



CONTROLLER AND AUDITOR-GENERAL

Tumuaki o te Mana Arotake

Inquiry into state schools requesting payments in connection with out-of-zone places

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Overview

Free enrolment is a fundamental principle of our education system. When the media reported that three state schools were charging people for the right to enter their children in out-of-zone ballots, we decided that this was worth closer inspection.

Our inquiry focused on the 2016 and 2017 school years. It looked at what types of payments state schools had requested in connection with out-of-zone places and whether the payments affected an out-of-zone student's chances of enrolment.

The main factors for schools and out-of-zone families to know are:

- Schools are not allowed to charge a fee in connection with out-of-zone enrolments or describe a payment request as a “fee”, “charge”, or “levy”.
- Where schools ask for donations, payment is entirely voluntary. Families have the choice to pay donations in full, in part, or not at all.
- Schools cannot insist on payment or enforce payment in any way. They should also not do anything to suggest that being included in the selection process for out-of-zone places or gaining a place is conditional on making a payment.
- If a family chooses not to pay, this should not affect their child's chances of gaining an out-of-zone place.¹

As well as approaching the schools named by the media, we did a targeted survey of 38 other schools in main centres throughout the country. Our survey identified two more schools that asked for payments in connection with out-of-zone places. This meant that, in total, we identified only five schools, all in Auckland, which asked for these types of payments in the 2016 and/or 2017 school years.

The five schools took one of two approaches when requesting payments for out-of-zone applications:

- requiring an out-of-zone “administration fee” (Kohia Terrace School and Cornwall Park District School); or
- asking for a “donation for administrative purposes” (Mount Albert Grammar School, Auckland Grammar School, and Epsom Girls' Grammar School).

Kohia Terrace School requested a \$20 “out-of-zone application administration fee” for the 2016 and 2017 school years. Although a small number of applicants who had not paid the fee still gained out-of-zone places at the school, the fee is contrary to guidance issued by the Ministry of Education (the Ministry) and the factors outlined above. We recommend that the school stop charging the fee.

¹ These factors are consistent with the Ministry of Education's 2013 circular, *Payments by parents of students*, which applied to enrolment practices for the 2016 and 2017 school years. The Ministry is currently reviewing the circular. The effect of this review is discussed in this report.

Cornwall Park District School required a \$75 administration fee for out-of-zone applications for the 2016 school year but stopped charging the fee after being contacted by the Ministry. The school also refunded those families who had paid the fee. We commend the school for stopping the fee and refunding the fees paid.

Our work on the three schools that had requested donations for administrative purposes (Auckland Grammar School, Mount Albert Grammar School, and Epsom Girls' Grammar School) took place when the Ministry's position on these types of donations was evolving. The Ministry gave mixed messages during this period and now needs to make sure its advice and guidance to schools is both coherent and consistent.

For the three schools that requested the donations, we are satisfied that there was no connection between paying the donation and a child's success in gaining an out-of-zone place. Out-of-zone families can be confident that choosing not to pay the donation would not affect their child's chances of gaining a place at one of these schools.

We also looked at whether the three schools represented their requests for donations in a way that was consistent with the Ministry's published general guidance on donations. We found that, in the context of out-of-zone places, the schools needed to be particularly clear in how they communicated their requests. In our view, Auckland Grammar School's and Mount Albert Grammar School's out-of-zone enrolment material for parents should have made it clearer that the donations were voluntary and were not required for applications to be processed.

The Ministry recently told us that it is reviewing its current circular on payments by parents, with the intention of providing more detailed advice on donations in connection with out-of-zone places. We suggest schools keep up to date with these changes.

Background to our inquiry

In late February 2016, the media reported that Auckland Grammar School, Mount Albert Grammar School, and Cornwall Park District School were charging parents or caregivers for the right to enter their children in out-of-zone ballots.²

Chris Hipkins MP wrote to us on 29 February 2016 asking us to investigate:

- the lawfulness of state schools charging fees or donations for students to enter a ballot for out-of-zone places;
- whether schools are claiming these fees are donations but representing them as fees to parents; and

² "Top schools in out-of-zone payment row – Cash for ballot places" *New Zealand Herald*, 27 February 2016. "Third school wants ballot cash" *New Zealand Herald*, 28 February 2016.

- whether the children of parents who do not pay these fees are put at a disadvantage to a child of parents who do pay.

After some initial investigation, including speaking to the Ministry, we discovered that there was uncertainty about how schools were requesting the payments, whether payments affected an out-of-zone student's chances of enrolment, and the extent to which other schools had similar practices. These are all things that we can inquire into under section 18 of the Public Audit Act 2001, and we decided that further investigation was necessary. However, we cannot ultimately determine questions of lawfulness – that is the role of the courts.

Our inquiry, which we began in August 2016, focused on enrolment practices for the 2016 and 2017 school years. It considered:

- what payments (including the type and amount of those payments), if any, state schools collect in connection with out-of-zone student places;
- how schools represent those payments to prospective students, their families, and communities;
- how many parents/caregivers make these payments and how many do not make the payments;
- what effect, if any, the payments have on the selection process for out-of-zone student places;
- how schools calculate the amount of the payments requested from parents/ caregivers; and
- the Ministry's guidance and advice to schools about payments collected in connection with out-of-zone student places.

Our inquiry was limited to payments connected with out-of-zone places. We did not look into school donations more generally. However, some of the principles we discuss could also apply to other types of school donations.

Enrolment schemes and out-of-zone students

The Education Act 1989 (the Act) provides for the creation of enrolment schemes. The purpose of an enrolment scheme is to:

- avoid overcrowding or potential overcrowding at the school;
- ensure that students are selected for enrolment in a fair and transparent manner; and
- enable the Secretary for Education to make the best use of the existing state schools network.³

³ Section 11A of the Act.

A school's enrolment scheme will define the geographic boundaries of the school's home zone. Students who live in the home zone have a right to enrol at the school.⁴ Different rules and processes apply to students who live outside the home zone (out-of-zone students). Some schools with enrolment schemes do not accept any out-of-zone students.

For schools that do accept out-of-zone students, the number accepted will depend on the number of applications from students who live in the school's home zone. This is to allow schools to manage their total roll. School boards will decide how many out-of-zone places are available in a school year. Some boards might decide that out-of-zone places are available only at specific year levels.⁵

Under the Act, schools that accept out-of-zone students must do so according to a set order of priority:

1. students accepted for enrolment in a special programme run by the school (for example, a Māori language immersion programme);⁶
2. siblings of current students;
3. siblings of former students;
4. children of a former student;
5. children of board employees or a board member; and
6. all other children (this is often referred to as the "general ballot").⁷

Each of the priority groups (2)-(6) are to be considered in turn. Where the number of applicants in a particular priority group is less than the total number of remaining out-of-zone places, those applicants must be offered a place. This continues through the priority groups until there are more applicants in a priority group than there are places available.⁸ Selection in that priority group must then be done by an independently supervised ballot.⁹

4 Section 11D(1) of the Act.

5 Paragraph 3 of Secretary for Education's Instructions, *Enrolment Schemes*, dated 5 May 2011.

6 See definition of "special programme" in section 11B of the Act.

7 Section 11F of the Act.

8 Paragraph 15 of Secretary for Education's Instructions, *Enrolment Schemes*, dated 5 May 2011.

9 The ballot process is to be supervised by a Justice of the Peace, practising lawyer, sworn member of the police, or local government returning officer. Paragraph 18 of Secretary for Education's Instructions, *Enrolment Schemes*, dated 5 May 2011.

What rules apply to these types of payments?

The Education Act and the Ministry's circular

Section 3 of the Act states that every school-aged person who is not an international student is entitled to free enrolment and free education at any state school.¹⁰ The Act does not specify what free enrolment and free education means for schools in terms of the types of payments they can ask from parents/caregivers. This is set out in the Ministry's 2013 circular, *Payments by parents of students* (the Ministry's circular).¹¹

The Ministry's circular distinguishes between two basic types of payments that state schools can ask for:

- charges – schools can charge only where a student has chosen to purchase goods or services from the school (for example, stationery supplies or food from the school canteen); and
- donations – schools can ask for donations as long as it is clear that payment is voluntary. Donations may be general (for any unspecified purpose) or specified (for a particular purpose, such as library books or sports equipment). Schools may suggest a donation amount.

For donations, the Ministry's circular also says:

- where a donation is requested, payment cannot be insisted on or enforced;
- parents have the right to pay donations in full, in part, or not at all;
- boards of trustees should have policies and processes covering requests for, and collection of, payments and should ensure that teachers and parents are aware of these policies; and
- boards of trustees should not describe donations as “fees”, “charges”, or “levies”.

Specifically for enrolment, the Ministry's circular states:

- boards of trustees cannot demand any form of payment to confirm enrolment at the school or charge an enrolment application fee;
- a bond payment cannot be made as a condition of enrolment; and
- boards of trustees should never suggest that payment of any kind is needed to confirm enrolment.

Before December 2016, the Ministry's circular did not expressly cover requests for payments in relation to out-of-zone places. In December 2016, the Ministry published a revised one-page flowchart, *Payments by Parents*, to supplement the Ministry's circular. The flowchart, which is included as a link in the Ministry's

¹⁰ Section 3 also applies to any partnership school kura hourua.

¹¹ Circular 2013/06 *Payments by parents of students*. Available on the Ministry of Education's website.

circular, provides some more examples of what types of payments schools can and cannot ask for. It suggests schools are able to ask for *donations* in connection with out-of-zone enrolment, but clearly states that out-of-zone *fees* or out-of-zone *ballot fees* are unlawful.

The Ministry's circular is not law or regulation, but it clarifies its position on what payments may be lawfully collected from parents/caregivers in the framework of free enrolment and free education.¹² The Act does not refer to donations, the ability of schools to ask for donations, what constitutes a donation, or what types of things donations can be asked for. Without any direction in the Act, the Ministry's circular is the main source of guidance for schools.

How we have approached the question

When assessing the schools' practices, we took the following approach consistent with the principles in the Ministry's current circular:

- Schools cannot charge a fee or compel any type of payment in connection with applications for out-of-zone places.
- However, schools can ask for donations and the donations can be for general or specific purposes. For example, this could include a donation to help cover the administrative costs of processing out-of-zone applications, as long as:
 - the school makes it clear to families that the donation is voluntary;
 - payment or non-payment of the donation has no effect on a child's participation or success in the selection process for out-of-zone student places, and this is clearly conveyed to families; and
 - the donation is consistent with the general guidance in the Ministry's circular.
- If the preferred policy position is that schools should not ask for donations in connection with out-of-zone places, then it would be best to clarify this by an amendment to the law or to the Ministry's guidance.

In relation to the last bullet point, the Ministry recently told us that it is reviewing the circular and will be issuing an updated version. We understand the Ministry's intention is that the new circular will advise schools not to ask for donations in connection with out-of-zone places and that making such a request is unlawful. We discuss this development in more detail in the next section.

For the purposes of our inquiry, we chose to assess school practices using the above framework and guidance in the Ministry's circular. These were the articulated principles applying to enrolment practices for the 2016 and 2017 school years, which are the focus of our inquiry. However, schools will need to keep up to date with any changes to the Ministry's circular.

¹² Ombudsman's opinion, "Complaint about the decision of a Board of Trustees to compulsorily charge for curriculum-related items" (ref: 329013), March 2014, para 23.

The Ministry's guidance to schools

The Ministry's circular is a useful tool for schools. Yet, until December 2016, the Ministry's circular did not expressly refer to out-of-zone enrolment or provide examples specific to the types of practices we investigated as part of our inquiry.

In February 2016, after the media brought attention to the schools' practices, the Ministry wrote to Auckland Grammar School and Cornwall Park District School saying that section 3 of the Act "means that no payment connected with enrolment should be sought from parents". The letters went on to say that schools "therefore cannot charge a ballot application fee nor implement a fee as a condition of enrolment". It sought assurance that the schools "will cease charging a ballot application fee". The Ministry's letter to Cornwall Park District School was effective in that the school immediately stopped requiring an administration fee with out-of-zone applications. Auckland Grammar School was asking for a donation, rather than a fee.

To get the message to a wider audience, the Ministry included a reminder in the *Ministry Bulletin for School Leaders* on 9 February 2016 and again on 1 August 2016 that "schools cannot charge families a fee to enter a child into the ballot for out of zone places. Administering a ballot for out of zone students is considered part of the normal activity of school staff".

The situation relating to donations for out-of-zone enrolments (rather than fees or charges) is a little different. In February 2017, the Ministry told us that its position on donations was:

Some schools may request a donation relating to administration costs for enrolment at the school. [But i]n the circumstances where the demand for places at a school (which significantly exceeds the number of places available) means that out-of-zone parents are likely to be under the impression that an application for pre-enrolment will not be processed unless the donation is paid... the request for donation has the same operative effect as a compulsory fee for pre-enrolment, which the Ministry considers is unlawful.

This position, however, had not been widely disseminated. The Ministry told us that its first articulation of this position was in a letter to Auckland Grammar School in August 2016 and that the Ministry subsequently gave the same advice at a few conferences.

The position was also not reflected in the Ministry's revised *Payments by Parents* flowchart, published in December 2016 to supplement the circular. The flowchart makes it clear that schools cannot charge fees or compel payments for out-of-zone enrolment applications, but does not state that asking for donations may

also be unlawful. Instead, the flowchart suggests that donations in connection with out-of-zone enrolment can be sought.

More recently, the Ministry told us that it considers any request for a donation in connection with out-of-zone places to be unlawful. The Ministry repeated this view in the media in March 2017, saying that it was the result of recent legal advice.¹³ This view is different again from the position quoted above.

It is clear that during the period of our work, the Ministry's position on donations in connection with out-of-zone applications has been evolving. We have discussed with the Ministry the need for its messages to be coherent and consistent. The Ministry has since told us that it intends to update the circular (and related flowchart) on payments to parents so that it properly reflects the Ministry's position on donations in relation to out-of-zone enrolment.

Which schools ask for payments in connection with out-of-zone places?

As well as approaching the three schools named by the media, we did a targeted survey of 38 other schools in main centres throughout the country to see whether they requested similar payments in connection with out-of-zone places and (if they did) to ask for information about their practice.

Our survey focused on the types of schools we considered more likely to ask for these sorts of payments. It was designed to test how common it is for schools to ask for payments in connection with out-of-zone places and to identify additional schools that ask for such payments. The results, along with information provided by the Ministry, suggest that the practice is not widespread.

Of the 38 schools surveyed, only two schools said they asked for payments in connection with out-of-zone places for the 2016 and 2017 school years (Kohia Terrace School and Epsom Girls' Grammar School). This meant that, in total, we were able to identify five schools, which were all in Auckland, that asked for these types of payments in the 2016 and/or 2017 school years:

- Mount Albert Grammar School;
- Auckland Grammar School;
- Epsom Girls' Grammar School;
- Kohia Terrace School; and
- Cornwall Park District School.

¹³ "Schools ask parents to pay to enrol" *Radio New Zealand*, 22 March 2017. Available on the Radio New Zealand website.

In 2016, we met with the first four schools as part of our inquiry. Cornwall District Park School had stopped asking for payments in connection with out-of-zone places after being contacted by the Ministry, but we asked for more information about the school's past practice. We discuss this in more detail later.

For each school we spoke to, it was clear that processing out-of-zone applications and administering the ballot took some additional resource. Schools need to check that the applications are complete, the child is eligible for the ballot (for example, the child has the correct visa), and the details provided are accurate.

Further checks are often needed depending on the priority category being claimed (for example, checking birth certificates or other records to confirm that the child is a sibling of a current student). Schools then need to manage the ballot process, notify parents of the outcome of the ballot, manage waiting lists, and confirm enrolment for those who have accepted offers of a place.

The five schools we identified took one of two approaches when requesting payments for out-of-zone applications:

- asking for a “donation for administrative purposes” (Mount Albert Grammar School, Auckland Grammar School, and Epsom Girls’ Grammar School); or
- requiring an out-of-zone “administration fee” (Kohia Terrace School and Cornwall Park District School).

We comment on these two approaches in turn.

Donations for administration purposes

Mount Albert Grammar School, Auckland Grammar School, and Epsom Girls’ Grammar School asked for a donation from parents towards the costs of administering the ballot. The schools relied (to different extents) on the word “donation” to suggest that the payment is voluntary and has no effect on a child’s chances of being offered an out-of-zone place.

The following section describes and comments on the practices of the three schools.

Mount Albert Grammar School

Mount Albert Grammar School has a large and growing roll (currently, more than 2700 students). The school told us that an increasing demand from within the school’s home zone means the number of places available for out-of-zone students is reducing.

In the 2016 and 2017 school years, the school asked for a “\$30 non-refundable administration donation” with any application for out-of-zone enrolment.

Parents/caregivers interested in making an out-of-zone enrolment application were asked to contact the school for information about the process. On doing so, they received a printed information pack that included the school prospectus, school rules, information about the school’s enrolment scheme, an enrolment application form, and a one-page information sheet about the enrolment process. The enrolment application form was also available on the school’s website.

Both the enrolment application form and the one-page information sheet included checklists for the documentation that must be included to complete an out-of-zone application. The checklist included items such as a birth certificate and a copy of the child’s most recent school report, as well as the “\$30 non-refundable administration donation”. The donation was included as the last item in both checklists.

For the one-page information sheet, the checklist was preceded by the statements:

Please refer to the checklist below to ensure that you submit all the required documentation with your application. *Incomplete applications will not be accepted and will be returned.*

...

The following documentation MUST be included with your application.

All items in the checklist, including the donation, had a tick-box next to them. In this way, the school appeared to treat the donation in the same way as other essential items for enrolment.

For the application form, the checklist began with the statement “please include the following documentation when you submit your application in order for it to be complete”. The requested donation was at the bottom of the checklist but, unlike the other checklist items, there was no tick-box next to the donation.

There is no information on the school’s website, application form, or information sheet that indicates the effect, if any, of the payment on a child securing an out-of-zone place at the school. Mount Albert Grammar School told us that, when parents/caregivers asked, they were told it was a donation to assist with the costs of processing the application and had no effect on the ballot.

Not all applications for out-of-zone places included the requested donation, and, in one instance, a family paid less than the requested \$30. For the 2017 school

year, Mount Albert Grammar School received 405 out-of-zone applications for year 9 places. Of these, 183 applications paid a donation (about 45% of applications). This was slightly lower than the payment rate for the annual school donation (requested from all enrolled students), which the school told us was roughly 50%.

The school has one staff member who is responsible for processing all enrolment applications and providing administrative support for the out-of-zone ballot. When an out-of-zone application is received, the child's name, details, and relevant priority grouping is recorded in a spreadsheet and allocated a number.

The school told us that all out-of-zone applications were included in this process and that it made no differentiation between applicants who paid the donation and those who did not. The school also told us that it did not follow up on donations when they were not paid and did not record the payment or non-payment against a child's details.

At the time of the out-of-zone ballot, individual slips of paper were created, each with a number that corresponded to an out-of-zone application. These slips were put in an envelope and given to the Justice of the Peace responsible for conducting the ballot.

For the 2017 school year, there were no year 9 places available or awarded to applicants in priority 6 (the general ballot).

The requested \$30 was based on the assumption that each out-of-zone application takes a minimum of 30 minutes to process from beginning to end, with related staff, printing costs, and other overhead costs.

Auckland Grammar School

Auckland Grammar School asked for a "non-refundable fifty dollar (\$50) donation for administration costs" with any enrolment application (both in-zone and out-of-zone) for the 2016 and 2017 school years. Our inquiry was limited to payments in connection with out-of-zone places so our findings focus solely on the school's request as it relates to out-of-zone applications, although the principles we discuss could also be relevant to the in-zone enrolment applications.

The school's website was the source of all information about enrolment. The request for the donation was contained in an "enrolment checklist" that was attached to the application form for out-of-zone enrolment on the school's website. The checklist began by stating:

Please ensure all sections of the application form are completed and all documents on this checklist are included.

The donation was the first entry in the checklist and had a tick-box next to it, as did other required items listed below it, such as a recent photograph and a certified copy of the child's birth certificate.

There was no further information on the school's website about the requested donation and the effect, if any, payment would have on an application. The school told us that, if a parent/caregiver contacted the school to ask about the requested donation, they were told that payment was at their discretion and that it would not affect the ballot.

Again, not all applications for out-of-zone enrolment paid the donation. For the 2016 school year, 90% of applications included donations and for the 2017 school year, 84% of applications included donations.

When an application for out-of-zone enrolment was received, the child's name, details, and relevant priority grouping were recorded in a spreadsheet. All applications were recorded, including applications that did not pay the donation. The school provided receipts for any donations paid, and the receipt number was recorded in the spreadsheet alongside the child's details for administrative ease. The school told us that it did not follow up with applicants who did not pay the requested donation.

For the purposes of the ballot, each application was assigned a number and several randomised sets of numbers were created. A police officer observed the ballot and selected the set that then determined the order in which out-of-zone places were offered to applicants. All applications went into a ballot regardless of whether a donation was made.

Auckland Grammar has a large roll, with more than 2500 students. Managing its enrolment scheme, and especially enforcing the school's home zone, is a big task. The school has a Director of Enrolment with a full-time assistant. Two other staff members also help out during the enrolment period.

The school estimates that the cost of enforcing its home zone, which largely involves confirming whether a student lives in the zone, is slightly more than \$86,000 each year. The school said that it began asking for the \$50 donation with enrolment applications to partially offset this cost. Auckland Grammar provided us with its calculations of costs against projected donation revenue. The school anticipates, based on a \$50 donation for both in-zone and out-of-zone applications, it could recover about 37% of the cost of enforcing its zone.

Epsom Girls' Grammar School

Epsom Girls' Grammar School asked for a "\$20 donation for administration costs" with any enrolment application (both in-zone and out-of-zone) for the 2016 and 2017 school years. As with Auckland Grammar School, our inquiry focused on the school's request for donations as it related to out-of-zone applications.

The request for the donation was contained in an "information sheet and checklist" that accompanied the enrolment application form. The document included information about the ballot process and a checklist divided into three sections.

Under the section titled "General", the donation was the first item listed, along with other required items (such as a recent photograph) or actions (for example, that both parent and student sign the application form). Each item, including the donation, had a tick-box next to it. No other information explained the donation or the effect of paying it. Unlike the other two schools, there was no additional wording in the document that could suggest the donation was mandatory or that the application would be incomplete without the donation.

The school told us that most applications for out-of-zone enrolment were brought in person to the school's office. When this happened, school staff would go through the application with the person and check that everything is included. If the application did not include the donation, school staff would ask the person if they wanted to pay the donation. That was the only time the school would ask. If the person said that they did not want to pay it, or the application was sent by post without the donation, the school would not follow up on the donation.

Where an application was correctly filled in and the school was satisfied that the child was eligible for an out-of-zone place, it was entered into a spreadsheet. The school did not distinguish between applications from people who had paid the donation and from those who had not – all eligible applications were included. The spreadsheet did not record whether a donation had been paid.

The spreadsheet then provided the basis for the school's electronic ballot process. A number was assigned to each application that was then used to create an electronically randomised set of numbers that determined the order in which applications were offered a place. A solicitor oversaw the ballot process.

Like the other schools, not all out-of-zone applicants paid the donation. For the 2016 school year, 77% of applications paid the requested \$20 donation. For the 2017 school year, 79% paid the donation.

Epsom Girls' Grammar School receives a large number of out-of-zone applications: 508 for the 2016 school year and 446 for the 2017 school year. The school considers that the \$20 donation goes some way towards meeting the administrative costs of processing the applications. When we spoke with the school, it had not calculated this cost but believed that it would be significant. The school's view was that the \$20 donation for each application would be unlikely to come near to meeting the true cost to the school.

Our views

For all three schools, we are satisfied that there was no connection between paying the donation and success in gaining an out-of-zone place.

We questioned the schools in detail about how applications were processed and how the out-of-zone ballot was run. We did not identify any risk of payments influencing the outcome. We also asked the schools for detailed information about the number of out-of-zone applications received in each priority category, payments received, and places awarded for the 2016 and 2017 school years. This information shows that applicants who did not pay the donation were entered into the ballot and were successful in gaining out-of-zone places.

As added assurance, we conducted statistical tests on the information provided by the three schools for the 2016 and/or 2017 school years. We tested whether the payment status and out-of-zone enrolment outcome were independent of each other for each school (with a 95% level of confidence using a Chi-squared test and Fisher's exact test in cases where expected frequencies were too small to reliably use a Chi-squared test).¹⁴ The results confirmed that the payment status was independent of the out-of-zone enrolment outcome in the three schools.

We hope that out-of-zone families are reassured that choosing not to pay the requested donation would not affect their children's chances of gaining a place at one of these schools.

We then went on to consider how the schools represented their requests for donations. We assessed this against the general guidance on donations in the Ministry's circular. We took into account that the schools needed to be particularly careful and clear in how they communicated their requests for the donation. For many out-of-zone children, the chances of being offered a place are low, and the pressure out-of-zone families feel when trying to get their child enrolled in their chosen school might affect how they interpret and respond to a request for payment. Parents/caregivers are likely to be cautious to not jeopardise their child's chance of gaining an out-of-zone place. If they have any doubt about the effect of not paying the requested donation, they might resolve that doubt by paying.

Also, where schools included contradictory wording or material when asking for the donation, they risked misrepresenting the nature of the request and being inconsistent with the Ministry's circular.

Mount Albert Grammar School's application form adequately conveyed that the requested payment was voluntary. The request for a "\$30 non-refundable administration donation" is at the bottom of the checklist and there is no tick-box next to it. In contrast, the wording and format of the school's one-page information sheet treated the requested donation in the same way as other essential items for enrolment and could easily have given the impression that the application would be incomplete without a donation.

The payment rate for the donation (about 45% of out-of-zone applications for the 2017 school year paid the donation) suggests that most families understood that the payments were voluntary and did not affect the outcome of the ballot. This might be because out-of-zone families were asked to contact the school directly when wanting to make an application and that, in this interaction, there was an opportunity for the school to give clear messages to families about the nature of the requested payment. However, the school's one-page information sheet should have made it clearer that the payment was voluntary and was not required for the application to be processed. We recommend that the school amends its one-page information sheet.

Auckland Grammar School's enrolment checklist clearly described the requested \$50 as a "donation for administration costs", but the way the donation was presented could have left parents in doubt about whether non-payment would affect their child's participation in the out-of-zone ballot. The requested donation appeared as the first item on the enrolment checklist and was presented in the same way as other necessary documentation (such as birth certificates).

There was no additional information available on the school's website that explained the request was voluntary and did not affect a child's chances of gaining an out-of-zone place. The school told us that when people asked, the school's staff explain that the payment is voluntary. However, given that many families rely solely on the information on the school's website when making an application, the school's enrolment checklist should be clearer that the payment is optional and does not affect a child's participation in the ballot. We recommend that it amends its enrolment checklist.

In comparison, we consider there was less risk of out-of-zone families interpreting **Epsom Girls' Grammar School's** material as suggesting a donation was required for the application to be processed. Despite the inclusion of a tick-box next to the

request for donation, the language used was consistent with the payment being a donation and voluntary.

In terms of the amount the schools requested, we decided it was unnecessary for us to inquire in detail into how the schools calculated these amounts because:

- it is for a donation rather than a charge or fee;
- payment is voluntary; and
- it is a suggested amount rather than a required amount.

However, the amounts requested by Mount Albert Grammar School (\$30) and Epsom Girls' Grammar School (\$20) seem on their face to be reasonable in light of the administrative costs to the schools. Auckland Grammar School's request for a \$50 donation (from both in-zone and out-of-zone applicants) was intended to partially offset the cost of enforcing its enrolment zone, estimated by the school to be slightly more than \$86,000 a year. This means that out-of-zone applicants were being asked for donations to offset the cost of managing in-zone enrolments.

Conclusion

We are satisfied that there was no connection between paying the donation requested by Auckland Grammar School, Mount Albert Grammar School, and Epsom Girls' Grammar School and a child's success in gaining an out-of-zone place at these schools. Out-of-zone families can be reassured that choosing not to pay the donation would not affect their child's chances of gaining a place at one of these schools.

The Ministry has said that it intends amending its circular to advise that schools must not ask for donations in connection with out-of-zone places. In the interim, if Auckland Grammar School and Mount Albert Grammar School choose to continue with the donation, they should amend their out-of-zone enrolment material for families to make it clearer that the donations are voluntary and are not required for applications to be processed.

Out-of-zone administration fees

Kohia Terrace School

Kohia Terrace School in Epsom, Auckland, charged a \$20 “out-of-zone application administration fee” for the 2016 and 2017 school years. Notice of the fee was contained in the enrolment application form. The fee featured at the top of a list of other required items, including copies of birth and immunisation certificates.

The fee applied only to out-of-zone applications. There was no charge for in-zone applications.

The school acknowledged all out-of-zone applications it received by email. Where an application was not accompanied by the \$20 fee, the school’s acknowledgment included a reminder to pay the fee. The school described its practice as “promoting payment” but said that those who omitted to pay the fee were not disadvantaged.

All applications (including ones that did not pay the fee) were included in a list of applications and organised by year and priority. This list did not record which applications had included the fee. At the time of the ballot, the names from the list were put on individual slips of paper. A police officer supervised the ballot and pulled the slips from the ballot.

The school had not calculated the cost of processing out-of-zone applications but said that it was satisfied that the amount of \$20 is fair given the work involved.

The out-of-zone administration fee is contrary to the guidance in the *Ministry Bulletin for School Leaders* and the Ministry’s December 2016 flowchart, *Payment by Parents*. Both publications make it clear that schools cannot charge a fee for out-of-zone applications. We recommend that the school stop charging the fee.

However, the information and records provided by the school show that two applicants who had not paid the administration fee still gained out-of-zone places in the 2017 school year. This is consistent with the school’s statement that out-of-zone applicants who did not pay the fee were not disadvantaged. We conducted the same statistical tests on the information provided, and the results confirmed that the payment status was independent of the ballot outcome.

Conclusion

Although applicants who had not paid the \$20 out-of-zone application administration fee still gained places at Kohia Terrace School, the fee is contrary to the Ministry’s guidance. We recommend that the school stop charging the fee.

Cornwall Park District School

Cornwall Park District School required a \$75 payment, which the school described as an “administration fee”, with out-of-zone applications for the 2016 school year. Applications for siblings of current students were exempted from the administration fee.

Cornwall Park District School stopped charging the fee after the Ministry wrote to the school in February 2016. The school told us that 25 applicants paid the fee for the 2016 school year. The school contacted the families who had paid and refunded the full amount. The school told us that it no longer charges the fee and that no payments were requested in connection with out-of-zone places for the 2017 school year.

Conclusion

The administration fee was contrary to the Ministry’s guidance. We commend Cornwall Park District School for stopping its \$75 administration fee for out-of-zone applications and refunding the affected families.

Concluding comments

Our inquiry looked into the practice of five Auckland state schools that asked for payments in connection with out-of-zone enrolment applications for the 2016 and 2017 school years.

State schools cannot charge a fee for applications for out-of-zone enrolment. We found one school asking for this kind of fee and have recommended that it cease doing so.

In the schools we visited that asked for donations, we found that the donations were voluntary and that a child’s chance of gaining an out-of-zone place was not affected by their family’s decision about whether to pay the donation. However, we also found that some of the schools’ enrolment material should have been clearer that the donations were voluntary and not required for applications to be processed.

We also found that the Ministry needs to improve its guidance to schools and ensure that schools are given coherent and consistent advice on payments in connection with out-of-zone places.

Appendix: Information provided by the schools

School year	School	Out-of-zone application outcome	Payment or donation status		
			Paid	Not paid	Total
Number of applicants					
2016	Auckland Grammar	Place awarded	69	6	75
		Place not awarded	171	21	192
		Total	240	27	267
	Epsom Girls Grammar	Place awarded	128	35	163
		Place not awarded	264	81	345
		Total	392	116	508
	Kohia Terrace	Place awarded	31	0	31
		Place not awarded	27	1	28
		Total	58	1	59
2017	Auckland Grammar	Place awarded	56	10	66
		Place not awarded	138	27	165
		Total	194	37	231
	Epsom Girls Grammar	Place awarded	101	21	122
		Place not awarded	253	71	324
		Total	354	92	446
	Kohia Terrace	Place awarded	40	2	42
		Place not awarded	23	2	25
		Total	63	4	67
Mount Albert Grammar	Place awarded	58	82	140	
	Place not awarded	125	140	265	
	Total	183	222	405	

School year	School	Out-of-zone application outcome	Payment or donation status		
			Paid	Not paid	Total
Percentage of applicants					
2016	Auckland Grammar	Place awarded	26%	2%	28%
		Place not awarded	64%	8%	72%
		Total	90%	10%	100%
	Epsom Girls Grammar	Place awarded	25%	7%	32%
		Place not awarded	52%	16%	68%
		Total	77%	23%	100%
	Kohia Terrace	Place awarded	53%	0%	53%
		Place not awarded	46%	2%	47%
		Total	98%	2%	100%
2017	Auckland Grammar	Place awarded	24%	4%	29%
		Place not awarded	60%	12%	71%
		Total	84%	16%	100%
	Epsom Girls Grammar	Place awarded	23%	5%	27%
		Place not awarded	57%	16%	73%
		Total	79%	21%	100%
	Kohia Terrace	Place awarded	60%	3%	63%
		Place not awarded	34%	3%	37%
		Total	94%	6%	100%
	Mount Albert Grammar	Place awarded	14%	20%	35%
		Place not awarded	31%	35%	65%
		Total	45%	55%	100%