

New Zealand's State Services Briefing to the Incoming Minister



Welcome to your State Services leadership role

The State Services Commission (SSC) helps you to lead the State Services in setting ambitious goals and delivering improved results and services for New Zealanders. We help you build the State sector so that it can achieve the Government's programme and provide improved public services.

This briefing is in four parts. Part One provides a summary of the role of the Minister of State Services. Part Two outlines matters that will have to come to you in your first 100 days. Part Three outlines the leadership role of the State Services Commissioner supported by the State Services Commission. Part Four signals our thinking around our priorities for the Public Service into the future. We have expanded on this in our briefing to you and the Prime Minister – *The Spirit of Service: Briefing to the Incoming Government*.

The State Services Commissioner is keen to engage with you as early as possible so that we can be of greatest assistance in the implementation of the Government's programme. We would also like to provide you with more detailed briefings on significant aspects of the portfolio. A series of briefings will be provided separately.

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Role of the Minister of State Services

The State Services are a major resource for you and your Ministerial colleagues in driving the Government's programme. You and other Ministers will be in daily contact with officials and departments whose job is to assist you; providing policy advice, ensuring excellent implementation of initiatives, and maintaining the high standards of integrity and conduct for which New Zealand's public services are known.

Agencies and State servants collectively make up the State sector system. The State sector system is not a static entity. The design, operation and performance of the system develops over time to address new priorities and meet the needs of a changing and increasingly diverse nation.

Your role as Minister of State Services is concerned with the performance and integrity of the system. You, in conjunction with the State Services Commissioner in his statutory role, lead the system.

Your role in leading change and improvement gives the role of Minister of State Services a cross-Cabinet significance. All of your Cabinet colleagues depend on the system adapting and improving for success in their own portfolios.

The State Services Commission is here to support you in your role to provide a higher performing State sector that New Zealanders trust, which delivers outstanding results and value for money.

More specifically, you have a range of levers and resources to help you in your Ministerial role. These are detailed on the next page.

A trusted, leading edge Public Service that makes a difference for New Zealand and New Zealanders.

As Minister of State Services you:

- work with Cabinet colleagues and with the State Services Commissioner to ensure that Government expectations and priorities are clear and understood by the State sector; and that the various parts of the system align, adapt, and innovate as needed to achieve the policy objectives of government
- are responsible for major State sector legislation, including the State Sector Act, Protected Disclosures Act and parts of the Crown Entities Act. Over time you can ensure the drive to improve the system is supported and enabled by a modern, fit for purpose legislative framework
- must be consulted by your Ministerial colleagues on any proposal with machinery of government implications
- are consulted on the appointments of chief executives in the Public Service and wider State sector in order to secure an excellent leadership cadre
- are responsible for formulating the Government expectations on workforce issues and employment relations in the State sector
- are responsible for articulating Government expectations regarding chief executive remuneration in the State sector and the remuneration of members of statutory boards.



During your first 100 Days

This section outlines matters that must be raised with you between now and the end of March 2018. We have kept this to the necessary minimum to allow maximum time to engage on your policy directions and priorities.

Also, there are several reports due during the period as a result of decisions made by previous Cabinets. A number of these will be addressed in the course of discussions on implementing the Government's programme. We will ensure that we raise any others with you at an appropriate point.

Standards of Integrity and Conduct for Ministerial staff

The State Services Commissioner has issued a code of conduct for staff who are employed by the Department of Internal Affairs to work in Ministerial offices. These staff include ministerial advisors, press secretaries, and senior private secretaries. The Code will apply when staff sign their contracts once the Government is formed.

We have been working for some time to introduce behavioural expectations for this group of Public servants. This work will be completed over the next few months with the issuing of guidance to back up the code, and agreement on a programme of professional and career development for these staff.

Chief Executive Appointments

Our aim is to ensure the best leadership talent possible is employed to help progress the Government's programme. Over the next two months, we will consult you and relevant Ministers on end of term arrangements for chief executive roles.

These roles include four Public Service chief executive positions for which appointments are made under the State Sector Act 1988:

- Ministry of Business, Innovation and Employment
- Department of the Prime Minister and Cabinet
- Ministry of Defence
- Social Investment Agency.

During 2018 four further Public Service chief executives will come to the end of their current terms: Stats NZ, Serious Fraud Office, Ministry of Primary Industries, and Ministry of Social Development.

The State Services Commissioner, under provisions of the Cabinet Manual, also has a role in managing the process for certain other State sector appointments including senior New Zealand Defence Force appointments. Three will come to the end of their current terms in 2018: Chief of Defence Force, Chief of Army, and Chief of Navy.

Other Matters

Our Strategic Intentions for the period 2017-2021 will be tabled alongside the annual report in October. This is a key opportunity for us to ensure alignment of our work with your Government's programme and strategy.

Agencies are required to submit annual reports, audited by Audit New Zealand. We will provide you with our draft report for comment each September. Once approved this is tabled in the House.

You will receive a separate annual report for the Leadership Development Centre, which has recently been merged into the Commission. It is intended to wind up the Trust that previously governed this agency.

Some financial matters need to be addressed in the context of the October Budget Update. The State Services Commission has an application approved for \$441k of one-off funding (fiscally neutral) to transfer from 2016/17 to the 2017/18 year. We are asking for an increase to the non-departmental appropriation for chief executive remuneration to cover three chief executive positions new to the Public Service, and the South Auckland Social Investment Board is seeking approval to carry forward about \$100k from underspends in the 2016/17 year.

We report annually on chief executive remuneration in the State sector. The report is provided to Cabinet and, later, published. The report usually receives some public attention. We would welcome the opportunity to discuss ways of ensuring appropriate remuneration settings into the future.

In 2010, Cabinet directed the Commission to continue with its Public Service Human Resource capping oversight role, reporting to Cabinet and to agencies annually. We have prepared advice on

the current capping policy and would welcome a conversation with you to discuss your policy intentions.

As Minister you are responsible for the Cabinet Fees Framework which governs fees paid to the Board members of a wide range of State sector agencies. Each year we report to Cabinet on the operation of the Fees Framework and, as appropriate, on any improvements that can be made. The annual report is due to you in November for your approval before being submitted to the appropriate Cabinet Committee.

Select committees review each department's annual report and responses to a financial review questionnaire. We will provide a copy for you to review. Once approved this is submitted by you to select committee in November. Currently no date has been set for the select committee hearing.

We are changing our approach to setting expectations for Public Service chief executives to shift from broad, behaviour-based expectations to focus on the delivery of specific results and services that will meet New Zealanders' needs and support Government priorities. Chief executives will be consulting portfolio Ministers before agreeing with me the 3-5 specific results and services that they will be focusing on.

The State Services Commission will provide you with notes for a verbal briefing to Cabinet proposing that the Commission meet with each Responsible Minister to let them know how we can support them in achieving their priorities, provide feedback on the performance of their chief executive (as required under section 43 of the State Sector Act), and to test that the chief executives new expectations are in line with Minister's priorities.

The role of the State Services Commission

Overview

The State Services Commission leads the Public sector to make a difference for New Zealand and New Zealanders. We are committed to leadership where we lead by example, set the course, and lead the system. We enable people and don't accept the status quo – we challenge and do not limit ourselves or others in the system.

The Commission's purpose is to lead the State Services to deliver results and services that make the most positive difference for New Zealanders while protecting and enhancing the standards of integrity and conduct which are at the heart of what we do.

We work with the two other major central agencies; The Treasury and the Department of the Prime Minister and Cabinet, to improve the performance of the State sector.

Our purpose statement is: We lead the Public sector in the service of our nation. We lead. We serve.

We lead the Public sector in the service of our nation. We lead. We serve.

Leading the System

Over the past 12 months the State Services Commissioner has acted to increase the impact of the Commission as leader of the State sector. This has involved change in several dimensions.

The State Services Commissioner has worked closely with the chief executives of Public Service departments, and major Crown entities, to increase their collective ability to work as a single leadership team, joined up to tackle the major issues in confronting the State sector. The result is a single unified plan for system improvement focused on the major issues around:

- better results and services: addressing the major technology, data, leadership and workforce capability issues in raising system performance. This is key to driving the Government's policy agenda and programme
- integrity: recognising the need to reinforce and ensure standards of integrity and conduct, and the foundational pillars of political neutrality, free and frank advice, open government and appointment on merit. These are key to maintaining the legitimacy of government and the place of the State Services in our constitutional arrangements.

We will take a position when required.

We will back public servants.

We will protect the integrity of the Public Service.

And we will refocus the system to deliver the services New Zealanders want, need and expect.

A Fit for Purpose State Services Commission

We are transforming the way the Commission works to make it fit for purpose in all aspects of its new and more assertive system leadership role. This involves:

- restating and reinforcing the system leadership role of the State Services Commission so that it is clearly understood within the Commission and the wider State services
- changing governance and leadership within the Commission. The Deputy State Services Commissioner, as Chief Executive, is now responsible for the overall running of the organisation, driving results and getting the best from our people. This frees the Commissioner to focus on his wider leadership role in the State Services as Head of State Services
- internally, we have reorganised into strategic priority areas including a new Integrity, Ethics and Standards group
- we have changed the operating model for the State Services Commission. Enhanced end-to-end service delivery and support requires an agile style of working, broad capabilities and the ability to respond to surge requirements. We are creating systems to bring the right people and skills together from across the organisation and the wider State Services to deliver all aspects of the job from start to finish
- and we are enabling new ways of working through a new fit-for-purpose physical environment. We are reorganising our premises in the Reserve Bank building to support the way we need to work. Breaking down physical barriers, creating collaborative spaces and bringing people together, and catering to working with our system stakeholders. This underpins the culture change we need to deliver our leadership role.



Our Statutory Role

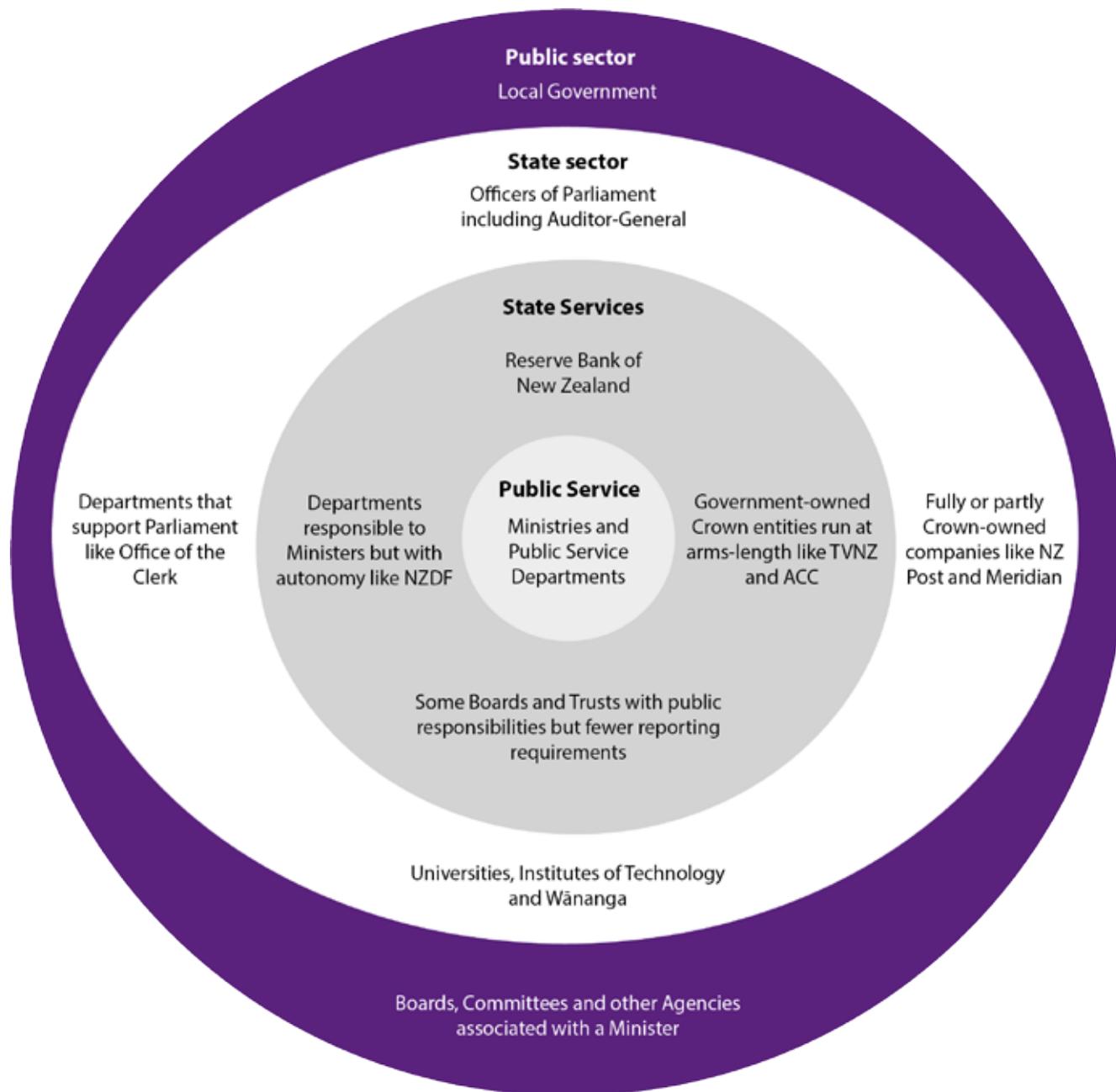
The State Sector Act 1988 provides the overall mandate for system leadership and some specific powers and levers that assist the Commission in carrying out its wider role. Under the Act the State Services Commissioner provides leadership and oversight of the State Services.

The Commissioner's scope of influence is greater within the core Public Service where he has direct employment responsibilities for chief executives but aspects of his mandate, including the integrity mandate, extend to the wider State Services.

Under the State Sector Act 1988, the Commissioner:

- advises on improvements to the performance, functioning, and structure of the State sector system
- appoints the leaders of the Public Service and is the employer of chief executives of departments and departmental agencies. This includes appointment, reappointment, and reviewing performance in the role
- is responsible, in conjunction with departmental chief executives, for developing senior leadership and management capability in the Public Service

- promotes the development of workforce capability and capacity including, in the employment relations area, giving effect to the Commissioner’s leadership role in collective bargaining in the Public Service and wider State sector by advising on government expectations and opportunities/risks in collective negotiations
- reviews the performance of departments and departmental agencies and assists agencies to improve
- promotes and reinforces standards of integrity and conduct in the State Services and promotes transparent accountability.



Leading the State sector to deliver

The State Services Commission is committed to building on our progress, leading a programme that will take the next step of reform.

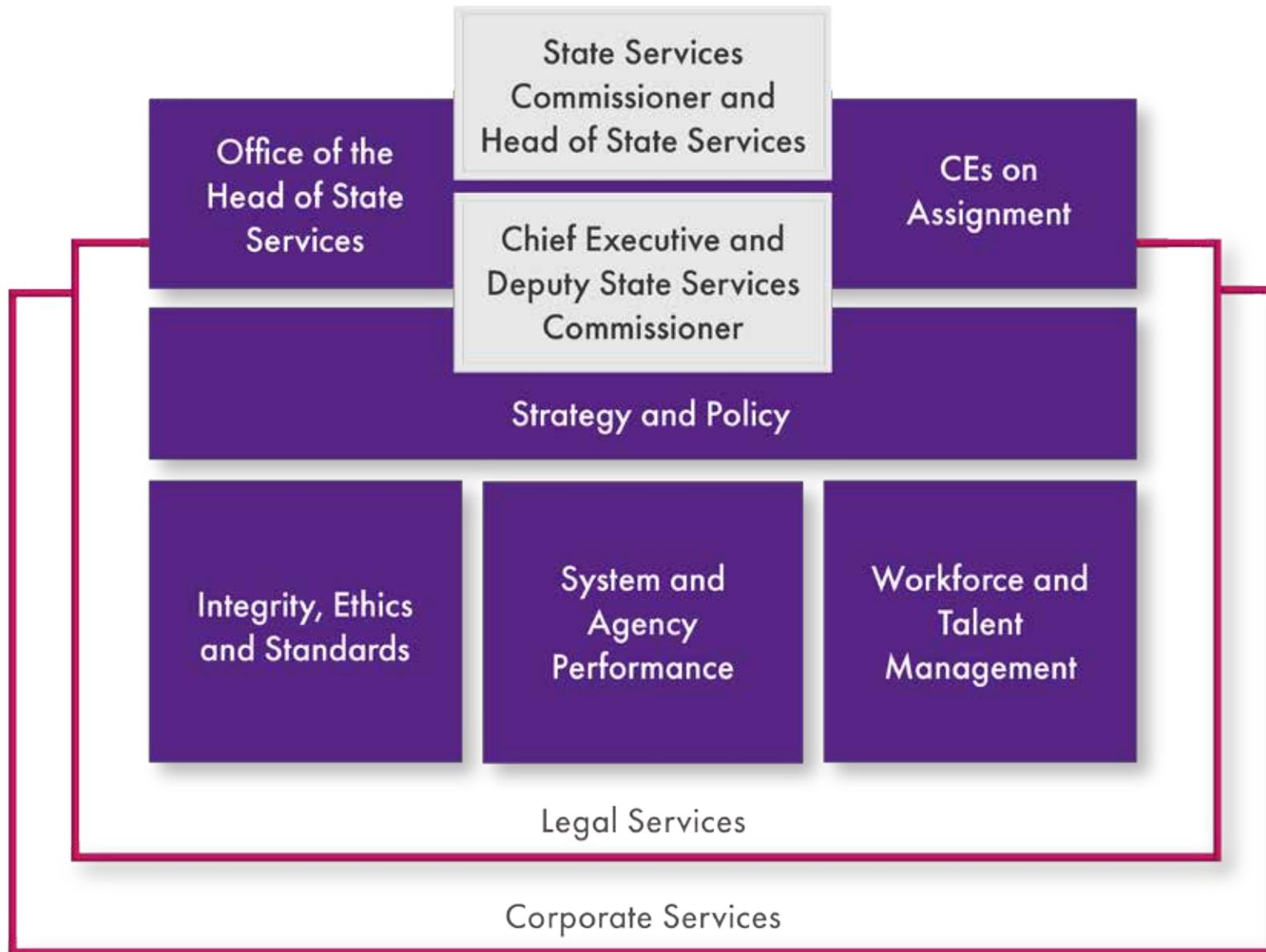
The State Services Commissioner is leading the chief executives of New Zealand's Public Service in a collectively owned multi-year programme of work that will give pace and focus to achieve a system that can meet the needs of New Zealanders.

That is how we lead. At the heart of everything we do, our vision is to create a trusted, leading edge Public Service that makes a difference for New Zealand and New Zealanders. Our briefing – *The Spirit of Service: Briefing to the Incoming Government* – outlines the case for reform and the actions we are taking to deliver on that commitment.

We welcome the opportunity to engage with you on your vision for the future and how we can support you in the crucial leadership role of Minister of State Services. We are here to support you to meet the challenges of implementing your Government's programme and we look forward to working with you.

At the heart of everything we do, our vision is to create a trusted, leading edge Public Service that makes a difference for New Zealand and New Zealanders.

Appendix 1: Our organisational structure



Appendix 2: Our leadership



Mr Peter Hughes CNZM

State Services Commissioner
and Head of State Services

As the Head of State Services, Peter is a visible system leader for all state servants.

Peter leads the Public Service chief executives, who form the State Services Leadership Team, to steward New Zealand's public management system.



Ms Debbie Power

Chief Executive and Deputy
State Services Commissioner

As Chief Executive, Debbie is responsible for leading the Commission's workforce and delivery of our work programme.

As Deputy State Services Commissioner, Debbie has the same statutory powers as the Commissioner and is able to undertake his duties in his absence.



Mr Lewis Holden

Chief Executive on Assignment
| Auckland

Lewis leads the Commission's Auckland Policy Office, responsible for the leadership and oversight of central government activities in our largest city.

Lewis also convenes and chairs the "Auckland New Zealand Needs" chief executives group for Auckland.



Mr Al Morrison

Chief Executive on Assignment
| System Performance

Al's work is to support agencies to work together on shared outcomes and to identify and help overcome any barriers to that.

Al also holds the Commission's relationships with some of our public management partners and institutions.



Mrs Dallas Welch

Deputy Commissioner |
System & Agency
Performance

Dallas's group plays a key role in driving system and agency performance. Her responsibilities include supporting the recruitment, appointment, and employment of Public Service chief executives. She is also responsible for the conduct of Performance Improvement Framework (PIF) reviews.



Dr Andrew Burns

Deputy Commissioner |
Strategy & Policy (Acting)

Andrew's policy team leads the Commission's system reform work, providing advice and innovative tools to support the future architecture of the Public sector.

Andrew is responsible for the Commission's data collection and analysis functions, which inform our work on Public Service design and reform.



Ms Catherine Williams

Deputy Commissioner |
Integrity, Ethics & Standards
(Acting)

Catherine manages the newly established Integrity, Ethics and Standards group, which provides leadership to support public servants to act with the highest levels of integrity, and to build New Zealanders' trust in public services.



Ms Dale Farrar

Deputy Commissioner |
Workforce & Talent
Management

Dale's group leads the development of the State Services' workforce strategies, driving diverse and inclusive practices within agencies. Dale also leads the State Services' strategic employment relations management and leadership development.



Ms Rachel Bruce

Deputy Commissioner |
Corporate Services

Rachel is responsible for the State Services Commission's planning and assurance, property, and communications functions and for ensuring the provision of IT, HR, and Finance services. Rachel is also the Commission's Chief Security Officer.



Ms Kellie Coombes

Director | Office of the Head
of State Services

Kellie is responsible for the day-to-day management of the Office of the Head of State Services.

As chief of staff, Kellie is responsible for enabling the business of the Commission and supporting the Commissioner in his leadership role.



Ms Amanda Rapley

Chief Legal Officer

Amanda leads the legal team who are responsible for the provision of legal advice to the Commission and assisting legal colleagues in the wider Public sector. The legal team also manages the legislation administered by the State Services Commissioner, provides assurance that operations are legally compliant, and gives advice on machinery of government matters.



Ms Sia Aston

General Manager |
Communications &
Engagement

Sia's area is a key enabler of the State Services Commissioner's leadership role across the Public sector. Accordingly Sia leads communications and engagement both within the State Services Commission and, through a range of channels, with key audiences including chief executives, Public Service staff, and the wider public.

Appendix 3: Legislation administered by the Commission

The State Services Commission administers the following primary legislation:

The State Sector Act 1988

- Is one of the key Acts that sets the foundations for the State sector system.
- Establishes the role, functions and powers of the State Services Commissioner.
- Sets the foundations for the Public Service, including the appointment, responsibilities, duties and powers of chief executives.
- Establishes the Commissioner's responsibility for developing senior leadership and management capability in the Public Service.
- Provides for various workforce and personnel matters, including how the Employment Relations Act 2000 applies in relation to the Public Service and the education service.

The Crown Entities Act 2004 (parts 1, 2, 3 and 5)

- Provides a consistent framework for the establishment, governance, and operation of Crown entities.
- Clarifies accountability relationships between Crown entities, their board members and responsible Ministers on behalf of the Crown, and the House of Representatives.

The Protected Disclosures Act 2000

- Protects employees who disclose information about serious wrongdoing in or by an organisation.
- Facilitates the disclosure and investigation of matters of serious wrongdoing.

The Government Service Equal Pay Act 1960

- Established core principles for wage-fixing authorities when fixing the salaries or wages of Government employees.
- Required a phased elimination of differentiations based on sex.

The Fees and Travelling Allowances Act 1951

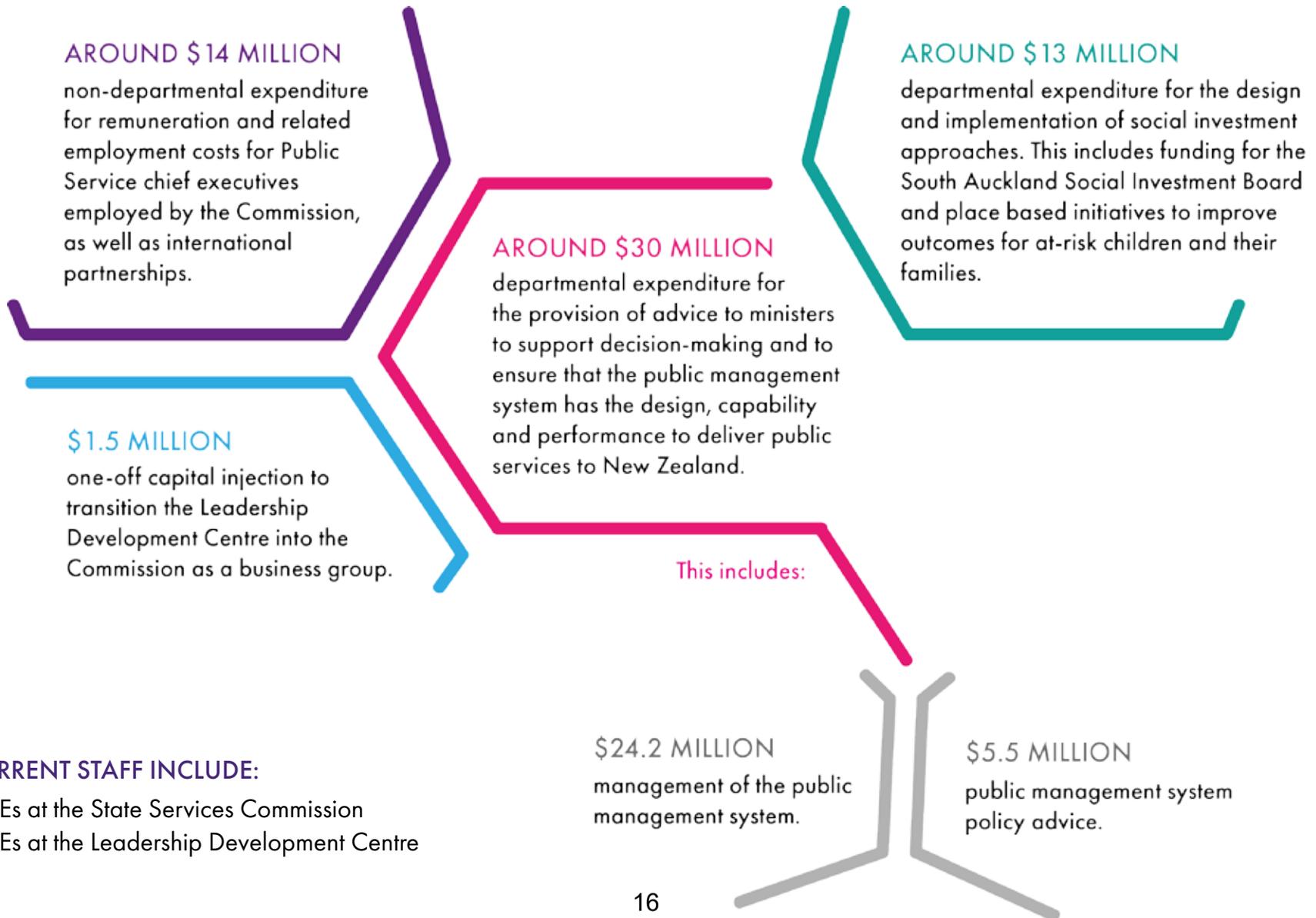
- Provided for mechanisms for the payment of remuneration, allowances and expenses of members of statutory boards, as well as travelling allowances or expenses of local authority members.
- Superseded in practice by the Cabinet Fees Framework administered by the State Services Commission [CO (12) 6], and by the Remuneration Authority in relation to local authority members.

The Ministry of Works and Development Abolition Act 1988

- Provided for consequential matters following the disestablishment of the Ministry of Works and Development (e.g. savings provisions relating to contracts and consents).

Appendix 4: Appropriations

The State Services Commission administers Vote: State Services, which totals around \$58 million in 2017/18. It comprises the following:



STATE SERVICES COMMISSION
Te Komihana O Ngā Tari Kāwanatanga

