

The Treasury

Budget 2011 Information Release

Release Document

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(h).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Cabinet Economic Growth and Infrastructure Committee

EGI Min (11) 4/11

Copy No: 28

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Funding for the IGovt Services

Portfolio: Internal Affairs

On 16 March 2011, the Cabinet Economic Growth and Infrastructure Committee (EGI):

- 1 **noted** that the igovt services – the igovt logon service (Logon Service) and igovt identity verification service (IVS) – are all-of-government shared services which provide individuals with an easy and secure way to access government services online and to verify their identity via the Internet;
- 2 **noted** that:
 - 2.1 in October 2010, Cabinet agreed to adopt the *Directions and Priorities for Government ICT* [CAB Min (10) 35/5A];
 - 2.2 the igovt services are key components of the *Directions and Priorities for Government ICT*, and are tailored to support various integrated service delivery initiatives;
- 3 **noted** that there is no agreed appropriation for funding the igovt services for 2011/12 and outyears, and that the costs of operating the igovt services or decommissioning the services cannot be absorbed within the Department of Internal Affairs' (DIA) existing baselines or funded through agency/user charges within the current planning horizon;
- 4 **noted** that no new capital expenditure is sought at this time, as capital funding requirements will be met from within existing capital funding and depreciation streams;
- 5 **noted** that DIA has prepared a detailed stage two business case, which compares the costs and benefits of continuing to develop and operate the igovt services, with and without a commercial partner, with the costs of decommissioning either the IVS or both of the igovt services;



- 6 **noted** that the total operating costs of each option set out in the business case are as follows, none of which are currently funded as part of Budget 2011:

	\$m – increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16
Continue full operation	12.468	15.801	18.741	18.388	16.578
Operate with partner	Costs to the Crown are assumed to be equivalent to the above option				
Decommission IVS, continue Logon Service	9.496	10.027	9.686	8.382	8.381
Decommission igovt services	9.003	9.505	14.628	0.500	0.500

- 7 **agreed** that the DIA should continue to develop and operate the igovt services for 2011/12 and outyears, subject to annual review by DIA and independent reviewers;
- 8 **agreed in principle** to fund the full operation of the igovt services for 2011/12 and 2012/13, subject to suitable sources of funding being identified as part of the final Budget 2011 package and to the further report referred to in paragraph 11 below;
- 9 **noted** that it is estimated that revenue Crown funding requirements would be partially offset by revenue department funding through agency charges, as follows:

Vote Internal Affairs Minister of Internal Affairs	\$m – increase/(decrease)				
	2011/12	2012/13	2013/14	2014/15	2015/16 & Outyears
Departmental Output Expense: Identity Services (funded by revenue Crown)	12.360	15.268	14.997	14.997	10.222
Identify Services (funded by revenue department)	0.108	0.533	3.744	5.298	6.356
Total operating	12.468	15.801	18.741	18.388	16.578

- 10 **noted** that the need for revenue Crown funding may be reduced over time, if:
- 10.1 the rate of uptake of the services accelerates (this will occur through private sector usage of the services, supported by a partnering arrangement and legislation);
 - 10.2 agency charges are increased; and/or
 - 10.3 the costs of operating the services are reduced;
- 11 11.1 **directed** DIA officials to continue discussions with its potential partner about arrangements that could support the ongoing management and cost recovery of the igovt services, and to report back to EGI on the outcome of those discussions;
- 11.2 **noted** that, if a viable opportunity can be identified, the Minister of Internal Affairs will seek Cabinet decisions in 2011 about negotiating an arrangement;

12 **noted** that a final decision on this proposal, including agreement to financial recommendations, will be made when the Minister of Finance presents the final Budget package to Cabinet in April 2011.

Committee Secretary

Reference: EGI (11) 37

Present:

Hon Bill English (Chair)
Hon Dr Nick Smith
Hon Anne Tolley
Hon Steven Joyce
Hon Phil Heatley
Hon Hekia Parata
Hon Maurice Williamson
Hon Nathan Guy

Officials present from:

Office of the Prime Minister
Officials Committee for EGI
Department of Internal Affairs