

The Treasury

Budget 2018 Information Release

Release Document August 2018

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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]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[2]	to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government	6(b)(i)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	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.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	9(2)(ba)(i)
[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	not in scope	
[41]	that the making available of the information requested would be contrary to the provisions of a specified enactment	18(c)(i)
[42]	information is already publicly available or will be publicly available soon	18(d)

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 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.

2018 Budget Package: Vote Tertiary Education

On 9 April 2018, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2018 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)				
		2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
10310	Education Portfolio Work Programme	-	0.350	-	-	-
10609	Reprioritisation - 2017/18 Underspend and Recoveries in the Tertiary Tuition and Training Multi-Category Appropriation	(37.500)	-	-	-	-
10314	Reprioritisation - Education New Zealand Contribution to the Kea Network, New Zealand Story, and Chair of Malay Studies	-	(0.175)	(0.275)	(0.275)	(0.275)
10313	Reprioritisation - Prime Minister's Scholarships for Asia	-	(0.500)	(0.500)	(0.500)	(0.500)
10608	Reprioritisation - Tertiary Tuition and Training Multi-Category Appropriation	-	(12.350)	(24.700)	(24.700)	(24.700)
10083	[37]					
Total Operating		[33]				

- 2 **approved** changes to appropriations 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 proposed changes to appropriations for 2017/18 above be included in the 2017/18 Supplementary Estimates;
- 5 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2017/18 Supplementary Estimates, the 2018/19 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 2018 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;
- 9 **agreed** that the initiatives in the following table be set aside as contingency items and that they be submitted to Cabinet for consideration at a later stage;

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 Only
[37]	-	[37]			
[37]	-				
Total Operating	-				

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Tertiary Education Annual Maximum Fee Movement (AMFM)

- 19 **noted** that the Minister for Education intends to consult (via a *Gazette* notice) on setting an Annual Maximum Fee Movement (AMFM) rate of 2 percent in 2019 and 2020;
- 20 **noted** that the fiscal impact of the AMFM rate is not charged against the operating or capital allowances, as the impact is treated as a forecast change in the relevant student loan appropriations in Vote Social Development and Vote Revenue;
- 21 **noted** that there are associated initiatives in Vote Revenue (Initiative 10649) and Vote Social Development (Initiative 10463) to make the necessary appropriation changes for this initiative.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Deputy Prime Minister
Minister for Crown/Maori Relations
Minister of Finance
Minister of Education

Initiative No: 10310

Vote: Tertiary Education

Title: Education Portfolio Work Programme

Description: This funding will support a coherent package of work that aims to create buy-in and facilitate discussion and action on new and innovative directions for the education system. The package includes a number of strategies, regional follow-up hui and the formation of advisory groups for a number of work streams.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	0.350	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.350	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Stewardship of the Tertiary Education System (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice (funded by revenue Crown)	-	0.350	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Stewardship of the Tertiary Education System (MCA)	-	0.350	-	-	-
Total Operating	-	0.350	-	-	-

Additional recommendation

22 **noted** that the balance of funding for this initiative is under Vote Education (Initiative 10298);

- Vote:** Tertiary Education
- Title:** Reprioritisation - 2017/18 Underspend and Recoveries in the Tertiary Tuition and Training Multi-Category Appropriation
- Description:** Savings were identified in the current year under the Tertiary Tuition and Training Multi-Category Appropriation (MCA) due to lower demand for programmes for the current financial year.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	(37.500)	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(37.500)	-	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Community Education	(3.300)	-	-	-	-
Tertiary Education: Student Achievement Component	(22.900)	-	-	-	-
Training for Designated Groups	(11.300)	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	(37.500)	-	-	-	-
Total Operating	(37.500)	-	-	-	-
Total Capital	-	-	-	-	-

Additional recommendation

- 23 **noted** that this initiative returns known 2017/18 underspend and recoveries (due to demand and/or delivery of programmes being lower than the level able to be funded) in the Tertiary Tuition and Training Multi Category Appropriation to the centre for reprioritisation;

Initiative No: 10314

Vote: Tertiary Education

Title: Reprioritisation - Education New Zealand Contribution to the Kea Network, New Zealand Story, and Chair of Malay Studies

Description: This saving is due to Education New Zealand reducing its contribution to the Kea Network, the New Zealand Story, and the Chair of Malay Studies. The Kea Network connects New Zealanders overseas, and the New Zealand Story promotes New Zealand and its businesses. The Chair of Malay Studies is a fellowship at Victoria University of Wellington (VUW).

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(0.175)	(0.275)	(0.275)	(0.275)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.175)	(0.275)	(0.275)	(0.275)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Non-Departmental Output Expense:					
International Education Programmes	-	(0.175)	(0.275)	(0.275)	(0.275)
Total Operating	-	(0.175)	(0.275)	(0.275)	(0.275)

Additional recommendations

- 24 **noted** that Education New Zealand will cease its contribution to the Kea Network after 2018/19, and reduce its contribution to the New Zealand Story [CAB MIN (13) 16/4] to \$0.283 million from 2019/20;
- 25 **noted** that Education New Zealand has not received any proposals to use the Chair of Malay Studies funding (\$0.075 million per annum) since 2012;

Initiative No: 10313

Vote: Tertiary Education

Title: Reprioritisation - Prime Minister's Scholarships for Asia

Description: This saving is due to forgoing the planned \$0.5 million per annum increase in appropriated funding for the Prime Minister's Scholarships for Asia. The Prime Minister's Scholarships for both Latin America and Asia will continue to be funded at \$3.75 million per annum.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & 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)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Benefits or Related Expense:					
Awards for Outbound New Zealand Students	-	(0.500)	(0.500)	(0.500)	(0.500)
Total Operating	-	(0.500)	(0.500)	(0.500)	(0.500)

Additional recommendation

26 **noted** that this initiative forgoes a \$0.500 million per annum increase in funding for Prime Minister's Scholarships for Asia and Latin America that was appropriated in Budget 2016 [CAB-16-MIN-0189.29];

Vote: Tertiary Education

Title: Reprioritisation - Tertiary Tuition and Training Multi-Category Appropriation

Description: Savings were identified in the Tertiary Tuition and Training Multi-Category Appropriation due to lower projected demand for programmes across the forecast period.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(12.350)	(24.700)	(24.700)	(24.700)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(12.350)	(24.700)	(24.700)	(24.700)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Community Education	-	(0.350)	(0.700)	(0.700)	(0.700)
Tertiary Education: Student Achievement Component	-	(1.000)	(2.000)	(2.000)	(2.000)
Tertiary Education: Student Achievement Component	-	(6.000)	(12.000)	(12.000)	(12.000)
Training for Designated Groups	-	(5.000)	(10.000)	(10.000)	(10.000)
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	(12.350)	(24.700)	(24.700)	(24.700)
Total Operating	-	(12.350)	(24.700)	(24.700)	(24.700)

Additional recommendations

- 27 **noted** that this initiative reduces baseline funding for Adult and Community Education (Emergency Management Training), Youth Guarantee, Student Achievement Component Levels 1 and 2, and Student Achievement Component Level 3 and above;
- 28 **noted** that the initiative includes removing the Student Achievement Component Level 3 and above tuition subsidy for non-doctorate international research-based post-graduate students (known as the SAC Category 5 subsidy rates), for which providers can charge full cost-recovery fees;

Initiative No: 10608

- 29 **noted** that this initiative is not expected to impact on Emergency Management, Youth Guarantee and Student Achievement Component Level 1 and 2 programme delivery volumes as it better aligns baseline funding with current and expected demand for these programmes;
- 30 **authorised** the Minister of Education to set the Student Achievement Component Level 1 and 2 funding rates for 2019;

Vote: Tertiary Education

Title: Reprioritisation [37]

Description: [37]

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	[37]				
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	[37]				

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expense:</i>					
Training for Designated Groups	[37]				
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	[37]				
Total Operating	[37]				

Additional recommendation

31 **noted** that this [37] reprioritisation of 2017/18 underspends and recovers (due to demand and/or delivery of programmes being lower than the level able to be funded) in the Tertiary Tuition and Training Multi-Category Appropriation [37]