



The State Sector Act provides only a limited range of organisational options for the operation of the Public Service; only departments and departmental agencies can be established under the Act and operate within the legal Crown. We believe that a broader set of organisational options will help us solve this problem. They will enable us to join up the resources and operations of departments where this is the best way to achieve better outcomes or improved public services.

We are proposing changes to the State Sector Act to enable four new organisational models that will support a more flexible Public Service. These changes would set out establishment and disestablishment processes, accountabilities (including collective accountability), and other necessary features of the specific models.

### Why are you changing the way departments can organise themselves?

The State Sector Act is thirty years old. While it improved the way individual departments worked for government and New Zealanders, times have changed. New Zealand now needs departments to join up and work together more often, and be quicker and more flexible in how they change to meet new demands.

We have a vision of the Public Service where leaders take joint responsibility for responding to complex issues. A service where our people are ready and willing to move where they are most needed, and organisations can move and flex with changing times, issues and opportunities. Existing ways of working are not taking us far enough. This is why we want to enable departments to organise themselves in ways that will cope with whatever complex problems they may face now and in the future.

### What could a toolkit for a more flexible Public Service include?

- *Public Service Executive Boards* – a team of chief executives, grouped around a specific issue, to create a plan and bring shared funding to get results that they are jointly accountable for (e.g. a strengthened Social Wellbeing Board, or a Climate Change Chief Executives Board).
- *Public Service Joint Ventures* – joining resources and staff between multiple departments, and taking a more effective and efficient approach (e.g. joint venture for responding to Family Violence and Sexual Violence, or joint venture of border agencies operating at Auckland Airport).<sup>1</sup>
- *Executive Agencies* – one department delivering multiple services on behalf of others, so New Zealanders get a range of help in one place. These tools could flip rigid ways of working and help us put things together and pull them apart to tailor solutions to changing needs (e.g. ‘One-stop Shop regional’ offices for government).
- *Statutory Officers* – provides the ability to establish new lines of Ministerial accountability for departmental functions without structural change (e.g. business units that are currently branded as Offices and have specific policy functions).

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<sup>1</sup> Note that Public Service Joint Ventures would bear little legal resemblance to joint ventures in the private sector, in that they would be divisions of the Crown rather than separate companies. The term ‘joint venture’ here refers to the purpose of the model, which is to allow departments to combine resources for a common purpose where this makes sense.

### **Why do you need legislation to do this?**

A lot of cross-departmental work can be undertaken using the existing non-legislative State Services Commission System Design Toolkit <http://www.ssc.govt.nz/mog-shared-problems>. However, all the incentives in our current legislative framework emphasise the delivery of individual departmental priorities, meaning that when departments have limited resources the default position is for these agency priorities to take precedent over cross-agency work.

Our intent is that the new legislation will add joint accountability (where it makes sense) so that departments will be better supported in joining forces to tackle complex cross-system issues.

### **How will you ensure accountability of these models?**

The majority of the models will have a designated responsible Minister and, in many cases, a specific dedicated appropriation. This will preserve strong Ministerial accountability and decision-making, and a high degree of transparency around funding.

Some Joint Ventures will strengthen working relationships rather than establishing a separate reporting entity. In these cases, accountability and funding will function much the same as existing joint working arrangements where chief executives remain accountable to their respective Ministers for achievements.

### **Will this mean you need to employ more public servants who are senior?**

In most cases, no. For example, groups of existing chief executives will head Public Service Executive Boards and Joint Ventures; executive agencies will consolidate existing delivery activity; and statutory officer positions will enable access to a dedicated top official for a given portfolio without requiring establishment of a new department.

### **How will joint accountability work in practise?**

We are proposing that the Act explicitly includes the concept of collective chief executive accountability. Accountability is an important concept that incorporates a requirement to make decisions, report and face consequences. Making accountability collective means applying the approach to more than one person. For example, collective accountability requires individuals to take ownership of decisions made collectively.

The purpose of including a statutory provision for collective accountability is to allocate shared accountability to smaller groups of chief executives (and entities) to achieve particular government priority outcomes and/or implement citizen-centred services across a group of departments. This is a key element in the operation of the Public Service Executive Boards.

Given the important role chief executives play in the Public Service, this proposal could have significant impacts on how the system functions e.g. by requiring chief executives to make more frequent or significant trade-offs between the needs of a department and the system as a whole.

Whatever requirement for collective accountability is included in the Act, chief executives will retain their current responsibilities and their accountability to their Minister/s for results. We expect that the majority of decisions will continue to be made by, or in respect of, individual departments.

### **What will this way of working cost?**

Start-up and ongoing costs will depend on the amount of resource required for the specific model and complexity of implementation. For example, an executive board without any specific staff or assets the cost could be quite low, while a joint venture with a shared IT and staff could be costlier. A cost/benefit analysis will be completed before implementation of any new model.

### **How will employees become part of these models? What will happen to their employment conditions?**

Subject to the proposals for a Senior Leaders Service and common terms and conditions for professions, moving to one of the new entities will be the same as moving between departments. Individuals will be able to apply for the newly created roles. If existing functions are to be transferred to a new entity, the relevant staff will go through an offer and acceptance process. The contract negotiation or offer and acceptance process will determine conditions, leave entitlements and pay.

### **How will the OIA/Privacy Act apply to these models?**

The OIA and Privacy Act will apply to the models in the same way as departments, although we are still working through how this will operate in practice.

### **How will these models support partnerships with NGOs/private sector?**

In terms of input to strategy and planning processes of the Public Service, the Public Service Executive Board model will allow for the appointment of independent members from an NGO or the private sector in an advisory capacity. At the delivery end, partnerships with NGOs and the private sector will still be managed through a contract. However, the joint venture and executive agency models will provide a single Public Service point of contact for contracting around a specific issue or area.