



MINISTRY OF EDUCATION

Te Tāhuhu o te Mātauranga

Education Report: Aide Memoire for "Unwinding unfunded Budget 2008 Commitments for ET: Innovation"

Date:	27 February 2009	Priority:	Medium
Security Level:	Budget Sensitive	METIS No:	319202

Action Sought

Addressee	Action Sought	Deadline
Minister of Education	Note the attached Aide Memoire	ECC 3 March
Enclosure: No		Round Robin: No

ORIGINAL SENT TO
 27 FEB 2009
 COMMUNICATIONS OFFICE

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1 st Contact
[deleted to protect the privacy of natural persons]			

The following departments/agencies have seen this report:

- CCMAU ERO FRST MoE MED MFaT MoH
 MoRST MSD NZQA NZT&E TEC TPK Treasury

Minister's Office to Complete:

Approved Declined
 Noted Needs change
 Seen Overtaken by Events
 See Minister's Notes Withdrawn

Comments:

Minister saw emailed copy



27 February 2009

ED 30/44/00/2

**Education Report: Aide Memoire for "Unwinding unfunded Budget
2008 commitments for ET: Innovation"**

Recommended Actions

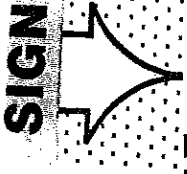
It is recommended that you:

- a. **note** that the Cabinet paper "Unwinding unfunded Budget 2008 commitments for ET: Innovation" will be considered by the Expenditure Control Committee on 3 March 2009; and
- b. **note** that the attached aide memoire provides supporting material for your attendance at that meeting.



Dr Andrea Schöllmann
Group Manager, Tertiary Education

NOTED / APPROVED



Hon Anne Tolley
Minister of Education

____/____/____

Aide Memoire: Unwinding unfunded Budget 2008 commitments for ET: Innovation

- This note provides background for the ECC consideration of the “unwinding” Cabinet paper, which proposes savings to repay unfunded commitments from Budget 2008.
- Tertiary education received 78% of the Budget 2008 Innovation package, and has offered up 78% of the required savings for the Unwind paper.
- The table on the following page summarises the tertiary education savings offered as part of this paper. This is from page 8 of the Cabinet paper.
- Savings were identified first from the areas funded at Budget 2008, as far as this was consistent with protecting frontline services at 2008/09 levels and meeting Manifesto commitments. Additional savings were found in areas of low value, based on the criteria for the line by line review.
- The result is a substantial savings package that maintains frontline services at 2008/09 levels, but asks almost every part of the tertiary sector to absorb some level of funding reduction.
- The most significant issues to be managed will be:
 - University concerns about a move away from CPI adjustments to funding, particularly in light of restrictions on increases to tuition fees;
 - Adult and Community Education providers concerns about the removal of funding (related to hobby courses); and
 - Literacy, Language and Numeracy sector concerns about the limited growth from 2008/09.
- Treasury commented that Literacy, Language and Numeracy savings focus too much on workplace literacy, and they would prefer that more savings be found elsewhere (paragraph 57). If required, officials can agree an amended package with Treasury that meets their concerns.
- *[deleted to protect collective and individual ministerial responsibility]* TEC has provided a briefing on this for a possible discussion.
- If a decision is made to remove savings for any of the proposals in the paper, the next available source of savings is the funding proposed in the line by line review, as set out in the table below.

	2009/10	2010/11	2011/12	2012/13	Four-year
Adult & Community Education (part)	-0.142	-1.997	-11.501	-4.123	-17.763
Small funds (part)	-0.796	-2.853	-4.112	-4.112	-11.873
TEO Component - Universities tripartite adjustment		-9.250	-18.500	-18.500	-46.250
Total savings	-0.938	-14.100	-34.113	-26.735	-75.886

Proposed Tertiary Education Savings (\$million)

Area	Initiative	2009/10	2010/11	2011/12	2012/13	4-year total
Inflation adjustment and TEO component	CPI Adjustment	7.700	43.100	70.300	70.300	191.400
	TEO Component: Industry Training Organisation Strategic Leadership	0.000	1.750	3.500	3.500	8.750
	TEO Component: Encouraging and Supporting Innovation	4.000	8.000	8.000	8.000	28.000
	TEO Component: Priorities for Focus	0.000	5.000	10.000	10.000	25.000
Literacy, Language and Numeracy		8.600	24.080	27.280	34.340	94.300
Scholarship programmes ¹	Top Achiever Doctoral Scholarships	2.776	5.308	7.852	10.000	25.936
	Step Up Scholarships	2.486	5.100	7.324	8.470	23.380
	Bonded Merit Scholarships	3.089	6.193	9.359	10.897	29.538
TEC operating funding		9.300	7.375	7.375	7.375	31.425
Further savings	Small funds	1.861	3.762	3.802	3.802	13.307
	Student Achievement Component funding for regulatory compliance qualifications	0.000	4.000	8.000	8.000	20.000
	Skill Enhancement	2.150	4.300	4.300	4.300	15.050
	Adult and Community Education	4.778	10.256	0.000	0.000	14.954
Total		46.740	128.224	167.092	178.984	521.040
Target		72.540	136.500	156.000	156.000	521.040

¹ As agreed with Treasury, the savings for Step Up Scholarships and Bonded Merit Scholarships are net of capital costs.