

The Treasury

Budget 2013 Information Release

Release Document

July 2013

www.treasury.govt.nz/publications/informationreleases/budget/2013

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [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
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [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
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] Not in scope
- [13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue
- [14] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Cabinet Social Policy Committee

SOC Min (12) 23/3

Copy No: 26

Minute of Decision

25 OCT 2012

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Active Management of Tertiary Education Investment Between Now and Budget 2013 to Achieve Government Policy Priorities

Portfolio: Tertiary Education, Skills and Employment

On 24 October 2012, the Cabinet Social Policy Committee:

Fiscally neutral adjustments

- 1 **noted** that the Tertiary Education Commission (TEC) has identified \$66.100 million in uncommitted funds within the tertiary education funding system, comprising:
 - 1.1 \$42.000 million of actual and projected under-allocation within the Industry Training Fund and Modern Apprenticeships;
 - 1.2 \$15.000 million forecast funding recoveries within the Industry Training Fund and Modern Apprenticeships;
 - 1.3 \$9.100 million within the Student Achievement Component (SAC), consisting of an anticipated \$3.000 million in recovered funding as a result of the application of Performance-Linked Funding, and \$6.100 million, being the surplus carried forward from 2011/12;
- 2 **agreed** in principle, subject to paragraph 3 below, to the reprioritisation of \$33.096 million of the uncommitted funds for the allocation of additional engineering places over the period from 2013 to 2016;
- 3 **authorised** the Minister of Finance and the Minister for Tertiary Education, Skills and Employment (and, where there are student support costs, the Minister of Revenue and the Minister for Social Development) jointly to determine fiscally neutral adjustments among TEC's Vote Tertiary Education appropriations, across years and across Votes where required for relevant student support costs, to fund additional engineering Equivalent Full-Time Students (EFTS) and resultant student support costs over the period from 2013 to 2016, up to a maximum of \$33.096 million;

- 4 **agreed** to the following initiatives to be funded from reallocations from Industry Training Fund and Modern Apprenticeships:

	\$m – increase/(decrease)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Under-allocation within the Industry Training Fund and Modern Apprenticeships	(16.298)	-	-	-	-
Equity Loading funding for 2013	0.500	0.500	-	-	-
Additional SAC allocations for Lincoln University	5.900	5.200	2.600	-	-
SAC funding for medical places	0.580	0.580			
Medical Intern Grant	0.216	0.222			
Total Operating	(9.102)	6.502	2.600	-	-

- 5 **approved** the following fiscally neutral adjustments to implement the initiatives in paragraph 4 above, with no impact on the operating balance or debt:

	\$m – increase/(decrease)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Vote Tertiary Education Minister for Tertiary Education, Skills and Employment					
Non-Departmental Output Expenses:					
Training for Designated Groups	(16.298)	-	-	-	-
Tertiary Education Grants and Other Funding	0.500	0.500	-	-	-
Tertiary Education: Student Achievement Component	6.480	5.780	2.600	-	-
Non-Departmental Benefits and Other Unrequited Expenses					
Tertiary Scholarships and Awards	0.216	0.222			
Total Operating	(9.102)	6.502	2.600	-	-

- 6 **noted** that some of the funding initiatives presented in the paper under SOC (12) 132 have spending implications for outyears where funding has not yet been identified, which will be managed as part of further reprioritisations within the Vote at Budget 2013;
- 7 **approved** the following fiscally neutral adjustment to amend a Budget 2012 initiative, with no impact on the operating balance or debt:

	\$m – increase/(decrease)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Vote Tertiary Education Minister for Tertiary Education, Skills and Employment					
Non-Departmental Output Expense:					
Adult and Community Education	(0.075)	0.075	-	-	-

Transfer of funding from levels 1 and 2 Student Achievement Component to level 3 and above

- 8 **noted** that, following Investment Plan engagement, it has become apparent that funding shifts between levels 1 and 2 and level 3 and above are required for both 2013 and 2014 (calendar years), and that this will affect three fiscal years and is beyond the delegation to joint Ministers;
- 9 **agreed** that funding be transferred from the sub-fund for levels 1 and 2 to the sub-fund for level 3 and above for 2012/13, 2013/14 and 2014/15, as detailed in the table below:

	\$m – increase/(decrease)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Tertiary Education: Student Achievement Component					
Provision at levels 1 and 2	(2.625)	(8.500)	(5.875)	-	-
Provision at level 3 and above	2.625	8.500	5.875	-	-

- 10 **noted** that the ongoing split between the sub-funds for 2015 onwards will be considered as part of Budget 2014;

Skills for Canterbury contingency

[6]

- 12 **agreed** in principle, subject to paragraph 14 below, to appropriate up to \$28.000 million in operating and capital funding from the “Trades Training and Associated Activities in Response to the Christchurch Earthquake” contingency to purchase additional trades training EFTS in 2013, and to meet the student support costs generated thereby;
- 13 **noted** that \$28.000 million is \$4.400 million above the amount of additional funding provided above baselines for this delivery in 2012, and that the increase is due to SAC funding rate increases and to allow for possible differences in the student support costs;
- 14 **authorised** the Minister of Finance, the Minister for Tertiary Education, Skills and Employment, the Minister for Social Development, and the Minister of Revenue to jointly determine the final baselines when the timing of demand and the capacity for tertiary education organisations to partly meet this demand is known;
- 15 **agreed** that the changes to the appropriations in paragraphs 4, 5, 9, and 12 above be included in the 2012/13 Supplementary Estimates and that, in the meantime, the increase be met through Imprest Supply.

Committee Secretary

Reference: SOC (12) 132

