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# Administrative & Support Services Benchmarking Report for the Financial Year 2010/11

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## Foreword by the Minister of Finance

Hon Bill English, Minister of Finance, Deputy Prime Minister

Delivering better public services to New Zealanders is one of the Government's main priorities over the next three years.

New Zealanders rightly expect a world-class health service, an education system that delivers for every child, a strong and effective justice system and social services that protect our most vulnerable and provide children from all walks of life with the opportunities they need to succeed.

Delivering better public services will help improve the lives and well being of New Zealanders.

To achieve this we need State sector agencies to become truly focused on, and organised around, meeting the priority needs of families and businesses, and doing so within tight budgets.

New Zealanders should be able to get the services they need without having to navigate through a maze of agencies or paying, through their taxes, for unnecessary bureaucracy.

We want high quality, innovative public services that are responsive to users' needs and open to ongoing improvement.

One part of delivering better public services is ensuring money is not unnecessarily spent on back office administration, when redirecting it to frontline services would yield better results.

Over the last three years, the Government has started putting in place frameworks which over time will reduce waste and duplication.

For many years the public sector has needed robust and transparent management information so agencies can make informed decisions about how to more efficiently provide back office support.

This report – the second of its kind – is an important step towards that transparency and continues to put scrutiny on areas of public spending that until recently were hard to compare.

I want to thank the 31 agencies that cooperated to help produce this report, incorporating data for the 2010/11 financial year.

I am pleased that public servants are rising to the challenge of reducing costs and adopting more productive and effective ways of doing business.

Benchmarking these costs will continue to challenge chief executives to lift their game, learn from other agencies and look at other ways of providing back office support.

# Statement by the Secretary to the Treasury

By Gabriel Makhoul, Secretary to the Treasury

In the financial year to June 30, 2011, core Crown operating spending was \$70 billion, equal to over 35 percent of the total value of all the goods and services produced in New Zealand in a year. Rightly, New Zealanders expect that this significant amount of money is spent efficiently and effectively.

That is why the Treasury takes State sector performance management so seriously. We need to implement robust performance management systems that provide evidence of what works well and what does not. The better we understand performance, the better we will understand the value of different activities and where improvements can be made.

This report makes a valuable contribution by providing performance information for agency administrative and support (A&S) services, tracking changes since last year's report, and identifying opportunities for improvement. This exercise has triggered more active consideration of cross-agency cooperation for better and more cost-effective ways to provide A&S services.

The report shows that, while some individual agencies have made substantial gains, overall improvement in the 2010/11 fiscal year is limited. Anecdotal evidence suggests that while our operational challenges remain, mindsets have shifted on the need for better management information, more collaboration, new ways to find savings, and more strategic A&S services that can help agencies achieve stronger performance within and beyond the back office.

For many chief executives and chief financial officers, information from this exercise provides new insight into their business, and they are using it to identify opportunities for improvement and hold managers to account for setting and achieving targets.

This exercise has also created an appetite for common performance indicators for common functions, and cross-agency exercises are underway for policy and some transactional services to the public. The Treasury will support more of this activity in the future.

As always, agency leadership is critical. Chief executives must continue championing performance management systems and linking their vision to performance metrics. And chief financial officers need to deliver on their strategic role of providing evidence for decision making, including how to deliver better and smarter, for less.

# Executive Summary

## Background

**This is the second annual administrative and support (A&S) service benchmarking report for the New Zealand (NZ) State sector.** In December 2010, Cabinet directed selected larger agencies to undertake an annual A&S service benchmarking exercise.<sup>1</sup> Measurement agencies are a mix of larger departments and Crown Entities. The first report was published in April 2011. This second report has the same metrics as the first (with limited exceptions) to enable time series analysis.

**Findings are based on data from two reporting periods (Financial Years 2009/10 and 2010/11), and results cover six A&S service functions across 31 agencies.** Functions include Human Resources (HR); Finance; Information and Communications Technology (ICT); Procurement; Property Management; and Corporate and Executive Services (CES).

**This report responds to Government demands for better, smarter public services for less.** The current economic climate drives the Government's focus on delivering services more efficiently and effectively and redirecting resources from A&S services to higher priorities, including services to the public, where possible. The performance information in this report helps agencies better understand the cost and quality of their internal services and make sound resource allocation decisions.

**This report also responds to Government demands for stronger performance management practices in the State sector.** Performance management involves using performance information to agree to targets; allocate and prioritise resources; and track, report, and learn from success. Performance information also identifies top performers and opportunities to share knowledge and practices. Performance management is desirable in any economic climate and is applicable to both A&S services and services to the public.

## Purpose of the report

**This report provides information on the cost, efficiency, and effectiveness of A&S services in the State sector.** Consistent performance information across agencies gives transparency over a significant area of expenditure and provides an evidence base for assessing performance.

**This report identifies gross savings possible by reaching efficiency targets.** It outlines the gross savings possible if agencies reach a range of efficiency targets by function. For example, for the Property function, \$34 million could be saved if agencies met a target of 16m<sup>2</sup> per full time equivalent (FTE) and the surplus accommodation can be sub-let or released back into the market, and over \$62 million could be saved if agencies met a target of 13m<sup>2</sup> per FTE. It is important to note that these

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<sup>1</sup> The Treasury, *Better Administrative and Support Services Programme: Report on Phase One findings and proposal for Phase Two*, Wellington CAB Minute (10) 38/4B directed departments with more than 250 FTEs to submit performance data to the Treasury each year.

scenarios use illustrative targets, that agency-specific targets may differ from these, and that gross savings should not be confused with net savings.

**This report does not make agency-specific findings or recommendations, and it does not prescribe targets for agencies.** Agencies across the State sector are working to lower the cost and strengthen the efficiency and effectiveness of A&S services. While this report identifies general opportunities across agencies, agencies set their own targets based on their understanding of their operations, including the costs, benefits, and risks of pursuing specific targets.

## Findings

### Key cost findings

Cost findings include total spending overall and by cohort.<sup>2</sup> They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

**Agencies spent \$1.722 billion on A&S services in Financial Year (FY) 2010/11, and the distribution of A&S service expenditure shows that ICT continues to make up a significant share of expenditure.** The 31 agencies measured spent \$1.722 billion in FY 2010/11. As in FY 2009/10, ICT is about 57 percent of A&S service cost. Figure 1 shows the distribution of spend across the six A&S service functions for FY 2010/11.<sup>3</sup>

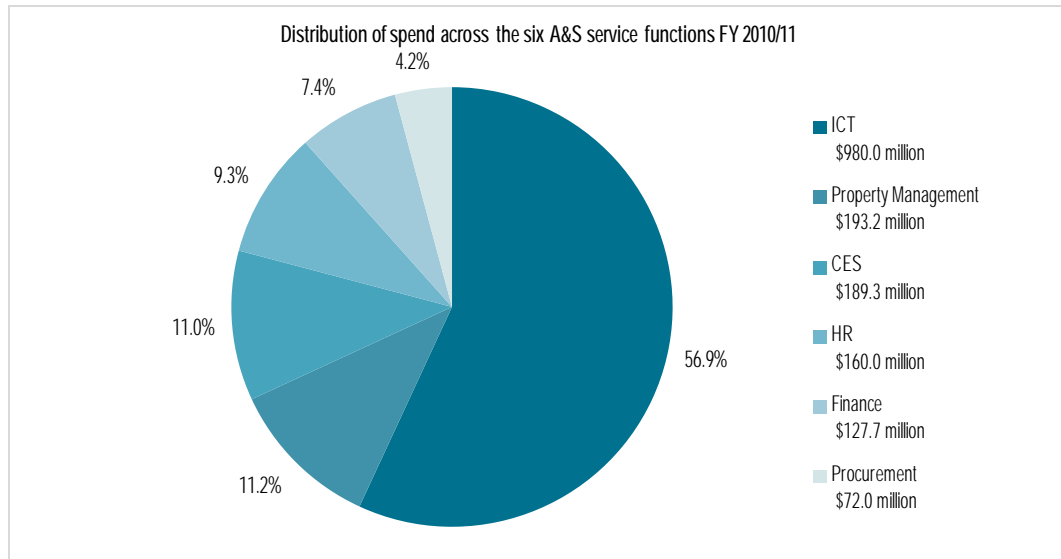
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<sup>2</sup> The 31 agencies that participated in this exercise have, for the purposes of comparison, been organised into four cohorts – 'NZ full cohort' refers to all 31 agencies; 'small agency cohort' refers to agencies with <500 FTEs and/or organisational running costs (ORC) of <\$95 million; 'medium-sized agency cohort' refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and 'large agency cohort' refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.

<sup>3</sup> Note that Procurement cost information should be treated with caution due to data quality issues described in the Procurement chapter.

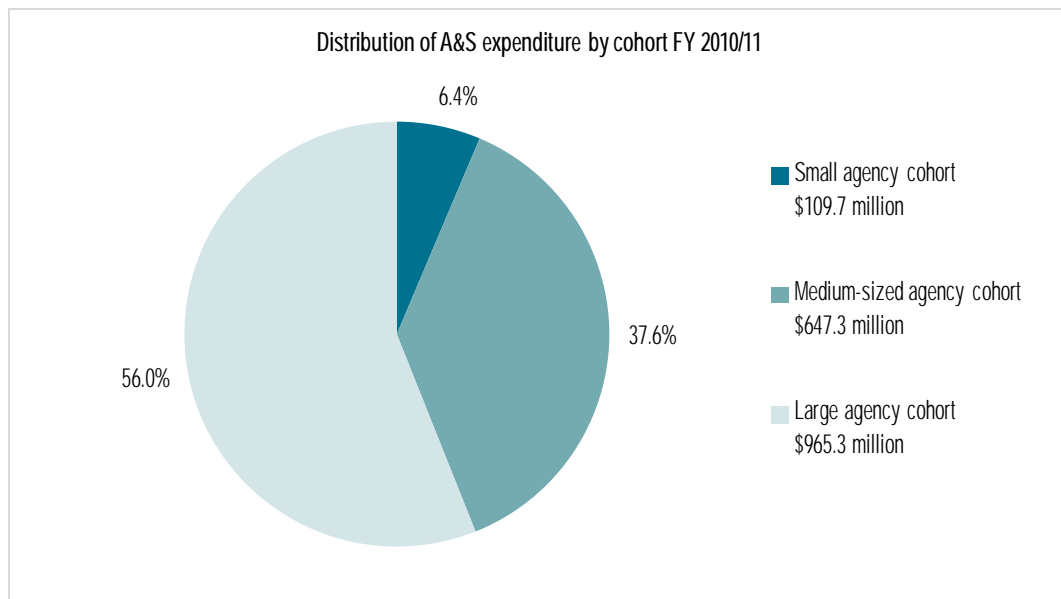


Figure 1 | Distribution of spend across the six A&S service functions



The medium-sized and large agency cohorts make up almost 95 percent of A&S service expenditure. Figure 2 shows the proportion of A&S expenditure by cohort.

Figure 2 | Distribution of A&S expenditure by cohort



The small agency cohort spending of \$109.7 million is 6.4 percent of spending; medium-sized agency cohort spending of \$647.3 million is 37.6 percent; and large agency cohort spending of \$965.3 million is 56 percent.

Agencies that were measured in both FY 2009/10 and FY 2010/11 reported a nominal A&S spending increase of nearly \$19 million, which is a reduction of over \$20 million when adjusted for inflation. A&S nominal spending was \$1.704 billion in FY 2009/10 and \$1.722 billion in FY 2010/11, an increase of \$18.8 million or 1.1 percent. When adjusted for inflation, the \$1.704 billion spent on A&S

services in FY 2009/10 is \$1.743 billion in FY 2010/11 dollars, representing a \$20.4 million (or 1.2 percent) reduction.<sup>4</sup>

Changes in costs both nominally and when adjusted for inflation are shown in figure 3.

Figure 3 | Changes in nominal and inflation-adjusted costs for total A&S services and each function between FY 2009/10 and FY 2010/11

Function	Expenditure			Changes in nominal expenditure		Changes in expenditure when adjusted for inflation	
	FY 2009/10 nominal expenditure	FY 2009/10 expenditure in FY 2010/11 dollars	FY 2010/11 expenditure	Dollar change	Percentage change	Dollar change	Percentage change
ICT	\$955.3m	\$977.3m	\$980.0m	\$24.7m ↑	2.6% ↑	\$2.8m ↑	0.3% ↑
Property	\$192.4m	\$196.8m	\$193.2m	\$0.8m ↑	0.4% ↑	\$3.6m ↓	1.9% ↓
HR	\$166.3m	\$170.1m	\$160.1m	\$6.3m ↓	3.8% ↓	\$10.1m ↓	5.9% ↓
Finance	\$135.0m	\$138.1m	\$127.7m	\$7.3m ↓	5.4% ↓	\$10.5m ↓	7.6% ↓
CES	\$190.7m	\$195.1m	\$189.3m	\$1.4m ↓	0.7% ↓	\$5.8m ↓	3.0% ↓
Procurement	\$63.7m	\$65.2m	\$72.0m	\$8.3m ↑	13.0% ↑	\$6.8m ↑	10.4% ↑
All functions	\$1.704b	\$1.743b	\$1.722b	\$18.8m ↑	1.1% ↑	\$20.4m ↓	1.2% ↓

### Highlights of efficiency findings

Efficiency is the ratio of an agency's outputs to its inputs, or the use of resources in a manner that minimises cost, effort, and time.

**A&S service spending could be reduced by over \$250 million annually for the 31 agencies measured in FY 2010/11 by reducing variability in agency efficiency.** Figure 4 illustrates gross savings if all agencies with efficiency below their cohort median met that level of efficiency for ICT, HR, Finance and CES, and if all agencies below a Property target of 16m<sup>2</sup> per FTE met that target.<sup>5</sup>

Figure 4 | Scenario for saving \$250 million with illustrative efficiency targets

Function	Reported annual cost	Key efficiency metric	Efficiency target			Total potential gross saving (p.a.)
			Small agency cohort	Medium-sized agency cohort	Large agency cohort	
ICT	\$980.0m	Cost of infrastructure as a % of ORC <sup>6</sup>	2.36%	3.59%	2.29%	\$130.2m
Property	\$193.2m	m <sup>2</sup> per FTE	16m <sup>2</sup>	16m <sup>2</sup>	16m <sup>2</sup>	\$34.0m

<sup>4</sup> Inflation-adjusted costs are based on the annualised average Consumer Price Index (CPI) increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase.

<sup>5</sup> Due to concerns over the efficiency data quality for Procurement, this function is not included in savings scenarios.

<sup>6</sup> Organisational running costs

Function	Reported annual cost	Key efficiency metric	Efficiency target			Total potential gross saving (p.a.)
			Small agency cohort	Medium-sized agency cohort	Large agency cohort	
HR	\$160.0m	Cost of HR per employee	\$4,004	\$2,211	\$1,500	\$44.5m
Finance	\$127.7m	Cost of Finance as a % of ORC	1.53%	1.51%	0.72%	\$10.7m
CES	\$189.3m	Cost of CES as a % of ORC	4.60%	2.51%	0.64%	\$31.8m
<b>TOTAL</b>	<b>\$1.650b</b>					<b>\$251.2m</b>

A&S service spending could be reduced by between approximately \$400 million to \$450 million annually if agencies achieved upper quartile performance in their cohort or international benchmarks for efficiency. Figure 5 below illustrates gross savings if all agencies with efficiency below their cohort upper quartile met that level of efficiency for ICT, HR, Finance and CES, and if all agencies met a Property target of either 15m<sup>2</sup> per FTE or 13m<sup>2</sup> per FTE.

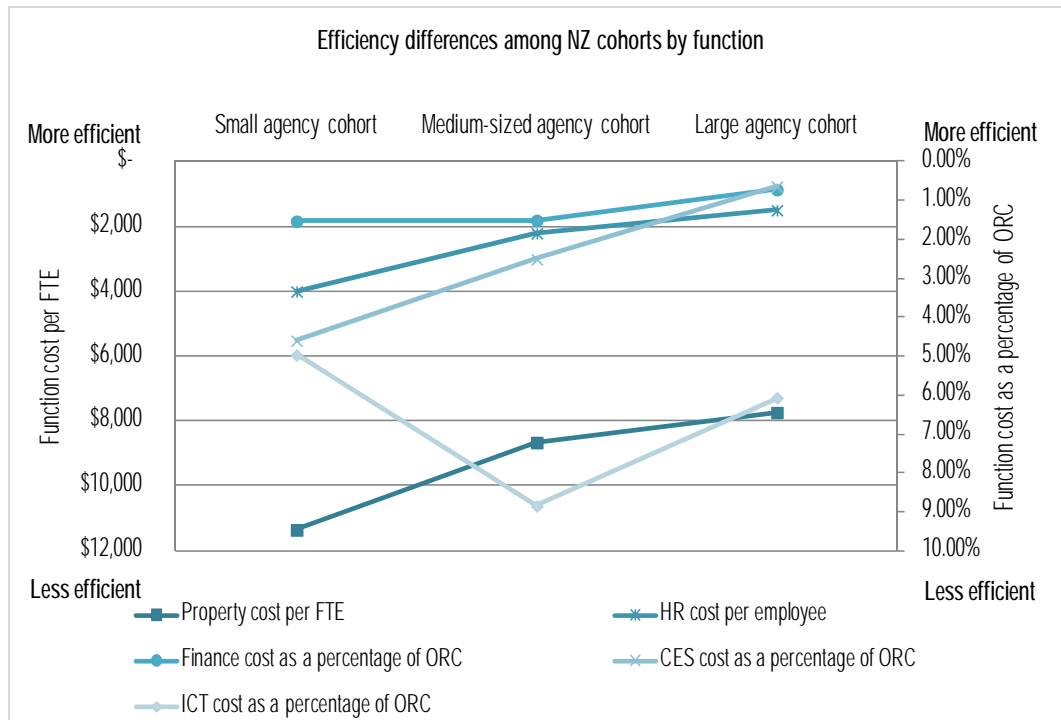
Figure 5 | Scenarios for saving \$400 million to \$450 million with illustrative efficiency targets

Function	Reported annual cost	Key efficiency metric	Efficiency target	Total potential gross saving (p.a.)
ICT	\$980.0m	Cost of infrastructure as a % of ORC	Upper quartile for each NZ cohort (1.46%, 2.02%, and 0.96%)	\$204.9m
Property	\$193.2m	m <sup>2</sup> per FTE	Best demonstrated practice <sup>7</sup> in NZ (15m <sup>2</sup> ) or UK central government mean (13m <sup>2</sup> )	\$42.4m – \$62.4m
HR	\$160.1m	Cost of HR per employee	Upper quartile for each NZ cohort (\$2,868, \$1,932, and \$1,215) or APQC similar industries top performer benchmark (\$1,001)	\$58.6m – \$83.7m
Finance	\$127.7m	Cost of Finance as a % of ORC	Upper quartile for each NZ cohort (1.31%, 0.74%, and 0.61%) or APQC similar industries top performer benchmark (0.62%)	\$31.3m – \$36.6m
CES	\$189.3m	Cost of CES as a % of ORC	Upper quartile for each NZ cohort (2.49%, 1.46%, and 0.59%)	\$59.6m
<b>TOTALS</b>	<b>\$1.650b</b>			<b>\$396.8m – \$447.2m</b>

The large agency cohort is significantly more efficient than the small and medium-sized agency cohorts for all functions except for ICT. This finding shows the impact of fixed costs and indicates opportunities to improve efficiency by leveraging scale. Figure 6 shows the efficiency differences among the NZ cohorts by function.

<sup>7</sup> The highest current performance level in the NZ full cohort

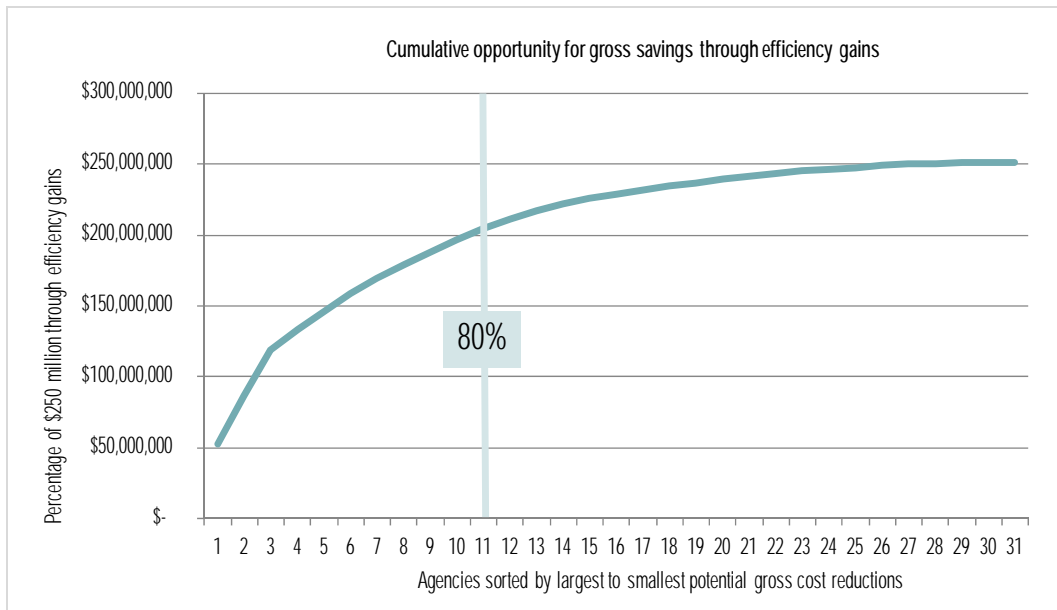
Figure 6 | Efficiency differences among NZ cohorts by function



For example, this graph shows that the Property function is more efficient for the large agency cohort (\$7,736 per FTE) than it is for medium-sized (\$8,660 per FTE) and small agency (\$11,356 per FTE) cohorts.

Although the larger agencies are generally more efficient, the greatest opportunities to realise gross savings through efficiency gains are in the medium-sized and large agency cohorts. Although the small agency cohort is the least efficient overall, agencies in that cohort are not the major source of gross savings because they make up only 6.4 percent (\$109.7 million) of A&S service expenditure. Figure 7 shows the cumulative gross savings possible through efficiency improvements, with agencies ordered from largest to smallest of potential reductions.

Figure 7 | Cumulative opportunity for gross savings through efficiency gains



This graph shows that 80 percent of the total potential gross savings of approximately \$250 million would be realised by moving the 11 large and medium-sized agencies not performing at illustrative targets to those targets. By contrast, moving the entire small agency cohort to those targets would only realise six percent of potential gross savings. The illustrative targets for this \$250 million gross savings scenario are set out in figure 4.

### Caveats regarding efficiency findings

Agencies should set targets appropriate to their operational context. The targets in scenarios provided above are for illustrative purposes only and may not feature appropriate targets for each agency.

Gross savings should not be confused with net savings, as experience indicates that significant efficiency gains require upfront investment. More investigation into options for lifting efficiency is required, as well as balancing costs, benefits, and risks of those options.

Findings may not reflect the current performance of agencies if significant improvements have been made in FY 2011/12, and some improvements may be realised by programmes of work underway such as:

- The Common ICT Capability work programme
- The Procurement Reform Programme
- The Property Management Centre of Expertise
- The Government Legal Services programme
- The emerging Finance and HR improvement programmes
- Agencies' own response to fiscal constraint.

### Highlights of effectiveness findings

Effectiveness findings report on the extent to which A&S service activities achieve targeted results. They compare NZ agency effectiveness with international comparators and examine changes in effectiveness since the previous reporting period.

**HR effectiveness indicators show mixed results, both in terms of international comparisons and changes since FY 2009/10.** HR management practice indicator (MPI) scores have increased since FY 2009/10, and the current mean score of 74 percent is higher than the UK Audit Agency (UKAA) cohort mean score of 67 percent.<sup>8</sup> Similarly, sickness absence has improved since FY 2009/10 and is comparable to international benchmarks. However, retention of new hires in the same role after 12 months has reduced since FY 2009/10 and is significantly lower than benchmarks.

Figure 8 | Summary of HR effectiveness metric results

Key effectiveness metrics for HR function	FY 2009/10 (NZ full cohort)	FY 2010/11 (NZ full cohort)	Increase/ Reduction/ No change	International benchmark
HR MPI (where a higher score is considered more effective)	72% (mean)	74% (mean)	2%↑	67% (UKAA full cohort mean)
Sick days per employee (where a lower number is considered more effective)	6.79 days (median)	6.52 days (median)	0.27 days ↓	8.81 days (UKAA cohort median) 5 days (APOC full cohort median)
Retention of new hires in the same role after 12 months (where a higher percent is considered more effective)	85% (median)	80% (median)	5%↓	92% (APOC full cohort median)

There is room for the HR function to play a more strategic role in agencies as only 55 percent of agencies reported having a statement that anticipates workforce needs for the next three years.

**Agencies reported increases in Finance function maturity since FY 2009/10, but there is still room for improvement.** The mean Finance MPI score of 62 percent has increased from the previous year, and it is similar to the UKAA cohort mean score of 63 percent. However, it remains the lowest mean MPI score of all the A&S functions for NZ agencies for the past two years.

<sup>8</sup> Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. With that methodology, the MPI score assesses “the extent to which ... [a] function achieves a set of key management practices, which will provide an indication of whether it is a well-run, modernised and mature function.”

Figure 9 | Summary of Finance effectiveness metric results

Key effectiveness metric for Finance function	FY 2009/10 (NZ full cohort)	FY 2010/11 (NZ full cohort)	Increase/Reduction/No change	International benchmark
Finance MPI (where a higher score is considered more effective)	57% (mean)	62% (mean)	5%↑	63% (UKAA full cohort mean)

There are opportunities for the Finance function to play a more strategic role across their organisation. Notably, only 29 percent of agencies reported having a fully automated accruals system, suggesting that, overall, agencies need better systems if they are to provide quality management information in a timely fashion to support agency decision making. Also, only 68 percent of agencies reported having a rolling programme of reviewing and benchmarking the organisation's costs in place across major service areas.

Finance practitioners want expanded effectiveness indicators, which the Treasury will advance with agencies for the next report.

**ICT effectiveness results show that NZ agencies are effective at supporting systems.** The median time to resolve a service commitment disruption and the mean ICT MPI score are similar to international comparators. Reported system reliability remains high and reflects performance for the top five systems per agency.

Figure 10 | Summary of ICT effectiveness metric results

Key effectiveness metrics for ICT function	FY 2009/10 (NZ full cohort)	FY 2010/11 (NZ full cohort)	Increase/Reduction/No change	International benchmark	
Average time to resolve a service commitment (where less time is considered more effective)	2 hours (median)	1.4 hours (median)	0.6 hours↓	1.5 hours (APOC all participants cohort median)	1.0 hours (APOC similar industries cohort median)
ICT MPI (where a higher score is considered more effective)	55% (mean)	68% (mean)	13%↑	66% (UKAA full cohort mean)	
System reliability (where a higher percent is considered more effective)	99.9% (median)	99.9% (median)	No change	Not available	

Management information for ICT effectiveness could be improved by measuring the impact of ICT solutions and services on agency performance. Measuring ICT impact is a challenge globally and will take considerable practitioner input and trial and error in future benchmarking exercises.

**Procurement effectiveness results improved since last year, but there is still room for improvement.** The mean Procurement MPI score of 63 percent is an increase from the previous year, but this mean score is below the UKAA cohort mean score of 68 percent. Similarly, the percentage of 'commodity' Procurement spend channelled through syndicated Procurement arrangements increased to 5 percent, though is below the UKAA cohort median of 18 percent.

Figure 11 | Summary of Procurement effectiveness metric results

Key effectiveness metrics for Procurement function	FY 2009/10 (NZ full cohort)	FY 2010/11 (NZ full cohort)	Increase/ Reduction/ No change	International benchmark
Procurement MPI (where a higher score is considered more effective)	55% (mean)	63% (mean)	8%↑	68% (UKAA full cohort mean)
Percentage of 'commodity' Procurement spend channelled through syndicated Procurement arrangements (where a higher percent is considered more effective)	2% (median)	5% (median)	3%↑	18% (UKAA full cohort median)
Actual spend against pre-established contract arrangements as a % of the total purchase value (where a higher percent is considered more effective)	76% (median)	76% (median)	no change	69% (APOC similar cohort median) 64% (UKAA full cohort median)

The Procurement function could be more focused on reducing and getting more value from third-party spend. Only 26 percent of agencies reported having specific and measurable targets for the cashable and non-cashable benefits to be delivered by procurement and being able to demonstrate that at least 85 percent of targets were met for the previous financial year.

**Agencies reported the same level of Property function maturity as last year, and there remains room for improvement.** The mean Property MPI of 75 percent has stayed the same since FY 2009/10, and it remains below the UKAA cohort mean score of 83 percent.

Figure 12 | Summary of Property effectiveness metric results

Key effectiveness metric for Property function	FY 2009/10 (NZ full cohort)	FY 2010/11 (NZ full cohort)	Increase/ Reduction/ No change	International benchmark
Property MPI (where higher score is considered more effective)	75% (mean)	75% (mean)	No change	83% (UKAA full cohort mean)

Notably, only 26 percent of agencies reported having Property management functions that manage the value for money of assets by challenging, managing, benchmarking and monitoring targets for improvement or using asset management performance indicators to track performance.

**Agencies reported increases in CES function maturity since FY 2009/10.** The MPI score for Communications has increased to 86 percent and the Legal Services score has increased to 72 percent.



Figure 13 | Summary of CES effectiveness metric results

Key effectiveness metrics for CES function	FY 2009/10 (NZ full cohort)	FY 2010/11 (NZ full cohort)	Increase/ Reduction/ No change	International benchmark
Communications MPI (where a higher score is considered more effective)	85% (mean)	86% (mean)	1%↑	Not available
Legal MPI (where a higher score is considered more effective)	66% (mean)	72% (mean)	6%↑	Not available

There are opportunities to develop and implement more meaningful performance indicators for the CES function. Due to low maturity globally in measuring these services relative to other A&S functions, ongoing discussion with practitioners is essential to developing a more useful indicator set and making annual CES benchmarking more relevant and useful to the management of their functions. This could include extending measurement of performance indicators to CES service areas other than Communications and Legal services.

### Next steps

A&S service practitioners, benchmarking agencies, and the Treasury are working together to refine metric sets and enhance the quality of management information provided in the next annual report.

The Treasury is also actively sharing data and methods with other governments, as management information is widely and increasingly recognised as fundamental to meeting the expectations of Ministers and the public regarding transparency and ongoing improvement in public service management, efficiency, and effectiveness.

## Context

This section outlines the scope of this report, the method used for this measurement and benchmarking exercise, and issues relating to quality of management information.

### Scope of the report

**Thirty-one agencies participated in the FY 2010/11 benchmarking exercise.** Agencies that provided data for this reporting period are listed in Appendix 3.

**Findings regarding performance changes over time are based on data from two reporting periods.** Findings about changes in service performance are based on data from two reporting periods: FY 2009/10 and FY 2010/11. Appendix 3 has information on the scope of the benchmarking study for each reporting period. While some information is available for FY 2008/09 from a pilot measurement exercise, it is not used in this report because the limited number of agencies that participated in the pilot and changes to metrics and definitions limit the value of the time series analysis.

**Results cover six administrative and support (A&S) service functions.** This report features a chapter specific to each of the following functions: Human Resources (HR), Finance, Information and Communications Technology (ICT), Procurement, Property Management, and Corporate and Executive Services (CES). The latter includes but is not limited to Legal Services, Communications, and Information Management. Function definitions are in Appendix 4.

**Leading State sector practitioners provide insight into the findings for each function.** Metric result findings in each chapter are prefaced by expert commentary from senior managers in government playing a lead role in initiating or executing cross-agency reform programmes for a specific function. They are in a unique position to observe the key trends in findings across agencies and provide an update on current improvement initiatives that can have an impact on future performance.

**Insights are also provided regarding the quality of management information.** The quality of management information varies across the functions because of issues related to underlying data quality or the maturity of measurement methods globally. Each chapter provides some commentary on the quality of management information and opportunities for continuous improvement.

### Measurement and benchmarking approach

**The Treasury is responsible for providing an annual benchmarking service across the public service and for compiling this report.** This role involves providing practical supports to measurement agencies during data collection, validating and analysing data, producing a summary report, and working with practitioners to strengthen the metric set based on lessons learnt. The Treasury completes most work in house and draws on third parties such as American Productivity & Quality Center (APQC) and The Hackett Group for comparator data and specialist analysis as required. It also liaises with other governments to access comparator data and lessons learnt from similar exercises overseas.

The Treasury's approach to benchmarking is adapted from established international methodologies. Rather than building a bespoke methodology, the New Zealand agency benchmarking exercise adopted metrics and methods from the UK Audit Agencies (UKAA) and two leading international benchmarking organisations: APQC and The Hackett Group.

**Work with agencies is guided by five principles:**

1. Metrics are selected with practitioners across government. Selection is based on three criteria:
  - Metrics reflect performance – they provide meaningful management information that can support business decisions.
  - Results can be compared – they are comparable across NZ agencies and comparator groups.
  - Data is accessible within agencies – the measurement costs are reasonable.
2. Methods and results are transparent. The Treasury makes its metric calculation methods and underlying definitions publicly available along with the results of individual measurement agencies to promote transparency, facilitate discussion and debate, and to collaborate with other jurisdictions undertaking similar exercises.
3. Performance results should be understood within the operational context of each agency. While agencies have common features and results are broadly comparable, some have unique functions and cost drivers. For example, large service delivery agencies are expected to have higher ICT costs than smaller policy agencies, especially if they have more expensive requirements such as specialised line business applications or a distributed network. Benchmarking results are a guide to relative performance, and conclusions regarding efficiency and effectiveness should be made in light of each agency's operational context.
4. Results should be used constructively, not punitively. In leading practice organisations, performance information supports discussion, decision making, and learning.
5. The quality of management information should improve each year. Metric sets and data collection methods are refined and improved year-to-year based on lessons learnt by the benchmarking team, the insights of practitioners in agencies, and trends and innovations in measurement around the world. Improvements in accuracy will lead to some increases and reductions in reported numbers, through either greater inclusion or exclusion of A&S service information. Changes through more accurate measurement are discussed in this report, as appropriate.

### Quality of management information

This section outlines some issues about the quality of management information. Specific comments relating to the quality of management information for a particular function are covered in the chapters.

Overall, the quality of data submitted by agencies was high and continues to improve.

**Measurement practice was consistent across agencies and international comparator groups.** Agencies used common definitions and data collection practices, and these definitions and practices are aligned with those used by three main sources of comparator data: UKAA, APQC, and The Hackett

Group. This consistency is foundational to the comparability of results and usefulness of management information.

**Where there are concerns with data quality, the underlying problems are based in the maturity of measurement methods and are common in the private and public sectors around the world.** Two functions in the benchmarking exercise are particularly difficult to measure:

- **Procurement:** The highly devolved nature of the Procurement function makes it hard to measure consistently because measurement only captures costs where procurement activities make up more than 20 percent of a person's time. While these data collection practices are consistent with international practice, they lead to an understatement of the cost of Procurement in NZ agencies with devolved procurement functions.
- **CES:** Organisations around the world undertake a wide range of activities within this function without standard definitions, and it is not common for them to benchmark these services. When they do benchmark, the quality of management information is impaired by data inconsistency and a limited pool of reliable comparator data in New Zealand or internationally.

Management information for the HR, Finance, Property Management, and ICT functions is therefore more reliable and more comparable across agencies than that for Procurement or CES.

**Some A&S costs may be understated.** Agencies were asked to only include function activity costs for staff that spend more than 20 percent of their time on the relevant function. The implication of this data collection practice is that, if agencies have highly devolved processes for a specific function, the true cost of the activity is likely to be understated as the data would exclude a line manager's time and effort.

**Management practice indicator scores are self reported.** It should be noted that management practice indicators are self reported by agencies, and the responses have not been checked for accuracy. This has raised some concerns about possible inconsistencies across scores.

**While results are broadly comparable, results need to be understood within the context of each organisation.** While agencies have common features, each has their own unique functions and cost drivers. Benchmarking results are a guide to relative performance, and conclusions regarding efficiency and effectiveness should be made in light of each agency's operational context.

# Human Resources

## Commentary

By Lynley Sinclair, Group Manager, Human Resources, People and Business Capability, Ministry of Education

**New Cabinet expectations regarding multi-year workforce plans to accompany four-year budget plans highlight Human Resources (HR) strategic role.** These documents show how agencies will manage the HR implications of diminishing baselines and planned business changes. Agency strategies for managing costs and implementing new and better service delivery models requires identifying and acting on ways to manage the number, capability, compensation, and performance of their people.

**In addition to an increased focus on strategic advice and consideration of longer-term workforce requirements, HR practitioners share a stronger willingness to work collaboratively to deliver better HR services at lower cost.** Greater awareness of HR service performance gaps, willingness to identify and tackle the issues underlying these gaps, and buy-in to opportunities for collaboration and transformation are all signs of a collective shift in mindset. Some of this change is driven by external pressure to reduce spending on internal services, and much of it is driven by a sincere desire among HR professionals to build a stronger and more sustainable public service for New Zealanders.

**This report shows that, while some individual agencies have made substantial gains, overall improvement in FY 2010/11 is limited.** The overall picture shows some cost reduction (3.8 percent or \$6.3 million). And while the number of employees per HR full time equivalent (FTE) has increased overall by 3.1 percent, the cost of HR per FTE has increased by 8.5 percent and continues to lag international comparators. These changes fall short of the change called for by Government in efficiency and spending on the back office.

**While reported improvements are encouraging, our overall performance shows we need to work together to address systemic obstacles to performance if we are to reach leading levels of efficiency and effectiveness across government.** These obstacles include:

- Diversity in our policies and processes creates duplication and waste
- An overall low level of automation requires manual, labour-intensive work steps
- Multiple, duplicative information systems create a complex and costly ICT environment
- Gaps in HR capability diminish the strategic contribution that HR can make to business and service performance.

As each year of HR performance data is compiled, and as agencies undertake more detailed, process-level HR benchmarking studies, it is evident that agencies will need to cluster together at an appropriate level of scale to reach leading practice levels of efficiency and effectiveness.

There are a number of cross-agency HR service improvement initiatives underway:

- **Ten agencies have made strong progress in working together to pursue HR service transformation.** At the time this document was written, progress was as follows:
  - a. A process-level benchmarking exercise was completed for the workforce planning, workforce development, recruiting, and exit processes. This study revealed specific opportunities for joint initiatives that can lift performance over the short to medium term and was a critical first step in an agency-led HR response to the challenge of delivering better HR services at a lower cost.
  - b. The measurement agencies are now working together to identify which performance improvement initiatives to progress. A robust, evidence based approach is being taken, utilising both local and international knowledge.
- **The Department of the Prime Minister and Cabinet, the State Services Commission and the Treasury are implementing shared services for administrative and support services, including HR.** This initiative will minimise risk through building greater resilience and strengthening capability, develop better services and strengthen performance, and improve efficiency.
- **All-of-government solution for external recruitment services.**<sup>9</sup> As part of the New Zealand Government Procurement Reform Programme, the Ministry of Economic Development is leading an initiative to implement an all-of-government contract for external recruitment services in FY 2011/12.

The cross-agencies initiatives that leverage the sector's critical mass will enable the sector to make a step change towards greater HR efficiency, effectiveness, and cost reduction. I encourage the agencies involved in this study to use their results not only as a basis for their own continuous improvement, but also as a catalyst to seek out collaborative performance improvement opportunities that will enable significant HR performance gains across the sector.

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<sup>9</sup> <http://www.business.govt.nz/procurement/all-of-government-contracts/under-development/external-recruitment-services>

## Findings

### Highlights of findings

- **Agencies reported spending \$6.3 million less.** Agencies that experienced the largest cost reductions cited centralisation, shared services arrangements, and process improvements as the key contributing factors.
- **While some agencies reported efficiency gains, there are still significant opportunities for greater HR efficiency across government.** Since FY 2009/10, the median total cost of HR per employee has increased from \$2,306 to \$2,503, and there is an opportunity to make \$44.5 million in annual gross savings if agencies reduced their total HR cost per employee to the median cost for their cohort.<sup>10</sup>
- **Effectiveness indicators show mixed results, both in terms of international comparisons and changes since FY 2009/10.** HR management practice scores have increased since 2009/10, and the current mean score of 74 percent is higher than the UK Audit Agency (UKAA) cohort mean score of 67 percent.<sup>11</sup> Similarly, sickness absence has reduced since FY 2009/10 and is comparable to international benchmarks. However, retention of new hires in the same role after 12 months has reduced since FY 2009/10 and is significantly lower than benchmarks.
- **There is an opportunity to strengthen the strategic role and capability of the HR function.** Only 55 percent of agencies reported having a statement that anticipates workforce needs for the next three years, and only 35 percent of agencies reported having a comprehensive professional development programme for HR staff with at least five days of professional development per annum per employee.

### Cost findings

Cost findings include total spending overall and by cohort. They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

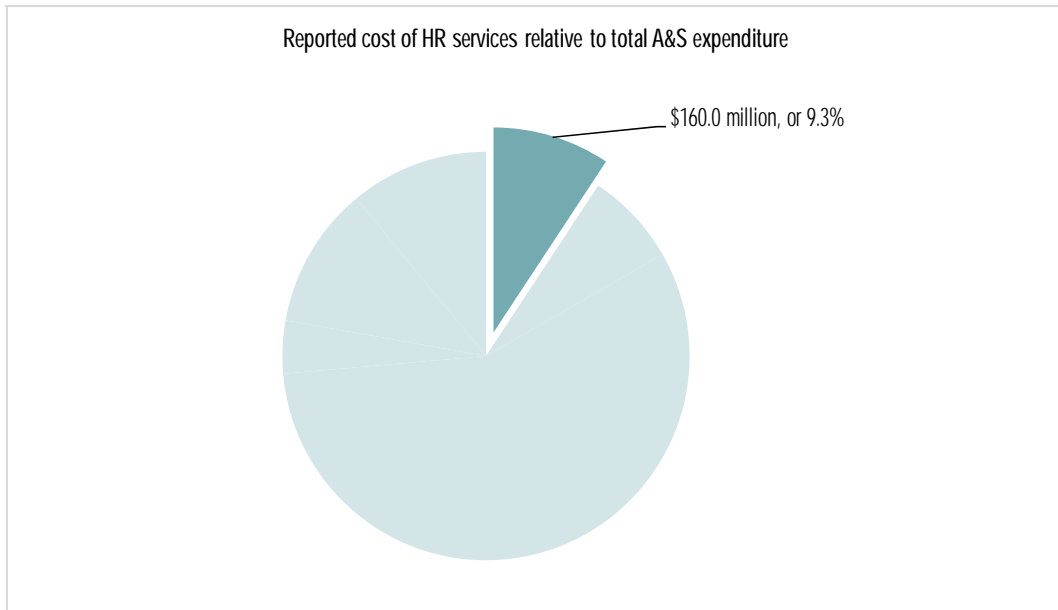
#### *Total spending overall and by cohort for FY 2010/11*

**Agencies spent \$160.0 million on HR services in FY 2010/11.** Figure 14 shows the reported cost of HR services relative to the total expenditure on administrative and support (A&S) services.

<sup>10</sup> The 31 agencies (full NZ cohort) that participated in this exercise have, for the purposes of comparison, been categorised into three cohorts – ‘small agency cohort’ refers to agencies with <500 FTEs and/or ORC of <\$95 million; ‘medium-sized agency cohort’ refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and ‘large agency cohort’ refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.

<sup>11</sup> Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. Within that methodology, the MPI score assesses “the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function. Details are found in Appendix 4.

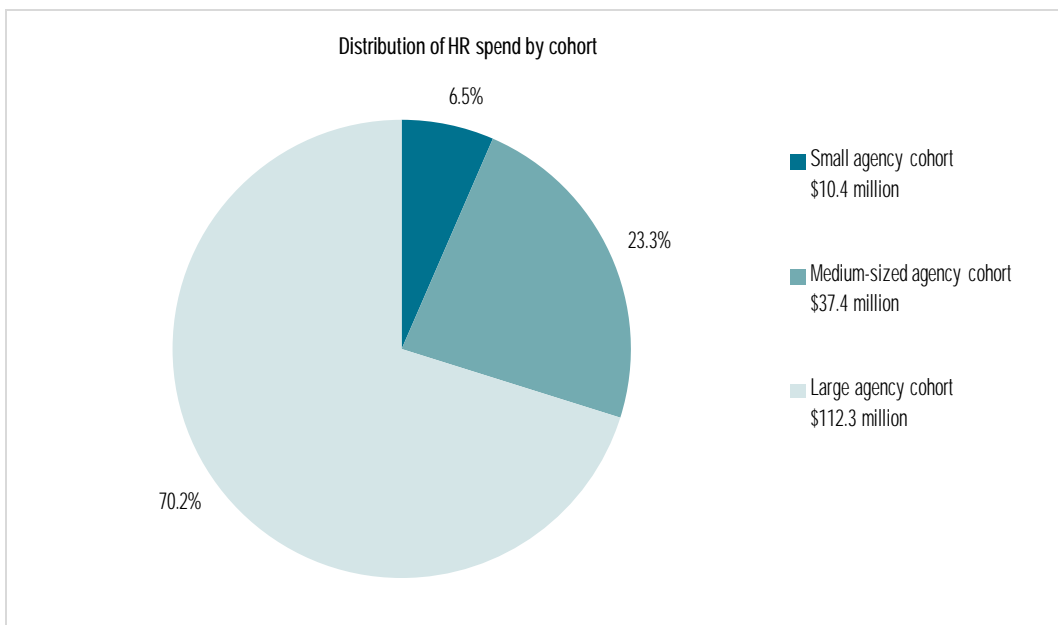
Figure 14 | Reported cost of HR services relative to total A&S expenditure FY 2010/11



HR is the fourth largest A&S service function in terms of expenditure, making up \$160.0 million or 9.3 percent of \$1.722 billion in A&S service spending in FY 2010/11.

**The medium-sized and large agency cohorts make up 93 percent of HR service expenditure.** Figure 15 shows that the small agency cohort HR services expenditure of \$10.4 million is 6.5 percent; medium-sized agency cohort spending of \$37.4 million is 23.3 percent; and large agency cohort spending of \$112.3 is 70.2 percent.

Figure 15 | Distribution of HR spend by cohort FY 2010/11





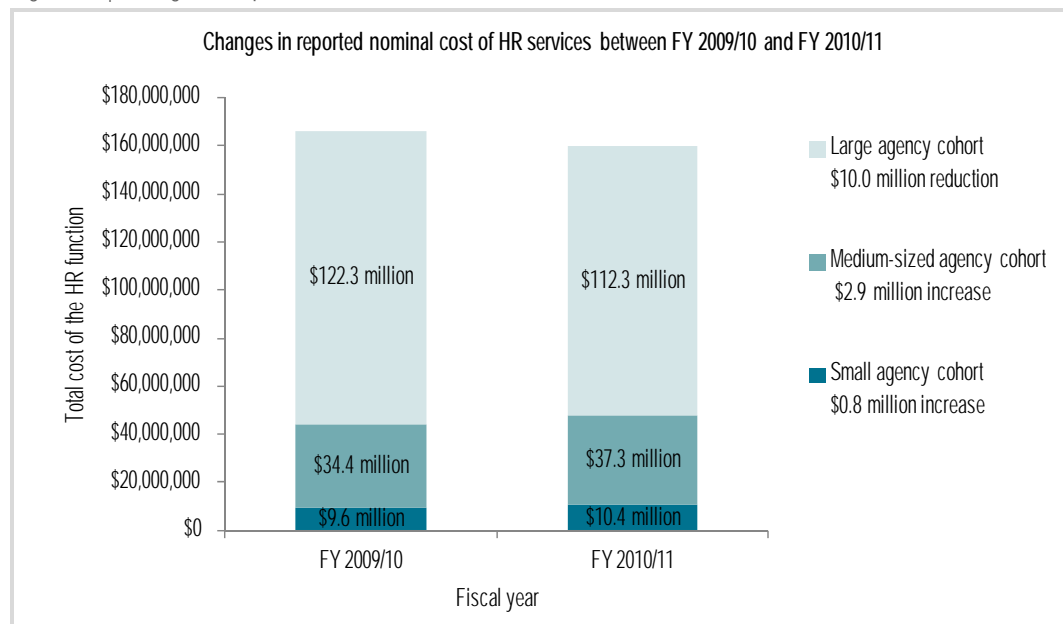
*Changes in spending since the previous reporting period*

Agencies that measured for both FY 2009/10 and FY 2010/11 reported a nominal HR spending reduction of \$6.3 million, which is a \$10.1 million reduction when adjusted for inflation. HR nominal spending was \$166.3 million in FY 2009/10 and \$160.0 million in FY 2010/11, a reduction of \$6.3 million or 3.8 percent. When adjusted for inflation, the \$166.3 million spent on HR in FY 2009/10 is \$170.1 million in FY 2010/11 dollars, representing a \$10.1 million (or 5.9 percent) reduction.<sup>12</sup>

The net reduction of \$6.3 million results from 12 agencies spending \$11.5 million less and 19 agencies spending \$5.2 million more than in FY 2009/10. Three large agencies made up \$10.0 million of the reported total \$11.5 million in reduced spending, citing centralisation, shared services arrangements, and process improvements as contributing factors. The 19 agencies that reported spending increases had a average increase of \$0.3 million. The agencies attributed increases to a range of reasons, including restructuring, mergers, and higher recruitment and training costs.

The large agency cohort reported an overall HR spending reduction, and the small and medium-sized agency cohorts reported an overall HR spending increase. Figure 16 shows HR nominal service cost changes between FY 2009/10 and FY 2010/11.

Figure 16 | Changes in reported nominal cost of the HR function between FY 2009/10 and FY 2010/11



This graph shows that:

- Small agency cohort spending increased by \$0.8 million, or 8.3 percent (\$0.6 million increase, or 5.8 percent when adjusted for inflation).
- Medium-sized cohort spending increased by \$2.9 million, or 8.6 percent (\$2.1 million increase, or 6.2 percent when adjusted for inflation).

<sup>12</sup> Inflation-adjusted costs are based on the annualised average Consumer Price Index (CPI) increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase.

- Large agency cohort spending reduced by \$10.0 million, or 8.2 percent (\$12.8 million reduction, or 10.3 percent when adjusted for inflation).

Within each cohort, agencies reported a mix of increases and reductions in spending. The mix by cohort is as follows:

- In the small agency cohort, costs increased in six agencies and reduced in four.
- In the medium-sized agency cohort, costs increased in 10 agencies and reduced in two.
- In the large agency cohort, costs increased in three agencies and reduced in six.

### Efficiency findings

Efficiency findings report on the ratio of input to output (or the use of resources in a manner that minimises cost, effort, and time) as well as opportunities for efficiency gains and their implications for gross cost savings. Findings also compare NZ agency efficiency with international comparators and examine changes in efficiency since the previous reporting period, adjusting for inflation as appropriate.

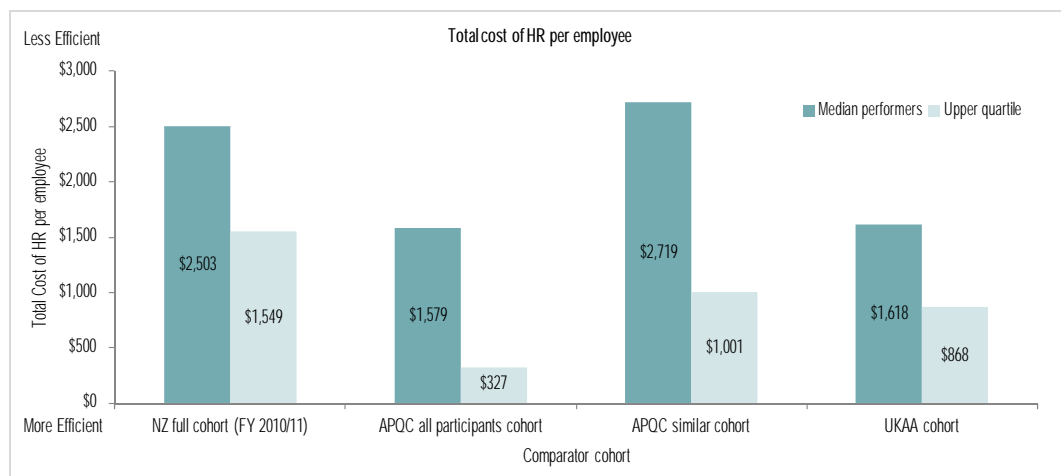
Efficiency findings are based on two metrics:

- Total cost of HR per employee, where a lower cost is considered more efficient
- Number of employees per HR FTE, where a higher number is considered more efficient.

#### *HR efficiency levels overall and by cohort in FY 2010/11*

The NZ full cohort total cost of HR per employee median is higher than most international comparators. Figure 17 compares the NZ full cohort total cost of HR per employee to the American Productivity Quality Centre (APOC) all participants, APOC similar, and UKAA cohorts.

Figure 17 | Total cost of HR per employee – NZ full cohort versus international comparators



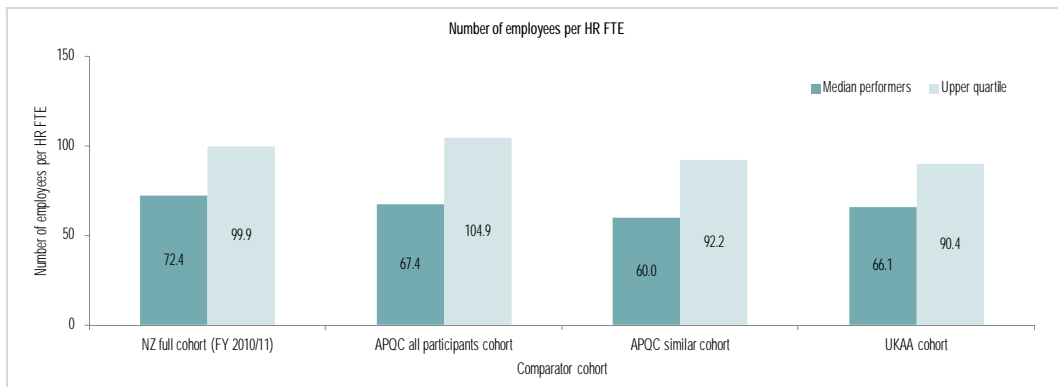
This graph shows that while the NZ full cohort median (\$2,503) is lower than the APOC similar median (\$2,719), it is higher than all other comparators:

- At the median, the NZ full cohort (\$2,503) is 59 percent more expensive than the APOC all participants cohort (\$1,579) and 55 percent more expensive than the UKAA cohort (\$1,618).

- At the upper quartile, the NZ full cohort (\$1,549) is 55 percent more expensive than the APOC similar cohort (\$1,001); 78 percent more expensive than the UKAA cohort (\$868); and 374 percent more expensive than the APOC all participants cohort (\$327).

The number of employees per HR FTE in the NZ full cohort shows limited overall opportunities to strengthen HR service efficiency through HR FTE reductions. Figure 18 compares the NZ full cohort median and upper quartile for the number of employees per HR FTE to international comparators.

Figure 18 | Number of employees per HR FTE – NZ full cohort versus international comparators



This graph shows that:

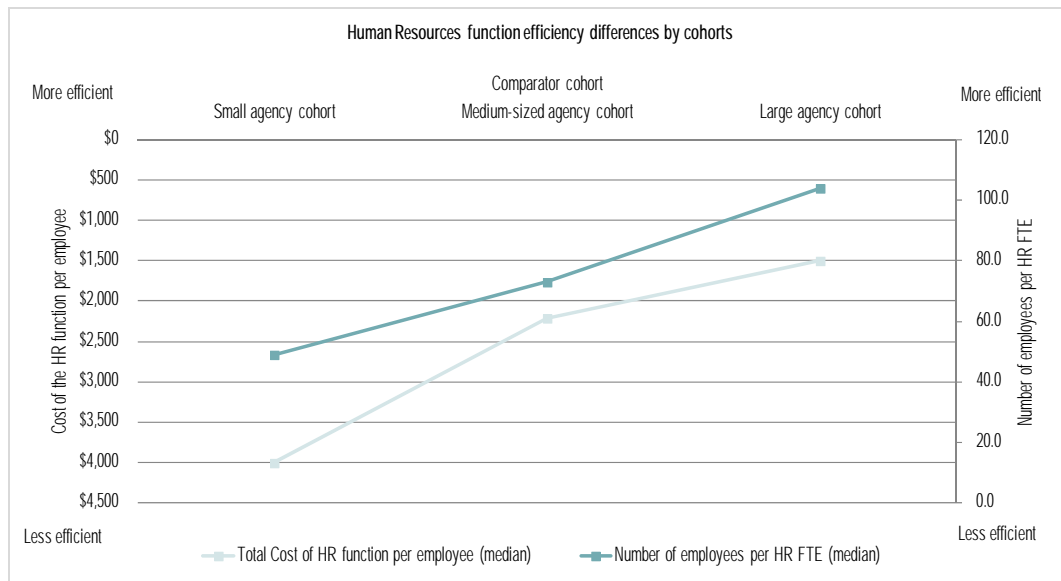
- At the median, the NZ full cohort (72.4) is 7 percent higher than the APOC all participants cohort (67.4); 9 percent higher than the UKAA cohort (66.1); and 21 percent higher than the APOC similar industries cohort (60.0).
- At the upper quartile, the NZ full cohort (99.9) is 8 percent higher than the APOC similar cohort (92.2) and 11 percent higher than the UKAA cohort (90.4).

The relatively high number of employees per HR FTE indicates that efficiency improvements cannot consist solely of reductions in HR staff. The root cause of the NZ full cohort's relatively high HR cost per employee is more likely to be based on a more expensive staff mix (i.e. managers with small spans of control);<sup>13</sup> outsourcing; and other non-personnel costs.

Small and medium-sized agencies are significantly less efficient than large agencies, showing the impact of fixed costs and the opportunity to leverage scale for efficiency gains. Figure 19 shows HR function efficiency differences among the NZ cohorts.

<sup>13</sup> Span of control refers to the number of direct reports per manager.

Figure 19 | HR function efficiency differences by NZ cohort

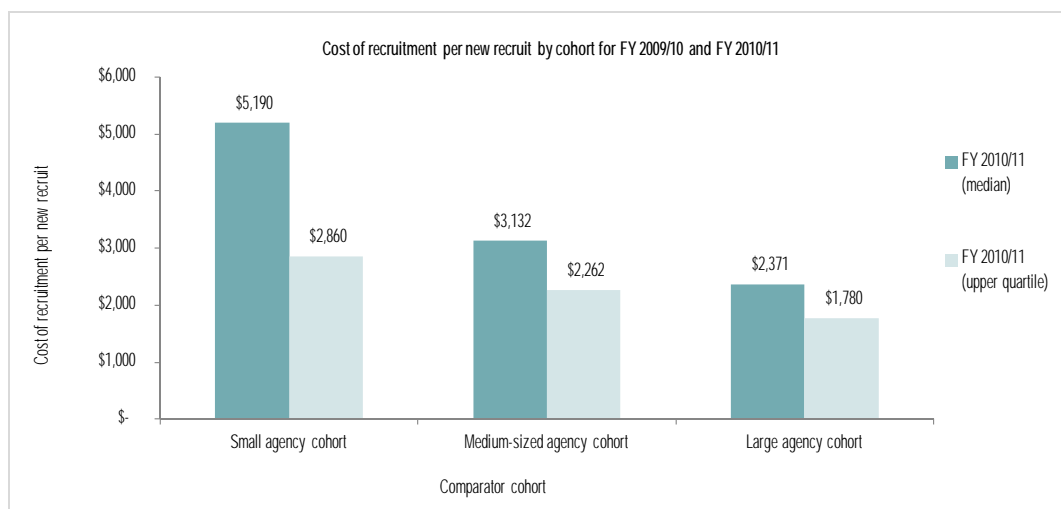


The two efficiency measures for HR – cost of HR function per employee and number of employees per HR FTE – show that larger scale drives greater efficiency.

- **HR cost per employee:** The small agency cohort median is \$4,004, the medium-sized agency cohort median is \$2,211, and the large agency cohort median is \$1,500.
- **Number of employees per HR FTE:** The small agency cohort median is 49, the medium-sized agency cohort median is 73, and the large agency cohort median is 104.

The relationship between scale and efficiency can also be seen at the process level between NZ cohorts. Figure 20 shows the relationship between agency size and the cost of recruitment.

Figure 20 | Cost of recruitment per new recruit by cohort for FY 2009/10 and FY 2010/11

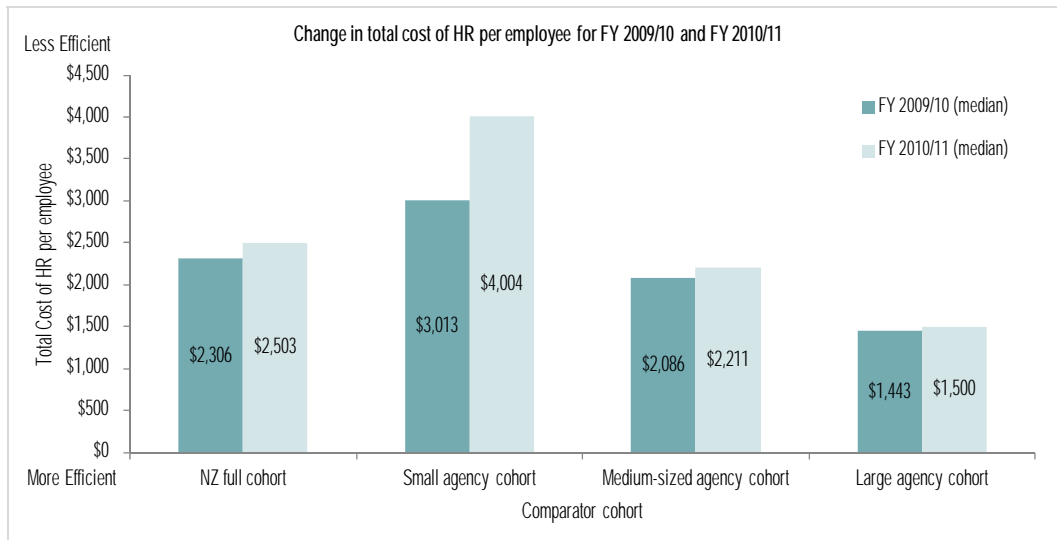


The graph shows that at the median the small agency cohort costs are 119 percent higher than the large agency cohort, and at the upper quartile they are 61 percent higher.

*Changes in efficiency levels since the previous reporting period*

The nominal cost of HR per employee increased between FY 2009/10 and FY 2010/11 overall and in each cohort, even when adjusted for inflation. Figure 21 shows the medians for each of the two reporting periods.<sup>14</sup>

Figure 21| Change in total cost of HR per employee for FY 2009/10 and FY 2010/11



This graph shows that:

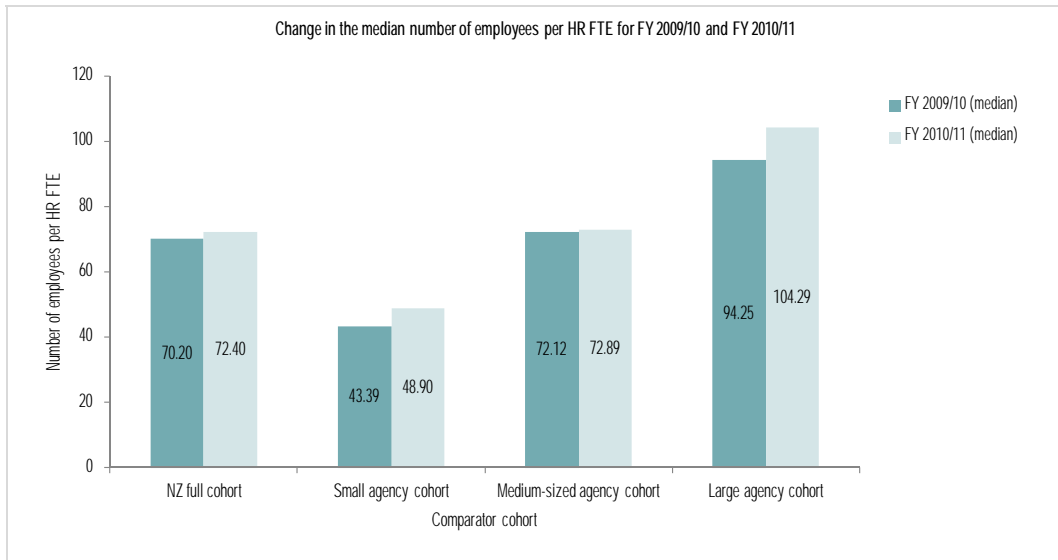
- The NZ full cohort median increased by \$197 per employee (8.5 percent), or \$144 (6.1 percent) when adjusted for inflation.
- The small agency cohort median increased by \$991 per employee (32.9 percent), or \$922 (29.9 percent) when adjusted for inflation.
- The medium-sized agency cohort median increased by \$125 per employee (6.0 percent), or \$77 (3.6 percent) when adjusted for inflation.
- The large agency cohort median increased by \$58 per employee (4.0 percent), or \$25 (1.7 percent) when adjusted for inflation.

Based on the total HR cost per employee, the efficiency gap between the small agency cohort and the large agency cohort is widening. In FY 2010/11, the small agency cohort median HR costs per employee were 167 percent higher than in large agencies, whereas in FY 2009/10 these costs were 109 percent higher. The efficiency gap between the medium-sized agency cohort and large agency cohort has also widened slightly as the medium-sized agency cohort has moved from a 45 percent to 47 percent higher cost per employee.

<sup>14</sup> Note that a lower cost per employee is seen as more efficient.

There has been a small increase in the median number of employees per HR FTE between FY 2009/10 and FY 2010/11 across all NZ cohorts. Figure 22 shows changes in this metric for each NZ cohort.<sup>15</sup>

Figure 22 | Change in the median number of employees per HR FTE for FY 2009/10 and FY 2010/11



The NZ full cohort median number of employees per HR FTE increased from 70 to 72, with most of the increase driven from the small agency cohort (12.7 percent increase) and large agency cohort (10.7 percent increase).<sup>16</sup>

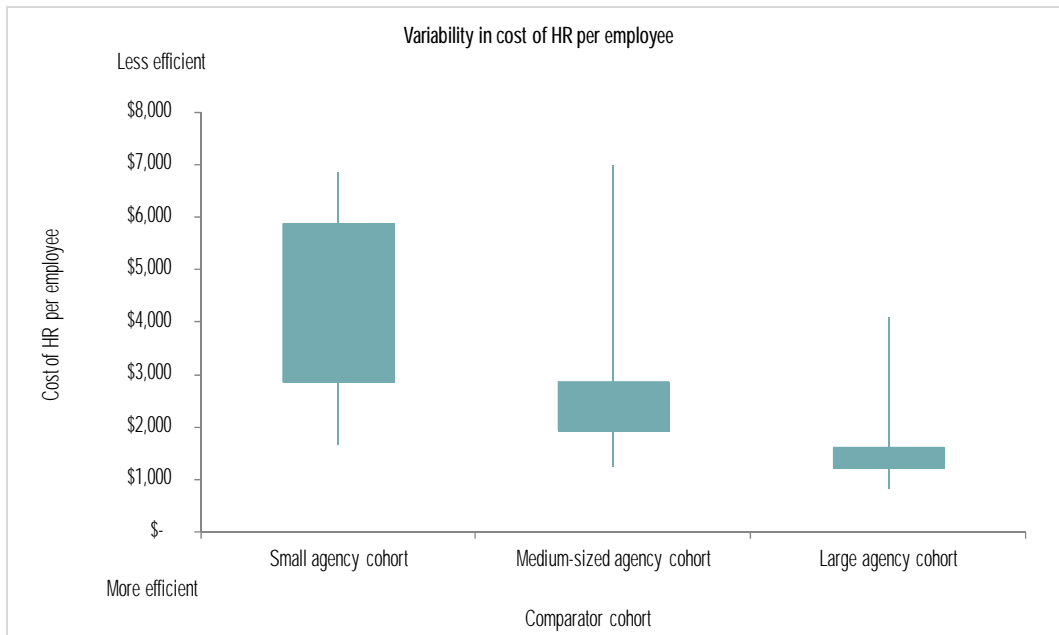
*Opportunities to improve efficiency and related potential gross cost savings*

There is high variability in HR cost per employee within NZ agency cohorts. Figure 23 shows this variability by cohort.

<sup>15</sup> Note that a higher number of employees per HR FTE is seen as more efficient.

<sup>16</sup> The reported HR FTEs do not include outsourced FTEs so our analysis is only based on non-outsourced FTEs. Reported HR FTEs should be considered in the context that the NZ full cohort HR outsourced cost has increased from 8.5 to 10 percent of the total HR cost, and there has been a corresponding reduction in personnel costs from 66 to 63 percent of total HR cost. Those with outsourced HR services will show higher numbers of employees per HR FTE.

Figure 23 | Variability in cost of HR per employee



There is an opportunity for gross savings of \$44.5 million each year by reducing variability in cost per employee within cohorts.<sup>17</sup> If all agencies above their cohort median cost per employee reduced costs to their cohort median, gross savings of \$44.5 million per year are possible.

Annual gross savings of \$58.6 million to \$83.7 million are possible if agencies pursue more aggressive targets for HR cost per employee, including upper quartile performance in their cohort or international benchmarks. Agencies should set realistic efficiency targets, taking into account their operational context. Choices can include meeting more aggressive targets than the cohort median performance, such as:

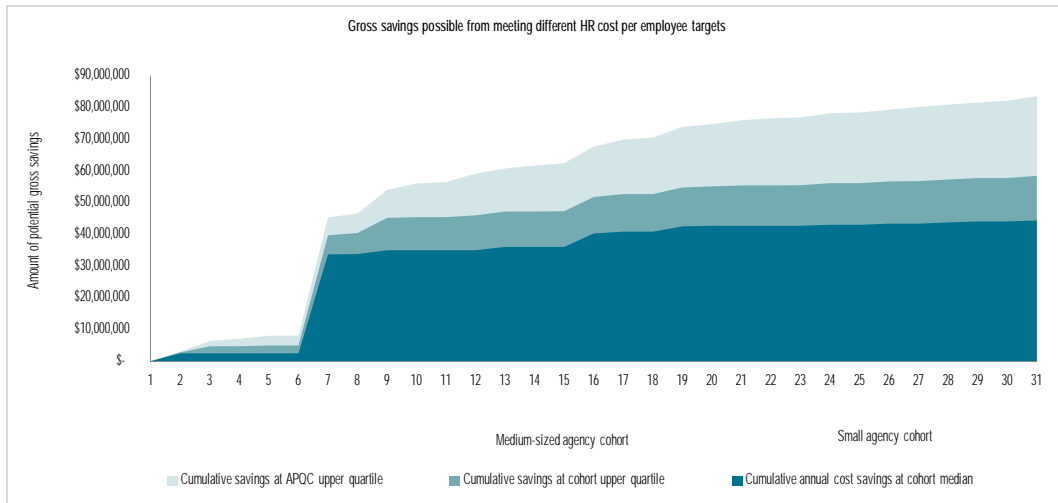
- Upper quartile performance for their cohort, which is \$2,868 for the small agency cohort, \$1,932 for the medium-sized agency cohort, and \$1,215 for the large agency cohort
- International benchmarks, such as APQC similar industries top performers at \$1,001 per employee or UKAA upper quartile performance at \$868 per employee

Figure 24 shows the possible gross savings for different efficiency improvement scenarios along with the number of agencies required to achieve the gross savings in each scenario.<sup>18</sup>

<sup>17</sup> Note that all saving scenario figures are gross amounts. To achieve these will typically require some upfront investment.

<sup>18</sup> Figure 24 lists the 31 agencies from large agency cohort first to the small agency cohort. The agencies are not sorted in any order within each cohort.

Figure 24 | Gross savings possible from meeting different HR cost per employee targets

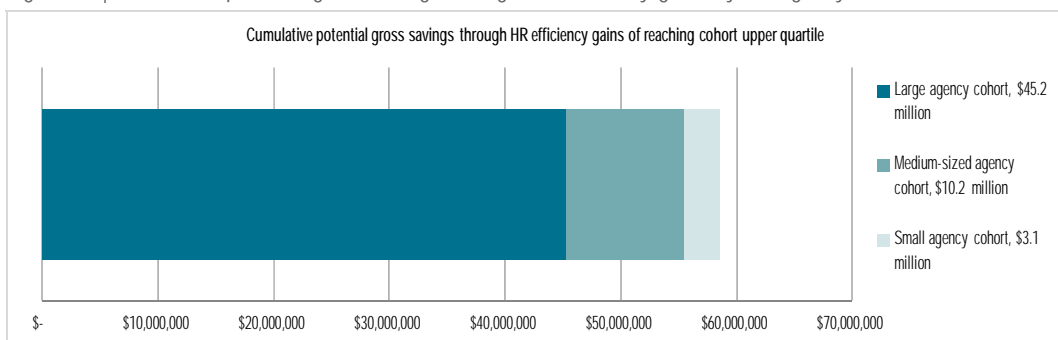


The potential gross savings by improved HR cost per employee targets are:

- \$44.5 million in gross savings if 15 of 31 agencies reach their cohort median performance
- \$58.5 million in gross savings if 23 of 31 agencies reach their cohort upper quartile performance
- \$83.7 million in gross savings if 29 of 31 agencies reach the APOC upper quartile benchmark for similar industries.

While the small agencies are the least efficient overall, the greatest potential for gross savings is in the medium-sized and large agencies. Small agencies are not the major source of potential gross savings because they make up only 6.5 percent (\$10.4 million) of the \$160.0 million spent on HR services. Figure 25 shows potential for the different cohorts to contribute to HR gross savings of \$58.5 million by meeting upper quartile performance within their cohort.

Figure 25 | Cumulative potential gross savings through HR efficiency gains by NZ agency cohort

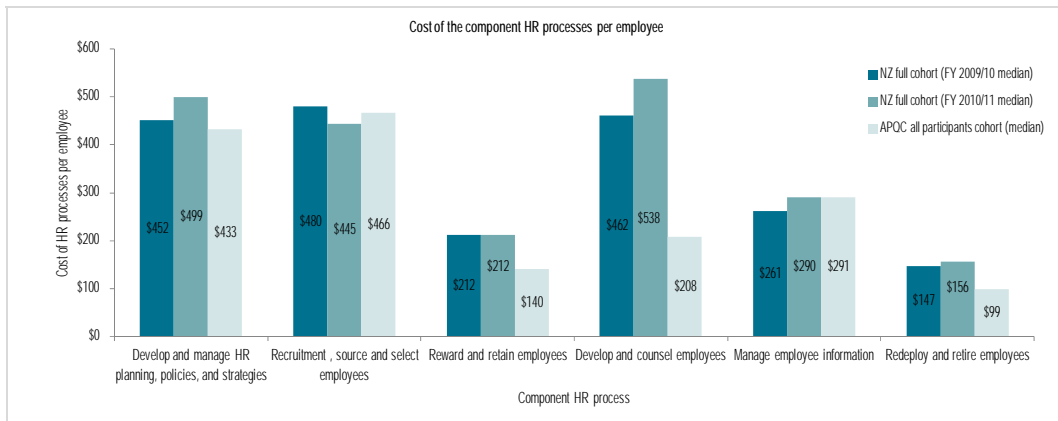


Around \$45.2 million, or 77 percent, of the potential gross savings would be realised from large agencies moving to their cohort upper quartile. Conversely, only around \$3.1 million, or 5 percent, would be realised from small agencies moving to their cohort upper quartile.



Three specific HR processes should be targeted for efficiency gains as they are significantly more expensive than international comparators: develop and counsel employees, reward and retain employees, and redeploy and retire employees. Figure 26 shows the cost of component HR processes per employee for FY 2009/10 and FY 2010/11 against international comparators.

Figure 26 | Cost of the component HR processes per employee



The differences between median APOC and NZ full cohort median performance in FY 2010/11 are:

- Develop and counsel employees – 158 percent
- Reward and retain employees – 51 percent
- Redeploy and retire employees – 57 percent

### Effectiveness findings

Effectiveness findings report on the extent to which HR activities achieve intended or targeted results. They compare NZ agency effectiveness with international comparators and examine changes in effectiveness since the previous reporting period.

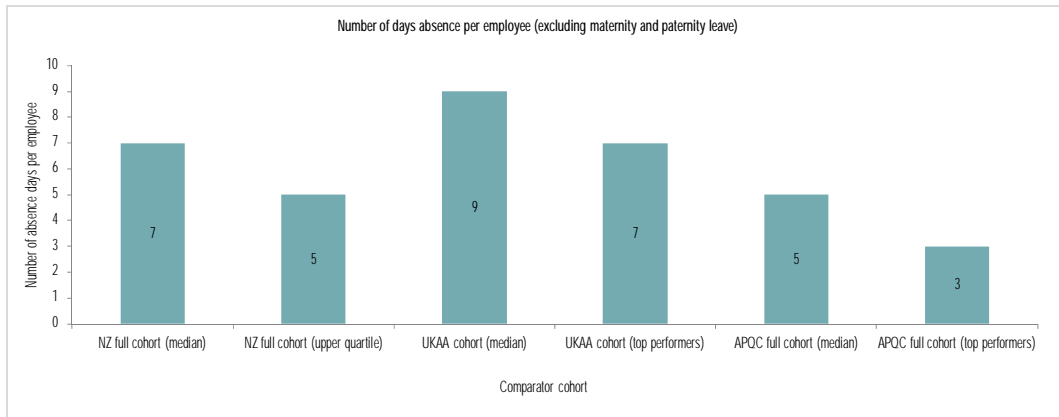
HR effectiveness findings are based on three metrics:

1. Days sickness absence per employee (excluding maternity and parental leave), where a lower number is considered more effective.
2. Retention of new hires in the same role after 12 months, where a higher number is considered more effective.
3. HR MPI score, where a higher score is considered more effective.

#### *HR effectiveness overall and by cohort in FY 2010/11*

NZ cohort HR effectiveness, as measured by sickness absence, is similar to international comparators, but there is an opportunity for improvement. The median sickness absence of 6.52 days each year is similar to the UKAA upper quartile of seven days, but higher than the APOC all participants median of five days, as shown in figure 27.

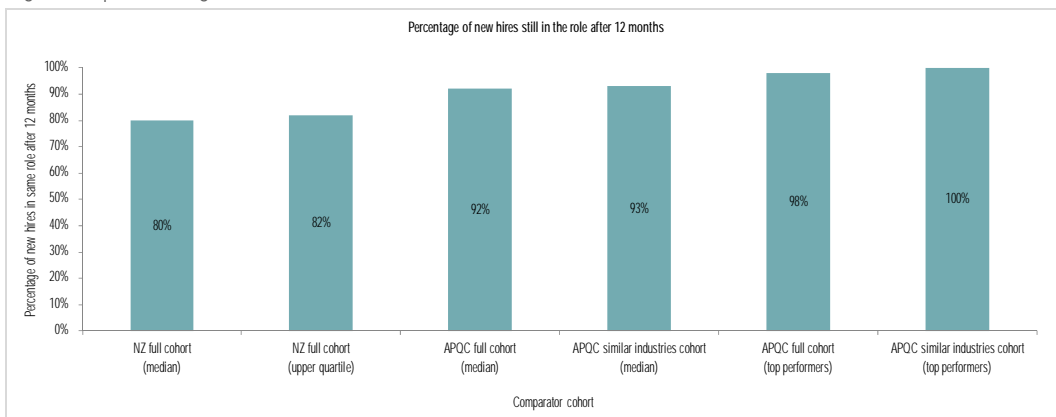
Figure 27 | Number of days sickness absence per employee (excluding maternity and paternity leave)



Across the 31 agencies, there were 560,519 days sickness absence. Reducing absence levels to the APOC all participants median of five days would add 171,579 person days. Based on 231 working days in FY 2010/11, this represents 743 FTEs.

HR effectiveness as measured by the retention of new hires in the same role after 12 months is lower than international comparators. As figure 28 shows the NZ full cohort has a lower percentage of new hires in the same role after 12 months than international comparators.

Figure 28 | Percentage of new hires still in the role after 12 months



The NZ full cohort has a median of 80 percent and upper quartile of 82 percent, both of which are below the APOC full cohort median of 92 percent and APOC similar cohort median of 93 percent.

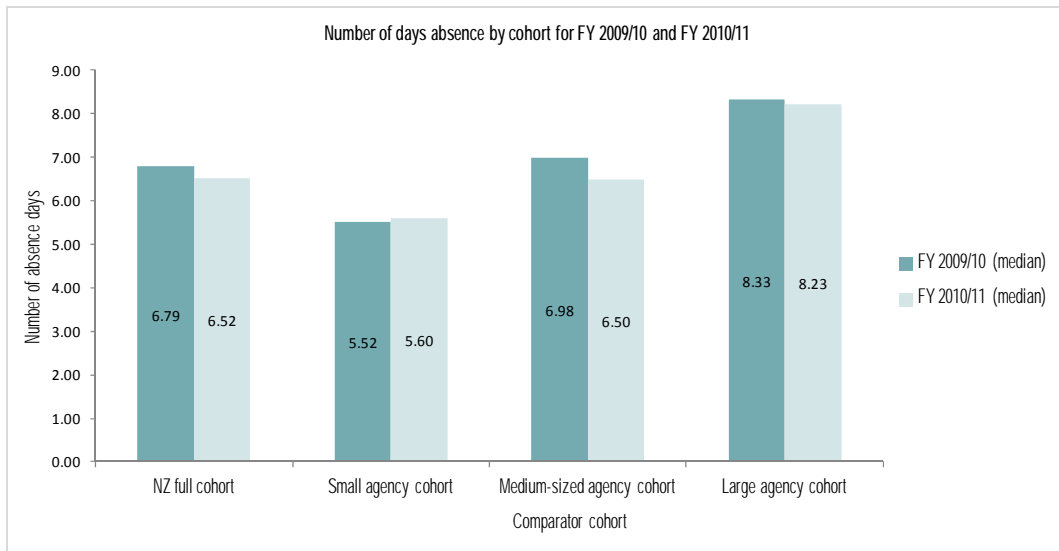
Of the 7,069 new recruits in FY 2009/10, 5,471 were in the same role in FY 2010/11, suggesting opportunities to improve the effectiveness of recruitment to reduce staff churn and related costs within agencies.

The reported NZ full cohort mean HR MPI score is 74 percent, which is above the UKAA mean of 67 percent. This finding indicates that HR management practices in the NZ full cohort are reported to be at a higher level of maturity than in UK comparator organisations.

*Changes in effectiveness since the previous reporting period*

**NZ full cohort median sickness absence levels have reduced from 6.79 days to 6.52 days between FY 2009/10 and FY 2010/11.** Figure 29 shows the changes in the number of sickness absence days per employee by cohort for each reporting period.

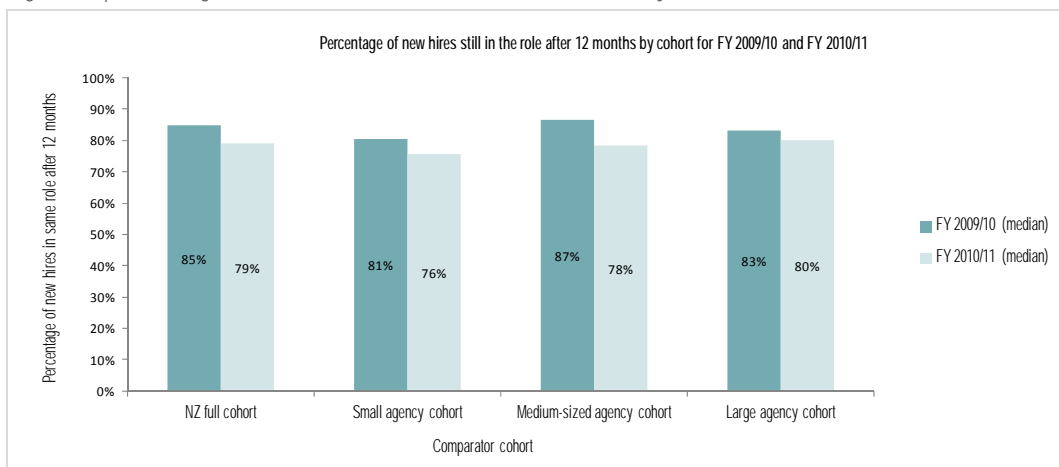
Figure 29 | Number of days absence by cohort for FY 2009/10 and FY 2010/11



The graph shows that the NZ full cohort median has reduced from 6.79 days to 6.52 days and that the medium-sized agency cohort has made the greatest decrease in sickness absence between reporting periods, with a 7 percent reduction.

**All NZ cohorts have reduced retention of new hires in the same role after 12 months.** Figure 30 shows the reduction in retention levels between FY 2009/10 and FY 2010/11 overall and by cohort.

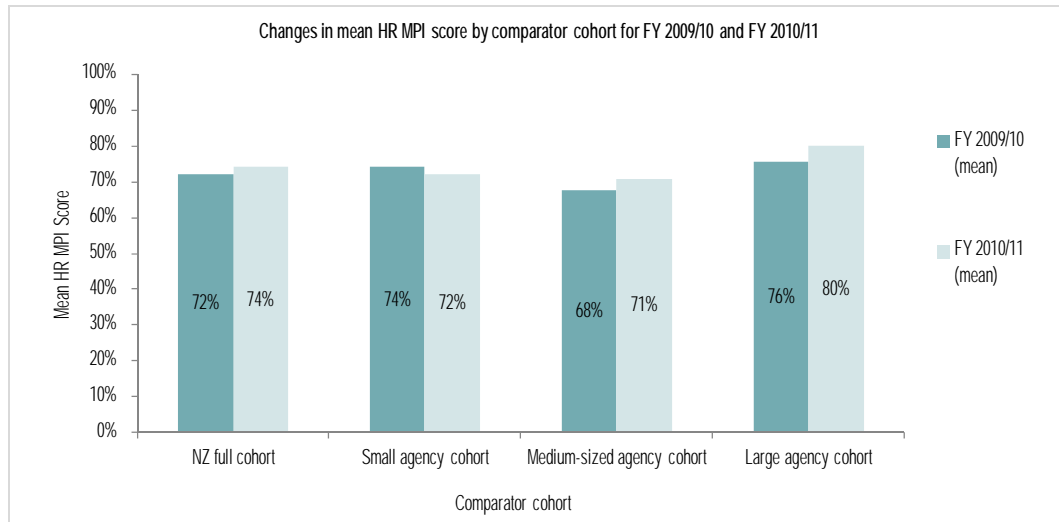
Figure 30 | Percentage of new hires still in the role after 12 months by cohort for FY 2009/10 and FY 2010/11



The graph shows that the NZ full cohort median has reduced from 85 percent to 79 percent with all cohorts reporting reduced retention rates. In FY 2009/10, the medium-sized agency cohort had the highest retention rate, but in FY 2010/11 the large agency cohort had the highest retention rate.

The mean HR MPI score has increased from 72 percent to 74 percent, with increases in the medium-sized and large cohort scores and a decrease in the small agency cohort score. Figure 31 shows the change in the mean HR MPI score by cohort.

Figure 31 | Mean HR MPI score by comparator cohort for FY 2009/10 and FY 2010/11

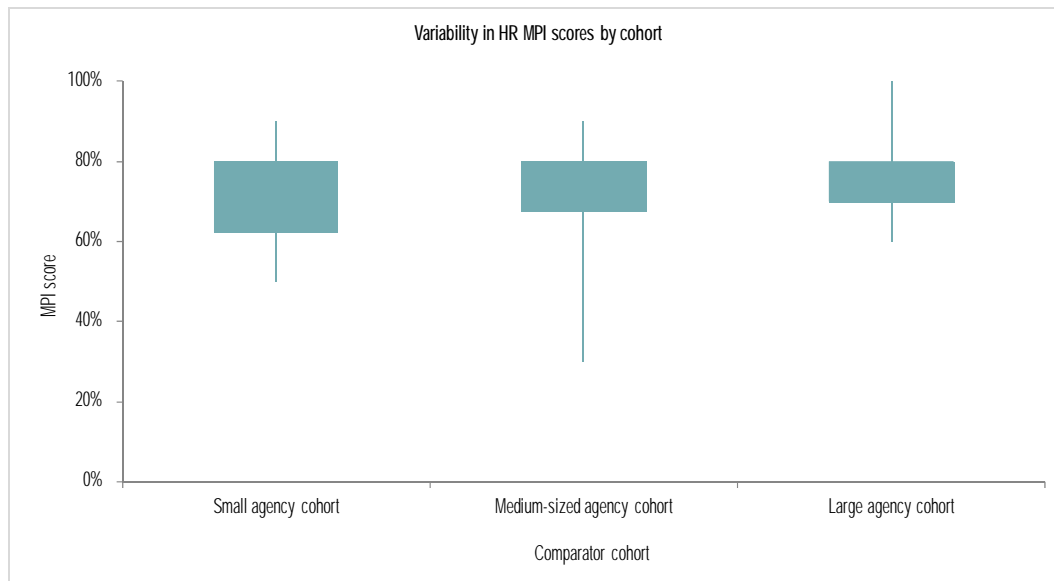


This graph shows that:

- The reported overall mean MPI score of 74 percent for the NZ full cohort has increased from 72 percent in FY 2009/10.
- The medium-sized and large agency cohorts have increased mean scores, and the small agency cohort has a slightly decreased mean score.

Significant variability in management practice and instances of strong practice indicate opportunities to leverage knowledge across agencies. Figure 32 shows variability within cohorts.

Figure 32 | FY 2010/11 Variability in HR MPI score by cohort



Variability across cohorts and instances of strong practice show there are opportunities for improvement and knowledge-sharing across agencies, regardless of size.

#### *Opportunities to improve effectiveness*

A closer look at the most common missing elements of HR management practice shows opportunities to strengthen the strategic role and capability of the HR function. A 2009 study into HR capability across government found the need for HR to play a more strategic role and the need for HR capability development.<sup>19</sup> Two findings from this benchmarking study support these conclusions:

- Only 55 percent of agencies reported having a statement that anticipates workforce needs for the next three years (an increase from 48 percent in FY 2009/10). This benchmarking exercise did not explore the reasons why many New Zealand agencies do not forecast workforce requirements, but the 2009 HR capability study suggests that some agencies may lack the capability to complete this work.
- Only 35 percent of agencies reported having a comprehensive professional development programme for HR staff with at least five days of professional development per annum per employee (an increase from 32 percent in FY 2009/10). Limited development of HR staff is a barrier to filling important capability gaps identified in the 2009 HR capability study, including designing initiatives to change behaviours, using measurement and analysis, undertaking continuous improvement, responding to workforce capability issues, and strategic HR capability planning. Notably, all of these capabilities are essential for transforming service delivery to achieve more for less.

<sup>19</sup> State Services Commission, *Assessment of Strategic Human Resource and Organisational Development Capability*, New Zealand Government, Wellington, May 2009.

### Quality of management information

These findings report on known HR data quality issues, limitations of the indicator set in providing insight into HR service performance, and opportunities for improvement. The Context chapter includes common quality of management information findings across all functions that are not repeated in this chapter.

**The quality of the data underlying the metrics is of a high standard, and information can be meaningfully compared.** Data quality is high for two reasons:

- HR data is collected and stored centrally by agencies, making high-quality data readily available.
- Measurement agencies were aligned to common definitions and data collection practices.

**Payroll costs are not included.** In this report, the payroll process is included within the Finance function for comparability with international benchmarks. However, operationally, most agencies consider the payroll process to be part of the HR function.

**While results are broadly comparable, results need to be understood within the context of each organisation.** While agencies have common features, each has their own functions and cost drivers. For example, some agencies may have higher recruitment costs due to the need for more specialised skills or higher training costs due to greater need for technical knowledge. Agencies should use the benchmarking results as a guide to relative performance, and conclusions regarding efficiency and effectiveness should be made in light of each agency's operational context.

**There is an opportunity to strengthen the HR MPI.** HR practitioners would like to review this indicator and consider introducing different indicators for the maturity of HR management practice for the next benchmarking report.

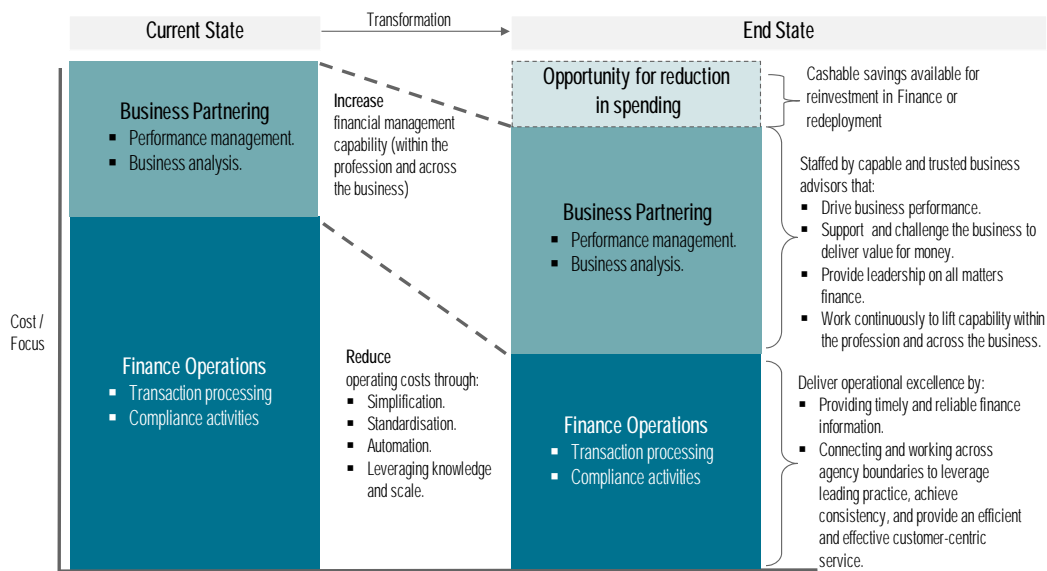
# Finance

## Commentary

By Fergus Welsh, Chief Financial Officer and Chief Accountant, the Treasury

There is a significant opportunity to change the role of financial management services across government. Figure 33, developed in discussion with various Chief Financial Officer (CFO) groups and based on industry best practice, shows the planned transformation of financial management services.

Figure 33 | Transformation of Government Financial Management Services



In the current state, finance departments are focused on finance operations, including transaction processing and compliance activities. These activities are the bulk of staff effort and cost, and there is insufficient attention to Finance's more strategic role in business partnering, including performance management and business analysis. The end state is 'better finance services for less': while there is increase in high value business partnering activities, there is a net reduction in the cost of the Finance function overall. This cost reduction is achieved through process improvement and standardisation, automation, and leveraging knowledge and scale across government.

The Chief Accountant for the public sector and the CFO Forum are helping agencies improve financial resource management. With the CFO Forum, the Chief Accountant supports agencies to:

- Position the Finance function to play a more strategic role.** In addition to delivering on the traditional responsibilities of a Finance function, Finance must play a more strategic role by supporting chief executives and senior leadership teams with advice and management information for decision making. This change requires both establishing effective working relationships with the business and building a broader understanding of how the Finance

function can add value, including advising on delivering more efficient and effective frontline and administrative and support (A&S) services.

- **Lift financial management capability.** As the Finance function becomes increasingly involved in strategic matters and business planning, it needs to respond to the demands of the organisation and its customers. Aligning Finance workforce capability with these more strategic requirements starts with articulating clear expectations for CFOs, Finance staff, and budget holders. Once expectations are clear, development activities can include on-the-job mentoring, short-term secondments, and third party training by providers willing to support improved financial management capability across the sector. Initiatives led or supported by professional bodies such as the New Zealand Institute of Chartered Accountants (NZICA) and CPA Australia will continue to be key inputs to Finance capability.

**CFOs are assuming greater leadership roles in their agencies' strategic and business planning processes.** CFOs are helping their agencies better understand and manage longer-term financial pressures and issues, including leading the development of four-year budget plans (4YBPs) to show how agencies will manage baseline pressures and service changes. Increased flexibility in financial management arrangements are intended to support 4YBP development. These arrangements support a multi-year perspective and encourage more proactive financial management. For example, the ability to retain under spends should support CFOs in changing incentives and behaviours regarding forecasting and efficiencies, and allowances for front-loading spending should support 'invest-to-save' initiatives.

**CFOs are responding to increasing demands for better information for decision making.** CFOs are building the financial and non-financial performance information required for performance management, investment appraisal, risk management, and control. Consistent performance information for common functions across agencies can identify leading practice and opportunities for agencies to learn from each other. Some activity is agency specific, but for some common functions across agencies – including administrative and support services, policy, and transactional service delivery to the public – CFOs are participating in cross-agency programmes to establish standard indicators. Anticipating that the pace and breadth of this valuable activity will accelerate, the CFO Forum has established a working group to support CFOs, senior managers, and cross-agency programmes in developing and using management information.

**There is a high level of interest in collaborating to identify and act on performance improvement opportunities.** A cross-agency initiative is being planned for 2012 by a subset of agencies to:

- identify effectiveness improvement, efficiency improvement, and cost reduction opportunities in the Finance function
- get better value from existing investments in financial management information systems (FMIS) and encourage wise future investments in technology
- improve finance practices and increase the maturity of finance functions.



This agency-led initiative will take a robust, evidence-based approach, utilising local and international knowledge. While its scope will be limited to a subset of agencies and a subset of finance processes initially, solutions will be scalable.

**Collaboration can occur at many different levels, from sharing knowledge and best practice through to implementing shared service delivery models for transactional services.** Other examples of cross-agency collaborative initiatives include:

- The Department of the Prime Minister and Cabinet, the State Services Commission and the Treasury are implementing shared services for administrative and support services, including Finance. This initiative will minimise risk through building greater resilience and strengthening capability, develop better services and strengthen performance, and improve efficiency.
- The Police and Corrections joint review of their Accounts Payable (AP) functions benchmarked AP performance against best practice, identified opportunities for improvement, and recommended a path forward.

**Agencies should use this report to inform their decision making about the best way forward to improve finance function performance.** A number of cross-agency initiatives are emerging, and I encourage agencies to consider joining these initiatives, so that together we can leverage the knowledge and scale of the sector in order to improve finance practices, increase the maturity of finance functions, and get better value from investments in technology.

## Findings

### Highlights of findings

- **Agencies reported spending \$7.3 million less.** Agencies that experienced the largest cost reductions cited centralisation and process improvements as contributing factors as well as the removal of costs reported in error in the previous reporting period.
- **Agencies reported efficiency gains since 2009/10.** Agencies continue to benchmark well against international comparators for efficiency, but there is an opportunity to make \$10.7 million in gross savings each year if agencies reduced spending on the Finance function as a percentage of organisational running costs (ORC) to their cohort median.<sup>20</sup>
- **Agencies reported increases in Finance function maturity since FY 2009/10, but there is still room for improvement.** The mean Finance MPI score of 62 percent has increased from the previous year, and it is similar to the UKAA cohort mean score of 63 percent.<sup>21</sup> However,

<sup>20</sup> The 31 agencies (full NZ cohort) that participated in this exercise have, for the purposes of comparison, been categorised into three cohorts – ‘small agency cohort’ refers to agencies with <500 FTEs and/or ORC of <\$95 million; ‘medium-sized agency cohort’ refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and ‘large agency cohort’ refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.

<sup>21</sup> Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. Within that methodology, the MPI score assesses “the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function. Details are found in Appendix 4.

it remains the lowest mean MPI score of all the A&S functions for NZ agencies for the past two years.

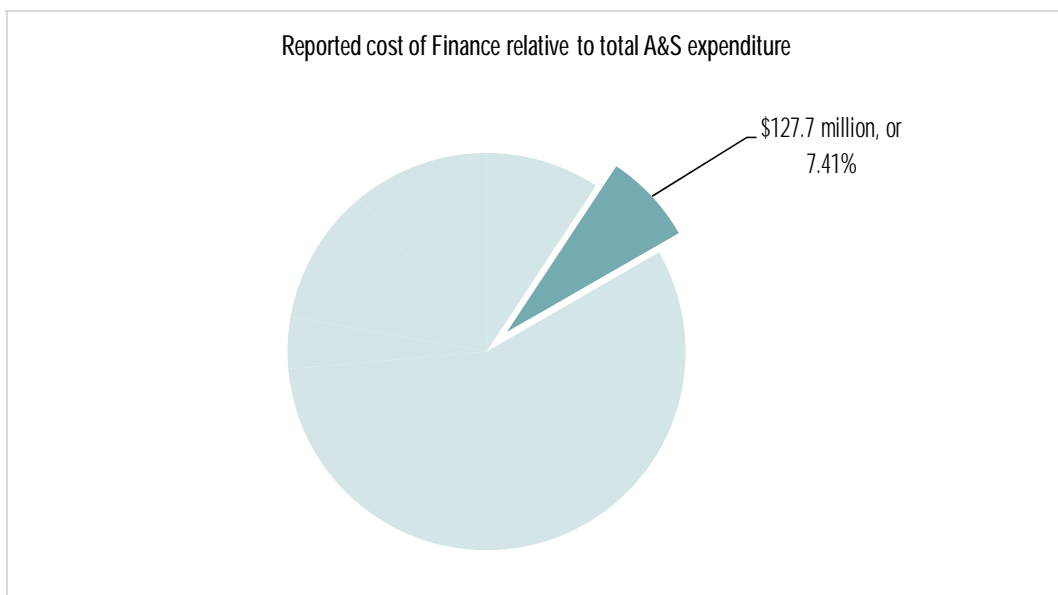
- **Finance professionals want to expand the effectiveness indicators.** Treasury will support Finance practitioners to make improvements to effectiveness measures by expanding the effectiveness metric set and revising the Finance MPI.

### Cost findings

Cost findings include total spending on Finance overall and by cohort. They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

**Agencies spent \$127.7 million on the Finance function in FY 2010/11.** Figure 34 shows the reported cost of Finance relative to the total expenditure on A&S services.

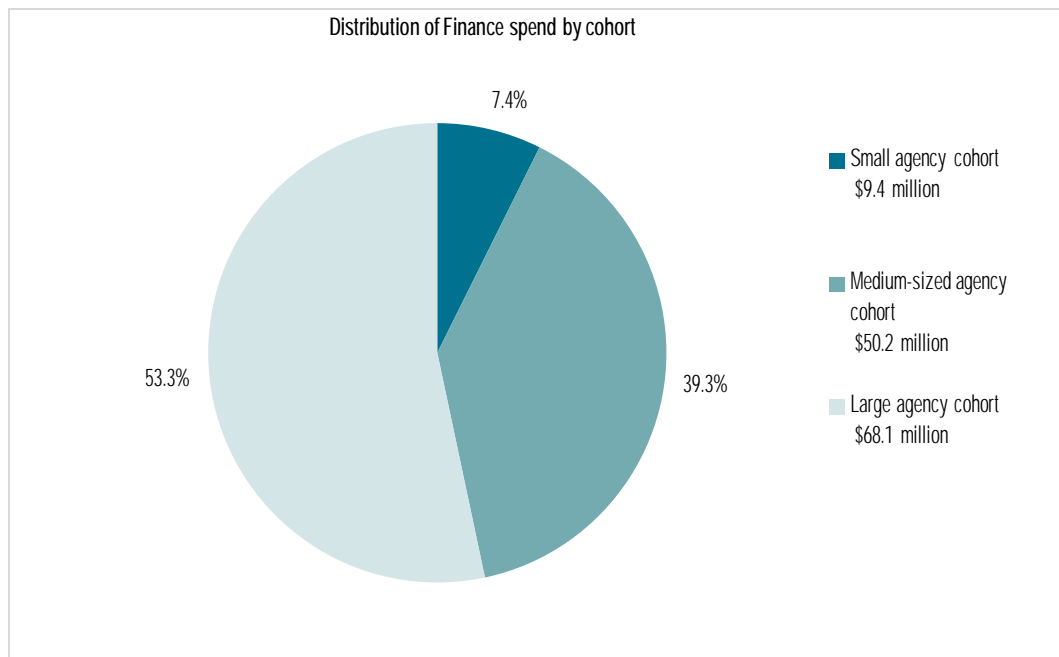
Figure 34 | Reported cost of Finance services relative to total A&S expenditure FY 2010/11



Finance is the fifth largest A&S service function in terms of expenditure, making up \$127.7 million or 7.4 percent of \$1.722 billion in A&S service spending in FY 2010/11.

**The medium-sized and large agency cohorts make up 93 percent of Finance service expenditure.** Figure 35 shows that small agency cohort finance services expenditure of \$9.4 million is 7.4 percent; medium-sized agency cohort spending of \$50.2 million is 39.3 percent; and large agency cohort spending of \$68.1 million is 53.3 percent.

Figure 35 | Distribution of Finance spend by cohort



*Changes in spending since the previous reporting period*

Agencies that measured for both FY 2009/10 and FY 2010/11 reported a nominal Finance spending reduction of \$7.3 million, which is a \$10.5 million reduction when adjusted for inflation. Finance nominal spending was \$135.0 million in FY 2009/10 and \$127.7 million in FY 2010/11, a reduction of \$7.3 million or 5.4 percent. When adjusted for inflation, the \$135.0 million spent on Finance in FY 2009/10 is \$138.1 million in FY 2010/11 dollars, which indicates an approximate \$10.5 million (or 7.6 percent) reduction.<sup>22</sup>

The net reduction of \$7.3 million results from 19 agencies spending \$10 million less and 12 agencies spending \$2.7 million more than in FY 2009/10. One agency contributed \$3.9 million to the overall reduction of \$7.3 million.<sup>23</sup> Those agencies that reported a reduction in spending cited several reasons, including introducing centralisation and process improvements. The 12 agencies that reported an increase in spending had a median increase of \$0.2 million.

More accurate measurement in FY 2010/11 contributed to both increases and reductions in reported spending. The removal of non-finance system costs reduced reported costs for some agencies, and the centralisation of Accounts Payable increased costs in one agency as centralisation made these costs easier to capture. Although more accurate measurement of reported spending may have reduced the value of time series data for some agencies, the overall improvement in

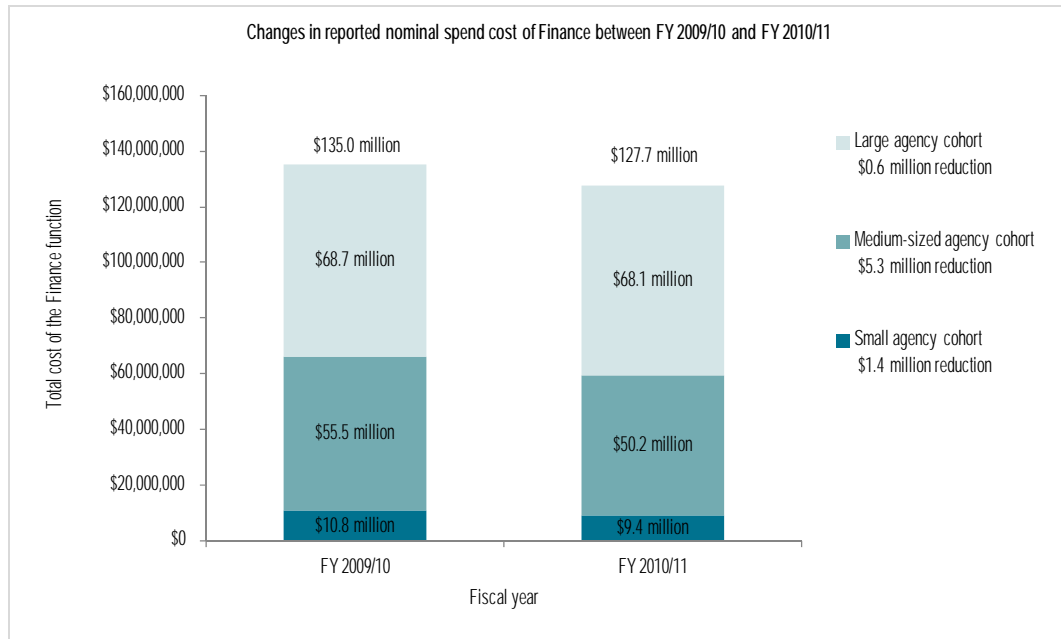
<sup>22</sup> Inflation-adjusted costs are based on the annualised average Consumer Price Index (CPI) increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase.

<sup>23</sup> This particular agency did this through the removal of crown revenue and the associated finance costs of handling this revenue.

measurement is positive, and such improvements are expected as this was only the second year of measurement for some agencies.

**All three cohorts reported an overall Finance spending reduction.** Figure 36 shows Finance nominal service cost changes between FY 2009/10 and FY 2010/11.

Figure 36 | Changes in reported nominal cost of the Finance function between FY 2009/10 and FY 2010/11



This graph shows that:

- Small agency cohort spending reduced by \$1.4 million, or 13.2 percent (\$1.7 million, or 15.5 percent when adjusted for inflation).
- Medium-sized agency cohort spending reduced by \$5.3 million, or 9.6 percent (\$6.6 million, or 11.9 percent when adjusted for inflation).
- Large agency cohort spending reduced by \$0.6 million, or 0.9 percent (\$2.2 million, or 3.1 percent when adjusted for inflation).

**Within each cohort, agencies reported a mix of increases and reductions in spending.** The mix by cohort is as follows:

- In the small agency cohort, costs increased in two agencies and reduced in eight.
- In the medium-sized agency cohort, costs increased in six agencies and reduced in six.
- In the large agency cohort, costs increased in four agencies and reduced in five.

## Efficiency findings

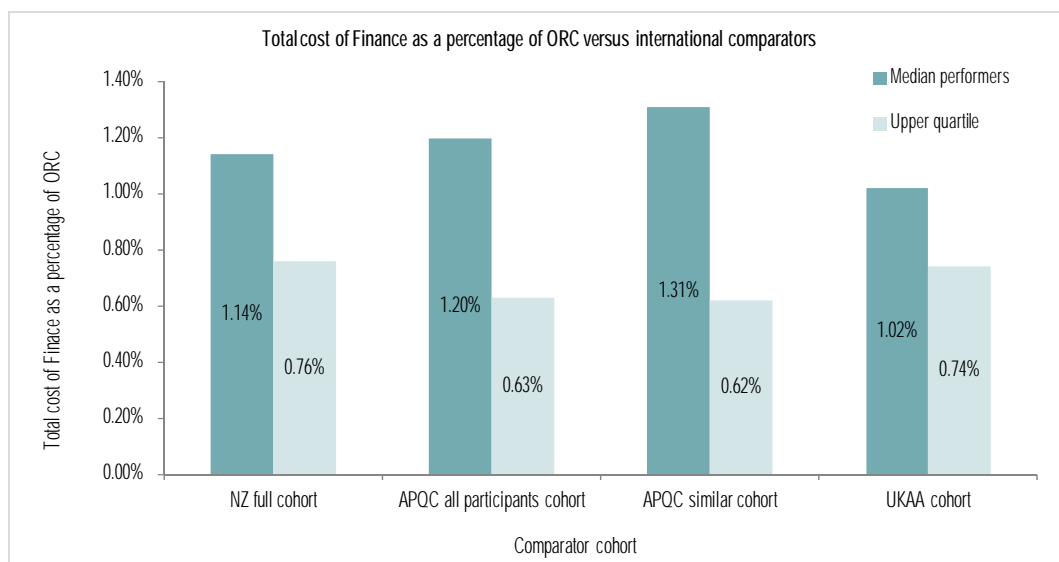
Efficiency findings report on the ratio of input to output (or the use of resources in a manner that minimises cost, effort, and time) as well as opportunities for efficiency gains and their implications for gross savings. Findings also compare the NZ full cohort efficiency with international comparators and examine changes in efficiency since the previous reporting period.

Efficiency findings are based on one metric: the total cost of Finance as a percentage of ORC, where a lower cost is considered more efficient.

### *Finance efficiency levels overall and by cohort in FY 2010/11*

The NZ full cohort cost of Finance as a percentage of ORC is lower than American Productivity and Quality Center (APQC) comparator cohorts but higher than the UKAA cohort. Figure 37 below compares the NZ full cohort total cost of Finance as a percentage of ORC to comparator cohorts.

Figure 37 | Total cost of Finance as a percentage of ORC versus international comparators

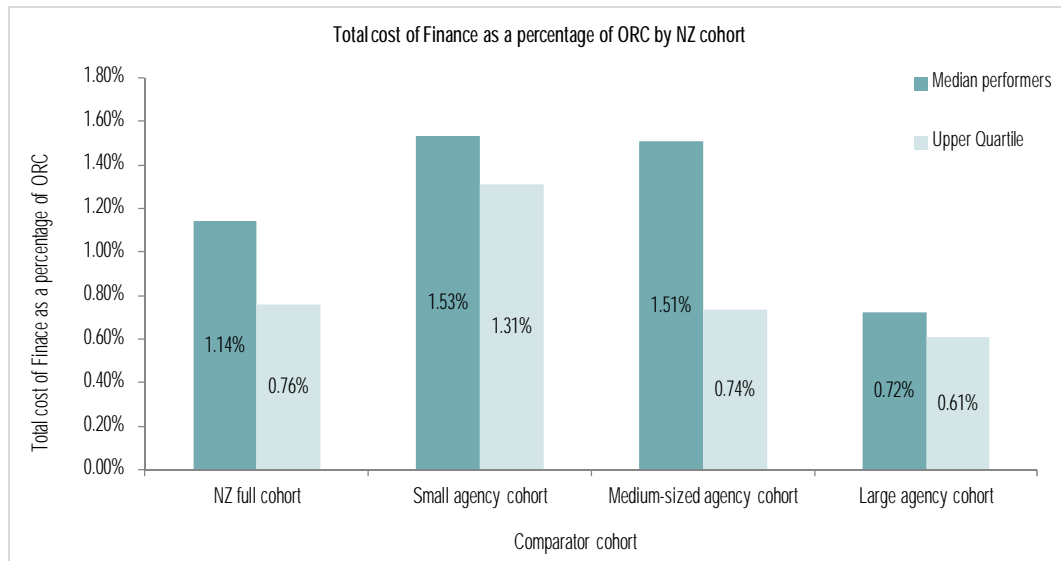


This graph shows that:

- At the median, the NZ full cohort (1.14 percent) is five percent less than the APOC all participants cohort (1.2 percent); 13 percent less than the APOC similar cohort (1.31 percent); and 12 percent higher than the UKAA cohort (1.02 percent).
- At the upper quartile, the NZ full cohort (0.76 percent) is 21 percent higher than the APOC all participants cohort (0.63 percent); 23 percent higher than the APOC similar cohort (0.62 percent); and three percent higher than the UKAA cohort (0.74 percent).

The large agency cohort has a lower cost of Finance as a percentage of ORC than the small and medium-sized agency cohorts. The total cost of Finance as a percentage of ORC for the NZ cohorts is shown in figure 38.

Figure 38 | Total cost of Finance as a percentage of ORC by NZ cohort



This graph shows that:

- Small and medium-sized agencies have similar median costs of Finance as a percentage of ORC, and these are approximately 110 percent higher than the large agency cohort median.
- Small agency upper quartile cost of finance as a percentage of ORC is 115 percent higher than the large agency cohort, and the medium-sized agency cohort upper quartile is 21 percent higher.

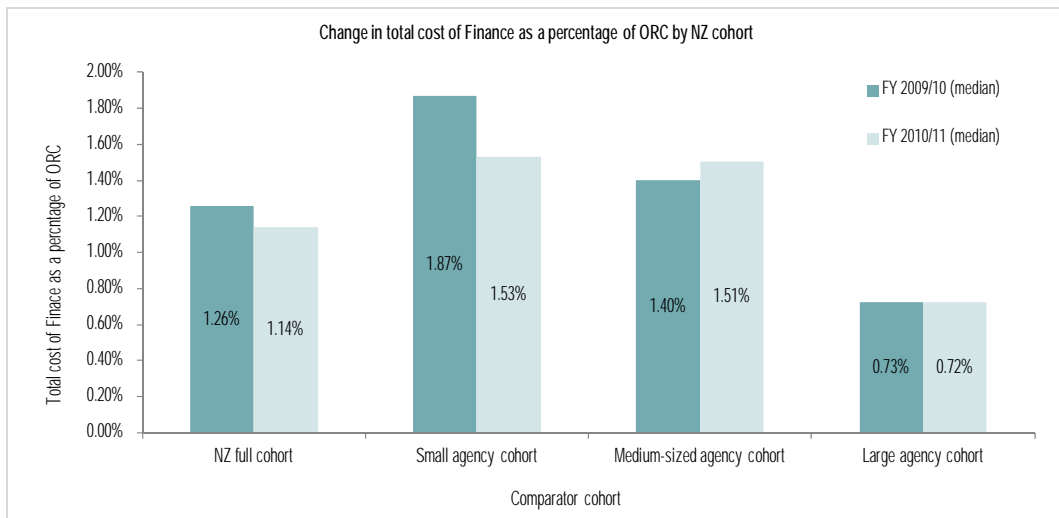
It is likely that three factors contributed to this result:

1. Fixed costs have a greater impact on smaller organisations.
2. A number of small agencies may have older financial management information systems with limited automation and self-service capabilities, resulting in manual paper-based processes that are labour-intensive and inefficient.
3. Small agencies often have relatively high personnel costs as senior staff are often required to perform a broad range of tasks, including routine administrative tasks that in large agencies would be delegated to more junior staff on lower salaries.

*Changes in efficiency levels since the previous reporting period*

The NZ full cohort median cost of the Finance function as a percentage of ORC has reduced from 1.26 percent to 1.14 percent. Figure 39 shows the change in the cost of Finance as a percentage of ORC between reporting periods across the NZ cohorts.

Figure 39 | Change in total cost of Finance as a percentage of ORC by NZ cohort



This graph shows that while the NZ full cohort median reduced by 0.12 percent (a 9.5 percent change):

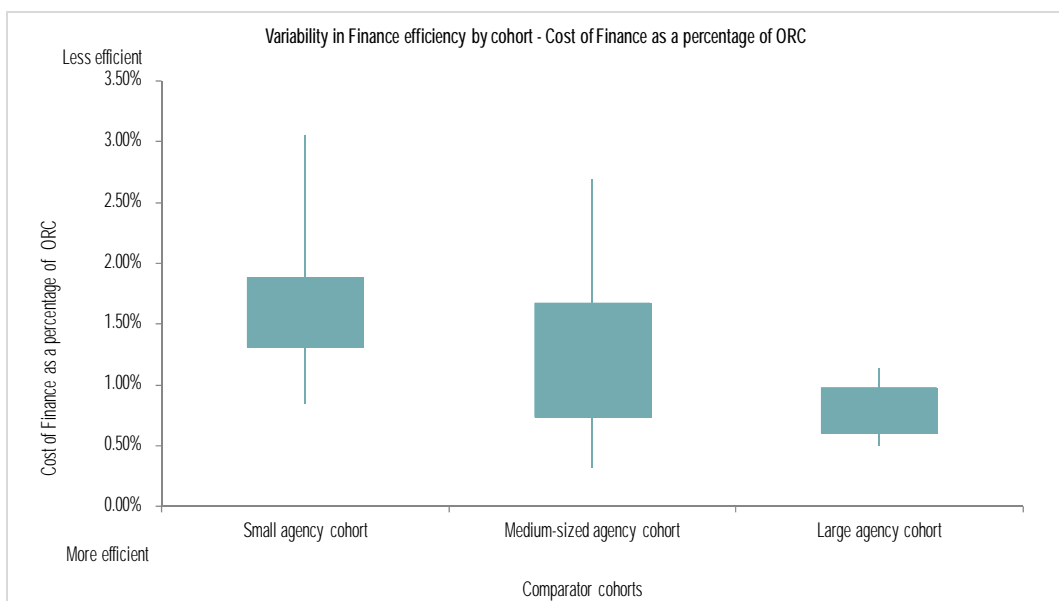
- The large agency cohort median remained the same
- The medium-sized agency cohort median increased by 0.11 percent (a 7.3 percent change)
- The small agency cohort median reduced 0.34 percent (a 18.1 percent change)

For the thirty-one agencies that reported for two fiscal years, the cost as a percentage of ORC increased in seven agencies and reduced in twenty-four agencies.

*Opportunities to improve efficiency and related potential gross savings*

There is high variability in the cost of Finance as a percentage of ORC within NZ agency cohorts. Figure 40 shows this variability by cohort.

Figure 40 | Variability in Finance efficiency by cohort – Cost of Finance as a percentage of ORC



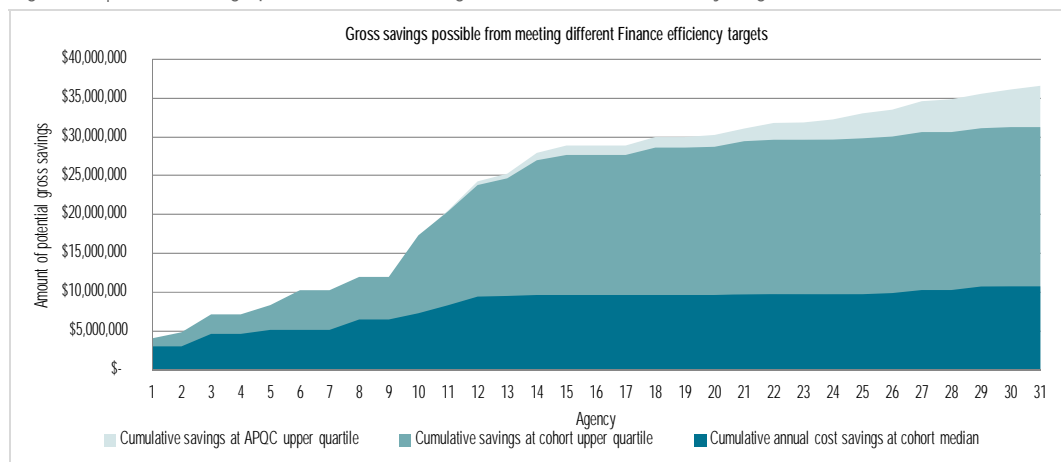
There is an opportunity for gross savings of \$10.7 million each year by reducing the variability in efficiency across agencies in their cohorts.<sup>24</sup> If all agencies above their cohort median cost of finance as a percentage of ORC reduced costs to their cohort median, gross savings of \$10.7 million per year are possible.

Gross savings of \$31.3 million to \$36.6 million are possible if agencies pursue more aggressive targets for Finance cost as a percentage of ORC, including upper quartile performance in their cohort or international benchmarks. Agencies should set realistic efficiency targets, taking into account their operational context. Choices can include meeting more aggressive targets than the cohort median performance, such as:

- Upper quartile performance for their cohort, which is 1.31 percent for the small agency cohort, 0.74 percent for the medium-sized agency cohort, and 0.61 for the large agency cohort
- International benchmarks, such as American Productivity & Quality Center (APQC) similar industries top performers at 0.62 percent of ORC.

Figure 41 shows the possible gross savings for different efficiency improvement scenarios along with the number of agencies required to achieve the gross savings in each scenario.<sup>25</sup>

Figure 41 | Gross savings possible from meeting different Finance efficiency targets



The potential gross savings through improved Finance as a percentage of ORC targets are:

- \$10.7 million in gross savings if 15 of 31 agencies reach their cohort median performance
- \$31.3 million in gross savings if 23 of 31 agencies reach their cohort upper quartile performance
- \$36.6 million in gross savings if 25 of 31 agencies reach the APQC upper quartile benchmark for similar industries.

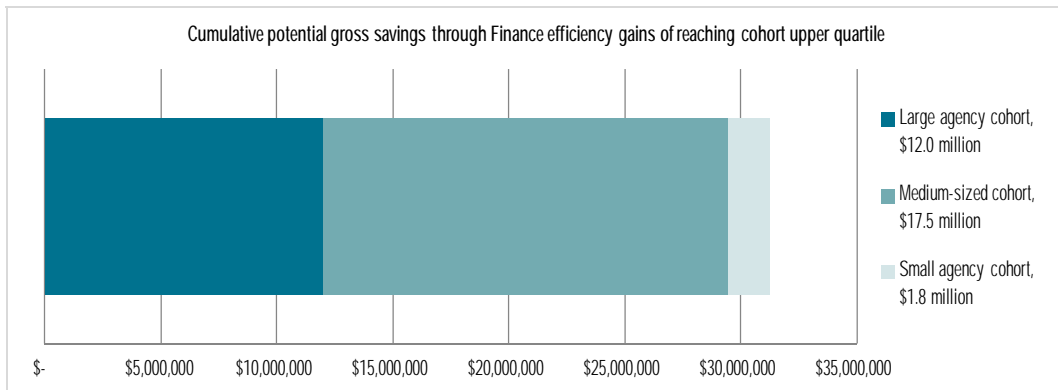
<sup>24</sup> Note that all saving scenario figures are gross amounts. To achieve these will typically require some upfront investment

<sup>25</sup> Note that the 31 agencies in figure 41 are listed by the large agency cohort first to the small agency cohort, but are not sorted in any order within each cohort.



While the small agencies are the least efficient overall, the greatest potential for gross savings is in the medium-sized and large agencies. Small agencies are not the major source of savings because they make up only 7.4 percent (\$9.4 million) of the \$127.7 million spent on Finance. Figure 42 shows potential for the different cohorts to contribute to gross Finance savings of \$31.3 million by meeting upper quartile performance within their cohort.

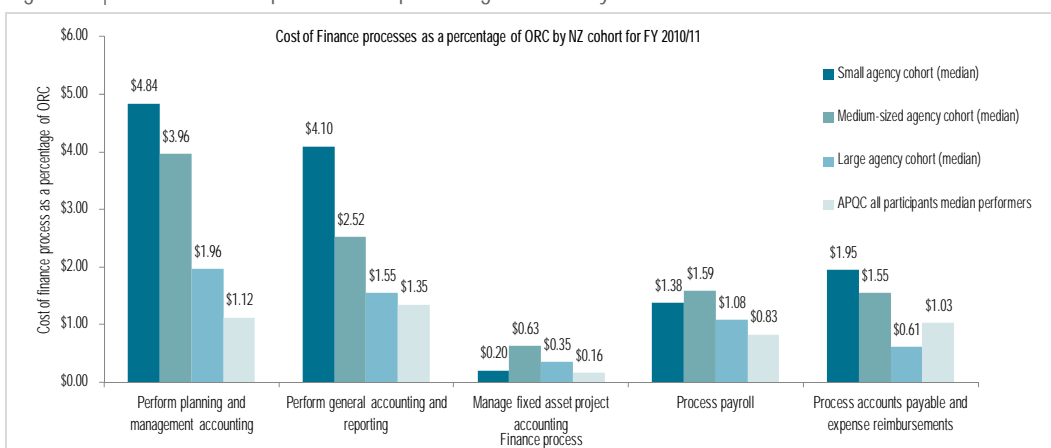
Figure 42 | Cumulative potential gross savings through Finance efficiency gains by NZ agency cohort



As shown in figure 42, around \$17.5 million, or 56 percent, of the potential gross savings of \$31.3 million would be realised from medium-sized agencies moving to their cohort upper quartile. Conversely, only around \$1.8 million, or 6 percent, would be realised from small agencies moving to their cohort upper quartile.

The large agency cohort has more efficient Finance functions than small and medium-sized agency cohorts in four of the five Finance processes. Figure 43 shows that the large agency cohort is more efficient across all processes except for managing fixed asset project accounting.

Figure 43 | Cost of Finance process as a percentage of ORC by NZ cohort for FY 2009/10 and FY 2010/11



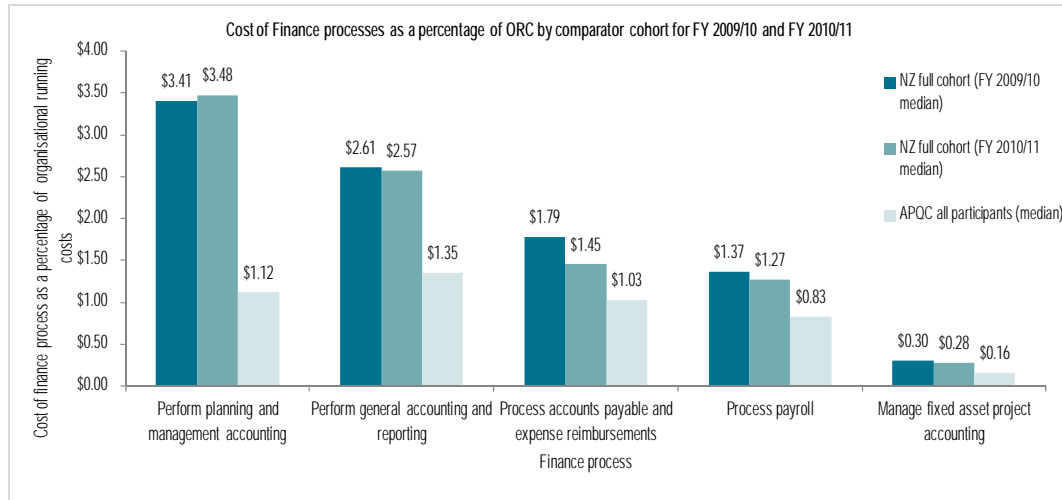
The percentage differences in process costs are as follows:

- Planning and management accounting in the small agency cohort is 147 percent higher.
- General accounting and reporting in the small agency cohort is 164 percent higher.
- Payroll process in the small agency cohort is 27 percent higher.

- Accounts payable and expense reimbursement in the small agency cohort is 219 percent higher.

Most Finance processes have reduced in cost as a percentage of ORC, but there are still opportunities for improvement. Figure 44 shows the changes in cost of the finance processes as a percentage of ORC between reporting periods against the APOC all participants cohort.

Figure 44 | Cost of Finance processes as a percentage of ORC by cohort for FY 2009/10 and FY 2010/11



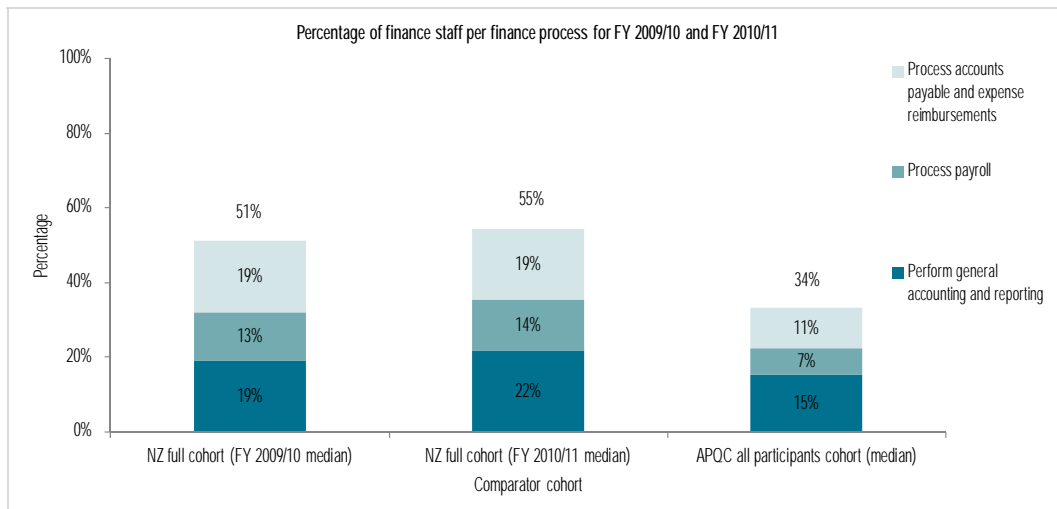
The APOC all participants cohort medians are consistently lower than the NZ full cohort medians:

- Planning and management accounting is 210 percent lower
- General accounting and reporting is 90 percent lower
- Accounts payable and expense reimbursement is 41 percent lower
- Payroll process is 53 percent lower
- Manage fixed asset project accounting is 75 percent lower.

New Zealand agencies spend more effort on transactional processes than international comparators. When comparing full time equivalent (FTE) allocation in the NZ full cohort with the APOC median, significant differences are found for three transactional processes: general accounting, payroll processing, and accounts payable as shown in figure 45.

In the NZ full cohort, 54 percent of all Finance function FTEs are allocated to these three transactional processes compared to only 33 percent for the APOC all participants cohort. This difference shows that the NZ agencies are spending a disproportionate amount of effort on transaction processing, and that there is an opportunity to improve transaction processing efficiency and redeploy Finance staff to more strategic finance activities.

Figure 45 | Percentage of Finance staff per Finance process for FY 2009/10 and FY 2010/11



This graph shows that in the NZ full cohort:

- the general accounting and reporting process uses 22 percent of Finance function FTEs compared with 15 percent for the APQC cohort
- the payroll process uses 14 percent of Finance function FTEs compared with 7 percent for the APQC cohort
- the accounts payable and expense reimbursement process uses 19 percent of Finance function FTEs compared with 11 percent for the APQC cohort.

Note that reported Finance FTEs do not include outsourced FTEs, and agencies should make comparisons to other agencies in the context of both outsourcing arrangements and relative cost per finance process.

### Effectiveness findings

Effectiveness findings report on the extent to which Finance activities achieve intended or targeted results. They compare NZ agency effectiveness with international comparators and examine changes in effectiveness since the previous reporting period.

At present, the finance effectiveness metrics are limited to a Finance MPI, where a higher score is considered more effective.

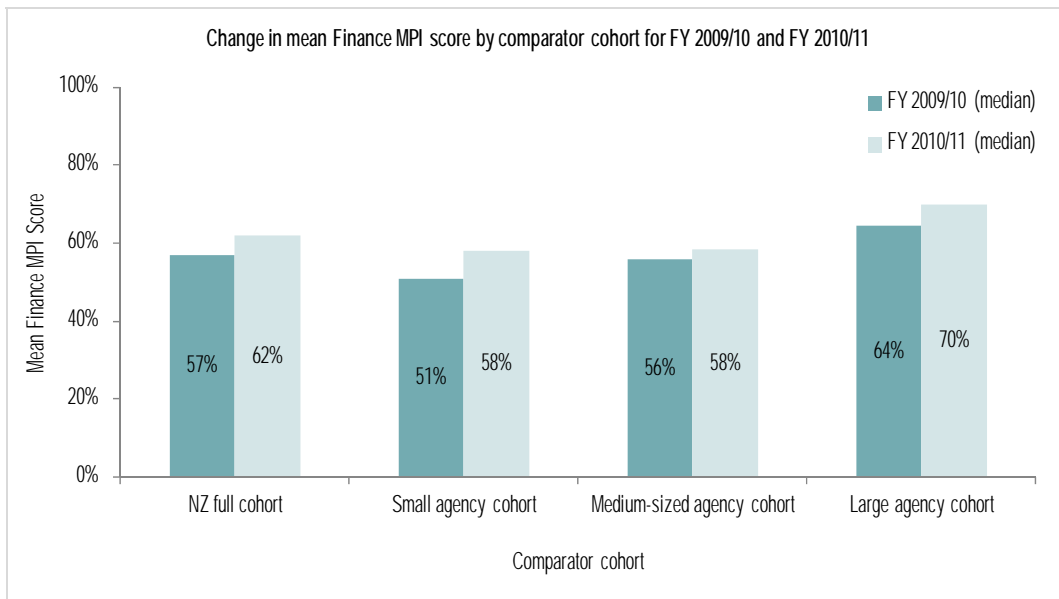
#### *Finance effectiveness overall in FY 2010/11*

The reported NZ full cohort mean Finance MPI score of 62 percent is similar to the UKAA MPI score of 63 percent. The finance MPI score at 62 percent is the lowest of all A&S functions' MPI scores, although is similar to the UKAA MPI practice score of 63 percent.

#### *Changes in effectiveness since the previous reporting period*

Finance MPI scores have increased overall and in each cohort. The change in the mean Finance MPI score by cohort is shown in figure 46.

Figure 46 | Change in mean Finance MPI score by cohort for FY 2009/10 and FY 2010/11



This graph shows that:

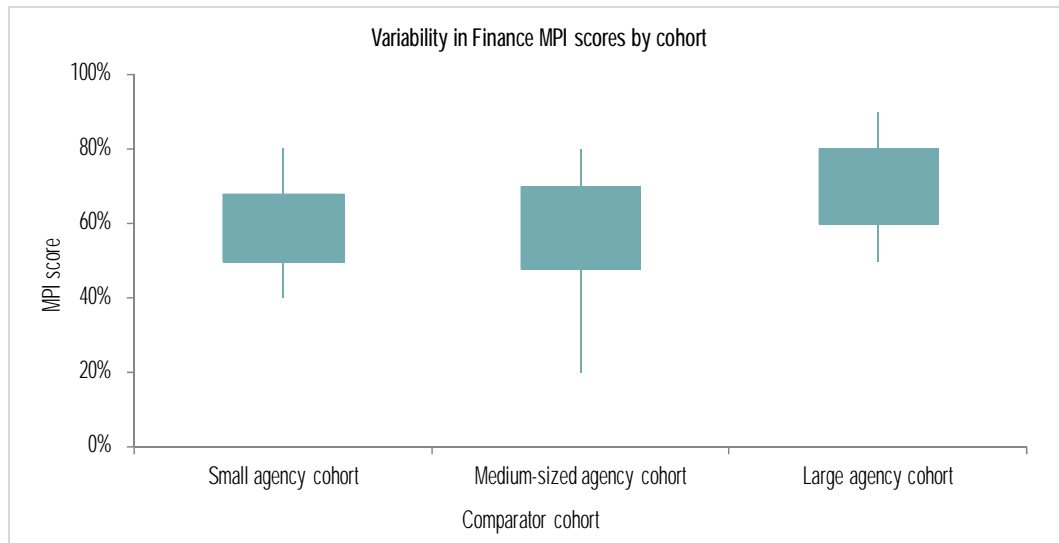
- The reported overall mean MPI score of 62 percent has increased from 57 percent in FY 2009/10.
- All NZ cohorts have increased the median Finance MPI scores.

Note that nine agencies increased their MPI scores over the two reporting periods, and all other agencies had no change in score.

Significant variability in management practice and instances of strong practice indicate opportunities to leverage knowledge and technology solutions across agencies.<sup>26</sup> Figure 47 shows that variability in MPI scores ranges from 20 percent to 90 percent.

<sup>26</sup> Four of the 10 Finance management practices are technology dependant

Figure 47 | FY 2010/11 Variability in Finance MPI score by cohort



This variability indicates opportunities for improvement and knowledge-sharing across agencies, regardless of size.

#### *Opportunities to improve effectiveness*

A closer look at the most common missing elements of Finance management practice shows opportunities to strengthen the strategic role and capability of the Finance function. A 2008 study found the need for Finance to play a more strategic role and the need for Finance capability development.<sup>27</sup> Three findings from the FY 2010/11 benchmarking study support these conclusions.

- Only 58 percent of agencies reported having a comprehensive professional development programme for Finance staff with at least five days of professional development per annum per employee (an increase from 55 percent in FY 2009/10). Limited development of Finance staff is a barrier to addressing the capability gaps identified in a previous review.<sup>28</sup>
- Only 39 percent of agencies reported having customer satisfaction surveys at least annually with results published and acted upon (an increase on 29 percent in FY 2009/10). Understanding and acting on the needs and views of customers enables the Finance function to build effective relationships with the business and provide more strategic services.

<sup>27</sup> The Treasury, Public Sector Financial Management Capability Report 2008, New Zealand Government, Wellington (survey done in 2008; information released in 2009).

<sup>28</sup> The Treasury, Public Sector Financial Management Capability Report 2008, New Zealand Government, Wellington (survey done in 2008; information released in 2009).

- Only 29 percent of agencies reported having a fully automated accruals system (an increase from 26 percent in FY 2009/10). While automated accruals functionality is just one feature of a modern and effective FMIS, when taken into consideration alongside other research, it provides a proxy indicator of the likely overall management information system (MIS) capability.<sup>29</sup> An effective MIS environment across the sector is necessary to provide quality management information in a timely fashion, support agencies with their decision making, and support the efficient operation of the Finance function.

### Quality of management information

These findings report on known Finance data quality issues, limitations of the indicator set in providing insight into Finance service performance, and opportunities for improvement. The Context chapter includes common quality of management information findings across all functions that are not repeated in this chapter.

**The quality of the data underlying the metrics is of a high standard, and information can be meaningfully compared.** Finance data is collected and stored centrally by agencies, making high-quality data readily available for metric calculation.

**Note that for this exercise, the payroll process is included within the Finance function for comparability with international benchmarks.** However, operationally, most agencies consider payroll to be part of the HR function.

**Finance practitioners have asked for improvements in Finance effectiveness measurement for FY 2011/12.** The Treasury will support Finance practitioners to make improvements to the Finance MPI, moving away from a straight 'yes/no' assessment to a capability maturity model with different levels of maturity. This will be based on The Hackett Group's capability maturity model for Finance. Practitioners are also keen to expand the Finance effectiveness metrics, as the Finance MPI is the only effectiveness metric at present.

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<sup>29</sup> The Treasury, Public Sector Financial Management Capability Report 2008, New Zealand Government, Wellington (survey done in 2008; information released in 2009).

# Information and Communications Technology

## Commentary

By Stuart Wakefield, Director, Office of the Government Chief Information Officer (OGCIO), Department of Internal Affairs.

**Information and Communications Technology (ICT) leaders are working with the Treasury to refine metrics and provide more insight into ICT performance across government.** The individual agency information in this report is useful to CIOs. It helps generate questions about the patterns, context, and drivers of cost and effort in individual agencies, and the metrics used in this report were selected for this purpose. While the Better Administrative & Support Services (BASS) ICT metric set has been a good start, more and different management information is required to inform government-wide strategies and decisions by the ICT Strategy Group, ICT Council, and Government Enterprise Architecture Group.

**More detailed measurement and benchmarking will identify trends and opportunities to lift ICT performance across government.** Australian jurisdictions do significantly more detailed measurement to identify low value spending, inform strategies and investments, drive an agenda of ICT efficiency, and embed a culture of agencies reusing and sharing rather than building and operating their own systems. At the time this document was written, the OGCIO together with the Treasury were exploring options for collaborating with Australian jurisdictions to share intellectual property and data for more detailed ICT benchmarking and insight.

**The Directions and Priorities for Government ICT programme should lead to greater efficiency and cost savings, and these improvements should be evident in the next BASS report.** The ICT Strategy Group and the ICT Council lead this programme. It focuses on aggregating demand to procure ICT goods and services from third parties at lower cost, leveraging scale across government for common services, and improving ICT effectiveness by standardising and enabling service transformation. While the impact of the programme should be evident in FY 2011/12 performance information, it is worth noting that overall ICT spending is likely to continue to trend upwards as agencies invest capital in transformation projects that will realise savings in non-ICT business spending.

**The Common ICT Capability Roadmap advances the Directions and Priorities for Government ICT.** Two key initiatives from the Common ICT Capability Roadmap have recently been launched:

- **Government Infrastructure as a Service is available for agencies to buy their computing infrastructure 'on demand'.** This initiative reduces the need for agencies to purchase and maintain their own infrastructure (IT hardware used to run their applications, file storage, and other standard ICT functions). Government Infrastructure as a Service is the first step towards government cloud computing, in which an increasing range of services can be provided on

demand. This is a significant milestone in the Government's progress on the ICT Roadmap, and more initiatives like this one are likely to be rolled out in the next 12 months.

- **The Government has recently announced the launch of the New Zealand Government Cloud Programme.** This programme is at the business case stage, and it is evaluating how Cloud office productivity services could be integrated with legacy systems and services. The programme will identify how Cloud business models could be leveraged across government and what services it could deliver. This work builds on the Department of Conservation's Smart Desktop Services (SDS) programme, which confirmed the potential for a government-wide cloud-based model for desktop computing.

I look forward to seeing the impact of improvement programmes and a richer government-wide ICT performance story in the next report. I encourage ICT professionals to use the information about their individual agencies in this report by comparing and contrasting their results with those in other organisations and asking questions about drivers of cost and performance and lessons learnt. And I look forward to working with ICT professionals and the Treasury to improve the quality of the management information about whole of government ICT performance.

## Findings

### Highlights of findings

- **Agencies reported spending \$24.7 million more.** Agencies that reported increases attributed these to the Christchurch earthquakes and one-time costs for change and improvement, including capital investment, transformation projects, and preparation for outsourcing ICT.
- **While some agencies reported efficiency gains, there are opportunities for improvement.** Overall, NZ agencies reported spending a significantly higher amount on ICT as a percentage of organisational running costs (ORC) than international benchmarks. There is an opportunity for \$130.2 million in gross savings each year if all agencies reduced their cost of infrastructure as a percentage of ORC to their cohort median.<sup>30</sup> There also appear to be opportunities for greater efficiency by reducing spending and effort on applications development, implementation, and maintenance and by having a less complex ICT environment.
- **ICT effectiveness results show that NZ agencies are effective at supporting systems.** The median time to resolve a service commitment disruption and the mean ICT MPI score are similar to international comparators.<sup>31</sup> Reported system reliability remains high and reflects performance for the top five systems per agency.

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<sup>30</sup> The 31 agencies (full NZ cohort) that participated in this exercise have, for the purposes of comparison, been categorised into three cohorts – 'small agency cohort' refers to agencies with <500 FTEs and/or ORC of <\$95 million; 'medium-sized agency cohort' refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and 'large agency cohort' refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.

<sup>31</sup> Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. Within that methodology, the MPI score assesses "the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function. Details are found in Appendix 4.



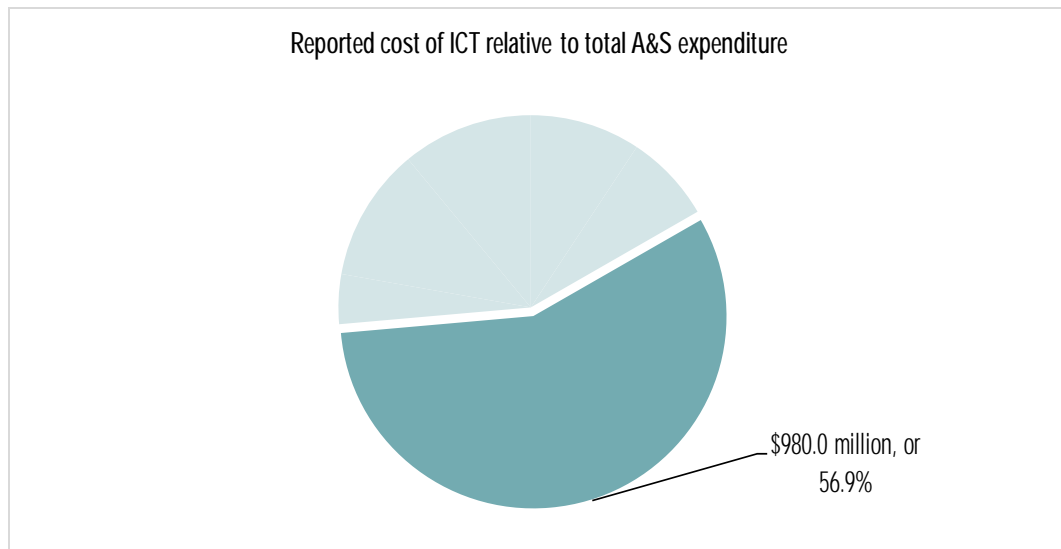
- While the ICT metric set provides useful information to individual agencies, more and different management information is required to inform government-wide strategies and decisions. The OGCIO and the Treasury are exploring options for more detailed ICT management information to support government-wide strategies and decisions by the ICT Strategy Group, ICT Council, and Government Enterprise Architecture Group.

### Cost findings

Cost findings include total spending overall and by cohort. They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

Agencies spent \$980.0 million on ICT in FY 2010/11. Figure 48 shows the reported cost of ICT relative to the total expenditure on administrative and support (A&S) services.

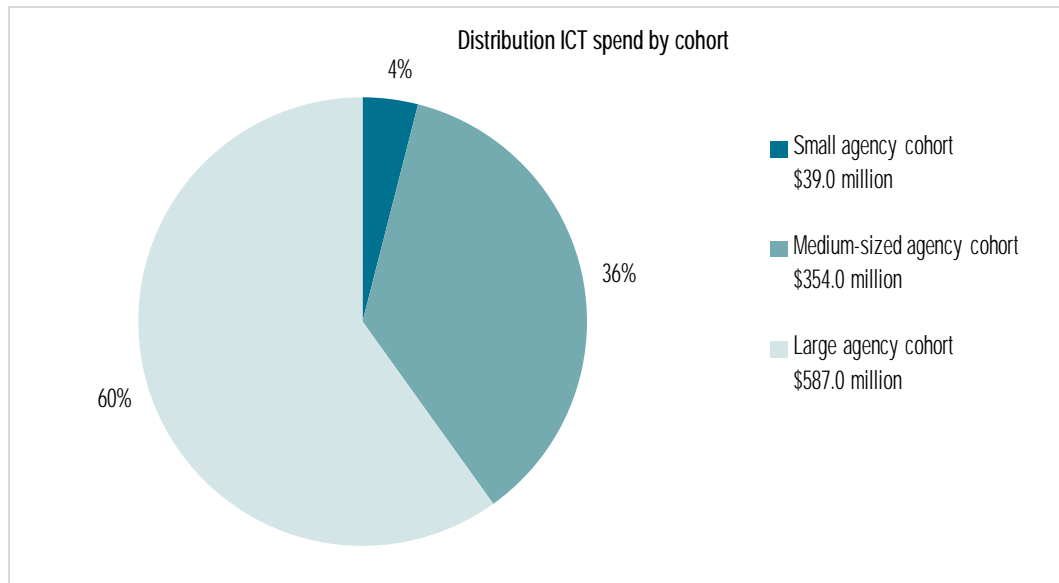
Figure 48 | Reported cost of ICT services relative to total A&S expenditure FY 2010/11



ICT is the largest A&S service function in terms of expenditure, making up \$980.0 million or 56.9 percent of the \$1.722 billion A&S service spending in FY 2010/11. ICT spending as a proportion of A&S service expenditure is relatively unchanged between the two reporting periods (56.1 percent in FY 2009/10 and 56.9 percent in FY 2010/11).

The medium-sized and large agency cohorts make up 96.0 percent of ICT service expenditure. Figure 49 below shows that small agency cohort spending of \$39.0 million is 4.0 percent of spending; medium-sized agency cohort spending of \$354.0 million is 36.1 percent; and large agency cohort spending of \$587.1 million is 59.9 percent.

Figure 49 | Distribution of ICT spend by cohort FY 2010/11



*Changes in spending since the previous reporting period*

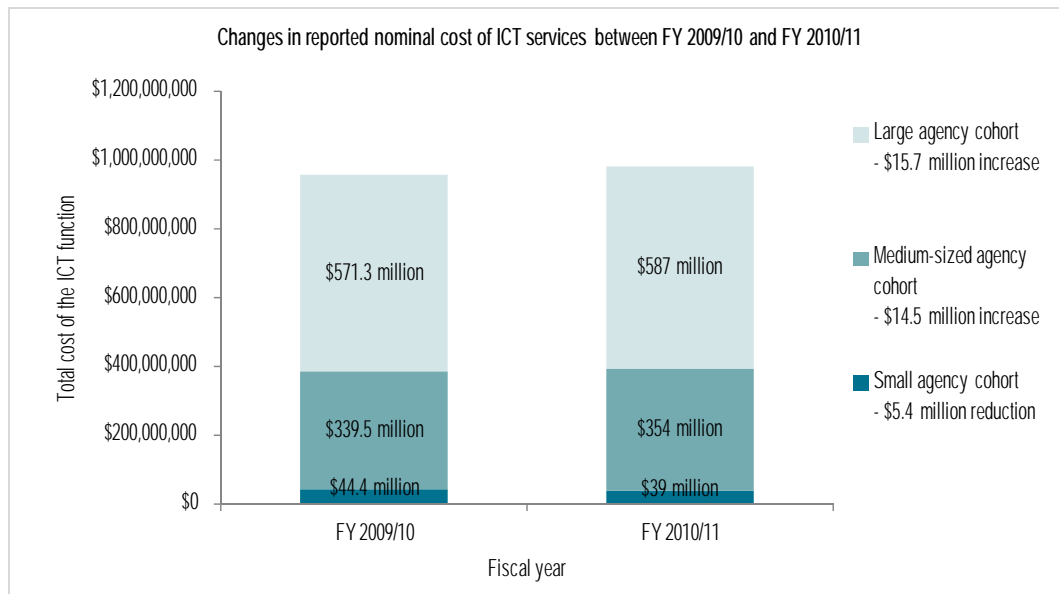
Agencies that measured for both FY 2009/10 and FY 2010/11 reported a nominal ICT spending increase of \$24.7 million, which is a \$2.8 million increase when adjusted for inflation. ICT nominal spend was \$955.3 million in FY 2009/10 and \$980.0 million in FY 2010/11, an increase of \$24.7 million or 2.6 percent. When adjusted for inflation, the \$955.3 million spent on ICT in FY 2009/10 is \$977.3 million in FY 2010/11 dollars, representing a \$2.8 million (or 0.3 percent) increase.<sup>32</sup>

The net increase of \$24.7 million results from 13 agencies spending \$40.6 million less and 18 agencies spending \$65.4 million more than in FY 2009/10. Five agencies contributed \$46.5 million of the reported increase of \$65 million. Agencies that reported increases attributed these to the Christchurch earthquakes and one-time costs for change and improvement, including capital investment, transformation projects, and preparation for outsourcing ICT. Two agencies contributed \$23.6 million to the reported total reduction of \$40.6 million. Agencies that reported reductions cited outsourcing, changes to ICT systems and service models, and reduced capital investment in FY 2010/11 as key factors.

The medium-sized and large agency cohorts reported ICT spending increases, and the small agency cohort reported an ICT spending reduction. Figure 50 shows ICT nominal service cost changes between FY 2009/10 and FY 2010/11 by cohort.

<sup>32</sup> Inflation-adjusted costs are based on the annualised average Consumer Price Index (CPI) increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase.

Figure 50 | Changes in reported nominal cost of the ICT function between FY 2009/10 and FY 2010/11



This graph shows that:

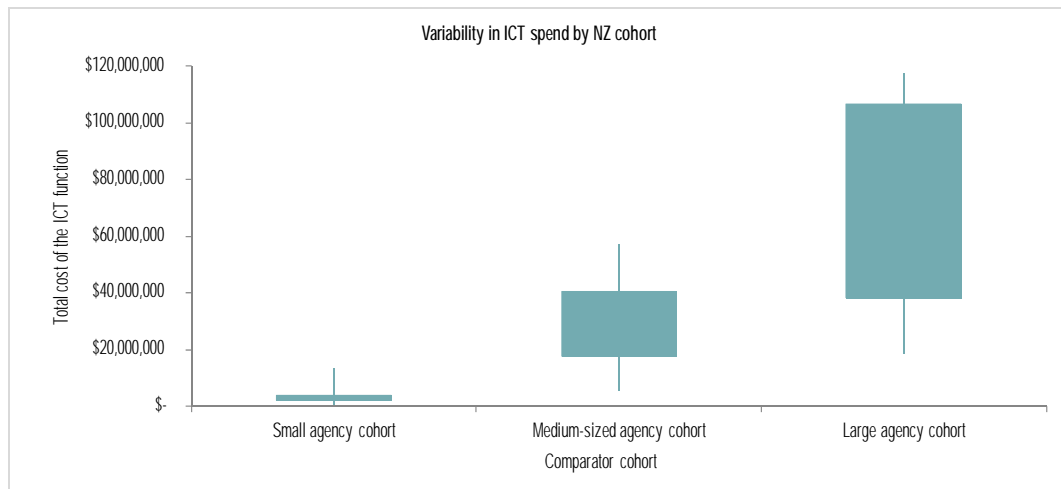
- The small agency cohort reduced spending by \$5.4 million, or 12.2 percent (a reduction of \$6.4 million, or 14.5 percent when adjusted for inflation).
- The medium-sized agency cohort increased spending by \$14.5 million, or 4.3 percent (an increase of \$6.7 million, or 2.0 percent when adjusted for inflation).
- The large agency cohort increased spending by \$15.7 million, or 2.8 percent (an increase of \$2.6 million, or 0.5 percent when adjusted for inflation).

Within each cohort, agencies reported a mix of increases and reductions in spending. The mix by cohort is as follows:

- In the small agency cohort, costs increased in five agencies and reduced in five.
- In the medium-sized agency cohort, costs increased in seven agencies and reduced in five.
- In the large agency cohort, costs increased in six agencies and reduced in three.

There is high variability in ICT spending across agencies and within cohorts. For FY 2010/11, ICT spending per agency across the NZ full cohort ranges from \$0.5 million to \$117.9 million, with median spending at \$19.3 million. Figure 51 shows the variability in ICT spending by cohort.

Figure 51 | Variability in ICT spend by cohort - FY 2010/11



Variability across agencies is a result of:

- different operational needs. Large service delivery agencies generally have more expensive ICT requirements such as specialised line-of-business applications or distributed networks.
- capital spending. The timing of ICT capital expenditure within individual agencies can cause spikes in ICT spending in a particular year, especially when one agency is bearing the cost of building or upgrading systems that serve multiple agencies.
- different levels of efficiency, as covered in the next section.

### Efficiency findings

Efficiency findings report on the ratio of input to output (or the use of resources in a manner that minimises cost, effort, and time) as well as opportunities for efficiency gains and their implications for gross cost savings. Findings also compare NZ agency efficiency with international comparators and examine changes in efficiency since the previous reporting period, adjusting for inflation as appropriate.

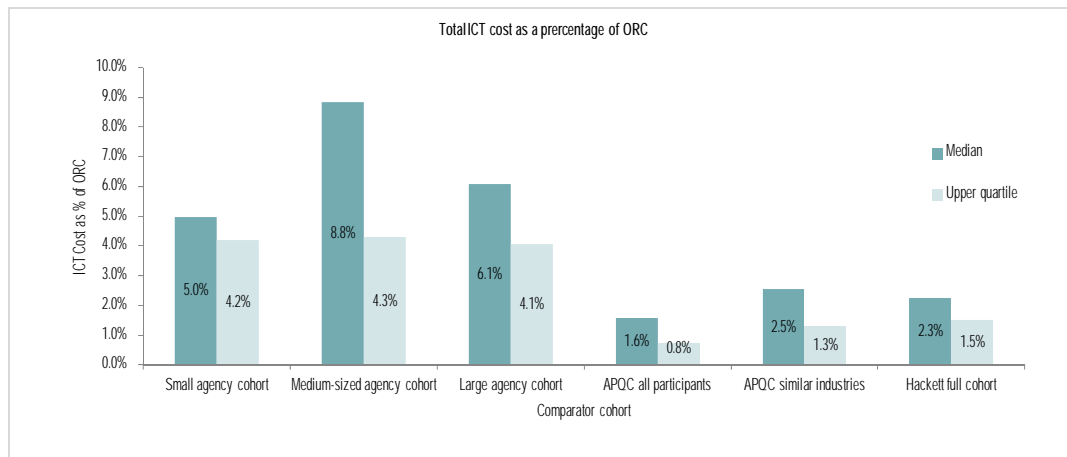
Efficiency findings are based on three metrics:

1. Total cost of ICT as a proportion of organisational running cost (ORC), where a lower cost is more efficient
2. Total ICT cost per end user, where a lower cost is more efficient
3. Number of end users per ICT full time equivalent (FTE), where a higher number of end users is more efficient.

### *ICT efficiency levels overall and by cohort in FY 2010/11*

The NZ full cohort in general – and the medium-sized agency cohort in particular – spends a significantly higher amount on ICT as a percentage of ORC than international comparators. Figure 52 below compares the NZ cohorts' cost of ICT as a percentage of ORC to the American Productivity and Quality Center (APQC) all participant, APQC similar, and The Hackett Group cohorts.

Figure 52 | Total Cost of ICT as a percentage of ORC

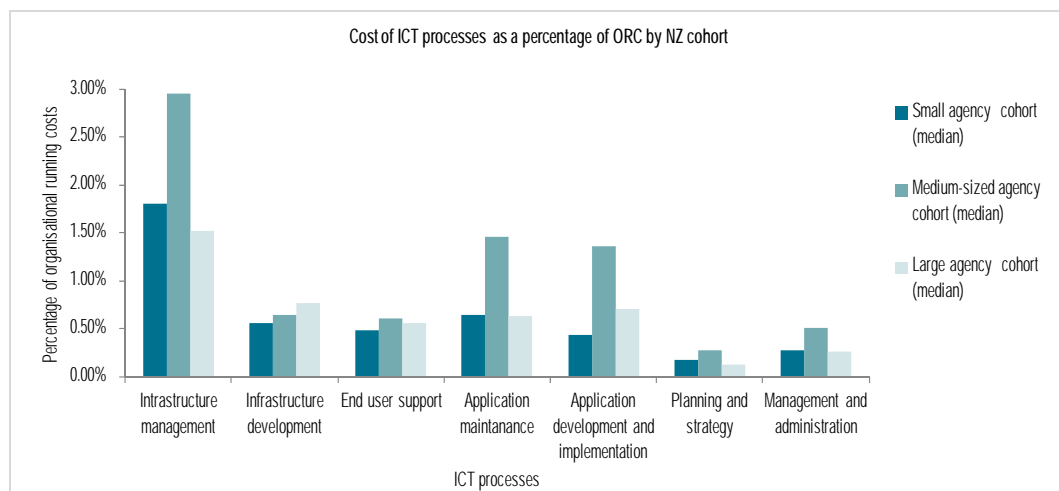


This graph shows that:

- At the median, the small agency cohort (5 percent) has 95.9 percent higher ICT spend as a percentage of ORC than the APOC similar industries cohort (2.5 percent); the medium-sized agency cohort is 248 percent higher, and the large agency cohort is 139 percent higher.
- At the median, against the APOC all participants cohort (which has the lowest costs as a percentage of ORC) the NZ cohorts range from having 212.9 percent to 456.5 percent higher costs as a percentage of ORC.
- At the upper quartile, the NZ cohorts range from having 215 percent to 232 percent higher ICT spend as a percentage of ORC (4.1 – 4.3 percent) than the APOC similar industries cohort (1.3 percent).

For most ICT processes, small and medium-sized agency cohorts have higher costs as a percentage of ORC than the large agency cohort. Figure 53 shows the cost of ICT processes as a percentage of ORC by NZ cohort.

Figure 53 | Cost of ICT processes as a percentage of ORC by NZ cohort

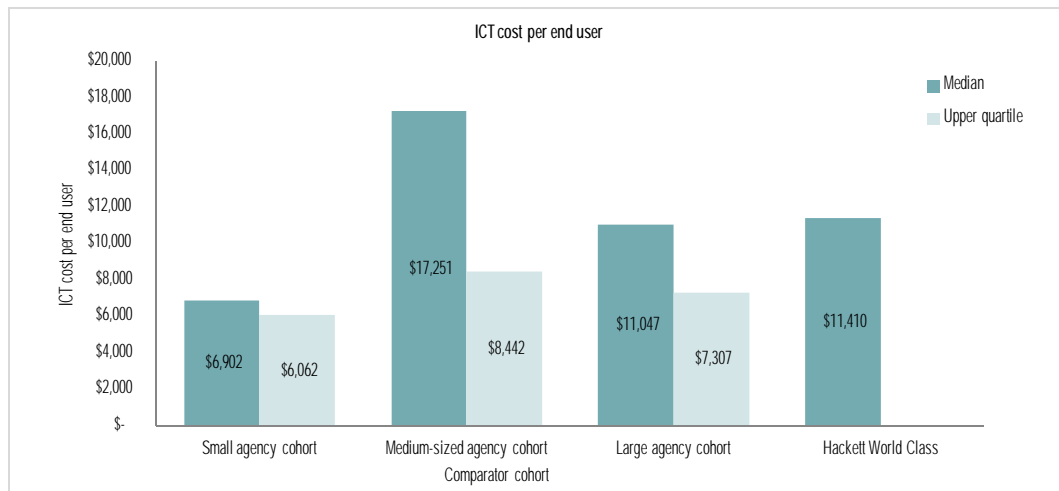


This graph shows that:

- The small agency cohort spent the least on infrastructure development, end user support and application development and implementation as a percentage of ORC. Lower spending on these processes is a result of having limited service delivery functions.
- The medium-sized agency cohort is the least efficient across all processes, except for infrastructure development. Higher spending on these processes is a result of having low ORC relative to large agencies and the impact of the fixed costs associated with line-of-business applications to support service delivery.

The small and large agency cohorts have lower ICT costs per end user than the medium-sized agency cohort and The Hackett Group world-class benchmark. NZ cohort median and upper quartile cost per end user by cohort is shown in figure 54 against The Hackett Group world-class benchmark.<sup>33</sup>

Figure 54 | Total ICT cost per end user by cohort - NZ cohorts versus international comparators

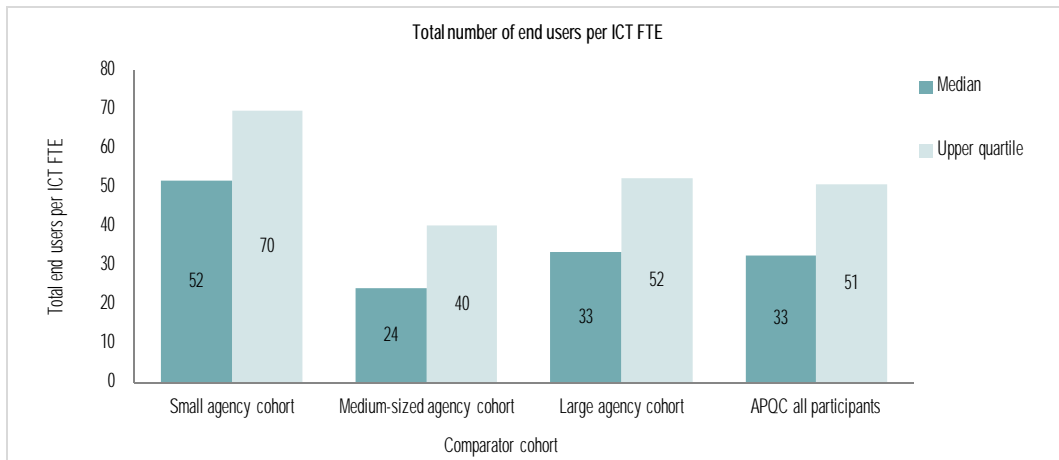


This graph shows that, at the median, the small agency cohort (\$6,902) is 40 percent lower than the Hackett world class benchmark (\$11,410) and the large agency cohort (\$11,047) is 3 percent lower. It also shows that the medium-sized agency cohort (\$17,251) is 51 percent higher than the Hackett benchmark.

The small and large agency cohorts have more end users per ICT FTE than the medium-sized agency cohort, and they meet or exceed the APOC all participant cohort benchmarks. Figure 55 shows the number of users per ICT FTE by cohort versus the APOC all participants cohort.

<sup>33</sup> A lower cost per end user is more efficient

Figure 55 | Number of users per ICT FTE – NZ cohorts versus APOC all participants



This graph depicts that at the median:

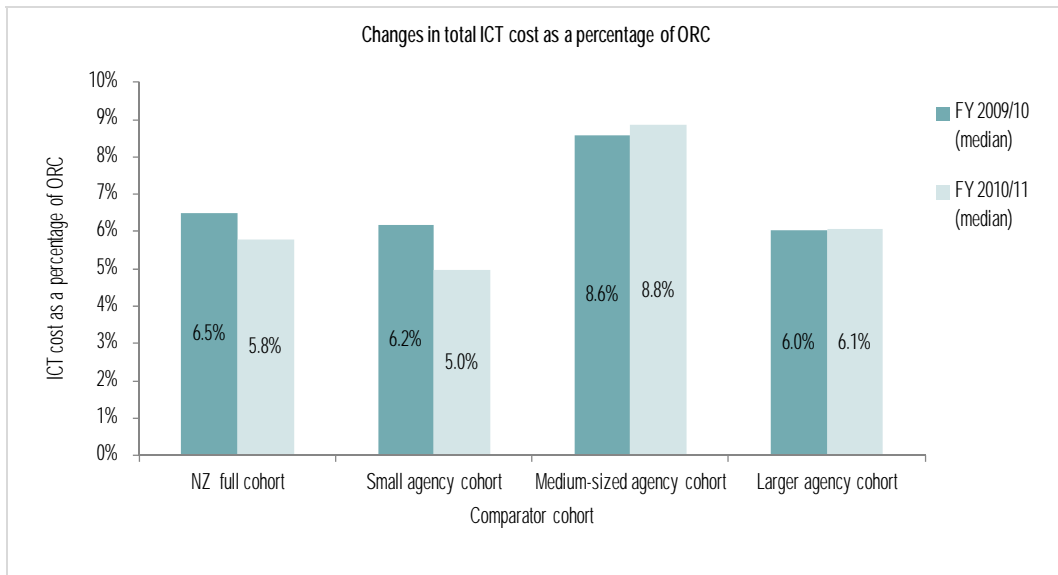
- the small agency cohort has 52 end users per ICT FTE, which is 59 percent higher than the APOC all participant cohort
- the medium-sized agency cohort has 24 end users per ICT FTE, which is 26 percent lower than the APOC all participant cohort
- the large agency cohort has 33 end users per ICT FTE, which is equal to the APOC all participant cohort.

While the number of end users per ICT FTE is a generally accepted measure of efficiency, results should be interpreted in the context of what each agency outsources.

*Changes in efficiency levels since the previous reporting period*

The NZ full median cohort cost of ICT as a percentage of ORC reduced from 6.5 percent to 5.8 percent between FY 2009/10 and FY 2010/11. Figure 56 shows the medians for each of the two reporting periods overall and by cohort.

Figure 56 | Change in total cost of ICT per as a percentage of ORC

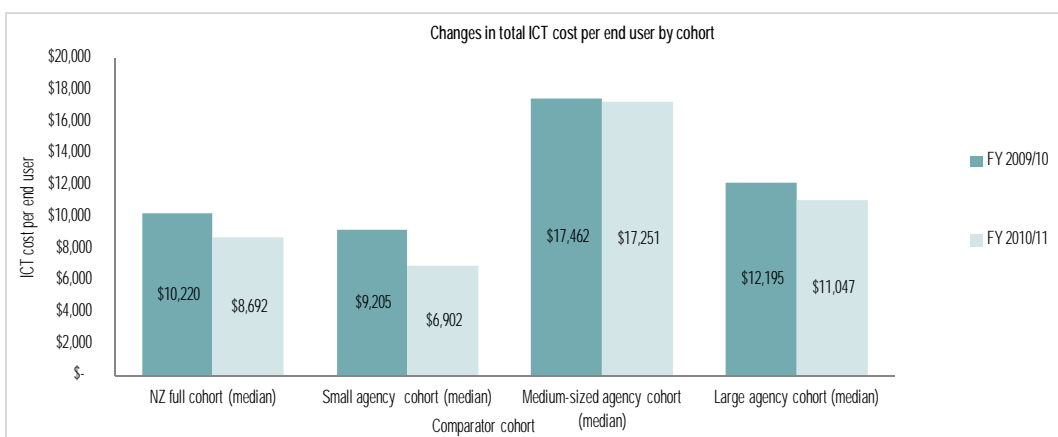


Findings also show that over the past year, the small agency cohort delivered the largest gains in ICT efficiency and is now more efficient than the large agency cohort by this metric.

Note that the small agency cohort is expected to have relatively low ICT costs as a percentage of ORC because smaller agencies often do not require costly line-of-business systems to support service delivery. Medium-sized agencies are expected to be the least efficient against this metric as many of them need costly specialised line-of-business and service delivery applications or distributed networks, yet have significantly lower ORC than the large cohort agencies. Larger agencies are expected to be more efficient than medium-sized agencies because they have the advantage of economies of scale and scope, such that the marginal costs to develop, implement, and support additional line-of-business applications are lower.

The total ICT cost per end user reduced between FY 2009/10 and FY 2010/11 across all cohorts. Figure 57 shows the medians for the two reporting periods overall and by cohort.

Figure 57 | Change in total ICT cost per end user by cohort



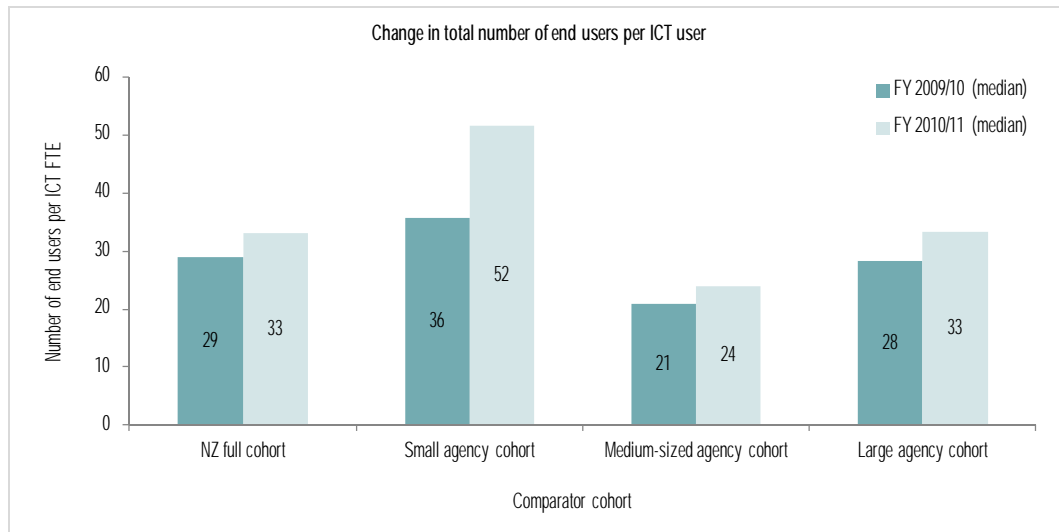


The graph shows that at the median:

- the NZ full cohort cost per end user reduced by \$1,528, or 15 percent (a reduction of \$1,763 or 17 percent when adjusted for inflation)
- the small agency cohort cost per end user reduced by \$2,303, or 25 percent (a reduction of \$2,515 or 27 percent when adjusted for inflation)
- the medium-sized agency cohort reduced by \$211, or 1 percent (a reduction of \$613 or 3 percent when adjusted for inflation)
- the large agency cohort reduced by \$1,148, or 9 percent (a reduction of \$1,428 or 11 percent when adjusted for inflation).

The number of end users per ICT FTE increased between FY 2009/10 and FY 2010/11 across all cohorts. Figure 58 shows the medians for the two reporting periods overall and by cohort.

Figure 58 | Change in number of users per ICT FTE



The graph shows that at the median:

- the NZ full cohort total number of end users per ICT employee increased by four, or 13.8 percent
- the small agency cohort number of end users per ICT employee increased by 16, or 44.9 percent
- the medium-sized agency cohort number of end users per ICT employee increased by three, or 14.8 percent
- the large agency cohort number of end users per ICT user increased by five, or 18.1 percent.

Note that reported ICT FTEs do not include outsourced FTEs, and agencies should make comparisons to other agencies in the context of both outsourcing arrangements and relative cost per ICT end user.

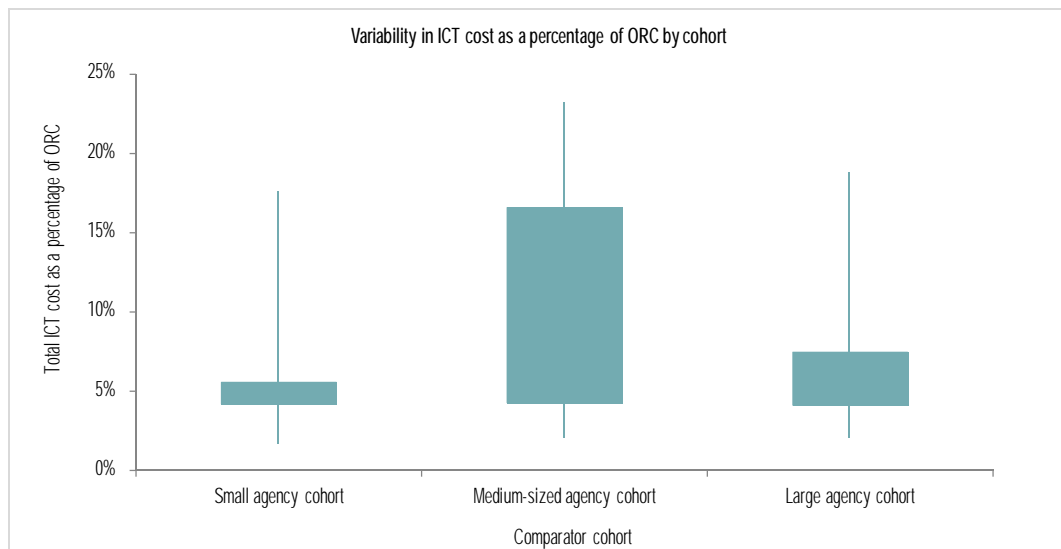
The efficiency gap between the medium-sized agency cohort and the other cohorts has increased. This gap has increased for each metric:

- **Total ICT cost as a percentage of ORC.** The small agency cohort has moved from being 39.0 to 77.9 percent lower, and the large agency cohort from being 42.7 to 45.9 percent lower than the medium-sized agency cohort.
- **Total ICT cost per end user.** The small agency cohort has moved from being 47.3 to 60.0 percent lower, and the large agency cohort from being 30.2 to 36.0 percent lower than the medium-sized agency cohort.
- **Total number of end users per ICT FTE.** The small agency cohort has moved from being 41.3 to 53.5 percent higher (where a higher number of end users is better), and the large agency cohort from being 25.8 to 27.9 percent higher than the medium-sized agency cohort.

*Opportunities to improve efficiency and related potential gross cost savings*

There is high variability in ICT spending on infrastructure services as a percentage of ORC across the cohorts. Figure 59 shows this variability by cohort.

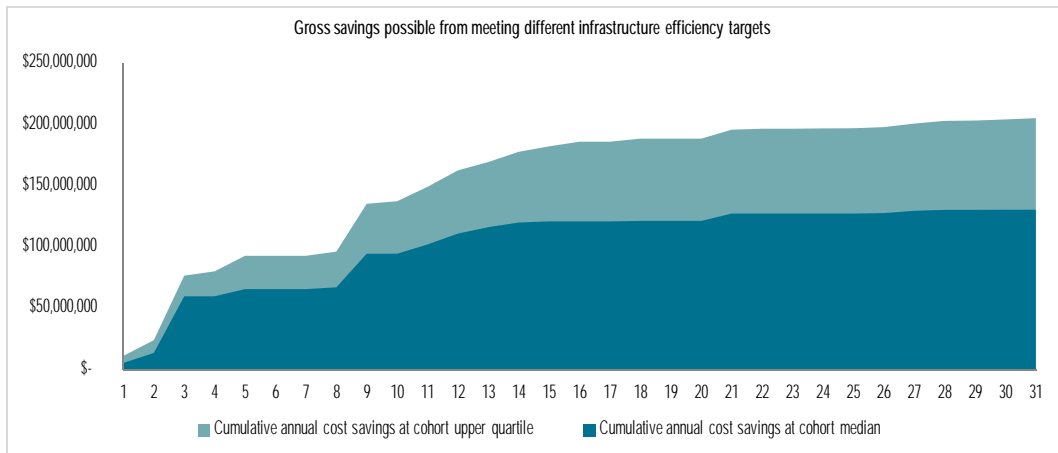
Figure 59 | Variability in ICT efficiency by cohort – ICT infrastructure cost as a percentage of ORC FY 2010/11



There is an opportunity for gross savings of \$130.2 million each year by reducing variability in infrastructure efficiency within cohorts. ICT infrastructure is a good candidate for achieving gross savings through cross-agency collaboration for two reasons: ICT infrastructure makes up a large percentage (41.3 percent) of total ICT spend, and infrastructure costs are lower when purchased in higher volumes. If all agencies above their cohort median cost of infrastructure as a percentage of ORC reduced infrastructure costs to their cohort median, they would collectively achieve gross savings of \$130.2 million each year.

Gross savings of \$204.9 million a year are possible if agencies pursue more aggressive targets for infrastructure efficiency, including upper quartile performance in their cohort. Agencies should set realistic efficiency targets, taking into account their operational context. Choices can include meeting more aggressive targets than their cohort median performance, including upper quartile performance. Potential gross savings are depicted in figure 60.<sup>34</sup>

Figure 60 | Gross savings possible from meeting different infrastructure efficiency targets



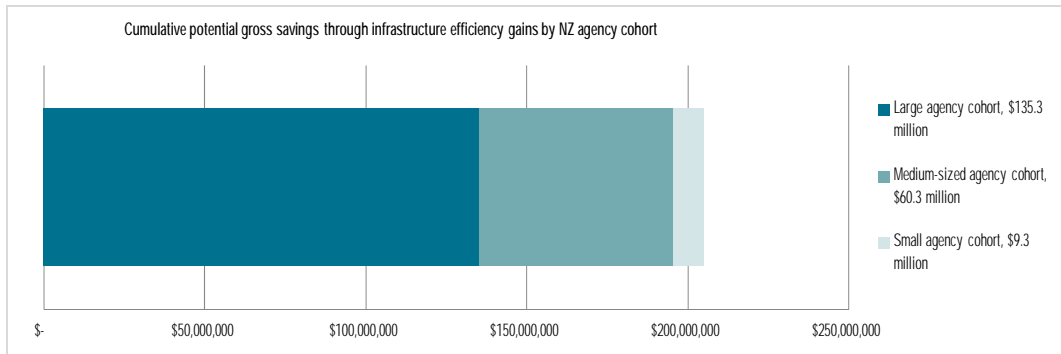
The potential gross savings by improved infrastructure cost as a percentage of ORC are:

- \$130.2 million in savings if 17 of 31 agencies reach their cohort median performance
- \$204.9 million in savings if 23 of 31 agencies reach their cohort upper quartile performance.

While the medium-sized agency cohort is the least efficient overall, the greatest potential for gross savings is in the large agency cohort. The medium-sized agency cohort is not the major source of potential gross savings because they make up 32.7 percent (\$132.3 million) of the \$404.5 million spent on ICT infrastructure services, compared to the large agency cohort spend of 63.5 percent (\$257 million). Figure 61 shows potential for the different cohorts to contribute to ICT gross savings of \$204.9 million by meeting upper quartile performance within their cohort for infrastructure efficiency.

<sup>34</sup> Note that the 31 agencies in figure 60 are listed by the large agency cohort first to the small agency cohort, but are not sorted in any order within each cohort.

Figure 61 | Cumulative potential gross savings through ICT infrastructure efficiency gains by NZ agency cohort



As shown in figure 61:

- \$135.3 million, or 66.0 percent, of the potential gross savings would be realised from agencies in the large agency cohort moving to their cohort upper quartile.
- \$60.3 million, or 29.4 percent, of the potential gross savings would be realised from agencies in the medium-sized agency cohort moving to their cohort upper quartile.
- \$9.3 million, or 4.6 percent, of the potential gross savings would be realised from agencies in the small agency cohort moving to their cohort upper quartile.

The findings suggest that two processes – application maintenance and application development and implementation – are potential areas for savings because of the magnitude of spending and effort on these processes. Figure 62 shows that the combined application maintenance and application development and implementation processes accounted for 38.7 percent of total ICT cost for FY 2010/11.

Figure 62 | Distribution of total ICT cost across ICT processes

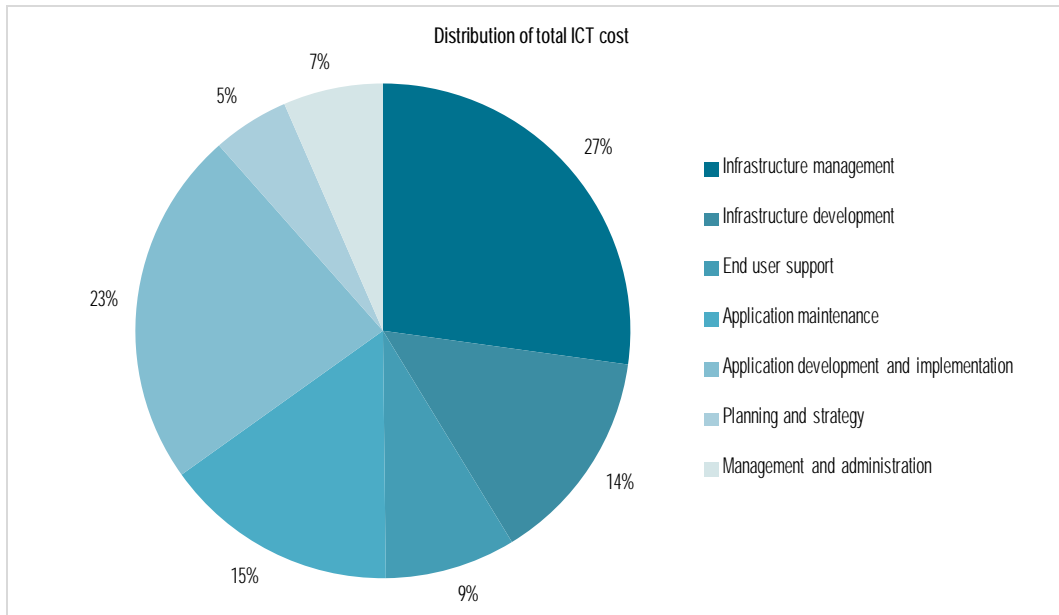
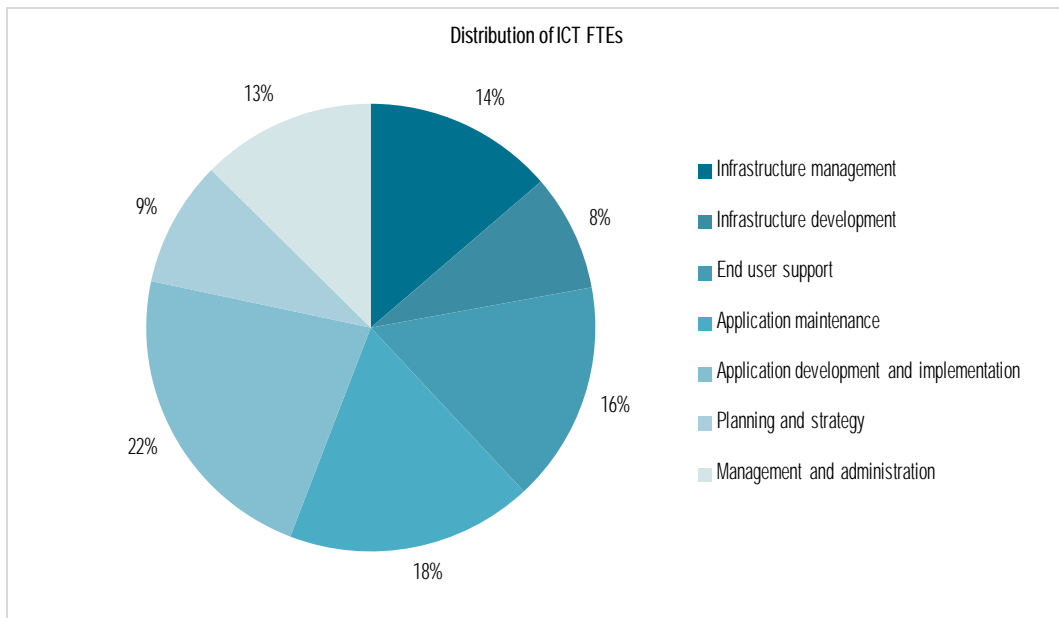


Figure 63 shows the distribution of ICT FTEs across the seven ICT processes and that application management and application development and implementation processes accounted for 40.3 percent of ICT FTEs for FY 2010/11.

Figure 63 | Distribution of ICT FTEs across ICT processes



The distribution of total ICT cost provides more insight than the distribution of ICT FTEs as the FTEs reported do not include outsourced FTEs.

**NZ average fully loaded labour costs are significantly lower than international comparators.**<sup>35</sup> Because labour costs make up 25.6 percent of the total cost of the ICT function, and because New Zealand has a lower cost labour market, agencies have a substantial advantage over international comparators, as shown in figure 64.

Figure 64 | Average fully loaded labour cost



This graph shows that New Zealand full cohort ICT labour costs are 50.5 percent lower than the Hackett Peer Group and 40.6 percent lower than Hackett Group world-class organisations, although they have shown a 4.8 percent increase from FY 2009/10.

**Over time, reduced complexity in the applications environment can strengthen ICT efficiency.** Other studies of the ICT function in New Zealand agencies have found that the applications environment is more complex than it needs to be. As stated in the Implementation of Directions and Priorities for Government ICT “fragmented agency-centric investment in ICT is still the norm. This silo approach, and current legislative impediments, constrains standardisation and the sharing of resources and solutions which could reduce costs”.<sup>36</sup> A highly complex environment is inefficient due to the higher cost of building and maintaining duplicative applications.

However, reducing complexity in the ICT environment is not a quick fix. It requires agencies to move to a more common, standardised environment as current applications reach the end of their life. Transformation must be driven by a clear vision for the future state of the applications environment and supported by a multi-year and coordinated action plan.

<sup>35</sup> The definition of Fully Loaded Labour Cost is included in Appendix 2

<sup>36</sup> Department of International Affairs, Implementation of Directions and Priorities for Government ICT, Wellington, 2010, p. 6. Available at [www.dia.govt.nz/Directions-and-Priorities-for-Government-ICT](http://www.dia.govt.nz/Directions-and-Priorities-for-Government-ICT) (accessed 14 March 2011).

## Effectiveness findings

Effectiveness findings report on the extent to which ICT activities achieve intended or targeted results. They compare NZ agency effectiveness with international comparators and examine changes in effectiveness since the previous reporting period.

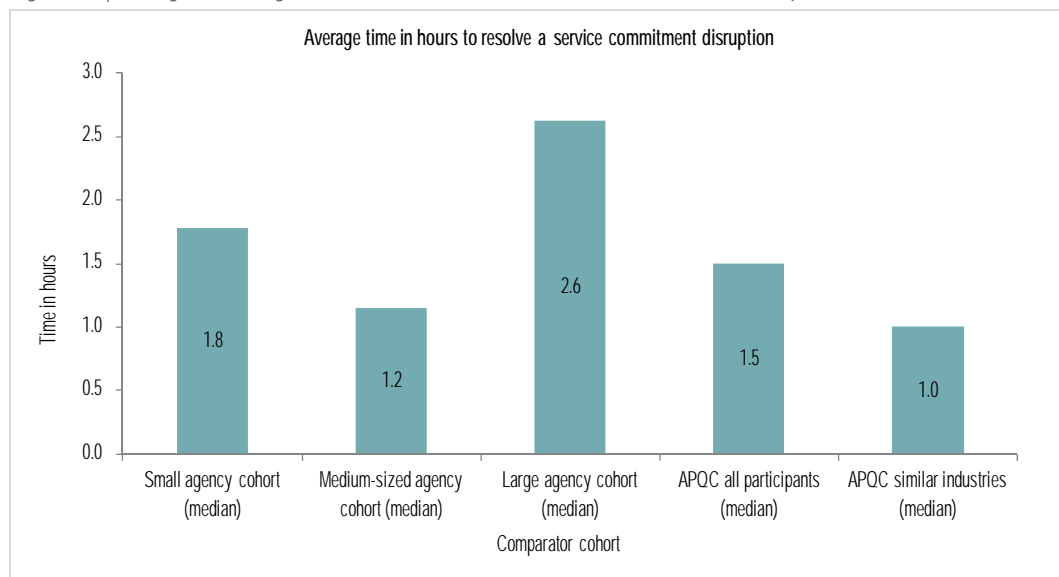
Effectiveness findings are based on three metrics:

1. Average time in hours to resolve a service commitment disruption, where less time is considered more effective
2. System availability (top five systems per agency), where a higher percentage is considered more effective
3. ICT MPI score, where a higher score is considered more effective.

*ICT effectiveness overall and by cohort in FY 2010/11*

**Average time in hours to resolve service commitment disruptions indicates that New Zealand agencies are effective at supporting systems.** The NZ full cohort mean time in hours to resolve a service commitment disruption is shown in figure 65, along with international comparators.

Figure 65 | Change in average time in hours to resolve a service commitment disruption

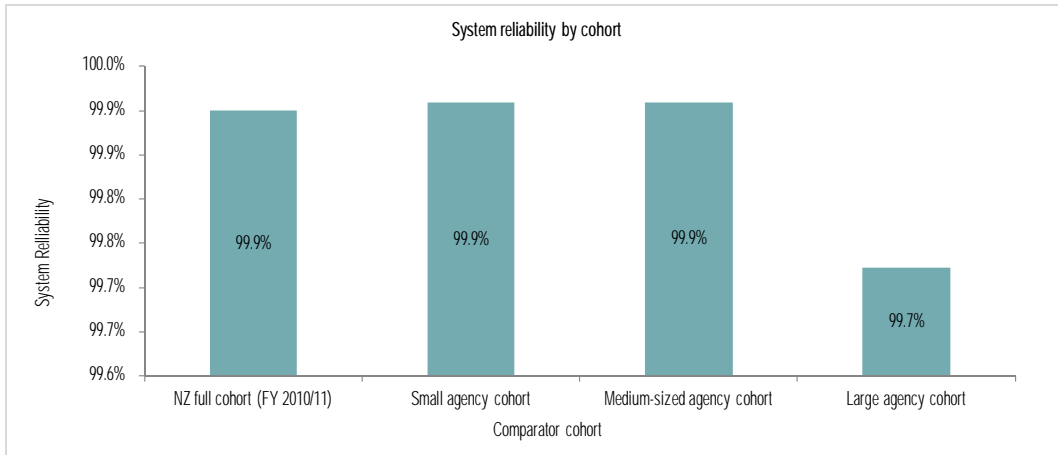


This graph shows that:

- The small agency cohort (1.8 hours) and large agency cohort (2.6 hours) take longer than international comparators (1.5 hours and 1 hour) to resolve ICT service commitment disruptions.
- The medium-sized agency cohort (1.2 hours) is fastest at resolving ICT service commitment disruptions.

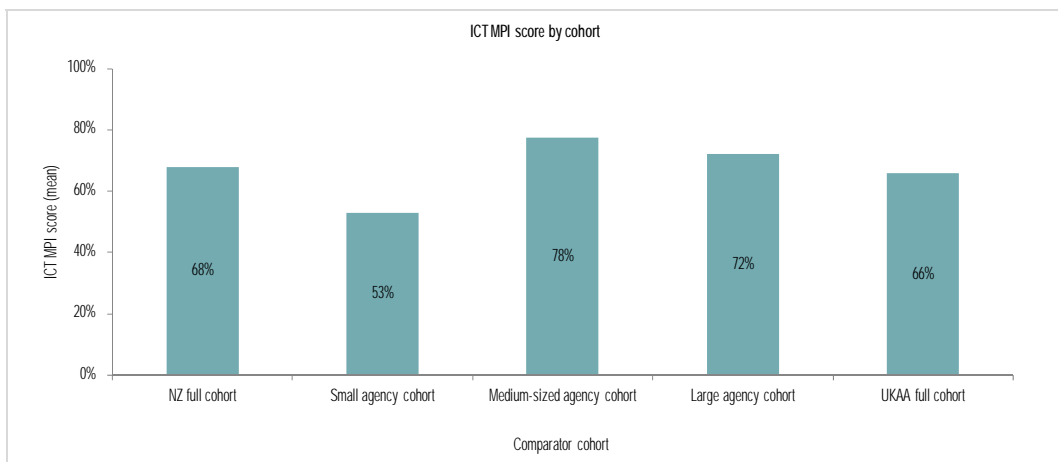
Levels of system reliability are high, with median system availability at 99.9 percent for the top five systems per agency. Figure 66 shows that all cohorts have high levels of system reliability across their top five ICT systems.

Figure 66 | System reliability



The mean NZ full cohort ICT MPI score is 68 percent, which is higher than the mean UKAA cohort score of 66 percent. Figure 67 compares NZ cohorts ICT MPI scores with the UKAA full cohort score.

Figure 67 | ICT MPI score by cohort



This graph shows that the mean NZ full cohort (68 percent), medium-sized agency cohort (78 percent) and large agency cohort (72 percent) scores are all above the UKAA cohort mean (66 percent). The small agency cohort mean score (53 percent) is lower than that of the other cohorts.

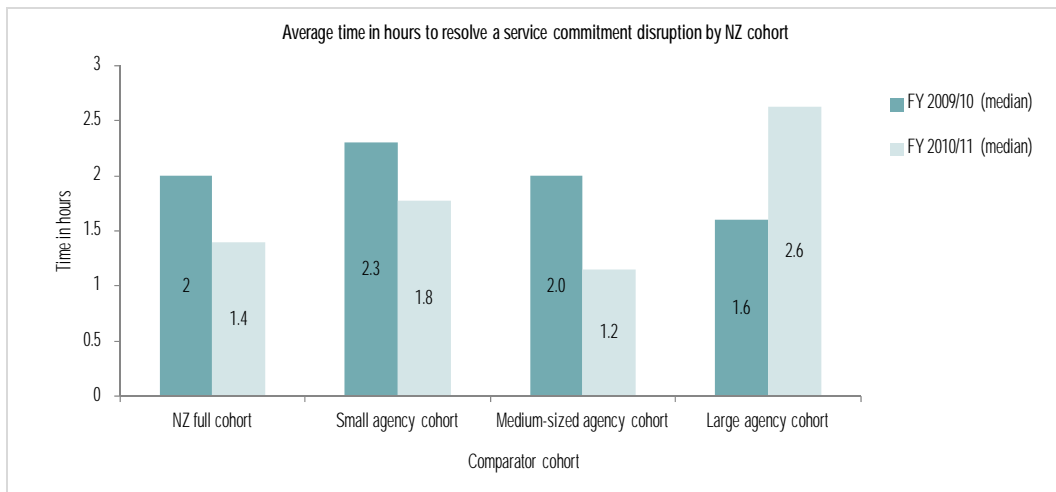
*Changes in effectiveness since the previous reporting period*

The average time taken to resolve service commitment disruptions has reduced in the small and medium-sized agency cohorts and increased in the large agency cohort.

Figure 68 shows the change in time taken to resolve ICT service commitment disruptions between reporting periods by cohort.



Figure 68 | Change in average time in hours to resolve a service commitment disruption by NZ cohort



This graph shows that:

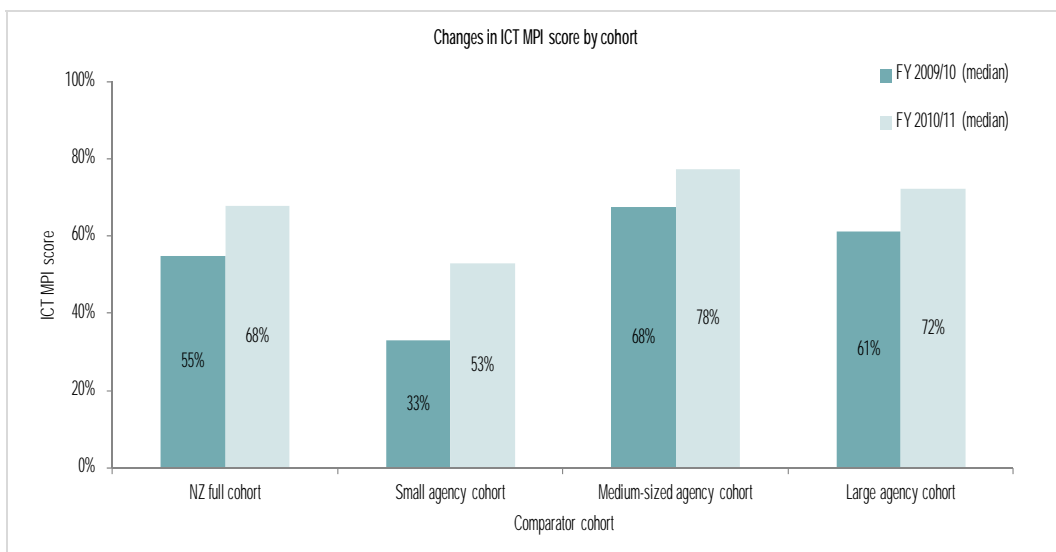
- The NZ full cohort reduced by 0.6 hours (30.0 percent reduction)
- The small agency cohort reduced by 0.5 hours (22.6 percent reduction)
- The medium-sized agency cohort reduced by 0.8 hours (42.5 percent reduction)
- The large agency cohort increased 0.8 hours (64.3 percent increase).

The change in the large agency cohort is based on six of nine agencies in that cohort reporting an increase.

System reliability has remained high, with the median NZ full cohort reliability for the top five systems per agency remaining constant between the two fiscal years at 99.9 percent.

Reported overall ICT MPI scores have increased across all NZ cohorts. The change in the mean ICT MPI score by cohort is shown in figure 69.

Figure 69 | Change in ICT MPI score by comparator cohort



This graph shows that:

- The reported overall mean ICT MPI score of 68 percent has increased from 55 percent in FY 2009/10.
- All cohorts had an increase in mean ICT MPI score.
- The small agency cohort mean score made the greatest change with a 61 percent increase but still remains lower than the medium-sized and large agency cohort mean scores.

Note that 18 agencies reported increased MPI scores, 10 remained the same, and three had a reduced score since the previous reporting period. Agencies reporting increases and decreases were spread evenly across the three NZ cohorts.

#### *Opportunities to improve effectiveness*

**A closer look at FY 2010/11 ICT MPIs shows three main opportunities for improvement.** The three least-adhered to management practices for FY 2010/11 are as follows:

- Only 42 percent of agencies reported assessing the ICT competence of end users within the last 12 months and putting in place an appropriate training and development programme to address areas of weakness. This is an improvement on 32 percent for the 31 agencies in FY 2009/10. Calls to the help desk and demands on ICT staff time would be lower in agencies that have ICT-competent end users. Reduced demands on ICT staff time will also help increase the efficiency of the ICT function.
- Only 45 percent of agencies reported having formal Service Level Agreements (SLAs) with key internal customers with regular service review meetings. This is an improvement on 35 percent for the 31 agencies in FY 2009/10. SLAs can be used internally to define requirements for help desk services, network performance and availability, application performance and availability, and internal processes. SLAs help the ICT function to prioritise work and manage expectations and relationships with business units, and can incentivise the ICT function to provide good service.
- Only 65 percent of agencies reported having a comprehensive professional development programme for ICT staff with at least five days of professional development per annum per employee (as compared to 45 percent for the 31 agencies in FY 2009/10). Increased investment in the professional development of ICT staff can increase workforce productivity and the overall efficiency and effectiveness of the ICT function.

#### **Quality of management information**

These findings report on known ICT data quality issues, limitations of the indicator set in providing insight into ICT service performance, and opportunities for improvement. The Context chapter includes common quality of management information findings across all functions that are not repeated in this chapter.

The quality of the data underlying the metrics is generally of a high standard. Agencies overall collected high quality data for both reporting periods with consistent definitions and data collection methods across the New Zealand cohort and the international comparator groups.

**Consistency of data across agencies improved this reporting period.** Improvements in consistency and accuracy of data for FY 2010/11 are expected given that for many agencies FY 2010/11 was only their second year of reporting. While more accurate and more consistent data is positive, changes year-to-year have a negative impact on time series analysis. The two definitions most affected are:

- **End user:** the definition of end user was refined for better alignment to The Hackett Group definition. Some users that were included in the FY2009/10 data return were excluded in FY 2010/11.
- **ORC:** some agencies reduced their reported ORC in FY 2010/11 by excluding transfer payments that were included in the ORC for FY 2009/10.<sup>37</sup>

**Management information quality will improve with changes to metrics, especially for the management information that provides a government-wide view of ICT performance.** As stated in this chapter's commentary, there are significant opportunities to improve the management information in future reports as follows:

- **Measure the complexity of the ICT environment.** Complexity is a major driver of performance. ICT management information could be enhanced by introducing new measures that identify sources of, and opportunities to, reduce complexity.
- **Measure the value of ICT to overall agency performance.** Management information could be improved by introducing new measures for the impact of ICT solutions and services on agency performance. Measuring ICT impact is a challenge globally and will take considerable practitioner input and trial and error in future benchmarking exercises to achieve.
- **Separate capital expenditure (capex) and operating expenditure (opex).** Agencies reported a single cost figure inclusive of capex and opex. Given that capital spending on ICT is lumpy year-to-year, it is important to isolate this spending to understand trends and opportunities in the costs in individual agencies and across government.
- **Understand what is outsourced and at what cost.** Current measures of the number of FTEs undertaking ICT processes in-house do not take into account whether or not a process is outsourced. The implication is that agencies that outsource a process (and therefore assign few FTEs to that process) look more efficient than agencies providing that process in-house.
- **Strengthen measures of efficiency.** While the cost of ICT as a percentage of ORC is an accepted measure of ICT efficiency in overseas jurisdictions and leading ICT benchmarking organisations such as Gartner and APQC, practitioners are seeking a more meaningful indicator. Insights from the number of users per ICT FTE can be hampered by outsourcing

<sup>37</sup> Transfer payments include revenue passed on to other organisations or individuals who make decisions on how this money is spent

arrangements, which vary from agency-to-agency. Enhancing these metrics for more insightful efficiency information will take considerable practitioner input and trial and error in future benchmarking exercises.

- **Align with detailed ICT benchmarking methods in Australian jurisdictions.** In recent years Australian jurisdictions have made significant investments and advancements in measuring government-wide ICT performance. The GCIO and the Treasury are working together with the ICT Council to partner with Australian jurisdictions to share intellectual property and data for more detailed ICT benchmarking and insight.
- **While results are broadly comparable, results need to be understood within the context of each agency.** While agencies have common features, each has their own functions and cost drivers. For example, large service delivery agencies are expected to have higher ICT costs than policy agencies, especially if they have more expensive ICT requirements such as specialised line business applications or a distributed network. Agencies should use the benchmarking results as a guide to relative performance. Conclusions regarding efficiency and effectiveness should be made in light of each agency's operational context.

# Procurement

## Commentary

By Christopher Browne MCIPS, Director, Commercial Solutions Branch, Ministry of Economic Development

**There are more opportunities for savings through improved management of third party spend than in making the Procurement function itself more efficient.** The total third party spend across the 31 measured agencies for FY 2010/11 is \$11.697 billion. Mature Procurement functions typically demonstrate value by achieving tangible cost savings each year on third party spend, which are often three times the cost of running the Procurement function.<sup>38</sup>

**Over the past twelve months, there has been a positive shift in the mindset of public servants regarding the value of mature procurement practices.** The Government Procurement Reform Programme is now over two years old. Despite some initial reservations, agencies are starting to understand the benefits of rethinking their procurement practices and investing in procurement capacity and capability.

As agencies change their approach, we can see a more collaborative, coherent State sector procurement function in New Zealand. The first six all-of-government (AoG) contracts have been negotiated, and with these contracts come the potential to save a total of \$293 million over their terms.

**We can see new levels of investment in procurement capability, practices, and collaboration.** We need professionally trained people working with the right tools to deliver an efficient procurement function that reflects international best practice. Agencies are using the New Zealand Procurement Academy to up-skill their procurement staff. The Academy has been in operation for over a year and provides general and specialist procurement-training (non-assessed) and study-support (including subsidies) to State sector procurers.

At the end of September 2011, the Academy had 96 current students progressing Membership of the Chartered Institute of Purchasing and Supply (MCIPS) qualifications. The Academy also offers 25 unique training courses including the two-day foundation course 'Mastering Procurement'. To date, 294 participants from 89 different organisations have attended this training.

The first six AoG contracts are in place with over half of the 219 agencies participating in these contracts. Following requests for participation, these AoG contracts have been extended to 2500 schools and 68 councils, and some have taken the opportunity to participate.

<sup>38</sup> Accenture, *Outsourcing and Procurement Mastery*, 2008, available at <http://www.accenture.com/us-en/Pages/insight-bpo-procurement-mastery-leverage-performance-summary.aspx> (accessed 15 March 2011), p. 4.

**This benchmarking report shows some of the impact of this recent investment, but many of the benefits may not appear in benchmarking results until our next reporting period.** It is likely that Procurement function reported spending will increase because of greater investment in this function and because agencies are getting better at capturing the cost of procurement activity.

**A significant challenge for the Procurement function is eliminating red tape.** There is a pervasive myth that the centre creates red tape. In truth, central procurement rules and guidance are short, simple, and leading practice. As agencies adopt these rules, some add on their own, agency-based requirements adding low value activities, delay, and frustration for both suppliers and public servants. We need to challenge these wasteful practices. In part, these practices continue because we don't measure or understand the impact they have on our organisations' efficiency. As an informal and devolved function in most organisations, procurement continues to be one of the hardest to measure. This makes it hard for agencies to quantify the benefits of eliminating such things as multiple signatures on low-value spending and work-intensive paper-based procurement processes prone to human error and rework.

**The Procurement Reform Programme continues to support improvements across government.** Work has started on developing and introducing AoG contracts across new product/service categories: Travel Management Services, Electricity and Energy Management Services, Recruitment Services, Mobile Voice & Data and Media Buying.

Approximately 10 new syndicated contracts are in various stages of development for a range of goods and services including fuel, furniture, project management training, and media monitoring.

The Procurement Reform Programme has launched the first Government Model Conditions of contract. These have plain English legal terms and will reduce legal costs for both agencies and businesses.

The Procurement Reform Programme is developing a standard simpler Request for Proposal (RFP) for application across all government tenders, and a major effort to rationalise procurement policy has started.

**The major opportunities for improvement are the same as those identified in the April 2011 BASS report.** The following five steps can strengthen the efficiency and effectiveness of Procurement functions across the sector:

- **Empower the Procurement function to play a more strategic role.** Across most agencies, third party spend is managed in a fragmented and reactive manner. In these times of fiscal constraint, the Procurement function should focus on a thorough analysis of organisational spend. We need to be clear about what our money is being spent on and with whom, and identify patterns for possible consolidation or challenge. Procurers can then identify opportunities to improve performance. Procurement strategies should be differentiated based on a mixture of total expenditure, the business risk to the agency, and the degree of influence the agency has with its suppliers.

- **Increase procurement capacity and capability.** Agencies need to take advantage of the investment Government has made in building the capacity and capability of procurers by reducing their reliance on contractors. It is also clear that a lot of procurement is undertaken by non-procurement staff. Given these staff can spend large sums of money, they require appropriate commercial training.
- **Improve procurement management information.** Comprehensive, accurate, and timely management information enables agencies to focus procurement and management resources where they can have the biggest impact on the value of third party spend. Without a thorough understanding of information about how much is being spent, with whom, and for what purpose, Procurement function performance will always be limited.
- **Undertake a cross-agency review of the procure-to-pay (P2P) process.** Agencies are likely to benefit from standardising, streamlining, and automating activities within the P2P process. A review of the P2P process would help uncover specific opportunities and enablers for driving process efficiency. A simple example of this is increasing the use of purchasing cards for low value purchases.
- **Increase collaboration across the sector.** Agencies typically collaborate for procurement in three ways. First, leveraging scale by aggregating buying power can drive cost savings in common spending areas. Syndicated contracts and all-of-government contracts have the potential to deliver significant cost savings. Second, agencies can standardise procurement systems, processes, templates, and tools. Third, agencies can leverage knowledge. There is currently demand, from small agencies in particular, to share access to specialist procurement resources. All too often agencies use contractors to augment their procurement resources, limiting the development of institutional knowledge within agencies.

## Findings

### Highlights of findings

- **Agencies reported spending \$8.3 million more, but data quality issues prevent conclusions about the actual cost and efficiency of the procurement function.** The increase in reported spending likely reflects agency improvements in capturing the cost of the function. In addition, it is likely that agencies are capturing the costs – but not the financial benefits – of recent investments in centralising and professionalising the function.
- **Procurement effectiveness results improved since last year, but there is still room for improvement.** The mean Procurement MPI score of 63 percent is an increase from the previous year, but this mean score is below the UKAA cohort mean score of 68 percent.<sup>39</sup> Similarly, the percentage of 'commodity' Procurement spend channelled through syndicated Procurement arrangements increased to 5 percent, though is below the UKAA cohort median of 18 percent.

### Cost findings

Cost findings include total spending overall and by cohort. They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

*Total spending overall and by cohort for FY 2010/11*

**NZ full cohort agencies reported spending \$72 million on the Procurement function in FY 2010/11.** Figure 70 shows the reported cost of Procurement services relative to the reported total expenditure on administrative and support (A&S) services.

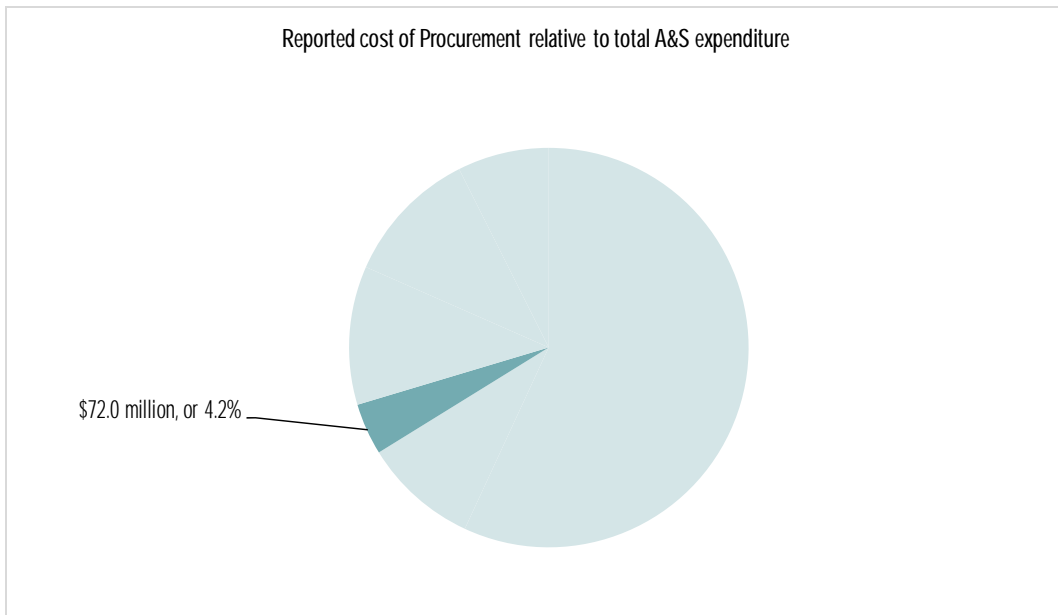
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<sup>39</sup> Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. Within that methodology, the MPI score assesses "the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function. Details are found in Appendix 4.

The 31 agencies (full NZ cohort) that participated in this exercise have, for the purposes of comparison, been categorised into three cohorts – 'small agency cohort' refers to agencies with <500 FTEs and/or ORC of <\$95 million; 'medium-sized agency cohort' refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and 'large agency cohort' refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.



Figure 70 | Reported cost of Procurement services relative to total A&amp;S expenditure FY 2010/11

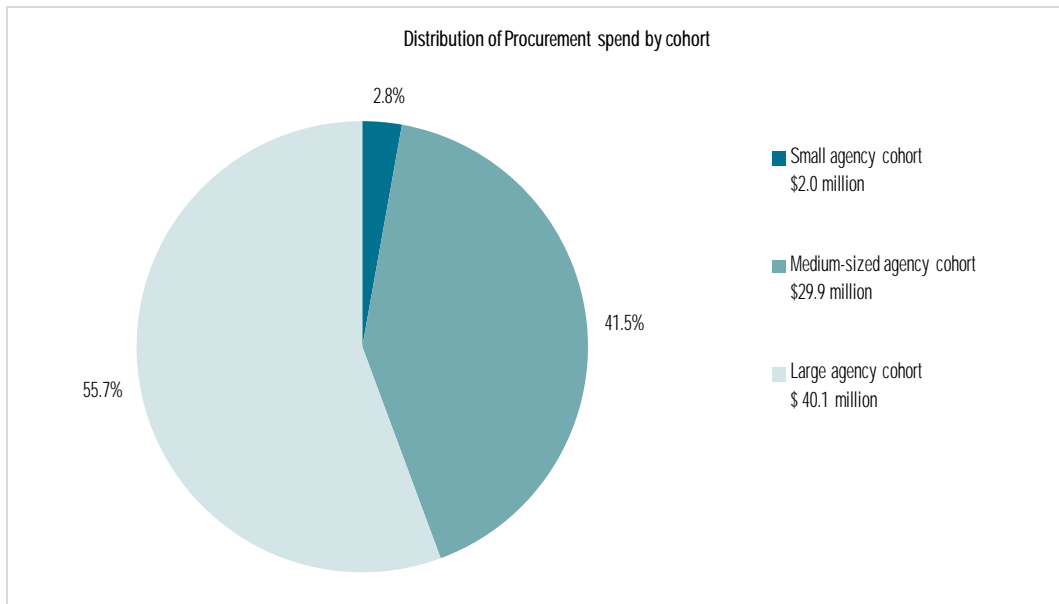


Procurement makes up the lowest proportion of reported spending of all the A&S service functions, making up \$72.0 million or 4.2 percent of the reported \$1.722 billion in A&S service spending in FY 2010/11.

**Measurement did not capture the full cost of the Procurement function.** Data quality for the cost of the procurement function is low due to the highly devolved nature of the function in most agencies. In line with global benchmarking practice, the cost of procurement activity is only captured when this activity makes up more than 20 percent of a staff member's time. In most measurement agencies, the bulk of procurement activity is undertaken by a wide range of staff at less than the 20 percent threshold.

**The medium-sized and large agency cohorts make up 97 percent of reported procurement service expenditure.** Figure 71 shows that the reported \$2.0 million small agency cohort procurement services expenditure is 2.8 percent of total spend; the medium-sized agency cohort spending of \$29.9 million is 41.5 percent of total spend; and the large agency cohort spending of \$40.1 million is 55.7 percent of total spend.

Figure 71 | Distribution of Procurement spend by cohort



*Changes in spending since the previous reporting period*

Agencies that measured for both FY 2009/10 and FY 2010/11 reported a nominal Procurement spending increase of \$8.3 million, which is \$6.8 million when adjusted for inflation. Reported procurement nominal spend was \$63.7 million in FY 2009/10 and \$72.0 million in FY 2010/11, an increase of \$8.3 million or 13 percent. When adjusted for inflation, the \$63.7 million in spending reported in FY 2009/10 is \$65.2 million in FY 2010/11 dollars, representing a \$6.8 million (or 10.4 percent) increase.<sup>40</sup>

Due to data quality issues, this reported increase in spending may not reflect an actual increase. As stated earlier, reported costs are understated, and the increase in reported spending likely reflects the following:

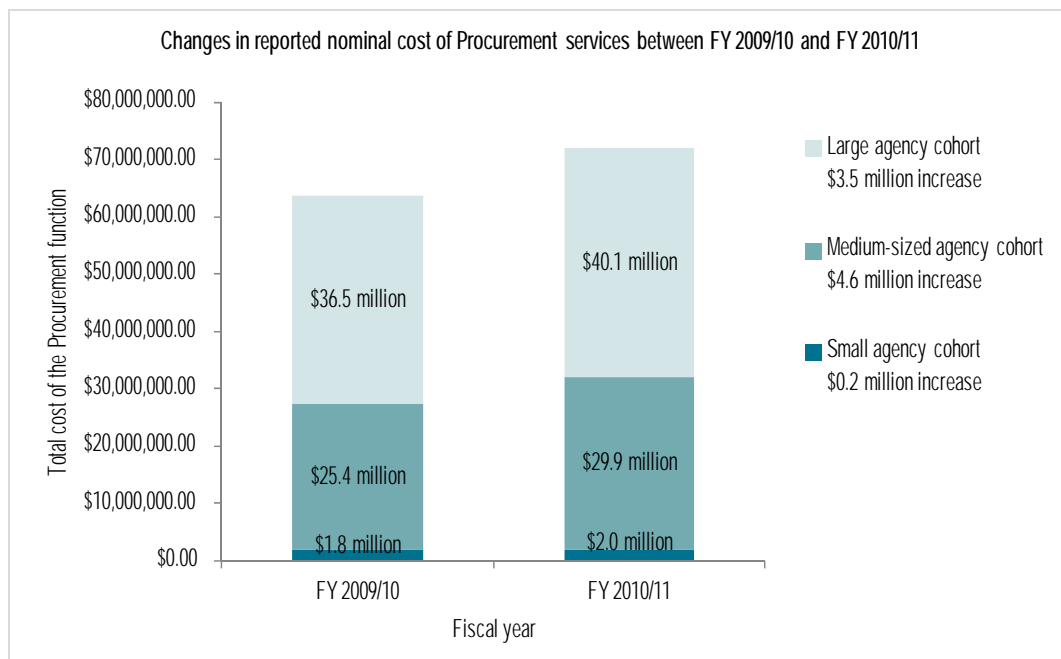
- **More accurate measurement of procurement costs in business units.** More staff across the organisation spending over 20 percent of their time on procurement have been identified, and related costs have been included in this reporting period for the first time
- **Centralisation of Procurement.** Some agencies have moved from a highly devolved to a centre-led Procurement function, making costs more apparent and easier to capture, but not necessarily higher
- **Investment in strategic Procurement resource capacity and capability.** Recent investments to reduce the cost and improve the value of third party spend are relatively easy to capture, but these investments may not reflect a net increase in spending from the previous reporting period if the procurement function is more efficient as a result of recent investments.

<sup>40</sup> Inflation-adjusted costs are based on the annualised average Consumer Price Index (CPI) increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase.

These are all positive trends. Improved measurement helps agencies understand the nature and cost of their procurement function, and centralisation can make the procurement process more efficient and effective. Recent investments in procurement service quality is a move in the right direction as there are more opportunities for savings through improved management of third party spend than in making the Procurement function itself more efficient.

**All NZ cohorts reported an increase in procurement spending.** Figure 72 below shows nominal Procurement service cost changes between FY 2009/10 and 2010/11.

Figure 72 | Changes in reported nominal cost of the Procurement services between FY 2009/10 and FY 2010/11



This graph shows that:

- The small agency cohort reported that spending increased by \$0.2 million or 10 percent (\$0.14 million, or 7.6 percent when adjusted for inflation).
- The medium-sized agency cohort reported that spending increased by \$4.5 million or 17.7 percent (\$3.9 million, or 15.1 percent when adjusted for inflation).
- The large agency cohort reported that spending increased by \$3.6 million or 9.8 percent (\$2.7 million, or 7.3 percent when adjusted for inflation).

**Within each cohort, agencies reported a mix of increases and reductions in spending.** The mix by cohort is as follows:

- The small agency cohort reported costs increased in six agencies and reduced in four.
- The medium-sized agency cohort reported costs increased in eight agencies and reduced in two.
- The larger agency cohort reported costs increased in seven agencies and reduced in two.

The net increase of \$8.3 million results from 8 agencies reporting \$0.5 million less in expenditure and 22 agencies reporting \$8.8 million more expenditure than in FY 2009/10.<sup>41</sup> Two agencies contributed \$4.9 million to the overall reported increase in spending of \$8.3 million.

### Efficiency findings

Efficiency findings report on the ratio of input to output (or the use of resources in a manner that minimises cost, effort, and time) as well as opportunities for efficiency gains and their implications for gross cost savings. Findings also compare the NZ full cohort efficiency with international comparators and examine changes in efficiency since the previous reporting period, adjusting for inflation as appropriate.

Efficiency findings are based on two metrics:

1. Total cost of Procurement as a percentage of the total purchase value, where a lower number is considered more efficient.<sup>42</sup>
2. Total purchase value per Procurement function FTE, where a higher number is considered more efficient.

#### *Procurement efficiency levels overall and by cohort in FY 2010/11*

While NZ full cohort agencies appear to be much more efficient than their international comparators, due to understated reported cost data, this report makes no conclusions about NZ agencies' relative Procurement efficiency. Figures 73 and 74 both show that the NZ full cohort reported efficiency is considerably higher than the UK Audit Agencies (UKAA) cohort, American Productivity & Quality Center (APQC) all participants cohort, and APQC similar cohort. Due to understated agency procurement costs, this report does not conclude that NZ full cohort agencies are significantly more efficient than comparator organisations.

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<sup>41</sup> There are a total of 31 agencies. One agency reported no change in their nominal spend between FY 2009/10 and FY 2010/11.

<sup>42</sup> Total purchase value is the amount of all goods, services, works and utilities purchased during the period. This amount is expected to be equal to the amount paid through the accounts payable system during the year, and is calculated on an accruals basis.

Figure 73 | Total cost of the Procurement function as a percentage of the total purchase value

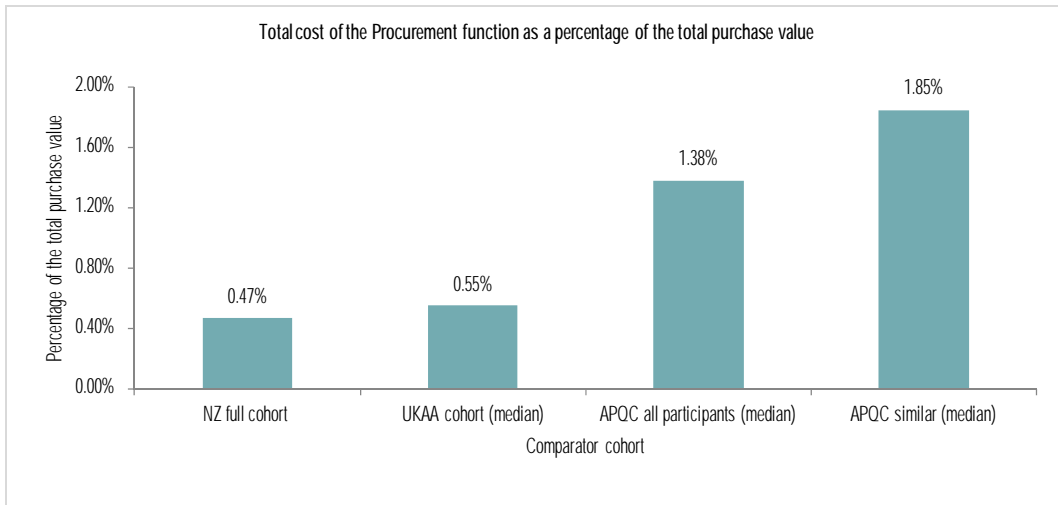
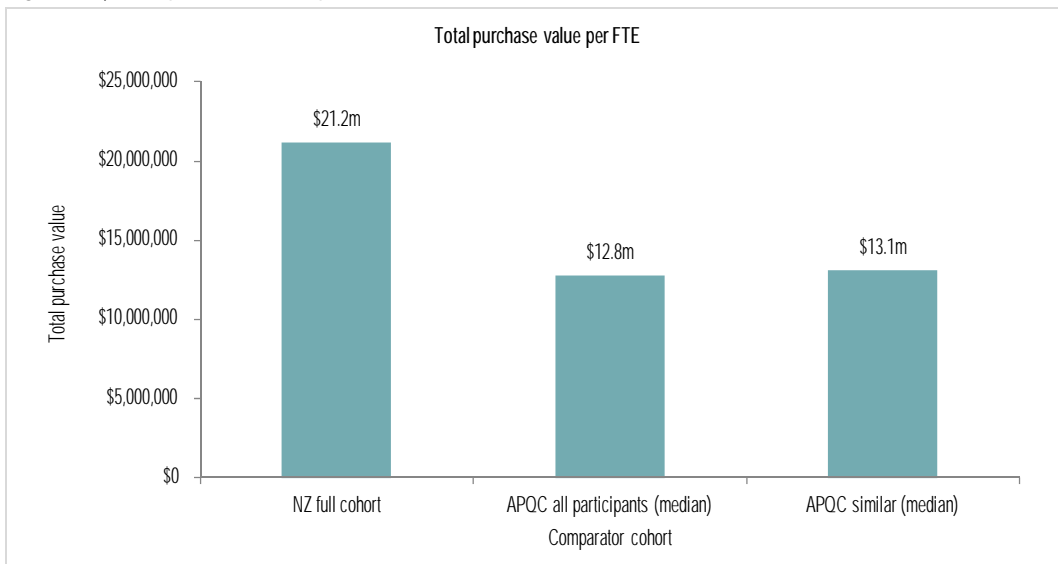


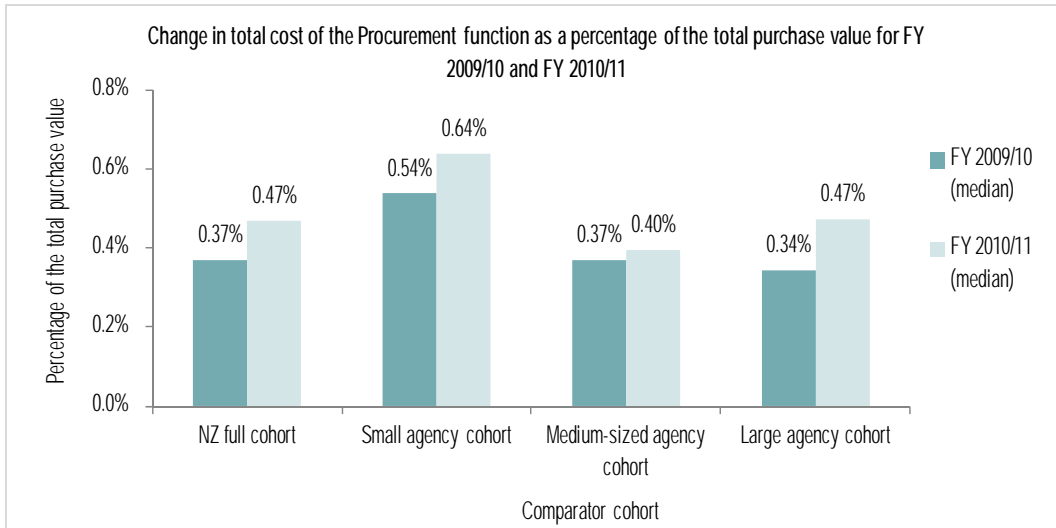
Figure 74 | Total purchase value per FTE



*Changes in efficiency levels since the previous reporting period*

Overall and for each cohort, reported levels of efficiency have reduced, but data quality issues prevent this report from drawing conclusions regarding these changes. The NZ full cohort and all three subset cohorts reported an increase in the cost of the Procurement function as a percentage of the total purchase value. Figure 75 shows the change in reported efficiency between reporting periods.

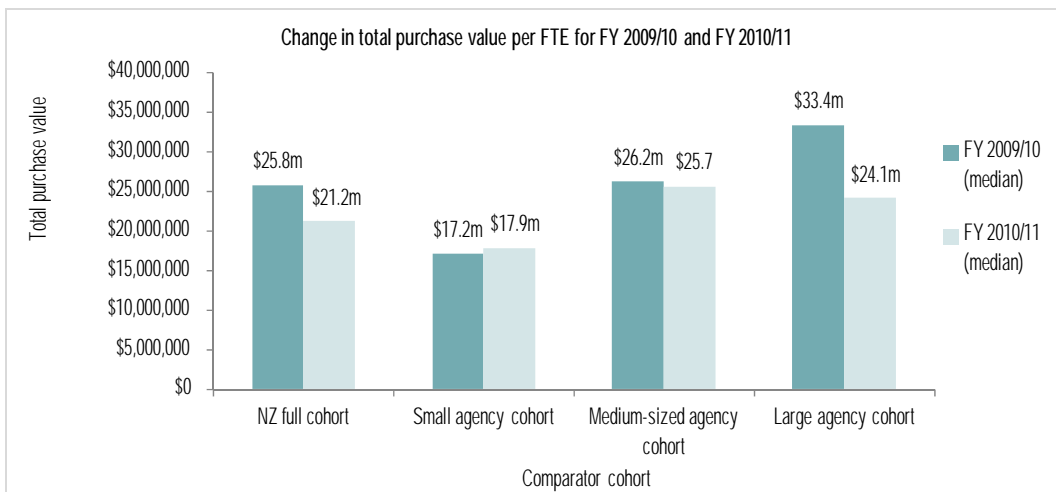
Figure 75 | Change in total cost of the Procurement function as a percentage of the total purchase value for FY 2009/10 and FY 2010/11



As stated earlier, the reported increase in the cost of the Procurement function likely reflects more accurate measurement of the cost of this function rather than an actual increase.

The reported overall total purchase value per Procurement FTE has reduced. Figure 76 shows that the total purchase value per FTE has reduced for the NZ full cohort, which is largely driven by a significant decrease in the large agency cohort.

Figure 76 | Change in total purchase value per Procurement FTE for FY 2009/10 and FY 2010/11



### Effectiveness findings

Effectiveness findings report on the extent to which procurement activities achieve intended or targeted results. They compare NZ agency effectiveness with international comparators and examine changes in effectiveness since the previous reporting period.

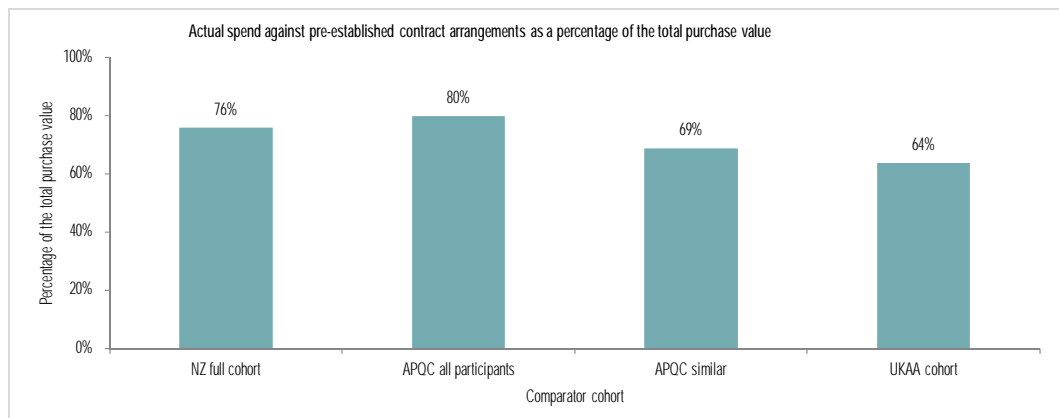
Effectiveness findings are based on three metrics:

1. Actual spend against pre-established contract arrangements as a percentage of the total purchase value, where a higher percent is considered more effective
2. Percentage of 'commodity' Procurement spend channelled through syndicated Procurement arrangements, where a higher percent is considered more effective
3. Procurement MPI score, where a higher score is considered more effective.

*Procurement effectiveness overall and by cohort in FY 2010/11*

**There is an opportunity to increase the level of preferred spend.** Figure 77 shows actual spend against pre-established contract arrangements as a percentage of total purchase value.

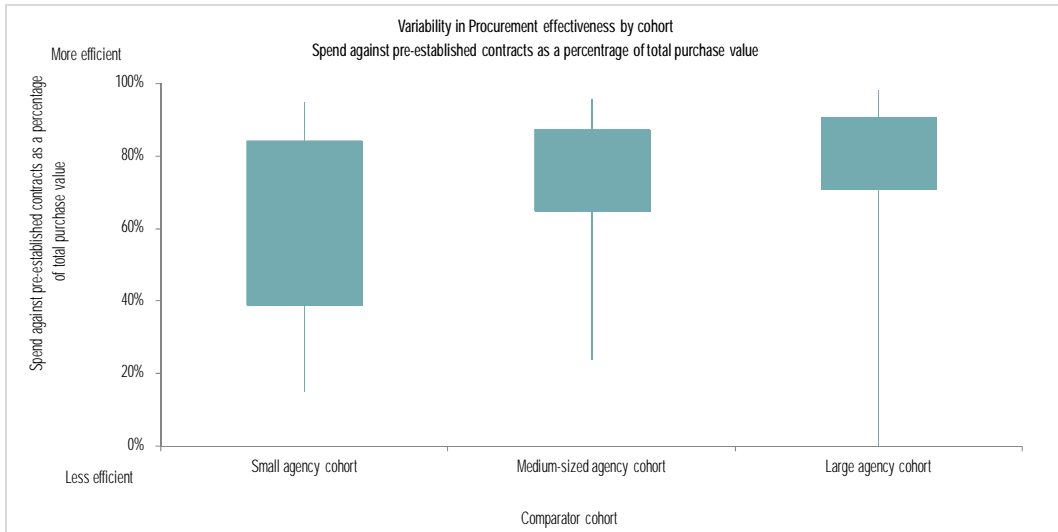
Figure 77 | Actual spend against pre-established contract arrangements as a percentage of the total purchase value



Median actual spend against pre-established contract arrangements for the NZ full cohort is above the APOC similar and UKAA cohort medians, and is only 4 percent below the APOC all participants median. An agency can reduce inefficient spending by improving the level of preferred spend while reducing the level of off-contract or 'maverick' spend. The Procurement function can establish panel contracts for common areas of spend and monitor and control off-contract spend, but agency staff must understand how to access existing contracts to get goods and services.

**There is high variability across NZ cohorts in spend against pre-established contracts as a percentage of total purchase value.** Figure 78 shows this high variability.

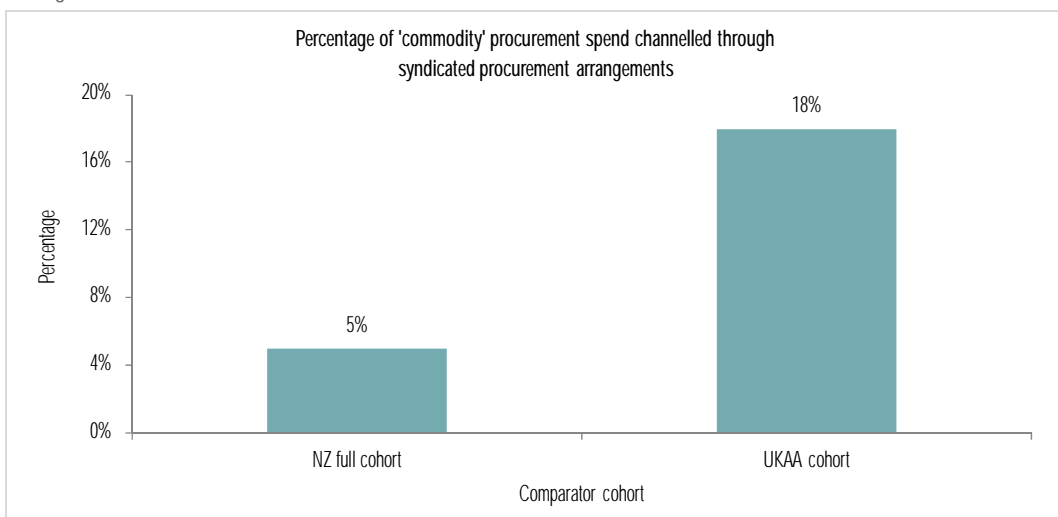
Figure 78 | Variability in procurement effectiveness – spend against pre-established contracts as a percentage of total purchase value



This variability shows opportunities for agencies to learn from each other, regardless of size.

There is an opportunity to increase the use of all-of-government contracts and syndicated Procurement arrangements. Aggregation of buying power through collaborative Procurement can drive significant cost savings in common spending areas. Figure 79 shows the percentage of 'commodity' Procurement spend channelled through syndicated procurement arrangements.

Figure 79 | Percentage of 'commodity' procurement spend channelled through syndicated procurement arrangements

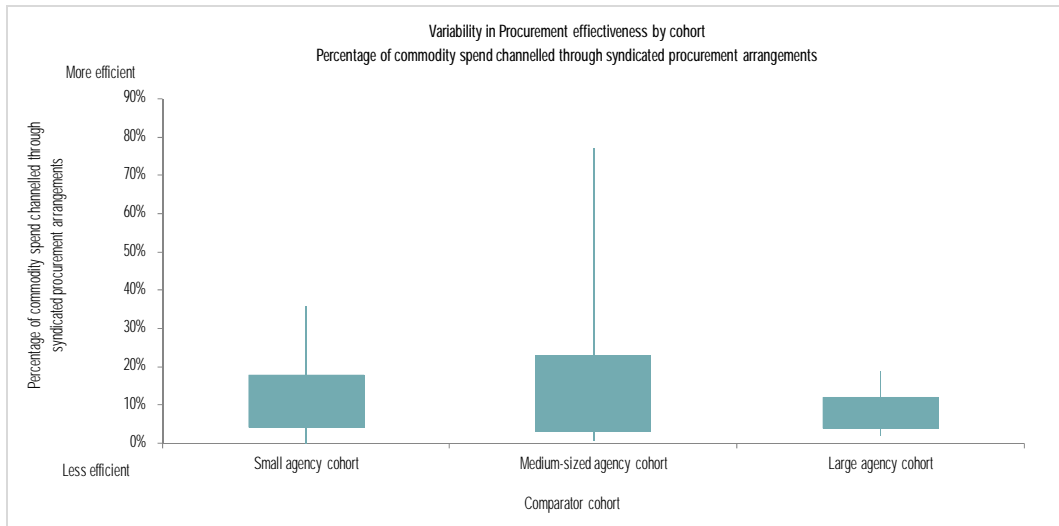


At the median, the NZ full cohort channelled 5 percent of spend through syndicated procurement arrangements in FY 2010/11 compared with the UKAA cohort median of 18 percent. This suggests that NZ full cohort agencies have substantial opportunities to increase collaboration, including the use of all-of-government contracts.



Variability is less pronounced in the percentage of commodity spend channelled through syndicated arrangements. Figure 80 shows this smaller variability.

Figure 80 | Variability in procurement effectiveness by cohort – percentage of commodity spend channelled through syndicated procurement arrangements



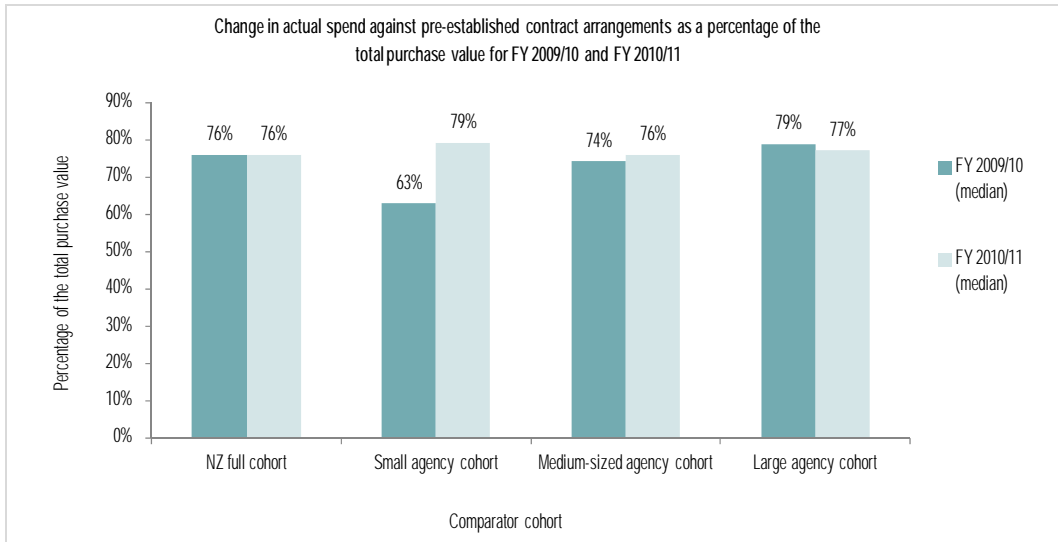
Two agencies in the medium-sized agency cohort achieved over 70 percent, and these are outliers against other agencies' results.

The mean Procurement MPI score is 63 percent, which is below the UKAA mean of 68 percent. The mean MPI score is 63 percent, with MPI scores ranging from 20 percent to 100 percent.

*Changes in effectiveness since the previous reporting period*

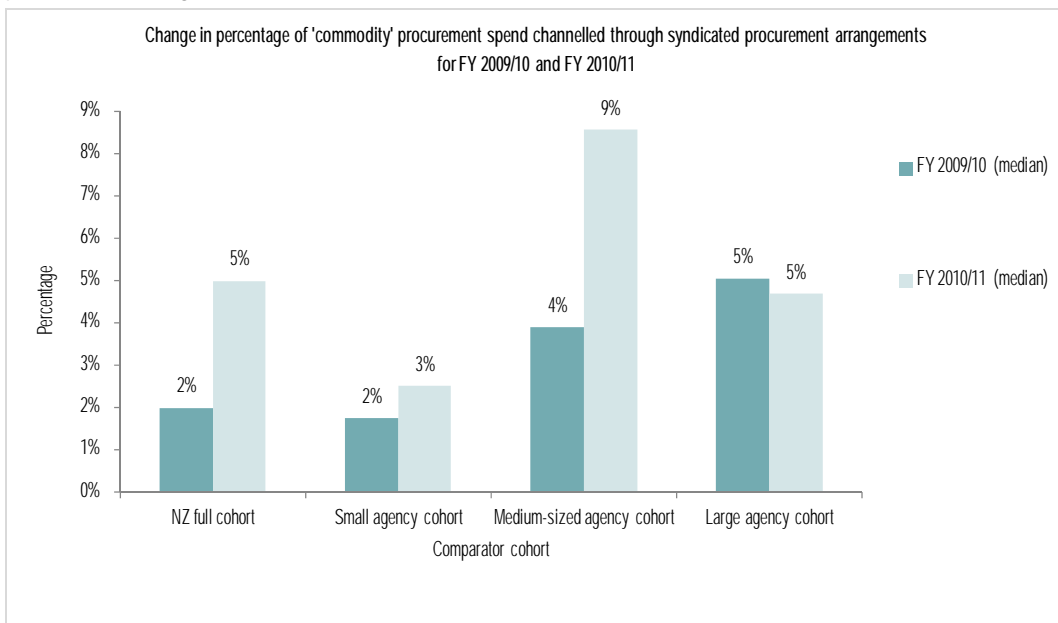
The small agency cohort has increased its spend against pre-established contract arrangements as a percentage of total purchase value. Figure 81 shows the changes in effectiveness by NZ full cohort and the three subset cohorts.

Figure 81 | Change in actual spend against pre-established contract arrangements as a percentage of the total purchase value for FY 2009/10 and FY 2010/11



The small and medium-sized agency cohorts have increased the percentage of commodity spend channelled through syndicated procurement arrangements. There has been an increase from 1.9 percent to 4.9 percent in the NZ full cohort percentage of commodity spend channelled through syndicated procurement arrangements.

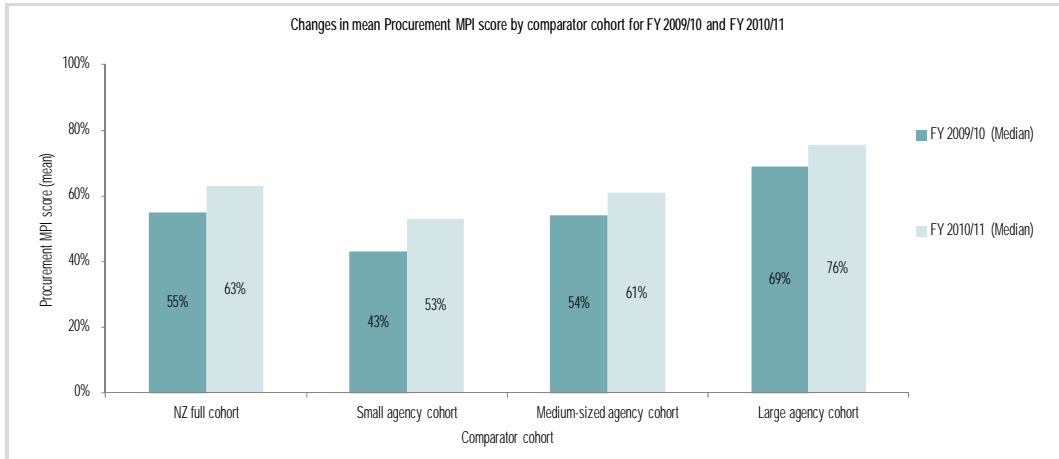
Figure 82 | Change in percentage of 'commodity' procurement spend channelled through syndicated procurement arrangements for FY 2009/10 and FY 2010/11



Small and medium-sized agency cohorts have both shown increases, whereas the large agency cohort has reduced slightly (from 5 percent to 4.7 percent). Those showing increases will usually produce cost savings in common spending areas, and there is room for more syndicated procurement arrangements across government.

**Reported Procurement management practice scores increased across all cohorts.** The changes in mean Procurement MPI scores are shown in figure 83.

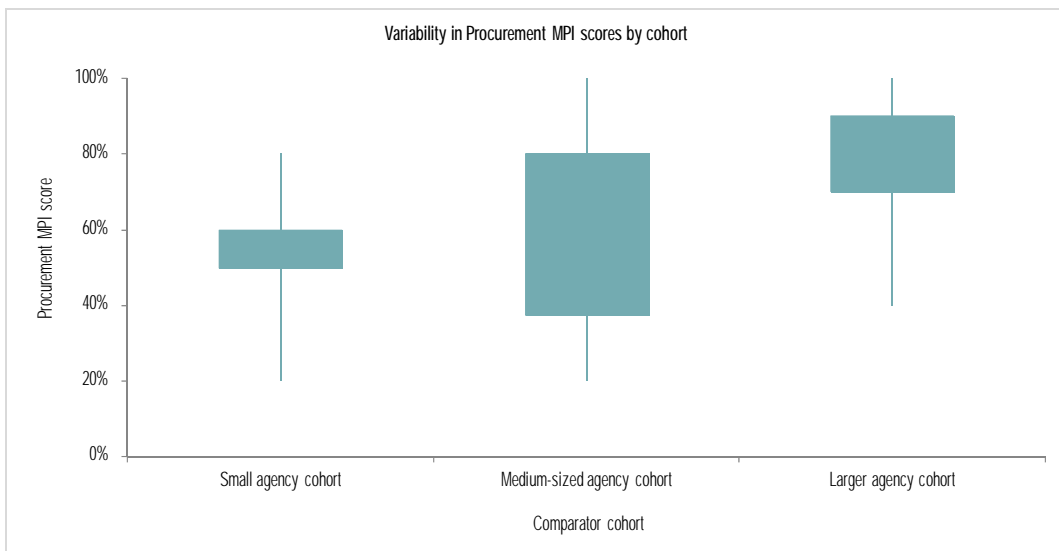
Figure 83 | Change in mean Procurement MPI score by comparator cohort FY 2009/10 and FY 2010/11



The mean MPI score increased to 63 percent, up from 55 percent in FY 2009/10, however this mean score is still below the UKAA cohort mean score of 68 percent. Fifteen agencies increased, 13 stayed the same, and three reduced their scores over the two reporting periods.

**Significant variability in management practice scores and instances of strong practice indicate opportunities to leverage knowledge across agencies.** Figure 84 shows variability within cohorts.

Figure 84 | FY 2010/11 Variability in Procurement MPI score by cohort



This graph shows that there is high variability in all cohorts, with the large agency cohort having higher overall scores. This shows opportunities to share knowledge across agencies, regardless of size.

*Opportunities to improve effectiveness*

**A closer look at the Procurement management practices shows significant opportunities for improvement.** Three specific areas can be improved across the NZ full cohort:

- Only 26 percent of agencies reported having specific and measurable targets for the cashable and non-cashable benefits to be delivered by procurement and being able to demonstrate that at least 85 percent of targets were met for the previous financial year. This had not changed from FY 2009/10.
- Only 35 percent of agencies reported undertaking customer satisfaction surveys at least annually with the results published internally and fed into an improvements plan. This increased from 19 percent in FY 2009/10.
- Only 52 percent of agencies reported having a rolling programme to develop procurement skills and capabilities at all levels. This reduced by 3 percent from FY 2009/10.

**Quality of management information**

These findings report on known procurement data quality issues, limitations of the indicator set in providing insight into procurement service performance, and opportunities for improvement. The Context chapter includes common quality of management information findings across all functions that are not repeated in this chapter.

**There are concerns with the quality of management information for the Procurement function.** The highly devolved nature of the Procurement function makes it hard to measure consistently because measurement only captures costs where procurement activities make up more than 20 percent of a person's time. Therefore, it is expected that the cost of the Procurement function in New Zealand agencies is understated and less reliable for comparison between agencies and over different reporting periods.

**Procurement cost and efficiency information will improve over time.** Successive benchmarking activities will improve the accuracy of cost data over time. However, global procurement cost data quality issues mean that this function will more than likely provide less accurate cost and efficiency information than the other functions for several future benchmarking exercises. Improvements in accuracy will lead to some increases and reductions in reported numbers, through either greater inclusion or exclusion of A&S service information.

**There is an opportunity to strengthen the measurement of Procurement.** Opportunities to improve the procurement measures for FY 2011/12 will be investigated with the Government Procurement Reform Programme and procurement practitioners.

**While results are broadly comparable, they need to be understood within the context of each organisation.** Care should be taken when comparing agency results and caution is warranted for three reasons:

- Cost information is likely to be inaccurate for measurement reasons outlined earlier in this chapter.
- Agencies that submit more complete procurement cost information may appear to be less efficient than agencies with less complete procurement cost information.
- The Procurement function varies according to the primary role of the agency and the nature of its third party spend. For example, the nature of the Procurement function in agencies with large capital procurement programmes is considerably different to the Procurement function in a policy agency.

# Property Management

## Commentary

By Marc Warner, Deputy Chief Executive, People Capability and Resources, Ministry of Social Development (MSD)

MSD has established the Property Management Centre of Expertise (PMCoE) in June 2011. The PMCoE provides leadership, guidance, and support for all 64 public sector Departments and Crown agents and 11 other agencies that are involved on a voluntary basis. It is guided by a Deputy Chief Executive Advisory Group. Activities to date are:

- **Providing a brokerage service.** The PMCoE brokers surplus government accommodation, particularly in Wellington with agencies seeking leases of \$250k to \$1m per annum. Where surplus space in another agency can be arranged, rental costs are a direct saving to the Government. At the time this document was written, the PMCoE had active listings for approximately 20,000m<sup>2</sup> of space, and this amount is expected to increase as under-utilised space is identified and made available.
- **Establishing an all-of-government property database.** This database enables a portfolio view for the first time of the approximately 1000 office-style properties across New Zealand. It supports comparisons of performance; the development of cross-agency business cases; and the identification of opportunities for more efficient procurement, co-location, and rationalisation by geographical location or by occupancy type (e.g. call centres or in-person service delivery sites).

Once complete, this database will support calculations and forecasts of the cost of office space and future efficiency gains, strategies for rationalising the portfolio, and earlier responses to government site disruptions such as the Christchurch earthquakes.

- **Promoting good practice.** An interactive property management community of practice supports knowledge-sharing and collaboration and includes a shared workspace with 70 users across government to date. The PMCoE plans to release draft guidelines for good property management practice for consultation in January 2012. In addition, the PMCoE releases case studies on its community of practice shared workspace on recent innovations of relevance to government agencies. Local examples of innovation include the new IRD head office, which features a flexible working environment and a performance based lease. The Government Communications Security Bureau and Tourism New Zealand also provide useful case studies for open plan and hot desk arrangements.
- **Strengthening procurement.** This work includes drafting a procurement plan that outlines property procurement opportunities over the next 12 months and working with agencies to advance syndicated procurement. To date, two significant contracts (for design and construction and an integrated property management system) have been established. With the

majority of agencies undertaking procurement processes each year at an administration cost of \$10,000-\$50,000 each, there are significant administrative savings for future additional all-of-government contracts.

- **Responding to emergencies.** The PMCoE is well placed to play a centralised co-ordination role for the Christchurch earthquakes and to support subsequent seismic assessments. Having a centralised capability maximises opportunities to share resources, avoids duplication, and ensures a consistent approach in times of rapid response and uncertainty.

**The work undertaken by the PMCoE confirms that, over the medium to long term, the Government can make significant gross savings by reducing the m<sup>2</sup> per FTE.** This report shows that reducing the m<sup>2</sup> per full time equivalent (FTE) from the current median of 19.5m<sup>2</sup> to 16m<sup>2</sup> would save a gross amount of \$34 million each year across the 31 agencies. Indications from the three major business cases underway in Wellington confirm that targets of 12-16m<sup>2</sup> per FTE are realistic and can drive significant savings. Agencies participating in these business cases are all working to around 13m<sup>2</sup> per FTE, and across the approximately 3000 FTEs within these agencies, each square metre reduction per person saves around \$1.2 million per annum.

**Reducing our office footprint for traditional office space can realise significant savings. Even greater gains can be made from service delivery innovations that make use of new locations and new layouts.** Improvements in individual agency property management practices are part of a much wider opportunity to better use our property portfolio collaboratively. The PMCoE is working with agencies to identify opportunities for colocation and to challenge the traditional decisions on location and layout.

**Savings from reduced office footprints or implementing property management innovations tend to be medium to long term in nature.** Because property contracts are generally long term in duration (5 years or more), and rental arrangements are usually reviewed at three year intervals with limited mechanisms for reductions, cash savings from contracts are generally only possible in the medium to long term. Recent increases in non-rental costs (e.g. rates and insurance) at the rate of inflation are likely to continue, so within current office footprints, property costs can be expected to increase even with good property management practices.

In the longer term, savings must be driven by a reduction in footprint. In the shorter term, savings can be made with reductions in costs other than rental, rates, and insurance; improvements in utilisation (especially colocation); and use of the PMCoE brokerage service.

## Findings

### Highlights of findings

- **Overall, agencies reported spending \$0.8 million more.** The net increase of \$0.8 million results from 15 agencies reporting \$11.2 million less in expenditure and 15 agencies reporting \$12.0 million more. Notably, a number of agencies have removed some office space from the scope of their measurement exercise in FY 2010/11 that they included in the previous reporting period.<sup>43</sup> For example, two agencies reported reductions of \$4.8 million in their property costs as a result of this change in measurement. While these changes reduce the value of time series data for some agencies, overall improvement in measurement is positive and expected as this was only the second year of measurement for most agencies.
- **There is an opportunity to spend \$34 million less each year by achieving a target of 16m<sup>2</sup> per FTE, and higher savings are possible if agencies pursue more aggressive targets.** If all agencies above 16m<sup>2</sup> per FTE met this target, they would spend \$34 million less each year. Gross savings of \$42.5 million to \$62.4 million are possible if agencies pursue more aggressive targets of 15m<sup>2</sup> or 13m<sup>2</sup> respectively.
- **Agencies reported the same level of Property function maturity as last year, and there remains room for improvement.** The mean Property MPI of 75 percent has stayed the same since FY 2009/10, and it remains below the UKAA cohort mean score of 83 percent.<sup>44</sup>

### Cost findings

Cost findings include total spending overall and by cohort. They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

**Agencies spent \$193.2 million on Property services in FY 2010/11.** Figure 85 shows the reported cost of Property services relative to the total expenditure on administrative and support (A&S) services.

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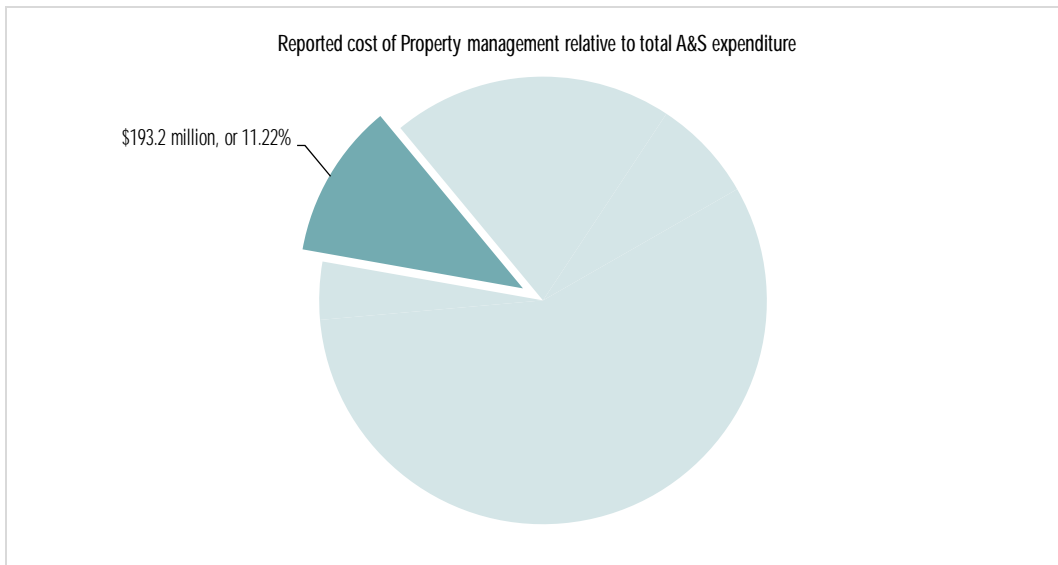
<sup>43</sup> For instance, some agencies have more accurate measurement of 'head-office' accommodation (e.g. removing regional offices that deliver frontline customer services).

<sup>44</sup> Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. Within that methodology, the MPI score assesses "the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function. Details are found in Appendix 4.

The 31 agencies (full NZ cohort) that participated in this exercise have, for the purposes of comparison, been categorised into three cohorts – 'small agency cohort' refers to agencies with <500 FTEs and/or ORC of <\$95 million; 'medium-sized agency cohort' refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and 'large agency cohort' refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.



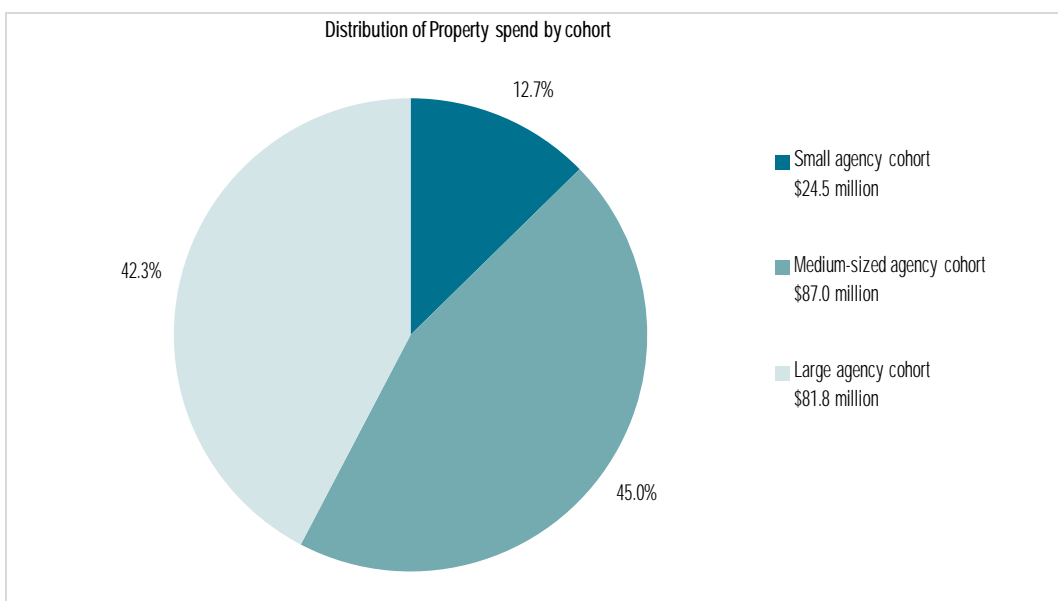
Figure 85 | Reported cost of Property services relative to total A&S expenditure FY 2010/11



Property is the second largest A&S service function in terms of expenditure, making up \$193.2 million or 11 percent of \$1.722 billion in A&S service spending for FY 2010/11.

The medium-sized and large agency cohorts make up 87 percent of property costs. Figure 86 shows that small agency cohort property services expenditure of \$24.5 million is 12.7 percent; medium-sized agency cohort spending of \$87.0 million is 45.0 percent; and large agency cohort spending of \$81.8 million is 42.3 percent.

Figure 86 | Distribution of Property spend by cohort

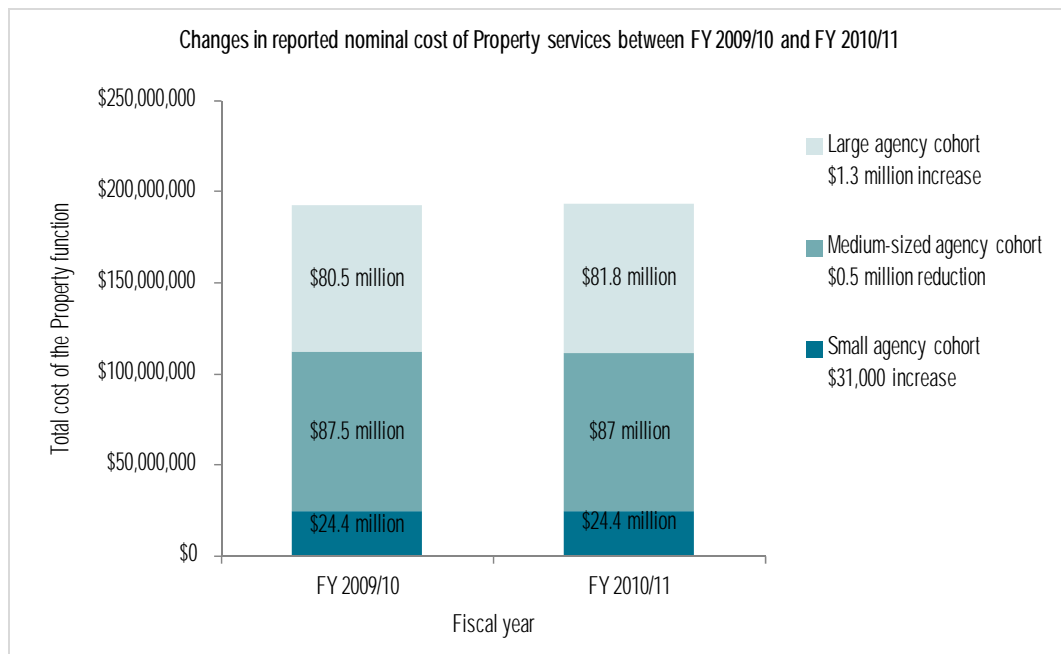


*Changes in spending since the previous reporting period*

Agencies that measured for both FY 2009/10 and FY 2010/11 reported a nominal Property spending increase of \$0.8 million, which is a \$3.6 million reduction when adjusted for inflation. Property nominal spending was \$192.4 million in FY 2009/10 and \$193.2 million in FY 2010/11, an increase of \$0.8 million or 0.4 percent. When adjusted for inflation, the \$192.4 million spent on Property in FY 2009/10 is \$196.8 million in FY 2010/11 dollars, representing a \$3.6 million (or 1.9 percent) reduction.<sup>45</sup>

**Total spending by cohort is largely unchanged.** Figure 87 shows Property nominal service costs changes between FY 2009/10 and FY 2010/11.

Figure 87 | Changes in reported nominal cost of Property services between FY 2009/10 and FY 2010/11



This graph shows that:

- The small agency cohort reported that spending increased by \$31,000, or 0.1 percent (\$0.5 million reduction, or 2.1 percent reduction when adjusted for inflation).
- The medium-sized agency cohort spending reduced by \$0.5 million, or 0.6 percent (\$2.6 million reduction, or 2.9 percent reduction when adjusted for inflation).
- The large agency cohort spending increased by \$1.3 million, or 1.6 percent (\$0.6 million reduction, or 0.7 percent reduction when adjusted for inflation).

<sup>45</sup> Inflation-adjusted costs are based on the annualised average Consumer Price Index (CPI) increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase.

Within each cohort, agencies reported a mix of increases and reductions in spending. The mix by cohort is:

- In the small agency cohort, costs increased in five agencies, reduced in four, and stayed the same for one agency.
- In the medium-sized agency cohort, costs increased in six agencies and reduced in six.
- In the large agency cohort, costs increased in four agencies and reduced in five.

The net increase of \$0.8 million results from 15 agencies reporting \$11.2 million less in expenditure and 15 agencies reporting \$12.0 million more.<sup>46</sup> Two agencies contributed \$7.2 million to the \$12.0 million increase in spending. One of these incurred a \$4 million one-off lease exit cost.<sup>47</sup> The other incurred a one-off \$3.2 million cost from moving from nine to three campuses.

A significant proportion of the reported reduction of \$11.2 million in spending is from improved measurement in FY 2010/11 rather than Property savings. A number of agencies have removed some office space from the scope of their measurement exercise in FY 2010/11 that they included in the previous reporting period.<sup>48</sup> For example, two agencies reported reductions of \$4.8 million in their property costs as a result of this change in measurement, or 40 percent of the \$11.2 million reduction. While changes to spending reported reduce the value of time series data for some agencies, overall improvement in measurement is seen as a positive move. These changes are expected as this was only the second year of measurement for some agencies.

### Efficiency findings

Efficiency findings report on the ratio of input to output (or the use of resources in a manner that minimises cost, effort, and time) as well as opportunities for efficiency gains and their implications for gross cost savings. Findings also compare NZ agency efficiency with international comparators and examine changes in efficiency since the previous reporting period, adjusting for inflation as appropriate.

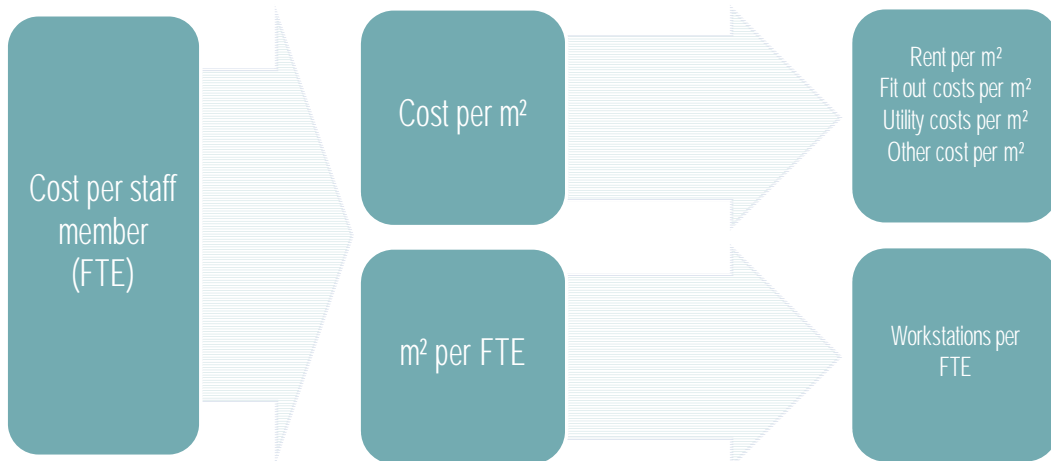
<sup>46</sup> There are a total of 31 agencies. One agency reported no change in their nominal spend between FY 2009/10 and FY 2010/11.

<sup>47</sup> This cost was in part due to rationalising its office space (with a reported estimated savings of \$2.6 million per annum and a 24 percent reduction in the cost per FTE ongoing).

<sup>48</sup> For instance, some agencies have more accurate measurement of 'head-office' accommodation (e.g. removing regional offices that deliver frontline customer services).

New Zealand Property efficiency findings are based on the three metrics shown in the boxes to the left in figure 88:

Figure 88 | Property cost driver model



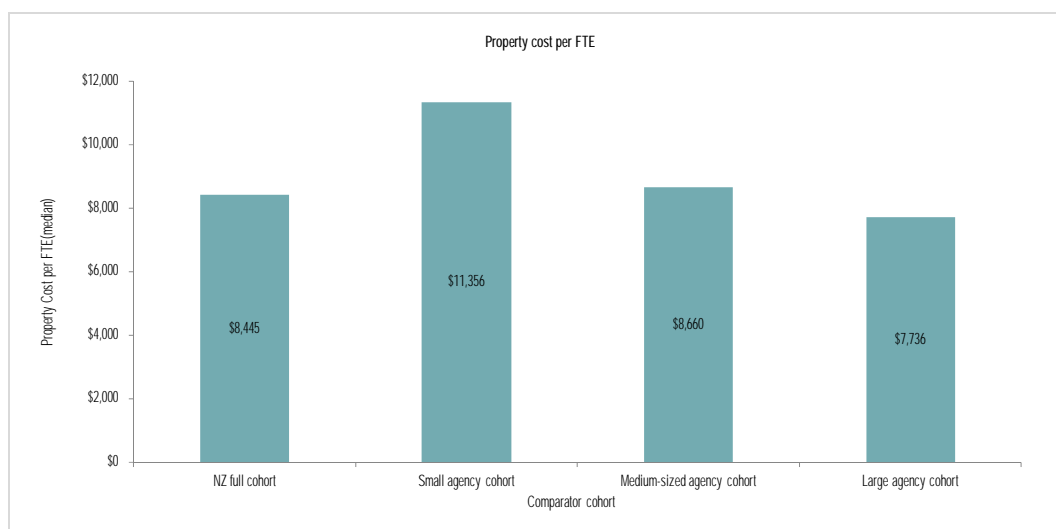
The key efficiency metric is property cost per FTE, where a lower cost is considered more efficient. Two other efficiency metrics drive property cost per FTE:

- Total office property costs per m<sup>2</sup>, where a lower cost is considered more efficient
- Office accommodation (m<sup>2</sup>) per FTE, where a lower m<sup>2</sup> is considered more efficient.

*Property efficiency levels overall and by cohort in FY 2010/11*

Property cost per FTE shows that the large agency cohort has stronger property efficiency than the small and medium-sized agency cohorts. Figure 89 shows the property cost per FTE by cohort.

Figure 89 | Property cost per FTE



This graph shows that the small agency cohort property cost per FTE (\$11,356) is 47 percent higher than the large agency cohort property cost per FTE (\$7,736), and the medium-sized agency cohort (\$8,660) is 12 percent higher.

Stronger property efficiency in the large agency cohort is driven in part by lower total property costs per m<sup>2</sup>. Figure 90 shows the median total office property costs per m<sup>2</sup> for each cohort.

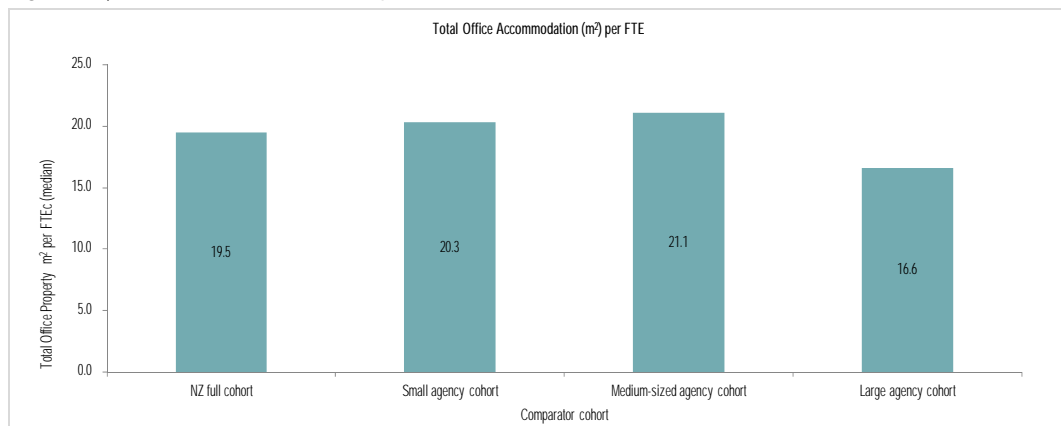
Figure 90 | Office property cost per m<sup>2</sup>



This graph shows that the median cost per m<sup>2</sup> in small agency cohort (\$507) is 20 percent higher than in the large agency cohort (\$422), and the medium-sized agency cohort median cost per m<sup>2</sup> (\$447) is 6 percent higher. Larger agencies are more likely to have less expensive office space outside of the central business districts in Wellington and Auckland and multiple buildings at different costs, giving them flexibility to locate different functions at different property costs. Smaller agencies are more likely to have one location in Wellington’s CBD to house all staff, which can drive a higher cost per m<sup>2</sup>.

Stronger property efficiency in the large agency cohort is also driven by lower m<sup>2</sup> per FTE. Figure 91 shows the office accommodation m<sup>2</sup> per FTE by cohort median.

Figure 91 | Office accommodation (m<sup>2</sup>) per FTE

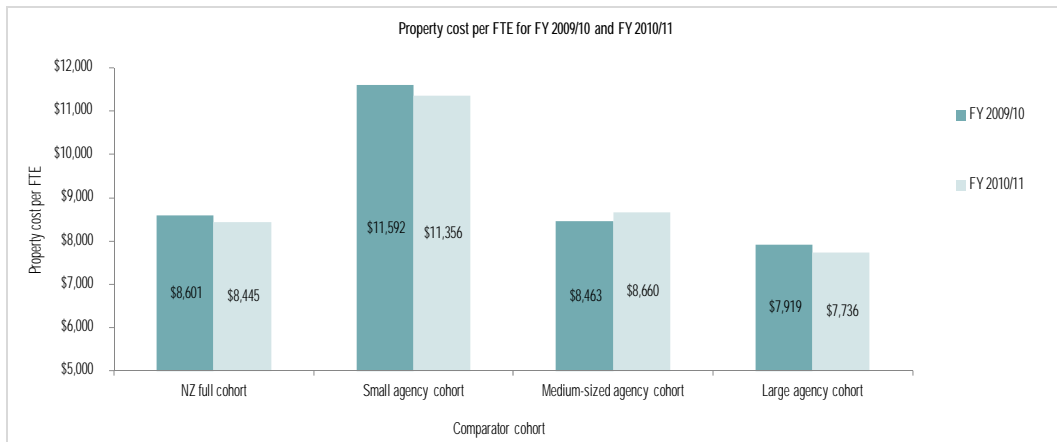


This graphs shows that the small agency cohort m<sup>2</sup> per FTE (20.3) is 22 percent higher than the large agency cohort (16.6), and the medium-sized agency cohort (21.1) is 27 percent higher.

*Changes in efficiency levels since the previous reporting period*

Overall, the total property cost per FTE has reduced. Figure 92 shows the changes in property costs per FTE by cohort.

Figure 92 | Property cost per FTE for FY 2009/10 and FY 2010/11

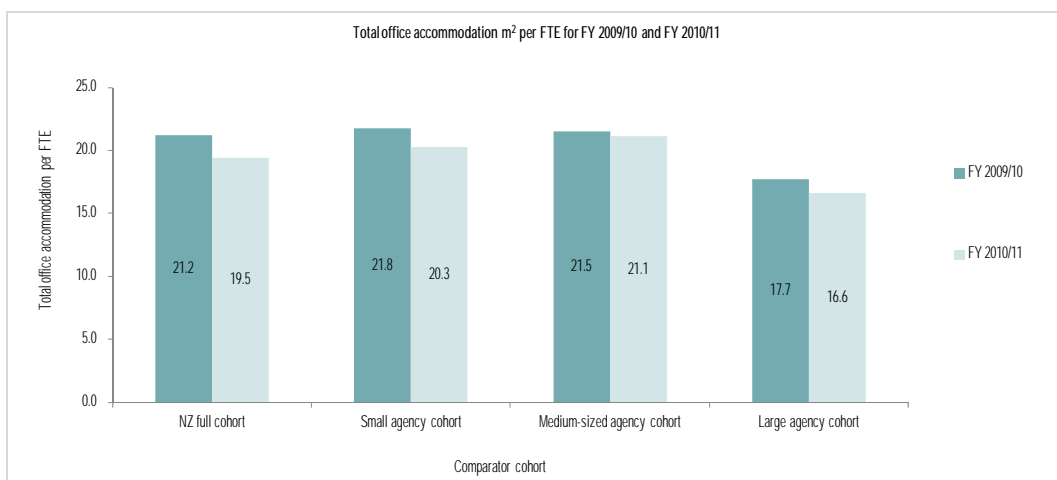


This graph shows that at the median:

- the NZ full cohort property cost per FTE reduced by \$156 or 1.8 percent (\$354 or 4 percent when inflation adjusted)
- the small agency cohort property cost per FTE reduced by \$236, or 2 percent (\$503 or 4.2 percent when inflation adjusted)
- the medium-sized agency cohort property cost per FTE increased by \$197, or 2.3 percent (\$2.35 or 0.03 percent when inflation adjusted)
- the large agency cohort property cost per FTE reduced by \$183, or 2.3 percent (\$365 or 4.5 percent when inflation adjusted).

In each cohort, office accommodation in m<sup>2</sup> per FTE has reduced. Figure 93 shows the changes in office accommodation in m<sup>2</sup> per FTE by cohort.

Figure 93 | Office accommodation in m<sup>2</sup> per FTE for FY 2009/10 and FY 2010/11



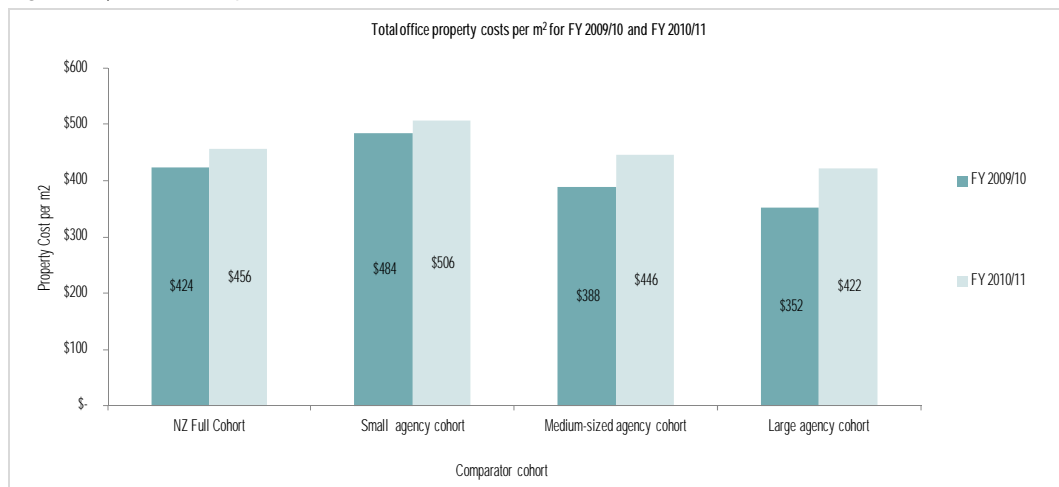
This graph shows that at the median:

- the NZ full cohort reduced by 1.7m<sup>2</sup>, or 8.3 percent

- the small agency cohort reduced by 1.5m<sup>2</sup>, or 6.7 percent
- the medium-sized agency cohort reduced by 0.4m<sup>2</sup>, or 1.9 percent
- the large agency cohort reduced by 1.1m<sup>2</sup>, or 6.1 percent.

The NZ full cohort efficiency improvement in property cost per FTE was driven by the reduction in m<sup>2</sup> per FTE in each cohort, but this improvement was offset by an increase in cost per m<sup>2</sup> in each cohort. Figure 94 shows the changes in office costs per m<sup>2</sup> by cohort.

Figure 94 | Office costs per m<sup>2</sup> for FY 2009/10 and FY 2010/11



This graph shows that at the median:

- the NZ full cohort increased by \$32, or a 7.5 percent
- the small agency cohort increased by \$22, or 4.6 percent
- the medium-sized agency cohort increased by \$59, or 15.1 percent
- the large agency cohort increased by \$70, or 19.8 percent.

*Opportunities to improve efficiency and related potential gross cost savings*

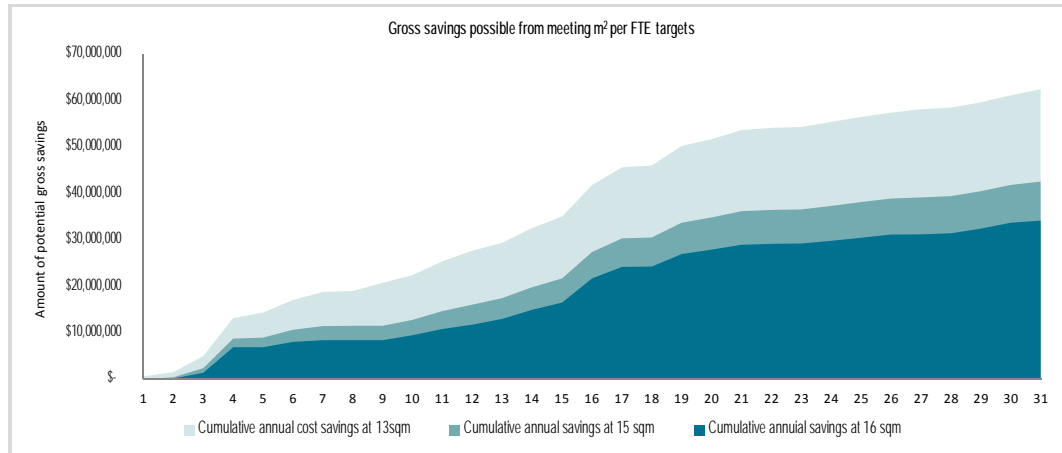
There is an opportunity to spend \$34 million less each year by achieving a target of 16m<sup>2</sup> per FTE.<sup>49</sup> As a key driver of property efficiency, the NZ full cohort median office accommodation per FTE of 19.5m<sup>2</sup> is significantly higher than international comparators, including the UK central government mean of 13m<sup>2</sup> per FTE.<sup>50</sup> If all agencies above 16m<sup>2</sup> per FTE met this target there is the opportunity to spend \$34 million less each year.

<sup>49</sup> Note that all saving scenario figures are gross amounts. To achieve these will typically require some upfront investment

<sup>50</sup> HM Government, *The State of the Estate in 2010: A report on the efficiency and sustainability of the Government estate*, UK Cabinet Office, HM Treasury, London, 2010, p. 7, available at <http://www.cabinetoffice.gov.uk/resource-library/state-estate-2010> (accessed 8 November 2011).

Gross savings of \$42.5 million to \$62.4 million are possible if agencies pursue more aggressive targets for m<sup>2</sup> per FTE, including upper quartile performance in their cohort or international benchmarks. Figure 95 shows the possible gross savings for different efficiency improvement scenarios along with the number of agencies required to achieve the possible gross savings in each scenario.<sup>51</sup>

Figure 95 | Gross savings possible from meeting different m<sup>2</sup> per FTE targets



The potential annual gross cost savings at different m<sup>2</sup> per FTE targets are as follows:

- \$42.5 million would be saved if the 30 agencies moved to the best demonstrated practice in the NZ full cohort of 15m<sup>2</sup> per FTE.<sup>52</sup>
- \$62.4 million would be saved if all 31 agencies met the UK central government mean of 13m<sup>2</sup> per FTE.

Targets in other public sector jurisdictions are helpful for understanding NZ agency property management performance: the UK central government has set a target in 2010 of 8m<sup>2</sup> per FTE (down from 10 m<sup>2</sup>).<sup>53</sup>

The greatest potential for gross savings is in the medium-sized and large agency cohorts. Figure 96 shows potential for the different cohorts to contribute to Property gross cost reductions of \$42.5 million by meeting the NZ full cohort best demonstrated practice at 15m<sup>2</sup> per FTE.

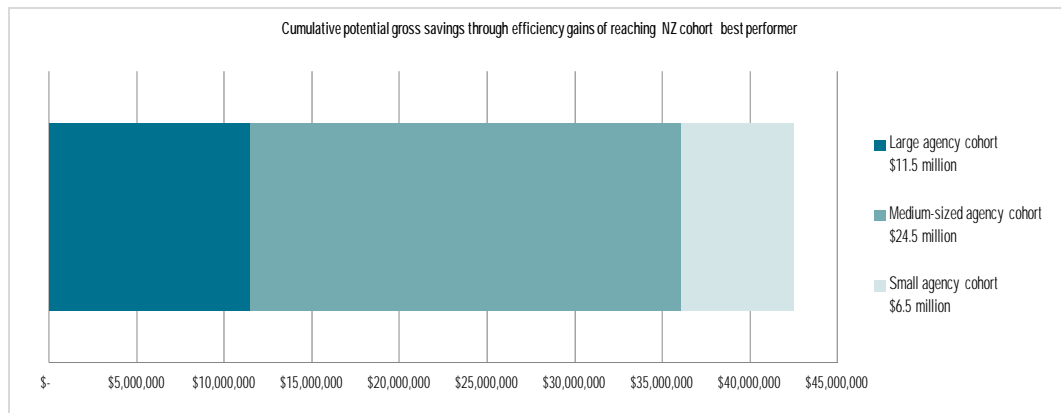
<sup>51</sup> Note that the 31 agencies in Figure 95 are listed by the large agency cohort first to the small agency cohort, but are not sorted in any order within each cohort.

<sup>52</sup> The highest current performance level in the New Zealand full cohort

<sup>53</sup> HM Government, *The State of the Estate in 2010: A report on the efficiency and sustainability of the Government estate*, UK Cabinet Office, HM Treasury, London, 2010, p. 7, available at <http://www.cabinetoffice.gov.uk/resource-library/state-estate-2010> (accessed 8 November 2011).



Figure 96 | Cumulative potential gross savings through property efficiency gains by NZ agency cohort



As shown in figure 96, almost \$11.5 million, or 27 percent of a potential gross cost reduction of \$42.5 million would be realised from nine large cohort agencies moving to 15 m<sup>2</sup> per FTE, \$24.6 million; 58 percent, would be realised from 12 medium-sized cohort agencies; and just \$6.4 million, or 15 percent from 10 small agencies moving to a 15 m<sup>2</sup> per FTE target.

Each agency should set an appropriate target based on their operational context, with the goal of providing productive workspaces and managing the overall property cost per FTE.

### Effectiveness findings

Effectiveness findings report on the extent to which property management activities achieve intended or targeted results. They compare NZ agency effectiveness with international comparators and examine changes in effectiveness since the previous reporting period.

At present, the property management effectiveness metrics are limited to a Property Management Practice Indicator (MPI), where a higher score is considered more effective.

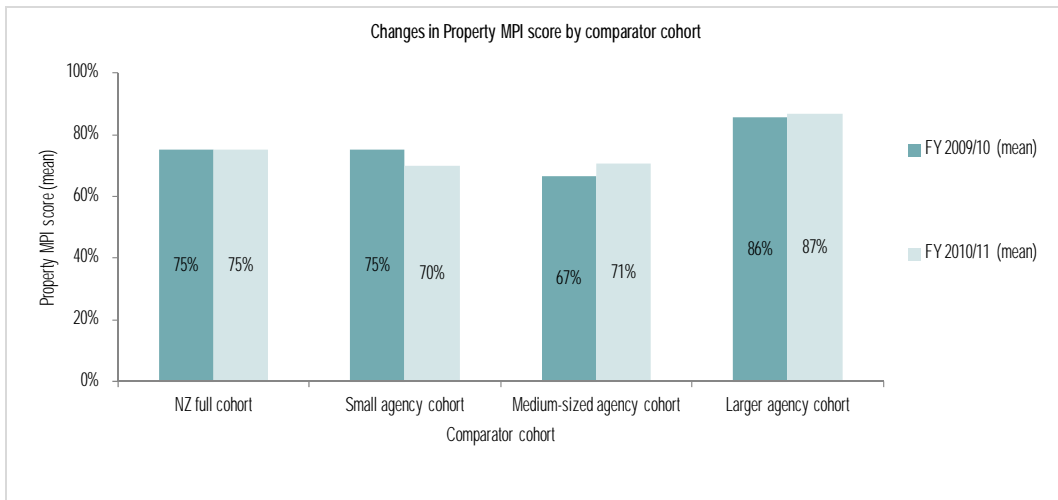
#### *Property effectiveness overall and by cohort in FY 2010/11*

The reported NZ full cohort mean Property MPI score is 75 percent, which is below the UKAA cohort mean of 83 percent.

#### *Changes in effectiveness since the previous reporting period*

The NZ cohort mean property MPI has stayed the same between FY 2009/10 and FY 2010/11. The change in Property MPI means by cohort is shown in figure 97.

Figure 97 | Changes in mean Property MPI score by comparator cohort FY 2009/10 and FY 2010/11

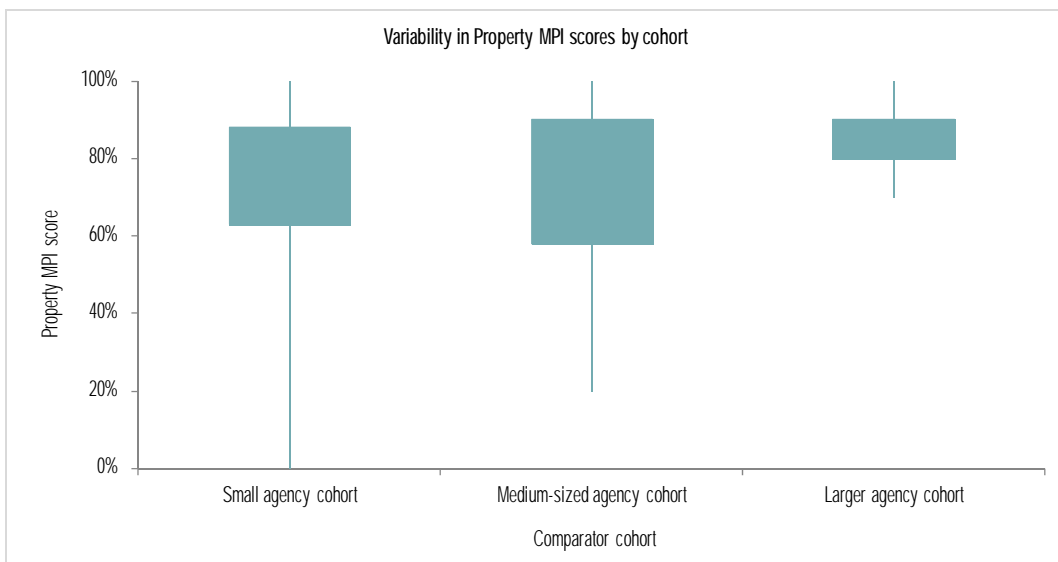


The mean property MPI score for FY 2010/11 has remained the same at 75 percent, which is 8 percent below the UK Audit Agencies (UKAA) mean of 83 percent.

Mean scores increased in the medium-sized and large cohorts declined in the small agency cohort. Note that nine agencies reported improved MPI scores, 17 stayed the same, and five had reduced scores.

**High variability in management practice and instances of strong practice indicate opportunities to leverage knowledge across agencies.** Figure 98 shows variability within cohorts.

Figure 98 | FY 2010/11 Variability in Property MPI score by cohort



This graph shows that variability in MPI scores ranges from 0 percent to 100 percent, showing opportunities for improvement and knowledge-sharing across cohorts and agencies, regardless of size.

*Opportunities to improve effectiveness*

**A closer look at the most common missing elements of property management practice indicates a need for more robust performance measurement and greater collaboration among agencies.**

- Only 26 percent of agencies reported having property management functions that manage the value for money of assets by challenging, managing, benchmarking and monitoring targets for improvement or that use asset management performance indicators to track performance. This has reduced from a score of 32 percent in FY 2009/10. This finding suggests that property performance across government is hampered by a lack of management information to support robust decision making.
- Only 74 percent of agencies reported having property management functions that work with other organisations to identify opportunities to share assets or to manage and own assets differently to derive better value for money and wider community benefits. This has increased from a score of 55 percent in FY 2009/10. This finding is evidence of the need for a brokerage service to match agencies seeking space with those who have surplus space, investigate shared contracting of property related supplies and facilities management, and support co-location of agencies, including identifying common barriers to co-location and developing solutions.
- Only 68 percent of agencies use and develop their assets in a way that mitigates environmental impacts, limits the consumption of natural resources and is resilient to the effects of climate change. This has reduced from a score of 90 percent in 2009/10.

### Quality of management information

These findings report on known property data quality issues, limitations of the indicator set in providing insight into property management performance, and opportunities for improvement. The Context chapter includes common quality of management information findings across all functions that are not repeated in this chapter.

**The quality of the data underlying the metrics is generally of a high standard, and information can be meaningfully compared.** Office space performance can be understood using a small number of recognised metrics that can be calculated with accurate data. The three primary metrics are property cost per FTE, cost per m<sup>2</sup>, and m<sup>2</sup> per FTE, and the data required to calculate these metrics can be readily obtained from tenancy agreements and basic human resources reports.

**This report provides a limited snapshot of office property management.** For the purposes of this report, property is defined as head office accommodation where the purpose of the property is to accommodate head office or administrative staff. This definition excludes buildings where there is a substantial interface with the public, which means that office space on regional and service delivery properties are excluded from this report.

**There is better measurement of property costs this reporting period with stronger adherence to the definition of “head office accommodation.”** This means that a few agencies have reduced the properties they included this year e.g. removing customer contact centres. While these types of changes have a negative impact on time series analysis, greater consistency across agencies is an improvement in measurement and supports comparability among agencies and external comparators.

**While results are broadly comparable, results need to be understood within the context of each organisation.** Different agencies have different property needs. For example, Wellington based office operations, especially where there is a case for a CBD location, will be more costly than operations dispersed in less expensive locations around the country.

**The impact of the Christchurch Earthquake on property has been removed.** The impact of the Christchurch earthquake on property costs has been removed by those agencies affected. Agencies have included either their original property costs before the earthquakes or their new alternate property costs.

**The PMCoE has established a property management database which will contain much more detailed property information across government, as well as producing a NZ State of the Estate report.** This database will allow the Treasury, PMCoE, and property practitioners to explore improvements to the property metric set for FY 2011/12.

# Corporate and Executive Services

## Commentary

**Given the amount of spending on this function, we should improve our understanding of value for money and drive performance.** The 31 agencies participating in this benchmarking exercise spend \$189.3 million each year on the Corporate and Executive Services (CES) function, which is roughly equal to annual expenditure on office accommodation. Building our understanding of the cost and quality of these services across government supports a robust discussion about whether or not there are meaningful opportunities for improvement or savings.

**The findings of this and other reports suggest we can lift performance through greater collaboration.** Larger agencies continue to be significantly more efficient in delivering CES, showing the impact of fixed costs on small agencies and suggesting that leveraging scale across government can reduce costs.

**Work is underway to strengthen management and performance in the larger service areas.** Recent activity in the three largest service groups in this function – communications, legal services, and information management – is described below.<sup>54</sup>

## Communications

**By Michael Player, Chair of Communications – heads of communications group of the core public sector**

Better Administrative & Support Services (BASS) measurement provides a useful start in understanding the performance of communication services across government. Since the last BASS report, New Zealand Public Service communicators have collaborated to build a more detailed common metric set, including a revised and recently piloted Management Practice Indicator (MPI).

We can use the annual administrative and support (A&S) service benchmarking exercise to implement these measures, and given the low level of maturity in measuring the communications function globally, we have the potential to be international leaders in performance management for communications services. This significant achievement will require working together to refine the metric set in successive reporting periods, and it will support a stronger understanding and transparency of the communications function and management discipline.

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<sup>54</sup> Information management includes library, document management, archive, and research services

## Information Management

**By Greg Goulding, Chief Archivist and General Manager, Archives New Zealand**

Recordkeeping practices must change to support better, faster decision making and increased collaboration across agencies. As agencies deliver better services for less, they change the structure and technology for service delivery. Public offices must consider their recordkeeping requirements in this changing environment. There are five key themes that Archives New Zealand is focused on as it supports agency success:

- Continuity of government information through change
- Securing today's digital information for tomorrow (being implemented by the Government Digital Archive programme)
- Disaster recovery and business continuity for information management
- Coordinated, efficient and well implemented disposal of public records
- Capturing the nation's memory.

## Legal Services

**By Philip Griffiths, Programme Director, Government Legal Service (GLS)**

The Government Legal Services programme has two work streams: one for developing capability and one for delivering efficiencies. The capability work stream will support collaboration, including shared tools and resources and consistent competencies and training for public sector legal practitioners. The efficiency work stream will leverage scale and reduce duplication, including aggregated procurement for legal publishing services (through GLS) and external legal services through the Ministry of Economic Development's Procurement Reform Programme.

## Findings

### Highlights of findings

- **New Zealand full cohort agencies reported spending \$1.4 million less.** Agencies that reported reductions in cost cited reduced communications and legal costs and reduced costs associated with mergers in FY 2010/11 as key contributing factors. Three services – communications, information management, and legal services – make up 68 percent of expenditure in the CES function.
- **Agencies reported similar efficiency levels as for 2009/10.** The large agency cohort delivers the CES function significantly more efficiently than the medium-sized and small agency cohorts. The CES costs as a percentage of organisational running costs (ORC) for the small agency cohort are seven times higher and the medium-sized agency cohort is four times higher than the large agency cohort.
- **Agencies reported increases in CES function maturity since FY 2009/10.** The MPI score for Communications has increased to 86 percent and the Legal Services score has increased to 72 percent.<sup>55</sup>

### Cost findings

Cost findings include total spending overall and by cohort. They also provide information regarding changes in spending since the previous reporting period both in nominal and inflation-adjusted terms.

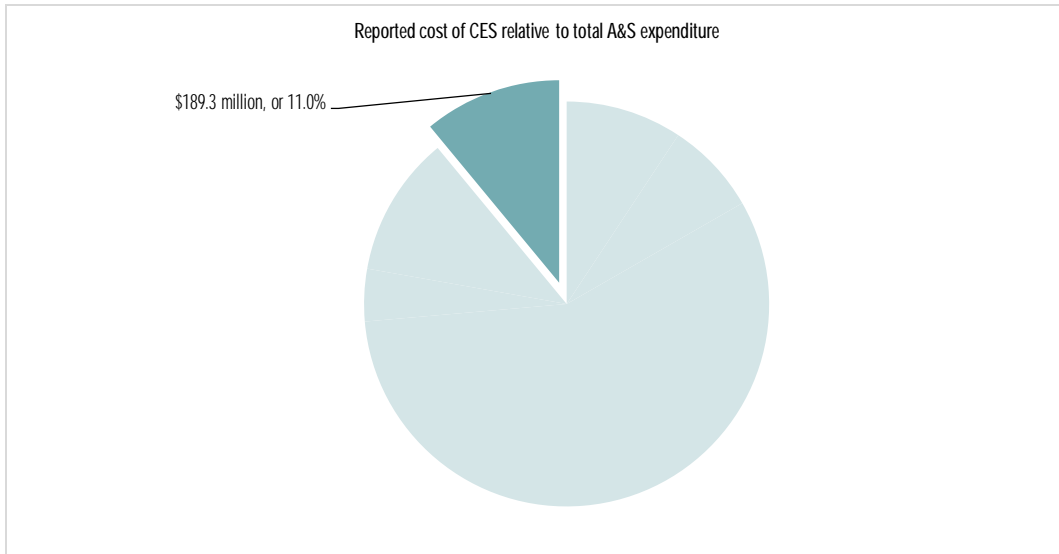
Agencies spent \$189.3 million on the CES function in FY 2010/11. Figure 99 shows the reported cost of CES services relative to the total expenditure on administrative and support (A&S) services.

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<sup>55</sup> BASS Management Practice Indicators (MPI) are adopted from the UK Audit Agencies (UKAA) A&S service performance measurement methodology. Within that methodology, the MPI score assesses "the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function.

The 31 agencies (full NZ cohort) that participated in this exercise have, for the purposes of comparison, been categorised into three cohorts – 'small agency cohort' refers to agencies with <500 FTEs and/or ORC of <\$95 million; 'medium-sized agency cohort' refers to agencies with 500 to 2,500 FTEs and/or ORC of \$95 million to \$300 million; and 'large agency cohort' refers to agencies with >2,500 FTEs and/or ORC of >\$300 million.

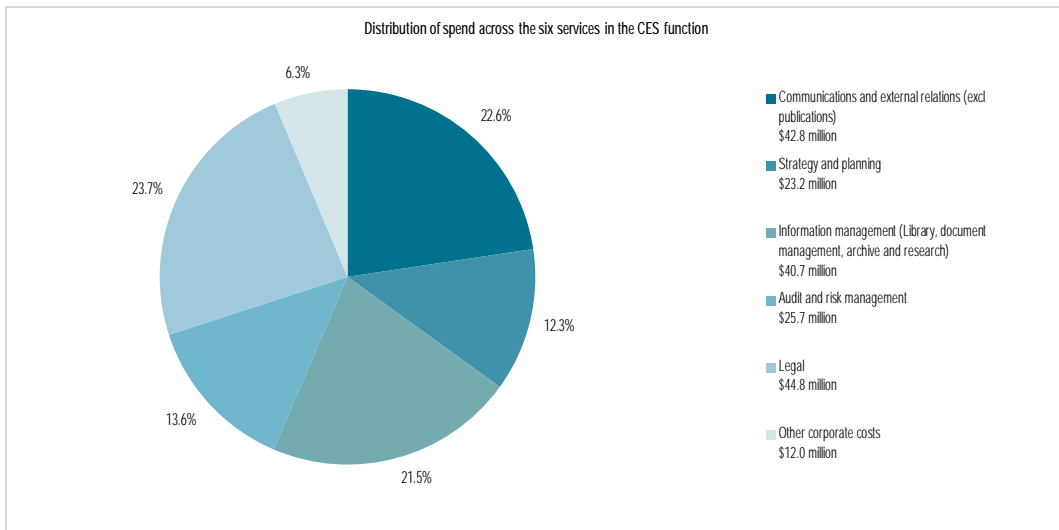
Figure 99 | Reported cost of CES services relative to total A&S expenditure FY 2010/11



CES is the third largest A&S service function in terms of expenditure, making up \$189.3 million, or 11.0 percent, of \$1.722 billion in A&S service spending for FY 2010/11.

Three services—communications, information management, and legal services—make up 68 percent of expenditure in the CES function. Figure 100 shows the distribution of spending across each service in the CES function.

Figure 100 | Distribution of spend across the six services in the CES function

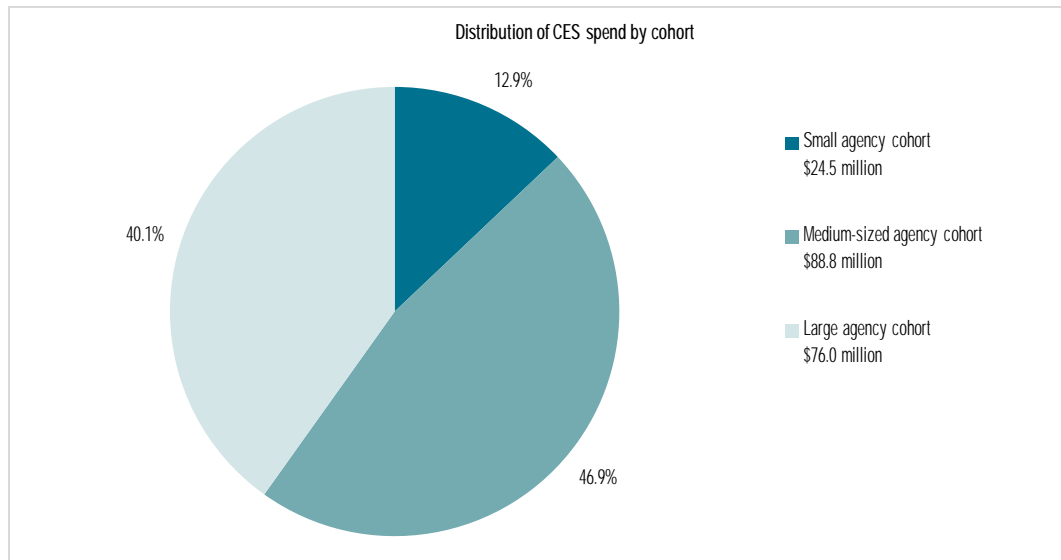


This graph shows that the three larger services are roughly equal in expenditure and together are the bulk of the cost of this function.



The medium-sized and large agency cohorts make up 87 percent of CES function expenditure. Figure 101 shows the distribution of CES spending across the three cohorts.

Figure 101 | Distribution of CES spend by cohort



This graph shows that small agency cohort CES service expenditure of \$24.5 million is 12.6 percent; medium-sized agency cohort spending of \$88.8 million is 46.9 percent; and large agency cohort spending of \$76 million is 40.1 percent.

*Changes in spending since the previous reporting period*

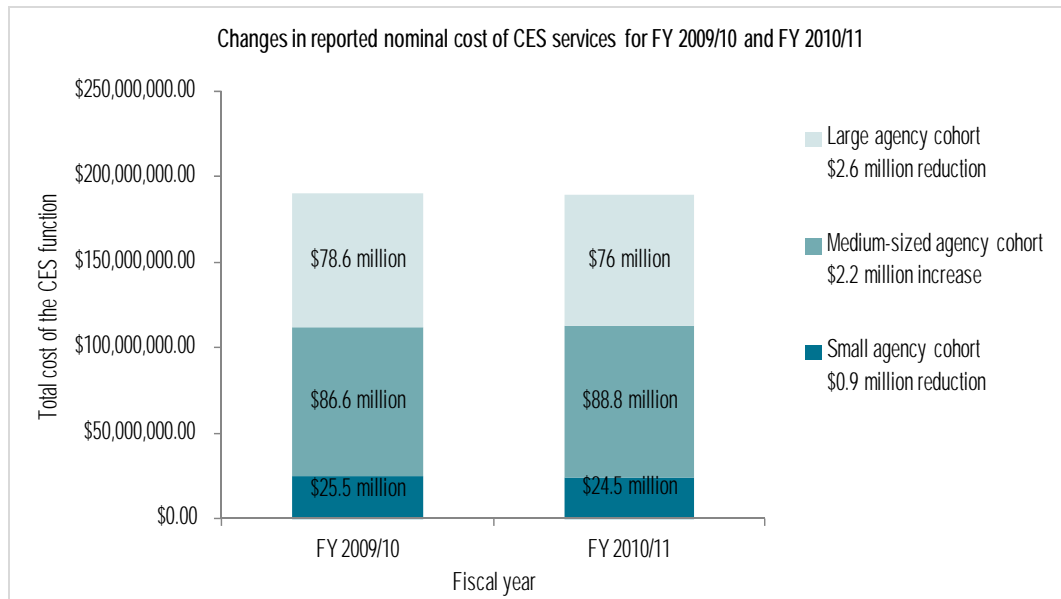
Agencies that measured for both FY 2009/10 and FY 2010/11 reported a nominal CES function spending reduction of \$1.4 million, which is a reduction of \$5.8m when adjusted for inflation. CES nominal spending was \$190.7 million in FY 2009/10 and \$189.3 million in FY 2010/11, a reduction of \$1.4 million or 0.7 percent. When adjusted for inflation, the \$190.7 million spent on CES in FY 2009/10 is \$195.1 million FY 2010/11 dollars, representing a \$5.8 million (or 3 percent) reduction.<sup>56</sup>

The net reduction of \$1.4 million results from 19 agencies spending \$14.8 million less and 12 agencies spending \$13.4 million more than in FY 2009/10. Four agencies made up \$11 million of the total reported reduction of \$14.8 million, with reduced communications and legal costs and reduced costs associated with mergers as key contributing factors. The 19 agencies that reported increases attributed these to a range of reasons, including agency restructuring, higher legal costs and some improvement in capturing CES function costs.

The small and large agency cohorts reported reductions in the cost of the CES function, and the medium-sized agency cohort reported an increase. Figure 102 shows CES nominal service cost changes between FY 2009/10 and FY 2010/11 by cohort.

<sup>56</sup> Numbers are adjusted for inflation (annualised average CPI increase of 2.3 percent, excluding the Goods and Services Tax (GST) increase).

Figure 102 | Changes in reported nominal cost of the CES function between FY 2009/10 and FY 2010/11



This graph shows that:

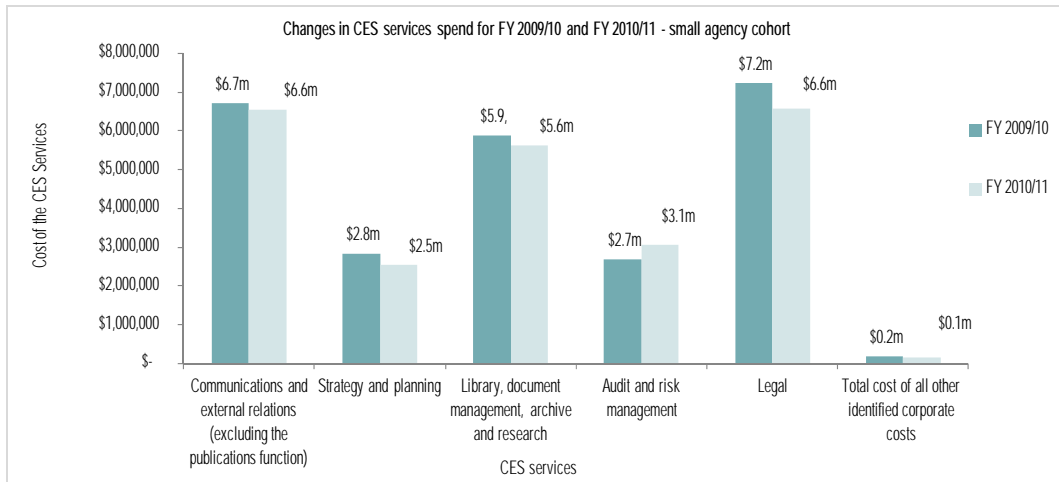
- The small agency cohort reduced spending by \$0.9 million, or 3.8 percent (\$1.6 million reduction, or 6.0 percent when adjusted for inflation).
- The medium-sized agency cohort increased spending by \$2.2 million, or 2.6 percent (\$0.2 million increase, or 0.2 percent when adjusted for inflation).
- The large agency cohort reduced spending by \$2.6 million, or 3.4 percent (\$4.5 million reduction, or 5.5 percent when adjusted for inflation).

Within each cohort, agencies reported a mix of increases and reductions in spending. The mix by cohort is as follows:

- In the small agency cohort, costs increased in three agencies and reduced in seven.
- In the medium-sized agency cohort, costs increased in six agencies and reduced in six.
- In the large agency cohort, costs increased in three agencies and reduced in nine.

The small agency cohort CES cost reduction of \$0.9 million was due to reductions in all services except for audit and risk management. Figure 103 shows small agency cohort CES function cost changes by service type.

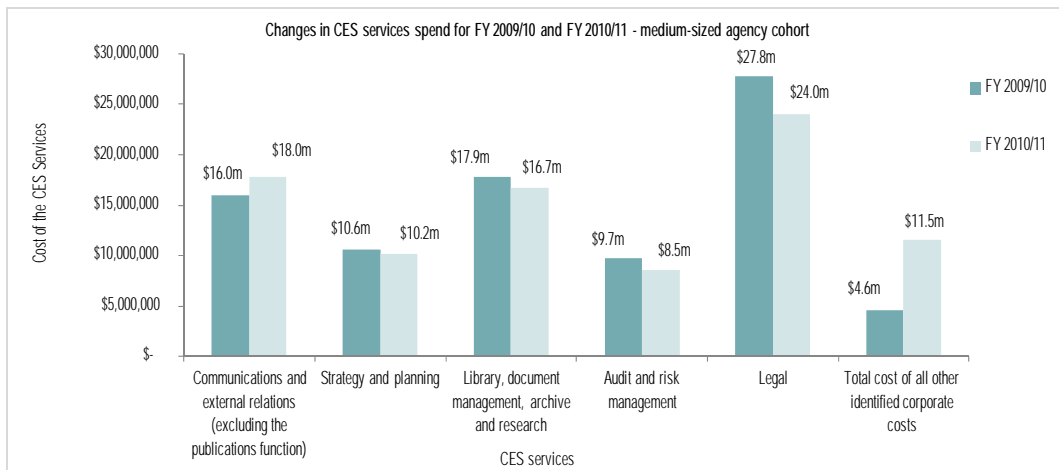
Figure 103 | Changes in CES service spend for FY 2009/10 and FY 2010/11 – small agency cohort



This graph shows that while there was a net reduction in CES spending in this cohort, there was an increase in spending in audit and risk management services.

The medium-sized agency cohort CES service costs increase of \$2.2 million was mainly due to spending increases in communications and other CES services.<sup>57</sup> Figure 104 shows medium-sized agency cohort CES function cost changes by service type.

Figure 104 | Changes in CES service spend for FY 2009/10 and FY 2010/11 – medium-sized agency cohort

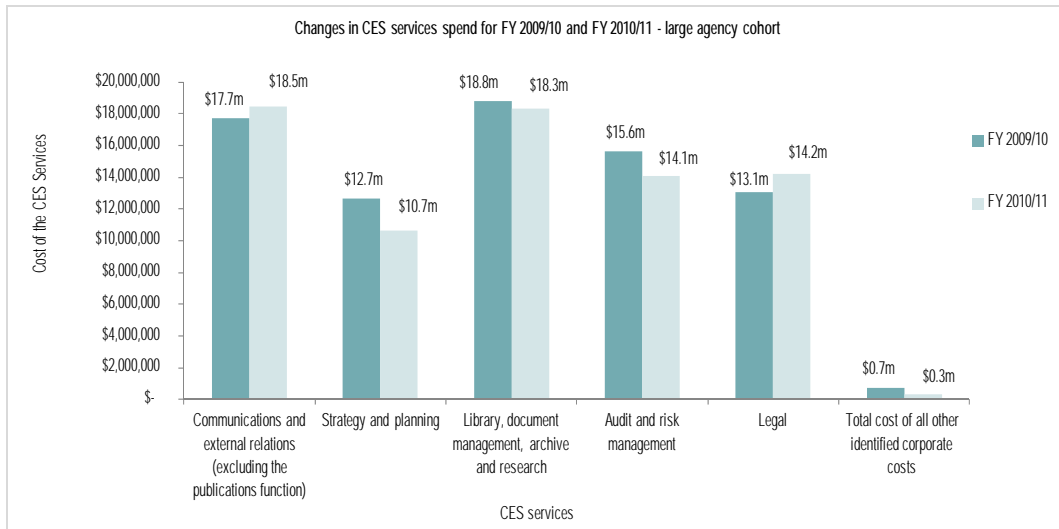


This graph shows that while there was a net increase in CES spending in this cohort, there were decreases in spending in audit and risk management, strategy and planning, information management and legal services.

The large agency cohort CES service cost reduction of \$2.6 million was mainly due to reductions in strategy and planning and audit and risk management. Figure 105 shows large agency cohort CES function cost changes by service type.

<sup>57</sup> Other CES services include costs that agencies categorise as CES costs e.g. organisational restructure.

Figure 105 | Changes in CES service spend for FY 2009/10 and FY 2010/11 – large agency cohort



While there was a net decrease in CES spending in this cohort, the cost of communications and legal services increased.

### Efficiency findings

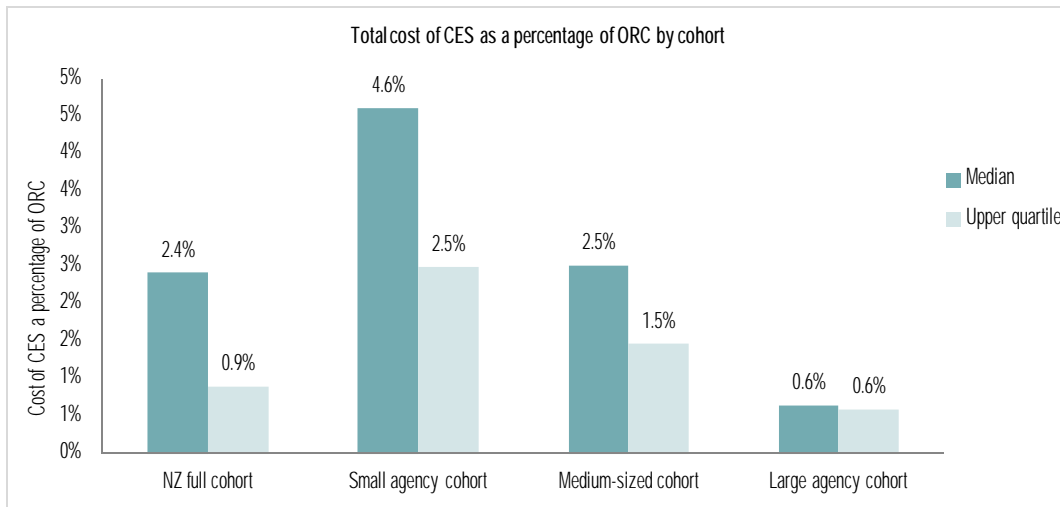
Efficiency findings report on the ratio of input to output (or the use of resources in a manner that minimises cost, effort, and time) as well as opportunities for efficiency gains and their implications for gross cost savings. Findings also examine changes in efficiency since the previous reporting period.

Efficiency findings are based on the cost of the CES function overall as a percentage of organisational running costs (ORC). Efficiency findings also examine the cost of the six services within the CES function as a percentage of ORC.

#### *CES efficiency levels overall and by cohort in FY 2010/11*

The large agency cohort delivers the CES function significantly more efficiently than the medium-sized and small agency cohorts. Figure 106 shows the median and upper quartile cost of the CES function as a percentage of ORC overall and by cohort.

Figure 106 | Total cost of CES as a percentage of ORC

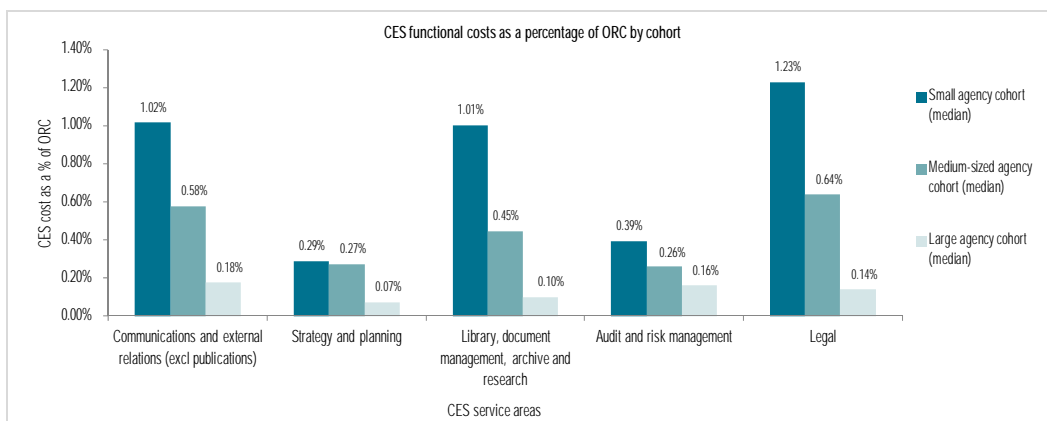


This graph shows that at the median:

- total CES costs as a percentage of ORC for the small agency cohort is seven times higher than for the large agency cohort
- total CES costs as a percentage of ORC for the medium-sized agency cohort is approximately four times higher than the large agency cohort.

The large agency cohort delivers each service within the CES function more efficiently than the medium-sized and small agency cohorts. Figure 107 shows the CES service cost as a percentage of ORC costs by cohort.

Figure 107 | CES functional costs as a percentage of ORC by cohort



This graph shows that fixed costs have a greater impact on smaller organisations, which suggests opportunities to reduce costs by sharing knowledge and scale across agencies. Compared to the large agency cohort at the median:

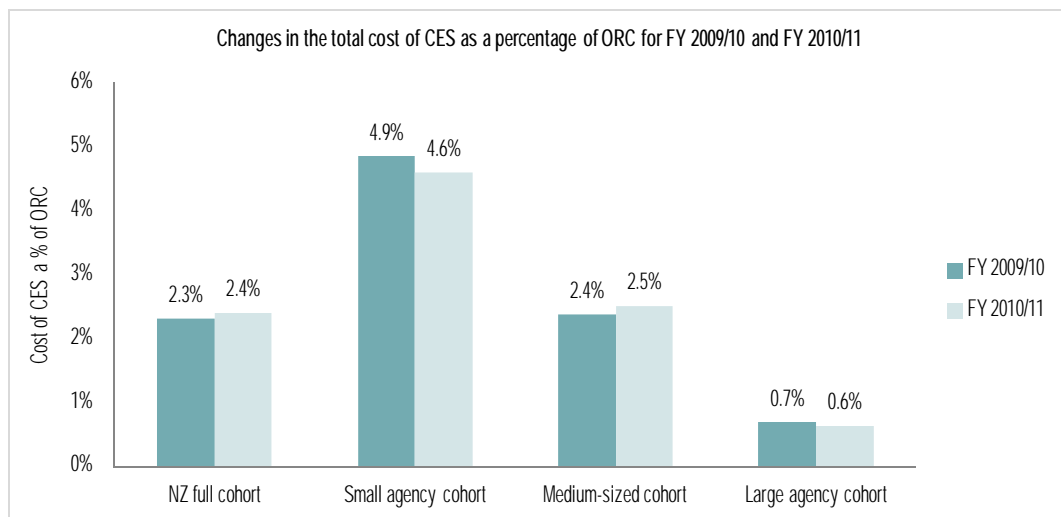
- Communications costs as a percentage of ORC for the small agency cohort are six times higher, and for the medium-sized agency cohort are three times higher.

- Legal costs as a percentage of ORC for the small agency cohort are nine times higher, and for the medium-sized agency cohort are five times higher.
- Information management costs as a percentage of ORC are 10 times higher for the small agency cohort, and for the medium-sized agency cohort are four times higher.
- Strategy and planning costs as a percentage of ORC in the small and medium-sized agency cohorts are almost four times higher.
- Audit and risk costs as a percentage of ORC in the small and medium-sized agency cohorts are around twice as high.

*Changes in efficiency levels since the previous reporting period*

Overall and by cohort, the total reported cost of the CES function as a percentage of ORC remained the same or reduced slightly. Figure 108 shows the medians for each of the two reporting periods overall and by cohort.

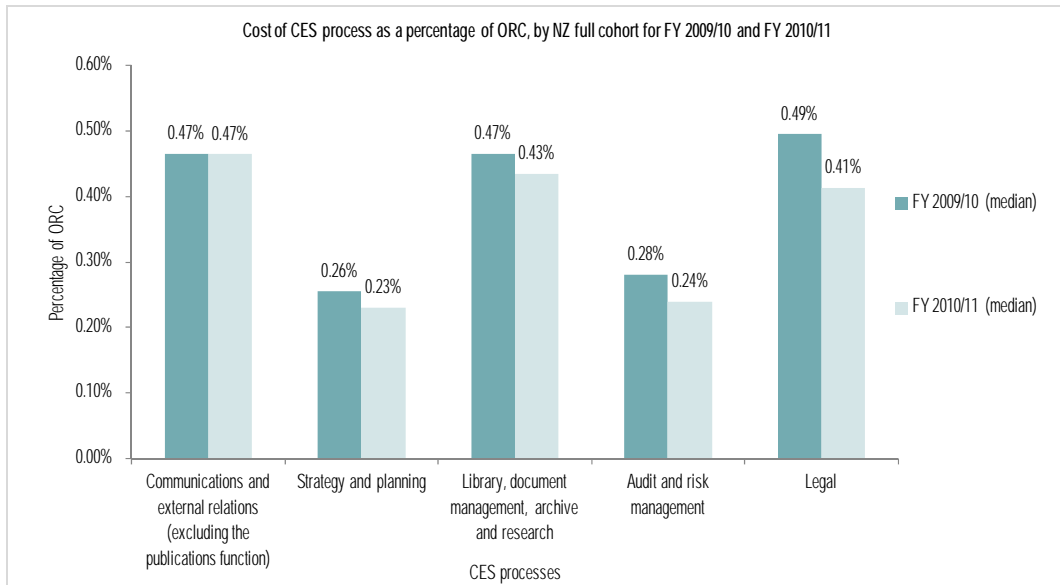
Figure 108 | Changes in the total cost of CES as a percentage of ORC for FY 2009/10 and FY 2010/11



This graph shows that CES function costs as a percentage of ORC are largely unchanged between reporting periods.

Overall and by cohort, the reported costs of each service in the CES function as a percentage of ORC have mostly improved between FY 2009/10 and FY 2010/11. Figure 109 shows the cost of each service as a percentage of ORC for both reporting periods.

Figure 109 | Cost of CES process as a percentage of ORC, by NZ full cohort – FY 2009/10 and FY 2010/11

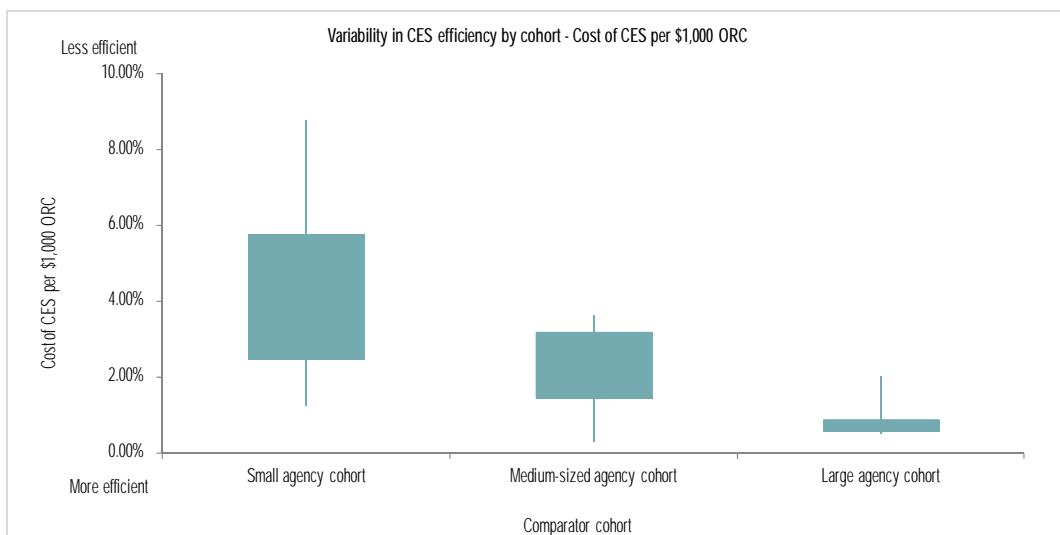


All services have only slight changes in efficiency, with most reporting reduced costs as a percentage of ORC. This is a positive result due to the 2.4 percent increase in ORC. Each service would have shown much greater efficiency improvements if ORC had remained the same.

*Opportunities to improve efficiency and related potential gross cost savings*

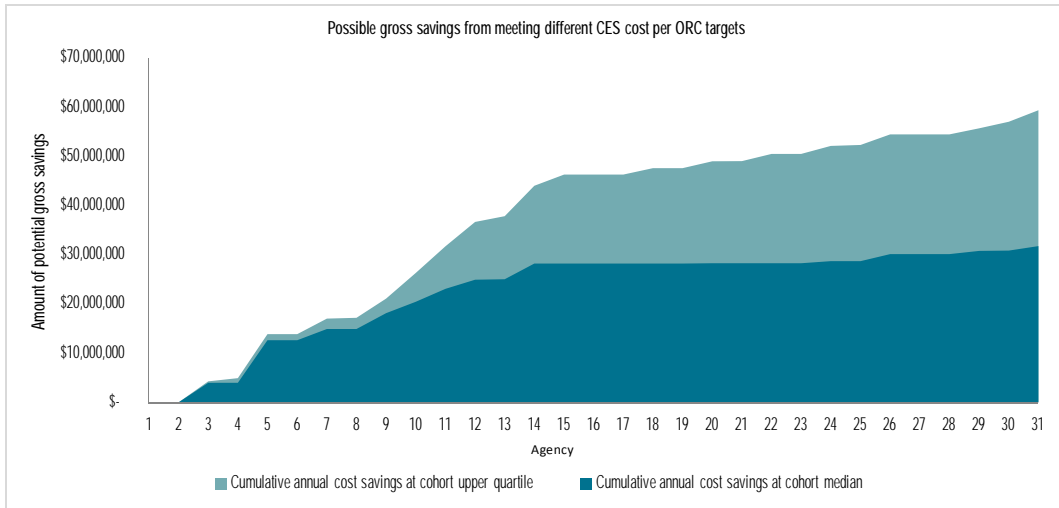
**There is high variability in CES function cost as a percentage of ORC within NZ agency cohorts. Figure 110 below shows this variability by cohort.**

Figure 110 | Variability in CES efficiency by cohort – cost of CES as a percentage of ORC



There is an opportunity for gross savings of \$31.8 million to \$59.6 million each year by reducing variability in the cost of the CES function as a percentage of ORC within cohorts.<sup>58</sup> Figure 111 shows the possible gross savings for different efficiency improvement scenarios along with the number of agencies required to achieve the gross savings in each scenario.<sup>59</sup>

Figure 111 | Possible gross savings from meeting different CES cost per ORC targets



The potential scenarios for gross savings by improved CES cost per ORC targets are:

- \$31.8 million in gross savings if 15 of 31 agencies reach median performance within their cohort<sup>60</sup>
- \$59.6 million in gross savings if 22 of 31 agencies meet upper quartile performance for their cohort.<sup>61</sup>

While the small agency cohort is the least efficient overall, the greatest potential for gross cost savings is in the medium-sized and large agency cohorts. The small agency cohort is not the major source of potential gross savings because they make up only 13 percent (\$24 million) of the \$189 million spent on CES services. Figure 112 shows the potential for each cohort to contribute to CES gross savings of \$59.6 million by meeting upper quartile performance within their cohort.

<sup>58</sup> Note that all saving scenario figures are gross amounts. To achieve these will typically require some upfront investment.

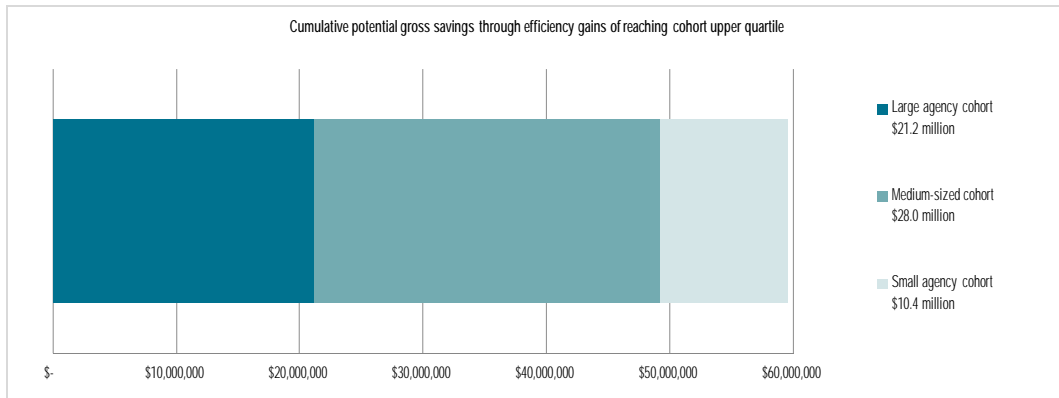
<sup>59</sup> Note that the 31 agencies in Figure 111 are listed by the large agency cohort first to the small agency cohort, but are not sorted in any order within each cohort.

<sup>60</sup> The large agency median is 0.64 percent; the medium-sized agency median is 2.51 percent, and the small agency cohort median is 4.6 percent

<sup>61</sup> Upper quartile performance is 2.49 percent for the small agency cohort, 1.46 percent for the medium-sized agency cohort, and 0.59 percent for the large agency cohort



Figure 112 | Cumulative potential gross savings through CES efficiency by reaching cohort upper quartile



As shown in figure 112, \$49.2 million, or 83 percent, of a potential gross saving of \$59.6 million would be realised from the medium-sized and large agency cohorts moving to their cohort upper quartile. Conversely, only around \$10.4 million, or 17 percent, would be realised from small agencies moving to their cohort upper quartile.

These scenarios are for illustrative purposes only and may not feature appropriate targets for each agency. Agencies should set targets appropriate to their operational context.

### Effectiveness findings

Effectiveness findings report on the extent to which CES activities achieve intended or targeted results.

At present, CES effectiveness metrics are limited to Management Practice Indicators (MPIs) for Communications and Legal services, where a higher score is considered more effective. International comparator data is not available for these metrics.

#### *Communications and Legal services effectiveness in FY 2010/11*

The NZ full cohort mean Legal and Communications MPI scores show overall strong practice management. The mean Communications MPI score is 86 percent and the Legal MPI score is 72 percent.

#### *Changes in effectiveness since the previous reporting period*

Communications and Legal MPI scores have improved between FY 2009/10 and FY 2010/11 overall and in each cohort. MPI scores have increased from 85 percent to 86 percent in Communications and 66 to 72 percent in Legal services. Figure 113 and figure 114 show changes in MPI scores between the two reporting periods overall and by cohort.

Figure 113 | Changes in mean Communications MPI score by cohort for FY 2009/10 and FY 2010/11

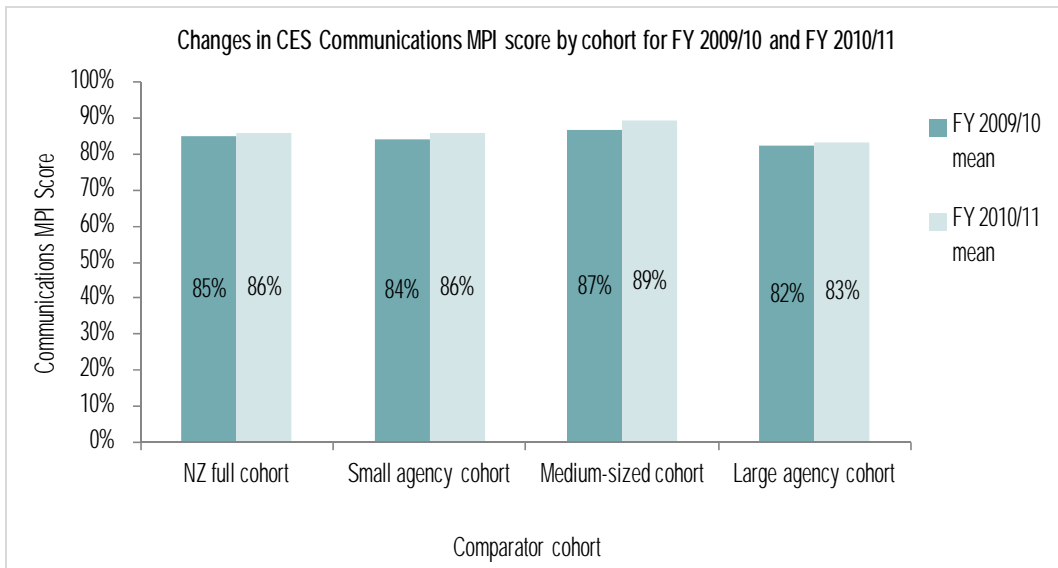
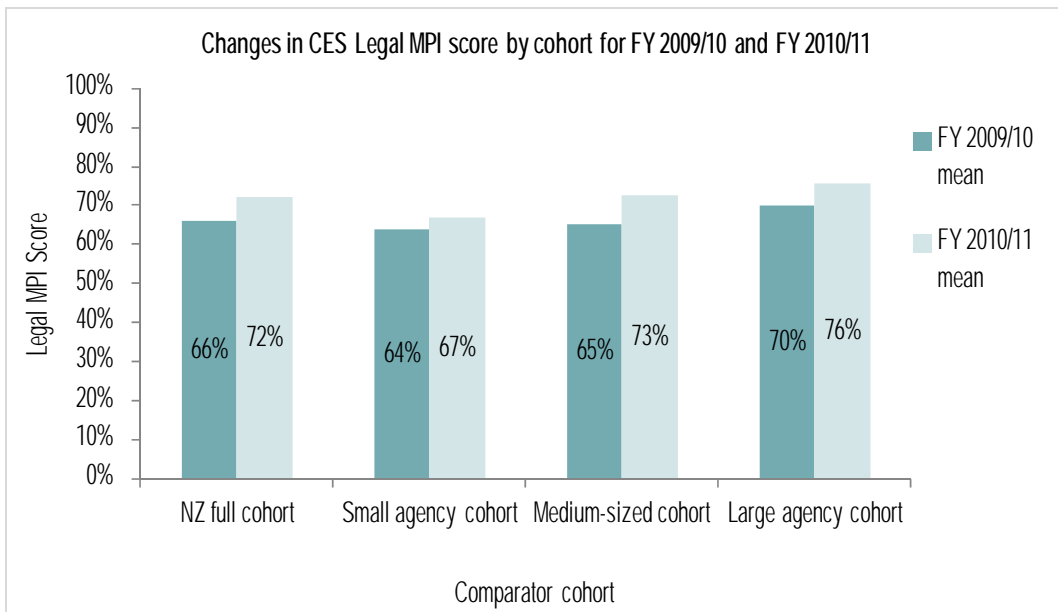


Figure 114 | Mean Legal MPI score by comparator cohort for FY 2009/10 and FY 2010/11



These graphs show that all cohorts have reported higher MPI scores for both communications and legal services.

*Opportunities to improve effectiveness*

**Variability in management practice scores show that there are opportunities for improvement and knowledge-sharing across agencies.** Figures 115 and 116 show variability in management practice by cohort for communications and legal services.

Figure 115 | Variability in Communications MPI score by cohort

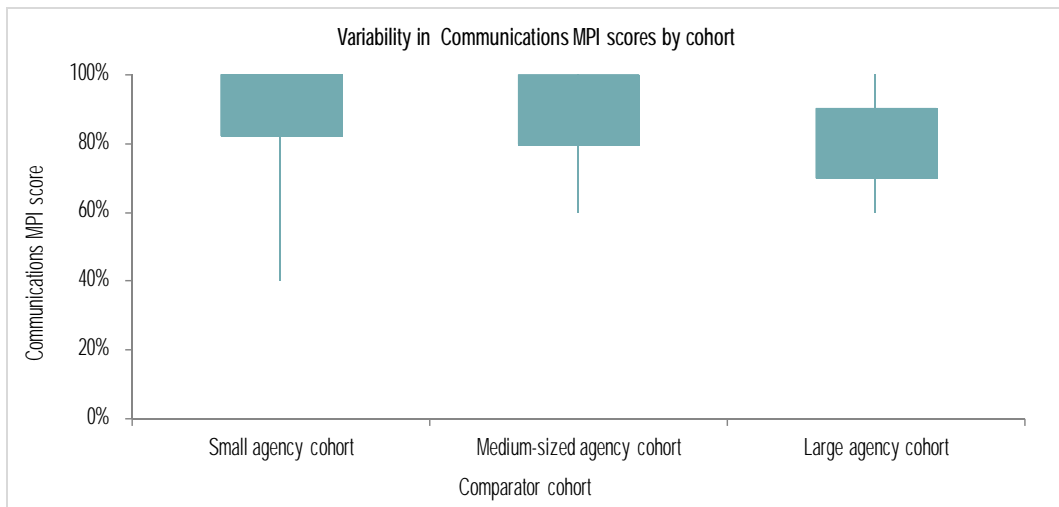
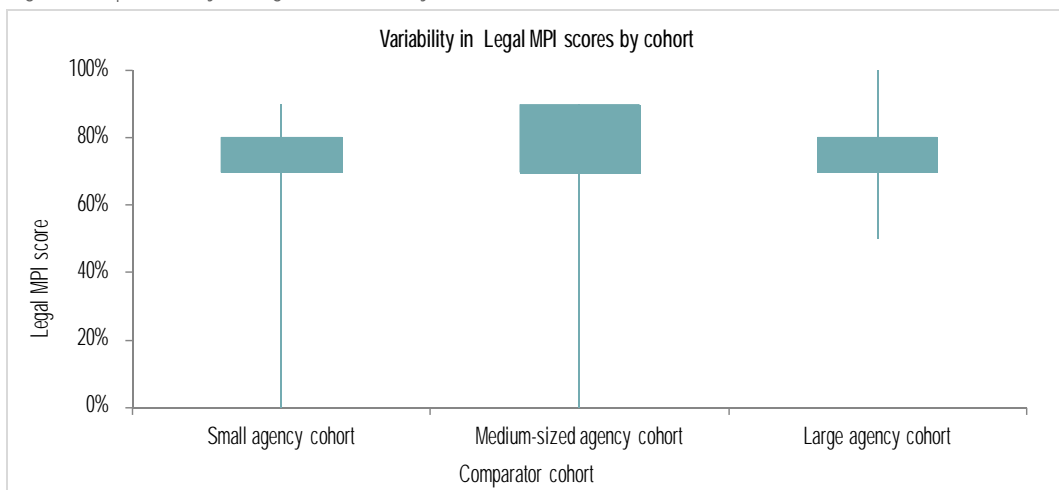


Figure 116 | Variability in Legal MPI score by cohort



The figures above show instances of strong practice in each cohort and opportunities for agencies to share knowledge and practices, regardless of agency size.

A closer examination of the Legal MPI scores shows limited management information about the cost of the Legal function in agencies. The two least adhered to legal service management practices for the NZ full cohort both support understanding the cost of the legal function.

- Only 23 percent of NZ full cohort agencies reported having costed its internal legal services and having developed charge-out rates for their internal lawyers. This has increased from a score of 19 percent in FY 2009/10.
- Only 35 percent of NZ full cohort agencies reported having a time recording system for legal staff to record their time against legal matters. This has increased from a score of 29 percent in FY 2009/10.

**A closer examination of the Communications MPI scores shows generally high adherence to leading practice in communications function management.** The four lowest communications service management practices for the NZ full cohort are:

- Seventy-one percent of NZ full cohort agencies reported having their communication strategy and annual plan signed off by the relevant board or equivalent governance group. This has reduced from a score of 77 percent in FY 2009/10.
- Eighty-four percent of NZ full cohort agencies reported their organisation offers continuing professional development for all communication staff and all members of staff undertook this activity over the last year. This score is the same as in FY 2009/10.
- Eighty-four percent of NZ full cohort agencies reported their most senior officer in the organisation with a dedicated communication role is a member of or has a direct report to the board or equivalent management group. This has increased from a score of 81 percent in FY 2009/10.
- Eighty-four percent of NZ full cohort agencies reported that communication outputs and outcomes are evaluated through appropriate methods and the findings are used to inform future activity. This has increased from a score of 74 percent in FY 2009/10.

### Quality of management information

These findings report on known CES data quality issues, limitations of the indicator set in providing insight into CES management performance, and opportunities for improvement. The Context chapter includes common quality of management information findings across all functions that are not repeated in this chapter.

**There are concerns with data quality for the CES function.** In New Zealand and around the world, organisations undertake a range of activities within this function without standard definitions, and it is uncommon for organisations to benchmark these services. When they do benchmark, the quality of management information is impaired by data consistency issues and a limited pool of reliable comparator data.

**There are opportunities to develop and implement more meaningful performance indicators.** Indicators used in this report are based on the American Productivity & Quality Center (APQC) and the UK Audit Agencies' (UKAA) performance measurement methodologies. Because of low maturity globally in measuring these services relative to other A&S functions, ongoing discussion with practitioners on how to improve the quality of management information is essential to developing a more useful indicator set and making annual CES benchmarking relevant and useful to the management of their functions.

**Some costs may be understated.** Agencies have varied reliance on certain corporate functions depending on the nature of their role. For example, agencies with direct engagement with the public have a greater need for communications. To improve the comparability of data, marketing and printing costs were excluded from communications costs, and 'front-line' legal costs such as prosecution teams

were excluded from legal costs. This approach improves the comparability of the data but does mean that costs are not a full reflection of the total cost of each service for every agency.

Note also that costs associated with functions performed by the Office of the Chief Executive, and administration and mailroom costs are outside of the five A&S functions. Dedicated research and evaluation teams are also excluded.

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## Appendix 2: Glossary of Terms and Abbreviations

This appendix describes the terms and abbreviations used in this report.

Table 1 | Glossary of terms

Terms	Definition
A&S services	See administrative and support services
Administrative and support services	Services that support the work of Government agencies without directly being part of the service offered to the public end user. These include the following functions: Human Resources, Finance, Procurement, Information and Communications Technology, Property and Corporate and Executive Services.
Benchmark	A standard or set of standards, or another point of reference, used as a basis for evaluating performance or level of quality. The activity of benchmarking is comparing things to such a standard or point of reference.
Best demonstrated practice	The highest current performance level in a cohort.
Centre of expertise	An organisational unit that provides critical insights, specialised functional expertise and decision support services to business management, characterised by: <ul style="list-style-type: none"> <li>▪ its highly skilled resources, focused on expertise and analytical activities rather than transactional, operational or delivery activities</li> <li>▪ a role of business partner for multiple decision bodies within the businesses</li> <li>▪ a value and reward structure based on business impact and value provided</li> <li>▪ its provision of a centralised or bundled resource that avoids fragmentation of skills and capabilities</li> <li>▪ its focus on supporting the functional perspective of the performance of the business</li> <li>▪ its functional experts that can drive standards and integration across business units—sharing knowledge, improving information sharing and reducing the need to 're-invent the wheel'.</li> </ul>
Departmental Internal Control Evaluation	Reports commissioned by the Treasury and conducted by Audit New Zealand or audit providers contracted by them.
DICE	See Departmental Internal Control Evaluation

Terms	Definition
Economies of scale	Refers to lower unit costs for delivering the same single product or service
Economies of scope	Refers to lower unit costs for delivering multiple products or services
Efficiency	The ratio of output to input; the use of resources in a manner that minimises cost, effort and time.
Effectiveness	The extent to which activities achieve intended or targeted results.
FTE	See full time equivalent
Full time equivalent	Full time equivalent staff (FTEs) are employees weighted by the proportion of a full time position that they fill. A staff member that works four days a week in a prorated full time role would be considered to be one employee but 0.8 (4/5) of an FTE.
Fully loaded labour cost	Compensation for full time and part time employees based on a regular working week, and includes: <ul style="list-style-type: none"> <li>▪ salaries and wages</li> <li>▪ overtime</li> <li>▪ on costs (superannuation, leave loading, workers compensation and payroll taxes)</li> </ul>
Inflation	Inflation-adjusted cost figures have used the annualised average percent change in the Consumer Price Index as at the June quarter, excluding GST, to inflate the prior year's costs. All FY 2009/10 cost figures have been adjusted by 2.3 percent to compare them to FY 2010/11 cost figures.
Leading Practice	Superior performance within a function (independent of industry, leadership, management, or operational methods or approaches) that leads to exceptional performance.
Management Practice Indicator	Management Practice Indicators (MPI) are adopted from the UK Audit Agencies A&S service performance measurement methodology. Within that methodology, the MPI score assesses "the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function." <sup>62</sup>
MPI	See management practice indicator

<sup>62</sup> <http://www.public-audit-forum.gov.uk/performanceindicators.pdf> (accessed 10 March 2011)



Terms	Definition
NZ cohort	<p>To support comparison among agencies with operational similarities, agencies have been grouped into smaller cohorts of the NZ full cohort using the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Size of operating budget</li> <li>▪ Number of organisational FTEs</li> <li>▪ Agency type by primary function</li> <li>▪ Distribution of people/service.</li> </ul>
Occupied Workpoint	<p>The occupied workpoint area includes the property space around all workpoints (including vacant workpoints) plus all ancillary spaces such as meeting rooms, conference rooms, training facilities, libraries, office storage areas, break-out areas and circulation spaces. Used by the Australian government to set property occupational density targets.</p>
Optimisation	<p>The adjustment of a process within certain constraints in order to improve some specified set of parameters. The most common goals are minimising cost and maximising efficiency and effectiveness.</p>
ORC	<p>See organisational running costs</p>
Organisational running costs	<p>The revenue of the organisation minus revenue that is passed on to another organisation or individual who then makes the decision on how it is spent. Organisational running costs exclude:</p> <ul style="list-style-type: none"> <li>▪ transfer payments, including benefit payments and other unrequited expenses</li> <li>▪ grants made to other organisations, such as community groups</li> <li>▪ subsidies paid to third parties</li> <li>▪ funding passed on to other Crown organisations to undertake their own operations</li> <li>▪ capital expenditure. Depreciation funding should be included and the Capital Charge should be excluded.</li> </ul> <p>Where a third party is contracted by the organisation to provide a service, that cost is included in the organisational running cost for the organisation.</p>
P2P	<p>See procure-to-pay</p>
Performance Improvement Framework	<p>A framework applied by a small group of respected organisational leaders to provide insights into agency performance, identifying where agencies are strong or performing well and where they are weak or need to improve. The framework covers both results (in terms of effectiveness and efficiency) and the organisational management factors that underpin sustainable superior performance.</p>

Terms	Definition
PIF	See performance improvement framework
Procure-to-pay	The end-to-end procurement process from requisition through to invoice payment.
Shared Services	Consolidation of A&S functions from several agencies into a single, standalone organisation that has A&S service delivery as its core business.
State sector	The State sector is broader than the State Services. It includes: <ul style="list-style-type: none"> <li>▪ all the State Services</li> <li>▪ some departments that are not part of the State Services</li> <li>▪ tertiary education institutions</li> <li>▪ Offices of Parliament</li> <li>▪ State-Owned Enterprises.</li> </ul>
State Services	The term for a broad range of organisations that serve as instruments of the Crown in respect of the Government of New Zealand. It consists of: <ul style="list-style-type: none"> <li>▪ all Public Service departments</li> <li>▪ other departments that are not part of the Public Service</li> <li>▪ all Crown entities (except tertiary education institutions)</li> <li>▪ a variety of organisations included in the Government's annual financial statements by virtue of being listed on the Fourth Schedule to the Public Finance Act</li> <li>▪ the Reserve Bank of New Zealand.</li> </ul>
Strategic processes	Processes that deal with issues that are complex, high level and that tend to be unique to agencies, such as budgeting and strategic planning. They are distinguished from transactional process.
Taxonomy	In this context a taxonomy is a set of agreed terms and definitions that assist ensuring consistency of information. For example, the HR taxonomy lists all the processes that fit within the HR function.
Transactional processes	Transactional processes are often common across all agencies. They tend to be well-defined, repeatable processes, and common to several agencies.
Transformation	In this context, transformation is change in order to align people, process and technology aspects of an organisation more closely with its business strategy and vision. Transformation aims to support new business strategies, meet long term objectives, and lift organisational performance.

Table 2 | Abbreviations used in this report

Abbreviation	Description
A&S	Administrative and Support (services)
ACE	Autonomous Crown Entity
APOC	American Productivity & Quality Center
CA	Crown Agent
CE	Chief Executive
CES	Corporate & Executive Services
CFO	Chief Financial Officer
CIO	Chief Information Officer
CoE	Centre of Expertise
Corrections	Department of Corrections
DBH	Department of Building and Housing
DIA	Department of Internal Affairs
DoC	Department of Conservation
DoL	Department of Labour
GBR	Chief Executive Group for Government Business Reform
HNZC	Housing New Zealand Corporation
HR	Human Resources
ICE	Independent Crown Entity
ICT	Information and Communication Technology
IR	Inland Revenue
LINZ	Land Information New Zealand
MAF	Ministry of Agriculture and Forestry
MCH	Ministry for Culture & Heritage
MED	Ministry of Economic Development
MFAT	Ministry of Foreign Affairs
MFish	Ministry of Fisheries
MoE	Ministry of Education
MFE	Ministry for the Environment
MoH	Ministry of Health

Abbreviation	Description
MoJ	Ministry of Justice
MoT	Ministry of Transport
MSD	Ministry of Social Development
NPSD	Non-Public Service Department
NZ Customs	New Zealand Customs Service
NZ Fire	New Zealand Fire Service
NZ Police	New Zealand Police
NZDF	New Zealand Defence Force
NZFSA	New Zealand Food Safety Authority
NZQA	New Zealand Qualifications Authority
NZTA	New Zealand Transport Authority
NZTE	New Zealand Trade and Enterprise
ORC	Organisational Running Costs
P2P	Procure-to-pay
PSD	Public Service Department
RFI	Request for Information
SDP	Service Delivery Provider
SOE	State Owned Enterprise
SSC	State Services Commission
SSO	Shared Services Organisation
Stats	Statistics New Zealand
Tourism	New Zealand Tourism Board
TPK	Te Puni Kokiri (Ministry of Maori Development)
Treasury	The Treasury
UKAA	UK Audit Agencies

## Appendix 3: Dataset Descriptions

This appendix describes the datasets used in the analysis provided in this report, which includes data from NZ agencies and comparator data from organisations around the world. Note that not all comparator datasets have results for the same metrics used by NZ agencies.

The report makes reference to nine datasets, some of which are narrowed into one or more smaller datasets to facilitate comparison as described below:

### New Zealand full cohort (NZ full cohort)

The NZ cohort comprises all agencies measured in a specific reporting period. Accident Compensation Corporation and Tertiary Education Commission did not participate in the FY 2010/11 exercise. To allow comparison, the FY 2009/10 and FY 2010/11 NZ full cohort is made up of 31 Public Service Departments, Non-Public Service Departments and Crown Agents as listed alphabetically below:

- Department of Building and Housing
- Department of Conservation
- Department of Corrections
- Department of Internal Affairs
- Department of Labour
- Housing Corporation New Zealand
- Inland Revenue
- Land Information New Zealand
- Ministry for Culture and Heritage
- Ministry for the Environment
- Ministry of Agriculture and Forestry
- Ministry of Economic Development
- Ministry of Education
- Ministry of Fisheries
- Ministry of Foreign Affairs and Trade
- Ministry of Health
- Ministry of Justice
- Ministry of Social Development
- Ministry of Transport
- New Zealand Customs Service
- New Zealand Defence Force
- New Zealand Fire Service
- New Zealand Police
- New Zealand Qualifications Authority
- New Zealand Tourism Board
- New Zealand Trade and Enterprise
- New Zealand Transport Authority
- State Services Commission
- Statistics New Zealand
- Te Puni Kokiri
- The Treasury

### Small, medium-sized, and large agency cohorts

To support comparison among agencies with the greatest operational similarities, the NZ full cohort is divided into three subsets, or cohorts, using the following criteria:

- Size of operating budget
- Number of organisational FTEs
- Agency type by primary function
- Distribution of people/service.

Agencies with common features for at least three of the four criteria are grouped into three cohorts as outlined in the table below.

Table 3 | Description of agency cohorts

Agency cohort name	Agencies in the cohort	Profile (agencies will have at least three profile features)
Small agency cohort (mean of 280 employees)	<ul style="list-style-type: none"> <li>▪ Department of Building and Housing</li> <li>▪ Ministry for Culture &amp; Heritage</li> <li>▪ Ministry for the Environment</li> <li>▪ Ministry of Fisheries</li> <li>▪ Ministry of Transport</li> <li>▪ New Zealand Qualifications Authority</li> <li>▪ New Zealand Tourism Board</li> <li>▪ State Services Commission</li> <li>▪ Te Puni Kokiri</li> <li>▪ The Treasury</li> </ul>	<ul style="list-style-type: none"> <li>▪ Less than \$100m budget</li> <li>▪ Fewer than 500 FTEs</li> <li>▪ Mainly have a policy, regulatory or compliance focus</li> <li>▪ Mainly have centralised services</li> </ul>
Medium-sized agency cohort (mean of 1280 employees)	<ul style="list-style-type: none"> <li>▪ Department of Internal Affairs</li> <li>▪ Department of Conservation</li> <li>▪ Department of Labour</li> <li>▪ Land Information New Zealand</li> <li>▪ Ministry of Agriculture and Forestry</li> <li>▪ Ministry of Economic Development</li> <li>▪ Ministry of Foreign Affairs and Trade</li> <li>▪ Ministry of Health</li> <li>▪ New Zealand Customs Service</li> <li>▪ New Zealand Transport Authority</li> <li>▪ New Zealand Trade and Enterprise</li> <li>▪ Statistics New Zealand</li> </ul>	<ul style="list-style-type: none"> <li>▪ \$100-\$500m budget</li> <li>▪ 500-2500 FTEs</li> <li>▪ Mainly have an operational or service delivery focus</li> <li>▪ Mainly have centralised or centre-hub led services</li> </ul>

Agency cohort name	Agencies in the cohort	Profile (agencies will have at least three profile features)
Large agency cohort (mean of 6621 employees)	<ul style="list-style-type: none"> <li>▪ Department of Corrections</li> <li>▪ Housing Corporation New Zealand</li> <li>▪ Inland Revenue</li> <li>▪ Ministry of Education</li> <li>▪ Ministry of Justice</li> <li>▪ Ministry of Social Development</li> <li>▪ New Zealand Fire Service</li> <li>▪ New Zealand Police</li> <li>▪ New Zealand Defence Force</li> </ul>	<ul style="list-style-type: none"> <li>▪ More than \$500m budget</li> <li>▪ More than 2500 FTEs</li> <li>▪ Mainly have an operational or service delivery focus</li> <li>▪ Mainly have distributed services</li> </ul>

### UK Audit Agencies (UKAA cohort)

The UK Audit Agencies (UKAA) comprise the five UK public sector organisations of Audit Scotland; the National Audit Office (England); Northern Ireland Audit Office; Wales Audit Office; and the Audit Commission. UKAA has designed and implemented a set value for money indicators for Finance, HR, ICT, Property, Procurement, Communications, and Legal services in a joint initiative. The details of their methodology can be found at [www.public-audit-forum.gov.uk/performanceindicators.pdf](http://www.public-audit-forum.gov.uk/performanceindicators.pdf).

The UKAA cohort database includes results from over 200 UK public sector organisations, and this data has been collected on a voluntary and anonymous basis. At the time this document was written, the communication and legal services indicators were relatively new additions to the indicator set, so comparator data for these services was not available.

As the management practice indicators (MPIs) described in Appendix Four are unique to the UKAA methodology, the UKAA cohort is the only comparator dataset for this set of metrics. NZ agencies measured seven MPIs: Finance, Human Resources, Procurement, Property, ICT, Communications, and Legal Services.

### American Productivity & Quality Center (APQC) full cohort

The American Productivity and Quality Centre (APQC) is a not-for-profit organisation founded in 1977. The APQC database (the Open Standards Benchmarking Collaborative database) is one of the largest in the world with data from more than 7,000 public and private sector organisations.

### APQC similar cohort

A subset of the APQC full cohort database that includes Government and military agencies, banks, utilities, not-for-profits, and research organisations deemed suitable for comparison with NZ State sector agencies.

### The Hackett Group (Hackett) full cohort

The Hackett Group benchmarking and best practices database is built on more than 5,000 benchmarking engagements with 2,700 major corporations and government agencies, including 97

percent of the Dow Jones Industrials, 73 percent of the Fortune 100, 73 percent of the DAX 30 and 50 percent of the FTSE 100.<sup>63</sup>

#### **Hackett Peer Group**

A subset of The Hackett Group full cohort database that includes Government and military agencies, banks, utilities, not-for-profits, and research organisations deemed suitable for comparison with NZ State sector agencies.

#### **Hackett World Class**

A subset of The Hackett Group full cohort database that includes organisations that have achieved performance that ranks in the top quartile of companies by efficiency metrics as well as effectiveness metrics. Includes organisations that are both exceptionally efficient in their resource utilization and exceptionally effective in delivering business value are achieving operational excellence.<sup>64</sup>

#### **Office of Government Commerce (OGC) Property dataset**

The OGC produces an annual report to Parliament on the efficiency and effectiveness of the UK Government's central civil estate, including data regarding property used in this report for comparison purposes.

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<sup>63</sup> [www.thehackettgroup.com](http://www.thehackettgroup.com) (accessed 22 March 2011).

<sup>64</sup> <http://www.thehackettgroup.com/operational-excellence/> (accessed 15 February 2012)



## Appendix 4: Metric Definitions

This section describes the metrics that were used for the FY 2009/10 and 2010/11 measurement exercises. Metric descriptions for each function are largely based on the UK Audit Agencies experience in this measurement. This is published information and available through the Public Audit Forum at <http://www.public-audit-forum.gov.uk/publicat.htm>.

Table 4 | Human Resource metric definitions

Ref	Metric name	Metric description
HR1	Total cost of HR function per employee	The total cost of providing HR services divided by the total number of organisational employees serviced by the HR function.
HR2	Number of employees per HR FTE	The average number of organisational employees serviced by each full time equivalent in the HR function.
HR3	Cost of HR processes per employee: HR3.1: Develop and manage HR planning, policies and strategies HR3.2 Recruitment, source and select employees HR3.3 Reward and retain employees HR3.4 Develop and counsel employees HR3.5 Manage employee information HR3.6 Redeploy and retire employees	The cost of HR processes per organisational employee.
HR4	Cost of recruitment per new employee	The direct cost to the HR function of hiring a new recruit divided by the number of hires during the period.
HR5	Number of employees per HR process FTE: HR5.1: Develop and manage HR planning, policies and strategies HR5.2: Recruitment, source and select employees HR5.3: Reward and retain employees HR5.4: Develop and counsel employees HR5.5: Manage employee information HR5.6: Redeploy and retire employees	The total number of organisational employees per HR process FTE.
HR6	Number of days absence per employee (excluding maternity and paternity leave)	The total number of sick days in the year divided by the total organisational employees.

Ref	Metric name	Metric description
HR7	Percentage of new hires in the role after 12 months	The number of new hires that remain in their same role after 12 months.
HR8	Human Resources management practice indicator	The number of selected leading HR management practices undertaken by the function.

Table 5 | Finance metric definitions

Ref	Metric name	Metric description
FIN1	Total cost of the Finance function as a proportion of organisational running costs	The total cost of the Finance function divided by the organisational running costs.
FIN2	Cost of Finance processes per \$1000 revenue (ORC): FIN2.1: Perform planning and management accounting FIN2.2: Perform revenue accounting FIN2.3: Perform general accounting and reporting FIN2.4: Manage fixed asset project accounting FIN2.5: Process payroll FIN2.6: Manage internal controls FIN2.7: Process accounts payable and expense reimbursements	Each Finance process cost per \$1000 of revenue (organisational running costs).
FIN3	Total cost of the Finance function per organisational FTE	The total cost of the Finance function divided by the total number of full time equivalent staff in the Finance function.
FIN4	Percentage of Finance FTEs by Finance process: FIN4.1: Perform planning and management accounting FIN4.2: Perform revenue accounting FIN4.3: Perform general accounting and reporting FIN4.4: Manage fixed asset project accounting FIN4.5: Process payroll FIN4.6: Manage internal controls FIN4.7: Process accounts payable and expense reimbursements	The number of Finance process FTEs in each process divided by the total Finance FTEs.
FIN5	Cost of payroll process per employee	The total cost of the payroll process per organisational employee.

Ref	Metric name	Metric description
FIN6	Number of employees per payroll FTE	The average number of organisational employees serviced by each full time equivalent in payroll
FIN7	Finance management practice indicators	The number of selected leading Finance management practices undertaken by the function.

Table 6 | ICT metric definitions

Ref	Metric name	Metric description
ICT1	Total ICT cost as a proportion of the organisational running costs	The total cost of ICT services divided by the organisational running costs.
ICT2	ICT process cost as a percentage of ORC: ICT2.1: Infrastructure management ICT2.2: Infrastructure development ICT2.3: End user support ICT2.4: Application maintenance ICT2.5: Application development and implementation ICT2.6: Planning and strategy ICT2.7: Management and administration	Each ICT process cost per \$1000 of revenue (organisational running costs).
ICT3	Percentage of ICT FTEs by ICT process: ICT3.1: Infrastructure management ICT3.2: Infrastructure development ICT3.3: End user support ICT3.4: Application maintenance ICT3.5: Application development and implementation ICT3.6: Planning and strategy ICT3.7: Management and administration	The distribution of ICT FTEs across the ICT function.
ICT4	Percentage of ICT establishment (non-project) positions occupied by contractors	The number of contractors in the ICT establishment (non-project) divided by the total number of ICT establishment (non-project) positions.
ICT5	ICT Reliability	For five key ICT applications, the total time that an application was able to perform its required function.

Ref	Metric name	Metric description
ICT6	ICT Supportability	The average time in hours to resolve a service commitment disruption, including the time from when the problem is detected until the service again satisfies the service level agreement. (Service commitment disruption refers to the situation where an SLA is not met.)
ICT7	Total ICT cost per end user	The total ICT cost divided by the total number of end users.
ICT8	Total ICT process cost per end user	The total ICT process cost divided by the total number of end users
ICT9	Number of end users per total ICT FTE	The total number of end users divided by the total ICT FTEs
ICT10	ICT management practice indicators	The number of selected leading ICT management practices undertaken by the function.

Table 7 | Procurement metric definitions

Ref	Metric name	Metric description
PR1	Total cost of the Procurement function as a percentage of the total purchase value.	The total cost of procuring goods and services divided by the total value of goods and services procured.
PR2	Actual spend against pre-established contract arrangements as a percentage of total purchase value	The percentage of total goods and services purchased where there is an existing arrangement in place for that type of good or service before the need to source the good or service arises.
PR3	Percentage of commodity procurement spend channelled through syndicated procurement arrangements	The percentage of commodity goods and services purchased through syndicated or collaborative contracts.
PR4	Total procurement value per procurement function FTE	The total amount purchased divided by the number of full time equivalent procurement staff.
PR5	Procurement management practice indicators	The number of selected leading Procurement management practices undertaken by the function.

Table 8 | Property metric definitions

Ref	Metric name	Metric description
PTY1	Total property office costs per square metre	Total office property costs (management, occupancy and operational) divided by the net leasable area in square metres.
PTY2	Total office accommodation per FTE	The net leasable area of office buildings divided by the average number of FTEs accommodated in those buildings.
PTY3	Property cost per FTE	Total office property costs (management, occupancy and operational) divided by the number of FTEs accommodated in the office space.
PTY4	Average square metres per workstation	The total net leasable area of office accommodation divided by the number of workstations in that accommodation.
PTY5	Property management practice indicators	The number of selected leading Property management practices undertaken by the function.

Table 9 | Corporate &amp; Executive Services metric definitions

Ref	Metric name	Metric description
CES1	Total cost of CES as a percentage of organisational running costs	The total cost of combined CES functions divided by organisational running costs.
CES2	Total cost of CES as a percentage of ORC CES2.1: Communications and external relations CES2.2: Strategy and planning CES2.3: Library, document management, archives and research CES2.4: Audit and risk management CES2.5: Legal CES2.6: Total cost of all other identified corporate costs	The cost of separate CES functions divided by organisational running costs.
CES3	Total cost of the CES function per organisational FTE	The total cost of combined CES functions divided by the average total number of full time equivalents in the organisation.
CES4	Legal management practice indicators	The number of selected leading Legal management practices undertaken by the function.
CES5	Communications management practice indicators	The number of selected leading Communications management practices undertaken by the function.

## Management practice indicator descriptions

This section describes the management practice indicators (MPI) that were measured in FY 2009/10 and FY 2010/11. MPIs are adopted from the UK Audit Agencies (UKAA) administrative and support (A&S) service performance measurement methodology. Within that methodology, the MPI score assesses “the extent to which...[a] function achieves a set of key management practices which will provide an indication of whether it is a well-run, modernised and mature function.”<sup>65</sup>

Each MPI has a minimum score of 0/10, or 0 percent, and a maximum score of 10/10, or 100 percent. A score of 0 percent indicates that an agency has none of the management practices featured in the MPI, and 100 percent indicates that an agency has all of the management practices featured in the MPI.

Table 10 | HR management practice indicator definition

Ref	Metric Description
1	Within the last three years the HR function has reviewed and rationalised the number of sets of Terms and Conditions in use in the organisation by at least five per cent.
2	The organisation has undertaken equality impact assessments across all key service areas within the last three years, and is implementing an action plan which targets areas of vulnerability.
3	There is employee self-service through desktop access to modify non-sensitive HR data.
4	All employees have clear and measurable outcome-based targets set at least annually.
5	All employees have had a formal, documented performance review, at least on an annual basis which can track personal / professional development.
6	The organisation carries out a survey of staff satisfaction levels at least biennially, publishes the results, has developed an action plan and monitors delivery of that plan on at least a quarterly basis.
7	The organisation explicitly requests that employees declare that they have complied with any Continuous Professional Development requirements of their professional institute (where applicable).
8	The organisation has a statement which anticipates the workforce requirements of the organisation over the medium-term (at least three years) and an action plan agreed by the Executive / Corporate Management Team which sets out how those requirements are met and is monitored on a 6 monthly or more frequent basis.
9	A comprehensive professional development programme is in place for professional HR staff which ensures that they receive at least five days of continuing professional development per annum.
10	It is possible to apply online for all vacancies for which external applications are invited.

<sup>65</sup> <http://www.public-audit-forum.gov.uk/performanceindicators.pdf>

Table 11 | Finance management practice indicator definition

Ref	Metric Description
1	The responsibilities of budget holders are clearly understood and embedded in performance appraisals.
2	Service levels and expectations have been set with key internal customers using a documented approach such as a Service Level Agreement (SLA), with regular service review meetings held (i.e. at least every quarter).
3	A rolling programme (i.e. a programme of continuous improvement activities that produce monthly output for reviewing and benchmarking purposes) of reviewing and benchmarking the organisation's costs is in place across major service areas (i.e. across the key components of the operation of the operation of the organisation).
4	Standardised organisation-wide integrated software is in place with centralised data processing. This should cover, as a minimum, purchase to payment of supplier and invoice to cash receipt from a customer.
5	The organisation can demonstrate that it has used at least two of the following to streamline (i.e. reduce cost, headcount and cycle time of the operation) financial processes in the last three years: <ul style="list-style-type: none"> <li>▪ Bar coding</li> <li>▪ Invoice scanning / imaging</li> <li>▪ Workflow</li> <li>▪ Web technologies to build extranets with external stakeholders</li> <li>▪ Intranet to build self-service capabilities for staff to check status and run reports</li> <li>▪ Online travel and expense system used by claimants that is fully integrated with the accounting system.</li> </ul>
6	A fully automated accruals system based on purchase order and goods / services received information held within a fully integrated accounting system.
7	Budget holders have online, real-time insight into the status of their budget and can run standard financial and manpower reports through their desktop PC. These reports should show as a minimum a subjective analysis of actual expenditure and budget for the current period, and on a cumulative basis for specific cost centres.
8	A needs-based budget, based on activity levels rather than historical baselines, is prepared at least every three years (a needs-based budget takes into account the underlying volume / activity and price associated with the budget heading, as opposed to building a budget that is based on a previous period's funding with adjustment for inflation etc.).
9	Customer satisfaction surveys (distributed across all finance customers as opposed to a selection of customers) are conducted at least annually with results openly published and acted upon.
10	A comprehensive professional development programme is in place for finance staff which ensures that they receive at least five days of continuing professional development per annum.

Table 12 | ICT management practice indicator definition

Ref	Metric Description
1	Formal Service Level Agreements are in place with key internal customers governing business requirements, with regular (i.e. at least quarterly) service review meetings held at agreed intervals.
2	There are formal procedures in place supporting the operation of the ICT function, based upon good practice guidance such as COBIT (Control Objectives for Information and Related Technology), ITIL (IT Infrastructure Library), ISO / IEC:2000 and / or other sector specific guidance / methods.
3	Information quality assurance and security management are managed and implemented in accordance with ISO27001 (or its equivalent).
4	User satisfaction surveys are conducted at least biannually with results openly published, supported with improvement plans where necessary.
5	A short survey is undertaken upon resolution of a sample of reported incidents and the data is collated and analysed at least monthly and used to drive service improvements.
6	The most senior officer in the organisation with a dedicated ICT role has a direct report to the Executive / Corporate Management Team of the organisation.
7	The organisation's strategic management links governance, leadership and long-term planning into the corporate strategy.
8	The organisation has assessed the ICT competence of end users within the last 12 months and put in place an appropriate training and development programme to address areas of weakness and delivery of this programme is monitored on a quarterly basis.
9	A comprehensive professional development programme is in place for ICT staff which ensures that they receive at least five days of continuing professional development (relevant accredited training) per annum, covering technical, management and business focussed training.
10	Business continuity management processes are in place to recover business and ICT services in the timescales as specified by the business. These processes are tested at least annually and are reviewed on a regular basis to confirm appropriateness.



Table 13 | Procurement management practice indicator definition

Ref	Metric Description
1	The individual with lead responsibility for procurement is a member of, or reports directly to, the organisation's Senior Management Team, and there is a Board (if relevant) member with responsibility for procurement.
2	Customer satisfaction surveys are undertaken at least annually to understand user views on the added value brought about by the professional Procurement function, with the results published internally and fed into an improvement plan which is regularly monitored.
3	Future demand for goods and services is forecast on at least an annual basis alongside analysis of new technology and commodities, and emerging market developments, both of which inform the organisation's procurement strategy and results in a prioritised work plan for the next 12 months.
4	Specific and measurable targets have been set in relation to the cashable and non-cashable benefits to be delivered by procurement, and the organisation can demonstrate that at least 85 percent of targets were met for the previous financial year.
5	Specifications for high value purchasing decisions are made based on a detailed understanding of the total cost of ownership (TCO)—also known as whole of life costs.
6	The organisation keeps a comprehensive and cross-referenced record of all contracts worth over \$25,000, which can be sorted (at least) by supplier and by contract end date.
7	Benchmarking data from both public and private sector sources is actively used to undertake price comparisons on key goods and services.
8	The organisation has identified and developed strategic partners for collaborative procurement and can demonstrate measurable cashable benefits over the previous 12 months from this collaboration. For large organisations, e.g. central government departments, this may be interpreted as having facilitated collaborative procurement with smaller organisations.
9	The organisation has clearly defined ethical procurement standards in place (e.g. in line with the CIPS Ethical Code demonstrating that procurement activities are demonstrably lawful and fair and should as a minimum define the organisation's position in relation to environmental sustainability, equal opportunities and corporate social responsibility within procurement), which are actively monitored across the organisation, with any breaches recorded and acted upon.
10	A rolling programme is in place to develop procurement skills and capabilities across the organisation at all levels.

Table 14 | Property Management practice indicator definition

Ref	Metric Description
1	The organisation has strategies, policies, decision-making structures and roles to manage assets as a corporate resource to meet priorities, operational and service needs and provide sustainable outcomes for local communities.
2	The organisation has comprehensive information on assets which supports its strategies and decision making on investment and disinvestment.
3	The organisation is narrowing the gap between the current condition of the asset base and an acceptable standard of maintenance with high levels of required maintenance being reduced.
4	Capital investment supports the delivery of corporate priorities. There is a systematic process in place for appraising competing demands for spending on assets against corporate priorities.
5	The organisation performance manages the value for money of assets by challenging, managing, benchmarking and monitoring targets for improvement. Asset management performance indicators are used to track performance.
6	The organisation undertakes property reviews that challenge whether all its assets are required, fit for purpose and provide value for money to meet current and future needs. Underperforming or surplus assets are rationalised or disposed of in ways that deliver best value.
7	The organisation is improving the performance of its assets. It is: reducing health, safety and security risks from its assets; upgrading and monitoring facilities; improving access to services; protecting architectural and historical heritage, where applicable.
8	The organisation uses and develops its assets in a way that mitigates environmental impacts, limits the consumption of natural resources and is resilient to the effects of climate change.
9	The organisation evaluates the best option for significant investment decisions in asset developments using option appraisal and whole life appraisals.
10	The organisation is working with others, for example, NGOs, local government and community groups, to identify opportunities for shared use of assets, and alternative options for the management and ownership of its assets, to derive better value for money and wider community benefits.

Table 15 | Communications management practice indicator definition

Ref	Metric Description
1	Communication strategy and activity is explicitly linked to organisational business objectives (in central government, Public Service Agreements and Departmental Strategic Objectives).
2	Communication activity, for the most part, is underpinned by a recorded communications strategy.
3	Communication strategy and annual plan are signed off by the relevant board or equivalent governance group.
4	Communication strategy, plan and activity are based on customer / audience understanding and insight where appropriate.
5	External communication activity is integrated across channels and includes an appropriate mix of marketing, media, digital and stakeholder activity.
6	Communication outputs and outcomes are evaluated through appropriate methods and the findings used to inform future activity.
7	The most senior officer in the organisation with a dedicated communication role is a member of or has a direct report to the board or equivalent management group.
8	Communicators regularly advise policy and business delivery colleagues on the development of strategy.
9	The organisation offers continuing professional development for all our communication staff and all members of staff undertook this activity over the last year.
10	The organisation has driven down the cost of acquiring procured communication products and services this year (i.e. procured services included in Indicator 1: Costs), based on a like-for-like comparison with the previous year.

Table 16 | Legal management practice indicator definition

Ref	Metric Description
1	A time recording system is in place and all legal staff record their time against legal matters.
2	The most senior officer in the organisation with a dedicated legal role has a seat on the corporate management team.
3	The legal unit has costed its internal legal services and developed charge-out rates for its internal lawyers.
4	All requests for legal services are coordinated through the legal services unit.
5	The legal unit has a formal business planning process which deals with its ability to deliver programmes and services.
6	A rigorous process of market testing is adopted when purchasing external legal services involving comparative analysis of all relevant costs and benefits.
7	Our tender specification(s) accurately reflect the expected needs for legal services.
8	We do not have 'evergreen' contracts (contracts that have no expiry date or that include a 'perpetual option').
9	The legal unit undertakes periodic reviews (at least biennially) of their legal services arrangements to ensure that arrangements continue to give value for money to the organisation.
10	There are personal development plans for all legal staff linked to the business planning process and the organisation's objectives.

## Appendix 5: NZ Full Cohort Results

This appendix compares the NZ full cohort for FY 2009/10 and FY 2010/11 to a range of comparator datasets.

Table 17 | Human Resources function results

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APOC all participants cohort (median)	APOC similar (median)	UKAA cohort (median)
HR1	Total cost of HR function per employee	\$2,307	\$2,503	\$1,579	\$2,719	\$1,618
HR2	Ratio of employees per HR FTE	70.21	72.38	67.42	60.00	66.00
HR3	Cost of HR Process per employee:					
HR3.1	Develop & manage HR planning, policies and strategies	\$452	\$499	\$433	-	-
HR3.2	Recruitment, source and select employees	\$480	\$445	\$466	-	-
HR3.3	Reward and retain employees	\$212	\$212	\$140	-	-
HR3.4	Develop and counsel employees	\$462	\$538	\$208	-	-
HR3.5	Manage employee information	\$261	\$290	\$291	-	-
HR3.6	Redeploy and retire employees	\$147	\$156	\$99	-	-

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APOC all participants cohort (median)	APOC similar (median)	UKAA cohort (median)
HR4	Cost of recruitment per new recruit	\$3,522	\$3,167	\$1,680	\$3,156	-
HR5	Number of employees per HR process FTE:					
HR5.1	Develop and manage HR planning, policies and strategies	305.10	302.50	-	-	-
HR5.2	Recruitment, source and select employees	376.76	379.33	-	-	-
HR5.3	Reward and retain employees	732.14	735.00	-	-	-
HR5.4	Develop and counsel employees	320.31	331.19	-	-	-
HR5.5	Manage employee information	470.05	463.64	-	-	-
HR5.6	Redeploy and retire employees	983.61	969.23	-	-	-
HR6	Number of days absence per employee excluding maternity and paternity leave	6.79	6.52	5.00	5.45	8.81
HR7	Percentage of new hires still in the role after 12 months	85%	80%	92%	93%	83%

Ref	Metric name	NZ full cohort (FY 2009/10 mean)	NZ full cohort (FY 2010/11 mean)	UKAA cohort (mean)
HR8	Human Resources management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	72%	74%	67%

Table 18 | Finance function results

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APQC all participants cohort (median)	APQC similar (median)	UKAA cohort (median)
FIN1	Total cost of the Finance function as a proportion of organisational running costs	1.26%	1.14%	1.20%	1.31%	1.02%
FIN2	Cost of Finance processes per \$1000 revenue:					
FIN2.1	Perform planning and management accounting	\$3.41	\$3.48	\$1.12	-	-
FIN2.2	Perform revenue accounting	\$0.51	\$0.30	\$5.14	-	-
FIN2.3	Perform general accounting and reporting	\$2.61	\$2.57	\$1.35	-	-
FIN2.4	Manage fixed asset project accounting	\$0.30	\$0.28	\$0.16	-	-
FIN2.5	Process payroll	\$1.37	\$1.27	\$0.83	-	-
FIN2.6	Process accounts payable and expense reimbursements	\$1.79	\$1.45	\$1.03	-	-
FIN2.7	Other	\$0.83	\$0.80	-	-	-
FIN3	Total cost of the Finance function per organisational FTE	\$2,781	\$2,627	\$4,679	\$5,571	-



Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APOC all participants cohort (median)	APOC similar (median)	UKAA cohort (median)
FIN4	Percentage of Finance staff per Finance process:					
FIN4.1	Perform planning and management accounting	25.52%	26.87%	14.30%	-	
FIN4.2	Perform revenue accounting	4.68%	4.54%	18.30%	-	
FIN4.3	Perform general accounting and reporting	19.02%	21.74%	15.40%	-	
FIN4.4	Manage fixed asset project accounting	2.44%	2.73%	4.10%	-	-
FIN4.5	Process payroll	13.19%	13.60%	7.00%	-	-
FIN4.6	Process accounts payable and expense claim reimbursements	19.09%	19.14%	10.80%	-	-
FIN4.7	Other	6.13%	6.85%	-	-	-
FIN5	Cost of payroll process per employee	\$280	\$273	-	-	\$192
FIN6	Number of employees per payroll FTE	342.39	355.27	-	-	-

Ref	Metric name	NZ full cohort (FY 2009/10 mean)	NZ full cohort (FY 2010/11 mean)	UKAA cohort (mean)
FIN7	Finance management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	57%	62%	63%

Table 19 | ICT function results

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APOC all participants cohort (median)	APOC similar (median)	Hackett peer group (median)
ICT1	Total ICT cost as a proportion of the organisational running costs	6.47%	5.76%	1.59%	2.54%	-
ICT2	Total ICT process cost as a percentage of organisational running costs:					
ICT2.1	Infrastructure management	2.06%	1.73%	-	-	-
ICT2.2	Infrastructure development	0.59%	0.68%	-	-	-
ICT2.3	End user support	0.61%	0.61%	-	-	-
ICT2.4	Application maintenance	0.91%	0.87%	-	-	-
ICT2.5	Application development and implementation	1.14%	0.71%	-	-	-
ICT2.6	Planning and strategy	0.22%	0.23%	-	-	-
ICT2.7	Management and administration	0.34%	0.34%	-	-	-
ICT3	Percentage of ICT FTE per ICT process:					
ICT3.1	Infrastructure management	10.53%	10.57%	-	-	-
ICT3.2	Infrastructure development	6.33%	5.88%	-	-	-
ICT3.3	End user support	16.34%	16.59%	-	-	-
ICT3.4	Application maintenance	15.00%	14.35%	-	-	-

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APOC all participants cohort (median)	APOC similar (median)	Hackett peer group (median)
ICT3.5	Application development and implementation	26.47%	17.97%	-	-	-
ICT3.6	Planning and strategy	8.08%	9.38%	-	-	-
ICT3.7	Management and administration	12.78%	11.76%	-	-	-
ICT4	Percentage of ICT establishment (non-project) positions occupied by contractors	3.38%	2.56%	-	-	-
ICT5	Reliability	99.90%	99.90%	-	-	-
ICT6	Supportability	2.00	1.38	1.50	1.00	-
ICT7	Total ICT cost per end user	\$10,220	\$8,692	-	-	\$12,543
ICT8	Total ICT process cost per end user					
ICT8.1	Infrastructure management	\$2,724.50	\$2,669.23	-	-	-
ICT8.2	Infrastructure development	\$833	\$948	-	-	-

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	APOC all participants cohort (median)	APOC similar (median)	Hackett peer group (median)
ICT8.3	End user support	\$924	\$831	-	-	-
ICT8.4	Application maintenance	\$1,575	\$1,429	-	-	-
ICT8.5	Application development and implementation	\$2,322	\$1,956	-	-	-
ICT8.6	Planning and strategy	\$361	\$545	-	-	-
ICT8.7	Management and administration	\$505	\$524	-	-	-
ICT9	Number of users per total ICT FTE	28.76	33.32	-	-	-

Ref	Metric name	NZ full cohort (FY 2009/10 mean)	NZ full cohort (FY 2010/11 mean)	UKAA cohort (mean)
ICT10	ICT management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	55%	68%	66%

Table 20 | Procurement function results

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)	UKAA cohort (median)	APOC all participants (median)	APOC similar cohort (median)
PR1	Total cost of the Procurement function as a percentage of the total purchase value	0.37%	0.47%	1.38%	1.85%	0.55%
PR2	Actual spend against pre-established contract arrangements as a percentage of total purchase value	76%	77%	80%	69%	64%
PR3	Percentage of 'commodity' procurement spend channelled through syndicated procurement arrangements	2%	5%	-	-	18%
PR4	Total purchase value per Procurement function FTE	\$25,830,000	\$21,206,000	\$12,800,000	\$13,100,000	-

Ref	Metric name	NZ full cohort (FY 2009/10 mean)	NZ full cohort (FY 2010/11 mean)	UKAA cohort (mean)
PR5	Procurement management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	55%	63%	68%

Table 21 | Property Management function results

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)
PTY1	Total office property costs per square metre	\$424	\$456
PTY2	Total office accommodation per FTE	21.17	19.45
PTY3	Property cost per FTE	\$8,601	\$8,446
PTY4	Average square metres per workstation	17.27	15.79

Ref	Metric name	NZ full cohort (FY 2009/10 mean)	NZ full cohort (FY 2010/11 mean)	UKAA cohort (mean)
PTY5	Estates management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	75%	75%	83%

Table 22 | Corporate &amp; Executive Service function

Ref	Metric name	NZ full cohort (FY 2009/10 median)	NZ full cohort (FY 2010/11 median)
CES1	Total cost of CES as a percentage of organisational running costs	2.31%	2.41%
CES2	CES cost as a percentage of ORC:		
CES2.1	Communications and external relations (excluding the publications function)	0.47%	0.47%
CES2.2	Strategy and planning	0.26%	0.23%
CES2.3	Library, document management, archive and research	0.47%	0.43%
CES 2.4	Audit and risk management	0.28%	0.24%
CES2.5	Legal	0.49%	0.41%
CES2.6	Total cost of all other identified corporate costs	0.00%	0.00%
CES3	Total cost of CES per organisational FTE	\$4,735	\$5,612



Ref	Metric name	NZ full cohort (FY 2009/10 mean)	NZ full cohort (FY 2010/11 mean)	UK AA (mean)
CES4	Legal management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	66%	72%	-
CES5	Communications management practice indicators provide an indication of whether the function is a well-run, modernised and mature function.	85%	86%	-

## Appendix 6: Agency Results

This appendix shows the results for the NZ full cohort that measured in FY 2009/10 and FY 2010/11 across each metric.

Table 23 | Human Resources function agency results

Agency	HR1: Total cost of HR function per employee		HR2: Number of employees per HR FTE	
	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort				
DBH	\$3,060	\$2,786	41.50	58.57
MCH	\$2,965	\$3,207	47.92	44.81
MFE	\$5,292	\$4,916	42.28	37.01
MFish	\$2,394	\$1,655	115.00	110.25
MoT	\$4,460	\$6,201	38.68	41.00
NZQA	\$2,651	\$3,113	93.69	92.50
NZ Tourism	\$2,307	\$6,833	57.08	52.80
SSC	\$3,944	\$6,702	39.23	25.17
TPK	\$2,876	\$2,503	44.49	58.19
Treasury	\$5,278	\$4,802	36.09	45.00

Agency	HR1: Total cost of HR function per employee		HR2: Number of employees per HR FTE	
	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort				
DoC	\$1,984	\$2,060	89.02	95.40
DIA	\$1,201	\$1,262	74.03	73.41
DoL	\$2,203	\$2,186	77.42	74.98
LINZ	\$2,652	\$4,423	46.37	47.29
MAF	\$1,458	\$1,461	120.05	120.91
MED	\$2,026	\$2,114	65.81	57.83
MFAT	\$6,385	\$6,994	24.21	22.03
MoH	\$1,638	\$2,663	88.94	117.27
NZ Customs	\$1,401	\$1,550	100.00	93.23
NZTA	\$3,204	\$3,426	48.83	45.37
NZTE	\$2,147	\$2,503	64.44	72.38
Stats	\$2,363	\$2,236	70.21	67.57

Agency	HR1: Total cost of HR function per employee		HR2: Number of employees per HR FTE	
	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort				
Corrections	\$980	\$820	94.25	104.29
HNZC	\$3,869	\$3,694	56.53	63.12
IR	\$1,404	\$1,500	82.48	82.67
MoE	\$1,310	\$1,215	116.72	130.13
MoJ	\$1,443	\$1,283	140.59	142.62
MSD	\$1,021	\$996	127.18	127.50
NZDF	\$3,960	\$4,081	27.98	30.82
NZ Fire	\$1,506	\$1,549	125.14	132.98
NZ Police	\$1,593	\$1,598	77.77	85.94

Agency	HR3: Cost of HR process per employee											
	HR3.1: Develop and manage HR planning, policies and strategies		HR3.2: Recruitment, source and select employees		HR3.3: Reward and retain employees		HR3.4: Develop and counsel employees		HR3.5: Manage employee information		HR3.6: Redeploy and retire employees	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort												
DBH	\$765	\$491	\$307	\$1,033	\$455	\$171	\$337	\$306	\$801	\$699	\$395	\$84
MCH	\$296	\$347	\$704	\$603	\$252	\$322	\$1,113	\$1,264	\$417	\$430	\$183	\$231
MFE	\$733	\$614	\$2,079	\$2,012	\$184	\$316	\$1,397	\$1,416	\$362	\$367	\$537	\$190
MFish	\$300	\$331	\$1,494	\$497	\$240	\$247	\$119	\$249	\$181	\$249	\$60	\$82
MoT	\$824	\$976	\$892	\$1,360	\$602	\$524	\$1,131	\$2,482	\$261	\$585	\$744	\$274
NZQA	\$1,239	\$1,246	\$434	\$511	\$372	\$437	\$197	\$437	\$197	\$231	\$212	\$256
NZ Tourism	\$416	\$742	\$599	\$2,705	\$234	\$1,000	\$467	\$538	\$453	\$250	\$139	\$1,598
SSC	\$562	\$1,289	\$568	\$1,105	\$346	\$491	\$1,901	\$3,070	\$340	\$404	\$228	\$342
TPK	\$902	\$572	\$808	\$1,017	\$394	\$339	\$163	\$103	\$489	\$463	\$121	\$9
Treasury	\$949	\$780	\$1,688	\$1,709	\$530	\$378	\$1,847	\$1,714	\$105	\$124	\$159	\$95

Agency	HR3: Cost of HR process per employee											
	HR3.1: Develop and manage HR planning, policies and strategies		HR3.2: Recruitment, source and select employees		HR3.3: Reward and retain employees		HR3.4: Develop and counsel employees		HR3.5: Manage employee information		HR3.6: Redeploy and retire employees	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort												
DoC	\$445	\$610	\$52	\$133	\$60	\$64	\$1,130	\$1,028	\$238	\$166	\$59	\$58
DIA	\$113	\$406	\$301	\$282	\$115	\$98	\$315	\$271	\$147	\$111	\$209	\$95
DoL	\$559	\$517	\$337	\$320	\$499	\$482	\$513	\$467	\$189	\$238	\$105	\$163
LINZ	\$904	\$825	\$869	\$1,713	\$84	\$110	\$556	\$1,406	\$174	\$290	\$65	\$77
MAF	\$283	\$94	\$424	\$411	\$175	\$56	\$429	\$677	\$123	\$69	\$24	\$156
MED	\$408	\$549	\$382	\$372	\$251	\$212	\$649	\$460	\$124	\$445	\$213	\$76
MFAT	\$1,339	\$1,142	\$705	\$1,091	\$616	\$707	\$1,980	\$2,663	\$1,040	\$739	\$703	\$653
MoH	\$458	\$1,040	\$164	\$416	\$196	\$831	\$377	\$1,247	\$295	\$416	\$147	\$208
NZ Customs	\$497	\$330	\$326	\$360	\$99	\$110	\$99	\$330	\$281	\$198	\$99	\$220
NZTA	\$1,096	\$644	\$324	\$445	\$359	\$367	\$608	\$1,055	\$547	\$588	\$270	\$328
NZTE	\$343	\$254	\$616	\$546	\$172	\$539	\$516	\$589	\$293	\$371	\$207	\$204
Stats	\$130	\$363	\$488	\$408	\$300	\$329	\$952	\$602	\$371	\$317	\$123	\$216

Agency	HR3: Cost of HR process per employee											
	HR3.1: Develop and manage HR planning, policies and strategies		HR3.2: Recruitment, source and select employees		HR3.3: Reward and retain employees		HR3.4: Develop and counsel employees		HR3.5: Manage employee information		HR3.6: Redeploy and retire employees	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort												
Corrections	\$49	\$41	\$245	\$205	\$98	\$82	\$294	\$246	\$98	\$82	\$196	\$164
HNZC	\$174	\$327	\$480	\$437	\$215	\$205	\$2,206	\$2,018	\$303	\$346	\$492	\$362
IR	\$427	\$499	\$163	\$233	\$63	\$58	\$462	\$435	\$188	\$168	\$101	\$107
MoE	\$287	\$345	\$337	\$389	\$139	\$53	\$329	\$260	\$203	\$152	\$15	\$16
MoJ	\$485	\$467	\$483	\$284	\$41	\$35	\$330	\$355	\$73	\$120	\$30	\$21
MSD	\$306	\$277	\$153	\$197	\$41	\$38	\$306	\$290	\$194	\$175	\$20	\$18
NZDF	\$739	\$742	\$1,199	\$1,411	\$0	\$0	\$399	\$796	\$1,623	\$1,132	\$0	\$0
NZ Fire	\$452	\$486	\$271	\$244	\$212	\$144	\$293	\$396	\$49	\$187	\$230	\$92
NZ Police	\$184	\$186	\$516	\$508	\$87	\$87	\$191	\$195	\$511	\$519	\$103	\$103

Agency	HR4: Cost of recruitment per new recruit		HR5: Number of employees per HR process FTE											
			HR5.1: Develop and manage HR planning, policies and strategies		HR5.2: Recruitment, source and select employees		HR5.3: Reward and retain employees		HR5.4: Develop and counsel employees		HR5.5: Manage employee information		HR5.6: Redeploy and retire employees	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort														
DBH	\$1,821	\$3,888	237.14	254.48	237.14	410.00	237.14	738.00	368.89	410.00	195.29	160.43	276.67	1476.00
MCH	\$3,522	\$2,517	310.81	302.50	244.68	224.07	338.24	318.42	174.24	159.21	370.97	345.71	460.00	448.15
MFE	\$7,798	\$6,018	167.55	189.71	208.61	162.75	851.35	281.36	178.98	148.21	262.50	263.49	425.68	664.00
MFish	\$5,487	\$1,825	460.00	551.25	460.00	367.50	575.00	735.00	1150.00	735.00	766.67	735.00	2300.00	2205.00
MoT	\$6,280	\$7,194	153.04	164.00	176.00	164.00	880.00	820.00	176.00	205.00	293.33	164.00	293.33	0.00
NZQA	\$2,597	\$2,506	200.50	226.11	572.86	581.43	668.33	678.33	1253.13	678.33	1253.13	1356.67	1179.41	1017.50
NZ Tourism	\$3,905	\$8,114	228.33	220.00	236.21	150.00	285.42	528.00	285.42	528.00	570.83	264.00	6850.00	6600.00
SSC	\$2,706	\$5,250	180.00	129.55	162.00	104.59	405.00	271.43	135.00	82.61	324.00	237.50	1246.15	407.14
TPK	\$6,703	\$5,130	204.67	322.22	153.50	174.00	307.00	348.00	1228.00	0.00	161.58	183.16	1228.00	0.00
Treasury	\$11,686	\$7,258	200.57	180.00	112.78	189.00	360.20	243.87	103.22	204.32	1765.00	741.18	1217.24	969.23



Agency	HR4: Cost of recruitment per new recruit		HR5: Number of employees per HR process FTE											
			HR5.1: Develop and manage HR planning, policies and strategies		HR5.2: Recruitment, source and select employees		HR5.3: Reward and retain employees		HR5.4: Develop and counsel employees		HR5.5: Manage employee information		HR5.6: Redeploy and retire employees	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort														
DoC	\$725	\$1,649	311.22	366.92	2126.67	2385.00	1740.00	1817.14	215.06	215.59	562.94	615.48	1822.86	1908.00
DIA	\$2,149	\$1,332	716.82	228.61	285.13	328.36	852.22	950.53	327.78	340.75	551.80	820.91	389.34	1003.33
DoL	\$3,044	\$2,406	305.10	317.56	505.11	511.87	341.80	340.21	332.31	350.86	901.98	689.85	1623.57	1005.38
LINZ	\$5,045	\$7,086	204.40	147.69	340.67	282.35	511.00	800.00	146.00	200.00	255.50	266.67	1022.00	1200.00
MAF	\$7,845	\$6,031	571.77	2193.10	507.73	993.75	842.48	2298.80	361.29	234.11	2472.73	1362.86	3808.00	731.03
MED	\$4,167	\$1,830	352.94	204.12	219.51	236.05	514.29	403.49	321.43	403.49	413.79	431.06	1200.00	1137.70
MFAT	\$8,539	\$10,920	184.00	128.80	230.00	468.62	184.00	160.18	115.00	108.10	102.22	104.63	131.43	95.66
MoH	\$1,204	\$2,749	323.08	469.09	756.00	1172.73	756.00	586.36	378.00	390.91	504.00	1172.73	756.00	2345.45
NZ Customs	\$4,888	\$4,075	300.00	404.00	400.00	404.00	1200.00	1212.00	1200.00	404.00	600.00	1212.00	1200.00	606.00
NZTA	\$2,707	\$3,377	186.86	288.98	376.76	315.91	417.37	393.77	200.00	139.14	307.05	280.81	548.82	469.59
NZTE	\$3,680	\$3,098	580.00	455.91	232.00	312.97	386.67	452.34	263.64	288.06	362.50	815.49	483.33	657.95
Stats	\$2,747	\$3,167	1281.25	647.02	427.08	588.55	732.14	488.50	320.31	331.19	197.12	230.42	640.63	465.24

Agency	HR4: Cost of recruitment per new recruit		HR5: Number of employees per HR process FTE											
			HR5.1: Develop and manage HR planning, policies and strategies		HR5.2: Recruitment, source and select employees		HR5.3: Reward and retain employees		HR5.4: Develop and counsel employees		HR5.5: Manage employee information		HR5.6: Redeploy and retire employees	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort														
Corrections	\$1,128	\$1,512	1884.73	2085.30	376.95	417.06	942.36	1042.65	314.12	347.70	942.36	1042.65	471.18	521.67
HNZC	\$2,861	\$2,616	1156.00	569.00	385.33	379.33	825.71	1422.50	124.97	153.16	262.73	344.85	825.71	758.67
IR	\$3,437	\$2,371	257.98	248.31	1073.55	1004.55	1416.17	1657.50	216.10	217.38	1232.59	1326.00	853.33	895.95
MoE	\$1,332	\$1,491	461.05	392.10	629.80	686.37	797.22	2212.16	440.42	521.34	874.72	861.58	6997.78	6820.83
MoJ	\$2,573	\$2,333	286.00	263.69	665.74	1633.18	3524.51	3810.75	673.22	619.58	3181.42	1476.67	21147.06	18652.63
MSD	\$1,308	\$1,780	637.50	680.00	910.71	927.27	1854.55	1700.00	428.57	425.00	470.05	463.64	5100.00	5100.00
NZDF	\$17,121	\$12,829	171.49	170.96	144.33	132.17	0.00	0.00	177.77	151.27	57.62	80.49	0.00	0.00
NZ Fire	\$11,788	\$4,809	397.37	426.74	707.81	755.33	781.03	1258.89	1415.63	730.97	2831.25	895.65	566.25	1743.08
NZ Police	\$12,635	\$8,275	549.87	600.53	237.39	278.77	1158.96	1279.36	528.67	572.66	327.27	340.09	983.61	1090.20

Agency	HR6: Number of days absence per employee (excl maternity/paternity)		HR7: Percentage of new hires still in the role after 12 months		HR8: HR MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort						
DBH	5.30	5.51	49%	60%	100%	50%
MCH	6.25	5.58	92%	96%	80%	80%
MFE	4.67	4.39	57%	51%	60%	60%
MFish	6.09	5.62	85%	82%	80%	80%
MoT	4.89	6.96	90%	81%	80%	80%
NZQA	9.78	8.35	86%	87%	70%	90%
NZ Tourism	4.53	3.62	75%	38%	70%	80%
SSC	5.65	6.64	88%	94%	70%	70%
TPK	10.04	7.84	74%	70%	60%	60%
Treasury	5.38	4.69	76%	80%	70%	70%

Agency	HR6: Number of days absence per employee (excl maternity/paternity)		HR7: Percentage of new hires still in the role after 12 months		HR8: HR MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort						
DoC	7.46	6.52	91%	81%	60%	60%
DIA	7.76	6.93	94%	59%	60%	50%
DoL	7.10	6.41	81%	59%	70%	80%
LINZ	7.70	7.95	87%	78%	80%	80%
MAF	6.24	6.47	95%	82%	60%	30%
MED	6.46	7.23	99%	74%	90%	90%
MFAT	5.93	5.04	87%	58%	50%	70%
MoH	6.12	4.50	85%	79%	50%	70%
NZ Customs	7.93	8.18	86%	60%	80%	80%
NZTA	7.08	5.97	93%	80%	70%	70%
NZTE	2.99	2.11	78%	81%	80%	90%
Stats	6.88	6.92	86%	90%	60%	80%

Agency	HR6: Number of days absence per employee (excl maternity/paternity)		HR7: Percentage of new hires still in the role after 12 months		HR8: HR MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort						
Corrections	10.56	9.99	81%	90%	80%	80%
HNZC	8.33	8.23	84%	70%	90%	100%
IR	9.30	8.85	83%	80%	90%	100%
MoE	6.44	6.26	78%	75%	80%	80%
MoJ	6.94	5.40	81%	59%	60%	70%
MSD	9.76	9.46	78%	72%	70%	80%
NZDF	3.78	4.40	85%	83%	80%	80%
NZ Fire	10.68	10.71	94%	90%	70%	70%
NZ Police	6.79	6.85	85%	87%	60%	60%

Table 24 | Finance function agency results

Agency	FIN1: Total cost of the Finance function as a proportion of organisational running costs		FIN2: Cost of Finance processes per \$1000 revenue													
			FIN2.1: Perform planning and accounting management		FIN2.2: Perform revenue accounting		FIN2.3: Perform general accounting and reporting		FIN2.4: Manage fixed asset project accounting		FIN2.5: Process payroll		FIN2.6: Process accounts payable and expense reimbursements		FIN2.7: Other	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort																
DBH	1.96%	1.56%	\$2.79	\$1.77	\$1.01	\$0.98	\$2.85	\$2.57	\$0.52	\$0.23	\$1.38	\$0.90	\$2.12	\$1.47	\$8.88	\$7.64
MCH	1.62%	0.85%	\$3.79	\$2.17	\$0.21	\$0.11	\$4.93	\$2.10	\$0.43	\$0.18	\$2.50	\$1.95	\$1.79	\$1.34	\$2.50	\$0.61
MFE	1.26%	1.34%	\$3.15	\$3.48	\$0.42	\$0.27	\$1.87	\$3.30	\$0.16	\$0.07	\$0.97	\$0.76	\$1.88	\$2.06	\$4.15	\$3.44
MFish	1.61%	1.50%	\$6.85	\$6.16	\$0.35	\$0.00	\$3.43	\$4.79	\$0.49	\$0.30	\$2.41	\$1.36	\$2.59	\$2.43	\$0.00	\$0.00
MoT	2.54%	1.98%	\$7.98	\$6.09	\$0.41	\$0.20	\$9.36	\$6.56	\$0.03	\$0.00	\$0.91	\$0.93	\$3.47	\$3.39	\$3.22	\$2.61
NZQA	2.39%	2.03%	\$5.29	\$4.98	\$0.00	\$1.87	\$15.59	\$8.66	\$0.21	\$0.91	\$1.37	\$1.39	\$0.52	\$1.15	\$0.96	\$1.32
NZ Tourism	1.15%	0.84%	\$2.47	\$1.57	\$1.37	\$0.56	\$4.05	\$3.05	\$0.04	\$0.06	\$0.78	\$0.58	\$2.28	\$1.83	\$0.46	\$0.80
SSC	2.93%	3.06%	\$7.09	\$11.34	\$2.75	\$0.35	\$4.96	\$5.25	\$1.35	\$0.52	\$2.16	\$3.37	\$2.75	\$2.61	\$8.27	\$7.13
TPK	2.05%	1.58%	\$7.52	\$4.69	\$0.23	\$0.00	\$4.56	\$4.27	\$0.89	\$0.22	\$2.99	\$2.73	\$3.31	\$3.53	\$0.97	\$0.31
Treasury	1.78%	1.30%	\$9.17	\$5.25	\$0.60	\$0.30	\$4.57	\$3.92	\$0.30	\$0.19	\$1.90	\$2.28	\$1.00	\$0.72	\$0.30	\$0.36

Agency	FIN1: Total cost of the Finance function as a proportion of organisational running costs		FIN2: Cost of Finance processes per \$1000 revenue													
			FIN2.1: Perform planning and accounting management		FIN2.2: Perform revenue accounting		FIN2.3: Perform general accounting and reporting		FIN2.4: Manage fixed asset project accounting		FIN2.5: Process payroll		FIN2.6: Process accounts payable and expense reimbursements		FIN2.7: Other	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort																
DoC	3.32%	2.69%	\$4.27	\$3.80	\$2.80	\$1.86	\$14.51	\$12.18	\$1.04	\$0.75	\$2.64	\$1.90	\$4.19	\$2.78	\$3.71	\$3.64
DIA	1.92%	1.90%	\$7.07	\$5.55	\$0.76	\$1.00	\$3.98	\$5.41	\$2.31	\$1.82	\$2.15	\$2.15	\$1.94	\$2.03	\$0.99	\$1.01
DoL	1.93%	1.88%	\$7.69	\$5.53	\$1.94	\$0.26	\$2.04	\$4.04	\$0.51	\$0.51	\$2.55	\$2.56	\$4.07	\$4.15	\$0.51	\$1.76
LINZ	1.61%	1.60%	\$7.76	\$7.38	\$1.17	\$1.04	\$3.18	\$4.18	\$0.66	\$0.74	\$1.28	\$1.27	\$1.21	\$0.68	\$0.80	\$0.69
MAF	1.52%	1.55%	\$3.21	\$4.13	\$3.96	\$3.06	\$3.00	\$2.48	\$0.34	\$0.95	\$2.27	\$2.68	\$1.85	\$1.15	\$0.58	\$1.07
MED	0.91%	1.04%	\$5.08	\$5.49	\$0.40	\$0.48	\$1.50	\$1.58	\$0.04	\$0.05	\$0.93	\$1.24	\$0.78	\$0.88	\$0.37	\$0.72
MFAT	0.49%	0.49%	\$0.66	\$0.84	\$0.08	\$0.12	\$0.82	\$1.08	\$0.23	\$0.27	\$0.55	\$0.63	\$0.56	\$0.57	\$2.04	\$1.39
MoH	0.42%	0.39%	\$1.53	\$1.12	\$0.01	\$0.01	\$0.44	\$0.42	\$0.00	\$0.02	\$0.15	\$0.18	\$1.93	\$1.92	\$0.17	\$0.19
NZ Customs	1.65%	1.46%	\$3.41	\$2.49	\$0.83	\$0.71	\$2.88	\$2.56	\$0.53	\$0.85	\$3.77	\$3.52	\$2.58	\$2.35	\$2.50	\$2.14
NZTA	0.55%	0.32%	\$0.94	\$1.03	\$2.49	\$0.19	\$0.45	\$0.50	\$0.06	\$0.19	\$0.23	\$0.16	\$0.57	\$0.46	\$0.83	\$0.69
NZTE	0.84%	0.82%	\$2.63	\$2.80	\$0.53	\$0.36	\$2.38	\$2.57	\$0.60	\$0.28	\$0.97	\$0.83	\$1.78	\$1.34	\$0.00	\$0.00
Stats	1.29%	1.60%	\$4.53	\$4.44	\$0.91	\$1.24	\$2.61	\$2.47	\$0.52	\$1.76	\$2.34	\$3.20	\$1.16	\$1.76	\$0.78	\$1.15

Agency	FIN1: Total cost of the Finance function as a proportion of organisational running costs		FIN2: Cost of Finance processes per \$1000 revenue													
			FIN2.1: Perform planning and accounting management		FIN2.2: Perform revenue accounting		FIN2.3: Perform general accounting and reporting		FIN2.4: Manage fixed asset project accounting		FIN2.5: Process payroll		FIN2.6: Process accounts payable and expense reimbursements		FIN2.7: Other	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort																
Corrections	1.05%	1.03%	\$1.88	\$1.87	\$0.49	\$0.47	\$2.27	\$2.25	\$0.75	\$0.93	\$2.60	\$2.55	\$1.65	\$1.45	\$0.86	\$0.81
HNZC	0.70%	0.70%	\$2.03	\$1.96	\$0.55	\$0.62	\$1.22	\$1.43	\$0.21	\$0.20	\$0.26	\$0.30	\$0.45	\$0.54	\$2.24	\$1.98
IR	1.00%	0.98%	\$2.92	\$3.91	\$0.04	\$0.04	\$2.36	\$2.37	\$0.07	\$0.11	\$3.14	\$1.91	\$0.43	\$0.51	\$0.97	\$0.93
MoE	0.47%	0.50%	\$1.91	\$1.94	\$0.06	\$0.06	\$1.22	\$1.15	\$0.10	\$0.36	\$0.52	\$0.63	\$0.66	\$0.61	\$0.24	\$0.25
MoJ	0.82%	0.80%	\$2.52	\$2.34	\$0.51	\$0.23	\$2.28	\$3.41	\$0.15	\$0.54	\$0.97	\$0.55	\$1.72	\$0.81	\$0.00	\$0.11
MSD	0.73%	0.72%	\$3.92	\$3.90	\$0.06	\$0.06	\$1.30	\$1.30	\$0.08	\$0.08	\$1.20	\$1.27	\$0.65	\$0.57	\$0.06	\$0.06
NZDF	0.69%	0.58%	\$3.99	\$2.83	\$0.08	\$0.10	\$1.21	\$1.55	\$0.00	\$0.35	\$1.13	\$0.47	\$0.46	\$0.54	\$0.00	\$0.00
NZ Fire	1.24%	1.14%	\$2.45	\$1.96	\$1.92	\$2.71	\$2.72	\$2.82	\$1.33	\$0.79	\$1.09	\$1.08	\$2.03	\$1.55	\$0.86	\$0.49
NZ Police	0.64%	0.61%	\$1.06	\$1.02	\$0.20	\$0.21	\$0.95	\$0.92	\$0.14	\$0.13	\$1.64	\$1.44	\$2.04	\$2.01	\$0.36	\$0.36



Agency	FIN3: Total cost of the Finance function per organisational FTE		FIN4: Percentage of Finance FTEs per Finance process													
			FIN4.1: Perform planning and accounting management		FIN4.2: Perform revenue accounting		FIN4.3: Perform general accounting and reporting		FIN4.4: Manage fixed asset project accounting		FIN4.5: Process payroll		FIN4.6: Process accounts payable and expense reimbursements		FIN4.7: Other	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort																
DBH	\$4,116	\$3,365	10.57%	9.90%	7.32%	9.90%	14.63%	19.80%	2.44%	1.98%	6.50%	7.92%	16.26%	14.85%	42.28%	35.64%
MCH	\$2,200	\$2,127	27.57%	31.88%	1.23%	1.56%	20.16%	20.31%	2.88%	2.50%	20.58%	15.63%	19.75%	21.88%	7.82%	6.25%
MFE	\$2,484	\$2,490	25.99%	27.34%	4.31%	2.76%	16.90%	28.78%	1.52%	0.60%	10.72%	9.11%	23.54%	24.22%	17.02%	7.19%
MFish	\$3,456	\$3,119	36.42%	35.51%	1.62%	0.00%	17.98%	27.65%	1.94%	1.75%	16.17%	7.02%	25.87%	28.07%	0.00%	0.00%
MoT	\$4,752	\$4,349	28.57%	27.10%	2.86%	0.81%	32.86%	27.42%	0.00%	0.00%	2.86%	3.39%	22.86%	29.84%	10.00%	11.45%
NZQA	\$4,684	\$3,968	24.26%	24.26%	0.00%	18.38%	44.85%	26.47%	1.47%	1.47%	12.50%	12.50%	7.35%	7.35%	9.56%	9.56%
NZ Tourism	\$8,178	\$7,014	15.00%	18.15%	17.93%	10.40%	31.03%	30.25%	0.00%	0.57%	2.07%	1.89%	30.00%	28.17%	3.97%	10.59%
SSC	\$6,497	\$7,827	26.09%	26.98%	8.70%	2.38%	8.70%	15.87%	8.70%	0.79%	13.04%	20.63%	17.39%	16.67%	17.39%	16.67%
TPK	\$3,568	\$2,652	25.52%	23.27%	0.91%	0.00%	24.07%	22.82%	3.28%	0.91%	19.14%	19.09%	25.52%	33.00%	1.55%	0.91%
Treasury	\$3,522	\$2,475	46.94%	37.71%	3.06%	2.86%	23.47%	25.71%	1.53%	1.71%	18.37%	21.71%	5.10%	6.86%	1.53%	3.43%

Agency	FIN3: Total cost of the Finance function per organisational FTE		FIN4: Percentage of Finance FTEs per Finance process													
			FIN4.1: Perform planning and accounting management		FIN4.2: Perform revenue accounting		FIN4.3: Perform general accounting and reporting		FIN4.4: Manage fixed asset project accounting		FIN4.5: Process payroll		FIN4.6: Process accounts payable and expense reimbursements		FIN4.7: Other	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort																
DoC	\$4,731	\$4,012	11.95%	10.42%	12.65%	12.68%	35.52%	35.34%	3.78%	3.79%	7.86%	7.89%	19.09%	19.14%	9.16%	10.73%
DIA	\$2,857	\$2,889	33.25%	25.15%	6.14%	7.20%	21.98%	27.34%	10.00%	7.49%	11.36%	13.60%	11.82%	13.87%	5.45%	5.36%
DoL	\$2,496	\$2,627	39.82%	29.39%	10.03%	1.37%	10.56%	21.48%	2.66%	2.73%	13.19%	13.63%	21.09%	22.05%	2.66%	9.35%
LINZ	\$3,126	\$3,418	37.40%	48.66%	8.98%	8.63%	18.55%	15.20%	5.05%	3.75%	7.19%	10.01%	9.51%	8.69%	13.26%	5.07%
MAF	\$2,574	\$2,568	20.68%	26.87%	26.15%	19.55%	19.02%	15.88%	2.11%	6.10%	16.68%	17.09%	11.66%	7.66%	3.70%	6.85%
MED	\$3,457	\$3,491	47.06%	42.44%	8.09%	8.05%	12.99%	12.93%	0.74%	0.73%	14.71%	14.63%	12.25%	12.68%	4.17%	8.54%
MFAT	\$3,298	\$3,606	11.54%	10.56%	3.85%	4.63%	19.23%	19.81%	3.85%	3.70%	11.54%	11.11%	23.08%	21.19%	26.92%	29.00%
MoH	\$7,718	\$7,784	17.54%	13.78%	0.00%	0.69%	7.02%	6.85%	0.00%	0.37%	3.51%	3.68%	70.18%	70.96%	1.75%	3.68%
NZ Customs	\$1,755	\$1,672	21.58%	17.36%	0.00%	1.39%	14.39%	14.58%	7.19%	8.33%	28.78%	27.78%	21.58%	22.22%	7.19%	8.33%
NZTA	\$7,506	\$4,733	16.57%	19.87%	35.58%	25.55%	6.82%	10.82%	1.02%	3.56%	3.41%	3.56%	24.85%	22.57%	11.57%	14.07%
NZTE	\$1,969	\$2,083	24.44%	25.93%	7.41%	7.41%	24.44%	30.37%	8.15%	4.44%	11.11%	7.41%	24.44%	24.44%	0.00%	0.00%
Stats	\$1,192	\$1,512	32.73%	29.20%	7.27%	6.84%	15.45%	13.67%	4.55%	9.79%	23.64%	23.21%	10.00%	9.79%	6.36%	7.51%

Agency	FIN3: Total cost of the Finance function per organisational FTE		FIN4: Percentage of Finance FTEs per Finance process													
			FIN4.1: Perform planning and accounting management		FIN4.2: Perform revenue accounting		FIN4.3: Perform general accounting and reporting		FIN4.4: Manage fixed asset project accounting		FIN4.5: Process payroll		FIN4.6: Process accounts payable and expense reimbursements		FIN4.7: Other	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort																
Corrections	\$1,291	\$1,317	17.94%	18.12%	4.68%	4.54%	21.58%	21.74%	7.17%	9.01%	24.73%	24.71%	15.67%	14.06%	8.22%	7.81%
HNZC	\$5,436	\$5,381	24.34%	25.74%	13.79%	11.49%	15.72%	17.43%	4.06%	5.94%	2.03%	1.98%	7.61%	7.72%	32.45%	29.70%
IR	\$1,027	\$1,081	29.73%	36.99%	0.55%	0.60%	23.29%	23.01%	0.68%	1.20%	30.00%	23.46%	6.71%	8.27%	9.04%	6.47%
MoE	\$2,267	\$2,419	36.19%	34.44%	1.44%	1.46%	24.60%	21.93%	2.37%	6.80%	14.24%	16.37%	17.55%	15.35%	3.60%	3.65%
MoJ	\$1,586	\$1,476	24.38%	28.04%	5.17%	4.65%	26.27%	25.40%	6.32%	5.93%	13.42%	14.56%	24.45%	20.23%	0.00%	1.19%
MSD	\$1,294	\$1,308	39.85%	44.44%	1.13%	0.77%	15.04%	12.26%	1.50%	1.15%	24.81%	23.75%	16.54%	16.86%	1.13%	0.77%
NZDF	\$961	\$891	36.44%	41.96%	3.24%	2.68%	23.89%	29.28%	0.00%	5.00%	22.67%	7.14%	13.77%	13.94%	0.00%	0.00%
NZ Fire	\$1,665	\$1,613	15.16%	12.91%	16.77%	25.26%	16.45%	24.39%	10.97%	4.46%	9.68%	10.53%	24.84%	20.00%	6.13%	2.46%
NZ Police	\$727	\$722	17.52%	17.63%	3.36%	3.56%	15.74%	15.92%	2.31%	2.22%	23.34%	21.60%	31.81%	32.79%	5.91%	6.29%

Agency	FIN5: Cost of the payroll process per employee		FIN6: Number of employees per payroll FTE		FIN7: Finance management practice indicator	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort						
DBH	\$280	\$187	415.00	461.25	40%	60%
MCH	\$304	\$446	230.00	242.00	40%	60%
MFE	\$175	\$127	342.39	436.84	60%	70%
MFish	\$506	\$274	174.80	441.00	70%	70%
MoT	\$165	\$195	880.00	780.95	50%	50%
NZQA	\$264	\$268	235.88	239.41	80%	80%
NZ Tourism	\$547	\$470	1141.67	1320.00	60%	60%
SSC	\$475	\$851	108.00	87.69	50%	50%
TPK	\$515	\$460	146.19	165.71	40%	40%
Treasury	\$360	\$421	196.11	198.95	20%	40%

Agency	FIN5: Cost of the payroll process per employee		FIN6: Number of employees per payroll FTE		FIN7: Finance management practice indicator	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort						
DoC	\$364	\$274	349.91	365.52	70%	70%
DIA	\$311	\$316	306.80	277.85	70%	70%
DoL	\$314	\$341	436.28	423.82	60%	70%
LINZ	\$245	\$269	422.31	300.00	20%	40%
MAF	\$356	\$403	270.45	269.11	20%	20%
MED	\$343	\$401	240.00	231.33	70%	70%
MFAT	\$359	\$455	306.67	293.67	50%	50%
MoH	\$265	\$371	378.00	322.50	50%	50%
NZ Customs	\$385	\$380	300.00	303.00	80%	80%
NZTA	\$298	\$229	464.67	463.33	80%	80%
NZTE	\$214	\$190	386.67	579.00	60%	60%
Stats	\$198	\$273	394.23	355.27	40%	40%

Agency	FIN5: Cost of the payroll process per employee		FIN6: Number of employees per payroll FTE		FIN7: Finance management practice indicator	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort						
Corrections	\$297	\$307	232.54	227.59	60%	60%
HNZC	\$196	\$221	1156.00	1138.00	40%	60%
IR	\$276	\$181	303.93	425.00	90%	90%
MoE	\$195	\$231	318.08	292.32	60%	60%
MoJ	\$167	\$98	492.47	526.60	40%	60%
MSD	\$198	\$214	309.09	329.03	90%	90%
NZDF	\$137	\$70	520.61	1516.63	80%	80%
NZ Fire	\$145	\$153	755.00	755.33	70%	80%
NZ Police	\$177	\$163	656.26	757.05	50%	50%

Table 25 | ICT function agency results

Agency	ICT 1: Total ICT cost as a proportion of the organisational running costs		ICT2: Total ICT process cost as a percentage of organisational running costs													
			ICT2.1: Infrastructure management		ICT2.2: Infrastructure development		ICT2.3: End user support		ICT2.4: Application maintenance		ICT2.5: Application development and implementation		ICT2.6: Planning and strategy		ICT2.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort																
DBH	8.90%	5.02%	4.60%	1.67%	0.00%	0.27%	0.40%	0.27%	0.88%	1.77%	2.33%	0.47%	0.45%	0.38%	0.23%	0.19%
MCH	7.21%	1.75%	1.82%	0.54%	0.00%	0.04%	1.40%	0.30%	1.19%	0.39%	1.91%	0.08%	0.41%	0.29%	0.48%	0.12%
MFE	6.94%	4.31%	1.21%	0.92%	0.59%	0.55%	0.18%	0.28%	1.07%	0.88%	2.87%	1.11%	0.55%	0.23%	0.47%	0.34%
MFish	5.57%	4.92%	0.83%	0.55%	0.15%	0.57%	1.81%	1.28%	0.49%	0.40%	1.80%	1.60%	0.10%	0.11%	0.39%	0.42%
MoT	6.47%	6.03%	3.04%	2.65%	0.15%	0.79%	0.77%	0.66%	1.21%	1.34%	0.80%	0.07%	0.28%	0.34%	0.22%	0.18%
NZQA	19.95%	17.63%	2.97%	3.17%	1.80%	1.56%	0.39%	0.31%	1.16%	1.28%	11.61%	9.51%	0.15%	0.12%	1.87%	1.68%
NZ Tourism	3.31%	3.56%	2.63%	1.92%	0.00%	1.11%	0.41%	0.23%	0.14%	0.09%	0.09%	0.06%	0.01%	0.09%	0.03%	0.07%
SSC	2.47%	4.16%	0.66%	0.61%	0.09%	0.90%	0.31%	0.79%	0.86%	1.49%	0.13%	0.13%	0.16%	0.07%	0.25%	0.17%
TPK	5.40%	5.03%	2.63%	2.40%	0.30%	0.28%	1.10%	1.02%	0.28%	0.30%	0.38%	0.38%	0.28%	0.25%	0.43%	0.40%
Treasury	5.90%	5.76%	1.16%	2.11%	0.43%	0.22%	1.02%	2.36%	1.59%	0.12%	1.12%	0.52%	0.17%	0.10%	0.41%	0.34%

Agency	ICT 1: Total ICT cost as a proportion of the organisational running costs		ICT2: Total ICT process cost as a percentage of organisational running costs													
			ICT2.1: Infrastructure management		ICT2.2: Infrastructure development		ICT2.3: End user support		ICT2.4: Application maintenance		ICT2.5: Application development and implementation		ICT2.6: Planning and strategy		ICT2.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort																
DoC	5.05%	5.48%	2.06%	1.65%	0.39%	1.12%	0.70%	0.67%	0.44%	0.55%	0.29%	0.78%	0.30%	0.27%	0.87%	0.43%
DIA	25.33%	21.55%	6.13%	5.94%	1.68%	0.49%	0.61%	0.62%	4.24%	4.29%	10.58%	8.43%	0.91%	1.00%	1.18%	0.78%
DoL	15.59%	13.63%	2.33%	2.86%	2.67%	3.67%	0.92%	1.03%	3.91%	2.94%	5.18%	2.84%	0.31%	0.13%	0.26%	0.16%
LINZ	20.50%	18.35%	9.59%	8.34%	0.54%	0.42%	0.69%	0.61%	6.01%	5.66%	1.14%	1.03%	0.90%	0.80%	1.63%	1.49%
MAF	9.25%	9.46%	3.73%	4.25%	0.91%	0.68%	0.71%	0.62%	1.20%	1.44%	1.75%	1.83%	0.56%	0.27%	0.38%	0.37%
MED	12.08%	16.07%	3.06%	3.72%	0.09%	0.25%	0.86%	1.15%	2.19%	2.92%	5.43%	6.91%	0.23%	0.53%	0.23%	0.59%
MFAT	4.43%	4.29%	1.91%	1.69%	1.10%	0.95%	0.13%	0.18%	0.52%	0.49%	0.29%	0.57%	0.13%	0.16%	0.34%	0.26%
MoH	1.88%	2.13%	0.47%	0.10%	0.32%	0.61%	0.07%	0.25%	0.23%	0.21%	0.42%	0.58%	0.19%	0.19%	0.17%	0.19%
NZ Customs	7.94%	8.24%	3.20%	3.03%	0.72%	0.86%	1.07%	0.35%	1.18%	1.47%	1.10%	1.69%	0.20%	0.23%	0.46%	0.61%
NZTA	1.77%	2.08%	0.11%	0.10%	0.11%	0.13%	0.25%	0.33%	0.17%	0.20%	0.55%	0.58%	0.28%	0.40%	0.30%	0.34%
NZTE	5.23%	4.28%	1.49%	1.31%	0.64%	0.47%	0.31%	0.38%	0.83%	0.58%	1.24%	0.58%	0.22%	0.26%	0.50%	0.70%
Stats	24.39%	23.17%	1.64%	6.88%	12.14%	3.89%	3.22%	1.72%	1.84%	2.27%	4.61%	4.89%	0.34%	1.69%	0.60%	1.83%



Agency	ICT 1: Total ICT cost as a proportion of the organisational running costs		ICT2: Total ICT process cost as a percentage of organisational running costs													
			ICT2.1: Infrastructure management		ICT2.2: Infrastructure development		ICT2.3: End user support		ICT2.4: Application maintenance		ICT2.5: Application development and implementation		ICT2.6: Planning and strategy		ICT2.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort																
Corrections	5.64%	6.07%	1.19%	1.52%	0.90%	0.75%	0.41%	0.47%	0.27%	0.12%	2.58%	3.07%	0.07%	0.08%	0.22%	0.07%
HNZC	2.95%	4.06%	0.55%	0.90%	0.59%	1.60%	0.12%	0.13%	0.28%	0.54%	1.14%	0.51%	0.06%	0.10%	0.21%	0.26%
IR	20.62%	18.84%	7.63%	7.37%	0.95%	2.85%	0.55%	0.56%	3.33%	3.11%	6.62%	3.17%	1.26%	1.40%	0.27%	0.38%
MoE	3.00%	3.20%	0.52%	0.48%	0.74%	0.77%	0.24%	0.23%	0.53%	0.63%	0.43%	0.61%	0.15%	0.15%	0.39%	0.33%
MoJ	8.25%	9.74%	2.56%	2.47%	1.46%	1.43%	0.58%	0.67%	1.12%	1.04%	2.01%	3.36%	0.24%	0.40%	0.29%	0.38%
MSD	7.30%	6.66%	1.08%	0.97%	0.63%	0.55%	0.44%	0.64%	2.30%	2.22%	2.54%	1.99%	0.13%	0.12%	0.18%	0.17%
NZDF	3.01%	2.12%	0.34%	0.87%	0.33%	0.15%	1.66%	0.04%	0.22%	0.50%	0.13%	0.01%	0.21%	0.45%	0.13%	0.10%
NZ Fire	6.02%	5.90%	2.57%	1.73%	0.02%	0.42%	2.21%	1.97%	0.91%	0.87%	0.12%	0.71%	0.04%	0.06%	0.16%	0.14%
NZ Police	6.94%	7.55%	2.34%	3.09%	1.68%	1.14%	0.82%	1.20%	0.17%	0.10%	0.79%	0.55%	0.03%	0.04%	1.11%	1.44%

Agency	ICT3: Percentage of ICT FTE by ICT process													
	ICT3.1: Infrastructure management		ICT3.2: Infrastructure development		ICT3.3: End user support		ICT3.4: Application maintenance		ICT3.5: Application development and implementation		ICT3.6: Planning and strategy		ICT3.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort														
DBH	18.60%	18.75%	0.00%	3.13%	9.30%	18.75%	16.28%	25.00%	34.88%	12.50%	16.28%	9.38%	4.65%	12.50%
MCH	5.71%	5.00%	0.00%	5.00%	0.00%	40.00%	0.00%	10.00%	71.43%	0.00%	8.57%	30.00%	14.29%	10.00%
MFE	16.70%	11.67%	8.14%	11.67%	27.62%	26.67%	13.92%	15.00%	9.21%	15.00%	10.49%	11.67%	13.70%	8.33%
MFish	11.32%	10.57%	0.00%	0.00%	22.64%	13.60%	15.28%	19.34%	35.66%	21.45%	3.02%	8.46%	12.08%	26.59%
MoT	9.23%	20.78%	3.08%	14.29%	16.92%	14.29%	15.38%	14.29%	30.77%	7.79%	12.31%	11.04%	12.31%	17.53%
NZQA	10.00%	9.80%	5.00%	5.88%	5.00%	9.80%	15.00%	15.69%	40.00%	31.37%	2.00%	7.84%	23.00%	19.61%
NZ Tourism	5.00%	10.00%	0.00%	10.00%	15.00%	10.00%	15.00%	0.00%	15.00%	10.00%	10.00%	40.00%	40.00%	20.00%
SSC	10.83%	12.50%	7.50%	4.17%	27.50%	50.00%	17.00%	12.50%	10.83%	8.33%	11.17%	4.17%	15.17%	8.33%
TPK	5.00%	5.62%	5.00%	5.11%	55.00%	46.79%	7.33%	11.97%	10.42%	14.53%	8.08%	7.30%	9.17%	8.69%
Treasury	19.69%	23.36%	7.25%	12.12%	17.36%	30.16%	26.94%	5.38%	18.91%	19.99%	2.85%	0.00%	6.99%	8.99%

Agency	ICT3: Percentage of ICT FTE by ICT process													
	ICT3.1: Infrastructure management		ICT3.2: Infrastructure development		ICT3.3: End user support		ICT3.4: Application maintenance		ICT3.5: Application development and implementation		ICT3.6: Planning and strategy		ICT3.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort														
DoC	7.49%	8.73%	9.95%	9.35%	16.41%	21.98%	7.10%	6.56%	15.62%	14.13%	16.23%	15.12%	27.21%	24.12%
DIA	11.47%	13.96%	7.36%	0.71%	8.42%	13.13%	13.15%	14.35%	45.92%	31.47%	8.42%	12.16%	5.26%	14.22%
DoL	7.53%	14.71%	16.85%	8.82%	12.25%	14.71%	17.42%	13.24%	30.79%	32.35%	6.63%	8.82%	8.54%	7.35%
LINZ	21.29%	15.63%	4.76%	0.00%	8.63%	3.91%	23.81%	19.53%	14.57%	17.97%	11.34%	31.25%	15.58%	11.72%
MAF	10.53%	6.67%	3.42%	1.92%	9.21%	10.77%	14.48%	18.47%	39.48%	37.21%	9.42%	12.13%	13.46%	12.83%
MED	8.82%	11.39%	8.82%	3.30%	14.71%	17.09%	11.76%	16.45%	26.47%	14.09%	11.76%	15.19%	17.65%	22.48%
MFAT	25.93%	26.50%	14.81%	11.08%	11.11%	11.41%	8.64%	7.79%	7.41%	5.24%	7.41%	13.34%	24.69%	24.65%
MoH	13.78%	5.68%	8.44%	6.00%	6.67%	14.66%	17.33%	21.50%	20.00%	23.95%	14.67%	13.33%	19.11%	14.88%
NZ Customs	1.88%	5.88%	0.38%	5.88%	10.34%	8.82%	17.29%	17.65%	54.14%	44.12%	8.46%	5.88%	7.52%	11.76%
NZTA	5.97%	5.65%	5.62%	5.60%	20.43%	20.96%	10.00%	9.40%	31.60%	30.39%	12.32%	15.35%	14.22%	12.65%
NZTE	18.66%	20.69%	6.33%	3.45%	19.41%	27.59%	15.62%	13.79%	21.20%	17.24%	5.02%	6.90%	13.74%	10.34%
Stats	11.76%	6.38%	12.19%	9.53%	23.09%	8.36%	13.19%	19.60%	33.07%	40.54%	2.42%	7.70%	4.28%	7.88%

Agency	ICT3: Percentage of ICT FTE by ICT process													
	ICT3.1: Infrastructure management		ICT3.2: Infrastructure development		ICT3.3: End user support		ICT3.4: Application maintenance		ICT3.5: Application development and implementation		ICT3.6: Planning and strategy		ICT3.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort														
Corrections	10.68%	12.50%	2.91%	3.13%	13.59%	14.06%	9.71%	0.00%	49.51%	50.00%	2.91%	9.38%	10.68%	10.94%
HNZC	9.99%	9.86%	11.25%	14.08%	18.99%	18.31%	8.44%	11.27%	33.05%	26.76%	1.41%	2.82%	16.88%	16.90%
IR	14.06%	14.32%	3.61%	3.79%	7.03%	8.84%	40.56%	40.21%	19.68%	18.32%	12.25%	11.37%	2.81%	3.16%
MoE	8.91%	9.13%	4.61%	4.08%	16.34%	18.45%	18.39%	14.50%	33.42%	35.04%	5.55%	5.16%	12.78%	13.64%
MoJ	7.61%	7.27%	13.22%	10.12%	14.97%	16.59%	15.73%	15.54%	34.13%	32.08%	6.93%	8.68%	8.64%	9.73%
MSD	11.48%	10.07%	14.85%	16.08%	22.86%	24.42%	18.46%	19.70%	20.74%	17.72%	5.57%	5.23%	6.04%	6.79%
NZDF	4.20%	46.93%	24.13%	8.51%	40.91%	3.93%	11.89%	12.23%	4.90%	1.09%	8.04%	17.71%	5.94%	9.61%
NZ Fire	3.55%	3.92%	1.06%	1.18%	45.04%	41.96%	27.52%	26.51%	12.55%	15.06%	2.13%	3.53%	8.16%	7.84%
NZ Police	10.57%	10.70%	21.81%	19.00%	19.75%	23.82%	4.19%	2.00%	16.26%	15.17%	0.73%	0.74%	26.69%	28.57%

Agency	ICT4: Percentage of ICT establishment (non project) positions occupied by contractors		ICT5: Reliability		ICT6: Supportability (hours)		ICT7: Total ICT cost per end user	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort								
DBH	5.88%	6.25%	99.90%	99.60%	1.00	1.00	\$18,048	\$7,710
MCH	100.00%	100.00%	99.66%	99.66%	3.60	3.60	\$8,774	\$3,450
MFE	0.00%	0.00%	99.90%	99.97%	0.45	0.30	\$10,220	\$5,877
MFish	7.55%	0.00%	99.93%	100.00%	4.06	16.30	\$9,635	\$8,220
MoT	0.00%	0.00%	99.44%	99.91%	2.00	1.07	\$9,961	\$11,118
NZQA	13.95%	3.33%	99.81%	99.99%	3.00	2.50	\$4,617	\$3,626
NZ Tourism	0.00%	0.00%	100.00%	100.00%	4.00	4.00	\$22,028	\$27,739
SSC	0.00%	0.00%	99.90%	99.90%	0.30	0.50	\$4,400	\$7,035
TPK	0.00%	0.00%	99.90%	99.90%	0.25	0.25	\$6,264	\$6,768
Treasury	5.18%	3.45%	98.02%	99.96%	2.45	3.55	\$7,119	\$6,617

Agency	ICT4: Percentage of ICT establishment (non project) positions occupied by contractors		ICT5: Reliability		ICT6: Supportability (hours)		ICT7: Total ICT cost per end user	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort								
DoC	0.00%	0.00%	99.95%	99.98%	0.50	0.50	\$6,670	\$6,021
DIA	5.49%	3.60%	99.81%	99.83%	2.50	0.02	\$30,585	\$28,683
DoL	0.00%	0.00%	99.91%	99.87%	1.10	1.10	\$15,583	\$15,070
LINZ	1.59%	0.00%	99.20%	99.84%	1.50	0.00	\$37,564	\$38,758
MAF	16.22%	20.00%	99.66%	99.71%	4.00	3.75	\$13,149	\$13,570
MED	0.00%	0.00%	99.94%	99.95%	1.00	1.83	\$44,583	\$34,451
MFAT	3.90%	4.11%	99.31%	99.54%	11.00	31.81	\$19,341	\$19,433
MoH	9.02%	2.56%	99.83%	99.75%	0.93	1.00	\$30,186	\$33,616
NZ Customs	7.52%	8.82%	99.95%	99.96%	0.66	0.50	\$8,120	\$7,690
NZTA	2.35%	0.95%	100.00%	100.00%	4.00	4.00	\$4,030	\$5,046
NZTE	0.00%	0.00%	99.99%	99.99%	2.67	1.79	\$9,615	\$8,692
Stats	0.00%	0.00%	99.98%	99.95%	2.40	1.20	\$20,640	\$19,765

Agency	ICT4: Percentage of ICT establishment (non project) positions occupied by contractors		ICT5: Reliability		ICT6: Supportability (hours)		ICT7: Total ICT cost per end user	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort								
Corrections	10.20%	7.69%	99.83%	99.84%	2.50	3.27	\$6,124	\$7,307
HNZC	15.47%	32.39%	99.18%	97.74%	5.00	8.60	\$17,491	\$21,802
IR	1.26%	3.03%	99.46%	99.41%	2.21	2.63	\$18,103	\$17,776
MoE	3.38%	2.78%	99.46%	99.10%	2.31	2.84	\$12,195	\$11,826
MoJ	5.60%	3.77%	99.57%	99.72%	1.55	3.70	\$12,441	\$13,400
MSD	0.00%	0.46%	99.98%	99.96%	0.74	0.82	\$13,012	\$11,047
NZDF	18.29%	4.08%	100.00%	99.00%	0.00	0.00	\$4,203	\$3,202
NZ Fire	2.40%	0.78%	100.00%	100.00%	1.06	1.04	\$1,251	\$1,304
NZ Police	4.16%	4.77%	99.88%	99.94%	1.54	1.38	\$7,349	\$8,323

Agency	ICT8: Total ICT process cost per end user													
	ICT8.1: Infrastructure management		ICT8.2: Infrastructure development		ICT8.3: End user support		ICT8.4: Application maintenance		ICT8.5: Application development and implementation		ICT8.6: Planning and strategy		ICT8.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort														
DBH	\$9,337	\$2,570	\$0	\$410	\$807	\$410	\$1,795	\$2,716	\$4,726	\$724	\$922	\$586	\$461	\$292
MCH	\$2,209	\$1,057	\$0	\$71	\$1,704	\$586	\$1,452	\$771	\$2,322	\$150	\$504	\$579	\$583	\$236
MFE	\$1,785	\$1,254	\$870	\$751	\$264	\$375	\$1,575	\$1,202	\$4,228	\$1,516	\$811	\$314	\$687	\$464
MFish	\$1,431	\$919	\$265	\$951	\$3,134	\$2,133	\$847	\$664	\$3,117	\$2,669	\$168	\$177	\$673	\$707
MoT	\$4,680	\$4,893	\$228	\$1,449	\$1,180	\$1,219	\$1,859	\$2,476	\$1,238	\$123	\$437	\$626	\$340	\$332
NZQA	\$688	\$651	\$417	\$321	\$89	\$63	\$268	\$263	\$2,686	\$1,956	\$36	\$25	\$433	\$346
NZ Tourism	\$17,514	\$14,978	\$21	\$8,623	\$2,701	\$1,754	\$910	\$667	\$604	\$435	\$63	\$725	\$215	\$558
SSC	\$1,185	\$1,035	\$165	\$1,529	\$555	\$1,335	\$1,535	\$2,512	\$235	\$224	\$280	\$112	\$445	\$294
TPK	\$3,048	\$3,225	\$347	\$382	\$1,281	\$1,372	\$321	\$405	\$435	\$513	\$327	\$336	\$503	\$536
Treasury	\$1,402	\$2,424	\$517	\$256	\$1,236	\$2,705	\$1,917	\$135	\$1,346	\$592	\$204	\$111	\$497	\$394



Agency	ICT8: Total ICT process cost per end user													
	ICT8.1: Infrastructure management		ICT8.2: Infrastructure development		ICT8.3: End user support		ICT8.4: Application maintenance		ICT8.5: Application development and implementation		ICT8.6: Planning and strategy		ICT8.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort														
DoC	\$2,725	\$1,817	\$522	\$1,232	\$924	\$735	\$584	\$601	\$379	\$858	\$394	\$300	\$1,144	\$478
DIA	\$7,407	\$7,900	\$2,023	\$653	\$733	\$827	\$5,120	\$5,710	\$12,773	\$11,221	\$1,099	\$1,331	\$1,430	\$1,041
DoL	\$2,333	\$3,165	\$2,670	\$4,053	\$924	\$1,143	\$3,908	\$3,247	\$5,183	\$3,139	\$308	\$149	\$257	\$174
LINZ	\$17,572	\$17,613	\$994	\$896	\$1,256	\$1,279	\$11,017	\$11,958	\$2,080	\$2,181	\$1,650	\$1,679	\$2,994	\$3,154
MAF	\$5,307	\$6,096	\$1,289	\$972	\$1,016	\$890	\$1,702	\$2,072	\$2,485	\$2,629	\$803	\$388	\$547	\$524
MED	\$11,290	\$7,972	\$318	\$543	\$3,169	\$2,455	\$8,072	\$6,270	\$20,050	\$14,809	\$842	\$1,132	\$842	\$1,270
MFAT	\$8,367	\$7,648	\$4,791	\$4,305	\$575	\$814	\$2,280	\$2,204	\$1,262	\$2,569	\$585	\$720	\$1,480	\$1,172
MoH	\$7,592	\$1,548	\$5,166	\$9,673	\$1,132	\$3,945	\$3,694	\$3,311	\$6,760	\$9,179	\$3,106	\$2,924	\$2,735	\$3,036
NZ Customs	\$3,275	\$2,826	\$738	\$803	\$1,099	\$323	\$1,208	\$1,372	\$1,122	\$1,581	\$208	\$214	\$469	\$571
NZTA	\$247	\$238	\$254	\$308	\$577	\$811	\$381	\$488	\$1,255	\$1,416	\$639	\$969	\$678	\$816
NZTE	\$2,747	\$2,669	\$1,179	\$948	\$563	\$780	\$1,535	\$1,186	\$2,279	\$1,174	\$397	\$522	\$915	\$1,414
Stats	\$1,389	\$5,867	\$10,275	\$3,316	\$2,724	\$1,468	\$1,558	\$1,938	\$3,903	\$4,170	\$288	\$1,441	\$505	\$1,564

Agency	ICT8: Total ICT process cost per end user													
	ICT8.1: Infrastructure management		ICT8.2: Infrastructure development		ICT8.3: End user support		ICT8.4: Application maintenance		ICT8.5: Application development and implementation		ICT8.6: Planning and strategy		ICT8.7: Management and administration	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort														
Corrections	\$1,296	\$1,830	\$977	\$904	\$445	\$564	\$298	\$139	\$2,798	\$3,696	\$72	\$91	\$239	\$85
HNZC	\$3,274	\$4,857	\$3,483	\$8,606	\$694	\$683	\$1,656	\$2,914	\$6,760	\$2,765	\$355	\$555	\$1,269	\$1,422
IR	\$6,702	\$6,954	\$833	\$2,686	\$482	\$524	\$2,920	\$2,939	\$5,817	\$2,996	\$1,109	\$1,317	\$240	\$361
MoE	\$2,130	\$1,770	\$3,001	\$2,857	\$976	\$831	\$2,160	\$2,316	\$1,742	\$2,270	\$619	\$568	\$1,567	\$1,215
MoJ	\$3,854	\$3,398	\$2,196	\$1,966	\$874	\$925	\$1,694	\$1,429	\$3,031	\$4,619	\$361	\$545	\$430	\$520
MSD	\$1,925	\$1,605	\$1,131	\$918	\$787	\$1,061	\$4,096	\$3,673	\$4,526	\$3,304	\$225	\$203	\$323	\$284
NZDF	\$476	\$1,318	\$455	\$223	\$2,320	\$61	\$305	\$755	\$180	\$11	\$288	\$684	\$179	\$150
NZ Fire	\$533	\$382	\$4	\$93	\$458	\$436	\$188	\$192	\$26	\$157	\$8	\$13	\$33	\$31
NZ Police	\$2,483	\$3,405	\$1,778	\$1,252	\$866	\$1,322	\$183	\$111	\$836	\$607	\$32	\$42	\$1,171	\$1,585

Agency	ICT9: Number of end users per total ICT FTE		ICT10: ICT management practice indicator	
	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort				
DBH	15.44	31.25	20%	20%
MCH	41.07	70.00	50%	70%
MFE	82.66	67.50	10%	20%
MFish	19.96	16.07	60%	70%
MoT	63.38	121.43	0%	80%
NZQA	33.41	74.65	60%	70%
NZ Tourism	144.00	69.00	20%	80%
SSC	33.33	28.33	40%	50%
TPK	37.92	31.75	20%	30%
Treasury	28.76	35.84	50%	40%

Agency	ICT9: Number of end users per total ICT FTE		ICT10: ICT management practice indicator	
	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort				
DoC	51.28	61.67	100%	100%
DIA	9.68	12.84	80%	80%
DoL	31.46	39.71	90%	80%
LINZ	6.38	18.75	60%	80%
MAF	24.76	25.65	50%	90%
MED	21.18	39.88	100%	100%
MFAT	17.04	17.56	70%	70%
MoH	7.32	11.37	20%	50%
NZ Customs	45.11	41.18	70%	70%
NZTA	82.14	91.51	60%	90%
NZTE	20.69	22.41	60%	60%
Stats	7.31	5.88	50%	60%

Agency	ICT9: Number of end users per total ICT FTE		ICT10: ICT management practice indicator	
	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort				
Corrections	80.76	124.14	70%	90%
HNZC	20.58	21.83	20%	50%
IR	13.37	13.96	60%	70%
MoE	15.27	17.41	70%	70%
MoJ	25.15	32.11	50%	50%
MSD	28.21	33.32	90%	80%
NZDF	44.42	52.38	40%	80%
NZ Fire	205.67	227.45	100%	100%
NZ Police	37.40	36.66	50%	60%

Table 26 | Procurement function agency results

Agency	PR1: Total cost of the Procurement function as a percentage of the total purchase value		PR2: Actual spend against pre-established contract arrangements as a percentage of total purchase value		PR3: Percentage of 'commodity' procurement spend channelled through syndicated procurement arrangements		PR4: Total purchase value per Procurement function FTE		PR5: Procurement MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort										
DBH	0.28%	0.29%	79.22%	77.68%	2.86%	2.64%	\$27,150,000	\$40,472,000	40%	40%
MCH	1.02%	0.17%	95.02%	95.00%	1.72%	4.93%	\$7,663,333	\$142,830,000	20%	50%
MFE	0.93%	1.26%	14.69%	14.87%	0.60%	0.72%	\$16,560,800	\$5,400,000	50%	80%
MFish	0.22%	0.48%	82.99%	84.59%	0.00%	22.21%	\$33,373,333	\$20,626,400	60%	60%
MoT	0.08%	0.79%	0.00%	87.84%	0.00%	25.71%	\$0	\$25,613,846	20%	50%
NZQA	0.71%	0.86%	54.78%	82.92%	19.87%	35.85%	\$17,846,000	\$15,201,500	60%	70%
NZ Tourism	0.05%	0.07%	27.81%	20.87%	0.01%	0.02%	\$82,943,000	\$0	20%	20%
SSC	0.37%	0.33%	1.14%	34.70%	36.26%	2.38%	\$28,762,500	\$26,647,500	60%	60%
TPK	2.26%	1.80%	71.01%	80.74%	1.78%	1.63%	\$4,878,125	\$5,369,961	50%	50%
Treasury	1.45%	0.91%	85.74%	52.24%	1.95%	0.54%	\$5,445,663	\$9,983,922	50%	50%

Agency	PR1: Total cost of the Procurement function as a percentage of the total purchase value		PR2: Actual spend against pre-established contract arrangements as a percentage of total purchase value		PR3: Percentage of 'commodity' procurement spend channelled through syndicated procurement arrangements		PR4: Total purchase value per Procurement function FTE		PR5: Procurement MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort										
DoC	0.28%	0.40%	27.51%	26.16%	7.05%	13.06%	\$62,407,500	\$30,151,500	20%	30%
DIA	1.64%	1.63%	80.60%	95.84%	6.46%	8.43%	\$7,274,200	\$9,914,314	90%	80%
DoL	0.17%	0.19%	70.00%	86.02%	3.64%	8.69%	\$56,163,000	\$71,036,744	80%	90%
LINZ	0.51%	0.55%	49.18%	59.75%	29.72%	30.44%	\$13,964,375	\$18,530,915	20%	30%
MAF	0.64%	0.72%	75.57%	76.41%	0.37%	2.31%	\$27,177,963	\$18,291,667	30%	40%
MED	0.08%	0.24%	6.34%	24.03%	0.97%	3.51%	\$138,898,750	\$38,380,508	20%	20%
MFAT	0.32%	0.29%	73.01%	66.72%	0.14%	0.53%	\$26,600,625	\$47,995,718	60%	60%
MoH	0.40%	0.39%	49.60%	75.20%	82.51%	77.09%	\$20,820,770	\$21,161,409	40%	80%
NZ Customs	0.34%	0.30%	92.52%	91.50%	5.15%	5.31%	\$18,340,000	\$21,206,000	70%	70%
NZTA	0.53%	0.64%	86.98%	90.51%	4.15%	2.52%	\$79,965,136	\$84,858,496	90%	100%
NZTE	0.14%	0.06%	88.10%	77.42%	0.00%	74.00%	\$25,830,000	\$117,800,000	30%	60%
Stats	2.05%	1.45%	89.18%	75.67%	0.41%	20.27%	\$3,608,571	\$5,945,152	100%	70%

Agency	PR1: Total cost of the Procurement function as a percentage of the total purchase value		PR2: Actual spend against pre-established contract arrangements as a percentage of total purchase value		PR3: Percentage of 'commodity' procurement spend channelled through syndicated procurement arrangements		PR4: Total purchase value per Procurement function FTE		PR5: Procurement MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort										
Corrections	0.21%	0.20%	78.50%	75.79%	0.79%	2.60%	\$51,470,727	\$48,008,250	60%	70%
HNZC	0.17%	0.33%	68.54%	91.69%	5.05%	4.69%	\$40,932,960	\$28,279,216	70%	90%
IR	0.64%	0.68%	79.18%	74.43%	0.01%	11.84%	\$12,355,800	\$12,284,300	80%	70%
MoE	0.18%	0.17%	0.00%	0.00%	1.11%	1.30%	\$113,090,388	\$93,551,727	70%	70%
MoJ	0.16%	0.34%	73.86%	67.98%	1.07%	2.89%	\$54,427,959	\$31,381,454	40%	40%
MSD	1.43%	1.40%	98.34%	97.87%	14.45%	19.31%	\$6,277,012	\$6,265,503	50%	70%
NZDF	1.89%	1.61%	89.31%	90.52%	78.95%	3.81%	\$3,674,680	\$4,516,447	60%	80%
NZ Fire	0.34%	0.47%	78.91%	70.98%	7.38%	8.96%	\$33,388,250	\$24,143,191	90%	90%
NZ Police	0.62%	0.80%	85.00%	85.41%	26.33%	29.21%	\$15,345,353	\$14,682,196	100%	100%



Table 27 | Property Management function agency results

Agency	PTY1: Total office property costs per square metre		PTY2: Total office accommodation per FTE		PTY3: Property cost per FTE		PTY4: Average square metres per workstation		PTY5: Property MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort										
DBH	\$429	\$453	24.78m <sup>2</sup>	17.87m <sup>2</sup>	\$10,638	\$8,092	18.47m <sup>2</sup>	14.16m <sup>2</sup>	70%	80%
MCH	\$351	\$353	18.08m <sup>2</sup>	18.02m <sup>2</sup>	\$6,340	\$6,352	14.35m <sup>2</sup>	14.78m <sup>2</sup>	100%	70%
MFE	\$550	\$563	20.53m <sup>2</sup>	19.51m <sup>2</sup>	\$11,285	\$10,973	15.32m <sup>2</sup>	13.99m <sup>2</sup>	10%	0%
MFish	\$602	\$563	22.34m <sup>2</sup>	21.10m <sup>2</sup>	\$13,441	\$11,872	19.07m <sup>2</sup>	19.07m <sup>2</sup>	90%	90%
MoT	\$496	\$540	24.01m <sup>2</sup>	23.53m <sup>2</sup>	\$11,899	\$12,701	18.53m <sup>2</sup>	17.87m <sup>2</sup>	80%	90%
NZQA	\$446	\$596	14.73m <sup>2</sup>	16.14m <sup>2</sup>	\$6,576	\$9,612	13.45m <sup>2</sup>	13.33m <sup>2</sup>	60%	60%
NZ Tourism	\$473	\$473	21.17m <sup>2</sup>	21.92m <sup>2</sup>	\$10,023	\$10,376	18.45m <sup>2</sup>	18.45m <sup>2</sup>	70%	70%
SSC	\$424	\$436	29.10m <sup>2</sup>	37.57m <sup>2</sup>	\$12,327	\$16,373	25.35m <sup>2</sup>	26.01m <sup>2</sup>	100%	100%
TPK	\$507	\$432	23.70m <sup>2</sup>	29.88m <sup>2</sup>	\$12,013	\$12,894	22.83m <sup>2</sup>	24.47m <sup>2</sup>	90%	80%
Treasury	\$653	\$664	21.20m <sup>2</sup>	17.67m <sup>2</sup>	\$13,849	\$11,740	17.26m <sup>2</sup>	14.96m <sup>2</sup>	80%	60%

Agency	PTY1: Total office property costs per square metre		PTY2: Total office accommodation per FTE		PTY3: Property cost per FTE		PTY4: Average square metres per workstation		PTY5: Property MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort										
DoC	\$347	\$616	23.69m <sup>2</sup>	21.10m <sup>2</sup>	\$8,218	\$13,003	21.98m <sup>2</sup>	17.72m <sup>2</sup>	30%	30%
DIA	\$421	\$395	18.95m <sup>2</sup>	18.50m <sup>2</sup>	\$7,978	\$7,314	17.97m <sup>2</sup>	16.85m <sup>2</sup>	70%	70%
DoL	\$479	\$521	16.84m <sup>2</sup>	18.05m <sup>2</sup>	\$8,061	\$9,407	16.24m <sup>2</sup>	16.27m <sup>2</sup>	100%	100%
LINZ	\$329	\$339	28.02m <sup>2</sup>	23.67m <sup>2</sup>	\$9,222	\$8,019	25.91m <sup>2</sup>	18.77m <sup>2</sup>	0%	20%
MAF	\$500	\$646	19.44m <sup>2</sup>	20.68m <sup>2</sup>	\$9,727	\$13,349	15.78m <sup>2</sup>	13.81m <sup>2</sup>	50%	50%
MED	\$404	\$437	22.51m <sup>2</sup>	21.11m <sup>2</sup>	\$9,083	\$9,233	17.69m <sup>2</sup>	15.79m <sup>2</sup>	100%	100%
MFAT	\$553	\$814	25.08m <sup>2</sup>	25.74m <sup>2</sup>	\$13,862	\$20,963	20.28m <sup>2</sup>	20.26m <sup>2</sup>	80%	70%
MoH	\$321	\$342	20.39m <sup>2</sup>	21.62m <sup>2</sup>	\$6,542	\$7,402	15.28m <sup>2</sup>	14.61m <sup>2</sup>	70%	90%
NZ Customs	\$274	\$456	21.98m <sup>2</sup>	16.69m <sup>2</sup>	\$6,016	\$7,611	20.08m <sup>2</sup>	15.32m <sup>2</sup>	90%	90%
NZTA	\$373	\$383	23.32m <sup>2</sup>	21.12m <sup>2</sup>	\$8,709	\$8,087	19.70m <sup>2</sup>	17.28m <sup>2</sup>	80%	90%
NZTE	\$576	\$553	21.06m <sup>2</sup>	21.71m <sup>2</sup>	\$12,129	\$11,997	15.24m <sup>2</sup>	16.56m <sup>2</sup>	50%	60%
Stats	\$321	\$379	16.72m <sup>2</sup>	19.45m <sup>2</sup>	\$5,375	\$7,373	14.83m <sup>2</sup>	14.74m <sup>2</sup>	80%	80%

Agency	PTY1: Total office property costs per square metre		PTY2: Total office accommodation per FTE		PTY3: Property cost per FTE		PTY4: Average square metres per workstation		PTY5: Property MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort										
Corrections	\$424	\$422	17.72m <sup>2</sup>	14.60m <sup>2</sup>	\$7,513	\$6,167	16.71m <sup>2</sup>	13.35m <sup>2</sup>	80%	80%
HNZC	\$515	\$465	17.19m <sup>2</sup>	16.64m <sup>2</sup>	\$8,853	\$7,737	16.56m <sup>2</sup>	16.51m <sup>2</sup>	80%	90%
IR	\$352	\$519	23.39m <sup>2</sup>	17.61m <sup>2</sup>	\$8,238	\$9,134	16.78m <sup>2</sup>	14.83m <sup>2</sup>	90%	70%
MoE	\$352	\$364	22.47m <sup>2</sup>	22.07m <sup>2</sup>	\$7,919	\$8,029	18.41m <sup>2</sup>	18.30m <sup>2</sup>	100%	100%
MoJ	\$515	\$518	16.07m <sup>2</sup>	15.43m <sup>2</sup>	\$8,273	\$7,988	14.04m <sup>2</sup>	13.95m <sup>2</sup>	80%	90%
MSD	\$273	\$308	21.31m <sup>2</sup>	18.14m <sup>2</sup>	\$5,807	\$5,597	17.27m <sup>2</sup>	15.46m <sup>2</sup>	100%	100%
NZDF	\$350	\$322	18.10m <sup>2</sup>	16.83m <sup>2</sup>	\$6,336	\$5,419	18.10m <sup>2</sup>	16.83m <sup>2</sup>	80%	90%
NZ Fire	\$547	\$537	15.72m <sup>2</sup>	15.72m <sup>2</sup>	\$8,601	\$8,446	15.10m <sup>2</sup>	15.10m <sup>2</sup>	90%	90%
NZ Police	\$283	\$296	15.00m <sup>2</sup>	15.00m <sup>2</sup>	\$4,240	\$4,437	15.00m <sup>2</sup>	15.00m <sup>2</sup>	70%	70%

Table 28 | Corporate &amp; Executive Services function agency results

Agency	CES1: Total cost of CES as a percentage of organisational running costs		CES2: Percentage of CES cost as a percentage of ORC											
			CES2.1: Communications and external relations (excluding the publications function)		CES2.2: Strategy and planning		CES2.3: Library, document management, archive and research		CES2.4: Audit and risk management		CES2.5: Legal		CES2.6: Total cost of all other identified corporate costs	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort														
DBH	5.08%	4.44%	1.75%	1.25%	0.29%	0.30%	1.42%	1.33%	0.44%	0.41%	1.19%	1.14%	0.00%	0.00%
MCH	4.44%	2.41%	1.12%	0.59%	0.29%	0.19%	1.34%	0.72%	0.39%	0.17%	1.29%	0.72%	0.00%	0.02%
MFE	6.10%	5.41%	1.44%	1.15%	0.48%	0.27%	0.78%	0.74%	0.43%	0.66%	2.96%	2.60%	0.00%	0.00%
MFish	2.48%	2.71%	0.50%	0.47%	0.24%	0.25%	0.47%	0.29%	0.30%	0.38%	0.84%	1.23%	0.14%	0.10%
MoT	11.72%	8.74%	2.89%	2.70%	2.01%	1.45%	2.76%	2.64%	0.23%	0.26%	3.84%	1.69%	0.00%	0.00%
NZQA	2.43%	2.35%	0.54%	0.42%	0.46%	0.44%	0.72%	0.72%	0.43%	0.43%	0.27%	0.32%	0.00%	0.00%
NZ Tourism	1.45%	1.25%	0.88%	0.76%	0.25%	0.20%	0.11%	0.11%	0.10%	0.11%	0.10%	0.07%	0.00%	0.00%
SSC	4.61%	6.81%	1.69%	3.51%	0.20%	0.26%	1.57%	1.52%	0.34%	0.11%	0.81%	1.40%	0.00%	0.00%
TPK	5.50%	4.76%	1.45%	1.01%	0.43%	0.47%	1.55%	1.38%	0.58%	0.59%	1.40%	1.24%	0.08%	0.07%
Treasury	6.21%	5.88%	0.81%	1.02%	0.85%	0.65%	1.40%	1.27%	1.29%	1.56%	1.85%	1.37%	0.00%	0.00%

Agency	CES1: Total cost of CES as a percentage of organisational running costs		CES2: Percentage of CES cost as a percentage of ORC											
			CES2.1: Communications and external relations (excluding the publications function)		CES2.2: Strategy and planning		CES2.3: Library, document management, archive and research		CES2.4: Audit and risk management		CES2.5: Legal		CES2.6: Total cost of all other identified corporate costs	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort														
DoC	2.49%	3.36%	0.67%	0.79%	0.12%	0.11%	0.34%	0.43%	0.29%	0.26%	1.08%	1.25%	0.00%	0.51%
DIA	2.08%	3.50%	0.46%	0.53%	0.26%	0.21%	0.33%	0.28%	0.28%	0.26%	0.74%	0.77%	0.00%	1.45%
DoL	3.26%	3.12%	0.63%	0.78%	0.50%	0.43%	0.54%	0.59%	0.65%	0.48%	0.74%	0.54%	0.20%	0.30%
LINZ	3.74%	2.62%	0.70%	0.74%	0.37%	0.32%	0.74%	0.59%	1.45%	0.45%	0.49%	0.53%	0.00%	0.00%
MAF	2.80%	3.63%	0.19%	0.63%	0.39%	0.42%	1.09%	0.78%	0.28%	0.30%	0.57%	0.81%	0.27%	0.69%
MED	2.31%	2.48%	0.29%	0.37%	0.20%	0.23%	0.67%	0.58%	0.16%	0.18%	1.00%	1.13%	0.00%	0.00%
MFAT	1.63%	1.42%	0.47%	0.26%	0.19%	0.15%	0.74%	0.80%	0.14%	0.12%	0.09%	0.08%	0.00%	0.00%
MoH	0.21%	0.29%	0.07%	0.08%	0.01%	0.02%	0.05%	0.06%	0.04%	0.02%	0.04%	0.05%	0.00%	0.07%
NZ Customs	2.44%	2.44%	0.53%	0.64%	0.47%	0.46%	0.00%	0.00%	0.43%	0.40%	1.01%	0.94%	0.00%	0.00%
NZTA	1.34%	0.92%	0.16%	0.15%	0.16%	0.14%	0.10%	0.07%	0.05%	0.08%	0.70%	0.41%	0.18%	0.08%
NZTE	2.68%	2.54%	0.76%	0.68%	0.66%	0.67%	0.44%	0.41%	0.40%	0.40%	0.42%	0.39%	0.00%	0.00%
Stats	1.79%	1.47%	0.25%	0.34%	0.52%	0.43%	0.85%	0.46%	0.17%	0.24%	0.00%	0.00%	0.00%	0.00%

Agency	CES1: Total cost of CES as a percentage of organisational running costs		CES2: Percentage of CES cost as a percentage of ORC											
			CES2.1: Communications and external relations (excluding the publications function)		CES2.2: Strategy and planning		CES2.3: Library, document management, archive and research		CES2.4: Audit and risk management		CES2.5: Legal		CES2.6: Total cost of all other identified corporate costs	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort														
Corrections	0.65%	0.59%	0.17%	0.15%	0.04%	0.04%	0.14%	0.10%	0.17%	0.16%	0.13%	0.14%	0.00%	0.00%
HNZC	0.58%	0.59%	0.16%	0.18%	0.08%	0.04%	0.05%	0.05%	0.17%	0.22%	0.03%	0.06%	0.09%	0.03%
IR	1.64%	1.28%	0.36%	0.40%	0.32%	0.31%	0.11%	0.10%	0.65%	0.29%	0.20%	0.19%	0.00%	0.00%
MoE	0.56%	0.64%	0.14%	0.19%	0.13%	0.12%	0.10%	0.10%	0.08%	0.10%	0.12%	0.14%	0.00%	0.00%
MoJ	2.09%	2.02%	0.17%	0.20%	0.14%	0.07%	1.52%	1.43%	0.10%	0.12%	0.16%	0.20%	0.00%	0.00%
MSD	0.52%	0.52%	0.12%	0.13%	0.08%	0.08%	0.09%	0.09%	0.17%	0.16%	0.06%	0.06%	0.00%	0.00%
NZDF	0.88%	0.77%	0.21%	0.16%	0.30%	0.22%	0.20%	0.21%	0.09%	0.08%	0.08%	0.09%	0.00%	0.00%
NZ Fire	0.69%	0.64%	0.14%	0.14%	0.06%	0.07%	0.12%	0.10%	0.24%	0.17%	0.12%	0.15%	0.00%	0.00%
NZ Police	0.90%	0.87%	0.28%	0.28%	0.05%	0.04%	0.03%	0.03%	0.16%	0.16%	0.39%	0.36%	0.00%	0.00%

Agency	CES3: Total cost of CES per organisational FTE		CES4: Legal MPI score		CES5: Comms MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Small agency cohort						
DBH	\$10,703	\$9,593	70%	80%	90%	90%
MCH	\$6,044	\$6,055	40%	80%	80%	100%
MFE	\$12,024	\$10,070	70%	70%	100%	70%
MFish	\$5,309	\$5,627	90%	90%	80%	80%
MoT	\$21,948	\$19,216	80%	80%	90%	90%
NZQA	\$4,752	\$4,590	80%	70%	90%	90%
NZ Tourism	\$10,321	\$10,351	0%	0%	70%	100%
SSC	\$10,224	\$17,427	70%	70%	100%	100%
TPK	\$9,578	\$8,003	60%	60%	50%	40%
Treasury	\$12,265	\$11,175	80%	70%	90%	100%

Agency	CES3: Total cost of CES per organisational FTE		CES4: Legal MPI score		CES5: Comms MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Medium-sized agency cohort						
DoC	\$3,556	\$5,009	50%	50%	90%	100%
DIA	\$3,093	\$5,339	70%	70%	100%	100%
DoL	\$4,213	\$4,360	90%	90%	100%	100%
LINZ	\$7,278	\$5,612	60%	90%	90%	100%
MAF	\$4,735	\$6,002	90%	90%	80%	80%
MED	\$8,782	\$8,281	60%	80%	70%	90%
MFAT	\$10,875	\$10,492	70%	70%	90%	90%
MoH	\$3,911	\$5,870	60%	80%	60%	60%
NZ Customs	\$2,595	\$2,797	80%	80%	90%	100%
NZTA	\$18,186	\$13,537	80%	90%	80%	80%
NZTE	\$6,275	\$6,464	70%	80%	90%	100%
Stats	\$1,659	\$1,389	0%	0%	100%	70%



Agency	CES3: Total cost of CES per organisational FTE		CES4: Legal MPI score		CES5: Comms MPI score	
	FY09/10	FY10/11	FY09/10	FY10/11	FY09/10	FY10/11
Large agency cohort						
Corrections	\$797	\$754	70%	70%	80%	90%
HNZC	\$4,514	\$4,509	70%	100%	70%	90%
IR	\$1,689	\$1,410	100%	90%	100%	100%
MoE	\$2,724	\$3,108	80%	80%	80%	70%
MoJ	\$4,058	\$3,730	80%	70%	50%	60%
MSD	\$934	\$940	80%	80%	100%	90%
NZDF	\$1,230	\$1,167	50%	50%	60%	60%
NZ Fire	\$922	\$901	30%	70%	100%	100%
NZ Police	\$1,025	\$1,029	70%	70%	100%	90%