

# Property arrangements and funding

## Fact sheet

March 2025



### Difference in property funding approach for state schools and charter schools

The property funding model for charter schools differs from that of state schools:

- **charter schools** receive a per student amount of funding for property, whereas
- **state schools** in Ministry owned property receive funding based on a combination of a school's property entitlement, actual building area, and needs based funding (as required).

This approach enables broad equivalence with the state system (including state-integrated schools) while providing flexibility for sponsors to decide how they use their funding.

Sponsors are expected to apply their funding in the best way possible to achieve the outcomes set out in their contract with the Charter School Agency. However, they must meet Standard Minimum Compliance requirements regarding property and must report on compliance as part of their annual Self-Audit report.

### At a glance

Funding arrangements reflect the three types of property arrangements for charter schools:

Property type	New / Converting school	Description	Funding arrangements
Sponsor-leased	New schools and converting state integrated schools	Property commercially leased by the sponsor from a third party	<p>Funding that incorporates:</p> <ul style="list-style-type: none"> <li>• lease-based funding rate</li> <li>• funding for property maintenance</li> </ul> <p>Funding also available for growth (increased funding that reflects roll growth)</p>
Sponsor-owned	New schools and converting state integrated schools	Property owned and managed by the sponsor	<p>Funding that incorporates:</p> <ul style="list-style-type: none"> <li>• sponsor-owned property funding rate</li> <li>• funding for property maintenance and renewals</li> </ul> <p>Funding also available for growth (increased funding that reflects roll growth)</p>
Crown-owned / leased <sup>1</sup>	Converting state schools	Property managed by the Ministry of Education on behalf of the Crown and leased to sponsors	<p>Funding that incorporates:</p> <ul style="list-style-type: none"> <li>• up to 30% of capital maintenance funding entitlement for maintenance and renewals</li> <li>• funding for day-to-day property maintenance</li> </ul>
			<p>Funding held by the Ministry on behalf of schools:</p> <ul style="list-style-type: none"> <li>• at least 70% of capital maintenance funding entitlement for maintenance and renewals. This funding must be spent on Crown assets</li> <li>• funding top-ups for Priority 1 and Priority 2 projects during transition period</li> </ul>
			<p>Funding and responsibility for maintenance and renewal of the property transitions over 5-year period</p>
			<p>Funding also available for growth (increased funding that reflects roll growth) – may be provided either as capital or operating funding</p>

<sup>1</sup> The arrangements in this document also apply to sponsors occupying Crown-owned property on sites leased from Post-Settlement Governance Entities.

# Funding and arrangements for sponsor-owned and sponsor-leased property

## Providing and maintaining the school property is the responsibility of the sponsor.

Sponsors that either own or lease their property have full responsibility for maintenance and renewal of that property. This includes meeting legislative requirements and costs associated with ensuring their property is fit for purpose, either directly or through their landlord.

## How much property-based funding will a sponsor receive?

Sponsors of new schools can receive up to six months' worth of property funding as part of their one-off establishment payment. The specific amount is based on the establishment roll agreed during contract negotiations and is calculated from the date that the contract is signed.

Funding for property is calculated based on a school's roll returns. It is cashed-up and provided as part of a school's ongoing funding payments. Funding is based on per-student rates:

- for property maintenance tasks (operational maintenance funding)
- that reflect whether a sponsor owns or leases the property. This approach takes into account the different costs a sponsor could face. For example, lease costs are substantially different from property maintenance costs due to the impact of such factors as location and market return.

*Property funding rates (per child) for 2025 are:*

		Primary schools		Secondary schools		Composite schools	
		first 100 students	additional students	first 200 students	additional students	first 200 students	additional students
Operational maintenance funding		\$166.12	\$77.21	\$357.92	\$70.28	\$189.64	\$67.95
Sponsor-owned property		\$1,512.89	\$1,512.89	\$1,512.89	\$1,512.89	\$1,512.89	\$1,512.89
Sponsor-leased property	Major urban centres	\$4,125.04	\$1,738.70	\$4,687.64	\$2,151.62	\$3,909.86	\$2,744.26
	Other areas	\$2,313.28	\$1,676.07	\$4,083.02	\$1,714.62	\$3,497.94	\$1,767.45

## Growth funding

The physical capacity of a school premises is agreed during contracting. When a charter school reaches its physical capacity, it continues to be eligible for increased per-student funding to accommodate roll growth. This funding is provided as part of ongoing operating payments.

# Funding and arrangements for schools in Crown-owned property

## What happens when a state school converts?

Sponsors of converting state schools occupying Crown-owned property will enter into a lease agreement with the Ministry of Education (the Ministry) and pay a nominal lease rate. Crown-owned property will be provided in its current state.

There is no additional funding to address known issues or make alterations that sponsors may want before the point of conversion. The Ministry will continue any capital works that are in construction, or where contracts have been signed<sup>2</sup>. All other projects will be reassessed to determine whether there are different property needs due to conversion.

Any unspent funding in the school's Five-Year Agreement will return to the Ministry and be replaced by a capital maintenance funding stream.

## How much property-based funding will a sponsor receive?

Funding for property is calculated based on a school's roll returns. Funding is based on per-student rates:

- for property maintenance tasks (operational maintenance funding)
- for capital maintenance (a stepped per-student rate which reflects the current capital maintenance funding for state schools).

The capital maintenance component will be split, as determined by the Authorisation Board during the approval process, within the following limits:

- up to 30 percent of the capital maintenance funding will be provided to the sponsor as operating funding
- at least 70 percent of capital maintenance funding will be provided as capital, and must be spent on Crown assets.

This funding will be held by the Ministry on the sponsor's behalf and made available as needed.

If circumstances change, the sponsor can apply to the Authorisation Board for a contract variation to change this split within the limits.

## Transition arrangements

Responsibility for managing and maintaining the property will transition from the Ministry to the sponsor over the first five years of their contract with the Charter School Agency. The Ministry will work with the sponsor to develop a property plan that covers the transition period. Depending on where a school is in its 10-year property plan cycle, this may be based on the school's existing property plan.

### *Funding arrangements during the five year transition period*

The capital maintenance funding rate will increase over the transition period as a sponsor takes on increased responsibility for maintaining their property.

During this time, the sponsor will also have recourse to top-up funding from the Ministry for capital maintenance on the same basis as state schools (ie on a case-by-case basis) and according to the Ministry's prioritisation criteria. Top-up funding is provided for a specific approved capital project. Any unspent funds must be returned.

### *After the transition period*

From Year 5, sponsors will receive the full funding rate and will have full responsibility for managing and maintaining the property. There will be no further recourse to the Crown for funding.

<sup>2</sup> To avoid double-funding, some responsibility for costs related these projects may be passed through to the sponsor.

## Building on Crown land

Sponsors must obtain agreement from the Ministry before they build or contribute to an asset on Crown property. If an asset is funded through Crown capital funding, this asset will be owned by the Crown. Sponsors have the option to self-fund new property which they will then own. However, they must still get permission from the Ministry before they undertake the project.

The contract between the Charter School Agency and the sponsor will set out what is to happen with any sponsor-owned property at the conclusion of the contract, including property which has been funded by both Crown capital funding and by sponsors.

## Growth funding for schools occupying Crown-owned property

The physical capacity of a school premises is agreed during contracting. When a converting charter school reaches its physical capacity, it is eligible for ongoing increases to per-student funding to accommodate roll growth.

Sponsors must apply to the Authorisation Board, which has responsibility for determining the allocation and type of growth funding.

This funding can be provided either as operating or capital funding:

- If the sponsor intends to use growth funding to build an asset on Crown land, this funding will be provided as capital.
- If the sponsor intends to use growth funding for another purpose, this funding will be provided as opex.

## Property-based funding rates

Funding rates (per student) for 2025 are:

		Primary schools		Secondary schools		Composite schools	
		first 100 students	additional students	first 200 students	additional students	first 200 students	additional students
Operational maintenance funding		\$166.12	\$77.21	\$357.92	\$70.28	\$189.64	\$67.95
Capital maintenance funding	Fifth year of transition	\$2,483.94	\$624.28	\$4,780.65	\$602.91	\$2,941.27	\$361.01
	First year of transition (20%)	\$496.79	\$124.86	\$956.13	\$120.58	\$588.25	\$72.20

The table below shows how capital maintenance funding will transition over five years:

Capital maintenance per-student rate for a primary school over transition period (assuming 70% capex/30% opex split) – 2025 rates :

	Year 1		Year 2		Year 3		Year 4		Year 5	
	first 100 students	additional students	first 100 students	additional students	first 100 students	additional students	first 100 students	additional students	first 100 students	additional students
Provided as Capex	\$347.75	\$87.40	\$695.51	\$174.80	\$1,043.26	\$262.21	\$1,391.01	\$349.61	\$1,738.76	\$437.00
Provided as Opex	\$149.04	\$37.46	\$298.07	\$74.92	\$447.11	\$112.37	\$596.15	\$149.83	\$745.18	\$187.28
<b>Total</b>	<b>\$496.79</b>	<b>\$124.86</b>	<b>\$993.58</b>	<b>\$249.72</b>	<b>\$1,490.37</b>	<b>\$374.58</b>	<b>\$1,987.16</b>	<b>\$499.44</b>	<b>\$2,483.94</b>	<b>\$624.28</b>
Top-up funding available from the Ministry for eligible projects									No top-up funding	

