Education Report: Agreement to enter into negotiations to establish and integrate a non-denominational Christian primary school in Papamoa East, Tauranga City

To: Hon Chris Hipkins, Minister of Education
Date: 13 December 2017
Priority: High
Security Level: In Confidence
METIS No: 1090008
Drafter: Philippa Pidd
Key Contact: Katrina Casey
Message seen by Communications team: No
Round Robin: No

Purpose of Report

The purpose of this report is to seek your approval to enter into negotiations with Bethlehem College Limited, to establish and integrate Papamoa Christian School, in Tauranga City. This would be a Year 1-8 school. If you agree to this proposal you are asked to:

- sign the attached letter to the Christian Education Trust, notifying your decision
- sign the attached letters to the Members of Parliament for Bay of Plenty, Tauranga and Waiariki, informing them of your decision
- note that Bethlehem College Limited's application meets the eligibility criteria for funding for 85% of the cost of the new school build (this is known as Policy Two funding). Entering into negotiations to integrate the school is not subject to the funding being approved.
Summary

1 The Christian Education Trust (CET) has applied to establish and integrate a Year 1-8 non-denominational Christian primary school in Papamoa East, Tauranga City, on behalf of Bethlehem College Limited (the Proprietor).

2 The school would be known as Papamoa Christian School, and it would feed into the secondary division (Year 9-13) of Bethlehem College, which is located in Bethlehem, Tauranga City. The site for the school is yet to be finalised.

3 If establishment and integration are approved, the earliest the school would open is Term 1, 2020. A starting roll of 200 and an initial maximum roll of 400 students are proposed.

4 Should it be approved, Papamoa Christian School would become part of the Waikato/Bay of Plenty Non-Denominational Christian Community of Learning | Kāhui Ako.

5 Papamoa East has been identified for significant growth by the Tauranga City Council, and the proposed school would be one of three schools planned for the area.

6 The Proprietor is responsible for the school’s capital cost but has applied for ‘Policy Two’ funding, which would supply 85% of the cost of establishing the school. Entering into negotiations for integration does not require the approval of the application for Policy Two funding or commit government to approving the funding application.
Recommended Actions

The Ministry of Education recommends you:

a. **note** that Christian Education Trust, has applied to enter negotiations to establish and integrate Papamoa Christian School on behalf of Bethlehem College Limited;

   Noted

b. **agree** to enter into negotiations with Bethlehem College Limited under section 418(5) of the Education Act 1989 for the establishment and integration of Papamoa Christian School.

   Agree / Disagree

If you agree you are asked to:

c. **sign** the attached letter to the Christian Education Trust, notifying your decision;

   Sign

d. **sign** the attached letters to the Members of Parliament for Bay of Plenty, Tauranga and Waiairiki, informing them of your decision; and

   Sign

e. **note** that the Proprietor's application meets the eligibility criteria for Policy Two whole-school funding. Entering into negotiations to integrate the school, and the approval of the application for Policy Two funding, does not commit the government to approving the funding application.

   Noted

Katrina Casey  
Deputy Secretary  
Sector Enablement and Support

Hon Chris Hipkins  
Minister of Education

13/12/2017
Background

1. Papamoa East is a rapidly growing part of Tauranga City, and significant additional capacity is needed in the primary school network to accommodate the growing number of school-aged children. There are currently two primary schools in Papamoa East.

2. The Ministry recently acquired a site in Te Okuroa Drive, Papamoa East (in a Crown transfer arrangement with the NZTA). The site will be used for a state primary school, and will assist with accommodating projected roll growth. The earliest the proposed new state school could open is 2021.

3. In addition, on 17 July 2017, Hon Nikki Kaye gave approval for the Ministry to commence negotiations with the Catholic Diocese of Hamilton to establish and integrate a Year 1-6 Catholic primary school in Golden Sands Drive, Papamoa East. We are currently in negotiation with the Diocese about the details of that school's integration agreement.

Application to establish Papamoa Christian School

4. Bethlehem College Limited is the Proprietor of Bethlehem College. This not for profit organisation also runs an early childhood education centre and private tertiary establishment. On 25 May 2017, CET applied, on behalf of Bethlehem College Limited, to establish and integrate a Year 1-8 Christian primary school in Papamoa East, proposed to open in 2020. The application is attached as Annex 1.

5. Bethlehem College currently has its main campus in Tauranga. In July 2017 Hon Nikki Kaye approved a second campus of the College, which will be located in Rotorua and provides for 120 Year 1-8 students. It will open in 2018. To create an education pathway for the Rotorua students, Hon Nikki Kaye also approved an increase to the maximum roll of 60 students over two years at the Tauranga Campus of Bethlehem College. As of 28 January 2018, the school's maximum roll for both campuses will be 1,790 students (120 in Rotorua and the rest in Tauranga).

6. There has been significant demand for non-denominational Christian schooling in Tauranga, particularly in Papamoa East, making it an appropriate location for a new state integrated primary school.

The process for establishing and integrating a new state integrated school

7. Under section 421 of the Education Act 1989 (the Act), you have sole ability to approve the establishment of a school as a state integrated school. Section 418 of the Act requires you to first accept an application to negotiate integration. Acceptance of an application is at your absolute discretion. Information about the factors for you to consider when establishing an integrated school are attached as Annex 2.

8. There are two stages in the integration process. Stage 1 is the approval to enter into negotiations. Stage 2 involves collecting further relevant information and once completing negotiations an integration agreement is sent to you for your consideration.
Consultation on the Mt Maunganui-Papamoa school network

9. Between September 2015 and February 2017, the Ministry engaged with Mt Maunganui and Papamoa schools, stakeholders and communities to review the Mt Maunganui - Papamoa school network. The key areas of focus were:
   a. a review of current school enrolment zones
   b. consideration of whether Tahatai Coast School should remain a Year 1-8 full primary school, or whether it should become a Year 1-6 contributing primary
   c. the need for additional capacity in the Papamoa school network.

10. A map of the schools consulted, feedback and Ministry comment on the consultation process is attached as Annex 3.

Ministry Analysis of CET’s application

Special Character

11. The special character of the proposed new school will be of a type unable to be provided within a secular state school, and is defined as a “non-denominational, biblically-based Christian school, providing excellence in academic, cultural, sports and Christian Studies’.

12. The Ministry considers that an additional school with a non-denominational Christian special character would be desirable in East Papamoa because of the demand for this type of school from the parent community.

Network Implications of a New State Integrated School

13. The Papamoa East area has been identified for significant growth by the Tauranga City Council. To date Papamoa East actual school-aged population growth has exceeded high growth scenario projections. School-aged population data in relation to Papamoa and Te Puke are attached as Annex 4.

14. A detailed network utilisation report, outlining the current capacity of schools in the Papamoa network, is attached as Annex 5.

15. To meet the needs of the expected school-aged population growth in Papamoa East, the Ministry recently secured a site for a new Year 1-6 primary school in Te Okuroa Drive, Papamoa East. If this proposed state school is established, it is unlikely to open until 2021 at the earliest.

16. Given this context, the proposed Papamoa Christian School, which would open in approximately 2020, would add needed capacity to the region’s Year 1-8 primary school network. The Ministry anticipates that Papamoa Christian School would draw mainly from the Papamoa urban area, assisting with pressure from growth in existing state schools. Because of very significant population growth in the area, we do not consider that the proposed school would have a significant long-term effect on existing schools.

17. Subject to your approval, the Ministry proposes to negotiate (on your behalf) an integration agreement specifying an initial maximum roll of 400. This would include a non-preference roll that could be up to 20% in the opening year (though it is possible
it could be negotiated with the Proprietor at something less than that), and would reduce over three to five years to the more usual 5-10%.

18. No state school would become marginal if the proposed school is established and integrated based on the proposed maximum roll of 400. Table 3 displays the Proprietor’s roll projections for the proposed school:

**Table 3: Roll projections - Papamao Christian School**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roll</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
</tr>
</tbody>
</table>

19. An enrolment scheme would be implemented at the proposed new school to manage enrolments effectively and transparently, including restricting any impact on the rolls of state and state integrated schools. The scheme would be implemented from the opening of the school in 2020.

**School Transport**

20. Subject to criteria including suitable public transport being available, school transport assistance may be provided in the form of conveyance allowance or bus. The special character status of the school will be taken into account when considering the provision of school transport assistance.

**Other Educational Considerations**

21. The school’s strategic plan defines broad goals that are clearly linked to the National Administration Guidelines and which meet the requirements of the New Zealand Curriculum Framework and the National Education Guidelines.

22. The Proprietor is aware of the Education Review Office (ERO) requirements and wants the new school to provide a quality curriculum and have a sound management system to ensure quality educational outcomes for students.

23. If you ultimately approve the establishment and integration of the proposed non-denominational Christian full primary school, a readiness review process will be agreed with ERO.

24. While having already provided broad statements of educational intent, the Proprietor has confirmed that a more detailed strategic plan will be developed for the proposed school as part of discussion and pending negotiations with the Ministry if its application to negotiate is approved.

**Property and Resourcing**

25. CET is working with a vendor who expects to have first right to purchase land back from the New Zealand Transport Agency (NZTA) before the end of 2017. There is also a second option in the same area should CET’s proposed acquisition of this site not eventuate. A map showing the proposed location and catchment area of the school is attached as Annex 6.

26. Design and construction of the proposed Papamao Christian School would meet the Ministry standards in terms of health and safety standards and Innovative Learning
Environments. This will be ensured through regular liaison between the Ministry and the Trust.

**Capital Funding at State Integrated Schools (Policy Two funding)**

27. Proprietors are responsible for providing new accommodation at integrated schools. The Ministry funds maintenance of the integrated property, as it does for state schools.

28. Any debt a Proprietor holds with regard to a state integrated school property is serviced through attendance dues, paid by the families of students who attend state integrated schools.

29. Where there is an expanding school-aged population in an area and the expenditure would be offset by savings to the Crown in local school networks, the Proprietor can apply for capital funding. This discretionary funding source is known as Policy Two funding. The fact that a proposed school meets the eligibility criteria for Policy Two funding does not commit the Ministry to providing this funding.

30. 

31. If you agree to enter into negotiations to integrate Papamoa Christian School, and subsequently to establish and integrate the school. Costs associated with the school build be subject to Cabinet approval in Budget 2018. If funding is approved by Cabinet, the Ministry will provide then Policy 2 funding allocations to the Proprietor.

32. Should Policy 2 funding not be available through the Budget, the Proprietor can source funding from elsewhere, delay the build until the funding is available through a future budget, or withdraw the application.

**Resourcing**

33. If you agree to enter into negotiations to establish and integrate Papamoa Christian School, details of salary costs and operating costs per year will be provided to you as part of an Education Report following completion of the negotiations.

**Risks**

34. The Ministry considers there is minimal risk with this Proprietor. The Proprietor is very experienced, and Papamoa East is a rapidly growing area.

35. The Proprietor may be unable to secure and purchase the land from the NZTA, in which case the Ministry can put Stage 2 of the integration process on hold until an appropriate site has been secured.

36. If the population growth projected for this area occurred more slowly than forecast, the school would not be fully utilised for some years. This risk is assessed as being very low because:
   - the property market in the vicinity of the proposed new school is very active
population projections show that the area will need at least four additional primary schools in the next eleven years

- the Council is planning more than 35,000 houses through three main development projects in the city, including one in Papamoa East, and is about to open up two other very large Papamoa East blocks for subdivision.

37. Opening a new school always presents a risk of the roll declining at other schools in the area. For Papamoa Christian School, this risk is relatively low, even taking into account the proposed new state primary school in Papamoa East. The school-aged population in Papamoa East is growing sufficiently that the schools can easily co-exist.

38. There is a risk of Papamoa Christian School’s roll growing more slowly than anticipated, but this risk could be mitigated by the Proprietor building the school with the number of teaching spaces required for the short-medium term roll, while also ensuring infrastructure is sufficient for the long term roll projections. These details will be included as part of the negotiations with the Proprietor.

Conclusion

39. The Ministry supports the application from CET to enter into negotiations for the establishment of the proposed Papamoa Christian School. The establishment of the proposed state integrated primary school in Papamoa East would help to accommodate the projected population growth in school-aged children in the area, as well as providing a quality option for Christian families other than those of the Catholic faith.

40. The Proprietor meets the eligibility criteria for Policy Two funding. If approved, Policy Two funding for Papamoa Christian School will be sought in Budget 2018/19 and paid out only after the Proprietor has obtained approval to establish and integrate the school.

41. If you agree to enter into negotiations for establishment and integration of the proposed school, the Ministry will work with the Proprietor to refine aspects of its proposal and draft an integration agreement at Stage 2 of the process.
Annexes

Annex 1: Application from the Christian Education Trust on behalf of Bethlehem College Limited to enter negotiations toward state integration of Papamoa Christian School

Annex 2: Integrating into the State System

Annex 3: Sector Consultation and Ministry Comment

Annex 4: Demographics – Papamoa and Te Puke

Annex 5: Papamoa East Utilisation Report

Annex 6: Location of the proposed non-denominational Christian primary school and proposed catchment
Peter Haywood  
Chairperson  
Christian Education Trust  
Private Bag 12003  
TAURANGA 3143

Dear Peter

Thank you for your application on behalf of Bethlehem College Limited, seeking to enter into negotiations to establish and integrate a new Year 1-8 full primary school with an interim name of Papamoa Christian School, to be located on a site yet to be finalised in Papamoa East, Tauranga City.

I am pleased to advise that I am approving your application to enter into negotiations to establish and integrate Papamoa Christian School.

I understand that your application meets the eligibility criteria for Policy 2 whole-school funding, subject to funding approval. Policy 2 funding is discretionary, so if funding is not available you are able to either withdraw your application to establish and integrate the school, defer it, or access funding to build the school from elsewhere.

When negotiating the details of the integration agreement, I propose that the maximum roll of the new school will initially be 400, allowing for staged growth of the school.

The Ministry of Education's Bay of Plenty - Waikato office will be in contact with you shortly to progress negotiations towards state integration. Your primary contact is Dallas Collett, and she can be reached on 07 571 7860 or 027 600 9287.

Yours sincerely

Chris Hipkins  
Minister of Education
Todd Muller  
MP for Bay of Plenty  
Parliament Buildings  
WELLINGTON

Dear Mr Muller,

I have received a report from the Ministry of Education about an application from the Christian Education Trust, on behalf of the Proprietor Bethlehem College Limited, for a proposed Year 1-8 state integrated full primary school with a non-denominational Christian special character in Papamoa East, Tauranga City.

The Proprietor has requested that the school, with an interim name of Papamoa Christian School, be established to become a state integrated school.

After considering all the information provided to me, I have agreed to enter into negotiations with the Proprietor, Bethlehem College Limited. This agreement is the first stage of the integration process. I am aware that the school-aged population in Papamoa East and (albeit to a lesser extent) Te Puke is expected to grow significantly by 2028, and I will take this into account when I make my final decision.

If the application is approved after the negotiations have been completed, the school plans to become operational in 2020. I believe this school could assist with pressure on the existing state school network as well as provide educational choice for future students in the Papamoa and Te Puke areas.

Yours sincerely,

Chris Hipkins  
Minister of Education
Tamati Coffey  
MP for Waiairiki  
Parliament Buildings  
WELLINGTON  

Dear Tamati,

I have received a report from the Ministry of Education about an application from the Christian Education Trust, on behalf of the Proprietor Bethlehem College Limited, for a proposed Year 1-8 state integrated full primary school with a non-denominational Christian special character in Papamoa East, Tauranga City.

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Yours sincerely,

Chris Hipkins  
Minister of Education
Simon Bridges  
MP for Tauranga  
Parliament Buildings  
WELLINGTON

Dear Mr Bridges,

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Chris Hipkins  
Minister of Education