

# *Vote State Services*

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APPROPRIATION MINISTER(S): Minister of State Services (M66)

APPROPRIATION ADMINISTRATOR: State Services Commission

RESPONSIBLE MINISTER FOR STATE SERVICES COMMISSION: Minister of State Services

## *Summary of the Vote*

### Overview

The Minister of State Services is responsible for appropriations in Vote State Services for the 2014/15 financial year covering the following:

- a total of just over \$28 million for Policy Advice and Management of the Public Management System
- a total of nearly \$14 million for the remuneration and related employment costs of Chief Executives employed by the State Services Commission
- a total of \$100,000 for capital expenditure, and
- a total of \$7,000 for the settlement of legal liabilities in relation to disestablished government departments and other Crown settlements.

Details of these appropriations are set out in Parts 2-4.

# Estimates of Appropriations

## Details of Appropriations and Capital Injections

### Annual and Permanent Appropriations

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<b>Departmental Output Expenses</b>			
<b>Policy Advice and Management of the Public Management System MCOA (M66)</b>	29,431	28,972	-
<i>Management of the Public Management System</i>	26,281	25,822	-
This output class is limited to ensuring the Public Management System has the design, capability and performance to deliver public services.			
<i>Public Management System Policy Advice</i>	3,150	3,150	-
This output class 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 Public Management System.			
<b>Total Departmental Output Expenses</b>	29,431	28,972	-
<b>Departmental Capital Expenditure</b>			
<b>State Services Commission - Capital Expenditure PLA (M66)</b>	100	50	100
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.			
<b>Total Departmental Capital Expenditure</b>	100	50	100
<b>Non-Departmental Other Expenses</b>			
<b>Remuneration and Related Employment Costs of Chief Executives (M66)</b>	13,327	11,627	13,602
This appropriation is limited to the remuneration and costs relating to the employment of chief executives employed by the State Services Commissioner.			
<b>Settlement of Legal Liabilities (M66)</b>	7	7	7
The settlement of legal liabilities incurred by now-disestablished government departments and other Crown settlements.			
<b>Total Non-Departmental Other Expenses</b>	13,334	11,634	13,609
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Policy Advice and Management of the Public Management System MCA (M66)</b>	-	-	28,214
The single overarching purpose of this appropriation is to support decision making by Ministers on Government policy matters and leading the Public Management System.			
<i>Departmental Output Expenses</i>			
<i>Management of the Public Management System</i>	-	-	24,984
This category is limited to ensuring the Public Management System has the design, capability and performance to deliver public services.			
<i>Public Management System Policy Advice</i>	-	-	3,230
This category 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 Public Management System.			
<b>Total Multi-Category Expenses and Capital Expenditure</b>	-	-	28,214
<b>Total Annual and Permanent Appropriations</b>	42,865	40,656	41,923

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Centre of Excellence - Continuous Improvement	Policy Advice and Management of the Public Management System MCOA  <i>(Management of the Public Management System)</i> Departmental Output Expenses	1,500	1,500	-	-	-

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2009/10	2010/11	2011/12	2012/13	2013/14		2014/15			2015/16	2016/17	2017/18
	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
<b>Appropriations</b>												
Output Expenses	5,511	-	-	-	-	-	-	-	-	-	-	-
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	177,222	195,304	206,775	12,083	13,334	11,634	-	13,609	13,609	14,007	14,307	14,307
Capital Expenditure	337	2,110	2,725	68	100	50	100	-	100	150	150	1,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	25,105	28,074	29,932	26,538	29,431	28,972	28,214	-	28,214	25,970	25,570	25,570
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	208,175	225,488	239,432	38,689	42,865	40,656	28,314	13,609	41,923	40,127	40,027	40,877
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	12,017	11,337	11,734	11,847	13,034	12,629	N/A	13,334	13,334	13,734	14,034	14,034
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	12,017	11,337	11,734	11,847	13,034	12,629	N/A	13,334	13,334	13,734	14,034	14,034

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered.

## Adjustments to the Summary of Financial Activity Table due to Vote Restructuring

	2009/10 Adjustments \$000	2010/11 Adjustments \$000	2011/12 Adjustments \$000	2012/13 Adjustments \$000	2013/14 Budgeted Adjustments \$000	2013/14 Estimated Actual Adjustments \$000
<b>Appropriations</b>						
Output Expenses	(25,105)	(28,074)	(29,932)	(26,538)	(29,431)	(28,972)
Benefits or Related Expenses	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)						
<i>Output Expenses</i>	25,105	28,074	29,932	26,538	29,431	28,972
<i>Other Expenses</i>	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-
<b>Total Appropriations</b>	-	-	-	-	-	-
<b>Crown Revenue and Capital Receipts</b>						
Tax Revenue	-	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	-	-	-	-	-	-

The prior year information in the Summary of Financial Activity table has been restated to reflect the current Vote structure changing classification from Multi-Class Output Expenses to Multi-Category Appropriations (MCA).

## 1.3 - Analysis of Significant Trends

### Analysis of Significant Trends

A trend analysis of the State Services Commission (the Commission) appropriations from 2009/10 to 2017/18 shows some significant changes, which are detailed below.

Output expenses in 2009/10 contained \$5.511 million of funding for public sector industry training functions. The baseline funding for this activity was transferred into Learning State Limited from 2010/11 onwards.

Other expenses appropriations from 2009/10 to 2011/12 included employer contributions for KiwiSaver and the State Sector Retirement Scheme for State Sector Agencies. From 2012/13 onwards, State sector agencies were asked to meet these employer contributions from their baselines. The appropriation in outyears reflects the level of anticipated Chief Executives' remuneration, assuming a full complement of Chief Executives employed each financial year. The appropriation was reduced in 2012/13 to reflect a more reasonable level and no adjustments to the appropriation have been made since then.

Capital expenditure increased in 2010/11 due to a capital equity injection for Learning State Limited and in 2011/12 for an accommodation fit-out when the Commission moved premises. Capital expenditure from 2012/13 is for the purchase of replacement furniture and fittings and any leasehold improvements for the Commission. Capital expenditure is expected to be lower in outyears for minor furniture replacements. The lease for the Reserve Bank expires in 2017/18 and it is anticipated that a higher level of capital expenditure may be required at that time for replacement fit-out.

Output expenses reduce over the forecast period due to an initiative in 2010/11 where the Commission yielded an efficiency dividend and the application of an efficiency saving target of 3% across government, from 2012/13 onwards. The increase between 2009/10 and 2011/12 is due to growth in Performance Improvement Framework and Gateway activities. The decrease from 2011/12 to 2012/13 is due to a change in accommodation and associated sublease arrangements. The increase in 2013/14 is due to extra funding approved for the establishment of the Centre of Excellence in Continuous Improvement and a number of expense transfers from the previous financial year. The increase in 2013/14 is partially offset by the transfer of Gateway and Major Project Monitoring to the Central Agencies Single Portfolio Performance Management function in Treasury. The decrease in 2015/16 is due to the funding for the Centre of Excellence in Continuous Improvement approved to 2014/15 only and an expense transfer from 2013/14 to 2014/15 for the Leadership Capability Deployment and Development programme.

Non tax revenue over the forecast period reflects recovery of Chief Executives' remuneration.

## 1.4 - Reconciliation of Changes in Appropriation Structure

2013/14 Appropriations in the 2013/14 Structure	2013/14 (Current) \$000	Old Structure		New Structure		
		Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2013/14 Appropriations in the 2014/15 Structure	2013/14 (Restated) \$000	2014/15 \$000
<b>Departmental Output Expense</b>						
MCOA - Policy Advice and Management of the Public Management System	29,431	Transferred to MCA - Policy Advice and Management of the Public Management System	29,431	MCA - Policy Advice and Management of the Public Management System	29,431	28,214
<b>Total</b>	<b>29,431</b>		<b>29,431</b>		<b>29,431</b>	<b>28,214</b>

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-4.

## 1.5 - Relationship between Individual Appropriations and the Work Programmes

Programme of work	Appropriations
The category includes the following outputs: <ul style="list-style-type: none"> <li>• Advice on State sector system performance and design</li> </ul> This includes within its work programme: <ul style="list-style-type: none"> <li>• Machinery of government advice</li> <li>• Legislative advice</li> <li>• Advice on improving performance of the State sector</li> </ul>	Category - Public Management System Policy Advice
The category includes all other business of the Commission	Category - Management of the Public Management System



## Part 2 - Details of Departmental Appropriations

### 2.3 - Departmental Capital Expenditure and Capital Injections

#### 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*

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	100	50	100
Intangibles	-	-	-
Other	-	-	-
<b>Total Appropriation</b>	<b>100</b>	<b>50</b>	<b>100</b>

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the renewal, upgrade or redesign of assets in support of the delivery of the Commission's services.

##### *How Performance will be Assessed and End of Year Reporting Requirements*

Expenditure is expected to be minimal and will be in accordance with the Commission's capital asset management policy.

##### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Commission in its 2014/15 Annual Report.

*Capital Injections and Movements in Departmental Net Assets***State Services Commission**

Details of Net Asset Schedule	2013/14 Estimated Actual \$000	2014/15 Projected \$000	Explanation of Projected Movements in 2014/15
Opening Balance	4,923	4,923	Supplementary Estimates opening balance reflects the audited results as at 30 June 2013.
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>4,923</b>	<b>4,923</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.4 - Non-Departmental Other Expenses

#### 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*

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,327	11,627	13,602

##### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve meeting remuneration and other employment costs for chief executives employed by the State Services Commissioner, who leads the Public Service.

##### *How Performance will be Assessed and End of Year Reporting Requirements*

An exemption was granted under s.15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for the remuneration and costs relating to the employment of chief executives employed by the State Services Commissioner.

##### *Reasons for Change in Appropriation*

The change in appropriation reflects anticipated remuneration levels for a full complement of Chief Executives. These costs are recovered from government agencies. The appropriation level was reduced in 2012/13 to reflect a more reasonable level and no adjustments to the appropriation have been made since then.

## Settlement of Legal Liabilities (M66)

### *Scope of Appropriation*

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

### *Expenses*

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7	7	7

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to achieve the settlement of potential legal liabilities incurred by disestablished government departments and other Crown settlements.

### *How Performance will be Assessed and End of Year Reporting Requirements*

An exemption was granted under s.15D(2)(b)(iii) of the PFA, as the amount of this annual appropriation for a non-departmental other expense is less than \$5 million.

## Part 4 - Details of Multi-Category Expenses and Capital Expenditure

### Multi-Category Expenses and Capital Expenditure

#### Policy Advice and Management of the Public Management System (M66)

##### *Overarching Purpose Statement*

The single overarching purpose of this appropriation is to support decision making by Ministers on Government policy matters and leading the Public Management System.

##### *Scope of Appropriation*

###### **Departmental Output Expenses**

###### *Management of the Public Management System*

This category is limited to ensuring the Public Management System has the design, capability and performance to deliver public services.

###### *Public Management System Policy Advice*

This category 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 Public Management System.

##### *Expenses, Revenue and Capital Expenditure*

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	-	-	28,214
<b>Departmental Output Expenses</b>			
Management of the Public Management System	-	-	24,984
Public Management System Policy Advice	-	-	3,230
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	-	-	25,779
Management of the Public Management System	-	-	22,549
Public Management System Policy Advice	-	-	3,230
<b>Revenue from Others</b>	-	-	2,435
Management of the Public Management System	-	-	2,435
Public Management System Policy Advice	-	-	-

### Comparators for Restructured Appropriation

Vote, Type and Title of Appropriation	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Vote State Services</b>			
<b>Departmental Output Expenses</b>			
Management of the Public Management System	26,281	25,822	24,984
Public Management System Policy Advice	3,150	3,150	3,230
Total	29,431	28,972	28,214

The previous Multi-Class Output Appropriation (MCOA) "Policy Advice and Management of the Public Management System" has been converted to a Multi-Category Appropriation (MCA).

#### What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve a higher performing State sector through delivery of policy advice and management of the public management system by: leading the system; delivering performance excellence; building system capability; and strengthening trust and integrity.

#### How Performance will be Assessed for this Appropriation

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Policy Advice and Management of the Public Management System</b>			
Percentage of result areas on track to achieve their targets.	81%	Not Achieved 72% of targets relating to the result areas are on track to be achieved.	81%
Overall service quality of Public services improves over time (see Note 1).	Improvement in the overall service quality score (72 points - 2012)	Achieved	Improvement in the overall service quality score (73 points - June 2013)

Note 1 - Measurement is provided via the results of the "Kiwis Count" survey.

#### What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Policy Advice and Management of the Public Management System</b>			
<b>Departmental Output Expenses</b>			
<i>Management of the Public Management System</i>			
This category is intended to achieve the exercising of our leadership functions and provision of operational advice to ensure effective management of the State sector.			
Stakeholders agree that SSC interventions are contributing towards improvement in performance of the system (see Note 1).	n/a	n/a	Baseline Year

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Performance Improvement Framework (PIF) reviews are completed with selected Public service agencies and significant Crown entities.	15 reviews will be completed in 2013/14 and 70% of all PIF reviews completed within six months	Not Achieved 12 -14 PIF reviews will be completed	10 to 15 full PIF reviews will be published in 2014/15 8 to 15 PIF Follow-up Reviews will be published in 2014/15 70% of full PIF reviews will be published within 6 months of the start of the review 70% of PIF Follow-up Reviews will be published within 4 months of the start of the review
Public Service Chief Executives' performance meets the State Services Commissioner's expectations, including implementation of PIF recommendations (see Note 2).	95% of chief executives meet or exceed expectations	Achieved	95% of chief executives meet or exceed expectations
Development and/or redeployment of senior leadership capability for professional development purposes and to cover high priority system needs.	n/a	n/a	8 to 12 initiatives to deploy and/or develop senior leaders
Identified high potential leaders are pursuing agreed Individual Development Plans (IDPs).	100% of identified potential leaders pursuing agreed IDPs	Achieved	100% of identified potential leaders pursuing agreed IDPs
Public Service chief executive recruitment processes are successfully completed within 16 weeks of the vacancy being declared.	70% of appointments successfully completed within timeframe	Not Achieved	70% of appointments successfully completed within timeframe
Percentage of Four-year Plans submitted by agencies that meet the criteria expected of a credible medium term strategic plan.	95% meet expectations	Not Achieved 40% of Four year Plans met criteria. 12% were not assessed against criteria	60% meet expectations
Bargaining and remuneration strategies approved by SSC are within Government Expectations.	n/a	n/a	100%
Demonstrable benefits have been created through agencies implementing SSC continuous improvement practices.	n/a	n/a	Baseline Year
Percentage of State servants who agree or strongly agree that they know where to get good advice about integrity & conduct (see Note 3).	n/a	n/a	60% agree or strongly agree
<i>Public Management System Policy Advice</i>			
This category is intended to achieve provision of policy advice to Ministers to improve the design and operation of the State sector.			
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%.	At least 70%	Achieved	At least 70%
The satisfaction of the Minister of State Services with the policy advice service, as per the common satisfaction survey.	At least 70%	Achieved	At least 70%
The total cost per hour of producing outputs.	Total cost per output hour at \$160	Not Achieved Total cost per output hour at \$167	Total cost per output hour at \$170

Note 1 - Major interventions include: Leadership Strategy, Executive Management, Performance Improvement Framework, Continuous Improvement, Integrity and Conduct.

Note 2 - This is an impact measure that demonstrates the effectiveness of the Commission's interventions.

Note 3 - As measured by the Integrity and Conduct Survey. This is a regular, but not annual survey.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the State Services Commission in its 2014/15 Annual Report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
Centre of Excellence - Continuous Improvement	2013/14	1.500	1.500	-	-	-

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2014/15 is due to the cessation of expense transfers from 2012/13 to 2013/14, primarily for Performance Improvement Framework development, Central Agencies Shared Service development programme and Leadership Capability Deployment and Development.