

The Treasury

Budget 2013 Information Release

Release Document

July 2013

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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.



PARLIAMENTARY SERVICE

Te Ratonga Whare Pāremata



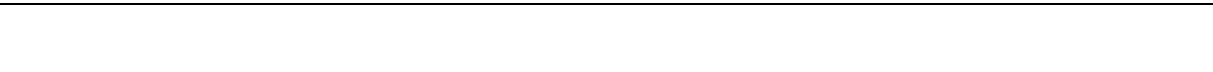
Four year plan

20 December 2012



Contents

- Section 1 Strategic Direction 3
 - 1.1 Operating or Business Model 3
 - 1.2 Strategic Challenges 4
- Section 2: Medium-term Intentions..... 7
 - 2.1 Summary of Medium-term Intentions – Intended Changes..... 7
 - 2.2 Core Business, Continuous Improvement and Other..... 10
- Section 3 Organisational Capability and Workforce 11
 - 3.1 Organisational Capability..... 11
 - 3.2 Workforce 14
 - 3.3 Total Workforce Costs 18
- Section 4 Summary of Total Financial Impact..... 21
 - Operating – Departmental..... 21
 - Operating – Non-departmental 22
 - Operating – Non-departmental 22
 - Capital 23
- Section 5 Key Operational Risks 25
- Section 6 Detailed Activity and Financial Planning 27
 - 6.1 Medium-term Intentions – Intended Changes 27
 - 6.2 Fiscal Implications 37



Section 1 Strategic Direction

The Parliamentary Service provides administrative and support services to the House of Representatives and to members of Parliament. It operates as part of the Parliamentary sector which includes the Office of the Clerk of the House of Representatives. The Service also works with other agencies on the parliamentary precincts including the Parliamentary Counsel Office and Ministerial Services (Department of Internal Affairs).

The majority of the Service's outcomes and outputs are driven by the needs of each Parliament. These needs are articulated in the entitlements determined by the Speaker and provided to members and Parliamentary parties. The Service administers these entitlements and provides a range of support services which are necessary for members to fulfil the responsibility of their elected office. The Service aims to provide a responsive and flexible service while delivering value through cost effective and efficient operations.

MMP continues to change the face of the Parliament. With this comes the need to deliver a wider range of services to meet the differing needs of individual members and parties. This requires the Service to continue to build a more agile and innovative organisation in order to provide a customer focused service within a fiscally constrained environment.

Agencies supporting the House of Representatives cannot exactly predict the needs of members in the 51st Parliament and beyond. There is a need to build a Parliamentary sector that is able to respond to the evolving needs of members in 2014 and out years. The Service will continue to work with other agencies within the parliamentary precincts to develop the infrastructure and services necessary to better meet the needs of the Parliament. This includes changing the technology used to support members more effectively and driving down the cost of the Service's core business processes.

Over the 2012 to 2017 period the Service will remain committed to the principle of an Accessible Parliament. The Service will continue to invest in its capability to enable future generations to visit the precincts and learn about the democratic process, the history of the House of Representatives and the process of developing and passing legislation. The Service will continue to enable access to Parliament through online services in partnership with the Office of the Clerk and anticipates no reduction in the desire of New Zealanders to visit Parliament and participate in the democratic process.

1.1 Operating or Business Model

The Parliamentary Service is established by the Parliamentary Service Act (2000) to provide administrative services to the House of Representatives and its members. The nature of the services provided are determined by the Speaker. The Service's mandate as the key infrastructure provider for the Parliamentary sector is to deliver these services in a manner which is as cost effective as practicable. The majority of the Service's operations are delivered by employees of the Parliamentary Service while Information Communication and Technology, catering, facilities maintenance, and cleaning services are outsourced to specialist providers.

To meet the needs of its various stakeholder groups, the Service operates as:

1. an adviser to the Speaker on the appropriate entitlements to be provided to members of Parliament to support their ability to perform the duties of their elected office
2. the administrator of the entitlements provided to members of Parliament and Parliamentary Parties, such as salary payments, travel, information services and support staff
3. the provider of services to members of Parliament and parliamentary parties which are provided outside of the entitlements framework, such as research services and catering

4. the provider of various services such as security, buildings maintenance, cleaning and public tours to all occupiers of the parliamentary precinct
5. a provider of administrative and infrastructure services to the agencies operating within the parliamentary precincts. The Service is established as the provider of financial transactional services to the Office of the Clerk of the House of Representatives and the Parliamentary Counsel Office. The Service is also the provider of ICT services to Ministers and their offices and intends to extend this service to the Office of the Clerk in 2012/13.

Parliamentary Service baseline profile as at October Baseline Update (OBU) 2012.

Baseline profile – OBU 2012	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating expenditure – departmental	70.725	67.931	67.931	67.931	67.931
Operating expenditure – non-departmental	63.716	63.716	63.716	63.716	63.716

1.2 Strategic Challenges

A number of factors are anticipated to impact on the Parliamentary Service between 2013 and 2016/17.

1. Inflationary pressures

The Service faces significant fiscal pressure across both its Services to Members appropriation output and in the delivery of its core departmental operations. These are due to high fixed costs and increases in the costs associated with employing member support staff. The report of the Committee on the Fifth Triennial Review of Appropriations (ARC) recommended that the responsibility for control over the cost of member support staff be transferred from the Parliamentary Service to individual members of Parliament. If this is adopted the cost of providing these staff will be effectively capped at 2014/15 levels. In the short term, the Committee recommended that the Service absorb the increased costs of providing these staff through additional on-going savings of \$1.8 million per annum in its other departmental operations. The Service has changed, and is changing the way it delivers services in order to implement this recommendation.

Core departmental operations

The Service is in the process of implementing a wide ranging programme to deliver the required efficiency savings to absorb the increased costs of providing member support staff. The Service anticipates that the efficiency gains achievable under its current operating model will be fully realised in the lead up to the 2014 transition to the 51st Parliament. Beyond 2014/15, the Service risks being unable to provide the current levels of resourcing to members of Parliament while also maintaining current levels of accessibility of the public to Parliament buildings. If the change to the entitlements regime for member support staff is not adopted as recommended by the ARC and the Service is required to absorb the forecasted costs of service provision to the 51st Parliament from its current baseline the Service is likely to seek the permission of the Speaker and party whips to lower the quality of the services offered to members and the public [6]

The Service operates from a high fixed cost base and forecasts fiscal pressures from rising costs in accommodation and utility services. In recent years, the Service has found that its fixed costs have increased at higher than expected levels, particularly in relation to insurance costs which increased 38% for the 2012/13 financial year. The Service also faces inflationary pressures within the outsourcing component of its business model. While the Service has invested in strong contract management in its dealings with its ICT and cleaning providers, these costs are forecast to continue to rise on a year on year basis.

Over the past 24 months the Service has reduced its costs, in real terms, within its Security, Messenger, and Research/Library functions. Total costs to the taxpayer have also been reduced by sharing services with other precinct agencies, such as Ministerial Services (DIA), and the Office of the Clerk as well as providing some support services to the State Services Commission and the Treasury. The Service has been able to maintain the quality of the services it delivers to the House while reducing these costs.

Services to members

The Service faces significant fiscal pressure in its services to members appropriation output. Approximately 95% of the appropriation for this output is utilised by member support staff salaries. The Service currently forecasts a deficit in this appropriation of \$1.783 million in 2013/14, increasing to \$2.0 million in 2014/15. This deficit primarily relates to increases in the average cost of member support staff and the increased uptake by members of their staffing entitlement.

The current Speaker's Directions reduced the quantity of support staff available to members of Parliament by 3% after the 2011 General Election. The recent Appropriations Review Committee recommended a further change to the staffing entitlement model for the 51st Parliament, i.e. that member support staff costs be contained via the introduction of a dollar based allocation per member. The Service supports this approach in principle; however in the event the Speaker, after consultation with the Parliamentary Service Commission determines not to proceed with such a recommendation, the Service will face considerable fiscal pressure in financial years 2014/15 and out years.

[6]

2. Rebuilding in Canterbury

For the past 20 months members of Parliament and parliamentary parties have experienced high volumes of inquiries from the community arising from the Canterbury earthquakes. At the same time members support staff have experienced significant personal stress associated with the impact of the earthquake upon their families and friends.

In response to this additional support staff were funded and made available to members working within the Canterbury region. We expect demand for additional support staff to continue throughout 2012/13 and into 2013/14.

3. Information Security

Members are increasingly looking to undertake their responsibilities from any given location within New Zealand and around the globe. To respond to this, the Service has built the capability to provide information and communication services which are not restricted to particular geographic locations. With this increased capability is an accompanying challenge of maintaining information security.

4. Ensuring the Service has the organisational capability to respond to the changing needs of members

The Service is challenged to respond to the evolving needs of members of Parliament. Wider demographic and technological trends continue to alter the way in which members discharge their duties; in particular social media, improved connectivity and the continued issues focus of smaller parties have altered, and will continue to alter the manner in which the Service discharges its core responsibilities.

During the term of the 49th and 50th Parliaments, the Service has worked to provide responsive services to members. In particular the Service has lifted its capability to provide up to date technology and communication services, with members utilising tablet computers and other mobile technologies. At the same time, international trends towards increased Parliamentary transparency and the resource pressures facing members and parties have required the development of significantly improved reporting and management tools.

5. Out of cycle election costs

The Service's budgeting model assumes a Parliamentary term of approximately three years. If an early general election is called, the Service will not have had time to complete its planned improvements to its business as usual operations. These improvements are being implemented in order to reduce the overall cost of the services provided during the transition between parliaments. This may lead the Service to require additional funds to deliver a seamless transition out of cycle. Costs of an out of cycle election are over and above the transition costs of the scheduled Parliamentary transition in 2014.

6. Infrastructure capability

The Service is challenged to provide improved services to members in a resource constrained environment. As such, it must consider the appropriate quality and quantity of service it provides.

Section 2: Medium-term Intentions

2.1 Summary of Medium-term Intentions – Intended Changes

The Service has identified four key impacts and associated interventions to be delivered over the course of this plan.

Intention 1: Responding to changes in the operating environment

Type of action: Change

The Service will engage with the Speaker and party whips to identify the level and quality of services required by members to undertake their elected responsibilities. Initially the Service will look to implement the changes to the model of member support staffing entitlements recommended by the Committee undertaking the fifth Triennial Review of Appropriations. If adopted the change in approach will provide members with significantly increased flexibility in the capability of the staff engaged to support them, as well as the duties these staff may be tasked with. This change will require the Service to develop a new approach to engaging and managing these staff. [6]

This intention is outlined in more detail in section 6.1.1 of this document.

Intention 2: High quality services are delivered to members, parties and the House of Representatives

Type of action: Change

The Service is implementing changes to its operations which will deliver services with greater value for money and improve the ability of members to work in any location.

An example of this change is the work currently underway between the Service and the Office of the Clerk to unify ICT operations. A unified approach to information and communication services will significantly improve the ability of members to work seamlessly and consume information from the House, using one device, within the parliamentary precincts and/or other locations. This unified approach to ICT services will allow the provision of ICT services to the House at a lower overall cost to the taxpayer.

This intention is outlined in more detail in section 6.1.2 of this document.

Intention 3: Costs of service delivery are reduced by sharing services with other agencies

Type of action: Change

The Service is undertaking a comprehensive programme to deliver the maximum efficiency savings achievable from its current operating model. This programme will deliver:

- Expanded delivery of common services to occupiers of the Parliamentary precinct, significantly lowering the cost of common services to the taxpayer.
- Further system efficiencies in back office [6]
- Significantly reduced accommodation costs through the relocation of the administrative services from Bowen House to the Parliament House and Parliamentary Library buildings.

- Continued improvements in the efficiency of service delivery similar to the recent changes made to mail distribution and function bookings.
- Business system improvements which reduce the complexity and cost associated with service delivery during the transition between parliaments.

This intention is outlined in more detail in section 6.1.3 of this document.

Intention 4: Members of the public are able to participate in the parliamentary process

Type of action: Change

The Service is undertaking improvements to the resources available through its education service. These changes are intended to ensure future generations have the opportunity to learn and experience parliamentary processes. The Service will continue to work with the Office of the Clerk in this regard.

This intention is outlined in more detail in section 6.1.4 of this document.

2.1.1 Summary of financial implications from medium-term intentions – intended changes

Efficiency gains the Service has identified are sufficient to fund the capability improvements the Service is undertaking as well as funding the deficit in the Members Support appropriation. The Service anticipates efficiency gains will not fully achieve the funding required to deliver services under its current operating model for the 51st Parliament, as shown below:

Financial implications arising from changes to outputs, services or deliveries	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating impact – departmental	-	-	(1.016)	(2.520)	(3.020)
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

2.1.2 Summary of new funding sought from the centre

The Service anticipates that the cost pressures will be managed by the reprioritisation, third party revenue and investigating the levels of service or which services can be scaled back. If the Service is not able to achieve the savings required, new funding will be sought as set out below.

Value of new funding sought	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operational expenditure – departmental	-	-	1.016	2.520	3.020
Operational expenditure – non-	-	-	-	-	-

departmental					
Capital expenditure – departmental	-	-	-	-	-
Capital expenditure – non-departmental	-	-	-	-	-

2.2 Core Business, Continuous Improvement and Other

The Service intends to improve its operations by;

1. Expanding its offerings of services to agencies working within the parliamentary precincts, initially by joining ICT operations with the Office of the Clerk. Joint services typically provide a net cost reduction to the taxpayer through economies of scale with the infrastructure investment made by the Service being applied to larger numbers of users. Typically, savings occur for partner agencies rather than through a reduction of the cost of the Service's operations.

[6]

3. Ensuring responsive financial and other administrative services to members and agencies on the Parliamentary precinct.
4. Improving the cost effectiveness of its use of the Parliamentary buildings by reducing the accommodation footprint of administrative services. The Service anticipates consolidating its administrative operations within the three Crown buildings allowing it to sublease up to three floors of Bowen House.
5. Implementing further cost reductions through improved management of its procurement practices, for example, information technology and communications contracts.
6. Investing in the systems and processes to the extent necessary to deliver Parliamentary transitions using business as usual. This will allow the Service to deliver services during the transition period at a reduced cost.

Section3 Organisational Capability and Workforce

3.1 Organisational Capability

Over the period of this plan the Parliamentary Service aims to become a more responsive customer orientated organisation. For the Service this means understanding our customers better, developing our customer relationship capabilities, fostering innovation as a means to improve members' experience of the Service and delivering greater value for money. To achieve this, the Service will:

- work with the Office of the Clerk to provide opportunities for staff to develop a greater awareness of the environment in which it operates, including the House and its committees
- develop the Service's customer relationship management systems (CRM) to support decision making and to improve sharing of knowledge and experience across organisational boundaries with the end customer in mind
- apply its client insight work to develop capability to anticipate customer needs and to respond to opportunities for improvement
- strengthen its change management practices to enable new ways of working and embedding new technologies (e.g. CRM) more rapidly and effectively
- review its delegations and performance processes to support the development of an internal culture that empowers and rewards staff for their decision making abilities
- target recruitment strategies to acquire capabilities aligned with our overall direction, e.g. using new technologies and the integration of business improvement methodologies into our business as usual activities.

The Service will use its customer satisfaction surveys¹ and staff engagement results to measure its progress towards achieving a more customer focused organisational culture. The current use of BASS measures will also be developed so as to contribute to the Service identifying areas where efficiency gains may be achieved.

3.1.1 Change leadership

The key changes the Service will drive over the next four years are:

- the implementation of a more flexible staffing model for members of Parliament – enabling them to employ the skills and competencies they need to support them in the conduct of their parliamentary business
- the use of CRM to create an organisation that is highly responsive to the changing needs of members of Parliament and is capable of providing innovative and cost effective solutions
- a more seamless service with all parts of the Service working together to administer members' entitlements
- [6]

¹ The Service has recently introduced changes to its customer surveying approach to increase survey participation and to provide a more robust measure of satisfaction. The changes include using the common measurement tool adopted for the Kiwi's count survey (to assist the Service in developing an understanding of the drivers of customer satisfaction within the Parliamentary environment) and surveying Member support staff as a means to gain a wider customer view of how the Service is performing.

- the achievement of cost efficiencies across the agencies providing services/functions that support the House of Representative through seeking new opportunities to provide shared services.

Change Leadership Approach

To achieve sustainable change, the Service needs to adopt new ways of developing and implementing the systems and processes that enable it to carry out its core business of providing administrative and support services. It also needs to work more closely with other agencies, (such as the Office of the Clerk), to assist in the development of a greater understanding of its customer's needs.

Changes to member's entitlements generally come into effect at the beginning of each parliamentary term. Increasing funding pressures will require more fundamental changes to the entitlements for the 51st Parliament than have been made previously. This will require a greater level of advance planning and preparations to ensure new systems and processes are developed, tested and ready to transition to business as usual prior to the general election. It will also require the Service be more proactive in developing its understanding of the needs of the members of Parliament so that it is able to anticipate and respond in a timely manner.

The Service will continue to develop its internal change management capability so that it is more effective in managing both the transitions between parliaments and to new ways of operating. The Service has adopted the Prosci change management methodology as its approach to achieving this. Having invested in developing a critical mass of change management practitioners in each Group as well as in senior management roles, the Service now has improved its ability to adopt a more structured and proven approach to managing and embedding change on an on-going basis. Future business improvement activities will be supported by designated change managers (drawn from the business) who will be responsible for ensuring:

- the Service develops and tests new systems and processes in partnership with our customers prior to full implementation
- change initiatives are supported by strong and visible leadership – with a focus on clearly communicating the outcomes we are aiming to achieve in ways that are meaningful to Members and staff
- every member of staff has the right level of support to enable them to adopt and implement new ways of doing things
- changes to systems and processes reinforce the kinds of customer service behaviours the Service expects of all its staff.

The Service will also take active steps to provide opportunities for its managers and staff to work more closely with the other agencies supporting Parliament. Developing a greater understanding of the different, yet supporting roles the agencies undertake will assist the Service in joining up its services to better meet the needs of its customers as well as providing greater opportunities to identify and achieve efficiencies across the parliamentary precincts. Opportunities to engage with staff union representatives in new ways will be identified – including the development of appropriate mechanisms for engagement outside of the collective bargaining environment.

3.1.2 Culture

In response to the 2011 post-election survey of members, the Service identified the need to develop a more customer orientated organisational culture. Historically, the Service has reported good levels of customer satisfaction, however in the 50th Parliament members are seeking more customised and flexible responses that require the Service be more agile and adaptable to a range of needs and expectations. This requires a change in approach. Rather than being an organisation perceived as being highly risk averse and rules bound, the Service aims to be more solutions focused, more adept at anticipating the needs of members and parties and able to work more collaboratively so that members experience a seamless service regardless of what part of the Service they are dealing with. It also requires the Service to develop a culture that is able to balance the expectations for growth (increasing customer expectations) with cost containment and the need to achieve operational efficiencies.

In order to determine what 'customer orientated' means within the Parliamentary Service environment, the Service involved key managers and staff in a series of workshops aimed at identifying the kinds of changes the Service would need to make and the behaviours considered most important to improving services to members. Those behaviours have been integrated into the current year business plans as a first step towards evolving the Service's organisational culture. However, the Service recognises that creating a customer orientated culture involves not only changing behaviours but also reviewing and developing its customer facing systems and processes from the perspective of its customers. Work currently underway through a series of projects aimed at improving service delivery (see Figure 1 below) will be supported by an on-going programme of work to develop and integrate the organisational capabilities most commonly associated with successful customer orientated organisations that is:

- developing leadership frameworks to focus leaders on creating opportunities for the integration of new skills and knowledge and the early adoption of change
- providing appropriate levels of autonomy and delegation so that staff are able to exercise discretion in making customer related decisions without having to get permission from senior management
- being able to plan for the future within an environment that has high levels of ambiguity and is highly influenced by events outside of the Service's control
- developing and using a deep understanding of the Service's customers to shape the way it works and the services it provides.



Figure 1. Projects contributing to the development of a customer focused culture

Whilst the projects indicated in Figure 1 above are all scheduled for completion in 2013, the Service recognises that developing and changing its organisational culture will require a sustained approach

over a 3 – 5 year period if it is to achieve the level of customer focused maturity that will be needed to anticipate and respond to the changing make-up and expectations of the members of Parliament.

3.2 Workforce

The Parliamentary Service has two distinct workforces – the events based workforce directly supporting and working to the members of Parliament and within the Party Political Offices, and the core workforce that provides a range of services to members and the wider parliamentary precinct. The core workforce also includes the staff that support the General Manager and senior management team to govern the Service effectively. This ‘blended workforce’ provides the Service with:

- the ability to expand or contract as needed whilst retaining the core workforce needed to deliver the systems and process to support members in carrying out their parliamentary business
- the flexibility to support members in obtaining the specific skill sets they identify as being relevant to their needs at any given point in the parliamentary cycle.





A significant portion of the Service’s costs are associated with maintaining appropriate levels of capacity and capability. These costs have increased to a level where the Service now faces significant cost pressures. Within the member support staffing, the pressures relate to the rising costs associated with meeting the member’s current support staff entitlement from within the existing appropriation. For the core workforce, remuneration pressures are beginning to create challenges in recruiting and retaining the level of capability it anticipates will be required in areas key to improvement activity.

Whilst the General Manager of the Parliamentary Service maintains responsibility for determining the capability and capacity requirements for the core workforce, the same decisions for the member support staff rest with the individual members of Parliament and/or the political parties. Through their staffing entitlements, members are provided the flexibility to determine their staffing requirements with the Service supporting that process through the negotiation of appropriate terms and conditions of employment, administering recruitment processes and then providing the workforce with the essential tools, systems, processes and training necessary for them to operate effectively and efficiently. Whilst the triangular employment relationship creates challenges for all involved, it has evolved over time to provide increasing levels of flexibility for members and Parties.





[6]

Over the next four years, the Service will continue its current focus on shaping and developing its core workforce to deliver quality, value for money services to support members of Parliament in the conduct of their parliamentary business. This work will be supported and influenced by the outcomes of the Service’s current business improvement work aimed at strengthening its core systems and processes prior to the transition to the 51st Parliament. Although the Service has yet to form a clear view of its future operating model, it anticipates it will require its workforce to work in new ways with a greater emphasis on understanding and anticipating the future needs of the members of Parliament and being more flexible in how those needs are able to be met.

3.2.1 Workforce capacity and capability impacts – intended changes

Capacity Change	Capability Change	Context	Change in Capability
Shared Services		The outcomes of the 2012/13 business improvement project will result in changes to the service delivery model.	<ul style="list-style-type: none"> Relationship management Customer orientation Collaboration - based on knowledge generation and sharing
			
Member Support Staff		Members will continue to seek a wider range of skills, knowledge and experience than provided for in the existing member support staffing model. This has been recognised in the proposed change to the member support staff entitlement model.	The Service has limited ability to influence the capability change in this area or to determine the exact nature of the change, however it will respond via changes in capability within the core workforce to better support members in determining and filling their workforce needs.
			

3.2.2 Workforce capacity and capability impacts – whole of organisation/sector

Capacity Change	Capability Change	Context	Change in Capability
A highly customer focused Parliamentary Service able to deliver services effectively and efficiently to the House of Representatives and to members of parliament		The changing make-up of the parliament, combined with the impacts of mobile technology on how members wish to operate, requires the Service be more responsive and agile in how it supports its core customers. As capability increases (supported by improved processes and systems), the Service anticipates it will be able to reduce capacity to assist with managing the associated cost pressures.	<ul style="list-style-type: none"> Forecasting changes in customer needs Relationship management Innovation Change management
			
Collaborating across the Parliamentary agencies to improve services to the House of Representatives and members of parliament		The Service is working alongside the Office of the Clerk to develop a sector approach to supporting individual members and the Parliament in carrying out its various roles. As well as enabling a more joined up	<ul style="list-style-type: none"> Relationship management Business improvement Collaboration
			

		service to members and the House of Representatives, we anticipate this will provide further opportunities to achieve efficiency savings across both organisations.	
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3.2.3 Capability

The Service adopts both a 'grow your own' and a 'recruit in' approach to developing the capability of its core workforce. Historically its spend on staff and leadership development has been low and primarily focused on developing lower level rather than value add capabilities. In part this reflects an absence of having had any clearly articulated workforce analysis or strategy and the associated human resource practices to support the Service in attracting and retaining a more capable, knowledgeable and experienced workforce. This may also be impacted by the Service's relatively conservative approach to remuneration; currently reflected in lower than average salary when compared to the Public Service. The Service has limited capacity to address remuneration pressures without a corresponding decrease in the capacity of its core workforce (as indicated in 3.3.1 below). This will require a planned approach that includes an assessment of the impacts on service provision. The immediate focus of the Service in developing its core capability includes:

Timeframe	Focus Area
2012 - 2014	Using the current investment in developing and improving a number of core systems and processes (FMIS, CRM, knowledge development and sharing) to gain greater efficiencies and to provide improved systems and processes for staff to carry out their work.
2013 - 2014	A review of its competency, remuneration, performance and leadership development frameworks to better reflect the organisational capabilities the Service requires to be more customer orientated and efficient in its delivery of services (see 3.1).
2013 - 2014	Developing strategic and workforce planning capabilities across its leadership/management team so that it is better able to forecast and plan for change in the longer term.
2013 - 2015	Taking opportunities provided by staff turnover to increase capability in the critical areas of organisational agility and business improvement so that it is better able to deliver the transition to each new parliament as part of its business as usual operations.
2013 - 2016	Developing greater insights into the needs of members by working more closely with the Office of the Clerk to provide opportunities for staff to develop their knowledge and understanding of the work of Parliament.

In 2013/14 the Service will take the opportunity to better align its terms and conditions of employment for core staff with a particular focus on ensuring its remuneration and performance systems achieve a greater emphasis on rewarding (i) the development of the kinds of behaviours our customers value, and (ii) the demonstration of a customer orientation in all aspects of the work. [6]

[6]

3.2.4 Capability pressures

The development of the Customer Focus Strategy in 2012 assisted the Service in identifying the core workforce capability pressures it faces i.e.

- knowledge and understanding of the parliamentary environment and the support needs of Members of Parliament and the House of Representatives
- the ability to place the customer at the centre of our planning, business improvement and service delivery activities
- the ability to develop and manage customer relationships within a political environment
- knowledge and experience in the design and delivery of effective and efficient support services.

The actions set out in 3.2.3 above are intended to assist the Service in addressing the capability pressures arising from its core capability needs.

Capability Gap/Pressure	Reason for capability gap/pressure
Retention of sufficient levels of knowledge and experience (associated with working within the Parliamentary environment) to enable the Service to build critical mass (skill and experience) in its core workforce.	Unique nature of the Parliamentary Service environment resulting in a limited pool of people with direct relevant experience. This is exacerbated by higher levels of turnover amongst core staff with less than 2 years of service (the Service currently has limited data to assist it in understanding the reasons for this) meaning the Service is continually in a cycle of having to develop knowledge and understanding of its core business and the complexities of the same. This pressure also highlights the challenge the Service has in being able to meet market remuneration expectations of more experienced candidates.

3.2.5 Capacity

At the 30 June 2012, the Service employed 720 staff – equal to 599 full time equivalents (FTE's). 288 FTE's were employed in the member support workforce, 63 FTE's in the Party Political Offices and the remaining 248 FTE's in the core workforce. Capacity in the member support workforce is subject to fluctuations as members adjust staffing within their maximum entitlements according to need.

Core Parliamentary Service Workforce

This four-year plan identifies the need for the Service to reduce its core staffing capacity as part of a wider reprioritisation of available funds. At the same time, the Service needs to increase its capability

– either through more structured development programmes or through replacement strategies that intentionally target greater levels of skill, competencies and experience. [6]

This Service will take a more planned and informed approach to resourcing decisions with a greater reliance on having access to timely and accurate workforce data as well as understanding impacts on service delivery.

Member Support and Party Political Office Staff

The current staffing entitlement for a member of Parliament is determined by an allocation of hours against which they can employ staff using a single remuneration scale. The Service provides three position descriptions for members to use in the engagement of their staff– an Executive Assistant, an Issues Assistant and an Out of Parliament staff member. Since 2007 the trend has been towards a greater number of Issues Assistants and Out of Parliament staff being employed and a reduction in the number of Executive Assistants. The Service anticipates members will continue to use the full complement of their staffing hours entitlement, i.e. no change to capacity. This will result in increased costs as changes to member support remuneration are built in via an annual step based progression.

The recommendation of the 2012 Appropriations Review Committee that the staffing entitlement be converted from hours to dollars, if agreed, would provide a greater level of flexibility to members in determining their staffing needs and consequentially is likely to impact on the overall capacity of the member support workforce. [6]

The events based nature of the member support employment relationship provides the Service with the ability to terminate the employment of existing member support staff at the next election. It also provides members with the flexibility they will require to re-set their capacity requirements for the 51st Parliament. To enable this to happen, the Service will continue to develop its employment relations framework to support maximum levels of flexibility and to be responsive to changes in the capacity mix. The Service is working to develop an open and transparent relationship with union representatives through this process as a means to build understanding of the realities of operating in an environment that is more politically attuned than the wider Public Service.

The Service does not anticipate any significant change in the capacity of the Party Political Offices. The Party Political Offices will continue to be provided with a budget from which they meet their staffing requirements and will maintain maximum flexibility in the recruitment and appointment of their staff. The Service will continue to fulfil the employer responsibilities for this group of staff by providing support and advice along with the core terms and conditions of employment. However, decisions on capacity and remuneration levels will be made by the Party Political Offices.

3.3 Total Workforce Costs

The current hour's entitlements for member support staff combined with an annual salary progression model means the Service is unable to reduce or cap the workforce costs for events based staff within the term of the current parliament. [6]

This is a result of the wider range of skills and capabilities members are recruiting to having the potential to attract higher levels of remuneration than that prescribed through the current remuneration scale. As noted elsewhere in this document, the recommendation of the Fifth Appropriations Review Committee to convert the members staffing

entitlement to dollars (if agreed) would provide the Service greater flexibility in managing this cost pressure.

Costs for the core workforce are also forecast to increase over the next four years due to (i) the Service responding to market relativities, and (ii) the need to strengthen capability in key parts of the Service. [6]

3.3.1 Total workforce costs

Core workforce

Over the term of this plan, the Service is forecasting a reduction in the number of FTEs employed within its core workforce as a result of steps to ensure services are delivered effectively and efficiently. [6]

3. Replacement costs for critical roles will continue to increase as the Service pursues a strategy of increasing capability in key areas via targeted recruitment.

Member Support workforce

Decisions relating to staffing levels for member support staff are made by members within their staffing entitlements. Proposed changes to the staffing entitlement for the 51st Parliament will provide Members a greater level of flexibility in their staffing decisions and will likely result in changes to FTE numbers as Members manage within a dollar based entitlement.

For the purposes of this plan the current entitlements model has been applied with FTE numbers reflecting the hours based entitlement and increasing costs resulting from (i) annual progression through the remuneration scale and (ii) lower turnover rates at the general election (due to labour market changes).

Party Political Office workforce

Staffing levels within the Party Political offices are determined by the parties within their funding allocation. For the purposes of this plan current FTE's and costs are used and are based on current funding levels (although the Service anticipates - but is unable to forecast - changes to the FTE numbers from time to time as parties adjust their staffing levels to meet their needs).

[6]

[6]

Section 4 Summary of Total Financial Impact

This is a summary of total financial impact derived from other sections of the framework as indicated in the table below.

[6]

[6]

Operating – Non-departmental

The non-departmental funding comprised members’ travel, members’ salaries, communication, party and member support and depreciation for the parliamentary complex.

Although members travel and communication funding is not capped as per the Speaker’s Directions 2011, the trend is that the funding is sufficient to support the members to enable them to carry their responsibilities as the House of Representatives.

The party and member support funding is capped. Each Parliamentary Party can only spend what is funded. In the event of any party exceeding their funding, the over spend needs to be repaid to Treasury.

The depreciation for the parliamentary complex is driven by the Crown capital plan. The projection shows sufficient funding currently and for out years.

Operating – Non-departmental

	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
<i>Current operating expenditure baseline</i>	63.716	63.716	63.716	63.716	63.176
Financial Implication of Planned Changes and Cost Pressures					
Financial implication arising from changes to outputs, services or deliveries (copy from table in Section 2.1.2)	-	-	-	-	-
Direct employment cost pressures (copy from table in Section 6.2.1.1)	-	-	-	-	-
Operational cost pressures arising from capital (copy from table in Section 6.2.1.2)	-	-	-	-	-
Other operational operating cost pressures (copy from table in Section 6.2.1.3)	-	-	-	-	-
Total of all changes and pressures on operating expenses	-	-	-	-	-

Funding for Changes and Cost Pressures Available from					
Operational efficiencies/reprioritisation (copy from tables in Section 6.2.2.1)	-	-	-	-	-
Changes to third-party revenue (copy from table in Section 6.2.2.2)	-	-	-	-	-
Transfers to/from other Votes (copy from table in Section 6.2.2.3)	-	-	-	-	-
Total funds available	-	-	-	-	-
Savings required but not yet identified	-	-	-	-	-
Savings required as % of baselines	-	-	-	-	-
New Funding Sought from the Centre					
Total new funding sought (copy from table in Section 2.3)	-	-	-	-	-
Savings required if new funding received	-	-	-	-	-

Capital

	Increase/(Decrease)				
	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental Expenditure					
Opening balance funding available	7.991	9.096	10.320	11.001	11.139
Depreciation funding	6.055	6.174	5.631	5.088	4.724
Sale of assets	-	-	-	-	-
Other (please specify)	-	-	-	-	-
Total baseline funding available (a+b+c+d)	14.046	15.27	15.951	16.089	15.863
Capital investments funded from baselines	4.950	4.950	4.950	4.950	4.950
New capital funding sought from the centre (copy from table in Section 2.1.2)	-	-	-	-	-
Closing baseline funding available	9.096	10.320	11.001	11.139	10.913

	Increase/(Decrease)				
	2012/13	2013/14	2014/15	2015/16	2016/17
Non-departmental Expenditure					

	(\$0.000m)	(\$0.000m)	(\$0.000m)	(\$0.000m)	(\$0.000m)
Baseline funding available for the purchase or development of Crown capital assets	8.013	3.200	3.200	3.200	1.778
New capital funding sought from the centre (copy from table in Section 2.1.2)	-	-	-	-	-
Capital investment in organisations other than departments	-	-	-	-	-
Total	8.013	3.200	3.200	3.200	1.778

Section 5 Key Operational Risks

The Service has identified several key risks to the delivery of services to members and the House of Representatives. These are:

- The Service fails to deliver to customer expectations***
 There is a risk the Service will fail to adjust to the changing requirements of members and parliamentary parties causing inadequate provision of entitlements and/or services. The Service must balance the need to provide a responsive service to clients against the Service's requirement to provide consistent and affordable entitlements to members.
- The Service does not have the capacity to deliver to customer expectations***
 There is a risk that increasing costs in a limited funding environment will require reduced service delivery outputs, causing the work of Parliament to be impacted. In these circumstances the Service's restricted ability to respond to changes in customer needs or changes in its operating environment will lead to a failure in core service delivery.
- The Service fails to move with sector priorities***
 There is a risk that the Service will fail to adjust to changing priorities within the Parliamentary sector.

In addition the Service has identified the following fiscal risks:

Description	Likelihood	Consequences	Financial impact and timing
[6]			
Insurance premiums and insurance costs through the leased property lease agreement rise at a higher than anticipated rate.	Almost certain	Major	\$100k (30% increase expected) and \$100k additional insurance costs to pay to the landlord of the leased property in 2013/14
[6]			

Kiwi saver employer contributions rise by 1% from 1 April 2013 as currently proposed.	High	Medium	If the proposal goes ahead from 1 April 2013, there will be \$0.190 million required for both core and member support staff (assume 50% of staff taking kiwi saver)
[6]			
Proposed changes to the Fringe Benefit Tax (FBT).	Low	Medium	Additional cost of \$0.550 million if FBT is changed.
The Service is not able to be as efficient with its use of capital resources as anticipated.	Possible	Medium	\$0.200 million cost saving is removed if capital charge is not returnable from 2013/14
The Service is required to meet the costs of the transition to the 51st Parliament from its baseline funding.	Possible	Major	Cost of \$2 million will have to be managed within baseline in 2014/15
An election is called prior to May 2014.	Unlikely	Medium	Additional cost of \$0.500 million is required to pay for additional staff resources in order to meet additional pressure
The Parliamentary TV hardware fails and requires replacement.	Almost certain	Major	\$1.5 million for capital replacement costs in 2013/14 and \$300k depreciation from 2014/15
[6]			

Section 6 Detailed Activity and Financial Planning

6.1 Medium-term Intentions – Intended Changes

6.1.1. The Service is responsive to changes in its operating environment.
 Develop and implement the entitlements framework for the 51st Parliament, including changes to the entitlement model for member support staff.
 The Service will provide a seamless transition between the 50th and 51st Parliaments.

Note strategic outcome(s) related to this intention:

- 1 Members, parties and agencies on the precinct receive high quality support services

Impact 1 Members are able to conduct their parliamentary business effectively both inside and outside of the parliamentary precincts

- 1.1 Develop our insight tools and practices to support decision making about future service provision
- Develop and implement the entitlements framework for the 51st Parliament
- 1.2.2 Provide a seamless transition between the 50th and 51st Parliaments

Type of action (Insert : New/stop/change)	Change
Motivation for change (circle)	Generating funds for reprioritisation
	Seeking greater efficiency/performance from current spending
	Responding to government priorities
	Other

Describe the intended change including timeframes of the intended implications:

The Service will engage with members to determine the level and quality of services members require as the current funding level, together with the transfer of money from departmental appropriations to the members' support appropriation is not sustainable past 2015.

The committee conducting the Fifth Triennial Review Appropriations recommended several key changes to the entitlements provided to members. The Service will now develop options for consideration by the Speaker, in consultation with the Parliamentary Service Commission and members.

The Service anticipates that several current entitlements will be adjusted, in particular members' entitlements to support staff. Over the 2012/2014 timeframe the Service will develop new processes and systems to implement the new entitlements. [6]

In the lead up to the 51st Parliament the

Service will develop new entitlements with its stakeholders and the necessary processes to implement these from polling day 2014.

In addition to members' entitlements the Service will engage with party whips to determine the level and quality of other services provided within the funding available, and make recommendations to the Speaker. For example, security, research services, travel and catering services.

During 2014 the Service will deliver the transition from the 50th to 51st Parliaments. While the makeup of the 51st Parliament cannot be predicted the Service is focused on ensuring it has the capability to respond to the change with the necessary flexibility to provide high quality services to departing, returning and new members. The Service will continue to develop its capability to deliver the transition using business as usual systems and processes, minimising the additional resources required deliver services.

The Service is anticipating increase in costs in the election year. The costs include member support staff compensation as per their collective employment agreement, relocation costs between parliamentary offices,

increased health, safety and equipment for out of parliament offices etc.

The operating impact is mainly in member support staff personnel costs. It is assumed that the savings from the personnel cost of new engaged staff partially offset the cost pressure for existing staff in 2014/15. This also leads to savings to cover the direct employment cost pressures in out years.

Financial impact of intended change	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating impact – departmental	0.734	1.783	1.016	-	-
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

If this intention requires new funding from the centre, please describe it here:

The Service continues to develop the necessary capability to deliver services during the transition using its standard business systems and processes. However, the scale of change is likely to require resources outside of the Service's baseline funding.

Value of new funding sought from the centre	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating expenditure – departmental	0	0	0	0	0
Operating expenditure – non-departmental	-	-	-	-	-
Capital expenditure – departmental	-	-	-	-	-
Capital expenditure – non-departmental	-	-	-	-	-

Describe any implications for workforce capacity and capability of the intended change:

[6]

Describe any other significant capability implications of the intended change (eg, IT):

The Service expects to increase the capacity of its workforce on a temporary basis during the transition period.

Describe how the success of the intended change will be known or measured, including the value of spending:

The Service will continue to measure its performance during the Parliamentary transition through:

1. Value for money

The Service anticipates a reduction in the direct cost of the 2014 Parliamentary transition when compared to the 2008 and 2011 costs.

2. Customer Satisfaction

The Service anticipates improved overall satisfaction from members returning to the 51st Parliament when compared to members returning from the 49th to 50th Parliament in 2011.

The Service will continue to engage external customer satisfaction research support to evaluate its performance for new, returning and long term returning members.

6.1.2 High quality services are delivered to members, parties and the House of Representatives.

Provide the ability of members of Parliament to work seamlessly in remote locations and within the Parliamentary precincts. Improve mobility and implement joint ICT service provision with the Office of the Clerk.

Note strategic outcome(s) related to this intention:

Parliament Outcome 1: Members and parties receive high quality support services

Impact 1: *Members are able to conduct their parliamentary business effectively both inside and outside of the parliamentary precinct*

- Support members to work flexibly and effectively within the precincts and around the country
- Improve financial services to members
- Continue to develop our capability to deliver customer focussed services which provide greater value for money

Impact 2: *The Service is responsive to changes in its operating environment*

- Continue to adjust operations to deliver services to provide greater value for money
- Prioritise service we provide to members. Review service delivery approach to identify opportunities for further efficiencies
- Benchmark services to identify opportunities for improvement

Impact 4: *Costs of service delivery are reduced by sharing services with other agencies*

- Work with the Office of the Clerk and other agencies to ensure Parliament is well supported (sector approach)

Type of action
(Insert : New/stop/change)

Change

Motivation for change (circle)

Generating funds for reprioritisation

Seeking greater efficiency/performance from current spending

Responding to government priorities

Other

Describe the intended change including timeframes of the intended implications:

The Service continues to reduce its operating costs through increasing the efficiency of its core systems. Over the 2012/13 period the Service will improve the reporting capability of its Financial Management Information

System and introduce a new streamlined accounts payable process. [6]

Technology is continuously evolving, producing on-going opportunities to work more efficiently and cost effectively. A number of efficiency initiatives are planned over the coming four years to enable the Service to deliver more for less. The main initiatives are:

- improved reporting capability of the Service's FMIS and introduce a new streamlined accounts payable process
- the Service will contract to deliver common ICT services such as infrastructure management, mail, desktop and network management and internet access to the Office of the Clerk. Transition to the new model will be incremental with initial services starting to transition from February 2013 and all planned services transitioned by June 2013. The Service anticipates overall lower costs per managed desktop for both agencies
- in accordance with the All of Government initiatives and recommendations, the Service will look to transition to an approved Cloud provider for server hosting (Infrastructure as a Service - IAAS) and leverage syndicated services where appropriate. All agencies that are serviced by the Service would transition at the same time, meaning greater economies of scale can be realised. A transition to the Cloud prior to the next election would be seen as risky, so it is currently planned to start transitioning early in the 2015/16 financial year. The Service anticipates an ability to reduce its capital spend by no longer refreshing aging server infrastructure. [6]

Members would still expect a high level of first level support, so service desk staff and desktop support staff would still be required at similar levels as current.

Financial impact of intended change	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating impact – departmental	0.235	(0.059)	(0.053)	(0.046)	(0.039)
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

Value of new funding sought from the centre	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating expenditure – departmental	-	-	-	-	-
Operating expenditure – non-departmental	-	-	-	-	-
Capital expenditure – departmental	-	-	-	-	-
Capital expenditure – non-departmental	-	-	-	-	-

Describe any implications for workforce capacity and capability of the intended change:

- Improved FMIS will result in a reduction in accounts payable resource and lower use of contractors.

- [6]
- The move to the Cloud should result in a direct reduction of staff for the vendor as the services become supported by the Cloud provider. Desktop Support and Service Desk numbers will remain at current levels. ICT staff numbers employed by the Service will most likely stay constant as most service delivery functions have already been outsourced.

Describe any other significant capability implications of the intended change (eg, IT):

- The improvement achieved in the FMIS will increase the capability of the Finance staff so that more qualitative services can be provided to members, support staff and other agencies.
- The aim of the transition to both shared services and to the Cloud will be to deliver the same, if not better, ICT services for lower cost per user.
- Moving to the Cloud together should enable all agencies involved to benefit from better economies of scale, while also allowing both agencies customers to access services and content in a more flexible manner.

Describe how the success of the intended change will be known or measured, including the value of spending:

- The primary measure for the improved FMIS intervention will be customer satisfaction. The Service expects significant improvements in the satisfaction of members and their staff with the financial services provided. This will be measured through customer satisfaction surveys.
- [6]
- Common services for the Service, the Office of the Clerk and Ministerial Services are efficiently delivered by the Service's ICT team.
- The transition to the Cloud is achieved with minimal disruption to services and results in a reduction in service delivery staff and means that the server room in Bowen House can be decommissioned.
- Members have greater flexibility in how they access and consume services.

6.1.3 Costs of service delivery are reduced by sharing services with other agencies.

Adjust core operations to deliver services to provide greater value for money.

The Service, wherever possible will continue to develop its capability to deliver customer focused efficient and effective services which provide greater value for money.

Note strategic outcome(s) related to this intention:

- 1 Members and parties receive high quality support services

Type of action	Change
Motivation for change (circle)	Generating funds for reprioritisation
	Seeking greater efficiency/performance from current spending
	Responding to government priorities
	Other

Describe the intended change including timeframes of the intended implications:

Over the 2012 – 2016/17 period, the Service will reconfigure the delivery of its core departmental outputs to achieve further efficiencies and value for money. These changes will be focused as follows:

1. **Expanded delivery of common services to the Parliamentary sector.** The Service has historically provided the back office functions necessary to support the Office of the Clerk of the House of Representatives and the Parliamentary Counsel Office. Since 2010 the Service has looked to achieve economies of scale through the provision of common services to other agencies operating on or near the Parliamentary precincts and now also provides services to Ministerial Services (DIA), the Treasury and the State Services Commission. The Service intends to continue to expand its common service provision in order to continue to lower the overall cost to the taxpayer of these functions.
2. **Further efficiencies in back office functions.** [6]
3. **Reduced accommodation costs.** The Service seeks to reduce the accommodation cost of its administrative functions. Over the next four years the Service will look to sublease three floors of Bowen House, allowing it to achieve a significant rent saving through re-accommodating its administrative staff in Parliament House and the Library building.
4. **Improved contracting and purchasing.** The Service expects to achieve savings in both its departmental and non-departmental costs through savings in on-going contractual arrangements with key suppliers and all of Government contracts..
5. **Improving efficiency in service delivery.** The Service will seek to deliver its services in more efficient ways. Over the past two years the Service has improved the efficiency of its security operations, mail delivery, functions and information technology services. The Service intends to achieve further efficiencies in various services provided to members.
6. **Business systems improvement.** As part of its on-going intention to deliver services to members using business as usual processes and systems, the Service will re-examine the areas of its operations which did not perform to the desired level during the election period. Improvements to these systems will be made through the introduction of relationship management services and appropriate support

tools, such as the Customer Relationship Management system. These improvements are expected to deliver [6] an improvement to the quality of the services provided to members [6]

Describe and quantify the financial impacts of the intended change:

Financial impact of intended change	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating impact – departmental	(0.969)	(1.724)	(0.963)	0.046	0.039
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

Value of new funding sought from the centre	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating expenditure – departmental	-	-	-	-	-
Operating expenditure – non-departmental	-	-	-	-	-
Capital expenditure – departmental	-	-	-	-	-
Capital expenditure – non-departmental	-	-	-	-	-

Describe any implications for workforce capacity and capability of the intended change:
[6]

Describe any other significant capability implications of the intended change (eg, IT):
None

Describe how the success of the intended change will be known or measured, including the value of spending:
Funding will be released for reprioritisation within the Service's outputs as shown in the table above.

6.1.4 Members of the public are able to participate in the parliamentary process

Provide a secure Parliament for members, staff and visitors

Ensure future generations have the opportunity to learn and experience parliamentary processes

Note strategic outcome(s) related to this intention:

- 1 Members and parties receive high quality support services
- 2 The Parliament is accessible to members of the public.

Type of action	New
Motivation for change (circle)	Generating funds for reprioritisation
	Seeking greater efficiency/performance from current spending
	Responding to government priorities
	Other

Describe the intended change including timeframes of the intended implications:

- 1 Development of two interactives that can be used in the classroom and remotely (web access) which describes the history surrounding Parliament and our democratic system, and provides an updated virtual tour of Parliament for those not able to visit the House of Representatives.
- 2 Update educational resources used by teachers to educate their students on Parliament and our democratic system. This is key to the aim of teaching future generations about the democratic process and the role of the House of Representatives in New Zealand.
- 3 Provide additional “value add” security services by supporting out of parliament offices and staff through undertaking security and health and safety audits and regularly being involved in supporting staff with advice.
- 4 Increasing revenue through offering security services to other departments.

Describe and quantify the financial impacts of the intended change:

Financial impact of intended change	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Operating impact – departmental	-	-	-	-	-
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-
Value of new funding sought from the centre	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)

Operating expenditure – departmental	-	-	-	-	-
Operating expenditure – non-departmental	-	-	-	-	-
Capital expenditure – departmental	-	-	-	-	-
Capital expenditure – non-departmental	-	-	-	-	-
<p><i>Describe any implications for workforce capacity and capability of the intended change:</i> Specialist interactive and graphic designers are part of the scope of this work and are factored into the project costs.</p>					
<p><i>Describe any other significant capability implications of the intended change (eg, IT):</i> Not Applicable</p>					
<p><i>Describe how the success of the intended change will be known or measured, including the value of spending:</i></p> <ol style="list-style-type: none"> 1. Two interactives will be completed and used in the classroom by the beginning of the second term of the next school year. 2. Educational material will be available either in hard or softcopy by the beginning of the next school year. 					

New funding

The Service anticipates new funding requirements in the out years of this plan. This is due to two foreseen costs which cannot be specified at this time. These costs are:

1 The transition to the 51st Parliament

Historically the Service has required additional funding to deliver the transition between Parliaments. This is due to the resource requirement to deliver services to new, departing and returning members of Parliament. For previous transitions the Service has also sought funding for compensation payments which are contractually due to member support staff who are not offered employment in the new Parliamentary term. The additional costs associated with the transition from the 49th to 50th Parliament in FY 2011/12 were approximately \$2.4m. The Service anticipates the cost above its baseline for the 2014 transition to be in the order of \$2.0m.

2 Funding of out years

The 2012 Fifth Triennial Appropriations Review committee have recommended a move to an actual cost funding model for each member's support staff entitlement. In doing so, the Committee concluded that the current level of funding is not likely to be sufficient to provide members with appropriate staffing entitlements for the 51st Parliament.

[6]

6.2 Fiscal Implications

6.2.1 Cost pressures

[6]

6.2.1.2 Operational cost pressures arising from capital

Summary of capital/property-related cost pressures (summary of white boxes below)

	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Total departmental depreciation/capital charge cost pressures	0.060	0.563	0.566	0.569	0.573

Cost pressure as a result of utilities price increase.

Utility prices have increased during 2012/13. The Service's forecast allows for a continued 5% annual cost increase.

	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Value of cost pressure					
Departmental	0.060	0.063	0.066	0.069	0.073

Cost pressure as a result of capital expenditure.

Scheduled replacement of computer hardware.

	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Value of cost pressure					
Departmental	-	0.500	0.500	0.500	0.500

6.2.1.3 Other cost pressures

Summary of other operating cost pressures (summary of white boxes below including residual box)

	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Total departmental other operating cost pressures	0.400	0.414	0.428	0.444	0.460

Cost pressure as a result of insurance premium increase.

The Service's insurance premiums have increased 38% in 2012/13. The Service projects further 5% cost increases in out years.					
Value of cost pressure	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	0.100	0.105	0.110	0.116	0.122

Cost pressure as a result of technology change.					
The Service is required to provide up to date technology and communication services. As a result, the capability, reporting and management tools need to be improved. The Service outsourced its transactional information and technology services. The trend is likely to continue at 5% increase every year.					
Value of cost pressure	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	0.300	0.309	0.318	0.328	0.338

6.2.2 Offsetting operational funding from reprioritisation/third-party revenue/vote transfers

6.2.2.1 Reprioritisation

Summary of funding available from reprioritisation (summary of white boxes below)

	2012/13 (\$0.000m)	2013/14 (\$0.000m)	2014/15 (\$0.00m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Total departmental reprioritised funding	(1.765)	(3.887)	(4.605)	(3.333)	(3.834)

Reprioritised funding available as a result of: Business groups staff review.					
Describe reprioritisation in further detail: The Service has completed a number of staffing reviews to provide efficiency. [6]					
Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	(0.765)	(2.387)	(2.089)	(1.618)	(1.519)

Reprioritised funding available as a result of vacating one leased property in 2015/16.

One leased property agreement is due to expire in 2015/16 (lease of Mezzanine floor of No1 The Terrace). It is planned to relocate the Office of the Clerk and Parliament TV functions from No.1 The Terrace to Bowen House.

Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	-	-	-	(0.215)	(0.215)

Reprioritised funding available as a result of delaying in capital expenditure in 2012/13.

Some capital work has been delayed in 2012/13 to be able to manage current cost pressures.

Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	(0.500)	-	-	-	-

Reprioritised funding available as a result of building operations cost savings.

The Service has achieved building operational cost savings and a one-off saving in 2012/13.

Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)

Please note this table is commercially sensitive and should not be released.

Reprioritised funding available as a result of negotiation of the service delivery contracts.

The Service anticipates savings through contractual negotiations in:

- Heating, ventilation and air conditioning
- Outsourced information technology services.

Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	-	(0.500)	(0.500)	(0.500)	(0.500)

Reprioritised funding available as a result of shared services arrangements with other agencies.

The Service will have achieved cost efficiencies through the increased provision of common services to agencies operating on the Parliamentary precincts, reducing the total cost to the taxpayer of the back office functions of its own and partner agencies.

Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	-	(0.300)	(0.300)	(0.300)	(0.300)

Reprioritised funding available as a result of efficiencies in use of capital

The Service is planning to improve its management of its capital resources.

Value of available reprioritised funding	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	-	(0.200)	(0.200)	(0.200)	(0.200)

6.2.2.2 Third-party revenue*Summary of third-party revenue changes (summary of white boxes below)*

	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Total departmental third-party revenue changes	-	-	-	-	(0.600)

Appropriation name and type affected: Buildings and Operations Management

The Service is intending to sub-lease the administrative floors of Bowen House to generate revenue to fund the cost pressures arising from the increasing employment costs and other operating costs.

Value of change in third-party revenue increase/(decrease)	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Departmental	-	-	-	-	(0.600)

6.2.2.3 Transfers from/to other votes

	\$m Increase/(Decrease)				
	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
Total transfers					

	2012/13 (\$0.000m)	13/14 (\$0.000m)	2014/15 (\$0.000m)	2015/16 (\$0.000m)	2016/17 (\$0.000m)
From/to:					
Vote, appropriation name and type affected:					

[6]

[6]

[6]