MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

Briefing Note: Budget 2022 – Initial process and milestones

To:	Hon Chris Hipkins, Minister of Education		
Date:	8 September 2021	**Priority:**	Low
Security Level:	Budget Sensitive	**METIS No:**	1270999
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Messaging seen by Communications team:	No	**Round Robin:**	No

Purpose of Report

The purpose of this paper is for you to:

Note the process and upcoming milestones for Budget 2022

Summary

- The Minister of Finance has written to you asking you to provide the titles, description and cost for all potential Budget 2022 initiatives in a letter back to him by 23 September.
- We understand you have requested a written first cut of this as soon as possible.
- We were already underway with our environmental scan for Budget 2022 and gathering up an initial long list of potential initiatives covering cost pressures, manifesto commitments and other potential initiatives.
- Over the course of this week, we will work through the process to align this list with the Budget goals and process outlined in the Minister of Finance's letter to you.
- We propose to submit a proposed package to you, along with our initial assessment against the Cost Pressure and Manifesto requirements next week. This will include identifying where priority areas for Education do not fit within these areas.
- This submission is intended to support engagement with yourself and Associate Education Ministers in the week of 13 September to work towards a finalised intentions letter for the Minister of Finance.
- We are conscious that decisions will need to be made rapidly to enable them to be incorporated into the Minister of Finance's letter.

Proactively Released

Proactive Release

a **agree** that this briefing is not published as the information contained within is budget sensitive

Agree / Disagree.

John Brooker
Education System Policy

08 / 09 / 2021

Hon Chris Hipkins
Minister of Education

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Background

1. The Minister of Finance wrote to you on 31 August setting out the process for Budget 2022 and asking you outline any manifesto commitments and cost pressures that you believe should be considered for Budget 2022. This letter will need to contain titles and estimated costs for each initiative.
2. At the same time the Ministry needs to upload a CFIS entry detailing the description and estimated cost for each initiative so the Treasury can provide advice from across the Government to the Minister of Finance.
3. The letter to the Minister of Finance and CFIS entries are due by 23 September. The Ministry has asked Treasury for further time, given your COVID-19 Response Ministerial responsibilities and the quantum of potential bids from the education space. Currently, the Treasury have not been able to confirm any extension.
4. The Minister of Finance letter of the 31 August did not highlight any specific areas of Education as a priority for Budget 2022.
5. The Minister of Finance has indicated he will respond to your letter in October outlining which initiatives you should formally submit by 10 December. If an initial education allowance is issued it is likely this will occur at this October stage.

Budget 2022 Process

6. The Ministry is currently working up an initial package of potential Budget 2022 initiatives for you to consider. This will be aligned with the Budget goals and process outlined in the Minister of Finance's letter.
7. The package is made up of:
   - a significant number of Cost Pressures, many of which are both large 9(2)(f)(iv) and unavoidable,
   - a small number of Manifesto Commitments which are large and/or difficult to defer (e.g. Equity index, Early Learning Pay Parity, Leadership Advisors and/or Curriculum Leads),
   - a number of other items which don't neatly fit into the Cost Pressure or Manifesto classifications.
8. The proposed package, along with our initial assessment against the Cost Pressure and Manifesto requirements will be submitted to you next week.
9. This submission is intended to support engagement with yourself and Associate Education Ministers in the week of 13 September, to work towards a finalised intentions letter for the Minister of Finance.
10. The final draft of the Budget intentions notification material will be submitted to you on 20 September to then submit to the Minister of Finance on the 23rd of September.
11. We anticipate the Minister of Finance will offer an Education allowance, as occurred in the Budget 21 process along with an indication of the initiatives that he expects to be in the package and flexibility around the remainder of the package.
12. There is more time in the process outlined in the Minister of Finance's letter, post the submission of the initial intentions letter. This provides scope to keep refining the package, and to identify options for reprioritising within baselines which will help to manage the Cost Pressures while allowing space for Manifesto Commitments.

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Next Steps

13. The Ministry will provide you with a proposed package in the week of 13 September, to facilitate a discussion with yourself and Associate Ministers.

14. Decisions on which initiatives to include in the letter to the Minister of Finance will need to occur quickly after this discussion. The deadline for this letter is currently 23 September but the Ministry is consulting with the Treasury to seek an extension to this.

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