

## **Treasury Report: Bilateral Briefing for Vote Statistics**

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<b>Date:</b>	28 February 2008	<b>Report No:</b>	T2008/288
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### **Action Sought**

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	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Dr Michael Cullen)	<b>Read</b> before the bilateral with Hon Darren Hughes	Before bilateral meeting at 3.30 p.m. on 5 March 2008
Associate Minister of Finance (Hon Trevor Mallard)	<b>Read</b> before the bilateral with Hon Darren Hughes	Before bilateral meeting at 3.30 p.m. on 5 March 2008

### **Contact for Telephone Discussion (if required)**

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Chris Bunny	Manager	[deleted – privacy]	✓

[information deleted in order to protect the privacy of natural persons, including deceased people]

### **Minister of Finance's Office Actions (if required)**

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None
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**Enclosure: Yes**

## **Treasury Report: Bilateral Briefing for Vote Statistics**

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Attached is a briefing for the bilateral between the Minister of Finance and Hon Darren Hughes at 3.30 p.m. on 5 March 2008 to discuss the budget initiatives for Vote Statistics.

The bilateral briefing is structured as follows:

Recommendations	p. 3
Analysis of Vote	p. 4
One-page initiative summaries	p. 10

We expect the key issue for discussion will be:

- the *Statistics New Zealand Capability Needs* bid. Treasury, the State Services Commission (SSC) and the Public Service Association (PSA) agree that the Field Collections component of the bid is a priority and funding it will mitigate a risk of key service failure; and

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

### **Recommended Action**

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We recommend that you **read** the attached briefing and use it as the basis for making decisions in your bilateral with Hon Darren Hughes at 3.30 p.m. on 5 March 2008.

**Chris Bunny**  
Manager, System Performance and Operations  
for Secretary to the Treasury

**Hon Dr Michael Cullen**  
Minister of Finance

## Recommendations

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### VOTE STATISTICS

#### a Statistics New Zealand Capability Needs

analysis p. 4

- The department proposes funding to help maintain its statistical capability. The capital component of this bid is to provide IT infrastructure associated with the field collections CEA. Provision for the associated operating costs is included in the Economic Transformation theme package.
- Treasury's view is that the field collections aspect of the capability bid should be funded as it meets the criteria of a key business risk.
- In October 2007 the PSA identified removing the pay differential between field collectors and other staff as a priority area.
- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 &amp; Outyears</i>
<i>Capital (GST excl)</i>					
Department	-	0.560	0.070	0.070	0.070
Treasury	-	0.560	0.070	0.070	0.070

- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

## Vote Statistics - Analysis

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### Analysis of Initiatives

1. Funding is being sought for Vote Statistics through this bilateral and also through the Economic Transformation theme. This is summarised in the table below:

	<i>\$million - increase/(decrease)</i>				
<i>Funding sought for Vote X in Budget 2008</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 &amp; Outyears</i>
<i>Operating (GST excl)</i>		<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>			
At this bilateral	-				
Through Economic Transformation Theme	-				
<b>TOTAL OPERATING</b>	-				
<i>Capital (GST excl)</i>					
At this bilateral	-				
Through Economic Transformation Theme	-				
<b>TOTAL CAPITAL</b>	-				

2. Of the net operating funding sought through the Economic Transformation Theme, [deleted – confidentiality of advice] relates to capital initiatives being discussed in this bilateral. Of this, \$4.546 million relates to the field collections element of the *Statistics New Zealand Capability Needs*

### ***Statistics New Zealand Capability Needs (recommendation a)***

3. The department is seeking to settle their Collective Employment Agreements (CEAs). There were two CEAs, the first is for field collections staff and the second for analytical and other staff. However, the department currently intends negotiating these as two components of one CEA.
4. Treasury's view is that the field collections component of the bid should be supported because it represents a key service risk. The Public Service Association has also identified this as a priority and they consider that field collectors are paid poorly comparative to other Statistics New Zealand staff, such as telephone collections staff. Dissatisfaction with inequitable pay rates was a driver for industrial action in 2007. Funding for field collections staff will allow Statistics New Zealand to deal with the field collectors fairly and equitably as it will raise their pay rates to a level that is competitive with other Statistics New Zealand staff. This view is supported by the State Services Commission.

5. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

*Statistics New Zealand Comment*

6. Funding for the Field Collections component of the Collective Employment Agreement (CEA) is a priority, because in Statistics New Zealand's view field collectors are paid poorly comparative to other jobs of a similar size (Hay Points) in the public sector and welcomes The Treasury and SSC support for this component of our capability bid.

*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

7. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

*(recommendation b)*

8. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

9. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

**Statistics New Zealand Comment**

10. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

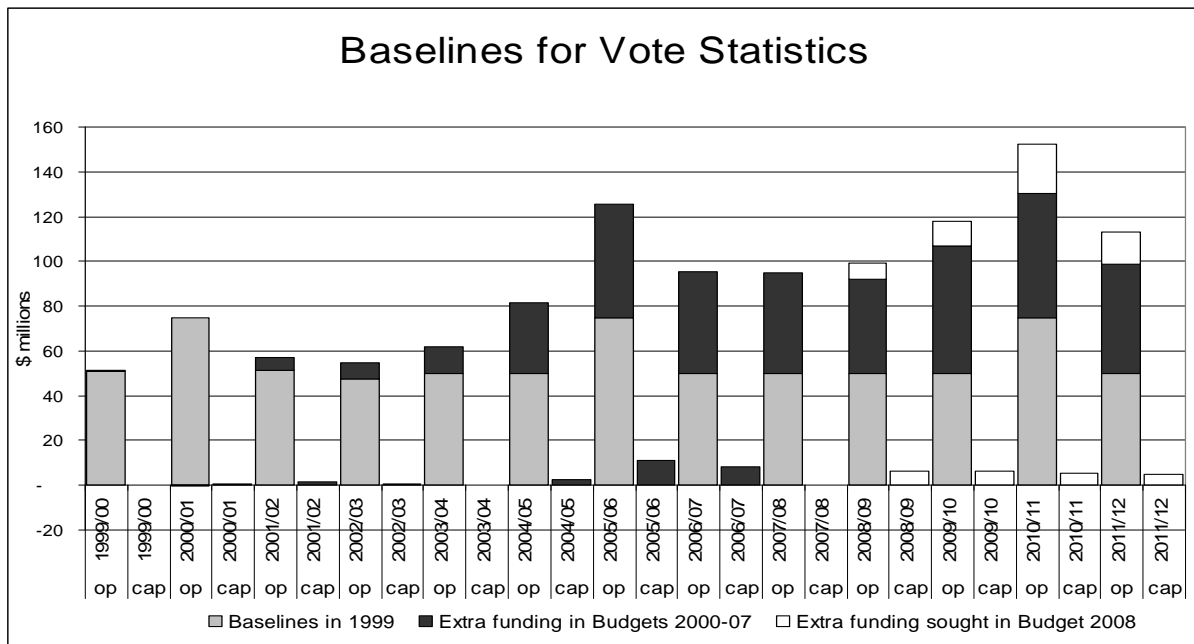
11. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

12. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

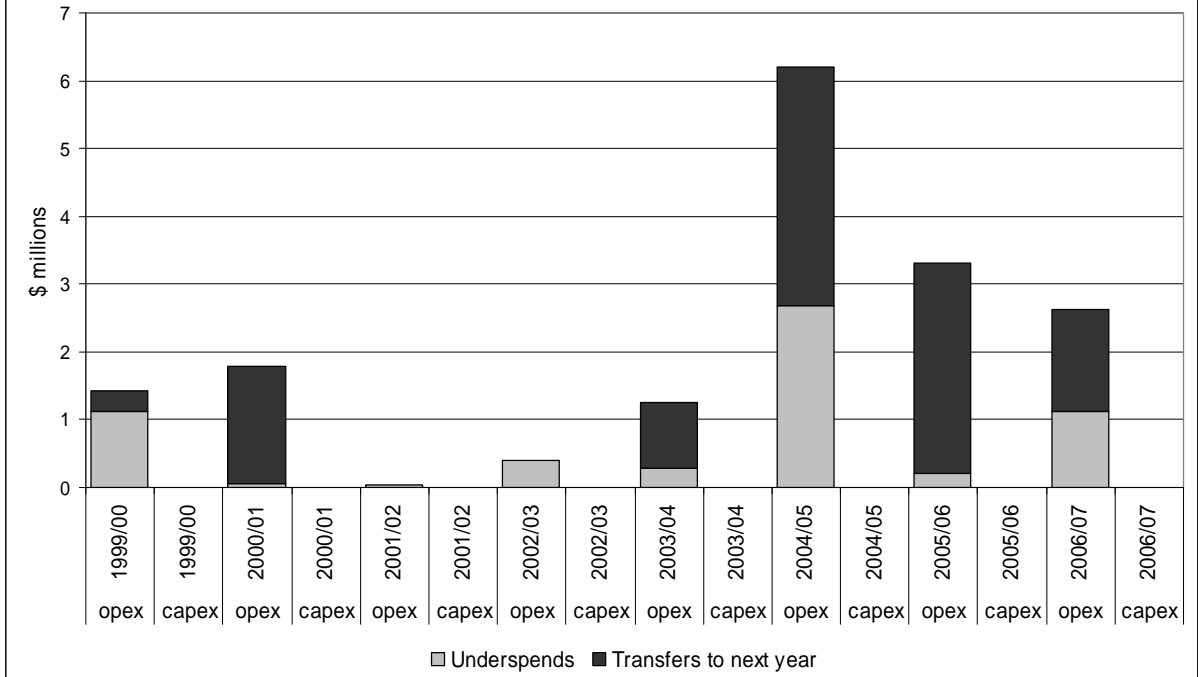
13. [information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

### Analysis of Vote

14. Vote Statistics baselines are shown in the graph below. The vote has received significant increases in funding in the past six years due to an increase in census funding (which explains the cyclical peaks in baselines), increased capability funding, new statistical output funding (POSS programme, business performance and productivity statistics) and funding for the Making more Information Freely Available program.



## Underspends and Transfers in Vote Statistics





### *Statistics New Zealand Comment*

15. The reason for underspends and transfers in some years in the above graph is because Statistics New Zealand links its expenditure plans to its outputs (particularly new initiatives). If these initiatives are delayed due to external factors (such as changes in legislation, capability shortages and lack of implementation by other Agencies) then the expenditure associated with that initiative project is protected and re-aligned to a revised realistic timeframe. This is good management and avoids the behaviour of spend it or lose it.
16. Note some large expense transfers in recent years relate to other Agencies not being able to deliver as planned e.g. [deleted – commercial activities], with the result that Statistics New Zealand appears to be underspending when it is merely holding funds for another agency.

## Appendix One

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*[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

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## One-page Initiative Summaries

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One-page summaries of the initiatives for discussion at this bilateral are attached on subsequent pages.