

Commercial in Confidence

Office of the Minister of Education

Chair, Cabinet Government Administration and Expenditure Review Committee

Confirmation of Crown capital investment to support the rebuild of Lincoln University's science facilities

Proposal

1. This paper seeks agreement to reduce and re-phase capital funding for Lincoln University (Lincoln) to support the rebuild of its science facilities, as part of a wider campus redevelopment and transformation programme, from \$85 million over three years to \$80 million over five years (2019/20-2024/25). It also seeks for the remaining \$5 million to be reallocated to support Tai Poutini Polytechnic (TPP).

Executive Summary

2. As part of the Crown's decision to support Canterbury tertiary education institutions following the earthquakes, Cabinet agreed in 2017 to provide up to \$85 million to Lincoln for a joint development with AgResearch, subject to joint Ministers endorsing an Implementation Business Case (IBC) for the project [CAB-17-MIN-0312.01].
3. Following numerous delays and due to concerns around the affordability of the Joint Facility project with AgResearch, the two parties decided in late 2018 to construct their own facilities, but to develop them adjacent to each other on the Lincoln site in order to realise as many of the benefits of the former Joint Facility project as possible. These include achieving a greater return on research and development through collaboration and improving connections with industry as well as increasing the number of land-based sector graduates.
4. Lincoln submitted a Programme Business Case, *Moving Forward*, in August 2019 outlining its revised plans for rebuilding and repairing its earthquake-damaged facilities and modernising the way it teaches and undertakes research. The case includes a \$207 million capital redevelopment programme to be carried out over the next ten years. The major project is the replacement of its science facilities with a series of new buildings at an estimated cost of **S 9(2)(j)**
5. Letters of support for the programme have been received from AgResearch, Blinc Innovation (formerly the Lincoln Hub) and Manaaki Whenua - Landcare Research. The Minister of Research, Science and Innovation has recently announced support for AgResearch's \$98 million investment in the development of new scientific research facilities and corporate headquarters for AgResearch in the Lincoln precinct. This will be wholly funded by AgResearch including the use of debt. AgResearch plan to submit an IBC for ministerial approval in mid-2020.
6. After consideration of Lincoln's Programme Business Case, I propose that \$80 million of the \$85 million already appropriated in Vote Tertiary Education is confirmed

to support the rebuild of Lincoln's science facilities. I recommend reducing the amount to \$80 million to recognise the insurance risk-sharing arrangements Cabinet agreed to as part of the 2017 decisions [CAB-17-MIN-0312.01]. I also recommend the capital support is provided in five tranches and is linked to Lincoln meeting key programme milestones, including \$5 million being "at-risk" and payable only on Lincoln achieving the programme benefits.

7. There is a clear need for Lincoln to rebuild its science facilities and I consider that the proposed programme of work is both achievable and affordable. Lincoln's financial situation has improved significantly over the past year. It reported its third consecutive operating surplus in 2018 and, following the recent finalisation of its insurance settlement, it has \$80 million of available cash on hand to contribute to the programme. Lincoln has also increased its internal capacity and capability for undertaking this programme of work.
8. While some risks remain – particularly around achieving enrolment forecasts – they are now more manageable, and the overall risk to the Crown has significantly reduced compared to the proposed Joint Facility project with AgResearch. Furthermore, the proposed phased approach to the redevelopment of its campus will provide Lincoln with the flexibility to adjust its capital programme, if required, in response to its financial situation and other pressures.
9. I will establish a formal legal agreement between the Crown and Lincoln which will set out the conditions and schedule for the release of funding and a set of targets and milestones to ensure accountability for delivering the programme. To ensure strong oversight of the programme, I will establish a Governance Oversight Group similar to that used at the University of Canterbury (UC) to oversee the Crown's investment in UC's rebuild programme. This group will have an independent chair and be comprised of senior management and governors from the Crown and Lincoln.
10. I propose that the remaining \$5 million from Lincoln is reprioritised to provide further Crown support to TPP, to ensure it can meet its operating commitments in 2020 and continue to provide tertiary education on the West Coast as it transitions to the New Zealand Institute of Skills and Technology (the Institute).

Background

Previous business cases and decisions

11. Following the 2010 and 2011 Canterbury earthquakes, the previous Government decided to provide financial support to the three Canterbury-based tertiary education institutions to assist them to rebuild and upgrade their campuses. It was expected that each institution would use its own cash reserves and any insurance settlements towards the rebuilding, and that Crown funding would supplement this.
12. UC received \$260 million from the Crown to build new science facilities and upgrade its engineering facilities while Ara Institute of Technology received \$19 million to upgrade and expand its trades training facilities.
13. In 2014, Cabinet agreed in-principle to provide up to \$100 million to Lincoln to rebuild its science facilities, subject to further work being undertaken. Cabinet also agreed to

provide \$7.5 million immediately to Lincoln to contribute to the next stages of the redevelopment. The development at Lincoln has been a long, slow process with many delays during the design and business case development process. Lincoln has also experienced some serious financial issues since the earthquakes, including delays in settling its insurance claim.

14. In 2017, Cabinet agreed to provide up to \$85 million to Lincoln for a joint development with AgResearch subject to Ministers endorsing an IBC for the project [CAB-17-MIN-0312.01]. In December 2018, the Minister of Finance and I deferred making a decision on the IBC until outstanding issues were resolved. The costs of the Joint Facility project had increased substantially from what was originally planned and there was considerable concern about the affordability of the build programme for Lincoln and the associated risks to the Crown.
15. AgResearch and Lincoln subsequently decided to construct their own facilities, but to develop them adjacent to each other in order to realise as many of the benefits of the former Joint Facility project as possible.

AgResearch's business case is about to be considered by shareholding Ministers

16. AgResearch's business case for its development at Lincoln is about to be submitted to shareholding Ministers for approval. It proposes new, modern science and research facilities and corporate headquarters with additional facilities that will be leased to other tenants – in particular, DairyNZ. These facilities will be built directly next to Lincoln's new science facilities on Lincoln land that will be acquired by AgResearch to ensure all of the benefits of close collaboration can be achieved. The development will also form part of the wider Lincoln precinct with other Crown Research Institutes (CRIs) and private partners such as PGG Wrightson Seeds which has recently developed new facilities bordering the proposed development.
17. The estimated cost of the new facilities is \$98 million and will be wholly funded by AgResearch through retained earnings, asset sales and debt.

Summary of Lincoln's Programme Business Case – Moving Forward

18. Lincoln has developed a \$307 million capital programme for the next ten years. This is comprised of a \$207 million campus redevelopment plan and \$100 million of business-as-usual capital expenditure (e.g. IT and library costs). The majority of the \$207 million campus redevelopment spend is projected to occur in the next three years. The overall campus redevelopment programme comprises:
 - **New science facilities** – S 9(2)(j) to replace those damaged in the earthquakes with a series of buildings containing modern, fit-for-purpose teaching and research facilities and a further S 9(2)(j) to demolish Lincoln's main earthquake-damaged science building (the Burns building);
 - **Replacing and upgrading student support facilities** – S 9(2)(j) to upgrade and build new student support facilities that were damaged in the earthquakes including the library, student union, and sport and recreation facilities; and
 - **Repairing other earthquake-damaged buildings** – S 9(2)(j) to repair earthquake damage of essential facilities and historical buildings.

19. Rather than one large building as per the Joint Facility project, Lincoln is proposing a smaller, staged set of developments. This phased approach will allow Lincoln to fit in with AgResearch's development, to manage decanting and demolition of the Burns building, and to address seismic issues across a range of buildings on campus. It will also mean the projects are more manageable and the phasing can be modified if financial, timing, or other pressures arise.
20. A key benefit of the programme is assisting Lincoln's recovery by replacing earthquake-damaged buildings with teaching and research spaces that are safe, modern, flexible and future-proofed, and which are attractive to students, staff, and research and investment partners. However, it is wider than just a build programme and involves modernising research, teaching, and learning. Around \$25 million in operational funding has been earmarked by Lincoln to implement these "new ways of operating". These aspects of the programme include:
 - expanding Lincoln's multi-disciplinary Centres of Excellence;
 - introducing blended and online learning to existing and new programmes;
 - development of a new land-based post-graduate school in conjunction with UC to create more multi-disciplinary graduates and facilitate more productive and effective collaboration with the CRIs at Lincoln;
 - the Children's University initiative in partnership with UC which engages young people in innovative learning activities and experiences outside of the classroom to raise aspirations for higher education and encourage lifelong learning; and
 - expanding partnerships with key stakeholders such as AgResearch, other CRIs, Ngāi Tahu, UC and other universities.

Key benefits of the programme

21. The programme is expected to deliver the following benefits for New Zealand as a whole, particularly the land-based sector:
 - greater return on research and development through collaboration and improving connections with industry;
 - an increase in the number of land-based sector graduates; and
 - improving the global competitiveness of the land-based sector.
22. The direct benefits sought for Lincoln and its partners are:
 - increased consumer confidence in Lincoln;
 - improved ability for Lincoln to attract and grow talent – both staff and students;
 - greater collaboration to produce better outcomes than Lincoln could as a standalone university; and
 - improved financial outcomes.

Lincoln's financial situation has improved and the programme is affordable

23. Lincoln's financial situation has improved significantly over the past year. It reported its third consecutive operating surplus in 2018 of \$4.1 million and is reporting another operating surplus of \$3.2 million for the year to July 2019. In March 2019, Lincoln also settled its final insurance claim for \$45 million, which was more than the \$20 million it had expected. The final settlement brings Lincoln's total insurance receipts relating to the Canterbury earthquakes to \$110 million. As a result of the final insurance settlement, Lincoln currently has \$80 million of available cash on hand.
24. Compared to late 2018, when it was seeking endorsement of the Joint Facility IBC, not only has Lincoln's financial situation improved but the proposed size and scale of the science buildings have been reduced to better reflect student number forecasts and is now comprised of a modern, functional set of buildings rather than an iconic facility. The proposed programme of work is both achievable and affordable.
25. Lincoln's \$307 million capital programme for the next ten years is to be funded through a range of sources including operating surpluses, insurance settlements, interest revenue, asset sales, and the Crown's contribution.

Sharing of insurance proceeds

26. The 2017 Cabinet decision contained a provision that any further insurance proceeds related to building damage over \$20 million were to be offset against the Crown contribution. However, the final insurance settlement of \$45 million received earlier in 2019 was a global settlement and did not distinguish between payments relating to building damage, business continuity, or claim preparation costs. It is therefore not technically possible to separate out the amount relating to building damage for the purpose of determining what may be owed to the Crown.
27. Despite this, I propose reducing the Crown contribution from \$85 million to \$80 million to account for this provision. At this level of Crown support, I still consider the programme is affordable.

Details of the support package for Lincoln

Key principles for funding decisions

28. There are a number of factors I considered in deciding the appropriate level of Crown funding to support Lincoln rebuild its science facilities. These include:
 - the level of Crown funding is sufficient for Lincoln to complete the programme successfully without requiring further Crown support and without threatening the long-term viability of the university;
 - a level of investment that incentivises Lincoln to give priority to this programme of work, both from a financial and a management perspective;
 - a level of investment that requires Lincoln to manage its finances closely, continue to focus on increasing enrolments and other revenue, and to carefully prioritise the size, scope and timing of its other capital projects on campus;

- the timing and conditions of Crown support keep Lincoln focussed on completing the programme of work and the main project (Science North), as well as on delivering the wider transformation benefits of the programme, while helping it move toward a financially sustainable position; and
 - taking account of the insurance risk-sharing arrangements.
29. The quantum, timing and conditions of funding I am proposing are designed to deliver on these investment principles.

Timing of payments

30. I propose the \$80 million Crown contribution is structured as follows:
- \$5 million on Ministerial endorsement of the Science North Single Stage Business Case (2019/20);
 - \$5 million on Ministerial endorsement of the Science North IBC (2020/21);
 - \$5 million on completion of the Science South project (2020/21);
 - \$30 million on completion of the first stage of Science North (2021/22);
 - \$30 million on full completion of Science North (2022/23); and
 - \$5 million dependent on realisation of the programme benefits (2024/25).
31. I believe this structure of payments will create the best incentives for the successful delivery of the benefits of the programme, including implementing the changes in the way Lincoln operates. It will also ensure that Lincoln puts sufficient effort into successfully managing the programme and its finances.
32. Lincoln modelled a range of scenarios as part of the business case to assess the impact on its finances under various Crown contributions. At \$75 million, it was too low for Lincoln to appropriately manage the risks it might face during the programme and ran the risk that Lincoln may seek further Crown funding in future. At \$85 million, the Crown was potentially investing more than was required and it would not have reflected the insurance sharing arrangements. I considered an \$80 million contribution, as structured above, is best aligned to the key investment principles.

Crown funding agreement

33. A Crown funding agreement was previously agreed with Lincoln as part of the decision to support the Joint Facility project. Due to the changes, I will establish a new funding agreement that sets out the conditions and schedule for the release of funding and a set of targets to ensure accountability for delivering the programme. The agreement will include key indicators such as enrolments, financial targets, research revenue, asset sales and building completion milestones.
34. It will also include requirements to implement the proposed changes to how Lincoln delivers teaching and undertakes research as well as an Independent Quality Assurance (IQA) programme and post-implementation reviews that must be undertaken.

Key risks of the programme

35. The major risks to the programme relate to failure to achieve enrolment growth targets, build cost escalation, timelines being missed, and that the required transformation changes are not implemented.
36. Detailed sensitivity analysis has been undertaken to assess the financial impact of the risks. The table below outlines the main risks in order of importance and the mitigations that could be employed by Lincoln to manage them. Failure to achieve the forecast growth in equivalent full-time students (EFTS) is the biggest risk.

Risks	Description	Mitigations
Failure to achieve domestic EFTS growth forecasts	Domestic EFTS are § 9(2)(ba)(i) when the majority of the new campus redevelopment has been completed. Domestic EFTS at Lincoln have fallen in recent years and the forecast growth would represent a major turnaround. New facilities and new programmes will help but it is a difficult market given the relative attractiveness of careers in the land-based sector and competition from other universities.	<ul style="list-style-type: none"> • Development of new programmes • New delivery models and modes • Investment in the land-based post-graduate school • Increased partnerships • Strengthened marketing efforts • Potential for scaling back and delaying capital programme if required • Increasing asset sales
Failure to achieve international EFTS growth targets	Lincoln is forecasting international EFTS growth of § 9(2)(ba)(i) going forward, which seems sensible given strong growth across the university sector in recent years. Lincoln has reported international EFTS growth of 8% per annum over the past three years. However, there is always a risk of an adverse incident which affects the international market. International students comprise around 40% of Lincoln's EFTS, so any negative shock would have a considerable impact.	<ul style="list-style-type: none"> • Development of new programmes • New delivery models and modes • Investment in the land-based post-graduate school • Increased partnerships • Strengthened marketing efforts • Diversifying the source countries for international students • Potential for scaling back and delaying capital programme if required • Increasing asset sales
Build cost escalation	Design work for the main science project, Science North, is still in its early stages. How it is designed and procured will impact on this risk.	<ul style="list-style-type: none"> • Ensure appropriate contingency • IQA undertaken on business cases • Procurement processes which allow for value engineering • Potential for scaling back and delaying capital programme if required
Delays on construction	The timeframes are relatively tight and there is a strong chance of delays. Delays will have limited financial impact although may result in domestic enrolments recovering later.	<ul style="list-style-type: none"> • Limited mitigation options given design timeframes are tight • IQA undertaken on business cases • Depends on market conditions and with smaller scale projects there are likely to be more firms available
Operational changes not implemented	A number of the benefits of the programme rely on Lincoln changing the way it delivers teaching, undertakes research and collaborates with other stakeholders. There is a risk that Lincoln focuses primarily on the delivery of the buildings.	<ul style="list-style-type: none"> • A Programme Management Office will oversee both capital and non-capital projects, with each project having a project plan and a business owner and subject to ongoing monitoring. • Having the final \$5 million of Crown funding "at-risk" and only payable on realisation of the wider benefits should incentivise Lincoln.

Management structures and governance requirements

37. Appropriately identifying, managing and mitigating the risks to the programme will require strong management, governance oversight and decision-making. Significant management effort and oversight will also be needed to manage both the construction side of the programme as well as the implementation of the business transformation side. While Lincoln has increased its internal capacity and capability for undertaking this programme of work, further improvements are needed. This is an issue that officials will work closely with Lincoln on, supported by the following arrangements to ensure sufficient monitoring and accountability:
- quarterly reporting against milestones set out in the business case;
 - the establishment of a Programme Governance Oversight Group (GOG), with an independent chair and senior representatives from Lincoln and the Crown (the same model that was successfully used for UC's rebuild programme);
 - the Capital Assets sub-Committee of Lincoln's Council will ensure there is appropriate scrutiny over the programme at the Council level;
 - the recent establishment of a Programme Management Office by Lincoln to oversee the capital and non-capital projects in the programme; and
 - the establishment of a Project Control Group, with an independent expert as Chair, to oversee the rebuild of the new science facilities, including the major Science North project.
38. The funding agreement will explicitly outline these arrangements.

Support for Tai Poutini Polytechnic

39. I propose that the remaining \$5 million from Lincoln is reprioritised to provide further Crown support to TPP to ensure it can continue to provide tertiary education on the West Coast in 2020. TPP is not viable in its current form and has required ongoing Crown support in recent years to account for the higher costs of providing tertiary education on the West Coast. The most recent capital injection of \$2.25 million paid to TPP in August 2019 only ensured it could meet its operating commitments until the end of 2019. The latest cash flow forecasts suggest that it will start entering cash flow issues almost immediately in 2020 without further Crown support.
40. Given TPP's continued lack of viability, its long-term future and financial sustainability is linked to the Reform of Vocational Education. It is expected that on 1 April 2020, TPP will become a Crown entity subsidiary, albeit initially an unviable one, of the Institute. The proposed Crown support will ensure TPP can meet its operating commitments for the majority, if not all, of 2020 after which time the Institute will become responsible for ensuring the viability of tertiary education provision on the West Coast.

Consultation

41. This paper has been prepared by the Tertiary Education Commission. The Ministry of Education, the Ministry of Business, Innovation and Employment, the Ministry for Primary Industries and the Treasury have been consulted in the preparation of this paper and support its recommendations. The Department of Prime Minister and Cabinet (Policy Advisory Group) has been consulted.

Financial implications

Capital contribution

42. As set out above, I intend to reduce the funding available to Lincoln from \$85 million to \$80 million, with payments provided in five tranches and linked to Lincoln meeting key programme milestones, including \$5 million being “at-risk” and payable only on Lincoln achieving the benefits of the programme. The balance of \$5 million will be reallocated to provide further Crown support to TPP.

Funding requirements

43. Cabinet agreed in 2017 to provide up to \$85 million in capital funding to Lincoln to help rebuild its science facilities and this funding remains appropriated in Vote Tertiary Education [CAB-17-MIN-0312.01]. The phasing of this appropriation was recently revised as part of Budget 2019 [CAB-19-MIN-0088.13].
44. I propose that funding to support Lincoln rebuild its science facilities be re-phased as outlined in the table below, alongside additional support being provided to TPP.

	\$m - increase/(decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Support for Lincoln University						
Current appropriation profile	65.000	15.000	5.000			
New phasing for Lincoln	5.000	10.000	30.000	30.000	-	5.000
Support for Tai Poutini Polytechnic						
Phasing for TPP	5.000	-	-	-	-	-
Net Change	(55.000)	(5.000)	25.000	30.000	-	5.000

Gender implications

45. In 2018, 51 percent of students at Lincoln were women. It is hoped that the investment in new science facilities, and wider campus redevelopment programme, will attract increased numbers of students studying land-based programmes and create greater opportunities to increase the number of women in our land-based sector. The proposed changes to how Lincoln delivers education (e.g. greater online and blended learning) should ensure greater access to land-based tertiary education for women, especially those who may be less able to travel or are already engaged in careers.

Implications for Māori

46. Lincoln has strong linkages with its local iwi Ngāi Tahu, which includes having a Ngāi Tahu representative on its Council, involvement in commercial joint ventures, Ngāi Tahu farms, and joint training programmes for young people. Other key initiatives are the inclusion of Māturaka Māori and Mahika Kai in three new Centres of Research on campus, the inclusion of Te Taumutu Rūnanga as part of the Children's University initiative, and increased engagement with Māori through developing trained and skilled thought leaders. The new campus redevelopment programme provides an opportunity for further strengthening these relationships. This is built into the individual project plans, particularly the "new ways of working" projects, the land-based post graduate school, and student recruitment, which provide greater opportunities to get Māori onto campus.

Disability perspective

47. New facilities and landscapes as well as the redevelopment of existing facilities will ensure accessibility across the campus. The proposed changes to how Lincoln delivers education will also look to support the diversity of learner needs, including those with additional learning supporting needs.

Other implications

48. There are no legislative, regulatory or human rights implications arising from this paper.

Publicity

49. Subject to Cabinet's agreement to this paper, I intend to release a press statement confirming that the Government will provide Crown funding to Lincoln to support the rebuild of its science facilities. I will consult with relevant Ministerial colleagues as required on the intended press statement.

Proactive release

50. I propose to release this paper proactively. Release will be subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Education recommends that the Committee:

1. **note** that in 2014, Cabinet agreed in-principle to provide up to \$100 million to Lincoln University (Lincoln) to help rebuild its science facilities following the 2010 and 2011 Canterbury earthquakes, subject to further work being undertaken, with an additional \$7.5 million paid immediately [CAB Min (14) 22/8].
2. **note** that in 2017, Cabinet agreed to provide up to \$85 million in capital funding to Lincoln, rather than the \$100 million set aside, to contribute to its share of the Joint Facility project with AgResearch to replace its earthquake damaged science facilities [CAB-17-MIN-0312.01] but Lincoln has not received any of this funding;

3. **note** that due to numerous delays and concerns around the affordability of the Joint Facility project, in late 2018 Lincoln and AgResearch decided to construct separate, complementary facilities adjacent to each other on the Lincoln site, to still realise as many benefits of the former Joint Facility project as possible;
4. **note** that the Minister of Research, Science and Innovation has recently announced ministerial support for AgResearch's \$98 million investment in the development of a new scientific research facility and corporate headquarters for AgResearch in the Lincoln precinct;
5. **note** that Lincoln recently submitted a Programme Business Case, *Moving Forward*, outlining a \$207 million campus redevelopment programme for the next ten years to rebuild and repair its facilities damaged in the Canterbury earthquakes as well as modernise how it teaches, undertakes research and partners with other institutions;
6. **note** that as part of the Budget 2019 technical initiatives package, the \$85 million in Crown funding that is appropriated in Vote Tertiary Education was re-phased and Cabinet invited the Minister of Education to report back on Lincoln's revised development plans for the rebuild of science facilities and new arrangements for Crown funding [CAB-19-MIN-0088.13];

Insurance sharing arrangements

7. **note** that in 2017, Cabinet agreed that any further insurance settlements over \$20 million relating to building damage would be shared with the Crown [CAB-17-MIN-0312.01];
8. **note** that the Minister of Education proposes reducing the Crown contribution from \$85 million to \$80 million to take account of the insurance sharing provisions;

Crown funding to support Lincoln's rebuild of its science facilities

9. **agree** to provide a capital funding envelope of \$80 million to Lincoln to support the rebuild of its science facilities;
10. **agree** that the \$80 million in Crown support is paid in the following instalments:
 - 10.1. \$5 million on Ministerial endorsement of the Science North Single Stage Business Case (2019/20);
 - 10.2. \$5 million on Ministerial endorsement of the Science North Implementation Business Case (2020/21);
 - 10.3. \$5 million on completion of the Science South project (2020/21);
 - 10.4. \$30 million on completion of the first stage of the Science North project (2021/22);
 - 10.5. \$30 million on full completion of Science North project (2022/23); and
 - 10.6. \$5 million "at-risk" payment which is paid only on Lincoln achieving the benefits of the wider programme (2024/25).

11. **authorise** the Minister of Finance and Minister of Education to jointly approve the capital instalments described above or approve any changes to the size, timing and conditions of funding outlined in paragraph 10;

Further Crown support for Tai Poutini Polytechnic

12. **agree** that the remaining \$5 million in capital funding is reprioritised to further support the viability of Tai Poutini Polytechnic (TPP) in 2020;
13. **authorise** the Minister of Finance and Minister of Education to jointly approve a capital investment of up to \$5 million to TPP as agreed in paragraph 12, as well as finalise any related terms and conditions;
14. **note** that, subject to the assent of the Education (Vocational Education and Training Reform) Amendment Bill, TPP will become a Crown entity subsidiary of the New Zealand Institute of Skills and Technology, which will become responsible for ensuring the viability of tertiary education provision on the West Coast [CAB-19-MIN-0354 refers];

Changes to appropriations

15. **approve** the following changes to appropriations to give effect to the decisions in paragraphs 9, 10 and 12 above, with no impact on net Core Crown debt across the forecast period:

	\$m - increase/(decrease)					
Vote Tertiary Education Minister of Education	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 only
Non-Departmental Capital Expenditure:						
Support for Lincoln University	(60.000)	(5.000)	25.000	30.000	-	5.000
Support for Tai Poutini Polytechnic	5.000	-	-	-	-	-
Total Capital	(55.000)	(5.000)	25.000	30.000	-	5.000

16. **agree** that the proposed changes to appropriations in 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Funding agreement and governance

17. **authorise** the Minister of Finance and the Minister of Education to jointly establish a formal legal agreement between the Crown and Lincoln that sets out the conditions and schedule for the release of funding as well as key targets and milestones;
18. **note** that a Programme Governance Oversight Group will be established with an independent chair and senior representatives from Lincoln and the Crown to ensure the governance of the programme is robust and to monitor the key targets and milestones in the funding agreement as well as provide advice to Ministers;

Publicity

19. **note** that the Minister of Education will prepare a press statement in consultation with relevant Ministerial colleagues and Lincoln to announce the above decisions.

Authorised for lodgement

Hon Chris Hipkins

Minister of Education

Released by the Minister of Education