



Fact Sheet:

Capping Core Government Administration

The Government expects the State Services to spend taxpayer's dollars wisely, efficiently, and on areas that improve services to New Zealanders. Capping the core government administration will make resources available for improved frontline services which is better value for money for New Zealand taxpayers.

Defining the core government administration

Core government administration refers to:

- All Public Service departments (excluding the Community Probation & Psychological Service and Prison Service sections of the Department of Corrections, and the Child, Youth & Family and Work & Income sections of the Ministry of Social Development);
- Five selected Crown entities: Housing New Zealand Corporation; New Zealand Qualifications Authority; New Zealand Transport Agency; New Zealand Trade & Enterprise; and Tertiary Education Commission.

Core government administration excludes:

- the Community Probation & Psychological Service and Prison Service sections of the Department of Corrections;
- the Child, Youth & Family and Work & Income sections of the Ministry of Social Development;
- Crown entities (apart from the five noted above);
- non Public Service departments (New Zealand Defence Force, New Zealand Police, Parliamentary Service, New Zealand Security Intelligence Service, Office of the Clerk, Parliamentary Counsel Office).

Setting the cap on core government administration

The cap on the size of core government administration has been set at 38,859 full time equivalent (FTE) staff positions. The cap is based on the number of FTE staff in core government administration plus unfilled vacancies as at 31 December 2008. The cap will be applied globally, to the total FTE staff in core government administration, not to individual organisations. The State Services Commissioner is responsible for overseeing the cap.

Applying the cap allows for greater flexibility in rebalancing staff numbers and resources between and within organisations to focus on frontline service delivery across the State Services.

Crown entities and non Public Service departments excluded from 'core government administration' are expected to exercise restraint in back office staffing and focus on frontline service delivery as appropriate to their functions.

Reducing the number of communications and public relations staff

The Government is concerned at the growth in numbers of communications and public relations staff employed in the Public Service. When determining staffing levels in their departments, chief executives should take account of the Government's expectation that the number of communications and public relations advisors they employ will be reduced.

Managing staff numbers within set baselines

Organisations within core government administration provided 'establishment figures' to the SSC as at 31 December 2008, which were used to establish the global cap on core government administration. Each chief executive is responsible for managing their workforce within their establishment figures.

Chief executives are expected to advise the State Services Commissioner (and for Crown entities, their Responsible Ministers) of any proposed increase in staff numbers beyond their establishment figures. Chief executives are also expected to advise the Commissioner of any proposed significant reduction in staff numbers. This will assist the Commissioner in overseeing the cap.

Focusing on frontline service delivery

Capping the core government administration is about overall expenditure, not just staff numbers. It involves smarter ways of working to achieve improved service delivery and ensuring expenditure – including personnel expenditure – is carefully and appropriately managed within baseline budgets.

The Government wants to see people and funding moved into areas that will deliver the best value for money and the best improvements to frontline services for New Zealanders. Improved frontline service delivery involves better people management, processes, shared services, and use of technology – this may involve changes to staffing frontline service delivery roles.

Chief executives are responsible for managing their workforce within their establishment figures and baseline budgets, and for prioritising frontline service delivery.

Monitoring the cap on core government administration

The SSC will regularly engage with organisations and support their implementation of the cap on core government administration through the provision of information, guidance, and advice.

The SSC and Treasury will review the effectiveness of capping core government administration, and report to Ministers in August 2009 and in early 2010. The review will include information on staffing levels, expenditure and frontline service prioritisation.

The review will also consider implications for organisations and any consequences arising from the application of the cap on core government administration.