Education Report: Rephasing funding for Programme for the International Assessment of Adult Competencies

To: Hon Grant Robertson, Minister of Finance
    Hon Chris Hipkins, Minister of Education

Date: 15 October 2019
Priority: High

Security Level: In Confidence
METIS No: 1209802

Drafted: § 9(2)(a)

Key Contact: § 9(2)(a)
DDI: § 9(2)(a)

Messaging seen by Communications team: No
Round Robin: Yes

Purpose of Report

This report seeks your agreement to rephase the funding for New Zealand's participation in the Programme for the International Assessment of Adult Competencies (PIAAC).

Summary

1 PIAAC is a household survey of adult literacy and numeracy skills. It is coordinated by the OECD and run every ten years. The next cycle is taking place in 2021/22, with results released in 2023.

2 In October 2018, you jointly agreed to fund the New Zealand’s participation in the second cycle through reprioritised spending [METIS 1151361 refers]. The funding was scheduled across four financial years based on an estimated profile of expenditure.

3 The Ministry of Education has contracted a research company to undertake the household survey. The agreed payment schedule does not fully align with the phasing of the appropriated funding. The differences in phasing cannot be met from baseline. We need to bring $0.816 million of expenditure from the 2021/22 and 2022/23 financial years forward into the 2019/20 and 2020/21 financial years. These changes will be fiscally neutral.

4 This change to Vote Tertiary Education appropriations needs to be jointly approved by the Minister of Education and the Minister of Finance.

~ 7 NOV 2019

1
Recommended Actions

The Ministry of Education recommends you:

a. note that $5.630 million of 2018/19 funding in the Tertiary Tuition and Training Multi-Category Appropriation (MCA) was reprioritised to fund New Zealand's participation in the second cycle of the Programme for the International Assessment of Adult Competencies (PIAAC)

b. agree to bring forward $0.816 million of expenditure from the 2021/22 and 2022/23 financial years into the 2019/20 and 2020/21 financial years to reflect the timing of funding commitments with the contracted research company

Agree / Disagree

Agree

Disagree

c. agree to the following fiscally neutral adjustments to give effect to the decision in recommendation (b), with no impact on the operating balance

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<tr>
<th>Vote Tertiary Education Minister of Education</th>
<th>2018/19</th>
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<th>2021/22</th>
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<tr>
<td>Total Operating</td>
<td>-</td>
<td>0.379</td>
<td>0.437</td>
<td>(0.685)</td>
<td>(0.131)</td>
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</table>

Agree / Disagree

Agree

Disagree

d. note that the fiscal implications of recommendations (b) and (c) will be addressed through the 2020 March Baseline Update

e. agree that the proposed change(s) to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply

Agree / Disagree

Agree

Disagree
agree that this Education Report is proactively released following your joint decision on the funding change.

Release / Not release

Andy Jackson
Group Manager, Tertiary Education
Graduate Vocations, Achievement and Careers
17/10/2019

Hon Grant Robertson
Minister of Finance
2/11/19

Hon Chris Hipkins
Minister of Education
23/10/19
Background

1 The Programme for the International Assessment of Adult Competencies (PIAAC) provides unique information on how adults' skills are developed, maintained and used over a lifetime. PIAAC is coordinated by the OECD and undertaken across more than 30 countries. It provides information on the interaction between people’s skills, material and social well-being, educational attainment, employment, earnings and socio-demographic characteristics.

2 The Survey of Adult Skills is the main activity of PIAAC. It involves the direct measurement of literacy, numeracy and problem-solving skills for the population aged 16 to 65.

3 New Zealand participated in the first cycle of PIAAC in 2014/15, with results released in 2016. The second cycle will be undertaken in 2021/22, with results released in 2023. A field trial for the survey will be undertaken next year to test the assessment items in each country.

4 In October 2018, you jointly approved the reprioritisation of $5.630 million from underspends in the Tertiary Tuition and Multi-Category Appropriation (MCA) in 2018/19 to fund New Zealand’s participation over a five year period.

New Zealand’s participation in the second cycle is underway

5 The Ministry of Education (the Ministry) has contracted CBG Health Research Ltd to undertake the household survey. The company has considerable experience in running complex household surveys, including the New Zealand Health Survey and the New Zealand Crime and Victims Survey.

6 In addition to the 5,000 interviews of 16 to 65 year olds mandated by the OECD, CBG has agreed to undertake oversamples of Māori, Pacific peoples and young people, as well as an extended sample of 66 to 75 year olds.

7 The Ministry has also been working with the OECD and its partners on the adaptation of the background questionnaire to New Zealand and quality assurance of the literacy, numeracy and problem-solving assessment items.

8 Planning is well underway to hold the field trial for the survey next year.

Actual funding requirements are out of phase with planned expenditure

9 Funding for participation in PIAAC was scheduled across financial years based on an estimated profile of expenditure. This was informed by the profile of expenditure for the first cycle. Subsequently, there has been further clarification of the timeline and activities required for the next cycle, which has informed the payment schedule for the research company contract. The payment schedule aligns with when the work for the survey will be undertaken.
10 The current funding profile is set out in the table below:

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<tr>
<td>Research, Data Analysis and Monitoring</td>
<td>-</td>
<td>1.300</td>
<td>0.422</td>
<td>3.777</td>
<td>0.131</td>
<td>5.630</td>
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11 The required funding profile to meet the agreed contract payments is as follows:

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<td>0.859</td>
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12 To achieve the required funding profile, the following changes in the appropriation need to be made. These changes are fiscally neutral, but cannot be met from baseline funding.

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Rephasing expenditure requires the approval of the Minister of Finance

13 The proposed rephasing of the expenditure requires joint approval from the Minister of Education and the Minister of Finance.

14 If Joint Ministers agree to the fiscally neutral funding changes, the in-principle decisions would be confirmed, and the baseline will be updated - through the 2020 March Baseline Update (MBU) process.

Proactive Release

15 It is intended that this Education Report is proactively released after both Ministers have made decisions on the proposed funding changes. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.