

A. 8 FR (2003)



Departmental Forecast Report

of the

Office of the Clerk

of the

House of Representatives

Year ending 30 June 2004

A. 8 FR (2003)

STATEMENT OF RESPONSIBILITY

The forecast financial statements for the Office of the Clerk for the year ending 30 June 2004 contained in this report have been prepared in accordance with section 34A of the Public Finance Act 1989.

The Chief Executive of the Office of the Clerk acknowledges, in signing this statement, that he is responsible for the forecast financial statements contained in this report.

The financial performance forecast to be achieved by the department for the year ending 30 June 2004 that is specified in the statement of objectives is as agreed with the Speaker of the House of Representatives who is the Minister responsible for the financial performance of the Office of the Clerk.

The performance for each class of outputs forecast to be achieved by the department for the year ending 30 June 2004 that is specified in the statement of objectives is as agreed with the Speaker of the House of Representatives who is responsible for the Vote administered by the department.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates for the year ending 30 June 2004 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

D G McGee
Clerk of the House of
Representatives

Chief Executive

14 April 2003

Peter Carr
Manager, Corporate Services
Office of the Clerk of the House
of Representatives

Chief Financial Officer

14 April 2003

PART A—INTRODUCTION AND BUSINESS

OVERVIEW

In 2003/04 the Office of the Clerk expects to earn \$12,754,000 (GST exclusive) in revenue from the Crown for the services it will supply under the two departmental output classes. These output classes are detailed in the Statement of Objectives in this report. This sum is expected to be spent as follows:

- \$11,948,000 (94% of total revenue) on services and advice provided to the House and its committees:
- \$806,000 (6% of total revenue) on inter-parliamentary relations and travel:

BUSINESS OF THE OFFICE OF THE CLERK

The Office's core business is the provision of services to the Speaker, members and committees of the House in the performance of their duties as members of the House. The outcome is a functioning legislature in which members of Parliament are able to discharge their constitutional duties in respect of the consideration of legislation and other parliamentary business.

The Office aims to provide accurate and timely advice on parliamentary law and the rules and practices of parliamentary procedure. It provides administration, information and advisory services to the House and all select committees, and produces the official report of parliamentary debates (*Hansard*). The Office administers the contract for the broadcasting of Parliament. It facilitates the inter-parliamentary relations programmes. Details of these services are given in the explanation of appropriations for output classes.

MOVEMENT IN BUDGET AMOUNTS

Responsibility for legislative printing moved to the Parliamentary Counsel Office on 31 January 2003 with the implementation of the Public Access to Legislation (PAL) project. Funding for the printing of legislation will also move to PCO. This represents an annual budget reduction for the Office of \$1,754,000 (GST exclusive).

The Office's output classes have been simplified from 2003/04. The old output classes called *Administrative and Support Services for the House of Representatives*, *Parliamentary Printing and Broadcasting of Parliament* have been amalgamated into a new output class called *Secretariat Services for the House of Representatives*. The output class *Inter-Parliamentary Relations* remains unchanged.

The Office has received extra funding (GST exclusive) to allow it to undertake the following activities:

Output Class 1, Secretariat Services for the House of Representatives:

- increased cost of the radio broadcasting contract \$31,000;
- fiscally neutral transfer from Vote Parliamentary Service to fund stationary and telephone charges, \$59,000;
- enhancements to services to select committees, \$889,000;
- to fund legal costs associated with the Privy Council appeal in *Jennings v Buchanan*, \$100,000;
- increase in select committee office staffing establishment, \$1,300,000;
- review of House support functions, \$444,000;
- increase in information system resources, \$100,000;
- enhanced Maori interpretation capability, \$60,000.

Output Class 2, Inter-Parliamentary Relations:

- hosting of overseas parliamentary committees, \$100,000.

CONTENTS OF FORECAST FINANCIAL STATEMENTS

These forecast financial statements contain the following statements:

- a statement of responsibility signed by the Chief Executive and countersigned by the Chief Financial Officer of the Office of the Clerk;
- a statement of forecast financial performance for the year ending 30 June 2004;
- a statement of the estimated financial position as at 30 June 2003 and the forecast financial position as at 30 June 2004;
- a statement of forecast cash flows for the year ending 30 June 2004;
- two reconciliation statements, which provide further information on the movement in taxpayers' funds and enable analysis of significant differences between the net surplus/(deficit) in the statement of financial performance and the operating cash flows in the cash flow statement;
- the forecast details of fixed assets by category as at 30 June 2004;
- a statement of objectives specifying the financial performance forecast for the year ending 30 June 2004;
- a statement of objectives specifying the performance forecast for each class of outputs for the year ending 30 June 2004;
- the GST status of each class of outputs for the year ending 30 June 2004;
- a statement of accounting policies used in the preparation of the forecast financial statements;
- a statement of all significant assumptions underlying the forecast financial statements;
- an explanation of appropriations for output classes.

PART B—FORECAST FINANCIAL STATEMENTS

**STATEMENT OF FORECAST FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2004**

	2002/2003		2003/2004
	Budgeted	Estimated Actual	Budget
	\$000	\$000	\$000
Revenue			
Crown	12,384	12,384	12,754
Department	-	-	-
Other	-	-	-
Interest	-	-	-
Total Revenue	12,384	12,384	12,754
Expenses			
Output Expenses:			
Personnel	5,411	5,411	6,605
Operating	6,656	6,656	5,779
Depreciation	293	293	293
Capital charge	24	24	77
Total Output Expenses	12,384	12,384	12,754
Other Expenses	-	-	-
Total Expenses	12,384	12,384	12,754
Operating Surplus/(Deficit)	-	-	-
Profit/(Loss) on Sale of Assets	-	-	-
Net Surplus/(Deficit)	-	-	-

**STATEMENT OF ESTIMATED FINANCIAL POSITION
AS AT 30 JUNE 2003 AND FORECAST FINANCIAL
POSITION AS AT 30 JUNE 2004**

	Actual Financial Position as at 30 June 2002 \$000	Estimated Financial Position as at 30 June 2003 \$000	Forecast Financial Position as at 30 June 2004 \$000
Assets			
<i>Current Assets</i>			
Cash and bank balances	1,404	922	1,176
Prepayments	85	75	75
Inventory	-	-	-
Receivables and advances	-	22	22
Debtor – Crown	1	-	(1)
Total Current Assets	1,490	1,019	1,272
<i>Non-Current Assets</i>			
Physical assets	146	1,368	1,255
Total Non-Current Assets	146	1,368	1,255
Total Assets	1,636	2,387	2,527
Liabilities			
<i>Current Liabilities</i>			
Payables and provisions	340	172	182
Provision for payment of net surplus	267	-	-
Provision for employee entitlements	737	853	983
Total Current Liabilities	1,344	1,025	1,165
Total Liabilities	1,344	1,025	1,165
Taxpayers' Funds			
General funds	292	1,362	1,362
Total Taxpayers' Funds	292	1,362	1,362
Total Liabilities and Taxpayers' Funds	1,636	2,387	2,527

**STATEMENT OF FORECAST CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2004**

	2002/2003		2003/2004
	Budgeted	Estimated Actual	Budget
	\$000	\$000	\$000
Cash Flows from Operating Activities			
Cash provided from:			
Supply of outputs to:			
Crown	12,385	12,385	12,755
Other	-	-	-
Interest	-	-	-
Cash disbursed to:			
Cost of producing outputs:			
Output expenses	(12,131)	12,131	(12,244)
Capital charge	(24)	(24)	(77)
Net Cash Flows from Operating Activities	230	230	434
Cash Flows from Investing Activities			
Cash provided from:			
Sale of physical assets	-	-	-
Cash disbursed to:			
Purchase of physical assets	(1,515)	(1,515)	(180)
Net Cash Flows from Investing Activities	(1,515)	(1,515)	(180)
Cash Flows from Financing Activities			
Cash provided from the Crown:			
Capital contribution from the Crown	1,070	1,070	-
Cash disbursed to:			
Payment of surplus to the Crown	(267)	(267)	-
Net Cash Flows from Financing Activities	803	803	-
Net Increase/(Decrease) in Cash Held	(482)	(482)	254
Opening total cash balances at 1 July	1,404	1,404	922
Closing Total Cash Balances	922	922	1,176

**RECONCILIATION OF NET CASH FLOWS FROM
OPERATING ACTIVITIES TO NET
SURPLUS/(DEFICIT) IN THE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2004**

	2002/2003		2003/2004
	Budgeted	Estimated Actual	Budget
	\$000	\$000	\$000
Operating Surplus/(Deficit)	-	-	-
Add/(deduct) non-cash expenses/(revenues) from Depreciation	293	293	293
Add/(deduct) non-cash working capital			
(Increase)/decrease in receivables and advances	(22)	(22)	-
(Increase)/decrease in debtor – Crown	1	1	1
(Increase)/decrease in prepayments	10	10	-
(Increase)/decrease in inventory	-	-	-
Increase/(decrease) in payables and provisions	(52)	(52)	140
Net Cash Flows from Operating Activities	230	230	434

**STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS
(EQUITY) FOR THE YEAR ENDING 30 JUNE 2004**

	Estimated Position as at 30 June 2003 \$000	Projected Position as at 30 June 2004 \$000
Taxpayers' Funds at start of period	292	1,362
Movements during the year (other than flows to and from the Crown)		
Add/(deduct) net surplus/(deficit)	-	-
Adjustment for flows to and from the Crown:		
Add capital contributions from the Crown during the Period	1,070	-
(Deduct) distributions to the Crown during the period:		
Provision for payment of surplus to the Crown	-	-
Taxpayers' Funds at end of period	1,362	1,362

**FORECAST DETAILS OF FIXED ASSETS BY CATEGORY
AS AT 30 JUNE 2004**

	As at 30 June 2003	As at 30 June 2004 (Forecast Position)		
	Estimated Actual Position \$000	Cost \$000	Accumulated Depreciation \$000	Net Book Value \$000
Office Machinery and Computer Equipment	1,368	2,321	1,066	1,255
Total	1,368	2,321	1,066	1,255

**STATEMENT OF OBJECTIVES SPECIFYING THE
FINANCIAL PERFORMANCE FORECAST
FOR THE YEAR ENDING 30 JUNE 2004**

	Unit	2002/2003		2003/2004
		Budgeted	Estimated Actual	Budget
Operating Results				
Revenue: Other	\$000	-	-	-
Revenue: Interest	\$000	-	-	-
Output expenses	\$000	12,384	12,384	12,754
Operating surplus before capital charge	\$000	24	24	77
Net surplus	\$000	-	-	-
Working Capital				
Net current assets ¹	\$000	(6)	(6)	107
Current ratio ²	%	99.41	99.41	109.18
Average debtors outstanding	days	-	-	-
Average creditors outstanding	days	30	30	30
Resource Utilisation				
Physical assets:				
Total physical assets at year end	\$000	1,368	1,368	1,255
Physical assets as % of total assets	%	57.31	57.31	49.66
Additions as % of physical assets	%	110.75	110.75	14.34
Taxpayers' funds:				
Level at year-end	\$000	1,362	1,362	1,362
Forecast Net Cash Flows				
Surplus/(deficit) operating activities	\$000	230	230	434
Surplus/(deficit) investing activities	\$000	(1,515)	(1,515)	(180)
Surplus/(deficit) financing activities	\$000	803	803	-
Cash disbursed to producing outputs	\$000	(12,131)	(12,131)	(12,244)
Net increase/(decrease) in cash held	\$000	(482)	(482)	254
Human Resources				
Staff turnover	No.	10	10	10
Average length of service	Years	7	7	7
Total staff	No.	87	102	105

1 Current assets minus current liabilities.

2 Current assets as a proportion of current liabilities.

**STATEMENT OF OBJECTIVES SPECIFYING THE
PERFORMANCE FORECAST FOR EACH CLASS OF OUTPUTS
FOR THE YEAR ENDING 30 JUNE 2004**

Departmental Output Class	Description	Revenue: Crown \$000	Revenue: Depts \$000	Revenue: Other \$000	Total Expenses \$000
Vote Office of the Clerk					
D1—Secretariat Services for the House of Representatives	Specialist services to the House and select committees	11,948	-	-	11,948
D2—Inter-parliamentary Relations	Programmes for outgoing and incoming delegations	806	-	-	806
Totals		12,754	-	-	12,754

**GST STATUS OF EACH CLASS OF OUTPUTS
FOR THE YEAR ENDING 30 JUNE 2004**

Departmental Output Class	GST exclusive (DFR) \$000	GST \$000	GST inclusive (Vote) \$000
D1—Secretariat Services for the House of Representatives	11,948	1,494	13,442
D2—Inter-Parliamentary Relations	806	101	907
Total departmental output classes	12,574	1,595	14,349

Explanatory notes: The forecast financial statements in this report present expenses (and revenue) exclusive of GST, in accordance with generally accepted accounting practice. When appropriated by Parliament, these expenses are inclusive of GST, in accordance with legislation. Thus:

- the GST exclusive amounts for each departmental output class correspond to "total expenses" in the outputs performance statement of this report, while the aggregate amount for all four output classes corresponds to "total output expense" for 2003/2004 in the statement of forecast financial performance of this report; and
- the GST inclusive amounts for each departmental output class correspond to the bolded annual appropriations for 2003/2004 appearing in Part B1 of Vote Office of the Clerk.

STATEMENT OF ACCOUNTING POLICIES USED IN PREPARATION OF THE FORECAST FINANCIAL STATEMENTS

Reporting entity

The Office of the Clerk is responsible for discharging certain functions as set out in the Clerk of the House of Representatives Act 1988.

The Office of the Clerk is deemed to be a department as defined by section 2 of the Public Finance Act 1989.

Accounting policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied.

Budget figures

The Budget figures are those presented in the Budget night Estimates (Main Estimates) as amended by the Supplementary Estimates and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

Revenue

The Office derives revenue through the provision of outputs to the Crown. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost allocation

The Office has derived the costs of outputs using a cost allocation system outlined below.

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs

“Direct Costs” are those costs directly attributed to an output.

“Indirect Costs” are those costs that cannot be identified, in an economically feasible manner, with a specific output.

Direct costs assigned to outputs

Direct costs are charged directly to outputs. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged on an assessment of the time spent on functions contained in each output.

Basis for assigning indirect and corporate costs to outputs

Indirect costs are expenses incurred in the Corporate Office and are assigned to outputs based on a proportion of direct staff costs used for each output.

Debtors and receivables

Receivables are recorded at estimated realisable value, after providing for doubtful and uncollectable debts.

Fixed assets

The initial cost of a fixed asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

All fixed assets costing \$2,000 or more, or groups of assets that are material in aggregate, are capitalised and recorded at historical cost.

Depreciation

Depreciation of fixed assets is provided on a straight line basis so as to allocate the cost of assets over their useful lives. The estimated economic useful lives are:

Computer equipment	3 years (33.3%)
Office equipment	5 years (20.0%)

Employee entitlements

Provision is made in respect of the Office's liability for annual, long service and retirement leave and time off in lieu. Annual leave and time off in lieu have been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on an actuarial basis based on the present value of expected future entitlements.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, and deposits with the Debt Management Office.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Operating activities include cash received from all income services of the Office and record the cash payments made for the supply of goods and services.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

Foreign currency

Foreign currency transactions are converted into the New Zealand dollar exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Financial instruments

The Office is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and foreign currency forward contracts. The Office enters into the foreign currency forward contracts to hedge currency transactions. Any exposure to gains or losses on those contracts is generally offset by a related loss or gain on the item being hedged.

Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Goods and Services Tax (GST)

Figures in the Departmental Forecast Report are exclusive of GST except for the GST inclusive figures in the statement showing the GST status of each class of outputs.

Taxation

As the Office is deemed to be a department, the Office is exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Taxpayers' funds

This is the Crown's net investment in the Office.

Changes in accounting policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with other years.

**STATEMENT OF SIGNIFICANT UNDERLYING
ASSUMPTIONS**

These statements have been compiled on the basis of the requirements of the House of Representatives and of the Office of the Clerk's purchase agreement with the Speaker of the House of Representatives at the time the statements were finalised.

These forecast financial statements comply with generally accepted accounting practice.

The accrual basis of accounting has been used for the preparation of these financial statements.

These statements have been prepared on a going-concern basis.

EXPLANATION OF APPROPRIATIONS FOR OUTPUT CLASSES

OUTPUT CLASS D1—SECRETARIAT SERVICES FOR THE HOUSE OF REPRESENTATIVES

Description

This output class involves provision to the House of Representatives of professional advice and services designed to assist the House in the fulfilment of its constitutional functions. Officers assist with the transaction of parliamentary business on the floor of the House and in select committees. It includes the:

- provision of timely and authoritative professional advice on all aspects of parliamentary law and the rules and customs of parliamentary procedure;
- preparation of the Order Paper and related documents for the House, and provision of all services necessary for the sittings of the House;
- preparation of the record of the House's decisions and the debate in the House and some select committee evidence;
- development and monitoring of committee programmes to advance select committee business and provision of the necessary operational and administrative assistance for a select committee to operate and have its decisions recorded;
- provision and brokering of subject information relevant and necessary for the business of committees and the preparation of reports for select committees;
- custody and safekeeping of the records of the House and its committees, general and by-election ballot papers and referendum papers;
- provision of parliamentary information to the public, and to interested agencies in New Zealand and overseas;
- administration, as required by statute, of certain matters relating to indicative referendum petitions;
- processing and printing, in accordance with the parliamentary timetable, of select committee reports, parliamentary papers generated by or presented to the House of Representatives, and the official report of parliamentary debates (*Hansard*);

- provision for broadcasting of the proceedings of the House of Representatives to ensure that the public is better informed about the processes relating to Parliament, the decisions that Parliament has made and the reasons for those decisions, together with a wider understanding of the performance of its representatives in the Parliament.

Quantity

The output class is demand driven by the Standing Orders of the House, decisions of the House and its committees, the Speaker, members, the Government, and the public.

All sitting days of the House of Representatives will be broadcast on radio and information programmes, as contracted, will be produced.

Quality

Services will be delivered in accordance with the following quality standards:

- all procedural advice will conform to the Standing Orders, Speakers' rulings and practices of the House and its committees and will be provided to meet the priorities and timetables of the House and its committees, and within timeframes agreed with members;
- preparation will be made as necessary for the House and its committees to meet and carry out their programmed business, to enable them to meet as scheduled, to provide the necessary papers, and to meet the requirements of the Standing Orders, Speakers' rulings and practices of the House and its committees;
- servicing of sittings of the House and select committee meetings will be of high quality to comply with the requirements of the Standing Orders, Speakers' rulings, practices and timetables of the House and its committees;
- records safekeeping will comply with the requirements of the Standing Orders and the Electoral Act 1993 as appropriate, and the procedures developed for implementing these;
- all information provided to other agencies and individuals will be accurate and provided in a timely and clear manner;
- the administration of certain matters relating to indicative referendum petitions will be efficiently and effectively carried out to meet the requirements of the Citizens Initiated Referenda Act 1993;
- all printing will be efficiently and effectively managed to ensure accurately printed copies of reports and papers are made available in a timely manner for the House, its committees and the public;
- the Parliamentary Printing Agreement will be monitored to ensure standards and processes in the Agreement are met;

- radio broadcasting will cover all sitting hours of the House and the information provided in relation to the proceedings will be accurate.

Cost

Outputs in this class will be provided within the appropriated sum of \$13,442 million including GST.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue other GST excl \$000
2003/04	13,442	11,948	11,948	11,948	-
2002/03	13,018	11,571	11,571	11,571	-

OUTPUT CLASS D2—INTER-PARLIAMENTARY RELATIONS

Description

This class of outputs involves the arrangement of programmes for parliament-to-parliament visits, the provision of administrative support for New Zealand parliamentarians attending international conferences to which the Parliament or its committees are invited, and the arrangement of travel and programmes for New Zealand parliamentarians travelling overseas on official parliamentary business. The Parliament's subscriptions to the Commonwealth Parliamentary Association and Inter-Parliamentary Union are provided for.

Quantity

Official incoming and outgoing travel is programmed annually and the Speaker will expect that this will be fully serviced. The Office expects to organise up to 22 outgoing parliamentary delegations and visits and up to 52 incoming delegations.

Quality

The Office will provide the support services in a manner that contributes to members' fulfilment of New Zealand's membership obligations to the Commonwealth Parliamentary Association and the Inter-Parliamentary Union, and to the promotion of goodwill. The Office will do so by ensuring that all incoming and outgoing travel programmes are organised on time and to the satisfaction of the Speaker, members and incoming delegations.

Cost

Outputs in this class will be provided within the appropriated sum of \$907 million including GST.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2003/04	907	806	806	806	-
2002/03	915	813	813	813	-