

Hon Chris Hipkins
Minister of State Services

Improving Government Payroll Systems

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This is a suite of documents released in part by the Hon Chris Hipkins, Minister of State Services that has informed the Government's proactive release of information policy.

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified.

- 36.2 Coordinate an approach to the market on behalf of government to ensure the alignment of payroll software and services against the common process model, potentially making this available in the newly-developed digital procurement platform
- 36.3 Develop guidance for agencies to undertake “secondary” procurements for their individual selection of payroll software and services.
- 37 Once a group of suitably qualified suppliers is established in the market through this process, each agency would then engage with them to select a preferred partner and engage in a transition project to address their payroll needs. These projects will be quite specific to each agency given the nature of the Holidays Act interpretation and varying employee terms & conditions.
- 38 Developing options for standard system configuration settings would draw on input from MBIE’s guidance on administration of the Holiday’s Act and employment terms and conditions within the public sector.
- 39 I also propose that the GCDO is appointed to lead a system wide work programme supported by the SSC, NZGP and MBIE as policy owner of the Holiday’s Act (both as regulator and in supporting compliance with the Act), to provide oversight to address the issues arising from the provisions of the Holidays Act, working with agencies as they carry out their payroll projects in a more systematic way.¹
- 40 This programme of work will ensure that agencies have more effective and consistent payroll processes through alignment with a common process model that will be kept current with good practice and legislative requirements. It will also deliver on-going cost savings to government by removing the need for agencies to design bespoke payroll processes, manage costly and lengthy procurement processes, and invest in complex configurations of payroll systems.
- 41 The scope of the programme includes all Public and non-Public service departments and selected Crown entities². GCDO, SSC and MBIE would jointly report back to the Cabinet Government Administration and Expenditure Review Committee by November 2019 on progress and any further steps that may be needed.
- 42 The actions in the work programme (outlined in more detail in Annex 2) would:
- 42.1 Embed guidance for meeting the provisions of the current Holidays Act such as seminars and workshops, discussion through the government HR network, and identifying champions and centres of excellence;
- 42.2 Optimise investment for system software upgrade/replacement (value for money on each agency’s service procurement) by considering the various

¹ SSC would maintain an overview of agency progress towards compliance with the Act. MBIE would remain responsible for the interpretation of the Act and ensuring that guidance through then programme is aligned with emerging proposals for legislative change proposed by the Holidays Act Taskforce.

² Accident Compensation Corporation, Earthquake Commission, Housing New Zealand Corporation, New Zealand Transport Agency, New Zealand Trade and Enterprise, New Zealand Qualifications Authority, Tertiary Education Commission, and District Health Boards)

individual agency investments, in the context of a system wide investment profile for payroll;

- 42.3 Engage with the ICT supply market to enable it to respond to the agreed set of system requirements/outcomes, to create an acceptable group of suppliers who can provide payroll services;
 - 42.4 Support agencies to improve their ICT Project and operational assurance processes; and
 - 42.5 Develop a medium-term system work plan or strategy (including transitional arrangements) for agencies to implement or improve payroll systems that are compliant with the Holidays Act 2003, and sufficiently agile to adapt to future changes to the Act.
- 43 The GCDO plans to use money agreed through Budget 2019 [CAB-19-MIN-0174.21 refers] to undertake the proposed level of engagement with the market and support change management with individual agencies, with Cabinet agreement to the work programme.
- 44 The programme will maintain a register (like the register in Annex 1) to provide Ministers with ongoing information on how agencies are addressing payroll issues arising from the Holidays Act. Progress will be reported to responsible Ministers every six months.
- 45 For some agencies, such as MBIE, finding a solution to their payroll issues is urgent and work is well progressed. I do not propose to stop all existing proposals to improve payroll systems until the system work programme is established. In the meantime, the functional leaders will work with agencies to find suitable payroll system solutions. GCDO will provide Responsible Ministers with advice relating to whether the costs and system requirements for agencies' payroll system solutions are being considered with the wider system in mind.

Consultation

- 46 The Department of Internal Affairs, the Ministry of Business, Innovation and Employment and The Treasury have been consulted. The Department of the Prime Minister and Cabinet has been informed.

Financial Implications

- 47 The cost of resources provided by the SSC, NZGP and MBIE to support the system-wide work programme can be met from existing respective baselines.
- 48 In Budget 19, additional funding of \$2.000m over 2019/20 and 2020/21 was appropriated to Vote Internal Affairs: Government Digital Services multi category appropriation (MCA) to enable the GCDO to deliver its part of the work programme, subject to Cabinet approval of the overall work programme [CAB-19-MIN-0174.21 refers]. This funding is intended to enable the GCDO to lead the programme of work, provide oversight of agency payroll projects, and to coordinate agency procurements of payroll systems and services.

