

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
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- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(h).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

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

## Four-year Budget Plan

24 November 2010

Submitted by:

**Mary Harris**

**Clerk of the House of Representatives**

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

## Section 1: New Baseline and Summary of Changes

### Direction of Change

The Office of the Clerk is the legislature's secretariat. It provides specialist advice on parliamentary procedure and parliamentary law, administrative services to the Speaker and members of the House of Representatives in the performance of their duties as members of the House, and makes the proceedings of the House and select committees accessible.

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

The Office aligns its activities to the priorities of Parliament, rather than government. Parliament's priorities are determined by its members and expressed in its day to day operations by the Speaker, and in a more strategic sense by the Standing Orders Committee. These are codified in Standing Orders and most of the Office's activities flow from this document.

The House has been relatively stable in its structure and operational rules over the past decade, and is likely to remain so in the medium term. This stability indicates that our strategic focus should be on continuing to provide institutional knowledge, procedural advice, legal advice, developing existing information services to keep pace with users' expectations, and enhancing our people capability. As such, the Office's range of services is likely to remain largely unchanged over the planning period, with any changes being incremental. Within this broad assumption there may be some limited changes in the House's procedures, and in the area of parliamentary communications where we expect we will need to respond to demands for information using new information channels in a more integrated manner. The Office will also need to respond to cost escalation pressures during this period.

The Office's expectation is that it will be able to deliver services over the 2010/11 and 2011/12 periods with relatively little reprioritisation to its budget and operations, and in this period its baseline will not change from the existing forecast.

We anticipate that fiscal challenges to meet service demands within a flat baseline will intensify and significant changes will be needed in the 2012/13 to 2014/15 period. These changes are expected to require a mixture of efficiency gains (e.g. examining the balance between in-house and outsourced operations), and reprioritisation (e.g. discontinuing some services in favour of others according to the priorities that the House determines for its servicing).

Fiscal and servicing changes are uncertain at this stage, and in response, the following impact tables use baselines as currently set.

Overall Impact

<b>Operating</b>	<b>Impact (\$000s)</b>				
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Current Baseline	18536	18238	18238	18238	18238
Cost of new/increased activities	000	000	000	000	000
Amount reprioritised	000	000	000	000	000
New baseline	18536	18238	18238	18238	18238

<b>Capital</b>	<b>Impact (\$000s)</b>				
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Capital proposals seeking new funding in Budget 2011.	000	000	000	000	000
Capital proposals seeking decisions in Budget 2011 funded within baselines.	000	000	000	000	000
Total capital intentions	000	000	000	000	000

## **Section 2: Vote Priorities and Pressures**

As stated in section 1, the Office's current planning assumption is that its range of services is likely to remain largely unchanged over the first two years of the planning period, with any changes being incremental. The Office's main priority will be to continue to deliver its services within a relatively stable environment, while maintaining its capability and managing likely cost increases. That is not to say that the parliamentary environment is static or that the Office is not exposed to cost and service expectation risks.

### Parliamentary environment

The 2011 general election will include a referendum on MMP. Whatever the outcome of this referendum, there may be changes to the electoral system that could require advice on procedural responses from the Office. Reconsideration of MMP may well encourage review of wider constitutional issues. There is already evidence of this in members' bills and CIR petitions.

The Standing Orders Committee will review the Standing Orders over 2010/11. The Office will support this review, providing advice on proposed procedural changes. The sitting hours of the House and the procedures in the committee of the whole House are likely to be given particular attention. Anticipated changes to the role of the Registrar of Members' Pecuniary Interests are likely to require the support of some additional functions.

In addition, the Legislation Bill currently before the House proposes a programme of systematic revision of New Zealand's statutes. This too will require a procedural response. The Office will also be working with the Office of the Controller and Auditor-General on ways in which it can enhance support for the House's financial scrutiny function. The Law Commission review of the Civil List Act 1979 will also have implications for the Office that may require further policy development.

High level procedural advice responding to these and other challenges will have to be delivered at the same time as the Office faces considerable pressure from government legislative priorities. Practices have evolved whereby additional select committees are established to advance particular pieces of legislation that are critical to government priorities, and the time select committees have been given to carry out their consideration of legislation is reduced.

The next general election will be held in 2011. The cost of the opening of Parliament, and the storage and destruction of the ballot papers is difficult to absorb within a relatively small vote. In 2008 these costs were funded by a one-off increase of \$90,000.

The Office has been able to meet these and similar challenges within a fixed baseline over the last two years. Its planning assumption is that any changes are likely to be incremental and will be able to be absorbed within its existing baseline, through internal efficiencies and reprioritisation. However there are some uncertainties about the

outcomes of the reviews described above and, if they are wider ranging than expected, the forecast may have to be revisited.

Other cost and parliamentary communications expectations, outlined next, also contribute to making the forecast less certain in 2012/13 and out years.

### Salary cost escalation

The Office of the Clerk's reputation for high quality services is built on its values of accuracy, impartiality, expertise and integrity. Maintaining these requires high quality, well trained and experienced staff. Staff retention and recruitment are critical factors for the Office. If funding constraints mean that the Office is not able to retain and recruit quality staff, service quality and Parliament's priorities will be at risk. The 2009 and 2010 pay negotiations resulted in zero salary range movements, but this may be difficult to achieve in 2011 and beyond. Government has been clear in its message that departments will not be funded for pay rate changes. This means that money will need to be found from staff numbers and/or operational savings. Maintaining core services and capability may require some re-prioritisation in future years.

### Parliamentary communications

Public expectation for access to and participation in parliamentary proceedings continues to grow. The Office has supported Parliament's response to this trend towards much greater openness over the last several years with major initiatives, including the enhancement of the Parliament website, the implementation of Parliament TV, simultaneous interpretation, improvements to parliamentary publishing systems, and the Chamber audio system. The emphasis over this forecast period will be to bed these new systems in and ensure they are meeting the needs of all our stakeholders.

A strong theme of this work will be to integrate or link the various channels through which parliamentary communications are delivered, under a communications strategy being developed between the Office and the Parliamentary Service. The aim of this work is to achieve efficiencies, to rationalise the various channels, and to make linkages, for example between replayed television coverage of the House and its text equivalent – *Hansard*. This work may require re-prioritisation inside and outside Vote Office of the Clerk because we plan to examine the effectiveness of our ongoing investment in channels such as am radio and broadcast television, compared to other emerging types of video and audio broadcasting.

An example of an emerging fiscal risk in the area of communication is the move to extend the digital terrestrial network to a wider television audience for the Rugby World Cup. Government is calling on broadcasters to part-fund this expansion and, because the Office is a broadcaster, it is exposed to an additional, CPI indexed cost of \$82,000.

The Office's role as a broadcaster is a limited one, focused solely on broadcasting the proceedings of Parliament. There are many potential directions in which the broadcasting of Parliament could be expanded beyond the broadcasting of the live proceedings, replays, and summary programmes, but these would require levels of broadcasting expertise and resources that do not fit well with the Office's core

functions. While the Office does not plan to expand its role as a broadcaster, it will assist those with an interest in developing a broader range of parliamentary coverage, around the Parliament TV channel, by facilitating their working with TVNZ's FreeView platform and SKY TV and through audio broadcasting and web based channels.

A major area where there is work still to be done is in the televising of select committees. The Standing Orders Committee has directed the Office to progressively develop parliamentary TV coverage. Televising of select committee hearings of evidence is significant in New Zealand because of the importance of committees in our parliamentary system. Developments in this area are not being pursued due to the current funding circumstances. However, in the mid-to-longer term future, Parliament may see the televising of select committee hearings as a priority and reprioritisation or extra funding may need to be sought.

#### Inter-parliamentary relations

As part of managing the Parliament's inter-parliamentary relations, the Office is called upon to plan and manage inter-parliamentary conferences as part of a world-wide programme. The next significant conference to be hosted by the New Zealand Parliament is the Commonwealth Presiding Officers Conference in 2013. A number of strategies are being examined to fund this from within the existing inter-parliamentary relations programme, via cost recovery, postponement of other events and working with the Visits and Ceremonial Office regarding use of existing Vote Ministerial Services funding for guests of Parliament.

### **Section 3: Proposed Changes for Budget 2011 (Reprioritisation)**

The Office proposes only one change to its vote in budget 2011, that is to Output Class Inter-Parliamentary Relations where it is seeking a multi-year appropriation to assist in managing the fluctuating nature of the inter-parliamentary relations travel programme, in particular the Speaker's delegation.

It has been customary for the Speaker's delegation to assume a pattern that fits the parliamentary calendar, with the visits in the first two years of a parliamentary term occurring during September adjournments, and the visit in the third year of the Parliament occurring in April to avoid the potential for a clash with the General Election.

The consequence of adopting this pattern is that once in every three financial years funding will be required for two Speaker's delegations in one year and in the following year no funding will be required for a Speaker's delegation.

The variation in costs from year to year cost is relatively small in an all-of-government sense, but it is significant to a small agency like the Office. In past years, the fluctuation has been dealt with by seeking a one-off increase to appropriation to cater for the year in which two delegations occur. A submission was prepared for Cabinet approval this year to transfer \$240,000 from 2011/12 to 2010/11. There is an administrative cost to the Office and Treasury in managing this mechanism. It is proposed to use a multi-year appropriation, covering a three year parliamentary cycle to minimise this administrative cost and assist in planning. The total impact over the three years of the appropriation will be cost neutral.

## **Section 4: Summary of Financial Movements**

This section details the changes to appropriations (including new appropriations) which are required to implement all of the proposed changes in section 3.