



AIDE-MEMOIRE

Issues for discussion relating to State Sector Act Reform

Date: 15 February 2019

For: Hon Chris Hipkins, Minister of State Services

Report No: SSC2019/0032

Issue Some issues have been raised by our academic reference group. We would like to discuss these to clarify our approach for the drafting of Cabinet papers.

Problem – current settings contribute to issues of fragmentation of public service identity and culture, difficulty for governments in driving employment and workforce policy objectives (e.g., gender pay) and issues in the implementation of machinery of government changes.

Objective – We want to recalibrate employment and workforce arrangements to build a unified public service with a common spirit of service and aligning agencies to deliver citizen-centred services.

Options:

- a. Commissioner employment of public servants

This would be a return to the pre-1988 model and would require significant change management. There are concerns that a centralised model would be bureaucratic and unresponsive to operational needs.

Delegation of powers to Chief Executives is possible. However, there remains a risk of recentralisation and a risk-averse approach over time as the Commissioner would retain ultimate responsibilities e.g., health and safety.

- b. Retain chief executive employment responsibilities within enhanced cross-public service frameworks.

This option would mean public servants would be first and foremost appointed to the public service. It would use levers of leadership and culture to shift the public service closer in alignment and look to reduce transaction costs at transfer between agencies.

There would be a strengthened ability to set government expectations for the workforce and the Commissioner would have the ability to negotiate common terms and conditions of employment for groups across the public service.

Employment arrangements

Senior leaders service

Problem: Leaders have incentives to deliver results for their agency rather than outcomes that benefit their system. Movement across the system is temporary and ad hoc and can be hampered by differences in conditions of employment.

Objective: an agile public service where senior leaders are deployed to meet the needs of both agencies and the system as a whole, and to build the capability of senior leaders.

Options

- a. Employment by the Commissioner

The Commissioner would be responsible for the recruitment, deployment and development of all public servants in designated senior roles.

While this may allow the movement of talent across the system, it would effectively disempower chief executives in the engagement of their most senior staff and establish muddled employment relationships. It would also dramatically change the role of the SSC from leading and setting expectations, to a more operational and administrative role.

- b. Using the State Sector Leadership Team to lead and develop a cohort of senior leaders

This option would build on current practice. The Commissioner would set expectations and guidance for the development of senior leaders. Current mechanisms such as career boards and talent exchange will continue to be developed.

At the same time the Commissioner will work with Chief Executives to ensure that specialist and technical skills continue to be managed in the system, and to discourage the practice of restructuring within agencies that can lead to churn and loss of productivity.

Situation: The system of appointment and re-appointment of public service chief executives works well, and New Zealand is recognised internationally as having a politically neutral public service executive.

Some stakeholders have argued that the re-appointment process is open to political bias and is a disincentive for Chief Executives to provide free and frank advice.

CE tenure

Options

- a. Status quo – appoint for a fixed term of up to five years with power to extend
b. Extend the fixed term to seven years and remove re-appointment provisions
c. Appoint chief executives to permanent positions
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We recommend

Proactive Release

- that you release this aide-memoire in full once policy proposals have been agreed and announced by Cabinet.

Agree/disagree.

Responsible Manager: Hannah Cameron, Deputy Commissioner, Strategy and Policy 9(2)(a)