

27 March 2009

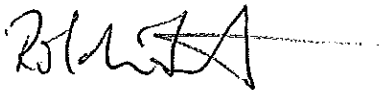
ED 30/44/00/2

**Education Report: Aide Memoire on Adult and Community
Education for "Unwinding unfunded Budget
2008 commitments for ET: Innovation"**

Recommended Actions

It is recommended that you:

- a. **note** that the amended paper "Unwinding unfunded Budget 2008 commitments for ET: Innovation" will be considered by Cabinet on 30 March 2009; and
- b. **note** that the attached aide memoire provides further information on Adult and Community Education in preparation for that meeting.



Rob McIntosh
Deputy Secretary, Strategy and System Performance

NOTED / APPROVED



Hon Anne Tolley
Minister of Education

29, 3, 09.

Aide Memoire: Adult and Community Education savings proposals

Following the ECC meeting on 24 March, you requested advice on Adult and Community Education (ACE) savings, to support any possible Cabinet discussion about "Reversing Unfunded Budget 2008 Commitments for ET: Innovation".

ACE Savings Figures

The 'unwind' paper proposes two changes to ACE funding:

- remove CPI adjustments to ACE for 2010 and 2011 (paragraphs 25 - 26).
- remove funding for hobby courses (paragraphs 43 to 49). As discussed in paragraph 49, the savings from this proposal are split between the line by line review and the unwind paper, so that the total savings offered in the unwind paper reaches the required total of \$521.040 million.

Table: Proposed changes to ACE

	2009/10	2010/11	2011/12	2012/13
Current baseline	49.686	50.310	50.614	50.614
Remove CPI adjustment in 2010 and 2011				
"Unwind" paper	0.400	1.100	1.600	1.600
Withdraw funding for hobby courses				
"Unwind" paper	4.778	8.209		
Line by line review	1.694	9.149	21.802	21.802
Total	6.472	17.358	21.802	21.802
Proposed new baseline				
	42.814	31.852	27.212	27.212

The proposed savings have not changed since they were presented to the Minister of Finance on 5 February. However, as part of redrafting the "unwind" paper, the savings from withdrawing funding for hobby courses reduced from \$10.256 million to \$8.209 million in 2010/11. This was because the savings from Step Up and Bonded Merit administration costs increased by \$2 million. To avoid offering more than the \$521 million target, \$2 million of the savings associated with withdrawing funding for hobby courses was transferred from the "unwind" paper to the line by line review.

Risks associated with withdrawing funding for hobby courses

The proposal to withdraw funding for hobby courses is likely to create significant public comment, because the changes will affect a large number of students. Past proposals to improve value for money in ACE prompted a strong response from students and providers (e.g. through Ministerial correspondence).

Whilst we cannot avoid the risk of adverse public comment, we can attempt to make the changes as fair as possible, by targeting savings to hobby courses as tightly as possible. For example some ACE provides foundation and life skills programmes, or a pathway into mainstream programmes. We will offer further advice on ways to implement the proposed savings whilst protecting these

courses (without assessing each course, which would be a lengthy and expensive process).

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]