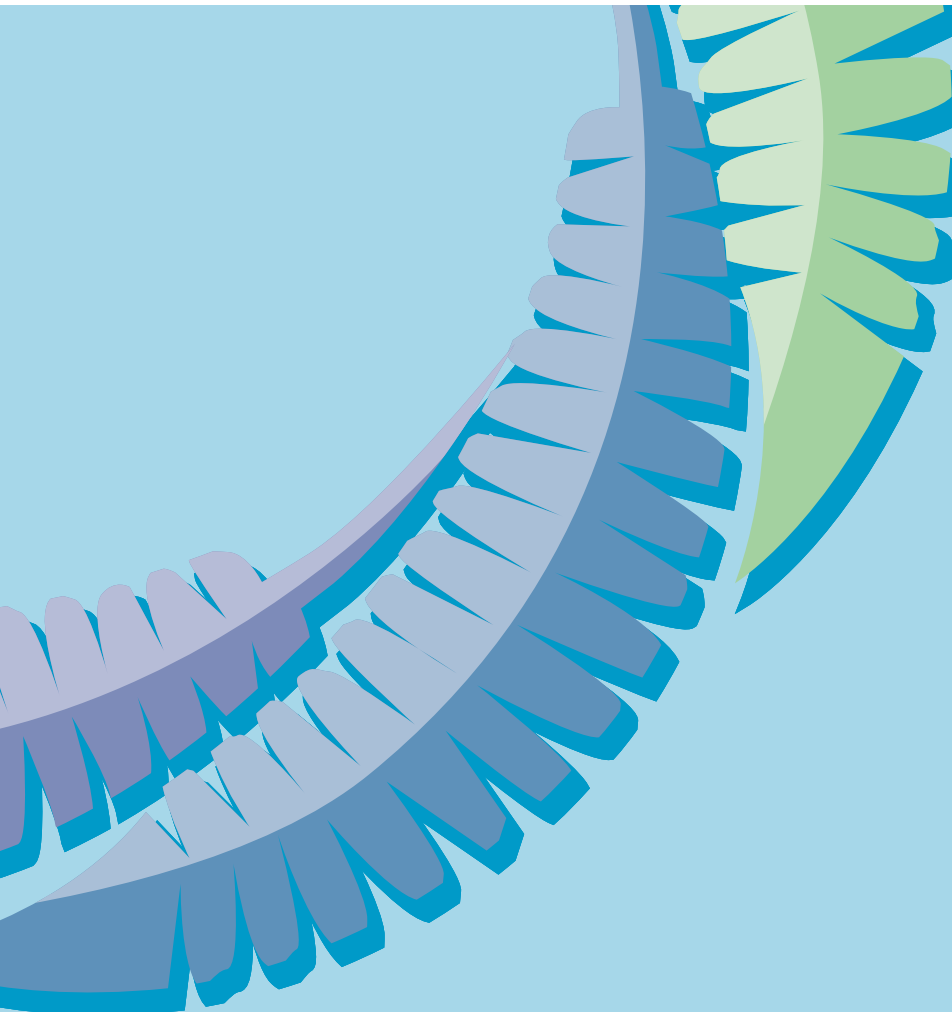
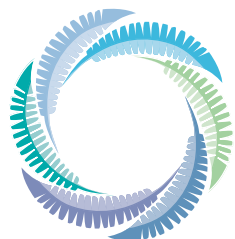




# State Services Commission Statement of Intent 2006



## DEVELOPMENT GOALS



The Development Goals identity is made up of six curved ferns, which represent the interlocking goal elements and come together to symbolise a mark of aspiration.



# State Services Commission Statement of Intent 2006

Presented to the House of Representatives

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## Preface

The Government themes of *economic transformation, families – young and old, and national identity* describe what this Government wants, and provide the context for much of the work that will be undertaken by the State Services Commission (SSC) and other government agencies in 2006/07.

Legislative changes in 2004 broadened the SSC's role, and the subsequent introduction of the Development Goals in 2005 have resulted in the SSC working across the State Services in new ways. The work programme associated with the Development Goals gives effect to Government's themes by describing how the State Services will go about delivering on those aims. The SSC also continues to make a difference to the performance of the State Services through its statutory roles of appointing and performance management of Public Service chief executives, and through its stewardship of standards of behaviour and conduct in the State Services.

In 2005/06 the SSC settled into its new organisational structure, which was created to better support its new priorities. In 2006/07 we expect the SSC to focus on lifting productivity and delivering clear leadership to the State Services.

The SSC has also begun work on developing evaluative measures to chart progress towards the Development Goals, the 2007 milestones, and, ultimately, the 2010 milestones. Achievement of these milestones will assist the State Services to better serve the Government and meet the needs of New Zealanders.

This *Statement of Intent* shows how the SSC will go about its work. It describes the nature and scope of the SSC's functions, describes what the SSC is trying to achieve and why (and how it will go about doing this) and describes the main measures and standards (financial and non-financial) that the SSC intends to use to assess its progress.

As the Responsible Minister I am satisfied that this *Statement of Intent* is consistent with the policies and performance expectations of the Government.



Hon Annette King  
Minister of State Services



Mark Prebble  
State Services Commissioner

## Introduction

This *Statement of Intent* sets out the work the SSC intends to undertake over the next three years and canvasses:

- 1 Our *vision* – what the SSC has set out to achieve.
- 2 Our *roles and responsibilities* – what the SSC is required to do by statute.
- 3 Our operating *environment* – the context in which the SSC works.
- 4 Our high level work plans – how the SSC will *achieve its vision*.
- 5 The *challenges* the SSC is likely to face.
- 6 How the SSC intends to *measure* the progress made (an evaluative framework).
- 7 Implications for *capability* to achieve the State Services Development Goals.
- 8 Likely *risks* that will need to be managed to ensure success.

## Our Vision

Improving the performance of the State Services is about meeting the needs of New Zealanders and the government of the day, and doing so effectively and efficiently. The SSC is committed to constant performance improvement in this area.

To this end the State Services Commissioner, following Cabinet endorsement, has set an overarching goal, and a set of six supporting Development Goals, for the State Services. The overarching goal is:

*A world class professional State Services serving the government of the day and meeting the needs of New Zealanders.*

The supporting goals are:

**Goal 1: Employer of Choice**

Ensure the State Services is an employer of choice attractive to high achievers with a commitment to service.

**Goal 2: Excellent State servants**

Develop a strong culture of constant learning in the pursuit of excellence.

**Goal 3: Networked State Services**

Use technology to transform the provision of services for New Zealanders.

**Goal 4: Coordinated State agencies**

Ensure the total contribution of government agencies is greater than the sum of its parts.

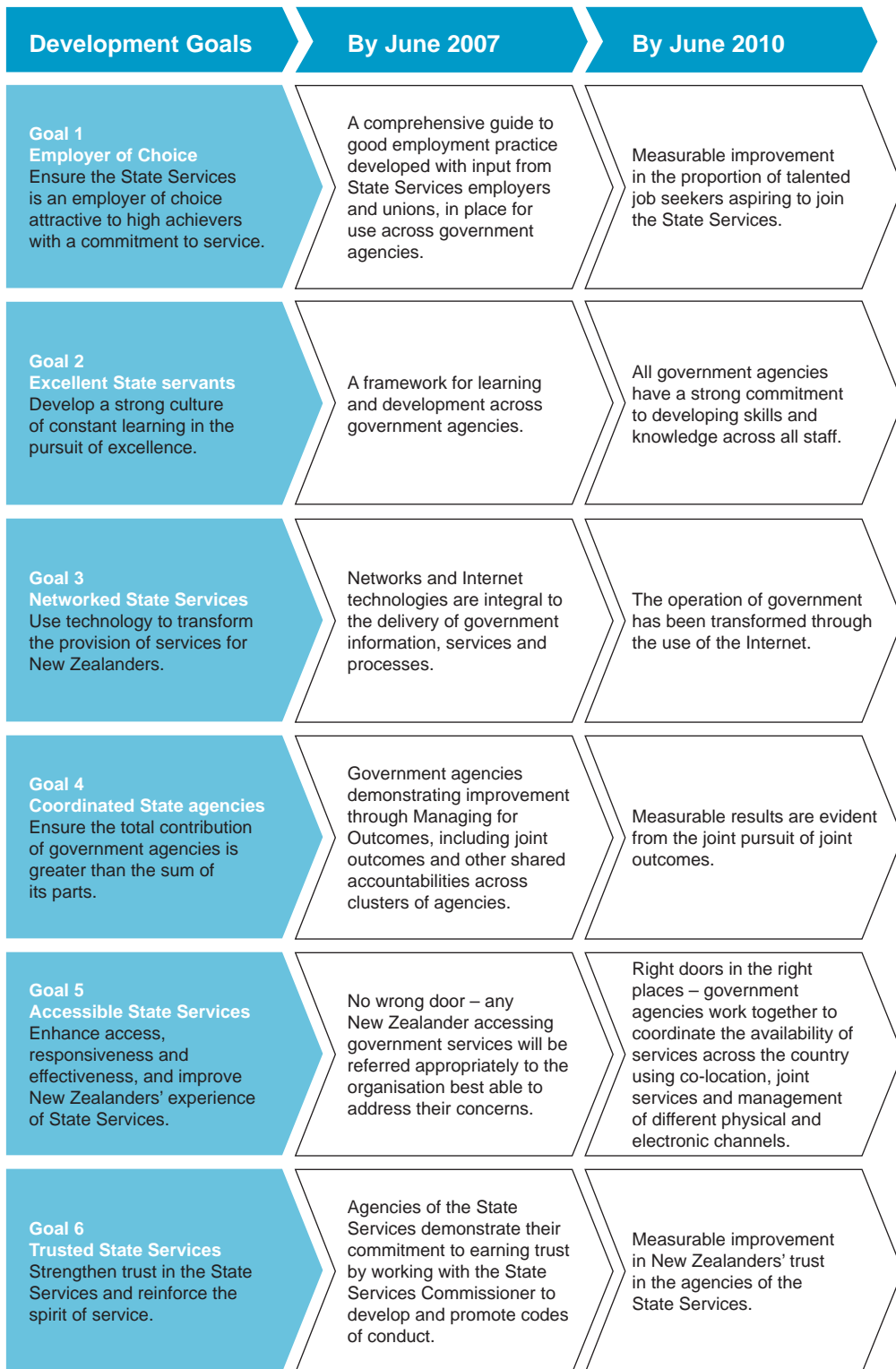
**Goal 5: Accessible State Services**

Enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services.

**Goal 6: Trusted State Services**

Strengthen trust in the State Services, and reinforce the spirit of service.

A more detailed June 2007 and June 2010 milestone has been set for each goal. These are shown in the following table.





Although the Development Goals are presented as a set of six goals, they are interlinked and interdependent. Achievement in one area will mean the SSC has achieved in others, and, in order to be successful, the SSC will need to achieve in all areas. For example, if the State Services is considered a great place to work (goal 1) and offers constant development of staff (goal 2), then good people will want to work and stay in government agencies. If State Services agencies are well connected to each other and to citizens (goal 3), and better coordinated to improve their overall performance (goal 4), then New Zealanders will get better services from agencies which meet their needs (goal 5). This good service, provided in an open and honest way, will improve New Zealanders' trust in the State Services (goal 6).

Since the launch of the Development Goals in March 2005, the SSC has been working across the State Services to encourage and lead a move towards their adoption as guiding principles and as directions for work programmes. Some of what is described in the Development Goals has already been put in practice by some State Services agencies, while some of the work programmes are new. The SSC expects the goals will drive significant work across the State Services. Consequently, from 2006, the Development Goals will be a key consideration when the SSC assesses chief executives' performance.

## Our Roles and Responsibilities

The State Services Commissioner's roles and responsibilities are articulated in section 6 of the State Sector Act 1988. They include:

- appointing, reappointing and reviewing the performance of Public Service chief executives
- promoting and developing senior leadership and management capability for the Public Service
- providing advice on the training and career development of staff in the Public Service
- reviewing the performance of each department
- providing advice on the allocation of functions to and between departments and other agencies
- providing advice on management systems, structures, and organisations in the Public Service and Crown entities
- promoting, developing, and monitoring equal employment opportunities policies and programmes
- any other functions with respect to the administration and management of the Public Service, as directed by the Prime Minister.

In 2005, the State Services Commissioner's roles and responsibilities were significantly broadened. The State Sector Amendment Act (No 2) 2004 extended the State Services Commissioner's mandate to include responsibility for setting standards of integrity and conduct within the State Services generally<sup>1</sup>.

At the same time, the Crown Entities Act 2004 was introduced to provide coherent and comprehensive arrangements for the governance and accountability of Crown entities.

Crown entities are a very important part of the State Services. They manage approximately half of the Crown's physical assets and more than half of the Crown's total appropriations are spent on their operating costs. The size and scale of their operations means that Government's focus on performance and results includes a strong focus on Crown entity performance and results.

Public Service chief executives act as their Responsible Minister's agent in monitoring individual Crown entity capability and performance. In turn, the State Services Commissioner, who appoints and employs Public Service chief executives, reviews their performance on behalf of their Responsible Minister.

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<sup>1</sup> The State Sector Act defines the State Services as 'all instruments of the Crown in respect of the Government of New Zealand, whether Departments, corporations, agencies, or other instruments; and includes a Crown entity; and includes a Crown Research Institute; and includes the Education service ... but does not include the Governor-General; or any member of the Executive Council; or any Minister of the Crown; or any member of Parliament; or any corporation listed in Schedule 1 to the State-Owned Enterprises Act 1986; or any tertiary education institution'.

As more emphasis is placed on the performance of the State Services and on ensuring its agencies become more responsive and more attuned to the needs of New Zealanders, the arrangements that have been put in place in the Crown Entities Act will help drive the changes that are needed. Provisions in the Act:

- support clarity of roles and better alignment of Crown entities with other sectors of the State Services
- provide clarity about strategic interactions between Responsible Ministers and Crown entity boards, so as to help establish performance expectations
- set out expectations of statements of intent and annual reports, so as to ensure performance is clearly reported.

In addition, the State Services Commissioner will continue to promote good practice in support of those making appointments to key positions in the State Services (including appointments to boards), setting strategic direction for entities and sectors, and in monitoring performance.

## Operating Environment

The environment in which the SSC works is important as it affects the way in which work is undertaken to achieve the Development Goals and themes.

The world is continually changing. In some cases, change is rapid and can have both positive and negative impacts on what the SSC does and what it is seeking to achieve. For example, change in the area of information and communication technologies (ICT) means it is both more important to achieve the goal of Networked State Services, and easier to do so, as technological solutions continue to become available.

New Zealand, as part of the wider global community, faces issues of terrorism, biosecurity, pandemics, natural disasters, pressures on infrastructure, energy supply, climate change, labour market challenges (such as an undersupply of skilled workers in some industries) and changes in international balances of power. New Zealand is increasingly affected by international events and the SSC needs to be able to respond to trends and events that occur outside our shores. This necessitates the SSC developing a robust and flexible approach to how it goes about doing its business. The SSC is providing leadership across the State Services in seeking to address these issues and find solutions that fit for New Zealand. The SSC's expectation is that State Services agencies will work together on these issues when it makes sense for them to do so.

There are also national changes that the State Services needs to understand and respond to. New Zealand is an increasingly diverse society. One of the most important aspects of this change is that New Zealand, along with a number of other countries, is an ageing society. More people are living longer and birth rates are lowering. Another equally strong feature is the increasing ethnic diversity of the population. Migration patterns are changing and New Zealand is more dependent on immigration for its workforce needs. New Zealand is increasingly becoming a society where there is more choice with regard to lifestyle and values. New Zealand is showing a continued ability to adapt and innovate as a nation. The State Services also needs to adapt so it is able to respond to the expectations of all New Zealanders with regard to accessing government services.

The SSC also operates within a wider environment of government, and factors that drive Government priorities also, in some part, set the agenda for its work. Government's themes of *economic transformation*, *families – young and old*, and *national identity* will underpin not only the overall direction of Government, but they specifically impact on the SSC's work direction. The six Development Goals are all about making the system of government work better. When the system of government is working better, the Government is more able to effectively achieve its aims for New Zealanders.

The SSC works with a variety of different types of State Services agencies – Public Service departments, Crown entities and other State sector organisations. The SSC is continuing to develop ways of working effectively with these agencies. Staff throughout the State sector understand the need for change, evolution, development and growth, and the SSC is leading the State Services as it responds to these imperatives.

There are issues facing all New Zealanders in terms of the way the economy is managed. As a leader of the State Services, the SSC will provide a model for how the State Services can manage its obligations and achieve its priorities. The SSC will show through its leadership that living within our means is possible and desirable, and that fiscal responsibility can still mean effectiveness for the State sector.

Public trust in the integrity and effectiveness of the State Services remains a critical issue. It is made even more urgent by the fact that government investment in State Services capability over the past few years has been considerable. Government and the public rightly expect to see results from an investment of this magnitude. The SSC's leadership approach through the establishment of the State Services Development Goals will begin to impact in 2006/07 as the goals are better understood and are incorporated into thinking across the State Services. The best results in terms of developing public trust in the integrity and effectiveness of the State Services will be achieved by working together across the State sector. The whole should be greater than the sum of the parts.

## Central Agencies Shared Outcomes

*A high performing, trusted and accessible State sector, delivering the right things in the right way at the right prices.*

The primary common purpose of the central agencies is a shared or mutual interest in a high performing, trusted and accessible State sector. Central agencies have a key role to play in aligning the activities of the State Services with Government's priorities and making sure that Ministers receive the best possible advice before making decisions.

Each central agency has its own key responsibilities, but they also require contributions from the other two agencies. One of the main functions of the **Department of the Prime Minister and Cabinet (DPMC)** is to support the process of collective decision making, and to convey Cabinet's decisions to the relevant Ministers and officials. DPMC also has a role in conveying priorities to officials, which in 2006 involves a focus on the strategic themes of *economic transformation, families – young and old*, and *national identity*. DPMC also ensures that the Cabinet receives well-conceived and coordinated advice. **The Treasury** exists to monitor and manage the financial affairs of the Government and to provide economic and fiscal policy advice. As such, Treasury is the key agency to support Ministers in balancing priorities through the budget process, and to provide insight into the efficiency and effectiveness of government agencies and their interventions. The **State Services Commission** exists to appoint and manage Public Service chief executives, to provide leadership across the State Services, and to ensure that State servants are appropriately focussed on addressing the Government's priorities. These roles give the SSC opportunities to use performance management to encourage good performance, and to give expression to expectations about standards of work.

Over the last two years there have been some good examples of new and innovative approaches to working together, such as developing an approach that enables the central agencies to identify emerging performance problems early within agencies.

In 2006 and 2007 there will be a focus on the continuous improvement of the State Services.

The central agencies are reviewing and improving their monitoring and advice to Ministers on the performance of the State Services. This involves consideration by the central agencies of their individual and collective roles in managing State Services performance. Current areas of opportunity for improvement may include:

- setting performance expectations and using performance information to better manage performance
- supporting initiatives to improve value for money across the State sector
- providing support to the Prime Minister and Ministers in decision making
- facilitating sector-wide or all-of-government approaches, including ensuring clearer responsibility for leadership and coordination
- facilitating and, where appropriate, providing collective or connected services where this is beneficial to the performance of the State Services

- examining whether central agencies' tools are the right ones, are being used in the right way, and are well aligned and coordinated to achieve the desired effects on the performance of the State Services
- reviewing the way central agencies are organised, their processes and the way they are resourced to meet the current and future operating environment (including the way central agencies relate and link as required between themselves and with the State sector), and the adequacy of current arrangements to monitor and review the ongoing performance of central agencies.

The central agencies will review their role in managing the performance of the State Services as part of the programme of expenditure reviews agreed by Cabinet. This review will focus on performance, specifically:

- getting a shared understanding of the different dimensions of good performance and how it can be better supported by central agencies
- understanding how central agencies influence performance both separately and together
- determining some practical ways that central agencies could work in the future to improve the performance of the system as a whole.

# Achieving our Vision

## Performance Management for Public Service Chief Executives

Excellent leadership by Public Service chief executives of their departments is essential to a high performing department and a high performing Public Service.

A core responsibility of the State Services Commissioner is to appoint and employ Public Service chief executives on behalf of the Crown and to review the performance of each chief executive on behalf of their Responsible Minister. The effective recruitment, performance management support and ongoing development of chief executives are key functions to sustain excellent leadership of highly professional government agencies able to deliver quality services for New Zealanders.

As chief executives focus on the Government's three themes, there is an expectation that they will use the Development Goals as a way to lift their contribution to these themes and the overall performance of their agencies. How chief executives integrate the work within their agencies, as well as across agencies, around the Government's themes and the Development Goals will be a focus of the performance management relationship between the State Services Commissioner and Deputy Commissioners, and the chief executives.

The SSC regularly reviews its approach to chief executive performance management to ensure that it continues to reflect good practice. The most recent review is nearing completion and a number of enhancements will be implemented in the coming year.



## Goal 1: Employer of Choice and Goal 2: Excellent State servants

A well performing State Services can make a huge difference – to New Zealand’s success as a country and to the people who make up our society. More than 190,000 people work for the State Services. That is 13% of New Zealand’s workforce.

Improving productivity in the State Services and providing good value depend to a large extent on the capabilities and commitment of State servants. It is not sufficient to hope that the State Services will attract and retain quality State servants. The combined effects of a tight and shrinking global labour market, the different and more demanding expectations of a new generation of employees, the inevitable change in career opportunities in the State Services and increasing expectations of the public, require a significant change in how State servants are attracted, developed, engaged and retained.

These two Development Goals are about ensuring the State Services has positive workplaces populated by high performers. They are about ensuring that the State Services employers can compete in what is projected to be an extremely challenging labour market over the next two to three decades. They are about excellence, performance and results, and most definitely not about mediocrity or just getting by. They are about positioning the State Services for the 21st century world of work, where the work done will be different from today, and will continue to change.

The needs and aspirations of State Services employees are changing and many current employment and management practices have not kept pace with this change. Many traditionally accepted employment and people management practices are becoming increasingly irrelevant and/or counter-productive to improved results in the face of the changing nature of work and our changing workforce. The Development Goals in general, and goal 1 in particular, constitute a platform from which these fundamental changes are being expressed and addressed.

Looking ahead, the SSC’s people strategy will target the following areas of concern – attraction, development, retention, and engagement. Key initiatives for phase one of the implementation of Development Goals 1 and 2 through to 2007 include:

- attracting and hiring the best: understanding the labour market and ensuring the State Services is positioned well to attract and select high calibre candidates
- development: ensuring the frameworks, tools and practices exist to support staff development
- engagement: ensuring workplaces are positive and engage the support of State servants.

These are part of a strategic, whole-of-sector approach to materially enhance the State Services’ ability to attract, develop and retain a workforce that will meet the needs of the Government and New Zealanders.

### Goal 3: Networked State Services

The milestones associated with this goal are the most developed and structured. This is because work on e-government began in 2001 and has been progressing since then<sup>2</sup>. The E-government Strategy is currently on track to achieve the 2007 goal that *Networks and Internet technologies are integral to the delivery of government information, services and processes*. Achievement of this goal is required to achieve Government's vision for New Zealand leading the world in the use of ICT. Authentication is central to the success of this strategy.

A 2005 survey identified that more than 400 e-initiatives were underway in government agencies, with more than 100 data exchanges in place between government agencies. The e-government programme is working across the public sector, including local government, to ensure that on-line services are customer-centric in design and provide accessible, coordinated and trusted services, to support the Development Goals for the State Services.

Critical issues that will receive particular attention are:

- building support for collective initiatives, where there are limited benefits for early adopters but substantial benefits where a critical mass is achieved
- securing public uptake
- continuing to build confidence in the SSC as a credible supplier of operational services
- aligning priorities for technology investment and organisational change across agencies and departments.

The e-government work programme includes strategy, policy, technology projects, resources and standards, and operations, which together deliver the results expected by Ministers and the public. Looking forward, the focus is on supporting electronic delivery of citizen-centric government services, the ways that services are designed, governed and managed, as well as how they are packaged and presented when delivered electronically.

The SSC's work to support this e-government future includes standards and architectures, governance and management, and commissioning and managing the development and operation of shared infrastructure for use across government.

Some of the key initiatives that comprise the work programme for the coming year include:

#### **E-government Strategy review**

The E-government Strategy was initially launched in April 2001, and was reviewed and updated in June 2003. It is an aspirational statement of the Government's vision and commitment to using public sector information and technology to improve public sector performance in delivering results to New Zealanders.

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<sup>2</sup> For more information, refer to the e-government website at: <http://www.e.govt.nz/>.

The E-government Strategy review will test some of the basic assumptions about e-government in New Zealand (e.g. emphasis on supply, not demand; creating the standards and foundations; agencies delivering e-government; e-government as an enabler of change) to determine whether there is any need for a:

- change to the direction (goals) of the E-government Strategy; and
- change to the approach to implementation of the E-government Strategy.

The revised strategy will be available by June 2006, with implementation to be rolled out in 2006/07.

#### **All-of-government Authentication Programme**

This programme will allow people using government services online to conveniently, securely and privately identify themselves, and to confirm that identity at subsequent interactions with those agencies.

In 2006/07 the project will move beyond the initial implementation phase:

- The standards for authentication will be actively managed to ensure their effective use.
- The all-of-government shared service for the management of Internet logons (the Government Logon Service) will be available for agency operation, subject to successful completion of the pilot.
- The programme will further develop, with the Department of Internal Affairs, government's ability to leverage existing investment in high-quality evidence of identity processes to develop an online Identity Verification Service.

#### **Interoperability**

The SSC will continue to develop, support and promote use of the E-government Interoperability Framework (e-GIF) – a set of interoperability standards and guidelines mandated by Cabinet for use by core Public Service agencies.

#### **Government Shared Network**

The Government Shared Network (GSN) is a high speed broadband network connecting participating government agencies and will be a foundation for transformational improvement in the State Services. The GSN makes a valuable contribution to the Digital Strategy connection goal that New Zealand will be in the top quarter of the OECD<sup>3</sup> for broadband uptake by 2010.

The use of telecommunications by many government agencies can be significantly improved by adopting a corporate approach to security, connection and cost effectiveness.

There is a current and increasing danger to the integrity of government information systems. The security of government information systems will be significantly improved by consolidating expertise and resources at a small number of network connections.

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<sup>3</sup> OECD refers to the Organisation for Economic Cooperation and Development.

The GSN will provide connection at the telecommunications network layer, which will help to achieve collaboration between agencies for data exchange, shared services and joint service delivery.

Significant improvements in cost-effectiveness can be achieved through consolidated use of network services. The GSN will replace and rationalise duplicated services currently employed by government agencies and deliver a full suite of converged voice, video and data transmission at a lower unit cost than that currently available to many agencies through existing supply arrangements.

#### **Public Sector Intranet (PSI)**

The SSC will implement and promote a central location for agencies to:

- promote guides/resources that other agencies might/should use
- help discover what other agencies are doing
- locate contacts in other agencies
- find information on good practice in the New Zealand public sector.

During the pilot phase there has been wide take up of the Intranet by agencies, and ongoing work will aim at expanding the content and coverage across the State Services.

#### **Operations**

The SSC is the custodian of the infrastructure and services provided for all-of-government operations for:

- Shared Workspace – a secure, electronic, shared workspace for supporting networks, projects, and policy development across government.
- Directory – an authoritative directory of agency contact information.
- All-of-government web portal – [www.govt.nz](http://www.govt.nz) – a single site for access to services from all government agencies.
- SEEMail – the standard used across government to provide secure electronic transfer of email.
- Domain name moderation – assessment of requests for ‘.govt.nz’ names that gives citizens confidence in their communications with government entities.

The SSC will continue to strengthen this function, which was established in 2005/2006 to provide ongoing support for the operation of all-of-government infrastructure for the State Services. More details are available at <http://www.e.govt.nz/>.

## Goal 4: Coordinated State agencies

The Coordinated State agencies goal is about supporting and promoting State agencies to work together to improve the effectiveness and efficiency of services to New Zealanders. Public management systems and clarity of accountabilities have improved substantially over the last two decades. Since 2001, departments have been expected to define clearly the outcomes they are pursuing on behalf of the Government and how their activities contribute to the results required. Agencies have also increased their cooperation as they have worked together to achieve results, particularly with shared services. Accountability to Parliament has been strengthened by means of improvements in the transparency of information presented to Select Committees, and the Crown Entities Act 2004 consolidated similar governance and accountability requirements for Crown entities.

But there are still gaps. For example:

- the accountability challenge is to establish cross-entity, cross-sector or all-of-government accountabilities in a manner that makes a meaningful connection with shared results; and
- organisational structures generally do not facilitate a focus on shared outcomes.

The Coordinated State agencies goal aims to ensure *the total contribution of government agencies is greater than the sum of its parts*. The SSC will, over the next year, focus on the following priority areas.

### **Ensuring the public management system supports the Government's three themes**

Working with central agencies and cluster agencies leading the work on the Government's three themes, the SSC will examine the public management system's ability to achieve good coordination among departments and Crown entities.

### **Crown Entities Act 2004 – implementation support**

The SSC will provide support for departments in their roles in relation to Crown entities. Ongoing work, with other central agencies, will continue to target support for Crown entities and monitoring departments to better manage for results, including updated guidance and networking support. The SSC is also updating guidance for board appointment and induction; and continuing to provide advice on Crown entity chief executive remuneration.

### **Development of trans-Tasman institutional arrangements**

The SSC is engaged in a specific project looking at coordination arrangements internationally. Interim governance and accountability arrangements for a joint therapeutic products agency between New Zealand and Australia are in progress. Cabinet has directed that, as part of the work, the SSC is to lead the discussions on generic trans-Tasman arrangements. This includes the identification, negotiation and development over the next three years of generic governance and accountability frameworks.

### **Improving performance – expenditure reviews**

The SSC will continue to support the Minister of State Services and other Ministers to improve performance through their programme of expenditure reviews and other enhancements to public sector management arrangements.

## Goal 5: Accessible State Services

The combined effect of achieving the Development Goals on employment, excellent State servants, networking, coordination and trust is that New Zealanders experience accessible, responsive and effective services.

At the high level this goal seeks to *enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services*. The path to achieving this goal includes achieving the 2007 milestone of *no wrong door – any New Zealander accessing government services will be referred appropriately to the organisation best able to address their concerns*.

Research is needed to determine whether the State Services (generally or specifically) is poor, average or good in terms of accessibility for New Zealanders, and in terms of important dimensions of accessibility like inter-agency referrals. In March and April 2006 the SSC undertook a pilot study in Rotorua which identified how accessible and responsive services in that community are. The pilot also tested SSC's research methodology. The results of this work are not available at the time of preparing this *Statement of Intent*, but when the results are available the SSC will, as appropriate:

- share examples of good practice
- identify barriers that prevent access to government services
- identify and promote interventions (specific and general) to support improved performance, especially in relation to 'no wrong door' i.e referral services
- expand the inquiry method to other communities, or modify and expand it
- define expectations in relation to achieving the 2007 'no wrong door' milestone.

This work is intended to increase the capacity of the State Services to learn from New Zealanders' views on what works, and what does not, in terms of access to services.

The SSC is embarking on new research in the coming year, consistent with the Development Goals on access, coordination and trust. This original research will generate new data, information and knowledge that will allow the SSC to better understand how New Zealanders think about the State Services and, therefore, how they might describe their experiences with them. There is clearly a difference between 'customer satisfaction' when purchasing a piece of whiteware, and 'customer satisfaction' when paying a fine, or even receiving a benefit.

## Goal 6: Trusted State Services

The 2007 milestone for this goal is that *agencies of the State Services demonstrate their commitment to earning trust by working with the State Services Commissioner to develop and promote codes of conduct.*

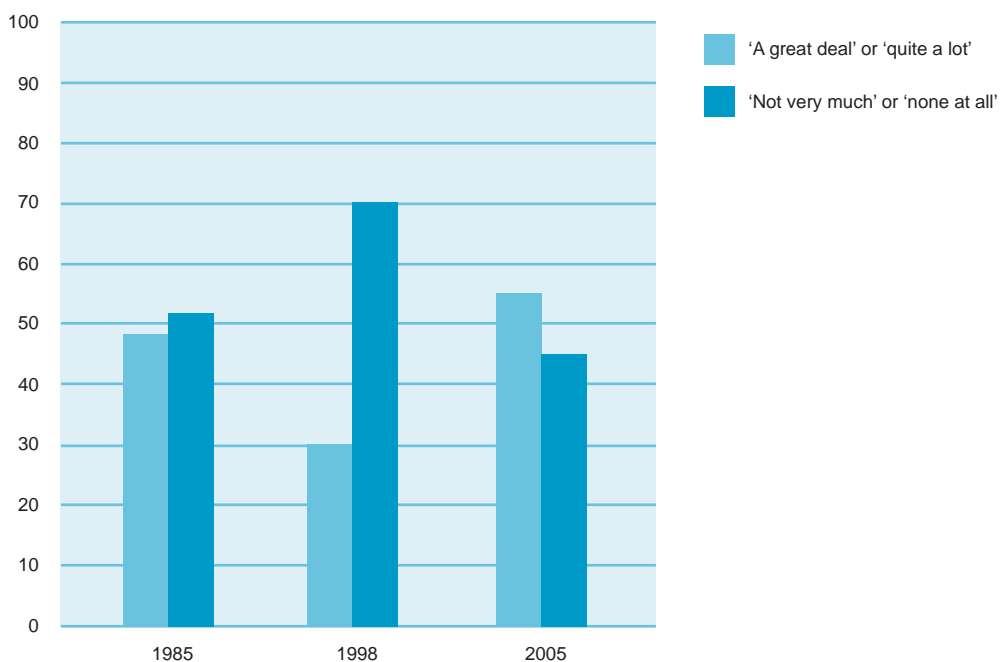
The strength of any government lies in the extent to which it earns and holds the respect of its citizens. Respect comes from the confidence people have in the integrity of government and the services it provides. Everyone employed in the State Services has a part to play in earning public respect and maintaining confidence in government.

New Zealanders expect government agencies to comply with the letter and the spirit of the law. They expect decisions to be made fairly and impartially. They expect that public money will be spent prudently and public assets will be used and cared for responsibly. They expect that State servants will behave ethically, and be conscientious and competent in their work.

Where expectations are not met, people lose trust in government: they don't seek the help they are entitled to; they don't provide information necessary for delivering effective services; they resist paying tax and become increasingly resentful of the State Services. A perceived 'integrity failure' in one part of government can impact negatively on the opinion people hold of all the State Services.

Over the past two decades, most OECD countries have experienced a loss of trust in government. The 2005 Study of Values survey<sup>4</sup> indicated that opinion in New Zealand is going against that trend. The report indicates that 56% of respondents have 'a great deal' or 'quite a lot' of confidence in the Public Service. This is a substantial change from previous surveys.

### Confidence in the Public Service



<sup>4</sup> The New Zealand Study of Values is a part of the World Values Survey (WVS), which consists of interviews with representative population samples in 60 countries.

New Zealand continues to be regarded internationally as corruption-free, rated second place in 2004 and 2005 by Transparency International in its Corruption Perceptions Index.

The SSC's work programme over the coming year focusses on the following elements:

**Trustworthy State servants**

The SSC undertook an engagement programme with Crown entities to identify integrity and conduct provisions already in place, and to explore whether setting additional standards may contribute to increased trust in government. The next stage of this major project focusses on the setting of minimum standards and whether they should be applied to different agencies by way of a code of conduct.

**Maintaining and building high public trust in the State Services**

Ensuring agencies deliver services in a way that builds trust is also important for achieving the goal. Two activities are planned for this coming year:

- Foundation research to measure New Zealanders' experience of State Services; and
- Working with agencies to survey employees to establish a baseline to measure the trustworthiness of State servants and the effects of the integrity focus.



## Challenges the State Services Commission Faces

The challenges that the SSC faces lie in its ability to operationalise the Development Goals and influence the State Services. The challenge is threefold. The SSC needs to meet the challenge of *communicating* or promoting the goals and their place in the State Services as coordinators of activity, and the SSC also needs to manage expectations about what can reasonably be achieved. The SSC needs to meet the challenge of *coordinating* agencies so they work together effectively to achieve their own goals while contributing to the achievement of the Development Goals as well as Government's themes. The SSC needs, finally, to meet the challenge of getting an *integrated programme* going within the SSC to achieve the goals in the most efficient and effective way, and ensuring its activities are focussed on the activities that will make the greatest difference to New Zealanders.

The SSC is also facing challenges in terms of the need it has to demonstrate the delivery of value for money to the Government and the New Zealand taxpayer. The SSC faces challenges in the less-than-positive perceptions some people hold with regard to the agencies of the State Services as employers. The SSC faces challenges in terms of the limited public understanding of the employment opportunities in the State sector in an increasingly complex work environment. The SSC also faces the challenge of pursuing implementation of the goals without significant increases in its baseline funding.

The key feature of the SSC's approach to enabling change for the better is to lead by example. The SSC will build on existing relationships to work cooperatively and supportively with agencies across the sector, and will ensure that the Development Goals are included in the thinking and planning of all agencies.

## Measuring Progress

In 2006/07, the SSC will focus on developing an evaluation framework around the Development Goals. The aim of this work is to ensure that the SSC can gauge progress, initially towards the 2007 Development Goal milestones and, finally, against the 2010 milestones.

In order to keep its eye on the wider, longer-term goals the SSC will produce an initial *State of the Development Goals* report in June 2006. This report will deliver baseline data against which progress towards our 2007 milestones can be measured.

This report is expected to reveal that the SSC can identify indicators and proxies against which progress towards the Development Goals might be tracked. It will not, however, fill all the gaps of knowledge about progress. This work is expected to allow the SSC in 2006/07 to:

- identify existing, but as yet untapped, sources of information/data
- define new research/inquiry approaches to better understand how well the State Services is progressing toward the goals
- describe other ways that the agencies of the State Services might improve their performance against the goals.

Once this initial *State of the Development Goals* report has been completed, the information obtained will be used to influence future work plans. New streams of work may need to be developed, or existing ones altered, to ensure that the SSC remains on track for achieving the 2007 and 2010 milestones. It is too early to say what magnitude of change, if any, will be required. The SSC intends repeating this report in 2007/08 so that progress can be measured.

The SSC is also working to more closely integrate its role in performance management of chief executives with the Development Goals programme and with the Government's three themes. The SSC intends to discuss and agree with chief executives how their department, and any associated Crown entities can best contribute to achieving on the Government's themes, and other business, through the Development Goals.

In 2006/07, as each Deputy Commissioner plans for the achievement towards the 2007 milestone they will also determine how that work will be evaluated. These plans take account of, and build on, our existing evaluative activity including those in relation to the Employer of Choice Framework, Senior Leadership Management Development Programme, and the E-government Strategy.

SSC also works with the Advisory Committee on State Services (ACSS), whose role is to assist the State Services Commissioner to achieve the Development Goals for the State Services and to provide momentum and support for the development programme. The ACSS focuses on three areas: planning, monitoring progress and integration across the State Services.

## Capability

The Development Goals are aspirational and will not be achieved by the SSC alone, as the programme is far broader than could be completed by any one agency. However the SSC has responsibility for ensuring that it has the capability required to drive the Development Goals programme.

The Deputy State Services Commissioner, through his leadership of the Performance Management Branch, has overall responsibility for ensuring performance management, and for monitoring and driving progress by departments towards achievement of the Development Goals. His branch is responsible for providing leadership in relation to all aspects of chief executive appointment and performance management.

All Deputy Commissioners have performance management responsibilities for relationship and performance management of allocated agencies, and all have regional responsibilities.

The SSC implemented an internal re-organisation on 1 July 2005 to ensure that it was well aligned with the goals. This new structure means that responsibility for each Development Goal resides with a Deputy Commissioner of a branch. For example, the *Employer of Choice* and *Excellent State servants* goals are the responsibility of the Deputy Commissioner, People Capability. The *Networked State Services* goal is the responsibility of the Deputy Commissioner, Information and Communication Technologies. The goal of *Accessible State Services* is the responsibility of the Deputy Commissioner, Development, while responsibility for the *Coordinated State agencies* and *Trusted State Services* goals rests with Deputy Commissioner, Governance. Each of these Deputy Commissioners has overall responsibility for planning and implementing the rollout of the Development Goal or Goals in their area. This will include responsibility for planning and evaluation of progress.

The SSC is also supported by the Corporate Services Branch. The Deputy Commissioner, Corporate Services' role is to ensure that the SSC has the capability necessary to support and facilitate the achievement of the Development Goals. This includes ensuring that the SSC develops the right organisational culture, has the necessary resources, and has appropriate systems and processes in place so that it can deliver the right things at the right time, while meeting its statutory obligations as an employer and Public Service department. Currently, Corporate Services Branch's priorities are to make the SSC a preferred employer, fill the SSC's talent bench, ensure SSC people have a shared mindset, manage information, and manage stakeholders.

The State Services Commissioner also leads a small Commissioner's Office, which supports him in his functions. This includes a Legal Team, which ensures that the State Services Commissioner has ready access to legal advice concerning the exercise of statutory powers. Occasional ad hoc functions will also be added to this Office.

The structure of the SSC is attached as Appendix One.

## Risk Management

As already stated, a core responsibility of the State Services Commissioner is the appointment, employment and performance management of Public Service chief executives. Each appointment process carries a number of risks, as the appointment of a suitable candidate is dependent on the SSC's ability to determine and articulate the strategic direction of the department for the next five years, the translation of that information into a position description which clearly articulates the requirements of a chief executive, then finding the right person for the role. After the appointment process is complete, the SSC continues to manage risks around the retention, development and ongoing performance management of each chief executive. The SSC continuously reviews the systems and processes it uses to ensure that they reflect good practice and to minimise the risk from these activities.

The implementation of the Development Goals programme attracts different risks. As already stated, the goals are aspirational and will not be achieved by the SSC alone. The SSC faces a number of challenges as it works to influence the State Services and implement its work plans. This means that the SSC faces a number of strategic risks, including:

- ensuring the interventions chosen are cost effective, and will contribute to the achievement of the Government's themes, the Development Goals, and the 2007 and 2010 milestones
- ensuring the work programmes for each goal are well integrated
- ensuring the SSC has the capability and capacity (including the funding) to deliver the agreed work programme
- influencing other agencies to contribute to the achievement of the Development Goals by participating in and supporting the SSC's work programme and/or aligning their activities with the Development Goals.

The SSC will mitigate these risks to the maximum extent possible through good planning and project management, as well as focussed reporting and relationship management activities.

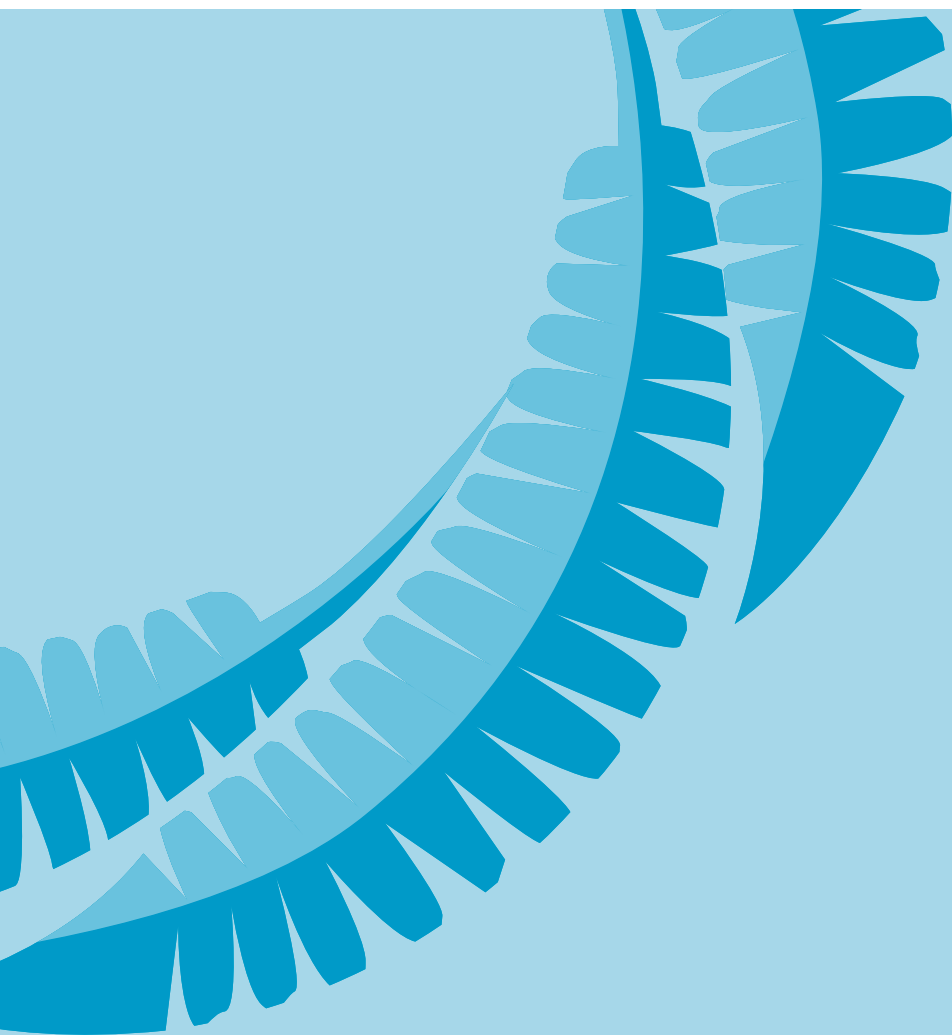
## Other Business

While most of SSC's effort will be directed to supporting the State Services Commissioner in the leadership and management of the achievement of the Development Goals, the SSC has other responsibilities, which must be done well. This includes:

- provision of support to the Minister of State Services for correspondence, parliamentary questions and, as required, responses to select committees
- maintaining government-to-government relationships through participation in international fora and briefings to international delegations
- provision of accounting services for some other Public Service departments
- management of the residual records of disestablished government departments
- management of the outstanding legal liabilities of the pre-1988 SSC and the former Ministry of Works and Development.



# Financial Statements





## Financial Statements

The Minister of State Services is the Responsible Minister for the State Services Commission.

## Statement of Responsibility

The information contained in this *Statement of Intent* for the State Services Commission has been prepared in accordance with section 38 of the Public Finance Act 1989.

The State Services Commissioner, as chief executive of the State Services Commission, acknowledges, in signing this statement, his responsibility for the information contained in this *Statement of Intent*.

The performance forecast for each class of outputs in the statement of forecast service performance is as agreed with the Minister responsible for Vote: State Services administered by the State Services Commission.

The financial performance forecast for the State Services Commission in the forecast financial statements, and the statement of forecast service performance, are as agreed with the Minister of State Services who is the Minister responsible for the financial performance of the State Services Commission.

The information contained in this *Statement of Intent* is consistent with existing appropriations, and with the appropriations set out in the Appropriation (2006/07 Estimates) Bill.



Mark Prebble  
State Services Commissioner  
26 April 2006



Shareez Farouk  
Chief Financial Officer  
26 April 2006

## Introduction and Highlights

This part of the *Statement of Intent* of the State Services Commission (SSC) includes the financial statements for 2006/07. These set out how the SSC's role in leading and managing the Development Goals for the State Services, and the SSC's other business, will be funded.

For the year ending 30 June 2007 the SSC expects:

- to earn \$33.710 million in revenue from the Crown and \$5.633 million from others for the purchase of services. These will be supplied under the four output classes, which are detailed in the Output Class Descriptions
- to incur expenses of \$39.343 million in providing these services.

In addition, the SSC administers on behalf of the Crown:

- \$4.566 million for the payment of benefits and other unrequited expenses.
- \$88.359 million for the payment of employers' contributions to the State Sector Retirement Savings Scheme.
- \$11.965 million for the payment of salaries and costs relating to the employment of Public Service chief executives and for the settlement of legal liabilities incurred by now-disestablished Public Service departments.
- \$866,000 for non-departmental outputs.

The SSC expects to collect, on behalf of the Crown, \$11.020 million from government departments for reimbursement of the costs of chief executive salaries.

Details of what the appropriations will be spent on appear in Parts B, C, D and E of Vote State Services in the 2006/07 Estimates.



## Financial Highlights

	<b>2005/06 Budgeted</b>	<b>2005/06 Estimated Actual</b>	<b>2006/07 Budgeted</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Revenue Crown	40,302	38,540	33,710
Revenue other	6,506	6,506	5,633
Total expenses	49,536	46,149	39,343
Net surplus / (deficit)	(2,728)	(1,103)	–
Taxpayers' funds	20,654	18,354	21,560
Net cash flows from operating and investing activities	(11,211)	(8,217)	(7,827)

## Departmental Capital Expenditure

(to be incurred in accordance with section 24 of the Public Finance Act 1989)

	Forecast 2006/07 \$000	Estimated Actual 2005/06 \$000	Budget 2005/06 \$000	Actual 2004/05 \$000	Actual 2003/04 \$000	Actual 2002/03 \$000	Actual 2001/02 \$000
Computer equipment and software, and plant	9,183	10,333	12,633	2,167	1,353	1,248	4,691
Motor vehicles	–	–	–	26	–	–	–
Furniture and fittings	674	843	843	226	336	1,433	1,413
<b>Totals</b>	<b>9,857</b>	<b>11,176</b>	<b>13,476</b>	<b>2,419</b>	<b>1,689</b>	<b>2,681</b>	<b>6,104</b>

### Departmental capital expenditure

Of the forecast capital expenditure of \$9.857 million for the 2006/07 financial year, \$7.540 million is estimated to be spent on e-government initiatives, and \$2.317 million on other assets.

### E-government initiatives

	\$million
Government shared network	3.206
Authentication Initial Implementation	0.723
Government Logon Service rollout	2.384
E-government infrastructure	1.227
<b>Total</b>	<b>7.540</b>

### Other assets

Capital expenditure of \$2.317 million is estimated to be spent as follows: \$0.650 million on the refurbishment of level 3 of the building occupied by the SSC, \$0.100 million on the enhancement of the New Zealand Government Jobs Online website, and the balance (\$1.567 million) on replacement and upgrade of the department's information technology and office equipment to help the delivery of the services set out in this *Statement of Intent*.

# Forecast Financial Statements

## Statement of prospective financial performance

for the year ending 30 June 2007

	2005/06 Budget	2005/06 Estimated Actual	2006/07 Budget
	\$000	\$000	\$000
<b>Revenue</b>			
Crown	40,302	38,540	33,710
Departments	2,370	2,370	1,876
Other	4,136	4,136	3,757
<b>Total revenue</b>	<b>46,808</b>	<b>45,046</b>	<b>39,343</b>
<b>Expenses</b>			
Personnel	17,450	17,450	18,073
Operating	25,778	24,016	16,740
Asset Write Off	103	103	–
Depreciation	2,640	2,640	3,522
Capital charge	940	940	1,008
Other expense	2,625	1,000	–
<b>Total expenses</b>	<b>49,536</b>	<b>46,149</b>	<b>39,343</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(2,728)</b>	<b>(1,103)</b>	<b>–</b>

## Statement of prospective movements in taxpayers' funds (equity)

For the year ending 30 June 2007

	2005/06 Budgeted Position 30 June 2006 \$000	2005/06 Estimated Position 30 June 2006 \$000	2006/07 Forecast Position 30 June 2007 \$000
<b>Taxpayers' funds at start of period</b>	10,602	10,602	18,354
<i>Movements during the year (other than flows to and from the Crown)</i>			
Net (deficit)/total recognised revenues and expense for the period	(2,728)	(1,103)	–
<i>Adjustment for flows to and from the Crown</i>			
Capital contribution	12,780	8,855	3,206
Provision for payment of surplus to the Crown	–	–	–
<b>TAXPAYERS' FUNDS AT END OF THE PERIOD</b>	<b>20,654</b>	<b>18,354</b>	<b>21,560</b>

## Statement of estimated financial position

As at 30 June 2006

## Prospective financial position

As at 30 June 2007

	2004/05 Actual Position 30 June 2005 \$000	2005/06 Budgeted Position 30 June 2006 \$000	2005/06 Estimated Position 30 June 2006 \$000	2006/07 Forecast Position 30 June 2007 \$000
<b>Assets</b>				
<i>Current assets</i>				
Cash and bank balances	14,331	13,574	12,643	8,022
Receivables and advances	868	920	920	745
Prepayments	86	86	86	86
<b>Total current assets</b>	<b>15,285</b>	<b>14,580</b>	<b>13,649</b>	<b>8,853</b>
<i>Non-current assets</i>				
Physical assets	4,932	15,666	13,366	19,701
<b>Total non-current assets</b>	<b>4,932</b>	<b>15,666</b>	<b>13,366</b>	<b>19,701</b>
<b>TOTAL ASSETS</b>	<b>20,217</b>	<b>30,246</b>	<b>27,015</b>	<b>28,554</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Payables and provisions	6,023	8,325	7,394	5,727
Provision for payment of surplus	2,326	–	–	–
Provision for employee entitlements	619	619	619	619
Revenue received in advance	98	98	98	98
<b>Total current liabilities</b>	<b>9,066</b>	<b>9,042</b>	<b>8,111</b>	<b>6,444</b>
<i>Term liabilities</i>				
Payables and provisions	549	550	550	550
<b>Total term liabilities</b>	<b>549</b>	<b>550</b>	<b>550</b>	<b>550</b>
<b>TOTAL LIABILITIES</b>	<b>9,615</b>	<b>9,592</b>	<b>8,661</b>	<b>6,994</b>
<b>Taxpayers' funds</b>				
General funds	10,602	20,654	18,354	21,560
<b>TOTAL TAXPAYERS' FUNDS</b>	<b>10,602</b>	<b>20,654</b>	<b>18,354</b>	<b>21,560</b>
<b>TOTAL LIABILITIES &amp; TAXPAYERS' FUNDS</b>	<b>20,217</b>	<b>30,246</b>	<b>27,015</b>	<b>28,554</b>

## Statement of prospective cash flows

For the year ending 30 June 2007

	2005/06 Budget	2005/06 Estimated Actual	2006/07 Budget
	\$000	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash provided from:			
Supply of outputs to:			
- Crown	40,302	38,540	33,710
- Departments	2,744	2,744	1,932
- Other	3,710	3,710	3,876
Cash was applied to:			
Produce outputs:			
- Personnel	(17,450)	(17,450)	(18,073)
- Operating	(23,919)	(22,814)	(18,238)
- Capital charge	(940)	(940)	(1,008)
- Other expense	(2,182)	(831)	(169)
<b>Net cash flows from operating activities</b>	<b>2,265</b>	<b>2,959</b>	<b>2,030</b>
<b>Cash flows from investing activities</b>			
Cash provided from:			
Sale of physical assets	-	-	-
Cash disbursed to:			
Purchase of physical assets	(13,476)	(11,176)	(9,857)
<b>Net cash flows from investing activities</b>	<b>(13,476)</b>	<b>(11,176)</b>	<b>(9,857)</b>
<b>Cash flows from financing activities</b>			
Cash provided from:			
Capital contribution	12,780	8,855	3,206
Cash disbursed to:			
Payment of surplus to Crown	(2,326)	(2,326)	-
<b>Net cash flows from financing activities</b>	<b>10,454</b>	<b>6,529</b>	<b>3,206</b>
<b>Net increase/(decrease) in cash held</b>	<b>(757)</b>	<b>(1,688)</b>	<b>(4,621)</b>
Opening total cash balances	14,331	14,331	12,643
<b>FORECAST CLOSING TOTAL CASH BALANCES</b>	<b>13,574</b>	<b>12,643</b>	<b>8,022</b>

## Reconciliation of prospective net cash flow from operating activities to net surplus in the statement of prospective financial position

For the year ending 30 June 2007

	2005/06 Budget	2005/06 Estimated Actual	2006/07 Budget
	\$000	\$000	\$000
<b>SURPLUS/(DEFICIT) FROM THE STATEMENT OF PROSPECTIVE FINANCIAL PERFORMANCE</b>	<b>(2,728)</b>	<b>(1,103)</b>	–
<i>Non-cash items</i>			
Depreciation	2,640	2,640	3,522
Increase/(decrease) in non-current employee entitlements	–	–	–
Other non-cash items	103	103	–
<b>Total non-cash items</b>	<b>2,743</b>	<b>2,743</b>	<b>3,522</b>
<i>Movements in working capital items</i>			
(Increase)/decrease in receivables	(52)	(52)	175
(Increase)/decrease in prepayments	–	–	–
Increase/(decrease) in payables and provisions	2,302	1,371	(1,667)
Increase/(decrease) in revenue in advance	–	–	–
Increase/(decrease) in employee entitlements	–	–	–
<b>Total movements in working capital</b>	<b>2,250</b>	<b>1,319</b>	<b>(1,492)</b>
<i>Add/(deduct) items classified as investing activities</i>			
Increase/(decrease) in receivables	–	–	–
Net loss/(gain) on sale of fixed assets	–	–	–
<b>Total items classified as investing activities</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,265</b>	<b>2,959</b>	<b>2,030</b>

## Forecast details of fixed assets by category

As at 30 June 2007

	30 June 2006	30 June 2006	30 June 2007 Forecast Position			
	Budgeted Position	Estimated Actual Position	Depreciation	Cost	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000	\$000	\$000	\$000
Furniture and fittings	1,466	1,466	585	4,573	3,018	1,555
Computer equipment and software, and plant	14,181	11,881	2,932	30,762	12,630	18,132
Motor vehicles	19	19	5	26	12	14
<b>TOTALS</b>	<b>15,666</b>	<b>13,366</b>	<b>3,522</b>	<b>35,361</b>	<b>15,660</b>	<b>19,701</b>



## Forecast financial performance indicators

2005/06 and 2006/07

	Unit	2005/06 Budget	2005/06 Estimated Actual	2006/07 Budget
<b>OPERATING RESULTS</b>				
Revenue other	\$000	6,506	6,506	5,633
Total expenses	\$000	49,536	46,149	39,343
Operating surplus/(deficit) before capital charge	\$000	(1,788)	(163)	1,008
Net surplus/(deficit)	\$000	(2,728)	(1,103)	–
<b>RESOURCE UTILISATION</b>				
Physical assets:				
Total physical assets at year end	\$000	15,666	13,366	19,701
Additions	\$000	13,476	11,176	9,857
Additions as % of physical assets	%	86	84	50
Accommodation cost per employee	\$000	10	9	9
<b>FORECAST NET CASH FLOWS</b>				
Surplus/(deficit) on operating activities	\$000	2,265	2,959	2,030
Surplus/(deficit) on investing activities	\$000	(13,476)	(11,176)	(9,857)
Surplus/(deficit) on financing activities	\$000	10,454	6,529	3,206
Net increase/(decrease) in cash held	\$000	(757)	(1,688)	(4,621)
<b>HUMAN RESOURCES</b>				
Staff turnover	%	15	21	18
Total staff	No.	180	231	213
Training as % of hours worked	%	1.8	2.2	2.2

## Statement of Forecast Service Performance

The SSC has committed to provide four output classes in 2006/07 that meet the requirements of the Minister of State Services in terms of their description, quantity, quality, timeliness and costs.

### Output operating statements: 2006/07

Departmental Output Class Description	REVENUE			EXPENSES	SURPLUS
	Revenue Crown	Revenue Departments	Revenue Other	Total Expenses	Surplus/ (Deficit)
	\$000	\$000	\$000	\$000	\$000
E-government Development and Operations	14,213	178	5	14,396	–
State Services development, governance and performance	11,057	788	45	11,890	–
State Services people capability	8,040	910	3,707	12,657	–
Treaty Information	400	–	–	400	–
<b>TOTAL DEPARTMENTAL OUTPUT CLASSES</b>	<b>33,710</b>	<b>1,876</b>	<b>3,757</b>	<b>39,343</b>	<b>–</b>

# Output Class Descriptions

## E-government Development and Operations

This output expense is related to Development Goal Three: Networked State Services. It provides for the development, operations and evaluation of e-government services, infrastructure and initiatives for the government, including:

- developing the e-government strategy and provision of policy advice
- developing and operating all-of-government e-government standards and infrastructure
- initial implementation of the all-of-government authentication of identity solution.

This will include:

- reviewing the E-government Strategy and Programme in the light of progress achieved and challenges identified
- continuing the e-government research and evaluation programme, including the assessment of alignment of agency activities with the E-government Strategy
- identifying and addressing policy issues affecting the delivery of the E-government Strategy
- developing an enterprise architecture for government to facilitate networking and integration of service delivery
- implementing all-of-government online authentication
- implementation of all-of-government shared service for the management of Internet logons (the Government Logon Service)
- development of an online Identity Verification Service subject to successful completion of the pilot with the Department of Internal Affairs (DIA)
- continue to develop, support and promote the use of E-government Interoperability Framework (e-GIF)
- launch, support and promotion of the Public Service Intranet
- updating existing guidelines, continue development and promotion of the e-government interoperability framework (e-GIF)
- implementing services based on the e-GIF, such as directory, change of address notification and intranet
- operating, maintaining and enhancing all-of-government services, including the all-of-government web portal, the metadata collection, the Secure Electronic Environment and shared workspaces
- selection and implementation of Search.govt.nz
- support of .govt.nz domain names
- support all-of-government software contracts.

## Government Shared Network

The Government Shared Network (GSN) project is intended to become an output expense for the 2006/07 financial year and is related to Development Goal Three: Networked State Services. The GSN is one of the core components of the Government's Digital Strategy and part of the e-government programme.

The GSN:

- integrates a dedicated, high speed, secure, nationwide Telecommunications network infrastructure for government agencies
- brings advanced telecommunications capabilities available in the New Zealand market within the reach of all agencies
- encourages collaboration between agencies and will enable the realisation of commercial and operational benefits by consolidating network infrastructure
- delivers a portfolio of common services that will be available to participating agencies including:
  - high-speed interconnection of agencies with adherence to a 'restricted' level standard
  - a secure remote access
  - a secure Internet Gateway with security features including, virus and SPAM filtering
  - internet telephony
  - a disaster recovery site connection and the associated billing systems.

The GSN initial implementation has been managed as a capital project. While the output class for GSN has been established, detailed work is still underway to finalise the revenue and operating expenditure estimates for 2006/2007.

<b>Products and Services to be delivered in support of Output Class: E-government Development and Operations</b>	<b>Performance measures for this Output Class will include:</b>
E-government strategy and development	<p>Complete strategy review.</p> <p>Implement strategy in 2006/07.</p> <p>Undertake agreed policy work and research programme in 2006/07.</p> <p>Ensure the agreed information and communication technologies (ICT) education programme is delivered in 2006/07.</p>
E-government projects	<p>Implement a Public Sector Intranet (PSI) for agencies, and promote its use in 2006/07.</p> <p>Support and promote the use of the E-government Interoperability Framework (e-GIF) in 2006/07.</p> <p>Identify and implement appropriate solutions for Search.govt.nz in 2006/07.</p> <p>Monitor major public sector information technology projects in 2006/07.</p>
All-of-government operations	<p>Manage all-of-government shared infrastructure and services provided for operations, including shared workspace, directory, all-of-government web portal, SEEMail and domain name moderation in 2006/07 to agreed service levels.</p> <p>Complete the ICT expenditure review in accordance with the agreed terms of reference in 2006/07.</p>
Authentication of identity	<p>Manage the authentication standards in 2006/07.</p> <p>Complete the pilot of the Government Logon Service (GLS).</p> <p>Subject to a successful pilot, rollout the GLS across government agencies in 2006/07.</p> <p>Work with Department of Internal Affairs to design an online Identity Verification Service.</p>
Government Shared Network	<p>Finalise operating revenue and expenditure estimates for 2006/07.</p> <p>Plan, design, build and implement a Government Shared Network (GSN) in 2006/07.</p> <p>Aim to have eight foundation agencies using GSN.</p>

NOTE: The Output Plan will include more details of the products and services to be delivered, and the performance measures for each activity.

## State Services Development, Governance and Performance

This output expense provides for the development, governance and performance management role of the State Services Commission in the State sector. This output contributes to the achievement of Development Goal Four: Coordinated State agencies, Development Goal Five: Accessible State Services and Development Goal Six: Trusted State Services.

It will include the development and leadership of programmes designed to:

- enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services
- strengthen trust in the State Services, and reinforce the spirit of service
- ensure the total contribution of government agencies is greater than the sum of its parts.

This will include:

- chief executive appointments and reappointments in the Public Service. This includes management of CE appointment and reappointment processes, management of and improvement of support services for CEs, management and improvement of CE performance management
- provision of good employer services for chief executives in the Public Service
- review of the performance of departments and chief executives, and advising on managing for outcomes, capability and performance
- providing an overview of the State Services and advice on future development priorities
- ensuring the public management system supports Government's three themes (*economic transformation, families young and old, and national identity*)
- advising on the machinery of government
- leading and reinforcing integrity and conduct
- governance and best practice matters relating to boards and staff of Crown entities, and management of the fees and allowances framework
- establishing a baseline to measure the trustworthiness of State Servants and the effects of the integrity focus
- research on access, coordination and trust, which will generate new data, information and knowledge that will allow us to better understand how New Zealanders' experience the State Services
- supporting the Crown Entities Act
- provision of support to monitoring departments by leading the Monitoring Departments Network/Group
- oversight of international development in public sector thinking
- maintaining government-to-government relationships through participation in international fora and briefings to international delegations

- ad hoc reviews as required by the Prime Minister, other Ministers, heads of agencies, or the State Services Commissioner in response to performance failures of particular agencies or the identified risk thereof
- the provision of support to the Minister of State Services for correspondence, parliamentary questions and, as required, responses to select committees
- management of records and residual liabilities arising from the activities of now disestablished government departments
- provision of accounting services for selected Public Service departments.

<b>Products and Services to be delivered in support of Output Class: State Services Development, Governance and Performance</b>	<b>Performance measures for this Output Class will include:</b>
Public Service chief executive appointments, reappointments, performance management and good employer services	<p>Complete appointments and reappointments in 2006/07 as necessary. All appointments and reappointments will comply with the provision and spirit of the State Sector Act.</p> <p>Complete other non-Public Service appointments in 2006/07 as requested.</p> <p>Complete performance reviews for chief executives of departments within agreed timeframes.</p> <p>Ensure all chief executives have employment agreements that conform to legal requirements and government policy, suitably reward performance and maintain commitment.</p> <p>Ensure all chief executives have individual development plans that meet their needs and reflect performance reviews.</p> <p>Provide advice to Crown entity board chairs on chief executive remuneration and performance management matters as requested in 2006/07.</p>
Relationship management with State Services agencies	<p>Support and advise chief executives and their departments on strategy, capability and performance throughout 2006/07.</p> <p>Participate fully in the central agencies expenditure review, and ensure it is completed in accordance with the agreed terms of reference in 2006/07.</p> <p>Complete the review of the Cabinet Fees Framework and roll out the revised framework to the State Services by December 2006.</p>

<b>Products and Services to be delivered in support of Output Class: State Services Development, Governance and Performance</b>	<b>Performance measures for this Output Class will include:</b>
Strategic analysis, review and advice	<p>Undertake reviews, selectively, that provide information about whether departments / sectors are configured well to achieve results. Ensure all reviews are completed in accordance with the agreed terms of reference.</p> <p>Contribute to international public sector thinking by participating in relevant international fora in 2006/07.</p>
State Services coordination	<p>Support the improvement of performance in Crown entities by providing advice and guidance on how to make the Crown Entities Act work effectively in 2006/07.</p> <p>Support the joint therapeutics products agency negotiations and the development of permanent arrangements for governance and accountability arrangements in 2006/07.</p> <p>Work with central agencies and sector leaders in 2006/07 to ensure the public management systems support coordination of the Government's three themes.</p> <p>Provide advice to Ministers and departments on allocation and coordination of functions to, and between, agencies as required in 2006/07.</p> <p>Support the Cabinet Committee on Government Expenditure and Administration as expenditure reviews are undertaken in 2006/07.</p>
State Services accessibility, responsiveness and effectiveness	<p>Evaluate the methods used for the pilot research conducted in Rotorua into communities' access to services and the responsiveness of those services to the needs of New Zealanders by December 2006.</p> <p>Use the findings from the Rotorua pilot and the 2006 <i>State of the Development Goals</i> report to plan new interventions to achieve the 2007 Accessible State Services goal milestone. Implement new interventions if appropriate in 2006/07.</p>



<b>Products and Services to be delivered in support of Output Class: State Services Development, Governance and Performance</b>	<b>Performance measures for this Output Class will include:</b>
State Services accessibility, responsiveness and effectiveness (continued)	Undertake a programme of research in 2006/07 to better understand aspects of New Zealanders' experience of the State Services and to fill information gaps identified during the development of the 2006 <i>State of the Development Goals</i> report.
State Services integrity and conduct	<p>Develop minimum standards of integrity and conduct for the State Services in 2006/07.</p> <p>Work with agencies in 2006/07 to integrate minimum standards of integrity and conduct into their business practices.</p> <p>Engage stakeholders in how standards would be expressed in a code of conduct that complies with the provisions of the State Sector Act by 30 June 2007.</p>
Ad hoc reviews	Undertake statutory investigations, inquiries and ad hoc reviews as required in 2006/07, and ensure they comply with the provisions of the State Sector Act and agreed terms of reference.
Ministerial Services	Complete all Ministerial correspondence (estimated number: 150 – 200), Official Information Act requests (estimated number: 50 – 100), Parliamentary Questions (estimated number: 100 – 150) and Select Committee Questionnaires (estimated number: two) within required timeframes.
Management Services	<p>Manage residual records of disestablished government departments in accordance with the Public Records Act 2005 and other relevant standards in 2006/07.</p> <p>Provide accounting services to the Serious Fraud Office and the Ministry for Culture and Heritage, meeting appropriate professional standards, and the requirements of Treasury and Audit New Zealand in 2006/07.</p> <p>Manage unknown and contingent legal liabilities, as they become known in 2006/07.</p>

NOTE: The Output Plan will include more details of the products and services to be delivered, and the performance measures for each activity.

## State Services People Capability

This output expense provides for the people capability role of the State Services Commission in the State Services. This output is related to Development Goal One: Employer of Choice and Goal Two: Excellent State servants.

It will include the development and leadership of programmes designed to:

- ensure the State Services is an employer of choice attractive to high achievers with a commitment to service
- develop a strong culture of constant learning in the pursuit of excellence.

This will include:

- attracting and hiring the best by understanding the labour market and ensuring the State Services is positioned well to attract and select high calibre candidates
- ensuring the frameworks, tools and practices exist to support staff development
- ensuring our workplaces are positive and engage the support of State servants
- collecting, analysing and disseminating information on human resources
- developing the State Services as a good employer including promotion, development and monitoring of Equal Employment Opportunities
- the promotion of positive workplace employment relationships, consultation on collective employment agreements where required; promotion of partnership approaches and support for pay and employment equity
- oversight of industrial and employment relations issues across the State Services and provision of strategic advice to government on these issues
- new funding arrangements and monitoring of senior leadership and management development
- monitoring of the Leadership Development Centre
- support for the Mainstream Programme
- support for the State Sector Retirement Savings Scheme
- support for training through the Public Sector Training Organisation.

<b>Products and Services to be delivered in support of Output Class: State Services People Capability</b>	<b>Performance measures for this Output Class will include:</b>
Employer of choice strategy and development	<p>Undertake market research to understand perceptions about the State Services as a place to work and the impact those perceptions might have on the State Services being an employer of choice attractive to high achievers with a commitment to service by 31 December 2006.</p> <p>Use the findings from this market research to plan new interventions as part of the Employer of Choice goal. Implement new interventions if appropriate by 30 June 2007.</p> <p>Make improvements to the New Zealand Government Jobs Online website, and promote the usage of the website by candidates and employers in 2006/2007.</p> <p>Implement changes to EEO promotional, monitoring and development activities arising from the 2005 review of <i>EEO to 2010</i>.</p> <p>Continue to work with the EEO Commissioner in respect of areas of common interest in 2006/07.</p>

<b>Products and Services to be delivered in support of Output Class: State Services People Capability</b>	<b>Performance measures for this Output Class will include:</b>
Employer of choice strategy and development (continued)	<p>Evaluate potential employee engagement assessment tools that could be used throughout the State Services to provide a common platform for assessing levels of engagement by December 2006. If an appropriate tool can be identified, enter into a syndicated procurement purchase arrangement for use by State Services agencies, and support agencies to integrate the tool into their business practices in 2007.</p> <p>Research good recruitment tools and practice for sharing with State Services agencies in 2006/07.</p> <p>Complete the expenditure reviews on employment relations arrangements in the State sector and enhancing productivity through people management practices in the State Services in accordance with the agreed terms of reference in 2006/07.</p> <p>Provide advice on employment relations to departments and Ministers in 2006/07.</p> <p>Continue to work with the Pay and Employment Equity (P&amp;EE ) Unit of the Department of Labour to lead the implementation of P&amp;EE in the Public Service in 2006/07.</p> <p>Continue to work with the Workplace Productivity Unit of the Department of Labour and the Public Service Association (PSA) to promote workplace productivity initiatives in the Public Service in 2006/07.</p> <p>Develop an evaluation framework to evaluate the impact of Employer of Choice initiatives.</p>
State Sector Retirement Savings Scheme	<p>Manage the State Sector Retirement Savings Scheme (SSRSS), including monitoring scheme provider performance in 2006/07.</p> <p>Monitor the development of legislation to introduce KiwiSaver and if necessary, plan and implement actions to ensure that SSRSS is compliant with KiwiSaver expectations.</p>

<b>Products and Services to be delivered in support of Output Class: State Services People Capability</b>	<b>Performance measures for this Output Class will include:</b>
Mainstream programme	Facilitate placement of people with significant disabilities into created positions within the State Services, and provide support to the people and their employers during their placement. Aim to have at least 230 participants in the programme during 2006/07.
Excellent State servants strategy and development	<p>Evaluate potential competency models that could be used throughout the State Services to provide a common platform for many people capability related processes by December 2006. If an appropriate model can be identified, enter into a syndicated procurement purchase arrangement for use by State Services agencies, and support agencies to integrate the model into their business practices in 2007.</p> <p>Plan, design, develop and roll out new tools to support staff development, including a leaders' toolbox and careers toolbox in 2006/07.</p> <p>Complete the annual Human Resource Capability Survey and report to the Minister of State Services by 31 December 2006.</p> <p>Organise the next State Services Senior Leaders Development Conference (DEVCON), and design and lead a series of smaller events aimed at senior leaders to support information sharing, learning, and exploration of strategic issues.</p> <p>Develop an evaluation framework to evaluate the impact of Excellent State servants initiatives.</p>

<b>Products and Services to be delivered in support of Output Class: State Services People Capability</b>	<b>Performance measures for this Output Class will include:</b>
Senior Leadership and Management Development Strategy	<p>Continue to work with the Leadership Development Centre (LDC) on the implementation of activities that support the achievement of the Senior Leadership and Management Development Strategy in 2006/07. This will include attracting new participants into the Executive Leadership Programme.</p> <p>Develop a new partnership agreement with LDC for 2006/07.</p> <p>Plan, design, develop and roll out new learning and development frameworks, including a career development framework in 2006/07.</p> <p>Plan, design, develop and partner with selected State Services agencies to undertake talent mapping work in 2006/07.</p> <p>Plan, design and develop a professional development programme to increase the capability of human resource practitioners in the State Services.</p> <p>Continue to participate in the governance of the Australia New Zealand School of Government, (ANZSOG) and in the tertiary alliance with Victoria University of Wellington (VUWSOG) in 2006/07.</p> <p>Undertake promotional activity for ANZSOG and VUWSOG courses, including selection of participants as required.</p> <p>Complete further evaluation of the Senior Leadership and Management Development Strategy.</p>
Provision of industry training organisation services	<p>Ensure that that contract targets and performance measures as required by the Tertiary Education Commission are met.</p> <p>Ensure that all unit standards and qualifications are reviewed prior to their expiry date.</p> <p>Continue to work with State Services agencies to implement a structured approach to modern apprenticeships.</p>

NOTE: The Output Plan will include more details of the products and services to be delivered, and the performance measures for each activity.

## Treaty Information

This output expense provides for the production of booklets on the Treaty of Waitangi and for contract management functions associated with extending the Treaty 2U tour.

<b>Products and Services to be delivered in support of Output Class: Treaty Information</b>	<b>Performance measures for this Output Class will include:</b>
Printed information resources	The production of Treaty based information resources for dissemination to key stakeholders.
Treaty of Waitangi Touring Exhibition	<p>Memorandum of understanding to be prepared between the State Services Commissioner and the Museum of New Zealand Te Papa Tongarewa for the extension of the Treaty 2U exhibition in 2006/07.</p> <p>Outputs to be delivered in accordance with this memorandum of understanding.</p>

NOTE: The Output Plan will include more details of the products and services to be delivered, and the performance measures for each activity.

## Service Performance

Each year the SSC prepares an *Output Plan* which sets out the details of the activities that the SSC will undertake during that year. This includes details of the products and services to be delivered and the performance measures (e.g. quantity, quality, timeliness) for each activity. The Minister of State Services and the State Services Commissioner both sign the *Output Plan* to signal their joint agreement to these priorities and performance measures.

The SSC reports to the Minister of State Services three times each year on progress and actual performance achieved.

A statement of service performance, as required by section 45A of the Public Finance Act 1989, will be provided in SSC's *Annual Report* at the end of the year. That statement will include performance against each output specified in the *Output Plan*.

The Minister will be formally requested on a regular basis to indicate his or her level of satisfaction with the overall quality of the outputs produced.

### Statement of significant underlying assumptions

These statements have been compiled on the basis of Government policies and the SSC's *Output Plan* with the Minister of State Services.

The SSC's financial statements have been prepared in accordance with section 41(1) of the Public Finance Act 1989, and generally accepted accounting practices.

The following general accounting policies have been adopted in the preparation of these financial statements:

- The SSC is assumed to be a going concern.
- The SSC has accepted historical cost as a measurement base.
- Revenues earned and expenses incurred are matched using the principles of accrual accounting.



## Statement of significant accounting policies

### Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation.

### Depreciation

Depreciation of fixed assets is provided on a straight-line method so as to allocate the cost of assets, less any estimated residual value, over their useful lives. The estimated economic useful lives are:

Furniture, fixtures and fittings	5 years
Office equipment	5 years
Plant	5 years
Motor vehicles	4 years
Computer equipment and software	3-5 years

### Cost Allocation

The SSC derives the cost of outputs shown in these statements using a cost allocation system which is outlined below.

#### **Cost allocation policy**

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

#### **Criteria for direct and indirect costs**

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specified output.

#### **Direct costs assigned to outputs**

Direct costs are charged directly to outputs. Personnel costs are charged by actual time incurred based on a time recording system.

#### **Basis for assigning indirect corporate costs to outputs**

Indirect costs are allocated to outputs in proportion to the number of full-time equivalents involved in the production of each output.

#### **Receivables**

Receivables are recorded at estimated realisable value, after providing for doubtful and uncollectible debts.

### Changes in Accounting Policies

No changes are expected to accounting policies during the period.

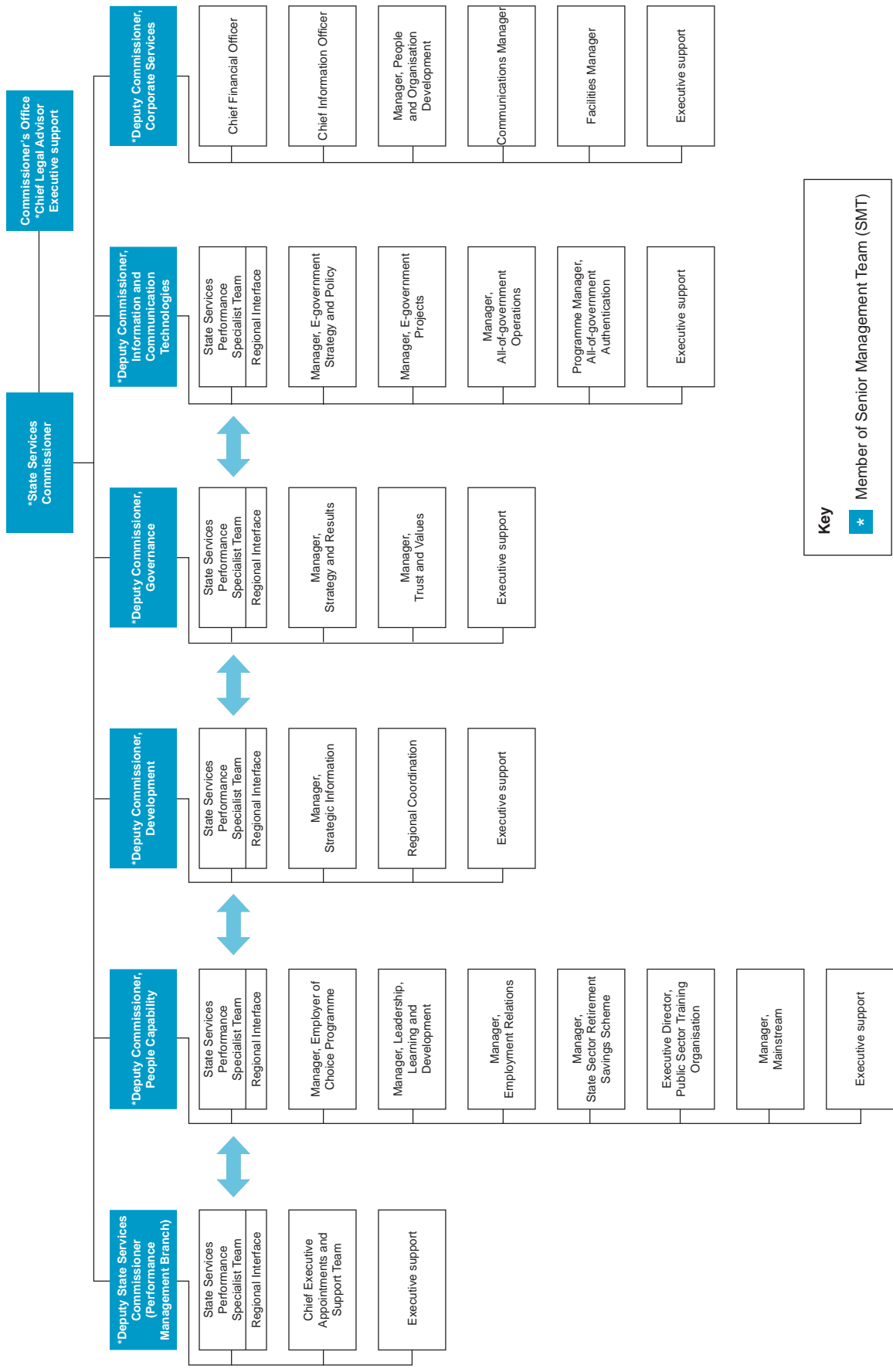
## Glossary of Terms

The following terms are used throughout this report:

<b>Agencies</b>	A general term for organisations, most often referring to organisations in the State sector.
<b>Central agencies</b>	The collective term for three departments: the Department of the Prime Minister and Cabinet, the Treasury and the State Services Commission.
<b>Departments</b>	The generic term for the departments of the Public Service, as listed in the First Schedule of the State Sector Act 1988 (whether their names may be 'Ministry', 'Department', 'Office' or other specific name).
<b>Output Plan</b>	An agreement between the Responsible Minister and the chief executive that describes a range of outputs to be delivered by the department, together with the applicable performance measures and standards; and sets out the amount and basis on which the department is to be paid for the delivery of those outputs.
<b>Public sector</b>	The State sector and all local authorities.
<b>Public Service</b>	The 35 departments listed in the First Schedule to the State Sector Act 1988.
<b>State sector</b>	All organisations in the annual financial statements of the Crown (e.g. Departments, Police, New Zealand Defence Force, Offices of Parliament, State-owned enterprises, Crown entities, and the Reserve Bank). A complete list of State sector organisations can be found at <a href="http://www.ssc.govt.nz/State-sector-organisations/">www.ssc.govt.nz/State-sector-organisations/</a> .
<b>State Services</b>	State Services are defined in the State Sector Act 1988 as meaning all instruments of the Crown in respect of the Government of New Zealand and includes Public Service departments, non-Public Service departments, Crown entities, the Reserve Bank and entities in the 4th Schedule of the Public Finance Act. 'State Services' excludes Tertiary Education Institutions, State-owned enterprises and Offices of Parliament.

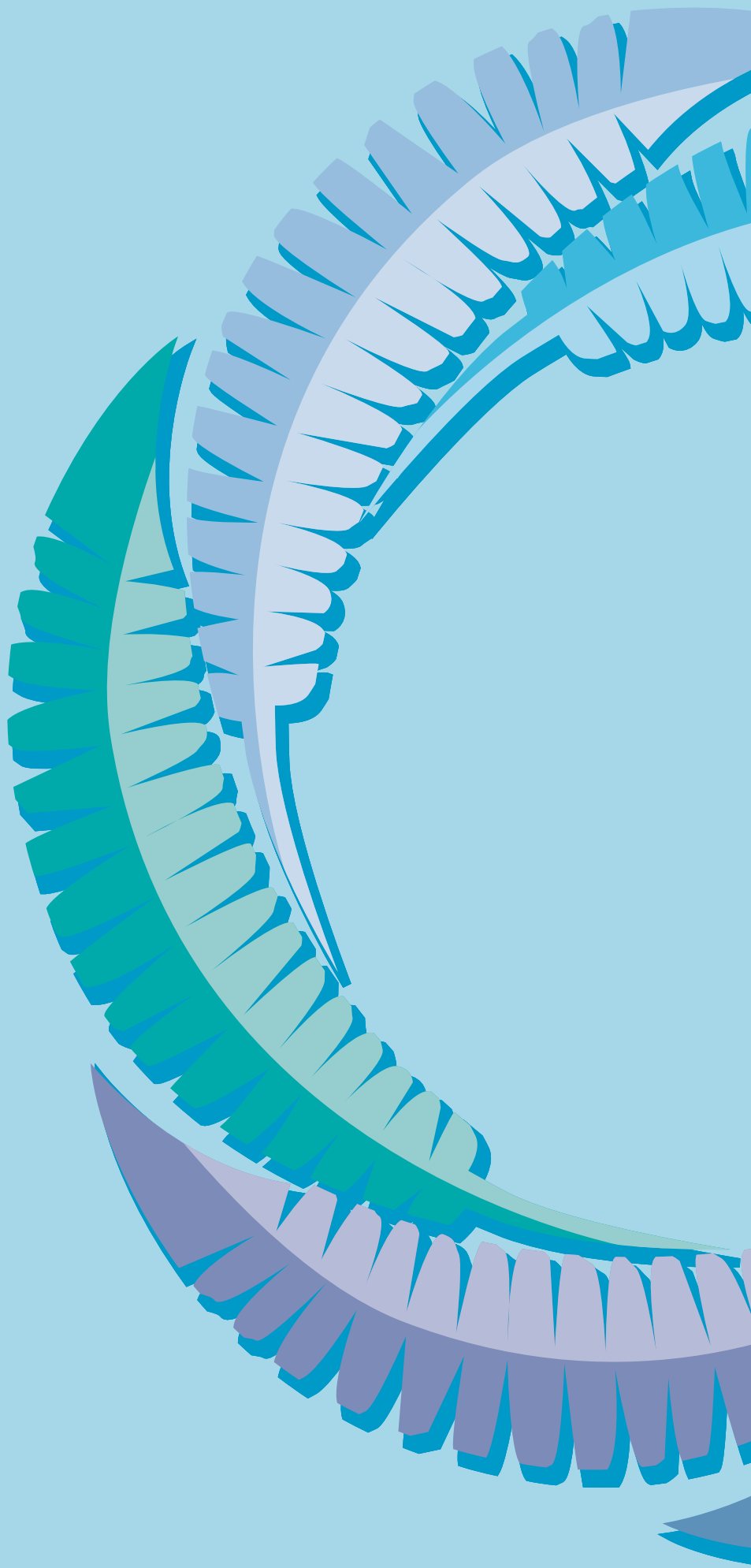
Other definitions can be found on the SSC's website, at [www.ssc.govt.nz/Glossary/](http://www.ssc.govt.nz/Glossary/).

# Appendix One: The Structure of the State Services Commission



**Key**

- \* Member of Senior Management Team (SMT)



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