

# The Treasury

## Budget 2024 Information Release

### September 2024

This document has been proactively released and is available on:

- The Budget website from September 2024 to May 2025 only at: <https://budget.govt.nz/information-release/2024>, and on
- The Treasury website from later in 2024 at: <https://www.treasury.govt.nz/publications/information-release/budget-2024-information-release>

#### Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

## **Copyright and Licensing**

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

## **Accessibility**

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to [information@treasury.govt.nz](mailto:information@treasury.govt.nz).



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Budget 2024 Package: Vote Tertiary Education

On 29 April 2024, Cabinet:

#### Appropriation Administrator: Ministry of Education

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2024 Budget package, as listed in the summary tables below and detailed in the attached initiative documents:

#### Summary of initiatives:

##### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15695	Adult and Community Education in Schools Co-ordination - Reprioritisation of Funding	-	(0.250)	(0.500)	(0.500)	(0.500)
15693	Adult Literacy Educator Grant – Reprioritisation of Funding	(0.434)	(0.445)	(0.445)	(0.445)	(0.445)
15738	Apprenticeship Boost Scheme Continuation	-	-	0.600	0.600	0.600
15668	Centres of Asia-Pacific Excellence (CAPEs) One-off Accounting Impact – Reprioritisation of Funding	(10.000)	-	-	-	-
15690	Centres of Vocational Excellence – Reprioritisation of Funding	-	-	(5.000)	(5.000)	(5.000)
15877	Baseline Efficiency Savings – Education New Zealand	-	(2.325)	(2.325)	(2.325)	(2.325)
15736	Fees Free – Replacing First-Year with Final-Year Fees Free <sup>^</sup>	0.449	(179.559)	(264.149)	(249.493)	(200.673)
15698	Gateway Fund – Reprioritisation of Funding	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
16205	Training 25 More Doctors <sup>^</sup>	-	0.439	1.281	2.099	3.112
15685	Higher Education Collaboration Fund – Reprioritisation of Funding	(1.000)	(3.000)	(1.000)	-	-

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15868	Increasing the Student Loan Scheme Overseas Interest Formula by 1% for 5 Years	-	-	-	-	-
15735	Managing Tertiary Education and Training System Pressures – Increased Fees	-	-	-	-	-
15731	Managing Tertiary Education and Training System Pressures – Increased Subsidies	-	40.171	76.490	74.803	74.858
16151	Departmental Savings – Ministry of Education (Tertiary)	-	(1.182)	(1.193)	(1.193)	(1.193)
15674	Te Pūkenga Transformation Programme – Return of Funding	(63.000)	-	-	-	-
15876	Baseline Efficiency Savings – Tertiary Education Commission	-	(3.720)	(3.720)	(3.720)	(3.720)
15646	Underspend within Vote Tertiary Education – Return of Funding	(61.061)	-	-	-	-
15715	Workforce Development Councils – Return of Funding	-	-	(65.000)	(65.000)	(65.000)
<b>Total Operating</b>		<b>(136.546)</b>	<b>(151.371)</b>	<b>(266.461)</b>	<b>(251.674)</b>	<b>(201.786)</b>

^ Denotes irregular outyears funding profile

### Capital Initiative (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15674	Te Pūkenga Transformation Programme – Return of Funding*	(20.000)	(50.000)	(50.000)	(50.000)	(50.000)
<b>Total Capital</b>		<b>(20.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>

\* Denotes no outyears funding

### Summary of contingency initiatives:

#### Operating Contingencies

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
[38]						
15728	Te Pūkenga Disestablishment and Transition – Operating Contingency	-	-	[38]		
<b>Total Operating</b>		<b>-</b>	<b>-</b>			

Note: Throughout the document, “total operating” refers to funding over five years (2023/24 to 2027/28) and “total capital” refers to funding over 10 years (2023/24 to 2032/33).

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Adult and Community Education in Schools Co-ordination - Reprioritisation of Funding

**Description:** This savings initiative returns \$1.750 million of operating funding for Adult and Community Education in Schools Co-ordination, a recent initiative to encourage more schools to provide adult and community education (ACE) through co-ordination funding. The funding was intended to support with initial setup costs related to providing ACE in schools for the first time, growing existing provision in priority areas, or expanding into different priority areas of provision.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(0.250)	(0.500)	(0.500)	(0.500)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>(0.250)</b>	<b>(0.500)</b>	<b>(0.500)</b>	<b>(0.500)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Foundation and Community Education	-	(0.250)	(0.500)	(0.500)	(0.500)
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	(0.250)	(0.500)	(0.500)	(0.500)
<b>Total Operating</b>	-	<b>(0.250)</b>	<b>(0.500)</b>	<b>(0.500)</b>	<b>(0.500)</b>

### Additional Recommendation

- 2 **agreed** to end the ring-fenced funding for Adult and Community Education in Schools Co-ordination;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Adult Literacy Educator Grant – Reprioritisation of Funding

**Description:** This savings initiative returns \$2.214 million of operating funding for the Adult Literacy Educator Grant (ALEG). ALEG funding is intended to reduce fees for tertiary education teaching staff studying to complete adult literacy education qualifications. However, there are now several programmes with zero fees, making this funding redundant. This fund was not allocated in 2023 or 2024 so revoking funding will have minimal impact.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(0.434)	(0.445)	(0.445)	(0.445)	(0.445)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(0.434)</b>	<b>(0.445)</b>	<b>(0.445)</b>	<b>(0.445)</b>	<b>(0.445)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Foundation and Community Education	(0.434)	(0.445)	(0.445)	(0.445)	(0.445)
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	(0.434)	(0.445)	(0.445)	(0.445)	(0.445)
<b>Total Operating</b>	<b>(0.434)</b>	<b>(0.445)</b>	<b>(0.445)</b>	<b>(0.445)</b>	<b>(0.445)</b>

### Additional Recommendation

3      **agreed** to end funding for the Adult Literacy Educator Grant;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Apprenticeship Boost Scheme Continuation

**Description:** This initiative provides funding to implement the Government’s commitment to continue the Apprenticeship Boost Scheme beyond the end of 2024. Apprenticeship Boost provides subsidies to employers of eligible apprentices to help keep them employed and training toward their qualification, and to incentivise employers to take on new apprentices to help build the skilled workforces key New Zealand industries need. This initiative provides funding for targeted industries from 1 January 2025, at \$500 a month per eligible apprentice, and targeted to first year apprentices only.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	0.600	0.600	0.600
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	-	<b>0.600</b>	<b>0.600</b>	<b>0.600</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Administration of and Support for the Tertiary Education and Careers Systems	-	-	0.600	0.600	0.600
<b>Total Operating</b>	-	-	<b>0.600</b>	<b>0.600</b>	<b>0.600</b>

### Additional Recommendations

- 4 **noted** that existing funding for the Apprenticeship Boost Scheme is time-limited and due to end on 31 December 2024;
- 5 **agreed** that the Apprenticeship Boost Scheme will change its scope of support from 1 January 2025 to first year apprentices only, with funding for targeted industries at \$500 a month per eligible apprentice;
- 6 **authorised** the Minister of Finance, the Minister for Social Development and Employment, the Minister for Tertiary Education and Skills, and the Associate Minister of Finance (Hon Shane Jones) (joint Ministers) to make any further policy decisions needed to operationalise the changes to the scheme, including defining the targeted sectors, in line with the parameters above;

- 7 **agreed** to review the targeting settings for the Apprenticeship Boost Scheme at least every two years to maintain industry relevance and ensure the Scheme continues to align with Government priorities, with the first report due back to joint Ministers by July 2027 in time to inform Budget processes;
- 8 **noted** that further work is required to finalise the phasing of the administrative costs for this initiative across the forecast period and between Vote Tertiary Education and Vote Social Development;
- 9 **authorised** the Minister of Finance, the Minister for Social Development and Employment, and the Minister for Tertiary Education and Skills to jointly agree the final phasing and split across Votes for the administrative costs and to make any consequential financial changes without any impact on the operating balance or net core Crown debt across the forecast period;
- 10 **noted** that there is a related initiative in Vote Social Development (Initiative 16171);



**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Centres of Asia-Pacific Excellence (CAPEs) One-off Accounting Impact - Reprioritisation of Funding

**Description:** This initiative returns a one-off saving of \$10.000 million due to the necessary accounting treatment of contracts for Centres of Asia-Pacific Excellence (CAPEs). CAPEs were university-led, cross-institutional initiatives that were disestablished by the previous Government in Budget 2023, with funding ending when contracts conclude on 1 July 2024.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(10.000)	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(10.000)</b>	-	-	-	-

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Sector / Industry Collaboration Projects	(10.000)	-	-	-	-
<b>Total Operating</b>	<b>(10.000)</b>	-	-	-	-

### Additional Recommendations

- 11 **noted** that Centres of Asia-Pacific Excellence were disestablished in Budget 2023 [CAB-23-MIN-0139], with funding ending when contracts conclude on 1 July 2024;
- 12 **noted** that due to Public Benefit Entity accounting requirements and the end of contracts for Centres of Asia-Pacific Excellence, a one-off saving of \$10 million can be made available for reprioritisation in Budget 2024;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Centres of Vocational Excellence – Reprioritisation of Funding

**Description:** This savings initiative returns \$15.000 million operating funding from Centres of Vocational Excellence (CoVEs) once the two existing contracts end in 2025. CoVEs were established as part of the Reform of Vocational Education, and their work is project-based and determined in connection with industry. Two pilot CoVEs were established in 2020, one for primary industries (Food and Fibre CoVE) and one for construction and infrastructure (ConCOVE). Each is supported by a consortium of education and industry members and hosted at a Te Pūkenga business unit. Reprioritising this funding is expected to have minimal risks given the funding for existing CoVEs was always time-limited.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	(5.000)	(5.000)	(5.000)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	-	<b>(5.000)</b>	<b>(5.000)</b>	<b>(5.000)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Tertiary Sector / Industry Collaboration Projects	-	-	(5.000)	(5.000)	(5.000)
<b>Total Operating</b>	-	-	<b>(5.000)</b>	<b>(5.000)</b>	<b>(5.000)</b>

### Additional Recommendation

13 **agreed** to stop funding for Centres of Vocational Excellence once the two existing contracts end in 2025;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Baseline Efficiency Savings – Education New Zealand

**Description:** This savings initiative returns \$9.300 million operating funding at Education New Zealand Manapou ki te Ao. Savings will be made by concluding back-office fixed term contracts and ceasing recruitment activity. Further savings will be made by reducing spending on corporate services, tightening travel criteria, streamlining the student experience survey, consolidating platform technology to support digital services, refining investment in global events and NZ International Education Conference, reducing direct fund transfers to organisations for innovation initiatives, sector development and activity funding and global citizens initiatives, and Education New Zealand's contribution to funding for the New Zealand Story.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(2.325)	(2.325)	(2.325)	(2.325)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>(2.325)</b>	<b>(2.325)</b>	<b>(2.325)</b>	<b>(2.325)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
International Education Programmes	-	(2.325)	(2.325)	(2.325)	(2.325)
<b>Total Operating</b>	-	<b>(2.325)</b>	<b>(2.325)</b>	<b>(2.325)</b>	<b>(2.325)</b>

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Fees Free – Replacing First-Year with Final-Year Fees Free

**Description:** This initiative implements the Government's commitment to stop first-year Fees Free and replace it with a final-year Fees Free scheme. The first-year Fees Free scheme will close to new entrants at the end of 2024 and will be replaced with a final-year Fees Free scheme from 2025. Learners entering their final year of study from January 2025 will be eligible, and payment will be made following completion of their study programme. Legislative changes will need to be introduced by January 2025 to operationalise the scheme.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Balance Impact*	0.449	(179.559)	(264.149)	(249.493)	(200.673)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>0.449</b>	<b>(179.559)</b>	<b>(264.149)</b>	<b>(249.493)</b>	<b>(200.673)</b>

	\$m - increase/(decrease)	
	2028/29	2029/2030 & outyears
Operating Balance Impact*	(156.484)	(138.889)
Net Core Crown Debt Impact Only	-	-
No Impact	-	-
<b>Total</b>	<b>(156.484)</b>	<b>(138.889)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Non-Departmental Output Expenses:</b>					
Administration of and Support for the Tertiary Education and Careers Systems	0.449	9.189	3.537	-	-
<b>Non-Departmental Other Expenses:</b>					
Fees-free Payments	-	(188.748)	(267.686)	(249.493)	(200.673)
<b>Total Operating</b>	<b>0.449</b>	<b>(179.559)</b>	<b>(264.149)</b>	<b>(249.493)</b>	<b>(200.673)</b>

	\$m - increase/(decrease)	
	2028/29	2029/2030 & outyears
<b>Non-Departmental Output Expenses:</b>		
Administration of and Support for the Tertiary Education and Careers Systems	-	-
<b>Non-Departmental Other Expenses:</b>		
Fees-free Payments	(156.484)	(138.889)
<b>Total Operating</b>	<b>(156.484)</b>	<b>(138.889)</b>

## Additional Recommendations

- 14 **agreed** to end the first-year Fees Free scheme at the end of 2024 and replace it with a final-year Fees Free scheme from January 2025 with the following parameters:
- 14.1 the payment of fees to students will be made upon completion of their study programme;
- 14.2 eligibility will be based on settings for the first-year Fees Free scheme and include provider-based and work-based learners, studying at Level 3 and above on the New Zealand Qualifications Framework;
- 15 **agreed** that learners entering their final year of study from 1 January 2025 who have not already benefitted from first-year Fees Free will become eligible for the final-year Fees Free scheme, and that the first payments to learners will be made after 1 January 2026;
- 16 **noted** that there is administrative complexity and risk to make payments upon completion of study and that agencies (Ministry of Education, Tertiary Education Commission, Ministry of Social Development and Inland Revenue) will work to operationalise the scheme;
- 17 **noted** that further work is required to develop detailed policy and implementation design to operationalise the scheme, including options to simplify eligibility settings and any transitional arrangements needed;
- 18 **noted** that there are corresponding initiatives in Vote Revenue (Initiatives 16177 and 16170) and Vote Social Development (Initiative 16169);
- 19 **noted** that:
- 19.1 the operating and capital impacts of student loans are considered neutral for fiscal management purposes as the impact operating balance and net core Crown debt is broadly neutral over time; and
- 19.2 as a result, fiscal impacts related to student loans are managed outside Budget allowances and therefore flow through directly to the operating balance and net core Crown debt;
- 20 **authorised** the Minister of Finance, the Minister for Tertiary Education and Skills, the Associate Ministers of Finance (Hon David Seymour and Hon Shane Jones) and appropriation Ministers as relevant to make detailed policy and implementation design decisions in line with the above parameters;

21 [33]

- 22 **invited** the Minister of Revenue to issue drafting instructions for the necessary amendments to implement this policy, for inclusion in an omnibus taxation bill planned for introduction in August 2024;
- 23 **agreed** that changes to final-year Fees Free expenditure within the Fees Free Payments appropriation be managed through forecast changes at Baseline Updates based on forecast student enrolments, and that increases or decreases in forecast expenditure be managed against Budget allowances;
- 24 **directed** the Ministry of Education to work in consultation with the Treasury to develop an approach to forecasting future final-year Fees Free expenditure, and to report this approach to the Minister of Finance and Minister for Tertiary Education and Skills by the end of 2024;
- 25 **authorised** the Minister of Finance and the Minister for Tertiary Education and Skills to approve forecast changes to final-year Fees Free expenditure through Baseline Update processes in accordance with Cabinet Office Circular CO (18) 2 Proposals with Financial Implications and Financial Authorities;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Gateway Fund – Reprioritisation of Funding

**Description:** This savings initiative returns \$7.500 million of operating funding for part of the Gateway Fund, which has been underutilised in recent years. Gateway funding enables secondary schools to give senior students access to structured workplace learning integrated with school-based learning.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(1.500)</b>	<b>(1.500)</b>	<b>(1.500)</b>	<b>(1.500)</b>	<b>(1.500)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Foundation and Community Education	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
<b>Total Operating</b>	<b>(1.500)</b>	<b>(1.500)</b>	<b>(1.500)</b>	<b>(1.500)</b>	<b>(1.500)</b>

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Training 25 More Doctors

**Description:** This initiative increases the medical school enrolment funding cap to provide 25 additional places per annum, starting from 2025. This will enable the Universities of Auckland and Otago to increase their combined medical school intake from 589 in 2024 to 614 in 2025, which will see more doctors graduating and entering the health workforce. This investment targets health workforce pressures.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Balance Impact*	-	0.439	1.281	2.099	3.112
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.439</b>	<b>1.281</b>	<b>2.099</b>	<b>3.112</b>

	\$m - increase/(decrease)	
	2028/29	2029/2030 & outyears
Operating Balance Impact*	4.595	5.538
Net Core Crown Debt Impact Only	-	-
No Impact	-	-
<b>Total</b>	<b>4.595</b>	<b>5.538</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Benefits or Related Expenses:</b>					
Tertiary Scholarships and Awards	-	-	-	-	-
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Qualification Delivery	-	0.439	1.281	2.099	3.112
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	0.439	1.281	2.099	3.112
<b>Total Operating</b>	-	<b>0.439</b>	<b>1.281</b>	<b>2.099</b>	<b>3.112</b>



	\$m - increase/(decrease)	
	2028/29	2029/2030 & outyears
<b>Benefits or Related Expenses:</b>		
Tertiary Scholarships and Awards	0.292	0.642
<b>Multi-Category Expenses and Capital Expenditure:</b>		
Tertiary Tuition and Training (MCA)		
<i>Non-Departmental Output Expenses:</i>		
Qualification Delivery	4.303	4.896
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	4.303	4.896
<b>Total Operating</b>	<b>4.595</b>	<b>5.538</b>

### Additional Recommendations

- 26 **noted** that the increase in funded places from 589 in 2024 to 614 from 2025 will be implemented through an updated determination of the design of a funding mechanism for degree-level and above tertiary education and training under section 419 of the Education and Training Act 2020, which will be finalised by the Minister for Tertiary Education and Skills later in 2024;
- 27 **noted** that there are corresponding initiatives in Vote Health (Initiative 15813), Vote Social Development (Initiative 16207) and Vote Revenue (Initiative 16206);

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Higher Education Collaboration Fund – Reprioritisation of Funding

**Description:** This savings initiative returns \$5.000 million operating funding by revoking the Higher Education Collaboration Fund, which was established in October 2023 to support collaborative provision of higher education across two or more providers with a focus on preserving learner access to particular programmes. This is a small, time-limited and contestable fund. The previous Minister of Education issued a funding delegation to the Tertiary Education Commission (TEC), however the fund has not yet been publicly announced and the TEC has not yet invited applications or administered any funding.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(1.000)	(3.000)	(1.000)	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(1.000)</b>	<b>(3.000)</b>	<b>(1.000)</b>	-	-

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Strategic Support for National and Regional Priorities	(1.000)	(3.000)	(1.000)	-	-
<b>Total Operating</b>	<b>(1.000)</b>	<b>(3.000)</b>	<b>(1.000)</b>	-	-
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendation

28     **agreed** to repeal the Higher Education Collaboration Fund;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Increasing the Student Loan Scheme Overseas Interest Formula by 1% for 5 Years

**Description:** This initiative increases the student loan overseas interest formula by 1 percent for 5 years to partially cover the loss in value of the Student Loan Scheme due to 3 years of high inflation. The changes would take effect from 1 April 2025.

### **Additional Recommendations**

- 29 **noted** that there is a related initiative in Vote Revenue (Initiative 16174);
- 30 **noted** that:
- 30.1 the operating and capital impacts of student loans are considered neutral for fiscal management purposes as the impact operating balance and net core Crown debt is broadly neutral over time; and
  - 30.2 as a result, fiscal impacts related to student loans are managed outside Budget allowances and therefore flow through directly to the operating balance and net core Crown debt;

<b>Vote:</b>	Tertiary Education
<b>Appropriation Administrator:</b>	Ministry of Education
<b>Title:</b>	Managing Tertiary Education and Training System Pressures - Increased Fees
<b>Description:</b>	<p>This initiative provides funding to enable providers to increase tuition and training fees charged to learners by up to 6 percent in 2025, which incurs additional Crown expenditure through the Student Loan Scheme. This reflects that tertiary education providers have been unable to increase fees in line with inflation in recent years. This initiative is intended to be considered as part of a package alongside the related cost pressure initiative Tertiary Education and Training System Pressures - Increased Subsidies. Tertiary providers are facing acute financial challenges. The two initiatives are crucial to helping providers manage cost pressures and maintain the quality of their delivery but will not be sufficient to avoid providers needing to reduce the breadth of provision they currently offer.</p>

### Additional Recommendations

- 31 **noted** that this initiative should be considered alongside Initiative 15731 in this Vote;
- 32 **noted** that the Minister for Tertiary Education and Skills has authority to set the annual maximum increase to fees tertiary education providers charge enrolled students following consultation on a proposed rate published in the New Zealand Gazette;
- 33 **noted** that a proposed Annual Maximum Fee Movement (AMFM) rate of 6 percent for 2025 would increase borrowing through the Student Loan Scheme by more than the Consumer Price Index (CPI) rate that is incorporated into borrowing for fees in Student Loan Scheme forecasts, with this initiative providing for the additional borrowing costs above the CPI-based forecasts;
- 34 **noted** that the Minister for Tertiary Education and Skills will consult on a proposed AMFM rate of 6 percent for 2025 later in 2024 and that, if confirmed following consultation, some providers may choose to increase fees by a lower rate (or not at all), meaning there is uncertainty around the estimates for increased borrowing;
- 35 **noted** that the established practice is that an AMFM matching forecast CPI is incorporated into the forecasts, and that the Minister for Tertiary Education and Skills decides on the level that is consulted on up to this amount;
- 36 **agreed** that the practice outlined above can continue, and that the Minister of Finance should also be informed of the level that the Minister for Tertiary Education and Skills decides to consult on;
- 37 **agreed** that when an AMFM higher than forecast CPI is proposed, this should be considered as part of the Budget process due to its impact on the operating balance;

- 38 **noted** that the Ministry of Education will look at whether forecast CPI is the most suitable measure for AMFM increases to be based on, noting other parts of government use actual CPI;
- 39 **authorised** the Minister of Finance and the Minister for Tertiary Education and Skills to make any technical adjustments necessary to the measures used to reflect AMFM increases in Student Loan Scheme forecasts;
- 40 **noted** that:
- 40.1 the operating and capital impacts of student loans are considered neutral for fiscal management purposes as the impact on the operating balance and net core Crown debt is broadly neutral over time; and
- 40.2 as a result, fiscal impacts related to student loans are managed outside Budget allowances and therefore flow through directly to the operating balance and net core Crown debt;
- 41 **noted** that there are related initiatives in Vote Social Development (Initiative 16176) and Vote Revenue (Initiative 16175);

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Managing Tertiary Education and Training System  
Pressures - Increased Subsidies

**Description:** This initiative provides funding for a 2.5 percent increase to tertiary education and training subsidies, which are the Government's contribution to the cost of delivering tertiary education and training for over 470,000 New Zealanders, in 2025. This initiative is intended to be considered as part of a package alongside the related cost pressure initiative Managing Tertiary Education and Training System Pressures - Increased Fees. Tuition and training subsidies have decreased in real value by 7.5 percent compared to 2018. The two initiatives are crucial to helping providers manage cost pressures and maintain the quality of their delivery but will not be sufficient to avoid providers needing to reduce the breadth of provision they currently offer.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	40.171	76.490	74.803	74.858
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>40.171</b>	<b>76.490</b>	<b>74.803</b>	<b>74.858</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Strategic Support for National and Regional Priorities	-	0.998	1.996	1.996	1.996
Tertiary Sector / Industry Collaboration Projects	-	0.094	0.188	0.188	0.188

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Access to and Success in Tertiary Education	-	2.165	2.296	2.296	2.296
Foundation and Community Education	-	3.876	7.753	7.753	7.753
Qualification Delivery	-	33.038	64.257	62.570	62.625
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	39.079	74.306	72.619	72.674
<b>Total Operating</b>	-	<b>40.171</b>	<b>76.490</b>	<b>74.803</b>	<b>74.858</b>
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendation

42      **noted** that this initiative should be considered alongside Initiative 15735;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Departmental Savings – Ministry of Education (Tertiary)

**Description:** This initiative returns \$4.761 million operating funding. The Ministry of Education will focus on resources that deliver outcomes for learners. This will result in a reduction in the total number of FTE in the Ministry of Education, as the Ministry of Education looks to stop some programmes of work and work more efficiently.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(1.182)	(1.193)	(1.193)	(1.193)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>(1.182)</b>	<b>(1.193)</b>	<b>(1.193)</b>	<b>(1.193)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Departmental Output Expenses:</b>					
Stewardship and Oversight of the Tertiary Education System (funded by revenue Crown)	-	(1.182)	(1.193)	(1.193)	(1.193)
<b>Total Operating</b>	-	<b>(1.182)</b>	<b>(1.193)</b>	<b>(1.193)</b>	<b>(1.193)</b>
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendations

- 43 **noted** that this savings initiative will reduce the Ministry of Education’s workforce and will require consultation with Ministry staff;
- 44 **noted** that the above appropriation changes give effect to the planned changes, but that the final impact may be affected by consultation;
- 45 **directed** the Ministry of Education to report to the Minister of Finance, the Minister of Education and the Minister for Tertiary Education and Skills (joint Ministers) on the final impact of this savings programme by 31 July 2024;



[38]

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Te Pūkenga Disestablishment and Transition – Operating Contingency

**Description:** This initiative provides funding in a tagged contingency to support the Government’s commitment to disestablish Te Pūkenga – New Zealand Institute of Skills and Technology and restore regional decision-making. As Cabinet has yet to make decisions on the details of the new system design and its structure will require changes to legislation, the cost estimates may change as work progresses. This initiative does not include ongoing funding to support the viability of the network.

**Tagged Contingency**

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Te Pūkenga Disestablishment and Transition - Operating Contingency	[38]				
<b>Total</b>					

**Additional Recommendations**

48 **noted** that the Minister for Tertiary Education and Skills will seek Cabinet decisions in mid-2024 to progress the disestablishment of Te Pūkenga and consult on a proposed replacement model;

49 **noted** that detailed policy design and accurate costings of the transition cannot be confirmed until a replacement model and transition pathway is agreed;

50 [33]

51 **agreed** to establish a tagged operating contingency for the purpose of funding costs involved in the disestablishment of Te Pūkenga and transition to a replacement model;

52 **agreed** that authorisation for draw-downs of this contingency will be set by Cabinet in its decisions for the disestablishment of Te Pūkenga and transition to a replacement model;

53 **agreed** that the expiry date for the above tagged contingency be 1 February 2025;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Te Pūkenga Transformation Programme – Return of Funding

**Description:** This initiative returns the value of a Crown loan approved in Budget 2023 for the Te Pūkenga Digital Transformation Programme. This work programme has ceased pending decisions on the disestablishment of Te Pūkenga. The loan is no longer required for its intended purpose and is being returned in full.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Balance Impact*	(63.000)	-	-	-	-
Net Core Crown Debt Impact Only	(20.000)	(50.000)	(50.000)	(50.000)	(50.000)
No Impact	-	-	-	-	-
<b>Total</b>	<b>(83.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Non-Departmental Other Expenses:</b>					
Fair Value Write Down and Impairment of Loans and Advances to Tertiary Education Institutions	(63.000)	-	-	-	-
<b>Non-Departmental Capital Expenditure:</b>					
Crown Loan to Support the Transformation of Te Pūkenga (MYA)	(20.000)	(50.000)	(50.000)	(50.000)	(50.000)
<b>Total Operating</b>	<b>(63.000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>(20.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>	<b>(50.000)</b>

### Additional Recommendations

- 54 **agreed** that the full \$220 million value of the Crown loan approved in Budget 2023 for the Te Pūkenga Transformation Programme be returned to the centre;
- 55 **noted** that due to the concessionary nature of the loan, an initial write-down expense (which was non-cash in nature) was recognised in the 2023/24 Estimates of Appropriations for Vote Tertiary Education;
- 56 **agreed** that the initial write-down expense due to the concessionary elements of the loan, which was recognised as \$63 million in 2023/24, be reversed, with no impact on the Budget 2024 operating allowance, but with impacts on the Operating Balance Before Gains and Losses (OBEGAL);

- 57 **noted** that the Minister for Tertiary Education and Skills will seek Cabinet decisions in mid-2024 to progress the disestablishment of Te Pūkenga and consult on a proposed replacement model;
- 58 **agreed** that the Multi Year Appropriation: "Crown Loan to Support the Transformation of Te Pūkenga" be adjusted by (\$220.000 million);
- 59 **noted** that the amounts shown in the Appropriation Changes table for the Multi Year Appropriation: "Crown Loan to Support the Transformation of Te Pūkenga" reflect the change to the indicative annual spending profile;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Baseline Efficiency Savings - Tertiary Education Commission

**Description:** This savings initiative returns \$14.880 million total operating funding at the Tertiary Education Commission. These savings will be met by aligning services to the Government's priorities, and reducing expenditure relating to travel, contractors and consultants, and IT services.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(3.720)	(3.720)	(3.720)	(3.720)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>(3.720)</b>	<b>(3.720)</b>	<b>(3.720)</b>	<b>(3.720)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Administration of and Support for the Tertiary Education and Careers Systems	-	(3.720)	(3.720)	(3.720)	(3.720)
<b>Total Operating</b>	-	<b>(3.720)</b>	<b>(3.720)</b>	<b>(3.720)</b>	<b>(3.720)</b>
<b>Total Capital</b>	-	-	-	-	-

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Underspends within Vote Tertiary Education – Return of Funding

**Description:** This initiative returns \$61.061 million total operating funding for tertiary education and training and Fees Free payments subsidies in 2023/24 that have not been spent due to enrolments in 2023 being lower than the level funded.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(61.061)	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(61.061)</b>	-	-	-	-

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Other Expenses:</b>					
Fees-Free Payments	(25.000)	-	-	-	-
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Qualification Delivery	(36.061)	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	(36.061)	-	-	-	-
<b>Total Operating</b>	<b>(61.061)</b>	-	-	-	-
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendations

60 **noted** that \$61.061 million in funding can be returned due to enrolments in 2023 being lower than the level funded, and that further funding may be returned following the end of June 2024;

61 **agreed** to return the identified underspends amount to the centre;

**Vote:** Tertiary Education

**Appropriation Administrator:** Ministry of Education

**Title:** Workforce Development Councils – Return of Funding

**Description:** This savings initiative returns \$195.000 million total operating funding currently appropriated for Workforce Development Councils (WDCs). Legislation is intended to be progressed in 2024/25 on future arrangements for the functions currently performed by WDCs, alongside decisions on the funding of these functions.

### Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	(65.000)	(65.000)	(65.000)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	-	<b>(65.000)</b>	<b>(65.000)</b>	<b>(65.000)</b>

\* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Workforce Development Councils	-	-	(65.000)	(65.000)	(65.000)
<b>Total Operating</b>	-	-	<b>(65.000)</b>	<b>(65.000)</b>	<b>(65.000)</b>
<b>Total Capital</b>	-	-	-	-	-

### Additional Recommendations

- 62 **noted** that the Crown is obligated to provide funding for the legislated functions performed by Workforce Development Councils until they have been disestablished or their functions transferred by legislation;
- 63 **noted** that, subject to Cabinet approval, the Minister for Tertiary Education and Skills intends to progress legislative change in 2024/25 to disestablish Te Pūkenga \ New Zealand Institute of Skills and Technology and to make changes to the functions currently performed by Workforce Development Councils, alongside decisions on the funding of these functions;
- 64 **noted** that agencies' costs to support the disestablishment of Workforce Development Councils and transition to new entities are included in a separate Vote Tertiary Education initiative 'Te Pūkenga Disestablishment and Transition' (Initiative 15728).