



The Review of the Centre - One Year On

Getting Better Results

- for citizens, Ministers and staff



THE REVIEW OF THE CENTRE – ONE YEAR ON

**GETTING BETTER RESULTS
- for citizens, Ministers and staff**

December 2002

ISBN 0-478-22427-0

Published in December 2002
by the State Services Commission, Wellington, New Zealand

© Crown Copyright reserved 2002

This publication is available on the web site of the State Services Commission at
www.ssc.govt.nz

A letter from the Minister of State Services

It has now been a year since the Minister of Finance and I presented the report of the *Review of the Centre*.

We had commissioned the *Review* because we wished to maintain and strengthen the Public Service and the wider State sector. The Government is committed to a strong State sector, able to deliver a high standard of service to the New Zealand public by relying on its own expertise rather than consultants. The reality of this commitment is demonstrated by the survey information recently released, which shows an increase of 5% in Public Service staff, spread across 31 departments, in 2002.

The Government was looking for a plan for significant improvement that could be developed and put in place over a number of years. The concerns we had expressed in the *Review's* Terms of Reference were:

- the need for effective support for frontline staff;
- the need for capable analytical staff who provide unbiased, useful advice;
- the need for senior staff to provide leadership in coordinating the full range of work across the State sector;
- the need for reinforcement of the existing sound values of the Public Service; and
- the need for a stronger whole of government focus.

There has been a lot of hard work done on implementing the *Review's* recommendations over the past year. Some of the progress has not been as quick as I would have liked, but I am pleased to be able to report that most of the work is now progressing well.

Of particular importance to this Government are the following:

- the Executive Leadership Programme, which will over the next few years build a stronger cadre of senior managers;
- the other work being done to strengthen core Public Service capability, through the Human Resources Framework and other projects;
- the broadening of the State Services Commissioner's mandate to lead on values and standards in the wider State sector;
- the focus on finding solutions collaboratively and locally, being addressed by the circuit breaker teams and the regional coordination project in particular; and
- the work on Innovation, which should lead to a stronger culture of experimentation and finding out "what works".

This report summarises the work done to date, describes some of the results starting to emerge, and gives examples of the sorts of results and changes we can expect.

Trevor Mallard
Minister of State Services

CONTENTS

	Page
Introduction by the State Services Commissioner	1
Report from the Change Implementation Advisory Group	3
What was the <i>Review of the Centre</i>?	7
How did it get started?	
What did it cover, and how was it done?	
What were its main findings and recommendations?	
How did the Government respond?	
How were governance structures and workstreams for the consequent work set up?	
One year on – where is the <i>Review</i> now?	13
Overall progress	
Integrated service delivery	
<i>Example: Circuit breaker team on reducing domestic violence</i>	
Tackling fragmentation and improving alignment	
<i>Example: Crown entity governance proposals</i>	
<i>Example: New vote structure for Immigration Services</i>	
Enhancing people and culture	
<i>Example: Executive Leadership Programme</i>	
Innovation and Central Agency leadership	
<i>Example: DOC pest eradication programme</i>	
One year on – the <i>Review</i> in a wider context	23
What is the “big picture” of State sector reform?	
What progress is being made on initiatives outside the <i>Review</i> ?	
<i>Example: The new government web portal</i>	
<i>Example: MSD’s new Code of Conduct</i>	
Where to from here?	27
What is all this activity going to achieve?	
<i>Example: MSD-industry partnership in South Auckland</i>	
<i>Example: National Maritime Coordination Centre</i>	
What are the next steps?	
Closing comments, from the Public Service Association	33
Where should I go for further information?	35
Appendices	
1 Terms of Reference for the <i>Review of the Centre</i>	37
2 Governance structures and personnel	
3 Glossary	

Introduction

This is a progress report on the *Review of the Centre* and related initiatives, one year on. It has been prepared to inform those interested about both the context within which the work is being done, and what progress is being made. This is a long term process – the report identifies a number of milestones either achieved or imminent.

We are moving into a new phase of public management, starting to do some of the “harder yards”. In a more demanding, rapidly changing world, the Public Service needs to get closer to citizens and the community, to understand their needs more, and to focus more on achieving results. This has some very specific implications for the Public Service and the wider State sector:

- one agency cannot do it alone – agencies have to work together, and with communities outside Wellington, to address complex, and ever-changing issues, through collaboration, experimentation, and evidence-based policy development,
- values and high standards of behaviour across the State sector are critical to coping with this volatility, being the “glue” which helps staff operate with integrity and consistency in complex circumstances, and
- we need good, well-rounded people to lead and manage the State sector in this difficult environment.

The *Review* was an important process. It allowed the Government to consider and take ownership of aspects of the existing system and current developments, to place its own emphases and priorities on them, and to begin some changes as well. Existing initiatives such as the Values and Standards work were endorsed; moves to be more collaborative, and to strengthen Public Service capability, such as the Executive Leadership Programme, were given more focus and strength through the Government’s greater emphasis on the collective interest and capability building; and initiatives were begun in areas such as innovation.

The programme of work begun in response to the *Review* was divided into four areas, each led by a chief executive or senior public servant, and supported by a small group of Public Service chief executives. This approach, supported by the other central agencies, was consciously adopted as an inclusive, collaborative model, which involved departments outside the central agencies in the development of public management proposals.

A number of initiatives are now starting to bear fruit, and I look forward to the challenge over the next two years of bedding some of the proposals in, and changing how the Public Service works. I am also happy to report that departments are taking independent initiatives, in response to the general thrust of moving towards a results- and citizen-based focus.

This report canvasses the history and progress of the *Review* process, places it in the wider context of improving public management and getting better results for citizens and communities, and looks briefly at “where from here”.

It also includes a report from the Chair of the Change Implementation Advisory Group, and closing comments from the Public Service Association.

I would like to thank a large number of people for their current and planned contributions to these improvements in public management: the Chief Executives of my fellow central agencies and government departments; the staff throughout the Public Service who are doing a great job in the development work; and the people from outside the Public Service who are, often voluntarily, giving their time to advise, challenge and support the process. The list in Appendix 2 gives some flavour of the breadth of involvement, if only at the governance level.

A handwritten signature in black ink, appearing to read 'Michael Wintringham', with a long horizontal flourish underneath.

Michael Wintringham
State Services Commissioner

Report from the Chair of the Review of the Centre Change Implementation Advisory Group, Angela Foulkes

The Review recommended exploring some new directions...

The original *Review of the Centre* report endorsed the public management system as sound but recommended that some areas be modified, and some new directions explored. The but is that while the public management system is not broken, there is still room for further changes to improve results.

...in particular, improving services for citizens

The remaining area of reform is about improving service and delivery to citizens and Ministers. In a rapidly changing environment, this is about delivering a complex set of services where there is *no one size fits all* while at the same time developing a whole of government approach. Further to that, the State sector will need to be more responsive to the aspirations of staff as well as citizens - Ministers will find it hard to achieve better results without encouraging and supporting the staff that engage at the frontline and in other parts of the system.

Turning the *face of the system* towards citizens requires new ways of thinking and relating. Public officials need to see 'citizens' in a much broader frame that encompasses business, communities and individuals whether contributing to or dependent on the State.

The Advisory Group has tried to bring perspectives to bear from outside the system

Since the Advisory Group began meeting in June 2002, we have consciously focused on considering the work from perspectives outside the system itself: how proposals will affect citizens, business, community, and relationships with Ministers.

Our discussions have also considered local government, innovation, and responsiveness to Māori. The work under Integrated Service Delivery, in particular, has included thoughtful work around mechanisms for the effective participation of Māori and the development of good quality outcomes without consulting 'about Māori'.

On the innovation front, the view of the Advisory Group is that public servants and those working in the wider State sector need to feel there is a mandate for greater flexibility for trying new ideas rather than a climate of criticism or covering up 'failure'. In a year, it should be possible to test whether the climate for innovation has improved. This will, of course, require balanced judgments to be made about how to take risks while still knowing where the accountabilities lie.

The new work commissioned under the Review is challenging...

The work commissioned under the *Review of the Centre* is in its early stages and is challenging. The new work is in three principal areas: the establishment of networks as a alternative to structural change where leadership is required over issues or operational delivery for an ongoing period; the development of a Human Resources Framework to guide the State sector and make it more rewarding for those who work in it; and the setting up of the circuit breaker teams to explore new approaches to solve problems that are cross cutting in nature, and in

areas that have eluded positive intervention to date.

...balancing collective interests with Chief Executive freedom when considering the quality of the working environment...

The work on whether an overarching human resource framework which creates more collective or common arrangements can add value to current arrangements will require consideration by Government, the Commission, Chief Executives and the PSA over the coming year. A central question is how to balance the integrity of current systems whilst increasing interaction across agencies (such as a whole of government approach to career development) without challenging the basic principles of the State Sector Act, which give Chief Executives considerable freedom in human resource matters.

...and widening the focus beyond disadvantaged groups...

Over the period ahead, the Advisory Group is interested in seeing the work incorporate areas where the Public Service's role extends beyond disadvantaged groups or individuals. The immediate focus on work on areas of disadvantage may be partly related to the reduced size of the Public Service, and to the fact that many services are now delivered through the broader State sector and local government. The things the core Public Service does now are mainly in areas of social failure rather than improving effectiveness for those who have no apparent disadvantage. There is a need for the Public Service to be seen as assisting those who are coping to *cope better* or *achieve more*.

...without undermining the strengths of the current accountability model

The original *Review* was light on how to move to encompass new relationships with local government, community and Māori without undermining the strengths of the current accountability model. At the same time, departments are being asked to *step up* to focus more on results than processes and outputs.

We expect that the work on Statements of Intent led by the State Services Commission and the Treasury will fill some of the gap between processes and results, and lead to real engagement with Ministers. We have always presumed that increased flexibility in the vote structures will not reduce the benefits of the current model but deal with some of the rigidities and transaction costs that have crept in over time.

There is still room for structural change and improvement

For many public servants the 90's were a period of continuing structural change. The *Review of the Centre* considered that any future change should be driven by an analysis of the whole sector's contribution to providing effective results for citizens. The rigidity of structures and how to bring services together in a useful way requires ongoing debate – one just has to compare the services needed in the Far North compared with the Viaduct basin. Considering whether structural change is required is always going to be a vexed question for Ministers, Chief Executives and staff. The Advisory Group is clear, however, that it is unlikely that the current structures of Crown entities and departments are 'perfect', and that there is still room for improvement in how structures and systems deliver services to citizens and respond to Ministers.

New approaches to managing in a complex environment are being modelled

The process put in place by the Commissioner, involving many Public Service Chief Executives in Reference Groups to guide the development of the proposals, has given senior leadership in the Public Service the opportunity to contribute to positive outcomes. This needs to filter down from Chief Executives to staff and middle managers, so that new approaches are modelled on how to manage and lead in a complex environment that draws more on relationships than specification.

Language used by officials needs to be demystified

Over time, we need to continue to break down officials' language to language we can all relate to - we need to talk services and results. I say this because language can be a barrier and, from the Group's view, it is difficult to see what changes there will be until we demystify the language. This will be important, to be responsive to all stakeholders.

The Group will focus on a variety of areas from now on

Over the period ahead, the State Services Commissioner has asked the Advisory Group to focus on:

- the special interest areas in our terms of reference: Integrated Service Delivery, people and culture and innovation;
- Māori Responsiveness;
- relationship with Local Government;
- connections of ROC initiatives to other public management initiatives; and
- assessment of the impact of the work on results sought.

We invited Peter Winder, Chief Executive of Local Government New Zealand, to our October meeting and discussed the increasing interaction between central and local government through the development of community outcomes plans under the legislation before Parliament. We plan to involve local government regularly and directly in our discussions in the future.

We support a stronger mandate for the State Services Commissioner, to promote a more cohesive State sector

We also wish to signal our support for a stronger mandate for the State Services Commissioner in the wider State sector. The current Commissioner has exercised his mandate judiciously rather than in a heavy handed or interventionist way. We are concerned that Board or Chief Executive autonomy over minor things could be used to argue against the State Services Commissioner setting standards and expectations on values and standards across the State sector.

The Group strongly supports such an extension, and sees it as critical in reinforcing the whole of government and sectoral approaches foreshadowed in the *Review*, especially as Crown entities are the delivery arm for a significant range of services to New Zealanders. The current arrangements for Crown entities have been successful in focusing organisations on their primary functions and stakeholders, and improving the individual performance of agencies. However, these arrangements have also resulted in a loss of many significant features that support the ethos of the public sector and the development of the

capacity of the State sector.

We would have liked to have seen some quicker wins...

At times, the Group has felt that the pace of the new areas of work has not been as fast as we expected. While we realise that the need to develop and try new approaches, and set in place new ways of working is long term by nature, we believe there is a need for some quick wins as well, given the realities of a three year election cycle and the pressure on the legislative programme. Getting quick results while moving to more inclusive collaborative styles of working will require some tradeoffs.

...and expect substantial changes to emerge early in 2003

In a year, we hope to see substantial change emerging from the circuit breaker team approach, proposals to establish mandated networks, the findings on regional coordination, and an improved climate for innovation underpinned by a mandate from the centre for different ways of working. A lot of work is going on but is not yet visible. It needs to be visible soon, and the deadlines in March and April 2003 will be important milestones.

We look forward to engaging on the issues with the Commissioner over the months ahead.

What was the *Review of the Centre*?

How did it get started?

The Review began in July 2001

The *Review of the Centre* was established by the Prime Minister, the Minister of State Services and the Minister of Finance in July 2001. A Ministerial Advisory Group was appointed, which consisted of the heads of the three central agencies and three other members, suggesting a desire for both internal experience and external challenge.

Its role was to review how well the public management system responded to the needs of citizens and Ministers

The *Review* was essentially a review of the public management system - of how well it responds to the needs and expectations of Ministers and of citizens, be they individuals, communities, businesses, or Māori.

The terms of reference (Appendix 1) suggested that the Government was looking for improvements that could be implemented over a period of years, and also indicated the Government's perceptions of the problems of the system. The relatively short timeframe within which the *Review* was to be done precluded in-depth analysis of options and underlined the expectations of Ministers that the recommendations were likely to be evolutionary.

It was not intended to be a radical redesign

This was not intended to be a complete redesign of the public management system, but it was also required not to shrink from some radical adjustments if they were necessary.

What did it cover, and how was it done?

The Review covered the whole public management system, except that it did not consider SOEs, Parliament, the Judiciary, or the merits of particular government policies...

The terms of reference made it clear that the Advisory Group was to look at the public management system as a whole. The *Review*:

- considered both departments and Crown entities, but did not look in depth at SOEs (issues relating to commercial organisations are quite distinct from those relating to the rest of the sector);
- focused on the operation of the Executive rather than other branches of government – Parliament or the Judiciary; and
- was aimed at the performance of the system in (among other things) supporting Ministerial decision-making, and implementing government policy decisions, and delivering services. It was not about the merits of particular government policies.

...and it drew on a wide range of sources

The Advisory Group was supported by an inter-agency secretariat drawn from Treasury, the State Services Commission, Te Puni Kokiri and the Department of Labour. Information for the *Review* was collected from a wide variety of sources, informed by data wherever possible and subject to analysis and review.

The *Review* did not take place in a vacuum. It drew on and interviewed many individuals both in and outside the State sector, and attempted to build on other developments in train.

What were the *Review's* main findings and recommendations?

“The public management system is a reasonable platform, but needs changes in emphasis.”

The *Review* report was finalised in November 2001. Its major finding was that “the public management system as it stands today provides a reasonable platform to work from, but some significant shifts in emphasis are needed to better respond to the needs of the future”.

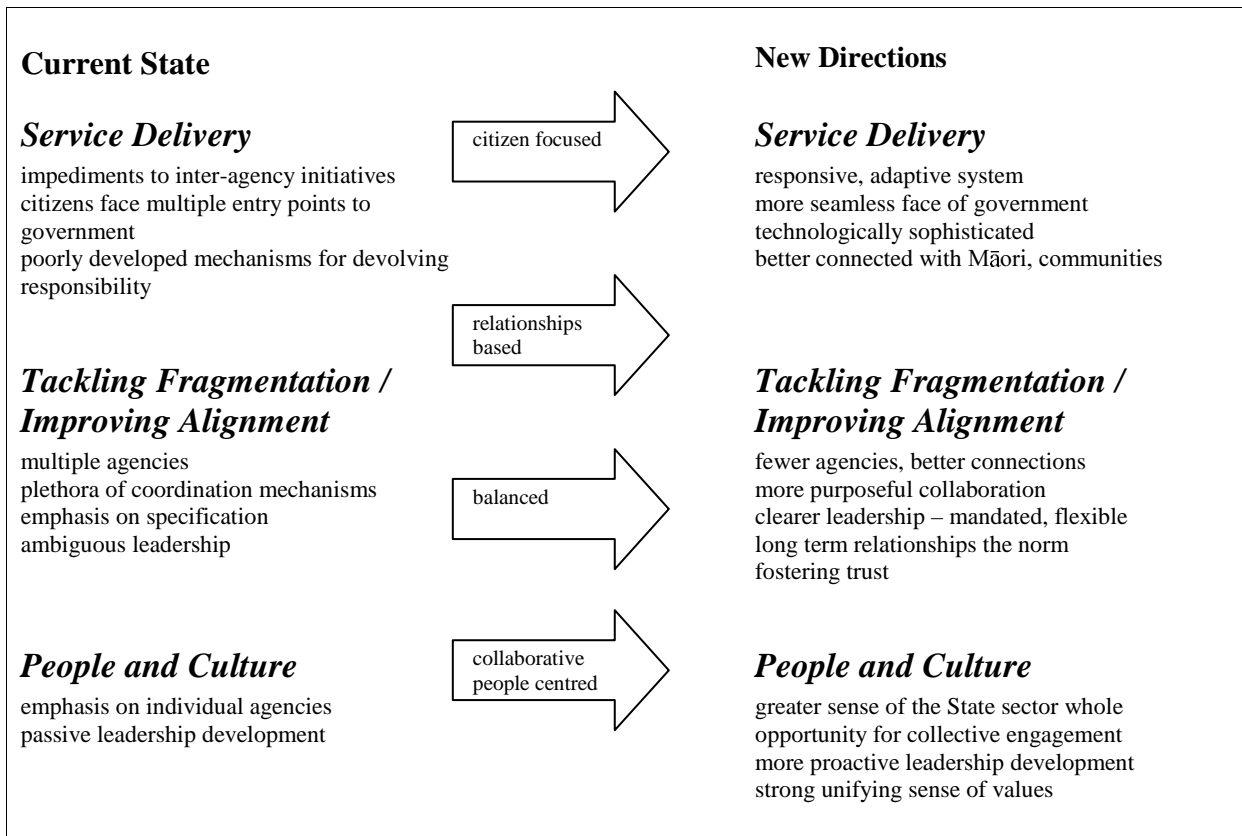
The *Review* suggested a direction for change, rather than specifying all the details or costings of the change. Some of the recommendations made the future aspiration clear, but required further analysis to test and refine the actions to be taken.

“There are three priority areas for change.”

It identified three priority areas for change:

- ***Achieving better integrated, citizen focused, service delivery***, particularly where complex social problems are dealt with by multiple agencies, making sure the system is focused on the results that citizens and governments want in terms of outcomes and services;
- ***Addressing fragmentation and improving alignment*** particularly through: a stronger emphasis on outcomes; developing more effective, higher trust means of working together; harnessing technology; re-examining the large number of agencies and votes, and the tendency to emphasise vertical accountabilities rather than whole of government interests; and
- ***Enhancing the people and culture*** of the State sector, particularly building a strong and unifying sense of values, staff and management development, and meaningful opportunities for collective engagement in organisational decisions.

The report illustrated the nature of the changes the Advisory Group thought was needed with the following diagram:



The Review's recommendations complemented a number of other initiatives already underway

The *Review* made a series of recommendations related to these three areas for change, which were considered by Cabinet in December 2001.

The recommendations were not considered a comprehensive list of things to do, nor were all of them new. The *Review* noted that a number of initiatives to address these issues were already underway across the State sector, many of them from the last 18 months.

It listed these as including the Partnership for Quality Agreement with the PSA, the work of the State Sector Standards Board, collective work by chief executives, work on social indicators underway in the Ministry of Social Development and other departments, the Pathfinder project on outcomes and the development of Deputy Commissioner Teams in the SSC. The intention was not for the recommendations to cut across other work, but to complement and build on it where appropriate.

At other points in the report, it also acknowledged other major initiatives under way, notably work on e-government, values and standards, and the roll out of Statements of Intent across departments.

How did the Government respond?

Cabinet adopted all the Review's recommendations, and added two

The *Review* report was considered by Cabinet and its recommendations were adopted in full on 17 December 2001.

The Government also added two requirements to the *Review's* set of recommendations:

- to evaluate the integration of service delivery against the needs, priorities and interests of Māori; and
- to ensure that in addressing issues of fragmentation, the need for a whole of Government approach to issues of Māori policy was considered.

How were governance structures and workstreams set up?

The process is intended to be inclusive and consultative

The State Services Commissioner has executive responsibility for leading the response to the Cabinet decisions, and responsibility for individual reforms within the programme rests with chief executives of the specific organisations involved. The governance structures described below were set up in close consultation with the heads of Treasury and the Department of Prime Minister and Cabinet.

One decision made early in the process of responding to the Cabinet decisions was that the governance, policy development, and project management processes for the *Review* initiatives should act as a pilot or model for the future. This meant that these processes would be consultative and inclusive, and give those involved the opportunity to be involved in collective development and decision-making.

There are three types of group involved in governance

There are three key groups in the governance structure. Appendix 2 gives details for each group:

- The *Change Implementation Advisory Group* is a group from outside the core Public Service, with a range of backgrounds. The group is established by Cabinet decision, and their role is to provide advice and guidance to the Commissioner on a range of matters from an outside perspective. They have no formal accountability for implementation.
- A *Steering Committee* was set up to resolve any issues between workstreams, ensure alignment of the programme with the original objectives, and to ensure high quality delivery. It consists of the heads of the three central agencies and Te Puni Kokiri, plus the Programme Leaders for each workstream.
- Each of four workstreams has a *Chief Executive Reference Group*. This consists of the programme leader, a group of Chief Executives from the Public Service, and the programme coordinator. The Group's role is to act as champions, supporters, peer reviewers, and facilitators of the process in each workstream.

Project teams are drawn from a range of agencies and the Public Service Association

Detailed management of each workstream and project is done within this governance structure, with the following key roles:

- The four *Programme Leaders* chair their respective reference groups, and are expected to offer personal leadership in the work areas. Their specific roles vary with the workstreams.
- Four *Programme Coordinators* drive the whole process, developing workplans, establishing projects, reporting progress and brokering support where needed.
- *Project teams* are drawn from central and other agencies, and the Public Service Association, as appropriate and available.

A small project office within the State Services Commission provides support for overall coordination, communication and progress reporting.

One year on – where is the *Review* now?

Overall progress

Most projects have made reasonable progress

Central agencies and departments have put significant effort into the work, as set out in the rest of this section.

Progress reports were provided to the new Government at the end of September, and approved by Cabinet on 11 November 2002. These reports also included a small number of requests for approval or mandate for further work, all of which were approved.

The progress reports are known as “EXG Papers 2 to 5”, and are appended as part of this briefing package.

Detailed reports below include examples of emerging findings or likely developments

The rest of this section gives, in some detail, the issues being addressed, the specific responses required by Cabinet, and progress reports on each response.

These are supplemented by specific examples of some of the work which is nearing major milestones or completion:

- Circuit breaker teams’ work on funding for reducing family violence;
- Crown entity governance proposals;
- A new vote structure for Immigration Services;
- The Executive Leadership Programme; and
- The DOC Pest eradication programme (as an example of innovation).

Integrated service delivery

The first big area of work was the interface with citizens, particularly where multiple agencies were involved

The *Review* stated that the first big issue requiring attention was the interface of Government with citizens, particularly on cross-cutting issues where multiple agencies were involved – and where judgments needed to be made at the front line.

It suggested a number of system level improvements, combined with a bottom up testing of how government was working in the regions, followed by responses that reflected the circumstances of each region.

Cabinet agreed to a series of initiatives to better integrate service delivery, and they are described, with progress reports as at 30 November 2002, below.

“Circuit breaker teams” have been examining truancy, funding for reducing domestic violence, and settlement of

“Establish cross-agency circuit breaker teams to solve previously intractable problems in service delivery by drawing on front-line knowledge and creativity together with central technical support.”

- Three teams were established, focusing on truancy, funding for services aimed at reducing domestic violence, and settlement of skilled migrants. The teams are close to completing their work.

migrants.

Initial results will be made available to the Reference Group in December, and more widely early in 2003.

- The next phase of work will consider other intractable problem areas for possible circuit breaker teams.

Example: Initial learning from the Circuit breaker team on funding for reducing domestic violence

A team working from Hamilton on this problem has nearly finished its work. Key things learnt so far are:

- Numerous agencies contribute a range of funding to a range of providers, but in isolation from each other. This inhibits information sharing, learning about best practice, and getting best value for money.
- Just addressing the problem through putting a task force on it has helped break down these silos.
- There are significant gaps between the overall strategy (Te Rito), which all agencies support, and the delivery of services at the front line. Better information-sharing is needed not only between the agencies, but also within them, between the front lines and the centre.
- There need to be “intermediate, joint accountabilities” set up to bridge all these gaps. The team is now working on how these might look in practice.

A separate team is examining how agencies coordinate their work in the regions...

“Enhance regional coordination of State sector agencies, including their interaction with local government and community organisations, by adapting and building on existing successful models of local coordination.”

- Field visits to Taranaki, Counties Manukau, and Otago Southland have been completed. Preliminary findings include: government agencies are steadily acting more collaboratively in the regions; there is much to do to coordinate this work better, and to prepare for the new relationship with Local Government under the Bill currently being considered; and service delivery to meet Māori and Pacific Island people’s needs needs to be done more collaboratively.

...and yet another is working on making evaluation processes more effective

“Assess whether any further initiatives were required to encourage more effective use of evaluation in the State sector, and evaluating the integration of service delivery against the needs, priorities and interests of Māori.”

- A small team has undertaken a series of interviews with stakeholders, and prepared a discussion paper on evaluating the impact of government activities. This draft is circulating within the Public Service, with a final report back to Ministers by 30 April 2003. Emerging ideas include the need for more

collaborative planning of evaluations, and fitting the nature of the evaluations more accurately to their purpose and potential use. The recently formed Social Policy Evaluation and Research Committee should make a strong contribution to better evaluation.

- Evaluating the interests of Māori is being addressed mainly through evaluation of the results of the circuit breaker team and regional coordination work referred to above, in close consultation with Te Puni Kokiri.

Tackling fragmentation and improving alignment

The Review Group saw fragmentation in the State sector as a major inhibitor of effective policy formulation and delivery of services

A second important issue to the *Review* Group was fragmentation, and the loss of focus on the big picture that fragmentation could cause. This was ascribed to a proliferation of agencies; a proliferation of Ministerial portfolios leading to an excessive number of votes; and in some areas, an over-emphasis on vertical accountabilities at the expense of whole of government approaches.

The Group saw the effects of fragmentation as widespread: making coordinated service delivery more complicated, adding to the costs of doing business, and blurring accountability for some issues. Structural fragmentation meant many small agencies, spreading leadership talent and other skills more thinly and increasing the risk of weak capability. Fragmentation meant Ministers needed to build relationships with multiple agencies, and at times had to reconcile conflicting agency positions at an excessively detailed level.

The range of initiatives suggested came with warnings attached

The *Review* suggested a range of initiatives to address fragmentation. The initiatives came with warnings from the Advisory Group: that each was only a partial solution, and that all were dependent on Ministerial support and active engagement with senior officials, including discussions of priorities, responding to evaluation, and actively managing risk in ways that made room for innovation.

Cabinet agreed to the range of initiatives to address fragmentation and improve alignment of State sector agencies with the Government's objectives. They are described, with progress reports on each of them as at 30 November 2002, below.

New forms of networks for related agencies are to be experimented with, to strengthen collaboration

“Establish networks of related agencies to better integrate policy, delivery and capability-building in the State sector.”

- A pilot for a new form of network, a “mandated regional network” will be established once work on regional coordination has been completed. This will be a Cabinet-mandated, cross-agency group of senior regional managers, with budgetary authority to develop strategic priorities for a region, and to develop and pursue joint action plans.
- Detailed proposals for three “mandated central networks” are being developed, with report back to Ministers scheduled for the

end of March 2003. These will be Cabinet-mandated groups of State sector chief executives or second tier managers tasked with tackling specific strategically important issues, problems, or opportunities on a national basis.

Structural arrangements are being considered for review

“Progressively review structural arrangements in the State sector.”

- Advice has been prepared on how this might be done sectorally, based on the sectoral classifications in the *Social Report* (Ministry of Social Development, 2001). An assessment tool has been developed to help consider structural and non-structural barriers to improving performance.

A Bill will be introduced in 2003 to improve governance arrangements for Crown entities, and enable more aligned, whole of government action

“Improve the governance of Crown entities, with particular attention to improving the clarity of relationships between Ministers, departments and Crown entities, and strengthening those elements of the public management system that enable whole-of-government action.” This first part of this builds on work on which there had been extensive consultation with Crown entities in 2000. The second, relating to whole of Government matters, is new.

- The Ministers of Finance and State Services have agreed to introduce Crown entity reform legislation in August 2003.
- Further consultation will take place with Crown entities in March to June 2003.

Example: Crown entity governance proposals

Key proposals in the draft legislation (advised to Crown entities on 9 December 2002) are:

- Cabinet would have the power to direct classes of Crown entities on whole of government interests, within legislative constraints.
- Standard governance arrangements would be introduced for each class, including a requirement to develop Statements of Intent in line with the new Public Service model.
- The new Executive Leadership Programme would be open to participation by Crown entity and local government staff.
- The State Services Commissioner would issue a code of conduct, and provide advice and guidance on values and standards to Crown entities.

Funding arrangements are being made more flexible...

“Make detailed proposals for changes to the Public Finance Act to allow for more than one funding arrangement between a Minister and a department to be funded from one Vote.”

- This area of work reflects the growing concern that more flexibility is needed on the margin of our core system of output-

based appropriation and reporting, without losing transparency and accountability to Parliament. Drafting of legislative amendments is under way, for completion before March 2003. Analysis of longer term issues and possible options is also under way.

Example: New vote structure for Immigration Services

For the 2002-03 year, the number of Output Classes in Vote: Immigration has been reduced from seven (appropriations from \$1.2M to \$55.5M) to two (appropriations \$74.0M and \$13.5M). The Department of Labour's intentions in doing this were to increase flexibility of funding within the overall Vote, and to more accurately align their Output Classes with what they wanted to achieve – their desired outcomes.

It remains to be seen whether this change will achieve its objectives, while maintaining proper accountability to Parliament for funds spent. Both Treasury and the Department will be monitoring the effects of the change carefully.

...and departments are now planning for longer term results by developing "Statements of Intent"

“Make changes to the accountability and reporting system to put more emphasis on the achievement of high level objectives and priorities (results, or outcomes), and the capability of government agencies, as well as outputs.”

- This gave formal sanction to the “Managing for Outcomes” initiative which was already underway. 15 departments prepared “Statements of Intent” in 2002, and all 36 are now preparing them for 2003. Guidance has been issued and an extended training programme begun.
- Purchase agreements between Ministers and departments will be replaced by Output Plans in the next annual planning round, and guidance for these has been drafted. They should more accurately reflect the true nature of the working relationship between Minister and department.

Enhancing people and culture

The third main area for work was developing staff and leaders for the State sector

The *Review* sought a culture shift in the State sector (more dynamism and innovation, more regional focus, more balance between outcomes, outputs and capability, and a longer term focus) and saw staff and leadership development as an important part of the strategy, along with the values and ethos work already underway.

It did not propose any fundamental change from current employment arrangements (in particular, employment of staff by the chief executives of individual departments). However, it did see a case for more active nurturing of the State sector workforce - staff and managers who identified as public servants as well as employees of a

specific agency would more readily carry a whole-of-government perspective into their interactions with other public servants and with citizens.

It endorsed the more proactive role taken by the State Services Commission in recent times with respect to promoting values, more active work force analysis, and proposals to develop a senior leadership cadre, but suggested more steps as well.

Cabinet agreed to a series of initiatives to enhance people and culture. They are described, and progress reports given on each of them as at 30 November 2002, below.

A framework for government, sector, and agency-level management of staff is being developed, with PSA involvement

“Develop an overarching human resource framework, including clarity on what parts of the framework might apply to which Crown entities.”

- The Public Service Association has been actively engaged in this project, along with central agencies and HR managers from departments. Initially, the framework envisages guidance at three levels, whole of government, clusters of similar departments, and individual departments. Framework objectives were confirmed at a workshop in November, and the team will report back on broad policy design in six priority areas by 30 April 2003. The areas are remuneration, life/work balance, culture and behaviours, training and development, secondments and rotation, and the Partnership for Quality.

A number of other projects, centred on the pre-existing Executive Leadership Programme, are under way

“Promote more widespread use generic public sector standards and qualifications,

“promulgate good practice in the coaching and development by managers of staff,

“promulgate good practice in leadership skills training for staff at all levels,

“report back on how best to charge senior staff with modelling and leading the development of a modern, professional, Public Service culture,

“form a partnership with a strategic provider of top-level training for senior civil servants, and

“develop detailed proposals for a more collective, centralised and consistent approach to the development of senior managers.”

- This cluster of work is centred on the Executive Leadership Programme, which gained greater impetus after its endorsement by the *Review*. Progress is good in a number of key areas, only the most significant of which are reflected below.
- A business case has been submitted for formation and funding of an Executive Leadership Programme. Detailed plans for roll out of the programme are well advanced.
- An expanded role for the Management Development Centre has been approved and a 5-year strategic business plan is being

developed.

- A draft “Leadership Capability” profile, which reflects the changing needs of the future Public Service, is with chief executives for consultation.
- Draft proposals for abolition of the Senior Executive Service and clarifying individual and collective responsibilities of chief executives and the Commissioner have been completed.
- The Australia-New Zealand School of Government is being formed. The initiative involves the governments of the Commonwealth of Australia, Victoria, Queensland and New Zealand, and the capital city universities. It will provide post-graduate degrees and Executive Fellowship programmes.
- Curriculum development is underway, and 20 New Zealand State servants will begin the first programme in 2003.

The Australia-New Zealand School of Government is being formed

Example: The Executive Leadership Programme

A business case for this programme has been finalised and presented to Ministers. The case will be considered as part of the 2003-04 budget round. The case proposes:

- forming and supporting a development group of at least 300 senior managers in the Public Service;
- putting more effort at Commissioner and Chief executive level into championing leadership development, and building a development culture; and
- expanding the role of the Management Development Centre as a key broker and provider of leadership development.

Innovation and Central Agency leadership

Some features of the State sector inhibit innovation, and the Review thought they should be addressed

The *Review* noted two other areas where they thought work was needed.

Innovation is the application of creative, unusual or novel solutions to problems or needs. There are features of the State sector, such as high visibility and political risk, that discourage innovation and tend to encourage cautious management behaviour. To offset these inhibitors of innovation, the *Review* said, requires a deeper level of engagement between Ministers and officials, so both sides understand the risks and can agree on the strategies to manage them.

It also gave a number of practical suggestions about how Central

The *Review* Group also believed that central agencies needed to take a stronger leadership role, particularly on “whole-of-government” matters, and wider than just the Public Service. The Group noted there had been a number of moves in this direction by the central agencies, but thought they needed to go further. They suggested a number of

Agency leadership might be improved

practical ways to do this.

Cabinet agreed to initiatives in each of these areas. They are described, and progress reports given on them as at 30 November 2002, below.

Case studies of innovation are being developed and assessed

“Undertake a project to assess the current state of innovation in the New Zealand State sector, to propose enhancements to the public management system, and to establish some indicators of innovation in the State sector that can be measured over time.”

- The innovation team has so far completed a survey of the literature, and evaluated two (of ten) case studies of innovation. These case studies will be followed by a survey of innovation in the Public Service and selected Crown entities (Jan-May 2003).
- The team is due to report back to Ministers by 30 September 2003.

Draft findings from one of the case studies are given in the example below.

Example: The Department of Conservation pest eradication programme

Conventional wisdom into the early 1980s was that the only way to deal with rodent invasions of islands was to remove threatened species. DoC has proved this wisdom wrong, by eradicating multiple pests from increasingly large islands. Its largest operation was the eradication of 200,000 Norway rats from Campbell Island in 2001, within one month and \$700,000 under budget.

DOC’s advice is now sought by other countries wishing to emulate its success. Sir David Bellamy said, “New Zealand is the only country which has turned pest eradication into an export industry”.

Some of the key elements of its highly innovative programme have been:

- *Mindshift* – moving from a paradigm of *control* to one of *eradication*.
- *Stakeholder buy-in* – having or obtaining commitment from Ministers, staff, and interested groups such as conservation groups, iwi and others affected.
- *Consistent high level advice* – an “Island Eradication Advisory Group” provides expert advice to project teams, and supports managers.
- *Capability development* – using experimentation, and learning from and building on success, by taking on ever larger challenges.
- *Attitude and resourcing* – willingness to take calculated risks, having a committed team, and being appropriately resourced.

Work is well progressed on how Central agencies can exert stronger collective leadership

“Central agencies should exert more effective leadership across the wider State sector by formally adopting as part of their core business a responsibility to lead the State sector on whole-of-government initiatives.”

- A framework has been developed for deciding where centralisation or decentralisation can be most effective, and a report is now being prepared with recommendations as to how central agencies can better facilitate and lead collective action across the State sector.
- A number of parallel initiatives also demonstrate the development of collective and central leadership, notably:
 - The Social Policy Evaluation and Research Committee referred to earlier in this section was formed as a cross-agency leadership group by the Ministry of Social Development.
 - The SSC had taken the lead in developing two centrally mandated networks in the Justice sector. The first is a network comprising the Ministry of Justice (on lead), Corrections, Courts, and Police, to strengthen governance of whole-of-sector IT/IM developments. For the second, the Chief executives of Justice, Corrections, Police, Child Youth and Family, Health and Education are being consulted about how a centrally mandated network could support achievement of the Government’s Youth Offending Strategy.
 - The head of the Department of Prime Minister and Cabinet’s 2-weekly, and the State Services Commissioner’s 6-weekly meetings of Chief Executives are being increasingly used as fora to develop and support collective leadership.

The State Services Commissioner’s mandate is to be extended to the wider State sector

To support the collection of information, and stronger leadership across the whole State sector (ie beyond the 36 departments in the core Public Service), it was necessary that the State Services Commissioner’s mandate be extended.

Formal consultation is now completed on a proposal to extend the Commissioner’s mandate to the wider State sector with respect to management development, and advice and standards on ethics and values. The proposal is expected to go to Ministers before the end of 2002.

One year on – the *Review* in a wider context

What is the “big picture” of State sector reform?

Overall, current developments in public management are focused on:

- results,
- citizens, and
- State sector capability

The development of the public management system over the last three decades could be caricatured as:

- Pre-1984 – dominated by bureaucracy and process (doing the job correctly and lawfully)
- 1984-2000 – development of managerialism and outputs (doing the job efficiently)
- 2000 on – moving towards leadership and outcomes (getting results).

The main drivers and directions of movement of the latest developments (and, in broad terms, benefits for Ministers, citizens, and public servants respectively) are:

- Focusing more on results (managing for outcomes)
- Getting more citizen and community centred in how the State sector does business (moving from Wellington-centred to community-centred; moving towards partnership in problem-solving; helping build capability for “subsidiarity” [the principle of making decisions at the most local level possible]; and using enabling technology to simplify things for citizens)
- Building State sector capability, from two angles:
 - Strengthening people, culture and leadership (developing values and culture, building leadership capability).
 - Strengthening the integration of structures and processes (breaking down the silos, building a networks culture and processes, improving coordination, using enabling technology better).

The Review is the centrepiece of a number of initiatives designed to support these developments

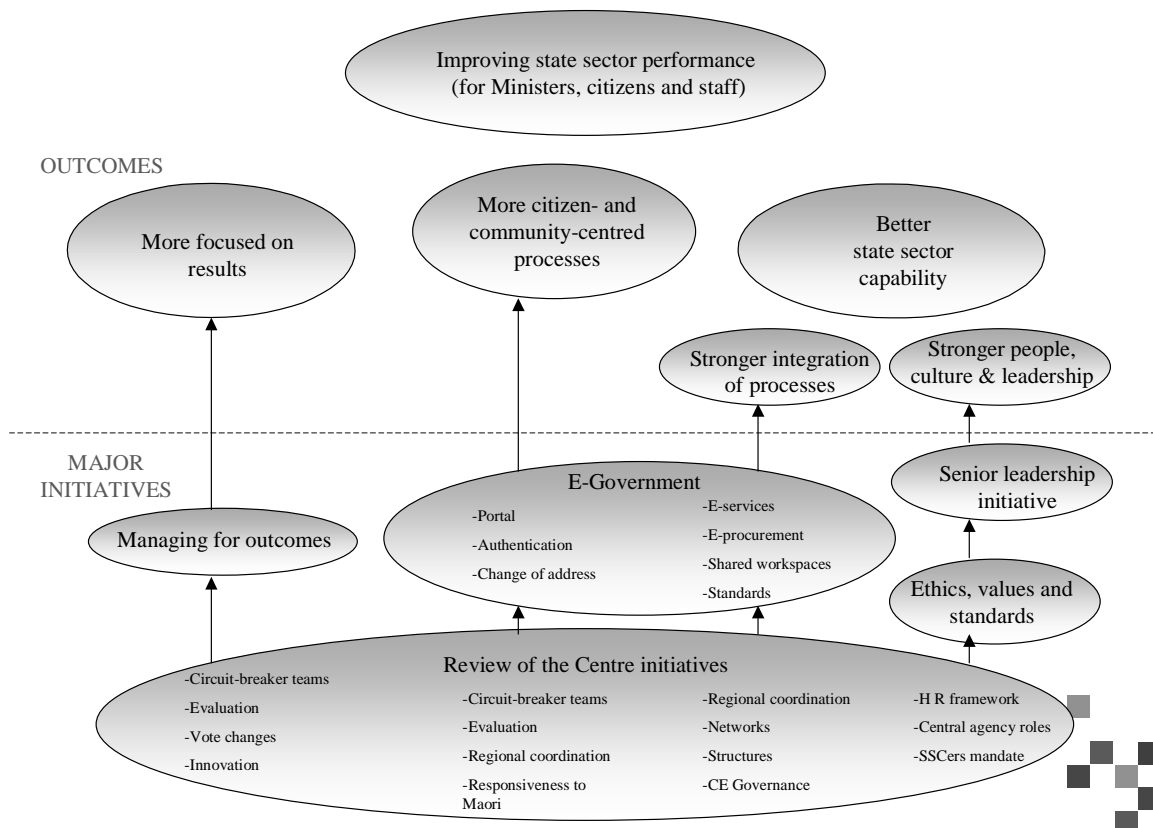
The *Review of the Centre* was an overview of the current state of the public management system, taking into account previous commentaries and current initiatives. It allowed the government of the day to consider and take ownership of elements of the management system inherited from the 1980s, place its own emphases on it, and make some modifications to it.

The *Review* analysed the strengths and weaknesses of the current system, identified a range of existing initiatives, gave extra impetus and support to some of them, and proposed further initiatives to complement them.

The other major development initiatives, which preceded or were concurrent with the *Review*, were:

- **e-government**, which is mostly about citizen-centred delivery of government services. To the extent it will affect “back-office” operation, it also contributes to integrating processes. The State Services Commission’s E-Government Unit is focused on infrastructure and service delivery, while the Department of Labour leads on the digital divide, and the Ministry of Economic Development leads on E-business aspects.
- **managing for outcomes**, which is all about improving results. The rollout of Statements of Intent across all government departments is being managed jointly by the Treasury and the Commission, with input from Te Puni Kokiri. It aims to refocus departmental planning on outcomes and capability as well as outputs, and thus also contributes to more citizen-centred service delivery.
- **the Executive Leadership Programme**, which is all about strengthening the people, culture and leadership in the Public Service, and was endorsed by the *Review* as the crucial initiative in this area. It will replace the moribund Senior Executive Service with a more vital programme of development of current and future public sector leaders.
- **ethics, values and standards** is also all about strengthening State sector people and culture.

The diagram below puts all these development initiatives together.



What progress is being made on initiatives other than the Review of the Centre?

Two initiatives were dealt with in the previous section

Two of the separate initiatives above, Managing for Outcomes and Senior Leadership and Management Development, were endorsed and might be considered to have been “adopted” by the *Review*.

Progress on them has already been reported in the previous section.

e-government is starting to show visible results

The e-government initiative has had some significant successes recently:

- A Public Service-wide E-procurement programme has just been announced.
- The government-wide web portal was launched by the Prime Minister and Minister of State Services in mid-November.
- Earlier this year, the Government mandated a common set of standards for interoperability between processes, data and systems for adoption across the Public Service. Other State sector agencies and local government may use the standards as well.
- Draft guidelines for the development of accessible websites have been used by government agencies for over a year, and are in the final stages of review prior to seeking a Government mandate for adoption across the Public Service.

Key areas for further work are the development of a workable solution for authentication of citizens and businesses so they can do business across government on the web, and identification of specific opportunities for integration of both “back-office” processes and “front office” service delivery across State agencies.

Example: The new Government web portal

The new government web portal was opened by the Prime Minister on 14 November 2002. It provides quick access to 3,500 government services, and to information from 90 Public Service, Crown sector, and local government agencies.

In the first two weeks of operation, it saw 25% more activity than the previous website, known as NZGO.

It has been designed with future expansion and connections firmly in mind. Supporting it is a standard for description of information (a “metadata standard”) that builds on an existing international standard, but is now getting attention in its own right. The facility which manages the descriptions (the “metalogue”) is a central repository of information about government services and resources which sits behind the portal, and will provide a rich source of information for future use by the public sector, and potentially the private sector as well.

The Commission is taking a strong lead in reinforcing Public Service-wide values and standards

After a decade of encouraging chief executives to develop strong organisational values specific to their own departments, the SSC took the lead in reinforcing Public Service-wide values and standards in 2001. The relaunch of the New Zealand Public Service Code of Conduct in September of last year was supported by the development of a resource kit for managers with the aim of encouraging public servants to debate and discuss values and standards. Talking about what values and standards means in practice for all public servants, whether they be Wellington-based policy analysts or regional managers in the Waikato or Otago, encourages a sense of shared values and fosters a positive ethical environment. The resource kit, called *Walking the Talk: Making Values Real*, uses stories, video and cartoons to enliven the debate and has encouraged staff across the Public Service and parts of the State sector to talk about what being a public servant means for them.

In 2002 the SSC has been working with departments to encourage further use of the Kit and to adapt the kit for their own purposes, as well as developing more resources, this time about managing conflicts of interest. Integrating values and standards into the State Service's Commission's new Deputy Commissioner team framework is also a focus for the Commission. The work programme reflects our view that public service values and standards are not an add-on to the work of the Public Service but part of the way in which we do things, both for citizens and for Ministers. This approach will be the same with the wider State sector if the proposals to extend the State Services Commissioner's mandate are approved.

Example: The Ministry of Social Development's new Code of Conduct

When the new Ministry of Social Development was formed out of the Department of Work and Income and the Ministry of Social Policy, it combined the previous Codes of Conduct for staff into a new Code of Conduct, and has complemented the nation-wide launch by managers with a resource that includes stories to assist managers to promote discussion of both values and standards and the new Code.

The package was developed in consultation with the PSA, and sets out the standards of integrity and conduct and supports the values and culture of the Ministry.

The new Code and its supporting material are deliberately supportive of, and complementary to, the State Services Commission's approach in *Walking the Talk: Making Values Real*. Part of the support material for managers includes a presentation that integrates the Ministry's Code into the wider context of the Public Service and links the Code with the NZ Public Service Code of Conduct.

Where to from here?

What is all this activity going to achieve?

In summary, the developments should get better results for citizens...

To expand the caricature which opened the previous section:

- before 1984 (dominated by bureaucracy and process) it took 6 weeks to get an initial benefit payment;
- now (with the development of managerialism and an output focus), assessment and payment are much quicker, and emergency benefits for food and shelter are available on the day; and
- tomorrow (moving towards leadership and outcomes) we want to be able to initiate integrated, effective, citizen-centred case management and service delivery, which begins addressing the underlying issues (e.g. breaking the cycle of welfare dependency) on the day as well.

...but on its own, each initiative may only make a small difference...

Many of the initiatives, on their own, will make only small differences to how citizens and Ministers perceive the operation of the State sector. However, cumulatively, over time, they will add up to substantial – even transformational – change in how the State sector does its business, provided that the shift is continually driven and reinforced.

...and a number of the effects are quite long term

Many of the effects are also long term. For example:

- the Executive Leadership Programme will be very visible within the Public Service quite soon, but its external effects will not be fully seen or felt for 5 to 20 years; and
- the next phase of ethics, values and standards is only just beginning.

Conversely, some of the changes are already happening, or are imminent, and what remains is to spread the good practice they represent across the state sector. Managers in the Public Service have taken the *Review of the Centre* directions on board, and there is more going on at agency level than we have initiated or can keep track of at the centre.

Some of the more visible examples of change are highlighted in the previous sections. Two more examples are given below.

Example: MSD-industry partnership in South Auckland

Auckland South Work and Income (a regional arm of MSD) established strong working relationships with local government and a private sector firm, Jack Links (NZ) Limited, to deliver employment opportunities and social assistance:

- The firm proposed to build a factory to manufacture dried beef products in Manukau.
- Good relationships with the Mayor of Manukau, and the ensuing linkage with the Council's Enterprise Development Unit, enabled the Work and Income team to identify an opportunity.
- The team researched the likely employment needs of the new venture, and offered recruitment assistance and the potential for investment in the company's workforce to the company. This was not a separate investment in local economic development (which MSD has no mandate to do), but the pulling together of a range of generic products and services that are available to an eligible employer. In return, the firm was to employ Work and Income clients to establish their workforce.
- The initiative created long term sustainable employment opportunities for Work and Income clients in the region.
- 350 jobs are to be phased in by December 2002, with an additional 100 new jobs created by mid 2003. The screening and recruitment system used has been very successful. When offered 12 candidates for 6 supervisory positions, the firm created five new positions so they could take 11 of the candidates. The firm is also committed to ongoing employee development.
- Apart from the employment effect, the initiative has had other positive results, for example stronger relationships with local government, and identification of other brokerage opportunities with local firms.

Example: Setting up the National Maritime Coordination Centre

The Government decided as part of last year's Defence Review that there needed to be a more coordinated approach to maritime surveillance, to make the most efficient and cost-effective use of limited assets (patrol vessels, aircraft, and other assets).

The five Government agencies directly concerned were Defence, Fisheries, Customs, Police and the Maritime Safety Authority. They have worked to turn that decision into reality by jointly setting up the Centre, which has as a governing body the Network of the five Chief Executives.

The Centre is tasked with both information sharing and coordination, but it does not assume accountability or responsibility for services agreed between the agencies and their Ministers. It aims to create an enduring framework, so that collaboration and information sharing become an established way of working, rather than relying purely on personal relationships and good will.

The initial goal is to reach agreement on a surveillance plan that makes best use of the assets to meet the multiple requirements of the agencies. So, for example, when an Air Force Orion is on patrol, it will also be gathering information on behalf of Fisheries, Customs, and other agencies such as the Department of Conservation at the same time.

What will be different in the medium term?

Another useful illustration of how things will be different is given by one of the tables in the original Review report, slightly modified to reflect subsequent events and analysis.

What will be different in 5 years time for		
... Ministers	... Citizens	... Staff
Through greater focus on results...		
Will see more innovative solutions dealing with long-standing problems.	Will find complex problems get sorted out better. Will feel well-served by public servants.	Will be better able to see and understand the results of their work - will understand the overall vision and purpose better.
Will be more confident that policy making, and policy changes, are based on sound analysis and evidence.		Will see their views being listened to and put into action. Will find work more satisfying.
Through more citizen- and community-centred processes...		
Will get clearer messages about community issues and community involvement in policy and delivery.	Will find that government in Wellington feels less distant, will feel more involved in problem-solving.	Will notice that their views get reflected in policy, will feel connected to Wellington.
Will hear fewer complaints about coordination and duplication.	Will notice that duplication is less.	Will see senior Wellington people at the frontline, will have more contact with people in other sectors.
Through greater integration of structures and processes...		
Will find that things happen more quickly and smoothly at the frontline.	Will notice that they are not having to handle so many government processes or organisations.	Will be working with other agencies more.
Will see less clutter, less paper, better information. Will have to resolve conflict amongst agencies less often.	Will find relating to the Public Service simpler and more straightforward.	May be working under different management or in a different organisation.
Through strengthening people, culture and leadership		
Will hear public servants proud of their work and positive about their contribution.	Will begin to feel that the Public Service is in good heart and will have greater confidence in public servants.	Will receive more standardised training and education.
Will feel more confident that state sector staff working at the front-line understand and support Government's aspirations.		Will talk more proudly about their jobs, and the value of the State sector.

What are the next steps?

A range of initiatives will reach key milestones in the next six months

Priorities for the next six months will be to:

- make progress on the Crown entity reforms;
- learn from the results of the work done by the circuit breaker teams, and the reviews of regional coordination and innovation;
- establish the first regional network of agencies;
- complete the first full roll out of departmental Statements of Intent;
- successfully obtain funding for investing in senior management development, and implement the programme;
- complete the work begun on evaluation and the Human Resources Framework;
- undertake selected sector reviews to improve performance;
- develop a policy framework for e-authentication; and
- develop the legislative changes needed to underpin and reinforce the set of initiatives.

The chart below gives formal deadlines where they exist:

By the end of February 2003:

Report back to Cabinet Committee on the framework for Crown entity legislative provisions

By the end of March 2003:

Report back to Ministers on:

- The establishment of central networks
- Guidance on vote structures and output plans
- Changes to the Public Finance Act, including legislative backing for Statements of Intent
- The application of Statements of Intent beyond the Public Service

By the end of April 2003:

Report back to Ministers on

- Opportunities to improve evaluation
- Design of the Human Resources framework

Complete departmental Statements of Intent for 2003-04

By the end of July 2003:

Report back to Cabinet Committee for approval of draft legislation on Crown entities and the State Services Commissioner's mandate

By the end of September 2003:

Report back to Ministers on opportunities to improve innovation

Challenges to be faced include sequencing and resourcing of work, communicating and bedded new methods in, and assessing the impacts of the initiatives...

The number and scale of the initiatives present a number of challenges:

- there is considerable work to do on the connections between the initiatives, the risks faced as they go through the next phase of development, and the impacts they will have on departments and the wider State sector. Work on this is well underway, and is expected to inform the programming and sequencing of further work from February on.
- resourcing the work will remain a challenge. The e-government and Executive Leadership initiatives have separate funding, but the other initiatives are being resourced from within existing baselines. Competing priorities from other initiatives and from "business-as-usual" will need to be carefully managed.
- communication with key audiences on the purposes and progress of the initiatives, and to support implementation of their results, will be critical to bedding in the changes sought. Communication plans have been developed for the larger initiatives, and for the overall "big picture". More also needs to be done to maintain momentum in a long term programme, and to build an "out of Wellington" focus, to avoid reverting to the ways things have been done in the past.
- the effects the initiatives are having will need to be evaluated, to work out what is making a difference, and improving results for citizens, Ministers and staff.

...and further down the track there will be new challenges

Exactly how all these changes will affect public management cannot be foreseen. A "learning model" will have to be adopted, which ensures that information on changes and their impacts flows freely between State agencies, and that adjustments can be made easily to cope with the changes.

Possible futures, ten to 30 years out also need to be better prepared for. A number of small projects have begun to help the Public Service think more about the future, and to begin imbedding a culture of "futures thinking".

Closing comments, from the Public Service Association

The *Review of the Centre* (RoC) is a simple title that masks a bewildering array of projects, reviews, working groups and policy papers. At times it is easy to lose sight of what the review is about. From the PSA perspective we see the review as a chance to put a human face back into the “machinery of government”, to move away from: purchase agreements, outputs, policy/operation splits, departmental forecasts and all the other paraphernalia that seem to dominate our system - and instead to focus on what we are really trying to do – provide a quality service to people.

The RoC advisory group produced a report that called for a shift in focus for the Public Service, to develop a system that focuses on:

- The whole of government – not just the individual bits of it,
- The needs of citizens and their communities – delivering on what people in their communities want, not what people in Wellington think they should have,
- Outcomes – our objectives, what we are achieving not just what we are doing,
- Innovation - creating an environment that encourages new and better ways to do things,
- Building partnerships – getting alongside people to deliver better services, and
- A career of choice – making the Public Service a place where people are proud to work.

The PSA was happy to put its name to such a report. We believe this endorsement by the union sets the RoC review apart from the reforms of the 80s and 90s. We said the PSA not only believes the system needs to change but also that we will work with the government and chief executives to make these changes happen. We have a significant stake in RoC and its success.

The big issue for RoC now is how do we get this shift in focus, how do we change a culture? We are in complete agreement with the government that this must not be achieved through the big bang approach that epitomised the previous public sector reforms. Our members and the public do not have the appetite for another course of restructuring, downsizing, and re-engineering. So change has to be done incrementally and rationally. There is no single model or philosophy that can be applied across the board. In some areas it will make sense to re-centralise things, to bring organisations closer together, to go across boundaries. In other areas it will be better to devolve things, keep organisations focused on particular activities, to specialise. We want to design a Public Service based on what works, not on what a theory says should work.

The danger is that “incremental change” can become slow or no change. We concur with the Minister of State Services that progress has been slow in some areas. Although we have got the green light we are concerned that things have not moved as fast as we would like.

We do expect to see at the end of all this:

- Fewer separate organisations of the State,
- More staff movement between departments and agencies,
- Organisations and people working together on joint outcomes,
- Greater sharing of resources,
- Development of standards that spell out expectations of behaviour for all public servants,
- More training in what it means to be a public servant, and

- An environment in which innovation is allowed to flourish.

A year on from the release of the RoC report the PSA is still supportive of the overall direction of RoC and the aims that were espoused. We will be making every effort to ensure that over the next twelve months RoC continues to roll.

Where should I go for further information?

This document and related material (including relevant Cabinet papers) can be found on the State Services Commission's website:

www.ssc.govt.nz

at either: Public Management System/Overview – Getting Better Results
or: Public Management System/Review of the Centre

General media queries should be addressed to the Communications Manager, State Services Commission, P O Box 329, Wellington (phone 04 495 6657).

Terms of Reference for the *Review of the Centre*

“The Advisory Committee will review and report on current practices and performance issues in the State sector including, but not necessarily limited to the following:

- *Whether the division of the State sector into a large number of departments and agencies, including the division between policy and delivery, is leading to an excessively narrow focus by managers and a loss of co-ordination across the public sector.*
- *Whether Vote structures and Vote management processes could be altered to improve fiscal decision-making and financial management across government, while being compatible with, and facilitating, other desired changes in public sector management.*
- *Whether the focus on contracts for accountability has led to a legalistic focus with excessive compliance costs, or a loss of collegiality.*
- *Whether a focus on narrow performance goals has led to insufficient attention to outcomes, a lack of connection between outputs and outcomes, and a reduced focus on the importance of maintaining long-term capacity.*
- *Whether the current regime unreasonably restricts appropriate devolution to regional structures.*
- *Whether institutional forms and structures have enhanced or hindered a functional focus so that frontline staff are enabled to do their work with a clear concern for the well-being of the people they are working with.*
- *Whether there are sufficient people with the leadership qualities required to manage the various departments and agencies of the State sector.*
- *Whether training and employment systems are appropriate to produce a supply of people with the appropriate skills and to assist or move those who are struggling.”*

Governance structures and personnel

Change Implementation Advisory Group

Angela Foulkes (Chair)	Member of the original Review of the Centre Advisory Group, Board member of the Fire Service Commission and Skill New Zealand
Druis Barrett	Chair of the Health Promotion Council, Director of the Māori Women's Development Corporation, and Commissioner to the Māori Employment and Training Commission
Wayne Brown	Chair of the Land Transport Safety Authority and the Auckland District Health Board
David Caygill	Chair of the Accident Compensation Corporation, former Minister of Finance
Paul Cochrane	National Secretary, Public Service Association
Beverley Wakem	Member of the Higher Salaries Commission, former Chief Executive of Radio New Zealand

Steering Committee

Michael Wintringham (Chair)	State Services Commissioner
John Whitehead	Acting Chief Executive, The Treasury
Leith Comer	Chief Executive, Te Puni Kokiri
Mark Prebble	Chief Executive, Department of the Prime Minister and Cabinet
Peter Hughes	Chief Executive, Ministry of Social Development
Robin Dare	Chief Executive, New Zealand Customs Service
Tony Hartevelt	Deputy Commissioner, State Services Commission

Chief Executive Reference Groups

Integrated service delivery

Leader Peter Hughes

Leith Comer

John Chetwin (Department of Labour)

Karen Poutasi (Ministry of Health)

Les McCarthy (Ministry of Pacific and Island Affairs)

Geoff Dangerfield (Ministry of Economic Development)

Brian Pink (Statistics New Zealand)

Jackie Pivac ((Department of Child, Youth and Family Services)

Peter Bushnell (representing the Secretary to the Treasury)

Brendan Boyle (Director, E-Government Unit, State Services Commission)

Coordinator Malcolm Inglis (Deputy Commissioner, State Services Commission)

Tackling fragmentation and improving alignment

Leader Tony Hartevelt

Russ Ballard (Land Information New Zealand)

Martin Matthews (Ministry for Culture and Heritage)

Hugh Logan (Department of Conservation)

Howard Fancy (Ministry of Education)

Warwick Tuck (Ministry of Fisheries)

Judy Lawrence (Ministry of Women's Affairs)

Alistair Bisley (Ministry of Transport)

Mike James (representing the Secretary to the Treasury)

Coordinator Derek Gill (Branch Manager, Strategic Development Branch, State Services Commission)

Enhancing people and culture

Leader Robin Dare

Mark Prebble

Graham Fortune (Ministry of Defence)

David Butler (Inland Revenue Department)

Karen Sewell (Education Review Office)

Iona Holsted (representing the State Services Commissioner)

Coordinator Lloyd Jowsey (Programme Manager, State Services Commission)

Innovation and Central Agency leadership

Leader John Whitehead

Belinda Clark (Ministry of Justice)

Dianne Macaskill (Archives New Zealand)

Anne Carter (Ministry of Youth Affairs)

James Buwalda (Ministry of Research, Science and Technology)

David Smyth (representing the State Services Commissioner)

Maryanne Thompson (representing the Chief Executive of the Department of the Prime Minister and Cabinet)

Coordinator Carl Bakker (Public Sector Policy Coordinator, The Treasury)

GLOSSARY OF TERMS

This glossary has been adapted from the Glossary in the *Review of the Centre* report.

Many of the terms used in discussions of public management have both narrow, technical definitions (often prescribed in legislation) and broader, more flexible definitions that may vary according to the context in which they are used. Here are a number of terms used in this report and the meaning assigned to them in that context.

Term	Definition in context of review of the centre
Agency	Synonym for “organisation.” A blanket term that may include departments, Crown entities, and any organisation within the State sector.
Capability	What an organisation needs (in terms of people, resources, systems, structures, culture and relationships) in order to deliver efficiently the outputs required to achieve the Government’s goals as set out in its strategy.
Central Agencies	The State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet.
Central Government	The legislative and executive arms of Government, i.e. Parliament, Cabinet, and the State sector. Those elected in triennial general elections and the institutions directly accountable to them, whose authority covers the entire country. As distinct from “local government.”
Centre, The	An imprecise term denoting the people, institutions and arrangements that determine the direction of the State sector, exercise control over it or monitor it. There is no single definition of “the centre” and its meaning changes depending on the context in which it is used: in discussing a single organisation, the centre might mean head office, or the senior management group; in discussing the State sector, the centre might mean the Cabinet and the central agencies. Often used as a synonym for “central government.”
Crown entity	Crown entities are separate legal organisations in which the State has a controlling ownership interest. They form part of the Crown reporting entity, but are not part of the Crown itself. Most Crown entities exist under their own governing legislation as well as the Public Finance Act. Examples of Crown entities include the Broadcasting Standards Authority, New Zealand Lotteries Commission.
Department	The 39 departments that comprise the Public Service are listed in the First Schedule to the State Sector Act. All except the Public Trust Office are also departments under the Public Finance Act, as are the Government Communications Security Bureau, NZ Defence Force, Office of the Clerk, Parliamentary Counsel Office, Parliamentary Service, Police, and Security Intelligence Service. The latter seven departments are also referred to as 'Non-State Sector Act departments'.
Local Government	Local or regional authorities elected or appointed within a specific geographical area, whose authority relates only to that geographical area, and the institutions accountable to them. As distinct from “central government.”
Outcome	In the Public Finance Act, outcomes are described as the impacts on, or the consequences for, the community of the outputs or activities of the Government.
Output	Outputs are defined in the Public Finance Act as “the goods and services that are produced by a department, Crown entity, Office of Parliament or other person or body.”
Output Plan	A proposed replacement for departmental Purchase Agreements, Output Plans would detail the outputs (both Crown funded and third party funded) to be produced by the department over the next purchase period, and the associated volumes, standards and prices, consistent with pursuit of the desired outcomes set out in the Statement of Intent.

Public Management System	A broad term encompassing the constitutional, legal, institutional and conventional arrangements by which the country is governed, and especially the means by which the policies of the Government are formulated and then implemented by State sector organisations, and the means by which those organisations are governed, managed and monitored.
Public Sector	The public sector comprises: <ul style="list-style-type: none"> • the State sector ('central Government'); and • all local authorities (local government), including local authority trading enterprises (LATEs). "Public sector" is wider than "State sector", which is wider than "Public Service."
Public Service	The Public Service comprises the 39 departments listed in the First Schedule to the State Sector Act. Sometimes described as the first, or inner, tier of the "three tier State", the other two tiers being Crown entities and State owned enterprises. Narrower than both "State sector" and "public sector."
Purchase Agreement	A purchase agreement is a documented arrangement between a Vote Minister and a department or other organisation for the supply of specific Crown-funded outputs.
Results	Sometimes used as a synonym for "Outcomes"; sometimes to denote the degree to which an organisation successfully delivers its outputs; and sometimes with both meanings at once.
State Sector	The State sector comprises all organisations that are included in the 'Crown reporting entity' and are referred to in s 27(3) of the Public Finance Act 1989, namely:- <ul style="list-style-type: none"> • Public Service departments; · • other organisations defined as departments for the purposes of the Public Finance Act 1989; · • Offices of Parliament (e.g. the Parliamentary Commissioner for the Environment); · • State-owned enterprises; · • Crown entities; and · • The Reserve Bank of New Zealand.
State Services	State services are defined in the State Sector Act as meaning: all instruments of the Crown, whether departments, corporations, agencies or other instruments; and including the Education service and the Health service; but not including: <ul style="list-style-type: none"> • the Governor-General; · • any member of the Executive Council • any Minister of the Crown • any member of Parliament • any corporation listed in the First Schedule to the State-Owned Enterprises Act 1986 (i.e. any SOE); or • any university, polytechnic or college of education.
Statement of Intent	A document developed after discussion between a department and its Minister(s), that identifies and explains for Parliament's benefit the main features of a department's strategy, capability and performance intentions in the medium term. This is in the process of being rolled out to departments over the next two years. Different in form and content from Crown entity and SOE statements of intent.
State Owned Enterprise (SOE)	SOEs are companies listed in the First Schedule of the State owned Enterprises Act 1986. SOEs operate as a commercial business but are owned by the State. They have boards of directors, appointed by shareholding Ministers to take full responsibility for running the business. They are sometimes referred to as the third or outer tier in the "three tier State."
Whole-of-government	A term of considerable elasticity, intended to describe a subject applying to a large section, if not the entirety, of the State sector. In practice, it can mean anything from "the entire State sector" to "a lot of Public Service departments."

