

The Treasury

Budget 2013 Information Release

Release Document

July 2013

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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
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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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
- [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
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- [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.

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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.

**Budget Bilateral: Vote Education
18 December 2012**

Annotated Agenda

1. Budget 2013 position [7]

[6]

There remain a number of unquantified cost pressures on Budget 2013:

- [6]
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- Costs from new Māori Language Education initiatives [7]

2. The Budget 2013 position will change over the next few months

Issue: The current Budget 2013 position is expected to change over the next few months. The reasons for this change are:

- One of the key areas of uncertainty are the March Baseline Updates, which have not yet been finalised. The Ministry of Education has set aside a contingency in their Four-year Plan to cover expected costs for Early Childhood Education stemming from the March 2013 forecast changes. No such provision has been made for Schooling forecast changes – this reflects early indications that there is a likelihood that these forecasts will be lower than current baselines. If the school expenditure forecasts are adjusted downwards there is high likelihood that this will eliminate the Budget 2013 shortfall.

3. Balancing Budget 2013

Issue: Because of uncertainty over the March Baseline Updates it will be important to have strategies in place to explore other options for balancing the Budget. These options are:

- Exploring in greater depth the additional savings options the Ministry presents in section 7 of the Four-year Plan. A summary of these options is detailed below. It is important to note that further policy and costing work is required of these options, and that some of these options may impact on the achievement of Better Public Service results:

[6]

[6]

- Exploring options about reprioritising funding within existing contingencies towards cost pressures in the Four-year Plan. The Ministry of Education thinks there is scope to do this for:

- [10]

- The Budget 2011 Contingency for Managed Network for Learning (N4L). [10]

Subject to Cabinet approval, the ome residual funding within the contingency could be reprioritised towards the School Network Upgrade Programme (SNUP) (for both Opex and Capex costs).

- [6]

- Exploring options for scaling back Budget 2013 cost pressures.

4. Capital

Issue: Education is a large user of capital which in turn drives many operating costs.

- The Four-year Plan outlines expected capital costs of \$1.1 billion over the Four-year Period. How does this link with expectations of funding from the Future Investment Fund?
- Currently capital charge has not been included in the Four Year Plan – early calculations suggest that it could be an additional cost of around \$160 million over the four-year period.

5. Medium-term sustainability of Vote Education

Issue: The demand-driven nature of Vote Education raises consideration of the medium-term sustainability of current spending in Vote Education.

You may wish to discuss options for long-term changes to the Vote in order to look at maximising contribution to educational outcomes within constrained resources. Particular focus could be made on:

- [6]

- [6]
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6. Next Steps

- Minister of Education to submit Four-year Plan for Vote Education to Minister of Finance on 20 December 2012.
- Minister of Finance/Treasury to provide feedback on the Four-year Plan in February.
- Finalisation of March 2013 Baseline Updates.
- Expected future bilateral meetings in early 2013.