



**Office of the Clerk of the House of Representatives**

*Te Tari o te Manahautū o te Whare Māngai*

4 February 2009

**Mr Speaker**

## **Improving Value for money in the State Sector: Report on review of expenditure in Vote Office of the Clerk**

### ***Purpose***

Cabinet has invited the Speaker to arrange for agencies within his area of responsibility to carry out, by 5 February 2008, a review of the expenditure in the votes that they administer (CBC Min (08) 32/6). The review is to identify:

- savings that can be freed up for Budget 2009
- programmes that are inconsistent with the government's priorities, and that should be discontinued
- programmes that may be inconsistent with the government's priorities, and that should be looked into
- programmes and expenditure that are not efficient or effective
- areas where performance information is insufficient to make a judgement about the efficiency or effectiveness
- the actions that agencies should take to make improvements before the new review period
- initiatives of the previous government that are not funded

Cabinet invited the Speaker to provide reports on the reviews of the budgets of those agencies to the Minister of Finance.

This paper is reports on the review of expenditure in Vote Office of the Clerk.

## ***About the Office***

The Office of the Clerk is a small, highly focused operational agency providing secretariat services to the House of Representatives. It is a department outside the Public Service. It provides specialist advice on parliamentary law and procedure, professional assistance, administrative services to the Speaker and members of the House of Representatives in the performance of their duties as members of the House. It is also responsible for publishing the proceedings of Parliament in print and on the internet, and broadcasting Parliament on radio and television. The Office of the Clerk does not have a role in developing or implementing government policy.

The outcome of the Office of the Clerk is a functioning legislature in which members of Parliament are able to discharge their constitutional duties in respect of the consideration of legislation and other parliamentary business.

## ***Financial overview***

This report uses data from the 2008/09 financial year. The overall budget of the Office of the Clerk is \$20,197,900.

This is broken down into main items of expenditure in the table below:

<b>Expenditure item</b>	<b>2008/09 Budgeted \$000</b>	<b>Percent of total</b>
Personnel	10,066	
Operating expenses	8,354	
Inter-parliamentary travel	572	
Depreciation	792	
Capital charge	413	
<b>Total</b>	<b>20,197</b>	

The budget can also be broken down major activities as follows.

<b>Expenditure activity</b>	<b>2008/09 Budgeted \$000</b>	<b>Percent of total</b>
<b>Output Class 1 Secretariat Services</b>		
Services to the House and committees of the whole House	1,873	
Services to select committees	4,646	
Reporting Services	5,447	
Legal Services	889	
Clerk, Deputy Clerk and Corporate	6,146	
<b>Total Secretariat Services</b>	<b>19,001</b>	
<b>Output Class 2 Inter-Parliamentary Relations</b>		
Inter-Parliamentary Relations	1,196	
<b>Total Inter-Parliamentary Relations</b>	<b>1,196</b>	
<b>Total</b>	<b>20,197</b>	

Each of these activities is set out in further detail below, with a discussion of opportunities to meet the Government's review objectives.

### ***Services to the House and committees of the whole House***

<b>Costs of servicing the House</b>	<b>2008/09 Budgeted \$000</b>	<b>Percent of total</b>
Personnel	929	
Printing contract	558	
Annotations of statutes	180	
Other operating	206	
<b>Total</b>	<b>1,873</b>	

### **Services provided**

- provision of advice on all aspects of the rules and customs of parliamentary procedure and parliamentary law
- preparation of the Order Paper and related documents for the House, and provision of all services necessary for the sittings of the House
- preparation of bills passed by the House for Royal assent and the certification of bills for printing as passed by the House and committees
- preparation of the record of the House's decisions
- custody and safekeeping of the records of the House, general election and by-election ballot papers, and referendum papers
- provision of parliamentary information to the public, and to interested agencies in New Zealand and overseas
- Printing costs for publishing, in accordance with the parliamentary timetable, of

the Order Paper, the Parliamentary Bulletin, parliamentary papers, and the record of the resolutions of the House (Journals)

## **Comment**

The services provided are core to the operations of the House and the requirements of the Standing Orders.

The contract to print, publish and distribute parliamentary publications has just been re-tendered and contract negotiations are about to commence. Without wishing to prejudice those discussions, we anticipate we will achieve some savings based on the prices proposed by the preferred provider through the tender process. Some savings have been made recently through the current arrangement for printing, largely due to the current provider obtaining more efficient copiers and binding machines. We are also actively managing our distribution lists for free publications.

The way in which the records of the House are published in both hard and soft copy is being upgraded and later in the parliamentary term, we expect to make some savings as our subscribers place greater reliance on using the web-published versions rather than printed copy.

Over the last few years, we have carried over funding from one financial year to the next to cover some of our yearly and sessional (three-yearly) publishing and binding of the parliamentary record. The backlog is soon to be cleared and the funds carried forward will be spent.

Of the \$558,000 currently allocated to the printing contact, we anticipate that a saving in the vicinity of \$170,000 may come available through the measures described above. The final figure will only become clear when the contract negotiation and other measures are fully worked through. This money may be available for a baseline reduction, or could be considered for re-prioritisation inside Vote Office of the Clerk.

A significant risk to the sittings of the House and the timely publishing of its proceedings is failure of the Office's IT systems. While in the short term processing could be undertaken manually, the damage caused by even a moderate incident could take several weeks, if not months, to repair, and has the potential to seriously impede the operation of the House and its committees.

The Office is working with the Parliamentary Service on the provision of offsite backup facilities. This will require significant capital purchases that the Office plans to absorb by reprioritising capital expenditure (\$600,000) and operating expenditure (\$300,000), rather than seeking new initiative funding, in the current fiscal climate.

## **Services to select committees**

<b>Costs of servicing select committees</b>	<b>2008/09 Budgeted \$000</b>	<b>Percent of total</b>
Personnel	3,252	
Advertising select committee items of business	245	
Specialist advisers to select committees	180	
eCommittee project *	399	
Costs of organising Australasian Council of Public Accounts Committees conference *	300	
Other operating	270	
<b>Total</b>	<b>4,646</b>	

\* These are one off costs in 2008/09. The Office's appropriation will reduce accordingly in 2009/10

## **Services provided**

- provision of advice on all aspects of the rules and customs of parliamentary procedure and parliamentary law as they apply to select committees
- preparation of records of select committee decisions
- the drafting of select committee reports
- development and monitoring of committee programmes to advance select committee business, and provision of the necessary operational and administrative assistance for a select committee to operate
- provision and brokering of subject information relevant and necessary for the business of committees
- custody and safekeeping of the records of the select committees
- provision of parliamentary information to the public, and to interested agencies in New Zealand and overseas
- Printing costs for publishing, in accordance with the parliamentary timetable, of the select committee reports

## **Comment**

The services provided are core to the operations of select committees and the requirements of Standing Orders. The Office anticipates an increase in demand for services to select committees in 2009/10 arising from increased legislative activity in the first years of a new government and the ongoing trend of increasing inquiry activity. Already an extra committee has been established in the life of the new Parliament. The Office is able to support this new committee and the anticipated increase in the level of activity, but does not consider savings are possible without impacting on services to committees.

## Reporting Services

Costs of providing reporting services	2008/09 Budgeted \$000	Percent of total
Personnel	1,936	
Printing contract	374	
Other operating*	213	
Contract costs, televising of Parliament	1,702	
Contract costs, radio broadcasting of Parliament	1,222	
<b>Total</b>	<b>5,447</b>	

\* Will reduce by \$45,000 in 2010/11 (3 year funding for TV archive)

### Services provided

- Preparation of the record of the debate in the House (*Hansard*), and the record of proceedings for some select committee hearings of evidence
- Provision of Te Reo Māori interpretation and translation services
- Broadcasting the proceedings of the House of Representatives on radio and television
- Printing costs for publishing, in accordance with the parliamentary timetable, of the official report of parliamentary debates (*Hansard*)

### Comment

*Hansard*, printing, interpretation and translation services are long running core services to Parliament and the requirements of Standing Orders. The Office does not consider savings are possible without degrading these core services. The cost of transcription services for select committee hearing of evidence have already been absorbed.

The televising and radio broadcasting of Parliament are significant costs to the Office. There are opportunities to examine Parliament's communication objectives in order to make the best use of the three main forms of electronic communication currently available – television, radio and internet.

A comprehensive communication strategy for Parliament will allow the development of a consistent over-arching communications plan. It would identify audiences and users of parliamentary information by sector and draw together all of Parliament's communications (e.g. education and visitor services, parliamentary publishing, website, televising of Parliament, etc.) to provide a framework that will enable more effective and efficient decisions to be made about the use of resources. This work will not produce savings for budget 2009 and, in the longer term, it was anticipated that any efficiencies would be re-purposed within the parliamentary communication function to provide a more effective service to the public. However, within the context of the current fiscal situation, this assumption will be reviewed and any savings will be discussed with the Speaker for possible redeployment to other priority areas.

Following the successful implementation of Parliament TV and coverage of the House, the Office began work on the progressive implementation of television coverage of select committees. An allocation of \$150,000 operational funding was made available for this, but will not be required until procedures are finalised, and further capital investment is available for the installation of cameras in select committee rooms. As a result, part of this \$150,000 has already been re-purposed to allow the rebroadcast of question time, at 6:00pm and 10:00pm on sitting days, incurring a contracted operational cost of around \$45,000 per annum. This \$150,000 (including the \$45,000 used for re-broadcasting question time if it is decided that this is not a current priority) is potentially available for a baseline reduction or re-prioritisation within Vote Office of the Clerk.

The archiving of the Parliament TV coverage, on broadcast quality tapes, was been funded for only three years, at \$45,000 p.a. This funding will cease at the end of 2010. A broadcast quality record must be retained for future use. The responsibility for maintaining the archive is under consideration and will be resolved in the context of the Parliament Communication Strategy, along with its funding. The Office of the Clerk will continue to arrange for the recording and storage of the tapes until a final decision is reached.

The development of a capability to interpret Māori into English at the same time as it is being spoken in the House has been mooted over the course of several Parliaments. The Standing Orders Committee has considered the matter, and, in the August 2008 Review of Standing Orders, recommended commencing a staged implementation of simultaneous interpretation.

Current interpretation arrangements in the Chamber do not encourage the use of Māori in debate. Pausing for an interpretation seriously disrupts the flow of a member's speech. A more effective approach is required if both official languages are to be used on an equal basis. This is important for the proper operation of the Chamber and the wider objective of enhancing accessibility to parliamentary proceedings and participation in parliamentary democracy.

The recent upgrade of the Chamber audio system included provision of cabling and audio channels for simultaneous interpretation.

The Office is continuing to investigate solutions for the location of the interpreters, the technical and personnel requirements, and the development of professional standards for the provision of simultaneous interpretation of Te Reo Māori. The method of broadcasting a simultaneous interpretation on various media is also being investigated. A staged implementation is currently being costed with the Parliamentary Service. Harnessing advances in technology will be critical to developing a fiscally responsible solution.

Funding is required for the development of simultaneous interpretation. The requirement for simultaneous interpretation may need to be balanced against a possible appropriation reduction from declaration of savings from other parts of the Office. A summary table is included at the end of this paper to show possible options.

## **Legal Services**

<b>Costs of providing legal services</b>	<b>2008/09 Budgeted \$000</b>	<b>Percent of total</b>
Personnel	841	
Operating	48	
<b>Total</b>	<b>889</b>	

### **Services provided**

- Legislative drafting service to members
- Specialist advice on constitutional and parliamentary law
- Corporate legal support for the Office of the Clerk and the Parliamentary Service in contracts and commercial matters
- Specialist advice to select committees
- Specialist advice and administrative support to the Regulations Review Committee in its scrutiny of delegated legislation

### **Comment**

The Office established a specialist legal services group approximately two years ago.

The members' legislative drafting service, and the support to the Regulations Review Committee and other committees are core support services to the House. The provision of advice on constitutional and parliamentary legal matters supports the advice provided to the Speaker and the House by the Clerk of the House.

The more general "corporate" legal advice to the Office and the Parliamentary Service could in theory be examined with a view to delivery in another form. The Office does not consider that this would result in any meaningful savings, and the provision of an in-house resource has proved to be valuable in terms of managing legal risk, and the development of institutional knowledge within Parliament.

## **Clerk, Deputy Clerk and Corporate**

Costs of Clerk, Deputy Clerk's Group and Corporate	2008/09 Budgeted \$000	Percent of total
Personnel	2,741	
Licensing and maintaining software used to record and publish information about Parliament	473	
Updating parliamentary publishing software to keep up to date with current technology and meet changing public expectations of openness and access	396	
Parliament website maintenance and development	300	
Consultants and contractors	532	
Other operating*	528	
Depreciation	773	
Capital charge	403	
<b>Total</b>	<b>6,146</b>	

\* will reduce by \$50,000 in 2009/10 – one-off funding for Communications Strategy

### **Services provided**

- High level procedural advice to the Speaker, other presiding officers and members, coordinate policy development on parliamentary procedure and provide parliamentary education services scrutinise and process questions for oral answer
- Administration of statutory functions under the Citizens Initiated Referenda Act 1993
- Register of pecuniary interests of members of Parliament
- Administration of the Office's responsibilities for the Parliament website
- Administrative, facilities, financial, computing, human resource support and planning services to the Office
- Chief Executive's office

### **Comment**

Costs in this area go to providing personal high level advice to the Speaker and presiding officers, administering statutory responsibilities and leadership and administration of the organisation. Transactional administrative services such as payroll and financial processing are already outsourced.

The consultants and contractors items include provision for enhancing risk management and disaster recovery, costs associated with the Registrar of Pecuniary Interests, the Office's share of providing Parliament with a Kaumatua and Kaiwhakariti, and project management costs.

The Office considers that any reductions in these areas would have an impact on the provision of services, the management of risk and the longer-term capability of the organisation.

Costs of additional services are already being absorbed. At the end of the last Parliament, the House resolved that the Clerk develop an authoritative advisory service for members' pecuniary interests. This will involve additional costs, which are currently being absorbed, rather than seeking new funding.

### ***Inter-Parliamentary Relations***

Costs of Inter-Parliamentary Relations	2008/09 Budgeted \$000	Percent of total
Personnel	367	
Operating expenses	230	
Inter-parliamentary travel programme	572	
Depreciation	18	
Capital charge	9	
<b>Total</b>	<b>1,196</b>	

### **Services provided**

- Advice on inter-parliamentary relations
- Annual inter-parliamentary travel programme
- Preparation and serving on individual visit programmes
- Secretariat services to the New Zealand Commonwealth Parliamentary Association (CPA) branch and Inter-parliamentary Union group
- Regional Secretary for the CPA Pacific region
- Parliamentary conference planning and management

### **Comment**

Funding for the inter-parliamentary travel programme is stretched and the Office is not able to offer savings in this area.

The fall in the exchange rate has had a significant impact in terms of membership fees for inter-parliamentary organisations and the cost of accommodation overseas. There are serious shortfalls in the core programme and there is no flexibility for Parliament to support democratic institutions in other countries, or members' professional development.

Maximum benefit can only be gained from the programme if it is carefully researched, thought through, and administered. The Office is currently able to provide administrative support, but only a limited amount of policy advice to the Speaker in the management of the programme.

This situation has existed for some time and resulted, late in 2006, in the CPA Branch/IPU Group Executive Committee asking the Office of the Clerk to review inter-parliamentary travel.

The review revealed the need for greater flexibility in the funding of the inter-parliamentary travel programme. Up to the present time the programme has included a set number of events, with very little flexibility to add to these where opportunities arise for the New Zealand Parliament to have a role in international inter-parliamentary events, reciprocate hospitality, provide assistance to emerging parliamentary democracies, or enhance the collective understanding of constitutional arrangements, parliamentary institutions and electoral systems more generally. The ability for members themselves to undertake these activities on behalf of Parliament is extremely valuable as they are able to bring insights and perspectives that officials alone are not able to.

The inter-parliamentary travel programme had also provided specific professional development opportunities for members, through study leave entitlements attached to travel with official delegations and opportunities to attend particular seminars and conferences hosted by the CPA and the IPU. This secondary purpose put increasing pressure on the resources available for the core inter-parliamentary travel programme and in recent years the programme has had difficulty in accommodating members' requests. Supporting wider individual member professional development is not entirely consistent with the primary purpose of the inter-parliamentary travel programme, or the Office of the Clerk's role more generally.

If the review's recommendations for the redevelopment of the inter-parliamentary travel programme to provide for members' professional development and greater flexibility in the programme were to be met a significant ongoing increase to the Office's baseline would be required. The Office is aware of the current fiscal climate and understands that a funding request is unlikely to be successful. However, it does seek to retain the residual savings declared after other re-prioritisation, to cover the impact of exchange rate changes and adequately support the programme. This is shown in the summary section below.

Utilising these savings would allow the current level of funding for the inter-parliamentary travel programme to be ring fenced. Current funding will allow the core inter-parliamentary travel programme funded through Vote Office of the Clerk to be formally defined as follows:

*Participation in inter-parliamentary forums and organisations*

- Attendance of a delegation at the two annual meetings of the Inter-Parliamentary Union (IPU)
- Attendance of a delegation at the Commonwealth Parliamentary Association (CPA) annual conference
- Attendance at the biennial conference of Commonwealth speakers and presiding officers
- Periodic membership of the CPA Executive Committee
- Attendance at CPA regional seminars and conferences, including the annual presiding officers and clerks conference
- Attendance of a delegation at the annual meeting of the Asia Pacific Parliamentary Forum (APPF)

#### *Select committee travel*

- Participation in the annual joint committee exchange with the Parliament of Australia
- Participation in Australasian conferences of committees

#### *Bi-lateral reciprocal visits*

- Annual Speaker's delegation, reciprocating the guest of parliament hospitality provided by the New Zealand Parliament

It is proposed to review the current funding in conjunction with the Ministry of Foreign Affairs and Trade to achieve greater flexibility so as to be able to provide support for democratic institutions in other countries. Ideally this would be achieved by providing for the ability to respond to inter-parliamentary events, consistent with supporting the New Zealand Parliament's commitment to the IPU, the CPA and the APPF, that foster the development of parliamentary democracy, particularly in the Pacific, and enhance the New Zealand Parliament's relations with other Parliaments.

The Office will also work with the Parliamentary Service to find ways in which members' professional development may be funded in a fiscally neutral manner. This may include funding members to participate in official attachments, visits to inter-parliamentary organisations, and attendance at international conferences and events when travelling with official delegations.

### **Summary**

Possible savings of \$320,000 have been identified in the Office's printing budget and the budget for the televising of Parliament. Depending on the priority determined by Parliament, and taking into account the current fiscal situation, an alternative use for this money within Vote Office of the Clerk is to continue the rebroadcasting of question time and develop simultaneous interpretation of Māori into English.

The implementation of simultaneous interpretation will also require an investment by the Parliamentary Service of \$350,000 capital in 2009/10, \$18,000 operating in 2009/10 and \$77,000 in 2010/11 and out-years, for the purchase, depreciation and capital charge of wiring, the interpreters room and other equipment. The operating savings left after re-prioritisation within Vote Office of the Clerk could be considered for transfer to Vote Parliamentary Service to partially fund their operating component of the service. This is also shown in the table below.

A third option for re-prioritisation of any residual funds is to cover the impact of exchange rate changes and advisory support for the inter-parliamentary travel programme.

### Savings identified in Office of the Clerk and possible re-prioritisation

<i>\$000*</i>	2008/09	2009/10	2010/11	2011/12	2012/13 and outyears
<b><i>Possible savings in Vote Office of the Clerk</i></b>					
• Printing contract	-	170	170	170	170
• Televising select committees	-	150	150	150	150
<b>Total net saving (GST excl)</b>	-	<b>320</b>	<b>320</b>	<b>320</b>	<b>320</b>
<b><i>Possible re-prioritisation within Vote Office of the Clerk</i></b>	-				
• Simultaneous Interpretation	-	30	120	120	120
• Rebroadcasting of question time	-	45	45	45	45
<b><i>Savings</i></b>	-	<b>245</b>	<b>155</b>	<b>155</b>	<b>155</b>
Funds available from Office of the Clerk savings	-	<b>245</b>	<b>155</b>	<b>155</b>	<b>155</b>
Operational funding requirement by Parliamentary Service for simultaneous interpretation	-	18	77	77	77
<b>Overall residual savings; available for re-prioritisation to inter-parliamentary travel</b>	-	<b>227</b>	<b>78</b>	<b>78</b>	<b>78</b>

## ***Future in-depth value-for-money spending reviews***

The cabinet minute (CBC Min (08) 32/6) mentions the establishment of rolling value-for-money reviews (paras 13-20)

The Parliamentary Service Act 2000 requires that an independent committee be established each parliamentary term to review and make recommendations on the amount of money appropriated by Parliament for:

- “(a) Administrative and support services provided to the House of Representatives and to members of Parliament
- (b) Funding entitlements for parliamentary purposes”

The Office of the Clerk is included in the scope of the committee’s activities. The committee reported in October 2002, November 2004 and March 2007.

The next triennial review has yet to be scheduled but would be expected to take place in the middle of the new parliamentary term. The review is an in-depth exercise and, depending on the timing chosen, would appear to fulfil the Governments objectives in establishing rolling reviews as they apply to the Office.

Mary Harris  
**Clerk of the House of Representatives**