

The Treasury and Office of the Minister of Finance

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- | | | |
|------|---|----------|
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- | | | |
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Purpose of Discussion

This is the first time this perspective has been applied to the Budget process

The focus is on a few key areas where:

- a coordinated approach will help ensure investment is targeted, efficient and provides value for money (digital, data and ICT investment)
- there are critical risks to the delivery of existing services which can often be crowded out in Budget decision-making and where, if funding is not provided, decisions are required to accept the consequences of not funding
- there are workforces where multiple agencies are seeking to recruit new staff but there is limit capacity in the market to meet this demand.

Applying a wellbeing approach to our Wellbeing Budget

A wellbeing approach:

- takes a whole of government perspective
- meets the needs of the present without compromising our ability to do so in the future
- moves beyond narrow measures of success.



Taking a whole of government approach is difficult as many incentives push against this but we need to support those who are leading cross agency perspectives (like the Government Chief Digital Officer (GCDO) and Government Chief Data Steward (GCDS) in this Budget) and provide leadership.

Capability initiatives have been defined as those that will either require additional human resources in government agencies to enable them to deliver government priorities or change the types of resources required to deliver. This does not include funding for devolved frontline services such as schools or District Health Boards or funding for contracted services or benefits. It does include frontline services delivered by departments such as child protection services or the operation of prisons.

Overview of capability and capacity pressures in Budget 2019

[33]

This compares to the existing public service workforce of 49,730.

[33]

Unemployment is currently at 4.3% .

[33]

Digital, data and ICT initiatives

The Government Chief Digital Officer (GCDO) and Government Chief Data Steward (GCDS) have used investment principles to provide advice on 40 initiatives.

Of these, they:

- Fully endorsed 3 initiatives
- Fully endorsed components of 3 initiatives
- Endorsed 26 initiatives with caveats
- Did not endorse 8 initiatives.

Capability and Capacity to deliver

The Treasury, in discussion with SSC and DPMC, has identified a number of agencies facing significant capability pressures that they recommend this Committee be aware of.

Alongside the particular capability pressures faced by agencies, there are some workforces where a number of agencies are subject to labour market supply issues for these workforces. These are:

- Policy Analysts
- Data and insights
- Infrastructure management (monitoring and delivery)
- Project management
- ICT professionals.

Points for discussion

Supporting a coordinated approach to digital, data and ICT initiatives

Where the GCDO and GCDS have identified caveats, I propose that these caveats be addressed by a condition placed on the agency receiving the funding through the Significant Budget Cabinet paper; for example that:

- agencies be required to report back to relevant Ministers on how they are addressing the caveat, or
- a report back requested from the GCDO and/or GCDS to ensure that those agencies are working with GCDO and GCDS.

Managing the pressures on agencies to deliver

There are a number of agencies where some decisions will need to be made on the priority areas of focus for the agency’s limited resources.

I would like to see the Significant Budget Cabinet paper set out some of these key choices and trade-offs we need to make. [33]

For the following agencies I am proposing that the agency provide their relevant Ministers with recommendations on the implications of the funding they have been provided with: [33]. Should [33] receive less funding than recommended, they should also be requested to take part in this exercise.

In addition, I recommend that the portfolio Ministers for MBIE be provided a fix sum / number of FTEs to jointly prioritise. I also recommend that these Ministers, and the portfolio Ministers for DIA, consider how they will prioritise the policy resourcing across these two agencies on an ongoing basis.

Managing common workforces

- What processes should we put in place to encourage the development of specific workforce pipelines and strategies (both agency and cross-agency) in response to the capability pressures across government?
- What role do you see this Committee playing?
- What role do we expect functional leads to take?
- Do you support groups of Ministers or agencies, and/or functional leaders being requested to work together and report back to either Ministers or this Committee around particular workforces? For example, should [33] be required to work together on managing the limited infrastructure management workforce?

Detailed Information on Workforce Pressures in Initial Package

Capability and Capacity to deliver

Alongside the particular capability pressures faced by agencies, there are some workforces where a number of agencies are seeking similar skill sets and where there are labour market supply issues for these workforces. These are:

- Policy Analysts
- Data and insights
- Infrastructure management (monitoring and delivery)
- Project management
- ICT professionals.

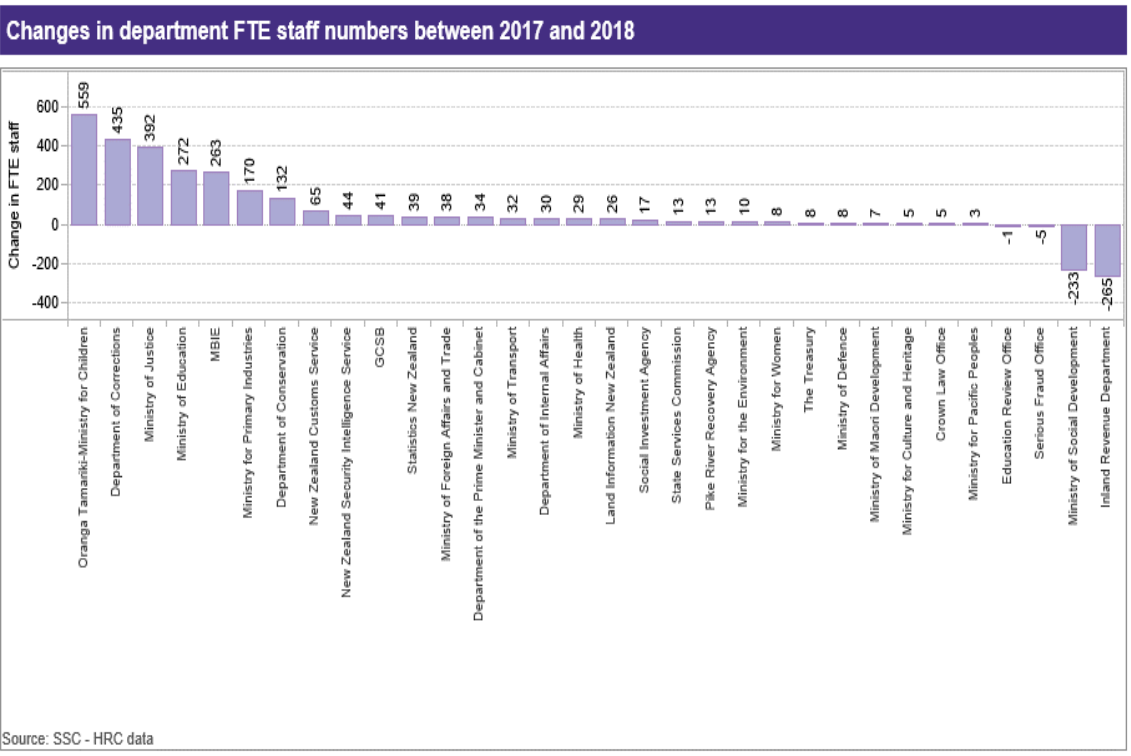
Due to data limitations, the number of FTEs included in the high package should be treated as indicative estimates.

For discussion:

- What processes should we put in place to encourage the development of specific workforce pipelines and strategies in response to the capability pressures across government?
- What role do you see this Committee playing?
- What role do we expect functional leads to take?
- Do you support groups of Ministers or agencies, and/or functional leaders being requested to work together and report back to either Ministers or this Committee around particular workforces?

[33]

[33]



Occupation

Public Service employees are engaged in a wide range of jobs spread across 252 different occupations in 2018. These can be aggregated into ten broad occupation groups as shown in the following table. The two largest groups are 'Inspectors and Regulatory Officers' and 'Social, Health and Education Workers' accounting for 39% of the Public Service workforce.

Between 2017 and 2018 the Public Service workforce (FTEs) increased by 2,478 or 5.2%. Amongst the occupation groups, 'Contact Centre Workers' had the largest increase (up 774 or 18.3%), followed by 'Managers' (up 397 or 7.4%) and 'Social, Health and Education Workers' (up 353 or 4.1%). The increase in 'Contact Centre Workers' was largely due to IR's reclassification of their 'Collections Officer' role from 'Inspectors and Regulatory Officers' to 'Contact Centre Workers'. As part of IR's transformation programme, these roles became broader in scope to provide more seamless end-to-end services.

| Public Service department occupational profile trend table | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Managers | 5,120 | 5,281 | 5,290 | 5,352 | 5,333 | 5,730 |
| Policy Analysts | 2,760 | 2,514 | 2,535 | 2,501 | 2,633 | 2,737 |
| Information Professionals | 3,956 | 4,327 | 5,230 | 5,169 | 5,437 | 5,777 |
| ICT Professionals and Technicians | 1,794 | 1,807 | 1,737 | 1,754 | 1,772 | 1,882 |
| Legal, HR and Finance Professionals | 2,202 | 2,111 | 2,077 | 2,154 | 2,190 | 2,295 |
| Other Professionals not elsewhere included | 1,938 | 2,282 | 2,256 | 2,291 | 2,265 | 2,309 |
| Inspectors and Regulatory Officers | 9,480 | 9,688 | 9,456 | 9,511 | 10,468 | 10,485 |
| Social, Health and Education Workers | 8,330 | 8,502 | 8,399 | 8,530 | 8,568 | 8,921 |
| Clerical and Administrative Workers | 4,395 | 4,193 | 3,973 | 3,954 | 3,946 | 4,203 |
| Contact Centre Workers | 4,152 | 4,215 | 4,068 | 4,327 | 4,240 | 5,014 |
| Other Occupations | 373 | 361 | 327 | 350 | 399 | 378 |
| Total | 44,500 | 45,280 | 45,348 | 45,895 | 47,252 | 49,730 |

Source: SSC - HRC data

[33]

Budget 2019: Data, Digital and ICT investment

CONTEXT:

- 1. This is the first time the Budget process has applied a system perspective of ICT investment to be considered along with other information supporting Budget 2019 decision makers.
- 2. The Treasury, the Government Chief Digital Officer (GCDO) and the Government Chief Data Steward (GCDS) have worked together to assess relevant bids submitted as part of Budget 2019.

| | | | | | | | | Values | |
|-----------------------------|---|--|---|--------------|-----------------------------|--------------------------|---------------------------|-----------------|-------------------|
| Category GCDO/DS | Agency | Title | GCDO/ GCDS Comment | GCDO endorse | GCDS endorse - system value | Opex included in Package | Capex included in Package | Opex Avg. (\$m) | Capex Total (\$m) |
| Endorsed | Land Information New Zealand | Enabling Innovation Package: Improved satellite based positioning to grow an innovative, safe and efficient New Zealand | ICT component assessed and fully supported as contributing to the growth of system and sector outcomes. | Yes | Yes | Included | Included | [38] | |
| | Ministry of Social Development | Seniors: Enhance the SuperGold Card | Assessed and fully supported as contributing to the growth of system and sector outcomes. | Yes | NA | Included | NA | 2 | - |
| | New Zealand Police | Next Generation Critical Communications (NGCC) - replacing Emergency Services critical communications networks | Assessed and fully supported as contributing to the growth of system and sector outcomes. | Yes | NA | Included | NA | [33] | - |
| | | Radio Assurance for Emergency Services | Assessed and fully supported as contributing to the growth of system and sector outcomes. | Yes | NA | Included | NA | [33] | - |
| | Statistics New Zealand | [33] | Assessed and fully supported as contributing to the growth of system and sector outcomes. | NA | Yes | Included | NA | [33] | - |
| Endorsed Total | | | | | | | | [33] | |
| Endorsed with comment | Statistics New Zealand | New Zealand Census of Population and Dwellings - Next Census Budget Bid: Analysis, planning and completion | [33] | Yes | Yes | Included | NA | [33] | - |
| Endorsed with comment Total | | | | | | | | 4 | - |
| Not endorsed | Department of Internal Affairs | Package of initiatives to enable the Government Chief Digital Officer (GCDO) to accelerate government’s digital transfor | Not assessed by GCDO from conflict of interest. [33] | NA | No | Included | Not included | [33] | - |
| | | Strengthening the contribution of Archives and NLNZ: Transforming digital information management | [33] | No | NA | Included | Included | [33] | [33] |
| | Ministry of Business, Innovation and Employment | CERT NZ Cyber Security Funding (Service Delivery) | [33] | No | NA | Included | Included | [33] | [33] |
| | | [33] | | NA | No | Not included | Not included | - | - |
| | [33] | | Not endorsed due to lack of information. | No | NA | Not included | Not included | - | - |
| | Ministry of Health | Enhancing the Ministry of Health’s Capability to Support Government Priorities | [33] | NA | NA | Included | NA | - | - |
| | | [33] | | No | NA | Not included | Not included | - | - |
| | Ministry of Justice | [33] | | No | NA | Included | Not included | 2 | - |
| Not endorsed Total | | | | | | | | [33] | |
| Grand Total | | | | | | | | | |

| | | | | | | | | Values | |
|-----------------------|---|--|--------------------|--------------|-----------------------------|--------------------------|---------------------------|-----------------|-------------------|
| Category GCDO/DS | Agency | Title | GCDO/ GCDS Comment | GCDO endorse | GCDS endorse - system value | Opex included in Package | Capex included in Package | Opex Avg. (\$m) | Capex Total (\$m) |
| Endorsed with caveats | | | [33] | | | | | [33] | |
| | Department of Internal Affairs | Operation of the RealMe System Asset | | Yes | NA | Included | Included | | |
| | Ministry for Primary Industries | [33] | | Yes | Agency/ sector value | Included | NA | | |
| | Ministry for the Environment | Strengthening the Integrity of the Environmental Management System | | Yes | Yes | Included | Included | | |
| | | System Integrity: Hazardous substances reassessment and compliance programmes and international chemicals classification | | Yes | Agency/ sector value | Included | Included | | |
| | Ministry of Business, Innovation and Employment | Business Connect - Digitally connecting businesses with central and local government | | Yes | NA | Included | NA | | |

| Category GCDO/DS | Agency | Title | GCDO/ GCDS Comment | GCDO endorse | GCDS endorse - system value | Opex included in Package | Capex included in Package | Opex Avg. (\$m) | Capex Total (\$m) |
|-----------------------------|---|--|--------------------|--------------|-----------------------------|--------------------------|---------------------------|-----------------|-------------------|
| | Ministry of Business, Innovation and Employment | [33] | [33] | [33] | | | | | |
| | | | | Yes | NA | Not included | Included | - | [33] |
| | | | | Yes | NA | Not included | NA | - | - |
| | | MBIE Payroll System | | Yes | NA | Included | Included | [33] | |
| | | New Tenancy Bond System – Phase 2 of 3 | | Yes | NA | Included | NA | | |
| | | New Zealand Wars and Conflicts Trail | | Yes | NA | Not included | NA | | |
| | | [33] | | NA | No | Not included | NA | - | - |
| | Ministry of Education | Computers in homes | | Yes | NA | Included | NA | [33] | - |
| | | Data for Wellbeing – Infrastructure, Capability, and Measurement | | Yes | Yes | Included | Included | [33] | |
| | | National Certificate of Educational Achievement Online: Transforming Assessment for Learners (NCEA Online) | | Yes | NA | Not included | NA | - | - |
| | | [33] | | | | | | | |
| | Ministry of Health | [33] | | No | NA | Not included | NA | - | - |
| | Ministry of Housing and Urban Development | [33] | | NA | No | Not included | NA | - | - |
| | Ministry of Justice | FV&SV – Cross-agency integrated community responses to ensure safety and improve wellbeing | | Yes | NA | Included | Not included | [33] | |
| | Ministry of Social Development | Children and youth: GuiNZ data collection [33] to inform the child wellbeing agenda | | NA | Agency/ sector value | Included | NA | | |
| | | Organisational pressures: Preventing failure of critical services to clients | | Yes | Yes | Included | Included | | |
| | New Zealand Defence Force | [1], [33] | | Yes | NA | Not included | NA | - | - |
| | Oranga Tamariki - Ministry for Children | [33] | | Yes | NA | Not included | Not included | - | - |
| | | Transforming the care system to improve the safety and wellbeing of children in care | | Yes | NA | Included | Included | 103 | 102 |
| | Parliamentary Counsel Office | [33] | | Yes | NA | Not included | Not included | - | - |
| | Parliamentary Service | | | Yes | NA | Not included | Not included | - | - |
| Endorsed with caveats Total | | | | | | | | [33] | |
| Grand Total | | | | | | | | 313 | 380 |