

**MINUTES OF THE BETTER PUBLIC SERVICES ADVISORY GROUP MEETING  
TUESDAY 1 NOVEMBER 2011 AT 09:00  
LEVEL 2, EXECUTIVE WING, PARLIAMENT BUILDINGS**

**Present:**

Maarten Wevers (Chair)	Chief Executive, DPMC
Jacqui Graham	Chief Executive, Wise Group
Vanessa Stoddart	Group General Manager, People and Technical Operations, Air New Zealand
Mark Ford	Chief Executive, Watercare Services Limited
Peter Hughes	Head, School of Government, Victoria University of Wellington
Gabriel Makhoul	Secretary to the Treasury
Iain Rennie	State Services Commissioner
Sandi Beatie	Deputy Commissioner, SSC

**In Attendance:**

(Secretariat)

Andrew Kibblewhite Deputy Chief Executive, Treasury

Withheld under section 9(2)(a) of the Official Information Act

**Advisory Group report and recommendations to Ministers**

1. The Advisory Group noted that the draft report, in its current form, was not bold enough, and noted that it was not clear enough about the nature of the package of changes being proposed, or about ongoing performance and improvement for the public service longer-term, or the “prize” of the proposed changes. They noted the challenge is now to hone in on the specific areas of change, why these changes are important, and the ongoing benefits to the taxpayer. One member questioned how this is going to be implemented. Additionally the paper needed to make a more powerful case for change.
2. The Advisory Group recorded on the whiteboard their summary of the discussions of the previous Advisory Group meetings, focussing on: making the case, problems, vision for the future, how, impediments and what would success look like.
  - Making the case included: that we can't afford it anymore – need for better results/more effective; cost today vs cost before, staff today vs staff before, number of departments today vs number of departments before, and benchmarking this with other countries/companies; and the “prize”.
  - The problems included: silos and not standardisation; agency v sector/system objectives/results; misalignment with Ministers; risk

aversion – leading to a lack of innovation; leadership & skills lacking eg sourcing; legislation constraints; absence of culture more with less & absence of urgency; too complex for customers; not future thinking / future proofing eg IT; doesn't drive value outcomes; and a macro issue of the country being dependent on the centre taking responsibility for issues.

- Therefore, the vision for the future incorporated: **consolidate agencies** (and a framework for decision); consolidate into sectors (and a framework for decision), including goals for CEs – sector, agency and long-term; **shared services** – comparison with other countries/companies, and a framework for what do & don't do; **best sourcing** – what continue to do & what manage, and a framework for outsourcing; **continuous improvement and innovation** targets; framework for what not responsible for in the future; the “prize” for each of these areas.
  - How focussed on: recognising the process to date, engagement of CEs; governance structure to oversee it, including Minister(s) responsible for change programme; centralised structure & powers - including questions about the role of DPMC and SSC; redefining the role of CEs – providing goals and incentives, and generic appointments to that talent can be moved; alignment of Ministers to sectors/goals of sectors/agencies; changes to legislation – Public Finance Act, State Sector Act, CE Appointments; Sector Head appointments & Governance Boards to support; identifying some short-term wins
  - Impediments were seen to include: clarifying the role and powers of the State Services Commissioner; CE capability; change management capability; Ministerial alignment; clarifying Governance.
  - What would success look like included the need for 1, 3 and 5 year goals.
3. One member suggested that the Secretariat do some modelling to draw out some of the figures in relation to the key areas agreed by the group: best sourcing, continuous improvement, consolidating agencies, shared services and long-term benefits. One member noted the importance of the report reflecting that the goal was more effective public services, not just cost savings.
4. An Advisory Group member asked about the point raised in relation to the need for changes to legislation and noted that it is about decision-rights, and that the powers lie with each agency. If the goal is for system-wide capability, then clearly the decision rights need to change, and therefore the legislation needs to change. One member suggested that changes to legislation could be beneficial to reinforce the changes as part of the better public services.

## Draft Report

5. Executive Summary. An Advisory Group member noted that the draft report was not clear enough, and that the executive summary didn't make the case as compellingly as possible. The Advisory Group suggested the inclusion of a few sentences about the international economic situation to provide context. A number of Advisory Group members noted the need for clearer language, and that there was a tone of evolutionary, not revolutionary, change – which needed to be clarified. The Advisory Group suggested that the Executive Summary needs to set the strategic direction and say what the desired end state is.
6. Part A. The Advisory Group noted the need to distinguish between the costs associated with policy settings versus running the system. One member noted that the focus should be on the costs associated with running the system, and trying to get a system that makes public management better. The Advisory Group questioned whether the figures on Page 8 “Government spending per person” reflected spending as the result of policy choices, or processes and bureaucracy – and asked that this be clarified, and to be clear about what these figures are saying. The Advisory Group also noted the need to distinguish between short-term and long-term wins, and for consistency. One member noted that it was unclear presently if the report reflected solely the Advisory Group members' views, or was a mix including Sector CEs views as well, and suggested that the report should be solely the former, and that there are some core principles that should be recommended. One member suggested placing the sector information into an appendix to make it clear that this had been contributed by Sector CEs.
7. Part B. The Advisory Group discussed the issue of leadership in the public service, and noted the need for both clear functional and central leadership. The Advisory Group noted that the functional leaders need capacity to make standards apply across the state sector – for example in areas such as IT. The discussion on leadership led to a discussion of the role of Central Agencies. The Advisory Group noted that it was clear that there is a need for a stronger role for Central Agencies, and that the State Services Commissioner needed stronger powers. Also there is a sense that DPMC needed to be strengthened, and that public sector change goes ahead, there will be a different set of expectations for Treasury as well. The Advisory Group noted that there was not necessarily a case for merging SSC and DPMC, and noted that there would be an important role for all 3 Central Agencies to work with agencies to support them through the period of change.
8. The Advisory Group discussed leadership in the public service. SSC noted that CE roles vary markedly, and in some cases, tier 2 positions are more demanding and senior than other tier 1 positions. SSC noted the important role of SSC in assisting agencies to identify and develop talent within the public service. One Member noted that difference with the Australian Public Service in terms of talent development, and noted that the Secretary of PM&C has the power to move people between roles, and that the SSC needed similar powers here.

9. The Advisory Group discussed whether Crown Entities were included as part of the work, and noted that the very important areas were in the state sector (health, education, police). The Advisory Group noted, though, that while the broad thrust of the report focusses on the core public sector, there will be a set of “behaviours” that flow to the Crown Entities.
10. The Advisory Group discussed the voluntary versus mandatory nature of the changes to the public sector, and agreed that it was important for much of it to be mandatory.

### **Next Steps**

11. The Secretariat summarised the main points arising from the meeting, and noted that the next steps are:
  - a. The case for change needs to be strengthened, including the “prize”, it needs to be quantified and strengthened.
  - b. Strengthen the problem statement
  - c. Results
  - d. Leadership – need to be clearer around functional leadership
  - e. Structure and agency consolidation – need for principles, and direction of travel
  - f. A sense of urgency and time dependency
  - g. 1, 3, 5 year goals.

The meeting closed at 2:00pm.