

STATE SERVICES COMMISSION
Te Komihana O Ngā Tari Kāwanatanga



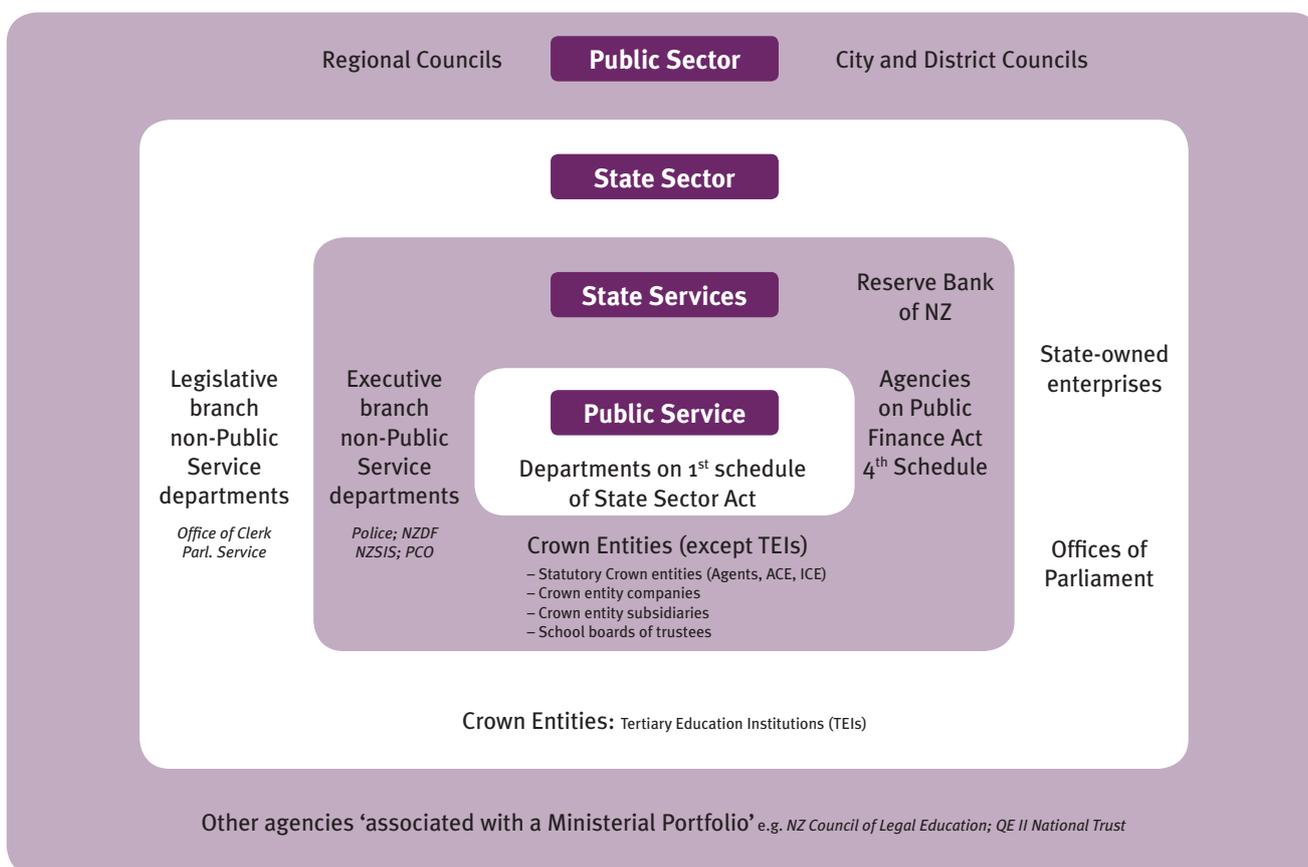
State Services Commission

Te Komihana O Ngā Tari Kāwanatanga

Statement of Intent 2010–2015



New Zealand's Public Sector



Presented to the House of Representatives pursuant to Section 39 of the Public Finance Act 1989
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Foreword from the Minister of State Services

The State Services Commission provides leadership to the State Services so that government works better for New Zealanders. It does this through ensuring the State Services are well led, trusted by the public and that the public management system delivers improving services at a lower cost.

The Commission works with the Treasury and the Department of the Prime Minister and Cabinet to lead the improved performance of the Public Service and the wider State Services. The Government is asking these central agencies to play a leading role in assisting agencies to deliver improved frontline services to New Zealanders.

State Services agencies are facing a period of extended fiscal constraint. With increasing expectations from the public about the quality of the services that they receive, central agency leadership will be required to deliver significant improvements in agency performance and productivity.

My expectations of the State Services Commissioner are that he will provide this leadership through his statutory responsibilities – such as the appointment and performance management of Public Service chief executives, providing Ministers timely and accurate advice about the performance of government agencies, and ensuring the Government’s collective employment agreements and wage settlements lead to productivity gains and are affordable and equitable.

This Government, and New Zealanders, want effective frontline service delivery from a professional, apolitical State Services. A tightly focused, high performing State Services Commission is essential to the coordination and delivery of that goal. To that end, I have agreed with the State Services Commissioner the work programme he has outlined in the 2010-2015 Statement of Intent.

I am satisfied that the information on future operating intentions provided by the State Services Commission in this Statement of Intent is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Hon Tony Ryall | Minister of State Services
April 2010

Introduction from the State Services Commissioner

State Services agencies are under increasing financial pressure to deliver better public services for New Zealanders for less. For the foreseeable future the State Services will need to operate within existing resources, while improving the quality and effectiveness of public services.

Both the Government and the public have high expectations of our State Services. These expectations are rising over time, and rightly so. Taxpayers put a great deal into the State Services and expect a world class service even if the funding increases of the past few years cannot continue.

The combination of high expectations and prolonged fiscal constraint will require an ongoing programme through the State Services to focus on our highest priorities and to deliver services in different, more innovative and cost-effective ways. Ministers' expectations for the State Services are higher levels of productivity, greater efficiencies across the sector and better frontline service delivery for New Zealanders.

Improving performance across the sector in the short and medium term, and establishing a platform for innovative and responsive public services in the longer term, is the focus of the State Services Commission and our partner central agencies, the Department of the Prime Minister and Cabinet and the Treasury.

The State Services Commission's role is to provide leadership to the State Services so that government works better for New Zealanders. We will be doing this by leading and supporting agencies in the following ways:

- Ensuring that agency priorities and services are well aligned with the Government's priorities through the appointment, expectation setting and performance management of Public Service chief executives.
- Working with agencies to deliver the management information they need to assess their own performance and to continually improve it, through the Performance Improvement Framework, staff engagement scores, Kiwis Count and the Common Measurements Tool.
- Building the quality of the leadership in the State Services by working with chief executives on the proactive identification, development and management of talent across the State sector.

Overall, there will be a continued focus on identifying ways in which we can get the best out of the sector – ensuring that New Zealanders receive the quality of services they expect, and that agencies are responding to the Government's expectations for a faster, more integrated and innovative State Services.



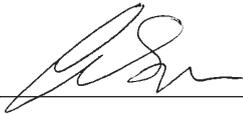
Iain Rennie | State Services Commissioner
April 2010

Chief Executive Statement of Responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the State Services Commission. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2010/11 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Iain Rennie | State Services Commissioner
April 2010



Mandy Simpson | Chief Financial Officer
April 2010

The Nature and Scope of Our Functions

The efficient and effective delivery of public services makes a significant difference to New Zealand's success. The State Services Commission ensures that the agencies of the State Services are well placed to carry out Government policy and meet the needs of New Zealanders.

The State Services Commission has a leadership role across the State sector. We are: responsible for the appointment and performance management of Public Service chief executives; we advise on the performance of agencies, both individually and collectively across all areas of government; and we advise on the performance of the public management system in the Public Service and Crown entities. With the other central agencies, we take an all-of-government view and work across the system to lift overall performance and improve the delivery of public services to New Zealanders.

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

- appointing, reappointing and employing Public Service chief executives on behalf of the Crown
- reviewing the performance of Public Service chief executives on behalf of their Responsible Ministers
- reviewing the performance of each Public Service department and investigating and reporting on matters relating to the performance of Public Service departments
- providing advice on the allocation of functions to and between departments and other agencies, and the creation, amalgamation or abolition of departments and other agencies
- providing advice on management systems, structures and organisations in the Public Service and Crown entities
- promoting and developing senior leadership and management capability for the Public Service
- negotiating conditions of employment of employees in the Public Service
- promoting and developing personnel policies and equal employment opportunities policies, and providing advice on the training and career development of staff in the Public Service
- setting standards of integrity and conduct that are to apply in most of the State Services, providing advice and guidance to State Services employees on matters of integrity and conduct, and investigating matters of integrity and conduct in the State Services
- performing any other functions with respect to the administration and management of the Public Service, that the Prime Minister directs.

The State Services Commission administers the State Sector Act 1988, the Protected Disclosures Act 2000 and the Crown Entities Act 2004 (with the Treasury), as well as five other minor Acts.

Our Operating Environment

There are approximately 226,000 State servants, comprising 10% of New Zealand's workforce. They are spread across 35 Public Service departments, 350 other agencies and approximately 2,600 school boards of trustees.

The State Services have a critical role to play in New Zealand's economic recovery. Where we collectively focus our efforts and expenditure has a real impact on the functioning of the economy, and to New Zealanders' daily lives. The State Services Commission and all other agencies of the State sector are operating under a climate of ongoing fiscal constraint, with the Government's predicted return to surplus lagging some years behind New Zealand's return to economic growth. The medium-term financial outlook implies that many State Services agencies will receive no increase in their budget baselines for a considerable period. The 'core administration' of government will be much more financially constrained than it has been for some time. Any new money we are able to devote to public services will be invested in priority frontline services and, even here, increases will often be smaller than those of the past decade.

The fact of financial constraint does not mean that we should assume that reductions are inevitable in the quantity or quality of necessary services that Government and citizens value. Both Government and the public have high expectations of the services they receive from the State. Research tells us that many New Zealanders expect public services to provide a higher service quality than the private sector, and rightly so. Taxpayers put a great deal into the State Services and expect a world class service even if the funding increases of the past few years cannot continue.

These challenges are necessitating a fundamental change in how we think about public services and what we are able to deliver. Agencies, including the Commission, will have to deal with fixed or falling baselines and make tough calls about what we do and don't do. Many activities will have to stop, and we will have to find ways of working more effectively.

Not only will we need to do business differently, we will need to recruit and retain quality staff in order to do our business well. We need engaged and motivated staff in order to lift productivity and improve services for the public. To achieve this we need leaders with a depth and breadth of experience. This requires us to look at the broadest range of candidates when appointing Public Service chief executives. We will also need to ensure that our agencies are actively developing their own talent in a way that meets current and future requirements.

Our increasingly diverse population will require changes to employment and people management practices and further consideration of how to deliver services in a targeted and effective way to customers with increasingly different needs. Continued technological change and shifting expectations from both employees and the public mean that government agencies need to make smart choices in the use of technology as both an enabler and as a service delivery channel.

Our Strategic Direction

The State Services Commission's purpose statement is: *We provide leadership to the State Services so that government works better for New Zealanders.*

Our role is not only to hold to account, but also to help improve the performance of agencies, and therefore the quality of services they deliver to New Zealanders. The Commission works with Public Service chief executives and agencies in the wider State sector to improve their performance, in a similar way to a manager's role of coaching their staff as well as monitoring performance. We do this through assessing the performance of individuals and agencies and providing assistance to improve that performance through guidance, knowledge broking, standards and expectation setting, and the provision of trusted advice.

For the five year period of this Statement of Intent, the Commission's work programme is designed to contribute to the Government's strategic direction for the State sector – *Delivering better, smarter public services for less*. We want agencies to focus on results, work more closely together and lift their capability to deliver services while operating in an environment of tightening budgets.

Outcomes

The Commission works towards Government's strategic direction through achieving two outcomes that are aligned to our legislative mandate and the attainment of our purpose. These contributing outcomes are:

Outcome 1: The public receive better services

Outcome 2: The State Services are resilient and fit for purpose

Our work programme is designed to contribute to these outcomes through making a series of impacts across the State sector. Our strategic framework reflects our priorities, and demonstrates the linkage between the activities that the Commission carries out on a day-to-day basis, the Commission's outcomes, and the Government's strategic direction.

Improving State sector performance is a shared priority of the three central agencies (the State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet) and in this area the three central agencies work individually and collaboratively with agencies and Ministers. This priority, our shared outcomes and measures of success, are represented on the right of our outcomes framework on the adjacent page. More detail around our shared priorities and how the central agencies will work together can be found on page 16 of this document.

Output classes

Our output classes, details of which can be found in the Information Supporting the Estimates, are: Output Class 1: Public Management System and Output Class 2: Chief Executive and Agency Performance Management. They are designed to help us achieve our objectives and, over time, contribute to our outcomes. To achieve our outcomes, the Commission works at both a system level and directly with agencies, chief executives and their Ministers, to improve the overall functioning and performance of both the public management system and individual agencies.

The outputs of the Commission are highly interrelated and complementary. Outputs from both of our output classes contribute to the attainment of each of our outcomes.

Our Outcomes Framework

The Government's Strategic Direction

Delivering better, smarter public services for less

SSC's Purpose Statement

We provide leadership to the State Services so that government works better for New Zealanders

SSC's Outcomes

Outcome 1: The public receive better services
Outcome 2: The State Services are resilient and fit for purpose

Central Agency Shared Objective

State sector performance is improved

STATE SERVICES COMMISSION				THE TREASURY	DEPARTMENT OF THE PRIME MINISTER AND CABINET
Objectives/Impacts What are we seeking to achieve?	OBJECTIVE 1: State Services that are well led Why: High quality leadership is a driver of improved performance and innovation within and between agencies, particularly in challenging times	OBJECTIVE 2: State Services that are trusted by the public Why: High levels of trust enable State servants to work effectively with the public. Institutional integrity supports improved economic performance	OBJECTIVE 3: A public management system that delivers improving services at a lower cost Why: The State Services operate in a fiscally constrained environment. System design and operation must evolve and improve over time to meet changing needs	A State sector that maximises the contribution of government interventions to the Government's economic and social priorities Why: To enhance the achievement of the Government's economic and social objectives, services and interventions must be well targeted, value for money and consistent with the Government's fiscal strategy	The State sector responds to the Government's priorities to improve performance Why: To ensure that officials respond to Cabinet direction in improving the quality of services within existing baselines – building smarter, better public services for less cost – and that the policy process supports that goal
How will we demonstrate success in achieving this?	Integrity and Conduct Survey Impact evaluations of significant advice (Developing measure)	Public Service wage growth	Kiwis Count – Overall satisfaction with public services is improved by 2 points (Shared with central agencies) Public sector expenditure is consistent with the Government's fiscal strategy (Shared with central agencies)		
What will we do to achieve it?	Across the Public Service: A Appoint chief executives B Manage the employment relationship with chief executives including setting expectations, providing support, assessing performance and where necessary holding chief executives to account C Support the development of current and future senior leaders Across the State Services: D Provide advice and support on effective leadership of Crown entities and other agencies	Across the State Services: E Set standards of integrity and conduct F Provide advice to agencies and individual State servants including chief executives G Investigate issues regarding the integrity and conduct of State servants H Assess the performance of agencies in dealing with integrity and conduct matters	Across the State Services: I Advise Ministers and agencies on pay and employment conditions and employment relations J Advise Ministers and agencies on system design, agency collaboration and governance arrangements K Set standards and expectations on key aspects of agency, sector and system performance L Assess the effectiveness of agency, sector and system performance M Advise Ministers and agencies on achieving agency, sector and system performance improvement	The Treasury will: • Integrate and improve budget frameworks and tools to enable better identification of priorities and opportunities for doing things better, smarter and for less • Work with departments to provide prioritisation advice and to identify opportunities to provide improvements in quality and 'more for less' • Design budget and financial management systems that create incentives for continuous improvements and support the Government's fiscal strategy	The Department of the Prime Minister and Cabinet will: • Ensure that State sector departments and agencies are clear about the Government's priorities • Coordinate State sector departments and entities in delivering on the Government's priorities • Enhance governance and management arrangements where necessary to improve delivery on Government's priorities

SSC's Output Classes

Output Class 1: Public Management System
Output Class 2: Chief Executive and Agency Performance Management

Our Medium Term Measures of Success

The State Services Commission has developed a set of measures we will use to assess the contribution we make to our outcomes over the medium term. Because of the complex and interrelated nature of our interventions, objectives and outcomes, each measure is not solely attributable to one outcome.

As many other factors influence outcomes, to suggest that the Commission's activities alone have resulted in a particular outcome would be incorrect and would not reflect the work of other individuals and agencies. The measures outlined below are intended as the best indicators of our contribution to achieving these outcomes.

Trustworthiness of the State Services – Integrity and Conduct survey

The Integrity and Conduct survey administered by the Commission asks State servants about their perceptions of integrity and conduct within parts of the State Services. The survey reflects a view from inside the State sector of how well failings in integrity and conduct are dealt with. Approximately 4,600 State servants (65% of those surveyed) from 38 agencies took part in the 2007 survey.

In the 2007 survey the proportion of State servants that reported witnessing misconduct by their colleagues in the previous 12 months was 33%. The Commission measures success in this area by monitoring this figure over time. The survey was run again in early 2010 and the results will be available in July 2010.

New Zealanders' satisfaction with the public services they receive – Kiwis Count survey

The Commission's work with chief executives, agencies and Ministers influences the way that services are delivered to New Zealanders and over time we would expect to see increasing levels of satisfaction with these services.

The New Zealanders' Experience research programme is a multi-year programme that provides information on New Zealanders' experiences of the services they receive from government. The Commission will be using the overall satisfaction measure from the Kiwis Count survey to gauge its success in contributing towards our own outcomes as well as the shared central agency objective: *State sector performance is improved*.

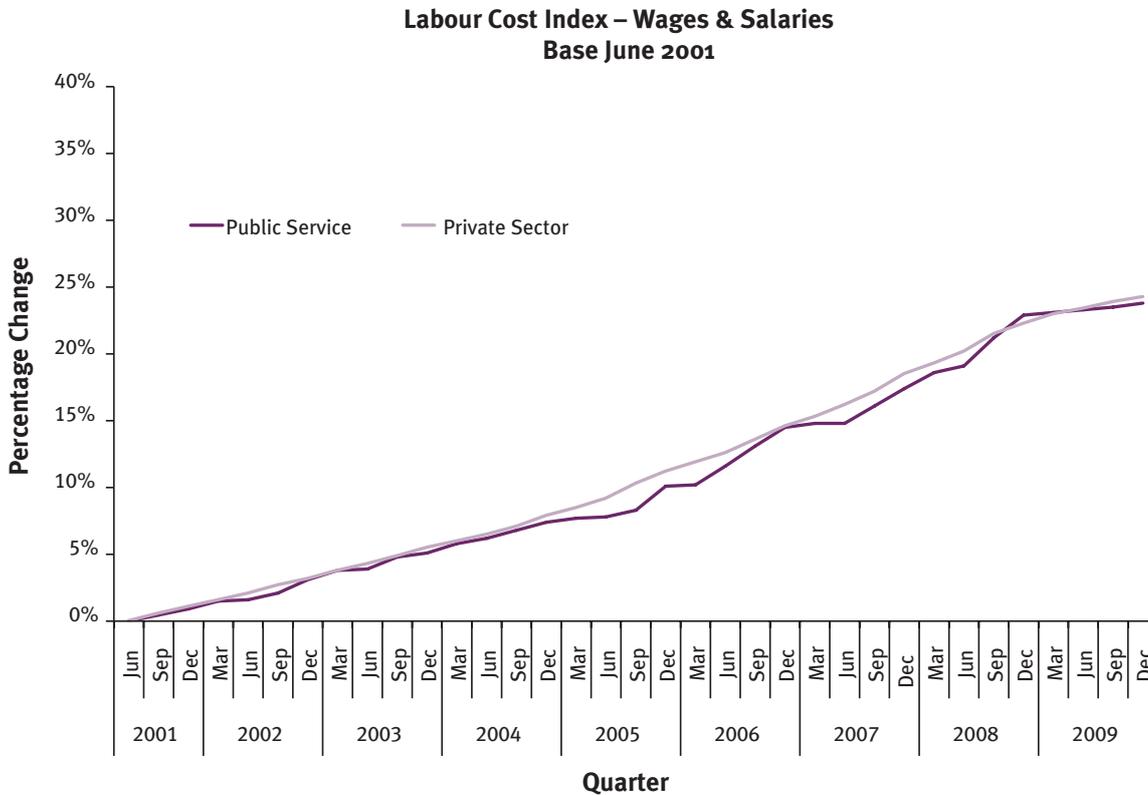
The first set of results from the biannual Kiwis Count survey was released in 2008 and the second set in 2010. The next iteration of the Kiwis Count survey will be in 2011, with the results available in 2012.

Previous average satisfaction scores were 68 (2008) and 69 (2010). The central agencies measure success in this area by an improvement in this score over time. The target for the next survey is an improvement of at least two points.

Public Service Wage Growth

The Commission will use the Labour Cost Index published by Statistics New Zealand as an indicator of its success in moderating Public Service wage growth over time. The Index tracks the salary and wage growth of industries in New Zealand and will enable us to determine if wage growth in the Public Service is appropriate.

Salary movements in the Public Service and private sector



The Commission measures success in this area by the rate of growth in Public Service wages remaining the same or less than the rate of growth in the private sector.

Public sector expenditure is consistent with the Government's fiscal strategy

The Government's Fiscal Strategy Report (FSR) is published with the Budget. The FSR must state the Government's long term objectives for fiscal policy over a period of at least 10 years and the Government's short term intentions for fiscal policy over a period of three years. In addition, the Treasury is required to publish a Statement of the Long Term Fiscal Position at least every four years. This has a horizon of at least 40 years and identifies how demographic and other changes may impact the fiscal position.

One of the central agencies' key roles is the provision of economic, tax and expenditure advice to support the Government to develop and achieve a fiscal strategy. One of the measures of success is the alignment between actual fiscal outcomes and the objectives for key fiscal indicators, such as debt objectives, outlined in the Government's Fiscal Strategy Reports.

Developing measure – Impact evaluations of significant advice

The provision of advice to Ministers and agencies is a significant means of promoting change within agencies and the wider State sector. The Commission will be identifying areas of significant advice and implementing a programme of independent evaluations to determine the impact that this advice has, and its effectiveness in improving State sector performance.

Operating Intentions

We will track our progress against the objectives set out below throughout the year, using the performance measures and standards contained in the 2010/11 budget estimates documentation. Each piece of work described below is 'owned' by a senior manager within the Commission who is responsible for its delivery.

OBJECTIVE 1: State Services that are well led

What are we seeking to achieve?

High quality leadership is a driver of improved performance and innovation leading to an increase in productivity, both within and between agencies, particularly in challenging times. These challenging times may require different skills from our senior leaders, including collaboration across sectors, dealing with financial pressures, change management and leading through ambiguity.

What will we do to achieve this?

The Commission is responsible for ensuring sound leadership in the Public Service through the effective recruitment, performance management, development and remuneration of Public Service chief executives. It is also responsible for fostering leadership development, and talent management within agencies, thereby growing the pool of future chief executives. Our priority in delivering these outputs is lifting chief executive performance – ensuring that chief executives are thinking about improving service delivery to the public in an environment where money will be tight for several years and making sure that management capability in the second tiers of their organisation are being prepared for further leadership challenges.

A. Appoint Public Service chief executives

A high performing Public Service is dependent on high performing chief executives. The appointment, induction, and in some cases reappointment of high quality chief executives is a key mechanism for promoting high performance. The Commission is committed to continuous improvement and to delivering best practice appointment processes that have the confidence of Ministers, chief executives and agencies.

How will we demonstrate our success?	
Measure	Standard/Target
Chief executives' performance meets the State Services Commissioner's expectations in the 12 and 24 months following appointment	80% at 12 months 100% at 24 months
Public Service chief executive appointments are announced within a month or less of the incumbent chief executive leaving the department	70% of appointments are announced within 1 month
Number of appointments/reappointments of Public Service chief executives, and appointment processes managed on behalf of Ministers	7 to 15 appointments or reappointments are completed in 2010/11

B. Manage the employment relationship with chief executives

Every Public Service chief executive is contracted directly to the State Services Commissioner as their employer, and this employment relationship is a key lever for influencing the leadership, performance and productivity improvements of departments. The Commission is continuing to move towards a more dynamic performance management model, anticipating areas where chief executives need support in a challenging operating environment and responding throughout the year rather than at year end. The critical elements in this process are setting expectations, in consultation with the Responsible Minister, around what the chief executive will achieve, providing support and counsel to chief executives both in their own professional development and around the complex issues they face in leading their agencies, assessing their performance and where necessary holding them to account.

How will we demonstrate our success?	
Measure	Standard/Target
All chief executives have mutually agreed expectations, developed in consultation with Ministers, together with indicators of performance against which they will be assessed	100% of chief executives
The stakeholder survey shows that the Commission is assisting chief executives and senior management to improve performance	34% or more of respondents agree
Chief executives are satisfied with the support received from the Commission	90% of chief executives surveyed report that they are satisfied with the support
Chief executive performance is assessed annually against expectations within 2 months of their anniversary date	% of assessments completed within two months is measured to provide a benchmark for future years

C. Support the development of current and future senior leaders

The capability of chief executives, and senior managers as the talent pool for future chief executives, is a key driver of agency performance. Boosting the size and quality of this pool is a priority for the Commission. Working with agency chief executives and other stakeholders to improve the diversity of senior teams will be a focus of this work.

Our activities in this area fall into three categories; using the chief executive performance management process to communicate expectations around leadership development and talent management; using system wide forums to identify and develop talent at a system level; and through the provision of funding to the Leadership Development Centre to deliver the Public Sector Advanced Leadership Programme on behalf of the Commissioner. We will also be exploring ways of providing talented leaders more development opportunities across the State Services.

How will we demonstrate our success?	
Measure	Standard/Target
A group of senior managers is identified and agreed as potential leaders	75 managers identified
Identified potential leaders are pursuing agreed professional development plans (PDPs)	100% of identified potential leaders

D. Provide advice and support on effective leadership of Crown entities and other agencies

A significant proportion of government expenditure and service delivery is managed by Crown entities. In a tight fiscal environment it is more important than ever that we work to deliver a lift in the performance of Crown entities. The Commission provides advice to Ministers on the performance of certain Crown entities, on the creation/dissolution and form of Crown entities and on the fees and remuneration of Crown entity board members and chief executives. The Commission will be working closely with the Treasury and monitoring departments on our approach to the performance of Crown entities.

How will we demonstrate our success?	
Measure	Standard/Target
Minister(s) are satisfied with the quality of advice provided	100%

OBJECTIVE 2:

State Services that are trusted by the public

What are we seeking to achieve?

High levels of trust enable State servants to work effectively with the public. Without these levels of trust in individual State servants, the agencies they work for, and their processes and procedures, the government would be unable to function effectively. In a broader sense, institutional integrity, a corruption free bureaucracy and high quality government institutions create a stable platform for business investment and economic growth.

What will we do to achieve this?

The Commission is responsible for a number of mechanisms to ensure that standards of integrity and conduct are not only in place, but actively promoted, and that where potential breaches have occurred, they are identified and dealt with.

E. Set standards of integrity and conduct

The State Sector Act 1988 empowers the State Services Commissioner to set minimum standards of integrity and conduct across the Public Service and Crown entities. The Commission's integrity and conduct work programme is based on promoting the code of conduct for the State Services, 'Standards of Integrity and Conduct' – developed by the Commission as the primary vehicle for these standards.

How will we demonstrate our success?	
Measure	Standard/Target
New Zealand is rated as one of the leading countries in public service probity as measured by the Transparency International Corruption Perceptions Index	NZ is in the top three ranked countries

F. Provide advice to agencies and individual State servants including chief executives

The Commission provides a range of support and advice to support integrity and conduct across the State Services, ranging from responding to the individual queries of State servants to providing advice to agencies and chief executives on potentially complex integrity and conduct issues.

In addition to our work around the code of conduct for the State Services, we are also responsible for the Protected Disclosures Act, which provides protection for employees who draw potential misconduct to the attention of relevant authorities.

How will we demonstrate our success?	
Measure	Standard/Target
Integrity and conduct advice provided by the Commission is not challenged by any stakeholder	100%

G. Investigate issues regarding the integrity and conduct of State servants

The State Sector Act establishes that the Commissioner may conduct investigations and make reports in respect of the Public Service. These inquiries and reviews provide assurance not only to the Government, but also to the public that the activities of agencies and individual State servants are being carried out within the law and within the bounds of proper conduct.

How will we demonstrate our success?	
Measure	Standard/Target
All integrity and conduct investigation reports include an analysis of potential systemic risks and recommendations for mitigation	100%

H. Assess the performance of agencies in dealing with integrity and conduct matters

Expectations around integrity and conduct are set with chief executives at the beginning of each performance cycle. The chief executive and their agency's performance is assessed against these expectations as part of their annual performance review.

How will we demonstrate our success?	
Measure	Standard/Target
Chief executives' expectation letters and performance reviews include an integrity and conduct dimension	100% of chief executives

OBJECTIVE 3:**A public management system that delivers improving services at a lower cost****What are the central agencies seeking to achieve?**

The central agencies have a common interest in improving State sector performance – improving the quality of services within existing baselines, seeking efficiency improvements across the State sector, and ensuring ongoing fiscal sustainability.

Each central agency has a different mandate and different outputs aligned to improving State sector performance. They work collaboratively on some areas such as clarifying Ministerial expectations – and, individually, on others such as specific policy advice.

The Commission's own priority in improving State sector performance is reflected in our objective of a public management system that delivers improving services at lower cost.

Central Agency Shared Objective	State sector performance is improved		
The role of each central agency	STATE SERVICES COMMISSION The State Services Commission appoints and manages the performance of chief executives in the Public Service. It provides leadership on the capability of agencies, sectors and systems; sets standards; and ensures that state servants focus on delivering the Government's priorities	THE TREASURY The Treasury monitors and manages the financial affairs of the government and provides economic and fiscal policy advice. The Treasury also provides advice on and manages the budget process. It provides insight into the efficiency and effectiveness of government agencies and their interventions	DEPARTMENT OF THE PRIME MINISTER AND CABINET The Department of the Prime Minister and Cabinet supports the process of collective decision-making, conveys Cabinet's decisions to the relevant Ministers and officials, and ensures that the Cabinet receives well-conceived and coordinated advice. The department also works to ensure that the State sector responds to the Government's priorities and conveys the Government's priorities to officials
What are we seeking to achieve?	A public management system that delivers improving services at a lower cost Why: The State Services operate in a fiscally constrained environment. System design and operation must evolve and improve over time to meet changing needs	A State sector that maximises the contribution of government interventions to the Government's economic and social priorities Why: To enhance the achievement of the Government's economic and social objectives, services and interventions must be well targeted, value for money and consistent with the Government's fiscal strategy	The State sector responds to the Government's priorities to improve performance Why: To ensure that officials respond to Cabinet direction in improving the quality of services within existing baselines – building smarter, better public services for less cost – and that the policy process supports that goal
How will we demonstrate success in achieving this?	Our shared measures of success: <ul style="list-style-type: none"> • Overall satisfaction with public services is improved by 2 points – demonstrated in the biennial Kiwis Count 2011 measure • Public sector expenditure is consistent with the Government's fiscal strategy 		
What will we do to achieve it?	Across the State Services, the State Services Commission will: <ul style="list-style-type: none"> • Advise Ministers and agencies on pay and employment conditions and employment relations • Advise ministers and agencies on system design, agency collaboration and governance arrangements • Set standards and expectations on key aspects of agency, sector and system performance • Assess the effectiveness of agency, sector and system performance • Advise Ministers and agencies on achieving agency, sector and system performance improvement 	The Treasury will: <ul style="list-style-type: none"> • Integrate and improve budget frameworks and tools to enable better identification of priorities and opportunities for doing things better, smarter and for less • Work with departments to provide prioritisation advice and to identify opportunities to provide improvements in quality and 'more for less' • Design budget and financial management systems that create incentives for continuous improvements and support the Government's fiscal strategy 	The Department of the Prime Minister and Cabinet will: <ul style="list-style-type: none"> • Ensure that State sector departments and agencies are clear about the Government's priorities • Coordinate State sector departments and entities in delivering on the Government's priorities • Enhance governance and management arrangements where necessary to improve delivery on the Government's priorities
	Specific central agency priority projects are: <ul style="list-style-type: none"> • Providing joined up central agency support to those agencies most needing it, with the objective of lifting agency performance • Rolling out the Performance Improvement Framework to the majority of Public Service departments and some large Crown entities over the next 3 to 4 years, with the objective of identifying, and following up on, actions that make a material difference to the performance of those agencies 		

What are we seeking to achieve?

The State Services operate in a dynamic, and fiscally constrained, operating environment. To be effective the State Services must respond to environmental pressures and be structured to continuously improve on the delivery of services and cost effectiveness. This means that there is the right configuration of agencies working together as a system, delivering the services they are best suited to deliver, minimising the duplication of functions and responding to Ministerial priorities.

What will we do to achieve this?

The central agencies work individually and jointly across agencies, sectors and the public management system to:

- Set standards and clarify the Government's expectations on key aspects of performance
- Provide targeted support to improve performance
- Assess the effectiveness and levels of performance
- Advise Ministers and agencies on achieving performance improvement.

Our emphasis is on supporting agencies and chief executives to deal with tough economic times, reducing baselines, and expectations of improved service delivery. Often this work will involve one or more of the other central agencies working with the Commission to provide a greater impact.

Our priorities in this area are: setting standards or expectations; assessing performance; and provision of advice to Government and agencies around performance as well as the overall design of the public management system and agencies. In many cases our work programmes cut across each of these priority areas – for example the Performance Improvement Framework makes an initial assessment of the performance of an agency, is used as a basis for the provision of advice on how an agency can improve its performance, and is also used as a benchmark or standard against which the agency's performance will be assessed in the future.

I. Advise Ministers and agencies on pay and employment conditions and employment relations

In an environment where the State Services face considerable fiscal pressure the Commission will continue to provide advice to Ministers, and expectations to agencies, on pay and employment conditions and employment relations across the State Services. We will work with agencies to ensure that any increases in remuneration, both individual and overall, are tied to productivity improvements such as flexibility in hours and work content.

The Commissioner will also be working to ensure that pay-setting for chief executives and other senior staff in the State sector continues to model a high level of restraint.

How will we demonstrate our success?	
Measure	Standard/Target
Bargaining and remuneration strategies approved by the Commission are within Government expectations	100%

J. Advise Ministers and agencies on system design, agency collaboration and governance arrangements

In the current challenging economic environment it is appropriate to examine the configuration of the State Services and the allocation of functions to and between agencies. The Commission is working to identify both hard structural, and softer collaborative, options for building a more resilient State sector that delivers better policy advice to Ministers and improved, more cost effective, services to the public.

Advice will focus on:

- improving quality of services to citizens and stakeholders, responsiveness to Ministers, and better alignment of functions to achieve Government priorities
- reducing cost in the short to medium term by eliminating duplication, achieving economies of scale and disestablishing lower priority functions, and
- improving resilience of service delivery by reducing the proportion of fixed costs in smaller agencies, and ensuring integration of investment decisions.

How will we demonstrate our success?	
Measure	Standard/Target
Minister(s) are satisfied with the quality of advice provided	100%

K. Set standards and expectations on key aspects of agency, sector and system performance

For agencies to be high performing they need to know what is expected of them and how to meet these expectations. The Commission provides a range of direct and indirect guidance to agencies ranging from our role in providing oversight of ICT (Information and Communication Technologies) expenditure, through to guidance on building employee engagement, the Performance Improvement Framework for understanding and benchmarking agency performance, and the Common Measurements Tool for measuring customer satisfaction.

How will we demonstrate our success?	
Measure	Standard/Target
Performance Improvement Framework Best Practice Indicators are revised annually in line with assessment findings and accepted by agencies as benchmarks for organisational performance	100% of agencies assessed
ICT standards are adopted and implemented by agencies to enable whole-of-system IT management	100% of Public Service agencies
Standards for Crown Entity Board nominations, appointments and inductions are used by monitoring agencies to improve the performance of Boards	100% of monitoring agencies
Agencies use the Common Measurements Tool to measure improvements over time and benchmark with each other to improve service delivery	70% of service delivery agencies are signed up to use the CMT
Minister(s) are satisfied with the quality of advice provided	100%

L. Assess the effectiveness of agency, sector and system performance

The Commission will use a number of tools to measure and understand how well agencies are performing.

We have an ambitious work plan for the rollout of the Performance Improvement Framework to agencies. The framework is a joint central agency initiative to help senior leaders drive performance improvement across the State Services. The focus is on helping agency leaders to ensure they are delivering on desired results and Ministerial priorities in a way that makes best use of available resources. Agencies (and later, sectors) are assessed either internally via self assessment, or externally by independent assessors, with areas of strength and areas for improvement reported on a four point scale. The assessments are used by agencies to develop action plans to improve their performance. Central agencies will monitor progress against the action plan.

The Commission's regular Human Resource Capability (HRC) survey provides information on how agencies are managing their headcount and insights into the changing makeup of the Public Service workforce. The data collected through the Kiwis Count survey provides a key indicator of agencies' success in lifting the quality of the services they deliver to the public.

Each year the State sector spends around \$1.9 billion¹ on ICT-related expenditure, so value for money is critical. The Commission provides oversight of expenditure across the State Services in conjunction with the Treasury. We will also develop stronger linkages with agencies to reduce duplication in investments and promote collaboration between government agencies in the development and use of ICT systems.

How will we demonstrate our success?	
Measure	Standard/Target
Performance Improvement Framework assessments are carried out with selected Public Service departments and significant Crown entities	12 assessments in 2010/11
Information collected by the Common Measurements Tool informs Performance Improvement Framework assessments and chief executive and agency performance assessment	100% of assessments
Perform the full HRC survey every year at 30 June. Collect FTEs every year at 31 December. Information collected from the HRC survey informs Performance Improvement Framework assessments, informs chief executive and agency performance assessments, and provides a measure of diversity in senior leadership roles	Data contributes to 100% of assessments

¹ Figure from the *Government Use of ICT Survey* conducted by the State Services Commission in 2008/9

M. Advise Ministers and agencies on achieving agency, sector and system performance improvement

The Commission is committed to providing high quality advice and support to agencies and Ministers based on our experience, monitoring programmes, and expert networks. A particular focus over the medium term will be to equip agencies and their chief executives to deal with the challenging operating environment.

Not all agencies require high levels of support and advice. To enable the best use of our resources the Commission targets its effort to where it makes the most impact. The Commission focuses on priority agencies that need to lift their performance, on agencies where established warning signs are identified and where rapid involvement will reduce the risk of poor performance, and in strategically important larger agencies that deliver critical services to the public.

Not all advice and support is delivered directly by the Commission. Deputy Commissioners and State Sector Performance Specialists act as a key conduit of information to agencies, helping to identify linkages with other agencies and sources of information that will assist them to improve their performance.

The Commission will be working closely with Ministers, helping to provide additional clarity to chief executives around Ministerial expectations of service delivery. We are also in a unique position to advise Ministers on the levers they have at their disposal to influence agencies.

How will we demonstrate our success?	
Measure	Standard/Target
Regular analysis of Performance Improvement Framework assessments is used to target individual agency, sector and system-level performance issues	Analysis of assessment tranche is completed in July and January
A 'Lessons Learned' report based on Gateway reviews highlights top issues commonly faced by major investments across the system, with suggestions for system improvements	Report completed by 30 June 2011
Analysis of service quality scores from the 2009 Kiwis Count survey and the Common Measurements Tool is used to target individual agency, sector and system performance issues directly	Improvements in service scores in the 2011 Kiwis Count survey

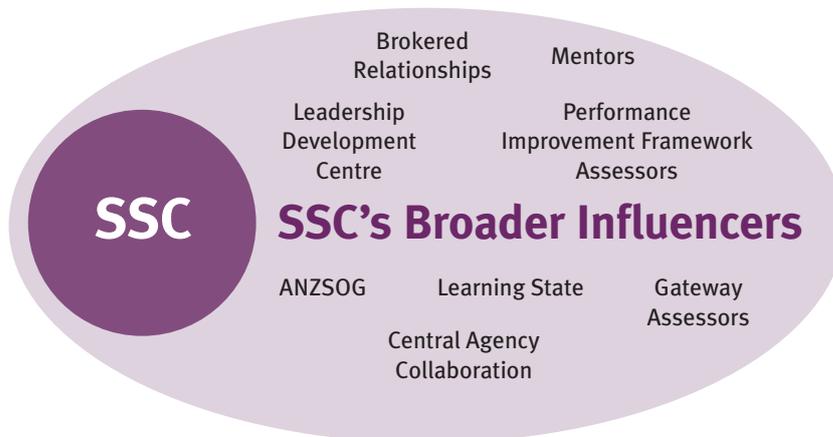
Organisational Health and Capability

Key impact sought

To be able to effectively deliver our outputs and contribute to our outcomes the State Services Commission must have effective and strategically aligned capabilities. This means being agile, having the right people, skills, processes and infrastructure.

Our organisation

As a result of the organisational restructure that took place in 2009, the State Services Commission is a smaller and more focused organisation with approximately 145 FTE employees in the core organisation. However, the size of the Commission as an entity does not reflect the Commission's reach of influence. Harnessing external capability and relationships means that the Commission, through intermediaries, can exert more effective levers on individual, agency, and system performance, for example through the use of expert Gateway reviewers or through setting up mentoring arrangements for senior leaders. This extended sphere of influence is illustrated in the diagram below.



Our people

The size and complexity of the Commission's work programme over the next three to five years will place pressure on the organisation and its staff to deliver. The Commission has a limited number of skilled practitioners across a number of specialty fields and it is critical for our success that we recruit and retain the right people with the right skills and that all of our staff are engaged, developed and supported to do what they do best every day. The Commission's three year People Strategy will provide a platform for ensuring that both productivity and engagement within the Commission are raised.

The Commission's employees will demonstrate our core behaviours of respect, innovation and credibility, and we will work to embed these behaviours in areas such as recruitment, performance management and development opportunities.

The Commission recognises that high employee engagement leads to increased productivity via lifts in individual and organisational performance. In particular we recognise the impact of the manager/employee relationship on engagement and performance. Over the next three years the Commission will therefore also focus on ensuring first class appointments to managerial positions. We will continue to use the Gallup Q12 Employee Engagement Survey as a key measure of engagement.

Our processes

To be able to deliver on a day to day basis the Commission must have robust and high quality processes in place across the core corporate services. These processes provide assurance that taxpayers' funds are being used within appropriate parameters. This is especially important in the current fiscal environment – agencies need to find efficient, cost effective means of delivering the core corporate functions that support their business. The Commission will continue to investigate options for shared services and outsourcing of corporate functions in the central agencies and more broadly across the Public Service, in particular drawing on the Better Administrative and Support Services (BASS) programme to identify opportunities to achieve efficiencies.

Infrastructure

The infrastructure that we use is critical not only to how well the Commission delivers its outputs but also to the engagement of our people. The Commission is implementing a new telephony infrastructure and is reviewing its accommodation requirements to ensure they are cost effective and fit for purpose.

Demonstrating our success

Employee engagement

The Commission recognises that high employee engagement leads to increased individual and organisational performance. We will use the Gallup Q12 Employee Engagement Survey as a key measure of engagement and organisational health and aim to be at or above the 75th percentile in 2011.

	2009/10 – Actual	2007/08 – Actual
The Q12 Employee Engagement Survey indicates improved employee engagement	2009 – 22nd Worldwide Percentile	2008 – 47th Worldwide Percentile

Stakeholder Survey

The 'service' we provide to our stakeholders (Ministers, chief executives and senior managers) is a direct reflection of the health and capability of the Commission. We are seeking to increase the proportion of stakeholders who are satisfied with their interactions with the Commission.

	2009/10 – Actual
The Commission's stakeholder survey indicates that an increasing proportion of stakeholders are satisfied with the overall quality of service delivery in their most recent interaction with the Commission	49% of stakeholders indicated they were satisfied with their most recent interaction

Key commitments

Equal Employment Opportunities

We will continue our commitment to the four groups identified in the Equal Employment Opportunities policy for the Public Service – Māori, ethnic and minority groups, women, and people with disabilities – and to appointment on merit, ensuring we meet the needs of our diverse workforce.

We will evaluate our employee engagement survey findings by age, gender and ethnicity and will monitor our workforce by collecting data on gender and ethnicity distribution at each tier of management. We will develop response plans to issues raised as a result of our findings.

Diversity

The Commission is committed to ensuring that staff are well equipped to work with Māori as partners with the Crown in the Treaty of Waitangi and to ensure that the Commission is a welcoming and supportive working environment for Māori staff members. The Commission has initiated *Te Rerenga – The Voyage* as a means of exploring its approach to tikanga Māori and its commitment to Māori responsiveness, with particular emphasis on the role of te reo Māori and Māori culture within the Commission and its activities.

Managing risk

Our risk management framework includes a set of elements within the Commission's management system that we use to manage both operational and strategic risk. In addition to standard management reporting of operational risks, internal and externally contracted assurance of policies, control frameworks and processes, the Commission's Senior Leadership Team has begun a regular review of risks associated with the Commission's system leadership role. This risk assessment is informed by the relationships and information-gathering networks that our staff have with their colleagues in the wider State sector.

Our key risk is that through not fully delivering our outputs and key programmes we do not achieve our outcomes, the system does not improve its performance, and the delivery of services to New Zealanders does not improve. We have identified four key externally-focused programmes aligned to our outcomes that must be appropriately managed:

- Employment relations (State sector pay and conditions)
- Machinery of Government and system design
- Public Service chief executive appointment and performance management processes, and
- The Performance Improvement Framework.

Alongside these work programmes we have identified our internal capability programme as critical to the effective delivery of all Commission programmes, including those mentioned above.

The monitoring of these programmes forms part of the Commission's internal risk management programme. Their management and risk mitigation strategies for these programmes will be reported regularly to both the Senior Leadership Team and the Commission's externally chaired Risk and Audit Committee, to ensure that risks are appropriately managed, mitigations are in place and that learnings are developed and used.

Departmental Capital and Asset Management Intentions

The Commission's capital expenditure programme for the five year period 2010-15 is forecast as follows:

	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000
Computer hardware	584	1,300	600	1,384	1,384
Computer software	650	650	650	650	650
Plant and equipment	67	70	70	67	67
Furniture and fittings	1,024	3,230	200	224	224
Total	2,325	5,250	1,520	2,325	2,325

The Commission is currently exploring future options for accommodation. The lease on the Commission's current premises expires in the 2011/12 financial year, although the Commission holds a right of renewal for a further five years. Increases in capital expenditure in the 2010/11 year, and particularly in the 2011/12 year relate to forecast expenditure as a result of accommodation changes.

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