

The Treasury

Budget 2011 Information Release

Release Document

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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Date: 10 September 2010

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THE TREASURY
Kaitohutohu Kaupapa Rawa

To: Minister of Finance

AIDE MEMOIRE: BROADBAND IN SCHOOLS MINISTERIAL MEETING

1. You are meeting with the Ministers of Communications and Education on Tuesday 14 September at 5.30pm to discuss broadband in schools and the drafting of a Cabinet paper. The Treasury recommends that you agree to the proposals in the joint paper provided to Ministers for this meeting. However, there are a number of funding issues that you need to be aware of, outlined below.

Funding use of broadband by schools and a Request for Information

2. The briefing for Ministers proposes a Cabinet paper that will seek agreement to release a Request for Information (RFI) to the market on two options to move schools towards the use of broadband and a managed network. The information from this RFI would also provide cost information for a subsequent National Education Network (NEN) business case.

[3]

4. Schools are likely to face pressure for increasing IT-related expenditures regardless of whether there is any change to the status quo. [2]

5. This funding pressure is likely to manifest within the Budget 2011 process. In the absence of the RFI, we cannot be certain of the magnitude of cost involved but recommend that two principles be kept in mind:

- Any increased costs resulting from broadband in schools should be traded-off against other Vote Education pressures from whatever Budget allocation is provided to Vote Education; and

[2]

6. There are also other IT related costs in the schooling area that remain currently unfunded, in particular the School Network Upgrade Programme, that are also likely to manifest as pressures in Budget 2011. [2]

Funding 'drop costs'

7. The briefing also seeks agreement on how to pay for the 'drop costs' of fibre from cabinets physically located on the street into schools. The options are either to pay providers for the cost upfront, or allow them to recoup the cost via access charges to schools over time. Treasury considers either option is feasible.
8. The paper recommends paying the cost upfront to allow a better whole-of-country cost to be negotiated, and the Treasury agrees with this 'on balance' judgement. The upfront approach allows a pooling of cost that cross-subsidises access by rural and remote schools and avoids them having prohibitively high ongoing access charges. [3]

9. [6]

[3]

The paper provided to Ministers does not seek direction on this matter but it will need resolution if and when a Cabinet paper is developed. Depending on the speed with which a funding decision is required, we anticipate a call would need to be made on the between Budget contingency.

[1]

Stephen Glover; Manager; Children and their Families; [1]