

SAC-02-02

3 February 2009

MINISTER OF WOMEN'S AFFAIRS

## **Line by line review of Vote Women's Affairs**

### **Purpose**

- 1 This briefing sets out the results of my line-by-line review of expenditure in Vote Women's Affairs. The review was directed by the Cabinet Business Committee [refer CBC (08) 563], which also agreed that you provide the Minister of Finance with a copy of my report.

### **Executive Summary**

- 2 The Cabinet Business Committee (CBC) directed each government department Chief Executive to undertake a line-by-line review of expenditure, to ensure that the department is efficient and effective and focused on the government's priorities. The Minister of Finance has incorporated this in a more general letter to you about value for money and the Budget 2009 process.
- 3 The line-by-line analysis sought to understand the:
  - match to new government's priorities
  - lowest value for money
  - size and growth of the department and Vote
  - the transfer of resources to the front line
  - management of future capital expenditure
  - opportunities for reduced operating expenditure.
- 4 You and I are close to agreeing your priorities and direction for Women's Affairs, and these will be reflected in the upcoming Statement of Intent (SOI).

- 5 We have undertaken a review of expenditure, analysing line-by-line the Ministry's revenue and expenditure, examined these by unit, and broken them down by output.
- 6 Ministerial support is driven by your needs. Policy advice is scalable; it is about a capacity to respond, in line with priorities. The nominations service is lean, and facing diminishing returns as we push towards 50 percent. The international work is already minimal.
- 7 For 2009/10 our projections of expenditure show we need to find savings of \$129,000 to keep within our baseline. There are opportunities for further savings but they carry operational risks and impacts on our medium-term capability to deliver.
- 8 The Ministry of Women's Affairs is already very lean and focused on providing quality service in priority areas. My analysis shows only small efficiencies possible. We are able to scale down a bit to meet the current economic climate without impacting on quality.
- 9 As discussed, my contribution to meeting the government's fiscal challenge is to offer a 2 percent drop in budget (\$81,000) and then manage Women's Affairs in the medium term within that baseline.

## **Background**

- 10 In December, the Cabinet Business Committee (CBC) discussed how to improve value for money in the state sector, and the transformation it sought from government departments. The Committee directed each Chief Executive to undertake a line-by-line review of expenditure.
- 11 The purpose of the review is to identify:
  - savings
  - programmes that are inconsistent with the government's priorities
  - inefficient or ineffective spending
  - gaps in performance information.
- 12 After the Committee meeting, the Minister of Finance wrote to you about value for money and the Budget 2009 process. He talked about the fiscal challenge over this term of government, ongoing efforts to improve value for money, the objectives and process for Budget 2009, and reinforced his expectations about the line-by-line reviews.
- 13 In comparison with other departments, the Ministry of Women's Affairs is very small and straightforward. Its role is a policy advisor, it does not provide operations or services for the public, and it does not manage non-departmental expenditure. Its budget is only \$4 million. Its costs are mainly staff-related.
- 14 In December 2008, the government affirmed the retention of the Ministry of Women's Affairs as a stand-alone agency. The implication of this

decision is that the Ministry must retain the critical mass to fulfil its role and mandate. In preparing this line by line review, I have made every effort to ensure utmost efficiency in fulfilling this mandate, but also to avoiding cutting capacity to a point where effectiveness is compromised.

- 15 A table is appended showing the projected costs for 2009/10 by output (including the margin for indirect costs). More detailed information of our analysis is available if you wish to discuss it.

### **Matching new government's priorities**

- 16 I have been working with you to define your goals and priorities for the Vote and the Ministry of Women's Affairs. As requested by the Minister of Finance, I have considered the post-election action plan, the pre-election commitments of the new government, and reversing any unfunded commitments of the previous government. I confirm that there were no tagged contingencies in Budget 2008 and no risks published in the Pre-election Economic and Fiscal Update (PREFU).
- 17 You and I have agreed the high-level areas of focus for Women's Affairs. With that as context, over the next month we will be agreeing the priority actions for the next two to three years. This work will be pulled together in the Ministry Statement of Intent (SOI) for 2009-2012, to be completed in April.
- 18 This will ensure that the Ministry's priorities are aligned with the new government's priorities.

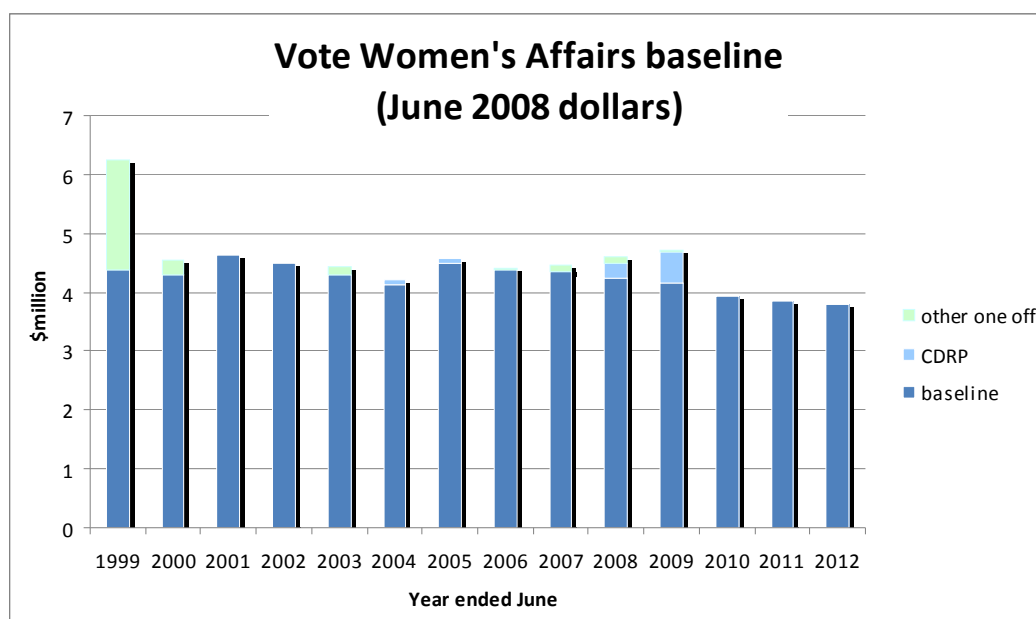
### **Lowest value for money**

- 19 The Ministry's outputs are:
- ministerial support
  - policy advice
  - nominations service
  - managing New Zealand's international obligations.
- 20 Ministerial support includes the services of a private secretary, briefings you request, speeches, event management, draft responses to letters, parliamentary questions and Official Information Act requests.
- 21 This work is demand-driven. It can be adjusted to match the level of support you would like. The biggest opportunity is a reduction in the private secretary role. For example, it could be part-time, or the role shared with Ethnic Affairs.
- 22 Policy advice is not a collection of operational services, to be listed in order of priority and the lowest priority considered for stopping. Rather, it is an issue of capacity; requiring a critical mass, responding to policy issues as they arise, undertaking research, and monitoring progress across the sector.

- 23 The capacity can be scaled up or down as the government determines the level of investment it wishes to maintain. Either way focus is always on the government's priority issues for women.
- 24 Nominations service is the provision of nominations of suitable women in response to vacancies that arise in state sector boards and committees. It is also a scalable process, in that its focus could be limited or expanded.
- 25 There have been declining returns as the percentage of women on boards and committees increases. The percentage quickly rose to its current level, but achieving beyond that has required more sophisticated strategies, requiring more resources.
- 26 The international work of the Ministry is already very small, with less than 1 FTE analyst. The work includes some policy advice, attendance at and reports to international forums such as the United Nations, Australasia, and the Commonwealth. Attendance at the lower-priority forums could be limited. Any change to the current programme, including a shift in emphasis, would need to be discussed with the Minister of Foreign Affairs.

### Size and growth of the department and Vote

- 27 CBC asked Chief Executives to consider the growth in real expenditure in their department over the last ten years, and the link between that growth and improved outcomes.
- 28 For the Ministry of Women's Affairs, there has not been growth in real expenditure. The 2008/09 baseline is \$4.1 million (in June 2008 dollars). Over the last ten years, the baseline has remained between \$4.1 and \$4.7 million. This excludes some one-off funding, eg the Time-Use statistical survey in 1998/99, cross-departmental research pool (CDRP) for sexual violence research in 2007/08 and 2008/09. This is illustrated in the graph below.



- 29 Recent capability pressures have not been funded. Significant cost increases, in particular salaries and office accommodation, have been absorbed. Capability bids in the last two Budgets were not successful. You have been provided with copies of the bid submissions.
- 30 Risks raised in those bids are still of concern. The Policy team is still below the critical mass needed. Staff turnover has begun to increase. The number of analysts is falling. External assessment of the quality of policy advice has peaked.
- 31 For 2009/10, I will have to absorb some more significant increases in costs from 2008/09 (for example \$209,000 salaries; \$93,000 IT software licences, support, and depreciation; and a range of small increases such as \$7,000 audit fees).
- 32 To help meet these, our projections already assume some cutbacks (eg removed \$60,000 temporary staff, \$17,000 drop in the training programme, and cut back to bare bones on consultants and contractors, halved to \$85,000).
- 33 I still have to find a further \$129,000 savings, or 3 percent of total expenditure, in order to come within next year's existing baseline.

#### **Transferring resources to the front line**

- 34 MWA does not provide any services to the public. It is not within its role to do so. So none of its resources will be transferred to the 'front line' as such. However, my management team and I are continually looking to reduce overheads within the Ministry.
- 35 Since I began as CE in 2004, I have shifted resources from the support area to policy, nominations, and ministerial servicing. The Corporate area was reviewed Corp in 2005. Subsequently I have reduced the management team, combined the corporate functions under one manager, rationalised the Human Resources, Finance and IT functions. I increased policy staff instead of contracting expensive external resources, and to retain the capability in-house. The nominations team has increased.
- 36 I do not believe there is any scope for further significant shifts. In fact I am concerned about increasing organisational risks of doing so.

#### **Managing future capital expenditure**

- 37 There is no appropriation in Vote Women's Affairs for capital expenditure.
- 38 Within the Ministry, our small cash balance already constrains capital expenditure to little more than replacement of existing IT and office equipment.

- 39 Other than standard office network and applications, the only large IT system is an electronic data and records management system (EDRMS) that is nearly implemented. The principal driver for the EDRMS has been the need to meet the requirements of the Public Records Act by 2010.

### **Opportunities for reduced operating expenditure**

- 40 We are continually reviewing the efficiency of the Ministry's activities. The largest items of expenditure are salaries (66%), other personnel costs (8%), building and maintenance costs (8%), and depreciation (3%). In previous years, the other large item of expenditure was consultants/contractors, and has included commissioned research. Next year, we have cut consultants/contractors back to less than 2 percent of total expenditure, and no research is planned.
- 41 There is a range of opportunities for cutting expenditure. To meet the overall shortfall of \$129,000 next year and further savings, we have considered the following (in no particular order) and costed the impact of each:

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

- 42 In terms of reduced services, we have considered the following:  
*[Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

### **Wider opportunities for efficiencies and effectiveness**

- 43 I have also given some thought to the Minister of Finance's request for ideas on wider opportunities in the state sector that could be reviewed for improving efficiencies and effectiveness.
- 44 We already work collaboratively with other agencies. There may be some value in reviewing how well this is generating effective policy, particularly across group of population agencies, and if there are any other opportunities such as federated leadership of the group.
- 45 Another opportunity may be rationalising the nominations function across the population agencies that provide nominees.

### **Next steps**

- 46 All of the opportunities I have identified for the Ministry can be implemented. All are achievable. But all have operating risks and impacts on our medium-term capability to deliver.
- 47 I have discussed input savings with you and received your guidance on changes in the services you would like delivered. I am accountable for working out how to deliver these, and keeping you informed of risks.
- 48 We are a stand-alone agency offering high-quality advice and well regarded. If I was to weaken the organisation to the extent to which it failed to provide high quality, I would be doing a real disservice to you and the government.
- 49 It is not possible to offer effective ministerial support without a strong evidence base and quality policy work underlying that support. We cannot write good speeches, give you wise information, and support your leadership unless we have a critical mass in the policy and nominations team. I will continue to streamline ministerial support services but it is short sighted to shift our work so much to ministerial support that it has no depth.
- 50 The Ministry of Women's Affairs is already very lean and focused on providing quality service in priority areas. My analysis shows only small efficiencies. My contribution to meeting the government's fiscal challenge would be to manage Women's Affairs within an already declining baseline.
- 51 From our discussions, I offer a baseline reduction of \$81,000, or 2 percent, in 2009/10 and outyears. This is in addition to finding 3 percent

from our projections to remain within baseline (a total of 5 percent) and will be achieved through:

- a reduction in the Policy team:
  - not backfilling the appointment to Private Secretary
  - not recruiting an economist until a senior analyst vacancy arises
- deferring the replacement of the contacts database
- savings in the production of Pānui newsletter
- pulling back on some training and development
- not attending MINCO
- limiting NGO attendance at CSW.

### Recommendation

52 I recommend that you:

- a **note** the results of my line-by-line review of Ministry expenditure
- b **agree** to offer the Minister of Finance a reduction of \$81,000, or 2 percent, in the Ministry's baseline in 2009/10 and outyears

**Agree / Disagree**

- c **sign** the attached letters to the Minister of Finance and to the Chair of the Officials Committee to the Expenditure Control Committee.

**Agree / Disagree**

Shenagh Gleisner  
**Chief Executive**

Hon Pansy Wong  
**Minister of Women's Affairs**

**Date** .....



### Appendix 1 – 2009/10 projected expenditure by output

<b>Output</b>	<b>Direct labour</b>	<b>Direct costs</b>	<b>Indirect allocation</b>	<b>Total</b>
International	39,000	43,000	64,000	<b>146,000</b>
Nominations service	256,000	-	420,000	<b>676,000</b>
Ministerial support	565,000	25,000	928,000	<b>1,518,000</b>
Other policy advice	732,000	-	1,201,000	<b>1,933,000</b>
<b>Total</b>	<b>1,592,000</b>	<b>68,000</b>	<b>2,613,000</b>	<b>4,273,000</b>