

The Treasury

Budget 2024 Information Release

September 2024

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- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [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] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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Cabinet

Minute of Decision

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Budget 2024 Package: Vote Education (Technical Initiatives)

On 29 April 2024, Cabinet:

Appropriation Administrator: Ministry of Education

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2024 Budget package, as listed in the summary tables below and detailed in the attached initiative documents:

Summary of technical initiatives:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15933	Cybersecurity and Managed IT Services – Continuing Delivery	(14.232)	14.232	-	-	-
16068	Departmental Back-office Transformation	-	(0.400)	(0.400)	(0.400)	(0.400)
15879	Electric Vehicle Fleet Transition – Provision for Additional Subsidies	-	-	-	-	-
15944	Ngā Puna Reo o Aotearoa – Ongoing Funding	-	0.266	(0.133)	(0.133)	-
15880	North Island Weather Events – Repair and Rebuild School Property to Pre-Event State	(0.700)	0.412	0.288	-	-
15881	Social Sector Recovery Plan – Support for Hawkes Bay Tamariki	-	-	-	-	-
15934	Teacher House Sales Obligations – Ensuring Compliance	1.400	-	-	-	-
Total Operating		(13.532)	14.510	(0.245)	(0.533)	(0.400)

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
16067	Export Education Levy Loan Repayment	2.000	2.000	-	-	-
15880	North Island Weather Events – Repair and Rebuild School Property to Pre-Event State	(40.000)	30.000	10.000	-	-
Total Capital		(38.000)	32.000	10.000	-	-

Summary of contingency initiative:**Operating Contingency**

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28
15971	Delivering Public Private Partnership Schools Expansion Programme – Reprofitting of Tagged Contingency^	-	-	-	-	-
Total Operating		-	-	-	-	-

^Denotes irregular outyears funding profile

Note: Throughout the document, “total operating” refers to funding over five years (2023/24 to 2027/28) and “total capital” refers to funding over 10 years (2023/24 to 2032/33).

Rachel Hayward
Secretary of the Cabinet

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Cybersecurity and Managed IT Services – Continuing Delivery

Description: This initiative transfers funding for continuing cybersecurity and managed digital services to kura and schools, to better protect the education sector against rapidly escalating cyber-attacks and privacy breaches. A Ministry of Education recruitment freeze has slowed this work. This transfer will allow further delivery of software that meets a minimum set of cybersecurity and privacy requirements; tools to assist schools to understand their own risks; assisting schools to improve cybersecurity capability; and monitoring and management of vulnerabilities. Transfers for this programme have been included in the Budget technical process to allow for greater visibility than the baseline update process allows.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(14.232)	14.232	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(14.232)	14.232	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Schooling Improvement	(2.042)	2.042	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Primary and Secondary Education (MCA)					
<i>Departmental Output Expenses:</i>					
Support and Resources for Education Providers (funded by revenue Crown)	(12.190)	12.190	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Primary and Secondary Education (MCA)	(12.190)	12.190	-	-	-
Total Operating	(14.232)	14.232	-	-	-

Additional Recommendations

- 2 **noted** that the Continuing Cybersecurity and Managed IT Services funding was appropriated through Budget 2023 [CAB-23-MIN-0139];
- 3 **noted** that this funding is for one year only and if the programme were to be continued, this would need to be considered at a future Budget;
- 4 [38]

Vote:	Education
Appropriation Administrator:	Ministry of Education
Title:	Delivering the Public Private Partnership Schools Expansion Programme – Reprofiting of Tagged Contingency
Description:	<p>This initiative rephases the Public Private Partnership (PPP) Schools Expansion tagged contingency and also provides for an adjustment to the operating and capital tagged contingency balances. The rephasing and adjustment to the operating and capital contingencies will reflect the most up to date funding requirements of the programme following the returns of funding as part of the larger savings initiative for Vote Education in August 2023, initial drawdown of the tagged contingency in March 2024, further refinement of programme costs, and the outcome of negotiations with the PPP contractor. The initiative is within the delegation of Joint Ministers under Cabinet Office Circular CO (18) 2 but details had not been agreed prior to the March Baseline Update being submitted.</p>

Additional Recommendations

5 **noted** that in Budget 2023 Cabinet:

5.1 agreed to establish tagged operating and capital contingencies associated with the Education portfolio of up to the following amounts to provide for the Public Private Partnership (PPP) programme:

[38]

[38]

- 5.2 noted that the above operating and capital contingencies are to provide funding to expand five PPP schools;
- 5.3 agreed that the tagged operating and capital contingencies above remain confidential until such time as the Ministry of Education's negotiations with the PPP contractor are complete;
- 5.4 noted that rephasing of funding may be required based on further refinement of costings and the outcome of the Ministry of Education’s negotiations with the PPP contractor;
- 5.5 agreed that the Minister of Finance and the Minister of Education can jointly draw down the tagged operating and capital contingencies (establishing any new appropriations as necessary), subject to a report back to Joint Ministers on progress of work to the PPP schools funded through this initiative;
- 5.6 agreed that the tagged operating and capital contingencies will expire on 30 June 2026;

[CAB-23-MIN-0139 Initiative 14756]

6 **noted** that in August 2023, the Cabinet Social Wellbeing Committee agreed to reduce the Budget 2023 operating tagged contingency by ^[38] and the capital tagged contingency by ^[38] over four years as part of Vote Education’s larger reprioritisation initiative to fund the settlement of the Secondary Teachers Collective Agreement as follows:

	\$m - increase/(decrease)					
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Contingency	[38]					
Capital Contingency						
Total						

[SWC-23-MIN-0107]

7 **noted** that following the decision to return the tagged contingency as noted above, the Ministry of Education has identified a suitable delivery option that is still within the revised funding envelope through cost savings in the school designs;

8 [38]

9 **noted** that the Ministry of Education has successfully completed the first phase of negotiations with the PPP contractor;

10 **noted** that the required mix for capital and operating funding has changed as, following negotiations with the PPP contractor, there will be a more limited use of private financing;

11 **agreed** to rephase the operating and capital tagged contingencies to reflect the updated funding requirements of the PPP schools expansion programme following the adjustments detailed in paragraphs 6 and 8 above, further refinement of costs, and the results of negotiations with the PPP contractor as follows:

[38]

- 12 **noted** that following the adjustments detailed in paragraph 11 above, as well as the previous adjustments agreed in paragraphs 6 and 8, the remaining balances and phasing of the tagged operating and capital contingencies will be:

[38]

- 13 **noted** that the reprioritisation noted in paragraph 6 above is not being carried through into outyears;
- 14 **directed** the Ministry of Education to report back to the Minister of Education and the Minister of Finance (Joint Ministers) on proposed options to meet the ^[38] reprioritisation funding shortfall to fund costs of the 2023 Secondary Teachers Collective Agreement from 2027/28;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Departmental Back-office Transformation

Description: This initiative provides funding for the proportional transfer required from Crown-funded departmental appropriations to meet the Ministry of Education contribution for an agreed back-office transformation proposal. Although the transfer is within the delegation of joint Ministers under Cabinet Office Circular CO (18) 2 this was not included in the March Baseline Update and so is now included under the technical initiative package.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(0.400)	(0.400)	(0.400)	(0.400)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.400)	(0.400)	(0.400)	(0.400)

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Primary and Secondary Education (MCA)					
<i>Departmental Output Expenses:</i>					
Support and Resources for Education Providers (funded by revenue Crown)	-	(0.400)	(0.400)	(0.400)	(0.400)
Total Multi-Category Expenses and Capital Expenditure: Primary and Secondary Education (MCA)	-	(0.400)	(0.400)	(0.400)	(0.400)
Total Operating	-	(0.400)	(0.400)	(0.400)	(0.400)

Additional Recommendation

15 **noted** that this initiative relates to Initiative 15913 in Vote Internal Affairs;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Electric Vehicle Fleet Transition – Provision for Additional Subsidies

Description: This initiative provides funding to subsidise the Ministry of Education transitioning to an Electric Vehicle (EV) fleet and installing EV chargers. The subsidy is funded from the State Sector Decarbonisation Fund administered by the Energy Efficiency and Conservation Authority (EECA). It also provides for the Ministry to retain the contributions from EECA towards the capital cost of EV charging stations totalling \$0.282 million as an increase in taxpayers’ funds in 2023/24. These adjustments were excluded from the March Baseline Update to ensure Cabinet oversight over the retention of funds.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	0.191	0.565	0.565	0.565	0.233
Total	0.191	0.565	0.565	0.565	0.233

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Multi-Category Expenses and Capital Expenditure:					
Outcomes for Target Student Groups (MCA)					
<i>Departmental Output Expenses:</i>					
Interventions for Target Student Groups (funded by revenue Other)	0.191	0.565	0.565	0.565	0.233
Total Multi-Category Expenses and Capital Expenditure: Outcomes for Target Student Groups (MCA)	0.191	0.565	0.565	0.565	0.233
Total Operating	0.191	0.565	0.565	0.565	0.233

Additional Recommendations

- 16 **noted** that in addition to the increases to the above appropriation, funded from the EECA contribution, \$0.282 million will be received in 2023/24 and retained for capital expenditure;
- 17 **agreed** to the Ministry of Education retaining the surplus created from the additional revenue of \$0.282 million from the EECA contributions for this initiative;
- 18 **agreed** that the Ministry of Education can retain these contributions from EECA towards the capital cost of EV charging stations as an increase in taxpayers’ funds of \$0.282 million in 2023/24;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Export Education Levy Loan Repayment

Description: This initiative provides funding for repayment of the Export Education Levy (EEL) loan over 2023/24 and 2024/25. In 2018 EEL received a temporary advance from the Ministry of Education to cover costs of provider and programme closures in the Private Training Establishment sector [SWC-18-MIN-0116]. The advance was to be repaid subject to Ministers' agreement after the EEL account achieved a long-term sustainable level. Due to COVID-19, international student numbers fell and consequently payment of EEL obligations was suspended over 2020, 2021 and 2022 to support international education providers. EEL was reinstated from 2023 and can now repay the \$4 million loan while meeting its ongoing funding obligations. This is outside the delegations to Joint Ministers under Cabinet Office Circular CO (18) 2.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	2.000	2.000	-	-	-
No Impact	-	-	-	-	-
Total	2.000	2.000	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Capital Injections:					
Ministry of Education - Capital Injection	2.000	2.000	-	-	-
Total Capital	2.000	2.000	-	-	-

Additional Recommendations

19 **noted** that in September 2018, the Cabinet Social Wellbeing Committee [SWC-18-MIN-0116]:

19.1 noted that the temporary advance will be repaid to the Crown after the levy account achieves a long term sustainable level;

19.2 agreed in principle that the amount of the loan should be recovered from levy revenue in future years for capital injection into the Ministry of Education if necessary;

- 20 **agreed** that \$4 million be added to Ministry of Education taxpayers' funds over 2023/24 and 2024/25;
- 21 **noted** that there is a related technical initiative in Vote Tertiary Education (Initiative 16069);
- 22 **noted** that Initiatives 16067 and 16069 are fiscally neutral overall;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Ngā Puna Reo o Aotearoa – Ongoing Funding

Description: This initiative will reprioritise existing funding to support the ongoing operation of Ngā Puna Reo o Aotearoa - the national body for kaupapa Māori education and care services. Offsetting savings have been achieved by disestablishing transition funding for home-based early childhood educators. Although the proposal is fiscally neutral overall, bringing funding forward to earlier years is not within the delegation of Joint Ministers under Cabinet Office Circular CO (18) 2.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	0.266	(0.133)	(0.133)	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.266	(0.133)	(0.133)	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Early Learning	-	0.407	0.408	0.408	0.541
Multi-Category Expenses and Capital Expenditure:					
Improved Quality Teaching and Learning (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Professional Development and Support	-	(0.141)	(0.541)	(0.541)	(0.541)
Total Multi-Category Expenses and Capital Expenditure: Improved Quality Teaching and Learning (MCA)	-	(0.141)	(0.541)	(0.541)	(0.541)
Total Operating	-	0.266	(0.133)	(0.133)	-

Additional Recommendations

23 **noted** that:

23.1 as part of Budget 2020, funding was provided for the changes agreed by Cabinet as a result of the Review of Home-based Early Childhood Education (ECE);

23.2 the Review's changes will be fully implemented by 1 January 2025;

[CAB-20-MIN-0295]

24 **noted** that one of the transition supports provided above was fees assistance to support home-based educators not eligible for the first year fees free policy to undertake the Level 4 ECE qualification - the current contract expires at the end of 2024 and the programme will cease;

25 **noted** that:

25.1 maintaining support for Ngā Puna Reo o Aotearoa (NPRA) means NPRA continues to operate and will support puna reo services to connect and learn from each other;

25.2 NPRA is also looking to develop the support they provide to services to manage teacher supply, professional development and educational materials in te reo Māori;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: North Island Weather Events – Repair and Rebuild School Property to Pre-Event State

Description: This initiative will transfer funding from 2023/24 to subsequent years to complete repairs to schools affected by the North Island Weather Events, including redevelopment or relocation of schools on extensively damaged sites. More time is required to plan and design for suitable long-term solutions, such as the occasional entire school rebuild which will take several years to deliver. These issues have been compounded by limited building industry capacity and delays in receiving council approvals. Extending this funding beyond 2023/24 is outside the delegations to Joint Ministers under Cabinet Office Circular CO (18) 2.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(0.700)	0.412	0.288	-	-
Net Core Crown Debt Impact Only	(40.000)	30.000	10.000	-	-
No Impact	-	-	-	-	-
Total	(40.700)	30.412	10.288	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Departmental Output Expenses:					
School Property Portfolio Management (funded by revenue Crown)	(0.700)	0.412	0.288	-	-
Capital Injections:					
Ministry of Education - Capital Injection	(40.000)	30.000	10.000	-	-
Total Operating	(0.700)	0.412	0.288	-	-
Total Capital	(40.000)	30.000	10.000	-	-

Additional Recommendations

- 26 **agreed in principle** to the following additional transfer, subject to confirmation by the Minister of Finance and the Minister of Education:

Vote Education Expense Transfer in Principle	\$ million increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Departmental Output Expense:					
School Property Portfolio Management (funded by revenue Crown)	(1.275)	0.750	0.525	-	-
Ministry of Education - Capital Injection	(30.000)	20.000	10.000	-	-

- 27 **authorised** the Minister of Finance and the Minister of Education to jointly agree the final amount to be transferred, following completion of the 2023/24 audited financial statements, with no impact on the operating balance and/or net core Crown debt across the forecast period;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Social Sector Recovery Plan – Support for Hawke’s Bay Tamariki

Description: This initiative provides funding for improving the wellbeing of Hawkes Bay tamariki whose families and communities have been impacted by Cyclone Gabrielle. This involves additional support to kaiako working with those tamariki attending early childhood education centres and kōhanga reo. This initiative is funded through grants from the Social Sector Recovery Plan, which sets out the approach of the social sector to recovery from the recent North Island extreme weather events. This adjustment is within the delegations to Joint Ministers under Cabinet Office Circular CO (18) 2 but the details of the funding to be provided for support of tamariki were not finalised in time for inclusion in the 2024 March Baseline Update.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Tax Revenue:					
Miscellaneous Receipts	0.415	-	-	-	-
Non-Departmental Output Expenses:					
Early Learning	0.415	-	-	-	-
Total Operating	-	-	-	-	-

Additional Recommendation

28 **noted** that the North Island Weather Events: Social Sector Recovery Plan funding was approved as part of the Budget 2023 North Island Weather Events Response and Recovery Package and the related All-of-Government Response - Social Sector Recovery Plan - tagged operating contingency [CAB-23-MIN-0140] administered by the Ministry of Social Development;

Vote: Education

Appropriation Administrator: Ministry of Education

Title: Teacher House Sales Obligations – Ensuring Compliance

Description: This initiative provides funding for transferring 50 percent of sales proceeds to Arrowtown School from the disposal of their board-owned teacher housing. The initiative is within the delegation of Joint Ministers under Cabinet Office Circular CO (18) 2 but details had not been agreed prior to the March Baseline Update being submitted.

New Appropriation Approval

Name	Appropriation Minister	Period	Type	Category Name	Scope
School Asset Sale Proceeds to Schools	Minister of Education	Annual	Non-Departmental Other Expenses	N/A	This appropriation is limited to providing proceeds to schools from the sale of school houses.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	1.400	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	1.400	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Other Expenses:					
School Asset Sale Proceeds to Schools	1.400	-	-	-	-
Total Operating	1.400	-	-	-	-

Additional Recommendation

29 **directed** the Ministry of Education to report back to the Minister of Finance and the Minister of Education (Joint Ministers) by December 2024 on a proposed approach to distribute the proceeds of sale of surplus schoolhouses to boards of trustees, including appropriate conditions attaching to those funds.