

# **Vote Education** (Schooling and ECE sectors)

## Baseline Alignment Proposal

22 March 2010

Submitted by:

**Minister of Education**

## Section 1: Alignment to Government Priorities

1. The Government was elected on a platform of lifting New Zealand's economic performance and closing the income gap with other leading OECD countries. This requires delivering policies that raise the productivity of the workforce, increase employment and reduce vulnerability to external events. The education system plays a key role in ensuring that New Zealanders have the skills needed to improve economic growth.
2. In the aftermath of an economic recession, achieving the Government's objectives will require difficult tradeoffs. In Vote Education, I need to focus my efforts to deliver a lift in student outcomes within similar or decreasing levels of baseline expenditure. To this end I have identified three major priorities for education.
3. Key challenges in early childhood education (ECE) and schooling are to sharpen the focus on lifting performance and ensure the education infrastructure is fit to meet the needs of the future while containing and reversing current cost drivers. Achieving this is largely about making better use of existing resources. However, changes I am proposing in this budget will also play a role.
4. In schooling and ECE these changes will include:
  - reconsidering policy settings that have driven costs particularly in the ECE sector, and managing costs and sharpening incentives in the schooling sector;
  - targeting investments that will lift performance; and
  - continuing to move resources to the front line.

### **Improve cost-effectiveness and increase ECE participation by target groups**

5. Changes to ECE policy settings are required to support the Government's participation objectives within existing spending. In the 2010 Budget I am proposing a modest package of initiatives to improve participation in priority families. Further, I have identified savings options to fund these new initiatives and to reduce future expenditure growth.
6. The most significant of the savings options would involve the removal of funding incentives for services to employ more than 80% qualified teachers. This is consistent with Cabinet's decision to adopt an 80% teacher registration target. This will moderate a major cost driver of expenditure, and ease ECE teacher supply pressures. It will have a small impact on the quality of provision. I will be seeking Cabinet approval for this change. [deleted – collective ministerial responsibility]
7. *[information deleted in order to maintain the current constitutional conventions protecting collective and individual ministerial responsibility]*
8. The proposed changes will not be sufficient to meet the Ministry of Education's Performance Improvement Action (PIA) target for ECE. That target requires

the Ministry to achieve *the same levels of expenditure on ECE as forecast in BEFU 09, for increased participation for Māori, Pasifika and low socio-economic groups. [information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

### **Improve literacy and numeracy skills in primary school**

9. Ensuring that all students develop strong literacy and numeracy skills in primary school is a top priority. A significant minority of students are failing to obtain the foundation skills needed to engage in future learning and to make successful transitions into higher education, training and the labour-market.
10. The Government has introduced National Standards to set clear expectations for student achievement in years 1-8. Beginning this year, boards of trustees in English medium schools are required to report to parents twice per year on their children's progress and achievement against the standards. The Ministry of Education is providing a range of advice, support and materials to assist schools with implementation. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
11. Finalising National Standards for Māori-medium settings has taken more time to ensure that the standards are set at the right levels, and teachers and principals are well prepared to implement them. Boards of trustees will be required to fully implement the standards in Māori-medium settings from February 2011.
12. The Government's objectives are ambitious. The Education Review Office (ERO) reports that only around half of schools are currently making effective use of assessment information to inform teaching and school decision-making. The Ministry has set up a three year monitoring and evaluation plan. I have appointed an independent advisory group and directed ERO to examine how well schools are implementing the standards in 2010.

### **Develop more flexible education and training options and clearer qualification pathways for 16 and 17 year olds**

13. The Government is committed to improving youth engagement and achievement in education through the introduction of Trades Academies and implementation of the Youth Guarantee. I expect these policies to better meet the needs of students who wish to access apprenticeships, industry or trades qualifications while they are still at school, as well as the needs of students for whom school is not the best learning environment.
14. The Youth Guarantee is central to the Government's response to rising youth unemployment. The aim is for all young people to complete NCEA level 2 or equivalent tertiary qualifications – the majority at school, some through a mix of schooling and tertiary, some full-time in tertiary institutions.

15. In 2010 the Minister for Tertiary Education and I introduced the first phase of the Youth Guarantee, providing access to 2,000 fee-free places in a limited range of tertiary courses for students aged 16 and 17. Five trades academies are due to open in 2011, and the Ministry is working with another six applicants to develop their proposals further.
16. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
  
17. Reshaping the existing range of adhoc youth education and training initiatives into a single coherent package is however a significant challenge. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

### **Wider implications**

18. A focus on these priorities will affect investment in other areas. For example, in the 2010 Budget I will recommend that Government proceed with a modest level of investment in school property. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
19. In the 2010 Budget I will also ask Cabinet to revisit two of the Government's existing commitments in ECE. Paragraph 37 below contains more details.
20. Achieving the Government's objectives within similar or decreasing levels of baseline funding requires better alignment of expenditure with Government priorities, and reducing or ceasing funding for programmes that offer relatively poor value for money. Significant savings have already been identified through the February 2009 Line by Line Review of Expenditure, and more recently through the December 2009 Detailed Examination of the Vote. The following section outlines how my priorities will be achieved within the combination of current baselines and the \$300 million new operating allowance for Budget 2010.

## Section 2: Reprioritisation

### Overall picture for Budget 2010

#### *Unavoidable schooling and early childhood pressures*

21. *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*
  
22. *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*
  
23. There are a number of other unavoidable schooling and ECE pressures in Budget 2010.
  
24. *Implementing the decision to reverse school staffing changes.* In December Cabinet agreed not to progress with savings of \$45 million in 2011/12 and \$50 million in outyears by changing school staffing and other funding arrangements. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].* I am therefore finding these savings from within the new operating allowance for Vote Education.
  
25. *Responding to the potential inclusion of increasing numbers of school properties in Treaty of Waitangi settlements.* This is linked to the Government's aim of settling all claims by 2014. The degree to which school properties will be included in future settlements remains uncertain and depends on wider government policy about the use of Crown land for this purpose. \$12.2 million in 2010/11, \$21.8 million in 2011/12, and \$19.1 million from 2012/13 has been set aside In Budget 2010 to cover potential costs associated with claims where settlements are likely to be finalised in 2010/11 and 2011/12. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials].*
  
26. *Funding some education forecast changes that have previously been managed centrally.* Forecasting changes are increases in expenditure that are driven by the need to spend more (or less) than previously forecast to pay for existing policy, such as when teacher salary costs increase when unexpected roll growth drives up teacher numbers. I have agreed with the Minister of Finance that from 2010/11 the following forecast changes will be managed from within Vote Education: changes in school transport costs; and changes to teacher salaries costs that are driven by unforeseen impacts of salary settlements or unpredicted changes in the age and experience profile of the teaching workforce. In Budget 2010 this involves \$10.0 million in 2009/10 rising to \$15.9

million in 2013/14 and outyears. I have also agreed to count ECE forecast changes against Vote Education from Budget 2011.

27. *Funding operating increases that are driven by Capital costs.* This includes increases in the cost of depreciation on school property following revaluation (\$19.1 million per annum from 2012/13) and depreciation costs associated with the upgrade of school properties to support the roll-out of ultra fast broadband (\$0.4 million in 2010/11 and \$1.1 million in 2011/12 and outyears). The costs associated with the School Network Upgrade Programme flow from decisions made in Budget 2009 and both of these additional depreciation costs are an unavoidable cost of doing business. In addition, there are operating costs associated with my capital bids for a new schools building programme and for fixing leaky buildings (\$17.7 million in 2010/11 decreasing to \$12.5 million in 2013/14 and outyears). As there is only a small amount of operating funding set aside as tagged for capital initiatives in the Budget 2010 Capital process, I am treating the operating costs associated with these capital bids as a cost against Vote Education operating baselines.
28. *Funding for literacy, language and numeracy capability at wānanga.* This is a one-off contractual obligation of \$2 million. It relates to capability funding for wānanga to embed literacy, language and numeracy in their programmes.
29. Overall these unavoidable pressures and risks will use a substantial portion of the new operating allowance for Budget 2010 *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*.

*Discretionary schooling and early childhood pressures*

30. I am proposing to fund the following discretionary pressures in schooling and early childhood education.
  - *Cost adjustments to early childhood subsidies and schools operating funding.* While discretionary, these adjustments have traditionally been funded. A cost adjustment of 2.4% to the non-staff component of early childhood subsidies (\$10.7 million in 2010/11 rising to \$12.2 million in 2013/14 and outyears) would help ease the impact on services of the proposed early childhood funding changes outlined in paragraphs 37 and 38 below. A 4% cost adjustment to schools' operating funding (\$22.1 million in 2010/11 rising to \$44.7 million in 2013/14 and outyears) is in line with the Government's commitment to move funding to the front line and would offset the impact of proposed changes to secondary schools operations funding outlined in paragraphs 43 to 46 below.
  - *A range of small scale items to maintain quality and support value in school property.* This includes seeking long term savings by reducing the percentage of surplus school property (\$25 million in 2010/11 and \$5 million in 2011/12 and outyears), upgrading the Property Management Information System to enable the Ministry to manage education property in line with the Government's Capital Asset Management project (\$0.5 million in 2010/11 rising to \$2 million in 2012/13 and outyears), *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]* and boosting investment in fixing leaky school buildings (\$10 million in 2010/11 only) to supplement my previously submitted Capital proposal for this purpose. I will seek separate approval from the Minister

of Finance for an operating-capital swap to fund additional repair work on leaky school buildings.

- *A range of small scale items to:* address anomalies in the current resourcing system i.e. aligning classroom release time in area schools with release time in other schools (\$2.1 million in 2010/11 and \$4.2 million in 2011/12 and outyears) and funding to ensure access to state schools for the children of illegal immigrants in line with the United Nations Convention on the Rights of the Child (\$1.7 million per annum); and to enable the expansion of 7 Kura into Whare-Kura (\$1.2 million in 2010/11 and \$2.4 million in 2011/12 and outyears); and to support the promotion of international education (\$2 million per annum) and to reinstate funding for the Kiwi Can programme (\$0.3 million per annum).
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

31. I also plan to address a range of demand pressures in special education:

- \$1.1 million in 2010/11 and outyears to restore hours of service provided by Education Support Workers to 2004 levels;
- \$1.6 million in 2010/11 and \$1.7 million in 2011/12 and outyears to maintain the current number of hours of support for severely disabled students provided by Ministry of Education funded teacher aides;
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

32. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*. The Review excludes behaviour services from its scope. In order to address significant education sector concerns about the increase in disruptive behaviour exhibited in classrooms the Positive Behaviour for Learning Action Plan is being progressed. This is a core initiative within the interagency Drivers of Crime programme.

33. The Plan will address disruptive behaviour earlier and achieve long term improvements in children's behaviour and achievement, through proven training programmes for parents, teachers and schools. It is being funded in the following ways:

- Cabinet agreed in December 2009 to fund the Action Plan by reprioritising existing funding pools such as the Enhanced Programme Fund and the Student Wellbeing Initiative, totalling \$45 million over 5 years.

- Funding from Waimokoia residential special school is being reprioritised, to provide intensive support services for the approximately 100 students a year who would previously have been referred for residential placements.
- I plan to invest \$5 million in 2010/11 and \$10 million in 2011/12 to boost the delivery of training programmes to parents and teachers.

*The rising profile of early childhood, special education and schooling pressures*

34. The major challenge in managing the schooling and early childhood pressures and new initiatives for Budget 2010 is the rising profile of operating pressures and new initiatives. This rising profile is largely due to *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]* a half year effect for 2010/11 where costs for some items are incurred from the start of the 2011 calendar year (such as ECE participation initiatives, and a cost adjustment to schools operating funding).
35. In order to avoid a deficit in outyears I have made decisions to manage down the scale of the schooling and early childhood operating pressures. However, the options available to manage these pressures down have not changed this rising profile across the four years in this budget cycle *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*.
36. In addition to reducing the scale of the pressures in schooling and early childhood education, managing within the Vote Education baseline and the \$300 million new operating allowance will require decisions to change some of the following major funding streams in the Vote.

*Off-setting initiatives in early childhood education*

37. I will be seeking Cabinet's agreement to substantial shifts in policy settings related to ECE funding in order to achieve improved targeting of expenditure and to control future expenditure growth. These changes will release savings totalling approximately \$350 million over 4 years. This will require revisiting the following existing commitments:
  - deferring changes to *adult:child ratios* for children aged under two years from 1:5 to 1:4. This decision will not produce savings for the 2010 Budget, as funding had yet to be allocated for this proposal. It will however avoid increasing the existing Budget shortfall by approximately \$55 million per annum
  - not lifting the six hour daily cap on 20 Hours ECE. This will release savings of approximately \$16 million per annum from 2011/12. The main outcome of this change would have been to shift existing costs from moderate and high income families to government. Making this change would not reduce current entitlements or undermine Government's education objectives for ECE.<sup>1</sup>

38. I am also proposing:

---

<sup>1</sup> Note that the estimated savings take into account the fact that Childcare Subsidy baselines have been decreased by \$0.6 million per annum from 2011/12 in anticipation of the removal of the six hour daily cap on 20 Hours ECE, and that this funding would need to be reinstated if this change does not proceed.



- to change ECE funding rates to reflect the Government's decision to remove the 100% teacher registration target and shift the 80% target to 2012. This means removing the current 80-99% and 100% funding rates, and replacing them with a new lower 80%+ funding rate. This change will simplify the ECE funding system, and ensure that the structure of funding rates more effectively supports the goal of 80% qualified registered teachers. Savings are currently estimated to be \$51 million from 2011/12 rising to \$58 million by 2013/14.
  - to reprioritise the remaining funding of \$9.3 million in 2010/11 rising to \$21.7 million in 2013/14 and out years, set aside by the previous Government in 2008 for future ECE funding rate increases (to reflect increased teacher salaries driven by kindergarten teacher salary increases). Since 2005 ECE subsidies have been adjusted for changes in staffing costs based on the impact of kindergarten teacher settlements and for non-staffing costs based on inflation. I consider that the remaining 2008 funding could be better used to support our education priorities for the following reasons: adjusting ECE subsidies for staffing cost increases is likely to have limited impact on increased participation of target groups, my proposal to remove higher funding rates for services with more than 80% trained staff is likely to slow salary growth and therefore slow cost growth faced by providers, and anecdotal evidence suggests most providers do not expect this adjustment.
  - to align ECE teacher supply initiatives with the 80% teacher registration target, releasing savings of \$8.4 million in 2010/11 rising to \$13.0 million in 2013/14 and outyears.
39. Removing the higher than 80% funding rate and targeting teacher supply initiatives will help to reduce future expenditure growth in ECE. Removing the higher than 80% funding rate would reduce current funding for 1700 teacher-led centres (by 6-8% for most and by 12-20% for around 600 centres). Greater targeting of ECE expenditure will mean that some of the costs of ECE provision will be transferred from the Government to some families, in the form of parental fee increases.
40. *[information deleted in order to maintain the current constitutional conventions protecting collective and individual ministerial responsibility].*
41. Low and middle income families *[deleted – collective ministerial responsibility]* are likely to be eligible for the Childcare Subsidy to offset the increased cost of ECE provision. Increased uptake of the Childcare Subsidy would reduce the level of savings that could be realised from this change. Such a reduction has not yet been reflected in the savings presented in the Baseline Alignment Proposal. I intend to include an estimate in a forthcoming Cabinet paper that seeks approval for these changes. This will allow the Budget financial recommendations to be amended, along with any consequent changes to the Budget package for Vote Education.
42. I have set aside \$0.6 million per annum for the ongoing operating costs of modifying ECE electronic funding systems in order to implement these

changes, [deleted – collective ministerial responsibility], in early childhood education resourcing policy settings. In my submission to the Minister of Finance on 5 February 2010 I have also sought a capital injection to make the initial changes to electronic funding systems.

#### *Off-setting initiatives in secondary schooling*

43. I am proposing to improve the link between secondary schooling funding and student enrolments by setting operations funding on a school's actual roll each quarter rather than on an estimated maximum roll for the year. Implementing this change in operations funding will require capital funding of \$1.4 million, and associated depreciation costs of \$0.28 million a year.
44. Such a change would incentivise secondary schools to retain senior students and therefore support our priority of improving youth engagement and achievement in education. It will also release savings of approximately \$5 million per annum, which can be better used to support Youth Guarantee goals.
45. This change will result in a reduction in operational funding for most schools (1.5 percent on average). Low decile schools are likely to lose more funding than high decile schools, both because per pupil funding represents a greater proportion of their total operational funding, and because they tend to have poorer student retention on average. However, there are some low decile schools that have good rates of student retention. Further, student engagement interventions and support programmes show that schools can improve their retention rates if they change their own practices. Therefore, schools can reduce the effect of quarterly roll counts on their funding by keeping students engaged in education, and support is available to assist them to do this.
46. I plan to introduce this change from 2011 to give secondary schools time to adjust and to provide a 4% increase to operational funding at the same time, as this will counterbalance the reduction in funding caused by quarterly roll counts.

## **Supporting education priorities**

### ***Improving cost-effectiveness and increasing ECE participation by target groups***

47. Changes to ECE policy settings are required to support the Government's participation objectives within existing spending. These changes are designed to improve participation among target groups and reduce cost pressures in the medium term. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
48. As an initial step, Cabinet agreed in December 2009 to a \$1.2 million transfer to enable a package of immediate participation initiatives from 2009/10 to 2011/12, funded from appropriations for ECE property grants (previously the Discretionary Grants Scheme). These initiatives will increase participation of Māori and Pasifika, and children from lower socio-economic backgrounds, through local-level projects in the priority areas of Counties Manukau and

Tāmaki. The package also includes \$4.8 million of high-value property grants for priority groups.

49. Consistent with Budget 2009 decisions, ECE professional development funding has been reduced to \$5.5 million and targeted to areas with low participation, and to services likely to enrol children who have the potential to gain the greatest benefits from good quality ECE (Māori and Pasifika children and children from low socio-economic communities). The aim is also to target professional development spending more closely to priorities like literacy and numeracy, transitions to school, and early behavioural difficulties.
50. As the next step in lifting participation of under-represented groups, additional funding of \$11.0 million in 2010/11 rising to \$30.0 million per annum from 2011/12 is being set aside, to support targeted participation initiatives. I will be seeking Cabinet agreement to final decisions on the best way to use this funding in the next few months. It will be important to expand new targeted programmes over time, with rigorous evaluation, so that the Government can be confident of their effectiveness. *[information deleted in order to maintain the current constitutional conventions protecting collective and individual ministerial responsibility]*
51. I intend to seek Cabinet agreement to tackle teacher shortages by changing ECE funding rules to recognise primary teachers, and the way the New Zealand Qualifications Authority assesses overseas ECE qualifications. Funding of \$7.9 million in 2010/11 rising to \$10.6 million in 2013/14 and outyears is being set aside to fund higher ECE subsidy costs as an increased supply of staff with recognised qualifications will allow more providers to move to higher funding rates.
52. Existing initiatives in ECE are also being better aligned with our priorities. This includes targeting grants for the establishment of services more tightly to areas of need. Changes will incentivise services to be responsive to families and communities, and increase value for money from government spending.
53. Paragraphs 37 and 38 above outline the major policy decisions I am proposing to reduce cost pressures in early childhood education and allow for resources to be better directed in support of the Government's priorities.

### ***Improving literacy and numeracy skills in primary school***

54. The majority of the work in support of National Standards is being undertaken through the better use of existing resources. Considerable work has already been undertaken that will provide ongoing support for National Standards.
55. In 2009/10 over \$26 million of baseline funding for professional development, curriculum support and school support has been allocated to support the implementation of National Standards. This has been achieved by:
  - reallocation of the support services funding. This has involved a reduction in the support services that the Ministry purchases for other curriculum areas, in order to increase the support services for literacy, numeracy and National Standards. Around 45% (\$10 million) of the school support service budget is now allocated to support literacy, numeracy and National Standards, compared to about 28% (\$6.3 million) previously directed to literacy and numeracy; and

- redesign of leadership, assessment, and literacy and numeracy programmes to focus on National Standards. In some cases, specific programmes such as the Literacy Professional Development Project, the Numeracy Development Projects and Home School Partnership professional development are ending, with the funding being used to support National Standards.
56. These changes will ensure that all schools have access to National Standards training, support and information resources.
57. For Budget 2010 I am also proposing funding of:
- \$1 million in 2010/11 only to provide additional training for boards of trustees on National Standards;
  - approximately \$3 million over the next four years to implement and support the Ngā Whanaketanga Rūmaki Māori – Māori-medium National Standards. Due to the lack of an extensive evidence base for developing National Standards for use in Māori-medium settings, finalising these standards requires an extended consultation and monitoring period. Consultation on assessment and standards for Māori-medium settings will take place from March to August 2010, with plans to publish final standards in October 2010. Boards of trustees will be required to fully implement the standards in Māori-medium settings from February 2011.
58. One of the results of National Standards will be an improved ability to identify and target support to schools that need it. This will involve a substantial shift in the role of the Ministry of Education, especially at the regional level. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
59. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

***Developing flexible education and training options and clearer qualification pathways for 16 and 17 year olds***

60. The Youth Guarantee policy is going to be a vital part of ensuring the education system meets the needs of all young people.
61. Cabinet has agreed to a phased implementation of the Youth Guarantee that will move over time to a more universal entitlement to a free tertiary education for 16 and 17 year olds at level 1-3 of the National Qualifications Framework.
62. As the next step toward implementing the Youth Guarantee, in Budget 2010 the Minister for Tertiary Education and I are proposing to provide:
- additional funding of \$3.4 million in 2010/11 rising to \$19.1 million in 2013/14 and outyears to maintain the existing number of Youth Guarantee places (the baseline is currently due to decline from 2012), and for 500 additional Youth Guarantee places from 2011;

- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]* the five Trades Academies due to open in 2011 (and for Southern Cross Campus and for MIT Tertiary High School) and for a further six short-listed potential Trades Academies that could develop their proposals to a level where they can be progressed in 2011; and
  - *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
63. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
64. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
65. The following changes to baselines will result from these changes:
- increasing the control schools have over how they use their resourcing by allowing schools to cash unused staffing entitlement will cost an additional \$10 per annum
  - incentivising secondary schools to retain senior secondary students by ensuring funding is linked more closely to actual rolls during the year will save approximately \$5 million per annum (I have discussed this change more fully in paragraphs 43 to 46 above).
66. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

- *[information deleted in order maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
67. In the longer term the Minister for Tertiary Education and I want to strengthen the quality of careers education in both school and tertiary providers so that students can make informed decisions about their careers aspirations and the pathways they need to follow.
68. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

The Minister for Tertiary Education and I will be asking Cabinet to consider in March how the Youth Guarantee will be fully implemented. It is likely that wider system and resourcing changes in the schooling and tertiary sectors will need to be considered.

#### ***Departmental changes in support of priorities***

69. Several of my priorities for Budget 2010 will impact on departmental expenditure and functions. It is important to note that the Ministry is already facing pressure on its operating baseline (baseline excluding depreciation and capital charge) as a result of savings identified through the Line-by-Line Review prior to Budget 2009, combined with expected increases in core operating costs. However, the imperative to reduce expenditure to manage within a shrinking baseline creates an opportunity for the Ministry to better align its roles and functions with Government priorities.
70. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
71. *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*
72. *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*

73. In the short term the Ministry will be making further savings in its expenditure of around \$10 million to meet commitments already made to reduce baselines and to manage other cost pressures. *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*

## **Section 3: Summary of Financial Movements**



## Baseline Alignment Proposal - Financial Summary Report

Vote: Education	2009/10	2010/11	2011/12	2012/13	2013/14
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Baseline (2009/10 FBU)</b>	<b>10,988,623</b>	<b>11,173,047</b>	<b>11,198,936</b>	<b>11,221,239</b>	<b>11,284,652</b>
Share Allocation	0	300,000	300,000	300,000	300,000
Centralised Saving	0	0	0	0	0
Reprioritisation					
[deleted confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
Early Childhood Education	0	10,700	11,500	11,900	12,200

Cost Adjustment					
ECE Participation: Package of Targeted Initiatives	0	11,000	22,000	29,000	30,000
[deleted –collective ministerial responsibility]	[deleted-	collective	ministerial	responsibility]	
ECE Savings: Better Targeting of Teacher Supply Initiatives	0	-8,403	-12,514	-13,014	-13,014
ECE Savings: Do Not Fund Above 80% Registered Teachers	0	0	-50,600	-55,100	-58,000
ECE Savings: Do Not Fund Above 80% Registered Teachers (Vote: SOCIAL DEVELOPMENT)	0	0	200	200	200
ECE Savings: Do Not Proceed with Removing 6 Hr Limit (Vote: SOCIAL DEVELOPMENT)	0	0	600	600	600
ECE Savings: Do Not Proceed with Removing the 6 Hour Daily Limit	0	0	-16,000	-16,500	-16,500

ECE Savings: Reprioritise Funding Set Aside for Flow-on Costs of Collectives	0	-9,300	-19,600	-21,000	-21,700
	0	100	600	600	600
ECE: Modifying Funding Systems to Implement ECE Savings (OPERATING ONLY)					
ECE: Recognising Teachers with Primary and Overseas Qualifications	0	7,900	8,800	9,700	10,600
OTHER: International Education Promotions	0	2,000	2,000	2,000	2,000
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
OTHER: Youth Guarantee -Additional 500 Places	0	3,369	6,738	6,738	6,738

OTHER: Youth Guarantee -Maintaining Baseline	0	0	3,094	9,283	12,377
Schooling Savings: Quarterly Roll Counts for Secondary Operational Funding	0	-3,000	-6,000	-5,000	-5,000
Schooling: Adjustment to Operations Grant Funding	0	22,100	44,294	44,717	44,748
Schooling: Assessment Tools to Support the National Standards	0	3,180	3,380	3,080	2,980
Schooling: Board of Trustees Training	0	1,000	0	0	0

Schooling: Change of Class Applications for 7 Kura to become Composite	0	1,200	2,400	2,400	2,400
Schooling: Classroom Release Time in Area Schools	0	2,100	4,200	4,200	4,200
[deleted – negotiate without prejudice]	[deleted -	negotiate	without	prejudice]	
Schooling: Continuing the Kiwi Can Programme	0	300	300	300	300
Schooling: Defective / Leaky Buildings (Depreciation and Capital Charge)	0	1,348	4,582	6,469	6,469
Schooling: Defective / Leaky Buildings (Technical Support and MoE Staff)	0	16,000	6,000	0	0
Schooling: Depreciation on School Property following Revaluation	0	0	0	19,053	19,053
Schooling: Extend Access to	0	1,671	1,671	1,671	1,671

State Schools for Children of Illegal Immigrants					
Schooling: Forecast Changes for School Operations Expenditure	3,544	208	1,438	1,420	1,420
Schooling: Forecast Changes for School Property	627	1,117	1,101	1,140	1,140
Schooling: Forecast Changes for School Transport	-242	-1,059	18	853	1,106
Schooling: Forecast Changes for Teacher Salaries	6,095	9,522	10,156	11,131	12,197
Schooling: Investigation of Public Private Partnerships for New School Property	0	2,500	1,000	100	100
Schooling: Keep Unused Staff Entitlement to Purchase Youth Guarantee Services	0	10,000	10,000	10,000	10,000
Schooling: Modify Systems to Implement Quarterly Roll	0	280	280	280	280

Count Savings					
Schooling: New Schools Building Programme 2010 (OPERATING ONLY)	0	319	2,594	4,977	6,037
Schooling: Rationalisation of Surplus School Property	0	25,000	5,000	5,000	5,000
Schooling: Redevelop Property Management Information System	0	500	1,144	2,046	2,046
Schooling: Reversing 2009 School Staffing Savings Decisions	0	0	45,000	50,000	50,000
Schooling: School Network Upgrade Programme (SNUP) Depreciation	0	440	1,056	1,056	1,056
Schooling: Treaty of Waitangi Settlements Education Impacts	0	12,225	21,791	19,131	19,131
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	

[deleted – confidentiality of advice]

[deleted - confidentiality of advice]

[deleted – confidentiality of advice]

[deleted - confidentiality of advice]

[deleted – confidentiality of advice]

[deleted - confidentiality of advice]

Managers employed by MoE



[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
Special Education: Maintaining Hours of Education Support Workers (ESWs)	0	1,100	1,100	1,100	1,100
Special Education: Positive Behaviour for Learning	0	5,000	10,000	0	0
Special Education: Wage Settlement for Special Education-Funded Teacher Aides	0	1,629	1,704	1,704	1,704
[deleted – confidentiality of advice]	[deleted -	confidentiality	of	advice]	
TERTIARY: Literacy, Language and Numeracy Capability - Contractual Obligation	0	2,000	0	0	0

TERTIARY: Student Support (Vote:  
REVENUE)

0

-16,400

-18,600

-20,200

-21,800

TERTIARY: Student Support (Vote: SOCIAL DEVELOPMENT)	0	-21,800	-24,851	-15,424	-6,155
TERTIARY: Student Support Changes	0	47,471	87,955	88,048	87,811
TERTIARY: Tertiary Education Organisation Component Savings	0	-45,858	-56,364	-59,856	-59,856
zz_Utilisation of Share Allocation	0	-300,000	-300,000	-300,000	-300,000
Total Reprioritisation	10,024	-80,312	-18,082	-10,998	-50
Transfers Outside Vote					
Contribute towards Establishment and Operatings Costs of Productivity Commission Total	0	-140	-280	-301	-301
Transfers Outside Vote					
<b>Total Changes</b>	[deleted -	confidentiality	of	advice]	
<b>Total Proposed Baseline</b>	[deleted -	confidentiality	of	advice]	