

Treasury Report: Bilateral Briefing for Votes Office of the Clerk and Parliamentary Service – Budget 2008

Date:	29 February 2008	Report No:	T2008/299
--------------	------------------	-------------------	-----------

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Dr Michael Cullen)	Read the attached bilateral briefing before your meeting with the Speaker	Tuesday 4 March 2008 at 7.30 pm
Associate Minister of Finance (Hon Trevor Mallard)	Read the attached bilateral briefing before your meeting with the Speaker	Tuesday 4 March 2008 at 7.30 pm

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>			✓
Chris Bunny	Manager, System Performance and Operations	<i>[deleted – privacy]</i>	

Minister of Finance's Office Actions (if required)

None

Enclosure: Yes

Treasury Report: Bilateral Briefing for Votes Office of the Clerk and Parliamentary Service – Budget 2008

Attached is a briefing for the bilateral between the Minister of Finance and Madam Speaker at 7.30 p.m. on Tuesday 4 March 2008 to discuss the budget initiatives for Votes Office of the Clerk and Parliamentary Service.

The bilateral briefing is structured as follows:

Recommendations	p. 3
Analysis by Votes	p. 16
One-page initiative summaries	p. 22

We expect the key issues for discussion will be the capability bids in both the Office of the Clerk, and in the Parliamentary Service.

Treasury's view is while the bids of both agencies have merit, they cannot be supported in full at this time in view of the overall constraints on resources available in Budget 2008.

Recommended Action

We recommend that you **read** the attached briefing before your bilateral with the Speaker at 7.30 p.m. on 4 March 2008.

Chris Bunny
Manager, System Performance and Operations
for Secretary to the Treasury

Hon Dr Michael Cullen
Minister of Finance

Recommendations

VOTE OFFICE OF THE CLERK

Initiatives supported by Treasury and Office of the Clerk

a Roll-Out of Electronic Select Committee System

- The Office of the Clerk proposes that an electronic system be rolled out to all select committees following the successful completion of a pilot phase with two committees.
- Treasury's view is that the electronic system should proceed as it will assist with the operation of select committees.
- It will provide quicker access to documents and reduce the quantity of paper used which reinforces the Government's commitment to carbon neutrality.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	(0.245)	1.303	1.072	1.072	1.072
Treasury	(0.245)	1.303	1.072	1.072	1.072
<i>Capital (GST excl)</i>					
Department	0.626	1.477	-	-	-
Treasury	0.626	1.477	-	-	-

b Certification of Two Citizens Initiated Referenda Petitions

- The Office of the Clerk proposes additional resources for the validation of two expected citizens initiated referenda.
- Treasury's view is that this is non-discretionary expenditure as the petitions must be externally validated before the election.
- These are one-off costs that cannot be forecast or funded from baselines.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					

Department	0.200	-	-	-	-
Treasury	0.200	-	-	-	-

c Costs to Office of the Clerk following the 2008 General Election: Opening of Parliament and Storage of Ballot Papers

- The Office of the Clerk proposes additional resources for one-off costs related to the opening of Parliament following the 2008 General Election.
- Treasury's view is that this is necessary one-off expenditure that is only incurred following a General Election and the Office cannot currently fund this from baselines.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.090	-	-	-
Treasury	-	0.090	-	-	-

d Host the 2009 Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC)

- The Office of the Clerk proposes additional resources to host the 2009 ACPAC biennial conference.
- Treasury's view is that this initiative should be funded because it is New Zealand's turn to host this conference and it is a one-off expense.
- As the Conference meets in New Zealand every 10 or 12 years it is not possible to include this in forecasts or baselines.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.300	-	-	-
Treasury	-	0.300	-	-	-

e Furnish New Accommodation

- The Office of the Clerk proposes a swap of operating for capital to furnish newly occupied accommodation.
- Treasury's view is that this should be supported as a fiscally neutral adjustment that will not impact on the 2008 Budget allocation.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	(0.085)	-	-	-	-
Treasury	(0.085)	-	-	-	-
<i>Capital (GST excl)</i>					
Department	0.085	-	-	-	-
Treasury	0.085	-	-	-	-

Initiatives not supported by Treasury

f Inter-Parliamentary Relations Capability Enhancement

- The Office of the Clerk proposes additional resources for Inter-Parliamentary relations capability.
- Treasury's view is that this expenditure is discretionary and should not be supported ahead of the agreed initiatives in view of the available resources for this Budget.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.135	0.135	0.135	0.135
Treasury	-	-	-	-	-

g Communicating Parliament: Developing a Coordinated Long-Term Communications Plan

- The Office of the Clerk proposes additional resources for developing an overarching communications strategy for Parliament.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.100	-	-	-
Treasury	-	-	-	-	-

h Legal Services Capability Enhancement

- The Office of the Clerk proposes additional resources to enhance the legal capability of the Office.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.400	0.400	0.400	0.400
Treasury	-	-	-	-	-

i Support for the Increased Use of Te Reo Maori in Parliament

- The Office of the Clerk proposes additional resources to support increased use of Te Reo Maori in parliamentary debate.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.135	0.245	0.245	0.245
Treasury	-	-	-	-	-

j Parliament TV: Operations Support, and Further Developments

- The Office of the Clerk proposes additional resources to enhance the current operation and extend coverage to include select committees.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.797	0.297	0.297	0.297
Treasury	-	-	-	-	-

k Chamber Audio and Radio Broadcasting

- The Office of the Clerk proposes additional resources to upgrade Hansard processes following the upgrade of the Chamber Audio. (see also recommendation v in Vote Parliamentary Service)
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.050	0.050	0.050	0.050
Treasury	-	-	-	-	-

VOTE PARLIAMENTARY SERVICE

I Building Information and ICT Services Capability

further analysis p. 18

- The Parliamentary Service proposes additional resources for organisational capability, improved ICT systems and security for the Parliamentary Network.
- Treasury's view is that theme 1 of the bid relating to security be supported, as it would put tighter controls and audit requirements on the network following the issue of a standard (NZSITS: June 2007) by the Government Communications Security Bureau.
- The remaining components of this bid have merit but should not be supported due to the limited resources available for this Budget.
- SSC support this bid.
- Treasury recommended scaling for this bid and the other capability bid below comes to \$4 million per annum, in line with the figure earlier endorsed by the Minister of Finance.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	0.110	2.695	2.880	2.880	2.880
Treasury	0.080	0.853	0.825	0.825	0.825
<i>Capital (GST excl)</i>					
Department	-	1.617	-	-	-
Treasury	-	0.600	-	-	-

m Attracting, Retaining, Developing and Rewarding Capability

further analysis p. 18

- The Parliamentary Service proposes additional resources for a range of capabilities: full utilisation by members of out-of-Parliament staff and executive assistants; market movement for member support staff; market movement for member support staff; and market movement for core Parliamentary Service staff.
- Treasury's view is that this proposal is scalable.
- Members of Parliament are now using 100% of their entitlement, where the traditional budget provision has been for 95% utilisation.
- The Parliamentary Service has rebased the salary scales on a more equitable basis to address retention issues.
- Treasury recommended scaling for this bid and the other capability bid above comes to \$4 million per annum, in line with the figure earlier endorsed by the Minister of Finance.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	5.029	5.029	5.029	5.029
Treasury	-	3.100	3.175	3.175	3.175

n Increase in Costs of Rentals, Contractors and Service Providers

- The Parliamentary Service proposes additional resources to cover increased costs arising from building maintenance with ageing buildings and expanding complex; increased electricity and gas costs particularly with additional spaces being leased; and facilities maintenance contracts.
- Treasury's view is that many of these costs are unavoidable and increased resources are required to maintain the integrity of the Parliamentary Service operations and mitigate the risk of serious service delivery failure.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	1.163	1.163	1.163	1.163	1.163
Treasury	1.163	1.163	1.163	1.163	1.163

o Leadership and Management Development

- The Parliamentary Service proposes additional resources for leadership and management development.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	0.214	0.214	0.214	0.214	0.214
Treasury	-	-	-	-	-

p National Provider: Employee Assistance Programme

- The Parliamentary Service proposes additional resources for an employee assistance programme.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	0.074	0.074	0.074	0.074	0.074
Treasury	-	-	-	-	-

q

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

r

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

s Group Professional Supervision for Employees

- The Parliamentary Service proposes additional resources for professional supervision for employees.
- This bid has merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	0.079	0.079	0.079	0.079	0.079
Treasury	-	-	-	-	-

t Induction of Out-of-Parliament Staff – Orientation and Ongoing Management

- The Parliamentary Service proposes additional resources to deal with the induction, orientation and management of out-of-Parliament staff.
- Treasury's view is that this initiative should be supported particularly because of the new budgetary requirements and procedures of the Parliamentary Service that all staff are required to understand.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.230	0.181	0.165	0.230
Treasury	-	0.230	0.181	0.165	0.230

u Capital Funding – Crown Asset Management

- The Parliamentary Service proposes additional resources to undertake minor capital works and replacement in the Parliamentary complex and a multi-year appropriation from 1 July 2008.
- Treasury supports this bid at a reduced amount as we consider that there is a need to complete capital works this year and support a four-year multi-year appropriation from 1 July 2008 from existing baselines.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Capital (GST excl)</i>					
Department	1.322	1.322	1.322	1.322	1.322
Treasury	1.000	-	-	-	-

v Chamber Audio and Radio Broadcasting

- The Parliamentary Service proposes additional resources to upgrade the chamber audio and radio broadcasting.
- Treasury considers that this bid has merit, but recommends deferral to Budget 2009.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	-	0.039	0.039	0.039	0.039
Treasury	-	-	-	-	-
<i>Capital (GST excl)</i>					
Department	-	0.140	-	-	-
Treasury	-	-	-	-	-

w Risk and Assurance Committee Support

- The Parliamentary Service proposes additional resources to support the Assurance committee.
- Treasury supports this bid. However, we recommend that it be funded from baselines.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	0.057	0.057	0.057	0.057	0.057
Treasury	-	-	-	-	-

x Activity and Price Increases for both Travel and Communications Appropriations

- The Parliamentary Service proposes additional resources for Members of Parliament communications and travel.
- Treasury’s view is that the communications component of the bid only should be supported because the Speaker’s Determination and Direction has increased the entitlement to all members.
- The travel component of the bid is not supported as this is a demand driven cost and any increase can be dealt with through the unappropriated expense mechanism.

	<i>\$million - increase/(decrease)</i>				
	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
<i>Operating (GST excl)</i>					
Department	0.918	0.918	0.918	0.918	0.918
Treasury	-	0.110	0.110	0.110	0.110

y

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

z

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

Vote Office of the Clerk – Analysis

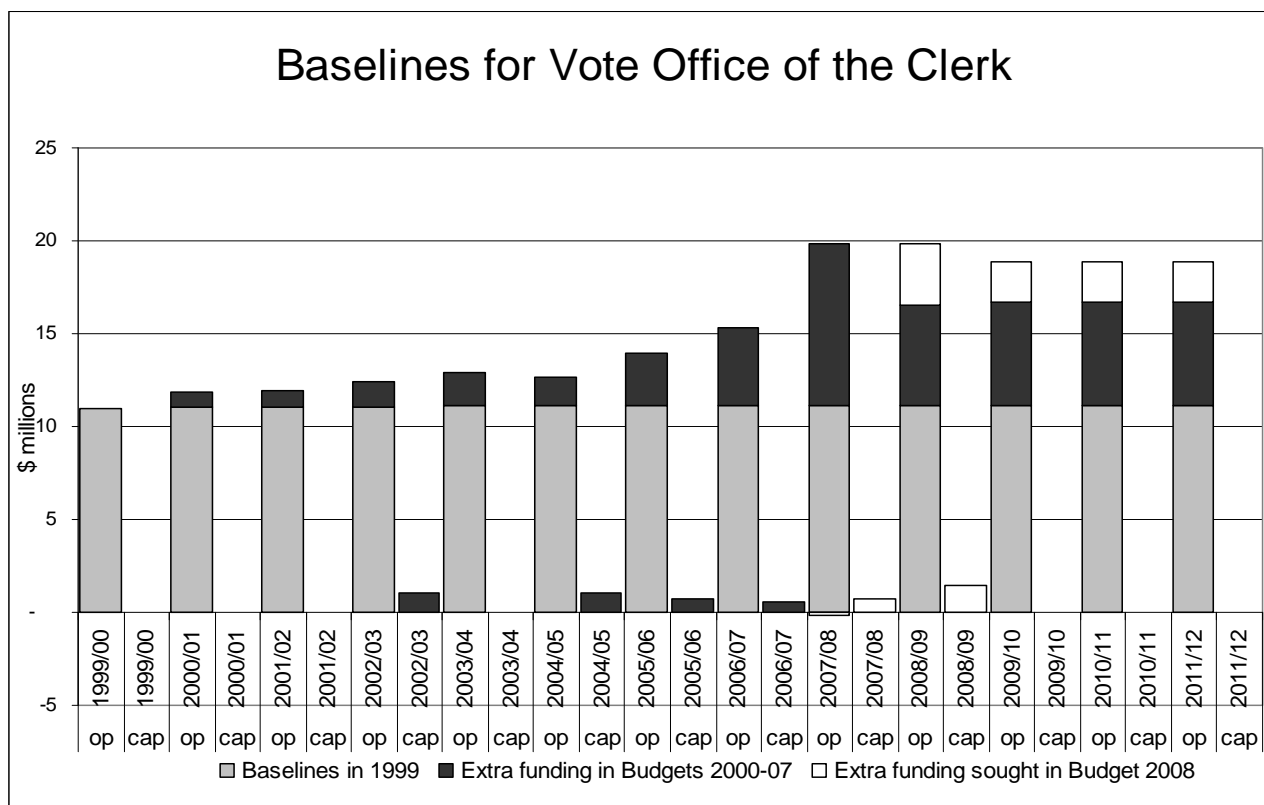
Analysis of Initiatives

- Funding is being sought for Vote Office of the Clerk through this bilateral is summarised in the table below:

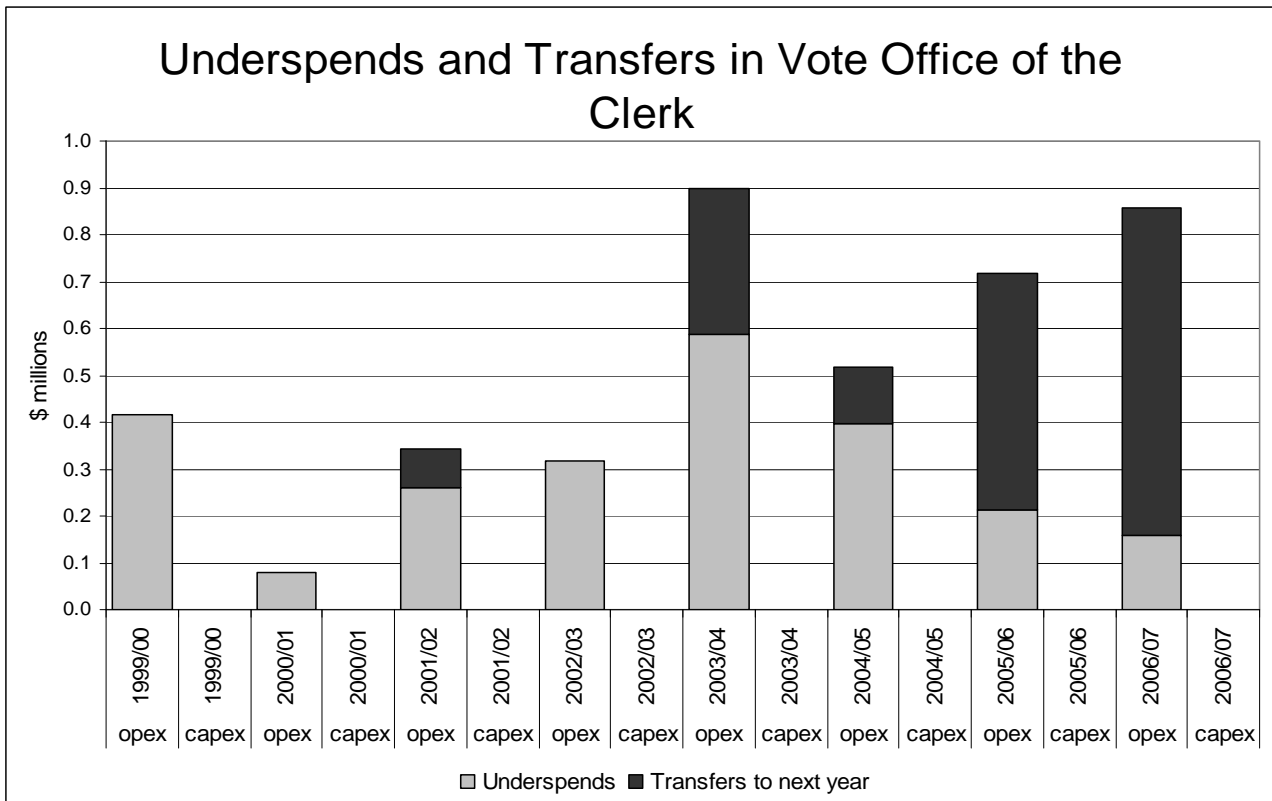
	<i>\$million - increase/(decrease)</i>				
<i>Funding sought for Vote Office of the Clerk in Budget 2008</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
TOTAL OPERATING	(0.130)	3.310	2.199	2.199	2.199
TOTAL CAPITAL	0.711	1.477	-	-	-

Analysis of Vote

- Vote Office of the Clerk baselines are shown in the graph below. The vote has received significant increases in funding in the past 4 years for capability and Parliamentary Television.



Underspends and Transfers in Vote Office of the Clerk



3. Apart from 2003/04 when there were surpluses in the Parliamentary printing budget, the underspends are not significant in relation to the size of the Vote.

Vote Parliamentary Service – Analysis

Analysis of Initiatives

4. Funding is being sought for Vote Parliamentary Service through this bilateral is summarised in the table below:

	<i>\$million - increase/(decrease)</i>				
<i>Funding sought for Vote Parliamentary Service in Budget 2008</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/10</i>	<i>2010/11</i>	<i>2011/12 & Outyears</i>
TOTAL OPERATING	2.615	11.886	12.442	12.426	12.491
TOTAL CAPITAL	-	12.114	10.746	7.822	5.522

Building Information and ICT Services Capability (recommendation I)

5. The Parliamentary Service proposes additional resources for organisational capability, improved ICT systems and security for the Parliamentary network. The proposal has three themes:

Theme	Capital (\$000)	2007/08 (\$000)	2008/09 (\$000)	2009/10 and outyears (\$000)	Treasury priority
Building Organisational Capability	713	-	1510	1678	3
Building ICT Systems that Deliver Value and Improve Effectiveness	304	30	332	377	2
Improving ICT Security	600	80	853	825	1
Total	1617	110	2695	2880	

6. Treasury's view is that theme 1 of the bid relating to security be supported, as it would put tighter controls and audit requirements on the network following the issue of a standard (NZSITS: June 2007) by the Government Communications Security Bureau.
7. The remaining two themes of this bid have merit but when assessed against competing priorities and the limited funding available in Budget 2008, Treasury recommends that this bid not be supported.
8. The initiative follows on from funding approved in previous budgets for the upgrading of information technology on the Parliamentary complex and out-of-Parliament offices.
9. The initiative is supported by SSC.
10. Treasury recommended scaling for this bid and the other capability bid below comes to \$4 million per annum in line with the figure earlier endorsed by the Minister of Finance.

Attracting, Retaining, Developing and Rewarding Capability (recommendation m)

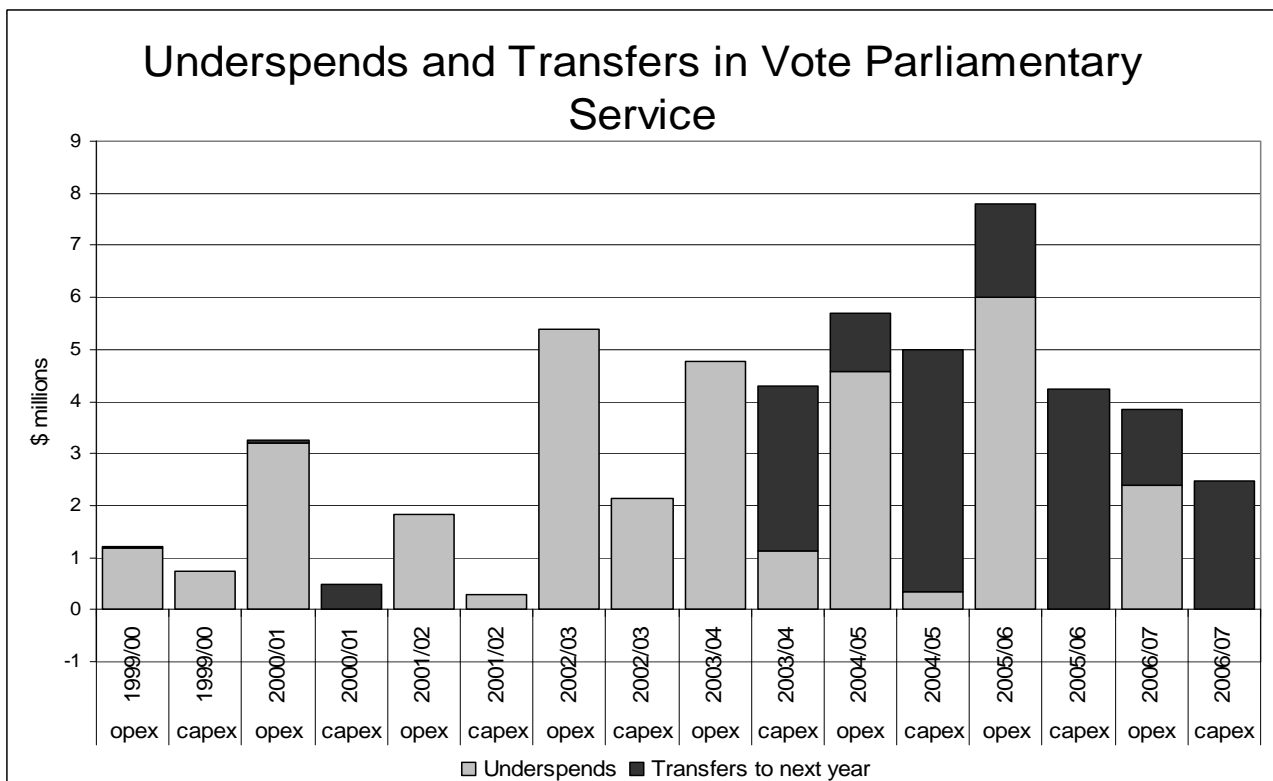
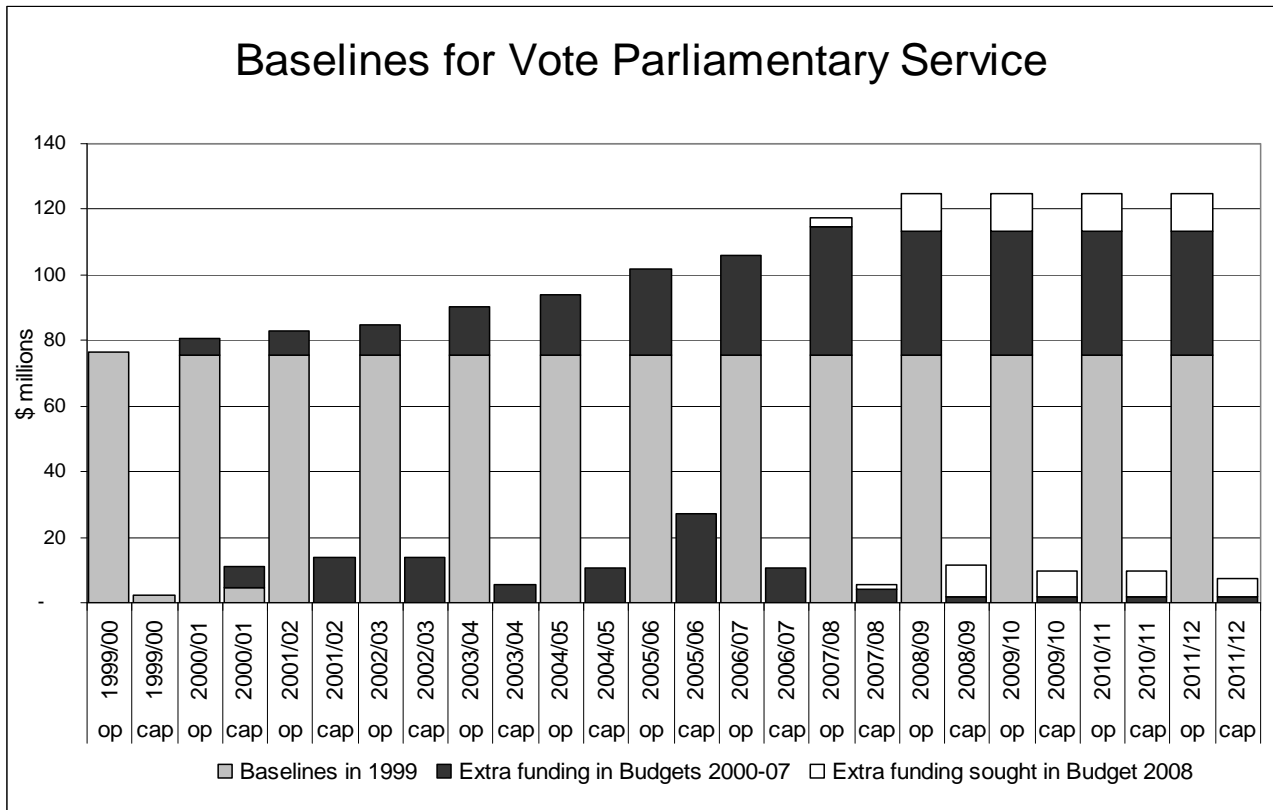
11. The Parliamentary Service proposes additional resources for a range of capability items:

	\$000s
Full utilisation of member support staff	803
Market movement for member support staff	816
Additional cover for executive assistants	118
Market movement for core staff and extension of salary ranges	2277
Revisions following job evaluation	528
Office managers for out-of-Parliament staff	487
Total	5029

12. Treasury is aware that many of the requirements on the Parliamentary Service to provide support to members are formula based.
13. The Service has also moved its personnel information source from Compass to Hays which they believe will provide a more realistic basis of comparison for job evaluation and this has revealed some significant variances.
14. Treasury recommends scaling of this bid and the other capability bid below comes to \$4 million per annum in line with the figure earlier endorsed by the Minister of Finance in view of the resource constraints for Budget 2008.
15. Treasury is aware that funding has been provided to address significant gap between wages for Parliamentary Service staff and those paid by comparable organisations. However, it is apparent that Parliamentary Service is still under pressure to recruit and retain staff, particularly in an election year.

Analysis of Vote

16. Vote Parliamentary Service baselines are shown in the graph below. The vote has received significant increases in funding in the past 3 years for increased capability and information technology requirements.



17. The underspend in 2006/07 opex was due to underspends in the Members' support budgets and the depreciation on the Parliamentary complex.
18. The underspend in 2005/06 opex was \$3.7 million in Members' support budgets and the depreciation on the Parliamentary complex with a further \$2 million on the departmental side transferred to 2006/07 for work in relation to buildings operations.

One-page Initiative Summaries

One-page summaries of the initiatives for discussion at this bilateral are attached on subsequent pages.