

Information withheld under section 9(2)(f)(iv)

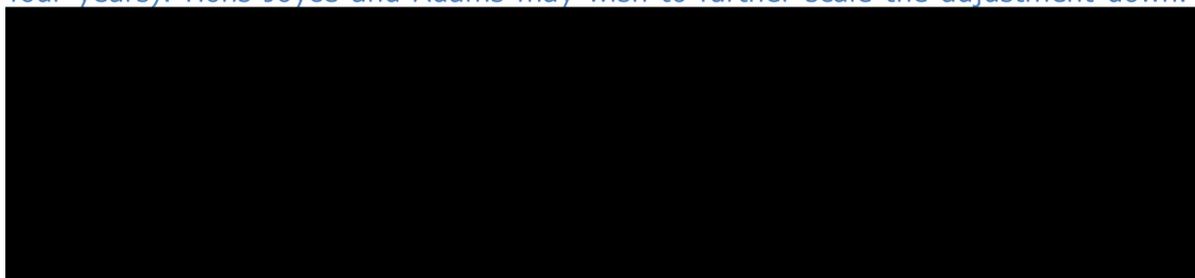
Agenda	<ol style="list-style-type: none"> 1. Preparation for bilateral meeting with Hons Joyce & Adams on 15 March 2. Finalising Holidays Act costings
Attendees	<p>Minister of Education, Associate Minister of Education</p> <p>Iona Holsted, Andrea Schöllmann, Kim Shannon, Ruth Isaac, Nik Green.</p>

1. Preparation for 2nd bilateral meeting with Hons Joyce & Adams

You are due to meet with Finance Ministers for the second Budget 17 bilateral on 15 March. The focus of this meeting will be the proposed Vote Education package and specific initiatives. Following on from the clinic with you on the 27th, we have revised the A3 of the Vote Education package to reflect your feedback on priorities. We will be able to advise on Wednesday what Treasury is suggesting for the bilateral agenda.

Based on questions raised at the last bilateral meeting, the following initiatives may be topics of discussion:

- **The school property business case:** How large a package should be approved? What are the trade-offs? An attached A3 and briefing note lays out the full package sought through Budget 17, Treasury's recommended package, and some of the choices that can be made between these two options.
- **ECE targeted adjustment:** At the last bilateral, Hon Joyce observed that the Government had achieved considerable 'productivity gains' through its current funding settings for early childhood education and indicated that he wanted to retain these gains. An attached A3 lays out some information and arguments that could be made in response to Hon Joyce's questions. It also outlines options for scaling the adjustment down, in line with the approach discussed with you on 27 February.
- **Schools operating grant adjustment:** Following discussions with the Ministry, Treasury recommended a 1.3% universal + 4% TARG adjustment (\$60.507m over four years). Hons Joyce and Adams may wish to further scale the adjustment down.



Key Decisions Sought at This Stage

Indicate:

- i. Which options for the school property business case you wish to pursue.
- ii. Whether and how you wish to scale the ECE and schools operating grant adjustments.
- iii. What other initiatives you want to focus on at the bilateral.

2. Finalising Holidays Act costings

During its cost pressure exercise for Budget 17, the Ministry identified the need to fund work to identify the scope and scale of any Holidays Act liabilities, and options to resolve them. Given some uncertainties about the scale of costs involved, a 'placeholder' submission was submitted with Treasury agreement in December, providing an indicative costing of \$17.386m over three years, but noting that this would likely change prior to final decisions on the Vote Education Budget Package.

Indicative Holidays Act Costing					
2016/17	2017/18	2018/19	2019/20	2020/21	Total
2.586	8.708	6.092	-	-	17.386

Since December, the Ministry has updated its forecast of the cost profile, which reflects the Ministry's best estimates on the timing of the proposed work programme, and a \$2 million fiscally neutral transfer that would address the need for funding in 2016/17.

Finalised Holidays Act Costing					
2016/17	2017/18	2018/19	2019/20	2020/21	Total
-	7.771	7.615	-	-	15.386

This funding will enable the Ministry to deliver on a work programme recommended by Deloitte, implementing system and process changes to:

- ensure the schools payroll is compliant in the future, and
- calculate and deliver resolution to staff affected by previous non compliance.

This work programme is forecast to take 26 months.

Key Decisions Sought at This Stage

Agree to update the Holidays Act placeholder bid with either

- i. the proposed finalised costings (\$15.386m), or
- ii. a scaled option (for example, seeking 2017/18 funding only).

BUDGET & NEGOTIATIONS SENSITIVE

AGENDA



MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Vote Education Budget 2017 Clinic
8 March, 11:00am-12:00pm