

VOTE *State Services*

State Services

Overview

Departmental Appropriations

Departmental appropriations sought for Vote State Services in 2006/07 total \$39.343 million. Expenses are forecast to be incurred as follows:

- \$14.396 million (37% of departmental appropriations in this Vote) on e-government development and operations.
- \$12.657 million (32% of departmental appropriations in this Vote) on State Services people capability.
- \$11.890 million (30% of departmental appropriations in this Vote) on State Services development, governance and performance.
- \$400,000 (1% of departmental appropriations in this Vote) on Treaty Information.

Non-Departmental Appropriations

Non-departmental appropriations sought for Vote State Services in 2005/06 total \$105.756 million. This is intended to be spent as follows:

- \$866,000 on non-departmental outputs.
- \$4.566 million for the payment of benefits and other unrequited expenses.
- \$88.359 million for the payment of employers' contributions to the State Sector Retirement Savings Scheme.
- \$11.965 million for the payment of salaries and costs relating to the employment of Public Service chief executives and for the settlement of legal liabilities incurred by now-disestablished Public Service departments.

Crown Revenue and Receipts

The Commission expects to collect \$11.020 million in Crown revenue from government departments relating to the reimbursement of the costs of chief executives' salaries.

Details of what the appropriations are to be spent on appear in Parts B1, C, D and E of this Vote. Details of Crown revenue appear in Part F.

Minister Portfolio Table

66

Minister of State Services

State Services

VOTE MINISTER: Minister of State Services

ADMINISTERING DEPARTMENT: State Services Commission

The Minister of State Services is the Responsible Minister for the State Services Commission

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote

The Development Goals for the State Services

The appropriations within Vote State Services provide for the leadership and management of the achievement of the Development Goals for the State Services agreed by Cabinet in February 2005, and the delivery of other services by the State Services Commission. The Government themes of *economic transformation, families – young and old and national identity* describe what this Government wants, and provide the context for much of the work that will be done this year and next by the State Services Commission (SSC) and other agencies in the State Services. The SSC also continues to make a difference to the performance of the State Services through its statutory roles of appointment and performance management of chief executives, and through its stewardship of standards of behaviour and conduct in the State Services.

Improving State Services performance is about meeting the needs of New Zealanders and the government of the day, and doing so effectively and efficiently. The SSC is committed to constant performance improvement in this area. To this end the State Services Commissioner, following Cabinet endorsement, has set an overarching goal, and a set of six supporting Development Goals, for the State Services. The overall goal for the State Services is:

A system of world class professional State Services serving the government of the day and meeting the needs of New Zealanders.

The Development Goals for the State Services are:

Goal 1: Employer of Choice

Ensure the State Services is an employer of choice attractive to high achievers with a commitment to service.

Goal 2: Excellent State Servants

Develop a strong culture of constant learning in the pursuit of excellence.

Goal 3: Networked State Services

Use technology to transform the provision of services for New Zealanders.

Goal 4: Coordinated State Services

Ensure the total contribution of government agencies is greater than the sum of its parts.

Goal 5: Accessible State Services

Enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services.

Goal 6: Trusted State Services

Strengthen trust in the State Services, and reinforce the spirit of service.

Linkages Between Output Expenses and the Development Goals

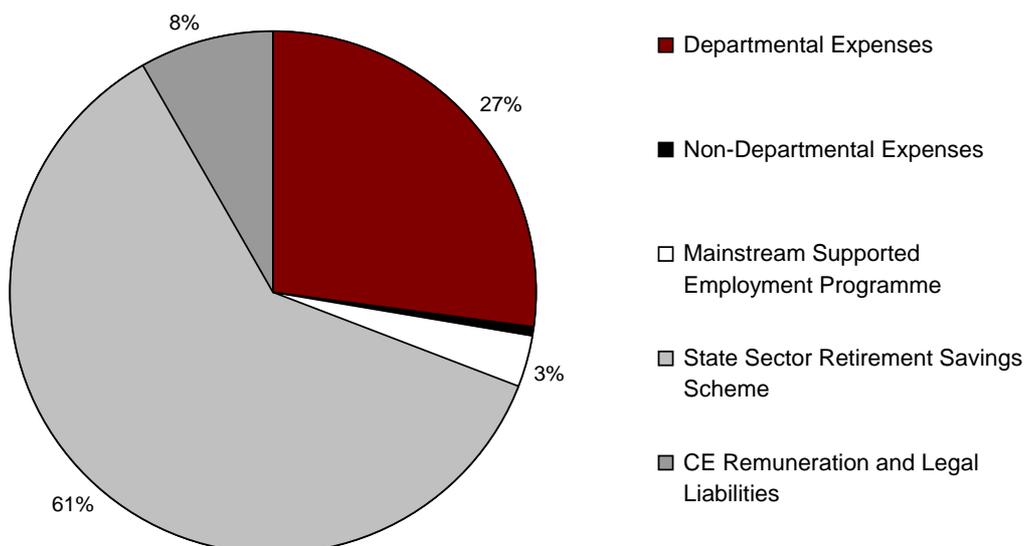
The activities referred to above are provided by means of four departmental output expenses. The relationship between these and the Development Goals and other Government requirements are summarised in the following table.

Relevant Output Expenses	Desired Outcome
State Services people capability	Contributes to the achievement of Development Goals 1 and 2
E-government Development and Operations	Contributes to the achievement of Development Goal 3
State Services development, governance and performance	Contributes to the achievement of Development Goals 4, 5 and 6
Treaty Information	Provision of a service required by Cabinet

For a full description of the activities carried out under each output expense refer to Part C1.

Vote Structure

Figure 1 - Expenses by Appropriation (\$145.099 million) 2006/07



Source: State Services Commission

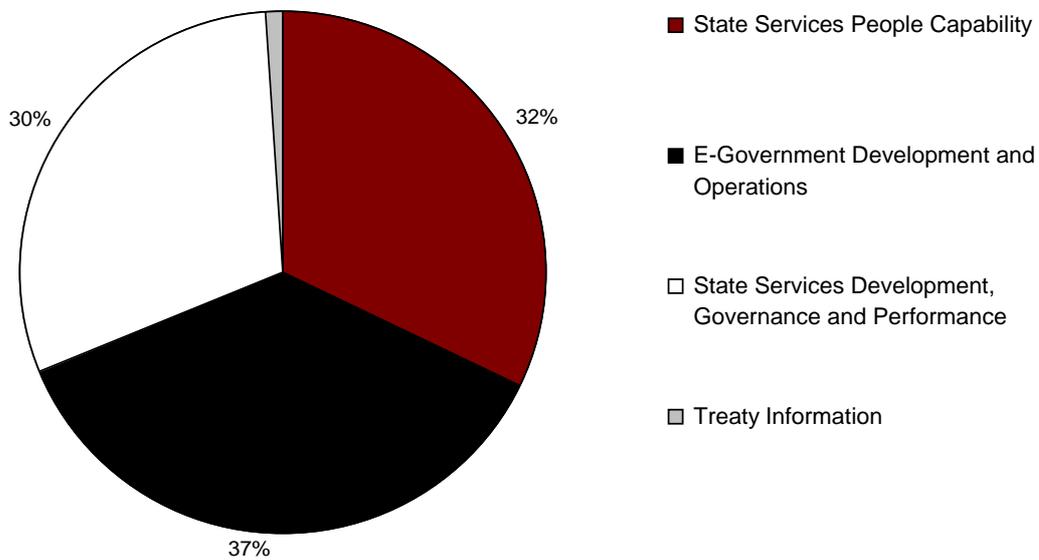
Output Expenses

The Vote State Services has four output expenses:

- State Services people capability
- E-government development and operations
- State Services development, governance and performance
- Treaty Information

Expenditure in each of these output expenses in 2006/07 is shown in the following graph:

Figure 2 - Departmental Output Expenses (\$39.343 million) 2006/07

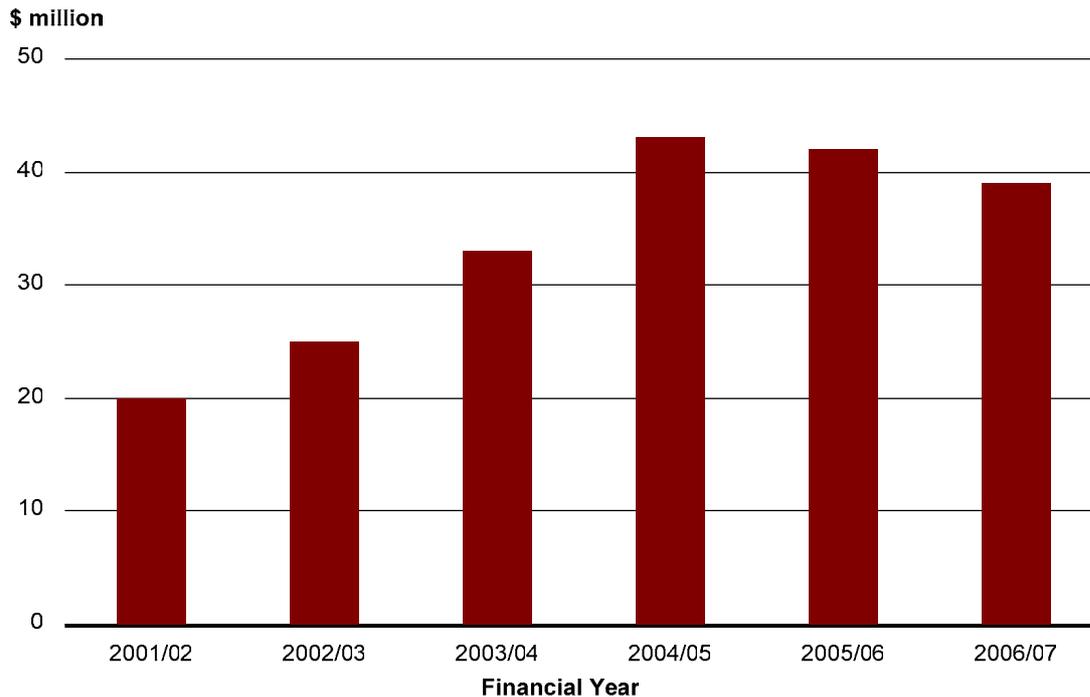


Source: State Services Commission

Part A2 - Trends in Vote

Departmental Output Trends: 2001/02 - 2006/07

Appropriations for departmental output expenses have increased by \$20 million or 101% over the past five years.

Figure 3 - Trends in Departmental Output Expenses

Source: State Services Commission

The main reasons for the increases have been e-government initiatives, which account for \$8.726 million of the increase. Other main factors have been:

- increased funding for the enlarged role for the Public Sector Training Organisation
- senior leadership and management development initiatives
- work on integrity and conduct in the State Sector
- managing a programme to raise public knowledge of the Treaty of Waitangi
- implementing the State Sector Retirement Savings Scheme
- establishing a Ministerial Review Unit to review targeted policies and programmes in the 2004/05 financial year, and
- the Commission's new leadership role for the State Services.

Non-Departmental Expenditure and Revenue Trends: 2001/02 - 2006/07

Expenditure on behalf of the Crown has increased by \$94.425 million in the five years to 2006/07. The main increase has been the institution of a retirement savings scheme for State sector employees who are not members of the Government Superannuation Fund. This accounts for \$88.359 million of the increase.

Non-departmental output expenses

The non-departmental output expenses of \$116,000 is related to services from the Office of the Privacy Commissioner for on-line authentication services and \$750,000 is related to services from the Museum of New Zealand Te Papa Tongarewa for hosting the Treaty of Waitangi Touring Exhibition.

Benefits and other unrequited payments

Benefits and other unrequited expenses account for 3.1% of annual appropriations for Vote State Services. The increased uptake of the Mainstream Supported Employment Programme is reflected in the level of appropriation for this category, which has increased from \$2.332 million in 2001/02 to budgeted expenditure of \$4.556 million for 2006/07.

Other Crown expenses

Other Crown expenses account for 69% of annual appropriations for Vote State Services. There are three categories:

- the payment of salaries and costs relating to the employment of chief executives of Public Service and related organisations; chief executives in transition; and appointees under section 54 of the State Sector Act 1988
- payment of the employers' contributions to the new State Sector Retirement Savings Scheme, and
- an appropriation of \$196,000 for the settlement of legal liabilities incurred by government departments prior to their disestablishment.

Expenditure in this category has increased from \$8.999 million in 2001/02 to budgeted expenditure of \$100.324 million for 2006/07. The increase in expenditure is mainly for the establishment of the State Sector Retirement Savings Scheme. Other influences were an increase in the number of Public Service chief executives, changes to the way in which chief executive leave is accounted for, and changes to chief executive performance development and remuneration policy.

Crown revenue and receipts

The State Services Commission expects to recover \$11.020 million from departments in respect of the remuneration of their chief executives.

New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
Development Goals - People Capability	Departmental Output Expense - State Services People Capability	(300)	525	-	-	-
	Departmental Output Expense - E-government Development and Operations	(225)				
Development Goals - Accessible State Services Research Project	Departmental Output Expense - State Services Development, Governance and Performance	-	90	90	-	-
Public Service Chief Executive Remuneration	Other Expenses to be incurred by the Crown	-	564	1,156	1,778	2,430
	Non tax revenue - Reimbursement of Chief Executives' Remuneration	-	(1,439)	(2,000)	(2,592)	(3,212)
	Net operating impact	-	(875)	(844)	(814)	(782)
Total Initiatives		(525)	(260)	(754)	(814)	(782)

Part B - Statement of Appropriations

Summary of Financial Activity

	2001/02	2002/03	2003/04	2004/05	2005/06		2006/07 Appropriations to be Used				2007/08	2008/09	2009/10	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Appropriations														
Output Expenses	19,557	24,705	32,651	37,147	47,757	45,995	39,343	-	866	-	40,209	38,418	36,091	35,486
Benefits and Other Unrequited Expenses	2,332	2,506	2,630	3,320	4,178	4,178	N/A	N/A	4,566	-	4,566	4,566	4,566	4,566
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	8,999	9,455	18,186	52,179	90,083	88,458	-	-	100,324	-	100,324	114,650	129,743	147,572
Capital Expenditure	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	30,888	36,666	53,467	92,646	142,018	138,631	39,343	-	105,756	-	145,099	157,634	170,400	187,624
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	7,969	8,261	8,355	9,422	9,581	9,581	N/A	N/A	N/A	N/A	11,020	11,581	12,173	12,793
Capital Receipts	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Total Crown Revenue and Receipts	7,969	8,261	8,355	9,422	9,581	9,581	N/A	N/A	N/A	N/A	11,020	11,581	12,173	12,793

Part B1 - Details of Appropriations

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
E-government Development and Operations (M66)	19,641	-	18,223	-	14,396	-	The development, operations and evaluation of e-government services, infrastructure and initiatives in the State sector.
State Services Development, Governance and Performance (M66)	12,973	-	12,629	-	11,890	-	Chief executive appointment and performance management services, advice on governance and performance of the State Services, leading and reinforcing integrity and conduct, support to the Minister of State Services, and operational services to client departments.
State Services People Capability (M66)	11,071	-	11,071	-	12,657	-	The development, implementation and evaluation of initiatives to ensure the State Services is an employer of choice, and to develop the skills of State servants at all levels.
Treaty Information (M66)	3,226	-	3,226	-	400	-	Production of booklets and contract management associated with extending the Treaty 2U tour.
Total Departmental Output Expenses (General)	46,911	-	45,149	-	39,343	-	
Non-Departmental Output Expenses							
Development of On-line Authentication Services (M66)	116	-	116	-	116	-	Services provided by the Office of the Privacy Commissioner in the development of on-line authentication services.
Treaty of Waitangi Touring Exhibition (M66)	730	-	730	-	750	-	Continuing to deliver the Treaty 2U tour by the Museum of New Zealand Te Papa Tongarewa.
Total Non-Departmental Output Expenses	846	-	846	-	866	-	
Benefits and Other Unrequited Expenses							
Mainstream Supported Employment Programme (M66)	4,178	-	4,178	-	4,566	-	A supported employment programme for people with disabilities, which aims to assist its clients to gain permanent employment in the State sector.
Total Benefits and Other Unrequited Expenses	4,178	-	4,178	-	4,566	-	
Other Expenses to be incurred by the Department							
Other (M66)	2,625	-	1,000	-	-	-	The development of a Government Shared Network service.
Total Other Expenses to be incurred by the Department	2,625	-	1,000	-	-	-	

	2005/06				2006/07		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2006/07 Appropriations
Other Expenses to be Incurred by the Crown							
Payment and Remuneration of Chief Executives (M66)	11,205	-	11,205	-	11,769	-	The payment of salaries and costs relating to the employment of: chief executives of Public Service and related organisations; chief executives in transition; and appointees under section 54 of the State Sector Act 1988.
Settlement of Legal Liabilities (M66)	196	-	196	-	196	-	The settlement of legal liabilities incurred by now-disestablished government departments and other Crown settlements.
State Sector Retirement Savings Scheme (M66)	76,057	-	76,057	-	88,359	-	Employer contributions to State Sector Retirement Savings Scheme, to provide superannuation for State sector employees who are not members of the Government Superannuation Fund.
Total Other Expenses to be Incurred by the Crown	87,458	-	87,458	-	100,324	-	
Total Appropriations	142,018	-	138,631	-	145,099	-	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

E-government Development and Operations

This output expense is related to Development Goal Three: Networked State services. It provides for the development, operations and evaluation of e-government services, infrastructure and initiatives for the government, including:

- developing the e-government strategy and provision of policy advice
- developing and operating all-of-government e-government standards and infrastructure
- initial implementation of the all-of-government authentication of identity solution.

This will include:

- reviewing the E-government Strategy and Programme in the light of progress achieved and challenges identified
- continuing the e-government research and evaluation programme, including the assessment of alignment of agency activities with the E-government Strategy
- identifying and addressing policy issues affecting the delivery of the E-government Strategy
- developing an enterprise architecture for government to facilitate networking and integration of service delivery
- implementing all-of-government online authentication
- implementation of all-of-government shared service for the management of Internet logons (the Government Logon Service)
- development of an online Identity Verification Service subject to successful completion of the pilot with the Department of Internal Affairs (DIA)
- continue to develop, support and promote the use of E-government Interoperability Framework (e-GIF)
- launch, support and promotion of the Public Service Intranet
- updating existing guidelines, continue development and promotion of the e-government interoperability framework (e-GIF)
- implementing services based on the e-GIF, such as directory, change of address notification and intranet
- operating, maintaining and enhancing all-of-government services, including the all-of-government web portal, the metadata collection, the Secure Electronic Environment and shared workspaces
- selection and implementation of Search.govt.nz
- support of govt.nz domain names
- support all-of-government software contracts.

Government Shared Network

The Government Shared Network (GSN) Project is intended to become an output expense for the next financial year (July 2006 - June 2007) and is related to Development Goal Three: Networked State Services. The GSN is one of the core components of the government's Digital Strategy and part of the e-government programme.

The Government Shared Network:

- integrates a dedicated, high speed, secure, nationwide Telecommunications network infrastructure for government agencies
- brings advanced telecommunications capabilities available in the New Zealand market within the reach of all agencies
- encourages collaboration between agencies and will enable the realisation of commercial and operational benefits by consolidating network infrastructure
- delivers a portfolio of common services that will be available to participating agencies including:
 - high-speed interconnection of agencies with adherence to a 'restricted' level standard
 - a secure remote access
 - a secure Internet Gateway with security features including, virus and SPAM filtering
 - internet telephony
 - a disaster recovery site connection and the associated billing systems.

The Government Shared Network initial implementation has been managed as a capital project. While the output class for Government Shared Network has been established, detailed work is still underway to finalise the revenue and operating expenditure estimates for 2006/07.

State Services Development, Governance and Performance

This output expense provides for the development, governance and performance management role of the State Services Commission in the State sector. This output contributes to the achievement of Development Goal Four: Coordinated State agencies, Development Goal Five: Accessible State Services and Development Goal Six: Trusted State Services.

It will include the development and leadership of programmes designed to:

- enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services
- strengthen trust in the State Services, and reinforce the spirit of service
- ensure the total contribution of government agencies is greater than the sum of its parts.

This will include:

- chief executive appointments and reappointments in the Public Service. This includes management of CE appointment and reappointment processes, management of and improvement of support services for CEs, management and improvement of CE performance management
- provision of good employer services for chief executives in the Public Service

- review of the performance of departments and chief executives, and advising on managing for outcomes, capability and performance
- providing an overview of the State Services and advice on future development priorities
- ensuring the public management system supports Government's three themes (economic transformation, families young and old, national identity)
- advising on the machinery of government
- leading and reinforcing integrity and conduct
- governance and best practice matters relating to boards and staff of Crown entities, and management of the fees and allowances framework
- establishing a baseline to measure the trustworthiness of State Servants and the effects of the integrity focus
- research on access, coordination and trust, which will generate new data, information and knowledge that will allow us to better understand how New Zealanders' experience the State Services
- supporting the Crown Entities Act
- provision of support to monitoring departments by leading the Monitoring Departments Network/Group
- oversight of international development in public sector thinking
- maintaining government-to-government relationships through participation in international fora and briefings to international delegations
- ad hoc reviews as required by the Prime Minister, other Ministers, heads of agencies, or the State Services Commissioner in response to performance failures of particular agencies or the identified risk thereof
- the provision of support to the Minister of State Services for correspondence, parliamentary questions and, as required, responses to select committees
- management of records and residual liabilities arising from the activities of now disestablished government departments
- provision of accounting services for selected Public Service departments.

State Services People Capability

This output expense provides for the people capability role of the State Services Commission in the State services. This output is related to Development Goal One: Employer of Choice and Goal Two: Excellent State servants.

It will include the development and leadership of programmes designed to:

- ensure the State Service is an employer of choice attractive to high achievers with a commitment to service
- develop a strong culture of constant learning in the pursuit of excellence.

This will include:

- attracting and hiring the best by understanding the labour market and ensuring the State Services is positioned well to attract and select high calibre candidates

- ensuring the frameworks, tools and practices exist to support staff development
- ensuring our workplaces are positive and engage the support of State servants
- collecting, analysing and disseminating information of human resources
- developing the State Services as a good employer including promotion, development and monitoring of Equal Employment Opportunities
- the promotion of positive workplace employment relationships, consultation on collective employment agreements where required; promotion of partnership approaches and support for pay and employment equity
- oversight of industrial and employment relations issues across the State Services and provision of strategic advice to government on these issues
- new funding arrangements and monitoring of senior leadership and management development
- monitoring of the Leadership Development Centre
- support for the Mainstream Programme
- support for the State Sector Retirement Savings Scheme
- support for training through the Public Sector Training Organisation.

Treaty Information

This output expense provides for the production of booklets on the Treaty of Waitangi and for contract management functions associated with extending the Treaty 2U tour.

Part C2 - Non-Departmental Output Expenses

Development of On-line Authentication Services

This non-departmental output expense is for review services and advice to be provided by the Office of the Privacy Commissioner, in respect of the development of e-government on-line authentication of identity. The services to be delivered include the review of, and advice on, privacy aspects of the on-line authentication project to ensure that public concerns about privacy are taken into account.

Performance measures

The Minister expects outputs to be delivered according to the Memorandum of Understanding between the State Services Commissioner and the Office of the Privacy Commissioner.

Cost

This output expense will be provided within the appropriated sum of \$116,000 (GST exclusive).

	2005/06 \$000	2006/07 \$000
Total output class expenses	116	116
Total output class revenues	-	-

Provider

The Office of the Privacy Commissioner.

Treaty of Waitangi Touring Exhibition

The Treaty 2U exhibition, run by the Museum of New Zealand Te Papa Tongarewa, will be extended into 2006/07. This is in response to demands from communities who were not visited in 2005/06 and schools whose bookings were unable to be accommodated. It is also in response to on-going interest from tertiary institutions and local government agencies.

Performance measures

The Minister expects outputs to be delivered according to the Memorandum of Understanding between the State Services Commissioner and the Museum of New Zealand Te Papa Tongarewa.

Cost

This output expense will be provided within the appropriated sum of \$750,000 (GST exclusive).

	2005/06 \$000	2006/07 \$000
Total output class expenses	730	750
Total output class revenues	-	-

Provider

Museum of New Zealand Te Papa Tongarewa.

Part D - Explanation of Appropriations for Other Operating Flows

Part D1 - Benefits and Other Unrequited Expenses

Mainstream Supported Employment Programme

This programme assists people with disabilities to find long-term meaningful employment through subsidised placements in State sector organisations. This assistance, over two years, takes the form of salary subsidies, training support and other disability related employment assistance. At any one time between 230 and 280 persons are provided with assistance under the programme.

Part E - Explanation of Capital Flows

Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for State Services Commission	Estimated Actual 2005/06 \$000	Projected 2006/07 \$000	Explanation of Projected Movements in 2006/07
Opening Balance	10,602	18,354	
Capital Injections	8,855	3,206	The capital contribution is for the development of the Government Shared Network services.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(1,103)	-	
Other Movements	-	1,103	This is a non-cash movement to cover forecast output deficits.
Closing Balance	18,354	22,663	

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2005/06		2006/07	Description of 2006/07 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Non-Tax Revenue				
Reimbursement of Chief Executives' Remuneration	9,581	9,581	11,020	Reimbursement by departments and related organisations of chief executives' remuneration.
Total Non-Tax Revenue	9,581	9,581	11,020	
Total Crown Revenue and Receipts	9,581	9,581	11,020	