



Briefing Note: Updated spreadsheet to support discussion on wave 3 Budget approach

To:	Hon Chris Hipkins, Minister of Education		
CC:	Hon Jenny Salesa, Associate Minister of Education Hon Tracey Martin, Associate Minister of Education Hon Kelvin Davis, Associate Minister of Education		
Date:	5 June 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1230974
Drafter:	John Brooker	DDI:	s 9(2)(a)
Key Contact:	John Brooker	DDI:	
Messaging seen by Communications team:	Yes / No	Round Robin:	No

Purpose of Report

The purpose of this paper is to provide you with material to support a discussion on the approach to wave three of Budget 2020 in light of the letter you received from the Minister of Finance.

Agree that this Briefing will not be proactively released at this time because the material it contains is Budget Sensitive.

Agree / Disagree



Andrea Schollmann
Deputy Secretary
Education System Policy

05 / 06 / 2020

Hon Chris Hipkins
Minister of Education

___/___/___

Background

1. You received a letter from the Minister of Finance on Thursday 4 June that sets out the scope and process for wave three of the budget process.

An initial assessment of the package of Budget initiatives in light of the letter from the Minister of Finance.

2. We have undertaken an initial assessment of the package of Budget initiatives discussed with you to date for wave three of the Budget package against the scope and direction in the letter from the Minister of Finance. This is very much a rough first cut to inform our discussion with Ministers at the agency meeting on 7 June.
3. We have shaded the initiatives on the spreadsheet where we consider where there is most scope to pursue them further. The factors considered in this initial assessment were:
 - a. unavoidable cost pressures created as a result of COVID 19, for example increased operating costs in schools
 - b. essential expenditure to implement initiatives funded previously in the Budget 2020/CRRF process, for example, Network as a service
 - c. economic stimulus, for example, property investments
 - d. investments in international education
 - e. initiatives that remain important to the Government's Wellbeing/Social Inclusion agenda or quality education delivery post COVID, for example the racism and bullying initiative and the implementation of the equity index and NCEA initiatives.
4. Most of the identified initiatives are scalable and could also be re-phased to get more of the spend towards the front end of the Budget period.

Next Steps

5. We propose to discuss this as part of the Budget 2020 item on your agency meeting agenda on Monday 7 June.

Row	Business Area	Initiative Title	Initiative Description	5yr OPEX Total (\$m)	10yr Capex Total	Comment
s 9(2)(f)(iv)						
8	Digital	Establishing Digital Identity for Students and Whānau and Strengthening Digital Identity for Education Workforce	This initiative creates a digital identity for students and staff, allowing secure access to educational and schooling resources. It will allow parents and caregivers to access information using verified information to enhance their involvement in their whanau's learning. This initiative is required to advance other bids including the Distance Learning Environment, Digital Technology Enablers, NCEA Online, and components of the Curriculum Progress and Achievement programme. This bid depends on Network as a Service to enhance the cybersecurity of students and teachers.	26.771	15.310	Essential due to funding of NCEA Online Economic stimulus Prev unfunded in CRRF and B20
s 9(2)(f)(iv)						
10	Digital	Network as a service	This initiative transforms network management in schools from an internal function, to an opt-in centrally managed function. Currently creating fit for purpose ICT technology that is up to date and responsive to cyber security concerns is a burden on schools. Creating centrally provided ICT infrastructure would enable schools and teachers to focus on their core educational mission. This initiative is necessary to support the recently funded NCEA online bid by providing resilience and performance improvements to schools examination centres, it is also necessary to Establish Digital Identity for Students and Whanau.	27.482	21.560	This is essential to implement NCEA online bid from Wave 2. Economic stimulus. CAPEX for this project when represented as part of the School Digital Technology Enablers bid is higher at \$62.880m over 10 years. Prev unfunded in B20/CRRF
s 9(2)(f)(iv)						

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s 9(2)(f)(iv)						
18	International Education	Supporting the recovery of international education	This funding provides \$61 million over four years to support the International Education Strategic Recovery Plan (Recovery Plan), which includes longer term transformation towards a higher value and resilient international education industry. COVID-19 is a major disrupter for international education, creating an opportunity to re-shape international education and accelerate progress towards the vision set in the International Education Strategy 2018-2030. There is significant potential to strengthen and pivot the sector to ensure it is more sustainable, resilient and diverse; to unlock key areas of underinvestment; and to better manage the level of risk exposure for the Crown. Funded activities include increased diversification to a range of innovative onshore and offshore education products and services, including offshore New Zealand University locations. This work will be led by Education New Zealand (ENZ). Led by the Minister of Education, Hon Chris Hipkins		-	International education funding New spending but MoF supportive of funding for international education initiatives for economic stimulus
19	International Education	Supporting schools shortfall of third party revenue (including from international students) and COVID 19 Related additional costs in schools	This initiative would provide support schools for schools suffering a decline in revenue (including international student revenue) that threatens core services and This initiative will create a hardship fund for schools experiencing additional COVID related costs they would be otherwise unable to meet without impacting on core service delivery, for example, relief teachers and extra FTTE for small schools, hand sanitiser and cleaning costs .		TBC	Unavoidable cost pressure created by COVID-19. Supports schools including those with a loss of international education revenue MoF supportive of funding for international education initiatives for economic stimulus
20	Schools				-	
21	International Education	Maintaining support for international education (Export Education Levy funded-activities	This initiative provides funding to offset the shortfall in revenue from the Export Education Levy (EEL). The EEL is paid by providers with international students and the funds are used to deliver services to support international education and international students. As far fewer students are able to study in New Zealand due to COVID-19, the projected EEL revenue is lower than needed to fund the pastoral care services and marketing and promotion activities. We propose to lessen the financial impact on education providers by not collecting levy payments for 2021. This builds on the recent Budget 2020 initiative to cover the shortfall in the Export Education Levy for part of 2019/20 and 2020. Led by the Minister of Education. Breakdown of costs - \$3.4m to cover Export Education Levy-funded activities, \$4m to pay back the Ministry loan		-	Funding necessary to offset losses in EEL and relieve pressure on tertiary institutions Version funded in CRRF, provides an extra year of time limited funding
s 9(2)(f)(iv)						

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