

# The Treasury

## Budget 2014 Information Release

### Release Document

### July 2014

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- [13] Not in scope
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: [3]  
 To: [^Parliament: Cameron Burrows](#)  
 Cc: [Sam Jolly \[TSY\]](#); [Natalie Nesbitt \[TSY\]](#); [Barbara Annesley \[TSY\]](#); [Grace Campbell-Macdonald \[TSY\]](#)  
 Subject: Talking points for Hon Parata meeting, 9am 27 February  
 Date: Wednesday, 26 February 2014 4:41:00 p.m.  
 Attachments: [Slides on operations grant budget 14 initiative.PPTX](#)

Hi Cam,

Four talking points are outlined below for Minister English's 9am Thursday 27 February meeting with Minister Parata. The first two relate directly to the Education 2014 Budget package.

|   | Talking point                          | Purpose/recommended action   |
|---|--|--|
| 1 | Treatment of MBU forecast changes      | Ministers agree treatment of forecasts at this meeting, prior to the Social Sector Ministers' Budget meeting on Monday 3 March                             |
| 2 | Information on the operations grant    | Contextual information only. Initiative is scalable and should be subject to Social Sector Ministers' prioritisation process                               |
| 3 | Proposed announcement of Te Kura pilot | An initiative Minister Parata wishes to announce on 9 March 2014, will require funding from a contingency and reprioritisation. Treasury does not support. |

[13]

### 1. Treatment of MBU forecast changes

The Minister of Finance and the Minister of Education have previously discussed the appropriate treatment for MBU 14 forecast changes in Budget 14. We understand that both Ministers' offices are now comfortable with shifting to a calendar year approach, meaning that the MBU 14 forecasts are not charged against the Budget 14 allowance but are incorporated into baselines. Treasury supports this approach, provided as an intermediate step the forecast changes impacting 2014/15 are charged against the Budget 14 allowance. This is represented in the table below:

|  | 13/14 | 14/15  | 15/16  | 16/17  | 17/18  | Forecast Period | Comment   |
|--|-------|--------|--------|--------|--------|-----------------|---|
| MBU 14 forecast changes                                | 16.1  | 27.2   | 45.6   | 61.5   | 71.3   | 221.7           |   |
| <i>Treatment against the Budget allowance: options</i> |       |        |        |        |        |                 |   |
| Calendar-year forecasting                              | 0     | (27.2) | (45.6) | (61.5) | (71.3) | (205.6)         |   |
| Calendar-year forecasting, except for 2014/15          | 0     | 0      | (45.6) | (61.5) | (71.3) | (178.4)         | Treasury recommends this option. By charging 2014/15 against the allowance, transition to new approach managed without impacting Government's short-term fiscal strategy. |

This approach aligns the treatment of Vote Education forecast changes with other Votes. This gives Ministers and agencies a clear understanding of forecast adjustments earlier in the Budget cycle [T2010/1719 refers].

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**2. Information on the operations grant:** See the **attached** Powerpoint slides

**3. Proposed announcement of Te Kura Pilot**

The Minister of Education intends to seek your agreement to draw-down the remainder of the Priority Learners contingency (\$1.372m) established in Budget 2012 to pilot a new approach that involves greater face-to-face learning for 80 students in Years 9-11 enrolled in Te Aho o Te Kura Pounamu (the Correspondence School). This would fund the first two years of the pilot, with further funding to be confirmed through Budget 2014 (currently proposed to be found through reprioritisation, although the source is as yet unspecified).

The Minister of Education wishes to announce this initiative on 9 March.

Treasury's view is that this effectively pre-commits Budget 2014 (albeit only to the tune of \$1.337m over two years). Any funding that is available for reprioritisation should be allocated to the highest priority within Vote Education – and indeed across the wider Social Sector Ministers and total Budget packages. [8]

Intuitively, Treasury supports the delivery model that this pilot proposes to test. However, based on initial conversations we have some concerns about the design of the pilot and its fitness-for-purpose to inform a robust evaluation of a model that could transform Te Kura's service delivery. We recommend that any pilot should not be commenced, or announced, until the Ministry has consulted with internal research and evaluation expertise (this may now be happening) and certainty of funding is achieved.

We recommend that you decline the proposed drawdown and 9 March announcement. If this is a high priority then it should be submitted for consideration against competing pressures as part of the Budget process.

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Cheers,

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Analyst - Education & Skills | **The Treasury**

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