

Priority Routine

THE DEPARTMENT OF INTERNAL AFFAIRS

Te Tari Taiwhenua

Civil Defence Briefing

Hon John Carter
Minister of Civil Defence

Title: Budget 2009 Line-by-Line Review – Vote Emergency Management

Date: 4 February 2009

Key issues

As input for Budget 2009, by 1pm on Thursday 5 February 2009 you are required to provide a submission to the Minister of Finance with the outcome of a Line-by-Line Review of Vote Emergency Management and present any Budget initiatives.

Action sought	Timeframe
Note the contents of this briefing.	
Sign and forward the attached submission for Vote Emergency Management to the Minister of Finance	1pm, 5 February 2009

Contact for telephone discussion (if required)

Name	Position	Telephone		Suggested first contact
		direct line	after hours	
Brendan Boyle	Chief Executive	<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>		
Shirley Smith	Chief Financial Officer			

Return to: *[deleted – privacy]*

DMS file reference: Corporate 600849DB

Ministerial database reference: BSB2009000012

Purpose of briefing

1. In your role as Minister of Civil Defence you are required to provide a submission to the Minister of Finance with the outcome of a Line-by-Line Review of Vote Emergency Management and present any Budget initiatives for consideration as part of Budget 2009.

Background

2. The Minister of Finance in a letter dated 17 December 2008 briefed you on the priorities and process for the 2009 Budget and the beginning of a value for money review process. In preparation for Budget 2009, Departmental Chief Executives were asked to complete line-by-line reviews of expenditure by 5 February 2009.
3. The Department has already completed a review of budget issues for 2009-12 and is actively working to control costs, make savings and demonstrate value for money in the services we provide. Our aim is to respond in a professional way to the recession, which impacts on all New Zealanders, and meet the expectations of the Prime Minister as outlined at his 3 December 2008 meeting with Departmental Chief Executives. Our focus is to control costs and make savings so that services to Ministers and the public are not compromised and the Department delivers improved value for money within existing baselines.
4. This briefing provides you with financial information for the Vote.
5. Vote Emergency Management is one of six votes administered by the Department of Internal Affairs, with a Vote total of \$14.959 million representing 4.1% of total Vote expenditure managed through the Department and 0.024% of all government expenditure.

	Budget 2008/09 \$million	% of DIA expenditure
Departmental Output Expenses	11.930	5.3%
Non-departmental expenses	3.029	2.1%
Total Vote	14.959	4.1%

The scope and trends for the Vote are outlined in Appendix 1.

Election Commitments

6. The Minister of Finance has asked if there are any election commitments specific to this Vote, with the expectation that there will not be bids for initiatives which were not election campaign commitments. We are not aware of any election commitments that require 2009 Budget Initiatives for Vote Emergency Management.

Previous Government's Unfunded Commitments

7. The Minister of Finance has asked you to consider the steps necessary to reverse any specific pre-commitments of the previous government which were announced but were to be paid out of future Budgets. There are no tagged contingencies in Budget 2008 for this Vote.

8. The Pre-election Economic and Fiscal Update (PREFU) included a list of fiscal risks arising from policy choices which Ministers in the previous government were considering. There were no risks published in the PREFU for this Vote.

Summary of Vote Expenditure

9. There are three output expenses within Vote Emergency Management, namely:
- Management of National Emergency Readiness, Response and Recovery
 - Policy Advice – Emergency Management
 - Support Services, Information and Education.
10. There are two Non-Departmental Other Expenses, namely:
- Emergency Expenses
 - Subsidies to Local Government
11. Each expense category is described in Appendix 2. A breakdown of Departmental expenditure by inputs is included in Appendix 3.

2008/09 Forecast Outturn

Departmental

12. The forecast under expenditure for the departmental output expenses relates to the Information Management Development Programme and permanent savings due to vacancies. An in-principle expense transfer of \$1.000 million from the 2008/09 financial year to the 2009/10 financial year will be sought as part of the March Baseline Update (MBU) to enable continued implementation of the Information Management Development Programme. Savings of \$0.200 million will be offered up for reprioritisation in 2008/09.

	Budget \$million	Forecast Outturn \$million	Variance \$million	MBU Changes \$million	Balance \$million	Comments
Management of National Emergency Readiness, Response and Recovery	4.391	3.935	0.456	(0.406)	0.050	In-principle expense transfer and permanent savings (vacancies)
Policy Advice - Emergency Management	0.980	0.980	-	-	-	
Support Services, Information and Education	6.559	5.815	0.744	(0.594)	0.150	In-principle expense transfer and permanent savings (vacancies)
Total Departmental Expenditure	11.930	10.730	1.200	(1.000)	0.200	

Non-Departmental

13. The forecast under expenditure for non-departmental expenses (in the table below) relates to:

- A forecast under spend of \$0.825 million relating to Tauranga City Council; and
- additional funding of \$0.650 million for reimbursements to local authorities following civil defence emergency events, including \$0.500 million for Kaeo mitigation that will potentially undergo an in-principle transfer from 2008/09 to 2009/10.

	Budget \$million	Forecast Outturn \$million	Variance \$million	Changes \$million	Balance \$million	
Emergency Expenditure	2.140	1.465	0.675	0.150	0.825	Cabinet decision, in principle expense transfer and \$0.825 million to be returned to the Crown
Subsidies to Local Authorities	0.889	0.889	-	-	-	
Total Non-Departmental Expenditure	3.029	2.354	0.675	0.150	0.825	

Reviewing priorities

14. The Department has reported to you separately on the key initiatives in the 2008/09 Output Plan for Vote Emergency Management for the balance of the year for you to review and agreed any changes necessary to better align these with the priorities of the Government. This briefing also sought your views on draft work priorities for the next three years out to the 2011/12 financial year that will be used by the Department to shape the Estimates of Appropriation and Statement of Intent for 2009-12. This document was also designed to enable you to select your top priorities to advise the Prime Minister by 5 February 2009.

Budget 2009 and Savings Identified

Title	Description	\$ million					
		2008/09	2009/10	2010/11	2011/12	2012/13	Outyears
Domestic Travel	Possible efficiencies have been identified in the domestic travel budget by using video conferencing and fewer workshops with out of region participants.	-	0.100	0.100	0.100	0.100	0.100
Project funding for external support for sector development	A reduction in the commitment of funds to externally provided research and expert input into projects undertaken to enhance Civil Defence Emergency Management sector capability. Funding would not be renewed with completion of current projects.	-	0.100	0.100	0.100	0.100	0.100
Vacancies	Permanent saving due to vacancies for 2008/09 only.	0.200	-	-	-	-	-
		0.200	0.200	0.200	0.200	0.200	0.200

15. The Department has identified savings in the area of vacancies, domestic travel, and consultancy and research expenditure.

Emergency Pressures

16. There are no Budget initiatives for this Vote.
17. Responses to individual civil defence emergency events are submitted to Cabinet on a case by case basis when appropriate.
18. However, there is a potential financial liability in the form of a request from Environment Bay of Plenty and Whakatane District Council who have requested \$13.000 million in special policy financial assistance as the Government's contribution toward hazard mitigation works.
19. This request has been assessed by the Department and the Ministry for the Environment (MfE) against special policy criteria contained in The Guide to the National Civil Defence Emergency Management Plan.
20. Based on the findings of the assessment, the Department and MfE have determined that the two councils are eligible to receive \$4.441 million in special policy financial assistance.
21. We have provided you a briefing that seeks your agreement to draft a Cabinet paper requesting approval to provide this assistance.

Future Focus Opportunities

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

Consequential Impacts and Long-term Risks

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

Recommendations

24. The recommendations are that you:

- a) **Note** the contents of this briefing.
- b) **Sign and forward** the attached submission for Vote **Yes/No** Emergency Management to the Minister of Finance by 1pm, 5 February 2009.

Brendan Boyle
Chief Executive

Hon John Carter
Minister of Civil Defence

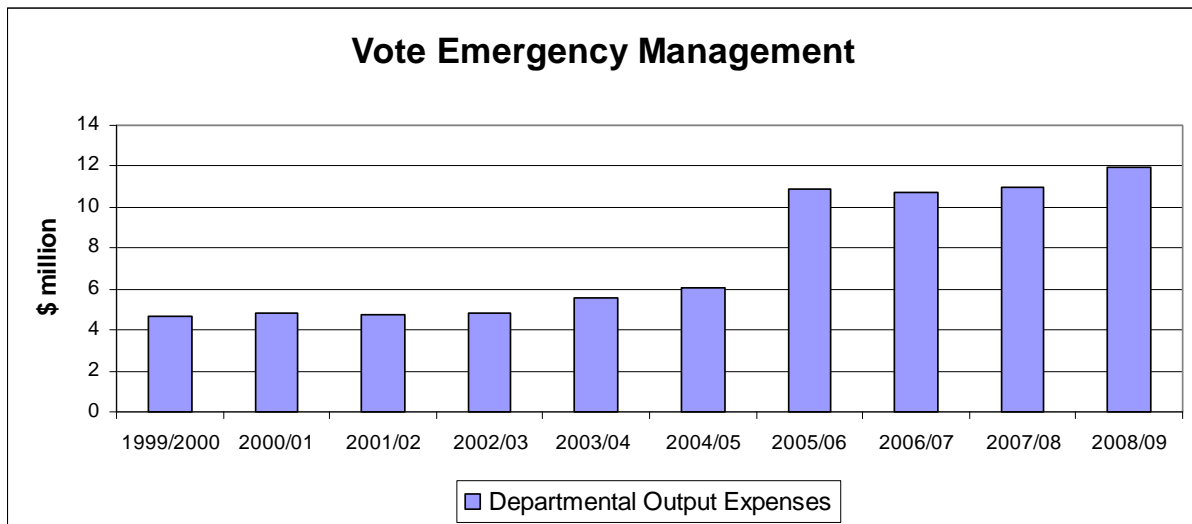
/ /2009

Appendix 1

Scope and Trends for the Vote

Departmental

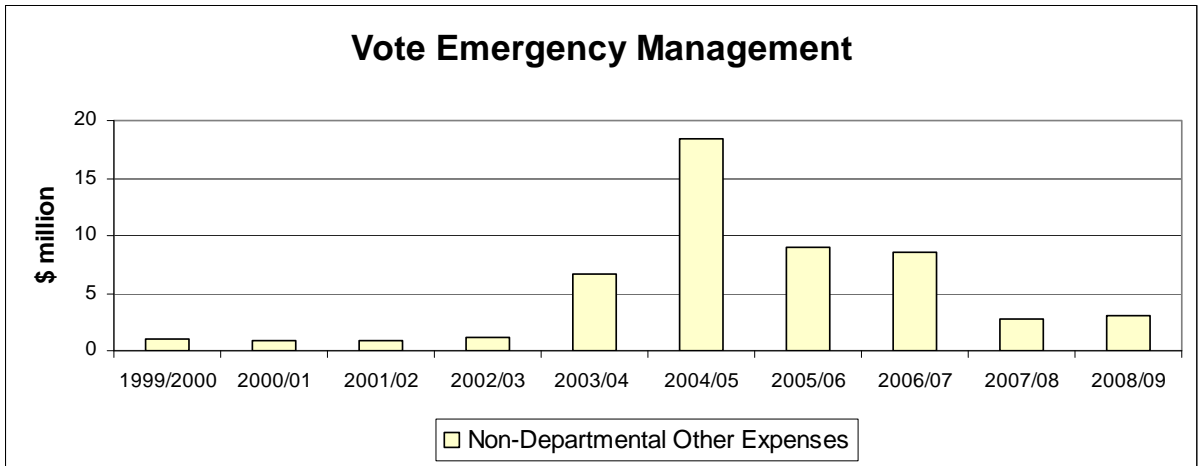
Expenditure was reasonably stable from 1999/2000 to 2003/04. The increase in expenditure in 2003/04 was for completion and management of a modern National Crisis Management Centre, and implementation of the Civil Defence and Emergency Management Act 2002 including initiatives to improve hazard risk management and response and recovery capability in New Zealand. Expenditure increased from 2005/06 onwards due to an initiative to enhance the capability and capacity of the Ministry of Civil Defence and Emergency Management (MCDEM), including an enhanced civil defence and emergency management public education campaign. The expenditure increase from 2007/08 onwards includes provision of alternate Emergency Operations Facilities and to enhance the National Warning System.



Non-Departmental Other Expenses

This expenditure category incorporates any payments the Crown may make to local authorities as the result of civil defence emergencies, which are by their nature unpredictable and typically weather related.

Expenditure was relatively stable from 1999/2000 to 2003/04. In 2003/04, expenditure increased due to a contribution provided by the Crown to match flood relief donations made by the public to aid those affected by flooding in central New Zealand in February 2004. Expenditure increased in 2004/05 due to payments made as a result of Bay of Plenty floods in July 2004, the Greymouth tornado in March 2005 and recovery costs relating to the February 2004 floods. In 2005/06, payments were made for the Integration Regeneration Package for Matata, and grants to Whakatane, Opotiki, Tauranga and Western Bay of Plenty District Councils. In 2006/07 payments were made in relation to the May 2005 Bay of Plenty flooding and landslips, and reimbursements to local authorities for February 2004 and October 2005 storms. In 2007/08 payments were made relating to the Upper North Island storm event, risk aversion on Rangitikei River and the July 2006 Lower North Island floods.



Appendix 2

Expense Categories

Departmental Output Expenditure

1. Management of National Emergency Readiness, Response and Recovery has the following outputs:

- Monitoring of Emergency Events

This output involves the monitoring of emergency events, and the provision of national alerts and warnings.

- Management of Emergencies

This output involves

- ensuring that the National Crisis Management Centre (NCMC) is maintained in a state of readiness and that MCDEM staff and committed personnel from other agencies are given an appropriate level of training;
- the coordination and management of central government response and recovery activities to local, regional and national civil defence emergencies;
- administration of Central Government emergency and response and recovery expenditure; and
- the evaluation of the impacts of emergencies, and the evaluation of recovery strategies, and management of the National CDEM Plan

2. Policy Advice – Emergency Management has the following outputs:

- Emergency Management Policy Advice

This output involves strategic policy development and policy advice on risk management, and on CDEM frameworks, procedures and operations. Policy advice also involves preparing ministerial briefings and speech notes, and providing support, as required, in Cabinet committees, select committees and Parliament.

- Ministerial Correspondence and Questions

This output covers draft replies to ministerial correspondence, Official Information Act 1982 requests, Ombudsman's inquiries and parliamentary questions.

3. Support Services, Information and Education has the following outputs:

- Emergency Sector Support and Development

This output covers:

- Developing and implementing policies and projects that will assist with information services, readiness, and education within the CDEM sector; and
- Providing support, monitoring, information, frameworks, guidelines and professional development for the CDEM sector.

- Community Information

This output involves the development of long-term national programmes to raise individual and community awareness and preparedness.

Non-Departmental Output Expenditure

There are two Non-Departmental Other Expenses.

- **Emergency Expenses**

Payments from the Crown to meet emergency expenses in line with criteria as detailed in the National CDEM Plan.

- **Subsidies to Local Government**

Payments from the Crown to local authorities for emergency management preparation.

Appendix 3

Breakdown of Departmental Expenditure for the Vote by Area of Input

1. Departmental expenditure in each of the output areas of Vote Emergency Management falls across a range of inputs. The type of expenditure reductions undertaken will be guided in part by the ability to vary expenditure across the different inputs. The chart below provides a breakdown of the input costs across Vote Emergency Management.
2. Personnel costs account for \$4.467 million of expenditure and represent an area where reductions are difficult to implement in the short-term without a restructuring of the organisation. Over the medium term staff attrition provides a mechanism to reduce personnel costs although at the cost of reduced outputs unless efficiencies in productivity are identified.
3. Operating Costs represent \$4.611 million. Possible efficiency savings have been identified in the area of domestic travel. Possible reductions have also been identified in consultancy and research expenditure (10 per cent of total vote expenditure) and the mass media Get Ready, Get Thru campaign (7 per cent of total expenditure) of the public education campaign. However, reductions in these areas will have potential implications for the delivery of outputs.
4. Asset and occupancy costs are generally only variable in the long term. Asset costs are \$0.641 million of total vote expenditure and include depreciation and capital charge. A reduction in asset costs can be obtained through a lower level of capital investment through non-replacement of fixed assets. Occupancy costs are \$0.573 million and would be dependent on changes in accommodation before savings could be realised.
5. Shared Services charges represent \$1.638 million of total expenditure and include support for human resources, information technology, finance, planning and performance, property management, and procurement services.

