



AIDE MEMOIRE

Removal of Holidays Act Cost Pressure Initiative from Budget 2020

Date:	26 February 2020	Priority:	High
To:	Hon Chris Hipkins	METIS No:	1221931
From:	Damian Edwards	Security Level:	In Confidence

Purpose

1. The purpose of this Aide Memoire is to clarify why the Ministry does not recommend including a funding provision for the Holidays Act Remediation cost pressure initiative in Budget 2020.

Comment

2. The Ministry of Education (the Ministry) received s 9(2)(j) in Budget 2019 for future Holidays Act remediation costs associated with Schools Payroll. This was supplemented by a further s 9(2)(j) funding from Primary/Secondary underspends in 18/19. The current provision is therefore s 9(2)(j).
3. The Ministry cannot provide a robust estimate of remediation costs for Budget 2020 at this time. However, the \$10m proposed by the Treasury in its advice to the Minister of Finance is likely to be manifestly inadequate.
4. Work to complete the design of solutions to achieve compliance for each of the breaches of the Holidays Act is underway. This work is a prerequisite to providing a reliable estimate of the full cost of remediation but cannot be completed in time for Budget 2020.
5. The Ministry is working with the Treasury for a solution for a more appropriate mechanism to increase the provision for the 19/20 financial year.
6. The Ministry's preferred approach is for a different mechanism, such as a pre-commitment for 2019/20 in Budget 2021.

Proactive Release

We recommend that this Education Aide Memoire is **not proactively** released as it is Budget-related. This is consistent with s9(2)(f)(iv) of the Official Information Act 1982, which provides that a reason for withholding information exists if it is necessary to maintain the constitutional convention that protects confidentiality of officials' advice. A proactive release of Budget 2020 reports will be proposed for your consideration, as part of a wider communications strategy for your Budget 2020 package of initiatives.


Damian Edwards
Associate Deputy Secretary

26/2/20

Agree / Disagree

Hon Chris Hipkins
Minister of Education

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We get the job done Ka oti i a mātou ngā mahi

We are respectful, we listen, we learn He rōpū manaaki, he rōpū whakarongo, he rōpū ako mātou

We back ourselves and others to win Ka manawanui ki a mātou me ētahi ake kia wikitoria

We work together for maximum impact Ka mahi ngātahi mō te tūkinga nui tonu

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