

The Treasury

Budget 2011 Information Release

Release Document

June 2011

www.treasury.govt.nz/publications/informationreleases/budget/2011

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] 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
- [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)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 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
- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

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 [8] appearing where information has been withheld in a release document refers to section 9(2)(h).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2011: Vote Education

On 11 April 2011, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2011 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
6819	Adjustment to Schools' Operations Grant Funding	-	16.865	33.814	33.681	33.750
6820	Youth Guarantee – Trades Academies, Service Academies and Sector Pathways	0.359	8.390	11.155	13.022	13.810
6823	School Transport - Review Implementation	-	2.373	2.553	2.743	2.934
6827	Information and Communication Technology - Managed Network for Learning	-	1.492	0.692	0.692	0.692
6829	Board of Trustees Training	-	1.000	1.000	1.000	1.000
6961	Reading Recovery - Tutor and Teacher Training, and Teacher Support	-	0.435	0.940	1.030	1.200
6963	Develop Framework for Teacher Judgements against National Standards (Operating)	-	0.130	1.172	1.641	1.641
6964	Increased Support for Alternative Education	-	1.529	1.529	1.529	1.529
6965	Facilitate School Leaders Networks for National Standards	-	4.000	3.000	-	-
6966	Facilitate Networks of Leaders for Youth Guarantee	-	4.000	3.000	3.000	-
6970	Special Education: Specialist Teacher Study Awards	-	1.000	2.000	1.000	-

6972	Initiatives to Support Engagement with Iwi	-	2.500	3.200	3.900	2.400
7076	Reprioritised Tertiary Education Commission Policy Advice Expenditure	(0.303)	-	-	-	-
Total Operating		0.056	43.714	64.055	63.238	58.956

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
6962	Develop Framework for Teacher Judgements against National Standards	-	4.024	1.069	-	-
Total Capital		-	4.024	1.069	-	-

- 2 **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
- 3 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 4 **agreed** that the changes to appropriations and/or projected balances of net assets for 2010/11 above be included in the 2010/11 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 5 **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2010/11 Supplementary Estimates, the 2011/12 Estimates and the fiscal forecasts;
- 6 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 7 **noted** that all communications relating to the 2011 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

- 8 **agreed** that the initiatives in the following table be set aside as contingency items, that corresponding funding for them be set aside in a between-Budget spending contingency, and that they be submitted to Cabinet for consideration at a later stage, subject to paragraph 9:

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
[2]					
School Network Upgrade Programme - Broadband in Schools (Operating)	[6]				
[6]					
[2]					
[2]					
Total Operating	[2]				

Capital Contingency

Initiative Name	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
School Property Capital Funding	[2]				
[6]					
Total Capital	[2]				

[2]

- 10 **noted** that the Minister of Finance and the Minister of Education agreed that the cost of forecasting changes in Vote Education would be managed from existing baselines and the Vote Education Budget allocation;

11 **noted** that forecasting changes in Vote Education during 2010/11 were as follows:

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Early Childhood Education	125.439	80.113	91.783	102.924	141.836
Schooling and Property	84.700	52.855	99.289	(109.256)	35.031
Total	210.139	132.968	191.072	(6.332)	176.867

[6]

[6]

19 **noted** that:

19.1 on 11 April 2011, Cabinet took decisions on the government's priorities in Early Childhood Education [CAB Min (11) 15/17];

[6]

21 **noted** that the Early Childhood Education decisions referred to in paragraph 19.1 will be reflected in the Estimates documents;

22 **noted** that provision has been made against the Vote Education Budget 2011 allocation for the shortfall of capital and operating funding necessary to support the Public Private Partnership project and complete the Hobsonville Point schools [CAB Min (11) 12/9], as outlined in the following table:

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Capital Shortfall	[6]				
Operating Shortfall	[6]				

23 **noted** that \$16.699 million in 2010/11 has been sought for the non-property related costs of the Christchurch earthquake for the schooling sector, and that if approved, funding will be charged against the Vote Education Budget 2011 allocation;

- 24 **agreed** that the Vote Education Budget 2011 allocation be reduced to help meet the costs of the Christchurch earthquake as follows:

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Reduction in 2011 Education allocation to help meet costs of Christchurch Earthquake	-	(30.000)	(35.000)	(35.000)	-

Secretary of the Cabinet

Reference: CAB (11) 187; CAB (11) 190

Initiative No: 6819

Vote: Education

Title: Adjustment to Schools' Operations Grant Funding

Description: This initiative increases schools' operational funding by 2.92 per cent from the commencement of the 2012 school year to cover rising costs, including inflation.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	16.865	33.814	33.681	33.750
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	16.865	33.814	33.681	33.750

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Curriculum Support	-	0.059	0.118	0.118	0.118
Non-Departmental Other Expenses:					
Primary Education	-	8.572	17.277	17.323	17.529
Secondary Education	-	6.613	13.186	13.005	12.864
Special Needs Support	-	1.621	3.233	3.235	3.239
Total Operating	-	16.865	33.814	33.681	33.750
Total Capital	-	-	-	-	-

Initiative No: 6820

Vote: Education

Title: Youth Guarantee – Trades Academies, Service Academies and Sector Pathways

Description: Funding for existing Trades and Service Academies (and roll placements), establishment of new academies, and support for the rollout of a shared qualifications pathway at the secondary/tertiary interface.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	0.359	8.390	11.155	13.022	13.810
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.359	8.390	11.155	13.022	13.810

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Support and Resources for Teachers (funded by revenue Crown)	-	3.350	-	-	-
Non-Departmental Output Expense:					
Service Academies	-	1.230	2.460	2.460	2.460
Non-Departmental Other Expenses:					
Secondary Education	-	3.810	8.695	10.562	11.350
Tertiary Education Grants and Other Funding	0.359	-	-	-	-
Total Operating	0.359	8.390	11.155	13.022	13.810
Total Capital	-	-	-	-	-

Initiative No: 6820

Additional recommendations

- 25 **agreed** that as part of the changes to appropriations above, the following amounts be charged against the remaining Secondary/Tertiary Interface tagged operating contingency:

\$ millions	2010/11	2011/12	2012/13	2013/14	2014/15 & outyears
Operating	0.359	2.856	4.291	2.873	2.873

- 26 **noted** that provision has been made against the Vote Education Budget 2011 allocation for the following initiative in the 2011 Budget package for Vote Tertiary Education:

\$ millions	2010/11	2011/12	2012/13	2013/14	2014/15 & outyears
Youth Guarantee – Trades and Service Academies and Sector Pathways (Initiative 7013)	-	2.971	8.196	10.763	11.076

Initiative No: 6823

Vote: Education

Title: School Transport - Review Implementation

Description: Funding to address recommendations of the 2009/10 school transport review, including the extension of transport assistance for access to technology facilities to all full primary schools and the realignment of funding assistance for Kura Kaupapa Maori with that of mainstream schools.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	2.373	2.553	2.743	2.934
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.373	2.553	2.743	2.934

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
School Transport	-	2.373	2.553	2.743	2.934
Total Operating	-	2.373	2.553	2.743	2.934
Total Capital	-	-	-	-	-

Initiative No: 6827

Vote: Education

Title: Information and Communication Technology - Managed Network for Learning

Description: Funding for programme management costs that will be incurred in the planning and procurement of the Management Network for Learning – a dedicated network which is intended to deliver online content and services to schools over fibre optic cable.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	1.492	0.692	0.692	0.692
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.492	0.692	0.692	0.692

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Support and Resources for Education Providers (funded by revenue Crown)	-	0.800	-	-	-
Non-Departmental Output Expense:					
Curriculum Support	-	0.692	0.692	0.692	0.692
Total Operating	-	1.492	0.692	0.692	0.692
Total Capital	-	-	-	-	-

Initiative No: 6829

Vote: Education

Title: Board of Trustees Training

Description: Additional funding to provide a range of training and support services to school boards of trustees as they respond to government initiatives to raise student achievement.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	1.000	1.000	1.000	1.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.000	1.000	1.000	1.000

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Professional Development and Support	-	1.000	1.000	1.000	1.000
Total Operating	-	1.000	1.000	1.000	1.000
Total Capital	-	-	-	-	-

Initiative No: 6961**Vote:** Education**Title:** Reading Recovery - Tutor and Teacher Training, and Teacher Support**Description:** Reading Recovery is a literacy intervention that delivers specialist one on one instruction to students who are not making expected progress in reading and writing after one year at school. Funding covers trainers' and tutors' professional fees and operating costs through service agreements.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	0.435	0.940	1.030	1.200
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.435	0.940	1.030	1.200

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Professional Development and Support	-	0.435	0.940	1.030	1.200
Total Operating	-	0.435	0.940	1.030	1.200
Total Capital	-	-	-	-	-

Initiative No: 6962

Vote: Education

Title: Develop Framework for Teacher Judgements against National Standards

Description: The development of a psychometric framework for National Standards that includes enabling software to make teacher judgements more reliable and fit-for-purpose in terms of the analysis of student achievement over time.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	4.024	1.069	-	-
No Impact	-	-	-	-	-
Total	-	4.024	1.069	-	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Net Asset Schedule of the Ministry of Education :					
Capital Investment	-	4.024	1.069	-	-
Total Operating	-	-	-	-	-
Total Capital	-	4.024	1.069	-	-

Additional recommendations

- 27 **approved** the use of an operating to capital funding swap to fund this initiative;
- 28 **noted** that the Vote Education operating allocation will be reduced by a commensurate amount;
- 29 **noted** that related operating funding is appropriated under initiative number 6963;

Initiative No: 6963**Vote:** Education**Title:** Develop Framework for Teacher Judgements against National Standards
(Operating)**Description:** Operating costs associated with the psychometric framework for National Standards and enabling software to make teacher judgements more reliable and fit-for-purpose in terms of the analysis of student achievement over time.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	0.130	1.172	1.641	1.641
Debt Impact	-	-	-	-	-
No Impact	-	0.161	0.365	0.408	0.408
Total	-	0.291	1.537	2.049	2.049

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Support and Resources for Teachers (funded by revenue Crown)	-	0.291	1.537	2.049	2.049
Total Operating	-	0.291	1.537	2.049	2.049
Total Capital	-	-	-	-	-

Additional recommendation30 **noted** that related capital funding is appropriated under initiative number 6962;

Initiative No: 6964

Vote: Education

Title: Increased Support for Alternative Education

Description: Funding to offer increased support for Alternative Education including an increase of 2.92 per cent in per student funding to cover cost increases, additional Alternative Education places, and specialist professional learning and development for Alternative Education staff.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	1.529	1.529	1.529	1.529
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.529	1.529	1.529	1.529

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Other Expense:					
Special Needs Support	-	1.529	1.529	1.529	1.529
Total Operating	-	1.529	1.529	1.529	1.529
Total Capital	-	-	-	-	-

Initiative No: 6965

Vote: Education

Title: Facilitate School Leaders Networks for National Standards

Description: This initiative provides funding to support the establishment of inter-school networks to facilitate the sharing of knowledge and best practice to support the roll-out of National Standards. The Ministry of Education will provide assistance to establish the networks through national and regional co-ordinators.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	4.000	3.000	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	4.000	3.000	-	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Support and Resources for Teachers (funded by revenue Crown)	-	4.000	3.000	-	-
Total Operating	-	4.000	3.000	-	-
Total Capital	-	-	-	-	-

Initiative No: 6966

Vote: Education

Title: Facilitate Networks of Leaders for Youth Guarantee

Description: Support the establishment of networks across schools, industry and tertiary providers to facilitate the sharing of knowledge and best practice to support the roll-out of Youth Guarantee. The Ministry of Education will provide assistance to establish the networks through national and regional co-ordinators.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	4.000	3.000	3.000	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	4.000	3.000	3.000	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Support and Resources for Teachers (funded by revenue Crown)	-	4.000	3.000	3.000	-
Total Operating	-	4.000	3.000	3.000	-
Total Capital	-	-	-	-	-

Initiative No: 6970**Vote:** Education**Title:** Special Education: Specialist Teacher Study Awards**Description:** Funding for approximately 140 extra study awards to provide specialist development training for specialist teachers of deaf and blind students. This supports the aggregation and revised organisation of specialist teacher resources for these students.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	1.000	2.000	1.000	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.000	2.000	1.000	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Benefits and Other Unrequited Expense:					
National Study Awards	-	1.000	2.000	1.000	-
Total Operating	-	1.000	2.000	1.000	-
Total Capital	-	-	-	-	-

Initiative No: 6972

Vote: Education

Title: Initiatives to Support Engagement with Iwi

Description: Funding to support ongoing engagement and subsequent work programmes identified and agreed with iwi, more of whom are seeking relationships with the Ministry of Education to develop and deliver language-based strategic education plans and associated initiatives, including Community Based Language initiatives.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	2.500	3.200	3.900	2.400
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.500	3.200	3.900	2.400

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Departmental Output Expense:					
Support and Resources for Teachers (funded by revenue Crown)	-	1.000	1.000	1.000	-
Non-Departmental Other Expense:					
Schooling Improvement	-	1.500	2.200	2.900	2.400
Total Operating	-	2.500	3.200	3.900	2.400
Total Capital	-	-	-	-	-

Initiative No: 7076

Vote: Education

Title: Reprioritised Tertiary Education Commission Policy Advice Expenditure

Description: Tertiary Education Commission funding for policy advice, returned to the Crown and reprioritised for use in non-departmental tertiary education funding [CAB Min (10) 30/4A].

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	(0.303)	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(0.303)	-	-	-	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Tertiary Education and Training Policy Advice	(0.303)	-	-	-	-
Total Operating	(0.303)	-	-	-	-
Total Capital	-	-	-	-	-

Additional recommendations

- 31 **noted** that the above savings for 2010/11 relates to the 2011 Budget package for Vote Tertiary Education;
- 32 **noted** that the corresponding initiative under Vote Tertiary Education is initiative number 6957.