

The Treasury

Budget 2022 Information Release

August 2022

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- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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Treasury Report: Budget 2022 Bilateral: Hon Chris Hipkins (Education and COVID-19 Response Portfolios)

Date:	11 February 2021	Report No:	T2022/117
		File Number:	SH-4-0

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Discuss the contents of this report at your meeting with Hon Chris Hipkins (Education and COVID-19 Response Portfolios) on 16 February.	Wednesday 16 February 2022

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Ramon Quitales	Graduate Analyst, Communities, Learning and Work	[39]	N/A (mob) ✓
Thomas Parry	Manager Communities Learning and Work	[35]	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Budget 2022 Bilateral: Hon Chris Hipkins (Education and COVID-19 Response Portfolios)

Executive Summary

This report provides you with advice ahead of your meeting with Hon Chris Hipkins (Education and COVID-19 Response Portfolios) at 9 am on 16 February to discuss his Budget 2022 initiatives.

Education Portfolio

The Minister of Education has submitted a package of **52 spending initiatives totalling [33] operating and [33] capital**. This is in addition to [38] , precommitments, and a possible school property depreciation charge, adding up to a total Education investment of [38] . This level of investment is not affordable within current allowances, and **we suggest you set an operating envelope of \$1.5 to \$2 billion for Minister Hipkins' spending initiatives** and agree with him on key priority areas that should be included in the Budget.

An operating envelope for spending initiatives of \$1.5 to \$2 billion will require trade-offs between manifesto commitments, critical cost pressures, and high-value but discretionary initiatives. Treasury has recommended a core \$1.7 billion package that funds critical cost pressures whilst still also making progress towards key Manifesto commitments. Should you wish to invest beyond this core package, potential additional areas of investment are also presented.

Minister Hipkins is likely to prepare at least a [33] package, which we advise against due to affordability and potential deliverability concerns.

Your preferred approach is also sought on how to treat school property depreciation funding to provide clarity on the rest of the Education Budget process going forward.

COVID-19 Response Portfolio

[33]

Recommended Action

We recommend that you:

- a **discuss** the contents of this report with Hon Chris Hipkins (Education and COVID-19 Response Portfolios) on 16 February.

- b **Signal** your preferred treatment of funding for school property depreciation increases as a result of revaluation ahead of Cabinet decisions later this year
 - a. Manage through budget allowances (but outside of any Education envelope)
(Treasury preferred option)
Prefer

 - OR

 - b. Manage through budget allowances (but inside of any Education envelope)
Prefer

 - OR

 - c. Charge against the Operating Balance (Ministry of Education preferred option)
Prefer

Thomas Parry
Manager Communities Learning and Work

Hon Grant Robertson
Minister of Finance

Treasury Report: Budget 2022 Bilateral: Hon Chris Hipkins (Education and COVID-19 Response Portfolios)

Purpose

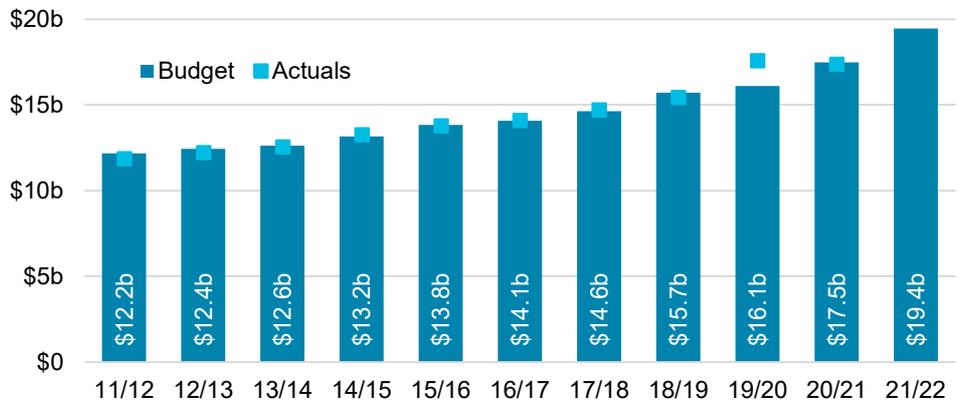
- 1. You are meeting with the Minister of Education and COVID-19 Response, Hon Chris Hipkins, at 9:00am on Wednesday 16 February 2022 regarding the initiatives he has submitted for consideration through Budget 2022.
- 2. This report provides you with advice and talking points to support your discussion and should be read alongside Treasury’s advice on the overall draft Budget package (T2022/6 refers).
- 3. Two annexes are attached to this report:
 - a Annex A provides a baseline summary for the Ministry of Education.
 - b Annex B provides a full list of initiatives submitted in the Education portfolio, the funding sought, the Treasury Vote team assessment and recommendation, and how this is reflected in the draft Budget 2022 package.

Education Portfolio

Background and Context

- 4. The Education portfolio comprises Vote Education, Vote Tertiary Education and Vote Education Review Office (ERO)¹, which have 2021/22 baseline funding of \$15.8 billion, \$4.12 billion, and \$36.5 million, respectively.
- 5. Between 2018/19 and 2021/22, total Education portfolio annual baseline funding increased from around \$15.6 billion to around \$19.9 billion. The operating component of the portfolio’s baseline has grown by 22.8% from around \$14.65 billion in 2018/19 to around \$17.994 billion in 2021/22. This increase is forecasted to continue into outyears.

Figure 1: Ministry of Education operating baseline



¹ Initiatives relating to Vote ERO were not invited this Budget and are not explored further in this report.

6. In Budget 2021, the Education portfolio received:
- around \$2.17 billion in operating funding across the forecast period at Budget (18.2% of the operating balance) and \$761 million in capital funding, and
 - \$526 million in operating funding through the COVID-19 Response and Recovery Fund (CRRF) for the healthy school lunches programme

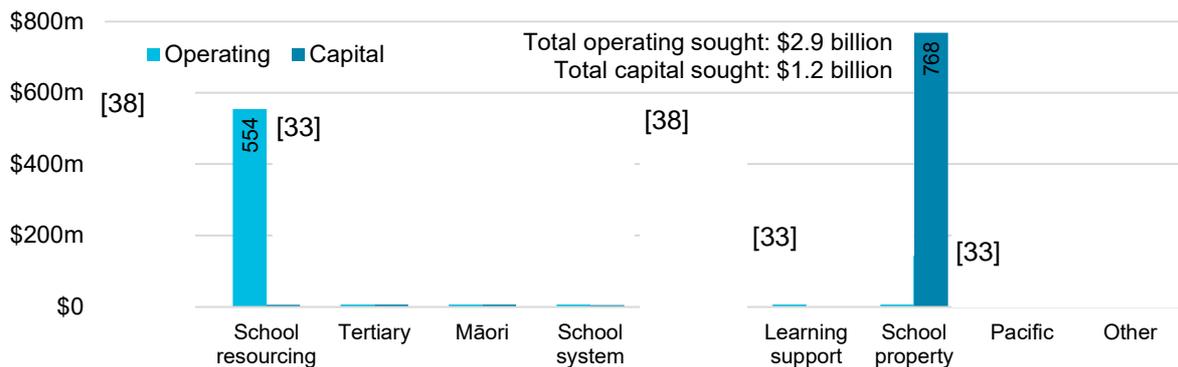
The total operating investment signalled for Budget 2022 [38]

7. Instead of inviting specific initiatives, you invited the Minister of Education to submit an initial Education package of up to [33] operating over the forecast period. He submitted 52 initiatives totalling [38]

Table 1: Education initiatives submitted for Budget 2022

	Number of bids	Operating	Capital
Manifesto	33	[38]	
Cost pressure	19		
Total	52		

Figure 2: Education Budget initiatives by high-level category



8. The [33] limit was intended to drive early prioritisation only and did not represent a fiscally manageable amount. The Minister has made significant prioritisation progress from his initial submission. The limit excluded the non-discretionary costs listed in the following table, [38]

Table 2: Other investments in Education in Budget 2022

Non-discretionary item	Precommitment status	Operating
[38]		
National Education Growth Plan (NEGP)	Precommitment against Budget 2022 agreed at Budget 2019	\$55.840m
NEGP Wave 2 & 3 operating in excess of existing funding	To be sought from Cabinet in March 2022	\$102.893m
Household internet connections	Precommitment agreed 29/11/21	\$20.000m
Apprentice Boost Initiative	Precommitment agreed 20/12/21	\$127.048m
COVID-19 cost pressures in schools	Precommitment agreed 20/12/21	\$10.000m
Total precommitments		[38]
Increased school property depreciation due to revaluation	Treatment not yet agreed – see section on page 16	\$796.000m
Total precommitments + depreciation		[38]
Total precommitments + depreciation + submitted initiatives		

[38]

12. The total operating investment [38] that is signalled for Budget 2022 is not feasible given current Budget allowances and other Budget priorities such as Health.
13. [38] precommitments and depreciation are not discretionary, this leaves investment in Budget initiatives needing to be less than the [33] submitted by Minister Hipkins to make the total Education package affordable.
14. Many of the submitted Education initiatives represent strong value for money, and we do not have material concerns with the FTE demands of the package as a whole. However, to fit within allowances, trade-offs will still have to be made between manifesto commitments, critical cost pressures, and high-value but discretionary initiatives.
15. We consider that an investment of \$1.7 billion in Budget initiatives would meet critical cost pressures and fund meaningful progress in some key areas. The following section outlines a suggested 'core' \$1.7 billion package.

An indicative 'core' \$1.7 billion package

16. Based on the initiatives submitted by the Minister and information provided by the Ministry, we have developed an indicative \$1.7 billion package comprised of the initiatives that have the best value for money, deliverability and alignment with Government priorities. Combining this \$1.7 billion with [38] for non-discretionary components, total Budget 2022 education investment would [38] over the forecast period.

Principles for package design

17. **Fund initiatives in full.** We recommend funding a smaller number of full initiatives rather than scaling many initiatives. This allows funded initiatives to have the best chance of successful delivery. Generally, Minister Hipkins has also submitted the minimum viable options for his spending initiatives, so further prioritisation is needed rather than scaling.
18. **Resource schools and providers directly.** We consider that ECE providers, schools and tertiary providers are generally in the best position to determine the optimal use of additional funding for their communities. They will be able to invest funding quickly and effectively to improve student outcomes and wellbeing, support manaakitanga, and embed tikanga.
19. **Prioritise initiatives that the Ministry cannot meet within baselines.** The Ministry of Education has significant departmental resource and could reprioritise or find efficiencies in order to achieve some initiatives. We have focused on initiatives that the Ministry cannot meet within baselines (such as substantial funding increases).

Treasury suggested core package

20. Table 3 summarises the initiatives in the indicative core package. Annex B includes a complete line-by-line list of the core package.

Table 3: Components of an indicative \$1.7 billion package of Budget initiatives

Initiative	Key points	Operating	Capital
Equity Index	<ul style="list-style-type: none"> Key Manifesto commitment. Significantly increases equity resourcing for schools and significantly improves how it is targeted. Very strong value for money as schools facing disadvantage are best positioned to determine the best use of additional funding. Likely to have a disproportionately larger positive impact on ākonga Māori. 	\$308m	\$5m
ECE Pay Parity	<ul style="list-style-type: none"> Key Manifesto commitment. We understand this is a top priority for Minister Hipkins. Higher pay will support teacher quality and reduce turnover, leading to better child outcomes. See further analysis in paragraphs 22–23. 	[38]	
[33] Cost Adjustments for ECE, School & Tertiary Funding	<ul style="list-style-type: none"> Supports all ECE providers, schools and tertiary providers to meet rising costs and maintain quality. Strong value for money as education providers are well positioned to determine the best use of additional funding to improve outcomes. Key cost drivers, such as wages and CPI, have been outpacing funding recent funding increases. Supported in the Manifesto. 	\$502m	-

Improving School Attendance	<ul style="list-style-type: none"> 2 initiatives to improve attendance. One focused on Māori and Pacific (\$8m, support in full). One general initiative (support [33], defer remainder). Non-attendance is associated with negative outcomes and has been increasing steadily since 2015. Strong case for intervention and good value for money. 	[33]	-
Increased tertiary demand	<ul style="list-style-type: none"> Increases subsidised tertiary enrolments to meet increased demand. Without this initiative, providers may be unsubsidised for additional enrolments and may accept fewer students. This would not align with Government's priority of accessible tertiary education. 	[33]	-
Māori Medium Property	<ul style="list-style-type: none"> Investing in Māori medium property is critical to meeting the Government's goals to grow Māori-medium education, leading to better outcomes for ākonga Māori. We consider this has higher value for money than other key property initiatives (NEGP and NSRP). 	[33]	
Christchurch Schools' Rebuild	<ul style="list-style-type: none"> This initiative seeks the final portion of funding needed to cover a \$206 million shortfall identified in a 2018 review, and more specifically funds the continuation of over 20 projects at various stages of development. 	\$30m	\$88m
Land purchases for new schools	<ul style="list-style-type: none"> Purchasing land for new schools is critical to meeting demand for new schools. While the Minister has only sought \$85 million capital to reimburse the Ministry for purchases made in 2021/22, we support a higher amount of [33] capital to also fund purchases in 2022/23. We advise moving away from a reimbursement model to realise two key benefits – giving Ministers choices about how much to fund in future budgets and avoidance of increased costs due to land appreciation. 	[33]	
Critical cost pressures	<ul style="list-style-type: none"> We have identified 8 initiatives that meet critical cost pressures across the sector: <ul style="list-style-type: none"> Te Pūkenga Remediation (\$40m capital) [38] <ul style="list-style-type: none"> Education Payroll Limited Fees Review [22] operating) NZQA payroll system (\$3.5m operating) School Public Private Partnerships (\$7m operating) Cybersecurity and Managed Digital Services (support 22/23 funding only – \$27m of [33] operating and \$2m capital) Export Education Levy Revenue Pressure [33] operating) Funding Shortfall in Kahui Ako [22] operating) Investment is required to meet obligations and sustain key programmes. Discretion is limited and we recommend funding in full. 	[33]	
Total		[38]	[38]

21. If you wish to invest less than \$1.7 billion in Education, we suggest scaling or not funding the [33] tertiary cost adjustment, saving up to \$195 million. We note that cost adjustments were committed to in the Manifesto and scaling or not funding this would be contrary to sector expectations. However, tertiary education providers are generally better positioned to manage increasing costs than schools and early learning providers.
22. We suggest you discuss this proposed core package with Minister Hipkins and see whether he agrees that these initiatives are the most critical investments in Education for Budget 2022. Confirming a \$1.7 billion core package with Minister Hipkins early would provide a firm basis for the rest of the discussion, which we suggest could focus on potential additional investment beyond \$1.7 billion.

Pay parity

23. [33], [38]

24.

Funding beyond a 'core' \$1.7 billion package

25. You may wish to invest more than \$1.7 billion in Education in this Budget (in addition to the non-discretionary \$3.3 billion); we suggest an **upper limit of \$2 billion** over the forecast period. A higher level of investment in Education would enable greater progress within its ambitious work programme but require trade-offs against other Government priorities to stay within Budget allowances.
26. We suggest you discuss key areas for potential further investment with Minister Hipkins, and we outline some options in this section. We have focused our commentary below on broad areas of investment rather than specific initiatives as Minister Hipkins and the Ministry of Education are well placed to determine the best use of funding within these areas.
27. We have identified possible additional funding amounts for each key area below, but these amounts will need to be traded off against themselves if you wish to invest up to Treasury's suggested upper limit of \$2 billion, i.e., choosing the suggested upper limit for each area below will bring the total package size over \$2 billion.

Key area for potential investment – Learning Support

28. Learning support is additional support that some children, such as those with learning disabilities, need to engage and achieve in education. It is an area likely to be facing ongoing funding challenges as it has received limited investment in recent years and should be a priority.
29. Investment in learning support would lead to better wellbeing and educational outcomes and represent strong value for money. Students with learning support needs are more likely to be disadvantaged or Māori. The individual initiatives submitted in this area are also generally investment ready as many are funding rate increases. We consider an investment of [33] could be appropriate this Budget.

Table 4: Learning support initiatives not in core package

Initiative	Comment	Operating	Capital
Improving Alternative Education Provision	<ul style="list-style-type: none"> Alternative education provides educational and pastoral support for students who have disengaged from mainstream schooling Area has seen historical and current underfunding Funding will maintain existing services and increase the quality of education The most vulnerable learners, including those who are disproportionately Māori, will benefit 	[33]	-
[33]			
Cost adjustment & PLD for NZSL	<ul style="list-style-type: none"> The government is obliged to provide education in NZ Sign Language (NZSL) Services have not received new funding for at least four years while costs have risen Also has a PLD component, but lower deliverability risk than other PLD programmes as this PLD will be for schools that already have deaf or hard-of-hearing ākonga There are potentially reprioritisation options, as PLD appears to have underspend as at MBU 2022 	\$13m	-
Price increase for Incredible years programmes	<ul style="list-style-type: none"> No funding increase for 11 years despite being a successful programme for children with autism or behavioural challenges [33] Funding will both meet existing cost pressures [33] 	[33]	-
Total		[33]	-

Key area for potential investment – Māori Education

30. The Treasury's core package already includes initiatives that will strengthen Māori education. The equity index initiative will especially benefit ākonga Māori and Māori-medium kura by directing funding where it is needed most. Cost adjustments will support education providers to maintain quality education for Māori. Investing in Māori-medium property is a critical step in growing Māori-medium schooling.
31. However, you may wish to make alternate or additional investment in Māori education. Table 5 below shows options for investment beyond the suggested core package. We suggest an additional investment of **\$100 to \$200 million** could be appropriate this Budget.

Table 5: Māori Education initiatives not in core package

Initiative	Comment	Operating	Capital
Māori medium (MM) funding rates and system investment	<ul style="list-style-type: none"> This initiative has 8 components: <ul style="list-style-type: none"> o [33] o [33] school MM funding rates (support \$34m of [33]) o [33] o [33] o A scaled investment of up to [33] would support significant funding rate increases for Māori-medium education across ECE, schooling and tertiary. 	[33]	-
NCEA Change Programme – Kaupapa Maori	<ul style="list-style-type: none"> A component of the NCEA Change programme Separated to demonstrate the costs associated with the complex nature of Kaupapa Māori co-design and subject design 	\$40m	-
Te Reo Matatini, Pāngarau and Aromatawai – investing in Māori curriculum	<ul style="list-style-type: none"> More evidence, resources, and monitoring to implement the te reo matatini and pāngarau strategy have clear potential to support improved outcomes for Māori medium education and for ākonga Māori MoE has undertaken detailed preparations so the initiative appears implementation ready 	[33]	\$1m
Iwi / Maori Workforce Support Package	<ul style="list-style-type: none"> Provides funding to iwi for teaching scholarships to grow the Māori education workforce Strong evidence that students respond better to teachers of their own ethnicity - 24% of students identify as Māori but only 12% of teachers identify as such This is the only teaching workforce initiative that has been codesigned with iwi and gives iwi the mana to work with their communities and support their uri. Strong value for money based on the success of the pilot, the ongoing demand from iwi to maintain these scholarships, and the strong alignment to He Ara Waiora principles 	[33]	-
[33]			
Total		[33]	\$1m

Key area for potential investment – Tomorrow’s Schools and Curriculum

32. There are opportunities to invest in the schooling system. Key curriculum initiatives include investing additional funding in Tomorrow’s Schools reforms and meeting cost escalations in the NCEA change programme. Some of these initiatives are priorities for Minister Hipkins, however we consider these investments generally have lower value for money and higher deliverability risks than the investments in our core package. The Ministry could meet some of these costs within baselines. We consider an additional investment of **\$30 to \$90 million** in this area could be appropriate in this Budget.

Table 6: System and curriculum initiatives not in core package

Initiative		Operating	Capital
Continuing the reform of the Tomorrow's Schools system	<ul style="list-style-type: none"> Strong rationale for supporting two components: Leadership Advisers and [33] Funding these in full would cost circa [33] over the forecast period, but scaled funding for smaller programmes could still offer clear benefits to schools and students. 	[33]	\$1m
NCEA Change Programme - NZC delivery model and programme costs - Supplementary funding	<ul style="list-style-type: none"> There has been cost escalations since the \$92m funded in Budget 21 As students move through the pilots of new standards it is important for them to continue through the new levels, so there are potential negative impacts of deferral MoE is still working on a business case to identify their revised programme management. You have options to either place this funding in contingency until this work is completed or push the Ministry to identify options to reprioritise from baselines. 	\$55m	-
Teaching, Learning and Assessment for Progress in Literacy and Maths	<ul style="list-style-type: none"> Recommend prioritising component to support a business case to replace the E-asTTle assessment tool There is scope for further scaling (by reducing the number of FTEs funded), This would bring a trade-off of slowing down implementation 	[33]	\$3m
[33]			
Physical Restraint Rules and Guidelines – supporting schools	<ul style="list-style-type: none"> There is a clear need for investment to train teachers how to respond to challenging behaviour Stakeholders now have an expectation that training will be delivered Options to fund PLD components from baselines 	[33]	-
Total		\$266m	\$4m

Comparing Investment Areas between Packages

33. The table below compares the level of investment in each broad area across different possible package scenarios:

Table 7: Level of investment by area across package scenarios

Area	Operating Funding Sought by Minister Hipkins	Operating Funding in a 'core' \$1.7 Billion Package	Potential Operating Funding in a \$2 Billion Package
ECE (incl ECE Pay Parity)	[38]		
Schools	[33]		
Tertiary Education			
Māori Education			
System			
Digital	[33]	\$27 million	\$27 million
Learning Support	[33]	-	[33]
School Property	[33]		
Pacific Education	[33]	-	-
Other ²	[33]		
Total	[38]		

The Minister of Education is likely to seek a package of over \$2 billion

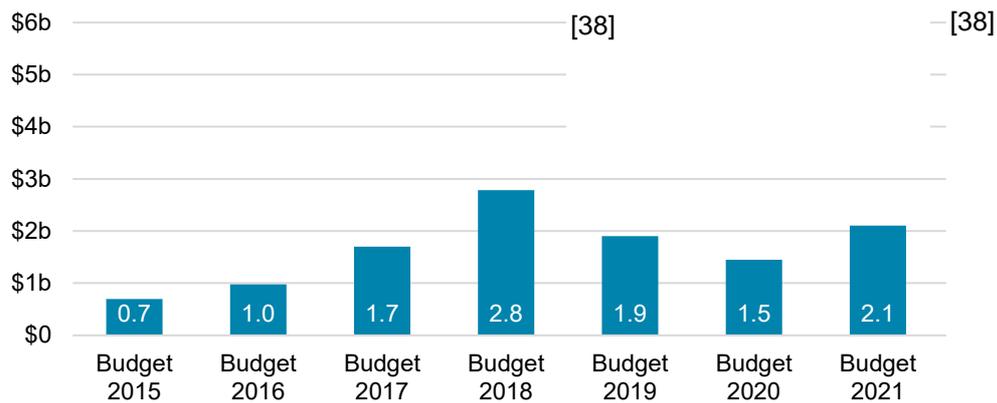
34. We understand that the Ministry of Education is advising Minister Hipkins to still seek a package that is closer to [33] in quantum. Given the broader fiscal context and the need to invest in other priority areas, we would advise against agreeing to this. Given significant past investment in previous Budgets, we also do not consider there to be a good case for investment beyond the \$1.5 to \$2.0 billion range that we have suggested.
35. Typically, Vote Education represents 15-25% of the budget allowance, with a bargaining year being towards the higher end of that range, and Vote Tertiary Education represents 1-4%. The overall Education portfolio thereby typically represents 16%-29% of the budget allowance. [38]

² Such miscellaneous initiatives include additional funding for school transport services, education payroll, and Community Learning Hubs

³ Choosing amounts towards the suggested upper limits for each area will bring this total above \$2 billion.

36. Additionally, even with your increased allowances, the \$1.7 billion core package would represent one of the highest recent Budget investments in Education in both absolute and relative terms.

Figure 4: Education portfolio Budget operating funding



Note: The Budget 2018 total does not include the \$2.571 billion 100 days tertiary education package, and the Budget 2020 total does not include the funding provided to the Education portfolio from the CRRF (around \$2.8 billion).

37. [33]

Other initiatives which we initially indicated support for

38. Minister Hipkins submitted 21 other initiatives which we have not covered in the tables above. There are 9 initiatives that we do not support because they are not investment ready, and these are covered below. Of the other initiatives we indicated support for, we consider them to be lower value, less critical, and more discretionary. Such an example includes the *Pacific bilingual and immersion education - Growing and retaining workforce* initiative, which seeks [33] to provide additional support for bilingual and immersion education. Other initiatives are not yet well developed but have potential.
39. [33]
40. Annex B provides a full list of initiatives, including the ones not examined in the body of this report. If Minister Hipkins wishes to invest in these initiatives in Budget, we suggest you require him to still manage this within a package that does not exceed \$2 billion by making trade-offs against initiatives outlined above.

Some additional initiatives that would be funded in a package over \$2 billion are not yet investment ready

41. A few submitted initiatives are promising in their potential to deliver good educational and wellbeing outcomes but are still in an early conceptualisation phase. These initiatives lack either compelling business cases or substantive implementation planning.
42. Such initiatives would likely be funded in a package over \$2 billion but considering broader market constraints and the need to fund other pressures, we would recommend deferring these initiatives until they are investment ready instead.
43. The Ministry also has \$428 million of expense transfers confirmed for 2021/22, almost double the \$222 million confirmed the previous financial year. This indicates that there may be broader questions to ask the Ministry about the deliverability of their current initiatives, and further suggests that new initiatives that do not seem investment ready should not be funded. We will further explore delays and underspends through the March Baseline update process.
44. Some of these promising but not yet investment ready initiatives include:

Table 8: Not Yet Implementation Ready Initiatives

Initiative	Comment	Operating	Capital
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[33]

Supporting Schools and Communities to Improve Attendance and Engage Moderately and Chronically Absent Students	<ul style="list-style-type: none"> Improving attendance is important given that non-attendance is correlated with negative outcomes and has steadily increased since 2015 [33] of funding for this is already supported in the core package, but remainder [33] has deliverability risks due to the size of the increase, the discretionary nature of the funding, and only anecdotal evidence of likelihood of success Deferral recommended for remainder [33] 	[33]	-
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[38]

Increased funding for Te Kura's at-risk students	[33]		-
Total		[38]	

Using Fees Free Underspends and Forecasts Returns to increase the package

- The Ministry is making progress on returning the structural Fees Free underspend from 2023/24 onwards (estimated to be \$85 million per annum) through a Budget 2022 technical initiative. Minister Hipkins may propose using this return to hypothetically offset Education package costs, especially if he still seeks a package that is closer to \$2.5 billion in quantum.

46. The amount in the fees-free category of the tertiary tuition and training MCA is based on a demand forecast made at the time of its establishment. Demand for fees-free has been much lower, leading to significant underspends each year. [34]

Given this,

underspends from 2023/24 onwards should be returned to the centre, and not be relied on to offset the impact of Budget 2022 spending initiatives.

47. We also understand that there may be a net return from forecast changes from MBU and OBU 2021. As with the return of Fees Free underspends, Minister Hipkins may propose using this return to offset Education package costs. We do not recommend agreeing to this since any revisions will be factored into overall allowances. You will receive budget advice on this as the package development progresses.

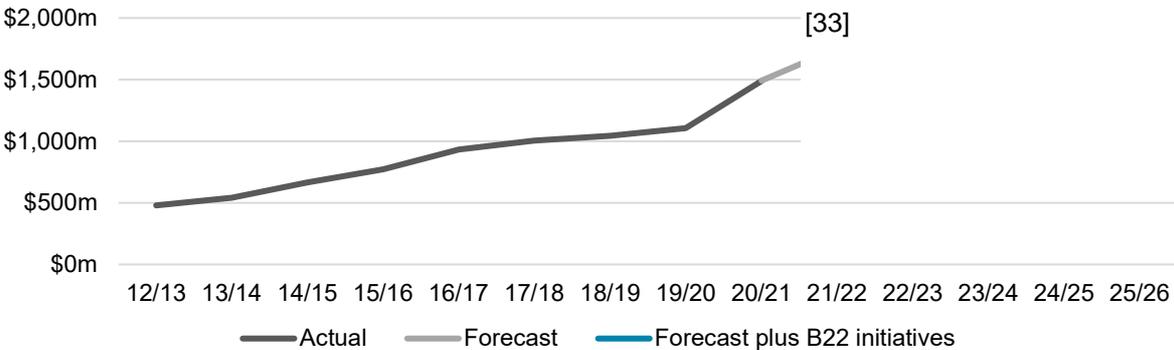
Potential Further Investment in School Property

48. We consider investment in Land, Māori Medium Property, and Christchurch Rebuild are a first order priority in the school property portfolio, and initiatives beyond that have higher scope for discretion.

49. There are two key programmes for discussion regarding the maintenance and growth of the portfolio – the National Education Growth Programme (NEGP) and the National Schools Redevelopment Programme (NSRP). These two programmes aim to meet Cabinet’s goals of having enough volume to meet population growth as well as having high quality schools by 2030.

50. As shown in Figure 5, since 2018 the Ministry has significantly ramped up its operations and would continue to do so with proposed Budget 2022 investment. We can confirm the Ministry has spent the majority of the funding it has received for property since 2018, so we have some confidence that this trajectory could continue.

Figure 5: Ministry of Education capital expenditure PLA



51. The priorities submitted by the Minister of Education represent the minimum viable option to sustain the current pipeline. Given the diversity of the portfolio, the Ministry can be flexible around its choice of investment, which means we are less concerned with construction sector capacity issues than for larger capital projects.

52. [33]

53. This ultimately comes down to what you consider to be affordable in your overall capital investment, as you have a high degree of flexibility with these initiatives. We suggest an additional investment of **\$100 to \$500 million** could be appropriate this Budget.

Table 9: Property initiatives not in core package

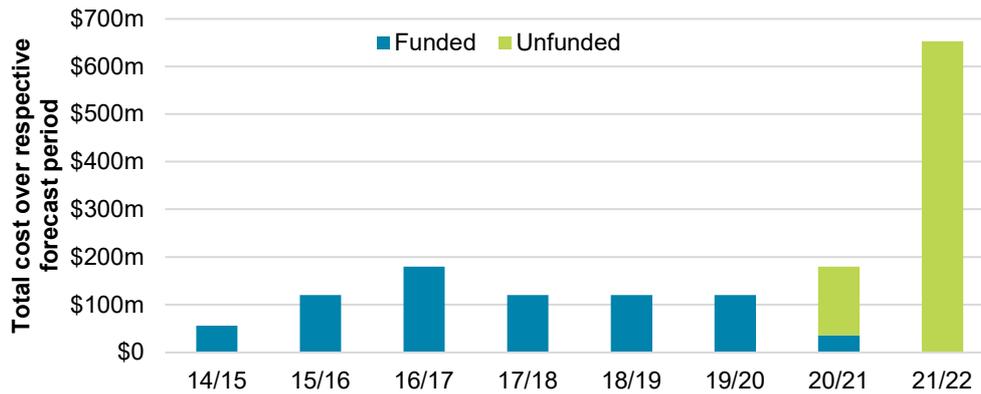
Initiative	Comment	Operating	Capital
		[33]	
National Education Growth Plan (NEGP)	MoE has \$229m in contingency to draw down for NEGP this year to maintain their existing delivery. You have choices around level of investment beyond this, and the initiative can be scaled top down (i.e a percentage decrease). We believe investment in the condition of the portfolio is a priority over growth.	[33]	
Furniture and Equipment Grant for School Property	Although Furniture and Equipment is an important part of having safe learning spaces, we consider this is not a critical cost pressure and can be deferred. This initiative is not a candidate for scaling as it is based on a square metre entitlement.	-	[33]
Total		\$92m	\$595m

[33]

Depreciation

54. The Treasury recently identified that funding for depreciation for revaluation in the Education portfolio appears to have been charged directly to the operating balance and approved without the appropriate Cabinet authority. The Minister of Education will bring a paper to Cabinet early this year to formally seek this authority. As the treatment of this cost has implications for Budget 2022, you may wish to discuss this with the Minister at your bilateral meeting.
55. This year, the additional depreciation funding required for the Education portfolio is \$163 million per annum, due to a large upward revaluation of \$3 billion. This gain is attributed to market movement, the continued level of building activities, and the rise in construction costs. Additional to this, there remains an unfunded amount from last year of \$36m per annum.
56. The current unfunded depreciation cost is now \$796 million total (\$199 million per annum). If the Minister of Education continues to use an annual approach to depreciation to manage his envelope (as is the interim solution), the unfunded cost will increase and become increasingly difficult to manage.
57. **We recommend that all new costs should be managed through Budget allowances, as this ensures continued scrutiny and awareness of trade-offs across the system.** Whilst depreciation is a non-discretionary cost, its increasing quantum for the Education sector is reflective of the increased investment and growth of the portfolio. Charging this outside Budget allowances means that the cost of maintaining the large school property portfolio will be largely unscrutinised, while other Votes will continue to seek this funding through the budget process.
58. The cost impacts of revaluation have been steady, except for the recent large increase. While we would expect the value to continue to increase, it seems unlikely it would be this unstable in the future. To avoid putting your fiscal strategy at risk, we recommend managing volatile costs of this nature within budget allowances.

Figure 6: Depreciation funding for revaluation in Education



59. **Ultimately, your decision regarding treatment of these costs comes down to what you consider to be affordable and manageable within your fiscal strategy.**

The options you have are presented below:

a) Charge against the Operating Balance (as Minister of Education will seek in his Cabinet paper)

60. The Minister of Education will seek to have the revaluation depreciation costs charged straight to the Operating Balance and approved by Joint Ministers through the October Baseline Update.

61. If this practice is re-established, there is a risk that due to recent increased cost, there will be a significant impact on the Government’s fiscal indicators and may disrupt progress towards your fiscal strategy objectives. There is also a precedent risk where other Votes may also seek funding outside of allowances, and the costs could become less manageable overall.

62. However, this practice has been in place for some time without causing significant issues.

b) Manage through Budget allowances (but outside of any Education envelope) (Treasury preferred option)

63. The Treasury recommends that depreciation costs as a result of revaluation are managed within budget allowances. This will ensure continued scrutiny and visibility of the costs, particularly if they continue to increase, as they represent a significant cost to the Government. It is also important for the public to have visibility of this expenditure through Budget documents.

64. This option would be managed alongside many other forecasted elements of the education portfolio, where changes to forecasted costs are managed against Budget allowances.

c) Manage through Budget allowances (but inside the Education envelope)

65. In your Budget 2022 invitation letter, you invited the Minister of Education to submit all known costs [38] within a [33] total operating envelope. The Minister has currently submitted a one year cost of \$163 million for depreciation revaluation outside of the envelope.

66. You retain the option to reinforce that these costs should be considered alongside all other education costs. This would force the Minister to trade off policy programmes with maintenance of the school property portfolio. This would be the best option for tight fiscal management of Education costs.
67. However, given the current condition of the school portfolio we do not recommend this approach, as it will ultimately result in a deferral of costs and a delay in improvements to the quality of school buildings.

d) Manage some of the cost through baselines

68. You retain the option to push the Ministry to manage some of this cost from their baseline. We think a manageable amount for this could be the \$36m per annum cost remaining from 2020/21. However, we think it makes more sense to fund the depreciation revaluation cost in full over the NSRP initiative, as the depreciation stream is the Ministry's first port of call for maintaining the condition of their portfolio.

COVID-19 Response Portfolio

COVID-19 Response Funding

69. The health system has received \$8.789 billion for the Public Health response to COVID-19 since the start of the pandemic. Budget 2022 does not include funding requests for the Public Health response to COVID-19 (except for the public health digital initiative), [33]

[33]

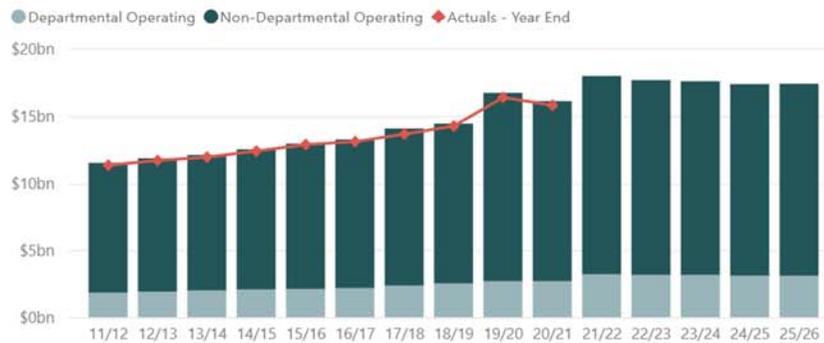
Annex A: Baseline Summary for the Ministry of Education

Annex A - Summary Dashboard

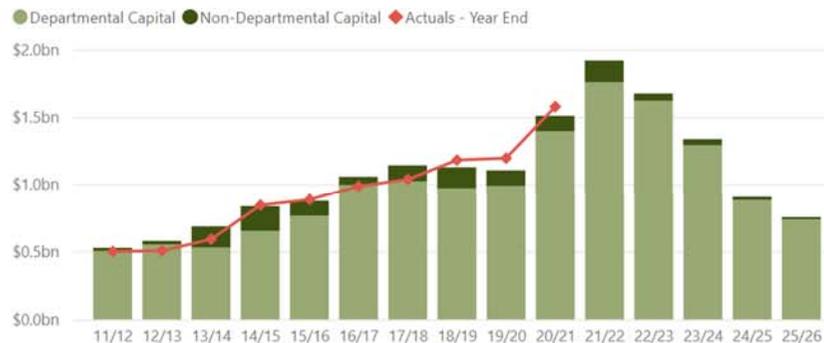
Ministry of Education

2011/2012 - 2020/2021

Operating Spending & Forecasts (Excluding Borrowing Expense)

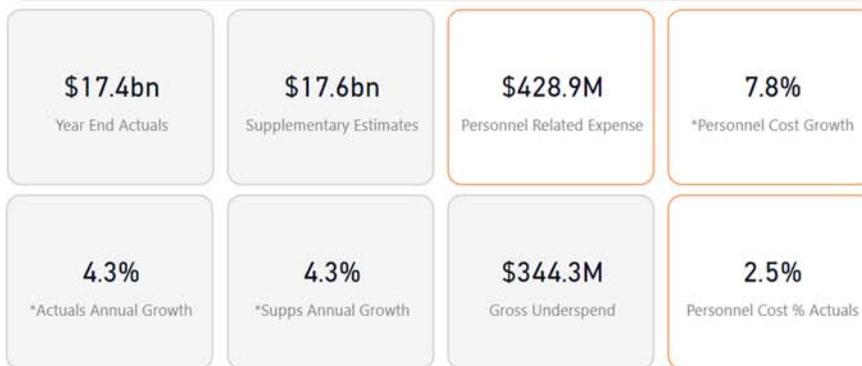


Capital Spending & Forecasts

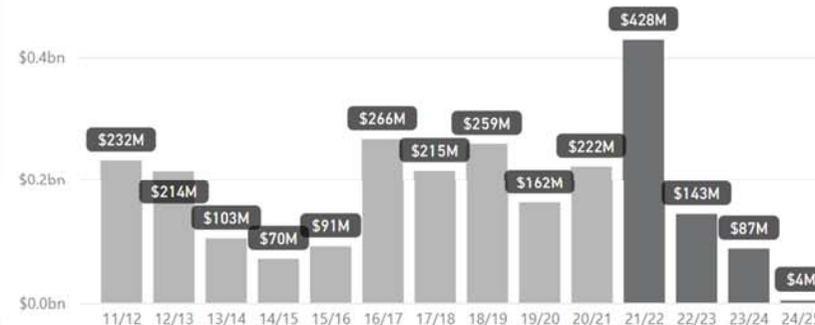


* Compound annual growth rate over the period 2011/2012 - 2020/2021

2020/2021 Key Figures



Confirmed Expense Transfers



Annex B: Submitted Initiatives

Pac ID	Title	Description	Funding sought			Funding recommended (Vote team)			Funding recommended (draft package)			Treasury comments	Value	Alignment	Delivery
			Opex avg (\$m)	Opex total (\$m)	Capex total (\$m)	Opex avg (\$m)	Opex total (\$m)	Capex total (\$m)	Opex avg (\$m)	Opex total (\$m)	Capex total (\$m)				
Core package	14121	Cost adjustment for Schools' Operational Grant	\$ 34.32	\$ 137.28	\$ -	\$ 34.32	\$ 137.28	\$ -	\$ 34.32	\$ 137.28	\$ -	[33] Key cost drivers for schools, such as wages and CPI, have been outpacing funding increases. We consider this initiative has strong value for money. Schools are well positioned to determine the best use of additional funding to improve wellbeing and educational outcomes. Without additional funding, schools are likely to cut costs by reducing curriculum delivery or deferring maintenance. The initiative could be scaled down, but this would increase the risk of reductions in service quality. Education cost adjustments are supported in the Manifesto.	4	5	5
Core package	14122	Cost Adjustment for Early Childhood Education	\$ 42.49	\$ 169.98	\$ -	\$ 42.49	\$ 169.98	\$ -	\$ 42.49	\$ 169.98	\$ -	[33] Key cost drivers for ECE, such as wages and CPI, have been outpacing funding increases. We consider this initiative has strong value for money. Services are well positioned to determine the best use of additional funding to improve wellbeing and educational outcomes. Without additional funding, services are likely to lower quality or raise fees, negatively impacting whanau. The initiative could be scaled down, but this would increase the risk of lower quality or higher fees. Support for education cost adjustments is indicated in the Manifesto.	4	5	5
Core package	14139	EPL Fees Review	[33]								\$ -	This bid has resulted from Education Payroll Limited's (EPL) contractual entitlement to have its fees reviewed every 2 years and is supported by a 2020 PwC financial review highlighting the need for additional funding. Further funding would allow EPL to meet labour market pressures, increase development capacity during a period of collective bargaining and dynamic change requests, address unfunded depreciation associated with its recent Oracle upgrade, and undertake an annual ISAE 3402 review. This bid has already been scaled and the quantum sought is less than what EPL has requested; further scaling or deferral would risk EPL not being able to successfully deliver payroll to the 96,000 employees in the education sector that it currently serves, the largest payroll in NZ.	4	4	5
Core package	14140	Resolving the funding shortfall in Kahui Ako (Communities of Learning)									\$ -	This is an unavoidable cost pressure for a funding shortfall in Kahui Ako arising from increased staff salary costs and addressing a previous reprioritisation of \$49.5m from 2020 to settle the last round of collective agreement negotiations. MoE is seeking \$12.4 m for 2021/22 and \$12.3 m for 2022/23 a 10.7% increase on current funding levels. It has reprioritised ca \$5m pa from baselines to meet the remainder of the \$17.5m shortfall. There is a legislative requirement for the Crown to fund these salary costs, and there is limited room for discretion on whether to fund this initiative. Scaling options appear limited to MoE reprioritising more funding from its baselines to meet a greater proportion of the shortfall.	3	4	4
Core package	14141	Cybersecurity and Managed Digital Services	[33]			\$ 6.85	\$ 27.40	\$ 2.20	\$ 6.85	\$ 27.40	\$ 2.20	Improving cybersecurity in schools should be an important priority for the Ministry, given well-publicised cyber attacks last year. However, we are not confident that the full funding amount is investment ready and we worked with the Ministry to identify a scaled amount. This allows existing cybersecurity measures (originally funded from baselines last year) to continue and the opportunity for the Ministry to prepare proper business cases to inform its longer term work on cybersecurity and school infrastructure resilience. Many schools do not have the capability to progress this work themselves, and Crown funding is required. We do not support additional scaling or deferral as this would most likely lead to an increase in cybersecurity risks	4	4	4
Core package	14151	Unsupported Payroll/HRIS system replacement	\$ 0.88	\$ 3.50	\$ -	\$ 0.88	\$ 3.50	\$ -	\$ 0.88	\$ 3.50	\$ -	This funding is necessary for NZQA to replace their payroll system before it becomes unsupported in 2023. This is the minimum viable option. NZQA would need to reduce core services (eg NCEA exams) if this initiative is not funded; this initiative has strong value for money given NZQA's critical role in the education system.	5	4	4

Core package	14155	Supporting Schools and Communities to Improve Attendance and Engage Moderately and Chronically Absent Students	This initiative will fund services and supports to reduce unmet demand for the approximately 15% of all students who are absent from learning at least 1 day per week. The effects of frequent absences are cumulative and impact negatively on educational attainment, increasing the likelihood of adverse long term and intergenerational outcomes. [22]	[33]								Absenteeism is correlated with negative outcomes and has steadily increased since 2015. This initiative, building on prior CRRF funding, would increase overall attendance-service funding by [22]	5	5	3	
Core package	14156	Equity Index – Implementation in schools and kura, and system infrastructure costs for early learning services	This initiative fulfils a manifesto commitment to replace the decile system with the Equity Index and better resource for equity. Schools, kura and early learning services will be better supported to mitigate the socio-economic barriers faced by learners, the wider school community and whanau. This initiative includes a \$75 million per annum increase in equity resourcing for schools/kura, transition costs associated with shifting from decile to the Equity Index (including for the isolation index and school donations scheme), and system and infrastructure costs for the early learning Equity Index. The initiative also includes a proportionate increase in funding for Te Kura.	\$ 76.96	\$ 307.85	\$ 5.13	\$ 76.96	\$ 307.85	\$ 5.13	\$ 76.96	\$ 307.85	\$ 5.13	This initiative will increase resourcing for schools facing disadvantage and improve how equity resourcing is targeted by replacing the decile system with the more accurate equity index. It includes transition funding for schools that will lose funding due to this change. This initiative has very strong value for money and will especially benefit akonga Maori. Schools facing disadvantage are well positioned to determine the best use of additional funding to improve student wellbeing and educational outcomes. We would support a larger increase in equity resourcing than is proposed (eg \$100m p/a instead of \$75m p/a) by prioritising this initiative over other education bids we have assessed as having lower value for money.	5	5	5
Core package	14157	Christchurch Schools' Rebuild Programme	This initiative provides funding for the Christchurch Schools' Rebuild Programme for another year following the 2010 and 2011 earthquakes, enabling remediation of damage to the Christchurch School Network. Without this capital injection over 20 current projects will need to halt and await further funding. This initiative is consistent with the \$1.137 billion announced and approved by Cabinet in 2013 and the \$206 million for cost increases identified in the 2018 midpoint review.	\$ 7.57	\$ 30.30	\$ 88.00	\$ 7.57	\$ 30.30	\$ 88.00	\$ 7.57	\$ 30.30	\$ 88.00	This bid continues the roll out of the Christchurch Schools Rebuild Programme (CSR) for another year, specifically funding the continuation of over 20 projects at various stages of development. We understand the programme is nearing completion, and is on track to finish by the end of 2024, with the exception of two schools yet to enter CSR. This bid seeks the final portion of funding needed to cover the \$206 million shortfall identified in a 2018 review. [33]	4	5	4
Core package	14159	Expanding pay parity in early learning	This initiative expands on the Budget 2021 initiative Moving towards pay parity in early learning. It provides funding so that more qualified and certificated teachers in education and care services can be at pay parity with kindergarten teachers. The initiative will resource additional teacher pay steps via higher education and care service funding rates. This will provide fairer employment conditions and encourage certificated teachers to remain in early learning. The initiative also provides a contingency for improving staff pay levels in kohanga reo and system implementation.	[22]		5.35	[38]		\$ 5.35	[38]		\$ 5.35	to meeting the Manifesto commitment to work towards pay parity for ECE teachers. By creating further premium subsidy rates for providers who meet minimum salary rates, teacher pay will be increased for most Education and Care teachers (current opt-in rate 62%). Higher pay should improve teacher quality and reduce turnover, improving child wellbeing and education outcomes. This initiative sets aside a realistic contribution for working toward pay parity for Kohanga Reo in the future. [22] It also includes \$5m capital to implement the outcomes of the ongoing ECE funding review; we recommend this funding is placed in contingency until Cabinet agrees to the outcomes of this review. Scaling by reducing the salary requirements is possible if [22]	3	3	5
Core package	14163	School Transport – baseline update and ICT transformation	This initiative addresses critical cost pressure for the delivery of non-departmental school transport assistance arising from time-limited funding provided through Budget 2021 (and increased costs arising from. Contracts commencing in 2022 for Daily and Technology Bus services have recently been signed, and continuation of this funding is required to maintain current service levels for school transport assistance and reduce barriers to learning. This initiative also includes funding for the second phase of a two-phase project, Pokapu Waka Kura, to provide fit-for-purpose ICT systems to support the implementation of the new contracts.	[38]									This bid has three components of funding: previously signed 12 year bus contracts (\$44m); outyear funding of specialised school transport assistance funded in B21 (\$40m); and Phase 2 of the 'Pokapu Waka Kura' ICT transformation [22]. We consider the first two components to have less discretion and recommend funding in full - the Ministry would breach its contractual obligations if the first component is not funded. The third component promises to deliver higher efficiencies and customer satisfaction but is more discretionary. We support funding but this could be deferred when traded off against other Education priorities. There is an initial business case for the third component, but, if funded, funding should still be in contingency until the implementation business case is complete.	4	4	4
Core package	14164	Public Private Partnership (PPP) School Expansion	In order to deliver the NEGP 10 existing PPP schools were identified as needing expansion. In Budget 20 we received funding to expand four schools: Hobsonville Point Primary School, Rolleston College, Wakatipu High School and Te Ao Marama School. At this stage additional Operating funding of \$55M is required to deliver the Rolleston College Expansion.	\$ 1.63	\$ 6.52	\$ -	\$ 1.63	\$ 6.52	\$ -	\$ 1.63	\$ 6.52	\$ -	This funding will enable an expansion of the PPP contract for Rolleston College to allow for additional capacity given high roll growth in the area. The original contract was funded in 2014 and did not consider the future need for growth. Similarly, funding from Budget 2020 was insufficient to cover the cost escalations across all of the PPPs, and was used for Wakatipu High School and part of Rolleston College only. Due to the nature of PPPs, there are limited options for scaling given the commercial nature of the agreement, and the potential time and cost implications of breaking or changing the contracts. The Ministry is undergoing a review of their PPP programmes and will present this to Cabinet in a Programme business case later this year.	4	4	3
Core package	14175	Maori Medium Property	This initiative provides funding to provide Kura delivering Maori Medium Education (MME) with good quality classrooms to ensure Maori students thrive and meet their potential. The funding will be used to add capacity where rolls are growing, improve the condition of classrooms and ensure property meets the cultural needs of the Kura. In some cases where Kura are operating out of temporary sites, land will be purchased, and new facilities will be provided. As a separate programme this will allow the Ministry to prioritise and accelerate high-quality property outcomes to Maori students across Aotearoa. One of the priorities of this programme will be early engagement and working collaboratively with the Kura and local communities to meet their needs.	[33]									Investing in Maori-medium property is critical to meeting the Government's goals to grow Maori-medium education. Given MoE has \$6.3b existing capital funding for 21/22-25/26 and is yet to draw down \$229m for the NEGP from B19, you could instead direct them to manage this proposed investment within baselines by placing greater priority on Maori-medium property in their regular investment programme. There are also options to scale this initiative, if required. We consider this initiative has higher value for money than other property initiatives submitted by MoE (NEGP, NSRP). We will provide further advice on this initiative and the education property package for the bilateral.	4	5	3

Option for high package	[33]		[38]									[33]	
Option for high package	14149	Boarding allowances for remote and at-risk students – cost pressure	<p>remote and at-risk students by funding an increase to boarding allowance rates.</p> <p>Access barrier allowances for around 800 isolated students (\$3,200) and multiple barrier allowances for around 1100 at-risk students (\$7,500 for hostels, \$4,000 for private boarding and \$500 for additional support from schools) have not increased since 2014. 2021 average hostel fees are around \$13,500, up from \$10,500 in 2014. Increases in Puawaitanga scholarship costs and travel costs for offshore island students put further pressure on the fixed</p>	[33]					\$ -	\$ -	\$ -	[33]	<p>increasing the rate for the Multiple Barriers Allowance (subsidises disadvantaged students to attend boarding school) each have good value for money. Increasing hostel fees have significantly eroded the effectiveness of these policies and a cost adjustment is needed to restore them.</p>
Option for high package	[33]												
Option for high package	14153	Creating safe, inclusive schools: Strengthening PB4L School-Wide [33]	<p>This initiative will fund a refresh and enhancement of PB4L School-Wide delivery to better support schools to foster safe, inclusive environments in a culturally responsive way, particularly for akonga and whanau Maori. School-Wide is a framework in 42% of primary and 57% of secondary schools that enables schools to create positive environments that promote caring relationships and positive behaviours.</p>	[33]	\$ 0.31	[33]	\$ 0.31	\$ -	\$ -	\$ -			<p>Research shows Positive Behaviour for Learning (PB4L) improves behaviour and wellbeing of children. It has been in place since 2010 and funding has not increased, although school uptake has. PB4L has been successful in reducing aggressive behaviour and has had positive impacts in schools, especially benefiting akonga and whanau Maori. Although not recommended, this initiative could be scaled down by prioritising either the refresh of PB4L School-Wide</p>
Option for high package	14158	Physical Restraint Rules and Guidelines – supporting schools to meet their statutory obligations	<p>This MVO initiative will build school capability to use effective behaviour management strategies and practices to minimise, and where possible, eliminate the use of physical restraint. Training and resources will be created (that incorporate te ao Maori and the NZ context) to help approximately 75,000 school staff to use effective behavioural management approaches to reach approximately 82,000 students who have learning, social, emotional, and behavioural support needs. Staff will access mandatory training on trauma informed practice, anxiety, neurodiversity, support plans and safe holds. The behaviour support framework will be underpinned by accountability, a performance monitoring and quality system, and an automated reporting mechanism that meets privacy and security requirements.</p>	[33]									<p>There is a clear need for investment to train teachers how to respond to challenging behaviour: no mandatory training exists; physical restraint can have lasting impacts on students; and teachers are currently resorting to suspension and exclusion - correlated with negative student outcomes.</p> <p>If not funded or deferred, MoE would be exposed to criticism from the sector and risk breaching legal requirements, while suspensions, expulsions and harm to children would continue.</p>

Option for high package	14160	National Education Growth Plan (NEGP)	This funding will support the continued expansion of the School Property Portfolio by delivering roll growth classrooms and new schools. Funding is required to continue the progress made so far and ensure the Ministry can deliver on manifesto commitments and meet the growth demand	[33]				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	At this stage, we recommend deferring this bid as MoE has not provided specific information about what this funding will purchase. This aligns with Investment Panel advice. Our position may change as we work with MoE to better understand options for investment. We will provide further advice on this initiative and the education property package for the bilateral. The Ministry has received \$2.1b investment in property over Budgets 19-21, of which \$1.5b was for the NEGP. \$229m is yet to be drawn down and MoE now has existing capital funding of \$6.3b over 21/22-25/26, so the Ministry can progress existing projects without additional funding in B22. Deferring this bid saves \$300m capital and \$46m associated	3	4	3
Option for high package	14161	Redesign of Alternative Education Provision – Cost Pressure [22]	The redesign of alternative education provision supports akonga in years 9 - 12 who are disengaged or at risk of disengaging. This initiative addresses cost pressures for 1888 Alternative Education places. [22] The redesign of alternative education provision is Priority 6 of the Learning Support Action Plan.		\$ 14.22	\$ 56.87	\$ 0.07	\$ 14.22	\$ 56.87	\$ 0.07	\$ -	\$ -	\$ -	This initiative is the Minister of Education's minimum viable option for progressing commitments to Alternative Education under the Learning Support Action Plan. There is a clear case for investment as this initiative will support the most vulnerable learners, who are disproportionately Maori. We support the elements that have been prioritised (cost increase per student place [33] as they contribute [33] to maintaining the provision of existing services, as well as increase the quality of education offered.	5	5	4
Option for high package	14165	Pacific bilingual and immersion education-Growing and retaining workforce	This initiative will support the growth of the Pacific bilingual and immersion schooling workforce and the retention of the current workforce, to support Pacific learners and families to access quality Pacific bilingual and immersion education. It purchases support to meet English language requirements, [22] and further curriculum resource development. This will ensure there is a growing, quality workforce for Pacific bilingual and immersion education.	[33]							\$ -	\$ -	\$ -	This funding will provide the additional workforce and resources needed to continue the development of quality Pacific bilingual and immersion education. The initiative has clear potential to improve social, cultural and educational outcomes, and aligns with Government objectives to lift opportunities for Pacific peoples and improve child wellbeing. MoE has made good progress with implementing the actions supported by B21 Pacific curriculum funding and developed a strong policy case for further investment. Nil funding risks delaying the further implementation of quality bilingual and immersion education. [22]	5	4	3
Option for high package	[33]																
Option for high package	14167	Teaching, Learning and Assessment for Progress in Literacy and Maths	This funding provides the ongoing capability needed to maintain the Curriculum Centre as it grows. It supports initial actions of the Literacy & Communication and Maths Strategies and provides 31 additional FTE to: Develop an evidence-based Common Practise Model. Prepare a detailed business case for the replacement of e-asTTle. Support the development of an evidence base and ongoing research and evaluation. Review and co-design the additional supports that will meet diverse learner needs and develop networks and services to strengthen workforce capability. Building on Budget 2021 investments, this progresses delivery of improved curriculum services urgently needed by teachers and creates the foundations for wider strategy	[33]							\$ -	\$ -	\$ -	Recommend funding most components – there is a strong case to fund supports for literacy and numeracy initiatives and assessment tools and there is a clear link to the related strategies agreed by Cabinet in November 2021 [22] This scaled option supports a business case to replace the E-asTTle assessment tool (in place for ca 15 years). There is a clear case for that work, but note the potential for a material (unquantified) cost from future Budgets for a new tool. There is scope for further scaling (e.g. by reducing the number of FTEs funded), though this would bring a trade-off of slowing down implementation and lower levels of central support to schools for key curriculum reforms.	4	4	4
Option for high package	14168	Price increase for Incredible years programmes	The Incredible Years (IY) suite is targeted early intervention and capability building programmes for caregivers, whanau and teachers to support young children (0-8) with autism and early signs of need. The price for IY programmes has not increased in 11 years, yet CPI has increased 19.4%. The full funding option covers a CPI increase of 19.4% across all current NGO contracts; [22] The MVO covers only the 19.4% increase across all current NGO contracts to sustain current delivery without reducing service levels and numbers. Nil funding would potentially result in NGOs terminating contracts or hiring unqualified staff to	[33]							\$ -	\$ -	\$ -	Funding for this programme has not been increased in its 11 years of operation [22] This bid seeks both to meet existing cost pressures [22] The programme is well established and has a good reputation and high return on investment. Cost constraints are limiting the programme's ability to hire suitably qualified instructors, hire venues and support families through home visits and disbursements to enable attendance. Providers are able to upscale to deliver the programme to more families.	5	5	3
Option for high package	14172	Schools payroll: investigation of future delivery and investment options	This initiative funds a programme of work to identify and analyse options for future delivery of the schools payroll that covers 96,000 staff each fortnight and disburses approximately \$6 billion per annum. Work will include the preparation of a formal Programme Business Case for the upgrade or replacement of the existing schools payroll system, analysing the requirements, risks and benefits of each option and determining the best future operating model to deliver the schools payroll into the future. It will also provide a detailed implementation plan, including change management and funding requirements.		\$ 1.00	\$ 4.00	\$ -	\$ 1.00	\$ 4.00	\$ -	\$ -	\$ -	\$ -	The existing service contract with Education Payroll Limited is set to end in 2027, and this bid funds the Ministry to explore future delivery options for schools' payroll as part of its wider Schools Payroll Upgrade Programme (SPUP). Funding sought this Budget will go towards SPUP's build up/strategic assessment phase, part of its programme execution phase, and associated business cases. The core payroll software is 9 years old and 6 major release versions out of date, and an upgrade or replacement is needed. Given historical operational issues with schools' payroll systems, we do not recommend scaling or deferring this bid.	4	4	4

Option for high package	[33]																
Option for high package	14181	Iwi / Maori Workforce Support Package	This initiative will provide a pathway to grow the Maori education workforce that is in critical short supply. This initiative will partner with Iwi/Maori to grow the Maori teaching workforce (including te reo Maori and Maori medium teachers) by supporting via scholarship (including access to mentoring and other supports required) uri/descendants who show the right qualities to become teachers. The programme has been evaluated and proven successful in its pilot phase over the last two years. It has had continuous improvements made through this time to ensure its readiness for future funding. [22]	[33]							\$ -	\$ -	\$ -	There is a compelling case for intervention as there is strong evidence that suggests students respond better to teachers of their own ethnicity; currently, 24% of students identify as Maori but only 12% of teachers identify as such. While other initiatives are ongoing to support Maori entering the teaching workforce, this is the only initiative that has been co-designed with iwi and gives iwi the mana to work with their communities and support their uri. We consider that this initiative has strong value for money based on the success of the pilot, the ongoing demand from iwi to maintain these scholarships, and the strong alignment to He Ara Waiora principles.	5	5	5
Option for high package	14182	Growing Maori Medium and Maori language provision across the education system	This initiative lays the foundation for growing Maori Medium and te reo Maori across the education system. It provides an increase per-learner to operational funding for [22] Schooling and Tertiary providers that deliver te reo Maori and Maori Medium Education to recognise the additional costs of providing Maori Language education and the status of te reo Maori as an official language and taonga. It creates a High Proficiency Fund in tertiary education that supports the development of proficient reo speakers and the workforce, [22]	[33]							\$ -	\$ -	\$ -	This bid has 8 parts supporting Maori medium education (MME). [33] We support [33] of the proposed increase to school MME funding [33] we consider immediate significant investment in MME is required and [22] MoE a mandate to work out details and best use this funding to support MME. We will provide further advice on this initiative and the Maori education package for the bilateral	4	5	3
Option for high package	14184	NCEA Change Programme - Kaupapa Maori - Supplementary funding	The NCEA Change programme is redeveloping NCEA. This bid relates to the inclusion of the new Te Ao Haka within the scope, the complexity of developing other kaupapa ako Maori subjects, and the necessary increases in levels of support for kura to pilot kaupapa ako Maori subjects. Funding was approved in Budget 21 for \$139.731m The same issues which have impacted the NCEA Change programme have impacted this work An Implementation Business Case will be done by Feb 2022 for funding of up to \$95M (across this and NCEA Change Programme bid). If funding is not obtained it will halt the delivery of kaupapa ako Maori subjects Successful delivery means NCEA will work better for whanau, better prepare students for further study and work and support teachers to	\$ 10.00	\$ 40.00	\$ -	\$ 10.00	\$ 40.00	\$ -	\$ -	\$ -	\$ -	This bid is a component of the NCEA Change programme, and has been separated to demonstrate the costs associated with the complex nature of Kaupapa Maori co-design and subject design. We recommend this is placed in the same contingency, as the programme and business case being manage as one programme.	5	4	3	
Option for high package	14189	NCEA Change Programme - NZC delivery model and programme costs - Supplementary funding	The NCEA Change programme is redeveloping NCEA, Literacy and Numeracy and Achievement standards and vocational pathways. Funding was approved in Budget 21 for \$139.731m (\$37.218m funded by MoE and NZQA). The strategic case is unchanged A funding shortfall has arisen due to: •Operating model and scope changes •Lack of contingency •Impacts on the sector and the programme from Covid and timeline pressures An Implementation Business Case will be done by Feb 2022 for funding of up to \$95M (across this and NCEA Change Kaupapa Maori bid). If funding is not obtained scope, quality and benefits will be reduced Successful delivery means NCEA will work better for whanau, better prepare students for further study and work and support teachers to deliver quality programmes of learning	\$ 13.75	\$ 55.00	\$ -	\$ 13.75	\$ 55.00	\$ -	\$ -	\$ -	\$ -	The NCEA Change Programme was funded in B21 (\$92m) to change assessment standards in schools. MoE has since completed a redesign of NCEA Level 1, and identified additional costs for the Level 2&3 redesigns as a result of this process (notably additional FTE for complex subjects, costs due to mini-pilot programme and a risk contingency). As students move through the pilots of new standards it is important for them to continue seamlessly through the new levels, so there are limited options to defer. MoE has met some costs from baselines and identified cost efficiencies in its revised model. MoE is working on a business case to give Ministers options for the management of the programme moving forward. We recommend funding is placed in contingency until the business case is completed.	5	4	3	
Option for high package	14195	Upholding the UNCRPD to sustain New Zealand Sign Language in education through [22] fortifying existing services	This bid upholds the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) education obligations to facilitate learning of New Zealand Sign Language (NZSL), by fortifying interventions that promote linguistic identity in the early years and compulsory schooling, and training of the workforce. This is a cost pressure bid that seeks to expand current provision to meet demand arising from changes in population and scale of service provision. It seeks to reduce barriers to education by strengthening acquisition of, and access to NZSL.	[33]							\$ -	\$ -	\$ -	Funding provides increases for FirstSigns (supports whanau with deaf or hard of hearing (DHH) children aged 0-5) and NZSL@School (supports DHH learners not at an NZSL school) as well as Professional Learning Development (PLD) for teachers and teacher aides. The government is obliged to provide education in NZSL, and these services have not received new funding for at least four years while costs have risen. While not recommended, there are potential scaling options for PLD to improve teacher NZSL capability, as MoE has historically underspent on PLD. However, as this PLD will be for schools with DHH akonga we support funding, as low uptake is a lower deliverability risk than other PLD programmes. We will provide advice on PLD in the Education package for your bilateral	5	5	3

Option for high package	[33]																				
Option for high package	14200	Te Reo Matatini, Pangarau and Aromatawai – Strengthening Tools, Resources and Supports for Workforce and Akonga	[33] Mokopuna (te reo matatini me pangarau) and Aromatawai (assessment for learning) strategies, ensuring coherence with Te Marautanga o Aotearoa redesign. Funding will purchase: research and evaluation for up to date evidence on quality te reo matatini me pangarau learning, teaching and aromatawai practices to enable development of fit for purpose reo matatini, pangarau and aromatawai resources and tools, [33] business cases for specialist te reo matatini, pangarau and aromatawai practitioners, and regional support hubs; staff for the Curriculum Centre to support implementation and ongoing maintenance of te reo matatini me pangarau learning,	[33]					\$ -	\$ -	\$ -				There is a clear case for funding and implementing these priorities – more evidence, resources and monitoring to implement the te reo matatini and pangarau strategy - that have clear potential to support improved outcomes for MME and for Maori students more generally. There is scope for scaling options [33] though this would bring a trade-off of slowing down/narrowing implementation and risk not meeting sector expectations of change. MoE has undertaken detailed preparations so the initiative appears implementation ready. On balance, we recommend funding in full to develop momentum where there has been limited targeted funding in recent years, but progress could still be made with a scaled option.	4	4	4			
Option for high package	14213	Continuing the reform of the Tomorrow's Schools system	[33] This initiative comprises an integrated set of additional supports, as recommended by the Tomorrow's Schools Independent Taskforce, that will create positive change in the education system. This initiative will provide additional management and leadership advice to support school/kura principals and grow their capability over time, [33] The initiative will also enable Te Mahau to be responsive to local needs of schools and early learning, including growing teacher capability and careers support for akonga. The design and implementation will be undertaken by Te Mahau in partnership with the sector. This will enable the new supports to be flexible enough to meet local contexts and enable their	[33]	\$ 1.24	[33]	\$ 1.02	\$ -	\$ -	\$ -				Recommend funding in full two elements - Leadership Advisers - where there is a clear case to prioritise funding and clear potential for a direct positive impact on outcomes (including literacy and maths). [33] Do not support Te Mahau Fund (there is not a compelling case to prioritise a four year \$40m flexible fund now over other investments) [33]	4	4	4				
Not recommended	14119	Furniture and Equipment Grant for School Property	This Budget bid seeks additional funding for schools to maintain/replace furniture and equipment (F&E) that is no longer fit for purpose. The current method for calculating funding requirements is not appropriate and therefore the level of F&E funding for schools is insufficient. Schools are forced to fund the replacement and maintenance of F&E from alternative funding sources that are allocated for other uses.	\$ -	\$ -	[33]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Currently, schools receive a budget to upgrade and modernise furniture and equipment (F&E) based on their total asset depreciation. This bid proposes a new funding formula that provides funding to schools for F&E based on a useful life of 25 years. Although F&E is an important part of having safe learning spaces, we consider this is not a critical cost pressure and can be deferred. We have not heard that this is putting significant pressure on operational grant funding, and recent audited accounts show many schools are in a strong financial position. This cost may require funding in the medium term, and we will continue working with MoE on this issue.	4	4	4	4	4	4
Not recommended	14162	Further delivery of sustained Professional Learning and Development to embed Tapasa	[33] This initiative will provide additional funding for Professional Learning and Development (PLD) focussed on Tapasa: cultural competencies for teachers of Pacific learners. Funding will ensure that PLD is available to teachers and leaders across learning services and 20 schools. [33]	[33]					\$ -	\$ -	\$ -	\$ -	\$ -	Evaluations of the comparable Te Kotahitanga initiative, which was targeted towards Maori, indicate this initiative is likely to have positive impacts on achievement for Pacific learners. Tapasa has previously received funding through Budget 2019 and Budget 2021. The Budget 2021 initiative is well-progressed and is expected to begin service delivery from term 1 2022. Based on this experience, the Ministry of Education has indicated that an expansion can be implemented on a shorter timeframe. Scaling options are available if Ministers wish to fund this initiative at a lower level.	5	4	4				
Not recommended	[33]																				
Not recommended	14179	Community Learning Hubs - Maintaining support for ethnic communities' engagement in education	This initiative will maintain Community Learning Hubs in Christchurch, Auckland, and Wellington; and fund an evaluation of the model. The Hubs provide workshops and information to support ethnic communities to engage with the education system. Each year this initiative is expected to support approximately 800 parents and 1,200 early childhood and school-aged children from over 200 schools. Reinforcing the strengthened connections between schools and ethnic communities that the Hubs model has supported this initiative will fund development of resources and administrative costs to support involvement of school staff in increasing cultural awareness and inclusion. The initiative contributes to	\$ 1.60	\$ 6.39	\$ 0.02	\$ 1.60	\$ 6.39	\$ 0.02	\$ -	\$ -	\$ -		Funding for Community Learning Hubs ends this year. These community hubs provide support in understanding and engaging in the education system to recent migrants to New Zealand, through workshops and information provision. This initiative was initiated and is led by ethnic communities. It contributes to recommendation 36 of the Royal Commission of Inquiry, around investing in opportunities for young New Zealanders. This initiative is well aligned with the Ministry of Ethnic Communities' priorities. There has been some positive evaluation of the centres based on a limited number of interviews. Ongoing evaluation of the service provision is a key component of the bid to ensure its continued suitability. Discontinuing the hubs would reduce front-line support for ethnic	3	3	4				

[33]

Not recommended

14188

Not recommended

Increased funding for Te Kura's at-risk students to better align funding rates with alternative education settings

Te Aho o Te Kura Pounamu (Te Kura) delivers to growing numbers of at-risk akonga referred by the Ministry of Education or Oranga Tamariki (1,800 in 2015 to 3,500 in 2020 by headcount). This initiative meets a cost-pressure by increasing funding for these akonga, closer to alignment with Alternative Education funding. Te Kura has a proven, intensive model of delivery (Big Picture), blending online and face-to-face, individualised programmes with pastoral care for at-risk akonga. ¹²²¹

[33]

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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[33]

3	4	2
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[33]

Not recommended

14209

Not recommended

Dawn Raids Apology: Maintain value of Tuli Takes Flight, Pacific Education Foundation and Tagaloa scholarships

This initiative will index Pacific education scholarships, add additional career changer scholarships and provide administrative and other support for the Tuli Takes Flight scholarships including an award ceremony.

\$ 0.51	\$ 2.05	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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It is not clear this is a critical cost pressure. Existing scholarships will still be delivered without further funding and the departmental resources sought should be able to be met within current baseline. Although indexing Pacific scholarships would maintain their value and mana, no other MoE scholarships are indexed in this way, therefore this approach would lead to inequitable treatment across scholarships. The Tuli Takes Flight scholarship, as part of the Dawn Raids apology good-will gestures, was only recently established for the 2022 study year, therefore should not have lost significant value. The Ministry could consider an approach to maintaining the

3	2	5
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[33]

Not recommended