

Performance Information for Appropriations

Vote State Services

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

ADMINISTERING DEPARTMENT: State Services Commission

MINISTER RESPONSIBLE FOR STATE SERVICES COMMISSION: Minister of State Services

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of State Services is responsible for appropriations in the Vote State Services for the 2012/13 financial year covering the following:

- Nearly \$18 million for State Services Performance Management.
- Over \$6 million for Public Management System.
- Over \$3.500 million for State Services Policy Advice.
- Over \$14 million for the Remuneration and Related Employment costs of Government Department Chief Executives.
- \$840,000 for Capital Expenditure.
- \$7,000 on Settlement of Legal Liabilities.

The Commission expects to collect nearly \$14 million in Crown Revenue from government departments relating to the reimbursement of the costs of Chief Executives' remuneration.

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

Part 1.2 - High-Level Objectives of the Vote

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Deliver better public services	Deliver better public services to New Zealanders	All Appropriations of Vote State Services

Objectives of the Vote

The State Services Commission provides leadership to the State Services so that government works better for New Zealanders. The Commission's four key objectives are:

- Leading the System.
- Delivering Performance Excellence.
- Building System Capability.
- Strengthening Trust and Integrity.

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	68,953	58,673	30,616	28,074	30,155	29,655	27,609	-	27,609	27,404	27,939	27,949
Benefits and Other Unrequited Expenses	2,779	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	109,583	132,694	177,222	195,304	213,406	202,984	-	14,064	14,064	14,334	14,609	14,627
Capital Expenditure	9,731	7,182	337	2,110	5,339	2,919	840	-	840	625	625	625
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	191,046	198,549	208,175	225,488	248,900	235,558	28,449	14,064	42,513	42,363	43,173	43,201
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	11,118	11,887	12,017	11,337	12,909	12,409	N/A	13,774	13,774	14,044	14,334	14,354
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	11,118	11,887	12,017	11,337	12,909	12,409	N/A	13,774	13,774	14,044	14,334	14,354

New Policy Initiatives

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Efficiency Savings	Chief Executive and Agency Performance Management Departmental Output Class	-	(0.226)	(0.218)	(0.221)	(0.215)
	Public Management System Departmental Output Class	-	(0.144)	(0.139)	(0.141)	(0.137)
SSRSS and KiwiSaver funding removal	Chief Executive and Agency Performance Management Departmental Output Class	-	(0.215)	(0.221)	(0.227)	(0.234)
	Public Management System Departmental Output Class	-	(0.138)	(0.141)	(0.145)	(0.149)

Analysis of Significant Trends

A trend analysis of the State Services Commission (the Commission) appropriations from 2007/08 to 2015/16 shows some significant changes, which are detailed below:

Departmental output expenses have reduced from a high of \$68.953 million in 2007/08 to \$27.609 million in 2012/13. The main reasons for this reduction are the transfer of Government Technology Services, and the office of the Government Chief Information Officer to the Department of Internal Affairs, and the transfer of the public sector industry training functions into a new stand-a-lone entity, *Learning State*. The smaller reduction in output expenses over the forecast period reflects the decision of the Commission to yield an efficiency dividend through a reduced baseline, to be achieved through ongoing improvements in the efficiency of the Commission's operations.

Non-departmental other expenses appropriations increased significantly from \$109.583 million in 2007/08 to \$177.222 million in 2009/10. This was largely a consequence of KiwiSaver employer contributions in the State Services being funded through Vote State Services. The budget increase since mainly relates to the expected increased take up of KiwiSaver in the State Sector. The budget reduction of \$199.342 million from 2011/12 to 2012/13 reflects the Government's decision to discontinue centralised funding for SSRSS and KiwiSaver from 2012/13 onwards.

Capital expenditure has declined from 2007/08 onwards reflecting the progressive shift of the functions referred to above. Capital expenditure increased to \$5.339 million in 2011/12, mainly due to the Commission's move to new accommodation.

Part 1.4 - Reconciliation of Changes in Appropriation Structure

2011/12 Appropriations in the 2011/12 Structure	2011/12 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2011/12 Appropriations in the 2012/13 Structure	2011/12 (Restated) \$000	2012/13 \$000
Chief Executive and Agency Performance Management	19,599	To: State Services Performance Management	(16,923)	State Services Performance Management	19,041	17,881
		From: State Services Performance Management	16,923			
		From: Public Management System	2,118			
		To: State Services Policy Advice	(2,676)			
Public Management System	10,676	To: State Services Performance Management	(2,118)	Public Management System	7,273	6,153
		To: Public Management System	(7,273)			
		From: Public Management System	7,273			
		To: State Services Policy Advice	(1,285)	State Services Policy Advice	3,961	3,575
		From: Public Management System	1,285			
		From: Chief Executive and Agency Performance Management	2,676			
Total appropriations	30,275		-		30,275	27,609

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

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: Leading the System	Public Management System State Services Policy Advice
Objective: Delivering Performance Excellence	State Services Performance Management State Services Policy Advice
Objective: Building System Capability	Public Management System
Objective: Strengthening Trust and Integrity	Public Management System

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations, please see the State Services Commission Statement of Intent.

Public Management System (M66)

Scope of Appropriation

This appropriation is limited to the provision of leadership, development of capability within, and design of the public management system to enable the efficient and effective operation of the public management system.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,556	10,356	6,153
Revenue from Crown	9,957	9,957	5,959
Revenue from Other	599	599	194

Reasons for Change in Appropriation

The decrease in this appropriation is due to the reorganisation of the departmental output expense appropriations to reflect recent organisational changes to the State Services Commission and the Cabinet decision to standardise the definition of policy advice. This has resulted in the Vote moving from two departmental output expenses in 2011/12 to three in 2012/13.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Government's 10 results for New Zealanders are reviewed and reports on progress published.			Benchmark year
Overall service quality of Public Services improves over time.	Improvement in the overall service quality score	Survey in progress	Improvement in the overall service quality score
PIF reviews show an increasing proportion of the agencies reviewed as 'well placed' or 'strong' in the critical areas of sector contribution; collaboration and partnerships with stakeholders.	N/A	N/A	The percentage of agencies who receive 'strong' or 'well-placed' PIF ratings is 40% for sector contribution and 60% for collaboration and partnerships with stakeholders
Amendments are made to the State Sector, Crown Entities Act to enable greater collaboration around results and strengthen system leadership.	N/A	N/A	Achieved
BPS Programme achieves its key milestones as agreed with Ministers.	N/A	N/A	100% of milestones are achieved
Cabinet Paper on 'Capping the Size of the Core Government Administration' presented to Cabinet.	N/A	N/A	Papers presented to Cabinet in February and August
Maintain Gateway as the essential assurance methodology for major capital investments in the system.	Complete 20 Gateway reviews in 2011/12	Achieved	Complete 20 Gateway reviews in 2012/13
	80% of Senior Responsible Owners (SROs) agree "Review was beneficial and will impact positively on the outcome of the programme/project" and "Report's recommendations will enable me to achieve improvements in the project's outcomes"	Achieved	85% of SROs agree "Review was beneficial and will impact positively on the outcome of the programme/project" and "Report's recommendations will enable me to achieve improvements in the project's outcomes"
Performance Improvement Framework assessments over the next three to five years assess an increasing proportion of agencies as being 'well placed' or 'strong' for People Development.	Baseline year	N/A	Improvement on previous year
Public Service CE appointments are made within a month or less of the incumbent CE's term ending.	N/A	N/A	70% of appointments
Number of appointments/reappointments of Public Service chief executives, and appointment processes managed on behalf of ministers.	7 to 15 appointments or reappointments are completed in 2011/12		8 to 15 appointments or reappointments are completed in 2012/13
Percentage of senior leaders who opt into the career board process.	N/A	N/A	70% 2013 80% 2014
Percentage of women and people self identified as Māori or Pacific Peoples among senior leaders increasingly reflects their representation in the Public Service.	N/A	N/A	Benchmark year
Track diversity trends for the public service report as part of the HRC survey results.	N/A	N/A	Annually in September

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Workforce strategies submitted by agencies demonstrate a credible workforce approach aligned to business results including management of cost pressures.	N/A	N/A	75%
Agencies/sectors required to develop workforce strategies received advice and support and workforce strategies submitted are assessed within stated timeframe.	N/A	N/A	100%
The LCI labour cost index indicates that Public Service wage growth does not exceed private sector wage growth.	N/A	N/A	Public Service wage growth is the same or less than the rate of growth in the private sector over the next three years as measured by the LCI labour cost index
Agencies' bargaining and remuneration strategies approved by the State Services Commission are within Government expectations.		Achieved	100%
Total Public Service Chief Executive remuneration is met within appropriation.		Achieved	100%
Crown entity Board Chairs follow guidance on Chief Executive terms and conditions of appointment.	N/A	N/A	90%
New Zealand is rated as one of the leading countries in Public Service probity as measured by the Transparency International Corruption Perceptions Index.	NZ ranked first	NZ ranked first	On average over the next 5 years NZ is in the top five ranked countries
Kiwis Count levels of 'Trust in public services' are maintained or improved.	70%		At least 70% of respondents agree or strongly agree that, based on their last service experience, you can trust public servants to do what is right
Integrity and conduct advice provided through the Commission's integrity helpdesk is timely, accurate and comprehensive.	N/A	N/A	80% of queries are answered within five working days
All Public Service and Crown Entity Chief Executives publicly disclose business expenses, gifts and hospitality six monthly.	N/A	N/A	100%
Undertake statutory investigations, inquiries and ad hoc reviews in response to Ministerial directives, as required by the Prime Minister, the Minister of State Services, the Cabinet or the State Services Commissioner.	N/A	N/A	All investigations meet their terms of reference
	No findings are subject to successful legal challenge	Achieved	No findings are subject to successful legal challenge
All integrity and conduct investigation reports include an analysis of potential systemic risks and recommendations for mitigation.	100%	Achieved	100%

State Services Performance Management (M66)

Scope of Appropriation

This appropriation is limited to the management and evaluation of the performance of the State Services chief executives, and the wider public sector.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	17,881
Revenue from Crown	-	-	14,302
Revenue from Other	-	-	3,579

Reasons for Change in Appropriation

This new appropriation in 2012/13 reflects recent organisational changes to the State Services Commission and the Cabinet decision to standardise the definition of policy advice, which have resulted in the Vote moving from two departmental output expenses in 2011/12 to three in 2012/13.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Improvement Framework assessments over the next three to five years assess an increasing proportion of agencies as being 'well placed' or 'strong'.	N/A	N/A	Improvement on previous year
Milestones specified in Results Action Plan's (RAP) in year 1 are achieved.	N/A	N/A	At least 90% of year 1 milestones
All sector leaders have agreed expectations that reflect sector results.	N/A	N/A	30 September 2012
All Chief Executives have agreed expectations that reflect focus on results.	N/A	N/A	As at 30 June 2013 100% have expectations focused on results
Chief Executives' performance meets the State Services Commissioner's expectations.	80% at 12 months of term	Achieved	80% at 12 months
	100% at 24 months of term	Achieved	100% at 24 months or more
PIF reviews show an increasing proportion of the agencies reviewed as 'well placed' or 'strong' in the critical area of Leadership, Direction and Delivery.	60% 2011/12	Not achieved	60%
PIF reviews are completed with selected Public sector agencies and significant Crown entities.	7 assessments in 2011/12		15 reviews will be completed in 2012/13
	N/A	N/A	80% of all PIF review completed within 6 months.

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Responses to PIF reviews are monitored and their impacts evaluated.	100%	Achieved	100% of PIF reviews are followed by an appropriate evaluation of progress
Monitor and regularly review the progress of major projects in the public service (and in Crown Agents where directed by responsible Ministers), focussing particularly on high risk projects.	N/A	N/A	Publish quarterly reports
The project monitoring process demonstrates cost savings/avoided costs over the year through advice/interventions.	N/A	N/A	Quarterly report tracking cost savings/avoided

State Services Policy Advice (M66)

Scope of Appropriation

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to the State Services.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	3,575
Revenue from Crown	-	-	3,575
Revenue from Other	-	-	-

Reasons for Change in Appropriation

This new appropriation in 2012/13 reflects recent organisational changes to the State Services Commission and the Cabinet decision to standardise the definition of policy advice, which have resulted in the Vote moving from two departmental output expenses in 2011/12 to three in 2012/13.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The quality of Machinery of Government advice meets internal quality assurance standards.	100%	Achieved	100%
All reforms and reviews are completed in a timely way.	N/A	N/A	80% of our findings on reforms and reviews are reported to the relevant parties within: <ul style="list-style-type: none"> • three months for routine matters • 12 months for major matters

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: meet the Crown's commitment on the remuneration and related employment costs of chief executives employed by the State Services Commissioner	Remuneration and Related Employment Costs of Chief Executives
Objective: meet the Crown's obligations for settlement of legal liabilities incurred by now disestablished government departments and other Crown settlements	Settlement of Legal Liabilities

Remuneration and Related Employment Costs of Chief Executives (M66)

Scope of Appropriation

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

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,794	13,543	14,057

Reasons for Change in Appropriation

The increase in appropriation reflects an assumed full complement of chief executives employed for the full financial year.

Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
All chief executives employed by the State Services Commissioner are paid correctly and on time	Meet	Meet	Meet

Settlement of Legal Liabilities (M66)

Scope of Appropriation

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

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7	-	7

Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Legal liabilities are managed	Meet	-	Meet

Reporting Mechanisms

Appropriation	Reporting Mechanism
Remuneration and Related Employment Costs of Chief Executives	Annual report of the State Services Commission
Settlement of Legal Liabilities	Annual report of the State Services Commission

Note - Excludes appropriations discontinued after 2012/13

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

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

State Services Commission - Capital Expenditure PLA (M66)

Scope of Appropriation

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

Capital Expenditure

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	5,339	2,919	840
Intangibles	-	-	-
Other	-	-	-
Total Appropriation	5,339	2,919	840

Reasons for Change in Appropriation

Budgeted capital expenditure of \$5.339 million for 2011/12 reflects the Commission's move to new accommodation and capital costs relating to the implementation of the Central Agencies Shared Services. The Budget amount of \$840,000 for 2012/13 reflects lower expected capital expenditure costs following these one-off items.