

# The Treasury

## Budget 2014 Information Release

### Release Document

### July 2014

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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] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 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
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [7] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [9] 9(2)(h) - to maintain legal professional privilege
- [10] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.

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, a [3] appearing where information has been withheld in a release document refers to section 9(2)(a).

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

**From:** Sam Jolly [TSY]  
**Sent:** Friday, 21 February 2014 5:06 p.m.  
**To:** [3] [TSY]  
**Cc:** [3] [TSY]; [3] [TSY]; [3] [TSY]  
**Subject:** Pre-Cab Item: Vote Education B14 Bilateral

[3]

As discussed, we [3] Grace and I) would like to attend Pre-Cab on Monday to brief MoF in advance of a bilateral with Minister Parata later on Monday afternoon to discuss the Vote Education Budget 2014 Package. This email provides some background for Vicky.

This bilateral has been requested by Minister Parata as she wishes to discuss with MoF progress that she and the Ministry have made in responding to his directions at the first Vote Education bilateral on Tuesday this week.

We are attending Pre-Cab in lieu of preparing a written briefing. Our aim is to prepare MoF for the bilateral, in order that he can make use of this opportunity to influence the shape of the Vote Education package and by doing so be in reasonable alignment with the Minister of Education going into the Social Sector Ministers process.

Our key messages are:

1. The Ministry of Education has responded constructively to the steers provided by MoF at this week's bilateral. In particular they have:
  - i. Produced a ranking of initiatives
  - ii. Identified scaling options for initiatives that could reduce funding sought by \$123m over five years and \$44m in 2017/18 and outyears. Much of this would involve shifting pressures to Budget 2015.
  - iii. Identified further savings options that could reduce funding sought by \$71m over five years and \$14m in 2017/18 and outyears.
2. There is a reasonably high degree of alignment between the views of Treasury and the Ministry in terms of the relative priority of initiatives. It is Treasury's view that around half of the initiatives (but representing only around 5% of the outyear cost) should be declined, deferred or managed within baselines.
3. A key decision that will influence the level of funding required for Vote Education in Budget 2014 regards the treatment of MBU forecast changes. The Ministry is proposing that Ministers consider funding a low scenario, as opposed to their central estimate which is currently on the table. Treasury does not support this approach as it creates a misalignment between Treasury's BEFU forecasts and the Ministry's best estimate of projected expenditure. [7]

Secondary points are that:

1. Treasury has engaged with the Ministry to ensure that we understand the drivers of increased ECE costs resulting from forecast changes. We are comfortable that there is a legitimate story underpinning this and can discuss the key factors driving these changes if MoF wishes.

[7]

We will table two tables summarising the current state of the package proposed by the Minister of Education and Treasury respectively.

As further background you could read the TR that we submitted to inform the previous bilateral (Tues 18 Feb), but note that funding sought, savings etc have progressed:

[Briefing for 2014 Budet Bilateral with Minister Parata on 18 February \[Returned from Finance \(Hon Bill English\)\] \(Treasury:2839669v2\)](#) [Add to worklist](#)

If you have any questions then one of us would be happy to pop down on Monday morning.

Cheers,  
Sam