

# STATE SERVICE ACT REFORM

## Case for Change



### What are the problems you are trying to solve?

The current Act works well for public services where individual departments deliver results or services for which they are solely responsible and accountable. The strong vertical lines of accountability in the current Act, from individual Chief Executives to an individual Minister, create appropriate incentives and work well in such cases.

Increasingly, however, the more complex problems facing government require a different way of working, if the public service is to offer joined-up citizen-facing services. The fundamental problem we are trying to solve is that the strong vertical lines of accountability established in the current Act make it hard for departments to work together horizontally, when faced with issues that cut across departmental boundaries.

For example, the Government wants to address areas of social wellbeing and inter-generational welfare dependency. We are now seeing multiple generations of families who have never experienced permanent, long-term employment and have learnt to survive on welfare. Poverty, poor education and health outcomes, family violence and interaction with the justice system, can all stem from intergenerational welfare dependency. This is an incredibly complex issue, and one that no one department can possibly tackle by itself.

We are seeing similar, complex challenges emerging in areas such as regional development, environmentally sustainable business growth, and climate change.

The Public Service has worked hard to make a difference by joining policy and services across departments in these areas, but success has been limited in part due to the constraints of the current State Sector Act. For example, the vertical accountabilities in the current Act encourage individual departments to develop bespoke business systems. This makes it hard to move functions between departments to give best effect to government policy.

### What are the other opportunities?

We have an opportunity to create a significant shift in the public sector. We want to break down the silos of the current system and create an environment based on collective responsibility and co-ordinated action that delivers great outcomes for New Zealand. We think there is a range of opportunities to do this.

For example, previous reforms have not legislated for purpose, principles and values, and subsequent reviews have continued to express concern about the lack of a unifying Public Service culture. The proposal to clearly defining the purpose, principles and values in law will help to build a unifying culture of public service.

For the first time, we want to formally acknowledge the Public Service's role in supporting and developing the relationship between Māori and the Crown. We want to create strength and togetherness by defining the purpose, principles and values for an extended public service, to underpin the work that public servants do every day. This will support everyone working together, with a clear direction, to achieve the best for New Zealand.

We can formalise the collective responsibility of Chief Executives for the health of the public service as a whole, and the collective accountability of Chief Executives for specific citizen-centred outcomes.

Although we are well regarded internationally, at times the Public Service has been criticised for shortfalls in integrity and professionalism, including our ability to remain politically neutral and provide free and frank advice. The new Act provides an opportunity to bolster these bedrock principles of the New Zealand Public Service and secure them for future generations. At the same time, it will also strengthen the ability of the Commissioner to take action across the Public Service on matters of integrity and conduct.

#### **How will this make the Public Service future-focused?**

It will create a Public Service that has its citizens at the front and centre of its thinking and action, earning the trust and confidence of the people it serves. It will serve successive governments with equal professionalism and effect. For the first time, the Public Service will be empowered to deliver improved outcomes for complex issues and opportunities that require collective accountability across a number of departments.

#### **Are you looking at other relevant legislation?**

The proposed changes to the State Sector Act are part of an ongoing programme of to ensure our State sector frameworks are fit-for-purpose. It goes hand-in-hand with other pieces of work currently underway, including those looking at the Public Finance Act 1989 and the State Sector and Crown Entity Reform Bill currently before Parliament.

#### **How many of the problems you have identified are due to the Act itself, and how many are due to non-legislative issues such as culture and behaviour?**

Legislation is a key part of the problem, but we know it is not the only one. However, we are focussing these proposals on the legislation as it determines the incentives and behaviours in the system – for example the overwhelming emphasis to work vertically rather than jointly across agencies. The current Act sets the tone, the behaviours and the expectations of how the Public Service operates. While it is not the complete answer to the challenges facing the public sector, changing the Act is essential if we are to change how the Public Service delivers for New Zealanders.

#### **Changes were made to the Act five years ago. Is it too soon to be making further changes?**

The improvements made to the State Sector Act 1988 through the 2013 amendments did not fundamentally change the system. Since then, we have not achieved the direction of change that was hoped for, and the barriers to a unified public service system approach are more evident than ever. We are now in a better place to understand and achieve the approach, tools and processes we need to achieve that change.

#### **How will this be implemented, monitored and reviewed?**

These proposals are simply that, proposals. We will be listening carefully to the feedback we receive through this consultation process. We will make changes to the proposals if there are better ways of achieving the results we are looking for.

The next steps in the reform process are for Cabinet to make decisions on the proposals set out in this document, in light of consultation feedback, and for any resulting legislation to be passed by Parliament.

If Parliament agrees to the proposals we have made, upon implementation the Commissioner intends to:

- use the shared purpose, principles and values, along with the Crown/Māori provisions to ensure public servants know and adhere to the expectations
- propose use of the new organisational options where appropriate
- convene the Chief Executive Team on a more formalised basis
- work with Chief Executives to identify and action areas where common employment conditions are needed
- work with Chief Executives to implement the Senior Leaders Service.

Monitoring and evaluation will occur as a part of the State Service Commission's ongoing engagement with the Public Service, through the Commission's annual report, and via select committee scrutiny.

We welcome your thoughts on how effective monitoring and evaluation can be achieved.