



Briefing report

Education Review Office (ERO): 2022 October Baseline Update Submission

Date	10 October 2022
Security Level	N/A
ERO Priority	Medium
ERO Reference	M22-57
Date requested	ERO initiated
Date due	ERO initiated
Proactive release	Recommended

Addressee	Action sought	Deadline
Minister of Education	It is recommended that you:	
	a) Sign the attached OBU submission.	
	b) Agree to submit one softcopy of the signed submission (along with Tables 1 and 2) to the Minister of Finance's office.	1pm, Monday 17 October 2022
	c) Agree that this briefing is recommended for proactive release once the submission is approved by the Minister of Finance.	



Attachments:

Education Review Office (ERO):
Briefing letter: 2022 October Baseline Update
Submission for Vote Education Review Office

2022 October Baseline Update Submission for
Vote Education Review Office

Table 1

Table 2



Comments:

Minister's Office to complete	
Noted	<input type="checkbox"/>
Seen	<input type="checkbox"/>
Approved	<input type="checkbox"/>
Referred to:	
Date signed by Minister:	



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Our Ref: M22-57

10 October 2022

Hon Chris Hipkins
Minister of Education

2022 October Baseline Update Submission for Vote Education Review Office

Purpose

1. This paper seeks your agreement to ERO's 2022 October Baseline Update (OBU) submission.

Background

2. The attached submission to the Minister of Finance requests changes to the baseline for Vote Education Review Office from 2022/23 through to 2026/27.
3. The changes sought are:
 - a) Confirmation of the expense transfer for Vote Education Review Office relating to delays to its work programme from COVID-19.

In the 2022 March Baseline Update Joint Ministers authorised an in-principle expense transfer for Vote Education Review Office of \$0.500 million subject to underspends in 2021/22 being confirmed. A further transfer \$0.500 million was authorised in June 2022. The exact amount of the transfer was uncertain at the time, with joint Ministers agreeing to confirm the final amount once known.

The audit of the 2021/22 financial statements has now been completed and the final amount now requiring approval to be transferred from 2021/22 to 2022/23 is \$1.000 million.

- b) Returning capital charge associated with the capital to operating swap in Budget 2022.

In Budget 2022 Cabinet approved the swap of \$0.600 million from capital to operating in 2021/22 for the Education Review Office (ERO). This was to offset the increased costs in 2021/22 for the change in accounting treatment of software. At the point of returning the capital, Treasury advised ERO to return the associated capital charge through OBU. Therefore, an adjustment of \$0.030 million per year to return the operating expenditure relating to the reduction in ERO's capital is required.

c) Updating ERO's capital expenditure forecast.

Changes to ERO's Capital Expenditure Permanent Legislative Authority (PLA) are sought to reflect ERO's latest capital replacement plans from 2022/23 to 2026/27. This is mainly due to timing of the replacement of the vehicle fleet, relocation and re-fit of the offices and replacement of computer equipment. The adjustments are as follows:

	\$millions				
	2022/23	2023/24	2024/25	2025/26	2026/27
Capital expenditure PLA	(0.232)	0.280	0.646	(0.711)	(0.338)

- Forecast change in departmental capital expenditure in 2022/22 to 2026/27 to reflect ERO's latest capital replacement programme. This mainly includes the timing of expenditure on replacement of vehicle fleet with electric vehicles, relocation and re-fit of the Christchurch regional office and replacement of computer equipment.
4. In addition to the changes sought in paragraph 3 above, included within Table 2 are two decisions relating to Vote Education Review Office made since the previous baseline update:
- Transfer of \$2 million in 2022/23 from Vote Social Development to Vote Education Review Office for the establishment of the Independent Children's Monitor (Report titled 'Proposed Plan for Establishing the New Independent Children's Monitor as a Departmental Agency' dated 21 July 2022 refers)
 - A capital injection of \$0.135 million in 2022/23 for ERO to purchase five electric vehicles from the State Sector Decarbonisation tagged capital contingency (EECA 2022 BRF 006/MBIE: 2122-4203 refers).
5. Treasury have reviewed this submission.


Recommendations

6. It is recommended that you:

- a) **Agree** to sign the attached OBU submission.
- b) **Agree** to submit one softcopy of the signed submission (along with Tables 1 and 2) to the Minister of Finance's office by 1pm on Monday 17 October.

Agreed/Disagreed
Agreed/Disagreed

- c) **Agree** that this briefing is recommended for proactive release once the submission is approved by the Minister of Finance. **Agreed/Disagreed**



Nicholas Pole
Chief Executive

NOTED/APPROVED



Chris Hipkins
Minister of Education

13 / 10 / 2022

