

The Treasury

Budget 2013 Information Release

Release Document

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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.

From: [3]
Sent: Thursday, 21 March 2013 7:37 p.m.
To: ^Parliament: Cameron Burrows
Cc: Sam Jolly; Nic Blakeley
Subject: Vote Education Budget position
Attachments: [7]

Cam,

You asked for a short email setting out the key decisions that MoF will need to take in Vote Education.

The package as it currently stands balances across the Budget period but has a deficit in the outyears of \$20m [7]

Some significant areas of spending in the package have been reduced to balance it overall:

- Quality teaching has been reduced by \$15m, with some new initiatives funded by reprioritising existing PLD spend [7]
- School Operations Grant increase is now at 2% (was 2.3% previously)
- Proposed capital spending has been reduced with positive flow-ons for Opex
- Operating costs of SNUP are offset by the underspend in the N4L contingency

There are three main points that MoF should be aware of for the bilateral:

1. The numbers in the package are still moving and Minister Parata is yet to decide on a final package. [7]
2. The bilateral on Monday needs to agree a package that balances in outyears. The preferred options that Ministers should focus on are:
 - A lower increase to the **Schools' Operations Grant**. Preliminary Budget CPI forecasts for the 2014 school year are for 1.8% (1.55% excluding tobacco – this is the measure used by MSD to uprate benefits), while we understand that you could go as low as a 0.6% increase and maintain real funding at 2009 levels.
 - 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. Ministers could consider the option of phasing this spend over future Budgets.Other key initiatives that could help to balance the package are:
 - Reducing **Quality teaching initiatives**. This continues to make up a large share of the package (\$45m, including \$10m for a new initiative that focuses on retaining Maori Medium teachers).
 - Scaling **Positive Behaviour for Learning programmes**. This makes up \$64m of the package and would be another area that could be scaled back, if needed.
3. Capital charge has been agreed between officials and is currently included in the package. [7]

A joint annotated agenda for the bilateral will be send across to you tomorrow.

Thanks,
[3]

[3]

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