

# Vote: Education

Presentation to the Expenditure Control  
Committee

3 March 2009

# Themes

- **Outline of education priorities**
- **Summary of main features of Vote: Education**
- **Approaches for lifting value for money**
- **Policy choices to achieve more substantial fiscal savings over next 3-5 years**

# The government's priorities in education

- 1. Ensuring that every student has the literacy and numeracy skills required to achieve well at school and beyond**
- 2. Increasing the number of young people who achieve worthwhile qualifications**

Achieving these goals will require focusing effort on those areas and activities that will make the greatest difference

## Actions required to address priorities [1]

1. Increase participation in high quality early childhood education - target groups who would benefit the most
2. Specify clear standards and support schools to pursue these for every student
3. Better use of assessment information to improve teaching practice, drive school improvement and target resources

## Actions required to address priorities [2]

4. Strengthen schools' accountability to students, parents, communities and the government
5. Develop better information and options for young people to increase engagement in tertiary study and improve the transition to tertiary education and employment
6. More targeted tertiary funding, with greater focus on results, and prioritising access

## To achieve better value for money we need to:

**Focus effort on those areas and activities that make the biggest difference to student achievement** – stop programmes that don't contribute directly to raising student outcomes

**Place more reliance on system levers that drive performance rather than remedial interventions** - better use of accountability mechanisms and scaling up effective initiatives to build school leadership and teacher capability

**Scrutinise the role and focus of the Ministry of Education and other central education agencies** - cut administrative overheads by focusing on fewer, key functions. Redirect resources towards education providers

## Vote: Education trends

**Public expenditure on education grew in real terms by about 4% per year between 2000 and 2008**

**ECE:** changes to funding policy have increased the level of government subsidy per-child-hour and the cost of teachers. Enrolments and hours of attendance have also increased.

**Schooling:** since 2001 teacher numbers have risen by approximately 6,000 above and beyond those required for roll growth. Teacher salaries have grown in real terms by 1.3 percent per annum since 2000.

**Tertiary:** policy decisions have encouraged participation, reduced cost for students and increased the per-student subsidy to institutions.

The scope and expectations of central education agencies have also grown

## Savings from the line by line review

	2009/10	2010/11	2011/12	2012/13
Crown \$m	78.4	140.1	216.7	225.8
Departmental \$m	11.8	17.2	18.5	18.5
<b>Total \$m</b>	90.2	157.3	235.2	244.3

In addition to these short term savings in Crown and departmental expenditure, additional work has been identified to yield savings and better performance over 2010, 2011 and beyond

# Short term savings in Crown expenditure

Examples include:

- Reversing previous government's reductions in staff: pupil ratios - \$45m from 2011/12 in schools, and \$35m in 2009/10 rising to \$83m in 2012/13 in early childhood.
- Removing or reducing CPI inflation adjustments on several tertiary education funds - \$8m in 2009/10 rising to \$70m from 2011/12.
- Ceasing a range of low impact school support, curriculum support and professional development programmes - up to \$25m in 2009/10.

# Further work to improve the value of Crown expenditure

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

# Savings in departmental expenditure in the short and medium term

**We have identified short term efficiency savings of \$11.8m in 2009/10 rising to \$18.5m by 2011/12**

The next stage of the *Baseline Review* of departmental expenditure is expected to generate further savings and efficiency gains in the next year

The ministry also plans to absorb around \$8m in 2009/10 rising to \$33m in 2012/13 of additional departmental costs related to its current activity

In the medium term, decisions to narrow the focus of ministry activity and to reduce the number of programmes funded through Crown expenditure will have flow-on effects for departmental expenditure

# Major challenges in lifting value for money over the next 3-5 years

- **Lifting productivity in the school sector**
- **Improving returns on investment through greater targeting in early childhood and tertiary education**
- **Reducing cost structures**

# Lifting productivity in the school sector

- **Improving outcomes from existing resources requires action on a number of fronts -** professional leadership; initial teacher education; in-school professional development; strengthened community and parent roles
- **Development of an effective industrial relations strategy** is a pressing priority

# Lifting productivity in the school sector

*[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

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# Reducing cost structures

Existing funding arrangements could be revised where there is weak evidence of a direct relationship between resourcing and student outcomes, e.g.

- **Early childhood education:** *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
- **Schooling:** *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
- **Tertiary education:** simplifying planning processes and strengthening performance incentives in the allocation of funding could improve the value of current expenditure.

## Asset Management – School Property

- **Managing the property portfolio** is an important role of the Ministry. The Ministry is reviewing its management of the school property portfolio.
  - We need better information on property assets, and better financial management
  - We need to be able to respond quickly to the Government's objectives on infrastructure development

*information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

# Questions for the Committee

*Are Ministers satisfied with the overall approach to delivering short term savings, and with the quantum?*

*Are Ministers satisfied with the direction and content of the programme to deliver medium term savings (to 2010 and 2011)?*

*Have we identified all the major areas where efficiency and effectiveness could be lifted substantially? Do you want the ministry to give more priority to some of these?*