

## Machinery of Government Glossary

### *Meaning*

The “Machinery of Government” (MOG) provides some of the most basic foundations for the operations and performance of government as a whole and its component parts. MOG is central to the purpose and functions of the State Services Commissioner, as set out in the State Sector Act 1988. The Commissioner’s role of providing leadership and oversight of the State services includes “advising on the design and capability of the State services” [section 4A(f)].

In order to carry out this role, the Commissioner has a principal function under section 6(b) to review governance and structures across all areas of government, in order to advise on -

- the allocation and transfer of functions and powers
- the cohesive delivery of services
- the establishment, amalgamation, and disestablishment of agencies.

Agencies that deal with MOG issues should consult the State Services Commission early in the development of policy or legislative proposals. The Cabinet Manual requires Ministers to consult the Minister of State Services on MOG matters [paragraph 5.14(b)].

### *Glossary*

Many of the terms in this glossary do not have a legal definition, and some of the legal definitions that do exist are not easy to interpret accurately. This glossary provides a mix of legal definition, conventional interpretation and additional description for the purpose of providing an understandable meaning of the terms.

<b>Term</b>	<b>Meaning</b>
Agency	A generic term covering any type of organisation in the public sector, irrespective of whether it is legally established, for example, as a department, Crown entity company, or any other particular type of organisation. For the purposes of the State Services Commissioner’s functions, “agency” does not include an agency in the private sector.
Autonomous Crown entity	One of the three types of statutory Crown entity. An autonomous Crown entity (ACE) is a body corporate named in Part 2 of Schedule 1 to the Crown Entities Act 2004. An ACE must have regard to government policy that relates to its functions and objectives when directed by its responsible Minister under section 104 of the Act. <i>See also “Crown entity”, “statutory entity”, “Crown agent” and “independent Crown entity”</i>
Cabinet	The central decision-making body of executive government. It is established by convention, not law. It comprises Ministers of the Crown, as determined by the Prime Minister. Ministers outside Cabinet and Parliamentary Under-Secretaries may attend Cabinet for discussion on particular items with the express prior permission of the Prime Minister.

Central agency	<p>An unofficial reference to three Public Service departments: Department of the Prime Minister and Cabinet; State Services Commission; The Treasury. Their roles and responsibilities extend to and directly affect other agencies across the State sector. They work together as a 'Corporate Centre', using their respective strengths and collective expertise to:</p> <ul style="list-style-type: none"> <li>• provide system-level coordination, a clear focus and strong leadership</li> <li>• support the State sector to deliver better outcomes for New Zealanders</li> <li>• assist the Government to develop its overall strategy for the State services, including advice on how to improve the system and manage significant issues</li> </ul>
Central government	<p>Central government is responsible for the governance of, and has authority over, the whole country (<i>in contrast to "local government"</i>). The responsibilities of central government are carried out by three distinct branches:</p> <ul style="list-style-type: none"> <li>• the Legislature: Parliament, which consists of the Sovereign (represented by the Governor-General) and the House of Representatives; responsible for making law</li> <li>• the Executive: the Prime Minister, other Ministers of the Crown and Parliamentary Under-Secretaries; responsible for deciding policy and administering the law</li> <li>• the Judiciary: Judges; responsible for applying the law.</li> </ul> <p>Each branch of government has component parts and acts through, or is supported by, a range of agencies.</p>
Crown	<p>In machinery of government terms, and for the purposes of the Public Finance Act 1989, the "Crown" means the Sovereign and includes all Ministers of the Crown and all departments (the whole "<i>Public Service</i>" and all "<i>non-Public Service departments</i>"). Because all departments are part of the same legal entity, they cannot enter into contracts with each other.</p>
Crown agent	<p>One of the three types of statutory Crown entity. A Crown agent is a body corporate named in Part 1 of Schedule 1 to the Crown Entities Act 2004. A Crown agent must give effect to Government policy that relates to its functions and objectives when directed by its responsible Minister under section 103 of the Act. <i>See also "autonomous Crown entity" and "independent Crown entity"</i></p>
Crown company	<p>A generic term for a company established and owned or controlled by the Crown. More specifically, a Crown company will be one of a: "<i>state-owned enterprise; mixed ownership model company; Crown entity company; PFA Schedule 4A company</i>"</p>
Crown entity	<p>An agency that belongs in one of the five categories of Crown entities defined in the Crown Entities Act 2004: <i>statutory entity; Crown entity company; Crown entity subsidiary; school board of trustees; tertiary education institution (see each term defined in this glossary)</i>. Collectively, Crown entities constitute a wide range of State sector agencies that perform a very diverse range of functions.</p> <p>Every Crown entity is a body corporate that is legally separate from the Crown and operates at arms-length from its responsible Minister (or shareholding Ministers in the case of Crown entity companies). Ministers can influence Crown entities to varying degrees, depending on the category or type of entity.</p>

Crown entity company	One of the five categories of “ <i>Crown entity</i> ”. A Crown entity company is incorporated under the Companies Act 1993, is wholly owned by the Crown, and is named in Schedule 2 to the Crown Entities Act 2004. See also “ <i>state-owned enterprise</i> ”, “ <i>mixed ownership model company</i> ” and “ <i>PFA Schedule 4A company</i> ”
Crown entity subsidiary	One of the five categories of “ <i>Crown entity</i> ”. A Crown entity subsidiary is a company incorporated under the Companies Act 1993 and is controlled in accordance with that Act by Crown entities. It is – <ul style="list-style-type: none"> <li>• either a subsidiary of another Crown entity, or</li> <li>• a multi-parent subsidiary of two or more Crown entities.</li> </ul>
Crown-owned company	A term that is now best avoided. Prior to the enactment of the Crown Entities Act 2004 (CEA), the term referred to companies that were Crown entities (as distinct from “ <i>state-owned enterprises</i> ”). The CEA now defines “Crown entity company” as a category of Crown entity.
Crown Research Institute	A Crown entity company whose constitution states that it is a Crown Research Institute for the purposes of the Crown Research Institutes Act 1992. Their purpose under the Act is to undertake research and they must operate in accordance with the principles in section 5 in fulfilling that purpose.
Department	A generic term for a range of agencies that, together with all Ministers of the Crown and the Sovereign, legally constitute the “Crown” as defined in the Public Finance Act 1989. Most departments are part of, and constitute the Public Service, though some departments are not part of the Public Service ( <i>see also “Public Service” and “Non-Public Service department”</i> ). Irrespective of whether a department is named as a “Department”, “Ministry”, “Office”, or some other title, legally they are all departments. Though the Crown and its departments are legally indistinguishable, departments are treated as distinct agencies for management purposes (for example, under the State Sector Act 1988, Public Finance Act 1989 and Employment Relations Act 2000).
Departmental agency	An agency named in Schedule 1A to the State Sector Act 1988. Legally, it is part of the host department named in Schedule 1A, and is therefore part of the Public Service and part of the legal Crown. It is an operationally autonomous agency with its own management, including its own chief executive, within the host department. It is established to perform a clearly identified set of service delivery or other operational or regulatory functions.
Executive	The Prime Minister, other Ministers of the Crown and Parliamentary Under-Secretaries. Frequently used more broadly to refer to the “government”, “ministry” or “government of the day”. More broadly, the “Executive Branch of Government” describes the individuals who technically comprise the Executive as well as the myriad of agencies, institutions and officers that comprise most of the State sector and for whom Ministers are politically answerable in the House of Representatives.
Executive Council	The body constituted by the Letters Patent as the formal and responsible advisers to the Sovereign and the Governor-General. Consists of all Ministers of the Crown, because Ministers derive their power to advise the Sovereign and Governor-General from their membership of the Executive Council. Parliamentary Under-Secretaries are not members of the Executive Council.

Functional leader	<p>A functional leader is a person appointed by the State Services Commissioner to provide leadership over an area of common government business. The aims are to improve the effectiveness and reduce the costs to government of the functions associated with that particular area of business.</p> <p>As from July 2012, three functional leaders have been appointed:</p> <ul style="list-style-type: none"> <li>• the chief executive of the Department of Internal Affairs (who is also the Chief Government Information Officer), responsible for the ICT Strategy and Action Plan</li> <li>• the chief executive of the Ministry of Business, Innovation, and Employment, responsible for Government procurement reform</li> <li>• the chief executive of the Ministry of Social Development, responsible for the Property Management Centre of Expertise and the Government National Property Strategy</li> </ul>
Government	The political party or parties that have the support of the House of Representatives on matters of confidence and supply. Also referred to as the "ministry" or "government of the day".
House of Representatives	The elected chamber of Parliament. In accordance with the Electoral Act 1993, it is made up of members of Parliament elected to represent electorates and those elected from party lists. The House of Representatives is regarded as always in existence, notwithstanding that a term of Parliament has expired or been dissolved.
Independent Crown entity	One of the three types of statutory Crown entity. An independent Crown entity (ICE) is a body corporate named in Part 3 of Schedule 1 to the Crown Entities Act 2004. An ICE is generally independent from ministerial directions on government policy, unless specifically provided for in an Act. <i>See also "Crown agent" and "autonomous Crown entity"</i>
Local government	<p>Local government exists to enable democratic decision-making and action by, and on behalf of, clearly specified geographical local communities. Local government is structured into regional councils and territorial authorities (city and district councils).</p> <p>A small number of territorial authorities, including the Auckland Council, have the responsibilities, duties, and powers of a regional council: these are known as a "unitary authority". <i>See also "central government"</i></p>
Minister	<p>A Member of Parliament appointed by the Governor-General to the Executive Council and then appointed as a Minister of the Crown with a warrant for each ministerial portfolio held by the Minister.</p> <p>The appointments are made on the recommendation of the Prime Minister. <i>See also "Executive Council"</i></p>
Ministry	<p>A term that is used in two broad contexts:</p> <ul style="list-style-type: none"> <li>• As at 31 July 2015, exactly half of New Zealand's Public Service departments had the legal name of "Ministry of ..." or "Ministry for ...". The name does not alter or affect their legal form as departments. Historically, the name "Ministry" tended to designate a department whose primary functions relate to policy advice, whereas a "Department" primarily exercises operational, service delivery or regulatory functions. This distinction should not be overplayed, as many departments/ministries carry out a mix of functions. <i>See also "Department" and "Public Service"</i>.</li> </ul>

	<ul style="list-style-type: none"> <li>In a separate context, “Ministry” is also used more broadly as synonymous with “government” and “government of the day”.</li> </ul>
Mixed ownership model company	A company named in Schedule 5 to the Public Finance Act 1989. These are publicly listed companies in which the Crown must have not less than 51% control. <i>See also “state-owned enterprise”, “PFA Schedule 4A company” and “Crown entity company”</i>
Non-Public Service department	<p>A department that is not included in the list of Public Service departments in Schedule 1 to the State Sector Act 1988. They include -</p> <ul style="list-style-type: none"> <li>in the executive branch of government: NZ Defence Force; NZ Police; NZ Security Intelligence Service; Parliamentary Counsel Office</li> <li>in the legislative branch of government: Office of the Clerk of the House of Representatives; Parliamentary Service.</li> </ul> <p>These departments are legally part of the Crown and report as departments under the Public Finance Act 1989. <i>See also “Department” and “Public Service”</i></p>
Office of Parliament	As from 1 July 2001, there are three Offices of Parliament in New Zealand: the Controller and Auditor-General; the Office of Ombudsmen; and the Parliamentary Commissioner for the Environment (and that Commissioner’s office). Their primary function is to act as a check on the Executive, as part of Parliament’s constitutional role of ensuring the accountability of the Executive. An Office of Parliament may only perform functions that the House of Representatives itself might carry out (without having executive functions or a judicial role).
Parliament	The Sovereign (represented by the Governor-General) and the House of Representatives.
Parliamentary Under-Secretary	A member of Parliament appointed as a Parliamentary Under-Secretary by the Governor-General, on the recommendation of the Prime Minister. They are appointed to assist a Minister, and derive their authority solely from the Minister they are assisting, in accordance with a formal letter from the relevant Minister.
Public sector	A broad term that refers collectively to the State sector and local government. <i>See also “local government” and “State sector”</i>
Public servant	<p>Interpreted narrowly (consistently with the State Sector Act 1988), a public servant is a person who is a chief executive of, or an appointee to a statutory position in, or an employee in the Public Service (<i>see the definition of that term</i>).</p> <p>For the purposes of the Electoral Act 1993, “public servant” is defined more broadly, notably including a person employed in the Education Service as defined in the State Sector Act (therefore including employees of tertiary education institutions and school boards of trustees).</p> <p>By common usage, “public servant” is sometimes considered to refer to a person “paid out of public money” and includes any chief executive, statutory officer or employee in an agency in the State sector (<i>see the definition of that term</i>).</p>

Public Service	<p>In New Zealand, the Public Service is defined in section 27 and explained in section 27A of the State Sector Act 1988 to comprise the departments named in Schedule 1 to the Act, including any departmental agencies named in Schedule 1A to the Act. Any agency not listed in either Schedule is not part of the Public Service.</p> <p>Other jurisdictions commonly use the term “civil service”, with varying degrees of scope as to which types of agencies are included or excluded.</p> <p><i>See also “Department”, “non-Public Service department” and “public servant”</i></p>
PFA Schedule 4 organisation	<p>An organisation named in Schedule 4 to the Public Finance Act 1989. Most of these organisations were Crown entities prior to the enactment of the Crown Entities Act 2004 (CEA), but they ceased to have that status because they have distinctive features that do not mesh with the governance templates in the CEA or they are not sufficiently ‘material’ to warrant the full accountability framework that goes with being a Crown entity. It would be rare to establish any new PFA Schedule 4 organisation: it would need either to be established by or under an Act, or be a trust created by the Crown.</p>
PFA Schedule 4A company	<p>A company named in Schedule 4A to the Public Finance Act 1989. These are non-listed companies in which the Crown may hold anywhere between more than 50% and 100% of the issued ordinary shares in the capital of the company.</p> <p><i>See also “state-owned enterprise”, “mixed ownership model company” and “Crown entity company”</i></p>
School board of trustees	<p>One of the five categories of “Crown entity”. They are a body corporate constituted as a board of trustees under Part 9 of the Education Act 1989. It is the board of trustees, not the school, which constitutes the Crown entity. It is possible for one board to govern more than one school.</p>
State-owned enterprise	<p>A State-owned enterprise (SOE) is a body corporate named in Schedule 1 to the State-Owned Enterprises Act 1986. Their principal objective is to operate as a successful business, including being as profitable and efficient as comparable businesses not owned by the Crown and also exhibiting a sense of social responsibility. If an SOE is established as a company (this is not an absolute requirement), all shares must be held by Ministers. <i>See also “Mixed ownership model company”, “Crown entity company”, and “PFA Schedule 4A company”</i></p>
State sector	<p>The term “State sector” is not defined in legislation. It refers by convention to all departments, departmental agencies and the other agencies included in the annual financial statements of the Government under the Public Finance Act 1989. The State sector includes:</p> <ul style="list-style-type: none"> <li>• all the State services (see “State services”)</li> <li>• other agencies in the executive branch: <ul style="list-style-type: none"> <li>○ tertiary education institutions</li> <li>○ state-owned enterprises</li> <li>○ mixed-ownership model companies</li> </ul> </li> <li>• agencies in the legislative branch: <ul style="list-style-type: none"> <li>○ Offices of Parliament</li> <li>○ Office of the Clerk of the House of Representatives</li> <li>○ Parliamentary Service</li> </ul> </li> </ul>

State servant	<p>The term “state servant” has several meanings:</p> <ul style="list-style-type: none"> <li>• generally it includes any person who is a chief executive of, or an appointee to a statutory position in, or an employee in an agency in the State services (this interpretation excludes board members)</li> <li>• for the purposes of the Electoral Act 1993, “state servant” is defined more broadly: a prospective candidate for parliamentary elections should refer to the definition in section 52 of that Act (including the definition of “public servant” in section 3).</li> </ul>
State services	<p>The term “State services” is defined broadly in section 2 of the State Sector Act 1988. Essentially, it includes “all instruments of the Crown in respect of the Government of New Zealand”. By definition this includes:</p> <ul style="list-style-type: none"> <li>• Public Service departments, including departmental agencies</li> <li>• non-Public Service departments in the executive branch: NZ Defence Force; NZ Police; NZ Security Intelligence Service; Parliamentary Counsel Office</li> <li>• Crown entities (except tertiary education institutions)</li> <li>• PFA Schedule 4 organisations</li> <li>• PFA Schedule 4A companies</li> <li>• the Reserve Bank is included by interpretation.</li> </ul> <p>See also “<i>State sector</i>” (which is broader than “<i>State services</i>”)</p>
Statutory entity	<p>One of the five categories of “<i>Crown entity</i>”. Statutory entities are bodies corporate established by or under an Act and are named in Schedule 1 to the Crown Entities Act 2004.</p> <p>There are three types of statutory entities: see “<i>Crown agent</i>”, “<i>autonomous Crown entity</i>”, “<i>independent Crown entity</i>”</p>
Tertiary education institution	<p>One of the five categories of “<i>Crown entity</i>”. A tertiary education institution (TEI) is a body corporate established as an institution under Part 14 of the Education Act 1989. A TEI may be a university, polytechnic (often called an institute of technology), wananga, college of education, or specialist college.</p>
Whole of government	<p>A term with a broad variety of meanings, depending on context. For example, it may mean:</p> <ul style="list-style-type: none"> <li>• multi-agency, sectoral or inter-sectoral alignment with government’s goals or contribution to shared results (including planning, funding and delivery processes)</li> <li>• a direction to support a whole of government approach issued by the Ministers of State Services and of Finance under section 107 of the Crown Entities Act 2004</li> <li>• a reference to all the constituent parts of executive government</li> <li>• a reference to the executive, legislative and judicial branches of government</li> <li>• a reference to all the agencies in the State sector and local government: synonymous in this sense with “<i>public sector</i>”</li> </ul>