

Vote State Services

APPROPRIATION MINISTER(S): Minister of State Services (M66), Minister Responsible for Social Investment (M94)

APPROPRIATION ADMINISTRATOR: State Services Commission

RESPONSIBLE MINISTER FOR STATE SERVICES COMMISSION: Minister of State Services

Overview of the Vote

The Minister of State Services is responsible for appropriations in Vote State Services for the 2017/18 financial year covering the following:

- a total of nearly \$30 million to support decision-making by Ministers on Government policy matters and leading the Public Management System to ensure that the State services are collectively responsible and work together
- a total of nearly \$3 million for the South Auckland Investment Board to improve outcomes for at-risk children and their families in South Auckland using a social investment approach and agencies working collectively
- 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 \$200,000 for payments associated with New Zealand's membership of the Open Government Partnership
- a total of \$100,000 for departmental capital expenditure for minor furniture replacements, and
- a total of \$7,000 for the settlement of legal liabilities in relation to disestablished government departments and other Crown Settlements.

The Minister of State Services is also responsible for a capital injection of \$1.5 million to the State Services Commission to transition the Leadership Development Centre to the Commission.

The Minister Responsible for Social Investment is responsible for appropriations in Vote State Services for the 2017/18 financial year covering the following:

- a total of over \$8 million for identifying where and how to implement a social investment approach, how well it delivers such an approach and providing tools and support to agencies to assist them implement a social investment approach, and
- a total of over \$1 million for national support to place-based initiatives for national support pertaining to social investment.

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

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Designing and Implementing Social Investment (M94) This appropriation is limited to identifying where and how to implement a social investment approach, assessing how well a social investment approach is being delivered in these areas, and providing tools and support to agencies to assist them in implementing a social investment approach.	-	-	8,804
Place-based initiatives - national support (M94) This appropriation is limited to providing support and evaluation across place-based initiatives.	-	-	1,020
Place-based initiatives - South Auckland Social Investment Board (M66) This appropriation is limited to the delivery of services as part of the Social Investment Plan for South Auckland and to the operational support of the South Auckland Social Investment Board.	1,250	500	2,750
Total Departmental Output Expenses	1,250	500	12,574
Departmental Capital Expenditure			
State Services Commission - Capital Expenditure PLA (M66) 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.	1,383	1,383	100
Total Departmental Capital Expenditure	1,383	1,383	100
Non-Departmental Other Expenses			
Open Government Partnership (M66) This appropriation is limited to payments associated with New Zealand's membership of the Open Government Partnership.	200	200	200
Remuneration and Related Employment Costs of Chief Executives (M66) This appropriation is limited to the remuneration and costs relating to the employment of chief executives employed by the State Services Commissioner.	13,940	13,940	13,940
Settlement of Legal Liabilities (M66) The settlement of legal liabilities incurred by now-disestablished government departments and other Crown settlements.	7	7	7
Total Non-Departmental Other Expenses	14,147	14,147	14,147
Multi-Category Expenses and Capital Expenditure			
Policy Advice and Management of the Public Management System MCA (M66) The single overarching purpose of this appropriation is to support decision making by Ministers on Government policy matters and leading the Public Management System.	28,991	28,491	29,715
<i>Departmental Output Expenses</i>			
<i>Management of the Public Management System</i> This category is limited to ensuring the Public Management System has the design, capability and performance to deliver public services.	22,060	21,560	24,188
<i>Public Management System Policy Advice</i> 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.	6,931	6,931	5,527
Total Multi-Category Expenses and Capital Expenditure	28,991	28,491	29,715
Total Annual and Permanent Appropriations	45,771	44,521	56,536

Capital Injection Authorisations

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
State Services Commission - Capital Injection (M66)	-	-	1,500

Supporting Information

Part 1 - Vote as a Whole

This part provides trend information for the vote.

1.2 - Trends in the Vote

Summary of Financial Activity

	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18			2018/19	2019/20	2020/21
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final 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	9,628	9,628	9,628	9,628	10,878	10,128	12,574	-	12,574	8,258	8,258	8,258
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	12,083	11,585	12,256	12,815	14,147	14,147	-	14,147	14,147	14,147	14,147	14,147
Capital Expenditure	68	-	79	161	1,383	1,383	100	-	100	1,900	100	100
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	26,538	27,524	28,148	28,033	28,991	28,491	29,715	-	29,715	28,653	28,662	28,669
<i>Other Expenses</i>	-	-	161	130	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	48,317	48,737	50,272	50,767	55,399	54,149	42,389	14,147	56,536	52,958	51,167	51,174
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	11,847	11,719	12,294	12,710	13,241	13,241	N/A	13,691	13,691	13,691	13,691	13,691
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	11,847	11,719	12,294	12,710	13,241	13,241	N/A	13,691	13,691	13,691	13,691	13,691

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. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

	2012/13 Adjustments \$000	2013/14 Adjustments \$000	2014/15 Adjustments \$000	2015/16 Adjustments \$000	2016/17 Final Budgeted Adjustments \$000	2016/17 Estimated Actual Adjustments \$000
Appropriations						
Output Expenses	9,628	9,628	9,628	9,628	9,628	9,628
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>	-	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-
Total Appropriations	9,628	9,628	9,628	9,628	9,628	9,628
Crown Revenue and Capital Receipts						
Tax Revenue	-	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	-	-	-	-

Restructuring of the Vote has occurred through the establishment of the Social Investment Agency as a Departmental Agency. The prior year information in the Summary of Financial Activity table has been restated to reflect the current Vote structure.

1.3 - Analysis of Significant Trends

Details of significant movements within each appropriation type are detailed below:

Appropriations

Output Expenses

There are three departmental output expenses as follows:

- A new Place-based initiative appropriation for the South Auckland Investment Board. This is for a total of \$4 million over 2016/17 and 2017/18. The majority of the delivery will occur in 2017/18 with a provision of \$2.750 million.
- A new departmental agency, the Social Investment Agency, with an appropriation totalling \$8.804 million in 2017/18 hosted by the State Services Commission.
- A new Place-based initiative appropriation administered by the Social Investment Agency totalling \$1.020 million.

Other Expenses

Other expenses increased from 2014/15 to reflect a fiscally neutral transfer from Vote Foreign Affairs and Trade to fund New Zealand's membership fees for the Open Government Partnership.

The increase in 2016/17 from 2015/16 reflects a higher level of reappointments of chief executives and related remuneration and other employment costs.

The appropriation in outyears reflects the level of anticipated chief executives' remuneration and other related employment costs, assuming a full complement of chief executives employed each financial year. The remuneration is based on staggered increases on appointment, reappointment or midterm reviews at a similar level to that provided for in the wider State sector; and provides for full earn-back payments and restricted exceptional performance payments.

Capital Expenditure

The increase in capital expenditure in 2016/17 is to design and implement a workspace that supports the new operating model and provides for easy sharing of data and the ability to work in a mobile and flexible way. Capital expenditure will return to normal levels except for 2018/19 when a higher level of capital expenditure will be required for a new fit-out in line with the current Wellington Accommodation Project strategy proposed across agencies.

Multi-Category Output Expenses

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, partially offset by the transfer of Gateway and Major Project Monitoring to the Central Agencies Single Portfolio Performance Management function in the Treasury. There was an increase in 2014/15 for the inquiry into the escape of Phillip Smith while on release from Springhill Prison.

The appropriation increase in 2016/17 reflects in principle transfers from the 2015/16 financial year together with gross up of expenses relating to higher secondment out revenue.

The increase from 2017/18 onwards reflects the transition of the Leadership Development Centre functions into the State Services Commission. There are also costs associated with the new departmental agency, the Social Investment Agency, continuing work around the social investment approach.

Multi-Category Other Expenses

The decrease in 2016/17 is due to the enquiry from 2015/16 being completed and tabled.

Crown Revenue and Capital Receipts

Non-Tax Revenue

The increase in 2016/17 is due to higher recoveries of chief executives salaries as a result of a higher number of reappointments of chief executives than in 2015/16, and the associated of remuneration and employment related costs.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Designing and Implementing Social Investment (M94)

Scope of Appropriation

This appropriation is limited to identifying where and how to implement a social investment approach, assessing how well a social investment approach is being delivered in these areas, and providing tools and support to agencies to assist them in implementing a social investment approach.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	8,804
Revenue from the Crown	-	-	8,804
Revenue from Others	-	-	-

Comparators for Restructured Appropriation

Vote, Type and Title of Appropriation	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Vote Social Development, Departmental Output Expense, Designing and Implementing Social Investment	9,018	9,018	-
Total	9,018	9,018	8,804

The prior year information in the Summary of Financial Activity table has been restated to reflect the current Vote structure.

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision of tools and infrastructure by the Social Investment Agency required to enable a collective social investment approach allowing investment in what works to improve the lives of New Zealanders, creating lasting change.

How Performance will be Assessed and End of Year Reporting Requirements

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The satisfaction rating given by the Minister for the quality and timeliness of advice will be at least 70%.	New measure	New measure	70%
A survey of Social Sector agencies indicates that the advice, support and tools provided by the Social Investment Agency have been useful.	New measure	New measure	Achieved
A survey of Social Sector agencies shows an improvement in the capability of agencies to implement a social investment approach with the baseline to be established in 2017/18.	New measure	New measure	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2017/18 Annual Report.

Reasons for Change in Appropriation

This is a new appropriation in Vote State Services in 2017/18.

Place-based initiatives - national support (M94)*Scope of Appropriation*

This appropriation is limited to providing support and evaluation across place-based initiatives.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	1,020
Revenue from the Crown	-	-	1,020
Revenue from Others	-	-	-

Comparators for Restructured Appropriation

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Vote, Type and Title of Appropriation			
Vote Social Development, Departmental Output Expense, Place-based initiatives - national support	610	610	-
Total	610	610	1,020

The prior year information in the Summary of Financial Activity table has been restated to reflect the current Vote structure.

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the successful implementation and functioning of place-based initiatives to improve outcomes for at-risk children, young people and their families.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
The place-based initiatives will report that the support they receive from the national function is contributing to the successful implementation and functioning of the initiatives.	New measure	New measure	Achieved
The evaluation strategy for the place-based approach will be implemented by 30 June 2018.	New measure	New measure	Achieved
The place-based initiatives will attest that the support they receive from the national function assists them in meeting specific monitoring and reporting requirements.	New measure	New measure	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2017/18 Annual Report.

Reasons for Change in Appropriation

This is a new appropriation in Vote State Services in 2017/18 and the increase reflects the planned activity.

Place-based initiatives - South Auckland Social Investment Board (M66)

Scope of Appropriation

This appropriation is limited to the delivery of services as part of the Social Investment Plan for South Auckland and to the operational support of the South Auckland Social Investment Board.

Expenses and Revenue

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,250	500	2,750
Revenue from the Crown	1,250	500	2,750
Revenue from Others	-	-	-

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve support for the South Auckland Social Investment Board to improve outcomes for at-risk children and their families in South Auckland using a social investment approach and agencies working collectively.

How Performance will be Assessed and End of Year Reporting Requirements

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Family harm assessments conducted by New Zealand Police, Ministry of Social Development and Counties Manukau District Health Board combined teams	New measure	New measure	400 assessments
In-home visitation services with at-risk pregnant women by Ministry of Social Development, Ministry of Health and Counties Manukau District Health Board combined teams	New measure	New measure	500 visits

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2017/18 Annual Report.

Reasons for Change in Appropriation

This was a new appropriation in 2016/17 and the increase in 2017/18 reflects the planned increase in activity.

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

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	1,205	1,205	100
Intangibles	178	178	-
Other	-	-	-
Total Appropriation	1,383	1,383	100

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the renewal and replacement of life-expired assets in support of the delivery of the State Services Commission's services.

How Performance will be Assessed and End of Year Reporting Requirements

Expenditure will be in accordance with the State Services Commission's capital asset management policy.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2017/18 Annual Report.

Reasons for Change in Appropriation

The appropriation for 2017/18 reflects the level of forecast expenditure which is cyclical in nature.

Capital Injections and Movements in Departmental Net Assets

State Services Commission

Details of Net Asset Schedule	2016/17 Estimated Actual \$000	2017/18 Projected \$000	Explanation of Projected Movements in 2017/18
Opening Balance	5,116	2,413	
Capital Injections	-	1,500	The transfer of net assets resulting from the transition of the Leadership Development Centre to the State Services Commission
Capital Withdrawals	(2,703)	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	2,413	3,913	

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

Open Government Partnership (M66)

Scope of Appropriation

This appropriation is limited to payments associated with New Zealand's membership of the Open Government Partnership.

Expenses

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	200	200	200

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve supporting the delivery of New Zealand's Open Government Partnership commitments.

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 reporting was unlikely to be informative. This appropriation is limited to payments associated with New Zealand's membership to the Open Government Partnership.

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

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,940	13,940	13,940

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.

Settlement of Legal Liabilities (M66)

Scope of Appropriation

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

Expenses

	2016/17		2017/18
	Final 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

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	28,991	28,491	29,715
Departmental Output Expenses			
Management of the Public Management System	22,060	21,560	24,188
Public Management System Policy Advice	6,931	6,931	5,527
Funding for Departmental Output Expenses			
Revenue from the Crown	25,003	24,503	23,495
Management of the Public Management System	19,479	18,979	17,968
Public Management System Policy Advice	5,524	5,524	5,527
Revenue from Others	3,988	3,988	6,220
Management of the Public Management System	2,581	2,581	6,220
Public Management System Policy Advice	1,407	1,407	-

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 ensuring that the State services is collectively responsible and works together, learning what works best and using it to improve performance for customers and having the people, institutions and approach to respond effectively to the needs of New Zealanders today and in the future.

How Performance will be Assessed for this Appropriation

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Respondents in the Kiwis Count survey agree or strongly agree that, based on their last service experience, they could trust public servants to do what is right	80%	79%	80%
Overall Kiwis Count service quality score	75 points	74 points	75 points

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

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Management of the Public Management System			
This category is intended to achieve that the Public Management System has the design capability, and performance to deliver public services			
State Services Chief Executives agree that the State Services Commission provides the leadership required to support them in their agencies	Average score of 4 out of 5, or better	4 out of 5	Average score of 4 out of 5, or better
Deployment of senior leaders through Career Boards	12	20	Measure replaced
Career Board cohort have been assessed using a standard framework and have agreed development objectives	90%	70%	Measure replaced
Deployment of senior leaders through Career Boards and brokered with the State Services Commission	New measure	New measure	100
Development plans in place for identified successors for all Public Service chief executive roles	New measure	New measure	100%
Public Service chief executives who have been in the role for one year or more meet or exceed the State Services Commissioner's performance expectations	95%	96%	95%
Following their agency's Performance Improvement Framework review, chief executives responded that they valued the review process	Average score of 4 out of 5, or better	4 out of 5	Average score of 4 out of 5, or better
Agency sponsors agree that the State Services Commission's Continuous Improvement engagements deliver value	Average score of 4 out of 5, or better	4 out of 5	Average score of 4 out of 5, or better
Public Management System Policy Advice			
This category is intended to achieve providing 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			
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%	70%	65%	70%
Minister of State Services has satisfaction with policy advice	80%	72%	80%
The total cost per hour of producing outputs	\$160	\$185	\$160

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2017/18 Annual Report.

Reasons for Change in the Appropriation

The increase in this appropriation for 2017/18 is primarily due the transition of the Leadership Development Centre to the State Services Commission in 2017/18.