$1,102 m <sup>2</sup>
\$562 m <sup>2</sup>	Covered way	\$611 m <sup>2</sup>
\$4,124 m <sup>2</sup>	Swimming pools	\$4,524 m <sup>2</sup>
\$69,496 each	Boilers	\$71,225 each
\$132,860 each	Lifts – standard (3 floors)	\$142,450 each
\$7,052 each	Lifts – additional floor	\$7,428 each
\$16,500 each	Hoists	\$18,350 each

The site improvements values are calculated using the average cost (derived from a selected sample) per site based on the school level, size and location, adjusted by the capitalisations and location indices.

#### *School buildings and site improvements useful life*

The useful life of school buildings and site improvements are re-assessed annually based on their age and the level of capital expenditure incurred over the last 10 years compared to their replacement cost.

Adjustments have been made to the remaining useful life assumption for school buildings as follows:

Nature of valuation adjustment to replacement costs	Impact on the valuation
Assessment of the remaining useful life	The remaining useful life of components, and consequently value, has been amended based on the level of costs incurred on the component during the course of the last 10 years as an indicator of the condition of the component. Minimum useful lives are used to reflect residual values.
Assessment of the impact of technology change on replacement costs	Consideration is given to the age of each component, and the building code applicable at that time, and a discount applied based on the era during which the asset was constructed.
Condition impact on remaining useful life	The remaining useful life of components, and consequently value, has been amended in consideration of the expected level of expenditure required to renew components during the next 10 years to reflect the actual state of assets in poor or very poor condition.
Expected demolition or significant redevelopment programme	The remaining useful life of components, and consequently value, has been amended in consideration of the expected impact on value and life that planned demolitions or major redevelopments will have on components.
Assessment of weathertightness issues on building condition	The value and remaining useful life of components, and consequently value, has been amended in consideration of the expenditure required to return assets to an expected normal state given the age of an asset component.
Assessment of damage from recent significant weather events	The remaining useful life of components, and consequently value, has been amended in consideration of the expected level of expenditure required to repair damage resulting from the 2023 significant weather events.

#### *Holidays Act 2003 remediation*

The Ministry has recognised a liability for Holidays Act 2003 remediation (refer Note 15). The measurement of this liability is the Ministry's best estimate following completion of a project to determine and remediate historic Holidays Act issues. The Ministry has subsequently paid all current employees due a remediation payment and contacted former employees to make payments due.

*Long service leave and retirement gratuities*

Long service leave and retirement gratuities entitlements that are payable beyond 12 months have been calculated on an actuarial basis. The calculations are based on:

- › likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information, and
- › the present value of the estimated future cash flows using the discount rates prescribed by the Treasury as at 30 June 2023 and a salary inflation factor of 2.5% (2022: 2.5%). The discount rates used are based on the yields on Government Bonds and range from 4.19% to 5.43% (2022: 3.34% to 4.47%).

An analysis of the exposure in relation to estimates and uncertainties surrounding long service leave and retirement gratuities liabilities is disclosed in Note 16.

***Critical judgements in applying accounting policies****Leasing arrangements*

The Ministry has exercised judgement in applying its accounting policy on the appropriate classification of leases.

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the *Statement of Financial Position* as property, plant and equipment, whereas for an operating lease the costs are recognised as operating expenses in the *Statement of Comprehensive Revenue and Expenses*.

None of the Ministry's leasing arrangements are classified as finance leases.

*Software-as-a-Service (SaaS) arrangements*

SaaS arrangements, also known as cloud computing arrangements, are service contracts providing the Ministry with the right to access a cloud provider's application software over the contract term.

Judgement is exercised to assess whether the Ministry receives control over an identifiable intangible asset as a result of a SaaS arrangement. The Ministry recognises an intangible asset in the *Statement of Financial Position* when, as a result of the SaaS arrangements, it receives rights beyond a right of access and controls the asset by exercising its power to obtain the future economic benefits or service potential flowing from the asset and restricts the access of others to those benefits. If the SaaS arrangement does not give the Ministry an intangible asset due to the lack of control, the costs are recognised as operating expenses in the *Statement of Comprehensive Revenue and Expense*.

***Budget and forecast figures***

The budget figures in the financial statements are for the year ended 30 June 2023 and were published in the 2022 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the 2022 Budget Economic and Fiscal Update (BEFU) for the 2022/23 financial year. The figures do not provide for the annual revaluation of school property (land and buildings) assets as it is Crown policy not to budget for annual revaluation movements.

The forecast financial statement figures are for the year ending 30 June 2024 and are consistent with the best estimate financial forecast information submitted to the Treasury for the 2023 Pre-Election Economic and Fiscal Update (PREFU) for the 2023/24 financial year. They have been prepared as required by the PFA 1989 to communicate forecast financial information for accountability purposes and in accordance with PBE Standards.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The forecast financial statements were approved for issue by the Secretary for Education on 7 August 2023. The Secretary for Education is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

The actual financial results to be achieved for 30 June 2024 are likely to vary from the forecast information presented and the variation may be material.

***Significant assumptions used in preparing the forecast financials***

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions about what may occur during the 2023/24 year. They have been compiled on the basis of existing government policies and ministerial expectations at the date the information was prepared. The main assumptions were as follows:

- › the Ministry's activities and output expectations will remain substantially the same as the previous year, focusing on the Government's priorities
- › personnel costs were based on current wages and salary costs and full-time equivalent (FTE) levels and staff turnover, adjusted for anticipated remuneration changes
- › operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred, and
- › pre-audited information for 2022/23 was used as the opening position for the 2023/24 forecasts.

Factors that could lead to differences between the forecast and the actual results include changes to the baseline budget through new initiatives and the transfer of funding across financial years or technical adjustments, such as remeasurement of derivative financial instruments, impairment of school property assets and change in capital charge rate (currently 5%).

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2024 will not be published.

## Note 3 – Revenue

The Ministry funds its operations through exchange and non-exchange transactions. These are distinguished by whether there is a direct exchange of approximately equal value with another party or not. Exchange revenue covers goods and services supplied on a commercial basis, including on a cost recovery basis as prevalent in the public sector. Non-exchange revenues are the receipt of funds that do not require an exchange of equal value.

Revenue from the Crown (**Revenue Crown**) is the primary source of funding for the Ministry. Revenue Crown is measured based on the Ministry's funding entitlement for the reporting period. Revenue Crown is a non-exchange transaction because the Crown does not directly receive equal value from the Ministry in return for the funding. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date. There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations. The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

A breakdown of revenue from other sources (**Other revenue**) is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
	<i>Non-exchange</i>	
24,533	Third party contributions to development of school building assets	14,966
-	- Gains from insurance claims	1,070
203	ECE licensing application fees	256
220	Electric vehicle subsidy from Energy Efficiency & Conservation Authority (EECA)	252
-	- Export Education Levy	74
200	Weathertightness settlements	-
	<i>Exchange</i>	
320,965	Gains on sale of property, plant and equipment	20,650
5,415	School house rentals	5,965
5,933	Support services to other public entities	5,230
448	Subscription fees for Te Mana Tūhono Opt-in ICT Network and Cyber Security Support Programme for Schools	924
545	Miscellaneous revenue	704
<b>358,462</b>	<b>Total other revenue</b>	<b>50,091</b>

Third party contributions to development of school building assets are recognised as revenue when entitled rather than when cash is received.

Weathertightness and insurance claims are recognised upon settlement of the claim.

Gains arising from sale of property, plant and equipment are recognised when the significant risks and rewards of ownership of the asset have transferred to the acquirer. The gains on sale are primarily from the transfer of school sites (land only) under Deeds of Settlement between the Crown and iwi. The settlements provide for the Ministry to leaseback the school sites until they are no longer needed for education purposes.

Rental income, from school houses and sub-letting of office premises to other public entities, is recognised on a straight-line basis over the lease term. The electric vehicle subsidy from EECA is recognised over the lease term.

Revenue in advance is recognised in the *Statement of Financial Position* (under Creditors and payables) as deferred revenue until the period the service is provided.

#### Note 4 – Personnel Costs

Employee entitlements to salaries and wages, annual leave, long service leave and retiring leave, and other similar benefits are recognised in net surplus/(deficit) when they accrue to employees.

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are recognised in net surplus/(deficit) as they fall due.

Termination benefits are recognised in net surplus/(deficit) only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant. Termination benefits expected to be settled within 12 months are reported at the amount expected to be paid.

A breakdown of personnel costs is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
462,288	Salaries and wages	516,296
12,505	Superannuation contributions to defined contribution plans	13,612
5,544	Training and development	6,134
8,525	Increase in employee entitlements	1,570
1,357	Increase/(decrease) in Holidays Act 2003 provision (Note 15)	(10,184)
(992)	(Decrease) in restructuring provision (Note 15)	(87)
3,641	Other personnel costs	6,054
<b>492,868</b>	<b>Total personnel costs</b>	<b>533,395</b>

Salaries and wages include the cost of contractors engaged in a contract for service.

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

## Note 5 – Capital Charge

The Ministry pays a capital charge to the Treasury on its taxpayers' equity as at 30 June and 31 December each year. The rate used for calculation of capital charge is the public sector discount rate. The current capital charge rate is 5% (2022: 5%).

The capital charge reflects the cost of the Crown's investment in the Ministry and is recognised as an element of output expenses.

## Note 6 – Finance Costs

Finance costs are recognised in relation to the repayment of the liability associated with the service concession arrangement assets over the contract term as an expense in the financial year in which they are incurred.

## Note 7 – Other Operating Expenses

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives for office accommodation received are recognised evenly over the term of the lease as a reduction in operating lease costs. The unexpired portion of non-cancellable operating leases for office accommodation, motor vehicles, IT equipment and school property is shown in the *Statement of Commitments*.

All other operating expenses are recognised when goods or services are received.

A breakdown of other operating expenses is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
608	Fees to auditors for audit of the financial statements	643
274	Fees to auditors for other services	491
176,995	Contracts for services	200,857
115,060	Specialist learning support service costs	116,214
41,281	Operating lease costs – School property	62,760
54,012	Maintenance of school property	54,330
27,061	ICT costs (including cloud-based computing services)	36,600
24,289	Operating lease costs – Office accommodation	28,373
13,316	Consultants	19,330
7,673	Travel, meetings and conference costs	16,188
12,206	Pacific Education Innovation Fund grants	16,012
11,625	Insurance	14,820
4,137	Legal fees and litigation costs	4,144
1,705	Operating lease costs – Office and IT equipment	3,361
2,797	Operating lease costs – Motor vehicles	3,344
3,628	Write-off and impairment of property, plant and equipment	3,263
(4)	(Decrease)/increase in lease reinstatement provision	988
18	Increase in provision for impairment of trade debtors	72
67	Risk and Assurance Board member fees and expenses	57
107	Loss on sale of property, plant and equipment	6
-	Net foreign exchange losses/(gains), excluding derivatives	(80)
10,957	Other	7,927
<b>507,812</b>	<b>Total other operating expenses</b>	<b>589,700</b>



### Audit fees

The fees to auditors for other services relate to professional services delivered for Schools Payroll Remediation case management.

Included in the *Schedule of Non-Departmental Expenses* for the year ended 30 June 2023 are \$578,250 fees to the auditors. This includes \$558,250 for the assurance engagement in relation to Education Payroll Services (2022: \$543,000) and \$20,000 for Ka Ora Ka Ako | Healthy School Lunches assurance procedures.

## Note 8 – Debtors and Other Receivables

Debtor Crown represents cash which has been appropriated, but yet to be drawn down from, the New Zealand Debt Management Office (NZDMO). The Ministry classifies Debtor Crown as current because it can be realised in cash within three working days.

Debtors and other receivables are recognised initially at fair value and subsequently at amortised cost, less any provision for impairment. Due to their short-term nature, debtors and other receivables are not discounted.

An expected credit loss model is used to recognise and calculate impairment losses for trade debtors. Trade debtors are assessed at each reporting date for any significant increase in credit risk since initial recognition. The simplified approach to providing for expected credit losses as prescribed by PBE IFRS 9 *Financial Instruments* is applied. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses. The provisions for impairment on trade debtors that are individually significant are determined on an individual basis. Those deemed not to be individually significant are assessed on a portfolio basis based on the number of days overdue and taking into account the historical loss experience and incorporating any external and future information.

A breakdown of debtors and other receivables and further information is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
	<i>Non-exchange</i>	
722,397	Debtor Crown	428,537
	<i>Exchange</i>	
1,282	Trade debtors (net)	3,091
4,951	Other receivables (including accrued revenue)	2,888
<b>728,630</b>	<b>Total debtors and other receivables</b>	<b>434,516</b>

The carrying value of trade debtors and other receivables approximates their fair value. The Ministry classifies trade debtors and other receivables as current because they are expected to be realised within 12 months.

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

2022				2023		
Gross	Impairment	Net		Gross	Impairment	Net
\$000	\$000	\$000		\$000	\$000	\$000
974	-	974	Not past due	2,702	-	2,702
176	-	176	Past due 31 - 60 days	321	-	321
114	-	114	Past due 61 - 90 days	20	-	20
81	(63)	18	Past due > 91 days	132	(84)	48
<b>1,345</b>	<b>(63)</b>	<b>1,282</b>	<b>Total</b>	<b>3,175</b>	<b>(84)</b>	<b>3,091</b>

Movements in the provision for impairment of trade debtors are as follows:

2022			2023
Actual			Actual
\$000			\$000
<b>97</b>	<b>Balance at 1 July</b>		<b>63</b>
18	Increase in provisions made during the year		72
(52)	Debtors written off during the year		(51)
<b>63</b>	<b>Balance at 30 June</b>		<b>84</b>

## Note 9 - Prepayments

Prepayments are comprised of:

2022			2023
Actual			Actual
\$000			\$000
88,709	School property capital expenditure programme		104,655
29,345	Operating expenses		33,888
<b>118,054</b>	<b>Total prepayments</b>		<b>138,543</b>

## Note 10 – Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction and the sale is highly probable. Assets are initially recorded as held for sale when:

- › identified as surplus to education requirements and the property is actively marketed for sale at a price that is reasonable in relation to its current fair value, or
- › a Deed of Settlement is signed (or initiated) with a claimant group under a Treaty settlement over school sites to be sold and leased back by the Ministry.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in net surplus or deficit. Any increases in fair value (less costs to sell) are recognised in net surplus or deficit up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

Movements for each class of assets held for sale are as follows:

2022				2023		
Land	Buildings	Total		Land	Buildings	Total
\$000	\$000	\$000		\$000	\$000	\$000
<b>96,502</b>	<b>3,894</b>	<b>100,396</b>	<b>Balance at 1 July</b>	<b>86,583</b>	<b>4,892</b>	<b>91,475</b>
35,429	2,299	37,728	Transfers from property, plant and equipment	84,930	394	85,324
(44,614)	(891)	(45,505)	Disposals	(8,800)	(270)	(9,070)
(734)	(410)	(1,144)	Impairment losses recognised in net surplus or deficit	(2,794)	(48)	(2,842)
<b>86,583</b>	<b>4,892</b>	<b>91,475</b>	<b>Balance at 30 June</b>	<b>159,919</b>	<b>4,968</b>	<b>164,887</b>

The accumulated revaluation reserve balance associated with non-current assets held for sale at 30 June 2023 was \$140.487 million comprising of land \$136.264 million and buildings \$4.223 million (2022: \$69.205 million comprising of land \$66.237 million and buildings \$2.968 million).

Non-current assets held for sale are recognised as current assets as their value is expected, in most instances, to be realised in the 12-month period after balance date. The completion date for Treaty settlement claims may take longer than 12 months due to legal and procedural matters beyond the Ministry's control.

## Note 11 – Property, Plant and Equipment

The Ministry is responsible for, and has ownership of, a significant portion of the institutional land and buildings in use by schools, playcentres and kindergartens on behalf of the Government.

Property, plant and equipment consist of the following asset classes: land, buildings, office furniture, fittings (leasehold improvements) and equipment, computer hardware and motor vehicles.

Land is measured at fair value and buildings, including those financed under a service concession arrangement, are measured at fair value less accumulated depreciation and impairment losses. All other assets classes are measured at cost less accumulated depreciation and impairment losses.

### **Additions**

Individual or groups of property assets are capitalised if their cost is greater than \$5,000. Individual or groups of assets in other asset classes are capitalised if their cost is greater than \$2,500.

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

The initial cost of property, plant and equipment is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use. Where an asset is acquired at no cost, or for a nominal cost through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

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

The costs of day-to-day servicing of property, plant and equipment are recognised in the net surplus or deficit as they are incurred.

Work-in-progress is recognised at cost less impairment and is not depreciated.

### **Revaluations**

School buildings and site improvements are stated at fair value as determined by an internal valuation process. Fair value is determined using the optimised depreciated replacement cost method due to the specialised nature of the assets. An independent registered valuer reviews the valuation methodology for school buildings and improvements.

The Ministry has adopted a full valuation approach triennially for land, houses and early childhood centres (ECC). In the intervening years, an indexed valuation is completed. The valuation approach is explained in the critical accounting estimates and assumptions section of Note 2.

Land and houses are recorded at market value (or indexed value) as assessed by an independent registered valuer.

ECC buildings (playcentres and kindergartens) are valued by an independent registered valuer, based on depreciated replacement cost (or indexed value).

The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in taxpayers' equity for that class. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in net surplus or deficit. Any subsequent increase on revaluation, which offsets a previous decrease in value recognised in net surplus or deficit, will be recognised first in net surplus or deficit up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

### ***School demolition costs***

Consideration is given to whether school buildings on a closed school site should be demolished or removed. The carrying amounts of the demolished school buildings are written off and recognised in the net surplus or deficit. Land Information New Zealand manages the land disposal process on behalf of the Ministry. The cost incurred in demolishing school buildings on a school site to make the land vacant are capitalised to reflect the work to increase the land valuation.

The cost incurred in demolishing an existing building to give way for the construction of a new building is capitalised as part of the new building. The carrying amount of the replaced building is written off and recognised in the net surplus or deficit.

The cost of demolishing surplus school buildings on an ongoing school site is recognised in the net surplus or deficit as they are incurred along with the carrying amount of the buildings written off.

### ***Disposals***

Gains and losses on disposals are recognised in the net surplus or deficit by comparing the sale proceeds with the carrying amount of the asset. When a revalued asset is sold, the amount included in the property revaluation reserve in respect of the disposed asset is transferred to general funds.

### ***Depreciation***

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

<b>Useful lives:</b>	<b>Years</b>
Buildings including those financed under a service concession arrangement	
• Permanent school building roof, services, fit outs, lifts and boilers	15 – 45
• Ancillary buildings, covered ways, houses, kindergartens, playcentres, site improvements, swimming pools	30 – 50
• Permanent school building fabric	75
Office furniture and equipment	4 – 8
Computer hardware	2 – 7

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

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

### ***Impairment***

The Ministry does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment carried at cost or revalued amount are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined using an approach based on either an optimised depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

For assets carried at cost an impairment loss or a reversal of an impairment loss is recognised in the surplus or deficit.

For a revalued asset, an impairment loss is recognised in other comprehensive revenue and expense to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets. Such an impairment loss on a revalued asset reduces the revaluation reserve for that class of assets. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Movements for each class of property plant and equipment are as follows:

	Land valuation \$000	Buildings valuation \$000	Office furniture, fittings and equipment Cost \$000	Computer hardware Cost \$000	Motor vehicles Cost \$000	Total \$000
<b>Cost or valuation</b>						
Balance at 1 July 2021	6,968,668	16,739,145	66,396	43,162	1,076	23,818,447
Additions	111,051	1,466,333	2,302	7,198	-	1,586,884
Revaluations	312,956	1,614,096	-	-	-	1,927,052
Reversal of accumulated depreciation on revaluation	-	(888,139)	-	-	-	(888,139)
Reclassified to assets held for sale	(35,429)	(2,299)	-	-	-	(37,728)
Reclassified between classes and to intangible assets	-	-	5	(827)	-	(822)
Disposals and write-offs	-	(4,261)	(507)	(7,443)	(1,076)	(13,287)
<b>Balance at 30 June 2022</b>	<b>7,357,246</b>	<b>18,924,875</b>	<b>68,196</b>	<b>42,090</b>	<b>-</b>	<b>26,392,407</b>
Additions	116,894	1,687,791	2,235	1,862	-	1,808,782
Revaluations	(1,272,518)	4,612,098	-	-	-	3,339,580
Reversal of accumulated depreciation on revaluation	-	(994,249)	-	-	-	(994,249)
Reclassified to assets held for sale	(84,930)	(394)	-	-	-	(85,324)
Reclassified between classes and to intangible assets	-	-	43	(150)	-	(107)
Disposals and write-offs	-	(4,723)	-	(2,614)	-	(7,337)
<b>Balance at 30 June 2023</b>	<b>6,116,692</b>	<b>24,225,398</b>	<b>70,474</b>	<b>41,188</b>	<b>-</b>	<b>30,453,752</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 July 2021	-	-	35,194	32,651	912	68,757
Depreciation expense	-	888,773	4,376	7,373	-	900,522
Impairment losses	-	-	-	-	-	-
Eliminate on disposal or write-off	-	(634)	(507)	(7,427)	(912)	(9,480)
Eliminate on revaluation	-	(888,139)	-	-	-	(888,139)
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>39,063</b>	<b>32,597</b>	<b>-</b>	<b>71,660</b>
Depreciation expense	-	995,709	4,729	4,730	-	1,005,168
Impairment losses	-	-	-	-	-	-
Eliminate on disposal or write-off	-	(1,460)	-	(2,614)	-	(4,074)
Eliminate on revaluation	-	(994,249)	-	-	-	(994,249)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>43,792</b>	<b>34,713</b>	<b>-</b>	<b>78,505</b>
<b>Carrying amounts</b>						
<b>At 1 July 2021</b>	<b>6,968,668</b>	<b>16,739,145</b>	<b>31,202</b>	<b>10,511</b>	<b>164</b>	<b>23,749,690</b>
<b>At 30 June 2022</b>	<b>7,357,246</b>	<b>18,924,875</b>	<b>29,133</b>	<b>9,493</b>	<b>-</b>	<b>26,320,747</b>
<b>At 30 June 2023</b>	<b>6,116,692</b>	<b>24,225,398</b>	<b>26,682</b>	<b>6,475</b>	<b>-</b>	<b>30,375,247</b>

**Work-in-progress**

The amount of capital expenditure recognised in the carrying amount of property, plant and equipment in the course of construction for each class of asset is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
1,916,327	Buildings, including those financed under a service concession arrangement	2,223,577
2,686	Office furniture, fittings (leasehold improvements) and equipment	2,489
3,530	Computer hardware	1,957
<b>1,922,543</b>	<b>Total work-in-progress</b>	<b>2,228,023</b>

**Motor vehicles**

The Ministry has transitioned from owning to leasing motor vehicles. The financial commitments for the operating leases are reported in the *Statement of Commitments*.

**Service concession arrangements**

The Ministry has entered into three Public Private Partnership (PPP) agreements as detailed below. These are treated as service concession arrangements and accounted for in accordance with PBE IPSAS 32 – Service Concession Arrangement: Grantor.

Under the agreements the partner is required to:

- › finance, design and construct the schools, and
- › provide the operational services, which comprise building maintenance, landscaping, cleaning and other types of services.

Note that the Boards of Trustees remain at all times responsible for the delivery of education to students.

The agreements run for a period of 25 years following operational completion, after which responsibility for ongoing maintenance will revert to the Ministry along with ownership of the schools.

Under the agreements, the Ministry provides the land to the partner to use for the construction and operation of the schools.

The assets in the service concession arrangement are recognised as assets of the Ministry and are accounted for in accordance with the accounting policy applicable to the classes of property, plant and equipment that the specified assets comprise. As the schools are progressively constructed, the Ministry recognises work-in-progress at fair value and a financial liability of the same value is recognised. When the schools are fully constructed and operational, the total asset cost and matching financial liability reflect the value of the future compensation to be provided to the private-sector partner for the assets. Subsequent to initial recognition, these assets are accounted for at fair value and the financial liabilities are measured at amortised cost.



Following operational completion, the Ministry pays a quarterly unitary charge to the partner that covers various costs. They are allocated between:

- › construction of the schools (capital) – these costs are not repriced
- › finance costs – these costs are repriced at least every five years following operational completion and the amount the Ministry pays to the contractor is adjusted
- › service costs – these costs cover the routine repairs and maintenance required to keep the school running and in good condition. A portion of these costs is indexed to the Consumer Price Index and the Labour Cost Index. This portion can be reset at Year 5 and Year 15 of the agreement. Any change in these service costs will result in a change in the amount the Ministry pays to the contractor, and
- › life-cycle additions – this is additional to routine repairs and maintenance carried out during the contract lifetime which is agreed upfront.

Payments relating to the capital component of the quarterly unitary charge reduce the financial liability when they are made (refer to Note 17 for further information on the service concession liabilities). Finance and service costs are recognised as an expense in the financial year to which they are incurred.

The Ministry has entered into interest rate swaps with the NZDMO to mitigate exposure to interest rate risk for the three service concession arrangements. These interest rate swaps go out to the end of the service concession agreements (refer to Note 19 for further information).

The agreements provide for cancellation under certain circumstances, including for specified non-performance. There is no right of renewal at the end of the contracted agreements.

In June 2023, International Public Partnership Limited (INPP) acquired the private partnership interests of all the New Zealand Schools' Public Private Partnerships (PPPs), bringing in a new asset manager for the schools, Amber Infrastructure NZ Limited. The sale does not have any financial implications for the Ministry.

### **PPP1**

The Ministry entered into a PPP agreement with Learning Infrastructure Partners LP in 2012 to provide a primary and a secondary school at Hobsonville Point.

Under the agreement, the Ministry provided two land parcels to Learning Infrastructure Partners LP to use for the construction of the schools.

The Hobsonville Point Primary School opened in January 2013 and the Hobsonville Point Secondary School opened in February 2014.

Carrying value of assets by source:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
101,849	Learning Infrastructure Partners LP – Buildings	119,553
33,750	Ministry – Land	52,500
<b>135,599</b>	<b>Total carrying value</b>	<b>172,053</b>

**PPP2**

The Ministry entered into a PPP agreement with Future Schools Partners LP in 2015 to provide the following four schools:

- › Haeata Community Campus, Christchurch
- › Ormiston Junior College, Auckland
- › Rolleston College, Christchurch
- › Wakatipu High School, Queenstown.

Under the agreement, the Ministry provided four land parcels to Future Schools Partners LP to use for the construction of the schools.

Haeata Community Campus, Ormiston Junior College and Rolleston College opened at the beginning of 2017 and Wakatipu High School relocated to its new site in January 2018.

Carrying value of assets by source:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
286,086	Future Schools Partners LP – Buildings	324,194
43,578	Ministry – Land	49,627
<b>329,664</b>	<b>Total carrying value</b>	<b>373,821</b>

The Wakatipu High School expansion has been completed in January 2023. Rolleston College is currently undergoing an expansion to cater for roll growth in the area and is expected to be completed in the 2023/24 financial year.

**PPP3**

The Ministry entered into a PPP agreement with ShapEd NZ LP in April 2017 to provide the following five schools:

- › Te Ao Mārama School (originally known as Sylvester Primary School), Hamilton
- › Te Uho O Te Nikau Primary School (originally known as Flat Bush South Primary School), Auckland
- › Matua Ngaru School (originally known as Kumeu Primary School), Auckland
- › Co-location of Shirley Boys' High School and Avonside Girls' High School on one site in Christchurch.

Under the agreement, the Ministry provided four land parcels to ShapEd NZ LP to use for the construction of the schools. The three primary schools opened at the beginning of 2019, while the co-located Shirley Boys' and Avonside Girls' High schools opened in April 2019.

Carrying value of assets by source:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
226,465	ShapEd NZ LP – Buildings	250,835
29,180	Ministry – Land	39,385
<b>255,645</b>	<b>Total carrying value</b>	<b>290,220</b>

## Revaluations

The valuations are as follows. Also refer to the Critical accounting estimates and assumptions section of Note 2, which discloses information about revaluation methods and assumptions.

	Land \$000	Buildings \$000	Total \$000
<b>2022</b>			
Quotable Value Limited	7,357,246	763,916	8,121,162
Internal assessment by experienced Ministry staff	-	18,160,959	18,160,959
<b>Total valuation as at 30 June 2022</b>	<b>7,357,246</b>	<b>18,924,875</b>	<b>26,282,121</b>
<b>2023</b>			
Quotable Value Limited	6,116,692	883,025	6,999,717
Internal assessment by experienced Ministry staff	-	23,342,373	23,342,373
<b>Total valuation as at 30 June 2023</b>	<b>6,116,692</b>	<b>24,225,398</b>	<b>30,342,090</b>

The decrease in land value is mainly driven by the market movement, while the increase in building value is driven by the continued level of building activities and rise in construction costs.

## Restrictions

There are no restrictions over the title of the Ministry's school land, buildings and chattels, nor are any school land, buildings and chattels pledged as security for liabilities.

## Risk management of school property

The Ministry has a three-tier approach to the risk management of school property:

- › the first tier focuses on upgrading and maintaining security and fire protection systems in order to minimise incidence and impact of fire and vandalism losses
- › the second tier is a policy of self-insurance, up to \$15 million in the aggregate
- › the third tier is covered by an insurance policy placed with the local and international insurance market, which provides cover for the following:
  - \$325 million for any one loss and in the aggregate for natural disaster from September 2022 (\$285 million until August 2022)
  - reinstatement to a further \$325 million for natural disaster from September 2022 (\$285 million until August 2022)
  - fire limit of \$60 million for any one loss and in the aggregate
  - a deductible amount for non-catastrophic losses is \$15 million in the aggregate and then \$25,000 for each and every subsequent loss, and
  - the deductible amount for catastrophic losses due to natural disasters is \$15 million for each and every loss.

## Note 12 – Intangible Assets

Intangible assets consist of the following asset classes: acquired computer software and developed computer software.

All individual or groups of acquired computer software are capitalised if their cost is greater than \$2,500.

All software developments are capitalised if their cost is greater than \$50,000.

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

Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs, and any directly attributable overheads.

Staff training costs and expenditure associated with the development and maintenance of the Ministry's website are recognised as an expense when incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

At the inception of a SaaS arrangement the Ministry recognises an intangible asset when it receives rights beyond a right of access and controls the asset by exercising its power to obtain the future economic benefits or service potential flowing from the asset and restricts the access of others to those benefits. If the SaaS arrangement does not give the Ministry an intangible asset due to the lack of control, the costs are recognised as operating expenses as incurred (generally over the term of the arrangement).

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

The useful lives of intangible assets have been estimated as follows:

Useful lives:	Years
Acquired or developed computer software	3 – 10

### *Impairment*

The policy for impairment of property, plant and equipment in Note 11 also applies to the impairment of intangible assets.

Movements for each class of intangible assets are as follows:

	Acquired computer software \$000	Developed computer software \$000	Total \$000
<b>Cost</b>			
Balance at 1 July 2021	9,793	220,334	230,127
Additions	6,765	24,657	31,422
Disposals and write-offs	(1,319)	(14,979)	(16,298)
Reclassified between classes and from property, plant and equipment	(425)	1,247	822
<b>Balance at 30 June 2022</b>	<b>14,814</b>	<b>231,259</b>	<b>246,073</b>
Additions	9,803	30,446	40,249
Disposals and write-offs	-	-	-
Reclassified between classes and from property, plant and equipment	(563)	670	107
<b>Balance at 30 June 2023</b>	<b>24,054</b>	<b>262,375</b>	<b>286,429</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July 2021	9,227	132,550	141,777
Amortisation expense	338	23,269	23,607
Disposals and write-offs	(1,319)	(14,979)	(16,298)
<b>Balance at 30 June 2022</b>	<b>8,246</b>	<b>140,840</b>	<b>149,086</b>
Amortisation expense	144	20,469	20,613
Disposals and write-offs	-	-	-
<b>Balance at 30 June 2023</b>	<b>8,390</b>	<b>161,309</b>	<b>169,699</b>
<b>Carrying amounts</b>			
At 1 July 2021	566	87,784	88,350
<b>Balance at 30 June 2022</b>	<b>6,568</b>	<b>90,419</b>	<b>96,987</b>
<b>Balance at 30 June 2023</b>	<b>15,664</b>	<b>101,066</b>	<b>116,730</b>

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

There are software assets at a cost of \$108.084 million that are fully amortised but that are still in use (2022: \$92.806 million).

The carrying value of assets because of SaaS arrangements is \$Nil (2022: \$Nil).

The total amount of software assets in the course of development is \$34.575 million (2022: \$45.863 million). This work-in-progress is included in above figures at cost, less impairment, and is not amortised.

## Note 13 – Creditors and Other Payables

Creditors and other payables is comprised of:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
	<i>Exchange</i>	
6,061	Creditors	7,938
61,624	Accrued operating expenses	54,220
157,736	Accrued capital expenditure	246,772
16,931	Construction contract retentions	19,210
	<i>Non-exchange</i>	
-	Deferred revenue (electric vehicle subsidy from ECCA)	1,222
12,345	Taxes payable	12,123
9,717	Accrued finance costs	10,875
<b>264,414</b>	<b>Total creditors and other payables</b>	<b>352,360</b>

Creditors and other payables are non-interest bearing and are normally settled within 30 days.

Creditors and other payables are recognised initially at fair value and subsequently at amortised cost.

Due to their short-term nature, creditors and other payables are not discounted and classified as current liabilities.

## Note 14 – Return of Operating Surplus to Crown

The Ministry has an obligation to return a portion of its operating surplus to the Crown in accordance with the PFA 1989. The calculation for the operating surplus to be paid to the Crown is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
278,050	Net surplus/(deficit)	(209,945)
(98,124)	Deduct net unrealised gain in fair value of derivative financial instruments	(18,905)
1,144	Add unrealised impairment of non-current assets held for sale due to a devaluation caused by movements in the property market	2,842
(2,625)	Deduct unrealised gain in fair value for retiring and long service leave due to change in discount rates	(872)
(24,533)	Deduct retained earnings for the school property capital works programme	(14,966)
	- Deduct retained earnings for school property rationalisation	(5,354)
	- Deduct retained earnings portion of gain on sale of land at Thorndon School in Wellington to fund the annual land lease back cost under a Treaty settlement with Taranaki Whānui ki Te Upoko o Te Ika (Port Nicholson Block) Trust	(5,344)
	- Deduct retained earnings portion of gain on sale of land at Stratford Primary School in Stratford to fund the annual land lease back cost under a Treaty settlement with Ngāti Maru (Taranaki)	(495)
(178,997)	Deduct retained earnings portion of gain on sale of land at 40 schools (25 in Porirua and 15 in Wellington) to fund the annual land lease back cost under a Treaty settlement with Ngāti Toa Rangatira	-
(114)	Deduct retained earnings for electric vehicle charging equipment (subsidy from ECCA)	(112)
199,108	Add increase in depreciation related to the upward revaluation of the school property portfolio as at 30 June 2020 and 30 June 2021	199,108
	- Add increase in depreciation related to the upward revaluation of the school property portfolio as at 30 June 2022	90,086
<b>173,909</b>	<b>Total return of operating surplus to Crown</b>	<b>36,043</b>

The return of operating surplus to the Crown is required to be paid by 31 October of each year.

## Note 15 – Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

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

Provisions are not recognised for net deficits from future operating activities.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. Provisions to be settled beyond 12 months are recorded at the present value of their estimated future cash outflows.

A provision for restructuring relates to a small number of positions that are still to be decided, following a restructure of the Ministry on 1 April 2023 to establish Te Mahau (Education Service Agency).

A provision for reinstatement of leased premises is recognised as the Ministry is required to make good any damage caused and remove any fixtures or fittings installed by it at the expiry of the lease.

The Ministry has recognised a liability for Holidays Act 2003 remediation. The measurement of this liability is the Ministry's best estimate following completion of a project to determine and remediate historic Holidays Act issues. The Ministry has subsequently paid all current employees due a remediation payment and contacted former employees to make payments due. The balance which remains relates to former employees yet to be located and paid their remediation payments.

<b>2022</b> <b>Actual</b> \$000		<b>2023</b> <b>Actual</b> \$000
<b>Current portion</b>		
12,028	Holidays Act 2003	1,844
71	Reinstatement of leased premises	500
240	Restructuring	153
<b>12,339</b>	<b>Total current portion</b>	<b>2,497</b>
<b>Non-current portion</b>		
1,617	Reinstatement of leased premises	2,176
<b>1,617</b>	<b>Total non-current portion</b>	<b>2,176</b>
<b>13,956</b>	<b>Total provisions</b>	<b>4,673</b>



Movements for each class of provision are as follows:

	<b>Lease reinstatement</b>	<b>Holidays Act 2003</b>	<b>Restructuring</b>	<b>Total</b>
	\$000	\$000	\$000	\$000
Balance at 1 July 2021	1,692	10,671	1,232	13,595
Additional provisions made	-	1,357	350	1,707
Amounts used	-	-	(699)	(699)
Unused amounts reversed	(4)	-	(643)	(647)
<b>Balance at 30 June 2022</b>	<b>1,688</b>	<b>12,028</b>	<b>240</b>	<b>13,956</b>
Additional provisions made	1,019	-	1,904	2,923
Amounts used	-	(5,257)	(1,865)	(7,122)
Unused amounts reversed	(31)	(4,927)	(126)	(5,084)
<b>Balance at 30 June 2023</b>	<b>2,676</b>	<b>1,844</b>	<b>153</b>	<b>4,673</b>

## Note 16 – Employee Entitlements

### *Short-term employee entitlements*

Employee entitlements expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, long service leave, and retirement gratuities expected to be settled within 12 months.

### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis.

### *Presentation of employee entitlements*

Annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
<b>Current portion</b>		
31,421	Annual leave	31,096
2,847	Retirement gratuities	2,565
861	Long service leave	1,135
10,166	Other short-term employee entitlements	14,177
<b>45,295</b>	<b>Total current portion</b>	<b>48,973</b>
<b>Non-current portion</b>		
9,697	Retirement gratuities	7,496
3,410	Long service leave	3,503
<b>13,107</b>	<b>Total non-current portion</b>	<b>10,999</b>
<b>58,402</b>	<b>Total employee entitlements</b>	<b>59,972</b>

The calculations for long service leave and retirement gratuities were determined by an independent actuary, where the main economic assumptions applied were discount rates prescribed by the Treasury, the salary inflation factor and resignation rates. Further information is provided in the *Critical accounting estimates and assumptions* section of Note 2.

The actuary who provided the valuation for long service leave and retiring gratuities as at 30 June 2023 and 30 June 2022 was Jonathan Eriksen, Fellow of the New Zealand Society of Actuaries.

The effect on the valuation of changes in economic assumptions is as follows:

- › If the salary inflation factor were to differ by 1.5% from the estimate, with all other factors held constant, the carrying amount of the combined liability for long service leave and retirement gratuities and the surplus/deficit would be estimated \$1.079 million higher/lower (2022: \$1.295 million)
- › If the resignation rates were to differ by 50% from the estimate, with all other factors held constant, the carrying amount of the combined liability for long service leave and retirement gratuities and the surplus/deficit would be estimated \$20,000 higher/lower (2022: \$35,500)
- › The decrease in liability valuation from 30 June 2022 to 30 June 2023 due to the change in discount rates was \$0.872 million (2022: \$2.625 million).

## Note 17 – Service Concession Liabilities

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
514,341	Balance at 1 July	536,846
27,826	Additions	22,191
(5,321)	Repayments	(8,546)
<b>536,846</b>	<b>Balance at 30 June</b>	<b>550,491</b>
10,158	Current portion	9,583
526,688	Non-current portion	540,908
<b>536,846</b>	<b>Balance at 30 June</b>	<b>550,491</b>

The additions to the service concession liabilities during the year relates to the completion of the Wakatipu High School expansion, the progress of the Rolleston College expansion and the Ministry's investment in PPP school expansions (refer to Note 11).

The Ministry's service concession liabilities are interest bearing at the following effective interest rates:

<b>2022</b>	<b>2022</b>		<b>2023</b>	<b>2023</b>
<b>Annual</b>	<b>Quarterly</b>		<b>Annual</b>	<b>Quarterly</b>
%	%		%	%
7.95%	1.99%	PPP1	7.93%	1.98%
7.35%	1.84%	PPP2	7.73%	1.93%
6.58%	1.65%	PPP3	6.64%	1.66%

The PPP2 effective interest rate is calculated on the basis of the Rolleston College expansion being wholly completed. The effective interest rate is subject to change at any point of refinancing, which requires the Ministry's consent.

## Note 18 – Taxpayers’ Equity

Taxpayers’ equity is the Crown’s investment in the Ministry and is measured as the difference between total assets and total liabilities. Taxpayers’ equity comprises of general funds and property revaluation reserves. Revaluation reserves relate to the revaluation of land and buildings to their fair value.

2022				2023		
General funds	Revaluation reserves	Total taxpayers’ equity		General funds	Revaluation reserves	Total taxpayers’ equity
\$000	\$000	\$000		\$000	\$000	\$000
<b>6,526,189</b>	<b>17,200,158</b>	<b>23,726,347</b>	<b>Balance at 1 July</b>	<b>7,387,665</b>	<b>19,090,886</b>	<b>26,478,551</b>
278,050	-	278,050	Net surplus/(deficit)	(209,945)	-	(209,945)
-	1,927,052	1,927,052	Gain on property revaluations	-	3,339,580	3,339,580
36,324	(36,324)	-	Transfers on disposal of property	43,322	(43,322)	-
961,007	-	961,007	Capital injections	889,321	-	889,321
(239,996)	-	(239,996)	Capital withdrawals	(59,893)	-	(59,893)
(173,909)	-	(173,909)	Return of operating surplus to the Crown	(36,043)	-	(36,043)
<b>7,387,665</b>	<b>19,090,886</b>	<b>26,478,551</b>	<b>Balance at 30 June</b>	<b>8,014,427</b>	<b>22,387,144</b>	<b>30,401,571</b>
			Property revaluation reserves consist of:			
	6,586,687		Land		5,305,913	
	12,504,199		Buildings		17,081,231	
	<b>19,090,886</b>		<b>Total property revaluation reserves</b>		<b>22,387,144</b>	

The Ministry pays a capital charge to the Crown on its taxpayers’ funds at 31 December and 30 June each financial year.

Capital injections were for the following:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
676,076	Construction of new schools and kura and roll growth classrooms under the National Education Growth Plan, build and expand schools delivering Māori Medium Education, Christchurch Schools Rebuild Programme, purchase of land, additional non-teaching space in schools primarily for the Learning Support Coordinator roles, and repayment of service concession liabilities	667,159
75,000	Supporting school property redevelopments	75,000
147,000	School Investment Package for state schools to invest in their school property	34,000
3,706	Reimburse school property construction contractors who incurred additional unavoidable costs related to COVID-19	32,582
11,591	Reform of the Tomorrow's Schools system	21,420
12,018	Development of Pourato, the online resourcing system for schools, kura and the early learning sector	19,739
20,370	School property energy efficiency initiatives and coal boiler replacement programme	15,508
696	Development of an IT system to implement the Equity Index in schools and kura	8,133
2,595	Development of Pokapū Waka Kura, the school transport contract management system	5,738
	- Add functionality and identity records to the Education Sector Logon system for secondary school students so that they can sit NCEA online securely	3,518
121	Redevelopment of NCEA qualification, including introducing new literacy and numeracy requirements to ensure students have the appropriate skills and knowledge to seek further education or employment	2,350
	- Update e-asTTle online assessment tool, developed to assess students' achievement and progress in reading, mathematics, writing, and in pānui, pāngarau and tuhituhi	2,129
	- Resourcing to implement initiative to move qualified and certified teachers in education and care services towards pay parity with kindergarden teacher pay	984
	- Resourcing for implementation of Hei Raukura Mō te Mokopuna (te reo matatini me pāngarau) and aromatawai (assessment for learning) strategies, ensuring coherence with Te Marautanga o Aotearoa redesign	442
	- Restore school property affected by North Island weather events	307
	- Corporate capacity (facilities and ICT) to support a range of Budget initiatives	312
6,300	Supporting the co-location of Marlborough Boys and Girls Colleges and relocation of Bohally Intermediate	-
3,245	Development of the Data for Wellbeing Programme (Te Rito)	-
964	Development of an IT system for the Ka Ora, Ka Ako   Healthy School Lunches programme	-
628	Development of an IT system to support Pacific bilingual and immersion education in schooling	-
544	Resourcing for investigating and negotiating pay equity claims for education sector workforces, deliver sustained professional learning and development to embed Tapasā, and expanding Reading Together Te Pānui Ngātahi and Duffy Books in Homes	-
153	Expansion of Learning Support services	-
<b>961,007</b>	<b>Total capital injections</b>	<b>889,321</b>

Capital withdrawals were for the following:

<b>2022</b> <b>Actual</b> \$000		<b>2023</b> <b>Actual</b> \$000
	Transfer to departmental operating expenditure appropriation School Property Portfolio Management to lease back school sites sold to iwi as part of the Treaty Settlements process	
(7,200)	• to lease school buildings	(14,000)
(222,380)	• to lease back school sites sold to iwi as part of the Treaty Settlements process	(12,220)
-	• for school property rationalisation	(5,354)
-	• for a Property Portfolio Management Tool to support the management of the school property portfolio	(3,101)
-	• for school property repairs and maintenance incurred under the pilot External Fabric Upgrade National Programme	(663)
	Transfers over all departmental operating expenditure appropriations	
(6,488)	• for new accounting treatment for software as a service (SaaS) arrangements	(5,361)
(2,403)	• to lease ICT devices	(6,490)
-	Revision of business case for the Online Curriculum Hub (as part of the Reform of the Tomorrow's School System initiative in Budget 2021), bringing forward capital funding to complete the project earlier than anticipated and converting some capital funding to operating funding	(6,839)
(1,525)	Decisions to procure new schools under Public Private Partnership (PPP) contracts rather than through traditional procurement process	(1,645)
-	Funding of a temporary Crown loan for Nelson College	(3,500)
-	Transfer to departmental operating expense appropriation Interventions for Target Student Groups to lease electric vehicles	(720)
<b>(239,996)</b>	<b>Total capital withdrawals</b>	<b>(59,893)</b>

## Note 19 – Financial Instruments

### Categories

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

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
	<b>Financial assets</b>	
	<b>Financial assets measured at amortised cost</b>	
182,282	Cash and cash equivalents	168,379
1,282	Trade debtors (refer to Note 8)	3,091
<b>183,564</b>	<b>Total financial assets measured at amortised cost</b>	<b>171,470</b>
	<b>Financial assets measured at fair value through surplus or deficit</b>	
	Derivative financial instruments	
2,610	• Interest rate swaps	6,746
-	• Forward foreign exchange contracts	234
<b>2,610</b>	<b>Total financial assets measured at fair value through surplus or deficit</b>	<b>6,980</b>
<b>186,174</b>	<b>Total financial assets</b>	<b>178,450</b>
	<b>Financial assets</b>	
	<b>Financial liabilities measured at amortised cost</b>	
6,061	Creditors (refer to Note 13)	7,938
536,846	Service concession liabilities (refer to Note 17)	550,491
<b>542,907</b>	<b>Total financial liabilities measured at amortised cost</b>	<b>558,429</b>
	<b>Financial liabilities measured at fair value through surplus or deficit</b>	
	Derivative financial instruments	
	• Interest rate swaps	
14,707	• Forward foreign exchange contracts	172
-	• Service concession liabilities (refer to Note 17)	-
<b>14,707</b>	<b>Total financial assets measured at fair value through surplus or deficit</b>	<b>172</b>
<b>557,614</b>	<b>Total financial liabilities</b>	<b>558,601</b>

Cash and cash equivalents are cash on hand and funds held at call with Westpac, a registered bank, that form part of the day-to-day cash management of the Ministry. No interest is payable to the Ministry on its bank accounts. The Ministry is only permitted to spend the cash and cash equivalents within the scope of its appropriations.

A separate bank account is used for retention money withheld under commercial construction contracts to meet the requirements of the Construction Contracts Amendments Act 2015. This requirement applies to the Ministry's school property capital works projects where 5% to 10% of the contract value is held for a 12-month retention period.

The liability for the repayment of surplus to the Crown is not a financial liability as defined by PBE IPSAS 28 *Financial Instruments: Presentation*, as the obligation to pay arises from statute. Similarly, Debtor Crown does not meet the definition of a financial asset as the funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year.

The Ministry's derivative financial instruments are interest rate swaps and forward foreign exchange contracts entered into with the Treasury - NZDMO. They are initially recognised at fair value and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in net surplus/(deficit). They are classified as current if they are due for settlement within 12 months of balance date. Otherwise, they are classified as non-current.

The Ministry uses forward foreign exchange contracts to manage exposure to foreign exchange movements. The Ministry does not hold these contacts for trading purposes and has not adopted hedge accounting. The remeasurement of the fair value of the foreign exchange contracts at 30 June 2023 of \$234,000 has been recognised in the *Statement of Comprehensive Revenue and Expenses*.

Interest rate swaps manage exposure to fluctuating market interest rates under the PPP service concession arrangements (refer to Note 11), which are interest bearing. The Ministry has five (2022: four) interest rate swaps with the NZDMO and these are classified as non-current. At 30 June 2023, the total notional principal outstanding was \$499.747 million (2022: \$473.925 million). The following table summarises the service concession interest rate swaps in place at 30 June 2023:

	Fixed Rate	Maturity Date
<b>PPP1</b>	<b>4.33%</b>	<b>29 Dec 2037</b>
<b>PPP2</b>	<b>4.43%</b>	<b>23 Dec 2041</b>
<b>PPP2</b> (Wakatipu High School expansion)	<b>3.19%</b>	<b>23 Dec 2041</b>
<b>PPP2</b> (Rolleston College expansion)	<b>4.44%</b>	<b>23 Jun 2042</b>
<b>PPP3</b>	<b>4.55%</b>	<b>9 Mar 2043</b>

The Ministry is paying a fixed rate of interest over a 25-year period and, as result of long-term interest rates rising in the 2022/23 financial year, the fair value of the interest rate swap derivatives has changed from net liability of \$12.097 million at 30 June 2022 to a net asset of \$6.574 million at 30 June 2023. An unrealised gain of \$18.671 million has been recognised in the *Statement of Comprehensive Revenue and Expenses*.



## Fair value hierarchy

For those instruments recognised at fair value in the *Statement of Financial Position*, fair values are determined according to the following hierarchy:

- › Quoted market price (level 1). Financial instruments with quoted prices for identical instruments in active markets.
- › Valuation technique using observable inputs (level 2). Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- › Valuation techniques with significant non-observable inputs (level 3). Financial instruments valued using models where one or more significant inputs are not observable.

The Ministry's interest rate swaps and forward foreign exchange derivatives as at 30 June 2023 and 2022 were valued at fair value using observable inputs (level 2).

The interest rate swaps are measured by the NZDMO at fair value using a discounted cash flow model, which uses the New Zealand dollar interest rate swap curve and overnight index swap curve. The interest rate swap curve includes bank bill rates out to one year, while both curves use the official cash rate as the overnight rate. The forward foreign exchange contracts are measured at fair value using the exchange rates provided by the Treasury for the financial statements of the Government.

There were no transfers between the different levels of the fair value hierarchy.

## Risks

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

### **Market risk**

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Ministry's Foreign Exchange Management Policy requires the Ministry to manage currency risk arising from future transactions and recognised liabilities by entering into forward foreign exchange contracts when the total transaction exposure to an individual currency exceeds NZ\$100,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

The notional principal amounts of outstanding forward exchange contracts in New Zealand dollar equivalent at 30 June 2023 was:

<b>2022 Actual</b>	<b>2023 Actual</b>
\$000	\$000
- United States dollar	5,860
- European Union euro	1,570
- Australian dollar	53
<b>- Total</b>	<b>7,483</b>

#### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The interest rate swaps with the NZDMO limit the exposure to fluctuations in interest rates arising from the repricing of interest on the service concession liabilities.

The Ministry's service concession liabilities are interest bearing at the following effective interest rates:

<b>2022 Actual</b>	<b>2023 Actual</b>
%	%
7.95% PPP1	7.93%
7.35% PPP2	7.73%
6.58% PPP3	6.64%

Note that the PPP2 effective interest rate is calculated on the basis of the Rolleston College expansion being wholly completed.

The Ministry has obtained ministerial approval for borrowing in relation to its service concession arrangements.

#### *Sensitivity analysis - Interest rate swaps*

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had floating interest rates been 1% (100 basis points) higher or lower than the year-end market rate, with all other variables (including the fixed interest rate) remaining constant.

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the net assets with the change in financial liability at balance date.

<b>2022</b> <b>Impact on net</b> <b>surplus/(deficit)</b>		<b>Change in</b> <b>interest rate</b>	<b>2023</b> <b>Impact on net</b> <b>surplus/</b> <b>(deficit)</b>
\$000		%	\$000
40,079	Interest rate swaps	+1.00%	38,507
(43,839)	Interest rate swaps	-1.00%	(41,892)

The present value changes in this table reflect that the Ministry pays interest at a fixed rate but receives interest at a floating rate.

*Sensitivity analysis - Forward foreign exchange contracts*

The following sensitivity analysis is based on the foreign exchange rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had foreign exchange rates been 10% higher or lower than the year-end market rates, with all other variables remaining constant.

<b>2022</b> <b>Impact on net</b> <b>surplus/(deficit)</b>		<b>Change</b> <b>in Foreign</b> <b>Exchange</b> <b>rate</b>	<b>2023</b> <b>Impact on net</b> <b>surplus/</b> <b>(deficit)</b>
\$000		%	\$000
-	Forward foreign exchange contracts	+10.00%	(496)
-	Forward foreign exchange contracts	-10.00%	1,063

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the net assets with the change in the valuation of the forward foreign exchange contracts at balance date.

## Credit risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing it to incur a loss.

The Ministry is exposed to credit risk in relation to its trade debtors and other receivables, bank balances and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into derivative financial instruments with the NZDMO (Standard & Poor's credit rating of AA). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and trade debtors (refer to Note 8) and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

## Liquidity risk

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

In meeting its liquidity requirements, the Ministry closely monitors forecast cash requirements with expected cash drawdowns from the NZDMO. The Ministry maintains a targeted level of available cash to meet liquidity requirements.

## Contractual maturity analysis of non-derivative financial liabilities

The table below analyses the Ministry's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months	Between 6 months and 1 Year	Between 1 and 5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000
<b>2023</b>					
Creditors	7,938	-	-	-	7,938
Service concession liabilities	4,447	5,136	55,401	485,507	550,491
<b>Contractual undiscounted cash flows</b>	<b>12,385</b>	<b>5,136</b>	<b>55,401</b>	<b>485,507</b>	<b>558,429</b>
<b>2022</b>					
Creditors	6,061	-	-	-	6,061
Service concession liabilities	4,968	5,190	50,498	476,190	536,846
<b>Contractual undiscounted cash flows</b>	<b>11,029</b>	<b>5,190</b>	<b>50,498</b>	<b>476,190</b>	<b>542,907</b>

## Contractual maturity analysis of derivative financial liabilities

The table below analyses the Ministry's derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The table includes contractual amounts to be exchanged regardless of whether their fair value is an asset or liability. The amounts disclosed are the contractual undiscounted cash flows that for the interest rate swaps differ from the net carrying value determined on a discounted basis for the *Statement of Financial Position*.

	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Contractual undiscounted cash flows</b>							
<b>2023</b>							
Interest rate swaps	172	6,746					
• Outflow			241,365	9,368	9,139	74,826	148,032
• Inflow			249,967	12,068	11,962	73,866	152,071
Gross settled forward foreign exchange contracts	-	234					
• Outflow			7,483	1,452	6,031		
• Inflow			7,717	1,528	6,189		
<b>2022</b>							
Interest rate swaps	14,707	2,610					
• Outflow			240,261	9,666	9,376	72,083	149,136
• Inflow			225,113	7,146	9,078	66,463	142,426
Gross settled forward foreign exchange contracts	-	-	-	-	-	-	-

## Note 20 – Capital Management

The Ministry's capital is its taxpayers' equity, which comprises general funds and property revaluation reserves. Taxpayers' equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's taxpayers' equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities and compliance with the Government Budget processes, Treasury Instructions and the PFA 1989.

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

## Note 21 – Related Party Transactions and Key Management Personnel

### Related party transactions

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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect that the Ministry would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Ministry has no related party transactions that are required to be disclosed at year end (2022: \$Nil).

### Key management personnel compensation disclosure

2022 Actual	2023 Actual
4,970,435	4,354,150
11	11

Key management personnel compensation includes the remuneration for the senior management team, which consists of the Secretary for Education, 10 Deputy Secretaries and the Director Office of the Secretary for Education. The Secretary is an employee of the Public Service Commission (PSC) but the Ministry pays the PSC.

The above key management personnel compensation disclosure excludes the remuneration and other benefits the Minister of Education receives for his role as Minister of the Crown. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, not by the Ministry.

## Note 22 – Explanation of Major Variances against Budget

Explanations for major variances from the Ministry's 2023 budget figures are as set out below:

### Statement of Comprehensive Revenue and Expenses

Actual expenditure is \$229.227 million (7%) higher than Budget, mainly due to a combination of:

- › increased capital charge (\$96.353 million increase) and depreciation (\$90.086 million increase) for 30 June 2022 upward revaluation of the school property portfolio (land, buildings, site improvements, teacher housing and early childhood centres)
- › expense transfers from 2021/22 to 2022/23 in the Supplementary Estimates (\$45.040 million increase)
- › capital-to-operating swaps to lease buildings for schools where a building construction solution is not available or is uneconomic to pursue (\$7 million increase), relocation of school students during major capital work projects (\$7 million increase), and implementing a new Property Portfolio Management Tool to support the management of the school property portfolio (\$3.101 million increase)
- › funding to support the delivery of the NCEA Change Programme (\$9.453 million increase)
- › increased provision for the management of the school property portfolio, offset by gains from the sale of surplus school property (\$5.354 million increase) and school house rental income (\$3.032 million increase)
- › funding for implementation of the Administration Support Staff and Kaiarahi i te Reo Pay Equity Claims (\$8.213 million increase)
- › increased capital charge due to unrealised gain on interest rate swap derivatives used to manage exposure to fluctuating interest rates because of the PPP service concession arrangements which are interest bearing (\$5.627 million increase)
- › funding to cover the immediate costs to enable schools to open and/or operate safely following the extreme North Island weather events (\$5.128 million increase)
- › funding to reimburse school property contractors who have incurred additional unavoidable costs because of COVID-19 (\$4.715 million increase)
- › funding a programme of work to identify and analyse options for future delivery of the schools' payroll (\$4 million increase)
- › capital charge savings due to increases in appropriation without the increase in Revenue Crown for the increased depreciation expense because of the annual revaluation of the school property portfolio and changes to timing of drawing down of capital injections (\$30.997 million decrease)
- › underspends to be carried forward to 2023/24 in the 2023 October Baseline Update to complete work programmes delayed due to circumstances beyond the Ministry's control (\$21.458 million decrease), and
- › discontinuation of the School Entry Kete programme (\$4.602 million decrease).

A detailed explanation for changes to departmental output expense appropriations since the Budget was approved by Parliament can be found in the Supplementary Estimates of Appropriations 2022/23 for Vote Education and Vote Tertiary Education.

The \$226.880 million operating deficit is due to unfunded appropriation increases in depreciation of \$36 million, \$163.108 million and \$90.086 million (totalling \$289.194 million) for the upward revaluation of the school property portfolio as at 30 June 2020, 30 June 2021 and 30 June 2022, respectively.

### **Statement of Financial Position**

The carrying value of property, plant and equipment is higher than budgeted by \$4,890.868 million, mainly because the Budget does not provide for the gain on property revaluations as at 30 June 2022 and 30 June 2023, as it is Crown forecasting policy not to budget for annual revaluation movements (totalling \$5,266.632 million for land and buildings). The remaining variance is due to changes to timing of capital expenditure, disposals, transfers of school property to non-current assets held for sale and increases in depreciation resulting from the upward revaluation of school buildings as at 30 June 2022.

### **Note 23 – Events after the Balance Date**

There have been no events after the balance sheet date requiring the disclosure in these financial statements.



# Ministry of Education

## Non-Departmental Schedules

for the year ended 30 June 2023

The following non-departmental schedules record the revenue, capital receipts, expenses, assets, liabilities, contingent liabilities and contingent assets that the Ministry manages on behalf of the Crown.

### Schedule of Non-Departmental Revenue

for the year ended 30 June 2023

2022 Actual		2023 Actual	2023 Budget (unaudited)
\$000		\$000	\$000
2,754	Tertiary recoveries	3,545	-
-	Export education levies <sup>3</sup>	110	3,989
972	Overseas student fees	1,300	3,757
18,041	Miscellaneous revenue	4,039	485
<b>21,767</b>	<b>Total non-departmental revenue</b>	<b>8,994</b>	<b>8,231</b>

### Schedule of Non-Departmental Capital Receipts

for the year ended 30 June 2023

2022 Actual		2023 Actual	2023 Budget (unaudited)
\$000		\$000	\$000
2,529	Proceeds from the sale of teacher and caretaker housing	3,998	-
<b>2,529</b>	<b>Total non-departmental capital receipts</b>	<b>3,998</b>	<b>-</b>

The above schedules should be read in conjunction with the accompanying notes.

<sup>3</sup> Refer to the *Statement of Funds Held* for the year ended 30 June 2023 on page 166.

## Schedule of Non-Departmental Expenses

for the year ended 30 June 2023

2022 Actual		Notes	2023 Actual	2023 Budget (unaudited)
\$000			\$000	\$000
<b>Grant expenditure</b>				
2,238,026	Early childhood education services		2,342,383	2,392,520
178,345	Other		207,105	195,697
<b>Personnel related expenses</b>				
201,683	Superannuation contributions and ACC levies <sup>3</sup>		199,196	199,700
68,346	Pay equity provision		6,832	-
33,348	Schools' payroll Holidays Act provision		91,241	-
57,936	<b>Social assistance benefits</b>		69,820	82,098
18,947	<b>Debt impairment</b>	<b>3</b>	1,376	1,500
<b>Fees to auditors</b>				
3,300	Fee for audit of schools' financial statements (Office of the Auditor-General appointed auditors)		1,982	1,200
543	Other assurance services (Ernst & Young)		578	900
84	School Contents Risk Management Scheme underwriting result	4	1,298	1,480
<b>Other operating expenses</b>				
7,445,260	Operations funding to schools		7,579,772	7,633,817
3,886,743	Services from Tertiary Education Commission		3,807,427	3,919,027
76,476	Services from New Zealand Qualifications Authority		71,418	69,426
37,664	Services from Education New Zealand		31,248	35,547
558,773	Services from third parties		576,342	480,649
-	Fair value write-down of loans and advances		409	-
-	Net foreign exchange losses/(gains)		121	-
2,194,826	<b>GST input expense</b>		2,222,326	2,227,258
<b>17,000,300</b>	<b>Total non-departmental expenses</b>		<b>17,210,874</b>	<b>17,240,819</b>

The fees to auditors for other assurance services includes \$558,250 for the delivery of education payroll services for school employees (2022: \$543,000) and \$20,000 for Ka Ora Ka Ako | Healthy School Lunches assurance procedures.

Further details of non-departmental expenditure and appropriations by Vote are provided in the Appropriations Statements on **pages 178-181**. *The Appropriation Statements* cover both operating (above) and capital expenditure.

*The above schedules should be read in conjunction with the accompanying notes.*

## Schedule of Non-Departmental Assets

as at 30 June 2023

2022 Actual		Notes	2023 Actual	2023 Budget (unaudited)
\$000			\$000	\$000
<b>Current assets</b>				
233,218	Cash and cash equivalents		277,315	250,000
28,002	Debtors and other receivables	3	39,475	613
97,485	Prepayments		68,889	40,772
200	School contents risk management scheme recoveries		300	972
-	Derivative financial instruments		121	0
<b>Non-current assets</b>				
1,131	Debtors and other receivables	3	4,222	1,131
<b>360,036</b>	<b>Total non-departmental assets</b>		<b>390,322</b>	<b>293,488</b>

The Ministry monitors several Crown entities: the New Zealand Qualifications Authority, the Tertiary Education Commission, Education New Zealand, and Te Pūkenga – New Zealand Institute of Skills and Technology. These Crown entities have their own annual reporting obligations. The investment in these entities is consolidated in the financial statements of the Government and not included in this schedule.

The Ministry also has investments in Tertiary Education Institutions (TEIs) and two Crown-owned companies. These entities have their own annual reporting obligations. TEIs are Crown entities and their relationship to the Crown is managed by a plan agreed between them and the Tertiary Education Commission. The Minister of Education and the Minister of Finance are the shareholding Ministers for the Crown-owned companies Network for Learning and Education Payroll Limited. The Treasury is responsible for ownership monitoring. These investments are consolidated in the financial statements of the Government and not included in this schedule.

## Schedule of Non-Departmental Liabilities

as at 30 June 2023

2022 Actual		Notes	2023 Actual	2023 Budget (unaudited)
\$000			\$000	\$000
<b>Current liabilities</b>				
1,216,814	Creditors and other payables	5	1,263,880	1,237,311
698,828	Teacher and support staff entitlements		643,114	271,582
1,458	School contents risk management scheme claims liability	4	2,187	2,612
<b>1,917,100</b>	<b>Total non-departmental liabilities</b>		<b>1,909,181</b>	<b>1,511,505</b>

The first Holidays Act 2003 remediation payment of \$38.4 million was made to over 82,300 school employees on 27 June 2023. Following this payment, as at 30 June 2023, the Ministry recognised a schools' payroll Holidays Act provision of \$403.720 million (2022: \$408.785 million). The amount provides for corrective payments to current and former individuals paid through the schools' payroll where they have not been paid in accordance with the requirements of the Holidays Act. The provision is an estimate based on analysis of sample data for most areas of non-compliance. A known area of non-compliance is not included because analysis has not yet progressed to the point where a calculated estimate of corrective payments is possible. Consequently, there is considerable uncertainty about the estimate and the ultimate amount may be significantly different to the amount provided at 30 June 2023. This work is ongoing, alongside work to further develop the remediation calculator and provide options and scope for additional payments in the current and subsequent financial years.

As at 30 June 2023, the Ministry recognised a provision of \$57.893 million (2022: \$Nil) to correct the historic underpayment of long-term relievers' holiday pay.

As at 30 June 2023, the Ministry recognised a pay equity provision of \$6.832 million (2022: \$68.346 million) for the washup in relation to the settlement of the administration support staff and Kaiārahi i te Reo pay equity claims with the New Zealand Educational Institute.

These provisions are included in the teacher and support staff entitlements above.

## Schedule of Non-Departmental Commitments

as at 30 June 2023

The Ministry, on behalf of the Crown, has no non-cancellable capital or lease commitments (2022: \$Nil).

## Schedule of Non-Departmental Contingent Liabilities and Assets

as at 30 June 2023

### Quantifiable contingent liabilities

The Ministry, on behalf of the Crown, has no quantifiable contingent liabilities (2022: \$Nil).

### Unquantifiable contingent liabilities

The Ministry, on behalf of the Crown, has no unquantifiable contingent liabilities (2022: \$Nil).

### Contingent assets

The Ministry, on behalf of the Crown, has no contingent assets (2022: \$Nil).

## Statement of Funds Held for the year ended 30 June 2023

	Export Education Levy Fund	Ngārimu VC and 28th (Māori) Battalion Memorial Fund	Pacific Education Foundation (PEF) Fund
	\$000	\$000	\$000
<b>Balance at 30 June 2021 or 31 December 2020 for PEF</b>	<b>3,530</b>	<b>1,272</b>	<b>21</b>
Contributions	-	217	109
Distributions	-	(153)	(75)
Revenue	29	33	-
Expenses	-	(104)	(5)
<b>Balance at 30 June 2022 or 31 December 2021 for PEF</b>	<b>3,559</b>	<b>1,265</b>	<b>50</b>
Contributions	2,045	217	533
Distributions	-	(180)	(535)
Revenue	151	79	22
Expenses	(98)	(81)	(29)
<b>Balance at 30 June 2023 or 31 December 2022 for PEF</b>	<b>5,657</b>	<b>1,300</b>	<b>41</b>

### *The Export Education Levy Fund*

The Export Education Levy Fund (EEL) was established in 2003 under the Education and Training Act 2020 (incorporated and replaced the Education Acts 1964 and 1989). The EEL is collected from providers that enrol international students for the purpose of the development, promotion and quality assurance of the export education sector, including the administration of the Code of Practice for the Pastoral Care of International Students. The EEL also funds reimbursements for international students affected by the closure of Private Training Establishments (PTEs) or PTE programmes. The EEL Fund also derives income from interest on investments. An Annual Report, including audited financial statements, is presented to Parliament.

In response to COVID-19, the Education Training Act (Clause 69 of Schedule 1) cancelled the requirement for providers to make EEL payments for international fee-paying students in the 2020, 2021 and 2022 calendar years, to help providers affected by the loss of international students. This change was to give additional opportunities for providers to remain viable and support the COVID-19 response and recovery. Levies already paid were refunded and the Crown agreed to cover the costs of the services funded by the EEL during this time..

### *The Ngārimu VC and 28th (Māori) Battalion Memorial Scholarship Fund*

The Ngārimu VC and 28th (Māori) Battalion Memorial Scholarship Fund (the Ngārimu Fund) was established in 1945 under an Act of Parliament to commemorate the service of Māori and, in particular, of the 28th (Māori) Battalion in World War II, and the award of the Victoria Cross to Second Lieutenant Te Moananui ā Kiwa Ngārimu. The principal purpose for the Ngārimu Fund is to assist Māori education in New Zealand through the provision of scholarships and grants for the education of Māori students, and to encourage the maintenance of the Māori language and of Māori history, tradition and culture through the Ngārimu Video Competition, the Manakura Award and the provision of scholarships. Revenue received from investments and annual government grants are the two primary sources of revenue for the Ngārimu Fund. An Annual Report, including audited financial statements, is presented to Parliament.

***The Pacific Education Foundation***

The Pacific Education Foundation (PEF) is governed by an Act of Parliament and was established in 1972. The PEF provides scholarships for Pacific Island students undertaking a course of study at any New Zealand tertiary institution, either undergraduate or post-graduate. The scholarships aim to promote better education for Pacific people in New Zealand. The PEF receives funding from an annual grant given by the Ministry of Education and interest on investments. An Annual Report, including audited financial statements, is presented to Parliament.

# Notes to the Non-Departmental Schedules

for the year ended 30 June 2023

## Note 1 – Reporting Entity

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

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

## Note 2 – Basis of Preparation and Statement of Significant Accounting Policies

### Basis of preparation

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

Measurement and recognition rules applied in the preparation of these non-departmental schedules are consistent with New Zealand generally accepted accounting practice (GAAP) PBE Standards as appropriate for PBEs.

### Significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

### *Revenue*

Revenue is derived through levies charged to education institutions offering education services to foreign students, fees paid by foreign students attending New Zealand primary and secondary schools (excluding integrated schools), interest paid by tertiary education institutions on loans and advances, recoveries of grants and other funding paid to tertiary Crown entities and education providers in previous financial years, and other miscellaneous Crown receipts that are not separately identified. The revenue from levies and recoveries is non-exchange revenue.



**Foreign currency transactions**

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

**Grant expenditure**

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

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

**Commitments**

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at balance date. Information on non-cancellable capital and lease commitments are reported in the *Schedule of Non-Departmental Commitments*.

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are reported in the *Schedule of Non-Departmental Commitments* at the lower of the remaining contractual commitment and the values of those penalty or exit costs (that is, the minimum future payments).

**Goods and services tax (GST)**

All items in the non-departmental schedules are stated exclusive of GST, except for debtors, creditors and accrued expenses, which are stated on a GST-inclusive basis. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense (in the *Schedule of Non-departmental Expenses*) and eliminated against GST revenue on consolidation of the financial statements of the Government.

**Budget figures**

The 2023 budget figures are for the year ended 30 June 2023, which are consistent with the best estimate financial information submitted to Treasury for the 2022 Budget Economic and Fiscal Update (BEFU) for the 2022/23 year.

## Note 3 – Debtors and Other Receivables

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

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

<b>2022</b> <b>Actual</b> \$000		<b>2023</b> <b>Actual</b> \$000
28,213	Debtors	15,854
(16,742)	Less provision for impairment	(13,291)
17,662	Accrued revenue and other receivables	41,134
<b>29,133</b>	<b>Total debtors and other receivables</b>	<b>43,697</b>
	<b>Represented by:</b>	
28,002	Current	39,475
1,131	Non-current	4,222
<b>29,133</b>	<b>Total debtors and other receivables</b>	<b>43,697</b>

The aging profile of debtors and impairment at 30 June is detailed below:

	<b>2022</b>			<b>2023</b>		
	<b>Gross</b> \$000	<b>Impairment</b> \$000	<b>Net</b> \$000	<b>Gross</b> \$000	<b>Impairment</b> \$000	<b>Net</b> \$000
Past due 1 - 90 days	10,611	(108)	10,503	1,175	(72)	1,103
Past due 90 - 180 days	371	(62)	309	469	(35)	434
Past due 180 - 360 days	1,401	(936)	465	1,496	(1,226)	270
Past due > 360 days	15,830	(15,636)	194	12,714	(11,958)	756
<b>Total</b>	<b>28,213</b>	<b>(16,742)</b>	<b>11,471</b>	<b>15,854</b>	<b>(13,291)</b>	<b>2,563</b>

The provision for impairment has been calculated based on a review of specific overdue debtors and an assessment of past collection history and debt write-offs, including the forward-looking information.

Movements in the provision for impairment are as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
2,790	Balance at 1 July	16,742
18,947	Increase of impairment during the year	1,376
(4,995)	Debts written-off during the year	(4,827)
<b>16,742</b>	<b>Balance at 30 June</b>	<b>13,291</b>

## Note 4 – School Risk Management Scheme

The School Risk Management Scheme (the scheme) provides protection for school contents (Board of Trustees property), cyber security insurance and legal liability insurance (including public liability) for state and state-integrated schools. School Boards of Trustees can choose to join the scheme or insure with a private insurance company. All school assets, other than land and buildings owned by the Crown, must be insured.

The Ministry acts as insurer for contents insurance in schools and contracts the services of McLarens New Zealand for loss adjustment of contents claims. Cover is described by a 'Deed' for school contents and the Education (Risk Management Scheme) Regulations 2003 and includes the replacement value of contents, refrigerated property, earthquake, subsidence, self-ignition, works of art and money. The excess deductible is \$500 per claim.

Liability insurance is provided by Lumley General Insurance (NZ) Limited through the scheme's contracted insurance broker, Marsh McLennan Companies Inc., and includes public liability, punitive and exemplary damages, trustees' cover, employers' liability, statutory liability, fidelity guarantee, legal expenses, and specific cover for principals and international students.

The scheme's insurance premium is charged to recover the administration, insurance and claims cost of the scheme. The premium is deducted quarterly from the school's operational funding entitlement. The Ministry operates a separate bank account for the scheme in accordance with section 577(4) of the Education and Training Act 2020.

The liability for outstanding claims at 30 June 2023 is \$2.187 million (2022: \$1.458 million). The valuation was undertaken at 30 June 2023 by independent actuary Jonathan Eriksen (FNZSA) from Eriksen Global Limited. The outstanding claims liability for existing claims was taken as the total claims estimate. The claims incurred but not reported (IBNR) reserve was \$465,415 (2022: \$192,400) and was calculated as the claim rate (2.15 claims per day) times the average delay (61.47 days) times the average claims cost (\$3,521.79).

The insurance underwriting result is as follows:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
2,941	Insurance premium revenue	4,524
(1,784)	Outwards re-insurance premium expense	(2,241)
(1,906)	Claims expense	(2,250)
1,154	Claims liability adjustment from valuation	(729)
(489)	Administration costs	(601)
<b>(84)</b>	<b>Insurance underwriting result</b>	<b>(1,297)</b>

## Note 5 – Creditors and Other Payables

Creditors and other payables is comprised of:

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
87,647	Creditors	4,431
131,917	Taxes payable	156,348
527,102	Grants funding payable to the Tertiary Education Commission (net)	536,446
470,148	Accrued expenses	566,655
<b>1,216,814</b>	<b>Total creditors and other payables</b>	<b>1,263,880</b>

Creditors and other payables are non-interest bearing and are normally settled within 30 days. Therefore, due to their short-term nature creditors and other payables are not discounted and their carrying value approximates their fair value and so are classified as current liabilities.

## Note 6 - Financial Instruments

### Categories

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

<b>2022</b>		<b>2023</b>
<b>Actual</b>		<b>Actual</b>
\$000		\$000
	<b>Financial assets</b>	
	<b>Financial assets measured at amortised cost</b>	
233,218	Cash and cash equivalents	277,315
28,213	Trade debtors (refer to Note 3)	15,854
<b>261,431</b>	<b>Total financial assets measured at amortised cost</b>	<b>293,169</b>
	<b>Financial assets measured at fair value through surplus or deficit</b>	
	Derivative financial instruments	
-	• Forward foreign exchange contracts	121
-	<b>Total financial assets measured at fair value through surplus or deficit</b>	<b>121</b>
<b>261,431</b>	<b>Total financial assets</b>	<b>293,290</b>
	<b>Financial Liabilities</b>	
	<b>Financial liabilities measured at amortised cost</b>	
87,647	Creditors (refer to Note 5)	4,431
87,647	Total financial liabilities measured at amortised cost	4,431
	<b>Financial liabilities measured at fair value through surplus or deficit</b>	
	Derivative financial instruments	
-	• Forward foreign exchange contracts	-
-	<b>Total financial Liabilities measured at fair value through surplus or deficit</b>	<b>-</b>
<b>87,647</b>	<b>Total financial liabilities</b>	<b>4,431</b>

Cash and cash equivalents are cash on hand and funds held at call with Westpac, a registered bank, that form part of the day-to-day cash management of the Ministry. No interest is payable to the Ministry on its bank accounts. The Ministry is only permitted to spend the cash and cash equivalents within the scope of its appropriations.

The Ministry uses forward foreign exchange contracts to manage exposure to foreign exchange movements. The Ministry does not hold these contacts for trading purposes and has not adopted hedge accounting.

The Ministry's derivative financial instruments are interest rate swaps and forward foreign exchange contracts entered into with the Treasury - NZDMO. They are initially recognised at fair value and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in net surplus/(deficit).

Foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the full fair value of foreign exchange contracts are classified as non-current.

### Fair value hierarchy

For those instruments recognised at fair value in the *Statement of Financial Position*, fair values are determined according to the following hierarchy:

- › Quoted market price (level 1). Financial instruments with quoted prices for identical instruments in active markets.
- › Valuation technique using observable inputs (level 2). Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- › Valuation techniques with significant non-observable inputs (level 3). Financial instruments valued using models where one or more significant inputs are not observable.

The forward foreign exchange contracts are measured at fair value using the exchange rates provided by the Treasury for the financial statements of the Government.

There were no transfers between the different levels of the fair value hierarchy.

### Risks

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

#### Market risk

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Ministry's Foreign Exchange Management Policy requires the Ministry to manage currency risk arising from future transactions and recognised liabilities by entering into forward foreign exchange contracts when the total transaction exposure to an individual currency exceeds NZ\$100,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

The notional principal amount of outstanding forward exchange contracts in New Zealand dollar equivalent at 30 June 2023 was:

2022 Actual	2023 Actual
\$000	\$000
- Canadian dollar	3,920
<b>- Total</b>	<b>3,920</b>

## Sensitivity analysis – Forward foreign exchange contracts

The following sensitivity analysis is based on the foreign exchange rate risk exposures in existence at balance date.

The table below sets out the difference in net surplus/(deficit) had foreign exchange rates been 10% higher or lower than the year-end market rates, with all other variables remaining constant.

2022 Impact on net surplus/(deficit)	Change in foreign exchange rate	2023 Impact on net surplus/ (deficit)
\$000		\$000
- Forward foreign exchange contracts	+10.00%	(246)
- Forward foreign exchange contracts	-10.00%	571

Any change in the net surplus/(deficit) for the period would result in a corresponding movement in the net assets with the change in the valuation of the forward foreign exchange contracts at balance date.

### ***Credit risk***

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing it to incur a loss.

The Ministry is exposed to credit risk in relation to its trade debtors and other receivables, bank balances and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into derivative financial instruments with the NZDMO (Standard & Poor's credit rating of AA). For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and trade debtors (refer to Note 3) and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

### ***Liquidity risk***

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

In meeting its liquidity requirements, the Ministry closely monitors forecast cash requirements with expected cash drawdowns from the NZDMO. The Ministry maintains a targeted level of available cash to meet liquidity requirements.

### Contractual maturity analysis of non-derivative financial liabilities

The table below analyses the Ministry's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months	Between 6 months and 1 Year	Between 1 and 5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000
<b>2023</b>					
Creditors	7,938	-	-	-	7,938
<b>2022</b>					
Creditors	6,061	-	-	-	6,061

### Contractual maturity analysis of derivative financial liabilities

The table below analyses the Ministry's derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The table includes contractual amounts to be exchanged in forward foreign exchange contracts regardless of whether their fair value is an asset or liability. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
	\$000	\$000			\$000	\$000	\$000
<b>Contractual undiscounted cash flows</b>							
<b>2023</b>							
Gross settled forward foreign exchange contracts	-	121					
• Outflow			3,920	1,938	1,982	-	-
• Inflow			4,041	2,017	2,024		
<b>2022</b>							
Gross settled forward foreign exchange contracts				-	-	-	-



## Note 7 – Explanation of Major Variances against Budget

Explanations for major variances from the Ministry's non-departmental Budget figures are as follows:

### ***Schedule of revenue***

Tertiary recoveries are not budgeted for.

In October 2022, Cabinet agreed that the Education Export Levy would be re-introduced on 1 January 2023 following New Zealand's decision to re-open its borders to international travel. This decision was made after the budget was set.

### ***Schedule of expenses***

Crown expenditure in Vote Education was \$98 million (1%) greater than the initial Budget, mainly due to a provision to remediate long-term relievers in state and state-integrated schools and kura for historic underpayments of their contractual holiday pay. Additional funding for teachers' salaries and operational grants was also higher than initially forecast. This was offset by an underspend in Early Learning, mainly due to the Kindergarten Teachers Collective Agreement which was budgeted for but not settled.

Crown expenditure in Vote Tertiary Education was \$146 million (4%) less than Budget, mainly due to enrolments being lower than the level budgeted for Tertiary Education Student Achievement Component and Fees-Free payments being lower than budget. This was partially offset by overspend in Support for Wānanga and Access to Tertiary Education.

A detailed explanation for changes to non-departmental appropriations since the initial Budget was approved by Parliament can be found in the Supplementary Estimates of Appropriations 2022/23 for Vote Education and Vote Tertiary Education.

# Appropriation Statements

for the year ended 30 June 2023

The following statements report information about the expenses and capital expenditure incurred against each appropriation under Vote Education and Vote Tertiary Education administered by the Ministry for the year ended 30 June 2023 in compliance with section 45A of the PFA1989.

Total departmental output expenses and appropriations equal total operating expenses in the *Statement of Comprehensive Revenue and Expenses* on **page 107**. All performance information for these outputs is included in Part 2 of this Annual Report.

## Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations

for the year ended 30 June 2023

### Annual and permanent appropriations for Vote Education

Expenditure Actual	Appropriation title	Expenditure Actual	Approved appropriation budget <sup>4</sup>	Location of end-of-year performance information <sup>5</sup>
2022		2023	2023	
\$000		\$000	\$000	
<b>Departmental output expenses</b>				
2,320,538	School Property Portfolio Management	2,594,678	2,598,143	1
5,933	Services to Other Agencies RDA	5,230	6,182	1
11,722	Support and Resources for Parents and the Community	15,488	15,685	1
<b>2,338,193</b>	<b>Total departmental output expenses</b>	<b>2,615,396</b>	<b>2,620,010</b>	
<b>Departmental capital expenditure</b>				
<b>1,618,306</b>	Ministry of Education-Capital Expenditure PLA	<b>1,849,031</b>	<b>1,719,534</b>	<b>1</b>
<b>Non-departmental output expenses</b>				
11,832	Contributions to Other Education-related Organisations	7,561	7,637	2
2,238,026	Early Learning	2,342,383	2,372,713	2
29,250	School Managed Network Funding	29,680	29,750	5
209,848	School Transport	235,462	243,650	2
19,967	Schooling Improvement	23,417	28,714	2
2,975	Support for Early Learning Providers	4,826	9,226	2
6,436	Supporting Parenting	7,388	9,274	2
<b>2,518,334</b>	<b>Total non-departmental output expenses</b>	<b>2,650,717</b>	<b>2,700,964</b>	
<b>Benefits or related expenses</b>				
8,338	Home Schooling Allowances	8,127	9,340	3
11,651	Scholarships and Awards for Students	10,443	13,800	3
18,400	Scholarships and Awards for Teachers and Trainees	30,974	36,416	3
<b>38,389</b>	<b>Total benefits or related expenses</b>	<b>49,544</b>	<b>59,556</b>	

4 These are the appropriations from the 2022/23 Supplementary Estimates, adjusted for any transfers under section 26A of the PFA 1989.

5 The key for the numbers in this column is located at the end of the tables.

Expenditure Actual	Appropriation title	Expenditure Actual	Approved appropriation budget <sup>4</sup>	Location of end-of-year performance information <sup>5</sup>
2022		2023	2023	
\$000		\$000	\$000	
<b>Non-departmental other expenses</b>				
3,602	Education Providers with COVID-19-Related Losses of Income	-	-	
-	Fair Value Write Down and Impairment of Loans and Advances	409	600	3
18,947	Impairment of Debts and Assets and Debt Write-Offs	1,376	1,500	3
108,767	Integrated Schools Property	131,747	131,937	2
<b>131,316</b>	<b>Total non-departmental other expenses</b>	<b>133,532</b>	<b>134,037</b>	
<b>Non-departmental capital expenditure</b>				
1,209	School Support Project	-	-	
50,874	Schools Furniture and Equipment	60,199	82,391	2
-	Temporary Loan for Nelson College	3,500	3,500	3
<b>52,083</b>	<b>Total non-departmental capital expenditure</b>	<b>63,699</b>	<b>85,891</b>	
<b>Multi-Category Expenses and Capital Expenditure (MCAs)<sup>6</sup></b>				
367,519	Improved Quality Teaching and Learning MCA	389,682	399,814	1
Departmental output expense				
165,908	<i>Support and Resources for Teachers</i>	186,251	195,866	
Non-departmental output expenses				
73,101	<i>Curriculum Support</i>	75,486	73,968	
128,510	<i>Professional Development and Support</i>	127,945	129,980	
1,272,654	Outcomes for Target Student Groups MCA	1,376,025	1,400,850	1
Departmental output expense				
395,917	<i>Interventions for Target Student Groups</i>	414,791	420,166	
Non-departmental output expenses				
658,096	<i>Learning Support and Alternative Education</i>	673,104	688,412	
203,684	<i>School Lunch Programme</i>	267,026	272,157	
14,957	<i>Students Attendance and Engagement</i>	21,104	20,115	
76,256	Oversight and Administration of the Qualifications System MCA	71,418	71,418	4
Non-departmental output expenses				
57,053	<i>Secondary School Assessments</i>	47,540	47,540	
19,203	<i>Standards and Qualifications Support</i>	23,878	23,878	
69,792	Oversight of the Education System MCA	68,700	71,175	1
Departmental output expenses				
69,792	<i>Stewardship and Oversight of the Education System</i>	68,700	70,800	

4 These are the appropriations from the 2022/23 Supplementary Estimates, adjusted for any transfers under section 26A of the PFA 1989.

5 The key for the numbers in this column is located at the end of the tables.

6 A Multi-Category Appropriation (MCA) allows separate categories of departmental output expenses, non-departmental output expenses, departmental other expenses, non-departmental other expenses or non-departmental capital expenditure to be grouped together in one appropriation, provided all the categories contribute to a single overarching purpose.

Expenditure Actual	Appropriation title	Expenditure Actual	Approved appropriation budget <sup>4</sup>	Location of end-of-year performance information <sup>5</sup>
2022		2023	2023	
\$000		\$000	\$000	
	Non-departmental output expenses			
-	<i>Independent Advice on Government Priority Areas</i>	-	375	
7,131,939	Primary and Secondary Education MCA	7,243,663	7,514,914	1
	Departmental output expenses			
164,513	<i>Support and Resources for Education Providers</i>	208,188	215,975	
	Non-departmental output expenses			
4,026,255	<i>Primary Education</i>	4,034,936	4,182,800	
3,025	<i>School Risk Management Scheme</i>	5,822	5,900	
2,938,146	<i>Secondary Education</i>	2,994,717	3,110,239	
<b>8,918,160</b>	<b>Total Multi-Category Expenses and Capital Expenditure</b>	<b>9,149,488</b>	<b>9,458,171</b>	
<b>15,614,781</b>	<b>Total annual and permanent appropriations for Vote Education</b>	<b>16,511,407</b>	<b>16,778,163</b>	

### Annual and permanent appropriations for Vote Tertiary Education

Expenditure Actual	Appropriation title	Expenditure actual	Approved appropriation	Location of end-of-year performance information
2022 <sup>7</sup>		2023	2023	
\$000		\$000	\$000	
	<b>Departmental output expense</b>			
<b>16,117</b>	Stewardship and Oversight of the Tertiary Education System	<b>18,419</b>	<b>19,451</b>	1
	<b>Non-departmental output expenses</b>			
76,701	Administration of and Support for the Tertiary Education and Careers Systems	80,507	80,507	6
49,800	Centres of Research Excellence	49,800	49,800	6
16,000	Establishment of a Single National Vocational Education Institution	15,600	16,000	7
37,664	International Education Programmes	32,158	36,984	8
-	Strategic Support for National and Regional Priorities	41,673	42,526	
36,000	Support for Wānanga	42,325	42,325	6
315,000	Tertiary Education Research and Research-Based Teaching	315,000	315,000	6
42,816	Tertiary Sector/Industry Collaboration Projects	25,782	28,831	6
8,254	University-led Innovation	4,348	4,359	6
50,150	Workforce Development Councils	65,000	65,000	6
<b>632,385</b>	<b>Total non-departmental output expenses</b>	<b>672,193</b>	<b>681,332</b>	

4 These are the appropriations from the 2022/23 Supplementary Estimates, adjusted for any transfers under section 26A of the PFA 1989.

5 The key for the numbers in this column is located at the end of the tables.

Expenditure Actual	Appropriation title	Expenditure actual	Approved appropriation	Location of end-of-year performance information
2022 <sup>7</sup>		2023	2023	
\$000		\$000	\$000	
	<b>Benefits or related expenses</b>			
<b>19,547</b>	Tertiary Scholarships and Awards	<b>20,276</b>	<b>20,413</b>	3
	<b>Non-departmental other expense</b>			
493,559	Fees-free Payments	347,064	387,135	6
1,000	Support for Te Wānanga o Raukawa	-	-	
<b>494,559</b>	<b>Total non-departmental other expenses</b>	<b>347,064</b>	<b>387,135</b>	
	<b>Non-departmental capital expenditure</b>			
4,500	Careers System Online	2,000	2,000	6
4,157	Support for a Single National Vocational Education Institution	25,000	25,000	7
60,000	Support for Lincoln University	-	-	
493	Tertiary Education Institutions' Proceeds from Disposal of Crown Assets	-	-	
1,000	Vocational Education Data System	-	-	
<b>70,150</b>	<b>Total non-departmental capital expenditure</b>	<b>27,000</b>	<b>27,000</b>	
	<b>Multi-Category Expenses and Capital Expenditure (MCAs)<sup>6</sup></b>			
2,780,926	Tertiary Tuition and Training MCA	2,787,872	2,880,118	6
	<b>Non-departmental output expenses</b>			
69,405	<i>Access to and Success in Tertiary Education</i>	90,332	91,169	
221,367	<i>Foundation and Community Education</i>	271,323	274,556	
2,490,154	<i>Qualification Delivery</i>	2,426,217	2,514,393	
<b>4,013,684</b>	<b>Total annual and permanent appropriations for Vote Tertiary Education</b>	<b>3,872,824</b>	<b>4,015,449</b>	

The numbers in the last column represent where end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below.

1. The Ministry's Annual Report in Part 2
2. In the Ministerial Vote Education report in relation to Non-Departmental Appropriations for the year ending 30 June 2023, appended to the Ministry's Annual Report
3. No reporting due to an exemption obtained under section 15D of the PFA 1989
4. The New Zealand Qualifications Authority Annual Report
5. The Network for Learning Limited Annual Report
6. The Tertiary Education Commission Annual Report
7. The Te Pūkenga – New Zealand Institute of Skills and Technology Annual Report
8. The Education New Zealand Annual Report.

6 The 2022 actuals for Vote Tertiary Education have been restated in the 2023 Appropriation Structure for comparative purposes. A reconciliation of changes in appropriation structure is provided in part 1.4 of The Estimates of Appropriations 2022/23 – Education and Workforce Sector B5 Volume 2.

7 A Multi-Category Appropriation (MCA) allows separate categories of departmental output expenses, non-departmental output expenses, departmental other expenses, non-departmental other expenses or non-departmental capital expenditure to be grouped together in one appropriation, provided all the categories contribute to a single overarching purpose.

## Statement of Departmental Capital Injections

for the year ended 30 June 2023

Expenditure Actual 2022 \$000	Appropriation Title	Expenditure Actual 2023 \$000	Expenditure Actual 2023 \$000
<b>Vote Education</b>			
961,007	Ministry of Education Capital Injection	889,321	955,851

A breakdown of capital injections is provided in the departmental financial statements under Note 18 - Taxpayers' Equity.

## Statement of Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority

for the year ended 30 June 2023

Department Vote	Appropriation	Financial year	Amount without or exceeding appropriation \$000
<b>Outside scope of an appropriation and without prior Cabinet authority to use imprest supply</b>			
Vote Education	Outcomes for Target Student Groups MCA		
	Non-Departmental Output Expenses		
	School Lunch Programme		
	• COVID-19 lockdowns	2021/22	7,358
	• Weather events and teachers' strikes	2022/23	1,136

The School Lunch Programme category within the appropriation authorises: '*providing school lunches to students in schools and kura with high concentrations of disadvantage*'.

During the 2021/22 COVID-19 Level 4 lockdowns the Ministry:

- › made payments of \$0.250 million to school lunch providers for the provision of community food; and
- › has quantified \$7.108 million of payments to cover fixed costs incurred by programme providers during the COVID-19 lockdowns. This is based on an examination of payments made to a sample of providers. It is not practicable, based on the information held and the considerable time it would take to examine all payments and invoices to/from providers, to quantify the full amount of the unappropriated expenditure.

During 2022/23, the Ministry made payments of \$1.136 million to cover fixed costs incurred by programme providers that were unable to deliver school lunches because of the North Island weather events and various teachers' strikes.

The payments for community food parcels and to cover providers' fixed costs are outside the scope of the appropriation and are therefore unappropriated.

For context, the total appropriation for the school lunch programme was 2022/23: \$272.157 million (2021/22: \$231.688 million).





**Te Tāhuhu o  
te Mātauranga**  
Ministry of Education

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