

Vote State Services

APPROPRIATION MINISTER(S): Minister for Social Development (M63), Minister of State Services (M66)

APPROPRIATION ADMINISTRATOR: State Services Commission

RESPONSIBLE MINISTER FOR STATE SERVICES COMMISSION: Minister of State Services

Overview of the Vote

The Minister of State Services is responsible for appropriations in Vote State Services for the 2019/20 financial year covering:

- a total of over \$32 million to support decision-making by Ministers on Government policy matters and leading the Public Management System to ensure that the State services are collectively responsible and work together
- a total of over \$16 million for the remuneration and related employment costs of chief executives employed by the Commission
- a total of \$200,000 for payments associated with New Zealand's membership of the Open Government Partnership
- a total of \$190,000 for departmental capital expenditure for minor furniture and IT replacements, and
- a total of \$7,000 for the settlement of legal liabilities in relation to disestablished government departments and other Crown settlements.

The Minister for Social Development is responsible for appropriations in Vote State Services for the 2019/20 financial year covering:

- a total of nearly \$14 million for identifying where and how to implement a social investment approach, how well it delivers such an approach and providing tools and support to agencies to assist them implement a social investment approach, and to undertake phase two of the Data Exchange project.

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

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Designing and Implementing Social Investment (M63) This appropriation is limited to identifying where and how to implement a social investment approach, assessing how well a social investment approach is being delivered in these areas, and providing tools and support to agencies to assist them in implementing a social investment approach.	15,040	12,378	13,445
Place-based Initiatives - National Support (M63) This appropriation is limited to providing support and evaluation across place-based initiatives.	450	97	400
Place-based Initiatives - South Auckland Social Investment Board (M66) This appropriation is limited to the delivery of services as part of the Social Investment Plan for South Auckland and to the operational support of the South Auckland Social Investment Board.	1,000	1,000	-
Total Departmental Output Expenses	16,490	13,475	13,845
Departmental Capital Expenditure			
State Services Commission - Capital Expenditure PLA (M66) This appropriation is limited to the purchase or development of assets by and for the use of the State Services Commission, as authorised by section 24(1) of the Public Finance Act 1989.	1,700	1,700	190
Total Departmental Capital Expenditure	1,700	1,700	190
Non-Departmental Other Expenses			
Open Government Partnership (M66) This appropriation is limited to payments associated with New Zealand's membership of the Open Government Partnership.	200	200	200
Remuneration and Related Employment Costs of Chief Executives (M66) This appropriation is limited to the remuneration and costs relating to the employment of chief executives employed by the State Services Commissioner.	16,673	14,364	16,395
Settlement of Legal Liabilities (M66) The settlement of legal liabilities incurred by now-disestablished government departments and other Crown settlements.	7	-	7
Total Non-Departmental Other Expenses	16,880	14,564	16,602

Titles and Scopes of Appropriations by Appropriation Type	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Multi-Category Expenses and Capital Expenditure			
Policy Advice and Leadership of the Public Sector MCA (M66) The single overarching purpose of this appropriation is to support decision making by Ministers on Government policy matters and leading the Public Management System.	30,691	29,983	32,150
<i>Departmental Output Expenses</i>			
<i>Leadership of the Public Management System</i> This category is limited to ensuring the Public Management System has the design, capability and performance to deliver public services.	24,824	25,398	26,421
<i>Policy Advice</i> This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to the Public Management System.	5,867	4,585	5,729
Total Multi-Category Expenses and Capital Expenditure	30,691	29,983	32,150
Total Annual Appropriations and Forecast Permanent Appropriations	65,761	59,722	62,787

Capital Injection Authorisations

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
State Services Commission - Capital Injection (M66)	1,822	1,822	-

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2018/19 Final Budgeted \$000	2019/20 Budget \$000	2020/21 Estimated \$000	2021/22 Estimated \$000	2022/23 Estimated \$000
An Effective and Timely Crown Response to the Royal Commission of Inquiry into Historical Abuse in Care	Policy Advice and Leadership of the Public Sector MCA (M66) <ul style="list-style-type: none"> Policy Advice Departmental Output Expense	-	200	-	-	-
Leading New Zealand's Public Services to Deliver Transparent, Transformational, and Compassionate Government	Policy Advice and Leadership of the Public Sector MCA (M66) <ul style="list-style-type: none"> Leadership of the Public Management System Departmental Output Expense	-	3,000	3,000	2,000	-
Funding for the CE of the Ministry of Housing and Urban Development	Remuneration and Related Employment Costs of Chief Executives (M66) Non-Departmental Output Expense	463	505	505	505	505
Place-Based Initiatives: Progress, Future Direction and Resourcing	Place-based Initiatives - National Support (M63) Departmental Output Expense	200	400	-	-	-
Total Initiatives		663	4,105	3,505	2,505	505

1.2 - Trends in the Vote

Summary of Financial Activity

	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20			2020/21	2021/22	2022/23
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	9,628	9,628	10,783	15,005	16,490	13,475	13,845	-	13,845	9,585	8,258	8,258
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	12,256	12,815	14,081	14,940	16,880	14,564	-	16,602	16,602	16,352	16,352	16,352
Capital Expenditure	79	161	209	1,553	1,700	1,700	190	-	190	100	100	100
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	28,227	28,244	28,547	30,162	30,691	29,983	32,150	-	32,150	31,819	30,819	28,819
<i>Other Expenses</i>	161	130	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	50,351	50,978	53,620	61,660	65,761	59,722	46,185	16,602	62,787	57,856	55,529	53,529
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	12,294	12,710	12,347	14,430	16,674	14,364	N/A	16,146	16,146	15,896	15,896	15,896
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	12,294	12,710	12,347	14,430	16,674	14,364	N/A	16,146	16,146	15,896	15,896	15,896

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

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

There have been no restructuring adjustments to prior year information reported in last years' Summary of Financial Activity table.

1.3 - Analysis of Significant Trends

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

Appropriations

Output Expenses

From 2014/15 to 2015/16 output expenses were relatively constant.

The increase in 2016/17 reflected time-limited funding of \$1.155 million for a place-based appropriation for the South Auckland Social Investment Board.

The increase in 2017/18 reflects:

- an increase of \$1.690 million for year two funding for a time-limited place-based initiative relating to the South Auckland Social Investment Board
- an increase of \$5.383 million in funding for the Social Investment Agency, mainly due to a drawdown of contingency funding for phase two of the Data Exchange project, and
- funding for a time-limited place-based initiative administered by the Social Investment Agency totalling \$1.220 million for 2017/18 only.

In 2018/19 there is a decrease in output expenses, as there are no longer any time-limited place-based initiatives apart from the commencement of an evaluation. Funding for 2019/20 and outyears reflects the Social Investment Agency's core appropriation and phase two of the Data Exchange programme.

Other Expenses

The increases in actual spend from 2014/15 to 2018/19 reflect the increase in the number of chief executives as a result of the increasing number of agencies.

The budget in 2018/19 and outyears is higher due to a contingency component within the appropriation, allowing for prompt and timely payment of any new unplanned chief executives.

Capital Expenditure

Capital expenditure rose in 2017/18 on the design and implementation of a workspace that supports the new operating model and provides for easy sharing of information and the ability to work in a mobile and flexible way.

Capital expenditure continued at a high level in 2018/19 due to the Commission leaving the Central Agencies Shared Services arrangement and purchasing their own IT hardware and infrastructure.

Budgeted capital expenditure in 2019/20 and outyears reflects the usual levels of forecast capital expenditure.

Multi-Category Output Expenses

From 2014/15 to 2015/16 Multi-Category Output expenses were relatively constant.

The increase in 2017/18 reflects the transition of the Leadership Development Centre functions into the Commission. This increase is ongoing, and is reflected in the budget and estimated actuals for 2018/19.

The majority of the increase in 2019/20 is due to the new funding enabling the Commission to lead New Zealand's public services to deliver transparent, transformational, and compassionate government. This funding decreases in 2021/22 and ends in 2022/23. There is also new funding to enable the Commission to support the Royal Commission of Inquiry into Historical Abuse in Care in 2019/20.

Multi-Category Other Expenses

The decrease in 2016/17 was due to the inquiry into the escape of Phillip Smith being completed and tabled in 2015/16.

Crown Revenue and Capital Receipts

Non-Tax Revenue

The increase in 2017/18 was due to higher recoveries of chief executive salaries as a result of a higher number of agencies (as mentioned above). The high budget in 2018/19 and in outyears is reflective of the contingency built into the appropriation for the possibility of additional chief executives (also mentioned above).

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Designing and Implementing Social Investment (M63)

Scope of Appropriation

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

Expenses and Revenue

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	15,040	12,378	13,445
Revenue from the Crown	15,040	15,040	13,445
Revenue from Others	-	-	-

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

	2018/19		2019/20
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The satisfaction rating given by the Minister for the quality and timeliness of advice	At least 70%	70%	At least 70%
The combined number of agencies and NGO's on-boarded to the Data Exchange will not be less than 80% of the number committed	80% or higher	80%	80% or higher
The percentage of key deliverables agreed with the Minister completed in accordance with organisational priorities and agreed standards will be no less than 85%	85% or higher	85%	85% or higher

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2019/20 Annual Report.

Reasons for Change in Appropriation

The \$1.595 million decrease in this appropriation for 2019/20 is due to:

- a one-off expense transfer of \$1.442 million from 2017/18, and
- a one-off transfer of \$170,000 from the Ministry of Social Development in 2018/19 due to the Social Investment Agency taking control of The Hub research database.

These decreases are offset by an increase of \$17,000 in 2019/20 for Phase 2 Development of the Social Investment Agency Data Exchange.

Place-based Initiatives - National Support (M63)

Scope of Appropriation

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

Expenses and Revenue

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	450	97	400
Revenue from the Crown	450	450	400
Revenue from Others	-	-	-

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

	2018/19		2019/20
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The place-based initiatives will report that the support they receive from the national function is contributing to the successful implementation and functioning of the initiatives	Achieved	Achieved	Measure Removed
The place-based initiatives will attest that the support they receive from the national function assists them in meeting specific monitoring and reporting requirements	Achieved	Achieved	Measure Removed
The commissioned evaluation is expected to support place-based decisions by June 2020	Achieved	Achieved	Achieved

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2019/20 Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2018/19 Final Budgeted \$000	2019/20 Budget \$000	2020/21 Estimated \$000	2021/22 Estimated \$000	2022/23 Estimated \$000
Current Government						
Place-Based Initiatives: Progress, Future Direction and Resourcing	2018/19	200	400	-	-	-

Reasons for Change in Appropriation

The \$50,000 decrease in this appropriation is due to a one-off increase of \$250,000 in 2018/19. This is offset by an increase of \$200,000 in 2019/20 for the evaluation of the South Auckland Social Wellbeing Board and Manaaki Tairāwhiti.

2.3 - Departmental Capital Expenditure and Capital Injections

State Services Commission - Capital Expenditure PLA (M66)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the State Services Commission, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	545	545	190
Intangibles	1,155	1,155	-
Other	-	-	-
Total Appropriation	1,700	1,700	190

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

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

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2019/20 Annual Report.

Reasons for Change in Appropriation

The decrease in this appropriation for 2019/20 is due to forecast expenditure reverting to its normal level, following a one-off increase in 2018/19 when the Commission exited the Central Agencies Shared Services model and needed to purchase IT equipment and infrastructure.

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

Details of Net Asset Schedule	2018/19 Estimated Actual \$000	2019/20 Projected \$000	Explanation of Projected Movements in 2019/20
Opening Balance	3,849	5,671	
Capital Injections	1,822	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	5,671	5,671	

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

Open Government Partnership (M66)

Scope of Appropriation

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

Expenses

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	200	200	200

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

An exemption has been granted under s.15D(2)(b)(ii) of the Public Finance Act, as additional performance reporting is unlikely to be informative. This appropriation is limited to payments associated with New Zealand's membership to the Open Government Partnership.

Remuneration and Related Employment Costs of Chief Executives (M66)

Scope of Appropriation

This appropriation is limited to the remuneration and costs relating to the employment of chief executives employed by the State Services Commissioner.

Expenses

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	16,673	14,364	16,395

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

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

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2018/19 Final Budgeted \$000	2019/20 Budget \$000	2020/21 Estimated \$000	2021/22 Estimated \$000	2022/23 Estimated \$000
Current Government						
Funding for the CE of the Ministry of Housing and Urban Development	2018/19	463	505	505	505	505

Settlement of Legal Liabilities (M66)

Scope of Appropriation

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

Expenses

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7	-	7

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

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

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

4 - Multi-Category Expenses and Capital Expenditure

Policy Advice and Leadership of the Public Sector (M66)

Overarching Purpose Statement

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

Scope of Appropriation

Departmental Output Expenses

Leadership of the Public Management System

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

Policy Advice

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to the Public Management System.

Expenses, Revenue and Capital Expenditure

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	30,691	29,983	32,150
Departmental Output Expenses			
Leadership of the Public Management System	24,824	25,398	26,421
Policy Advice	5,867	4,585	5,729
Funding for Departmental Output Expenses			
Revenue from the Crown	23,902	23,902	26,572
Leadership of the Public Management System	18,035	18,035	20,843
Policy Advice	5,867	5,867	5,729
Revenue from Others	6,789	5,607	5,578
Leadership of the Public Management System	6,789	5,607	5,578

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve a higher performing State sector through delivery of policy advice and leadership of the public management system by ensuring that the State services is collectively responsible and works together, learning what works best and using it to improve performance for customers and having the people, institutions and approach to respond effectively to the needs of New Zealanders today and in the future.

How Performance will be Assessed for this Appropriation

	2018/19		2019/20
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Respondents in the Kiwis Count survey agree or strongly agree that, based on their last service experience, they could trust public servants to do what is right	80%	80%	80%
Overall Kiwis Count service quality score	75 points	75 points	75 points

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

	2018/19		2019/20
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Departmental Output Expenses			
Leadership of the Public Management System			
This category is intended to achieve a Public Management System with the design, capability, and performance to deliver public services			
Complete the National Action Plan End of Term Self-Assessment	100%	100%	Measure Removed
Development of a National Action Plan 2018-20 (NAP 3)	100%	100%	Measure Removed
SSCs system leadership role in Auckland is acknowledged and supported by government agencies and demonstrated by their presence in the Auckland Policy Office (APO)	Maintaining at least 12 APO government memberships	25	Maintaining at least 12 APO government memberships
State Services Chief Executives agree that the State Services Commission provides the leadership required to support them in their collective leadership and in leading their agencies	Average score of 4 out of 5, or better	4 out of 5	Average score of 4 out of 5, or better
Deployment of senior leaders through Career Boards and brokered with the State Services Commission	100	100	100
Policy Advice			
This category is intended to achieve providing advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on Government policy matters relating to the Public Management System			
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90%	70%	70%	70%
Minister of State Services has satisfaction with policy advice	80%	80%	80%
The total cost per hour of producing outputs	\$160	\$160	\$160

End of Year Performance Reporting

Performance information for this appropriation will be reported by the State Services Commission in the 2019/20 Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2018/19 Final Budgeted \$000	2019/20 Budget \$000	2020/21 Estimated \$000	2021/22 Estimated \$000	2022/23 Estimated \$000
Current Government						
An Effective and Timely Crown Response to the Royal Commission of Inquiry into Historical Abuse in Care	2019/20	-	200	-	-	-
Leading New Zealand's Public Services to Deliver Transparent, Transformational and Compassionate Government	2019/20	-	3,000	3,000	2,000	-

Reasons for Change in the Appropriation

The \$1.459 million increase in this appropriation for 2019/20 due to an increase of \$3.350 million, offset by a decrease of \$1.751 million.

The \$3.350 million increase is due to:

- \$3 million in new funding to support the Commission to lead New Zealand's public services to deliver transparent, transformational, and compassionate government
- \$200,000 in new funding to support the Crown's response to the Royal Commission of Inquiry into Historical Abuse in Care, and
- \$150,000 from a one-off transfer to the Department of Internal Affairs in 2018/19 for the inquiry into the recruitment of the Police Commissioner.

The \$1.891 million decrease is due to:

- \$1.202 million reduction in the gross-ups of revenue, largely relating to secondments and the Performance Improvement Framework programme
- \$339,000 for a one-off expense transfer from 2017/18 into 2018/19 for continued work on Diversity and Inclusion and the reform of the State Sector Act
- \$250,000 for a one-off transfer from the Remuneration and Related Employment Costs of Chief Executives appropriation to temporarily employ a chief executive within the Commission, and
- \$100,000 for a one-off transfer from 2017/18 into 2018/19 for chief executive recruitment which was delayed into the 2018/19 period.