Purpose of Report

1. The Ministry was asked to develop a pre-Budget 20 economic stimulus package initiative that could be announced prior to Budget 20 and implemented at short notice.

2. The purpose of the initiative is to accelerate and bring forward property works in state schools across New Zealand over the next 12-24 months. Where possible, works would be of a scale that smaller local regional providers could be used.

3. The initiative will improve the condition of school property across New Zealand and impact over 660,000 students. It provides a significant investment in achieving the Government’s goal of upgrading all schools by 2030.

Summary

Acceleration through existing processes

4. Currently the best way to accelerate the delivery of property works is through the existing school managed 5 year agreement (5YA) funding process.

5. The 5YA process requires schools to identify a project in their property plans and then get a quote for the work. The Ministry accepts the quote and the work commences. The contractor is paid once the work is completed and inspected. It is the quickest way to get work done at a school which meets the economic stimulus and acceleration objectives set out as part of the request to the Ministry.

Examples of Property projects that qualify

6. Projects will vary from school to school, but may include:
   - Replacing an existing coal boiler with an energy efficient model
   - Resurfacing outdoor courts and paved areas
   - Upgrading the school’s storm water drainage systems and general landscaping and signage
- Bringing forward or expanding classroom upgrades, to improve lighting, acoustics and ventilation
- Opening up space to make it more flexible and usable
- Upgrading resource rooms, staff rooms or administration areas
- Replacing rather than repairing roofing and guttering
- Expanding the scope of any existing projects at schools where more work can be completed quickly.

7. The Ministry’s property staff will support schools throughout the process of identifying a suitable project.

**Eligibility and funding**

8. All state schools (around 2,061), regardless of size, are eligible to receive a one off capital contribution to spend on school property. To make it fair and equitable the amount a school is allocated is determined by their roll size. We are using the 2019 July roll.

9. Schools get $893 per student up to a maximum of $400,000. No school will receive less than 50,000 regardless of how small their roll is. The proposed capital investment is $397 million and will be invested across New Zealand as follows:

<table>
<thead>
<tr>
<th>Regions</th>
<th>Schools*</th>
<th>Students</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tai Tokerau</td>
<td>133</td>
<td>27,787</td>
<td>18,192,433</td>
</tr>
<tr>
<td>Auckland</td>
<td>411</td>
<td>223,886</td>
<td>118,905,859</td>
</tr>
<tr>
<td>Waikato</td>
<td>238</td>
<td>63,859</td>
<td>39,256,903</td>
</tr>
<tr>
<td>Bay of Plenty</td>
<td>208</td>
<td>63,080</td>
<td>37,956,456</td>
</tr>
<tr>
<td>Hawkes Bay</td>
<td>100</td>
<td>25,985</td>
<td>17,012,254</td>
</tr>
<tr>
<td>Manawatu, Taranaki, Whanganui</td>
<td>242</td>
<td>53,388</td>
<td>34,687,605</td>
</tr>
<tr>
<td>Nelson, Marlborough, West Coast</td>
<td>106</td>
<td>25,540</td>
<td>16,250,716</td>
</tr>
<tr>
<td>Special School</td>
<td>36</td>
<td>**</td>
<td>3,600,000</td>
</tr>
<tr>
<td>Canterbury</td>
<td>215</td>
<td>75,225</td>
<td>44,763,897</td>
</tr>
<tr>
<td>Otago, Southland</td>
<td>189</td>
<td>41,758</td>
<td>27,568,899</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,061</td>
<td>666,379</td>
<td><strong>$397,294,854</strong></td>
</tr>
</tbody>
</table>

*Leased property, PPP schools, new schools still under warranty and state integrated schools are excluded. Special schools are eligible for up to $100,000.

**Special school rolls vary and have not been used to calculate the funding allocated to them

10. The total 5YA funding for these schools is around $1.048 billion to cover a 5 year period. The initiative represents a 38% increase on the 5YA fund and covers a period of 1-2 years.

11. There are a couple of key criteria that schools will need to meet to get the funding: it must be spent on property improvements; and it must be spent in the next 12-24 months.

12. This is a one off investment to get schools spending on infrastructure that they otherwise would need to defer.

13. Schools will have some projects planned as part of their usual 10 Year Property Plan (10YPP), and this funding will be used to either accelerate or expand planned or existing works. A 10 year property plan identifies the work that is required at a school to keep it fit for purpose.
14. If schools do not have a suitable project planned already, the Ministry will work with the school Board to identify upgrade works that can improve the school environment for its students, in line with the school’s vision.

Access to Funding

15. Schools will not be given the funding directly to spend on whatever they like. Funding is allocated to each school, but held centrally. The Ministry’s property staff will support schools to identify possible projects and delivery options, and the funding will be released once these are approved. By taking advantage of the existing funding channels, the process will be delivered sooner and more efficiently, with less confusion for schools.

16. Once the programme is announced we will be issuing instructions to all schools on how much they qualify for and how to engage with the Ministry on the process. We will post guidelines on the website to assist schools to commence the process. Ideally schools will be eligible to apply for funding from the start of term 1 2020.

17. Because the Ministry will use the existing 5YA mechanism, schools will be very familiar with the process. There will not be an additional set of processes that they need to learn or comply with. This should streamline the process of application and ensure the focus is on identifying and commencing suitable projects.

Proactive Release

18. We recommend that this Briefing is not released at this time as it is budget secret.

Agree / Disagree

[Signature]

Sharyn Pilbrow
Acting Head of Education Infrastructure

Hon Chris Hipkins
Minister of Education

22/11/2019