

Performance Information for Appropriations

Vote State Services

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of State Services (M66)

ADMINISTERING DEPARTMENT: State Services Commission

MINISTER RESPONSIBLE FOR STATE SERVICES COMMISSION: Minister of State Services

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of State Services is responsible for \$245.341 million of appropriations in the Vote for the 2009/10 financial year covering the following:

- a total of \$11.741 million (4.6% of appropriations in this Vote) on Public Management System
- a total of \$17.735 million (6.9% of appropriations in this Vote) on Chief Executive and Agency Performance Management
- a total of \$6.075 million (2.4% of appropriations in this Vote) on State Sector Industry Training Services
- a total of \$85 million (33.2% of appropriations in this Vote) on the KiwiSaver: State Sector Employer Contributions
- a total of \$13.748 million (5.4% of appropriations in this Vote) for the Remuneration and Related Employment costs of Chief Executives
- a total of \$120.367 million (47.0% of appropriations in this Vote) for the State Sector Retirement Savings Scheme
- a total of \$1.525 million (0.6% of appropriations in this Vote) for capital expenditure.

The Commission expects to collect \$12.530 million in Crown revenue from government departments relating to the reimbursement of the costs of chief executives' remuneration.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Better spending, better services	Capping the size of the core government administrations Setting new expectations for pay and employment conditions for the Public Services Strengthening trust and political impartiality in the State Services	All appropriations of Vote State Services

Objectives of the Vote

The State Services Commission (SSC), together with the two other central agencies - the Department of the Prime Minister and Cabinet (DPMC) and the Treasury - share the responsibility of providing leadership to State Services agencies in realising the Government's vision. The central agencies' key roles in lifting performance across the system and making sure Ministers receive the best possible advice before making decisions underpin all of the Government priorities.

Part 1.3 - Trends in the Vote

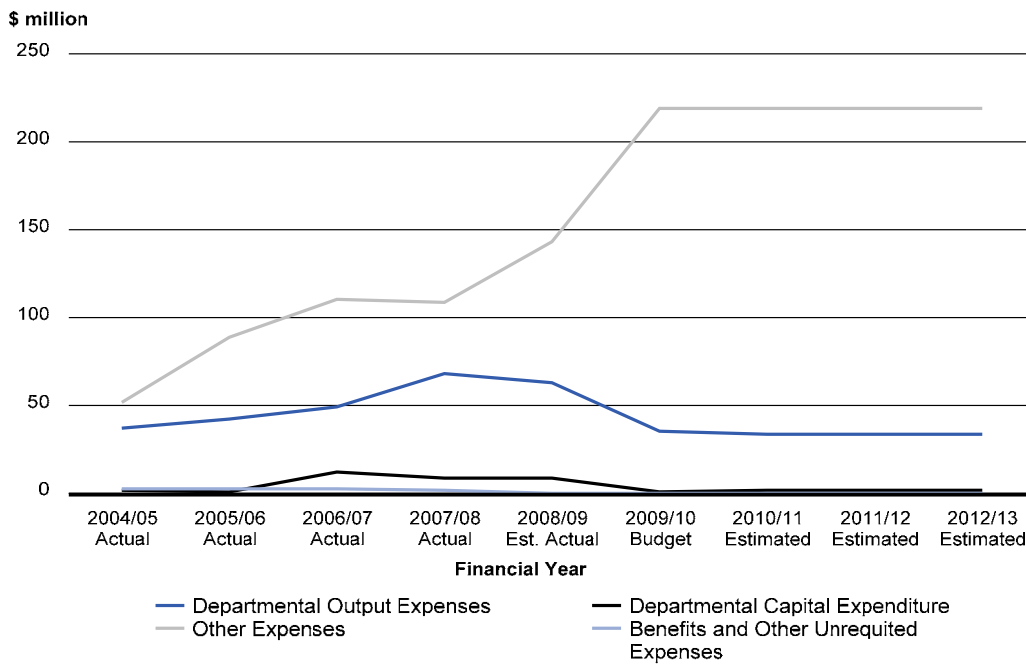
Summary of Financial Activity

	2004/05	2005/06	2006/07	2007/08	2008/09		2009/10			2010/11	2011/12	2012/13
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	37,147	43,199	50,157	68,953	64,875	63,960	35,551	-	35,551	34,532	34,281	34,029
Benefits and Other Unrequited Expenses	3,320	3,208	3,100	2,779	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	52,179	89,243	110,628	109,583	143,457	143,457	-	219,122	219,122	219,742	219,366	219,366
Capital Expenditure	2,419	1,163	12,816	9,731	10,997	9,067	1,525	-	1,525	2,325	2,325	2,325
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	95,065	136,813	176,701	191,046	219,329	216,484	37,076	219,122	256,198	256,599	255,972	255,720
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	9,422	9,397	10,474	11,118	12,297	12,297	N/A	12,530	12,530	13,150	13,150	13,150
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	9,422	9,397	10,474	11,118	12,297	12,297	N/A	12,530	12,530	13,150	13,150	13,150

Analysis of Significant Trends

Total Vote: All Appropriations

Figure 1 - Vote trends in actual expenses and capital expenditure by appropriation type

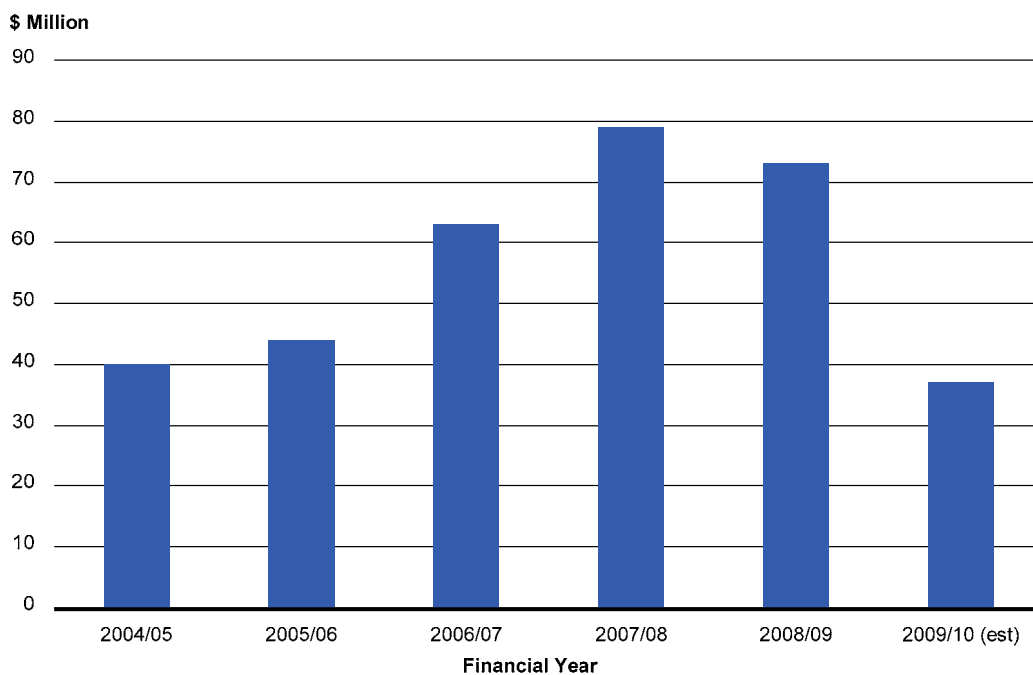


Source: State Services Commission

Output Expenses

Appropriations for departmental output expenses have increased by \$29 million or 78% over the past five years. The principal driver has been projects relating to E-government initiatives (\$29 million) such as the Authentication programme (including the Identity Verification Service and Government Logon Service) and the Government Shared Network. These appropriations are transferring to the Department of Internal Affairs from 1 July 2009.

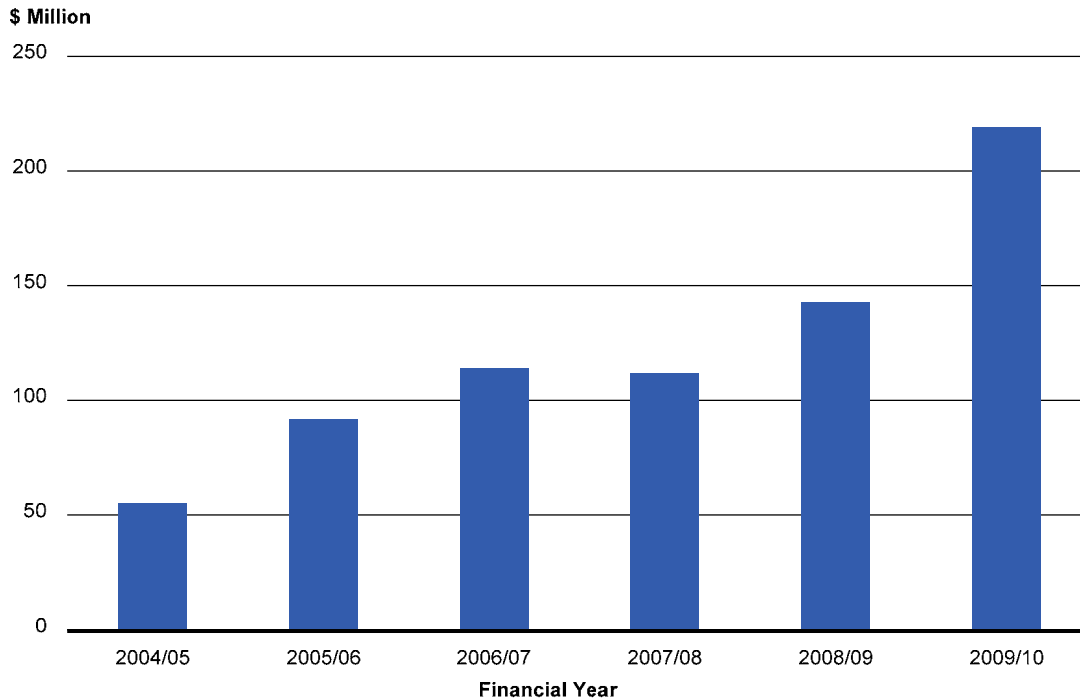
Figure 2 - Trends in departmental output expenses



Source: State Services Commission

The growth in Departmental Output expenditure levelled off in the 2008/09 year and for the State Services Commission will decrease significantly in the future with the transfer of the E-Government Development and Operations and the Government Shared Network outputs to the Department of Internal Affairs at 1 July 2009. In addition, there is a reduction of \$286,000 in 2009/10 following the line-by-line review.

Figure 3 - Trends in non-departmental expenses



Source: State Services Commission

The growth in non-departmental expenses is in the Crown funding of the State Sector Retirement Savings Scheme (which is forecast to reduce in the future) and the KiwiSaver Scheme which is forecast to increase. In addition, there is a reduction of \$620,000 in the Remuneration and Related Employment Costs of Chief Executives appropriation in 2009/10 following the line-by-line review.

Part 1.4 - Reconciliation of Changes in Appropriation Structure

2008/09 Structure - Appropriations that have been Changed	2008/09 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Transferred	Amount Moved \$000	2009/10 Structure - Appropriations affected by the Changes in Appropriation Structure	2008/09 (Restated) \$000	2009/10 \$000
E-Government Developments and Operations	23,376	Transferred to: <ul style="list-style-type: none"> Public Management System 	(9,881)	E-Government Developments and Operations	13,495	-
State Services Development, Governance and Performance	11,004	Transferred to: <ul style="list-style-type: none"> Chief Executive and Agency Performance Management Public Management System 	(10,024) (980)			
State Services People Capability	12,828	Transferred to: <ul style="list-style-type: none"> State Sector Industry Training Services Public Management System Chief Executive and Agency Performance Management 	(5,558) (674) (6,596)			-
		Transferred from: <ul style="list-style-type: none"> E-Government Developments and Operations State Services Development, Governance and Performance State Services People Capability 	9,881 980 674	Public Management System	11,535	11,741
		Transferred from: <ul style="list-style-type: none"> State Services People Capability State Services Development, Governance and Performance 	6,596 10,024	Chief Executive and Agency Performance Management	16,620	17,735
		Transferred from State Services People Capability	5,558	State Sector Industry Training Services	5,558	6,075
Total	47,208		-		47,208	35,551

E-Government Development and Operations formerly comprised the Government Technology Service and the Government Chief Information Office (GCIO). The GCIO has remained with Vote State Services while the Government Technology Service transferred to Vote Internal Affairs at 1 July 2009, together with the Government Shared Network.

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome: improved State Services performance Impact: contributes to the improved performance, efficiency and effectiveness of the Public Management System	Public Management System
Outcome: improved State Services performance Impact: contributes to the State Services chief executive appointment and performance and advice on governance of agencies in the State Services	Chief Executive and Agency Performance Management
Outcome: improved State Services performance Impact: contributes to skill development in state servants through workplace learning and assessment	State Sector Industry Training Services

Chief Executive and Agency Performance Management (M66)

Scope of Appropriation

This appropriation is limited to the State Services chief executive appointment and performance management and advice on governance and performance of agencies in the State Services.

Expenses and Revenue

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	17,735
Revenue from Crown	-	-	15,963
Revenue from Other	-	-	1,772

Reasons for Change in Appropriation

The structure of the appropriations within Vote State Services has been changed to reflect the changed focus of activities. This appropriation has largely been funded from the appropriation formerly called State Services development, governance and performance.

Output Performance Measures and Standards

Performance Measures	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Advice on State Services pay and employment conditions is provided within specified timeframes to the satisfaction of the Minister of State Services			Achieve
Chief executive performance is managed to increase their agencies alignment with ministerial and the State Services Commissioner's priorities			Achieve
All Public Service chief executive appointments are completed in compliance with the provisions of the State Sector Act 1988			100%
All Public Service chief executive (performance and) remuneration reviews are conducted in compliance with the provisions of the State Sector Act 1988, to the satisfaction of the State Services Commissioner			100%
Provide accurate and timely advice to Crown entity boards on the appointment, terms and conditions of employment and remuneration of Crown entity chief executives			Achieve
Provide accurate and timely advice to the Commissioner and Ministers on Crown entity chief executive appointments and remuneration			Achieve

Conditions on Use of Appropriation

Public Management System (M66)

Scope of Appropriation

This appropriation is limited to the provision of advice, standards and leadership in relation to the performance, efficiency and effectiveness of the public management system

Expenses and Revenue

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	11,741
Revenue from Crown	-	-	9,492
Revenue from Other	-	-	2,249

Reasons for Change in Appropriation

The structure of appropriations within Vote State Services has been changed to reflect the changed focus of activities. This appropriation has been largely funded from the appropriation formerly called E-Government Development and Operations.

Output Performance Measures and Standards

Performance Measures	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Enhanced public access is provided to government information held by two departments			By 30 June 2010
An analysis of state sector ICT expenditure is completed and provided to the Minister of State Services and Minister of Finance with recommendations on improving effectiveness of that expenditure			By 30 June 2010
Machinery of Government advice is provided within specified timeframes and to the satisfaction of the Minister of State Services			Achieve
Develop a profile of the system wide talent pool at senior levels			By 30 June 2010
Public service departments have implemented an approach to measuring and improving employee engagement			75% of departments
Priority areas for improvement in strategic HR and OD practitioner performance in the State Services are identified			By 30 June 2010
Agreed programs to address priority areas for improvement in strategic HR and OD practitioner performance are in place			By 30 June 2010

State Sector Industry Training Services (M66)

Scope of Appropriation

This appropriation is limited to activities relating to developing the skills of state servants through workplace learning and assessment arrangements

Expenses and Revenue

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	6,075
Revenue from Crown	-	-	-
Revenue from Other	-	-	6,075

Reasons for Change in Appropriation

The structure of the appropriations within Vote State Services has been changed to reflect the changed focus of activities. This appropriation has transferred from the appropriation formerly called State Services People Capability.

Output Performance Measures and Standards

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Measures			
Industry training programmes meet all contract measures and performance standards agreed with TEC			100% of measures and standards met
Modern apprenticeship programmes meet all contract measures and performance standards agreed with TEC			100% of measures and standards met
Sector leadership projects meet all contract measures and performance standards agreed with TEC			100% of measures and standards met

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: meets the Crown's commitment to reimburse State sector employers' statutory obligation to pay employer contributions to KiwiSaver	KiwiSaver: State Sector Employer Contributions
Objective: meet the Crown's commitment on the remuneration and related employment costs of chief executives employed by the State Services Commissioner	Remuneration and Related Employment Costs of Chief Executives
Objective: meet the Crown's obligations for settlement of legal liabilities incurred by now disestablished government departments and other Crown settlements	Settlement of Legal Liabilities
Objective: meets the Crown's commitment to reimburse employer contributions to the State Sector Retirement Savings Scheme for the Public Service and non-Public Service departments and the Education Service	State Sector Retirement Savings Scheme: State Sector Employer Contributions

KiwiSaver: State Sector Employer Contributions (M66)

Scope of Appropriation

This appropriation is limited to the reimbursement of the net cost of compulsory employer contributions to KiwiSaver above the employer tax credits received for employees of State sector employers who are not members of other subsidised schemes.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	22,000	22,000	85,000

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Approved employers are reimbursed for employer contributions to KiwiSaver correctly and on time	Meet	Meet	Meet

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
KiwiSaver for state sector employees	2007/08	22,000	85,000	85,000	85,000	85,000

Remuneration and Related Employment Costs of Chief Executives (M66)

Scope of Appropriation

This appropriation is limited to the remuneration and costs relating to the employment of chief executives employed by the State Services Commissioner.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,324	13,324	13,748

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
All chief executives employed by the State Services Commissioner are paid correctly and on time	Meet	Meet	Meet

Settlement of Legal Liabilities (M66)

Scope of Appropriation

The settlement of legal liabilities incurred by now-disestablished government departments and other Crown settlements.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7	7	7

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Legal liabilities are managed	Meet	Meet	Meet

State Sector Retirement Savings Scheme: State Sector Employer Contributions (M66)

Scope of Appropriation

This appropriation is limited to the reimbursement of employer contributions to the State Sector Retirement Savings Scheme for employees of Public Service and non-Public Service departments and in the Education Service.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	108,126	108,126	120,367

Reasons for Change in Appropriation

The appropriation has risen to its expected peak but will fall in the future due to the closure of the scheme to new contributors.

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Approved employers are reimbursed for employer contributions to the State Sector Retirement Savings Scheme correctly and on time	Meet	Meet	Meet

Reporting Mechanisms

Appropriation	Reporting Mechanism
KiwiSaver: State Sector Employer Contributions	Annual report of the State Services Commission
Remuneration and Related Employment Costs of Chief Executives	Annual report of the State Services Commission
Settlement of Legal Liabilities	Annual report of the State Services Commission
State Sector Retirement Savings Scheme: State Sector Employer Contributions	Annual report of the State Services Commission

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

State Services Commission - Capital Expenditure PLA (M66)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the State Services Commission, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	4,362	2,785	875
Intangibles	6,635	6,282	650
Other	-	-	-
Total Appropriation	10,997	9,067	1,525

Reasons for change

The Government Technology Service and Government Shared Network transfer to the Department of Internal Affairs at 1 July 2009. Much of the State Services Commission expenditure in capital development over the past five years had been used in these programmes.

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Investment in assets to support the achievement of departmental outcomes.	Meet	Meet	Meet