

The Treasury

Budget 2013 Information Release

Release Document

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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.

Treasury recommends that you pursue all of the following options (1, 2i, 3 and 4) to achieve a balanced package:

1. Not funding a CPI increase on universal **ECE subsidy rates** and instead support the previous proposal to fund an **increase in ECE Equity funding** that provides a top-up to ECE providers servicing communities in deciles 1-4, as noted by SOC in November 2012.
 - This saves **\$85m**.
2. A lower increase to the **Schools' Operations Grant**. Preliminary Budget CPI forecasts for the 2014 school year are for 1.55% excluding tobacco – this is the measure used by MSD to uprate benefits, while we understand that a 0.6% increase would still maintain real funding at 2009 levels. Any increase can be across the board or targeted for example through decile funding.
 - i. 1.55% saves **\$30-35m**.
 - ii. A lower increase of 0.6% would save **\$71m**.
3. Reducing **Quality Teaching initiatives**. The Ministry has already scaled this package back (by reprioritising existing PLD spend) but we see scope to reduce it further by not funding the initiative 'Valuing and Engaging the Profession' - a campaign to promote the status of teaching, and not funding the initiative 'appraisal training, including some release time' - which duplicates work already being done by NZTC.
 - This saves **\$10m**.
4. Not funding the new initiative **Retention programme for Maori Medium**.
 - This saves **\$12m**.

If you agree to the four Treasury recommendations above then the package will balance (with a small surplus) over the four years, and will exceed the indicative allocation by a small amount (less than \$10m) in outyears.

If you do not agree to some of the recommendations above then you could consider option 2ii or go further on scaling of option 3. Further options that could be considered in order to achieve a balanced package are:

5. Deferring funding for some of the flow-on costs of the full increase in **ECE participation**. The proposed package fully funds increased ECE participation at 98% in this Budget. This can be phased over future Budgets if and when increases in participation materialise.
 - For example, halving the costs would reduce pressures by **\$58m** in this Budget.
6. Scaling **Positive Behaviour for Learning programmes**. This makes up \$64m of the package and would be another area that could be scaled back.
7. [6]
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If Ministers wish to pursue options 6 or 7 then proposals will have to be worked up further, including identifying potential impacts on outliers.