

Investing in Education Infrastructure

National will make sure every New Zealand child has the chance to learn in a fit-for-purpose education environment.

A large number of schools across the country require work to repair leaky buildings, conduct earthquake strengthening, address mould and dampness issues, improve classrooms and make health and safety improvements.

New Zealand school buildings have an average age of 45 years and too often fall short of modern standards for temperature, humidity, air quality, acoustics and lighting. They also weren't designed to support today's flexible and technology-rich teaching and learning methods.

Our two-pronged education infrastructure plan will accelerate the repair and modernisation of existing schools while also delivering the new classrooms and new schools needed for our growing population.

1. Fix New Zealand Schools Alliance

National recognises the need to invest in school infrastructure. That is why we are committing an additional \$2 billion in new funding over five years to accelerate the repair, redevelopment and rebuilding of our schools.

National will

- Direct the Ministry of Education to develop a project alliance for a five-year programme to repair and redevelop our schools.
- Allocate a budget of \$2 billion for the five-year period of the alliance.
- Make sure lead contractors are incentivised to use local sub-contractors and apprentices to create local employment and stimulate small businesses.

Schools will continue to receive their existing property maintenance grants for maintenance work on Ministry-owned buildings or facilities. They will also continue to receive funding for capital upgrades agreed to in the five-year agreement (5YA) process.

There are about 2100 state schools in New Zealand, as well as 330 state-integrated schools. The Ministry of Education oversees the Crown's school property estate, which is made up of more than 17,500 buildings. The estate includes approximately 8000 hectares of land and has a replacement value of about \$30 billion.

School Boards work extensively with the Ministry of Education to develop property plans that identify and prioritise the essential repairs, refurbishments and other capital works their school needs. They also receive annual property maintenance funding.

The current approach is limited both by funding constraints and procurement requirements. Most schools do not get anywhere near the full funding they need to complete all of the repairs, refurbishment and modernisation they would like to do. Schools are required to ration capital works projects according to strict budgetary constraints, with funding formulas tightly controlled by the Ministry of Education.

School repairs and major capital works are undertaken in a project by project manner, with work parcelled out via multiple tenders. This leads to long delays as projects are tendered and evaluated before work can begin, creating considerable churn. The lessons and experience of the building team are often lost when the project is completed.

National believes there is a more efficient way to deliver school infrastructure that would speed up delivery and provide better value for the taxpayer.

Repairing our schools, faster

The Fix New Zealand Schools Alliance will be a five-year programme to systematically repair and upgrade our school infrastructure. This collaborative team will bring together builders, educators, architects and engineers to work through the backlog of schools needing repair.

An alliance delivery model is a procurement relationship that brings together multiple organisations and experts to work together on delivering major projects. This collaborative method is used for highly complex or large infrastructure projects that would be difficult to effectively scope, price and deliver under a more traditional delivery model.

The alliance model will reduce the constant paperwork that schools battle with to make progress on school property, with specific work programmes assembled to speed the entire process up.

Schools will be allocated funding from the \$2 billion Fix New Zealand Schools Alliance fund according to a fair and transparent formula that takes into account roll size, building age and condition, community need and other relevant factors. Schools will work with their Alliance Property Partner to determine the capital works they want completed and to ensure they have input into the design and building process.

The Alliance will be tasked with progressing agreed projects with a cost of \$100,000 or more.

Schools will also have the option of utilising the Alliance to deliver any of their existing or planned major capital projects worth more than \$100,000, so as to leverage the expertise and efficiencies it will have developed.

New builds will still be tendered on the open market.

National will make sure the Alliance is incentivised to use local and small business sub-contractors. It will also be part of National's plan to reskill and retrain our workforce.

This more efficient delivery method will mean more money is spent on buildings and less on administration.

Why the alliance model?

Delivering national education infrastructure upgrades through an alliance model will see school upgrades and redevelopments rolled out rapidly, while providing maximum value for the taxpayer.

The alliance model has been highly successful in repairing horizontal infrastructure in Christchurch following the Canterbury earthquakes, and State Highway 1 following the Kaikōura earthquake. Waka Kotahi NZ Transport Agency has successfully used this model across a range of major roading projects. The Piritahi Alliance is currently getting government-owned land ready for house building.

By creating a collaborative team approach, major contractors can bring professional disciplines to bare, buy material in bulk, find economies of scale and share knowledge.

This will be particularly beneficial given the large number of school repair projects that are similar in nature. It will create certainty for the building sector by providing a clear pipeline of work and allowing them to develop expertise in school repair.

Alliance contracting means the Ministry of Education will be the procuring organisation and construction companies will agree to the final cost of the overall project, identifying the risks that need to be managed. Once the project is underway, if costs start to rise unexpectedly they will be shared between the client and the contractor. If the project runs under budget then the savings are shared too. All parties are incentivised to work collaboratively to resolve problems. This will avoid the problems of underbidding, collapsing building companies and cost blowouts. Smaller builders will be employed as sub-contractors.

2. 30-year school growth plan

As well as upgrading our existing schools, it is crucial that we get ahead of the curve by building new classrooms and schools to accommodate population growth.

Schools are often forced to wait too long for the additional classrooms they need to accommodate clearly projected roll growth. Not only can this lead to overcrowded rooms, it can also mean spaces such as libraries and halls have to be converted into teaching spaces. This can have a negative impact on teaching and learning and reduces the facilities that should be available to the school.

From a procurement perspective we also miss-out on potential economies of scale as schools are drip-fed one classroom at a time when it is obvious more will very soon be needed. This 'just-in-time' delivery model must change.

Adding education capacity to Auckland and other areas of high growth has been and still is a priority for National. Places like Hamilton, Tauranga and Queenstown will also need extra investment to accommodate students as their populations grow.

National will:

Develop a 30-year school growth plan

- The plan will include regional projections for roll growth and new school builds
- It will be reviewed and updated annually to maintain the 30-year outlook

Fully fund the first ten years of the school growth plan

- The Ministry of Education projects 100,000 extra student places will be needed by 2030 but the Government has only allocated funding for less than half of these
- National will fully fund the first ten years of the plan and continue to allocate funding for education infrastructure on a rolling ten-year basis to provide certainty for planning purposes
- This will create a more stable, long-term project pipeline that enables the construction sector to gear up for delivery

Front-load the first ten-year spending allocation

- National will direct the Ministry of Education to front-load spending where possible to kick-start the ten-year programme and deliver new schools in areas that need them urgently
- This will accelerate economic recovery and support jobs in the design and construction sector

Cost

National's school infrastructure plan will invest \$4.8 billion in additional funding over ten years, on top of existing allocations, consisting of:

- \$2 billion in new spending over five years for the Fix New Zealand Schools Alliance
- \$2.8 billion in new spending over ten years for the school growth plan

All funding will come from future capital allowances.

Ten year fiscal impact (\$m)

Financial year	Current capital allocation	National's Fix NZ Schools Alliance	National's School Growth Plan	National's total allocation	Increase under National
2020-21	1,200			1,200	
2021-22	1,200	400	400	2,000	800
2022-23	900	400	400	1,700	800
2023-24	800	400	400	1,600	800
2024-25		400	300	700	700
2025-26		400	300	700	700
2026-27			200	200	200
2027-28			200	200	200
2028-29			200	200	200
2029-30			200	200	200
2030-31			200	200	200
Total	4,100	2,000	2,800	8,900	4,800

Q&A

Fix New Zealand Schools Alliance

What kind of projects will the Alliance be used for?

The Alliance will be used to streamline major repair and redevelopment projects costing more than \$100,000. Complex major projects such as earthquake strengthening, addressing mould and dampness or upgrading classrooms to accommodate today's flexible and technology-rich teaching and learning methods are significant investments that we believe can be better delivered through a national alliance model rather than today's one-off, piecemeal approach.

How will this impact existing funding for maintenance or capital work?

The Alliance will be funded through \$2 billion of new spending and won't impact existing funding allocations. Schools will continue to receive their existing property maintenance grants for maintenance work on Ministry-owned buildings or facilities. They will also continue to receive funding for capital upgrades agreed to in the five-year agreement (5YA) process.

The Ministry of Education will be tasked with developing a simple, equitable and transparent process for schools to access a fair allocation of these funds that will take into account both roll size, projected growth and, importantly, the level of need.

How will the Alliance contribute to the economic recovery?

While the Alliance will consist of major national infrastructure and construction firms, National will ensure that they are incentivised to utilise local and small business sub-contractors for the delivery of these projects. This will result in new jobs for New Zealanders across the country and give small businesses the opportunity to contribute to the improvement of their local communities, while also establishing stronger links to major national infrastructure firms.

Where has the alliance model been used before?

The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) was a virtual organisation created in 2011 to rebuild Christchurch's earthquake-damaged horizontal infrastructure. SCIRT's job was to provide a cost-effective and efficient vehicle to quickly get the city's civil infrastructure back on its feet. SCIRT's \$2.2 billion five-and-a-half year programme was funded by the New Zealand Government and Christchurch City Council. It involved more than 700 individual projects across the city, repairing and rebuilding underground sewage, stormwater and fresh water pipes, rebuilding wastewater pump stations as well as roads, bridges and retaining walls.

The North Canterbury Transport Infrastructure Recovery (NCTIR) was set up by the Government in late December 2016 to restore the earthquake-damaged infrastructure between Picton and Christchurch. NCTIR is an alliance partnership between the NZ Transport Agency, KiwiRail, Downer, Fulton Hogan, HEB Construction and Higgins. By

2017, NCTIR had reopened vital transport connections, with freight trains returning in September, and SH1 reopened by December. Their teams strengthened the corridor for future generations. More than 9000 people were involved in the work.

30-year school growth plan

How many new schools will you build?

Under the most recent projections, New Zealand will need about 60 new schools by 2030. The final figure will depend on population growth over the next few years, and we want to leave some scope for uncertain population impacts that might arise from Covid-19. For example, we may see shifts in growth between regions due to changes in economic opportunity. It is also unclear what impact returning New Zealanders or the current reduction in immigration will have on population projections over the long-term. What we do know is that there is undoubtedly significant demand for new schools in Auckland, and in a number of other fast-growing regions.

When will the schools be built?

In line with our commitment to change the way New Zealand approaches infrastructure, and to shift from a just-in-time strategy to one of early delivery, we would aim to deliver all of the new schools to meet demand for school places several years in advance of when they are needed. This will allow parents, communities and local government to plan and make better long-term decisions.

Where will the schools be built?

On current projections, half of these schools will be built in Auckland, with the other half built in high-growth areas or areas that are currently at or over capacity. As part of developing the thirty-year growth plan, and continually updating it, the Ministry of Education will be instructed to announce the locations of new schools as early as feasible, to enable better planning and decision making.

How is this different to the current Government's plan?

The Government has funded less than half of the forecast school places required over the next ten years. They are planning to make up for the shortfall by altering school zones to make these more restrictive. Their plan calls for more than 140 new enrolment schemes, which will cause disruption to affected schools, and parents who find themselves excluded from these schemes. National will not only fully fund education infrastructure requirements for the next ten years (and continue to do so on a rolling ten-year basis) but will also fast-track spending to deliver more schools and school places far earlier than the Government's timeline.