

# Reorganisation of Appropriations for Policy Advice

## Guide for Departments

August 2011



**THE TREASURY**  
Kaitohutohu Kaupapa Rawa

New Zealand Government

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# About this Guidance

This guidance document sets out requirements for departments with policy responsibilities to reorganise the appropriations for policy advice they administer. This is in accordance with Cabinet's decision on 18 April 2011 (CAB Min (11) 16/16) that responds to the findings of the Review of Expenditure on Policy Advice.

This guidance document should be read by chief financial officers, finance teams, officials responsible for the management of policy advice, and those responsible for the preparation of budget and Estimates documents.

The requirements and guidance outlined in this document apply to the preparation of budget documents for all departments with policy responsibilities for the financial year beginning 1 July 2012.

This document has been written by Treasury's State Sector Management team. Other Treasury teams, as well as the Office of the Auditor General provided comments on previous drafts. The Ministry of Transport, the Ministry of Social Development, and the Ministry of Justice very kindly volunteered to review the document.

This guidance document will be updated as key dates for baseline updates in 2012 are confirmed. In addition, there may be amendments to the document as departments complete this task and clarifications are required. The full document will be updated in August 2012.

## Questions and Feedback

You should use this document as your first point of call for guidance on the reorganisation of appropriations for policy advice.

General enquiries about the information contained in this guidance and any agency-specific questions can be directed to your Treasury Vote Analyst.

Any comments on how we could improve this guidance can be directed to:  
guidance@treasury.govt.nz

## Further Information

Other useful information can be found at:

- Review of Expenditure on Policy Advice  
<http://www.treasury.govt.nz/statesector/policyexpenditurereview>
- Cabinet Office Circular CO (09) 06 (Guidelines for Changes to Baselines)  
<http://www.dpmc.govt.nz/cabinet/circulars/co09/6.html> (soon to be reviewed)
- Writing Financial Recommendations for Cabinet and Joint Ministers Papers  
<http://treasury.govt.nz/publications/guidance/planning/finrecs>
- A Guide to Appropriations  
<http://treasury.govt.nz/publications/guidance/planning/appropriations/guide>

# Executive Summary

## Review of Expenditure on Policy Advice

In response to the *Review of Expenditure on Policy Advice*, the Government directed Treasury to lead the development of a common definition of policy advice. The Government has directed departments that manage Votes with policy responsibilities to reorganise their policy related appropriations in time for Budget 2012 based on this definition.

## Purpose of the Reorganisation of Appropriations for Policy Advice

The purpose of the reorganisation of appropriations for policy advice is to standardise the recording of expenditure on policy advice<sup>1</sup> and thus make the total cost of producing policy advice for Ministers transparent to the Government, Parliament, and the public.

## What is the Role of Departments with Policy Responsibilities in this Reorganisation?

It is the responsibility of departments with policy responsibilities to carry out all necessary steps for the reorganisation of appropriations for policy advice as outlined in section 3 of this document.

This requires departments with policy responsibilities to identify the cost of producing their policy advice outputs. The costs of these outputs should then be separated out from their existing appropriations and shifted into separate appropriations, or output classes that sit within a Multi-class Output Expense Appropriation (MCOA).

Departments are expected to submit relevant Coredata changes prior to the baseline update submission that will occur in early 2012<sup>2</sup>, and include fiscally neutral adjustments (FNAs) in that submission.

## What is the Role of Treasury in this Reorganisation?

It is the responsibility of Treasury to provide policy agencies with a common scope statement for policy advice, supporting information, and guidance as to how they should complete this task.

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<sup>1</sup> A list of departments that had policy expenditure in 2010/11, as identified to the *Review of Expenditure on Policy Advice*, is provided at Annex 1.

<sup>2</sup> Note that this update could either be a *February Baseline Update* (FBU) or *March Baseline Update* (MBU). The exact date hasn't been determined yet, but will be announced in a Treasury circular. In this guidance we use the expression "baseline update in early 2012".

# 1 Background

## 1.1 The Review of Expenditure on Policy Advice

In 2010 the Government appointed a committee, chaired by Dr Graham Scott, to review expenditure on policy advice (“the Review”). The committee was asked to provide recommendations on the scope for refocusing and/or reducing total government expenditure on policy advice to ensure high professional standards, cost effectiveness and strong alignment with government policy priorities.

Among the findings of the Review was that across the policy agencies there is difficulty in identifying policy expenditure.

The committee made 36 recommendations as to how policy advice and its management and quality could be improved.

One of the recommendations of the Review was that the Treasury, working with other agencies, should establish a common definition of policy advice, and

“following establishment of the common definition of policy advice, the Treasury should lead a process for agencies to reorganise the policy advice-related appropriations they currently administer around that definition, including, where necessary, establishing multi-class output appropriations that have policy advice according to the common definition in a separate output class from related outputs such as ministerial servicing or Crown entity monitoring”.

## 1.2 Cabinet’s Direction (Authority for Reorganisation)

The authority to reorganise appropriations for policy advice is provided by Cabinet minute CAB Min(11)16/16. At its meeting on 18 April 2011, Cabinet directed Treasury, working with other agencies, to put in place a common definition of policy advice for agencies to reorganise their appropriations for Budget 2012. This requirement is mandatory.

At this meeting, Cabinet also directed the Treasury to establish common performance measures for these policy appropriations. Performance measures are currently being developed and will be tested through the Policy Benchmarking Pilot Project. Due to the lack of availability of comparable data across departments and the complex nature of policy performance measures, these will not be ready for Budget 2012. Guidance on how to manage your performance measures for Budget 2012 is provided in Section 4.

## 2 Overview for Departments

### 2.1 What Needs to Happen

The goal of this work is to establish a new appropriation structure that allocates the cost of producing policy advice outputs into separate appropriations or output classes within a Multi-class Output Appropriation (MCOA). The new appropriation structure should make any expenditure on policy advice fully transparent, as well as improve the transparency and reliability of costs contained in related appropriations.

The reorganisation of appropriations for policy advice is to be implemented at a Vote level. Departments that administer more than one Vote need to reorganise the appropriation structure of each of the Votes they administer.

Departments are required to:

- identify where activities to produce policy advice outputs are completed, as per the common definition. Generally these activities will be completed in policy units, however, they are also likely to occur in teams devoted to Crown entity monitoring, ministerial services, research and evaluation or forecasting and modelling
- identify the cost of producing their policy advice outputs, as per the common definition of policy advice detailed in section 3.2 and Annex 2 of this document. These costs could currently be contained in existing appropriations for policy advice or in any other existing appropriations
- include the cost of producing these outputs under newly established, separate output expense appropriations or output classes of an MCOA
- disestablish existing policy advice related appropriations unless they are called “policy advice” in which case only the scope statements need to be changed, and
- identify and transfer costs that do not produce policy advice but are currently included in policy advice related appropriations to other existing or new appropriations.

### 2.2 Where the Crown Acquires Policy Advice Outputs from Crown Entities

Where the Crown funds policy advice outputs produced by a Crown entity, the same expectations apply, and the reorganisation is to be carried out within the relevant non-departmental output appropriations by the department that administers the Vote.

### 2.3 What Change Will Look Like – An Example

The following example illustrates how a typical appropriation structure of a fictional “Vote Music” may be transformed into a new appropriation structure that allocates the total cost of producing policy advice into one single output expense appropriation.

Please note that is only an example. There are a number of different options available as to how a department may organise the policy advice appropriations it administers. In particular, a department may wish to bundle the costs of its policy advice outputs into an output class within an MCOA, rather than a single output expense appropriation as in the example.

Currently “Vote Music”, has four output appropriations:

- **Appropriation 1** is titled “Advice to the Minister”, and all activities contained in this appropriation meet the common definition of policy advice.
- **Appropriation 2** is titled “Ministerial Servicing”, and only one activity contained in this appropriation meets the common definition; the other one does not.
- **Appropriation 3** is titled “Classical Music”, and contains one activity that meets the common definition and one that does not.
- **Appropriation 4** is titled “Rock Music”, and neither of the activities included meet the common definition.

“The Ministry of Music” has to reorganise the appropriation structure of “Vote Music” which it administers. The reorganisation includes the following changes:

- A new output expense appropriation titled “Policy Advice” is established.
- The cost of all activities contained in Appropriation 1 “Advice to the Minister” are transferred into the new appropriation “Policy Advice” as they all meet the common definition of policy advice.
- The cost of the activity contained in Appropriation 2 “Ministerial Servicing”, that meets the common definition, is transferred into the new appropriation “Policy Advice”.
- The cost of the other activity in Appropriation 2 “Ministerial Servicing” is transferred into Appropriation 3 “Classical Music”.
- The cost of the activity contained in Appropriation 3 “Classical Music”, that meets the common definition, is transferred into the new appropriation “Policy Advice”.
- Appropriation 4 “Rock Music” doesn’t change.
- Appropriations 1 and 2 are disestablished.

## 2.4 A Step by Step Guide

The following table shows the key steps and dates for implementing the reorganisation of appropriations for policy advice. The table also contains references to relevant sections within this document.

Step	Date Guidelines	Relevant Section in Guidance
<b>Step 1</b> Identify your department's activities that produce policy advice outputs, as per the common definition.	August 2011 – September 2011 (guidance)	Section 3.2 – What counts as Policy Advice
<b>Step 2</b> Identify the costs of producing these policy advice outputs.	August 2011 – September 2011 (guidance)	Section 3.2 – What counts as Policy Advice
<b>Step 3</b> Design new structure for your appropriations for policy advice such that all outputs meeting the common definition of policy advice are bundled in separate appropriations or output classes of an MCOA.	September 2011 – October 2011 (guidance)	Section 3.3 – Designing a new structure for your appropriations for policy advice
<b>Step 4</b> Identify Coredata changes and fiscally neutral adjustments necessary for establishing the new appropriation structure.	October 2011 – November 2011 (guidance)	Section 3.5 – Implementation of the reorganisation
<b>Step 5</b> Draft letter for joint Ministers' (ie, MoF and responsible Minister(s)) approval to appropriation changes and get it signed by Minister(s) responsible for relevant appropriations.	November 2011 – December 2011 (NB: Please keep in mind the timing of the election when developing timelines for this stage)	Section 3.6 – Joint Ministers' Approval
<b>Step 6</b> Send signed letter to your Treasury Vote Analyst.	by 20 December 2011 (mandatory closing date)	Section 3.6 – Joint Ministers' Approval
<b>Step 7</b> The Minister of Finance counter signs and returns the letter(s) to your Minister(s).	by February 2012	Section 3.6 – Joint Ministers' Approval
<b>Step 8</b> Lodge relevant Coredata change requests with CFISnet.	Prior to baseline update in early 2012 (date will be announced in Treasury circular)	Annex 5 – CFISnet Guidance
<b>Step 9</b> Include relevant fiscally neutral adjustments in your Minister's submission for the baseline update in early 2012.	Baseline update in early 2012 (date will be announced in Treasury circular)	Annex 5 – CFISnet Guidance

# 3 Reorganisation of Appropriations for Policy Advice

## 3.1 New Scope Statement for Policy Advice

Treasury has worked with a number of agencies to develop the following common scope statement for policy advice appropriations and/or output classes. Departments must use this scope statement for their policy advice appropriations or output classes.

### **Standard scope statement for policy advice**

This appropriation/output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters [relating to policy area x].

The part at the end of the scope statement “relating to policy area x” gives departments the option to further specify the nature of their policy advice outputs if they wish to do so. This is optional if you have a single policy advice appropriation within a Vote. If you have more than one policy advice appropriation this statement is required.

If departments wish to include additional information beyond the information provided in the standard scope statement, they can add explanatory material below the scope statement box in the Information Supporting the Estimates. This additional information should be entered in the port Entry – Performance Info of the Estimates module in CFISnet.

## 3.2 What Counts as Policy Advice?

### 3.2.1 Policy Advice Outputs

The definition of policy advice outlined below has been developed for the purpose of reorganising appropriations. It therefore defines policy advice as an output, ie, a service delivered external to the agency. This definition excludes the work within the agency on the same activities described below but are not completed for the purpose of providing advice to Ministers.

A policy advice output can be delivered as written or verbal advice, but it must be advice to Ministers on government policy matters.

Written policy advice generally takes the form of:

- policy aides-memoire (although not seeking a decision, aides-memoire are included where the primary purpose is to inform a policy decision now or in the future)
- policy briefing papers or reports
- other presentation materials for Ministers, such as policy “A3s”, powerpoint slides, or presentations
- policy working papers and options papers

- Cabinet papers (including Regulatory Impact Statements), and
- Departmental reports to select committees on Bills.

Verbal policy advice is generally delivered through:

- regular and issues-specific meetings with Ministers, and
- strategy sessions with Ministers.

Agencies quantifying the cost of these outputs need to cost the range of activities that have the primary purpose of informing the development of policy advice, as well as the actual development and drafting of the advice. This is because the activities that produce policy advice outputs, such as research and evaluation, are often done as separate projects, not directly for the purpose of the producing a particular output, and well in advance of the production of the output.

The activities that need to be costed fall under four broad categories:

- 1 building and maintaining an evidence base (for the primary purpose of informing policy advice now and in the future)
- 2 undertaking analysis and developing policy advice
- 3 drafting policy advice and initial communications of the policy decision, and
- 4 supporting legislative and regulatory decision making.

In deciding whether the cost of a certain activity should be included in the new policy advice appropriations, a department should test it against the common definition of policy advice in Annex 2.

### **3.2.2 Outputs that are not Included as Policy Advice**

Outputs that are not policy advice, but that many departmental policy related appropriations currently incorporate, include (but are not limited to):

- the development of internally focused operational policies that do not require a Ministerial decision (sometimes referred to as operational policy)
- services to support Ministers, especially in relation to Ministers' accountability to Parliament and the public, such as:
  - drafting replies to correspondence to Ministers
  - responding to Official Information Act requests
  - responding to Parliamentary Questions
  - appearing before Select Committees on non-legislative matters such as Estimates and financial review
  - preparing and drafting speeches and briefings for events or meetings
- provision of information to the public, including drafting replies to correspondence to the agency or chief executive (excluding initial communication to stakeholders on policy decisions)

- monitoring the performance and compliance of Crown entities (as distinct from providing policy advice to Ministers on issues relating to Crown entities) (see Annex 2 for more information)
- appointing board members
- administering grants
- providing support services for statutory bodies
- drafting of legislation (as distinct from issuing drafting instructions), and
- implementing policy decisions.

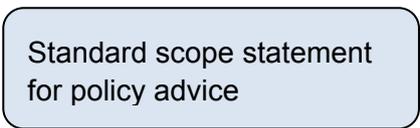
### 3.3 Designing a New Structure for Your Appropriations for Policy Advice

Departments have three options for establishing the new output expense appropriations or output classes within an MCOA for policy advice. Each department should choose the option that most adequately reflects the size, structure and function of its policy advice outputs.

#### 3.3.1 Option 1: Single Departmental Output Expense Appropriation for Policy Advice

Departments can allocate the cost of producing policy advice, as per the common definition, into one single departmental output expense appropriation. The scope statement of this appropriation should follow the standard scope statement for policy advice (see section 3.1).

**Figure 1:** Single departmental output expense appropriation for policy advice

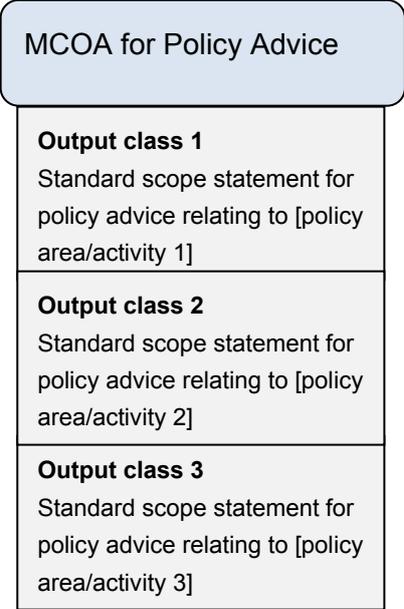


This option is likely to be preferred by agencies with medium to high policy advice expenditure that focuses on one or two specific areas.

#### 3.3.2 Option 2: MCOA for Policy Advice

Departments can allocate the cost of producing policy advice, within one Vote, into a MCOA that separates out the costs for different policy areas, eg, early childhood and schools, and/or types of policy activities, eg, policy advice and research. The scope statement of each output class of the MCOA should follow the standard scope statement for policy advice (see section 3.1) relating to the specific policy and/or type of policy activity.

**Figure 2:** Multi-class output appropriation for policy advice

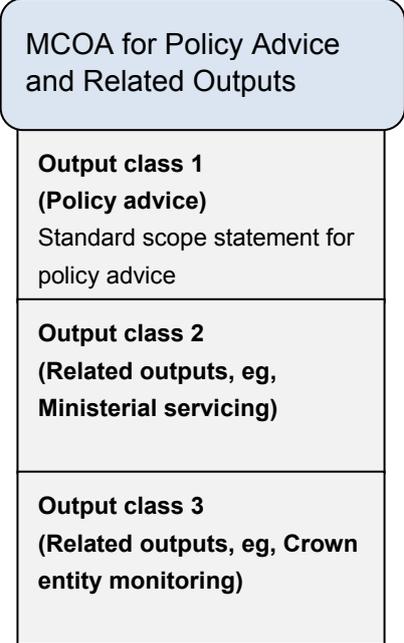


This option is likely to be preferred by agencies with medium to high policy advice expenditure that focuses on a range of policy areas that the department would like to identify separately. One benefit of the MCOA approach is that it provides flexibility for departments regarding the funding across the different output classes.

**3.3.3 Option 3: MCOA for Policy Advice and Related Outputs**

Departments can combine their policy outputs with related outputs, such as ministerial servicing and Crown entity monitoring, in an MCOA for policy advice and related outputs. All outputs meeting the common definition of policy advice should be covered under one output class of the MCOA. The scope statement of this output class should follow the standard scope statement for policy advice (see section 3.1).

**Figure 3:** Combined multi-class output appropriation for policy advice and related outputs



This option is likely to be preferred by agencies with low policy advice expenditure where policy advice outputs are generally produced by teams who have a wide range of other responsibilities. One benefit of this option is that it provides flexibility for departments regarding the funding across the different output classes.

Treasury has also developed suggested standard scope statements for output classes that are related to policy advice (eg, Crown entity monitoring and Ministerial servicing) which can be used by departments. These suggested standard scope statements are provided in Annex 4.

As a variation of option 3, departments can use different output classes for different policy areas (as in option 2) instead of using only one output class for policy advice. However, the scope statement of each policy output class must follow the standard scope statement (see section 3.1) relating to [the specific policy area].

### **3.4 Documenting the Rationale for Changes**

In establishing the new policy advice appropriations or output classes and deciding on the appropriate costs to allocate to them, departments may need to apportion some of their activities, such as research and evaluation that feed into both policy advice and non-policy outputs. It is important that departments have a strong rationale as the basis for these decisions, and that it is clearly documented and understood.

### **3.5 Implementation of the Reorganisation**

The reorganisation of appropriations for policy advice is to be implemented by way of Coredata changes and fiscally neutral adjustments (FNAs) as part of the baseline update in early 2012. The implementation will take place in two steps:

- 1 Appropriation changes must be approved by joint Ministers (ie, MoF and responsible Minister(s)), so that necessary Coredata changes can be lodged with CFISnet by departments, prior to the baseline update in early 2012. Coredata changes are used to create, change, or disestablish appropriations or output classes within an MCOA and scope statements.
- 2 Relevant fiscally neutral adjustments (FNAs) must be submitted as part of the baseline update in early 2012. FNAs are used to shift costs between different appropriations or output classes.

Detailed guidance as to how these changes are to be processed through CFISnet are provided in Annex 5.

### **3.6 Joint Ministers' Approval to Appropriation Changes**

The appropriation changes for the reorganisation of appropriations for policy advice require joint Ministers' approval (ie, approval by the Minister of Finance and the Minister(s) responsible for the appropriations). For that purpose, Ministers responsible for the appropriations need to write a letter to the Minister of Finance outlining the appropriation changes prior to the baseline update in early 2012.

A template letter to the Minister of Finance is provided in Annex 3. Departments should use this template and send a copy of the letter, signed by their Minister, to the Treasury Vote Analyst by 20 December 2011.

## 4 Performance Measures for Policy Advice

As highlighted in section 1, Cabinet has directed the Treasury to establish common performance measures for the new policy appropriations for inclusion in the Information Supporting the Estimates.

Potential performance measures are currently being developed and will be tested through the Policy Benchmarking Pilot Project. These measures will not be ready for use in Budget 2012 due to the time required for development, testing and consultation and the limited availability of common datasets across departments.

Given that the new policy advice appropriations or output classes will be in place for Budget 2012 (FY 2012/13), departments are advised to use the set or appropriate subset of performance measures currently use for their policy advice related appropriations.

These measures would generally focus on, but are not limited to:

- the quality of advice
- the timeliness of the delivery of policy advice
- ministerial satisfaction, and
- cost per output or hour of output production.

Departments will be kept informed about the work to develop these performance measures for Budget 2013.

# Annex 1: Departments that Identified Policy Expenditure in 2010/11

The following departments identified policy expenditure in 2010/11 to the Review of Expenditure on Policy Advice.

Department of Building and Housing	Ministry of Health
Department of Corrections	Ministry of Justice
Department of Conservation	Ministry of Research, Science and Technology (now called the Ministry of Science and Innovation)
Department of Internal Affairs	Ministry of Transport
Department of Labour	Ministry of Pacific Island Affairs
Department of Prime Minister and Cabinet	Ministry of Social Development
Inland Revenue Department	Ministry of Women's Affairs
Land Information New Zealand	New Zealand Police
Ministry of Agriculture and Forestry	New Zealand Defence Force <sup>3</sup>
Ministry of Culture and Heritage	New Zealand Customs
Ministry of Defence	State Services Commission
Ministry of Economic Development	Statistics New Zealand
Ministry of Foreign Affairs and Trade	Te Puni Kokiri
Ministry for the Environment	The Treasury
Ministry of Education	

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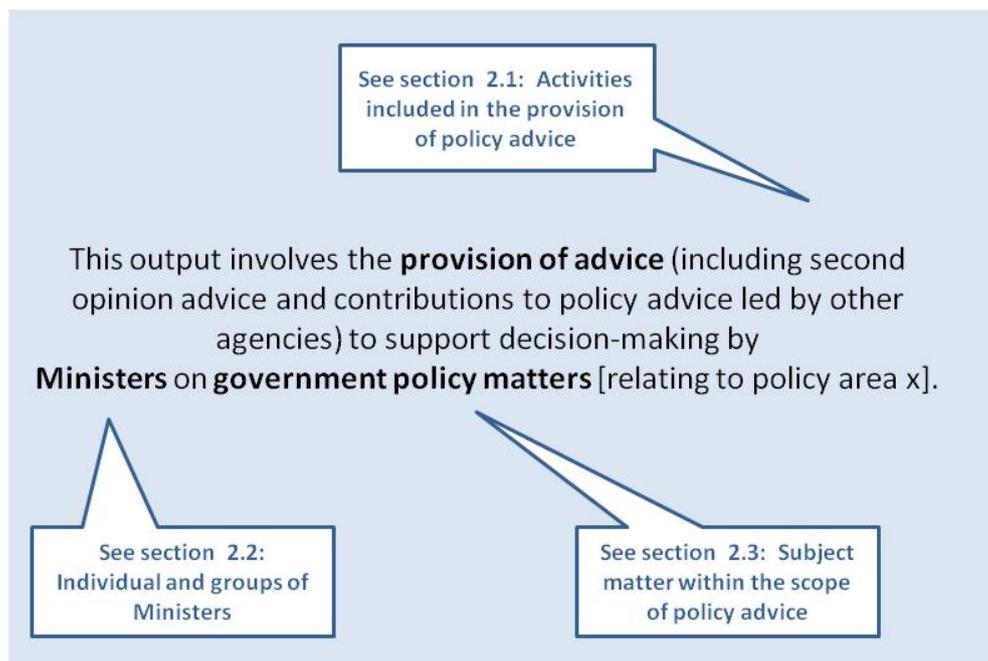
<sup>3</sup> New Zealand Defence Force administers two appropriations for policy advice related activities in 2011/12, but did not identify expenditure as per the definition in the Review of Expenditure on Policy Advice.

# Annex 2: Common Definition of Policy Advice

This Annex comprises the following four sections:

- **Part One:** Provides the common definition of policy advice.
- **Part Two:** Supporting Information provides a greater level of detail on the activities and subject matter that should be included and excluded in policy advice appropriations.
- **Part Three:** Process Map provides a process for determining whether an activity should be included or excluded.
- **Part Four:** Answers to Frequently Asked Questions to support a more detailed understanding of the activities that should be included or excluded from the new appropriations.

## 1 POLICY ADVICE DEFINITION



## 2 SUPPORTING INFORMATION FOR THE DEFINITION

This section provides a greater level of detail on the activities and subject matter that fall under the definition of policy advice.

As described, a policy advice output has been defined as the provision of advice to Ministers on government policy matters. These outputs can be delivered verbally to a Minister or in written form through a variety of modes, such as briefings or Cabinet papers.

The activities completed to produce policy advice outputs, such as research and evaluation, are often completed as separate projects, not directly for the purpose of the producing a particular output, and well in advance of the production of the output.

Therefore, when quantifying the cost of policy advice outputs, departments need to cost the range of activities that have the primary purpose of informing the development of policy advice, as well as the actual development and drafting of the advice.

Section 2.1 clarifies what activities should be included in the new appropriations, and what should be excluded.

### 2.1 Activities included and excluded in this definition

This section outlines the activities that produce policy advice outputs and are within scope, and those outputs that are excluded in this definition.

#### 2.1.1 Activities **included** in the provision of policy advice.

The costs of four types of activities should be included in the new appropriations:

- 1 Building and maintaining an evidence base (for the primary purpose of informing policy advice now and in the future)
  - a undertaking research and analysis, including:
    - i maintaining ‘watching briefs’; ie, monitoring a sector or area of interest
    - ii collecting and analysing data
    - iii monitoring trend indicators
    - iv systematically building an evidence base for policy (eg, working papers, evidence briefs, meta analyses, etc.)
    - v undertaking informal or formal research, and
  - b monitoring, evaluating and reviewing the effectiveness of policy interventions and their implementation.
- 2 Undertaking analysis and developing options for consideration:
  - a identifying policy issues (ie, defining problems) and clarifying policy objectives and outcomes
  - b assembling available evidence and/or data
  - c analysing evidence
  - d developing options, including how these options will be implemented
  - e assessing and testing options
  - f consulting, engaging and negotiating with groups internal and external to government (on proposed options or earlier development activities), and

- g undertaking quality assurance activities throughout the analysis and development process.
- 3 Delivering and communicating policy advice:
    - a preparing verbal advice
    - b drafting written advice, and
    - c communicating Ministerial policy decisions immediately following a decision only.
  - 4 Supporting legislative and regulatory decision making, including through:
    - a preparing drafting instructions for new, or to amend, legislation
    - b supporting the drafting of new or amended legislation to ensure it is consistent with government decisions, including consultation on the legislation prior to its introduction into Parliament
    - c supporting Ministers through:
      - i the legislative process and
      - ii advising Select Committees on legislation before the House
    - d drafting instructions, and supporting Ministers to make regulations and Orders in Council, promulgating new or modified regulations, and appearing at the Regulation Review Committee in support of a Ministerial decision, and
    - e drafting, and supporting Ministers to make tertiary legislation such as certified policy, rules or instructions, including advice to Ministers on the acceptability of tertiary legislation made by others.

The management of the above activities, including project management and work programme governance, is included in the definition of policy advice.

#### 2.1.2 Activities **excluded** from the definition of policy advice

A number of appropriations that currently cover the provision of policy advice include outputs that are not covered by the new scope statement. Some of those services are common across many agencies and Votes; others are agency-specific.

Outputs **excluded** include, but are not limited to:

- developing internally focused operational policies that do not require a Ministerial decision (sometimes referred to as operational policy)
- providing services to support Ministers, especially in relation to Ministers' accountability to Parliament and the public, such as:
  - drafting replies to correspondence to Ministers
  - responding to Official Information Act requests
  - responding to Parliamentary Questions
  - appearing before Select Committees on non-legislative matters such as Estimates and financial review
  - preparing and drafting speeches and briefings for events or meetings
- providing information to the public, including drafting replies to correspondence to the agency or chief executive (excluding initial communication to stakeholders on policy decisions)

- monitoring the performance and compliance of Crown entities (as distinct from providing policy advice to Ministers on issues relating to Crown entities) (see Annex 2 for more information)
- appointing board members
- administering grants
- providing support services for statutory bodies
- drafting of legislation (as distinct from issuing drafting instructions), and
- implementing policy decisions.

## **2.2 Individual and groups of Ministers**

As policy advice is an output, it needs to provide a service to parties external to the agency.

Policy advice is a service to Ministers, meaning:

1. an individual Minister, or
2. a group of Ministers, including Cabinet and Cabinet Committees.

## **2.3 Subject matter within the definition of policy advice**

The policy advice activities must have the primary purpose of providing advice on government policy matters.

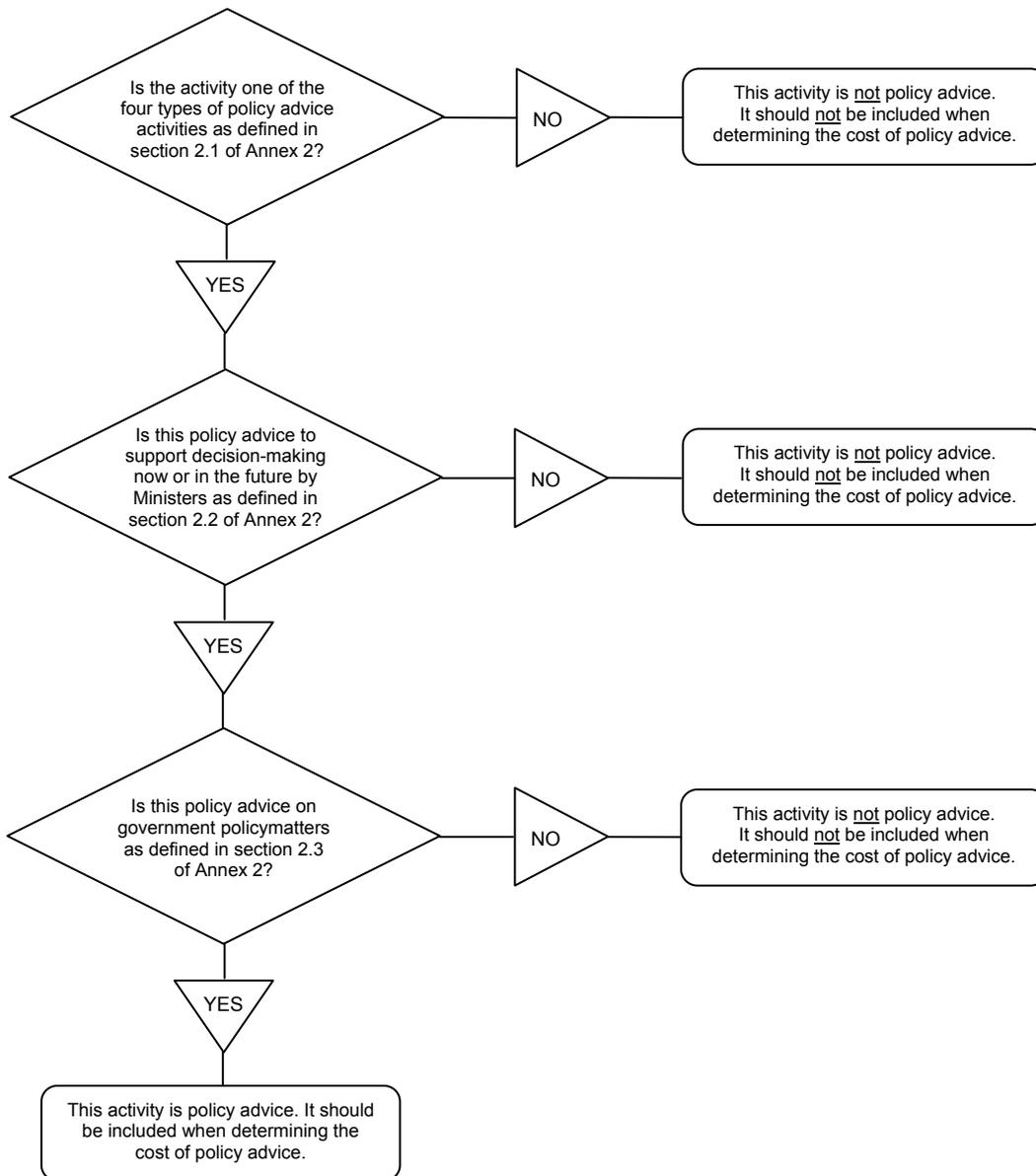
For the purpose of this definition, government policy matters cover four areas:

1. the development of high-level government outcomes
2. whether government intervention is necessary or desired to achieve those outcomes; if government intervention is required
3. the selection and design of government intervention directed at those outcomes, and
4. how government interventions are to be implemented and funded.

### 3 PROCESS MAP

When agencies are identifying the range of activities that produce policy advice, and therefore should be costed for inclusion in a new policy advice appropriation, there will inevitably be 'grey areas' that are not easily classified as one or the other.

The following process map is provided to assist you to determine if this activity should be included. If you are still unsure, clarification can be sought from the Treasury contact points outlined on the final page of this document.



## 4 FREQUENTLY ASKED QUESTIONS

The questions and answers in this section support a more detailed understanding of what activities and what outputs should be included in the new appropriations.

### 4.1 Can you tell us more about the four groups of activities that contribute to the production of policy advice outputs?

#### 4.1.1 What is included in **Activity 1 - Building and maintaining an evidence base**?

Policy advice is evidence-informed, with a predominant, though not exclusive, focus on empirical evidence. The primary purpose of seeking or establishing that evidence must be to inform policy analysis and advice.

The evidence may be drawn from a range of sources, including: literature; research and evaluation studies carried out by agencies or independently; studies specifically commissioned (or undertaken) to address particular policy projects; and ongoing and general monitoring of the sector or area of interest.

These activities may be undertaken to inform policy advice now or in the future. Therefore the activities may have a short, medium or long term focus.

Specific activities include:

1. undertaking research and analysis, including:
  - a. maintaining 'watching briefs'; ie, monitoring a sector or area of interest, through:
    - i. staying current in a sector or area of interest, including scanning the relevant academic and professional literature
    - ii. liaising with groups internal and external to government
    - iii. participating in professional associations, technical conferences and other relevant forums
  - b. collecting data:
    - i. direct collection of data, such as environmental scanning and surveys addressing specific policies
    - ii. drawing from existing data sets established and maintained by other organisations
  - c. analysing collected data
  - d. monitoring trend indicators
  - e. systematically building an evidence base for policy (eg, working papers, evidence briefs, meta analyses, etc.)
  - f. undertaking informal or formal research
  - g. undertaking or commissioning research to inform policy advice, either conducted by an agency or contracted out, and
2. monitoring, evaluation and review of the effectiveness of policy implementation and interventions.

#### 4.1.2 What is included in **Activity 2 – Undertaking policy analysis and developing advice**?

Developing a specific piece of policy advice may, but not always, follow a standard ‘policy process’ or ‘policy pathway’. This definition identifies seven general activities.

In practice the process used will be unique depending on the issue. Developing policy advice will not always include all seven activities listed below, and activities may not be completed in the order outlined:

1. identifying issues and clarifying outcomes
  - a. liaising with Ministers on the outcomes they are seeking to achieve and to understand the context or environment within which they are seeking change
  - b. defining the problem
2. assembling available evidence and/or data
3. analysis of the evidence and/or data
4. developing options, including how these options will be implemented
5. assessing and testing options, including where required:
  - a. seeking legal advice (separate from developing legislation and regulations which is discussed below)
  - b. undertaking cost benefit modelling and other financial and economic analyses
6. consulting, engaging and negotiating with groups internal and external to government on proposed policy options or for earlier development activities, including where required:
  - a. consulting stakeholders within your agency
  - b. participating in cross-agency processes, covering:
    - i. co-ordinating cross-agency policy working groups as the lead agency, including seeking content input on specific issues and recommendations
    - ii. participating in cross-agency policy working groups as a contributing agency
    - iii. providing input on specific policy issues as second opinion advisors
  - c. contributing to committees, taskforces and advisory groups tasked by Ministers with addressing government policy issues:
    - i. providing support to enable the operation of these bodies
    - ii. providing information as required
  - d. participating in Cabinet processes:
    - i. directly supporting Ministers on specific issues
    - ii. supporting officials groups for Cabinet committees and contributing to wider policy advice processes and issues
    - iii. appearing at Select Committees as part of non-legislative enquiries that will result in recommendations on government policy matters that will require a government response
  - e. contributing to international negotiations related to government policy matters
    - i. supporting Ministers in negotiating international agreements, conventions, or trade agreements
  - f. consulting with external stakeholders, whether specific groups or the general public, seeking their engagement in the policy development process, covering:
    - i. development of consultation documents and processes

- ii. analysis of submissions, and
- 7. undertaking quality assurance activities throughout the analysis and development process.

#### 4.1.3 What is included in **Activity 3 – Delivery and communication of policy advice**?

This activity includes:

1. delivering policy advice verbally:
  - a. through:
    - i. regular and issues-specific meetings with Ministers (formal and informal)
    - ii. strategy sessions with Ministers
2. drafting policy advice, including peer review:
  - a. generally provided in, but not limited to:
    - i. policy aides-memoire (although not seeking a decision, aides-memoire are included where the primary purpose is to inform a policy decision now or in the future)
    - ii. policy briefing papers or reports
    - iii. other presentation materials for Ministers, such as policy “A3s”, powerpoint slides or presentations
    - iv. policy working papers and options papers, in the course of specific policy advice projects
    - v. Cabinet papers (including Regulatory Impact Statements), and
3. initial communication to internal and external stakeholders about the outcome of a policy decision, such as developing a press release or emailing stakeholders, ie, not communication campaigns.

#### 4.1.4 What is included in **Activity 4 – Supporting legislative and regulatory decision making**?

As the process of developing legislation and regulation impact on the development of policy options, the following activities should be included when quantifying the costs of policy advice:

1. Legislation
  - a. preparing drafting instructions for new legislation or to amend legislation
  - b. supporting the drafting of new or amended legislation to ensure it is consistent with government decisions, including consultation on the legislation prior to its introduction into Parliament
  - c. commenting and consulting on draft Bills
  - d. supporting Ministers through the legislative process
  - e. advising Select Committees on legislation before the House
2. Regulation and Orders in Council
  - a. preparing drafting instructions for Regulations and Orders in Council
  - b. commenting and consulting on drafts
  - c. supporting Ministers in having such Regulations and Orders in Council approved and made
  - d. promulgating new or amended regulations

- e. appearing at the Regulation Review Committee in support of a Ministerial decision
- 3. Tertiary legislation, such as certified policy, rules or instructions
  - a. drafting tertiary legislation
  - b. supporting Ministers through Cabinet agreement, and
  - c. providing advice to Ministers on the acceptability of tertiary legislation made by others.

#### **4.2 Is the management of policy advice included in this definition?**

The management of the above activities, including project management, work programme governance, and quality assurance, is included in the definition of policy advice.

However, a policy manager will generally spend a proportion of their time on these policy activities and a proportion on general management activities.

General management activities, such as human resources, including performance management, payroll management, or financial management, are not included in this definition. How the costs of these activities are most appropriately managed will be determined by a department's appropriation structure, and may already be included as an overhead cost.

#### **4.3 Can you tell us more about government policy matters?**

The focus or content of policy advice is on supporting Ministers to identify their outcomes, to establish or modify government interventions, and the detail of how these interventions will be implemented.

Government policy matters include:

1. Development of high-level government objective and outcomes:
  - a. providing advice to establish new or modify existing outcomes, which may include the establishment of:
    - i. policy strategy documents
    - ii. high-level policy frameworks
    - iii. providing advice (and information) to Ministers on the status of existing outcomes, objectives, strategies or frameworks, and longer-term issues that may (or are likely to) affect the ability to achieve these outcomes
    - iv. providing advice on a suite of policy projects required to meet these outcomes, including priorities, timelines, and costings
2. Supporting Ministerial decisions on whether government intervention is necessary or desired to achieve those outcomes
3. Supporting Ministerial decisions on the selection of government interventions directed at those outcomes:
  - a. providing advice to establish new or modify existing interventions
4. Implementation of government interventions:
  - a. providing advice to support implementation of government interventions agreed by Ministers
  - b. providing advice to establish the policy parameters within which government agencies will have authority to administer government interventions, including:

- i. determining the more detailed nature of particular services and the operational settings, and
- ii. negotiating technical details within existing domestic and international agreements or negotiation processes.

#### **4.4 How should overheads be treated?**

As per current practice the full cost of producing outputs, including overhead costs, need to be included in appropriations. Therefore, the overhead costs for producing policy advice need be included in the new policy advice appropriations. Every department manages overheads differently and should manage this allocation according to their current practice.

#### **4.5 My agency is a monitoring department for a Crown entity. Section 2.1.2 says that monitoring the performance and compliance of Crown entities is excluded from policy advice. Does that mean everything we do relating to a Crown entity is excluded?**

Monitoring Crown entities involves a range of activities, most of which involve ministerial decisions of one kind or another. Some of these activities will be included under the definition and others will be excluded.

At one end of the continuum are activities such as managing and reporting on accountability documents and managing board appointment processes. These activities are excluded.

At the other end, however, agencies provide advice to Ministers on issues relating to Crown entities that meet the definition, for example: providing advice to Ministers on:

- funding models
- the adequacy of funding for individual agencies or clusters of agencies or consolidation of funding streams
- one-off funding for particular projects or activities
- organisational consolidation across agencies
- sector-level strategic planning, and
- second opinion policy advice.

To help with this distinction the table sets out the broad monitoring agency responsibilities together with an assessment of whether or not they are included under the definition.

Monitoring Agency Responsibility <sup>4</sup>	Policy Advice – Yes or No
Advising Ministers on the Crown’s expectation on an entity	<b>Normally Yes</b> Assuming that the expectations of the Crown entity fall under the definition of government policy matters
Advising Ministers on strategic matters related to the entity, including advice related to: <ul style="list-style-type: none"> <li>• funding</li> <li>• organizational structure (machinery of government)</li> <li>• sector level planning and expectations</li> </ul>	<b>Normally Yes</b> Assuming that the strategic matters fall under the definition of government policy matters
Advise Ministers on emerging governance and performance issues that require Ministerial attention	<b>Normally No</b> Unless in a particular case what is being done falls under the definition of government policy matters
Manage all processes relating to board membership	<b>No</b>
Transmit information to entities about decisions and/or policy changes by the government	<b>No</b> Unless this comprising initial communication of a policy decision
Critical review of the entity’s draft Statement of Intent and other accountability documents, and provision of feedback to the entity	<b>No</b>
Following agreement by the Minister to the outputs required, negotiation of an annual output agreement and any protocols	<b>No</b>
Activities completed for the purpose of monitoring the performance and compliance of each entity	<b>No</b> The information acquired from these activities may inform policy advice, but the primary purpose of completing these activities is generally not to inform policy advice
Advice to the Minister on the compliance of Crown entities with their legislation	<b>Normally No</b> Unless in a particular case the advice is intended to inform decision making by Ministers and falls under the definition of government policy matters
Where appropriate, leadership and/or coordination of departments and entities working with a sector, or working in pursuit of interdependent results	<b>Normally No</b> Unless in a particular case the leadership and/or coordination has the primary purpose of producing policy advice as per the definition

Guidance on how to treat the activities in the above table that do not contribute to the production of policy outputs is provided in Annex 4.

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<sup>4</sup> Adapted from Treasury and the State Service Commission’s *Guidance to Departments in Relation to Crown Entities* (June 2006).

**4.6 We provide information to our Minister about government policy matters that does not seek a decision. Should the cost of this be included in the new appropriations?**

This can be included as long as the information is on a government policy matter, and the primary purpose of providing the information is to eventually support Ministerial decision-making.

For example, activities to produce ‘think pieces’ on policy issues that go beyond specific and current policy advice projects should be included even though they don’t seek a decision.

**4.7 Sometimes in the process of implementing a policy decision, policy issues that require Ministerial decisions arise. In these cases should the costs of implementation work be included?**

No.

Once a policy decision has been made, implementation activities should not be included even if they bring about subsequent policy issues.

The activities completed to provide advice to a Minister to resolve these policy issues, such as assembling evidence, assessing options, consultation and writing papers should be included.

**4.8 My agency completes a range of research and evaluation and forecasting and modelling activities. Some of this work is completed for the primary purpose of policy advice and some to inform operations. How should this be managed?**

Where this occurs agencies need to make an assessment of the proportion of their research and evaluation and forecasting and modelling activities that will be completed for the purpose of informing policy advice.

Where the primary purpose is to produce policy advice, the cost of these activities should be included in the new policy appropriations.

For those activities for which the primary purpose is to inform non-policy outputs, the costs for these activities may fit best in the relevant operational appropriation/output class. However, this will depend on an agency’s appropriation structure and may require further discussion with the Treasury.

Where decisions of these sorts are made, it is important that departments have a strong rationale as the basis for their decision, and that it is clearly documented and understood.

**4.9 My agency provides advice to our Minister on international negotiations, and the advice is further shaped through these negotiations. Are the actual negotiations included?**

Yes.

Both the setting of the negotiating parameters and the negotiations are included. This is because the negotiations shape either the advice provided or a Minister’s decision. In addition, further decisions are made by Ministers, often Cabinet, at the conclusion of the process.

Negotiations, where officials have delegated authority to make decisions and/or where there is no decision making role, should not be included as the primary purpose is not to inform Ministerial decision making.

**4.10 Cabinet has delegated the decisions on how to allocate a funding pool to our Chief Executive. The work required to provide advice on this issue is the same as work to provide advice to Ministers. Is this included?**

No.

As this definition is based on policy advice being an output, it needs to provide a service to parties external to a department. Therefore internal advice is excluded from the definition.

Guidance to agencies on how they can treat these activities for appropriations purposes is provided in Annex 4. It may be that these activities are best counted as either grants administration or part of an existing departmental output class.

**4.11 Is staff professional development and performance management included in this definition?**

While professional development and performance management shape the development of policy advice, it is difficult to apportion these activities into those that shape policy and those that shape non-policy outputs.

General practice for most agencies appears to include the cost of professional development and performance management as an overhead cost; either distributed per staff member or to specific unit. As highlighted in question 4, overheads for the new policy appropriations should be managed according to normal practice.

**4.12 What is second opinion advice? How does it differ from normal advice?**

Second opinion advice is when one agency provides advice to their Minister on the advice being provided by another agency to its Minister.

For example, the Treasury provides advice to the Minister of Finance on the economic and fiscal implications of other agencies' advice to their Minister(s).

Activities to produce second opinion advice should be included in the new appropriations.

**4.13 What is contributing to policy advice led by other agencies? How does it differ from normal advice?**

This describes the activities that one policy agency will perform to inform the advice provided by another agency to that agency's Minister or to Cabinet or Cabinet Committees.

Activities to contribute to the provision of policy advice led by other agencies should be included in the new policy appropriations.

**4.14 Who can I contact to seek clarification?**

As a first point of call, please contact your Vote Analyst at the Treasury.

# Annex 3: Letter to the Minister of Finance Seeking Approval for Appropriation Changes

The following template should be used by departments for the letter to the Minister of Finance seeking joint Ministers approval for Appropriation Changes. The template covers the creation, change, or disestablishment of: appropriations; output classes within an MCOA; and scope statements. Departments should delete all sections of the letter that are not applicable to them.

***[Date]***

Hon Bill English  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Dear Minister

## **Reorganisation of Policy Advice Appropriations**

Following the Review of Expenditure on Policy Advice, I am seeking your approval to reorganise the policy related appropriations in Vote ***[Vote Name]***. The reorganisation will standardise the recording of expenditure on policy advice and make it consistent with the common definition of policy advice.

## **Establishment of new appropriations or output classes**

***[Use this section if new appropriations or output classes are being established]***

The reorganisation requires establishing a new ***[Departmental Output Expense Appropriation OR Departmental Multi-class Output Appropriation OR output classes within an existing Multi-class Output Appropriation]*** for policy advice which covers all policy advice outputs as per the common definition of policy advice. The ***[scope of this appropriation follows OR scopes of the individual output classes within this Multi-class Output Appropriation follow OR scope of the output class]*** the standard scope statement for policy advice.

***[add the following sentence if a Multi-class Output Appropriations is being established]***

The output classes have been grouped under the one Departmental MCOA for policy advice because ***[insert reason]***.

## **Changes to scope statements**

***[Use this section if scope statements are being changed]***

The reorganisation requires changing the scope statement of existing ***[appropriations OR output classes]*** for policy advice so that the scope of these ***[appropriations OR output classes]*** will follow the standard scope statement for policy advice.

## Disestablishment of existing appropriations or output classes

***[Use this section if existing appropriations or output classes are being expired]***

The reorganisation requires disestablishing existing ***[appropriations OR output classes]*** for policy advice. These ***[appropriations OR output classes]*** will be expired after the end of 2011/12.

### Summary table

The following table outlines the new appropriation/output class structure resulting from these changes and approximate total cost of each ***[appropriation AND/OR output class]*** affected by the change.

Name of appropriation or output class	New/old?	Approximate total cost \$m
Policy Advice <b><i>[Departmental Output Expense Appropriation OR Output class within a Departmental MCOA]</i></b>	new	<b><i>[\$x]m</i></b>
<b><i>[Name of existing policy advice related appropriation/output class 1]</i></b>	old (to be expired after end of 2011/12)	<b><i>[\$x]m</i></b>
<b><i>[Name of existing policy advice related appropriation/output class 2]</i></b>	old (to be expired after end of 2011/12)	<b><i>[\$x]m</i></b>

Detailed fiscally neutral adjustments (FNAs) will be sought in ***[FBU OR MBU]*** 2012.

### Recommendations

I recommend that you:

***[Use this section if new appropriations and/or output classes are being established]***

- 1 **agree** that these ***[appropriations AND/ OR output classes]*** in Vote ***[Vote Name]*** ***["Name 1", "Name 2", ... ]*** be replaced with effect from 1 July 2012 by the following new appropriations and/or output classes with the following scope statements:

Vote	Minister responsible	Appropriation type/Output class	Appropriation/ Output class title	Scope
<b><i>[Vote Name]</i></b>	<b><i>Minister of/for [portfolio]</i></b>	<b><i>[Departmental Output Expense Appropriation OR MCOA OR output class within MCOA]</i></b>	<b><i>[Title]</i></b>	This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to <b><i>[focus1]</i></b> .
<b><i>[Vote Name]</i></b>	<b><i>Minister of/for [portfolio]</i></b>	<b><i>[Departmental Output Expense Appropriation OR MCOA OR output class within MCOA]</i></b>	<b><i>[Title]</i></b>	This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to <b><i>[focus2]</i></b> .

**OR**

***[Use this section if an Output Class “Policy Advice” is added to and Existing MCOA]***

1. **agree** to add a new Output Class “Policy Advice” to the Multi-class Output Expense appropriation “[**MCOA Name**]” in Vote [**Vote Name**] in order to give effect to the recommendations of the Review of Expenditure on Policy Advice with the following scope: “This output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.”

**OR**

***[Use this section if a scope statement is being changed]***

- 2 **agree** to change the scope statement of the Departmental Output Expense appropriation “Policy Advice” in Vote [**Vote Name**] in order to give effect to the recommendations of the Review of Expenditure on Policy Advice
- 3 **agree** that the new scope of the Departmental Output Expense appropriation “Policy Advice” be “This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.”

**Minister of/for [*Portfolio*]**

Date:

**Minister of Finance**

Date:

# Annex 4: Suggested Standard Scope Statements for Related Outputs

Appropriations for 2011/12 that include policy advice generally include other related outputs. These outputs will need to be managed by departments as part of the reorganisation of policy appropriations.

Treasury has developed a number of suggested scope statements that agencies could use in this work.

Departments are free to pick and choose, and adapt, these scope statements to meet their needs.

## Multi-class Output Appropriations

Departments can combine policy advice output classes with other output classes as an MCOA, as per option 3 outlined in Section 3.3.

An MCOA that agencies are most likely to pursue could be titled *Policy advice and services to Ministers*, which would include:

- **Policy Advice:** This appropriation/output class is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to [focus/area x].
- **Ministerial Services:** This appropriation/output class is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.

## Suggested Scope Statements

Suggested Scope Statement	Detail
<p><b>Ministerial Services:</b></p> <p>This appropriation/output class is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.</p>	<p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>• Responding to requests under the Official Information Act.</li> <li>• Drafting responses to Parliamentary Questions.</li> <li>• Drafting responses to Ministerial correspondence.</li> <li>• Appearances at Select Committees on non-legislative matters such as Estimates and financial review.</li> <li>• Providing advice and/or information on non-policy matters, including drafting speeches and briefings for events or meetings.</li> <li>• Supporting work completed by Private Secretaries.</li> </ul>

Suggested Scope Statement	Detail
<p><b>Crown entity monitoring:</b></p> <p>This appropriation/output class is limited to providing support, information and advice to Ministers to enable them to discharge their responsibilities (other than policy decision-making) for the Crown entities for which they are responsible.</p>	<p><b>Includes<sup>5</sup>:</b></p> <ul style="list-style-type: none"> <li>• Providing advice to Ministers: <ul style="list-style-type: none"> <li>○ on the Crown’s expectation on an entity</li> <li>○ on emerging governance and performance issues that require Ministerial attention</li> <li>○ on the compliance of Crown entities with their legislation.</li> </ul> </li> <li>• Managing all processes relating to board membership.</li> <li>• Transmitting information to entities.</li> <li>• Critically reviewing an entity’s draft Statement of Intent and other accountability documents.</li> <li>• Negotiating an annual output agreement and any protocols as required by the Minister.</li> <li>• Monitoring the performance of each entity.</li> <li>• Where appropriate, providing leadership and/or coordination of departments and entities working with a sector, or working in pursuit of common results.</li> </ul> <p><b>Excludes:</b></p> <ul style="list-style-type: none"> <li>• Advice to Ministers on policy issues relating to Crown entities, as per the scope of policy advice appropriations.</li> </ul>
<p><b>Support for Statutory Bodies</b></p> <p>This appropriation/output class is limited to the provision of services and advice to statutory bodies to enable them to discharge their responsibilities.</p>	<p><b>May include the following range of activities (as long as not covered in other scope statements):</b></p> <ul style="list-style-type: none"> <li>• Managing all processes relating to board membership.</li> <li>• Transmitting information to the body.</li> <li>• Critically reviewing a body’s accountability documents.</li> <li>• Negotiating the activities of a statutory body.</li> <li>• Monitoring the performance of each entity.</li> <li>• Where appropriate, providing leadership and/or coordination of departments and entities working with a sector, or working in pursuit of common results.</li> </ul> <p><b>Excludes:</b></p> <ul style="list-style-type: none"> <li>• Advice to Ministers on policy issues relating to statutory bodies, as per the scope of policy advice appropriations.</li> <li>• Support provided to advisory bodies that are tasked with providing Ministers with advice on government policy matters, as per the scope of policy advice appropriations.</li> </ul>

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<sup>5</sup> Adapted from the Treasury and the State Services Commission’s *Guidance to Departments in Relation to Crown Entities* (June 2006).

Suggested Scope Statement	Detail
<p><b>Appointments (other than appointments to Crown entity boards or Statutory Bodies which is covered above):</b></p> <p>This appropriation/output class is limited to the provision of advice and information on board appointments and/or judicial appointments.</p>	<p><b>Includes<sup>6</sup>:</b></p> <ul style="list-style-type: none"> <li>• Writing position descriptions and board profiles.</li> <li>• Identifying possible candidates, including, as appropriate, seeking nominations externally.</li> <li>• Engaging with nominating agencies.</li> <li>• Conducting interviews.</li> <li>• Providing candidates and nominees with information about the board in which a vacancy has arisen.</li> <li>• As appropriate, seeking formal consent to being a member.</li> <li>• Conducting due diligence checks, including coordinating declarations of interest, and referee, education and criminal checks.</li> <li>• Providing advice to the responsible Minister on recommended candidates, and providing advice on fees, allowances and remuneration through the required mechanisms.</li> <li>• Supporting Ministers through the formal appointment process, including Cabinet and Executive Council processes.</li> <li>• Notifying appointees and unsuccessful candidates.</li> <li>• Announcing appointments.</li> </ul>
<p><b>Administration of grants:</b></p> <p>This appropriation/output class is limited to the administration of government grants schemes or programmes to the [XXX sector(s)].</p>	<p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>• Designing the scheme to: <ul style="list-style-type: none"> <li>○ align with government agreed objectives and parameters</li> <li>○ meet all legal, accountability, financial and administrative requirements.</li> </ul> </li> <li>• Developing guidelines, including eligibility and selection criteria.</li> <li>• Promoting the scheme as appropriate.</li> <li>• Providing information to prospective applicants.</li> <li>• Receiving and processing applications.</li> <li>• Assessing applications.</li> <li>• Offering grants.</li> <li>• Drafting a funding agreement.</li> <li>• Monitoring and acquitting grants.</li> </ul>

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<sup>6</sup> Adapted from the State Services Commission's *Board Appointment and Induction Guidelines* (2009).

Suggested Scope Statement	Detail
<p><b>Communications:</b></p> <p>This appropriation/output class is limited to engagement with, and the provision of information, to stakeholders about [XXX].</p>	<p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>• Developing and revising communications material.</li> <li>• Issuing and/or publication of communications material.</li> <li>• Responding to calls, emails and letters directed to an agency.</li> <li>• Responding to enquiries from the media.</li> </ul> <p><b>Excludes:</b></p> <ul style="list-style-type: none"> <li>• Consulting, engaging and negotiating with groups internal and external to government to inform the development of policy advice, as per the scope of policy advice appropriations.</li> <li>• Initial communication with stakeholders about Ministerial policy decisions.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Operational policy (internally focused)</b></li> <li>• <b>Operations, and</b></li> <li>• <b>Implementation</b></li> </ul>	<p><i>The detail of these outputs are agency specific, therefore new scope statements will need to be defined by each department. However, it may be that these activities may best be included in existing appropriations.</i></p>

# Annex 5: CFISnet Guidance

The following paragraphs outline the steps for processing the required Coredata changes and fiscally neutral adjustments through CFISnet. The three options correspond to the options discussed in section 3.3.

## Option 1: Single Departmental Output Expense Appropriation for Policy Advice

Where a Vote already has a single Departmental Output Expense Appropriation for policy advice but the scope of the appropriation doesn't fit the standard scope statement a New Coredata Request to Amend an existing appropriation will need to be actioned in CFISnet's Coredata module. As the line number in the database isn't changing (ie, you're only changing the scope of the appropriation rather than creating a brand new appropriation line) there will be no Vote changes due to the reorganisation of appropriations for policy advice.

Where many different appropriations within a Vote contain policy type outputs a New Coredata Request to Add a New Departmental Output Expense line will need to be actioned. Subsequently in the baseline update in early 2012 a DataLoad as well as a Vote change entry will be required. The fiscally neutral Vote change entry will reduce appropriations (and associated funding) for the old policy advice appropriation lines and increase the appropriation for the new policy advice appropriation. After year end the old policy appropriations will need to be expired as they will no longer have budgets or actual expenditure.

## Option 2: MCOA for Policy Advice

If you decide to set up a new MCOA for policy advice for a Vote this will require a New Coredata Request to Add a New Departmental Output Expense line with the restriction being Multi-class Output Expense Appropriation. Remember to describe the basis for the MCOA under the appropriation and the scope of each output expense for every output expense belonging to the MCOA. Subsequently in the baseline update in early 2012 a DataLoad as well as a Vote change entry will be required. The fiscally neutral Vote change entry will reduce appropriations (and associated funding) for the old policy advice appropriation lines and increase expense lines for the new policy advice Multi-class Output Expense Appropriation. After year end the old policy appropriations will need to be expired as they will no longer have budgets or actual expenditure.

## Option 3: MCOA for Policy Advice and Associated Outputs

If you decide to set up a new MCOA for policy advice and its related outputs for a Vote this will require a New Coredata Request to Add a New Departmental Output Expense line with the restriction being Multi-Class Output Expense Appropriation. Remember to describe the basis for the MCOA under the appropriation and the scope of each output expense for every output expense belonging to the MCOA. Subsequently in the baseline update in early 2012 a DataLoad as well as a Vote change entry will be required. The fiscally neutral Vote change entry will reduce appropriations (and associated funding) for the old policy advice appropriation lines and the associated old output lines and increase expense lines for the new policy advice and associated outputs Multi-class Output Expense Appropriation. After year end the old policy and associated output appropriations will need to be expired as they will no longer have budgets or actual expenditure.