



Cabinet

CAB Min (11) 15/17

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Minute of Decision

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Achieving Government's Priorities in Early Childhood Education

Portfolio: Education

On 11 April 2011, following reference from the Cabinet Business Committee, Cabinet:

- 1 **noted** that the government's highest priorities for early childhood education (ECE) are to:
 - 1.1 improve participation in quality ECE by Maori and Pasifika children, and children from lower socio-economic status backgrounds;
 - 1.2 control government expenditure;
- 2 **noted** that the proportion of Maori and Pasifika children who have not attended ECE before school is two to three times higher than for other groups;
- 3 [2]
- 4 [2]
- 5 [2]

Universal Adjustment to ECE Funding Rates

- 6 **noted** that the Minister of Education is proposing a modest increase to ECE funding rates to help shield families from potential fees increases;
- 7 **agreed** to a universal adjustment to ECE funding rates effective from 1 July 2011;



- 8 **approved** the following appropriation changes to put into effect these universal increases, with a corresponding impact on the operating balance:

Vote Education Minister of Education	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Other Expense: Early Childhood Education	-	14.412	15.083	15.564	15.964
Total Operating	-	14.412	15.083	15.564	15.964

- 9 **agreed** that the changes to appropriations in paragraph 8 above be funded from Education's 2011 Budget allocation;

Extend Equity Funding to All ECE Services

- 10 **agreed** to extend Equity Funding (a targeted funding stream) to all ECE services, which will provide ECE to children from the poorest communities effective from 1 July 2011;
- 11 **approved** the following appropriation changes to extend Equity Funding to all ECE services, with a corresponding impact on the operating balance:

Vote Education Minister of Education	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Other Expense: Early Childhood Education	-	5.200	5.400	5.400	5.500

- 12 **agreed** that the changes to appropriations in paragraph 11 above be funded from Education's 2011 Budget allocation;
- 13 **authorised** the Minister of Finance and the Minister of Education to set the specific ECE funding rates in line with the policy proposals in the paper under CAB (11) 182, and the decisions for Kindergartens made by the Cabinet Social Policy Committee on 9 March 2011 [SOC Min (11) 3/2], in time for announcement as part of the 2011 Budget;

Ministry of Social Development Initiatives

- 14 **agreed** to fund expansion of Home Instruction Programme for Pre-school and Youngsters (HIPPY) and ECE for Children in Care as shown in the following table;

Vote Social Development	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Extension of early learning payments to children in state care	-	2.789	2.852	2.913	2.913
Expansion of Home Instruction Programme for Pre-school and Youngsters	-	1.141	1.871	2.731	3.131
Total	-	3.930	4.723	5.644	6.044

- 15 **approved** the following changes to appropriations to fund the Vote Social Development Budget 2011 initiatives in paragraph 14 above, with a corresponding impact on the operating balance:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense: Care and Protection Services (funded by revenue Crown)	-	2.789	2.852	2.913	2.913
Family and Community Services (funded by revenue Crown)	-	0.053	0.053	0.053	0.011
Non-departmental Output Expense: Strong Families	-	1.088	1.818	2.678	3.120
Total Operating	-	3.930	4.723	5.644	6.044

- 16 **agreed** that the changes to appropriations in paragraph 15 be funded from Education's 2011 Budget allocation;
- 17 **authorised** the Minister of Finance and the relevant Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2011/12 Estimates and the fiscal forecasts in relation to the initiatives in paragraph 14 above;

Early Learning Information (ELI) Project

18 [2]

- 19 **agreed** that the Ministry of Education proceed to the detailed business case stage (stage two) for the ELI project in line with the Indicative Business Case attached to the paper under CAB (11) 182;
- 20 **noted** that the Minister of Education will provide for the following operating and capital funding for the ELI project from Education's 2011 Budget allocation:

Vote Education Minister of Education	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	0.986	2.157	4.521	5.146
Debt Impact	-	2.160	11.160	4.680	-
No Impact	-	0.086	0.619	1.253	1.440
Total	-	3.232	13.936	10.454	6.586

- 21 **approved** the use of an operating to capital funding swap to fund the initiative in paragraph 20 above;

- 22 **agreed** that:
- 22.1 the funding for the ELI project be set aside as a contingency item;
 - 22.2 corresponding funding be set aside in the between-Budget spending contingency;
- 23 **authorised** the Minister of Finance and the Minister of Education jointly to draw down on the contingency in paragraph 22.2 above once the detailed business case has been approved in accordance with the *Capital Asset Management in Departments and Crown Entities: Expectations* [CO (10) 2];
- 24 **noted** that the Minister of Education proposes that these changes above be announced in Budget 2011.

Secretary of the Cabinet

Reference: CAB (11) 182
