

## Cabinet Paper material Proactive release

Minister & portfolio Hon Chris Hipkins, Minister of Education  
Name of package National Education Growth Plan: Drawdown of Wave 3  
Date considered 19 December 2022  
Date of release 08 February 2023

### These documents have been proactively released:

**Cabinet paper: National Education Growth Plan: Drawdown of Wave 3**

Date considered: 19 December 2022

Author: Minister of Education

**Cabinet Minute: CAB-22-MIN-0589**

Date considered: 19 December 2022

Author: Cabinet office

**Cabinet Minute: SWC-22-MIN-0246**

Date considered: 14 December 2022

Author: Cabinet office

### Material redacted

Some deletions have been made from the documents in line with withholding grounds under the Official Information Act 1982. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The applicable withholding grounds under the Act are as follows:

Section 9(2)(j) to avoid prejudice to negotiations

Some deletions have been made from the documents as the information withheld does not fall within scope of the Minister's portfolio responsibilities, and is not relevant to the proactive release of this material.

You can read the Official Information Act 1982 here:

<http://legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Report of the Cabinet Social Wellbeing Committee: Period Ended 16 December 2022

On 19 December 2022, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 16 December 2022:

Out of scope



SWC-22-MIN-0246 **National Education Growth Plan: Drawdown of Wave 3** CONFIRMED  
Portfolio: Education

Out of scope



Out of scope



Proactively Released

Rachel Hayward  
Secretary of the Cabinet

## In Confidence

### Office of the Minister of Education

### Cabinet Committee

## National Education Growth Plan: Drawdown of Wave 3

### Proposal

1. This Cabinet paper proposes the drawdown of the final wave ('Wave 3') of funding from the \$1.2 billion Budget 2019 National Education Growth Plan (NEGP) multi-year capital allocation, a total of \$229.450 million Capital and \$54.419 million in Operational funding; and allocate that to growth projects.
2. It also seeks approval for updated delegations for six school projects, with a total uplift in capital costs of approximately \$95 million (\$43 million funded from Wave 3 and \$52 million from other NEGP funding secured in Budgets 2019-2022).
3. Increased construction costs since 2020 have caused an actual and forecast increase of approximately 30% to complete these school property infrastructure projects. While some projects are delivering additional scope, such as an increased build roll, most of the uplift has been driven by market escalation. This means the historical delegations of these projects are no longer sufficient to deliver the scope of works, and updated delegations are required to respond to market increases.

### Executive Summary

4. The Government has committed to delivering an additional 100,000 student places by 2030, to meet roll growth pressures in high growth catchments and ensure ākonga can attend their local schools [DEV-19-MIN-0143 refers].

### *Budget 2019 Contingency*

5. In Budget 2019 tagged operating and capital contingencies were established for Contingency – School Property Programme to Deliver the National Education Growth Plan [CAB-19-MIN-0174.13 refers].
6. A multi-year growth programme offered several benefits, such as the ability to provide certainty to both schools and the construction sector, while also giving the Ministry of Education enough flexibility to respond to updated growth forecasts and acute roll growth pressures.
7. In 2019, \$286.81 million was drawn down from the contingency to fund the first wave of projects, and in 2020 \$683.84 million was drawn down to fund Wave 2. An update on NEGP delivery, which includes projects funded by Wave 1 and 2, is provided in Appendix 2.
8. I am seeking Cabinet approval to drawdown the balance of the tagged capital contingency (\$229.450 million) and the associated depreciation and capital charge operating costs (\$54.419 million), to deliver on the NEGP.

9. The final drawdown, known as 'Wave 3' will top up five new school projects, and one expansion project. These are existing projects that require additional funding to complete, due to increased construction costs resulting from recent high inflation and broader construction market pressures. It will also fund up to 141 additional roll growth classrooms, representing an additional 3,102 student places at existing schools facing roll growth pressure.

#### *Updated budgets for school property projects*

10. Six school property projects have updated budgets, which require Cabinet approval. These projects are either funded by the Wave 3 drawdown funding, or NEGP funding allocated from other Budgets.
11. When I reported to Cabinet on the Christchurch Schools Rebuild Programme [SWC-22-MIN-0120 refers] I noted the market pressures building projects currently face.
12. Unprecedented inflation and unforeseeable market conditions have placed significant pressures on in-flight or planned building projects.
13. According to Statistics New Zealand data, between 2015-2020 construction costs increased by around 2.5%-4.5% per year. In 2021, this increased to 7.5% and price increases were estimated to remain at approximately 6-8% through 2022. In total through 2020-2021 construction costs across the country rose by a total of 22% and will likely reach 30% over the next 12-18 months.
14. This means the historical delegations of these projects are no longer sufficient to deliver the scope of works, and updated delegations are required to respond to market increases.
15. Some projects have increased scope due to a change in project circumstances, such as updated growth forecasts requiring an increased build roll or more extensive site works, adding to the level of uplift. Where this has occurred, the changes have been outlined in Appendix 1.

#### *Budget pre-commitments from Budget 2019*

16. At this time, it is appropriate to update the pre-commitments of \$66.000 million against Budget 2023, and \$66.880 million against Budget 2024 made by cabinet in Budget 2019 [SWC-20-MIN-0129 refers].
17. I am seeking to drawdown \$54.419 million in the 2022/23 to 2026/27 forecast period from the tagged operating contingency. The costs in 2026/27 are estimated to be \$48.791 million below the \$66.000 million precommitment against Budget 2023, and the costs from 2027/28 are estimated to be \$49.671 million below the \$66.880 million precommitment against Budget 2024, which continues in future years.
18. The Wave 2 draw down from the capital contingency brought capital forward from the original phasing set out through Budget 19. Although the Wave 2 draw down from the operating contingency was lower than the expected costs, this has been addressed through the baseline update process, which adjusts the Ministry's capital charge and depreciation appropriations in response to the impacts of the property portfolio valuation.

## **Relation to Government Priorities**

19. In 2019, we announced the National Education Growth Plan (NEGP), which sets out a plan for providing 100,000 additional student places by 2030 [DEV-19-MIN-0143 refers].
20. The NEGP is progressing well with:
  - approximately 57,000 of the 100,000 student places required already funded
  - a total of 30,068 student places delivered by 30 September 2022.
21. It is now appropriate to draw down the remaining funding in the contingency from Budget 2019 (\$229.450 million). This funding will be applied to five new schools and one expansion project, as well as to fund the construction of roll growth classroom projects that are ready to enter construction.

## **Delivering the remaining NEGP student places**

22. The Ministry routinely monitors and reviews education demand across the school network to inform investment planning and decision making.
23. To maintain progress towards the 100,000 spaces by 2030 goal, it is important to start planning now for future waves sitting outside of the funding allocated in Budget 2019. There are approximately 40,000 student places still to be funded. I will seek further roll growth funding through future Budget rounds to deliver the outstanding student places.

## **Drawdown of the final tranche of Budget 2019**

24. In Budget 2019, tagged operating and capital contingencies were established for Contingency – School Property Programme to Deliver the National Education Growth Plan [CAB-19-MIN-0174.13]. It is now proposed to drawdown the balance of the tagged capital contingency (\$229.450 million) and funding for consequential depreciation and capital charge costs (\$54.419 million). A breakdown of Wave 3 funding is provided in Figure 1.

**Figure 1: Programmes funded by the Wave 3 Draw Down**

NEGP Budget 2019 Wave 3 drawdown	Total (\$m)
<b>Capital</b>	
New Schools and Expansions <sup>1</sup>	64.203
Roll growth programme <sup>2</sup>	141.302
Furniture and Equipment	1.000
Contingency	22.945
<b>Total Capital</b>	<b>229.450</b>
<b>Operating</b>	
Depreciation on Wave 3 above	18.139
Capital Charge on Wave 3 above	36.280
<b>Total Operating</b>	<b>54.419</b>

25. Of Wave 3 funding, \$64.203 million will top up existing new schools and expansion projects that are delivering 2,900 student spaces. These existing projects require additional funding as a result of broader cost pressures facing the construction market.
26. \$141.302 million will fund an additional 3,102 student places, delivered as new roll growth projects.
27. It is appropriate to drawdown this funding now, as the projects are reaching the final stages of planning and design and are ready to enter construction.
28. A portion of the funding (\$22.945 million) will be held centrally as a programme level contingency, to address unforeseen costs. At the end of this phase of the programme, any surplus contingency will be reallocated to growth projects that are transitioning from planning and design to construction.

#### **Cabinet delegations for other new school and expansion projects**

29. Six school property projects require an updated Cabinet approval. Some are existing projects that have experienced cost increases, primarily due to recent market escalation. Other projects have increased scope due to a change in project circumstances, such as updated growth forecasts requiring an increased build roll or more extensive site works, adding to the level of uplift.
30. The uplift and revised project budgets of those schools requiring additional delegation is outlined in figure 2 below. Further detail on these projects is provided as Appendix 1.

<sup>1</sup> These are existing projects that require additional funding due to market cost pressures. The funding will top up at least five new schools and one expansion project that are delivering 2,900 additional student places, which are already counted in the 57,000 funded student places.

<sup>2</sup> This funding will be allocated to new roll growth projects, delivering an additional 3,102 student places. These student places will bring the total number of funded student places to over 60,000.

**Figure 2: Updated project delegations sought**

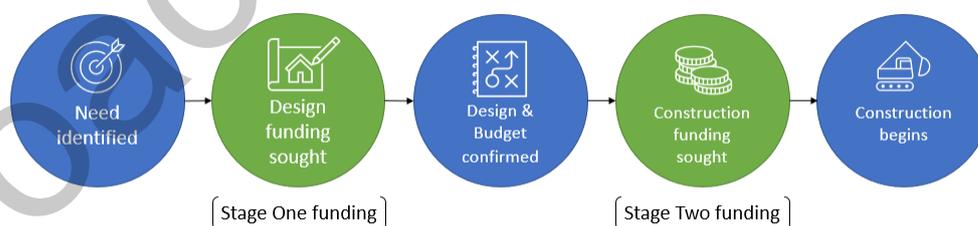
School	\$M		
	Current Approval (A)	Project Uplift (B)	Approval Sought (A + B)
Brookfield School	9(2)(j)		
Scott Point Primary			
Orewa North West Primary			
Manukura			
Milldale School			
Rototuna Junior and Senior High Schools			
<b>Total</b>	<b>200.0</b>	<b>95.0</b>	<b>295.0</b>

31. The increased costs signalled in Figure 2 will be met from existing NEGP funding, either from the Wave 3 drawdown sought in this paper (\$43.0 million), or other NEGP funding secured in Budgets 2019-22 (\$52.0 million).

**Mitigating the impacts of cost escalation**

32. The Ministry is shifting from an allocation model to a two-stage approach to school property projects. Under the allocation model, budgets were set and sought before planning and design had occurred. This meant that scope was often developed to fit a budget, rather than identifying a budget appropriate to the scope and need. Frequently, funding was insufficient which meant project delivery, and existing funding, was put on hold until sufficient funding could be secured.
33. The two-stage methodology prioritises getting the right funding at the right time. Stage one of this funding process is allocating funding sufficient to undertake design. This allows projects to be initiated sooner. Only after projects are fully designed is stage two funding sought for construction. Projects at this stage are considered 'shovel ready'.

**Figure 3: Two-stage Approach to Project Funding**



34. The approach has two key benefits:
- a. Project budgets are not set too early, which means budgets are sufficient to deliver the scope of works and projects are not delayed while additional funding is sought.
  - b. Projects can go straight to tender once construction funding is allocated and delivery commences sooner, which reduces the risk of cost escalation

35. Where the project is funded from capital injection, funding will only be applied when the project is at the second stage, construction. The Ministry's Budget bids for funding will now include information on project status, as the projects will be 'shovel ready' and require funding to enter construction.
36. This approach provides several key benefits for the Government, including:
- a. Minimising the fiscal impact of large property programmes on the Crown balance sheet
  - b. Greater oversight of programme progress through Budget process
  - c. The establishment of a bank of 'shovel ready' projects
  - d. Levers to control when 'shovel ready' projects enter the market, in response to funding availability, market capacity or project prioritisation in response to growth pressures
  - e. Better alignment between drawdown and spend, as projects will be 'shovel ready' and about to enter construction when capital injections are sought
  - f. A better ability to forecast how funding will be applied across financial years
37. Additionally, the Ministry is supplementing the two-stage approach with a shift from bespoke, one-off designs to reference and standard designs. Repeating designs offers both time and cost efficiencies and means that suppliers can utilise economies of scale to procure and deliver our projects.

### Financial Implications

38. This Cabinet paper appropriates the remaining capital and operating funding from the Budget 2019 contingency and seeks approval for six projects within Cabinet's delegation.
39. The financial implications of the proposals in this paper are summarised in figure 4.

**Figure 4: Drawdown of remaining funding in the National Education Growth Plan Contingency**

Funding Type	2022/23	2023/24	2024/25	2025/26	2026/27 and out years	Total (\$m)
Capital (Wave 3)	37.557	111.587	45.557	34.748	-	<b>229.450</b>
Operating (Wave 3)	1.408	7.002	12.894	15.906	17.209	<b>54.419</b>

### Legislative Implications

40. There are no legislative implications associated with this paper.

### Impact Analysis

#### Regulatory Impact Statement

41. A regulatory impact statement is not required.

## Population Implications

42. The NEGP delivers quality learning environments that benefit ākonga across New Zealand are outlined in figure 3 below.

**Figure 5: Population implication assessment**

Population Group	Assessment
Māori	<ul style="list-style-type: none"><li>- Ka Hikitia, the Māori Education Strategy, and Tau Mai Te Reo, the Māori Language in Education strategy, outline the shifts required in education for Māori to achieve and enjoy educational success. One of the ways the Ministry is supporting Māori success is by expanding and strengthening Māori Medium Education (MME) pathways.</li><li>- The NEGP supports the growth of MME pathways and options for learning in Te Reo. In Budget 2021, funding was ringfenced to expand MME provision and in Budget 2022 funding was provided for remediation and growth of MME provision.</li><li>- Manukura is a special character school, with a culture built on Māori values, best practice in education and sporting accomplishment, with an aim to pursue excellence within a Māori context. This school supports Māori success as Māori.</li></ul>
Disabled people	<ul style="list-style-type: none"><li>- The Ministry's construction projects deliver facilities that meet New Zealand Building Code accessibility requirements (NZS4121).</li></ul>

## Human Rights

43. There are no human rights implications associated with this proposal.

## Consultation

44. The Ministry has consulted with Treasury when developing this paper.

## Communications

45. There will be opportunities to publicly announce growth projects as they reach key delivery milestones. The Ministry will advise me when announcement opportunities arise.

## Proactive Release

46. I recommend that this paper is not proactively released at this time, as it contains budget secret information.

## Recommendations

It is recommended that Cabinet:

1. **Note** that approximately 57,000 of the 100,000 additional student places forecast by the National Education Growth Plan have been funded to date, with a further 3,102 places to be funded by the Wave 3 drawdown, and 30,068 student places delivered to date.
2. **Note** that on 29 May 2019, Cabinet [CAB-19-MIN-0174.13 refers]:
  - a. **Agreed** to the National Education Growth Plan.
  - b. **Agreed** to establish a tagged contingency of up to the amounts as follows in Vote Education, to deliver the National Education Growth Plan:

Tagged Contingencies	\$m increase							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
National Education Growth Plan – Capital	30.560	59.640	163.610	210.320	257.640	170.620	20.900	-
National Education Growth Plan – Operating	0.948	3.976	11.994	11.994	11.994	11.994	11.994	11.994

c. **Agreed** that additional operating funding for 2023/24 to 2027/28 and outyears be pre-committed against future Budgets as follows:

- i. \$17.380 million in 2023/24 against Budget 2020;
- ii. \$36.390 million in 2024/25 against Budget 2021;
- iii. \$55.840 million in 2025/26 against Budget 2022;
- iv. \$66.000 million in 2026/27 against Budget 2023;
- v. \$66.880 million in 2027/28 & Outyears against Budget 2024.

3. **Note** that on 5 August 2020, Cabinet Social Welfare Committee approved the drawdown of the second wave of funding from the National Education Growth Plan – Tagged Operating and Capital Contingencies originally approved in Budget 2019 [SWC-20-MIN-0129 refers].

4. **Note** the balances remaining in the National Education Growth Plan – Tagged Operating and Capital Contingencies are as follows:

\$m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
National Education Growth Plan							
• Tagged Capital Contingency	52.120	60.710	77.300	39.320	-	-	-
• Tagged Operating Contingency	-	-	17.380	36.390	55.840	66.000	66.880

5. **Agree** that Wave 3 of the National Education Growth Plan can now proceed.

6. **Approve** the following changes to appropriations and departmental capital injections to provide for the decision in recommendation 5 above, with a corresponding impact on the operating balance and net debt:

Vote Education Minister of Education	\$m - increase/decrease				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Ministry of Education: Capital Injection	37.557	111.587	45.557	34.748	-
<b>Departmental Output Expense:</b>					
School Property Portfolio Management (funded by revenue Crown)	1.408	7.002	12.894	15.906	17.209
<b>Total Operating</b>	<b>1.408</b>	<b>7.002</b>	<b>12.894</b>	<b>15.906</b>	<b>17.209</b>
<b>Total Capital</b>	<b>37.557</b>	<b>111.587</b>	<b>45.557</b>	<b>34.748</b>	<b>-</b>

7. **Agree** that the changes to appropriations and departmental capital injections in recommendation 6 above will be charged against the National Education Growth Plan – Tagged Capital and Operating Contingencies and these contingencies can now be closed.
8. **Note** that the adjustments detailed in recommendation 6 above draws down \$121.191 million less operating funding than remaining in the tagged operating contingency within the 2022/23 to 2026/27 forecast period.
9. **Agree** that the operating funding of \$66.000 million in 2026/27 precommitted against the Budget 2023 operating allowance, as specified in recommendation 2.c.iv above, is reduced by \$48.791 million to \$17.209 million, as specified in recommendation 6, and that the reduced amount is returned to the Budget 2023 operating allowance.
10. **Agree** that the operating funding of \$66.880 million in 2027/28 and outyears precommitted against the Budget 2024 operating allowance, as specified in recommendation 2.c.v above, is reduced by \$49.671 million to \$17.209 million, as specified in recommendation 6, and that the reduced amount is returned to the Budget 2024 operating allowance.
11. **Agree** that the proposed changes to appropriations and departmental capital injections for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
12. **Note** the operating impact of the Wave 2 capital draw down will be addressed through the baseline update process.

*Updated Project Delegations*

13. **Approve** up to 9(2)(j) for the Brookfield new school project.
14. **Approve** up to 9(2)(j) for the Scott Point Primary new school project.
15. **Approve** up to 9(2)(j) for the Orewa North West Primary new school project.
16. **Approve** up to 9(2)(j) for the Manukura new school project.
17. **Approve** up to 9(2)(j) for the Milldale new school project.
18. **Approve** up to 9(2)(j) for the new school expansion at Rototuna Junior and Senior High Schools.
19. **Authorise** the Secretary for Education to sign construction contracts on behalf of the Ministry for projects identified in recommendations 12-17.
20. **Note** that any surplus contingency will be reallocated to National Education Growth Plan projects that are transitioning from planning and design to construction.
21. **Note** future funding is required to deliver the outstanding student places forecast in the National Education Growth Plan to 2030.
22. **Note** from Budget 2023 the Minister of Education will seek additional funding for National Education Growth Plan projects.
23. **Authorise** the use of contingency on listed projects above approved delegation if required

Authorised for lodgement

Hon Chris Hipkins

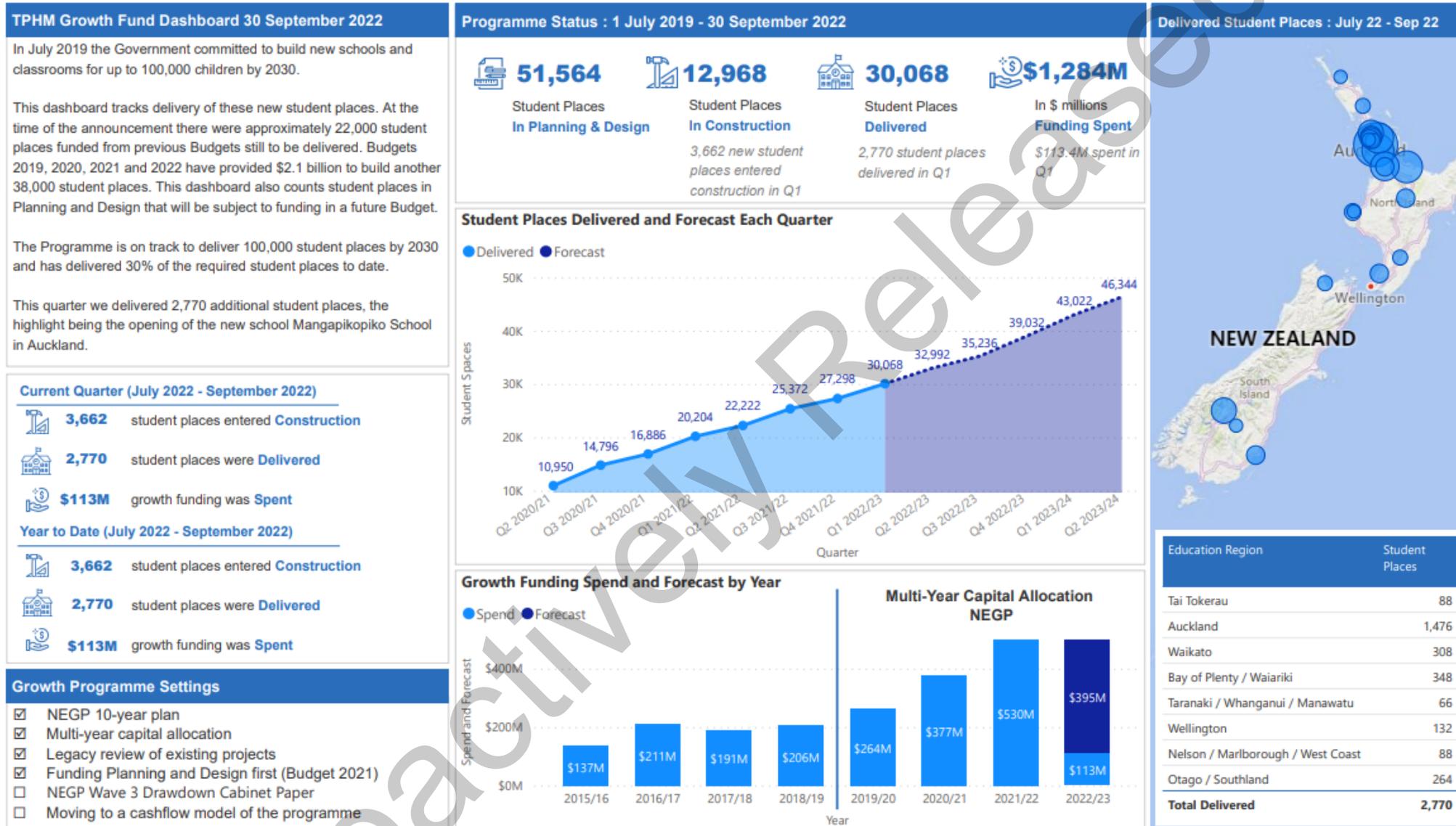
Minister of Education

Proactively Released

Appendix 1: Schools requiring updated Cabinet delegation Wave 3 Drawdown	Current Approval (A)	Additional Delegation Sought (B)	Total Project value (A+B+C)
<p>Orewa North West <i>Auckland, New School, Build Roll of 420 student places</i></p> <ul style="list-style-type: none"> <li>- Liquidation of the primary contractor caused significant delays. The effect of market conditions further contributed to the cost increases.</li> <li>- Orewa North-West is a new primary school in Orewa required due to significant residential development in the Orewa area.</li> </ul>	9(2)(j)		
<p>Scott Point <i>Auckland, New School, Build roll of 650 student places</i></p> <ul style="list-style-type: none"> <li>- Extreme growth pressures in Hobsonville necessitated a temporary school to be added to the project scope.</li> <li>- Market conditions have also raised the cost of the project.</li> <li>- Scott Point is a primary school needed due to the significant network demand in Hobsonville, Auckland. A temporary school has been established to cater for the demand in the interim and this funding is required to complete the permanent solution.</li> </ul>			
<p>Brookfield School <i>Tauranga, New School relocation, Build Roll of 550 student places</i></p> <ul style="list-style-type: none"> <li>- Unforeseen site complexities as well as market conditions have caused the outlined escalation.</li> <li>- Brookfield School is a primary school being relocated into the suburbs of Judea and Bellevue in urban Tauranga. This project is required due to the continued growth pressure the Tauranga school network is under.</li> </ul>			
<p>Manukura <i>Palmerston North, New School, Build Roll of 300 student places</i></p> <ul style="list-style-type: none"> <li>- The project was initially approved through Budget 2018.</li> <li>- Since original approval the build roll has increased, and this combined with market pressures has caused the uplift.</li> <li>- Manukura is a decile 5, special character secondary school currently operating out of leased premises within the Hokowhitu campus on Centennial Drive, Palmerston North.</li> <li>- There were substantial unforeseen site costs 9(2)(j)</li> <li>- The school is providing \$4 million for additional facilities.</li> </ul>			
<p>Milldale Primary School <i>Auckland, New School, Build Roll of 415 student places</i></p> <ul style="list-style-type: none"> <li>- Due to extreme roll growth pressure temporary measures are needed to account for the growth present in the area. This in combination with current market conditions has driven the price escalation.</li> <li>- The school will cater for year 1-6 primary students. The new school is required due the substantial surrounding residential developments in the area and significant growth expected across North Auckland.</li> <li>- The school will be delivered in three stages. This approval covers the first stage.</li> </ul>			
<p>Rototuna Junior and Senior High Schools <i>Hamilton, New School Expansion, Build Roll of 500 student places</i></p> <ul style="list-style-type: none"> <li>- Rototuna Junior and Senior High Schools, constructed in 2016, are jointly located on the same site with separate and shared facilities.</li> </ul>			

<ul style="list-style-type: none"> <li>- The schools are in a high growth area of Hamilton and the demand to accommodate the roll is placing extreme pressure on the current teaching spaces.</li> <li>- The project also delivers additional circulation area to remedy a design flaw in the original build.</li> </ul>			
<b>Grand Total</b>	<b>200.0</b>	<b>95.0</b>	<b>95.0</b>

## Appendix 2: National Education Growth Plan update





# Cabinet Social Wellbeing Committee

## Minute of Decision

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### National Education Growth Plan: Drawdown of Wave 3

**Portfolio**                      **Education**

On 14 December 2022, the Cabinet Social Wellbeing Committee (SWC):

- 1        **noted** that approximately 57,000 of the 100,000 additional student places forecast by the National Education Growth Plan have been funded to date, with a further 3,102 places to be funded by the Wave 3 drawdown, and 30,068 student places delivered to date;
- 2        **noted** that as part of Budget 2019 decisions, Cabinet:
  - 2.1        agreed to the National Education Growth Plan;
  - 2.2        agreed to establish a tagged contingency of up to the amounts as follows in Vote Education, to deliver the National Education Growth Plan:

Tagged Contingencies	\$m increase							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
National Education Growth Plan – Capital	30.560	59.640	163.610	210.320	257.640	170.620	20.900	-
National Education Growth Plan – Operating	0.948	3.976	11.994	11.994	11.994	11.994	11.994	11.994

- 2.3        agreed that additional operating funding for 2023/24 to 2027/28 and outyears be pre-committed against future Budgets as follows:
  - 2.3.1        \$17.380 million in 2023/24 against Budget 2020;
  - 2.3.2        \$36.390 million in 2024/25 against Budget 2021;
  - 2.3.3        \$55.840 million in 2025/26 against Budget 2022;
  - 2.3.4        \$66.000 million in 2026/27 against Budget 2023;
  - 2.3.5        \$66.880 million in 2027/28 & Outyears against Budget 2024.

[CAB-19-MIN-0174.13]

3 **noted** that in August 2020, SWC approved the drawdown of the second wave of funding from the National Education Growth Plan – Tagged Operating and Capital Contingencies [SWC-20-MIN-0129];

4 **noted** the balances remaining in the National Education Growth Plan – Tagged Operating and Capital Contingencies are as follows:

\$m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
National Education Growth Plan Tagged Capital Contingency	52.120	60.710	77.300	39.320	-	-	-
Tagged Operating Contingency	-	-	17.380	36.390	55.840	66.000	66.880

5 **agreed** that Wave 3 of the National Education Growth Plan can now proceed;

6 **approved** the following changes to appropriations and departmental capital injections to provide for the decision in paragraph 5 above, with a corresponding impact on the operating balance and net debt:

	\$m – increase / (decrease)				
Vote Education	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
<b>Minister of Education</b>					
Ministry of Education: Capital Injection	37.557	111.587	45.557	34.748	-
<b>Department Output Expense:</b>					
School Property Portfolio Management (funded by revenue Crown)	1.408	7.002	12.894	15.906	17.209
<b>Total Operating</b>	<b>1.408</b>	<b>7.002</b>	<b>12.894</b>	<b>15.906</b>	<b>17.209</b>
<b>Total Capital</b>	<b>37.557</b>	<b>111.587</b>	<b>45.557</b>	<b>34.748</b>	<b>-</b>

7 **agreed** that the changes to appropriations and departmental capital injections in above be charged against the National Education Growth Plan – Tagged Capital and Operating Contingencies and that these contingencies can now be closed;

8 **noted** that the adjustments detailed in paragraph 6 above draws down \$121.191 million less operating funding than remaining in the tagged operating contingency within the 2022/23 to 2026/27 forecast period;

9 **agreed** that the operating funding of \$66.000 million in 2026/27 pre-committed against the Budget 2023 operating allowance, as specified in paragraph 2.3.4, is reduced by \$48.791 million to \$17.209 million, as specified in paragraph 6, and that the reduced amount is returned to the Budget 2023 operating allowance;

10 **agreed** that the operating funding of \$66.880 million in 2027/28 and outyears pre-committed against the Budget 2024 operating allowance, as specified in paragraph 2.3.5, is reduced by \$49.671 million to \$17.209 million, as specified in paragraph 6, and that the reduced amount is returned to the Budget 2024 operating allowance;

- 11 **agreed** that the changes to appropriations and departmental capital injections for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 12 **noted** that the operating impact of the Wave 2 capital draw down will be addressed through the baseline update process;

### Updated Project Delegations

- 13 **approved** up to 9(2)(j) for the Brookfield new school project;
- 14 **approved** up to 9(2)(j) for the Scott Point Primary new school project;
- 15 **approved** up to 9(2)(j) for the Orewa North West Primary new school project;
- 16 **approved** up to 9(2)(j) for the Manukura new school project;
- 17 **approved** up to 9(2)(j) for the Milldale new school project;
- 18 **approved** up to 9(2)(j) for the new school expansion at Rototuna Junior and Senior High Schools;
- 19 **authorised** the Secretary for Education to sign construction contracts on behalf of the Ministry of Education for the projects identified in paragraphs 13 to 18;
- 20 **noted** that any surplus contingency will be reallocated to National Education Growth Plan projects that are transitioning from planning and design to construction;
- 21 **noted** that future funding is required to deliver the outstanding student places forecast in the National Education Growth Plan to 2030;
- 22 **noted** that from Budget 2023, the Minister of Education will seek additional funding for National Education Growth Plan projects;
- 23 **authorised** the Secretary of Education to apply additional contingency funds to the projects listed in paragraphs 13 to 18, if required, without further approvals from Cabinet.

Rachel Clarke  
Committee Secretary

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#### Present:

Rt Hon Jacinda Ardern  
Hon Kelvin Davis  
Hon Dr Megan Woods  
Hon Chris Hipkins  
Hon Carmel Sepuloni (Chair)  
Hon Andrew Little  
Hon Peeni Henare  
Hon Jan Tinetti  
Hon Dr Ayesha Verrall  
Hon Aupito William Sio  
Hon Meka Whaitiri

#### Officials present from:

Office of the Prime Minister  
Office of the Chair  
Officials Committee for SWC