

24 February 2009

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**Education Report: Line by Line Review – Presentation to Cabinet's
Expenditure Control Committee (ECC) – Initial
Advice**

Executive Summary


On 16 February 2009, the Minister of Finance wrote to you inviting you to present on the key themes from line by line review at Cabinet's Expenditure Control Committee (ECC). The presentation is scheduled for 9.00am on 3 March.

This report provides you with a suggested outline of the presentation. Subject to your feedback on the outline, we will provide you with slides, and notes for the presentation on 27 February. We are scheduled to meet with you at 5.00pm on 2 March to discuss the presentation.


Recommended Actions

It is recommended that the Minister of Education:

- a. note that you are scheduled to present to the Cabinet Committee on Expenditure Control (ECC) at 9.00am on 3 March on the value for money aspects of the Vote Education line by line review;
- b. provide any comments on outline of the presentation at *Appendix One* to this report; and
- c. note that you are scheduled to meet with Ministry officials at 5.00pm on 2 March to discuss the presentation to ECC.


Rob McIntosh
Deputy Secretary
Strategy and System Performance

NOTED / APPROVED


Hon Anne Tolley
Minister of Education
05/2/09

Education Report: Line by Line Review – Presentation to Cabinet's Expenditure Control Committee (ECC) – Initial Advice

Purpose of Report

1. On 16 February 2009, the Minister of Finance wrote to you inviting you to present on the key themes from line by line review at Cabinet's Expenditure Control Committee (ECC). The presentation is scheduled for 9.00am on 3 March.
2. This report provides you with a suggested outline of the presentation. Subject to your feedback on the outline, we will provide you with slides, and notes for the presentation on 27 February. We are scheduled to meet with you at 5.00pm on 2 March to discuss the presentation.

Analysis

3. The presentation to ECC is an opportunity for you, and the Chief Executive to test with the Committee its comfort with the directions set out in the line by line review for achieving better value for money in Vote Education.
4. The line by line review proposed specific savings options that, if adopted, would deliver \$88.5 million in savings in 2009/10, increasing to \$209.6 million by 2011/12. The presentation covers these savings relatively briefly. It provides an opportunity for the Committee to ask any questions on the savings options.
5. The more important aspects of the presentation cover the policy choices necessary to achieve prospective medium, and longer term, gains in value for money in Vote Education. The presentation will allow the Committee to react to the proposed medium term reviews of ~~if deleted - confidentiality~~ of advice] and Special Education.
6. The most important part of the presentation covers the more fundamental, longer term options for lifting value for money in education. These inevitably involve more challenging policy choices. Examples include more rigorous targeting of assistance in early childhood education, and in tertiary education, and a concerted effort to ~~if deleted - confidentiality of advice~~. If successful, the ECC session will allow ministers an opportunity to discuss these options, and to provide officials with some guidance on priorities.
7. An outline of the presentation is at *Appendix One*. It would be helpful if you could provide us with any comments on the outline, and an indication that you are comfortable with our proposed format for the presentation.

Background

8. You wrote to the Minister of Finance on 5 February providing him with the report of the line by line review of Vote Education.
9. On 16 February the Minister of Finance wrote to you, inviting you to present on the value for money aspects of the line by line review at a meeting of ECC scheduled for 3 March.
10. An outline of the presentation is at *Appendix One* to this report. We would appreciate any feedback you have.
11. On 27 February we will provide you with slides and notes for the presentation.
12. We are scheduled to meet with you at 5.00pm on 2 March to discuss the presentation.

ECC PRESENTATION – REVISED OUTLINE

1. Agenda

- Summarise main features of Vote
- Highlight drivers of expenditure
- Discuss approaches identified for lifting value for money
- Highlight the difficult policy choices that would be required to achieve more substantial fiscal savings over next 3-5 years.

2. Introduction

- Recap on Government's priorities in education
- Recap on major challenges in achieving better value for money
 - Reducing bureaucracy – low priority support programmes, reviewing central education agencies roles;
 - Terminating poor performing programmes;
 - Re-examining policy settings that are driving expenditure growth, with questionable returns on investment – e.g. class/size ratios.

3. Overview of Vote – Trends and Highlights

- Highlights
- Trends over last 10 years
- Major drivers of trends
- Challenges for next 5 years – how do we put a brake on growth and deliver better services? (*this is a high level discussion – leads into next section...*)
- Cover prospective cost pressures

How can we do better?

**4. Short term gains - what we have identified for the 2009 Budget
(Secretary for Education)**

- Departmental expenditure – lifting efficiency and reducing central bureaucracy (include a key example)
- Crown expenditure – Identify poor performing programmes, reduce central interventions (include a key example)

does Properly Assessed Management Frame in Charge?

Questions for Committee:

Are Ministers satisfied with the overall approach to delivering short term savings, and with the quantum?

5. Medium term gains – further work should yield both savings and better performance over 2010 and 2011

- List all these (or all the material ones) and illustrate by example

- deleted - Confidentiality
- of advice

All Nat Stds will help with better accounts/budget for schools - funding better targeted? K. Whose does Balance between role of Ministry & responsibility of BOP? fit in?

Questions for Committee:

Are Ministers satisfied with the direction and content of this programme to deliver medium term savings (to 2010 and 2011).

6. Major Policy Challenges in lifting Value for Money over the next 3-5 years

- Recap on the general approaches that are available in adjusting policy settings
 - More rigorous targeting – Implications (ECE and tertiary examples)
 - Deleted - Confidentiality of advice
 - Reducing cost structures quality/service tradeoffs (e.g. ECE teacher qualifications)
 - Others?

Questions for Committee:

Have we identified all the major areas where efficiency and effectiveness could be lifted substantially?

Do you want the Ministry to give more priority to some of these?