

Rt Hon John Key
Prime Minister

State Services Commissioner: Recommendation for Appointment

- 1 The position of State Services Commissioner becomes vacant when Mr Iain Rennie's term ends on 30 June 2016. As the State Services Commissioner is appointed by the Governor-General on your recommendation, and to be consistent with previous practice, I have managed the process to recruit a new State Services Commissioner on your behalf.
- 2 As we have discussed, the panel that I convened considers the most suitable candidate to be Mr Peter Stanley Hughes and unanimously recommends him for appointment to the role of State Services Commissioner.
- 3 If you agree with the panel's recommendation, please take the attached Cabinet paper direct to Cabinet on 25 April 2016 and then on to His Excellency the Governor-General in Council on 2 May 2016.
- 4 The Cabinet paper provides information about the recruitment process that was undertaken to identify the most suitable candidate for appointment. It also includes some additional information about Mr Hughes.
- 5 If Cabinet and the Governor-General accept this recommendation, consistent with past practice, opposition parties will need to be informed prior to announcement. I am happy to make this contact if required.
- 6 Remuneration for this role is set by the Remuneration Authority and other conditions of employment are agreed between you and the appointee. I have asked Debbie Power, Deputy State Services Commissioner, who has assisted me with this recruitment, to negotiate these other conditions with Mr Hughes and submit a set of conditions to you for your agreement.
- 7 A five year term of appointment is recommended, with a start date of 4 July 2016. This will provide for a seamless transition following Mr Rennie's departure. As Mr Hughes is currently in the role of Chief Executive and Secretary for Education, Ministry of Education, Ms Power and Mr Rennie are also currently considering options to fill this important role which will be discussed with the Minister of Education as soon as possible.

Hon Paula Bennett
Minister of State Services

Chair
Cabinet

Appointment: State Services Commissioner

Proposal

- 1 It is recommended that Mr Peter Stanley Hughes CNZM be appointed to the position of State Services Commissioner, under section 3 of the State Sector Act 1988, for a term of five years with effect from 4 July 2016.
- 2 It is recommended that Cabinet authorise the submission of this recommendation to the Governor-General in Council.
- 3 Attached are a curriculum vitae for Mr Hughes and a warrant for signing by the Governor-General.

Background

- 4 In February 2016 the Minister of State Services announced that the State Services Commissioner, Mr Iain Rennie, would not be seeking reappointment and so his term would end on 30 June 2016. As the State Services Commissioner is appointed by the Governor-General on the recommendation of the Prime Minister, and to be consistent with previous practice, the Minister of State Services managed the appointment process on behalf of the Prime Minister.
- 5 The Office of the State Services Commissioner is central to New Zealand's politically neutral, professional and enduring Public Service. The Commissioner has two separate offices:
 - as the holder of a statutory office the Commissioner acts independently in a range of matters to do with the operation of the Public Service, the State Services and the wider State sector; and
 - as Chief Executive of the State Services Commission, the department that supports the Commissioner in the performance of this role, the Commissioner is responsible to the Minister of State Services for the Commission's capability and performance.
- 6 The Commissioner is also, by convention, the Head of State Services. The Head of State Services is responsible to the government of the day for the overall performance of the State Services, and for ensuring that major cross-system issues and impediments to high performance are effectively addressed. As Head of State Services the State Services Commissioner works closely with the heads of the other two Central agencies, The Treasury and the Department of the Prime Minister and Cabinet, as a 'virtual' Corporate Centre for the State Services as a whole.

Selection Process

- 7 The State Services Commissioner vacancy was advertised on the State Services Commission and NZ Govt Jobs Online websites from 16 March 2016. The State Services Commissioner also advised all Public Service Chief Executives once the position was advertised. Vacancies closed on 29 March 2016.

- 8 Jackson Stone and Partners Limited were engaged to assist in the selection process. [redacted] candidates were considered for this position. These candidates were refined to a short list [redacted] and were then interviewed by a selection panel convened by the Minister of State Services on Wednesday 13 April 2016. The panel comprised Sir Maarten Wevers and Mr John Whitehead CNZM.

Requirements of the Position

- 9 A position description was approved on 14 March 2016 by Cabinet, following consideration by the Cabinet Appointments and Honours Committee. It sets out the requirements and accountabilities of the role, the priorities for the future and the environment within which the successful candidate would need to operate. This position description is attached and has been used as the basis for selecting the successful candidate.
- 10 The following are the critical areas of success for the State Services Commissioner in the coming three to five years:
- drive a State Services Commission which achieves excellence in the performance of its core roles;
 - promote flexible deployment of financial and human resources within the State Services, enhanced leadership development, fully implementing system-wide approaches to functional leadership, and a longer term focus on developing capability in public organisations;
 - ensure that the cap of Public Service staff numbers is maintained at the agreed level, and that departments and agencies are working to deliver services effectively within it;
 - support key government priorities by ensuring that departments and departmental leaders take an innovative and collaborative approach to designing and delivering services;
 - ensure cross agency work is effective and delivers the best services for New Zealanders;
 - drive improvements in the Better Public Services Results and any other government priority areas; and
 - drive the public sector to be people-focused, with New Zealanders at the centre of what it does.
- 11 Moreover the State Services Commissioner must have a thorough understanding of New Zealand's constitution and government system, and how these work. The position description further notes that she or he must have the ability to perform important statutory and constitutional roles with wisdom, integrity, consistency and courage. The Commissioner must also understand how the State sector functions as a large devolved organisation, and have proven ability to manage problems in ways that ensure constructive resolution with minimal repercussions. In addition, the Commissioner must have the ability to build and maintain a very large network of relationships, and to maintain the confidence and trust of Ministers, the State sector, and the community.

Recommended Appointee

- 12 The panel concluded, unanimously, that Mr Hughes best met the requirements for appointment as the State Services Commissioner.
- 13 Mr Hughes is currently the Chief Executive and Secretary for Education, Ministry of Education, a role he has held since February 2013.
- 14 Mr Hughes began his career as a clerk with the Department of Social Welfare. Over the next 10 years he was promoted into senior policy and operations roles. He later moved into executive management, initially as the Southern Region Regional Manager for the New Zealand Income Support Service.
- 15 In 2000 Mr Hughes was appointed Chief Executive of the Health Funding Authority. He took over managing New Zealand's \$7 billion health and disability services spend and implemented organisation wide change to disestablish the HFA, moving staff into the Ministry of Health and District Health Boards.
- 16 He was appointed Secretary for Internal Affairs later in the same year, and in 2001 was appointed Chief Executive of the Ministry of Social Development, New Zealand's largest government department. He also held the role of Professor and Head of the School of Government at Victoria University of Wellington from 2011 to 2013.
- 17 Mr Hughes was educated at New Zealand's Victoria and Massey Universities as well as earning a Master's Degree in Public Administration from Harvard University, completed while in the United States as a Harkness Fellow of the Commonwealth Fund of New York.
- 18 Mr Hughes is a fellow of the New Zealand Institute of Management and the New Zealand Institute of Public Administration as well as an accredited member of the New Zealand Institute of Directors. In 2010 Mr Hughes was made a Hunter Fellow for services to Victoria University, and is also a Fellow of the Australia and New Zealand School of Government.
- 19 Mr Hughes was made a Companion of the New Zealand Order of Merit in The New Year Honours 2012 for services to the State. He was also named Government Department Chief Executive of the Year by TransTasman magazine in 2010, 2011, and 2015.
- 20 The panel found Mr Hughes to have a very in depth understanding of the challenges facing New Zealand and its Public Service. He very strongly believes in the ideal of public service and has devoted his entire working life to it. The panel identified his key focus areas for the Public Service to be value for money, integrity and trust, and delivery of results.
- 21 Mr Hughes would bring to the role a wealth of knowledge and experience, including 14 years' experience as a successful Public Service Chief Executive. He is already a well-known and highly respected leader in the Public Service, with strong relationships with other public service leaders, Ministers, political party leaders and members from across the House, business and industry leaders, and union heads. He would bring a good depth of judgement across a range of government areas coupled with a real understanding of the detail of government processes.
- 22 Mr Hughes is very committed to the Government's current direction for the State Services, particularly seeing the Better Public Services Results as a good Framework. He is said to be very intent on working with the current cohort of CEs, and empowering them to continue to make improvements to the system in the future.

- 23 In summary, the panel is of the view that Mr Hughes is well qualified to be the State Services Commissioner and that he is ready to make a strong contribution to New Zealand in the role. This view was confirmed by two senior and well respected Public referees.

Conditions of Employment

- 24 Section 13 of the State Sector Act provides that the Commissioner may be appointed for a term not exceeding five years. It is proposed that this appointment be for a five year term with effect from 4 July 2016.
- 25 According to section 15 of the State Sector Act, the Remuneration Authority determines the remuneration for this position. Conditions of employment relating to leave and other entitlements follow the provisions of the standard Public Service chief executive employment agreement. Debbie Power, Deputy State Services Commissioner will undertake negotiations around conditions of employment, other than remuneration, on behalf of the Prime Minister.
- 26 Mr Hughes' employment will be conditional upon maintaining a 9(2)(a) privacy security clearance.

Announcement

- 27 It is proposed to announce this appointment following the Governor-General's signature of the Order in Council appointing Mr Hughes.
- 28 It is proposed to advise the leaders of other parties represented in Parliament of the appointment shortly before it is announced.

Recommendations

- 29 It is recommended that Cabinet:
- 1 **note** that on 14 March 2016 Cabinet, following reference from Cabinet Appointments and Honours Committee, noted the vacancy for the position of the State Services Commissioner, confirmed the attached position description and noted that the Deputy State Services Commissioner and another senior staff member from the State Services Commission would assist the Minister of State Services with the appointment process;
 - 2 **note** that the Minister of State Services convened a panel to interview and assess short listed candidates and the panel is unanimous in its recommendation of the proposed appointee;
 - 3 **accept** the recommendation of the Prime Minister to appoint Mr Peter Stanley Hughes as State Services Commissioner, under section 3 of the State Sector Act 1988, for a term of five years with effect from 4 July 2016;
 - 4 **note** that Mr Hughes' curriculum vitae and warrant for appointment are attached;
 - 5 **note** that the Remuneration Authority determines the remuneration for this position;
 - 6 **note** that conditions of employment relating to leave and other entitlements follow the provisions of the standard Public Service chief executive employment agreement;
 - 7 **note** that Debbie Power, the Deputy State Services Commissioner, will undertake negotiations around conditions of employment relating to leave and other entitlements on behalf of the Prime Minister;

- 8 **authorise** submission of the recommendation to appoint Mr Hughes to the Governor-General in Council;
- 9 **note** that a public announcement about the appointment will follow the Governor-General's signature of the Order in Council appointing Mr Hughes; and
- 10 **note** that the Leaders of the other parties represented in Parliament will be informed of the appointment shortly before it is announced.

Rt Hon John Key
Prime Minister

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APPOINTMENT OF STATE SERVICES COMMISSIONER

Jerry Mateparae
Governor-General

PURSUANT to section 3 of the State Sector Act 1988 I, Lieutenant General the Right Honourable Sir Jerry Mateparae, GNZM, QSO, Governor-General of New Zealand, acting on the advice and with the consent of the Executive Council, and on the recommendation of the Prime Minister, hereby appoint:

PETER STANLEY HUGHES

of Wellington

to be the State Services Commissioner of the State Services Commission for a term of five years, commencing on 4 July 2016 and ending on 3 July 2021.

Given in Executive Council under the hand of His Excellency the Governor-General this 2nd day of *May* 2016.

Michael Webster
Clerk of the Executive Council

Curriculum Vitae

Peter Stanley Hughes, CNZM

Employment History

2013 – present	Chief Executive and Secretary for Education, Ministry of Education
2011 – 2013	Head of School, Professor of Public Management, School of Government, Victoria University of Wellington
2001 – 2011	Chief Executive, Ministry of Social Development
2000 – 2001	Chief Executive and Secretary for Internal Affairs, Department of Internal Affairs
1999 – 2001	Chief Executive Officer, Health Funding Authority
1995 – 1999	Ministry of Health 1998 – 1999 – Deputy Director-General of Health, Performance Management 1996 – 1998 – General Manager, Implementation 1995 – 1996 – General Manager, Corporate and Information
1993 – 1995	Southern Regional Manager, New Zealand Income Support Service and New Zealand Employment Service

Fellowships

Fellow of the Institute of Public Administration in New Zealand
Fellow of the Australia and New Zealand School of Government
Hunter Fellow, Victoria University of Wellington
Fellow of the New Zealand Institute of Management

Boards and Professional Bodies

Current	Chartered member of the Institute of Directors in New Zealand
2012 – 2013	Chair, Careers New Zealand
2011 – 2013	Director, Australia and New Zealand School of Government
2010 – 2013	Commissioner, Earthquake Commission
2003 – 2013	Trustee, Equal Employment Opportunities Trust
2008 – 2011	Trustee, Leadership Development Centre
2008 – 2011	Chair, Victoria University School of Government Advisory Board

Academic Qualifications

1993	Master of Public Administration, Harvard University
1992 - 1993	Harkness Fellow of the Commonwealth Fund of New York
1985	Post-Graduate Diploma in Business and Administration, Massey University
1981	Bachelor of Arts, Victoria University of Wellington



Position description

Position	State Services Commissioner
Department	State Services Commission
Position purpose	<p>The Office of the State Services Commissioner is central to New Zealand's politically neutral, professional and enduring Public Service. The Commissioner has two separate statutory offices:</p> <ul style="list-style-type: none"> as the holder of a statutory office, the Commissioner acts independently on a range of matters to do with the operation of the Public Service, the State Services and the wider State sector – including the appointment of Public Service chief executives; and as Chief Executive of the State Services Commission (SSC), the department that supports the Commissioner in the performance of this role, the Commissioner is responsible to the Minister of State Services for the Commission's capability and performance. <p>The State Services Commissioner is also, by convention, the Head of State Services. The Head of State Services is responsible to the government of the day for the overall performance of the State Services, and for ensuring that major cross-system issues and impediments to high performance are effectively addressed. As Head of State Services the State Services Commissioner works closely with the heads of the other two Central agencies, The Treasury and the Department of the Prime Minister and Cabinet, as a 'virtual' Corporate Centre for the State Services as a whole.</p>

Performance profile

Medium-term priorities	<p>The following are the critical areas of success for the State Services Commissioner in the coming three to five years:</p> <ul style="list-style-type: none"> achieve an SSC which achieves excellence in the performance of its core roles make most effective use of new legislation to promote flexible deployment of financial and human resources within the State services, enhanced leadership development, fully implementing system-wide approaches to functional leadership, and a longer term focus on developing capability in public organisations ensure that the cap of Public Service staff numbers is maintained at the agreed level, and that departments and agencies are working to deliver services effectively within it support key govt priorities by ensuring that departments and departmental leaders take an innovative and collaborative approach to designing and delivering services ensure cross agency work is effective and delivers the best services for New Zealanders support effective collaboration across the system to drive improvements in the BPS Results.
Accountabilities	<p>The key accountabilities of the State Services Commissioner in terms of these roles are to:</p> <ul style="list-style-type: none"> Lead the State Services to ensure State servants carry out the business of the Government with high ethical standards, shared values, and in a spirit of service; Lead and support initiatives to improve State sector performance;

- Lead the development and implementation of system-wide functional leadership;
- Appoint Public Service Chief Executives, and support the appointment of State Services Chief Executives, who can make the best contribution to a high performing State sector;
- Lead the performance management of Public Service Chief Executives to encourage them to manage and lead effectively;
- Lead the development of current and future leaders of the Public Service;
- Respond to requests from the Prime Minister and Ministers to investigate specific issues and manage particular tasks in the public management system;
- Develop and maintain relevant and effective community links to organisations with interests in the role and business of the State sector, including Maori people and institutions;
- Maintain relevant and effective government-to-government relationships in the areas of public sector reform and administration.
- Lead and manage the State Services Commission to ensure continuing effective performance.

Person profile	
	<p>The State Services Commissioner must have a thorough understanding of New Zealand's constitution and government system, and how these work.</p> <p>The Commissioner must also have the ability to perform important statutory and constitutional roles with wisdom, integrity, consistency and courage.</p> <p>The Commissioner must understand how the State sector functions as a large, devolved organisation, and have proven ability to manage problems in ways that ensure constructive resolution with minimal repercussions.</p> <p>In addition the Commissioner must have the ability to build and maintain a very large network of relationships, and to maintain the confidence and trust of Ministers, the State sector, and the community.</p>
Position specific competencies	<i>The behaviours below summarise the competencies which the Chief Executive and State Services Commissioner, will need to demonstrate.</i>
Strategic Leadership	<p>The position demands a sound grasp of the principles and practices of public management in New Zealand. The Commissioner must have the ability to take a long-term view of the role, functions and shape of the State sector, and the ways it does its business.</p> <p>The Commissioner also needs a strong understanding of the factors that have an impact on New Zealand's social and economic performance and on its cultural life and physical environment.</p>
Intellectual Capability	<p>The Commissioner's leadership role requires intellectual credibility with Ministers, within the State sector, and with the business and academic communities. The Commissioner must be able to absorb and evaluate large volumes of frequently complex information across a wide spectrum, and to prioritise and make sound decisions under pressure. The Commissioner must be able to communicate effectively at all levels, to help inform public debate on big questions facing New Zealand, and to present and defend points of view with clarity and firmness where necessary</p>
Honesty and Integrity	<p>The State Services Commissioner's own standards of honesty and integrity must be beyond reproach. The Commissioner is the primary steward of the values and standards of the State Services, and is responsible for promoting personal and institutional integrity, and supporting chief executives when they encounter wrongdoing within their organisations.</p>

	Politicians and the public look to the State Services Commissioner both to set codes and standards and to uphold them. The Commissioner must lead by example, modelling and reinforcing standards.
Managing in the Political-Cultural Context	The State Services Commissioner must have a highly developed ability to manage in the political-cultural context, to be responsive to the needs of Ministers and yet to be appropriately assertive in supporting and upholding constitutional arrangements, including the political neutrality of the Public Service.
Building and Sustaining Relationships	<p>The State Services Commissioner requires highly developed interpersonal skills. As employer of around 30 highly motivated, achievement-oriented and ambitious chief executives, the Commissioner must manage a wide range of personalities, and get the best from each of them. The Commissioner must at the same time develop and maintain effective relationships with Responsible Ministers.</p> <p>The Commissioner must also develop and maintain effective relationships with a large stakeholder group in the wider community.</p>
Managerial Expertise	The State Services Commissioner must be an accomplished senior executive. Successful real world experience is crucial both to equip the Commissioner to respond quickly and effectively to the numerous management challenges that arise in the course of business, and to assure authority and credibility in performance of the Commissioner's leadership responsibilities.
Security Clearance	<i>The appointee must be a New Zealand citizen and maintain a Top Secret Special security clearance.</i>