



Supporting information: Further information on the Primary School Network and State Integrated Schools in Papamoa

To:	Hon Chris Hipkins, Minister of Education		
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Messaging seen by Communications team:	No	Round robin:	No

Purpose of Report

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This briefing provides you with additional information about the processes and costs involved regarding your decision to enter into negotiations to establish and integrate a Christian school in Papamoa (METIS 1090008).

Summary

1. Tauranga is an area experiencing growth, with Papamoa primary schools in particular at capacity. Given Papamoa's location, capacity in the wider network does not ease demand for the schools in Papamoa.
2. Budget 2017 provided funding for one new state primary school in Papamoa East and an expansion to Golden Sands Primary School. This will add around 550 additional student spaces by 2021 at a cost of around \$25m (excluding land). The eventual added capacity will be 800 (following expansion of the new state school).
3. [REDACTED]
4. In addition to the Christian school you have been asked to consider, there is another proposal to establish and integrate a Catholic school in the area, which the former Minister agreed to enter into negotiations to establish.

5. The options to address demand in Papamoa are:
- Accommodating additional students in the state system. [REDACTED]
 - Establishing both new state and state integrated schools. This would add 800 state integrated student places, easing some pressure on the state network and reducing the urgency for new state schooling in the network (though it would still be required).
6. Government provides two streams of funding specifically for state integrated property.
- Policy 1 (ongoing property funding for state integrated schools) is not discretionary and the Ministry provides this at 85% of the rate paid to state schools to maintain and upgrade property.
 - Policy 2 (new schools and expansion) funding is discretionary and is negotiated as part of the Budget process. Proprietors are also able to fund new school builds themselves.
7. The cost of providing a state integrated school is approximately half the cost of a state school. This is because the Crown does not have to buy the land or prepare the site, and (under Policy 2 funding) we only fund the construction up to 85% of the total cost.
8. If the proposed integrated schools are not built we will ensure we can accommodate students within the state system. [REDACTED]



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15/02/2018



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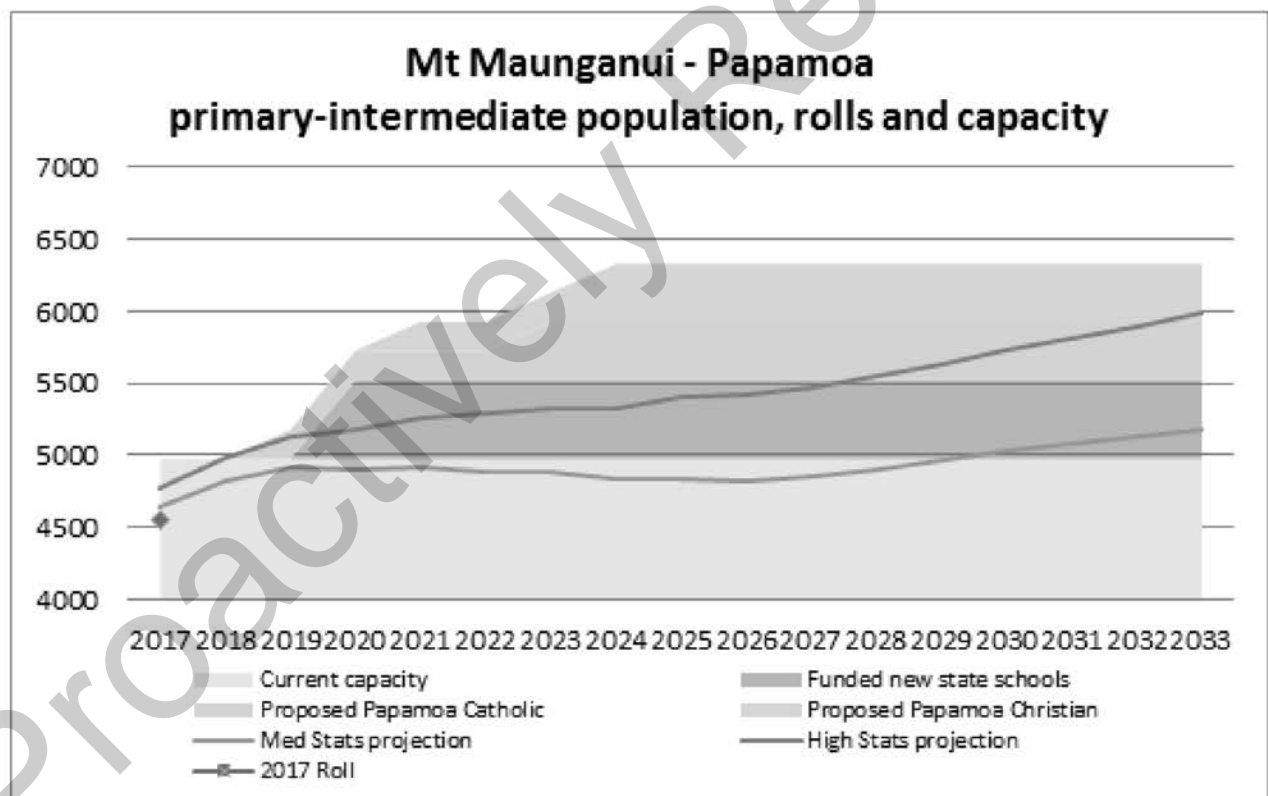
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Background

1. You have been asked to agree to enter into negotiations with Bethlehem College Limited to establish and integrate Papamoa Christian School in Tauranga City (METIS 1090008).
2. This request was discussed at the Ministry agency meeting on 7 February. At the meeting, you asked for additional information to support your decision-making.

Projected growth in the Papamoa region, currently proposed new state schools and additional state school capacity

3. Projections indicate that while there is capacity in the Papamoa primary schooling network over the short to medium term, under the high growth scenario there will be greater pressure on state schools. Recent growth has tracked more closely to a high growth scenario.
4. The current primary school roll in Papamoa is around 4,500 and there is capacity for about 5,000 students. We project this spare capacity to be taken up over the next few years under a high growth scenario.



5. It is good practice to manage the overall schooling network at between 85% - 95% usage. This allows for a level of parental choice and time for us to respond to changing demands.

6.



Options for accommodating projected primary age demand in Papamoa

7. Options for accommodating projected growth in Papamoa are:

- *Accommodating additional students in the state system.* [REDACTED]
- *Establishing new state and state integrated schools.* This would involve funding the two new state integrated primary schools in Papamoa, which would add an additional 800 state integrated student places, easing some pressure on the state network and reducing the urgency for new state schooling in the network (though it would still be required).

Accommodating additional students in the state system

8. A site for one of two new state schools - Papamoa East School - has been acquired, and options for a second state school site are being investigated. Papamoa East School is scheduled to open in 2020. \$21.5m was approved in Budget 2017 for Papamoa East School, based on a final roll of 650 students.
9. It is not possible to speed up the opening of the new Papamoa East state school. We are currently in the planning stages for construction of this school.
10. It is possible to speed up the opening of the second planned new state primary school. [REDACTED]
11. Planning is already underway for one of the existing state schools in Papamoa – Golden Sands Primary School – to be expanded to accommodate more students. Golden Sands school can currently accommodate 525 students, but by 2020 it will be able to have a roll of 675, following an expansion funded in Budget 2017.
12. A map of the schools in the Papamoa region, including the additional planned state and proposed state integrated schools, is provided as Annex 1.

Establishment of state and state integrated schools

13. This option is outlined in the Education Report *Agreement to enter into negotiations to establish and integrate a non-denominational Christian primary school in Papamoa East, Tauranga City* (METIS 1090008).
14. Establishing one or both of the proposed state integrated schools would not allay the need for new state schools in Papamoa, but would provide capacity before we are able to increase state provision.

Property Funding implications

15. In Budget 2017 the Ministry was funded for one primary school in Papamoa East and an expansion to Golden Sands Primary School. This will add around 550 additional student spaces by 2021 at a cost of around \$25m (excluding land). [REDACTED]

16. At this stage it is unlikely that the Papamoa East School will be available before 2020. Site planning, regulatory processes and the time needed to prepare the site are unable to be accelerated beyond the agreed timeframe.
17. Should you agree to invest in the two state integrated schools at a cost of around [REDACTED] for 800 student places, one of the schools (Catholic) is scheduled to be open in 2019. The Christian school is proposed to be open in 2020.
18. If you choose not to invest in the state integrated schools then there is likely to be a shortfall in capacity between now and 2020. We could add capacity through roll growth classrooms. [REDACTED]
19. However, schools in Papamoa may require substantial work to accommodate this additional demand. It is also noted that Golden Sands Primary school and Te Akau ki Papamoa Primary school are the only local primary schools. Some additional demand would need be met through the wider Tauranga network. Feasibility of this option is still to be determined.
20. [REDACTED]
21. The cost of providing a state integrated school is approximately half the cost of providing a new state school. This is because we do not have to buy the land, prepare the site and only fund up to 85% of the total construction cost. (See table below for more detail).

Funding allocated to build a new primary school (excluding land costs) for 400 students in Papamoa (as per the initial build)		
	State Primary School	State Integrated Primary School
Land (estimate based on land purchased for Papamoa East Primary)	[REDACTED]	[REDACTED]
Cost of construction (including fees and escalation)	[REDACTED]	[REDACTED]
Site Costs	[REDACTED]	[REDACTED]
Contingency	[REDACTED]	[REDACTED]
Sub Total	[REDACTED]	[REDACTED]
Fittings, Furniture and Equipment as a grant to the school	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

Policy 1 and Policy 2 funding for state integrated schools

22. All state integrated schools receive Policy 1 funding for maintaining and upgrading their property. Under Policy 1, state integrated schools receive 85% of the funding an equivalent state school would receive for these purposes.
23. Some state integrated schools also receive Policy 2 funding, which is for building a new school or expanding an existing school. After its introduction in 1998, Policy 2 funding was reviewed in 2005, following negotiations between the Government and the Association of Proprietors of Integrated Schools (APIS) about future expansion of the network.

Decisions about Policy 2 funding

24. Policy 2 funding is discretionary, and is negotiated as part of the Budget process. There is no legal obligation for either the Minister or Education or the Ministry of Education to provide an integrated school with Policy 2 funding. The Minister may approve the establishment of an integrated school but decline Policy 2 funding.
25. A list of Policy 2 funding granted between 2013 and 2017 is provided in Annex 2.

Ongoing funding for state integrated schools

26. The Government is legally required to continue providing two streams of ongoing property funding for state integrated schools as specified in each school's integration agreement:
 - Property maintenance funding; and
 - Policy 1 funding.
27. Under the updated Education Act, state integrated schools are fully part of the state system, and therefore are entitled to the benefits of the state system. For example, if a policy decision was made to build accessibility ramps at all state schools the Government would be obliged to fund 85% of the cost for all state integrated schools.

Amending Policy 2 arrangements

28. A change in the arrangements for Policy 2 would require a Cabinet decision.
29. The Government has a manifesto commitment to review the arrangements for state integrated schools. If you wish to amend Policy 2, this review would be the appropriate vehicle for considering possible changes and consulting with the sector.

30.

Budget implications

31. In Budget 2017, \$4.15m was appropriated for expanding the existing Golden Sands school, and \$21.44m for building Papamoa East School. No funding has yet been appropriated for either of the state integrated schools.

32.

Timeframes for establishing state and state integrated schools

33. Establishing a state integrated school is usually faster than establishing a state school, and this is largely due to how construction is managed. Proprietors manage the construction project, and site works may already be undertaken before Policy 2 funding is provided. Construction of a new state school is managed by the Ministry, and involves managing competing priorities and capital constraints across a number of programmes.
34. As a result, while we have a site for the new Papamoa East state primary school, if approved, the proposed state integrated Christian school is expected to open one year earlier than Papamoa East Primary school.
35. A current timeline and budget status for each of the new schools currently proposed for Papamoa is provided as Annex 3.
36. It should be noted that these timelines assume that the proposed schools will align with the Council Plans in place in the Papamoa region. If the land that the schools want to occupy not be zoned for education purposes, there could be delays.

Annexes

Annex 1: Map of schools in Tauranga

Annex 2: Funding provided under Policy 2 from 2013 - 2017

Annex 3: Timeline, capacity and budget for potential primary schools for Papamoa

Annex 1: Timeline, capacity and budget for potential primary schools for Papamoa

	School	Planned Opening	Student spaces	Cost to Crown	Budget year
State integrated schools	Papamoa Catholic (Year 1-6)	2019	200 initially 400 current final planned Could increase further to 600 if needed	█ for final build of 400 students	2018 (not approved yet)
	Papamoa Christian (Year 1-8)	2020	200 initially 400 current final planned Could increase further to 600 if needed	█ for final build of 400 students, to be built in two phases with Phase 1 at █	█
State schools	Papamoa East Primary (Year 1-6)	2020 / 2021	400 initially 650 current final planned	█ Cost includes site and infrastructure for final build roll of 650	2017 (approved)
	Second new state school	█	400 initially and 650 final build	To be determined	█
	Golden Sands School* (Year 1-6 state primary school)	2020	Additional 150 student spaces	█	2017 (approved)

*additional provision at the school (not a new school)

Annex 2: Funding provided under Policy 2 from 2013 - 2017

Schools integrated since 2013	Date integrated	Policy 2 funding provided	Cost of Policy 2
Wanganui Collegiate (Whanganui)	2013 * established 1854	No	-
Rolleston Christian School (Canterbury)	2015	Teaching space only funding	\$1.038m
St Francis of Assisi Catholic School (Christchurch) * established post-earthquake, following the closure of two Catholic schools	2016	No	-
Holy Trinity Catholic Primary School (Takanini)	2017	Whole of school funding * Stage 1 only, Stage 2 subject to review in 2020	\$3.789m (to date)
Jireh Christian School (Auckland)	2018	No	-
Subtotal			\$4.827m
Existing integrated schools since 2013 (teaching space only)	Year funding provided	# teaching spaces funded through Policy 2	Cost of Policy 2
Al-Madinah School (Mangere)	2013	6	\$1.038m
St Ignatius Catholic School (St Heliers)	2013	4	\$0.692m
McAuley High School (Otahuhu)	2013	4	\$0.692m
St Joseph's School (Orakei)	2014	2	\$0.346m
Holy Family School (Wanaka)	2014	2	\$0.372m
Marist Catholic School (Herne Bay)	2015	3	\$0.559m
Aidanfield Christian School (Christchurch)	2016	2	\$0.372m
Holy Family School (Wanaka) ¹	2016	1	\$0.186m
Subtotal			\$4.257
Other whole of school funding payments provided since 2013	Year provided	funding	Cost of Policy 2
Aquinas College (Tauranga)	2014		\$2.540m
Subtotal			\$2.540m
Grand Total			\$11.624m

¹ Due to the high growth in Wanaka, Holy Family School made more than one successful application for Policy 2 funding.

Annex 3: Map of schools in Tauranga

Papamoa (Tauranga City) area primary schools, Peak Rolls, Capacity and 10 Year Growth.

