

The Treasury

Budget 2011 Information Release

Release Document

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Key to sections of the Official Information Act 1982 under which information has been withheld.

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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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- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
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- [8] 9(2)(h) - to maintain legal professional privilege
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- [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 Tertiary 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
6953	International Education Promotions	-	10.000	10.000	10.000	10.000
6954	Industry Training Fund - Removal of Regulatory Compliance Training from 2012	-	(4.400)	(9.500)	(9.500)	(9.500)
6955	Reduced Industry Training Fund from 2013	-	-	(11.500)	(23.100)	(23.100)
6956	Funding for Refugees' English for Speakers of Other Languages Programmes	-	2.500	5.000	5.000	5.000
6957	Reprioritised Tertiary Education Commission Policy Advice Expenditure	-	(0.500)	(0.500)	(0.500)	(0.500)
7013	Youth Guarantee – Trades Academies, Service Academies and Sector Pathways	-	2.971	8.196	10.763	11.076
7057	Additional Equivalent Full-Time Students - Private Training Establishments	-	2.625	5.250	5.250	5.250
7058	Equalising the Funding Rate for Postgraduate Courses across Subsectors	-	1.630	3.260	3.260	3.260
7060	Youth Guarantee - Increasing the Number of Fees-Free Places	-	-	-	-	-
7061	Additional Medical Student Places*	-	0.723	2.147	3.650	5.230
Total Operating		-	15.549	12.353	4.823	6.716

*See initiative number 7061 for outyear funding implications

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **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;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **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;
- 6 **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;
- 7 **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;
- 8 **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;

[2]

Additional recommendations

[2]

- 11.4 provide a 2 per cent increase in the Student Achievement Component-funded tuition subsidy for degree-level and postgraduate study from 2012 onwards.

[CAB Min (11) 14/11]

Secretary of the Cabinet

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

Initiative No: 6953**Vote:** Tertiary Education**Title:** International Education Promotions**Description:** Increases the budget for international education promotions by \$10 million per annum, as part of the budget for the new Crown Agent for International Education, from \$3.45 million in 2010/11 to \$13.45 million in 2011/12 and outyears. This increase will be funded through the Prime Minister's Emerging Priorities Fund.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	10.000	10.000	10.000	10.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	10.000	10.000	10.000	10.000

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
International Education Programmes	-	10.000	10.000	10.000	10.000
Total Operating	-	10.000	10.000	10.000	10.000
Total Capital	-	-	-	-	-

Additional recommendation

12 **agreed** that the changes to appropriations above be a charge against the Prime Minister's Emerging Priorities Fund tagged contingency [CAB Min (10) 36/6];

Initiative No: 6954**Vote:** Tertiary Education**Title:** Industry Training Fund - Removal of Regulatory Compliance Training from 2012**Description:** A reduction in the Industry Training Fund baseline from the 2012 calendar year to remove funding for short regulatory compliance and health and safety training, as previously agreed by Cabinet [CAB Min (10) 36/5].**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	(4.400)	(9.500)	(9.500)	(9.500)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(4.400)	(9.500)	(9.500)	(9.500)

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Training for Designated Groups	-	(4.400)	(9.500)	(9.500)	(9.500)
Total Operating	-	(4.400)	(9.500)	(9.500)	(9.500)
Total Capital	-	-	-	-	-

Initiative No: 6955

Vote: Tertiary Education

Title: Reduced Industry Training Fund from 2013

Description: Cabinet noted in 2010 that the Minister for Tertiary Education would review the Industry Training Fund baseline. The baseline for the 2013 calendar year onwards is therefore adjusted to reflect the current best estimate of demand for substantive, well-performing industry training from 2013.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	-	(11.500)	(23.100)	(23.100)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	(11.500)	(23.100)	(23.100)

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Training for Designated Groups	-	-	(11.500)	(23.100)	(23.100)
Total Operating	-	-	(11.500)	(23.100)	(23.100)
Total Capital	-	-	-	-	-

Initiative No: 6956**Vote:** Tertiary Education**Title:** Funding for Refugees' English for Speakers of Other Languages Programmes**Description:** This initiative provides an additional \$5 million a year for up to 700 extra places per annum for English for Speakers of Other Languages programmes (ESOL) from 2012, and to cover fees for 400 refugees each year studying in mainstream tertiary ESOL courses.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	2.500	5.000	5.000	5.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.500	5.000	5.000	5.000

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Adult and Community Education	-	2.500	5.000	5.000	5.000
Total Operating	-	2.500	5.000	5.000	5.000
Total Capital	-	-	-	-	-

Initiative No: 6957

Vote: Tertiary 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	-	(0.500)	(0.500)	(0.500)	(0.500)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.500)	(0.500)	(0.500)	(0.500)

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expense:					
Tertiary Education and Training Advice	-	(0.500)	(0.500)	(0.500)	(0.500)
Total Operating	-	(0.500)	(0.500)	(0.500)	(0.500)
Total Capital	-	-	-	-	-

Additional recommendations

- 13 **noted** that the 2010/11 savings of \$0.303 million appear in the 2011 Budget for Vote Education;
- 14 **noted** that the corresponding initiative under Vote Education is initiative number 7076;

Initiative No: 7013

Vote: Tertiary Education

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

Description: Funded through the education allocation, this is the funding appropriated to Vote Tertiary Education for existing Trades and Service Academies (and roll placements), establishment of new academies, and support for the rollout of vocational pathways to enable students to achieve National Certificate of Educational Achievement Level 2.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	2.971	8.196	10.763	11.076
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.971	8.196	10.763	11.076

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expenses:					
Tertiary Education Grants and Other Funding	-	2.971	8.196	10.763	11.076
Total Operating	-	2.971	8.196	10.763	11.076
Total Capital	-	-	-	-	-

Additional recommendations

- 15 **noted** that the above initiative is funded through the Vote Education Budget 2011 allocation [CAB Min (11) 14/11];
- 16 **noted** that the corresponding initiative under Vote Education is initiative number 6820;

Initiative No: 7057**Vote:** Tertiary Education**Title:** Additional Equivalent Full-Time Students - Private Training Establishments**Description:** This initiative purchases approximately 750 equivalent full-time students at new or high-performing Private Training Establishments.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	2.625	5.250	5.250	5.250
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.625	5.250	5.250	5.250

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expenses:					
Tertiary Education: Student Achievement Component	-	2.625	5.250	5.250	5.250
Total Operating	-	2.625	5.250	5.250	5.250
Total Capital	-	-	-	-	-

Additional recommendation

17 **noted** that the corresponding initiatives under Vote Revenue and Vote Social Development, which agree the student support costs associated with this initiative, are initiatives number 7093 and 7104 respectively;

Initiative No: 7058

Vote: Tertiary Education

Title: Equalising the Funding Rate for Postgraduate Courses across Subsectors

Description: This initiative equalises funding rates for postgraduate study between universities and other subsectors from 2012 onwards.

Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	1.630	3.260	3.260	3.260
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.630	3.260	3.260	3.260

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expenses:					
Tertiary Education: Student Achievement Component	-	1.630	3.260	3.260	3.260
Total Operating	-	1.630	3.260	3.260	3.260
Total Capital	-	-	-	-	-

Initiative No: 7060**Vote:** Tertiary Education**Title:** Youth Guarantee - Increasing the Number of Fees-Free Places**Description:** This initiative merges the current Youth Guarantee and Youth Training programmes (both funded through Vote Tertiary Education), into a new combined programme. This will allow the government to purchase approximately 7,500 Youth Guarantee places per year.**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Non-Departmental Output Expenses:					
Tertiary Education: Student Achievement Component	-	(16.524)	(33.134)	(33.177)	(33.177)
Training for Designated Groups	-	16.524	33.134	33.177	33.177
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 7061

Vote: Tertiary Education

Title: Additional Medical Student Places

Description: The Vote Health package for Budget 2011 funds an additional 40 medical student places from 2012. The Tertiary Education package for Budget 2011 also includes \$11.750 million over four years for the tuition subsidy costs of this initiative.

Appropriation Changes

	\$m – increase/(decrease)						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 & Outyears
Operating Balance	-	0.723	2.147	3.650	5.230	7.236	8.464
Impact	-	-	-	-	-	-	-
Debt Impact	-	-	-	-	-	-	-
No Impact	-	-	-	-	-	-	-
Total	-	0.723	2.147	3.650	5.230	7.236	8.464

	\$m – increase/(decrease)						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 & Outyears
Non-Departmental Output Expense:							
Tertiary Education: Student Achievement Component	-	0.723	2.147	3.650	5.230	6.762	7.517
Benefits and Other Unrequited Expenses:							
Tertiary Scholarships	-	-	-	-	-	0.474	0.947
Total Operating	-	0.723	2.147	3.650	5.230	7.236	8.464
Total Capital	-	-	-	-	-	-	-

Additional recommendations

- 18 **noted** that provision has been made within the Vote Health 2011 Budget package to fund this initiative;
- 19 **agreed** that the above initiative is funded through the Vote Health Budget 2011 allocation;
- 20 **noted** that the corresponding initiatives under Vote Revenue and Vote Social Development, which agree the student support costs associated with this initiative, are initiatives number 7094 and 7103 respectively.