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RECEIVED Hon Bill English
30 MAR 2011 ORIGINAL
MINIS



THE TREASURY
Kaitiaki Take Kōwhiri
Kaitohutohu Kaupapa Rawa

Joint Treasury/SSC Report: Crown as an Employer: KiwiSaver and State Sector Retirement Savings Schemes

| | | | |
|-------|---------------|------------|-----------|
| Date: | 18 March 2011 | Report No: | T2011/472 |
|-------|---------------|------------|-----------|

Action Sought

| | Action Sought | Deadline |
|--|--|--|
| Minister of Finance (Hon Bill English) | Consult with Minister of State Services as necessary. Agree to recommendations. | Thursday 24 March to allow decisions to be incorporated in Cabinet Paper on KiwiSaver changes for 4 April. |
| Minister of State Services (Hon Tony Ryall) | Consult with Minister of Finance as necessary. Agree to recommendations. | Thursday 24 March to allow decisions to be incorporated in Cabinet Paper on KiwiSaver changes for 4 April. |

Contact for Telephone Discussion (if required)

| Name | Position | Telephone | 1st Contact |
|-----------------|---|-----------|---------------|
| Peter Martin | Director Tax Strategy | [1] | |
| Pauline Nesdale | Project Manager | | Tsy contact ✓ |
| Peter Brown | Deputy Commissioner, State Sector Performance | | SSC contact |

Minister of Finance's Office Actions (if required)

| |
|-------|
| None. |
|-------|

Enclosure: No

30 MAR 2011

Treasury/SSC Report: Crown as an Employer – KiwiSaver and State Sector Retirement Savings Schemes

Executive Summary

A wide range of agencies in the state sector receive central funding to reimburse them for the cost of employer contributions to KiwiSaver, the State Sector Retirement Savings Scheme (SSRSS) and the Teachers Retirement Savings Scheme (TRSS). The 15 March 2011 KiwiSaver decisions by Budget Ministers are expected to increase the cost of central funding by \$2 million in 2012/13, \$35 million in 2013/14, \$45 million in 2014/15, and \$80 million in 2015/16 and outyears. The total cost of central funding is now projected to be \$205 million in 2012/13, increasing to \$293 million in 2015/16. In 2012/13, \$73 million relates to departments, with \$67 million being the reimbursement for schools and \$46 million for District Health Boards.

It is recommended that you remove central funding for KiwiSaver, SSRSS and TRSS. This would place state sector employers on par with their private sector counterparts and would improve incentives on them to manage the full costs of employment when making decisions which affect personnel costs. Insulating state sector employers from this cost is inconsistent with the objective of shifting the balance of economic activity in the economy towards the tradable sector.

As a general approach, we recommend taking the central funding as a fiscal saving. Initial work on developing an efficiency dividend suggests that, in general, departments would be able to meet this cost without undue impact on the level and quality of service provision. If an efficiency dividend is subsequently imposed on departments we propose that the cost of employer contributions to KiwiSaver and SSRSS be the first call against these savings. In the final design of the dividend, specific rules for counting this cost would need to be determined. In the case of agencies in the wider state sector, the transfer of responsibility for centrally funded employer contributions will further add to cost pressures in the education and health sectors and can be expected to be a factor in decisions on their 2012/13 budget allocations. For other agencies this additional cost could be deemed as a de facto efficiency dividend. Some of these agencies also have the capacity to meet this cost from third party revenue.

We propose that central funding be removed from 1 July 2012. This provides a good balance between swift action to secure the fiscal savings and reasonable notice so that agencies can make adjustments that do not impact unduly on service provision.

[2],[3],[6]

) We no longer see a significant risk of individual employers ceasing participation in SSRSS. While the majority of SSRSS and TRSS members can still be financially better off as members of KiwiSaver, the relative attractiveness of KiwiSaver has been reduced. [2],[3],[6]

At the same time, future contributions by SSRSS and TRSS members who take up the KiwiSaver offer would be 'locked in' for up to 10 years longer than if they were made to their existing SSRSS or TRSS accounts.[2],[3],[6]

[2],[3],[6]

[6]

Some departments may also face challenges in making adjustments to their payroll systems to give effect to the changes.

Recommended Action

We recommend that you:

- a. **note** that the estimated cost of central funding for state sector employer contributions to KiwiSaver, SSRSS and TRSS is \$1,035 million over the five year period from 2011/12 to 2015/16.
- b. **note** that the incidence of these cost falls unevenly across State sector agencies depending on the level of uptake of these schemes.
- c. **note** that the estimated net additional cost of this funding as a result of the KiwiSaver decisions taken by Budget Ministers on 15 March 2011 is \$162 million over the five year period from 2011/12 to 2015/16.
- d. **note** that the Minister of Finance is considering applying an efficiency dividend to public service departments with effect from 1 July 2012.
- e. **agree** that central funding for state sector employer contributions to KiwiSaver, SSRSS and TRSS be terminated from 1 July 2012.

Agreed/Not agreed

- f. **agree** that, as a general rule, state sector agencies will not be provided with additional funding to meet the cost of their employer contributions to KiwiSaver, SSRSS and TRSS.

Agreed/Not agreed.

- g. **note** that, as well as providing fiscal savings for Budget 2011, this will place state sector employers on the same footing as employers elsewhere in the economy.
- h. **note** that while current work envisages that an efficiency dividend will not apply to the New Zealand Defence Force, New Zealand Police, the Department of Corrections, Statistics New Zealand, the Parliamentary Council Office, the Office of the Clerk of the House of Representatives, and the Communications Security Bureau, they will be required to meet the costs of employer contributions to KiwiSaver and SSRSS.

- i. **agree** that, notwithstanding recent decisions on the 2020 Statistics business case, Statistics New Zealand will not be provided with additional funding to compensate for the cost of its employer contributions to KiwiSaver and SSRSS.

Agreed/Not agreed

- j. **agree** that those departments currently centrally funded for KiwiSaver and SSRSS employer contributions will be able to count the cost of these employer contributions as a 'first call' against the efficiency dividend or savings from specific expenditure reviews.

Agreed/Not agreed.

- k. **note** that employer contributions to KiwiSaver, SSRSS and TRSS may impose cost pressures in the education and health sectors which Ministers may wish to make specific provision for in forward budget allocations.

- l. [2],[3],[6]

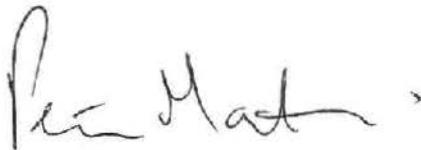
- m. [2],[6]

- n. **agree** to incorporate Ministers' decisions on the issues in this paper in the paper on KiwiSaver changes to be considered by Cabinet on 4 April 2011, including the fiscal implications.

Agreed/Not agreed.

- o. **note** that officials will work with Ministers' offices on the communication of the agreed forward direction to state sector employers and employees as part of the Budget communication package.

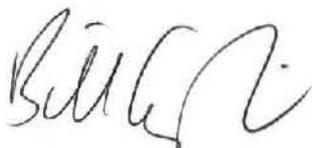
- p. **note** that the State Services Commission and Treasury will develop a process for consulting with state sector employers post budget on the practical implications for giving effect to Ministers' decision to remove central funding, including the inter-relationship with an efficiency dividend should this proceed.



Peter Martin
Director
Tax Strategy
for Secretary to the Treasury



Peter Brown
Deputy Commissioner
State Sector Performance
for State Services Commissioner



Hon Bill English
Minister of Finance

Hon Tony Ryall
Minister of State Services

Purpose of Report

1. This report provides advice on the implications for the Crown as an employer of the KiwiSaver decisions taken by Budget Ministers on 15 March 2011. It recommends that central funding for employer contributions to KiwiSaver, the State Sector Retirement Savings Scheme (SSRSS) and Teachers Retirement Savings Scheme (TRSS) cease from 1 July 2012. It further recommends that the pool of central funding not be redistributed to agencies. In the case of departments, it recommends that the cost of these employer contributions should be a first call against any efficiency dividend.
[2],[3],[6]

Background

2. The KiwiSaver decisions which impact on the Crown as an employer are as follows:
 - Halving the matching rate of the KiwiSaver Member Tax Credit to 50c per \$1 member contribution and halving the cap to \$521.43 with effect, for all KiwiSaver members, from 1 July 2011;
 - Removing the Employer Superannuation Contribution Tax (ESCT) exemption for KiwiSaver and complying superannuation funds with effect from 1 April 2012;
 - Applying the progressive scale method to ESCT calculations generally with effect from 1 April 2012;
 - Increasing to 4% the default employee contribution rate for new members with effect from 1 April 2012;
 - Employers being required to match their employees' contributions up to a maximum of 3% of gross remuneration with effect from 1 April 2013, and up to a maximum of 4% of gross remuneration with effect from 1 April 2015.
3. [2],[3],[6]

the Minister of Finance indicated a preference for removing central funding for KiwiSaver and SSRSS employer contributions. Subsequently the Minister of Finance commissioned work on an efficiency dividend to apply to departments.

Impact of KiwiSaver Decisions on Costs of the Crown as an Employer

4. Departments are reimbursed for employer contributions to KiwiSaver, with the exceptions of MFAT, SIS and DPMC¹. This central funding extends to all school employees through a Ministry of Education non-department expense, and to 90 agencies in the wider state sector, including District Health Boards (DHBs), polytechnics, Crown Research Institutes, New Zealand Trade and Enterprise, the Independent Police Conduct Authority, and Fish and Game Councils. Similarly, departments and schools are centrally reimbursed for the cost of employer

¹ These agencies had superannuation offers in place that provided a higher contribution than either SSRSS or KiwiSaver so were not eligible for central funding.

contributions to SSRSS and TRSS, including the cost of ESCT on these contributions. Centralised funding was introduced by the previous Labour-led Government to bring about consistency of superannuation provision, encourage increased retirement savings by employees and ensure the funding was applied to retirement savings and no other purpose.

5. Table 1 shows the impact of the KiwiSaver decisions on the cost of reimbursing state sector employers for KiwiSaver, SSRSS and TRSS. The total cost is projected to be \$205 million in 2012/13, increasing to \$258 million in 2014/15 and 293 million in 2015/16. This represents an increase in costs of \$2 million in 2012/13, of \$37 million in 2013/14, \$45 million in 2014/15, and \$80 million in 2015/16 and outyears. The change reflects the increase in the cost of employer contributions to KiwiSaver because of the increase in the matching employer contribution rate, offset to some extent by the reduction in costs for SSRSS and TRSS as a result of applying the progressive scale method in calculating ESCT.

Table 1: Impact of KiwiSaver Changes on SSC Central Funding of KiwiSaver, SSRSS and TRSS

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|--|---------|---------|---------|---------|---------|---------|
| | \$m | \$m | \$m | \$m | \$m | \$m |
| <i>Cost Prior to KiwiSaver Changes</i> | 181 | 193 | 203 | 213 | 213 | 213 |
| <i>Cost After Kiwi Saver Changes</i> | 181 | 193 | 205 | 248 | 258 | 293 |
| <i>Difference</i> | | | 2 | 35 | 45 | 80 |

6. The behavioural assumptions underlying this projection are consistent with those used in the wider KiwiSaver analysis: future KiwiSaver enrolment rates in the public sector are unchanged as a result of the combined effect of lower KiwiSaver subsidies and the increase in the matching employer contribution rate. It is also assumed that from April 2015, around 75% of employee contributions are made at the 4% rate, with this taking into account information about the extent to which members nationally, and within core government departments, are already contributing at 4%. In regard to ESCT on SSRSS and TRSS we understand that current departmental practice is to calculate the tax at the standard 33% rate.
7. Table 2 shows how these costs are distributed across broad categories of state sector agencies. In 2012/13 only some 35% of the projected cost relates to public service departments. Information on the distribution of this cost at an agency level is provided at Annexes A and B. The impact is uneven depending on the level of uptake of KiwiSaver, SSRSS and TRSS in each agency.

Table 2: Distribution of Projected Costs of Employer Contribution for KiwiSaver, SSRSS and TRSS.

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 (and outyears) |
|--|---------|---------|---------|------------------------------|
| | \$m | \$m | \$m | \$m |
| Government Departments | 72.8 | 82.7 | 85.2 | 93.0 |
| Ministry of Education Non Department Expense (school and kindergarten teachers/support staff) | 67.6 | 75.1 | 77.2 | 84.0 |
| DHBs | 45.9 | 63.1 | 67.5 | 81.2 |
| Polytechnics and Auckland University of Technology | 10.1 | 13.8 | 14.8 | 17.8 |
| Crown Agents | 4.9 | 6.8 | 7.3 | 8.7 |
| Autonomous Crown Entities and Independent Crown Entities | 1.7 | 2.3 | 2.5 | 3.0 |
| Crown Entity Companies | 2.7 | 3.8 | 4.0 | 4.8 |
| Public Finance Act Schedule Four Organisations | 0.2 | 0.2 | 0.2 | 0.3 |

The Case for Removing Central Funding of Employer Contributions

8. The case for removing central funding for KiwiSaver, SSRSS and TRSS employer contributions is unchanged by the decisions on KiwiSaver. The decisions further embed KiwiSaver as the preferred retirement savings vehicle in the public sector and leave substantially unchanged the incentives for state sector employees to become KiwiSaver members.
9. Removing central funding places state sector employers in the same situation as employers in the private sector. KiwiSaver and SSRSS/TRSS costs would become another cost pressure to be managed within baselines, improving the incentives on chief executives to take account of the full cost of employment, including superannuation contributions, when considering decisions affecting personnel costs, such as remuneration changes, collective bargaining decisions, or the provision of new or increased services. For the state sector to continue to be insulated from this cost is inconsistent with the broader objective of shifting the balance of economic activity in the economy towards the tradable sector, particularly when the cost of KiwiSaver to employers is being increased as a result of higher matching employer contributions. Removing central funding is also consistent with the treatment of contributions to other state sector schemes, including the legacy Government Superannuation Fund.

Should Agencies Be Compensated

10. In removing central funding, you can either take this as a fiscal saving or recycle the pool of funding to agencies to compensate them for the additional costs they will face for KiwiSaver and SSRSS/TRSS. Providing no compensation releases a significant fiscal saving for the Crown, but imposes increased cost pressures on state sector agencies, potentially impacting on the level and quality of service provision.
11. We consider that, given reasonable notice, this additional cost pressure can be absorbed by departments. This assessment is informed by work to date on an efficiency dividend, which has applied an initial judgement of the capacity for departments to make savings without undue impact on service levels. In general, the projected cost of KiwiSaver (including the additional cost from the increase in the matching employer contribution rate) and SSRSS contributions for individual departments is less than the value of savings which could be released by an efficiency dividend.^[2] For some departments, these costs would,

however, account for a substantial share of the dividend. In the case of a few departments the cost marginally exceeds the assessed dividend, but we do not consider the difference to be material. In regard to the Department of Corrections and New Zealand Police our current assessment is that a specific spending review would be more effective than an efficiency dividend in releasing savings, but the anticipated viable level of savings from a successful review process still exceeds the projected cost of their KiwiSaver and SSRSS contributions. No dividend is proposed for the New Zealand Defence Force (NZDF) given the recent Deane Review, but it is reasonable for NZDF to, in the first instance, apply savings generated by the review to meeting KiwiSaver and SSRSS costs.

12. In formulating advice on an efficiency dividend Treasury has taken into account the recent in principle decision by the Cabinet Economic Growth and Infrastructure Committee (EGI) to fund the preferred option set out in the Statistics 2020 business case [EGI Min (11) 4/10 refers]. This decision was informed by central agency advice that Statistics New Zealand's (SNZ) current financial situation is unsustainable. Reflecting this judgement, our advice will be not to impose an efficiency dividend on SNZ from 1 July 2012. The proposal to remove centralised funding for KiwiSaver and SSRSS without compensation, however, raises the question of whether SNZ should be treated as a special case. The financial impact of any decision to not compensate SNZ is estimated to be \$1.4 million in 2012/13 (1.2% of department baseline), rising to \$1.8 million in 2015/16 (1% of departmental baseline).² While SNZ may argue that a decision to not provide compensation undermines the premise of the Statistics 2020 business case, this perspective has already been taken into account in our forthcoming recommendation to exempt SNZ from a 3% efficiency dividend. Our general approach is that all agencies should bear the cost of the decision to remove centralised funding for KiwiSaver and SSRSS.
13. If the efficiency dividend initiative (and associated spending reviews) proceeds, it would be appropriate for the cost of KiwiSaver (including the increase in employer contributions rates) and SSRSS to be integrated into its design, as the first call against any savings. This would address possible concerns about the arbitrary impact of KiwiSaver and SSRSS costs across departments and provide greater confidence that service delivery levels will not be unduly impacted. The detailed design of the efficiency dividend would need to develop appropriate rules for 'counting' this cost.
14. In the case of DHBs the cost of KiwiSaver employer contributions would further add to the cost pressures they are facing. The projected cost of KiwiSaver in 2012/13 is equivalent to a maximum of 0.4% of the 2009/10 operating costs, rising to 0.7% in 2014/15. It can be expected that this additional cost would be one of a range of pressures which would need to be addressed as part of future decisions on the health budget allocation. If an individual DHB is unable to fully fund this cost pressure, the level of its deficit would increase.
15. Similarly it can be expected that the cost of meeting employer contributions to KiwiSaver, SSRSS and TRSS would be a factor in future decisions on the education budget allocation.
16. We also consider that other Crown funded agencies have the capability to meet the cost of KiwiSaver employer contributions, although the impact would be uneven across agencies and may be viewed as somewhat arbitrary. This additional impost could be deemed as a de facto efficiency dividend. [2]

Non-Crown funded agencies would have the flexibility to meet the

² This calculation is based on departmental output expenses as of MBU 2011, with the addition of operating funding for Stats 2020 set out in EGI Min(11) 4/10.

additional cost through efficiencies or raising external revenue, eg through established levy arrangements.

17. Removing central funding for KiwiSaver, SSRSS and TRSS without providing compensating funding to individual agencies would generate a significant fiscal saving. It would mean that the actual savings released by an efficiency dividend applied to departments (or by a specific spending review) would be materially reduced. Further, in the case of schools and DHBs there is a risk that responsible Ministers will seek a higher future budget allocation than otherwise.

Timing of Removal of Central Funding

18. A judgement on the timing of the removal of central funding involves a balancing of the urgency to secure fiscal savings against the desirability of providing time for agencies to adjust to this additional cost pressure. Terminating central funding on 1 July 2012 provides a sensible balance between moving swiftly to secure fiscal savings and providing an environment conducive to chief executives managing cost pressures while maintaining, as far as possible, service levels. It also matches the projected starting date for an efficiency dividend, as discussed with Budget Ministers on 15 March 2011.
19. We consider that central funding should be terminated for all three schemes at the same time, irrespective of other policy choices around the future of SSRSS and TRSS. This is consistent with a strategy which establishes KiwiSaver as the preferred vehicle for state sector retirement savings. The decision to increase the KiwiSaver matching employer contribution rate has substantially removed the previously identified risk that individual employers might move quickly to cease participation in SSRSS/TRSS to exploit opportunities for arbitrage between the cost to the employer of KiwiSaver and SSRSS/TRSS. Any gains would now be very short lived, and in all probability an employer considering ceasing making contributions to SSRSS in favour of KiwiSaver would immediately need to offer a 4% employer contribution to switching SSRSS members. There would also be pressure for the employer to match this for existing KiwiSaver members.

Wider Implications for the State Sector Retirement Savings Landscape

20. The decisions on KiwiSaver leave the complex landscape of state sector retirement savings schemes substantially unchanged. The various schemes of the Government Superannuation Fund (GSF), which were closed in the early 1990s, are defined benefit schemes and are based on fundamentally different design principles from KiwiSaver. For most of the other defined contribution schemes the rate of employer contributions exceeds 4%. For example, the schemes that replaced GSF for the judiciary and politicians have relatively high employer contribution rates reflecting the specific circumstances surrounding such employment, for example, its relatively short or uncertain length, other potentially lucrative employment opportunities forgone and, in the case of the judiciary, considerations around judicial independence. A number of other schemes were changed subsequent to the introduction of KiwiSaver, in part to achieve the KiwiSaver-compliant scheme status, but also to respond to a changing employment environment. These changes occurred in the context of an expectation that employer contribution rates would progressively move to 4%. While the KiwiSaver changes may require adjustments to certain of these specific state sector schemes, we do not expect that these would increase their overall cost. It is also possible that specific employers are exploring options for change to their superannuation arrangements, but this is primarily motivated by changes to their overall employment context.

21. SSRSS and TRSS are the legacy schemes most impacted by the changes to KiwiSaver. They are fundamentally similar schemes; the TRSS was the precursor scheme on which SSRSS was modelled. At the margin they have different rules regarding the 'lock in' of employee contributions.

[2],[3],[6]

23. [2],[3],[6]

24.

25.

26.

[2],[3],[6]

27.

28.

Other Implications of the KiwiSaver Decisions

29. The KiwiSaver changes, including the application of the progressive scale for ESCT, will require changes to public sector payroll systems. This will involve costs for departments and some may find it challenging to make the changes within the required timeframe. For example, the payroll system in the Ministry of Education, which has

large numbers of KiwiSaver, SSRSS and TRSS members, [3],[6]

30. [3],[6]

Budget Communications

31. In terms of the Crown as an employer, the key focus of Budget communications would be to communicate to state employers the decision to terminate central funding for employer contributions to KiwiSaver, SSRSS and TRSS with the focus being on providing them with information about their continuing obligations under these schemes. In the case of departments, this would need to be integrated with the communications strategy around any efficiency dividend or agreed expenditure reviews.

32. [2],[6]

Annex A: Projected KiwiSaver (KS) and State Sector Retirement Savings Scheme (SSRSS) Costs for Government Departments Which Currently Receive Central Funding

| Department | Departmental Output Expenses ³ \$m | [2] | Forecast KS and SSRSS cost 2012/13 | Forecast KS and SSRSS cost 2013/14 | Forecast KS and SSRSS cost 2014/15 | Forecast KS and SSRSS 2015/16 (and outyears) |
|--------------------------------------|--|-----|------------------------------------|------------------------------------|------------------------------------|--|
| | | | \$m | \$m | \$m | \$m |
| New Zealand Defence Force | 2,231 | | 2.0 | 2.0 | 2.0 | 2.0 |
| Ministry of Education | 1,713 | | 3.9 | 4.4 | 4.5 | 5.0 |
| New Zealand Police | 1,417 | | 3.4 | 3.8 | 3.8 | 4.1 |
| Ministry of Social Development | 1,194 | | 12.0 | 13.6 | 14.1 | 15.4 |
| Department of Corrections | 1,065 | | 11.1 | 12.9 | 13.3 | 14.8 |
| Inland Revenue Department | 636 | | 6.8 | 7.7 | 7.9 | 8.6 |
| Ministry of Justice | 484 | | 4.4 | 5.1 | 5.3 | 5.9 |
| Ministry of Agriculture and Forestry | 319 | | 3.7 | 4.0 | 4.1 | 4.4 |
| Department of Conservation | 310 | | 2.9 | 3.3 | 3.4 | 3.7 |
| Department of Labour | 301 | | 3.1 | 3.6 | 3.7 | 4.1 |
| Department of Internal Affairs | 232 | | 3.5 | 4.1 | 4.3 | 4.7 |
| Ministry of Health | 209 | | 2.4 | 2.8 | 2.9 | 3.1 |
| Ministry of Economic Development | 143 | | 1.4 | 1.5 | 1.6 | 1.7 |
| New Zealand Customs Service | 126 | | 1.6 | 1.8 | 1.9 | 2.0 |
| Statistics New Zealand | 107 | | 1.4 | 1.6 | 1.7 | 1.8 |
| Land Information New Zealand | 102 | | 0.9 | 1.0 | 1.1 | 1.2 |
| Ministry of Fisheries | 97 | | 1.0 | 1.1 | 1.2 | 1.3 |
| The Treasury | 71 | | 1.2 | 1.3 | 1.3 | 1.4 |
| Crown Law Office | 69 | | 0.5 | 0.6 | 0.6 | 0.6 |
| Department of Building and Housing | 68 | | 0.5 | 0.6 | 0.7 | 0.7 |
| Parliamentary Service | 67 | | 0.9 | 1.1 | 1.2 | 1.3 |
| Ministry for the Environment | 66 | | 0.7 | 0.8 | 0.9 | 1.0 |
| Te Puni Kokiri | 55 | | 0.6 | 0.7 | 0.7 | 0.8 |
| Ministry of Transport | 53 | | 0.4 | 0.5 | 0.5 | 0.5 |
| State Services Commission | 36 | | 0.3 | 0.3 | 0.3 | 0.3 |
| Education Review Office | 28 | | 0.3 | 0.3 | 0.3 | 0.3 |
| Parliamentary Counsel Office | 19 | | 0.2 | 0.2 | 0.2 | 0.2 |

³ Source: BEFU 2010 Estimated Actuals

| | | | | | | |
|---|----|-----|-----|-----|-----|-----|
| Office of the Clerk of the House of Representatives | 19 | [2] | 0.2 | 0.3 | 0.3 | 0.3 |
| Ministry for Culture and Heritage | 15 | | 0.2 | 0.2 | 0.3 | 0.3 |
| Ministry of Research, Science and Technology | 14 | | 0.2 | 0.2 | 0.2 | 0.2 |
| Ministry of Defence | 11 | | 0.2 | 0.2 | 0.2 | 0.2 |
| Serious Fraud Office | 7 | | 0.1 | 0.1 | 0.1 | 0.1 |
| Ministry of Pacific Island Affairs | 6 | | 0.1 | 0.1 | 0.1 | 0.1 |
| Ministry of Women's Affairs | 5 | | 0.1 | 0.1 | 0.1 | 0.1 |

[1][7]

Annex B: Projected KiwiSaver, SSRSS and TRSS Costs for Agencies in the Wider State Sector Which Currently Receive Central Funding

Notes:

- Ministry of Education – schools; teachers are in KiwiSaver, SSRSS and TRSS.
- SSRSS was not centrally funded for employees in crown entities other than School Boards of Trustees.
- Not all agencies request reimbursement of superannuation costs. Only those who claim reimbursement are shown.

| | Forecast KS, SSRSS and TRSS cost 2012/13 \$m | Forecast KS, TRSS and SSRSS cost 2013/14 \$m | Forecast KS, TRSS and SSRSS cost 2014/15 \$m | Forecast KS, TRSS and SSRSS cost 2015/16 (and outyears) \$m |
|--|---|--|--|---|
| Ministry of Education - schools (includes TRSS) | 67.6 | 75.1 | 77.2 | 84.0 |

| | Forecast KS cost 2012/13 \$m | Forecast KS cost 2013/14 \$m | Forecast KS cost 2014/15 \$m | Forecast KS cost 2015/16 (and outyears) \$m |
|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| District Health Boards | | | | |
| Auckland DHB | 7.1 | 9.8 | 10.4 | 12.6 |
| Bay of Plenty DHB | 1.7 | 2.4 | 2.6 | 3.1 |
| Canterbury DHB | 5.3 | 7.2 | 7.7 | 9.3 |
| Capital & Coast DHB | 3.6 | 4.9 | 5.3 | 6.3 |
| Counties-Manukau DHB | 4.0 | 5.6 | 5.9 | 7.2 |
| Hawke's Bay DHB | 1.6 | 2.2 | 2.3 | 2.8 |
| Hutt Valley DHB | 1.6 | 2.3 | 2.4 | 2.9 |
| Lakes DHB | 0.8 | 1.1 | 1.2 | 1.4 |
| MidCentral DHB | 1.5 | 2.1 | 2.2 | 2.7 |
| Nelson-Marlborough DHB | 1.4 | 2.0 | 2.1 | 2.5 |
| Northland DHB | 1.7 | 2.3 | 2.5 | 3.0 |
| South Canterbury DHB | 0.7 | 1.0 | 1.1 | 1.3 |
| Southern DHB | 3.1 | 4.3 | 4.6 | 5.5 |
| Tairāwhiti DHB | 0.6 | 0.8 | 0.8 | 1.0 |
| Taranaki DHB | 0.9 | 1.3 | 1.4 | 1.7 |
| Waikato DHB | 3.8 | 5.3 | 5.7 | 6.8 |
| Wairarapa DHB | 0.4 | 0.5 | 0.6 | 0.7 |
| Waitemata DHB | 4.7 | 6.5 | 7.0 | 8.4 |
| West Coast DHB | 0.5 | 0.7 | 0.7 | 0.9 |
| Whanganui DHB | 0.7 | 1.0 | 1.0 | 1.2 |
| Sub Total - DHBs | 45.9 | 63.1 | 67.5 | 81.2 |

| | Forecast KS cost 2012/13 \$m | Forecast KS cost 2013/14 \$m | Forecast KS cost 2014/15 \$m | Forecast KS cost 2015/16 (and outyears) \$m |
|---|---------------------------------------|---------------------------------------|---------------------------------------|--|
| Polytechs and AUT | | | | |
| Auckland University of Technology | 2.3 | 3.2 | 3.4 | 4.1 |
| Aoraki Polytechnic (Timaru) | 0.2 | 0.2 | 0.2 | 0.3 |
| Bay of Plenty Polytechnic (Tauranga) | 0.3 | 0.5 | 0.5 | 0.6 |
| Christchurch Polytechnic Institute of Technology (Christchurch) | 0.6 | 0.9 | 0.9 | 1.1 |
| Eastern Institute of Technology (Taradale) | 0.4 | 0.5 | 0.6 | 0.7 |
| Manukau Institute of Technology (Manukau City) | 0.9 | 1.3 | 1.4 | 1.6 |
| Nelson Marlborough Institute of Technology (Nelson) | 0.2 | 0.3 | 0.4 | 0.4 |
| Northland Polytechnic (Whangarei) | 0.0 | 0.0 | 0.0 | 0.0 |
| Open Polytechnic of New Zealand (Lower Hutt) | 0.5 | 0.7 | 0.7 | 0.9 |
| Otago Polytechnic (Dunedin) | 0.4 | 0.5 | 0.6 | 0.7 |
| Southern Institute of Technology (Invercargill) | 0.3 | 0.3 | 0.4 | 0.4 |
| Tai Poutini Polytechnic (Greymouth) | 0.2 | 0.2 | 0.2 | 0.3 |
| Tairāwhiti Polytechnic (Gisborne) | 0.1 | 0.2 | 0.2 | 0.2 |
| Telford Rural Polytechnic (Balclutha) | 0.0 | 0.1 | 0.1 | 0.1 |
| Universal College of Learning (Palmerston North) | 0.4 | 0.5 | 0.5 | 0.7 |
| Unitec Institute of Technology (Auckland) | 1.2 | 1.6 | 1.7 | 2.1 |
| Wairariki Institute of Technology (Rotorua) | 0.4 | 0.5 | 0.6 | 0.7 |
| Waikato Institute of Technology (Hamilton) | 0.6 | 0.9 | 0.9 | 1.1 |
| Wellington Institute of Technology (Pōtone) | 0.3 | 0.5 | 0.5 | 0.6 |
| Western Institute of Technology (New Plymouth) | 0.1 | 0.2 | 0.2 | 0.3 |
| Whitireia Community Polytechnic (Porirua) | 0.4 | 0.5 | 0.5 | 0.6 |
| Te Whare Wananga o Awanuiarangi (Whakatane) | 0.2 | 0.2 | 0.2 | 0.3 |
| Sub Total - AUT and Polytechs | 10.1 | 13.8 | 14.8 | 17.8 |

| | Forecast KS cost 2012/13 \$m | Forecast KS cost 2013/14 \$m | Forecast KS cost 2014/15 \$m | Forecast KS cost 2015/16 (and outyears) \$m |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| Crown Agents | | | | |
| Housing New Zealand Corporation | 1.3 | 1.8 | 1.9 | 2.3 |
| Legal Services Agency | 0.3 | 0.4 | 0.4 | 0.5 |
| New Zealand Antarctic Institute | 0.0 | 0.1 | 0.1 | 0.1 |
| New Zealand Blood Service | 0.5 | 0.7 | 0.7 | 0.9 |
| New Zealand Trade and Enterprise | 0.5 | 0.8 | 0.8 | 1.0 |
| New Zealand Transport Agency | 1.7 | 2.4 | 2.5 | 3.1 |
| Sport and Recreation New Zealand | 0.1 | 0.2 | 0.2 | 0.2 |
| Tertiary Education Commission | 0.4 | 0.6 | 0.6 | 0.7 |
| Crown Agents | 4.9 | 6.8 | 7.3 | 8.7 |

Autonomous Crown Entities & Independent Crown Entities

| | Forecast KS cost 2012/13 | Forecast KS cost 2013/14 | Forecast KS cost 2014/15 | Forecast KS cost 2015/16 (and outyears) |
|--|--------------------------------|--------------------------------|--------------------------------|---|
| | \$m | \$m | \$m | \$m |
| Alcohol Advisory Council of New Zealand | 0.0 | 0.1 | 0.1 | 0.1 |
| Arts Council of New Zealand Toi Aotearoa | 0.1 | 0.1 | 0.1 | 0.1 |
| Environmental Risk Management Authority | 0.1 | 0.2 | 0.2 | 0.2 |
| Mental Health Commission | 0.0 | 0.0 | 0.0 | 0.0 |
| Museum of New Zealand Te Papa Tongarewa | 0.3 | 0.5 | 0.5 | 0.6 |
| New Zealand Film Commission | 0.0 | 0.1 | 0.1 | 0.1 |
| New Zealand Lotteries Commission | 0.2 | 0.2 | 0.2 | 0.3 |
| New Zealand Teachers Council | 0.0 | 0.1 | 0.1 | 0.1 |
| Te Reo Whakapuaki Irirangi (Maori Broadcasting Funding Agency) | 0.0 | 0.0 | 0.0 | 0.0 |
| Commerce Commission | 0.3 | 0.4 | 0.5 | 0.6 |
| Drug Free Sport New Zealand | 0.0 | 0.0 | 0.0 | 0.0 |
| Electoral Commission | 0.0 | 0.0 | 0.0 | 0.0 |
| Health and Disability Commissioner | 0.1 | 0.1 | 0.1 | 0.1 |
| Human Rights Commission | 0.1 | 0.1 | 0.1 | 0.2 |
| Independent Police Conduct Authority | 0.1 | 0.1 | 0.1 | 0.1 |
| Office of Film and Literature Classification | 0.0 | 0.0 | 0.0 | 0.0 |
| Privacy Commissioner | 0.0 | 0.1 | 0.1 | 0.1 |
| Securities Commission | 0.2 | 0.2 | 0.3 | 0.3 |
| Takeovers Panel | 0.0 | 0.0 | 0.0 | 0.0 |
| Transport Accident Investigation Commission | 0.0 | 0.1 | 0.1 | 0.1 |
| Sub Total | 1.7 | 2.3 | 2.5 | 3.0 |

Crown Entity Companies

| | Forecast KS cost 2012/13 | Forecast KS cost 2013/14 | Forecast KS cost 2014/15 | Forecast KS cost 2015/16 (and outyears) |
|---|--------------------------------|--------------------------------|--------------------------------|---|
| | \$m | \$m | \$m | \$m |
| Industrial Research Limited | 0.4 | 0.5 | 0.6 | 0.7 |
| Institute of Environmental Science and Research Limited | 0.4 | 0.6 | 0.6 | 0.7 |
| Institute of Geological and Nuclear Sciences Limited | 0.5 | 0.7 | 0.8 | 0.9 |
| New Zealand Forest Research Institute Limited | 0.4 | 0.5 | 0.5 | 0.7 |
| AgResearch Limited | 1.0 | 1.4 | 1.5 | 1.8 |
| Sub Total - CRIs | 2.7 | 3.8 | 4.0 | 4.8 |

PFA 4th Schedule Organisations

| | Forecast KS cost 2012/13 | Forecast KS cost 2013/14 | Forecast KS cost 2014/15 (and outyears) | Forecast KS and SSRSS cost 2015/16 (and outyears) |
|--|--------------------------------|--------------------------------|---|---|
| | \$m | \$m | \$m | \$m |
| Asia New Zealand Foundation | 0.027 | 0.037 | 0.040 | 0.048 |
| Northland Fish and Game Council | 0.000 | 0.000 | 0.000 | 0.001 |
| Auckland/Waikato Fish and Game Council | 0.012 | 0.017 | 0.018 | 0.021 |
| Eastern Fish and Game Council | 0.013 | 0.018 | 0.019 | 0.023 |
| Hawke's Bay Fish and Game Council | 0.005 | 0.007 | 0.008 | 0.009 |
| Taranaki Fish and Game Council | 0.006 | 0.008 | 0.008 | 0.010 |
| Wellington Fish and Game Council | 0.008 | 0.010 | 0.011 | 0.013 |
| Nelson/Marlborough Fish and Game Council | 0.008 | 0.011 | 0.012 | 0.015 |
| North Canterbury Fish and Game Council | 0.008 | 0.011 | 0.012 | 0.015 |
| Central South Island Fish and Game Council | 0.005 | 0.007 | 0.008 | 0.009 |
| Otago Fish and Game Council | 0.014 | 0.019 | 0.021 | 0.025 |
| Southland Fish and Game Council | 0.015 | 0.020 | 0.021 | 0.026 |
| New Zealand Fish and Game Council | 0.006 | 0.008 | 0.009 | 0.011 |
| Leadership Development Centre Trust | 0.032 | 0.045 | 0.048 | 0.057 |
| Sub Total | 0.159 | 0.219 | 0.234 | 0.282 |

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