



EXECUTIVE COUNCIL CHAMBERS

Memo

1 June 2016

To Andrew Kibblewhite

From Michael Webster

Subject **Flag Consideration Project Budget Update (provisional)**

Purpose

- 1 This paper provides a summary of the provisional financial results for the Flag Consideration Project, including the results for the part of the budget for which the Department of the Prime Minister and Cabinet had responsibility. Figures in this update have been rounded.

Action Sought

- 2 **Note** the provisional financial results for the Flag Consideration Project as a whole, and the part of the Flag Consideration Project budget for which the Department of the Prime Minister and Cabinet had responsibility.
- 3 **Note** that we will update the Responsible Minister, and seek his agreement to work with the other agencies involved in this project to release this information, as well as the Flag Consideration Panel's final report to the Minister, in a coordinated manner.

Summary – wider project

- 4 The total budget for the Flag Consideration Project was \$25.725 million. The 28 October 2014 Cabinet Paper, *Process to consider changing the New Zealand Flag*, set out the various agencies responsible and the budget allocations for each task (Cab Min (14) 34/1 refers). The data included in this report has been provided by the agencies responsible for each task within the project.
- 5 On a provisional basis, the Flag Consideration Project budget is projecting an estimated underspend of \$3.913 million (or 15%).

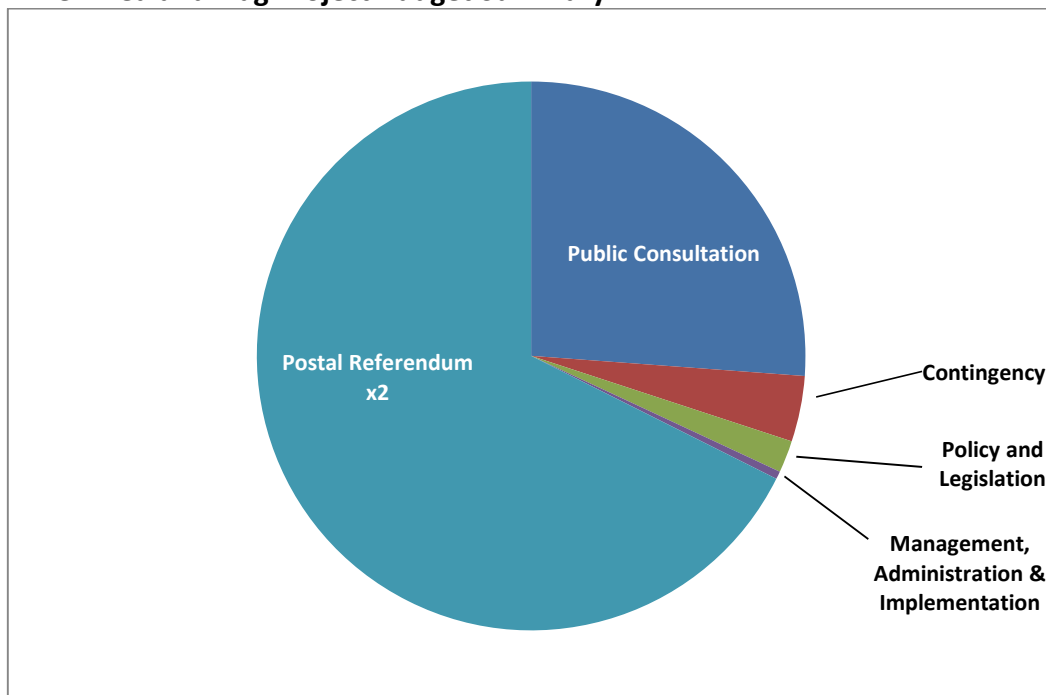
Summary – DPMC

- 6 The Department of the Prime Minister and Cabinet (DPMC) was responsible for \$9.600 million of the wider budget. This was appropriated within Vote Prime Minister and Cabinet and a provisional DPMC update is attached. Vote PMC is projecting an estimated underspend of \$1.643 million for this project (or 17%).

Background

- 7 The total appropriation for the Flag Consideration Project was \$25.725 million. The 28 October 2014 Cabinet Paper, *Process to Consider Changing the New Zealand Flag* set out the various agencies responsible and the budget allocations for each task (Cab Min (14) 34/1 refers).
- 8 The Flag Consideration Project budget is summarised in figure 1. Almost two thirds of the overall budget was allocated for the delivery of the two referendums (\$17.390 million).
- 9 The two postal referendums were primarily the responsibility of the Electoral Commission. However, \$1.750 million of the budget for the two referendums was allocated to the Flag Consideration Panel (the Panel) for a public education campaign.
- 10 Public consultation was the responsibility of the Panel, and policy and legislation were the responsibility of the Ministry of Culture and Heritage (MCH) and the Ministry of Justice (MoJ).
- 11 There was also an allowance for management and administration for the Department of the Prime Minister and Cabinet (DPMC).

Figure 1. New Zealand Flag Project Budget Summary



Provisional Results

- 12 **Appendix 1** summarises the provisional results for the wider project.
- 13 The final spend is estimated at \$21.812 million from a budget of \$25.725 million.
- 14 The Flag Consideration Project budget is projecting an estimated underspend of \$3.913 million (or 15%).

Department of the Prime Minister and Cabinet

- 15 DPMC was, mainly through the Panel, responsible for the delivery of certain tasks within the Flag Consideration Project, including the public consultation process. The Vote PMC budget to deliver these tasks was \$9.600 million. This included \$8.480 million for the Panel, \$1.000 million for contingency and \$0.120 million for DPMC management, administration and implementation.
- 16 The final spend is estimated at \$7.957 million from a budget of \$9.600 million as detailed in **Appendix 2**.
- 17 DPMC is projecting an estimated underspend of \$1.643 million.

Ministry of Justice and Ministry for Culture and Heritage

- 18 MOJ and MCH were responsible for policy and legislation aspects of the project.
- 19 From a budget allocation of \$0.485 million, spend of \$0.330 million is anticipated (an underspend of \$0.155 million).

Electoral Commission

- 20 The Electoral Commission was largely responsible for the delivery of the two postal referendums.
- 21 From a budget allocation of \$15.640 million, a spend of \$13.525 million is anticipated (an underspend of \$2.115 million).

Proactive release of information

- 22 Throughout the Flag Consideration Project, we have endeavoured to release material proactively where possible, in the interests of transparency. In keeping with this approach, we will seek the agreement of the Responsible Minister to the release of the following documents:
- 22.1 this briefing, containing the provisional financial results of the Flag Consideration Project, and the briefing attached as Appendix 2;
- 22.2 the Panel's Report to the Responsible Minister at the conclusion of the Flag Consideration Project, dated 4 May 2016;
- 22.3 the Panel meeting papers not yet proactively released.
- 23 We will coordinate with the other agencies involved in the project over the timing of the release of this information.

Michael Webster
Clerk of the Executive Council

Appendix 1. Provisional Flag Consideration Project Budget

		BUDGET ACTUAL	
		\$million	\$million
Public Consultation Process	Flag Consideration Panel Governance (Panel)	0.465	0.284
	Communications and Engagement (Panel)	4.001	3.897
	Website and digital (Panel)	0.776	0.643
	Public events and meetings (Panel)	0.209	0.200
	Secretariat (Panel)	1.279	1.129
	Total Public Consultation Process	6.730	6.153
Policy and Legislation	Ministry of Justice policy resource	0.327	0.202
	Ministry of Arts, Culture and Heritage policy resource	0.128	0.128
	Ministry of Justice Travel (select committee hearings)	0.005	0.000
	Ministry of Justice Specialist services (eg Crown Law advice)	0.025	0.000
	Total Policy and Legislation	0.485	0.330
1st postal Referendum	Enrolment drive - update campaign only (EC)	1.800	1.874
	Postage outbound and inbound 70% turnout (EC)	2.550	2.124
	Software, printing and distribution (EC)	1.350	1.729
	Temporary staff and operating expenses (EC)	1.780	0.788
	Public education campaign (referendum process – EC)	1.350	1.387
	<i>Public education campaign (Panel)</i>	<i>1.500</i>	<i>1.130</i>
	Total 1st postal referendum	10.330	9.032
2nd postal Referendum	Enrolment drive (EC)	0.000	0.000
	Postage outbound and inbound 70% turnout (EC)	2.550	2.441
	Software, printing and distribution (EC)	1.200	1.075
	Temporary staff and operating expenses (EC)	1.710	0.714
	Public education campaign (referendum process – EC)	1.350	1.393
	<i>Public education campaign (Panel)</i>	<i>0.250</i>	<i>0.565</i>
	Total 2nd postal referendum	7.060	6.188
Mgmt, admin and impl	DPMC Management and Administration	0.120	0.109
	Total Management, administration and implementation	0.120	0.109
Contingency	Total Contingency	1.000	0.000
		25.725	21.812 3.913

Appendix 2. Flag Consideration Panel Provisional Budget Update



Flag Consideration Project

Memo

To Michael Webster, Clerk of the Executive Council

From Kylie Archer, Director, New Zealand Flag Consideration Project Secretariat

Subject **New Zealand Flag Consideration Panel: Budget Update**
PROVISIONAL UPDATE

Purpose

1. This paper provides a provisional update regarding the Vote Prime Minister and Cabinet's (Vote PMC) budget allocation which sits within the wider Flag Consideration Project budget. Final results will be made available in the annual report for the Department of the Prime Minister and Cabinet (DPMC).

Background

2. The total budget for the wider Flag Consideration Project is \$25.725 million. The 28 October 2014 Cabinet Paper, *Process to Consider Changing the New Zealand Flag* details the various agencies responsible for each task and the relevant appropriation (Cab Min(14) 34/1 refers).
3. The Flag Consideration Panel (the Panel) is supported by the Secretariat, within DPMC. The total budget for the Panel is \$9.480 million.
4. The Panel is responsible for the \$6.730 million public consultation budget, the \$1.000 million contingency and the \$1.750 million budget for public education in the lead up to the two referendums.
5. This is appropriated in Vote PMC. Vote PMC also includes an additional \$0.120 million for DPMC management and administration. While the Panel are not responsible for this category, this amount has been included in this report to centralise all Vote PMC reporting. **The total in Vote PMC is \$9.600 million.**
6. The \$1.000 million contingency for the wider project sits within this appropriation. These funds were available to all of the agencies involved in the project if required, but we are not expecting to make a call against this funding.

Vote PMC

7. The total budget for the Vote PMC components of the project is \$9.600 million, including the \$9.480 million Panel budget, and \$0.120 million for DPMC management, administration and implementation.
8. Final spend is estimated at \$7.957 million with an underspend of \$1.643 million (or 17%).

9. Figure 1 provides a provisional budget summary for the DPMC components of the project. With support from the CASS Finance team this report has been manually compiled to align with the budget as detailed in the October 2014 Cabinet Paper. While most costs are included, there may still be some minor costs due to supplier invoicing timelines.

Figure 1. DPMC Provisional Budget Results¹

ITEM	Actual (\$m)	Total (\$m) BUDGET	Variance
Public Consultation Process Flag Consideration Panel - Governance	0.284	0.465	<i>0.181</i>
Public Consultation Process Communications and Engagement	3.897	4.001	<i>0.104</i>
Public Consultation Process Website	0.643	0.776	<i>0.133</i>
Public Consultation Process Public events and meetings	0.200	0.209	<i>0.009</i>
Public Consultation Process Secretariat	1.129	1.279	<i>0.150</i>
1st Referendum - Public education campaign	1.130	1.500	<i>0.370</i>
2nd Referendum - Public education campaign	0.565	0.250	<i>-0.315</i>
Project contingency	0.000	1.000	<i>1.000</i>
DPMC management & administration	0.109	0.120	<i>0.011</i>
	7.957	9.600	1.643

BUDGET DETAILS

GOVERNANCE

10. \$0.465 million is budgeted for Flag Consideration Panel governance.
11. A total of \$0.284 million is projected in this area, 39% under budget.
12. This allocation includes Panel member fees for meetings and other Panel activities, including the significant reading and meeting preparation required. As per the Panel's Terms of Reference and the Cabinet Office Circular, payment was made at \$640 per day worked for Panel members and \$850 per day worked for the Chairman (both pro-rated as required).

¹ The numbers in this table are rounded

13. This includes fees, travel, accommodation, catering and other Panel costs.

- \$0.162 million for fees
- \$0.088 million for travel, flights, mileage, taxis and accommodation
- \$0.024 million for catering
- \$0.010 million for miscellaneous

Panel Meetings

14. There were 14 Panel meetings and 25 roadshow/hui events in total.

Panel Engagement Activity

15. In addition to meetings and road shows/hui, Panel members also participated in extensive engagement activities around New Zealand. Due to availability and relevant expertise, some Panel members completed more activities than others and the total number of days per Panel member varies accordingly.

Panel Fees

16. A total of \$0.162 million was paid in fees to the Panel. It should be noted that many Panel members and in particular the Chair, Professor John Burrows, did not charge for a significant amount of their time, especially for time spent supporting and participating in media activity.

Panel Member	Fees (millions)
John Burrows	\$0.022
Kate De Goldi	\$0.014
Nicky Bell	\$0.015
Peter Chin	\$0.011
Julie Christie	\$0.011
Rod Drury	\$0.000 ²
Beatrice Faumuina	\$0.007
Rhys Jones	\$0.012
Stephen Jones	\$0.015
Sir Brian Lochore	\$0.011
Malcolm Mulholland	\$0.033
Hana O'Regan	\$0.011 ³
<i>TOTAL</i>	<i>\$0.162</i>

²Mr Drury declined Panel fee payment.

³Ms O'Regan's fees were paid to her employer to provide cover for her time out of the office.

COMMUNICATIONS AND ENGAGEMENT

17. \$4.001 million is budgeted for Communications and Engagement.
18. A total of \$3.897 million is projected in this area, 2.6% under budget.
19. This activity was designed to deliver the wider engagement plan and the public education requirements in the lead up to the two referendums. This allocation includes advertising (digital, radio, TV, out of home, newspapers, magazines), campaign tracking research, printing, mail drops and communications support.

WEBSITE

20. \$0.776 million is budgeted for websites and digital.
21. A total of \$0.643 million is projected in this area, \$0.133 million under budget (or 17%).
22. This allocation includes web development, content and hosting (www.flag.govt.nz and www.standfor.co.nz), Facebook and Twitter. It also includes social media aggregation, digital tools, search engine optimisation and temporary digital moderation support when required.
23. With support from the Department of Internal Affairs and the govt.nz team, the project delivered the primary website (flag.govt.nz) on the govt.nz platform, which minimised costs and delivered to a very high standard, within a challenging timeframe.

PUBLIC EVENTS AND MEETINGS

24. \$0.209 million is budgeted for public events and meetings.
25. A total of \$0.200 million is projected in this area, \$0.009 million under budget.
26. This allocation for the national roadshow and extensive public activations across the country, includes meeting rooms, catering, travel/meals/accommodation, temp staff, activation materials and rental vehicles.

SECRETARIAT

27. \$1.279 million is budgeted for the Secretariat.
28. A total of \$1.129 million is projected in this area, \$0.150 million under budget.
29. This allocation includes secretariat staff, administration/overheads, phones, temporary staff for flag moderation, press clipping services, legal advice, advisory group costs, the 0800 number service, postage, courier and other costs.

1ST POSTAL REFERENDUM – PUBLIC EDUCATION CAMPAIGN, FLAG OPTIONS

30. \$1.500 million is budgeted for public education for the first flag referendum.
31. A total of \$1.130 million is projected in this area, \$0.370 million under budget (or 21.6%).

32. This allocation includes the Panel referendum collateral printing, loan flags and promotional activity to meet the public education objectives (including digital, radio, TV, out of home, newspapers and magazines).

2ND POSTAL REFERENDUM – PUBLIC EDUCATION CAMPAIGN

33. \$0.250 million is budgeted for public education for the second flag referendum.

34. A total of \$0.565 million is projected in this area. While this is technically \$0.315 million over budget, this expenditure was planned to ensure the public education objectives were achieved and an underspend in first referendum was made to meet these costs.

35. This allocation includes, the Panel's referendum collateral printing, loan flags and promotional activity to meet the public education objectives (including digital, radio, TV, out of home, newspapers and magazines).

CONTINGENCY

36. \$1.000 million is ring-fenced for contingency if required.

37. We are not expecting to make a call against this funding.

38. The \$1.000 million contingency for the wider project sits within the Panel's budget. These funds were available to all of the agencies involved in the project if required, however it's understood that no requests will be made to utilise these funds.

General

Red Peak

39. The addition of a fifth flag (Red Peak) by Parliament had implications for the Panel's budget, including:

- A significant quantity of the Panel's brochures for inclusion in the first referendum voting pack had to be reprinted (the original print run was almost finished before the decision was made).
- Almost all of the public engagement requirements/materials had been designed and had to be updated. These included web/digital/social content, magazine layouts, billboard and adshell designs, digital flying flags, language translations etc.
- A small number of publications had already gone to press with pre-referendum advertisements before the decision to include a fifth flag was made and so additional 'make good' media placements/inserts were required.
- These costs were coded to various parts of the project and extra staff time was absorbed into the Secretariat budget.

40. The additional cost is estimated at approximately \$0.263 million. The Panel accommodated these costs with underspends from other areas and will not be using the contingency funds for this or any other purpose.