



Education Report: Budget 21 Letter to Minister of Finance Communications Announcements

To:	Hon Chris Hipkins		
Date:	19 April 2021	Priority:	High
Security Level:	Budget Sensitive	METIS No:	1257302
Drafter:	Duncan Wilson	DDI:	04 463 1588
Key Contact:	John Brooker	DDI:	9(2)(a)
Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This report sets out the Budget 2021 pre-Budget Day communication items that require Minister of Finance approval. The purpose of this paper is for you to:

Sign the attached letter to the Minister of Finance to request approval for pre-Budget Day announcements and engagement with the education sector.

Summary

On 12 April Cabinet agreed the Budget 2021 package including the education initiatives.

The bulk of initiatives will be announced on Budget Day, 20 May. Approval is needed from the Minister of Finance to make any pre-announcements or engagement prior to this day.

Your office in collaboration with the Ministry has identified some pre-Budget Day engagement with the education sector that would help maximise the impact of the education package. This includes

- pre-announcing three initiatives,
- targeted engagement with key stakeholders for three initiatives, and
- three contingencies which should be announced on Budget Day.

We have discussed with your office the potential pre-announcement of the Moving Towards Pay Parity for Teachers in Education and Care Services initiative. On balance, we advise this initiative is not pre-announced as stakeholder engagement with Kōhanga Reo still needs to take place to ensure effective implementation.

Recommended Actions

The Ministry of Education recommends you:

- a. **note** the Ministry discussed the overall Budget 2021 Communications' approach with your office and associate Ministers' Offices on 13 April.

Noted

- b. **note**, following these discussions, the Ministry developed a letter for you to submit to the Minister of Finance seeking approval for pre-Budget announcements and engagement with the education sector.

Noted

- c. **sign and forward** the attached letter to the Minister of Finance to request approval for pre-Budget engagement with the education sector

Agree / disagree

- d. **do not release** this Education Report proactively at this time because the information contained within it is Budget sensitive.

Release/Not release


John Brooker
Group Manager
Education System Policy
____/____/____

Hon Chris Hipkins
Minister of Education
____/____/____

Background

- 1 On 12 April Cabinet agreed the Budget 2021 package including the education initiatives.
- 2 The bulk of initiatives will be announced on Budget Day, 20 May. Approval is needed from the Minister of Finance to make any pre-announcements or engagement prior to this day.
- 3 Pending Minister of Finance approval, your office will also need to seek approval from the Prime Minister's Office for any pre-announcements.
- 4 Pre-Budget announcements and engagements, as advised by your Office and Associate Ministers' Offices should focus on:
 - a. Seeking approval to pre-announce
 - i. Essential Property Maintenance at State-Integrated Schools
 - ii. Extending the Hardship Fund for Learners in Tertiary Education
 - iii. Supporting the co-location of Marlborough Boys and Girls and Bohally Intermediate
 - b. Seeking approval for targeted engagement pre-budget with Kōhanga Reo in regards to Moving towards Pay Parity in Education and Care Services and with the Wānanga regarding the Continued Support to the Wānanga Sector and Addressing Inequitable Funding of Wānanga initiatives.
 - c. Seeking approval to announce the following contingency funding on budget day
 - i. Intensive Support for Young Learners as part of an announcement on Behavioural Support for Targeted Learners
 - ii. Completion of the Education Resourcing System for Schools and Early Learning
 - iii. Addressing Inequitable Funding of Wānanga
- 5 We have discussed with your office the potential pre-announcement of the Moving Towards Pay Parity for Teachers in Education and Care Services initiative. We understand the NZEI Te Riu Roa are planning weeklong activity to highlight the issue of pay parity in early learning services for 1-8 May. The earliest pre-announcements can be made is 4 May. Therefore, on balance we are not recommending a pre-announcement of this initiative.
- 6 Stakeholder engagement with Kōhanga Reo will also be required to effectively communicate how this initiative will improve the pay rates for kaiako and kaimahi as part of the wider initiative.

Letter to the Minister of Finance

- 7 The Ministry has provided you a letter to the Minister of Finance detailing the planned pre-Budget Day engagement with the education sector.
- 8 You will need to provide the attached letter to the Minister of Finance to formally request approval for pre-Budget Day engagement with the education sector.

Next Steps

- 9 Pending Minister of Finance approval, your office will also need to seek approval from the Prime Minister's Office for any pre-announcements.
- 10 Pre-announcements have to be withheld until 4 May.

Proactive Release

- 11 We recommend this Education Report is not released at this time because the information it contains is Budget sensitive. This is consistent with section 9(2)(f)(iv) of the Official information Act 1982, which states that good reason for withholding official information exists if withholding it is necessary to maintain the constitutional convention that protects the confidentiality of advice tendered by officials.

Annexes

- Annex A: Letter to Minister of Finance

Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response

Minister of Education

Minister for the Public Service

Leader of the House



21 April 2021

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Grant

I am writing to you to request approval for pre-Budget Day engagement with the Education sector. This letter seeks approval to:

1. Pre-announce one education initiative,
2. Undertake targeted pre-Budget engagement,
3. Announce three contingencies on Budget Day.

Pre-announcements

I am seeking approval to pre-announce the following initiative:

Essential Property Maintenance at State-Integrated Schools

This initiative provides funding to upgrade learning environments at eligible state-integrated schools across New Zealand. This funding will be allocated by the Ministry to the Association of Proprietors of Integrated Schools (APIS) to ensure that it goes towards essential upgrades to improve learning environments. These projects are ready to implement in the next 12-24 months.

	\$m - increase/(decrease)					
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	5 Year Total
Total Operating	-	26.400	26.400	-	-	52.800

There has been significant recent media coverage of the issues this initiative responds to. Pre-announcing this initiative allows us to immediately respond to these issues rather than waiting for Budget Day and gives us greater control over the messaging than announcing alongside the general package on Budget Day. As noted above, these projects are ready to be implemented and moving quickly on this initiative will help support the COVID-19 recovery.

Pre-Budget engagement

I am also seeking your approval to undertake targeted engagement with Kōhanga Reo regarding the Moving Towards Pay Parity for Teachers in Education and Care Services initiative and to engage with wānanga regarding the Continued Support to the Wānanga Sector initiative and the Addressing Inequitable Funding of Wānanga contingency initiative.

Early engagement with the Kōhanga Reo will allow time to codesign an approach to improving pay rates for kaiako and kaimahi prior to implementation 1 July 2022.

Early engagement with the wānanga will reassure concerns about funding security and support engagement in co-designing an approach to drawing-down the contingency for implementation.

In addition to this, I am seeking your agreement for officials to engage with Te Aho o Te Kura Pounamu (Te Kura).

9(2)(f)(iv)

However, Cabinet has recently agreed to extend eligibility for the school donations scheme to Te Kura. To ensure Te Kura receives funding to address some of the identified gaps in a timely manner, I would like them to be invited to join the scheme as soon as possible. 9(2)(f)(iv)

Contingencies for Announcement

I am also seeking approval to announce the following three contingencies on Budget Day.

Intensive Support for Young Learners with Wellbeing and Behavioural Needs that may be Challenging to Others

This initiative provides funding for intensive interventions to support young learners with significant wellbeing and behavioural needs that may be challenging to others, and who require support at school, at home and in the community. These interventions will enable these learners to participate and succeed in education, as well as help to ensure the safety of staff and other learners.

	\$m - increase/(decrease)					
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	5 Year Total
Operating Contingency	-	4.432	4.432	4.432	4.432	17.728
Total Operating	-	4.432	4.432	4.432	4.432	17.728

Announcing this contingency will reassure key stakeholders and the public, who have a high interest in this initiative, that there is funding set aside in Budget 2021 to support learners, parents and whānau. It will also ensure this initiative is implemented timely as funding starts 1 July 2021.

Completion of the Education Resourcing System for Schools and Early Learning

This initiative is to complete the new system for the \$8.4 billion per annum operational funding payments for schools and early learning services administered by the Ministry. A modern resourcing system will transform education funding processes from 30-year-old high-risk systems and manual processes to simple, easy to use and easy to understand, accurate, largely automatic and timely processes, and is a crucial investment for protecting the government's ability to reliably and transparently fund the education sector and to swiftly implement responses to emerging or urgent needs.

	\$m - increase/(decrease)
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	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	5 Year Total
Operating Appropriated	-	2.109	-	-	-	
Capital Appropriated	5.560	12.018	-	-	-	
Operating Contingency	-	-	5.522	5.605	3.865	14.992
Capital Contingency	-	-	12.941	4.219	-	17.160
Total Operating	-	2.109	5.522	5.605	3.865	17.101
Total Capital	5.560	12.018	12.941	4.219	-	34.738

As noted above, a portion of this funding has been appropriated and the remainder held in contingency. The drawdown of this contingency is to complete the transition to the new system and is dependent on the completion of an Implementation Business Case. Announcing the contingency would reassure the sector that funding is available to implement this transition and demonstrate the Government is showing fiscal responsibility by ensuring future funding is contingent on project milestones being met.

Addressing Inequitable Funding of Wānanga

9(2)(j)

	\$m - increase/(decrease)					
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	5 Year Total

9(2)(j)

Thank you for considering how to support the Education sector maximise our investment through Budget 2021.

Yours sincerely



Hon Chris Hipkins
Minister of Education