



2022/23 October Baseline Update Submission for Vote Public Service

Date: 14 October 2022 **Security Level:** UNCLASSIFIED

Report No: 2022/0231

Contact: Duane McKibben, Deputy Commissioner Organisational Capability and Performance

Telephone: 9(2)(a) privacy

	Actions Sought	Due Date
Hon Chris Hipkins, Minister for the Public Service	Sign and forward the attached OBU submission letter for Vote Public Service and Table 2 documents to the Minister of Finance for inclusion in the 2022 October Baseline Update.	17 October 2022

Enclosure: 2022 OBU – Submission for Vote Public Service

2022 OBU – Table 2 for Vote Public Service

Minister's Office Comments

Comments:	
Date returned to Te Kawa Mataaho:	

Recommended Action

We recommend that you:

- a **Agree** to the Vote Public Service changes detailed in the attached 2022 October Baseline Update submission.

☒ Agree/ ☐ Disagree

- b **Sign and forward** the attached submission and Table 2 document to the Minister of Finance (Hon Grant Robertson) by Monday 17 October 2022 for his consideration and approval.

- c **Forward** the attached submission to the Minister of Social Development and Employment (Hon Carmel Sepuloni) for her information.

- d **Agree** that this briefing be published on the Te Kawa Mataaho Public Service Commission website once considered by you

☒ Agree/ ☐ Disagree



Hon Chris Hipkins
Minister for the Public Service

Date: 14/10/2022

Te Kawa Mataaho Report: 2022/23 October Baseline Update Submission for Vote Public Service

Purpose of Report

- 1 The purpose of this report is to:
 - 1.1 seek your agreement to budget changes for appropriations within Vote Public Service as part of the October Baseline Update (OBU)
 - 1.2 request you sign and forward the attached OBU submission to the Minister of Finance by Monday 17 October 2022.

Background

- 2 This report contains a summary of the requests made by the Commission for OBU 2022. All requested changes to the baseline comply with the criteria confirmed by Cabinet Office Circular CO (18) 2 and can be approved by Joint Ministers. A summary of the requests is included in this report. Further detail on these requests can be found in the attached OBU submission letter.

OBU Adjustments

In-Principle Expense and Capital Transfers

- 3 The Commission made a surplus of \$5.150 million for the 2021/22 year. \$4.812 million of this is able to be transferred into 2022/23 for core Commission activity (refer below):

	\$ millions
Public Service Commission Surplus	5.150
Less: Leadership Development Centre surplus	0.338
Total surplus to be deducted	0.338
Core Commission surplus	4.812

- 4 In accordance with the available surplus discussed above, we are requesting the outstanding balance of our 2021/22 expense transfer (\$120,000). This was for a delay in the recruitment of chief executives.
- 5 The Social Wellbeing Agency made a surplus of \$423,000 for the 2021/22 year. We are requesting the outstanding balance of our 2021/22 expense transfers. These were for:
 - 5.1 ensuring SWA has sufficient policy capability following Cabinet's decisions (\$208,000)
 - 5.2 continuing engagement on Te Aorerekura National Strategy for the Elimination of Family Violence and Sexual Violence (\$115,000)
 - 5.3 funding support for the delayed Oranga Tamariki Action Plan (\$100,000).

Fiscally Neutral Adjustments

- 6 We are requesting a fiscally neutral adjustment with no impact on operating balance or debt. This will cover the funding for the new chief executive of the Ministry for Disabled People (\$422,000 ongoing). This is neutral as the costs of chief executives are recovered from their respective agencies.

Departmental and Other Revenue Increases

- 7 The Commission receives revenue from a variety of sources. We have undertaken an extensive reforecasting exercise of our incoming revenue and requested several adjustments to the appropriation. These adjustments can be found in the OBU submission letter attached.

Capital forecast adjustment

- 8 The Commission is increasing its capital expenditure forecast by \$1.094 million due to a forecast spend of:
 - 8.1 \$483,000 on the digital platform project
 - 8.2 \$351,000 on the data transformation project
 - 8.3 \$260,000 for the refresh of computer equipment, including laptops and phones.

Office of Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response

Minister of Education

Minister for the Public Service

Leader of the House



17 October 2022

Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

2022/23 October Baseline Update

Submission for Vote Public Service

Introduction

This report covers those items affecting the baseline for Vote Public Service for the October Baseline Update.

I confirm that none of the changes contained in this update require Cabinet decisions at this time.

The Table 2 referred to below is attached to this letter.

The proposed changes to baselines are as follows:

Changes Requiring Approval of Joint Ministers

Expense or Capital Transfers

An explanation of each proposed transfer is listed below, and the amounts are specified in Table 2. The requests for Vote Public Service are set out in the table below.

Vote Public Service	\$ million increase/(decrease)			
	Approved in June	Total Approved	Actual under spend	Amount Requested for Transfer to 2022/23
Departmental Output Expense Leadership of the Public Management System <i>(funded by revenue Crown)</i>	0.120	0.120	5.150	0.120
Departmental Output Expense Supporting Implementation of a Social Wellbeing Approach <i>(funded by revenue Crown)</i>	0.215	0.715	0.423	0.423

Leadership of the Public Management System

It has now been confirmed that the Commission made a surplus of \$5.150 million in this appropriation, \$4.812 million of which is able to be transferred into 2022/23 for core Commission activity (refer below).

Particulars	Amount (\$m)
Te Kawa Mataaho surplus	5.150
Less: Leadership Development Centre memorandum account	0.338
Available surplus to transfer	4.812

Confirmation of the expense transfer totalling \$0.120 million is now requested to fund chief executive recruitment which was originally intended to occur in 2021/22 but instead occurred in 2022/23.

Supporting Implementation of a Social Wellbeing Approach

It has now been confirmed that the Social Wellbeing Agency made a surplus of \$423,000 in this appropriation. Confirmation of the expense transfer totalling \$0.423 million is now requested to:

- continue the refreshed work programme agreed by the Social Wellbeing Board which was delayed by COVID-19 related issues (\$0.208 million)
- continue engagement with NGOs and diverse communities on Te Aorerekura: National Strategy for the Elimination of Family Violence and Sexual Violence (\$0.115 million)
- fund the support for the delayed Oranga Tamariki Action Plan and its implementation (\$0.100 million).

Fiscally Neutral Adjustments

An explanation of each proposed adjustment is listed below, and the amounts are specified in Table 2 attached to this letter.

Revenue Adjustments (Departments)

The following proposed increases to appropriations are fully offset by adjustments in department revenue and are requested according to CO (18) 2 para 32.5:

A net increase of \$3.786 million in revenue is projected in 2022/23, \$0.590 million in 2023/24, and \$0.503 million in 2024/25 and outyears from other departments in the Leadership of the Public Management System appropriation. This includes the following:

- An increase of \$1.030 million in 2022/23 for the Clerical and Administration Pay Equity Claim.
- An increase of \$78,000 in 2022/23 from the Department of Internal Affairs innovation fund which is funding the All of Government board appointment data integration system.
- An increase of \$59,000 in 2022/23 from the Department of Internal Affairs innovation fund which is funding the Unlocking Government Data project.
- An increase of \$115,000 in 2022/23 and outyears for the increase in levies charged by the Employee-led Networks.
- An increase of \$558,000 in 2022/23 for the Public Service Fare which is funded by the Ministry of Foreign Affairs and Trade.
- An increase of \$338,000 in 2022/23 and outyears to represent the contribution from the Ministry of Business, Innovation and Employment to the Equal Pay Taskforce.
- An increase of \$604,000 in 2022/23 for the Leadership Development Centre arising from increases in levies and additional course fees.
- An increase of \$167,000 in 2022/23 for levies charged by the new Māori Emerging Leaders Programme.
- A decrease of \$150,000 in 2022/23 and outyears to recognise that the Spirit of Service Awards sponsorships are made by private entities, not other departments.
- An increase of \$200,000 in 2022/23 and outyears to represent the contribution from the Ministry for Women towards the Manager of the Equal Pay Taskforce.
- An increase of \$15,000 in 2022/23 for the research contribution on addressing personal bias made by the Ministry for Women.
- An increase of \$772,000 in 2022/23 and \$87,000 in 2023/24 for the external secondments into the Commission.

	\$million – increase/(decrease)				
Vote Public Service	2022/23	2023/34	2024/25	2025/26	2026/27 & Outyears
Minister for the Public Service					
Departmental Output Expense:					
Leadership of the Public Management System	3.786	0.590	0.503	0.503	0.503
<i>(funded by revenue Department)</i>					

Revenue Adjustments (Other)

The following proposed increases to appropriations are fully offset by adjustments in department revenue and are requested according to CO (18) 2 para 32.5:

A net increase of \$0.212 million in revenue is projected in 2022/23 and \$0.150 million in 2023/24 and outyears from third parties in the Leadership of the Public Management System appropriation. This includes the following:

- An increase of \$110,000 in 2022/23 and \$150,000 in 2023/24 and outyears to recognise that the Spirit of Service Awards sponsorships are made by private entities, not other departments.
- An increase of \$102,000 for the final milestone of the OECD project.

	\$million – increase/(decrease)				
Vote Public Service	2022/23	2023/34	2024/25	2025/26	2026/27 & Outyears
Minister for the Public Service					
Departmental Output Expense:					
Leadership of the Public Management System	0.212	0.150	0.150	0.150	0.150
<i>(funded by revenue Department)</i>					

Remuneration and related costs of Chief Executives

Chief executives are paid from the Commission's Remuneration and Related Employment Costs of Chief Executives appropriation. These expenses are then reimbursed by the respective agency of every chief executive. This means the chief executive remuneration portion of the appropriation is fiscally neutral.

The Commission is seeking a fiscally neutral increase of \$0.422 million in 2022/23 and outyears to accommodate the recent appointment of the Ministry of Disabled People chief executive.

	\$ million increase/(decrease)				
Vote Public Service Minister for the Public Service	2022/23	2023/34	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Other Expense					
Remuneration and Related Employment	0.422	0.422	0.422	0.422	0.422
Costs of Chief Executives					
Non-Departmental Non-Tax Revenue					
Reimbursement of Chief Executives	0.422	0.422	0.422	0.422	0.422
Remuneration					

Forecasting Adjustments

An explanation of each proposed forecasting adjustment is listed below, and the amounts are specified in Table 2.

Capital Expenditure PLA

An increase of \$1.094 million in 2022/23 reflects an increase in the forecast for capital expenditure for:

- \$483,000 for the digital platform project
- \$351,000 for the data transformation project
- \$260,000 for the refresh of computer equipment, including laptops and phones.

	\$million – increase/(decrease)				
Vote Public Service Minister for the Public Service	2022/23	2023/34	2024/25	2025/26	2026/27 & Outyears
Departmental Capital Expenditure					
Capital Expenditure PLA	1.094	-	-	-	-

Recommendations

This section is for Joint Ministers to agree, subject to CO (18) 2:

I agree and recommend that you:

1. **agree** the changes to those baselines for the appropriations in Vote Public Service that require Joint Ministers' approval, as set out in Table 2;
2. **agree** that the proposed changes to appropriations and departmental capital injections and withdrawals for 2022/23, covered by recommendation 1 above, be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.



Signed
Minister for the Public Service

Date: 14/10/2023

Table 2: Baseline Changes Report, 2022/23 OBU (HYEFU), Vote 42 - 0: PSC - Public Service.
Data has not been validated

	Classification	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	Authority for Change	Final Year Funding
Departmental Output Expenses								
Leadership of the Public Management System								
Dept Annual Appropriation								
Delay in recruitment of chief executives	ECT ip	120	-	-	-	-	CO (18) 2	On going
Dept Revenue Adjustments	FNA	3,786	590	503	503	503	CO (18) 2 para 32.5	On going
Revenue adjustments (other)	FNA	212	150	150	150	150	CO (18) 2 para 32.5	On going
Revenue Crown								
Delay in recruitment of chief executives	ECT ip	120	-	-	-	-	CO (18) 2	On going
Revenue Dept								
Dept Revenue Adjustments	FNA	3,786	590	503	503	503	CO (18) 2 para 32.5	On going
Revenue Other								
Revenue adjustments (other)	FNA	212	150	150	150	150	CO (18) 2 para 32.5	On going
Supporting Implementation of a Social Wellbeing Approach								
Dept Annual Appropriation								
Continuing engagement on Te Aorerekura National Strategy for the Elimination of Family Violence and Sexual Violence	ECT ip	115	-	-	-	-	CO (18) 2	On going
Continuing refreshed work programme agreed by SWB	ECT ip	208	-	-	-	-	CO (18) 2	On going
Support for the delayed Oranga Tamariki Action Plan	ECT ip	100	-	-	-	-	CO (18) 2	On going
Revenue Crown								
Continuing engagement on Te Aorerekura National Strategy for the Elimination of Family Violence and Sexual Violence	ECT ip	115	-	-	-	-	CO (18) 2	On going
Continuing refreshed work programme agreed by SWB	ECT ip	208	-	-	-	-	CO (18) 2	On going
Support for the delayed Oranga Tamariki Action Plan	ECT ip	100	-	-	-	-	CO (18) 2	On going
Total changes - Departmental Output Expenses		4,541	740	653	653	653		
Total changes - Output revenue (Crown +Dept+Other)		4,541	740	653	653	653		
Departmental Capital Expenditure								
Public Service Commission - Capital Expenditure (PLA)								
Dept Other Appropriation								
Capital expenditure forecasting adjustment	Fcst Adj	1,094	-	-	-	-	CO (18) 2 para 61.1	On going

	Classification	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	Authority for Change	Final Year Funding
Total changes - Departmental Capital Expenditure								
		1,094	-	-	-	-		
Non-Departmental Other Expenses								
Remuneration and Related Employment Costs of Chief Executives								
Non-Dept Annual Appropriation								
Chief executive remuneration (MDP)	FNA	422	422	422	422	422	CO (18) 2	On going
Total changes - Non-Departmental Other Expenses								
		422	422	422	422	422		

Classification Key

Short Name	Description	Reference
Cabinet	Cabinet policy decision	Approvals are sought in cabinet papers (refer to cabinet manual), with authority given via a cabinet minute. The authority for change should reference both supporting documents.
ECT	Expense and Capital Transfer	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring funding within an appropriation across financial years.
ECT ip	Expense and Capital Transfer in-principle	Defined in (Cabinet Office Circular). The portion of an ECT that can't be accurately quantified so the transfer amount has been approved in-principle. 1st time can count in fiscal forecasts is OBU.
Fcst Adj	Forecast Adjustments	Defined in (Cabinet Office Circular). Adjustments to the forecast expenditure of PLAs or where there is a pre-determined cost calculation, or Crown Revenue.
FLoS	Front-Loading of Spending	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Bringing forward expenditure to create lasting cost savings.
FNA	Fiscally Neutral Adjustment	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring funding between appropriations within a financial year.
RoU	Retention of Underspend	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring underspend to the next financial year.
RoU 50%	Retention of Underspend @ 50%	Defined in CO Circular. Portion of an ROU can't accurately quantify so the transfer amount of 50% of an underspend has been approved in-principle. 1st time can count in fiscal forecasts is OBU.
Tech Adj	Technical adjustment	Defined in (Cabinet Office Circular). Technical accounting adjustments with no cash impact to the Crown, MYA spending profile changes, non-controversial appropriation title or scope changes.
Return Sav	Return of savings to the Crown	Returning savings to the Crown is always encouraged. Departments can achieve this by constantly looking for efficiency gains through improvements in processes and technology.
Crown Liab	Recognition of Existing Crown liability	Crown liabilities need to be recognised as soon as possible. These affect Non-Departmental Appropriations.
Other	Other changes outside the above criteria	There should be very few changes outside the above criteria, so if there are any they require extra scrutiny.