

# The Treasury

## Budget 2012 Information Release

### Release Document

June 2012

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
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- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



## Minute of Decision

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### Tertiary Education Package for Budget 2012

#### Portfolio: Tertiary Education, Skills and Employment

On 23 April 2012, following reference from the Cabinet Social Policy Committee, Cabinet:

#### Background

- 1 **noted** that the Budget 2012 tertiary education package is underpinned by the principles that students who can afford to, should make a greater contribution to their tertiary education so that the sector can continue to be reinvested in and strengthened, and that extra investment in the tertiary education sector should focus on those areas that are vital for improving New Zealand's economic growth;
- 2 **noted** that the tertiary education package is focussed on the following major objectives:
  - 2.1 strengthening tertiary education provision and research at the upper levels of the system;
  - 2.2 improving vocational and foundation education provision;
  - 2.3 continuing to contribute to the rebuild needs of Canterbury;
  - 2.4 progressing the government's manifesto commitments;
- 3 **noted** that the tertiary education package will generate savings of between \$91.207 million and \$292.075 million (operating), depending on the student loan repayment option decided, and between \$128.200 million and \$378.756 million (capital) over five years;
- 4 **noted** that demand and cost pressures in the tertiary education sector in 2013 are likely to be manageable and that, as a result, the focus for additional investment through re-prioritisation will be on areas of government priority;
- 5 **noted** that the changes to student support for Budget 2012 agreed by Cabinet are set out in CAB Min (12) 13/6;
- 6 **authorised** the Minister of Finance and the Minister for Tertiary Education, Skills and Employment (the Minister), to approve the financial implications for student support of changes to Annual Maximum Fee Movements, pilot training and the Youth Guarantee, and necessary adjustments to expenditure proposed for Vote Tertiary Education;

## Summary of initiatives included in the attached initiative documents

7 **approved** the Budget initiatives for Vote Tertiary Education for inclusion in the 2012 Budget package, as listed in the summary below and detailed in the attached initiative documents:

### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
7230	Increasing the Size of the Performance-Based Research Fund (note 1 below)	-	6.250	18.750	31.250	43.750
7231	Increase Funding Rates for Engineering	-	5.990	11.990	11.990	11.990
7232	Reducing the Funding Rate Difference between Public and Private Providers	-	4.218	8.431	8.427	8.427
7233	New Zealand Benchmarking Tool	-	1.260	1.260	-	-
7234	Programme for International Assessment of Adult Competencies	-	0.850	1.560	2.520	0.330
7235	Increase Funding Rates for Science	-	2.427	4.853	4.853	4.853
7237	Extend the Youth Guarantee	-	2.859	8.576	12.579	13.722
7239	Tutor Support for Special Education	-	0.617	0.635	0.704	0.671
7240	Adult and Community Education in Community Organisations	-	0.300	0.500	0.700	0.700
7241	Unallocated Funding from Literacy, Language and Numeracy Top-Ups	-	(3.200)	(6.399)	(6.399)	(6.399)
7484	Utilising 2011/12 Underspend in Industry Training	(8.912)	4.456	4.456	-	-
7485	Increasing the Subsidy for Pilot Training	-	0.234	0.408	0.408	0.408
7486	Remove Funding for Adult and Community Education in Universities	-	(0.772)	(1.543)	(1.543)	(1.543)
<b>Total Operating</b>		<b>(8.912)</b>	<b>25.489</b>	<b>53.477</b>	<b>65.489</b>	<b>76.909</b>

Note 1: Costs for 2016/17 and outyears for initiative 7230 (PBRF) will be \$50 million

8 **approved** the changes to appropriations and/or projected balances of net assets of the administering department to implement the initiatives, as set out in the attached initiative documents (except for Initiative 7230 which will be approved by the Minister of Finance and the Minister (paragraph 18 refers));

9 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;

10 **agreed** that the changes to appropriations for 2011/12 above be included in the 2011/12 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

- 11 **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2011/12 Supplementary Estimates, the 2012/13 Estimates, and the fiscal forecasts;
- 12 **authorised** the chief executives of departments that monitor Crown entities directly affected by the decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 13 **noted** that all communications relating to the 2012 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

### **Strengthening tertiary education provision and research at the upper levels of the system**

- 14 **agreed** to move engineering and related technologies from tertiary funding category C to tertiary funding category N from 2013, which will provide a funding boost for engineering provision of 8.8 per cent, at a cost of \$41.960 million over four years [Initiative 7231];
- 15 **agreed** to increase tertiary tuition subsidies for science by two per cent from 2013, at a cost of \$16.986 million over four years to ensure a balanced package in outyears [Initiative 7235];
- 16 [6]
- 17 **agreed** to increase the size of the PBRF to \$300 million by 2016 at a cost of \$100 million over four years [Initiative 7230];
- 18 **noted** that the financial implications of the decision in paragraph 17 above [Initiative 7230] will be approved jointly by the Minister of Finance and the Minister by 26 April 2012;
- 19 **agreed** to transfer \$8.912 million unspent funding from industry training in 2011/12 to level 3 and above student achievement provision in 2012/13 and 2013/14 [Initiative 7484];

### **Improving vocational and foundation education provision**

- 20 **agreed** to provide an additional 3,000 free places in the Youth Guarantee over the next four years, at an operating cost of \$37.736 million over four years [Initiative 7237];
- 21 **noted** that the additional free Youth Guarantee places referred to in paragraph 20 above will be occupied by students currently in fee-paying tertiary study and that, as a result, a fiscally neutral transfer of \$65.802 million over four years is proposed from the Student Achievement Component to Training for Designated Groups (Youth Guarantee);
- 22 **noted** that \$11.199 million of operating savings are made in student loans and allowances over four years due to the increasing proportion of 16 and 17 year olds undertaking free tertiary education (and no longer borrowing for fees), and that the total debt impact is \$(53.769) million over four years;

- 23 **authorised** the Minister of Finance and the Minister to make any minor adjustments due to different phasing of demand or split between trades and non-trades education at future baseline updates;
- 24 **noted** that the Minister intends to propose to Cabinet a new framework for levels 1 and 2 tertiary education in Vote Tertiary Education, and that the proposed new framework will be created fiscally neutrally;
- 25 **agreed** to establish a new funding pool of \$115 million in 2013 for levels 1 and 2 tertiary education in the Student Achievement Component to give effect to the policy framework referred to in paragraph 24 above;
- 26 **noted** that the new funding pool for levels 1 and 2 education will reduce to \$110 million in 2014 and \$108 million in 2015 as 16 to 17 year old students transfer into Youth Guarantee places;
- 27 **agreed** to reduce the Intensive Literacy and Numeracy fund by \$22.397 million over four years to remove funding no longer needed from 2013 in light of proposed new requirements for tertiary education at levels 1 and 2 [Initiative 7241];
- 28 **agreed** to increase funding for adult and community education in community organisations by \$2.2 million over four years to manage likely higher demand for some foundation skills due to proposed new requirements for tertiary education at levels 1 and 2 and welfare reforms [Initiative 7240];
- 29 **agreed** to no longer fund adult and community education at universities, with a saving of \$5.401 million over four years [Initiative 7486];
- 30 **agreed** to funding to continue existing funding support programmes for special education (formerly funded via a special supplementary grant) beyond 2012 as part of the proposed new framework for levels 1 and 2 tertiary education and to provide approximately 200 additional places at a cost of \$2.627 million over four years [Initiative 7239];

### **Progressing the government's manifesto commitments**

- 31 **agreed** to halve the difference between the current Student Achievement Component for private training establishments and tertiary education institutions from 2013, at a cost of \$29.503 million over four years [Initiative 7232];

### **Pilot Training**

- 32 **agreed** to confirm a \$35,000 per Equivalent Full-time Student limit for the compulsory fees component of student loan borrowing for study for pilot training commencing on or after 1 January 2013, with savings above those in Budget 2011 of \$8.311 million over four years operating and a debt impact of \$(18.686) million over four years;
- 33 **agreed** to move the pilot training courses currently funded within tuition subsidy category C to tuition subsidy category M at a cost of \$1.428 million over four years [Initiative 7485];
- 34 **agreed** to \$30,000 operating funding in 2012/13 only for the Tertiary Education Commission (TEC) to manage changes to pilot training [Initiative 7485];

35 [6]

### Other items

- 36 **agreed** to fund New Zealand's participation in the Programme for International Assessment of Adult Competencies at a cost of \$5.260 million over four years [Initiative 7234];
- 37 **noted** that an Annual Maximum Fee Movement of four per cent is proposed for 2013;
- 38 **agreed** to provide funding to allow for Annual Maximum Fee Movements of four per cent in 2014/15 and 2015/16 at a cost of \$24.278 million in operating funding, with an overall debt impact of \$45.305 million in Vote Revenue and Vote Social Development across those two years;
- 39 **agreed** to fund the New Zealand Benchmarking Tool for a further two years at a cost of \$2.520 million [Initiative 7233];

### Contingencies

40 [6]

[6]

41 **noted** that current balances for operating and capital contingencies that were set aside in Budget 2011 for Vote Tertiary Education are as follows:

		2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
[6]						
Trades Training in Response to the Christchurch Earthquake	Capital	6.000	-	-	-	-
	Operating	35.000	-	-	-	-
Earthquake Recovery Contingency – Student Support	Capital	13.000	-	-	-	-
	Operating	7.000	-	-	-	-
[6]						
[6]						
[6]						

42 [6]

43 [6]

44 [6]

45 [6]

46 [6]

47 **agreed** that the present capital and operating contingencies for “Trades Training in Response to the Christchurch Earthquake” be retained, but their titles be amended to “Trades Training and Associated Activities in Response to the Christchurch Earthquake” to broaden its purpose to allow flexibility to fund brokerage, co-ordination or publicity;

48 **agreed** that the re-named capital and operating contingencies “Trades Training and Associated Activities in Response to the Christchurch Earthquake” be transferred to 2012/13 and their expiry date extended to 1 February 2013;

49 **agreed** to disestablish the contingencies for “Earthquake Recovery Contingency – Student Support” [6]

50 [6]

51 [6]

52 [6]

53 [6]

54 [6]

55 [6]

56 [6]

### **Structure of the Student Achievement Component and budget management rules**

57 **agreed** to establish a sub-fund in the Tertiary Education: Student Achievement Component appropriation in Vote Tertiary Education for provision at level 3 and above that does not include funding targets for each subsector;

58 **agreed** that, from 2013, the Minister will specify to TEC the minimum amount of funding that TEC must allocate to each subsector at levels three and above;

59 **agreed** that the minimum amount of funding that TEC can allocate to each subsector for provision at level 3 and above in the 2013 year be 90 per cent of each subsector’s allocation for the 2012 year;

60 **authorised** the Minister of Finance and the Minister to determine whether or not an under-spend in the Student Achievement Component appropriation can be carried forward to the next financial year, in response to proposals from TEC, to preserve the total amount of funding available to providers and to allow additional student places to be purchased;



61 [6]

Secretary of the Cabinet

Reference: CAB (12) 164

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**Vote:** Tertiary Education

**Title:** Increase Funding Rates for Engineering

**Description:** Shifts engineering and related technologies from the current funding category (category C) into a higher cost category (category N) to provide incentives for providers to increase the number of engineering graduates.

**Appropriation Changes**

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	5.990	11.990	11.990	11.990
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>5.990</b>	<b>11.990</b>	<b>11.990</b>	<b>11.990</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Education: Student Achievement Component	-	5.990	11.990	11.990	11.990
<b>Total Operating</b>	-	<b>5.990</b>	<b>11.990</b>	<b>11.990</b>	<b>11.990</b>
<b>Total Capital</b>	-	-	-	-	-

## Initiative No: 7232

**Vote:** Tertiary Education

**Title:** Reducing the Funding Rate Difference Between Public and Private Providers

**Description:** Advances the government's policy of reducing differences in funding policy between Private Tertiary Establishments and Tertiary Education Institutions, by halving the current difference in funding rates.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	4.218	8.431	8.427	8.427
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>4.218</b>	<b>8.431</b>	<b>8.427</b>	<b>8.427</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Education: Student Achievement Component	-	4.218	8.431	8.427	8.427
<b>Total Operating</b>	-	<b>4.218</b>	<b>8.431</b>	<b>8.427</b>	<b>8.427</b>
<b>Total Capital</b>	-	-	-	-	-

Initiative No: 7233

**Vote:** Tertiary Education**Title:** New Zealand Benchmarking Tool**Description:** Supports participating Tertiary Education Institutions to benchmark their financial and educational performance against other comparable institutions after current funding expires in June 2012.**Appropriation Changes**

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	1.260	1.260	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.260</b>	<b>1.260</b>	-	-

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Managing the Government's Investment in the Tertiary Education Sector	-	1.260	1.260	-	-
<b>Total Operating</b>	-	<b>1.260</b>	<b>1.260</b>	-	-
<b>Total Capital</b>	-	-	-	-	-

## Initiative No: 7234

**Vote:** Tertiary Education

**Title:** Programme for International Assessment of Adult Competencies

**Description:** Funds, until 2015/16, New Zealand's participation in the Programme for International Assessment of Adult Competencies, an OECD international survey of the skills of 16 to 65 year olds, to be undertaken ten-yearly, to refresh the evidence base on adult literacy, numeracy, and workplace skills.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	0.850	1.560	2.520	0.330
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.850</b>	<b>1.560</b>	<b>2.520</b>	<b>0.330</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Departmental Output Expenses:</b>					
Strategic Leadership in the Tertiary System (funded by revenue Crown)	-	0.850	1.560	2.520	0.330
<b>Total Operating</b>	-	<b>0.850</b>	<b>1.560</b>	<b>2.520</b>	<b>0.330</b>
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendation

62 **noted** that the funding for this initiative ceases in 2015/16;

## Initiative No: 7235

**Vote:** Tertiary Education

**Title:** Increase Funding Rates for Science

**Description:** Increases the funding rates for science tertiary education by two per cent to preserve the quality of science education.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	2.427	4.853	4.853	4.853
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>2.427</b>	<b>4.853</b>	<b>4.853</b>	<b>4.853</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Education: Student Achievement Component	-	2.427	4.853	4.853	4.853
<b>Total Operating</b>	-	<b>2.427</b>	<b>4.853</b>	<b>4.853</b>	<b>4.853</b>
<b>Total Capital</b>	-	-	-	-	-

Initiative No: 7237

**Vote:** Tertiary Education**Title:** Expanding Fee-Free Youth Guarantee Tertiary Places**Description:** Provides additional fee-free tertiary places in the Youth Guarantee over and above the government's commitment to deliver 12,500 places in the Youth Guarantee by 2014.**Appropriation Changes**

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	2.859	8.576	12.579	13.722
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>2.859</b>	<b>8.576</b>	<b>12.579</b>	<b>13.722</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Training for Designated Groups	-	2.859	8.576	12.579	13.722
<b>Total Operating</b>	-	<b>2.859</b>	<b>8.576</b>	<b>12.579</b>	<b>13.722</b>
<b>Total Capital</b>	-	-	-	-	-

**Additional Recommendations**

63 **noted** that converting existing Student Achievement Component funded places will create the following student loan savings in Vote Social Development and Vote Revenue from converting fee-paying tertiary places to fees-free Youth Guarantee places:

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Student Support Implications of Converting Fees-paying Tertiary Places to Fees-free Youth Guarantee Places	-	(1.514)	(3.187)	(3.576)	(2.922)

64 **noted** that the corresponding savings initiative under Vote Social Development is initiative number 7519;

65 **noted** that the corresponding savings initiative under Vote Revenue is initiative number 7528;

66 **noted** that converting existing Student Achievement Component funded places will require a fiscally neutral transfer of the training costs of current fees-paying places that will become fee-free Youth Guarantee places;

67 [6]



## Initiative No: 7239

**Vote:** Tertiary Education

**Title:** Tutor Support for Special Education

**Description:** Allows tutor support for special education to continue, and doubles the number of students who can participate to match current demand. The Special Education Special Supplementary Grant was removed (with the exception of tutor support funding) as part of rationalising small funds in Budget 2009.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	0.617	0.635	0.704	0.671
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.617</b>	<b>0.635</b>	<b>0.704</b>	<b>0.671</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Education: Student Achievement Component	-	0.617	0.635	0.704	0.671
<b>Total Operating</b>	-	<b>0.617</b>	<b>0.635</b>	<b>0.704</b>	<b>0.671</b>
<b>Total Capital</b>	-	-	-	-	-

## Initiative No: 7240

**Vote:** Tertiary Education

**Title:** Adult and Community Education in Community Organisations

**Description:** Increases funding for Adult and Community Education (ACE) in community organisations (which includes schools). ACE is informal education for adults who are unable to commit to more formal education options.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	0.300	0.500	0.700	0.700
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.300</b>	<b>0.500</b>	<b>0.700</b>	<b>0.700</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Adult and Community Education	-	0.300	0.500	0.700	0.700
<b>Total Operating</b>	-	<b>0.300</b>	<b>0.500</b>	<b>0.700</b>	<b>0.700</b>
<b>Total Capital</b>	-	-	-	-	-

## Initiative No: 7241

**Vote:** Tertiary Education

**Title:** Unallocated Funding from Literacy, Language and Numeracy Top-Ups

**Description:** Removes funding no longer required for embedding literacy and numeracy into levels 1 and 2 tertiary education programmes.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	(3.200)	(6.399)	(6.399)	(6.399)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>(3.200)</b>	<b>(6.399)</b>	<b>(6.399)</b>	<b>(6.399)</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Adult and Community Education	-	(3.200)	(6.399)	(6.399)	(6.399)
<b>Total Operating</b>	-	<b>(3.200)</b>	<b>(6.399)</b>	<b>(6.399)</b>	<b>(6.399)</b>
<b>Total Capital</b>	-	-	-	-	-

## Initiative No: 7484

**Vote:** Tertiary Education

**Title:** Utilising 2011/12 Underspend in Industry Training

**Description:** A fiscally neutral adjustment to utilise the underspend in industry training to fund demand at universities in 2013 only. The Industry Training Fund is estimated to be underspent by \$39 million in 2011/12 due to lower demand for workplace-based training as a result of economic conditions.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	(8.912)	4.456	4.456	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(8.912)</b>	<b>4.456</b>	<b>4.456</b>	<b>-</b>	<b>-</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Education: Student Achievement Component	-	4.456	4.456	-	-
Training for Designated Groups	(8.912)	-	-	-	-
<b>Total Operating</b>	<b>(8.912)</b>	<b>4.456</b>	<b>4.456</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Initiative No: 7485

**Vote:** Tertiary Education

**Title:** Increasing the Subsidy for Pilot Training

**Description:** Increases the pilot training tuition subsidy by moving pilot training provision into funding category M to help realign fees and subsidies in aviation. This includes operational funding for the Tertiary Education Commission in 2012/13 to implement pilot training changes.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	0.234	0.408	0.408	0.408
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.234</b>	<b>0.408</b>	<b>0.408</b>	<b>0.408</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Managing the Government's Investment in the Tertiary Education Sector	-	0.030	-	-	-
Tertiary Education: Student Achievement Component	-	0.204	0.408	0.408	0.408
<b>Total Operating</b>	-	<b>0.234</b>	<b>0.408</b>	<b>0.408</b>	<b>0.408</b>
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendations

- 68 **noted** that the corresponding savings initiative under Vote Social Development is initiative number 7518;
- 69 **noted** that \$0.250 million operational funding for StudyLink is provided under Vote Social Development – initiative number 7518;
- 70 **noted** that the corresponding savings initiative under Vote Revenue is initiative number 7527;

## Initiative No: 7486

**Vote:** Tertiary Education

**Title:** Remove Funding for Adult and Community Education in Universities

**Description:** Removes adult and community education funding for universities, which is a relatively low priority for government expenditure, and not well aligned to core university roles.

### Appropriation Changes

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Operating Balance Impact	-	(0.772)	(1.543)	(1.543)	(1.543)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>(0.772)</b>	<b>(1.543)</b>	<b>(1.543)</b>	<b>(1.543)</b>

	\$m - increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Adult and Community Education	-	(0.772)	(1.543)	(1.543)	(1.543)
<b>Total Operating</b>	-	<b>(0.772)</b>	<b>(1.543)</b>	<b>(1.543)</b>	<b>(1.543)</b>
<b>Total Capital</b>	-	-	-	-	-