

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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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) 4/10

## Minute of Decision

Copy No: 29



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### Statistics 2020: Achieving the Statistical System of the Future

Portfolio: Statistics

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

#### Background

- 1 **noted** that Statistics New Zealand (Statistics) has submitted a Four-year Budget Plan which outlines \$9 million of statistical output reductions to produce savings to meet short-term deficits and stabilise the production of highest priority statistics, and that the Plan was accepted by Budget Ministers;
- 2 **noted** that the full "Statistics 2020" business case:
  - 2.1 outlines investment options for a ten year strategy and associated programme of work to avoid output reductions, address the key risks to the ongoing supply of relevant and accurate statistics, and create a more efficient and sustainable way of working;
  - 2.2 will enable it and the wider Official Statistic System (OSS) to provide more value for the investment made;

#### Options for funding the Statistics 2020 programme

- 3 **noted** that alternative options for funding the Statistics 2020 programme within baselines have been initially assessed, including user charges, re-prioritisation of statistical investment, and some, such as changes to the methodology and frequency of the census, merit further investigation and analysis;
- 4 **directed** Statistics to investigate further internal funding options as indicated in paragraph 3 for the Statistics 2020 programme, and to report to the Cabinet Expenditure Control Committee on these options by 31 March 2012;
- 5 **noted** that Statistics will return any savings achieved as a result of the work referred to in paragraph 4 to the Crown to offset the additional funding appropriated for the Statistics 2020 programme;

- 6 **noted** the following three options developed in Part A of the business case Statistics 2020:
- 6.1 *option one* (baseline scenario) is a short-term option that reduces output expenditure to release resources that can be directed toward stabilising existing production platforms and systems and ensuring viability of the business. This option requires no additional investment as it is funded by reductions to the scope of outputs, but it is unsustainable and will need future funding or output reductions beyond 2014/15;
  - 6.2 *option two* (partial outcomes scenario) achieves some of the benefits of Statistics 2020 but at a slower pace of investment, with less transformation or efficiency gains, compared to the preferred scenario below. This option requires additional funding but the slower pace limits the additional amount of funding required in the early years, yielding lower savings in future;
  - 6.3 *option three* (preferred scenario) gives full effect to the Statistics 2020 programme over the next 10 years and delivers the most value and benefits. This long-term option requires additional funding, protects and upgrades existing statistics and enables Statistics to become more flexible and effective in leading the OSS;
- 7 **noted** that the benefits of the recommended *option three* (preferred scenario) are:
- 7.1 the continued supply of the most important statistics;
  - 7.2 being responsive to changing user needs;
  - 7.3 minimising costs to government, businesses, and households;
  - 7.4 increased use of government data;
  - 7.5 confidence that the government's investment in official statistics represents value-for-money;
- 8 **noted** that:
- 8.1 the costs of *option three* (preferred scenario) are \$13 million capital and \$138 million operating for 2012 through to 2021 plus a contingency of \$25 million (with operating costs for out-years at the 2021 level of \$9.6 million);
  - 8.2 these costs are not currently funded as part of Budget 2011;

### Preferred funding scenario

- 9 **agreed in principle** to the funding proposal outlined in *option three* (preferred scenario), subject to suitable sources of funding being identified as part of the final Budget package;
- 10 **noted** that a final decision on the proposal, including agreement to financial recommendations, will be made when the Minister of Finance presents the final Budget package to Cabinet in April 2011;
- 11 **noted** that:
- 11.1 the implications of the recent decision to defer the 2011 Census will be reported to the Minister of Statistics and Cabinet by the end of April 2011;

- 11.2 decisions on this are separable both from the work and consideration of potential changes to the census as an option aimed at partly funding Statistics 2020 (see paragraphs 14 and 19 below), as well as from the Statistics 2020 business case which underpins all other statistical outputs;
- 12 **noted** that while implications of deferring the 2011 Census have not yet been fully identified, it is estimated that \$17.9 million of the total 2011 Census appropriation will not be spent in this financial year and any decision to run the Census in the next 12 months will require further funding of approximately \$50 million;
- 13 **noted** that the current programme of population and social statistics (POSS) is using 10 year time-limited funding (of approximately \$9.2 million per annum) that is due to end on 30 June 2015;
- 14 [2]

### Next steps

- 15 **directed** Statistics, in consultation with the Department of the Prime Minister and Cabinet, the Treasury, and the State Services Commission (central agencies) to arrange an independent review of the effectiveness of the workforce strategy underpinning the Statistics 2020 business case to be conducted, with reports to be submitted to the Government Statistician, central agencies, and the Cabinet Expenditure Control Committee by the end of May 2011;
- 16 **directed** Statistics and central agencies to establish milestones for the Statistics 2020 programme as part of the independent review referred to above, recognising the multi-year nature and complexity of the Statistics 2020 programme, and to make the release of some funding instalments conditional on the achievement of the agreed milestones;
- 17 **directed** central agencies to monitor progress against these milestones, and advise Ministers if they consider achievement of the workforce strategy is at risk, throughout programme development;
- 18 **noted** that the monitoring arrangements referred to above will cover the achievement of agreed project milestones, the realisation of promised savings, and the realisation of the promised reduction in staff numbers;
- 19 [2]

**Present:**

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

**Officials present from:**

Office of the Prime Minister  
Officials Committee for EGI