

Education Report: COVID-19 Initiatives, Submission Letter to Minister of Finance

To:	Hon Chris Hipkins, Minister of Education		
Date:	15 June 2020	Priority:	High
Security Level:	In Confidence	METIS No:	1231709
Drafter:	Svenja Gellert	DDI:	s 9(2)(a)
Key Contact:	John Brooker	DDI:	
Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

The purpose of this paper is for you to:

Sign the attached letter to the Minister of Finance submitting the initiatives you agreed on.

Note minor changes in titles and descriptions, as previously discussed.


Summary

- The Minister of Finance has requested you send an initiative submission letter to him by 15 June, 5pm.
- Following advice provided [METIS 1231208] you have indicated which initiatives you would like to proceed.
- The attached letter seeks to submit 17 education and education tertiary cost or revenue pressure initiatives, with a five-year operating cost of s 9(2)(f)(iv) and a ten-year capital cost of s 9(2)(f)(iv) to the Minister of Finance for consideration in the Budget 2020 – CRRF third round.


Recommended Actions

The Ministry of Education recommends you:

- a. **sign** the submission letter to the Minister of Finance in Annexe 1 ☒ Agree / ☐ Disagree
- b. **note** we have already provided you with information / advice on a number of potential initiatives for your consideration and you have agreed to submit the initiatives set out in METIS 1231208. **Noted**
- c. **note** we have updated and strengthened initiative titles and descriptions as discussed such as Digital Identity, Network as a Service and s 9(2)(f)(iv) Details are outlined below. **Noted**
- d. **agree** that this Education Report is not proactively released at this time because the information contained within it is Budget sensitive. **Release** ☐ ☒ Not release


John Brooker
Group Manager
Education System Policy

15/06/2020


Hon Chris Hipkins
Minister of Education

16/6/2020

Background

1. As a consequence of measures taken to control the spread of the Corona Disease 2019 (COVID-19), changes have been made to the 2020 Budget process by splitting the process over several rounds. Rounds one and two of this years' Budget were agreed in Cabinet on 6 April and 11 May.
2. On 4 June the Minister of Finance announced a further funding round for the COVID-19 Response and Recovery Fund (CRRF). Budget initiatives for this round must be submitted by 15 June to be considered by Cabinet on 6 July [Treasury Circular 2020/10 refers].
3. We have discussed seventeen education cost pressure initiatives and two other initiatives with you and the Associate Ministers of Education. Following these discussions, we have prepared a package of cost and revenue pressures for submission [METIS 1231208] that you have agreed upon and are listed below.
4. Titles and descriptions have been strengthened following our discussion on 15 June.
5. The Minister of Finance has also invited you to submit the International Education initiative to support the economic recovery. This initiative will also be submitted on 15 June.
6. We do not expect there to be another budget round for the remaining initiatives that were developed for Budget 20 (i.e. priority-aligning initiatives or wave 3 initiatives that are not considered on 6 April, 11 May or 22 June). It is likely that they will need to be submitted for Budget 2021 or dealt with between budgets.

Proactive Release

7. We recommend that 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

Annexe 1: Letter to Minister of Finance



15 June 2020

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Grant,

I am submitting the unavoidable cost or revenue pressure initiatives outlined below for the education and tertiary education portfolios for consideration as part of the July 2020 CRRF funding process.

In my opinion, these initiatives are unavoidable cost or revenue pressure initiatives that:

- demonstrate increased costs or reduction of revenue that are urgent and directly related to COVID-19, and
- demonstrate that additional costs cannot be met from existing baselines or reprioritisation, or that revenue reductions cannot be managed through existing cash reserves or cost decreases not involving staff redundancies.

These initiatives are non-discretionary or present significant risks if not funded, and are limited to: pressures driven by regulatory requirements; increases in volume; decreases in revenue; or increases in price.

Total amount of funding sought:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
			s 9(2)(f)(iv)								
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total
		s 9(2)(f)(iv)									

Initiative Title	Initiative Description	Cost (\$ millions)	
		Operating (5-Years)	Capital (10-Years)
Maintaining Support for International Education (Export Education Levy) Funded-Activities	<p>This initiative provides funding to partially offset the shortfall in revenue for the Export Education Levy (EEL). The EEL is paid by providers with international students, and fund key international education pastoral care and promotion services. To support providers, planned legislative changes propose suspending collecting the EEL for 2021 (in addition to 2020, covered by Budget 2020). COVID-19 has seen a significant drop in international student numbers, s 9(2)(f)(iv)</p> <p>Led by the Minister of Education.</p>	7.344	-
Transition Support for State and State Integrated Schools That Have Lost International Revenue as a Result of COVID-19	<p>This initiative supports schools to meet cost pressures arising from a sudden decrease in international student revenue due to COVID-19. It supports state and state integrated schools to transition to a lower income stream, minimising disruption for students and staff while continuing to meet existing expenses (mainly staff costs). This initiative also seeks to establish a contingency of \$20m over two years for a possible extension of support to enable the rebuilding of the international education market. Led by the Minister of Education.</p>	s 9(2)(f)(iv)	-
Funding to support schools to manage the immediate costs of COVID-19	<p>This initiative will create a hardship fund to help schools manage the immediate financial pressures of COVID-19. The impact of COVID-19 was sudden and unexpected, therefore not something that boards of trustees could have planned for. Schools are struggling to manage the increased costs and demands caused by COVID-19 without impacting core service delivery. This initiative provides funding for cleaning and sanitation costs, additional staff to support small schools, and relief teachers. This initiative also supports the school hostel workforce who have been adversely impacted by COVID-19. It will support schools to remain financially viable, meet health and safety requirements and minimise disruption for students and staff. Led by the Minister of Education.</p>	s 9(2)(f)(iv)	-
s 9(2)(f)(iv)			-
			-
			-

Initiative Title	Initiative Description	Cost (\$ millions)	
		Operating (5-Years)	Capital (10-Years)
Vital Funding to Keep the Ministry's Construction Suppliers Solvent Through COVID-19	This initiative reimburses the unavoidable cost-pressure commitments for 250 Ministry-led and 400 school-led projects and construction activities. Due to construction work ceasing at the start of the COVID-19 lockdown, the Ministry of Business, Innovation and Employment issued guidance for public sector agencies managing construction contracts under NZS 3910:2013 on 7 April 2020. In line with this guidance and the Construction Sector Accord, contractors working on school property projects have the contractual right to claim for fair and reasonable expenses incurred during the lockdown period. Without this funding, the Ministry would be unable to contribute towards an infrastructure-led COVID recovery and would need to slow down its current work programme. Led by the Minister of Education.	s 9(2)(f)(iv)	
Network-as-a-Service and Cybersecurity for Schools	<p>This initiative provides essential funding for delivering NCEA Online. It ensures that schools aging network hardware is upgraded and cybersecurity protection is installed to tackle the increasing risk of phishing scams, data leaks, and exposure to harmful websites.</p> <p>Urgent investment into schools rapidly degrading technology is an essential prerequisite for implementing NCEA Online. If more exams go paperless, we need confidence that our school networks are up to the job. Schools have been clear that they cannot adopt online learning until their networks can cope with daily operations.</p> <p>Without funding, MoE will be unable to support the NCEA Online rollout, and a more drastic intervention by the Minister of Education will be needed further down the line. Led by the Minister of Education.</p>	27.482	21.560
s 9(2)(f)(iv)			-
Providing Digital Identity Required for Online Assessment and Learning	This initiative provides funding essential to the scalable and secure delivery of NCEA online. NCEA online pilots used a temporary username and password. While this approach works for small scale pilots, it creates an administrative burden on schools, lacks robust evidence of identity processes, and does not link to other student accounts such as those used for checking exam results. This bid adds secondary school students to the Education Sector Logon (ESL) system, and links this to school issued usernames and passwords to support online NCEA at scale, however it will also allow those students to further leverage their usernames and passwords for future services such as Te Rito & tertiary online enrolment (subject to additional funding). Led by the Minister of Education.	s 9(2)(f)(iv)	

Other initiatives

In your letter from 4 June you have confirmed that you are inviting a limited number of other initiative proposals, including International Education. A template has been submitted through the Treasury process proposing a detailed investment package to support a Strategic Recovery Plan for the international education sector that I would like to discuss further with you. This investment will support a mix of immediate stimulus spending to provide as much impact for New Zealand providers as possible, whilst balancing the need to transform the sector to provide a much broader and more sustainable range of benefits and improved outcomes for New Zealand. Key initiatives supported by the investment include: options to support the early return of international students; an immediate targeted assistance package to fund private training establishments (PTE) of strategic value to sector recovery; s 9(2)(f)(iv); diversification of international education products and services to extend reach; s 9(2)(f)(iv); and enabling providers to deliver international education offshore.

s 9(2)(f)(iv)

Yours sincerely



Chris Hipkins
Minister of Education