Briefing Note: Funding to meet the costs of the increase to the Refugee Quota

To: Hon Chris Hipkins, Minister of Education  
Hon Jenny Salesa, Associate Minister of Education

cc: Hon Tracey Martin, Associate Minister of Education

Date: 13 December 2018  
Priority: High

Security Level: In Confidence  
METIS No: 1171376

Draft: Julia Cronin  
DDI: s 9(2)(a)

Key contact: Maree Jeurissen  
DDI: 

Messaging seen by Communications team: No  
Round robin: No

Purpose of Report

This paper updates you on the education costs associated with the Government’s decision to increase the refugee quota from 1,000 to 1,500 places per year from July 2020 and the funding that is being sought from the contingencies set up to support this policy change. The paper to joint Ministers seeking to draw down the contingencies is to be forwarded to your respective offices, for your information, by the Minister of Immigration.

Summary

- The following education costs are proposed to be drawn down from the ‘Operating and capital contingency – Increasing the refugee quota to 1,500’: $14.318 million for Vote Education and $9.442 million for Vote Tertiary Education over 2018/19 to 2023/24, with $3.849 million and $3.846 million in 2024/25 and outyears for Vote Education and Vote Tertiary Education respectively.

- s 9(2)(f)(iv)

- Costs for the additional Refugee Quota students for mainstream education services in early childhood, primary and secondary education are to be met through population-based forecast changes and charged against future Budgets.
We recommend that you:

Agree that this briefing note is proactively released, withholding any information in line with the provisions of the Official Information Act 1982.

Agree / Disagree

Katrina Casey
Deputy Secretary
Sector Enablement and Support
13/12/2018

Hon Chris Hipkins
Minister of Education
30/12/18
Increase in the Refugee Quota to 1,500 from 2020

1. In September 2018, the Social Wellbeing Cabinet Committee agreed to increase the annual Refugee Quota to 1,500 places from 2020/21, and agreed to establish contingencies to fund the costs associated with supporting successful outcomes of refugees in New Zealand [SW-18-MIN-0131 refers]. This is a 50% increase to the Refugee Quota, from the current annual Refugee Quota of 1,000.

2. Two contingencies were established to meet costs, the:
   - ‘Operating and capital contingency – Increasing the refugee quota to 1,500’, including:
     - operating costs of $146.180 million over five years, and $35.021 million in outyears
     - capital costs for building needs at Mangere Refugee Centre, including

3. These contingencies were based on costings provided by agencies to support the settlement of refugees, and were to be drawn down with the agreement of the Minister of Finance, Minister of Immigration, Minister of Housing and Urban Development and the Minister for Social Development. The contingency will expire on 30 June 2019. Any funding drawn down will be set against Budget 2019 as a pre-commitment.

4. MBIE have provided a paper to Ministers to draw down the contingency. This paper will be forwarded to you for your information. The paper includes costs being drawn down to Vote Education and Vote Tertiary Education to fund education services that will be needed by the additional quota refugees.

**Education costs to support costs of the increase in the refugee quota**

**Vote Education costs**

*Education services and facilities at Mangere Refugee Centre*

5. The Ministry has sought costs for:
   - Education programmes for refugees while at Mangere Refugee Centre ($1.079 million per annum)
   - ...
   - ...

6. ...)
Schooling and early childhood education costs

8. The Ministry has sought costs for the additional support services needed by the additional quota refugee students while in the school system, and staffing costs for those working with schools and communities to support refugee-background children engage and achieve in the schooling system. The additional services to support the quota refugee students include: specific English for speakers of other languages (ESOL) funding for schools, bilingual tutor support and Computers in Homes.

9. Total Vote Education funding sought is $14.318 million over 2018/19 to 2023/24, with $3.849 million per annum in 2024/25 and outyears. This is outlined in Table 1.

Vote Tertiary Education costs

11. The Ministry has provided costings for additional ESOL learner places in the intensive literacy and numeracy ESOL fund and the Refugee English Fund. The increase phases in over time, with annual cohorts of additional adults with ESOL needs from the additional annual Refugee Quota. In outyears, there will be a 23% increase in the Intensive Literacy and Numeracy ESOL fund, where currently refugee-background learners utilise just under half the learner places, and an increase of 40% in the Refugee English Fund, targeted at refugee-background learners. These increases reflect that there will be a 50% increase in refugee adults, expected to have similar ESOL needs to the current intakes of refugees.

12. The Ministry have not sought additional costs for other tertiary education provision, such as industry training or student achievement component funding for general education provision or ESOL provision at higher levels as the numbers would be small. Any additional general tertiary education tuition and training needs from the additional quota refugees can be met within baselines.

13. There are some additional student support costs (loans and student allowances) from the additional Refugee English Fund places. The costs are mostly for student allowances ($2.160 million per annum in outyears) as refugees typically meet the financial eligibility criteria. There would also be student loan capital costs for borrowing of $0.241 million per annum in outyears, and student loan operating costs of $0.084 million per annum in outyears. S 9(2)(f)(iv)

14. The Vote Tertiary Education costs for ESOL provision are $9.442 million over 2018/19 to 2023/24, and $3.486 million in 2024/25 and outyears. This is outlined in Table 1.
Potential changes to the refugee resettlement areas

15. With the additional quota refugees MBIE expects to have, the expansion of refugee resettlement locations will mean that a higher number of schools will need support for refugee students, with Ministry staff supporting more schools and the refugee communities in more locations. It will also mean the Tertiary Education Commission will need to consider ESOL provision expanding in the new resettlement areas.

Table 1: Vote Education and Vote Tertiary Education costs sought to be drawn down from the ‘Operating and capital contingency – Increasing the refugee quota to 1,500’

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vote Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-departmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Education</td>
<td>0</td>
<td>0</td>
<td>0.205</td>
<td>0.205</td>
<td>0.205</td>
<td>0.205</td>
<td>0.205</td>
</tr>
<tr>
<td>Secondary Education</td>
<td>0</td>
<td>0</td>
<td>0.874</td>
<td>0.874</td>
<td>0.874</td>
<td>0.874</td>
<td>0.874</td>
</tr>
<tr>
<td>Outcomes for Target Students</td>
<td>0</td>
<td>0</td>
<td>0.782</td>
<td>0.969</td>
<td>1.157</td>
<td>1.344</td>
<td>1.531</td>
</tr>
<tr>
<td>Groups MCA: Learning Support</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental Output Expenses: Outcomes for Target Students</td>
<td>0.058</td>
<td>0.116</td>
<td>0.752</td>
<td>0.752</td>
<td>0.752</td>
<td>0.752</td>
<td>0.752</td>
</tr>
<tr>
<td>Groups MCA: Interventions for Target Student Groups</td>
<td>0.420</td>
<td>0.200</td>
<td>0.487</td>
<td>0.487</td>
<td>0.487</td>
<td>0.487</td>
<td>0.487</td>
</tr>
<tr>
<td>School Property Portfolio Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vote Education Total</td>
<td>0.478</td>
<td>0.316</td>
<td>3.100</td>
<td>3.287</td>
<td>3.475</td>
<td>3.662</td>
<td>3.849</td>
</tr>
<tr>
<td><strong>Vote Tertiary Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vote Tertiary Education Total</td>
<td>0</td>
<td>0</td>
<td>1.157</td>
<td>1.688</td>
<td>3.220</td>
<td>3.377</td>
<td>3.846</td>
</tr>
</tbody>
</table>

1 Auckland, Hamilton, Palmerston North, Wellington, Nelson, Christchurch, Dunedin and Invercargill.