

NZ Schools PPP Project
Appendix D
Demographic Report for New Schools in Hobsonville, Updated July 2010

Demographic Report for New Schools in Hobsonville, Updated: July 2010

Purpose

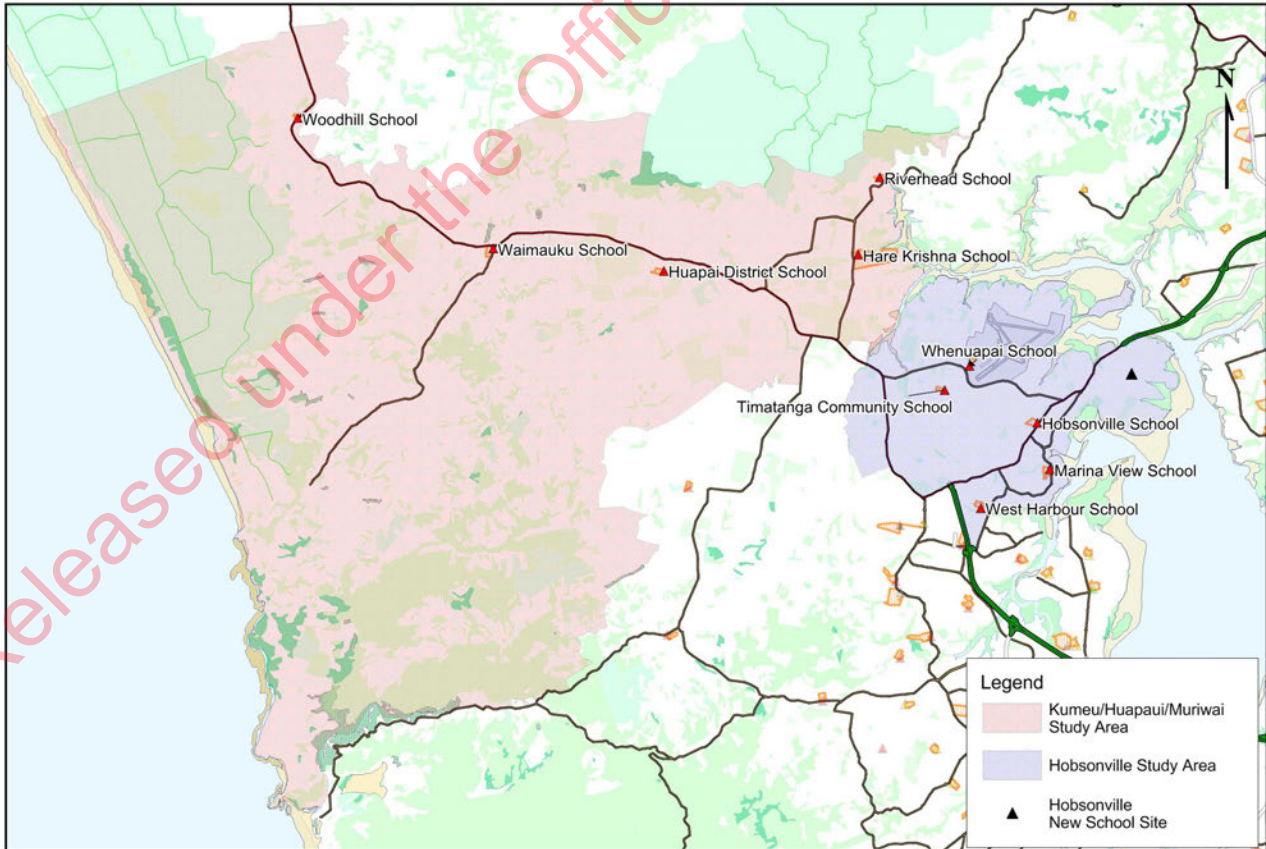
The purpose of this report is to provide updated demographic information in regards to the Ministry's plans to build a new primary school and a new secondary school in Hobsonville by February 2013 and 2014 respectively. This demographic report is intended to accompany the North West Waitakere – Primaries Area Report completed in January 2007 and the North West Waitakere Area Strategy completed in August 2005.

The following report will consider factors including the existing network of schools' historical roll trends, council planned developments and underlying population projections to identify the timeframe for additional schooling provision in the area.

Section 1: Primary Provision

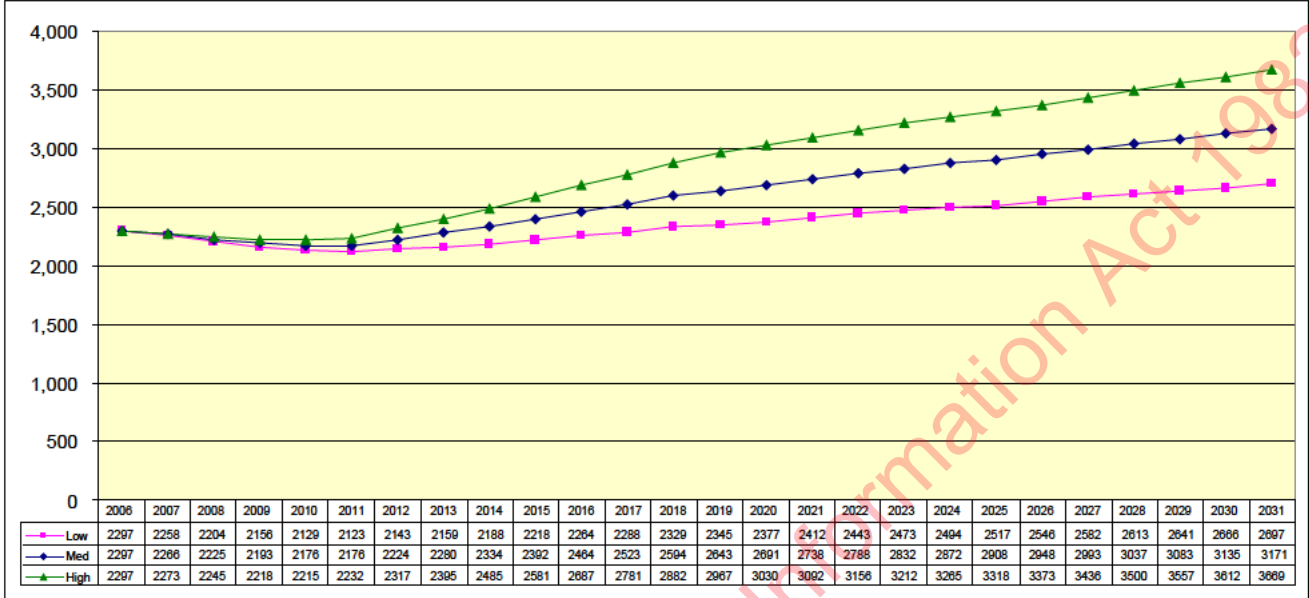
The North West Waitakere – Primaries Area Report separated the study area into two smaller sub-areas: the Hobsonville sub-area and the Kumeu/Huapai/Muriwai sub-area. Figure 1 shows the boundaries of the two areas and the existing state primary schools included in each area. For the purposes of this report, only the Hobsonville sub-area will be included in the analysis.

Figure 1: Study area boundaries and existing state network of schools



The Hobsonville sub-area is made up of five Census Area Units (CAUs): Herald, Lucken Point, Hobsonville, Whenuapai West and West Harbour. Figure 2 below shows Statistics New Zealand’s underlying population projections for primary school aged children (age 5-12) in the sub-area. As can be seen, the population is expected to steadily increase from 2012 onwards. Based on the medium growth scenario, the Hobsonville sub-area could expect 3,171 students by 2031, an additional 874 to the 2006 Census count.

Figure 2: Projected underlying population age 5-12 in the Hobsonville sub-area, 2006-2031



Network Considerations

Figure 3 and Table 1 compare the aggregate October rolls from 2005-2009 and projected 2010-2011 rolls for each school in the network with the total capacity of this network. As seen, the existing network of primary schools in the Hobsonville sub-area is very near its current capacity with only 5 surplus spaces as of October 2009. According to Ministry projections, the network is expected to exceed its current capacity by October 2010 with 110 more students expected than the network can currently allow. With the exception of Timatanga Community School, all schools in the network are projected to increase their rolls over the next two years.

Table 1: October (peak) rolls for network of primary schools in the Hobsonville sub-area, 2005-2011

School Name	Type	TS Count	Current Capacity	10 October Rolls							2009 sup/def
				Est. 2005	Est. 2006	Est. 2007	Actual 2008	Actual 2009	Proj. 2010	Proj. 2011	
Hobsonville School*	Y1-8	26	598	633	606	612	581	599	624	643	-1
Marina View School*	Y1-8	29	679	685	695	682	688	678	703	735	1
Timatanga Community School	Y1-8	1	21	22	19	21	18	17	12	11	4
West Harbour School	Y1-8	20	473	489	473	473	451	444	464	473	29
Whenuapai School*	Y1-8	19	437	385	377	392	419	465	515	582	-28
Total		96	2,208	2,214	2,170	2,180	2,157	2,203	2,318	2,444	5

* schools with an enrolment scheme

Figure 3: Roll Growth and capacity analysis for the Hobsonville network of primary schools, 2005-2009

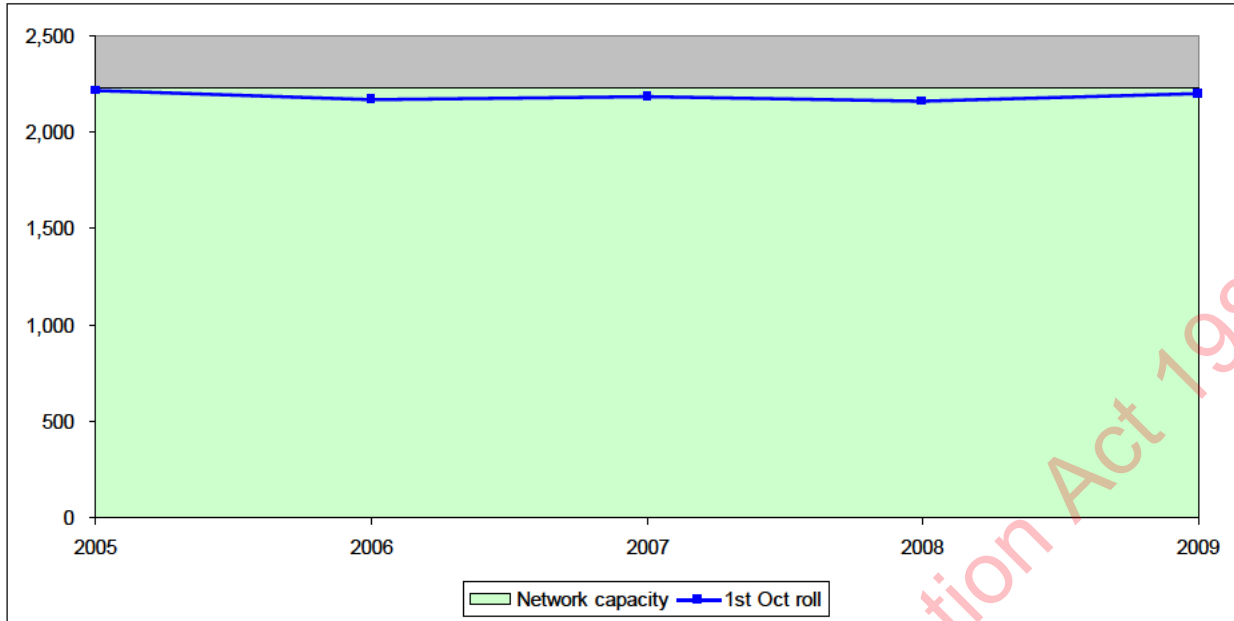


Table 2 shows the July roll data for 2009 and 2010 (provisional) for Hobsonville and Marina View Schools. As can be seen, both schools have experienced an increase in roll between July 2009 and July 2010. This indicates a likely increase in roll between July and October 2010.

Table 2: Comparison between July 2009 and July 2010 Roll Data

School Name	Type	TS Count	Current Capacity	Jul-09	Jul-10	Difference
Hobsonville School*	Y1-8	26	598	572	605	33
Marina View School*	Y1-8	29	679	655	656	1

The provisional 2010 July rolls were unavailable for Timatanga Community, West Harbour and Whenuapai Schools. Table 3 shows the March roll data for 2009 and 2010 for Timatanga Community, West Harbour and Whenuapai Schools. As can be seen, all schools have experienced roll increase between March 2009 and March 2010. This indicates a likely increase July 2009 and 2010 rolls and probably between October 2009 and 2010.

Table 3: Comparison between March 2009 and March 2010 Roll Data

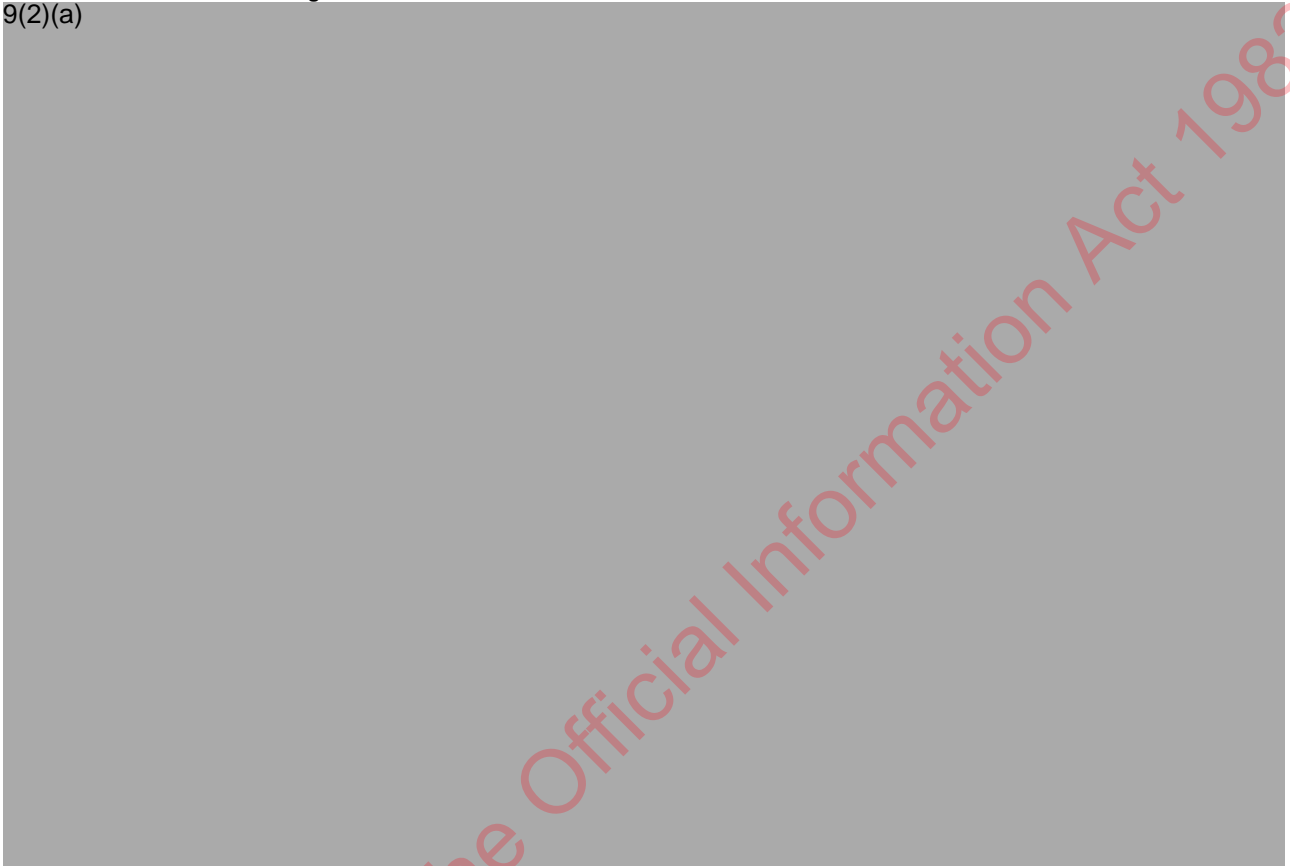
School Name	Type	TS Count	Current Capacity	Mar-09	Mar-10	Difference
Timatanga Community School	Y1-8	1	21	14	17	3
West Harbour School	Y1-8	20	473	409	414	5
Whenuapai School*	Y1-8	19	437	427	454	27

Student Distribution

Figure 4 below shows the student distribution for the existing network of Hobsonville schools and the current enrolment zones for those schools. As can be seen, Hobsonville School and Marina View School are each taking a relatively high number of students from outside their enrolment zones. As the in-zone population increases, these schools will be forced to limit the number of out of zone enrolments they accept until the new school is able to help accommodate the in-zone growth.

Figure 4: Student Distribution for the network of Hobsonville schools

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NOTE: The March 2010 EPS data for Timatanga Community School was not available so the March 2009 EPS data was used instead.

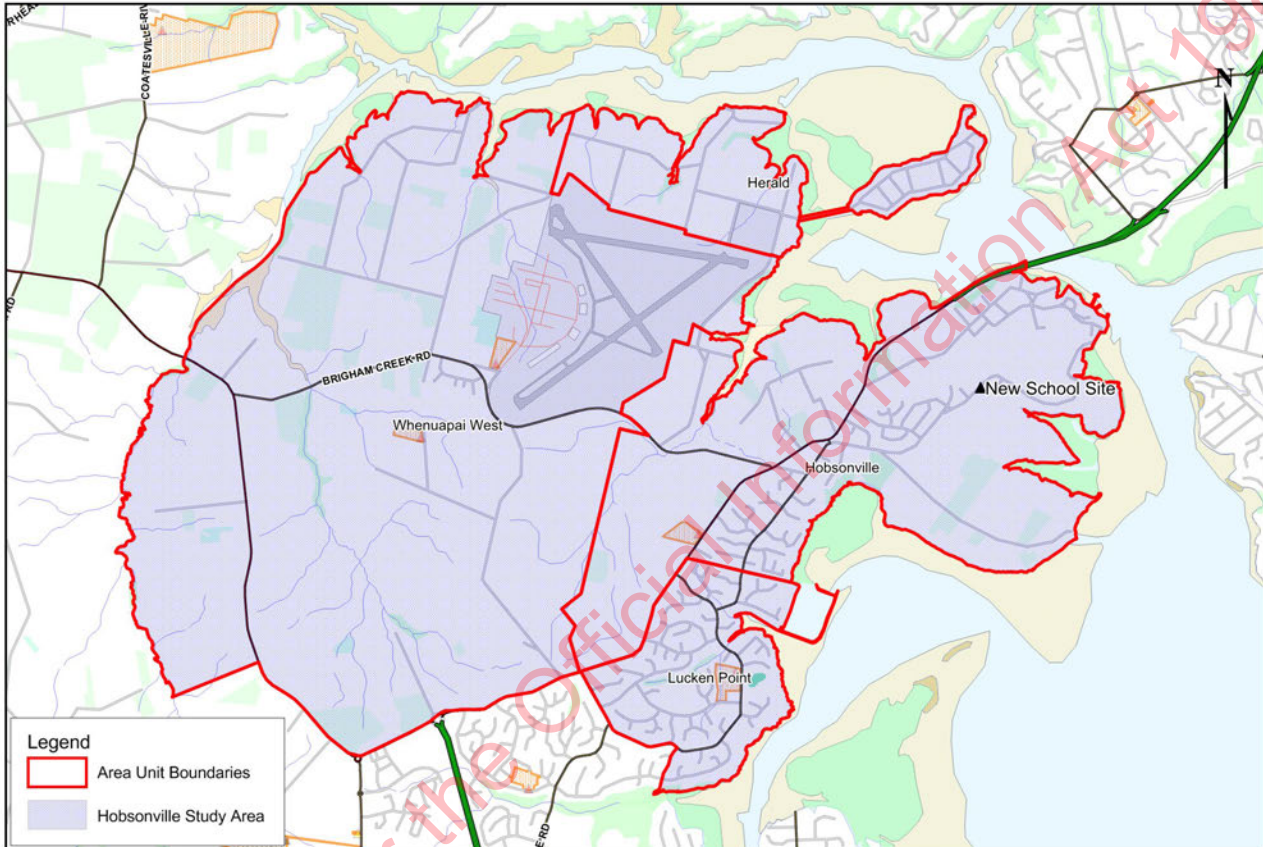
Primary Section Conclusion

SNZ underlying population projections for primary age children in the Hobsonville sub-area indicate that the population is expected to increase at a continued and steady pace from 2012 onwards. The peak October 2009 rolls for the existing network of primary schools show that the network is very near its current capacity and Ministry roll projections for 2010 and 2011 indicate that this increasing trend is expected to continue. The schools in the network are already relatively large and the Ministry would hesitate to allow any of those schools to grow much beyond their current capacity. If the Ministry were to defer the building of the new school, it is highly likely that the Ministry would have to provide temporary accommodation to the existing schools in order for them to cater for the anticipated growth and could result in overcrowding in the meantime. Due to the increase in population expected within the next 20 years and due to the network being expected to surpass its current capacity this year, the proposed opening date of February 2013 for a new primary school at Hobsonville will align with the expected new growth in the area.

Section 2: Secondary Provision

Figure 5 shows the site of the new secondary school and the Census Area Units (CAUs) which would logically be considered as included the new school's catchment area. These CAUs will define the study area for this analysis. As can be seen, the new school will cater primarily for the new population expected in the Hobsonville peninsula but these CAUs are currently included in the enrolment zone for Massey High School. It is acknowledged here that the new school is more likely to have an effect on the roll at Massey High School than any other secondary school in the area.

Figure 5: Study area boundaries for the new secondary school at Hobsonville



The catchment area for a new secondary school at Hobsonville has been defined as consisting of four Census Area Units (CAUs): Hobsonville, Whenuapai West, Herald, and Lucken Point. Figure 6 below shows Statistics New Zealand’s underlying population projections for secondary school aged children (age 13-17) in the catchment. As can be seen, the population has been relatively stable since 2006 but the population is expected to begin an increasing trend from 2012, gradually gaining pace until 2031. Based on the medium growth scenario, the catchment could expect 1,512 students by 2031, an additional 495 to the 2006 Census count.

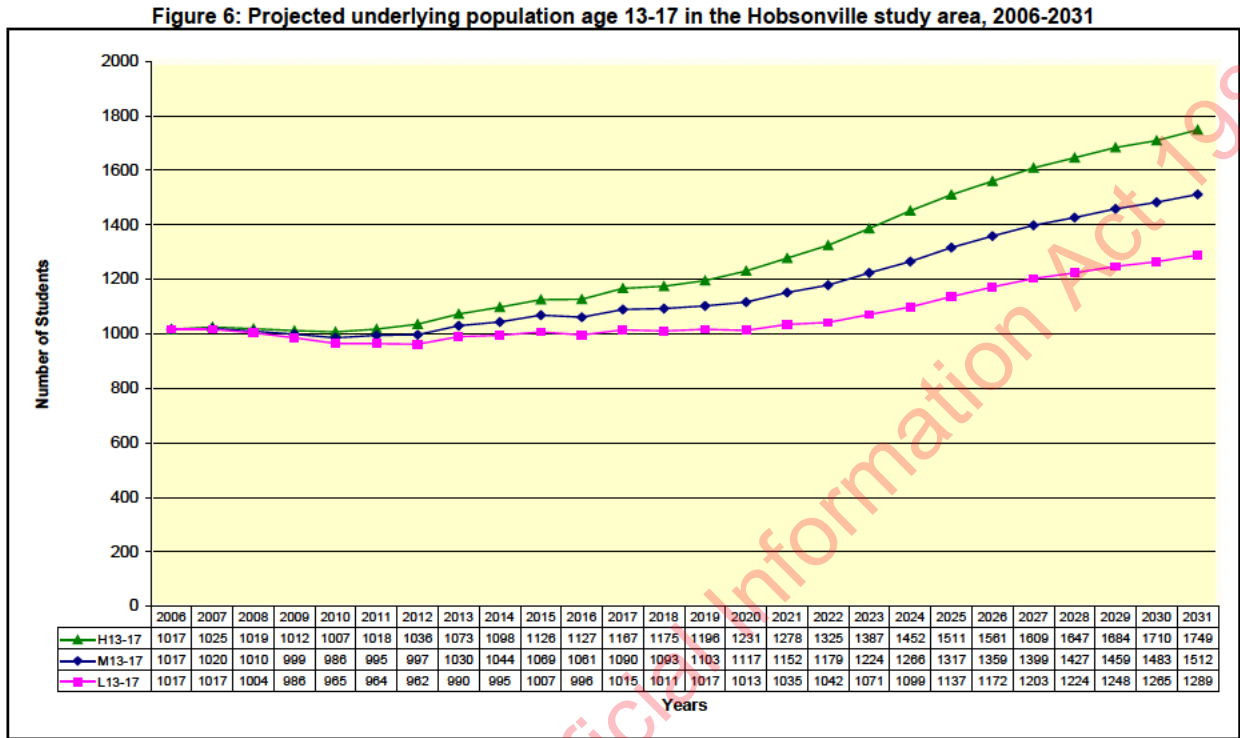
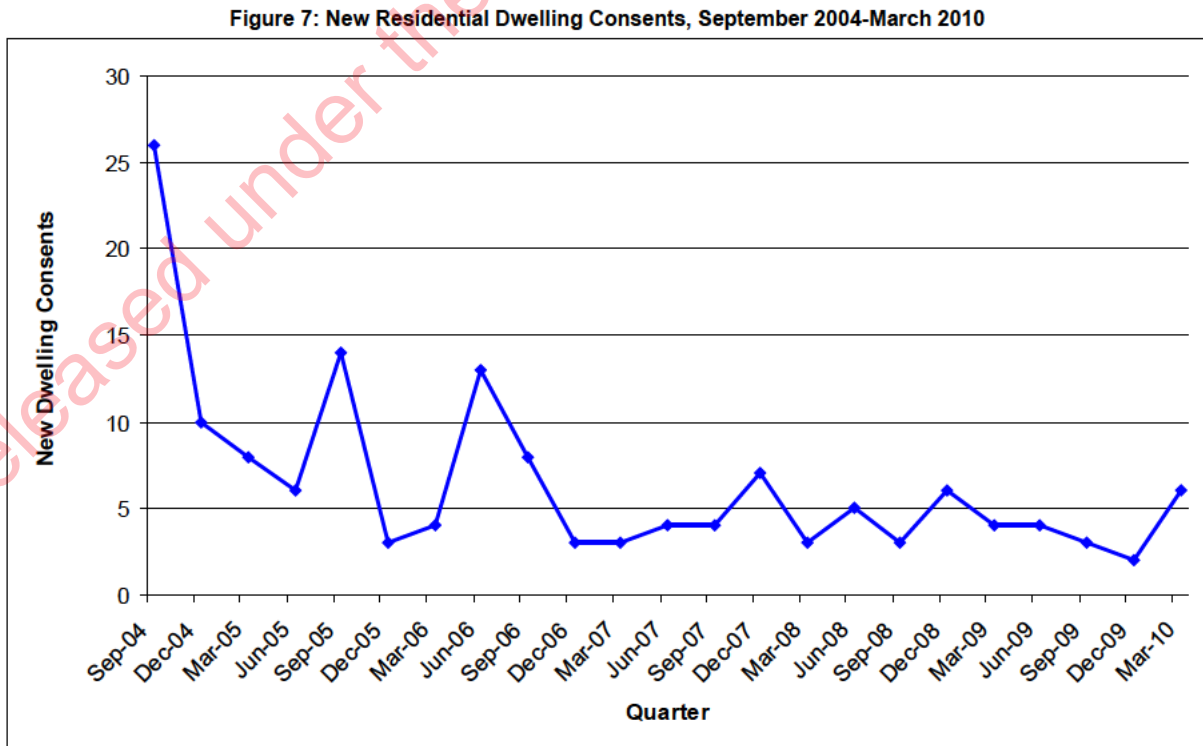


Figure 7 shows there was a large number of new residential consents issued before 2007. The decrease in consents issued between 2007 and 2010 is likely to be caused by the economic recession. The number of new residential consents is likely to increase from 2010 due to increasing development in the area.



Network Considerations

Tables 4 and 5 show the number of students who currently live inside the study area, which secondary school they are attending and in which territorial authority those schools are located. As seen in Table 2, 61% of the students from the Hobsonville study area currently travel to the North Shore for secondary education while 33% travel within Waitakere City.

Table 4: Students in the study area grouped by TA

Territorial Authority	Student Count
North Shore City	504
Waitakere City	274
Auckland City	39
Rodney District	11
Papakura District	3
Manukau City	2
Total	833

As shown in Table 5 (on the next page), the schools that take the largest number of students from within the Hobsonville study area are Massey High School, Westlake Girls High School, Rangitoto College, and Westlake Boys High School. As of March 2010, there were 833 secondary aged children in the study area currently attending a secondary school with an estimated 95% accuracy.

In 2009, there were 814 secondary students living within the study area. This has increased by 19 students in 2010. Due to developments in the Hobsonville area it is very likely this number will continue to increase in the future.

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Table 5: Secondary Students in the study area

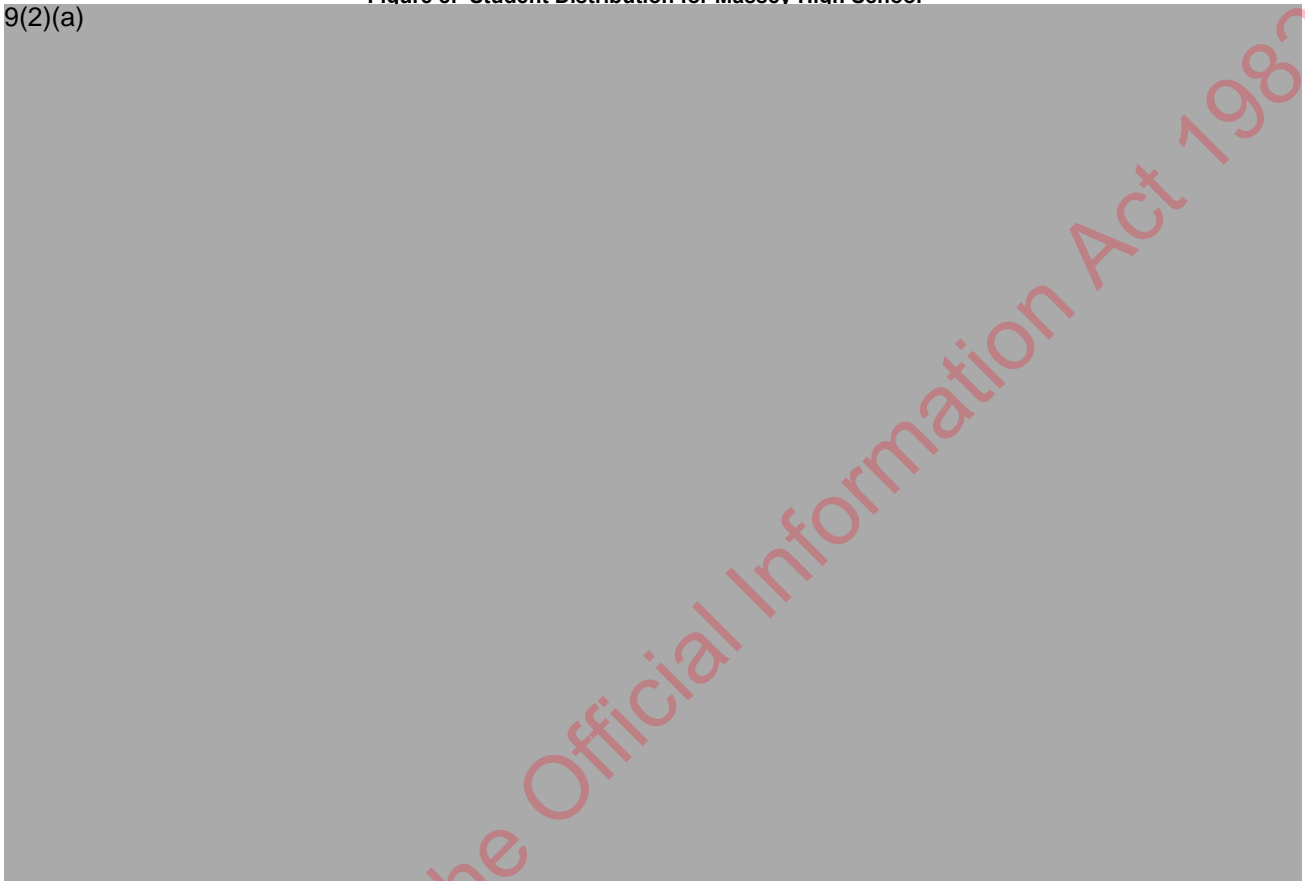
School Number	School Name	Type	Authority	Territorial Authority	Students
43	Massey High School	Year 9-13	State	Waitakere City	209
38	Westlake Girls' High School	Year 9-13	State	North Shore City	142
28	Rangitoto College	Year 9-13	State	North Shore City	103
37	Westlake Boys' High School	Year 9-13	State	North Shore City	99
29	Kristin School	Year 1-13	Private	North Shore City	58
35	Carmel College	Year 7-13	State Integrated	North Shore City	33
47	St Dominic's College (Henderson)	Year 7-13	State Integrated	Waitakere City	23
39	Rosmini College	Year 7-13	State Integrated	North Shore City	22
40	Rutherford College	Year 9-13	State	Waitakere City	18
440	Pinehurst School	Year 1-13	Private	North Shore City	18
563	Albany Senior High School	Year 9-13	State	North Shore City	11
46	Liston College	Year 7-13	State Integrated	Waitakere City	10
69	Mt Albert Grammar School	Year 9-13	State	Auckland City	7
6948	Albany Junior High School	Year 7-13	State	North Shore City	7
432	Kingsway School	Year 1-13	State Integrated	Rodney District	6
26	Kaipara College	Year 9-13	State	Rodney District	5
62	St Peter's College (Epsom)	Year 7-13	State Integrated	Auckland City	5
89	Kings College	Year 9-13	Private	Auckland City	5
1605	ACG Senior College	Year 9-13	Private	Auckland City	5
30	Glenfield College	Year 9-13	State	North Shore City	4
44	Waitakere College	Year 9-13	State	Waitakere City	3
45	Henderson High School	Year 9-13	State	Waitakere City	3
53	Auckland Girls' Grammar School	Year 9-13	State	Auckland City	3
54	Auckland Grammar	Year 9-13	State	Auckland City	3
441	ACG Strathallan	Year 1-13	Private	Papakura District	3
1209	Arohanui Special School	Special School	State	Waitakere City	3
27	Long Bay College	Year 9-13	State	North Shore City	2
33	Hato Petera College	Year 9-13	State Integrated	North Shore City	2
42	Green Bay High School	Year 9-13	State	Waitakere City	2
50	St Mary's College	Year 7-13	State Integrated	Auckland City	2
66	Dilworth School	Year 1-13	Private	Auckland City	2
68	St Cuthbert's College	Year 1-13	Private	Auckland City	2
81	St Kentigern College	Year 7-13	Private	Manukau City	2
1397	Oaklynn Special School	Special School	State	Waitakere City	2
	Other Schools				9
	Total				833

Student Distribution

As previously stated, the new school at Hobsonville will likely have the most significant effect on Massey High School. Figure 8 below shows the student distribution and enrolment zone for Massey High School in relation to the study area around the new Hobsonville school site. As can be seen, the current enrolment zone of Massey High School encompasses the entire Hobsonville peninsula and a large number of students attending Massey High School will actually be living inside the zone of the new school once it is open.

Figure 8: Student Distribution for Massey High School

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Secondary Section Conclusion

SNZ underlying population projections for secondary school age children in the Hobsonville sub-area indicate that the population is expected to increase at a continued and steady pace from 2012 onwards, increasing in pace from 2021. The Ministry is also expecting significant growth in the primary age population in the catchment over the next 20 years and it is these students who will attend the new secondary school once it is fully operational. Out of the total 833 secondary students currently living in the study area, 61% travel to the North Shore for secondary education. A new school at Hobsonville would likely keep some of these students in their local area and in turn allow the North Shore schools to cater for their own local populations.

Massey High School has been identified as the most likely to be affected by the new school at Hobsonville and that school is already relatively large with a notional capacity of 2,133. If the Ministry were to defer the building of the new school, it is highly likely that the Ministry would have to provide temporary accommodation to the existing schools in order for them to cater for the anticipated growth and could result in overcrowding in the meantime. The proposed opening date of February 2014 for the new secondary school at Hobsonville will align with the expected new growth in the area.

Network Planner/Analyst date

Network Development Officer date

Schools Network Planning Team Leader date

Manager, Network Provision date

Copies To: 9(2)(a) [Redacted]

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NZ Schools PPP Project
Appendix C
Hobsonville Schools Establishment Submission, December 2010

Office of the Minister of Education

**Chair
Cabinet Economic Growth and Infrastructure Committee**

**ESTABLISHMENT OF HOBSONVILLE POINT PRIMARY SCHOOL AND
HOBSONVILLE POINT SECONDARY SCHOOL**

Proposal

1. This paper advises Cabinet of my intention, as Minister of Education, to establish Hobsonville Point Primary School and Hobsonville Point Secondary School, as these are the preferred schools for the first school property public private partnership (PPP).

Executive Summary

2. I intend to establish:
 - a full primary school (Year 1-8) to open in 2013, to be known initially as Hobsonville Point Primary School, at Clark Road, Hobsonville Point, Waitakere
 - a secondary school (Year 9-13) to open in 2014, to be known initially as Hobsonville Point Secondary School, at Buckley Avenue, Hobsonville Point, Waitakere, as provided under section 146 of the Education Act 1989.
3. These schools are required to meet projected population growth in the Hobsonville area. The Ministry of Education currently owns two separate sites for the planned schools and both sites are designated for schools and early childhood centres.
4. The Ministry of Education is currently investigating the use of a public private partnership for the design, construction and facilities management of new school property [CAB Min (10) 24/6 refers]. The two Hobsonville Point schools are the preferred option for the first school property PPP and the analysis within the stage two business case will be based on these schools.
5. The stage two business case on a school property PPP will be submitted to Cabinet by March 2011. The decision in March 2011 on the use of PPP relates to the procurement method rather than the need for the schools. I propose to establish the Hobsonville Point schools at this time so that work required under either PPP or the current procurement method, such as the appointment of an establishment board of trustees, can be progressed. I will appoint the establishment board of trustees to ensure local involvement and the ability to work within a public private partnership process. Early engagement with the establishment board of trustees (i.e. prior to Cabinet's decision on PPP in March 2011) is essential to ensure board buy-in to the procurement process and that its education vision is reflected in property output specifications
6. The actual cost for these two schools under a PPP will not be known until bids are received and a preferred bidder is selected. The initial Public Sector Comparator in the stage one business case represents the cost at which the public sector could build and operate the property and therefore the likely

maximum cost the Government would accept for a PPP. Based on this initial Public Sector Comparator the estimated costs for the two Hobsonville Point schools are \$63.5 million capital and \$15.8 million operating. These costs are only indicative and updated costs will be provided as part of the stage two business case if funding approval is sought for a PPP in March 2011.

7. Under the current procurement method the cost of the schools would be \$65.833 million capital. Budget 2010 included \$51.547 million capital in relation to the stage one construction costs for the two schools, which would provide infrastructure for the final rolls and enough teaching spaces for the interim rolls.
8. The \$14.286 million capital cost of the stage two construction of the primary and secondary schools is not currently within Budget provisions and I, as Minister of Education, will seek this funding in Budget 2011 and include this in my four year Budget Plan.

Background

Hobsonville Point primary and secondary schools

9. The residential development situated on the old airbase at Hobsonville, Waitakere, is being facilitated by the Hobsonville Land Company Limited, a wholly-owned subsidiary of Housing New Zealand Corporation. When completed, the development will contain about 3,000 residential dwellings.
10. In the interest of working collaboratively towards the establishment and setting up of new schools in the area, the Ministry of Education, the former Waitakere City Council and Hobsonville Land Company signed a Memorandum of Understanding in December 2008. The parties meet regularly.
11. The Ministry owns two separate sites for the planned schools. Both sites are designated for schools and early childhood education centres.

Public Private Partnerships

12. The Ministry's stage one business case for a school property PPP noted that Hobsonville Point primary and secondary schools were the Ministry's preferred option for a first PPP.
13. On 5 July 2010, Cabinet approved the stage one business case for a school PPP and directed the Ministry to prepare a stage two business [CAB Min (10) 24/6 refers].
14. The Cabinet paper noted that the Ministry will report back to Cabinet on the findings of the stage two business case by March 2011 and seek approval:
 - a. of the specific schools that will be procured using PPP
 - b. of the financial appropriations based on the selected schools and refined public sector comparator
 - c. to issue an expression of interest to the market
 - d. to give Joint Ministers delegated authority to decide the winning tender and execute the contract.

Hobsonville Point Primary School

15. Statistics New Zealand's underlying population projections for primary school aged children in the Hobsonville area indicates steady growth from 2012 onwards. Based on the medium growth scenario, the Hobsonville area could expect an additional 874 students by 2031 (compared to 2006 Census count).

16. The existing network of primary schools in the Hobsonville area is very near its capacity with only five surplus student places as of October 2009. According to Ministry projections, the network was expected to exceed its current capacity by October 2010.
17. The schools in the Hobsonville area are already relatively large and the Ministry does not support expanding capacity at these schools to cater for the growth in student numbers.
18. Due to the increase in population expected within the next 20 years and due to the expectation that the network will surpass its current capacity in 2010, it is proposed that a new school primary school is constructed in the Hobsonville Point development with an opening date of term one 2013.

Hobsonville Point Secondary School

19. Statistics New Zealand's underlying population projections for secondary school aged children in the catchment suggests the population has been relatively stable since 2006, but predicts growth from 2012. Based on the medium growth scenario, the catchment could expect an additional 495 students by 2031 (compared to 2006 Census data).
20. Prior to 2007, the area was experiencing a high number of new residential dwelling consents. The number of consents decreased between 2007 and 2010, likely due to the economic recession. The number of consents is likely to increase from 2010 onwards due to increasing development in the area.
21. Due to the increase in population expected within the next 20 years it is proposed that a new secondary school is constructed in the Hobsonville Point development with an opening date of term one 2014.

Consultation with affected schools

22. Under section 157 of the Education Act 1989, I am required to consult the boards of all state and state integrated schools whose rolls might be affected before establishing a new school. The Ministry of Education identified 20 schools whose rolls might be affected and has undertaken this consultation on my behalf.
23. None of the primary school boards consulted had any comment to make about the proposed primary school at Hobsonville Point.
24. Of the 10 secondary schools consulted, only Massey High School responded. The Board convened a special meeting at which the proposal was discussed with Ministry staff. The Ministry has also received a written submission from the Board essentially opposing the establishment of the secondary school at Hobsonville Point. The main reasons given were that the planned school would impact on Massey's roll, change Massey's demographics, increase the deprivation index and lower its decile rating.
25. All new schools inevitably affect the rolls of neighbouring schools. Massey High School is likely to experience some roll reduction in the short term and may lose access to students in the higher socio-economic areas. However, the school is already large (July 2010 roll: 2,340 students) and extra secondary capacity will be required in the network from 2014. The Ministry is working with the Board of Massey High School to develop a plan for the school's role in the future of secondary education in the area.

26. The Ministry considers that the consultation has been carried out in line with section 157 of the Education Act 1989. The information collected during this process provides no reason not to proceed with the establishment of Hobsonville Point Primary School and Hobsonville Point Secondary School.

Procurement method

27. The two Hobsonville Point schools have been included in the Ministry's investigation of using a PPP to design, build, maintain and operate new school property.
28. The July 2010 Cabinet paper on the stage one business case [CAB Min (10) 24/6 refers] noted that the final schools to be included in the first PPP will be confirmed as part of the stage two business case process, once updated demographic information had been analysed.
29. Updated demographic reports based on March 2010 rolls have now been prepared for those new schools identified for possible inclusion in a first school property PPP.
30. While the demographic case for the Hobsonville Point schools is strong, there is less certainty around the other potential schools. As such, the two Hobsonville Point schools remain the preferred option for the first school property PPP and will be the basis for analysis in the stage two business case.
31. Should the stage two business case support the use of a PPP and if Cabinet approval is received (March 2011), the two Hobsonville Point schools will be procured using a PPP.
32. Should Cabinet not approve the use of PPP in March 2011, the Ministry will use the current guaranteed maximum price procurement method, with some improvements as identified in the stage one PPP business case.
33. The decision whether to use a PPP relates to the procurement method rather than the need for the schools. I propose to establish these schools at this time so that work required under either PPP or the current procurement method, such as the appointment of an establishment board of trustees, can be progressed.
34. Establishment boards of trustees are tasked with developing the educational vision of the school, which helps inform the design of the property under the current procurement method, as well as employing the principal, developing curriculum, business planning, purchasing resources and so on.
35. Under a PPP, engagement with the establishment board on property matters will be along similar lines to user groups in PPP transactions in other jurisdictions. That is, the establishment board will be engaged as a key stakeholder on the output and service specifications for the property, but the Ministry will have the final say on these documents. Similarly, the establishment board may be consulted on proposed designs, but evaluation for bids will be the responsibility of the PPP project team.
36. Waiting until the submission of the stage two PPP business case in March 2011 to establish these schools would not allow time for an establishment board of trustees to be briefed on the procurement options being investigated and to ensure its educational vision aligns with the property output specification which will be released to the market as part of the Request for Proposals. Early

engagement with the establishment board of trustees (i.e. prior to Cabinet's decision on PPP in March 2011) is essential to ensure board buy-in to the procurement process.

37. As Minister of Education, I will make the appointments to the establishment board of trustees to ensure both local involvement and the ability to work within a public private partnership process, should Cabinet approve the use of a public private partnership.

Financial implications

Current budget provisions for Hobsonville Point schools

38. Budget 2010 Vote Education baselines and the general Budget contingency included the following in relation to the stage one construction costs for the Hobsonville Point schools:

PPP Capital Provision – Budget 2010

\$ millions	2010/11	2011/12	2012/13	2013/14+	Total
Baseline capital – Hobsonville primary	2.000	7.047	2.500	-	11.547
Tagged PPP capital contingency (stage one for Hobsonville secondary)	40.000	-	-	-	40.000
Total	42.000	7.047	2.500	0	51.547

PPP Operating Provision – Budget 2010

\$ millions	2010/11	2011/12	2012/13	2013/14+	Total
Baseline Operating - Depreciation	0.690	1.772	1.976	2.033	6.471
Crown Other – State School Property Maintenance Grant	0.027	0.027	0.027	0.027	0.108
Total	0.717	1.799	2.003	2.060	6.579

39. The capital provision is based on the stage one construction cost for both schools under the current guaranteed maximum price procurement method. Stage one construction for the secondary school represents infrastructure for the planned roll of 1,500 and teaching spaces for a roll of 1,000. Stage two construction would provide teaching spaces for a further 500 students. Stage one for the primary school would include the infrastructure for the planned roll of 700 and teaching spaces for 300 students. Later stages would provide teaching spaces for a further 400 students.
40. The cost of the stage two construction at the primary and secondary schools of \$14.286 million is not currently within Budget provisions.
41. To meet this shortfall in capital funding, I, as Minister of Education, will seek the funding in Budget 2011 and include this in my four year Budget Plan.
42. The actual cost of procuring the two Hobsonville Point schools will depend on the procurement method used. The costs are summarised below in Table 1:

Table 1: Estimated Costs of two Hobsonville Point schools

Costs	Procurement Method	
	PPP	GMP

Capital	\$63.5 million	\$65.833 million
Operating	\$15.8 million	
Total	\$79.3 million	\$65.833 million

Financial implications under a PPP

43. Based on the initial Public Sector Comparator in the stage one business case, the pre-tax raw costs in net present value terms are \$63.5 million capital (includes initial construction and capital replacement costs), and \$15.8 million operating (costs related to operating the property for 30 years).
44. These are only indicative costs and the refined Public Sector Comparator developed as part of the stage two business case will be used when seeking funding approval (effectively an upper limit for an acceptable bid) in March 2011, provided the stage two business case continues to support the use of a PPP for the two Hobsonville Point schools.
45. Whether the schools are built in stages under a PPP would be agreed between the preferred private sector consortium and the Government during the tendering process.

Financial implications under current procurement method

46. Should Cabinet not approve the use of PPP in March and instead the Ministry uses the current guaranteed maximum price procurement method, the total estimated construction costs are \$65.833 million capital (\$15.882 million for the primary school and \$49.951 million for the secondary school).
47. The difference between the capital costs under a PPP and the current procurement method is due to:
 - capital replacement costs for 30 years being included in the initial Public Sector Comparator for PPP
 - the Public Sector Comparator is in net present value terms, while the current procurement method costs are in nominal terms.

Costs of new school establishment

48. All new schools receive an establishment grant to support the establishment process. This grant comes from within existing Ministry of Education baselines.

Risks and Issues

49. There is a clear need for the primary school to open in 2013 and any delays in decision making about the procurement process could affect the date by which the school could be delivered. The timeline is less of an issue for the secondary school, as the target opening date is term one 2014.
50. The early appointment of members to an establishment board will ensure the stage two business case and draft tender documentation for a PPP will have input from community representatives.

Consultation

51. Apart from the consultation with affected schools as outlined in paragraph 25 above, the Treasury has also been consulted on this paper and agrees with the recommendations.

Human Rights, Legislative, Regulatory Impact Analysis

52. There are no implications associated with this paper.

Disability perspective

53. The construction of the schools will align to the New Zealand Disability Strategy. Access provisions and specialist facilities are included in the design and the construction cost estimates.

Recommendations

54. I recommend that Cabinet Economic Growth and Infrastructure Committee:

- a) **note** that I intend to establish a primary school to open term one 2013 and a secondary school to open term one 2014 at Hobsonville Point, Waitakere under section 146 of the Education Act
- b) **note** that these schools are required due to the limited capacity of existing schools and projected student population growth over the next 20 years in the greater Hobsonville area
- c) **note** the two Hobsonville Point schools remain the preferred option for the first school property Public Private Partnership (PPP) and will form the basis for analysis in the stage two PPP business case for submission to Cabinet in March 2011
- d) **note** that the decision in March 2011 on the use of PPP relates to the procurement method rather than the need for the two Hobsonville Point schools
- e) **note** that establishment of the two Hobsonville Point schools is required at this time to allow the appointment of an establishment board of trustees
- f) **note** that I, as Minister of Education, will appoint the establishment board of trustees to ensure both local involvement and the ability to work within a public private partnership process
- g) **note** that early engagement with the establishment board of trustees (i.e. prior to Cabinet's decision on PPP in March 2011) is essential to ensure board buy-in to the procurement process and that the board's education vision is reflected in property output specifications
- h) **note** that based on the stage one PPP business case, funding approval required for a PPP would be \$63.5 million capital and \$15.8 million operating
- i) **note** these costs are indicative only and funding approval will be sought for a PPP in March 2011 based on updated costs in the stage two business
- j) **note** that if a PPP for the Hobsonville Point schools is not approved in March 2011, then the current procurement process will be used, at a cost of \$65.833 million capital

- k) **note** Budget 2010 Vote Education baselines and the associated Budget contingency included the following in relation to the stage one construction for the Hobsonville Point schools:

PPP Capital Provision – Budget 2010

\$ millions	2010/11	2011/12	2012/13	2013/14+	Total
Baseline capital – Hobsonville primary	2.000	7.047	2.500	0	11.547
Tagged PPP capital contingency (stage one for Hobsonville secondary)	40.000	-	-	-	40.000
Total	42.000	7.047	2.500	0	51.547

PPP Operating Provision – Budget 2010

\$ millions	2010/11	2011/12	2012/13	2013/14+	Total
Baseline Operating - Depreciation	0.690	1.772	1.976	2.033	6.471
Crown Other – State School Property Maintenance Grant	0.027	0.027	0.027	0.027	0.108
Total	3.217	2.799	2.103	2.106	10.279

- l) **note** that the \$14.286 million capital cost for stage two construction (building teaching spaces for the likely future expansion of the schools) of the primary and secondary schools is not currently within Budget provisions
- m) **note** that to meet this shortfall in capital funding, I, as Minister of Education, will seek the funding in Budget 2011 and include this in my four year Budget Plan
- n) **note** that funding approval for the two Hobsonville Point schools will be sought when the stage two business case for a school property PPP is submitted to Cabinet in March 2011
- o) **note** the attached media statement which I intend to release following the establishment of Hobsonville Point Primary School and Hobsonville Point Secondary School, signalling that these schools are being considered for the first school property PPP.

Hon Anne Tolley
Minister of Education

/ /2010

DRAFT Media Release

XX December 2010

Two Hobsonville Point Schools Established

Education Minister Anne Tolley has officially established two new schools at Hobsonville Point, Waitakere.

It is planned that a full primary school (Year 1 – 8) will open at Hobsonville Point and will enrol students in all year levels from term one 2013.

A secondary school (Year 9 - 13) is also planned to open at Hobsonville Point and will enrol students in Year 9 from term one 2014. The school will grow progressively one year level at a time.

Hobsonville Point is a new subdivision development in Waitakere that will have about 3,000 households when complete. In the wider Hobsonville area the population is expected to continue growing steadily from 2012, increasing in pace from 2021.

“These new schools will be focal points for families living in the new development and valuable community assets,” Mrs Tolley said.

“The Ministry of Education is currently investigating whether a public private partnership for the design, construction and ongoing facilities management of these schools would deliver better value for money for tax payers and better facilities for teachers and students. A decision on whether the two Hobsonville Point schools will be included in a first public private partnership will be made by Cabinet early next year,” Mrs Tolley said.

“An establishment board of trustees will be appointed shortly. It will have responsibility for appointing a foundation principal for each school, determining school policies and governance practices, as well as ensuring the schools reflect the needs and aspirations of the emerging local community.”

“This is an exciting opportunity for education. It is an opportunity to develop a school from the beginning, ensure that it is equipped for 21st century learning and that it reflects the unique nature of its community. “

Ends

For further information contact:
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Establishment of Hobsonville Point Primary School and Secondary School – Draft questions and answers

How big will the schools be?

Based on the Ministry of Education's analysis of demographic information and the existing capacity within the local schooling network, the primary school will be constructed to accommodate a final roll of 690 students and the secondary school a final roll of 1,500 students. Depending on the construction approach, one or both of the schools may have a staged opening, with sufficient teaching spaces constructed to cater for an interim roll and additional teaching spaces constructed at some stage thereafter.

Based on the final rolls and the standard Ministry formula for space entitlement, this would mean the total gross area of the primary school would be approximately 4,300m² and the secondary school 12,700 m².

How does the Ministry of Education currently procure property for new schools?

Since 2007, the Ministry of Education has procured new school property through a single-line of accountability, guaranteed maximum price model. This is an approach where the Ministry tenders for a consortium to undertake the design and construction of new schools under a two-stage contract to design, then build. The consortium is responsible for developing a design able to be built within the maximum price. At the completion of construction, the Government owns the asset and is responsible for its maintenance.

How would a Public Private Partnership work for these schools?

- The Ministry would enter into a contract with a private partner for a set term who would be responsible for designing, building, financing and maintaining the property. This would leave the schools' board(s) of trustees more time to focus on leadership, student learning and achievement, and the operation of the school.
- Under a PPP, the private sector partner would be responsible only for the school property for the term of the contract (usually 25 to 30 years).
- The private provider would receive a performance payment at specific milestones in the contract.

What does this mean for Hobsonville Point Primary School and Hobsonville Point Secondary School?

The Ministry of Education is currently putting together a detailed business case on school property PPPs for Cabinet's consideration early in 2011. The two Hobsonville Point schools are being considered for the first school property PPP, but the final call about which schools should be included in the first school property PPP is part of this detailed business case and ultimately rests with Cabinet.

If Cabinet approves taking a first school property PPP to market, an expression of interest will be released shortly afterwards for consortia to design, build and facilities manage the facilities at the selected schools.

Regardless of the procurement method used, the establishment board of trustees for the primary and secondary schools at Hobsonville Point will have input into the educational vision for the schools which will flow through into design aspects of the school property.

Under a PPP, the board of trustees will still be responsible for the operation of the school. The private sector partner will be responsible only for managing and maintaining the school property for a set term. The land will still be owned by the Government.

What are the other advantages of a PPP?

A PPP would mean school property is maintained by property professionals to a specified standard. This will provide more certainty for the school and the Government.

The PPP provider would bear the risk of any building defects over the life of the contract, not the school.

How might savings be achieved with a PPP?

The Ministry of Education's initial assessment of PPPs suggest that for the right school or schools, a PPP would deliver better value for money over the life of the PPP contract due to:

- increased competition throughout the tender process
- costs over the life of the asset, such as maintenance and replacement costs, being considered when a school is built
- proactive maintenance of school property
- decreased energy costs due to improved design and construction.

Why is a single Establishment Board of Trustees being used for these two schools?

The Ministry owns two separate sites in the Hobsonville Point development. It makes sense to think about the vision of these schools jointly, and in association with the local community and other stakeholders in the development such as Hobsonville Land Company.

Will there still be a single board of trustees once the schools open?

Under the Education Act 1989, a board of trustees can be responsible for more than one school. The decision to continue as a combined board or split into separate boards for each school rests with the board itself. Usually, an establishment board will hand over to an elected board of trustees six months into operation of the school.

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