



In Confidence

Cabinet

CAB Min (09) 9/11

Minute of Decision

Copy No: 19

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Capping the Size of Core Government Administration and Giving Priority to Front-line Service Delivery

Portfolio: State Services

On 16 March 2009, following reference from the Cabinet Domestic Policy Committee (DOM), Cabinet:

Cap on core government administration

- 1 **confirmed** that the government's policy is to cap the size of the core government administration in its first term, and to ensure that priority is given to front-line services that directly benefit New Zealanders;
- 2 **agreed** that, for the purposes of this policy, core government administration be defined as:
 - 2.1 the whole Public Service, excluding:
 - 2.1.1 Community Probation and Psychological Services;
 - 2.1.2 Prison Services;
 - 2.1.3 Child, Youth and Family (CYF);
 - 2.1.4 Work and Income New Zealand (WINZ);
 - 2.2 including the following five Crown entities:
 - 2.2.1 Housing New Zealand Corporation;
 - 2.2.2 New Zealand Qualifications Authority;
 - 2.2.3 New Zealand Transport Agency;
 - 2.2.4 New Zealand Trade and Enterprise;
 - 2.2.5 Tertiary Education Commission;

- 3 **noted** that the New Zealand Police, the New Zealand Defence Force, and other
non-Public Service departments are excluded from the cap, but will be invited to focus on
effective front-line service delivery, and to exercise restraint in "back office" staffing as
appropriate;
- 4 **agreed** that, in order to provide for greater staffing flexibility in focusing on front-line
service delivery, the cap on size will apply to the whole of core government
administration as defined in paragraph 2 above, and not to individual agencies;
- 5 **confirmed** that it is the government's expectation that the number of communications
and public relations advisers across the Public Service will be reduced;
- 6 **agreed** that the baseline date for establishing the cap on core government administration
be 31 December 2008;
- 7 **agreed** that the baseline for the size of core government administration be
38,859 full-time equivalent (FTE) positions, comprising the total of FTE staff and
unfilled vacancies for the whole Public Service (excluding Community Probation and
Psychological Services, Prison Services, CYF, and WINZ) and the five Crown entities
specified in paragraph 2 above;
- 8 **noted** that budget expectations and capped funding are expected to have a major
influence on restricting growth in staff numbers in government agencies over the
government's first term;

Monitoring and reporting

- 9 **noted** that the State Services Commissioner will set and monitor expectations for
Public Service chief executives (CEs) on capping core government administration,
including reducing the number of communications and public relations staff, and giving
priority to front-line service delivery, as part of the CE performance management
process;
- 10 **invited** the Responsible Ministers of all Crown entities (with particular focus on those
referred to in paragraph 2 above) to convey the government's clear expectation that they
will exercise restraint in staffing, in line with government policy;
- 11 **noted** that:
- 11.1 where CEs propose to exceed staff numbers beyond the level indicated in their
31 December 2008 establishment figures, they will advise the State Services
Commissioner of that fact and the reasons for it, to assist the State Services
Commissioner to oversee rebalancing within the overall cap;
- 11.2 Crown entities will also advise their Responsible Ministers of proposals to exceed
staff numbers beyond the level indicated in their 31 December 2008 establishment
figures;
- 12 **noted** that the number of communications and public relations advisers employed in the
Public Service as at 31 December 2008 was 321 FTE staff;

- 13 **noted** that, where Public Service CEs propose to exceed the number of communications or public relations advisers in their departments beyond their number as at 31 December 2008, they will advise the State Services Commissioner of that fact and the reasons for it;
- 14 **noted** that, where staff numbers exceed the December 2008 figures without advice to the State Services Commissioner (and Responsible Ministers in the case of Crown entities) this will be taken account of in performance management discussions and outcomes;
- 15 **noted** that, in order to retain the flexibility to respond quickly to a crisis (e.g. biosecurity), or a significant opportunity to enhance the economy, the cap may be breached on a temporary basis (for no more than three months), with the approval of the Minister of State Services;

Next steps

- 16 **noted** that the first key milestone will be an initial report by August 2009 to the Minister of State Services, for referral to DOM, from the State Services Commission's (SSC) June 2009 Human Resource (HR) Capability survey, when overall trends in core government administration staff numbers, including communications and public relations staff numbers, will be reported to DOM and then publicly;
- 17 **noted** that the SSC will undertake a further brief HR survey of staff numbers in Public Service departments and selected Crown entities as at 31 December 2009;
- 18 18.1 **directed** the SSC (lead) and the Treasury to:
- 18.1.1 review the effectiveness of the management and monitoring regime for capping the size of core government administration, including reducing the number of communications and public relations advisers, and focusing on the frontline, after it has been in operation for one year;
 - 18.1.2 report to the Minister of State Services, for referral to DOM, by the end of February 2010;
- 18.2 **noted** that the review will include information on staffing, expenditure, progress in giving priority to the front-line, and any unintended consequences arising from the application of this policy;
- 19 **noted** that the Minister of State Services will issue a press release on capping core government administration after Cabinet has taken decisions.

Rebecca Kitteridge

Secretary of the Cabinet

Reference: CAB (09) 111; DOM Min (09) 3/1

Distribution:
All Ministers
All Chief Executives
Secretary, DOM

Released by the
Minister of State Services