

Reference: 20160065

7 April 2016



Thank you for your Official Information Act request, received on 8 March 2016. You requested:

1. A copy of all presentations, briefings, reports and aide memoires that discuss pressures in Vote Education since June 2015, its inclusion as part of social sector spending, and early funding signals for Vote Education in relation to Budget 2016;
2. A copy of all presentations, briefings, reports and aide memoires that discuss the funding review of the education sector, since 1 October 2015

We are interpreting the 'presentations and briefings' aspect of the request as ones that were for Ministers.

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	2 July 2015	Aide Memoire: Vote Education and Budget 16	Release in part
2.	23 October 2015	Aide Memoire: Vote Education October Baseline Update 2015 Submission	Release in part
3.	7 December 2015	Aide Memoire: Update on the Review of Education Capital and Infrastructure	Release in part

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,

- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions

Information to be Withheld

There are additional documents covered by your request that I have decided to withhold in full under the following section of the Official Information Act:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials

Item	Date	Document Description
4.	26 June 2015	Vote Education and Budget 16 slide pack
5.	7 October 2015	Aide Memoire: Meeting with Minister of Education on funding review
6.	20 November 2015	Aide Memoire: Managing baselines: update
7.	3 December 2015	Aide Memoire: Bilateral meetings on B16 cost pressures
8.	7 December 2015	Aide Memoire: Bilateral Meeting on Vote Education Cost Pressures and Budget 2016
9.	22 December 2015	Education Funding Review - Background Information
10.	29 January 2016	Aide Memoire: Vote Education Budget 2016 Scaling Assessments
11.	5 February 2016	Aide Memoire: Social Sector Budget Package
12.	11 February 2016	Treasury Report: Vote Education Budget 2016
13.	29 February 2016	Aide Memoire: Social sector Budget package for 8 March
14.	29 February 2016	Aide Memoire: Vote Education Budget package - background analysis
15.	2 March 2016	Vote Education March Baseline Update: Early Childhood Education forecasts

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Grace Campbell-Macdonald
Manager, Education & Skills

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Reference: T2015/1466

SH-4-5

Date: 2 July 2015

To: Associate Minister of Finance (Hon Paula Bennett)

Deadline: Monday 6 July 2015

Aide Memoire: Vote Education and Budget 16

Not Relevant to Request

We have attached some material to support that discussion which provides an overview of:

- Not Relevant to Request
-
- Key funding pressures and issues we are engaging on ahead of Budget 16.

Attachment: attachment withheld under s9(2)(f)(iv)

Sam Tendeter, Senior Analyst, Education & Skills, 04 917 6972
Grace Campbell-Macdonald, Manager, Education & Skills, 04 917 6958

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Reference: T2015/2454

SH-4

Date: 23 October 2015

To: Minister of Finance (Hon Bill English)

Aide Memoire: Vote Education October Baseline Update 2015 Submission

Background

This note provides you with information on the Early Childhood Education (ECE) forecast expenditure increases that we understand the Minister of Education will seek agreement to, through the October Baseline Update. These ECE forecast expenditure increases are larger than those in recent years, and will therefore have a relatively large impact on Budget 2016. We have engaged with the Ministry of Education's forecasting team to understand the main drivers of the changes.

Table 1: Early childhood education expenditure forecast (\$ million; excl. GST)

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
MBU 2015	1,650.6	1,680.9	1,698.2	1,723.9	1,723.9	8,477.7
OBU 2015	s9(2)(f)(iv)					
\$ Difference						
% Difference						

Table 1 above illustrates the increased expenditure forecast. Note the overall increase to the baseline of s9(2)(f)(iv) over the forecast period and the s9(2)(f)(iv) increase in expenditure for 2019/20 and out years.

Analysis

There are two major factors that are driving the increased forecasted expenditure:

1. Revised Population Projection:

The actual number of 0-4 year olds in June 2015 was 2,000 more than the forecasted population provided by Statistics New Zealand in November 2014. A high birth rate and strong net migration inflow were the key drivers of this increase. The Ministry of Education used this information to adjust their forecast modelling, which resulted in a s9(2)(f)(iv) increase in forecast expenditure.

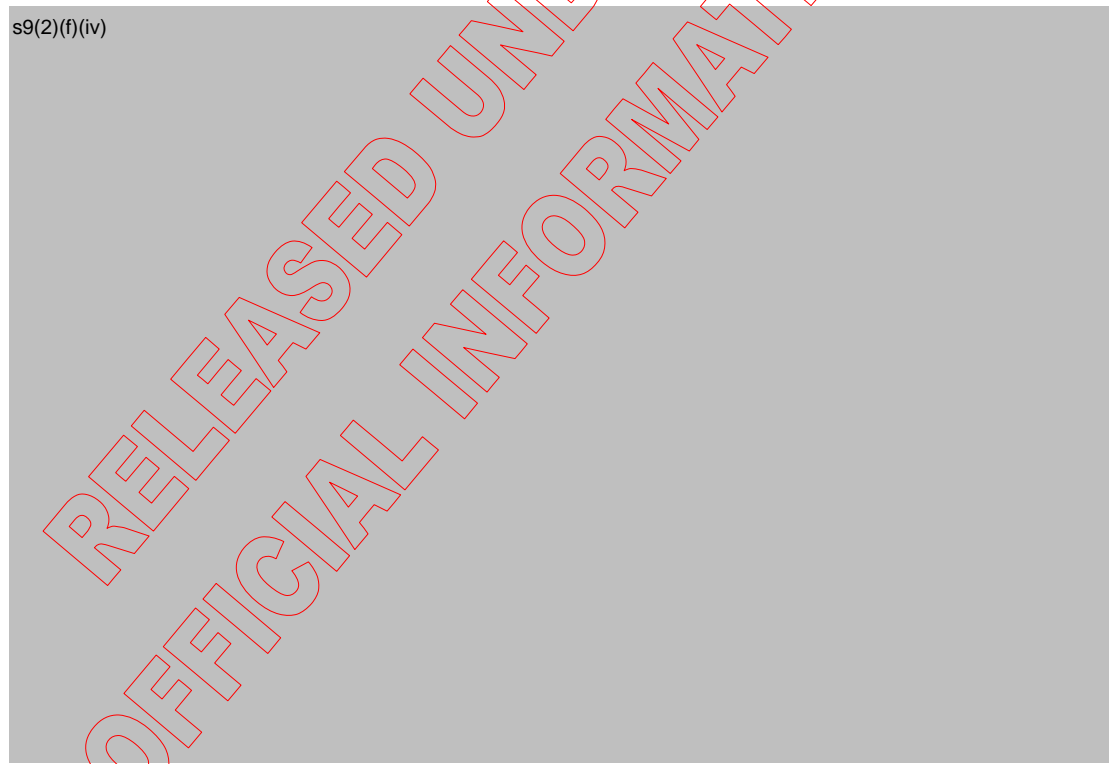
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2. Demand Growth:

The number of ECE services increased by 177 (2%) over the last year. The national unemployment rate increased from 5.5% to 5.7% between June 2014 and June 2015, yet the volume of ECE attendance during this period increased. The Ministry of Education anticipate that demand for funded child hours will continue to increase into the future. The Treasury's Forecasting team expect unemployment to fall over the medium term, which supports the Ministry of Education's projected ECE demand growth to a degree.

The increase in the number of home-based care services has driven down the average price of ECE to the Government, since home-based care services have lower subsidy rates than other service types. When taking into account this reduction in average price over the forecast period, demand growth contributes s9(2)(f)(iv) to the total s9(2)(f)(iv)

s9(2)(f)(iv) forecast expenditure increase, over the forecast period.



Treasury Comment

ECE Forecasting

The Treasury considers that the Ministry of Education's forecasting is robust; however there is still uncertainty in population forecasts as well as increased demand growth despite short term unemployment rates. The demand growth is partly a result of the current ECE policy settings such as 20 hours free and the Better Public Services Result 2 of increasing participation in ECE. Overall, the increase represents a s9(2)(f)(iv) increase in forecast expenditure since the 2015 March Baseline Update.

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Overall Vote Education Forecasting

The overall increase to the Vote Education baseline sought through OBU 2015 is s9(2)(f)(iv) over the forecast period. The impact of the school property revaluation is another large item that generates a s9(2)(f)(iv) per annum increase to depreciation funding and s9(2)(f)(iv) per annum increase for capital charge funding.

Not Relevant to Request

s9(2)(g)(i) Education & Skills, s9(2)(g)(i)
Grace Campbell-Macdonald, Manager, Education & Skills, 04 917 6958

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Reference: T2015/2911

SH-4-5-7

Date: 8 December 2015

To: Minister of Finance (Hon Bill English)

Aide Memoire: Update on the Review of Education Capital and Infrastructure

This note provides an update on the Review of Education Capital and Infrastructure in Vote Education, which commenced in August 2015.

On 19 August, Finance and Education Ministers met to discuss the remediation pressures facing the school property portfolio following the outcomes of the national condition assessment. Ministers agreed to jointly progress the review.

Not Relevant to Request



Next steps

s9(2)(f)(iv)



Not Relevant to Request



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s9(2)(g)(i) Education & Skills, s9(2)(g)(i)
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