STATE SERVICES COMMISSION
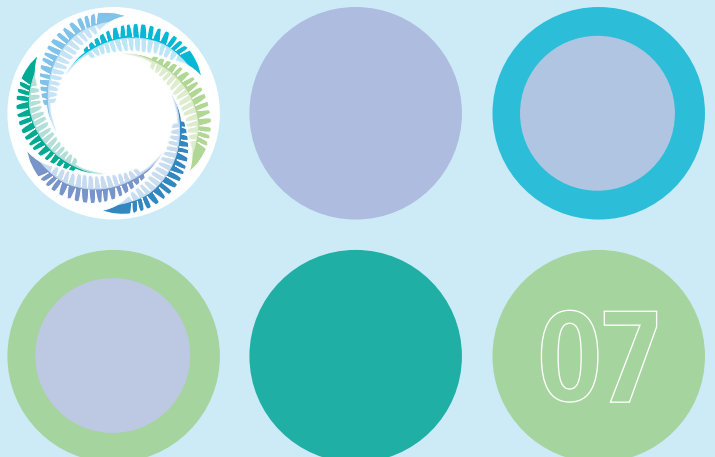Te Komihana O Ngā Tari Kāwanatanga

State Services Commission
Annual Report

For the year ended 30 June 2007

New Zealand Government

Minister of State Services

I present to you the report of the State Services Commission for the year ended 30 June 2007. It comprises three parts.

Part 1 is the Annual Report of the State Services Commissioner on the operations of the Commissioner and other matters affecting the State Services, provided under the State Sector Act 1988.

Part 2 is the Annual Report of the Chief Executive on the operations of the State Services Commission and its audited financial statements, provided under the Public Finance Act 1989.

Part 3 provides the disclosure of remuneration of Public Service and State sector senior personnel.

Mark Prebble | State Services Commissioner

Contents

Part 1

Annual Report of the State Services Commissioner

The State Services Commissioner's Annual Report on the State Services

Provided under the State Sector Act 1988
For the year ended 30 June 2007

Since my appointment to the role of State Services Commissioner in 2004, the enactment of the Public Finance (State Sector Management) Bill in 2005 put in place a framework that encourages a focus on coherence and leadership across the State Services. This framework is aimed at improving the overall performance of the State Services to ensure the system can meet the needs of New Zealanders, while serving the government of the day.

These changes necessitated a corresponding shift in focus for the State Services Commission (SSC). The amendments made to the State Sector Act extend my mandate, for example, wider than the core Public Service and into the State Services. This is designed to help strengthen integration, build capability and provide stronger leadership on values and standards in the sector. To rise to the challenge of the wider mandate and to enhance the system-wide focus for State Services agencies, we launched the Development Goals for the State Services in March 2005.

The Development Goals are aspirations for how the State Services will be arranged and perform. Some of the goals impact more on Public Service departments and Crown agents, and others are wider in scope. The ideas behind these goals are not new, but, by making them clear and visible, and by setting timelines and milestones for progress, a clear agenda has been set for the next generation of State Services.

Highlights

Over the period covered by this Annual Report, the single most important piece of work completed by the SSC was the development and launch of the new code of conduct for the State Services. The new code, Standards of Integrity and Conduct, was launched in June following extensive consultation with the agencies of the State Services. The first section of this report details the SSC's work to develop and introduce the code.

High standards of integrity and conduct among public servants contribute to a high degree of trust in the State Services. The Standards of Integrity and Conduct are an important part of building that trust and contributing to the Development Goals of the State Services.

Secondly, this report looks at the progress made towards the Development Goals, especially progress towards improving New Zealanders' experience of their State Services. An essential first step towards improving service experience for New Zealanders is to understand what the current experience of public services is in this country. To understand that experience, the SSC's New Zealanders' Experience programme adopted international best practice research aimed at focusing public servants' attention on what really matters for the people using their services.

Finally, this report looks at the progress that the SSC has made on two other critical areas of work, Partnership for Quality (PFQ) and the All-of-government Authentication Programme, and provides an overview of some of the other significant achievements of the past year.

Standards of Integrity and Conduct

It is the responsibility of all State servants to behave in a way that meets public expectations and maintains high levels of trust between the State Services and the public, Ministers and Parliament.

The Public Service has had a code of conduct since 1990. The development of the new code, which sets minimum standards of conduct for a wider group of State Services agencies, is a consequence of changes in the State Sector Act, broadening the powers of my office, that came into force in 2005.

In 2005, SSC didn't have a clear understanding of how agencies beyond the core Public Service managed integrity and conduct issues. It wasn't clear whether setting additional standards would necessarily contribute to increased trust in government and confidence in the State Services. To provide that clarity, the SSC consulted 120 agencies across the State Services, including Public Service departments previously covered by the existing code.

That early consultation confirmed my belief that despite the differences – in function, in closeness to Ministers, in independence – all government agencies depend on their staff acting with the same high standards of integrity. Therefore, the new code has been developed to apply to all Public Service departments and Crown entities within my mandate. It does not cover Crown entity board members as they are subject to the Crown Entities Act which requires them to act with honesty, integrity, skill and diligence.

The code of conduct is the key reference to understanding how people working in the State Services must behave. It will help public servants to make informed judgements when faced with competing interests and conflicting values – when the 'right answer' is not readily apparent. It seeks to reinforce a spirit of service and sets common standards of behaviour.

The code of conduct does not explain in detail the appropriate behaviour for every situation. Instead, it sets the standards that have equal application in all agencies but which need to be exercised with judgement. Agencies are also required to have policies and procedures to support staff in giving effect to the standards.

New Zealanders' Experience

In order for us to build a world class professional State Services that meet the needs of New Zealanders, we must understand exactly what it is that New Zealanders need and expect from their interactions with government. In SSC's 2005/06 Annual Report, we reported on a pilot study undertaken in Rotorua to research New Zealanders' opinions about the accessibility and responsiveness of public services.

This year, we undertook further qualitative research in Waitakere, Taranaki and Christchurch. The research, based on the pilot study, was designed to increase our understanding of what factors are important to New Zealanders when they receive government services, and their levels of satisfaction with the quality of government service delivery.

The findings of this research were used to develop the Survey of New Zealanders (Drivers Survey) to identify the key factors driving New Zealanders' trust and satisfaction with public services. The survey showed there are six definite drivers of satisfaction with service quality that affect how satisfied New Zealanders are with public services. Meeting New Zealanders' expectations of service delivery is the most important factor. The survey also identified five drivers of New Zealanders' trust in public services. Confidence that public servants do a good job is the most important factor. The Kiwis Count Survey, to be undertaken later in 2007, will measure the extent to which New Zealanders perceive that these factors are present in the public services they receive.

The New Zealanders' Experience programme will establish a set of benchmark data about New Zealanders' trust and satisfaction with public services and will assist SSC to support State Services agencies in planning improvements to service design and delivery. Over time, trends in this data will enable SSC to report progress towards achievement of relevant Development Goal milestones.

The programme is also developing a consistent set of questions and scales, which individual agencies can use when conducting client satisfaction surveys. This will give State Services agencies the opportunity to benchmark different services against each other and internationally.

The approach that has been adopted for the New Zealanders' Experience programme is well tested. The Canadians began a very similar initiative nearly a decade ago, when they introduced two-yearly Citizens First surveys. The four Citizens First surveys to date show continuous improvement in the quality of services as rated by Canadians.

All-of-government Authentication Programme

I am pleased to report that, in the last year, there has been significant progress on the All-of-government Authentication Programme's workstream, with the launch of a suite of authentication standards and the roll-out of the Government Logon Service.

The authentication standards are designed to ensure that New Zealanders have a uniform and consistent experience of secure transactions with government agencies, whether those transactions are online or in person.

The Government Logon Service (GLS) is a common logon service for people using government services over the Internet. It allows people to access services more conveniently by using the same logon across multiple agencies – for instance, a username and password or a digital certificate. By the end of the reporting period, the Government Logon Service was fully tested and available, with the first three agencies accessing the service.

Political neutrality

In the 2004 Annual Report, I focused on the realities of working with the principle of political neutrality during an election period. As we are at a similar period in the election cycle, I want to revisit those points now.

The political neutrality of the Public Service has been the subject of much comment over the last several months. At the time of writing, it is not possible to comment on any lessons to be drawn from the current inquiry into Public Service recruitment and employment practices. The principles of a politically neutral Public Service, however, remain constant.

We must always act in a way that ensures we are able to establish and maintain professional and impartial relationships with the current or future government. Because of the apolitical way we carry out our tasks, those who may be in government at some future date can be confident that we will support them, remain impartial and be equally fit to carry out the work of government under their administration.

By remaining constant in our political neutrality, we deserve their confidence and their willingness to work with us. Our responsibility is to do nothing that undermines the ability of our organisation to provide strong support for the good government of New Zealand, regardless of the political composition of the Government. The Standards of Integrity and Conduct have more guidance on this issue.

Schools of Government

Strengthening the State Services through leadership development and rebuilding trust in government are a key part of the Development Goals. The contributions of both the Victoria University of Wellington School of Government (VUWSOG) and the Australia and New Zealand School of Government (ANZSOG) to these goals are significant. Developing training and academic programmes for senior leaders and strengthening the interface between academic research and government public policy processes were the principal reasons for supporting the establishment of the VUWSOG in 2002. The purpose in joining ANZSOG at the same time was to create wider opportunities for New Zealand senior leaders to further their academic qualifications, training and networking.

This year, I undertook a series of discussions with VUWSOG, ANZSOG and the Australian Government to explore the options to establish a capital contribution of $10 million, complementing the $A10 million the Australian Government provided in 2005, to help secure the futures of both these schools. In February, the Prime Minister announced the two grants at a joint meeting with her counterpart, John Howard. $6 million was provided to ANZSOG and $4 million to its New Zealand partner institution VUWSOG. The formal agreements for both

grants were signed in May (VUWSOG) and June (ANZSOG). The grant to ANZSOG has been provided for the purpose of strengthening the trans-Tasman content of academic and research programmes in public management and public administration offered by ANZSOG. The grant to VUWSOG has been provided to strengthen practice-based teaching and learning for their under-graduate and post-graduate programmes in public policy, public management and strategic studies and to strengthen the policy and service delivery research interface between the State Services and the university.

All-of-Government Brand

In mid-2006, Ministers asked me to investigate options to better identify government initiatives for New Zealanders. There has been no common identity used to brand, or co-brand, the policy initiatives, programmes and services delivered by the State Services in New Zealand. In July 2006, the Government agreed to a co-branding approach to all-of-government identity. Ministers agreed that an all-of-government brand identity should build on what is presently shared, and be politically neutral and timeless.

In April 2007, the New Zealand Government introduced an all-of-government brand identity for the State Services. The purpose of the new brand is to improve the visibility and accessibility of government services through increased public recognition, to provide more unity across diverse agencies, and to improve the transparency of government funding of services. The All-of-Government Brand came into effect for Public Service departments and non-Public Service departments in the Executive branch of government on 1 July 2007, and comes into effect for Crown Agents on 1 October 2007.

New Zealand Government

newzealand.govt.nz

Te Kāwanatanga o Aotearoa

Machinery of Government Reviews

Over the last year, SSC provided advice to the Government on the separation of the New Zealand Food Safety Authority from the Ministry of Agriculture and Forestry to create a new Public Service department. SSC also conducted the Next Steps in the Land Transport Sector Review, the Police Traffic Demerger Review and the Energy Efficiency Review.

Personnel changes

Lastly, I would like to mention two significant changes to the personnel at the State Services Commission. I am pleased to note the arrival of the Deputy State Services Commissioner, Iain Rennie, who took up this role in February 2007. Iain has brought his considerable experience and enthusiasm to the senior management team. In addition to supporting me by undertaking statutory responsibilities such as the appointment and performance management of Public Service chief executives, Iain has been leading the coordination of the three central agencies to work more collaboratively together and to progress the Development Goals for the State Services.

I would also like to acknowledge the retirement of Celia Fullerton-Smith, Regional Assistant Commissioner for Auckland. Celia has represented the State Services Commissioner in the Auckland, Northland, Waikato and Bay of Plenty regions since 1993. Celia has provided thoughtful advice and impressive support to the State Services Commission over the past 14 years. She has worked effectively to ensure that SSC had a good understanding of the environment in Auckland and Northland, and her energy and drive will be missed. Celia will retire on 18 December 2007. I wish her all the best for the future.

Mark Prebble | State Services Commissioner

Part 2

Annual Report of the State Services Commission

Section 1: Chief Executive's Overview

Strategic context

In March 2005, the Government agreed the following vision for the State Services:

A world class professional State Services serving the government of the day and meeting the needs of New Zealanders.

The three central agencies – the State Services Commission (SSC), the Treasury and the Department of the Prime Minister and Cabinet (DPMC) – have a key role to play in leading the State Services in achieving the Government's vision. We have agreed the following shared outcome to guide us in prioritising our work together:

A high performing, trusted and accessible State sector, delivering the right things in the right way at the right prices.

It is SSC's particular contribution to lead the State sector to world class performance through:

- overview and oversight of State Services delivery
- stewardship of State Services capability
- setting standards of behaviour
- providing guidance on systems and expectations
- appointing chief executives and managing chief executive performance in the Public Service
- advising Ministers
- administering policies
- enquiring and investigating
- service delivery.

Performance management

Over the last year, the SSC has refreshed its approach to performance management and improved the quality of its engagement with agencies. Additional State Services Performance Specialists were recruited to increase capacity to support the State Services Commissioner and Deputy Commissioners in assessing and assisting the performance of Public Service chief executives and their agencies.

The Government's priority themes – *economic transformation, families – young and old* and *national identity* and commitment to *sustainability* across all policy areas – together with the Development Goals for the State Services, provide a framework for how we evaluate performance and ensure that our leadership to leaders within the State Services is strongly focused on those areas that will have the most impact in lifting performance across the system.

Advancing the Government's vision and priority themes is increasingly requiring Public Service chief executives to manage for outcomes across sectors. In particular, those chief executives providing leadership to the priority themes and sustainability platform are challenged with leading programmes across multiple agencies. The changes to SSC's performance management approach have been designed to increase our ability to make insightful judgements that will assist chief executives in lifting performance both within their own agencies and across the public management system.

Work was also initiated during the year to integrate the Lominger behavioural competency model, a well-researched framework for describing the skills needed to succeed across a range of occupations and levels, into SSC's performance management approach. The Lominger model has initially been introduced to improve the way in which we attract and develop senior leaders and design tailored development plans for Public Service chief executives.

In addition, a range of initiatives was implemented over the year to strengthen SSC's leadership to senior leaders across the State Services. Invitations to the regular programme of Chief Executive Forums were extended to include chief executives from across the whole State sector. Topics covered during the year included 'Building and Leading Senior Teams' in October 2006, 'Leading Organisational Change' in February 2007, and 'Reprioritisation: Helping the Government Deliver on Priorities' in May 2007.

The Development Goals for the State Services

The Development Goals for the State Services were developed by SSC and agreed by the Government, to provide a framework to guide agencies in advancing the Government's vision for the State Services. They reflect judgements about the key things that need to change at a system-wide level if we are to lift performance across the public management system.

The Development Goals are not intended to describe what outcomes the State Services will achieve – that is a matter for government policy. Rather, they are aspirations for how State servants will behave, agencies will design and deliver services, and systems and networks will support a whole-of-State Services approach to getting results.

The goals are interdependent, and progress towards each of them will strengthen progress in the others. The statement of objectives and service performance that follows, reports progress made in the last year on SSC's own interventions to provide leadership to the Development Goals programme. Where outputs have a primary contribution to one or more Development Goals, this is stated. However, just as the Development Goals are interdependent, the programmes beneath them are all elements of the step change in performance and behaviours that will be necessary to achieve the Government's vision for a world class professional State Services.

Development Goals for the State Services

EXCELLENT STATE
SERVANTS
Develop a strong culture
of constant learning
in the pursuit of
excellence.

NETWORKED
STATE SERVICES
Use technology to
transform the provision
of services for
New Zealanders.

EMPLOYER OF
CHOICE
Ensure the State Services is
an employer of choice
attractive to high achievers
with a commitment
to service.

DEVELOPMENT
GOALS

COORDINATED
STATE AGENCIES
Ensure the total
contribution of government
agencies is greater than
the sum of its parts.

TRUSTED STATE
SERVICES
Strengthen trust in the
State Services, and
reinforce the spirit of
service.

ACCESSIBLE STATE
SERVICES
Enhance access,
responsiveness and
effectiveness, and improve
New Zealanders' experience
of State Services.

Measuring the effectiveness of our interventions

The Development Goals are an aspirational programme for the whole State Services and the effectiveness of SSC's leadership and interventions in support of the Development Goals will be reflected in improvements in performance across the State Services. The *State Services Commission Statement of Intent 2007–2010* outlined SSC's intention to take a whole-of-system perspective to evaluating its own performance in providing leadership to State Services leaders in their efforts to lift performance across the public management system.

Over the last year, the SSC has implemented two significant streams of work under the Development Goals programme to identify how improvements in the performance of the State Services might be measured.

The first of these streams involved working with leaders from across the State Services to refresh the Development Goal milestones, which describe what achievement of each of the Development Goals will look like in 2010, and to create a new set of Development Goal milestones for 2015. Discussions were initiated at the Chief Executive Forum held on 20 March 2007, and further engagement with 75 chief executives and senior leaders from across the State sector took place at more than 25 meeting events.

A draft set of new and revised milestones had been completed by the end of the year. Further consultation will be undertaken early in 2007/08 before they are submitted for Cabinet approval. The milestones will be published in the State of the Development Goals Report to be released in November 2007.

The second workstream to support performance measurement, completed during the year, was a coordinated research programme to collect data to enable the SSC to report progress against the 2007 Development Goal indicators. The indicators describe how we will measure the performance of the State Services in achieving the Development Goals.

The coordinated research programme included:

- a programme of engagement between Deputy Commissioners, State Services performance specialists and Public Service chief executives and senior leaders to research the performance of the system and help inform strategy
- a survey of State servants to enable the state of integrity and conduct of State servants to be identified and monitored
- the development of case profiles to gain insight into how State servants coordinate their work to achieve results and what systems and infrastructure facilitate or impede their efforts
- the Survey of New Zealanders to identify the key factors driving New Zealanders' trust and satisfaction with public services
- qualitative research in Waitakere, Taranaki and Christchurch to increase our understanding of how agencies make their services available to New Zealanders from both an 'inside-out' and 'outside-in' perspective.

Data collection and preliminary analysis of findings had been completed for all research projects at the end of the financial year. The next State of the Development Goals Report, planned for release in November 2007, will report progress against each of the Development Goals. The SSC intends to match the cost of relevant SSC outputs with progress against the Development Goals in order to evaluate the cost effectiveness of its own leadership and work programmes.

In 2007/08, the SSC will evaluate each piece of research and determine its usefulness in measuring performance across the system and, in particular, the achievement of results against the Development Goal milestones. At this stage it is not expected that the research will be repeated every year, as some systemic changes take a number of years to become apparent and for their impact to become measurable. As the Development Goals programme evolves and we gain experience in measuring and tracking performance across the system, there will be changes and improvements to our performance monitoring approach.

Central agency leadership

An in-depth review of the central agencies was completed early in the year. While the review pointed to successes, Ministers agreed that more is needed from the central agencies, both jointly and separately, if we are to lift performance in the State sector.

In response to the recommendations of the review and to advance achievement of the central agencies' shared outcomes, a joint work programme has been developed, focusing on a small number of priorities in the following areas:

• significant policy issues
• systems improvements, and
• central agencies working together.

The joint work programme was agreed by the three central agency chief executives, and implementation is being led by a Steering Committee convened by the Deputy State Services Commissioner. A central agencies working group has been appointed, with a coordinator hot desking from SSC and the Treasury.

Significant progress has been made in advancing the joint work programme – clear priorities for action have been agreed, and the central agencies have strengthened their leadership and practical support to Ministers and State Services agencies addressing challenging issues.

Organisational structure

Towards the end of the financial year, a decision was made to combine two of SSC's branches – formerly Development Branch and Governance Branch – to increase linkages between work programmes associated with the Development Goals related to coordination, accessibility and trust in the State Services.

Performance Management Branch
Iain Rennie Deputy State Services Commissioner

The Performance Management Branch is responsible for providing leadership in relation to all aspects of chief executive appointment and performance management and for ensuring that the performance management system supports the achievement of all six Development Goals. The Performance Management Branch has overall responsibility for monitoring progress towards and ensuring the achievement of the Development Goals.

The branch is also responsible for developing and maintaining, in conjunction with the Department of the Prime Minister and Cabinet and the Treasury, a set of shared outcomes for the three central agencies.

Development and Governance Branch
Helene Quilter Deputy Commissioner Development

The Development and Governance Branch has responsibility for working towards the Accessible State Services, Trusted State Services and Coordinated State Agencies Development Goals. The branch is responsible for reporting progress against all the Development Goals.

The branch also provides advice to the rest of the SSC and to public sector agencies on matters relating to public sector administration, including:

- leading the design and implementation of programmes and initiatives
- supporting the SSC's leadership role on integrity and conduct matters
- leading the development and application of the Cabinet Fees Framework
- providing advice to the State Services Commissioner and government agencies on machinery of government, accountability and public management.

Information and Communication Technologies Branch
Laurence Millar Deputy Commissioner Information and Communication Technologies

The Information and Communication Technologies Branch has primary responsibility for working towards the Networked State Services Development Goal.

The branch is responsible for:

- delivering the Government's vision for e-government
- managing and maintaining the e-government strategy and supporting policy programme
- designing, developing and operating government-wide shared infrastructure and services
- providing advice and monitoring of government investments in IT systems and associated knowledge management matters.

People Capability Branch
Peter Brown Deputy Commissioner People Capability

The People Capability Branch has primary responsibility for working towards the Employer of Choice and Excellent State Servants Development Goals.

The branch is responsible for ensuring the State sector has world class practices in matters related to the employment and development of public servants and State servants.

The branch is also responsible for:

- strategic employment relations leadership and advice to the Government and Public Service departments
- senior leadership and management development strategy
- State Sector Retirement Savings Scheme
- Mainstream Supported Employment Programme
- activities of the Public Sector Training Organisation.

Corporate Services Branch

John Ombler Deputy Commissioner Corporate Services

The role of the Corporate Services Branch is to ensure that the SSC has the capability necessary to support and facilitate the achievement of the Development Goals. This includes ensuring that the SSC develops the right organisational culture, the necessary resources, and appropriate systems and processes in place to deliver the right things at the right time, while meeting its statutory obligations as an employer and Public Service department.

The Corporate Services Branch employs people with specialist expertise in finance and planning, people and organisation development, knowledge and information services, facilities management and communications.

Commissioner's Office

The Commissioner's Office supports the State Services Commissioner. The Legal Section is part of the Commissioner's Office and is responsible for ensuring the Commissioner has ready access to legal advice concerning the exercise of the State Services Commissioner's statutory powers.

Organisational capability

Growing workforce

SSC employed a total of 220 employees at the end of June 2007, an increase of 21 from the previous year. At the end of June 2007, staff turnover was 24% (a slight reduction from 25% at 30 June last year).

Employer of Choice focus

During the period, we continued to implement programmes that have helped move us towards our Employer of Choice goal. Managers and staff were again given the opportunity to have input into how we can make SSC a better place to work – in March 2007, we conducted our second administration of the Gallup Employee Engagement Survey, and as part of the employee engagement process, managers and staff have continued to work together on action planning. Overall, we increased our level of engagement across the SSC (from the 41st percentile in 2006 to the 50th percentile in 2007), and three branches achieved very significant improvements.

The Employee Engagement Survey also enabled us to track our performance in the area of being a workplace that models appropriate workplace behaviour. A question relating to managing for respect and dignity was incorporated into this year's survey, and we now have a baseline for tracking our progress.

Employee engagement will remain a key area of focus for SSC over 2007/08 as we work towards our goal of achieving the 75th percentile in the Gallup Survey by 2009 (our fourth administration of the survey).

We completed brand research on the State Services as a career destination and have incorporated the results of this research into our own recruitment and retention strategies. The appointment of a dedicated in-house recruitment consultant has helped contribute to a positive employment brand for the SSC.

Excellent State Servants focus

We have continued to build capability across the SSC over the year, with particular emphasis on improving our induction and orientation programmes for new staff and up-skilling our tier three managers. Initial efforts in management development have focused on launching a programme called Develop ME, with modules delivered on effective coaching and giving effective feedback. Each programme consisted of two half-day workshops a few weeks apart to allow attendees to put principles into practice on the job between sessions.

In addition to the main aim of developing manager coaching capability, Develop ME has also gone some way to meeting the additional objectives of sharing knowledge and widening people's views of the SSC activities, promoting networks, and establishing common messages and practices around the SSC.

Sustainability

The SSC is committed to reducing its carbon emissions through energy efficiency, waste minimisation and purchasing environmentally friendly products.

During 2006/07, the SSC took a number of steps including undertaking an energy audit, introducing energy efficient lighting and implementing a waste recycling system.

Energy efficient lighting and lighting controls were installed as part of the refurbishment of Level 3 of SSC's Wellington office. Lighting near windows is set to dim as daylight increases, maximising the use of natural light around workspaces. The lighting has been designed to ensure the appropriateness of lighting levels for the tasks in each area. Lighting efficiency has been optimised through the use of local lighting controls for individual work areas, time-clock control and occupancy sensors.

Together with other Public Service agencies, the SSC will be measuring its greenhouse gas emissions during 2007/08 and developing a plan with targets to reduce these emissions and move towards carbon neutrality.

Risk management

During the year, SSC's approach to risk management was reviewed, and reporting to the senior management team against high and very high risks was strengthened. The framework used to analyse and evaluate risks was amended to more accurately reflect the potential consequences and likelihood of specific risks occurring, by taking greater account of actions being taken to mitigate risks.

Mark Prebble | State Services Commissioner

Section 2: Performance

Introduction

This section of the Annual Report sets out financial and non-financial performance through a series of statements, as required by the Public Finance Act 1989. The first statement is the statement of responsibility signed by the State Services Commissioner as Chief Executive and countersigned by the Chief Financial Officer.

The second series of statements encompasses the statement of service performance, levels of service achieved, and financial information on the costs of the activities undertaken. They are grouped under the four classes of outputs that the SSC produces.

The third series of financial statements sets out the accounting policies, statements of financial position, movements in taxpayers' equity, financial performance and cash flows.

This section of the report has been audited by Audit New Zealand on behalf of the Controller and Auditor-General.

Statement of responsibility

In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of the SSC, for the preparation of the SSC's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provides reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and the operations of the SSC for the year ended 30 June 2007.

Mark Prebble | State Services Commissioner
1 October 2007

Anne Smith | Chief Financial Officer
1 October 2007

The Auditor-General is the auditor of the State Services Commission (the Commission). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements, statement of service performance and schedules of non-departmental activities included in the annual report of the Commission for the year ended 30 June 2007.

Unqualified opinion

In our opinion:

- The financial statements of the Commission on pages 81 to 100:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    > the Commission's financial position as at 30 June 2007; and
    > the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Commission on pages 22 to 80:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    > its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    > its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.
- The schedules of non-departmental activities on pages 101 to 105 to fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Commission on behalf of the Crown for the year ended 30 June 2007.

The audit was completed on 28 September 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Commissioner and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Commissioner;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Commissioner and the Auditor

The Commissioner is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Commission's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Commission on behalf of the Crown for the year ended 30 June 2007. The Commissioner's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments during the reporting period in the areas of project governance and project management and in September 2007 one staff member has been seconded to the Commission to assist with the documentation of the security aspects of the IT Security Management project. These assignments are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Commission.

John O'Connell
Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the State Services Commission for the year ended 30 June 2007 included on the State Services Commission's web site. The State Services Commission's Commissioner is responsible for the maintenance and integrity of the State Services Commission's web site. We have not been engaged to report on the integrity of the State Services Commission's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 September 2007 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of objectives and service performance for the year ended 30 June 2007

This statement of service performance records required results and services delivered for each class of outputs detailed in the *State Services Commission Statement of Intent 2006* and the *State Services Commission Output Plan 2006/07* as required by section 45 of the Public Finance Act 1989. The *State Services Commission Statement of Intent 2006* is available at www.ssc.govt.nz/soi2006/

Service performance measures

The following performance standards apply to all output classes unless otherwise specified.

Performance measures for quantity and coverage

The tables that follow specify the quantity and nature of advice and services supplied within each output class, against the specifications of the *State Services Commission Output Plan 2006/07* as revised and agreed between the Minister of State Services and State Services Commissioner in March 2007.

Performance measure for quality

The SSC has put in place internal processes to ensure the quality of its policy advice. These include rigorous internal and external peer review and consultation within the organisation and with relevant external agencies. All policy advice prepared during the year was peer reviewed against the standards below before being sent to a Minister.

Criterion	Description
Purpose	The purpose of the paper has been clearly stated and all questions raised by the requester addressed.
Logic	All assumptions behind the advice given have been stated, and the reasoning and debate within the paper is logical and supported by facts.
Accuracy	All known material facts relevant to the advice have been included and accurately presented.
Options	An adequate range of options has been presented and assessed for benefits, costs and likely consequences to the Government, and the community, of implementation.
Consultation	There is evidence of adequate consultation with interested parties, and the viewpoints and possible objections to proposals have been clearly identified.
Practicality	The problems of implementation, technical feasibility, timing and consistency with other policies have been considered and are stated.
Presentation	Material presented is effectively summarised, clear, concise, written in plain English and is free of spelling and grammatical errors.

Specific quality measures

The State Services Commissioner ensures that Public Service chief executives are treated in accordance with the provisions of the State Sector Act 1988 and that the advisory services on fees and allowances for Crown entity boards, and other statutory bodies in which the Crown has an interest, are provided in accordance with the Cabinet Fees Framework and the provisions of the Fees and Travelling Allowances Act 1951.

Performance measure for timeliness

The timeframes specified in the following tables were agreed between the Minister of State Services and State Services Commissioner to ensure the following:

- Advice was delivered within the agreed and/or statutory timeframes so that the Minister had sufficient time to consider the issues and take appropriate action.
- Ministerial correspondence, parliamentary questions and Official Information Act requests were responded to within agreed and/or statutory timeframes.
- The SSC responded appropriately to requests for attendance at Parliament during debates and at Cabinet and select committee meetings.

Where agreed timelines were not met, as identified in the tables, extensions were formally requested.

Statement of quantity, quality and timeliness of service delivery

All work programmes were delivered to the specifications of the *State Services Commission Output Plan 2006/07*, as revised in March 2007, and set out in the following tables. All timelines and quality standards were met unless otherwise stated. All statutory requirements were complied with.

Many of the SSC outputs, including policy advice and the delivery of services including Public Service chief executive appointments and reappointments, are non-standard and highly tailored, with a significant degree of variation required in the processes used to complete them. In these circumstances, delivering a quality service depends on competent analysis and the application of professional knowledge and experience. The exercise of discretion and sound professional judgement are frequently required.

Output Class 1: State Services People Capability

Description

This output class provides for the people capability role of the SSC in the State Services. It includes the development and leadership of programmes designed to:

- ensure the State Services is an employer of choice attractive to high achievers with a commitment to service, and
- develop a strong culture of constant learning in the pursuit of excellence.

Output Class 1: State Services People Capability

Statement of cost of services (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
6,149	Revenue – Crown	8,040	8,814	8,614
1,074	Revenue – Departments	910	1,025	818
3,632	Revenue – Other	3,707	3,583	3,845
10,855	Total revenue	12,657	13,422	13,277
10,600	Expenses	12,657	13,422	12,340
255	Net surplus	-	-	937

This output class was provided at a cost of $12.340 million, which is $1.082 million less than Supplementary Estimates. Approval has been obtained to carry forward $0.620 million of the unspent appropriation to 2007/08 to complete work on an evaluation of the Senior Leadership and Management Strategy ($0.120 million); to complete work on the Equal Employment Opportunities (EEO) policy review and relaunch of the Government Jobs Online Website ($0.080 million); and to enable the Public Sector Training Organisation (PSTO) to undertake work on a number of programmes delayed due to restructuring of PSTO in 2006/07 ($0.420 million). The appropriation for this output class was increased by $0.765 million in the Supplementary Estimates due to expense transfers from 2005/06 to 2006/07, forecast increase in cost of contributions to the State Sector Retirement Savings Scheme, and increase in third party recovered activity.

Other expenses incurred by the Crown (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
77,148	State Sector Retirement Savings Scheme	88,359	89,687	89,567
	Settlement of legal liabilities	196	196	-
	School of Government contribution	-	10,000	10,000

The increase in expense from 2005/06 to 2006/07 is due to the growth in membership and member salaries. No claims were made against this appropriation and there are currently no contingent liabilities associated with it. Provision was made for one off grants to the Australia and New Zealand School of Government ($6 million) and Victoria University of Wellington School of Government ($4 million) to help secure the futures of both these schools.

Benefits and other unrequited expenses (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
3,208	Mainstream Programme	4,566	4,566	3,100

The actual subsidised cost is dependent upon the nature of placements (part-time or full-time and period of employment), number of participants and levels of training support and other disability related employment assistance required.

Output 1.1 Employer of Choice Strategy and Development

This output provides for the development of a programme to promote the State Services as an employer of choice including positive workplace employment relationships, Equal Employment Opportunities, Pay and Employment Equity and the provision of information on the Public Service labour market.

It contributes to the achievement of the Employer of Choice Development Goal.

Required results	Service delivery

Research State Services employment reputation

• Research perceptions of the State Services as a place to work and the impact of those perceptions on the ability to attract high achievers with a commitment to service. Report findings to the Minister of State Services by December 2006, and share results with agencies by February 2007.	• The research was completed on time and within budget. A report was provided to the Minister of State Services in December 2006, and high-level findings were distributed to Public Service chief executives and State sector agencies that participated in the research. • Presentations to agencies of agency-specific results were completed in March 2007. • A final State sector level report has been completed and is expected to be released in August 2007.
• Use the findings of this research to plan how to better promote the State Services as an employer of choice. Implement new interventions if appropriate by 30 June 2007.	• A handbook providing practical examples of targeted recruitment advertising is currently being prepared for State Services agencies to assist them in implementing lessons from the research. It is expected that the handbook will be completed in October 2007.
• Develop an evaluation framework to monitor the impact of Employer of Choice initiatives and report to the Minister of State Services by 30 June 2007.	• An evaluation framework has been developed and was reported to the Minister of State Services in June 2007. • Implementation of the framework will commence in 2007/08.

Promote State Services as a good employer

• Undertake a range of promotional activities targeted at graduates to encourage their awareness and interest in the State Services as a potential employer.	• University careers fairs were attended in May and June 2007. • 50 internship positions were offered by 16 host agencies through the 2006/07 State Services Summer Internship Programme.
• Provide an evaluation report on the 2006/07 student internship programme to the Minister of State Services by May 2007.	• The 2006/07 student internship programme was evaluated, and changes have been made to the application process for the 2007 programme as a consequence. The evaluation findings were reported to the Minister of State Services in May 2007.

Required results	Service delivery
• Make improvements to the New Zealand Government Jobs Online website (www.jobs.govt.nz). Complete the design, planning, consultation, communication, implementation and relaunch of the site by June 2007.	• The site has been overhauled both in terms of technical functionality and design. It will be relaunched in August 2007 supported by a marketing campaign. The employment brand research findings have informed the website content to position the State Services as an employer of choice to identified target groups.
• Promote use of the site by candidates and employers. There is an increase in the number of jobs advertised and number of hits on the website.	• A dedicated link has been created from the govt.nz portal. Further links will be sought from related .govt.nz sites as part of the relaunch programme. • A campaign to promote use of the site by candidates and employers, including a media event and online and print advertising, has been planned and will be released in time for the relaunch.
• Provide effective website management. Website is available 99% of the time.	• In excess of 99% availability was achieved throughout the year.
• Research leading-practice recruitment tools and approaches for sharing with State Services agencies. Complete the research by March 2007 and distribute results to State Services agencies.	• The research was completed in March 2007. A report advising agencies on leading-practice recruitment strategies is currently being peer reviewed and is expected to be distributed in association with the launch of the upgraded government jobs website in August 2007. • The findings of the research are being used to ensure leading practice in SSC's selection processes for Public Service chief executives.

Build productive, engaged workplaces

Required results	Service delivery
• Evaluate potential employee engagement assessment tools that could be used throughout the State Services to provide a common platform for assessing levels of engagement, by December 2006.	• An evaluation process was completed and a preferred provider identified by December 2006.
• If an appropriate tool is identified, enter into a syndicated procurement process, in accordance with required standards, with selected agencies.	• An agreement was negotiated with the provider in accordance with required standards and in association with representatives of State Services agencies identified as potential users. • A joint working protocol on the use of the engagement survey was established with the Public Service Association.

Required results	Service delivery
• Agencies proceed to implement the tool.	• A communications and implementation plan has been developed, and two information sessions have been held to promote use of the survey with agency representatives.
	• At 30 June 2007, seven agencies had signed up to implement the engagement survey. This will provide SSC with enough information to establish a State sector database.
• Continue to work with the Workplace Productivity Unit of the Department of Labour and the Public Service Association to promote implementation of workplace productivity initiatives.	• A joint plan of action was developed with the Public Service Association and the Department of Labour.
	• A report to the Minister of Labour and Minister of State Services was provided in November 2006.
• Complete agreed initiatives as per project plans developed in conjunction with the Department of Labour and Public Service Association.	• Work on the initiatives is underway as per the joint project plans.
• Complete the expenditure review of people management practices in accordance with the agreed terms of reference.	• The review was completed in accordance with the terms of reference.

Diversity, Equal Employment Opportunities (EEO), and Pay and Employment Equity

• Report to the Minister of State Services on proposed changes to the EEO Policy to 2010 by 30 July 2006 and on progress in implementing the changes by April 2007.	• A report on proposed changes to the EEO Policy to 2010 was provided to the Minister of State Services in July 2006.
	• Progress on implementing the changes was reported to the Minister of State Services in May 2007.
• Implement Cabinet decisions on strategies to attract Māori and Pacific peoples into the Public Service and provide advice on progress to the Minister of State Services as required.	• A reference group has been established, and terms of reference are being agreed.
	• Departments and relevant stakeholders will be consulted as projects proceed.
• Implement the findings of the Disability Data Review in consultation with departments (to be reported in the 2007/08 EEO Progress Report).	• The Disability Data Review findings are being implemented in consultation with departments. Findings are expected to be ready for the 2007/08 EEO Progress Report.

Required results	Service delivery
• Support the EEO Commissioner on EEO in Crown entities and other activities of common interest.	• SSC met regularly with the EEO Commissioner's representative to discuss the strategic EEO/diversity work programme, jointly arrange EEO practitioner meetings and consult on changes to the EEO Policy to 2010. • SSC participated in a focus group to establish a methodology for measuring the progress of Crown entities in implementing EEO.
• Provide advice to the Minister of State Services and support to the Pay and Employment Equity Unit of the Department of Labour on the implementation of Pay and Employment Equity in the Public Service.	• Advice was provided to the Minister of State Services and support to the Department of Labour on pay investigations and remedial pay settlements and accountability for pay and employment equity. Support was provided on the development of the gender neutral job evaluation tool and the gender inclusive job evaluation standard. Data support was provided to individual departments undertaking reviews.

Positive workplace employment relationships

• Complete the expenditure review on employment relations arrangements in the State sector in accordance with the terms of reference.	• The review was completed in accordance with the terms of reference.
• Provide advice on employment relations to departments and Ministers in 2006/07.	• Regular briefings, including in relation to remuneration pressures, were provided to the Minister of State Services. Assistance and advice on employment relations and the Government's bargaining parameters was provided to agencies as required.
• Support the development of partnership including providing advice to the Minister of State Services on the development of the Partnership for Quality 3 (PfQ3) by 30 October 2006 and, as required, in relation to the Tripartite Forum.	• Advice was provided to the Minister of State Services on the development of the Partnership for Quality 3 in October 2006. • Advice in relation to the Tripartite Forum was provided as required.
• Following Cabinet approval, implement the PfQ3 work plan agreed with the Public Service Association.	• The work plan was completed as agreed with the Public Service Association, and work has commenced on the two major priorities.

Output 1.2: State Sector Retirement Savings Scheme

This output provides for the ongoing operation of the State Sector Retirement Savings Scheme (SSRSS), including policy advice, reporting, issues management, financial management, and monitoring and oversight of the performance of scheme providers.

It contributes to the achievement of the Employer of Choice Development Goal.

Required results	Service delivery
Advice and monitoring	
• The implications of KiwiSaver for the State Sector Retirement Savings Scheme are identified, and options to respond are provided to the satisfaction of the Minister of State Services.	• A joint briefing paper on options for the SSRSS was prepared with the Treasury and presented to the Ministers of Finance and State Services in August 2006.
• The State Sector Retirement Savings Scheme is amended to operate effectively in the KiwiSaver environment by 30 June 2007.	• A paper advising the preferred option for the SSRSS in the KiwiSaver environment was delivered to the Minister of State Services in November 2006.
	• Chief executives of participating State Services agencies were advised in December 2006 of planned changes, legal advisors were briefed and amendments to SSRSS agreements were negotiated with providers to include some KiwiSaver features.
	• A seminar was held for human resources and payroll staff from participating State Services agencies to assist them in preparing for changes to the SSRSS and the introduction of KiwiSaver.
	• The SSRSS website, brochures and other collateral were updated, and new frequently asked questions and email messages were provided for employees.
	• Planning is underway with the three SSRSS providers to implement complying superannuation fund sections for their schemes.
• Provide secretariat services to the working party considering costs and options to extend the State Sector Retirement Savings Scheme to the wider State sector.	• Secretariat services were provided to support monthly meetings of the working party.
• The final report of the working party is completed by 28 February 2007.	• The working party presented draft consultation papers to the Ministers of Finance and State Services in October and December 2006 and delivered its final report to Ministers on 27 February 2007.

Required results	Service delivery
• Monitor scheme provider performance.	• The Superannuation Advisory Board met quarterly to monitor SSRSS provider performance.
• Provide progress reports to the Minister of State Services in August 2006 and February 2007.	• Biannual progress reports were supplied to the Minister of State Services in August 2006 and February 2007.
• There are no compliance breaches with actions taken and material published by the State Services Commissioner for the State Sector Retirement Savings Scheme.	• No compliance breaches in actions taken or material published during the report period.
• Provide promotional materials to the State sector on an ongoing basis.	• Supplies of all promotional materials were maintained, with online ordering implemented for employers and employees.
• The annual newsletter about the State Sector Retirement Savings Scheme is published in September 2006.	• The annual SSRSS newsletter was published in September 2006.

Financial management

• Prepare two three-year financial forecasts for Vote State Services: State Sector Retirement Savings Scheme subsidy. Forecasts meet the Treasury requirements.	• Forecasts were prepared for the October 2006 and March 2007 Baseline Updates and were compliant with the Treasury requirements.
• Make quarterly reimbursements to eligible State sector agencies of their employer contributions. All invoices are scrutinised and processed within 10 days of receipt.	• All quarterly invoices were scrutinised and processed within 10 days of receipt or as soon as valid data or explanations were received.

Output 1.3: Mainstream Programme

This output provides for administrative support for the Mainstream Supported Employment Programme to place people with significant disabilities into created positions within the State Services.

It contributes to the achievement of the Employer of Choice Development Goal.

Required results	Service delivery
Job placement	
• Aim to have at least 230 participants in the programme in 2006/07.	• At 30 June 2007, the Mainstream programme was supporting 260 participants.
• Administer Crown funding in accordance with the Treasury standards.	• Funding was administered in accordance with the Treasury standards.
• Management of the programme is rated as satisfactory or better in at least 80% of the six-monthly progress reviews completed by employing agencies and Mainstream participants.	• Over 80% of Mainstream participants and supervisors rated management of the programme as satisfactory or better in six-monthly reviews.
Training and induction	
• At least 20 workshops will be held for Mainstream participants and supervisors.	• A total of 23 workshops were organised for participants and supervisors over the year.
• At least 12 induction workshops will be held for placement specialists advising them of practices and procedures to follow when making Mainstream placements.	• Twelve workshops were held for placement specialists.
• Provide casework support at the request of the participant, supervisor or placement specialist.	• Casework support was provided as requested by participants, supervisors and placement specialists.
Training fund allocation	
• The six-monthly progress reviews show that at least 60% of programme participants have undertaken internal, on-the-job, or externally provided training.	• This figure is trending upwards, with 67% of participants undertaking training during the year.

Required results	Service delivery

Disability support

- Provide assistance with disability support to match that provided by Ministry of Social Development support funds for open employment.

- The Cost of Disability Employment Fund is being well utilised to provide support including sign language interpreter services and adaptive software and equipment.

Promotion

- Provide information and organise publicity about the programme on a regular basis.

- Promotional visits are made to employers in six provincial centres.

- The Mainstream Placement Specialist of the Year Award is successfully administered and promoted.

- The Mainstream book *Real Work for Real Pay – 30 Years of Mainstream Partnerships* was successfully launched by the Prime Minister on Wednesday 26 July 2006.

- Promotional visits were made to the following centres: Auckland, Hamilton, Tauranga, Rotorua, Palmerston North, Wellington, Nelson, Blenheim, Christchurch and Dunedin.

- The Mainstream Placement Awards were successfully held on Thursday 12 October 2006.

Output 1.4: Excellent State Servants Strategy and Development

This output provides for programmes to support the development of a strong culture of constant learning in the pursuit of excellence across the State Services.

It contributes to the achievement of the Excellent State Servants Development Goal.

Required results	Service delivery

Implementation of the Excellent State Servants strategy

• Evaluate, through a request for proposal process, competency models that could provide a common platform across the State Services for many people capability-related processes by December 2006.	• The evaluation was completed by December 2006 and a preferred supplier identified.
• If an appropriate model is identified, enter into a syndicated procurement process with selected agencies. Conduct the procurement process in accordance with required standards.	• The procurement process was conducted in accordance with required standards, and an agreement was negotiated with the preferred supplier, Lominger International.
• Agencies proceed to implement the tool.	• 27 agencies have been accredited to use the Lominger competencies framework; a further three are scheduled to do so.
	• Implementation support is being provided to agencies including regular networking sessions.
• Develop an evaluation framework to monitor the impact of initiatives to promote the Excellent State Servants Development Goal.	• The evaluation framework was developed and reported to the Minister of State Services. An implementation plan has been prepared, and implementation of the framework will commence in the 2007/08 year.
• Report to the Minister of State Services by 30 June 2007.	
• Run a two-day workshop for policy leaders in October 2006 and May 2007.	• Two-day workshops for policy leaders were held in October 2006 and May 2007.
• At least 75% of participants rate the workshops as meeting their expectations.	• 75% of participants in October and 100% of participants in May indicated satisfaction with all aspects of the workshops.
• Provide support for Policy Managers' meetings, network and shared workspace.	• Policy Managers' meetings have been held every two months, with good participation rates. A Policy Workforce Development Action Plan has been developed, in consultation with policy and human resources managers, and implementation is underway.

Required results	Service delivery
• Stakeholder survey responses indicate that support provided is considered useful in enhancing the policy capability of the State Services.	• Almost all respondents to a stakeholder survey of policy network members indicated they considered that the network activities and meetings were useful and should continue, maintaining their current focus on building policy capability.
• Plan, design, develop and roll out new toolkits to support staff development, including a leaders toolbox and careers toolbox in 2006/07.	• The design of the careers toolbox has been completed and included in the career development framework. Scoping and initial design of the leaders toolbox has been completed. Further development and rollout of the toolboxes is on hold awaiting decisions on priority areas of focus for the next 12–18 months.
• Plan, design, develop and have available a learning and development framework. Framework is available by 30 June 2007, and agency feedback indicates the framework meets expectations.	• The learning and development framework has been available on the Public Sector Intranet since 29 June 2007. • Early feedback from agency learning and development practitioners has been positive.
• Plan, design and develop a career development framework. Test version of framework completed by 30 June 2007, for release 30 September 2007.	• A test version of the career development framework was completed by 30 June 2007, and released for consultation and further development prior to being launched on the Public Sector Intranet by 30 September 2007.
• Organise the next State Services Senior Leaders Development Conference. At least 75% of participants rate the conference as meeting their expectations.	• The State Services Senior Leaders Development Conference was run as two identical events in Wellington in November and December 2006. • The programme centred around 12 case studies selected to showcase aspects of leading performance in the State sector. • 83% of Devcon 2006 respondents rated the conference as meeting or exceeding their expectations. Conference papers are available at http://devcon.ssc.govt.nz/2006/

Required results	Service delivery
• Design and lead a series of smaller events aimed at senior leaders to support information sharing, learning and exploration of strategic issues. At least 75% of participants at each event rate it as meeting their expectations.	• Four leadership forums for State Services chief executives were held during the year. At least 80% of participants returning evaluation forms at each event rated it as meeting or exceeding their expectations. • 100% of participants who completed evaluation forms following a forum held in February 2007 for the IT industry to launch the new e-government strategy rated the event as meeting or exceeding their expectations. • Verbal feedback from attendees at a networking function for Crown entity board chairs in February 2007 was very positive. • 86% of respondents at a briefing for State Services senior managers on the results of research into perceptions of the State Services as a place to work rated the event as meeting or exceeding their expectations.
• Plan, design and implement a professional development programme to increase the capability of human resource practitioners in the State Services by June 2007.	• Roll-out of development activities underway. This includes cross-agency HR for practice exchange networks focused on specific technical areas. In addition, we partner with HRINZ to run a public sector strategic HR management programme.
• Build the State Services human resources (HR) community through regular meetings, network opportunities and operation of a shared workspace. Regular meetings are held to the satisfaction of participants.	• HR forum meetings were held monthly. A survey of participants indicated a good level of overall satisfaction with the frequency, duration and content of the forums. A number of useful suggestions were made about the presentations.
• Review the HR Workspace to ensure it is appropriate for use by State Services HR practitioners. Implement any changes by March 2007.	• A review of the HR Workspace was completed and initial changes made to the content. Changes to the overall design of the HR Workspace are planned for the 2007/08 year.
• Support for HR Net is maintained and the service meets the needs of users.	• Support for HR Net was maintained. All queries were responded to within 24 hours. Usage of the service continues to increase.

Public Service labour market information

• Complete the annual Human Resource Capability Survey and report to the Minister of State Services by 31 December 2006.	• The annual Human Resource Capability Survey was reported to the Minister during October 2006, for referral to Cabinet. A report of the survey findings is available at www.ssc.govt.nz/hrc-survey-2006

Output 1.5: Senior Leadership and Management Development Strategy

This output provides for implementation of the Senior Leadership and Management Development Strategy to ensure that 'home grown talent is always available' to fill senior leadership roles. The focus is on strategy partners (the State Services Commissioner, the Leadership Development Centre and chief executives) taking a Public Service-wide approach to leadership development.

It contributes to the achievement of the Excellent State Servants Development Goal.

Required results	Service delivery

Senior Leadership and Management Development Strategy

- Oversee implementation of the Senior Leadership and Management Development Strategy, including aspects to be delivered directly by the SSC and aspects to be delivered by the Leadership Development Centre, Australia and Zealand School of Government and Victoria University of Wellington School of Government.

- Monitoring of the Senior Leadership and Management Development Programme reports positive progress.

- Regular engagement was maintained with the Leadership Development Centre in relation to their role in delivering the Executive Leadership Programme, the flagship for the Senior Leadership and Management Development Strategy, and the Australia New Zealand School of Government in relation to the new intake for the Executive Masters in Public Administration and the 2006 Executive Fellows Programme.

- An evaluation of the Senior Leadership and Management Development Programme through to 2008 is underway, with an interim report due in July 2007.

- The Leadership Development Centre piloted a Māori Coaching and Mentoring Programme, Māranga Tira. The pilot, with 20 participants, ran for nine months, and following a positive evaluation, this programme will be repeated in 2007/08. At the end of this time, it will be evaluated and a decision made whether to proceed and, if so, in what form.

- Continue to work with the Leadership Development Centre on the implementation of activities that support the achievement of the Senior Leadership and Management Development Strategy.

- Efforts are being made to ensure synergies between SSC and the Leadership Development Centre and that, where possible, we collaborate on agency engagement.

- Support the Leadership Development Centre in its accountability for attracting new participants into the Executive Leadership Programme.

- Early discussions have been held with the Leadership Development Centre to review the design of the Executive Leadership Programme.

- SSC is kept informed of the Leadership Development Centre's progress in increasing uptake of the Executive Leadership Programme.

- Regular reporting of progress in increasing Executive Leadership Programme uptake is occurring.

Required results	Service delivery
• Develop a new partnership agreement with the Leadership Development Centre for the delivery of the Executive Leadership Programme, including agreed funding arrangements for 2006/07.	• A partnership agreement and joint work programme, including funding arrangements, was agreed with the Leadership Development Centre for the delivery of the Executive Leadership Programme.
• Monitor performance relative to the agreement throughout the year.	• A fortnightly engagement with the Leadership Development Centre was maintained throughout the year to monitor performance relative to the agreement.
• Administer the Ria McBride Award. The best candidate is selected and receives value from the award.	• The best candidate for the 2006 Ria McBride Award was selected as per the selection criteria.

Tertiary liaison

• Continue to participate in the Australia and New Zealand School of Government and in the tertiary alliance with Victoria University of Wellington School of Government to ensure responsiveness to needs of the New Zealand Public Service in curriculum development and delivery.	• A grant of $6 million was provided to the Australia and New Zealand School of Government (ANZSOG) and $4 million to the Victoria University of Wellington School of Government (VUWSOG) to help secure the futures of both these schools. The grant to ANZSOG has been provided with an express purpose of improving the trans-Tasman content of academic and research programmes offered.
• Report to the Minister of State Services on quality and take-up of tertiary offerings by 30 June 2007.	• Briefings on the quality and take-up of tertiary programmes were provided to the Minister of State Services through SSC's regular reporting process.
	• The ANZSOG and VUWSOG courses were promoted through SSC's regular engagements with senior leaders and State Services agencies, including formal letters from the State Services Commissioner to chief executives inviting nominations for the Executive Masters in Public Administration (EMPA) and Executive Fellows Programme (EFP), advertising via the SSC website and monthly HR Forum, and a joint briefing session with ANZSOG and VUWSOG.
• Undertake promotional activity for the Australia New Zealand School of Government and Victoria University School of Government courses, including selection of participants as required. Course registrations meet minimum numbers required.	• There was positive competition for places on both the EMPA and EFP due to the limit on the number of places available for New Zealand participants.
	• Short courses have consistently achieved minimum numbers.

Required results	Service delivery

Talent mapping

- Plan, design, develop and partner with selected State Services agencies to undertake talent mapping work with second and third tiers. Talent mapping is well underway with at least five agencies by June 2007.

- This project has been deferred as further consideration is given to the role of talent mapping within a broader talent management strategy.

Leadership Development Centre

- Monitor the performance of the Leadership Development Centre as a Fourth Schedule entity.

- Quarterly meetings were held with the Leadership Development Centre to monitor their performance.

Output 1.6: Provision of Industry Training Organisation Services

This output provides for the operation of Learning State (the Public Sector Training Organisation) and the promotion and development of structured workplace learning in the State Services. Learning State is recognised under the Industry Training Act 1992 as the Industry Training Organisation for much of the State Services.

It contributes to the achievement of the Excellent State Servants Development Goal.

Required results	Service delivery

Promotion and development of learning and development in the State Services

• Promote structured workplace learning to agencies and learners. Agencies report an understanding of the role of Learning State and its services.	• In May 2007, the Public Sector Training Organisation launched its new brand Learning State and new tag line – Leading workplace learning in the State sector.
	• A range of new information materials promoting workplace learning to agencies and learners has been developed and distributed. Positive feedback about these resources has been received from agencies.
	• The training organisation was restructured from 1 December 2006 and now has an agency services team to support agencies in identifying skill needs and to promote and implement workplace learning, and a research and development team to identify sector-wide skill needs and develop standards and qualifications to meet them.
	• Several agencies that have not previously used Learning State offerings have initiated meetings with Learning State since the new brand launch and communications.
• Develop and implement a communications plan to the satisfaction of the Learning State Board.	• A communications plan for the launch of the new Learning State brand and key messages was developed and implemented.

Structured workplace learning and assessment

• At least four State Services agencies have implemented an organisation-wide and structured approach to Modern Apprenticeships.	• Learning State has four agencies that have implemented Modern Apprenticeships.
• Contract targets and performance measures required by the Tertiary Education Commission are met.	• At 30 June 2007, there are 163 Modern Apprentices in training. This is the contract target agreed with the Tertiary Education Commission and compares with 160 at the same time last year.

Required results	Service delivery
• Completion levels are increased over the previous year.	• 1,045 programme completions were recorded for the year ended 30 June 2007. This compares with 640 for the year ended 30 June 2006. • Learning State is continuing to work with agencies to improve completion levels. Key performance indicators for improving quality will form part of Learning State's new three-year investment plan with the Tertiary Education Commission.
• The Learning State profile is agreed with the Tertiary Education Commission, and funding for 2007 is approved that includes growth over the previous year.	• The profile and funding for 2007 were approved and included growth over the previous year.
• Contract targets and performance measures agreed with the Tertiary Education Commission are met.	• Contract targets and performance measures with the Tertiary Education Commission were met.
• The numbers of employers and employees implementing structured workplace learning increases from the previous year.	• The numbers of employers implementing workplace learning and employees participating have increased from the previous year. • Four new employers are working with Learning State to implement workplace learning.
• Quality assurance processes are developed and implemented to promote high levels of achievement and completion across all learner groups.	• Key performance indicators for improving the quality of workplace learning are being agreed with the Tertiary Education Commission as part of the new three-year investment planning approach.
• Ensure that all unit standards and qualifications are reviewed prior to their expiry date.	• A stocktake of Learning State qualifications was undertaken and a review plan developed to schedule qualification reviews as these are required. • The plan will begin to be actioned over the next 12 months to ensure that reviews are completed for all unit standards and qualifications due for review.
• Quality assurance processes are reviewed to ensure that unit standards and qualifications are high quality and meet user needs.	• A long-term strategic approach to prioritise the review and maintenance of unit standards and qualifications has been developed.

Output Class 2: E-government Development and Operations

Description

This output class provides for the development, operations and evaluation of e-government services, infrastructure and initiatives including:

- developing the e-government strategy and provision of policy advice
- developing and operating all-of-government e-government standards and infrastructure
- initial implementation of the All-of-government Authentication of Identity solution.

It contributes to all the Development Goals, with a major contribution to the Networked State Services Development Goal.

Output Class 2: E-government Development and Operations

Statement of cost of services (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
18,417	Revenue – Crown	14,213	20,780	17,037
193	Revenue – Departments	178	201	279
23	Revenue – Other	5	1,181	1,150
18,633	Total revenue	14,396	22,162	18,466
18,180	Expenses	14,396	22,162	18,466
453	Net surplus	-	-	-

This output class was provided at a cost of $18.466 million, which is $3.696 million less than Supplementary Estimates. The implementation phase of the Government Logon Service took longer than planned and approval has been obtained to carry forward the entire unspent $3.696 million operating funding needed for the roll-out phase of the project to 2007/08. The appropriation for this output class was increased by $7.766 million in the Supplementary Estimates primarily due to Cabinet's decision to approve funding for the All-of-government Authentication Programme [CAB Min (06) 23/2 and EXG Min (06) 1/4 refer]. Funding has been provided to roll out the Government Logon Service across government.

Output 2.1: E-government Strategy and Development

This output provides for policy and implementation advice to the Minister of State Services and public sector organisations in relation to electronic government, including the regular review of e-government strategy.

It contributes to the achievement of all the Development Goals.

Required results	Service delivery
E-government strategy review	
• Complete the review of e-government strategy and report findings to the Minister of State Services by 31 July 2006 and, if required, to Cabinet in August 2006.	• A draft of the revised E-government Strategy was submitted to the Minister of State Services in September and endorsed by Cabinet in October 2006. • The *2006 E-government Strategy* was launched by the Minister of State Services in November 2006. A copy of the strategy is available at www.e.govt.nz/about-egovt/strategy
Policy advice	
• Develop standards and guidelines for trusted computing for implementation by June 2007.	• Principles and policies for trusted computing were approved by Cabinet in September 2006. • The Trusted Computing Standards and Guidelines were included in the E-government Interoperability Framework (e-GIF) with effect from 1 July 2007.
• Promote collaboration on Internet security and communicate regularly with key stakeholders.	• The Officials Committee to Review Internet Security (OCRIS) and its associated working group were established to consider initiatives to improve Internet security in government agencies. The committee and working group considered proposals for the establishment of a New Zealand computer emergency response team, and other issues arising from a discussion process led by the Ministry of Economic Development.
• Review the policy framework for government-held information in consultation with agencies by June 2007.	• Initial scoping has been undertaken in preparation for the review to take place in 2007/08.
• Provide advice to agencies on governance and funding arrangements to support e-government initiatives.	• Consultation with agencies on draft paper on governance issues; draft business case guidelines prepared.

Required results	Service delivery
• Continue to work on e-government training and capability including liaising with universities on course development.	• SSC ICT staff have assisted in the presentation of masters courses and collaborated with Victoria University of Wellington staff in the development of a Harvard case study on e-government in New Zealand. • Engagement was maintained with Victoria University of Wellington through the E-government Chair Advisory Board on potential research activities.
• Undertake policy development to implement the E-government Strategy in 2006/07.	• Significant progress has been made in developing guidelines for the treatment of intellectual property rights in ICT contracts. • Risk analysis has been undertaken to inform advice being developed on managing the risks arising from the use of offshore ICT services. • A review of the issues and activities to be addressed in managing the govt.nz space was undertaken and will provide a basis for the development of a work programme.
• Develop policy advice and guidance on issues relating to participation. • Complete the development of principles to guide agency activity by December 2007.	• A community of practice, drawing together people with an interest in participation from academia, government, business and communities, was launched at a workshop in December 2006. • A draft framework outlining principles for online participation, including approaches to evaluation, was prepared with the assistance of this group. • A guide to online participation, including principles and application, has been drafted on a wiki with input from the community of practice. 200 members from New Zealand and overseas have had access to the wiki as at the end of June 2007. • Case studies on selected agencies' experience with online engagement have been developed, for example, on the SafeAs road safety online forum. The case studies are referenced in the guide. • SSC hosted a visit by international participation specialists from Australia, Canada and Finland – they advised on the draft guide, met with the community of practice and the Minister of State Services and presented a workshop at the GOVIS (Government Information Systems Managers' Forum) conference.
• Provide ad hoc advice to the Minister of State Services as required.	• Advice was provided as required.

Required results	Service delivery

Research and evaluation

- Monitor international developments and undertake research into e-government supply and demand to add value to the implementation of e-government strategy and inform policy advice.
- Regular monitoring of international developments and experience continued throughout the year.
- Research and analysis was undertaken to inform the 2007 milestone report.

Output 2.2: E-government Projects

This output contributes to delivery of e-government projects including the E-government Interoperability Framework, networks and components and systems, and the monitoring of major Public sector information technology projects.

It contributes to the achievement of the Networked State Services Development Goal.

Required results	Service delivery
E-government projects	
• The Public Sector Intranet (psi.govt.nz) is formally launched and promoted from June 2006 to provide a common web-based platform to enable public servants across the State Services to share information and resources.	• The Public Sector Intranet (PSI) was launched in June 2006. Usage continues to increase, with many users finding value in the email alerts to new content and events. Agencies are increasingly using the PSI to support cross-agency activities, such as the Sustainability Community launched to support the broader cross-government work programme.
• Promotion leads to increased uptake with an additional 50 agencies joining the 40 foundation members by June 2007.	• A total of 94 agencies, including 49 Crown entities, are now accessing the Public Sector Intranet.
• Implement a new search approach and technologies to help people find services and information through the New Zealand all-of-government web portal newzealand.govt.nz by June 2007.	• A syndicated procurement contract was signed with a search technology provider for supply of Google search technologies and associated services. • The new search facility on the all-of-government web portal newzealand.govt.nz was launched on 29 June 2007. It enables users to search images, news items, legislation, government jobs, the Parliament website beehive.govt.nz and the Public Sector Intranet.
• Continue working with New Zealand Post to promote the change of address notification service to achieve a 100% increase in agency and customer participation by 30 June 2007.	• NZ Post is redeveloping the underlying business model, and no new agencies are being joined to the service. Customer transactions increased 56% over the financial year. The trial will finish on 31 December 2007. NZ Post will negotiate directly with existing agencies to transfer them to the new commercial service, to ensure no disruptions.
• Complete enhancements to the existing Public Sector Directory to include additional information, in particular, management and regional data, by 30 June 2007.	• Major enhancements have been completed and are operational on http://psd.govt.nz, and an awareness campaign is underway to drive uptake of the directory.
• Improve the efficiency of existing processes for collecting data for the Public Sector Directory.	• Parts of the data collection process have been automated, and streamlining of data maintenance procedures is in progress.

Required results	Service delivery

Monitoring of major public sector information technology projects

- Review current practice in relation to monitoring major public sector information technology projects, including the current monthly reporting process.

- Implement any agreed improvements to monitoring and/or reporting.

- Monitor major Public Service information technology projects and identify significant risks.

- A review of current practice in relation to monitoring major public sector information technology projects was undertaken and a decision was made to pilot the United Kingdom 'Gateway' quality assurance methodology for major government projects in 2007/08.

- Discussions are being held with the Treasury and Ministers on including non-ICT projects in the pilot.

- Work has commenced on the development of a specification of information to assist central agencies to more fully meet monitoring and advisory responsibilities.

- Demand for project quality assurance grew significantly during the year, with a total of 24 major Public Service information technology projects and programmes being monitored at year end (from 12 at the start).

- Positive feedback was received from a number of agencies in relation to advice on quality assurance and risk mitigation provided for monitored projects.

E-government Interoperability Framework

- Review the process for updating the E-government Interoperability Framework (e-GIF) to ensure it is adequate to meet agency needs for standards in a timely manner, by 30 June 2007.

- Develop and promulgate Web Guidelines Version 3 by 28 February 2007.

- Establish a regime for monitoring the accessibility of agency websites by 30 June 2007.

- e-GIF processes and documentation for proposing, modifying or updating standards were reviewed and updated by 30 June 2007.

- Following extensive consultation, the Web Guidelines have been published as Web Standards v1.0. Web standards ensure that all New Zealanders, regardless of their physical or technical capability, or location, can access government information and services via the Internet.

- A regime has been agreed, and SSC will support the Office for Disability Issues in conducting annual accessibility audits of selected agency websites. The methodology used will be similar to audits undertaken in 2006 and 2007, but the specific criteria used will be reviewed each year to ensure new technology trends are taken into account.

Required results	Service delivery
• Facilitate the development of standards for authentication, trusted computing, business reporting language, geospatial (Emergency Service Administration dataset and National Address Register) and customer information.	• Standards for evidence of identity and trusted computing/DRM were developed and published. • SSC continues to support lead agencies (those with the greatest need for a particular standard) as they develop, manage and support key standards development initiatives. • Support is also being provided for emerging work on standards for reporting cyber incidents (hacking) and common agency requirements regarding the use of mobile channels to provide government information and services (e.g. texting).
• Provide training and support to the agencies leading the various standards development workstreams.	• Where appropriate, training and support were provided to the agencies leading the various standards development workstreams.
• Inter-agency interactions necessary for achieving a successful outcome are identified and facilitated.	• Inter-agency interactions necessary for achieving a successful outcome were identified and facilitated, e.g. support for Police and the Ministry of Economic Development in development of a standard for radiotelecommunications for public protection and disaster relief.
• Complete development of a pilot object registry to enable sharing of technical interoperability information by 31 March 2007.	• A pilot registry was completed and has been available for use since 18 June 2007 at http://registry.e.govt.nz • Full uptake is dependent on work currently underway to agree and establish a governance framework.
• Manage relationships and collaborate with other New Zealand and international standards-setting bodies, including the Health Information Systems Organisation and Standards New Zealand.	• Existing relationships are being managed and new relationships developed as appropriate. A focus has been on encouraging international standards bodies to cooperate with each other on specific standards, so that those standards are more stable and therefore reduce ongoing maintenance costs for New Zealand. • A shared workspace has been established to support public servants who currently interact with international standards bodies. Information sharing via the workspace is intended to ensure the specialists working in this area can make the most efficient use of their time.

Required results	Service delivery

Enterprise architecture

- Articulate and promote the use of government federated enterprise architecture as a basis of common understanding, cohesion and planning by 30 June 2007.

- A forum was established for government enterprise architects, and participants are being regularly informed and consulted on federated enterprise architecture work.
- SSC is applying a formal enterprise architecture approach to its own all-of-government systems and technology infrastructure.
- Five agencies participated in a shared enterprise architects' training course in May 2007, gaining formal enterprise architecture certification.

Information and communications technology expenditure review

- Complete the expenditure review on the scale of government information and communications technology spending and whether, and how, this should be focused on areas that contribute to productivity gains, in accordance with the terms of reference.

- The review has been completed in accordance with the terms of reference.
- SSC has begun working with the Treasury to give effect to the review recommendations.

Output 2.3: All-of-government Operations

This output provides for the operation, maintenance and enhancement of all-of-government shared infrastructure and services.

It contributes to the achievement of the Networked State Services Development Goal.

Required results	Service delivery
Customer services	
• Monitor and promote government software contracts with Microsoft, Telecom, Vodafone and other suppliers as requested and agreed by participating agencies.	• Two performance reports on the syndicated mobile contracts were completed in February and June 2007. The reports noted the recent review and volumes step changes, which have the net result of savings to government of approximately $2.0 million per annum.
• Performance reports are produced every six months.	• A review of the Microsoft G2006 licence software agreement agency uptake was completed in February 2007.
• Customer engagement plans with participating agencies are in place and implemented by 30 June 2007.	• The customer engagement framework was completed by 30 June 2007, and is now being implemented with the early adopter customers of the Government Shared Network. It will then progressively be introduced to the other individual agencies.
• Consult with participating agencies to design and implement a process for establishing priorities for service changes by 30 June 2007.	• Meetings have been held with representatives from agencies utilising all current services to improve communication and consultation including on criteria for prioritising service changes.
Supplier management	
• Review the current service level management framework by 30 December 2006, to share best practice and ensure consistent practices across suppliers.	• The review was completed by 30 December 2006 and its recommendations are being incorporated into business practices and service improvement plans with Government Logon Service and Government Shared Network suppliers.

Required results	Service delivery
Deliver information services	
• Operate and support the domain name .govt.nz. Meet service levels agreed with the Domain Name Commissioner.	• Service levels have been continuously met over the year.
• Promote, operate and support the use of shared workspaces to service levels agreed with agencies. Shared workspaces are a tool to allow specialist groups operated by central and local government agencies, and their partners outside government, to collaborate to achieve better outcomes by sharing information, expertise, experience and best practice.	• Service levels agreed with agencies have been continuously met over the year.
• Increase the number of shared workspaces in active use by 20% by 30 June 2007.	• The number of shared workspaces in active use increased by 70% over the year.
• Develop an enhancement roadmap for the shared workspace service by 30 June 2007.	• A roadmap has been developed and will be implemented in 2007/08.
• Ensure 99.98% availability over the year.	• Service levels have been continuously met over the year.
• Operate and support the Public Service Directory. Meet service levels agreed with agencies and ensure 99.98% availability over the year.	• Service levels and availability targets have been continuously met over the year.
• Continue to develop the all-of-government portal (www.govt.nz).	• Work to improve site usability and reduce information overload for users resulted in a 5% reduction in the number of services described on the portal.
• Number of unique visits to the portal increase by 10% by 30 June 2007.	• There has been no growth in the number of unique visits to the portal, which remained at the same level as for the previous year.
• Customer referrals to agencies increase by 10% by 30 June 2007.	• Customer referrals to participating agencies increased by 14% over the year.
• Ensure 99.98% availability over the year.	• The availability target was achieved over the year.
• Redevelop portal to support the all-of-government branding exercise by May 2007.	• A refresh of the government portal was completed to coincide with the launch of the All-of-Government Brand.
• Operate and support the Secure Electronic Environment for Email (SEEMail), ensuring 99.98% availability over the year.	• Service levels, including availability, were continuously met over the year.

Output 2.5: Authentication of Identity

This output provides for the development of interoperability standards and a suite of shared services making online access to government services easier for individuals and businesses, and mitigating security and privacy risks.

It contributes to the achievement of all Development Goals, with a major contribution to the Networked State Services Development Goal.

Required results	Service delivery
Authentication standards	
• Develop and implement further authentication standards for government-wide adoption, and maintaining and promulgating the existing standards.	• The Minister of State Services launched the first five authentication standards and the two guidance documents in August 2007.
	• A governance framework was agreed and two groups established to ensure appropriate oversight of development across all authentication standards.
	• A series of workshops on risk assessment was held to help agencies determine the appropriate logon strength to require when integrating their online services with the Government Logon Service.
	• The Standards Programme Manager chairs the E-government Special Interest Group of Liberty Alliance, the leading global federated identity management specifications body. The programme has received consistently positive feedback with respect to its approach from international standards organisations, and there has been increased involvement in contributing towards the development of standards and best practice globally.

Required results	Service delivery

Shared logon initial implementation

- Develop the Government Logon Service (GLS)with two logon types and implement the service in up to four agencies.

- The fourth and final stage of the build of the GLS was completed to the full original scope and within budget.
- The service supports single-factor authentication using a username and password, and two-factor authentication using a username and password in conjunction with a token device that generates a one-time password.
- On 31 March 2007, the GLS was successfully integrated with the SSC's shared workspace service. The shared workspace service is a collection of over 150 individual collaboration workspaces being accessed 5,000 times each month by State servants, vendor staff and other members.
- Two further agencies have successfully performed functional testing of the GLS in the live-production environment.

- Project completed to scope, quality and budget.

- The project was operated within agreed scope, quality and budget.

Government Logon Service

- Start roll-out of the Government Logon Service across government on successful completion of the initial implementation.

- A report-back on the completion of initial implementation was submitted to the Cabinet Committee on Government Expenditure and Administration on 18 July 2007.
- Cabinet subsequently agreed that the service is available and proven, therefore all Public Service departments and other relevant State Services agencies are expected to use the Government Logon Service when implementing online authentication services or upgrading or changing existing services.

Required results	Service delivery

Identity Verification Service

- Complete the detailed design of the Identity Verification Service and its integration with the Government Logon Service and submit a business case as part of Budget 2007.

- A business case was submitted as part of Budget 2007, and funding to commence the build of the service was received. As part of the Budget decision, Cabinet agreed that no department should make an investment in its own identity verification capability, outside of the Identity Verification Service, even if funded from within baselines or depreciation, without first consulting the SSC and the Treasury and seeking Cabinet approval.

- Preparation for public consultation on the service has progressed, and work is under way to develop policy and legislation.

- Detailed designs for the service and its integration with the Government Logon Service are ready for the build to begin from mid 2007.

Future work programme

- Identify and conduct initial feasibility studies into other authentication services that could be deployed on the shared infrastructure. Complete initial feasibility studies for at least two other authentication services.

- A draft strategy that provides a cross-government framework for user-centric information sharing has been completed and is being consulted on. The framework provides a way for authoritative sources of information across government to be made available to people and businesses in their online interactions with agencies.

- Two cross-agency working groups have been constituted. The first one is looking at public key infrastructure and the other on developing business use cases for electronic signature and document services.

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Output Class 3: State Services Development, Governance and Performance

Description

This output class provides for the development, governance and performance management role of the SSC in the State sector. It includes the development and leadership of programmes designed to:

- enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services
- strengthen trust in the State Services and reinforce the spirit of service
- ensure the total contribution of government agencies is greater than the sum of its parts.

Output Class 3: State Services Development, Governance and Performance

Statement of cost of services (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
9,435	Revenue – Crown	11,057	11,979	11,324
843	Revenue – Departments	788	993	853
425	Revenue – Other	45	6	68
10,703	Total revenue	11,890	12,978	12,245
10,448	Expenses	11,890	12,978	12,082
255	Net surplus	-	-	163

This output class was provided at a cost of $12.082 million, which is $0.896 million less than Supplementary Estimates. Approval has been obtained to carry forward $0.655 million of the underspend to 2007/08 to cover the cost of ongoing work that was funded in 2006/07 but will now be completed in 2007/08. The transferred funding will be used for projects contributing to the achievement of the Accessible State Services (Research $0.150 million) and Trusted State Servants (roll-out of new Code of Conduct $0.205 million) Development Goals. The remaining $0.300 million will be used to complete work on the appointment processes for the Chief Executives of the Department of Labour and Serious Fraud Office, and to conclude work on a performance management programme for chief executives. The appropriation for this output class was increased by $1.088 million in the Supplementary Estimates mainly due to expense transfers from 2005/06 to 2006/07 and forecast increase in cost of contributions to the State Sector Retirement Savings Scheme.

Other expenses incurred by the Crown (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
10,565	Payment and remuneration of chief executives	11,769	11,769	11,061

The actual cost is lower than forecast because a number of chief executive vacancies were temporarily filled by staff employed by departments.

Current revenue (non-tax)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
9,397	Reimbursement of chief executive remuneration	11,020	11,020	10,474

Recoveries are on the basis of the midpoint of $10,000 salary bands.

Output 3.1: Appointments, Reappointments, Performance Management and Good Employer Services

This output includes:

- the recruitment, appointment and reappointment of Public Service chief executives
- assistance with, or the undertaking of, recruitment and selection for other appointments as requested
- agreement of performance priorities for chief executives on behalf of their Minister
- review of the performance of chief executives and their departments against performance priorities and their job descriptions, on behalf of their Responsible Minister
- good employer services for Public Service chief executives, including job sizing, remuneration setting, employment agreements, payroll and professional development
- an annual remuneration survey across the public and private sectors.

It contributes to the achievement of all the Development Goals.

Required results	Service delivery

Improve appointment and reappointment processes

• Complete a review to identify good practice and review current practice against its findings. Implement any recommendations by 30 June 2007.	• The review completed in December 2006 found that the existing system is consistent with good practice.

Appointments

• For each Public Service chief executive appointment, perform a strategic organisational analysis (looking forward three to five years) to inform the job description and person specification. All appointments comply with the provisions and spirit of the State Sector Act.	• Appointment processes were completed for the chief executives of the Ministry of Education, Ministry of Defence, Department of Conservation, Education Review Office, Ministry of Pacific Island Affairs, Inland Revenue Department and Statistics New Zealand. • Appointment processes were also initiated for the chief executives of the Department of Labour, Serious Fraud Office, Ministry of Fisheries and New Zealand Food Safety Authority before 30 June 2007. • All appointments complied with the provisions and spirit of the State Sector Act. • Strategic organisational analyses were completed for the Inland Revenue Department, Statistics New Zealand, Serious Fraud Office and Department of Labour. A review of the New Zealand Food Safety Authority completed during the year was used to inform the position description for the new chief executive.
• Recruit and appoint Public Service chief executives to fill all vacancies that arise. Appointments comply with the timeline identified in each case.	• Seven Public Service chief executive appointments were completed during the year. Agreed timelines were met for all appointments.

Required results	Service delivery

Reappointments

- Consider for reappointment, where appropriate, chief executives whose terms of appointment are coming to an end. All reappointments comply with the provisions and spirit of the State Sector Act and comply with the timeline identified in each case.

- The consideration for reappointment process was completed for the chief executives of the Ministry for Culture and Heritage, Department of the Prime Minister and Cabinet, Department of Internal Affairs, Ministry of Agriculture and Forestry, Ministry of Foreign Affairs and Trade, and Ministry of Māori Development.

- Six chief executive reappointments were completed during the year.

- All reappointments complied with the provisions and spirit of the State Sector Act and the timeline agreed in each case.

- At 30 June 2007, consideration for reappointment processes were underway for the chief executives of the Department of Corrections and National Library of New Zealand.

Other appointments

- Assist with, or undertake, recruitment and selection for any other appointments as requested. All other appointments comply with the provisions and spirit of the State Sector Act and the timeline identified in each case.

- Completed selection processes for the Solicitor-General, Director of the Government Communications Security Bureau, Deputy State Services Commissioner, Vice Chief of the Defence Force and two Chief Parliamentary Counsel appointments.

- Six appointments were completed during the year, and agreed timelines were met.

- An appointment process was underway at year end for the General Manager, Parliamentary Service.

Required results	Service delivery

Induction

- Organise a tailored induction programme for each new chief executive, including an integrity and conduct component. Positive feedback is received from all new chief executives.

- Induction programmes were completed during the year for the new chief executives of the Ministry of Health, Ministry of Transport, Ministry of Education, Ministry of Defence, Housing New Zealand Corporation, Inland Revenue Department, Education Review Office and Statistics New Zealand.

- An induction programme was underway at year end for the new chief executive of the Ministry of Pacific Island Affairs.

- Feedback will be sought from the new chief executives, and an evaluation of the new induction process will be completed in 2007/08.

Performance management process review

- Implement changes to the chief executive performance management system, including:
  – implementing an enhanced competency model
  – better induction of new appointees
  – conducting post-appointment agency reviews
  – integrating the Development Goals and government themes into performance expectations
  – better engagement planning
  – 360 degree feedback
  – individual development plans.

- New processes for inducting new appointees and undertaking post-appointment agency reviews have now been implemented and will be reviewed later in 2007.

- Engagement plans have been completed and are being implemented for most priority departments.

- A programme to integrate the Lominger competency framework, 360 degree feedback, individual development plans and the Development Goals for the State Services into chief executive performance management is underway. Four projects have been initiated, covering:
  – appointments
  – assessments
  – performance and remuneration review
  – professional development.

- We are reviewing our overall approach to performance management. The review will be completed in August 2007.

- Engage with Responsible Ministers over the results and future needs of chief executives and departments. All Responsible Ministers and chief executives will rate the utility of the review process and product as "very satisfactory".

- All Responsible Ministers were consulted over the results and future needs of chief executives and departments during both appointment and performance reviews.

- No negative feedback was received from any Minister.

Required results	Service delivery
Performance reviews	
• Perform reviews for chief executives of departments. All performance reviews will be completed within three months of the chief executive's anniversary of appointment or by a date as agreed.	• Performance reviews were completed for the chief executives who had been in the job for at least 12 months. • All performance reviews were completed within three months of the chief executive's anniversary of appointment or by an agreed date.
Job evaluations, sizing and employment agreement reviews	

• Review all chief executive employment agreements to ensure:
  – consistent application of policies
  – alignment of remuneration with job sizing
  – relative balance between Public Service chief executive positions
  – market competitiveness
  – balanced commitment and reward for job
  – suitable use of performance pay.
 	
• All current chief executives have employment agreements that conform to legal requirements and government policy, suitably reward performance and maintain commitment.
	• A good practice review is currently underway.
	
	• All current chief executive employment agreements conform with legal requirements and government policy.
	
	• An annual remuneration review was completed in October 2006. This tested market competitiveness, balance and reward for job, relative balance between Public Service and chief executive positions and suitable use of performance pay.

Remuneration review	
• Conduct the annual review and moderation of chief executive remuneration. The review will be completed and implemented by 31 October 2006.	• The remuneration review was completed and chief executives were informed of its outcomes by 31st October 2006.

Required results	Service delivery

Payroll and leave management

- Manage and deliver payroll services to all Public Service chief executives.

- Accurately oversee chief executives' leave provisions. All chief executives are paid correctly and on time.

- Crown funding for remuneration and revenue is recovered from departments within established and agreed procedures and timeframes.

- The requirements of the Treasury are complied with.

- Some minor errors in payments to Public Service chief executives have been identified. They have arisen as a consequence of an interpretation of the Holidays Act and are currently being corrected.

- Crown funding was recovered from departments within established and agreed procedures and timeframes.

- The requirements of the Treasury were complied with.

Individual development plans

- Integrate individual development plans with performance reviews to ensure needs are identified and met. All chief executives have individual development plans that meet their needs and reflect performance reviews.

- Development needs are discussed with chief executives during their performance reviews.

- A more formal process is being designed and will be implemented in 2008.

Remuneration survey

- Commission and produce an annual chief executive remuneration survey. Annual survey and report will be completed by 30 June 2007.

- The survey was completed by 30 June 2007 and is informing chief executive remuneration policy for 2007/08.

Advice on terms and conditions of employment of Crown entity chief executives

- Provide advice to Crown entity board chairs on chief executive remuneration and performance management matters as requested. Advice will be provided to 110 boards during their annual remuneration review and to approximately 40 boards as they undertake an appointment or reappointment process.

- 85 Crown entity chief executive remuneration reviews were completed during the year, and 30 chief executive appointments or reappointments.

Output 3.2: Relationship Management with State Services Agencies

This output provides for work to define, plan and lead an SSC relationship management approach with State Services agencies. Relationship management is intended to provide management, coordination and facilitation of engagement between the diverse parts of the SSC and Public Service departments and Crown entities. It also provides for engagement with and the provision of support to Public Service departments on strategy, capability and performance issues.

This output contributes to all the achievements of the Development Goals.

Required results	Service delivery
Relationship management model	
• Implement the review of the relationship management model between the SSC, the Public Service and State Services agencies, including behavioural changes, and, if necessary, scope and agree supporting tools. • Implement a contact relationship management system across the SSC by 30 July 2007.	• The relationship management model was confirmed, and training courses were completed for SSC staff in relevant roles. • A contact relationship management tool is being piloted within SSC. An evaluation report has been prepared. A decision on the future use of the tool is expected in August 2007.
Strategy, capability and performance	
• Support and advise Public Service chief executives and their departments on strategy, capability and performance. • Deputy Commissioners and State Services performance specialists will complete an engagement survey with Public Service chief executives to research the performance of the system and help inform strategy. • All chief executives will consider that the advice and support provided by the SSC has resulted in some improvements to their personal performance and that of their department.	• Deputy Commissioners have met monthly with Public Service chief executives. These meetings focus on constructively challenging the Public Service leadership to demonstrate good practice in the key management areas of planning, management of capability and achievement of the Government's performance expectations. • Engagement between Deputy Commissioners, State Services performance specialists and Public Service chief executives on the Development Goals was completed, and its findings are being used to inform strategy, evaluation and development. • Informal feedback from chief executives has been positive.

Required results	Service delivery

Implement Cabinet Fees Framework

- Complete the review of the Cabinet Fees Framework and roll out the revised framework to the State Services. Roll out the revised framework by December 2006.

- Undertake Stage 2 of the review of the Framework, which will consider wider recruitment and retention issues, and whether the Framework is a barrier to attracting good candidates, and report to the Minister of State Services by 30 June 2007.

- The review and revised Cabinet Fees Framework was approved by Cabinet in October 2006 and was published on the Public Sector Intranet. A new Cabinet Office Circular was issued in November 2006 and a workshop held for departments in December.

- Stage 2 of the review, including consideration of wider board member recruitment and retention issues, has been completed, and a report on its findings was submitted to the Minister of State Services in June 2007.

- The Commission found no evidence of general recruitment and retention problems, or skill shortages, on non-company Crown entity boards. The Commission is continuing to promote improvements to selection and appointment processes, and will report to the Cabinet Committee on Government Expenditure and Administration (EXG) in February 2008, as part of the review of Crown entity monitoring about whether improvements are evident.

Required results	Service delivery

Central Agencies Expenditure Review

- Participate fully in the Central Agencies Expenditure Review to be led jointly by the three central agencies with independent input. The review will identify the individual and collective roles and responsibilities of the central agencies in relation to the performance of government agencies and the overall performance of the State Services.

- Ensure the review is completed in accordance with the agreed terms of reference.

- Report on central agencies work programmes by March 2007.

- The Central Agencies Expenditure Review was completed in accordance with the terms of reference, and the final report was submitted to Cabinet in September 2006.

- A series of four joint planning sessions were held in early 2007, and a Central Agencies Coordinated Work Programme was agreed in March.

- Ministers and chief executives of the central agencies have met twice to discuss how central agencies will work more closely together. Priority programmes have been identified for implementation in 2007/08:
  – State sector reprioritisation
  – educational achievement
  – sustainability.

- Work has been initiated in each of these areas. Progress will be reported to Ministers on an ongoing basis in the 2007/08 fiscal year.

- A successful Chief Executive Forum was held in May 2007 on State sector reprioritisation. Chief executives commented favourably on the joint central agencies approach to this issue and welcomed the opportunity to provide early input to the programme.

- The three central agencies have developed a shared set of performance measures to evaluate the impact of central agency coordination, and a new reporting structure has been put in place to support the priority work programme.

- Develop a programme of initiatives to improve Crown entity performance and introduce improvements to Crown entity monitoring.

- Develop and implement a quality assurance mechanism to improve pre-investment information for major capital assets, including ICT assets.

- The joint central agency Crown entity work programme is on track, and implementation of the Crown entities' monitoring improvement programme is underway.

- The development and implementation of quality assurance mechanisms to improve pre-investment information for major capital assets, including ICT, is progressing.

Output 3.3: Strategic Analysis, Review and Advice

This output provides for sectoral, capability or performance reviews in response to performance issues of particular agencies or sectors, or the identified risk thereof, or in response to specific Ministerial directives.

It contributes to the achievement of all the Development Goals.

Required results	Service delivery
Capability and performance reviews	
• Engage with Responsible Ministers over the results and future needs of the State Services, to meet Ministers' requirements.	• Responsible Ministers were consulted on each chief executive vacancy.
• Undertake reviews, selectively, that provide information about progress toward interdepartmental/shared outcomes and/or whether departments/ sectors are configured well to achieve results. Estimated number of reviews: one to five. Each review to meet the agreed terms of reference.	• The Next Steps Land Transport Sector Review was completed and its findings agreed by Cabinet in May 2007.
	• The review of cost escalations in the Regional Prison Development Project was completed in August 2006. A review of the Government Urban Economic and Development Office (GUEDO) was completed. The review recommendations were accepted by Ministers.
International public sector thinking	
• Contribute to international public sector thinking. Participate in relevant fora, including: – Organisation for Economic Co-operation and Development (OECD) – Commonwealth Association for Public Management and Administration (CAPAM), Australian Public Service Commission jurisdiction – Pacific Public Service Commissioners' annual meeting.	• SSC participated in two Australian Public Service Commissioners' Conferences, at one of which a paper was presented on the implementation of New Zealand's central agencies review.
	• Co-hosted with Australia the CAPAM Biennial Conference 2006. Sponsorship was arranged through New Zealand's International Aid and Development Agency for Pacific Region Public Service delegates to attend.
	• Briefing and support was provided for the Commonwealth Ministers' Forum on Public Sector Development.
• Hosting and briefing international delegations as appropriate.	• SSC was represented at the following OECD meetings: Centre of Government Leaders, Network of Senior E-government Officials, Public Governance Committee. Briefings were provided as required.
	• During the year, SSC provided briefings and hosted delegations of senior government officials and Ministers from a number of Pacific and Asian countries, Australia, Canada and Chile.

Output 3.4: State Services Coordination

This output includes the delivery of the Managing for Outcomes programme, development of Crown entity board guidance, and guidelines for the roles and responsibilities of Ministers.

It contributes to the achievement of the Coordinated State Agencies Development Goal.

Required results	Service delivery

Crown entity performance

- Work with the Minister of State Services, boards, monitoring departments and central agencies to support performance improvement in Crown entities.

- Develop and implement joint central agencies work programme for improving Crown entity performance.

- Advice and guidance on how to make the Crown Entities Act work effectively.

- Develop joint work programme by 31 December 2006. Implement work programme in 2007.

- Developed a joint central agencies work programme to improve Crown entity performance and reported it to joint Ministers by 31 December. Progressed key elements of the work programme over the period, including those noted below.

- *Crown Entities: A Guide for Ministers* was provided in September 2006 to all Ministers with Crown entity responsibilities and to chief executives of departments with Crown entity monitoring roles.

- A joint presentation to ministerial advisors on Ministers' roles and powers in relation to Crown entities was made with the Treasury.

- Developed generic letters of expectation, with the Treasury, for responsible Ministers to clarify performance expectations with Crown entities and to provide part of the subsequent basis for Ministers to evaluate the performance of Crown entities.

- Undertook a complete revision of the *Board Appointment and Induction Guidelines*, which was published online in December 2006. Some minor revisions were issued in May 2007 – see www.ssc.govt.nz/board-appointment-guidelines

- Undertook Stage 1 of a review of Crown entity monitoring arrangements and reported this to Ministers. Commenced Stage 2, which involves the SSC and the Treasury working with the nine major monitoring departments to improve monitoring practices and improve capability.

- The first networking function for Crown entity chairs, attended by almost 40 chairs or alternates, was hosted by SSC on 19 February 2007, with the Minister of State Services as the main speaker. The response from participants was positive: the next function is planned for late October 2007.

Required results	Service delivery
	• Continued to coordinate and support the Monitoring and Appointments Network (MAGnet), which allows departments to share best practice and build capability in Crown entity monitoring and promoting Crown entity performance. Events hosted by the network included an address by the Minister of State Services on roles and relationships in regard to Crown entities, a workshop on statements of intent, and a seminar to review the Crown Entities Act two years on. • Work was underway at year end, with the Treasury and monitoring departments, in preparation for the first six-monthly report to the Cabinet Committee on Government Expenditure and Administration on Crown Entity performance. The report is due in September 2007.

Public management system

• Identify improvements in the public management system's support for the government's strategic direction. Scope and complete, with the Treasury and the Department of the Prime Minister and Cabinet, a review of the current themes process to capture what has worked and why. • Review practice and guidance on statements of intent and Managing for Outcomes to support coordination.	• Discussions with the Treasury and the Department of the Prime Minister and Cabinet have contributed to scoping work to identify any systemic barriers to State agency achievement against the Government's strategic direction. • SSC, the Treasury and the Department of the Prime Minister and Cabinet have undertaken a review of the statement of intent process for departments. The report was provided to the Associate Minister of Finance and the Minister of State Services in November 2006. • Jointly with Treasury, provided specific guidance to departments on improving performance information in statements of intent and annual reports, to encourage compliance with the requirements of s.40(d) of the Public Finance Act. • Jointly with Treasury, prepared guidance for Crown entities on requirements for preparing statements of intent. • Supported the Treasury in a review of accountability documents. This review is looking to improve the quality and relevance of all ex ante (estimates, statements of intent, output plans) and ex post (annual reports and s.32A reports) documentation and to reduce duplication between the documents. The Treasury are reporting to the Minister of Finance by the end of July 2007.
• Complete a maximum of two case profiles focusing on the coordination of State agencies, and disseminate lessons learned.	• Two case profiles were completed. Lessons identified were used to assess progress of the Coordinated State Agencies Development Goal, and to provide advice to departments on coordination good practice.

Required results	Service delivery

Development of trans-Tasman arrangements

- Support the improvement of performance through the development of trans-Tasman institutional arrangements. Support Australia New Zealand Therapeutic Products Agency negotiations and the development of permanent arrangements for governance and accountability frameworks, and participate in progressing thinking about future generic arrangements.

- Support was provided to the Ministry of Health, the departmental advisor to the Select Committee which examined the Therapeutic Products Bill.

- The SSC signed off terms of reference with Australian officials (Department of Finance and Administration) for development work on trans-Tasman cooperation vehicles, which the Ministry of Economic Development will lead; the SSC and other departments will contribute.

- In mid February 2007, a successful one-day forum for approximately 20 Australian and New Zealand chief executives was hosted by Victoria University of Wellington with strong support from the SSC. Support was provided to the Ministry of Economic Development to develop work on future frameworks for governance and accountability for trans-Tasman institutions for presentation at that forum.

- A paper on trans-Tasman government institutional cooperation was published in April 2007.

Machinery of government

- Advice to Ministers and departments on allocation and coordination of functions to and between agencies, as required.

- Regular updates continue to be provided on machinery of government matters for State Services agencies. At 30 June 2007, there were 10 machinery of government matters on which ongoing advice was being provided.

- Two SSC-led reviews were completed during the year: a copy of the Next Steps Land Transport Sector Review is available at www.ssc.govt.nz/nextsteps-cabpaper-may07 and a report on the establishment of the New Zealand Food Safety Authority as a Public Service department is available at www.ssc.govt.nz/cab-paper-establishment-nzfsa-dept

Required results	Service delivery

Expenditure reviews

- Support the Cabinet Committee on Government Expenditure and Administration as expenditure reviews are undertaken to meet the SSC's obligations.

- Participated with the Treasury and the Department of the Prime Minister and Cabinet in joint central agency monitoring of the progress of the 2006 expenditure reviews.

- With the Treasury, commissioned a review of the 2006 expenditure review programme, which has drawn out lessons for 2007.

- Advice was provided to the Minister of State Services before each meeting of the Cabinet Committee on Government Expenditure and Administration.

All-of-Government Brand identity

- Support the design and implementation of the All-of-Government Brand identity. Develop brand design options and an implementation plan that meets the Government's objectives.

- Roll-out of guidance and final designs to eligible agencies is completed by 1 July 2007.

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- An engagement process was undertaken with Public Service departments and Crown agents to inform the development of brand designs and guidance. Focus groups were held with the general public.

- The brand design and guidance to agencies were agreed by Cabinet and distributed to participating agencies in April and May 2007.

- The brand was already being used by a number of agencies at year end.

Output 3.5: State Services Accessibility, Responsiveness and Effectiveness

This output provides for activities to assess the effectiveness, responsiveness and access of the State Services to New Zealanders.

It contributes to the achievement of the Accessible State Services Development Goal. It also provides for activities to report on progress towards all six of the Development Goals, including how progress is measured and whether the Goals or their related measurement set needs to be refreshed.

Required results	Service delivery

2005/06 Development Goals research

• Complete an evaluation of the Rotorua pilot by 30 August 2006.	• The evaluation was completed to the agreed timeframe.

2007 State of the Development Goals Report

• Complete planning for the *2007 State of the Development Goals Report* (including any new data collection and compilation of information to populate indicators) by 30 June 2007.	• Planning for the report was completed. Planning included the data and information collection that was undertaken across the coordinated research programme outlined later in this output. This research allows progress to be reported against the indicators and 2007 milestones for each of the six Development Goals. It is expected that the *State of the Development Goals Report* will be ready for publication by October 2007.

Advice and guidance

• Use the findings from the Rotorua pilot and the *2006 State of the Development Goals Report* to provide advice and guidance for State Services agencies, to achieve the June 2007 Accessible State Services "no wrong door" milestone.	• A forum for contact centre managers was identified as an area where good practice uncovered in the Accessible State Services research could be shared with other agencies. Within the programme of SSC-led events in 2006/07, it was not logistically possible to run this event before July 2007 as originally planned. The planning has been completed for this event, which is rescheduled for 28 August 2007.

Refresh the Development Goals

• Produce a plan to refresh the Development Goals for the State Services. Plan completed by 24 December 2006.	• A plan to refresh the Development Goals milestones has been completed. A decision was taken in February 2007 to focus this project plan on setting new milestones for 2015 and refreshing the 2010 milestones where required.
	• Implementation of the plan was well under way at year end, and the new and refreshed milestones will be ready for inclusion in the *2007 State of the Development Goals Report*.

Required results	Service delivery

Perceptions of service quality

- Enquire into Canadian customer satisfaction surveys and advise on the extent to which these may be adopted or adapted to the New Zealand environment. Provide advice by 30 June 2007.

- Identify a desirable set of satisfaction survey questions. Draft satisfaction survey designed by 30 June 2007 subject to decisions arising from the Canadian customer satisfaction enquiry.

- Discussions with Canadian officials were ongoing during the year, and a visit to Canada was undertaken in April/May 2007 to augment the enquiry. It was determined that the Canadian customer satisfaction surveys could be adapted for use by New Zealand State Sector agencies.

- Intellectual property to enable the Canadian research tools to be used by New Zealand State Sector agencies has been purchased through to 2009. They will be adapted for use in New Zealand in 2007/08.

- The Survey of New Zealanders research identified the factors that determine New Zealanders' trust and satisfaction with public services. This knowledge has informed work to adapt the Canadian customer satisfaction survey questions for New Zealand.

Research coordination

- Develop a research strategy for the coordination of SSC's 2006/07 Development Goals research by 31 July 2006.

- Terms of reference are completed for the four coordinated research projects by 31 October 2006.

- Achievement against the following two project plans:
  - **Targeted Qualitative Research**: Building on the Rotorua research pilot, this research includes in-depth interviews with agencies, intermediaries and New Zealanders across three or four regions.

  - **Survey of New Zealanders**: This survey will collect information on the determinants of trust in State Services and the determinants of service quality/satisfaction as well as to measure the extent of New Zealanders' confidence in the integrity of State servants when delivering services.

- The research strategy was completed and terms of reference agreed for five coordinated research projects within agreed timeframes.

- The Targeted Qualitative Research programme and Survey of New Zealanders were completed in line with performance measures and timelines identified in the project plans.

- Three regions were selected for the Targeted Qualitative Research programme – Waitakere, Christchurch and Taranaki.

- The Survey of New Zealanders was completed and successfully identified determinants of trust in State Services and the determinants of satisfaction with service quality. Determinants of satisfaction with service quality will form the basis of future satisfaction survey questions.

- Summary findings from both research projects will be reported in the *2007 State of the Development Goals Report.*

Required results	Service delivery
Regional coordination	
• Manage engagement in Northland and Auckland. Review and update plans by August 2006.	• SSC has maintained strong engagement in Auckland and Northland. SSC has taken a key role in a project led by the Ministry of Economic Development to strengthen the accountability and governance arrangements for the Government Urban and Economic Development Office (GUEDO) to further the Government's economic transformation agenda in Auckland. An overview of developments in Northland was maintained by the Regional Assistant Commissioner and through visits by State Services Performance Specialists.
• Coordinate relationship management activity for all regions.	• Options for ongoing activity have been formulated and are currently being considered.
• Provide resources and assistance for regional engagement planning.	• A decision was taken to incorporate this into SSC departmental engagement planning.

Output 3.6: State Services Integrity and Conduct

This output provides for leadership to the State Services on integrity and conduct.

It contributes to the achievement of the Trusted State Services Development Goal.

Required results	Service delivery

Integrity and conduct

- Develop minimum standards of integrity and conduct for the State Services. Disseminate and launch minimum standards by 30 June 2007.

- Engage stakeholders in how standards would be expressed in a code of conduct that complies with the provisions of the State Sector Act by 30 June 2007.

- Standards of Integrity and Conduct, a code of conduct for the State Services, was developed following wide consultation, and launched on 19 June 2007. The code comes into effect on 30 November 2007.

- Qualitative research was conducted with State servants and members of the public to identify values and expected standards of behaviour. The research confirmed that the traditional values of the New Zealand public sector were the enduring expectation of most people. These were drafted into a possible code of conduct for the State Services.

- The draft code then went through a detailed process of consultation. The draft was:
  – discussed in individual meetings with departments and Crown entities
  – discussed in meetings with representatives of unions and professional associations
  – posted on the SSC website, with comment on the wording invited.

  The feedback was taken into account and, where appropriate, the draft was revised to clarify areas of concern.

- Work with State Services agencies to integrate minimum standards of integrity and conduct into their business practices.

- Meetings were held with representatives from the agencies to which the standards apply.

- In June 2007, SSC held workshops about implementing the code of conduct, which were attended by 53 human resources managers.

- *Implementing the code of conduct – resources for organisations* was developed to assist agencies to implement the new code.

- Provide ad hoc advice and guidance on integrity matters.

- Responded to a range of agency queries – both direct and through the website.

- Measure levels of trustworthiness. Identify elements of trustworthiness and how they could be measured.

- Conduct survey to measure trustworthiness by 30 June 2007.

- The New Zealand State Services Integrity and Conduct Survey was undertaken in April 2007. 4,642 State servants from 38 agencies participated in the benchmark survey. The average response rate was 60%.

- A report of findings will be published in September 2007.

Output 3.7: Ad Hoc Reviews

This output provides for ad hoc reviews as required by the Prime Minister, the Minister of State Services, the Cabinet or the State Services Commissioner in response to performance failures of particular agencies or the identified risk thereof, or in response to specific Ministerial directives.

It contributes to the achievement of all the Development Goals.

Required results	Service delivery
Ad hoc reviews	
• Undertake statutory investigations, inquiries and ad hoc reviews as required.	• At Cabinet's request, SSC undertook a review of previous work examining border control issues and the idea of a single New Zealand border agency. It was completed at the end of March 2007.
• Investigations, inquiries and reviews comply with the provisions of the State Sector Act and agreed terms of reference.	• At Cabinet's request, SSC conducted a review of the potential for, and implication of, the greater use of shared services in the public sector. Cabinet approved the SSC's recommendations in April 2007. One of these directed the SSC to undertake further work and report to Cabinet by July 2007.
• It is not possible to estimate the number of reviews, as each investigation, inquiry or review is a unique event. Historical data: – 2005/06: one review – 2004/05: three reviews – 2003/04: four reviews – 2002/03: two reviews.	
• Advice will conform to the quality criteria set out on page 22.	• All reviews met the agreed timelines and quality standards.
• All inquiries and reports will be consistent with statute and meet natural justice requirements.	
• Each review will meet the timeline agreed.	
• Costs are recovered from other agencies wherever possible, depending upon the nature of the investigation.	

Output 3.8: Ministerial Services

This output provides for provision of support to the Minister of State Services for correspondence, parliamentary questions and, as required, responses to select committees.

Required results	Service delivery

Ministerial Services

Required results	Service delivery
• An estimated 150 to 200 items of Ministerial correspondence will be completed.	• 69 items of Ministerial correspondence were completed during the year.
• Responses will be prepared to an estimated 50 to 100 requests under the Official Information Act.	• 62 requests under the Official Information Act were responded to, of which 13 were Ministerial Official Information Act requests.
• Responses to an estimated 100 to 150 parliamentary questions will be completed.	• Responses to 67 parliamentary questions were completed during the year.
• An estimated two select committee questionnaires will be completed.	• Responses to two select committee questionnaires were completed.
• 95% of replies to Ministerial correspondence, parliamentary questions and select committee questions directed to the Minister of State Services, will be acceptable to the Minister without the need for further work.	• No requests for rework were received.
• Responses to select committees will be complete and accurate as indicated by SSC records.	• Responses to select committees were complete and accurate as indicated by SSC records.
• Responses will be provided to the office of the Minister of State Services within the following timelines: – Oral parliamentary questions: an hour before the House sits. – Written parliamentary questions: by 11am on the fifth day after receipt. – Responses to Ministerial correspondence: within 10 working days. – Official Information Act requests: within 10 working days. – Select committee questions: within the stipulated timeline.	• Responses to Ministerial correspondence, parliamentary questions, Official Information Act requests and select committee questions were answered on time, with the exception of: – one item of Ministerial correspondence – three requests under the Official Information Act, and – seven parliamentary questions.

Output 3.9: Management Services

This output includes a range of operational services provided directly to clients, including:

• management of records and residual liabilities arising from the activities of now disestablished government departments

• provision of accounting services for selected Public Service departments.

Required results	Service delivery

Management of residual records of disestablished government departments

• Records of disestablished government departments are managed (including storage, retrieval, retention and disposal) in accordance with the Public Records Act 2005, ISO 15489 and other relevant legislation and standards.	• Records were managed in accordance with relevant legislation and standards.

Provision of accounting services for selected Public Service departments

• Provide accounting services to the Serious Fraud Office and the Ministry for Culture and Heritage, meeting appropriate professional standards and the requirements of the Treasury and the Office of the Controller and Auditor General in 2006/07.	• Accounting services were provided in accordance with agreements. All requirements of the Treasury, the Office of the Controller and Auditor General, and professional standards were complied with.

Management of outstanding legal liabilities

• Manage unknown and contingent legal liabilities of pre-1988 State Services Commission and the former Ministry of Works and Development.	• There was no activity during this period.

Output Class 4: Treaty Information

Description

This output class provides for the production of booklets on the Treaty of Waitangi and for contract management functions associated with extending the TREATY 2 U tour.

Output Class 4: Treaty Information

Statement of cost of services (GST exclusive)

2005/06 Actual		Main Estimates	Supp. Estimates	Actual
$000		$000	$000	$000
3,196	Revenue – Crown	400	400	400
18	Revenue – Departments	-	-	-
-	Revenue – Other	-	-	-
3,214	Total revenue	400	400	400
3,126	Expenses	400	400	396
88	Net surplus	-	-	4

Work under this output class was concluded in 2006/07.

Output 4.1: Treaty Information

This output provides for the management, delivery and coordination of a three-year programme to raise the level of public knowledge of the Treaty of Waitangi through the provision of factual and balanced information.

Required results	Service delivery

Treaty of Waitangi touring exhibition

- A memorandum of understanding will be prepared between the State Services Commissioner and the Museum of New Zealand Te Papa Tongarewa to extend the TREATY 2 U exhibition into 2006/07. This is in response to demand from communities who were not visited in 2005/06, schools whose bookings were unable to be accommodated and ongoing interest from tertiary institutions and local government agencies.

- Produce Treaty based information resources for dissemination to key stakeholders. Print additional sets of five information booklets on the Treaty of Waitangi prepared as an education resource to support the touring exhibition.

- A memorandum of understanding between State Services Commissioner and the Museum of New Zealand Te Papa Tongarewa was agreed in August 2006.

- The TREATY 2 U Tour commenced in January 2007 and visited 27 locations by May 2007.

- 15,000 sets of five information booklets, 7,500 CDs and 4,000 Tree Hut Treaty booklets were provided to the Museum of New Zealand Te Papa Tongarewa for distribution as part of the touring exhibition.

- Resources were also provided to members of the public on request.

Output Class 5: Government Shared Network

Description

The Government Shared Network project is one of the core components of the Government's Digital Strategy and e-government programmes. It contributes to the achievement of the Networked State Services Development Goal.

Output Class 5: Government Shared Network

Statement of cost of services (GST exclusive)

	Main Estimates	Supp. Estimates	Actual
	$000	$000	$000
Revenue – Crown	-	-	-
Revenue – Departments	-	-	58
Revenue – Other	-	9,111	133
Total revenue	-	9,111	191
Expenses	-	9,111	6,007
Net surplus	-	-	(5,816)

On 4 June 2005, Cabinet directed the SSC to source and implement a Government Shared Network (GSN) [CBC Min (05) 6/13 refers]. During 2005/06 the initial development costs of $1.530 million were incurred against an Other Expense appropriation. A new Output Expense appropriation was established for 2006/07 and outyears to cover expenses incurred by SSC in implementing and operating the GSN. Approval to proceed and funding arrangements for the GSN were confirmed by Cabinet on 26 June 2006 [EXG Min (06) 1/3 and CAB Min (06) 23/2 refer]. Approval has been obtained to carry forward $2.934 of the unspent $3.104 million appropriation to 2007/08, reflecting delays in implementation of the project. The Crown has made provision for up to $23 million to cover early year operating deficits and capital expenditure to complete and launch the project. The Revenue – Other figure in the Supplementary Estimates was misstated by incorrectly including the offsetting capital injections from the Crown. Ultimately the costs of providing the GSN will be fully recovered from charges paid by agencies for use of the network.

Output 5.1: Government Shared Network

This output provides for the implementation of the Government Shared Network project.

Required results	Service delivery
Government Shared Network	
• Finalise operating revenue and expenditure estimates for 2006/07.	• Operating revenue and expenditure estimates were completed by 31 May 2006.
• Plan, design, build and implement the Government Shared Network to be a dedicated, high speed, secure, nationwide telecommunications network infrastructure for government agencies. It will deliver a portfolio of common services that will be available to all participating agencies.	• The Government Shared Network was put through an exhaustive programme of development and testing throughout the first half of the year, involving foundation agencies and suppliers. Testing included technical aspects of the network and the service delivery processes and supporting organisation.
	• The first two services to be provided over the Government Shared Network – core.connect and office.connect – were fully operational at 30 June 2007, with immediate implementation planned for over 60 agency sites, across five separate agencies, to be connected and operating on the Government Shared Network using these services. Testing and piloting was being implemented for the first agency to use the internet.connect suite of products, due for release in late August 2007.
	• By 30 June 2007, the Government Shared Network Service Desk was operational 24 hours a day monitoring and managing the network.
• Aim to have eight foundation agencies using the Government Shared Network by 30 June 2007.	• The first two agencies to join the Government Shared Network had all sites connected by 30 June 2007, with a further three agencies partially connected.
	• Memoranda of understanding to connect to the Government Shared Network were being negotiated with nine agencies, with imminent completion, and in the process of development with a further eight agencies.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007

Reporting Entity

The State Services Commission (SSC) is a government department as defined by section 2 of the Public Finance Act 1989.

The SSC's financial statements have been prepared in accordance with section 45B of the Public Finance Act 1989.

In addition, the SSC has reported the Crown activities that it administers.

The SSC does not administer trust monies.

Measurement system

These financial statements have been prepared on the basis of historical cost.

Accounting policies

The following particular accounting policies that materially affect the measurement of financial results and financial position have been applied.

Budget figures

Main Estimates refers to the figures presented in the 2006/07 Main Estimates of Appropriations.

Supplementary Estimates (Supp. Estimates) refers to the figures presented in the 2006/07 Supplementary Estimates of Appropriations, and any transfers made by Order in Council under section 26A of the Public Finance Act 1989.

Revenue

The SSC derives revenue through the provision of outputs to the Crown, and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost allocation

The SSC has derived the costs of outputs shown in these statements using a cost allocation system that is outlined below.

Cost allocation policy
Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs
Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs assigned to outputs
Direct costs are charged directly to outputs.

For the year ended 30 June 2007, direct costs accounted for 80% of the SSC's costs (2006: 77%).

Basis for assigning indirect and corporate costs to outputs
Indirect costs are allocated to outputs in proportion to the number of full-time equivalents involved in the production of each output.

For the year ended 30 June 2007, indirect costs accounted for 20% of the SSC's costs (2006: 23%).

STATEMENT OF
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

Receivables

Receivables are recorded at estimated realisable value after providing for doubtful and uncollectable debts.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these are expensed in the period in which they are incurred.

Fixed assets

The initial cost of a fixed asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use.

Fixed assets, or groups of assets costing more than $1,000, are capitalised and recorded at historical cost.

Depreciation

Depreciation of fixed assets is provided on a straight line basis so as to allocate the cost of assets, less any estimated residual value, over their useful lives.

The useful lives and associated depreciation rates for major classes of assets are estimated as follows:

Asset	Depreciation rate	
Furniture, fixtures and fittings	5 years	(20%)
Works of art	10–100 years	(10%–1%)
Office equipment	5 years	(20%)
Plant	5 years	(20%)
Motor vehicles	5 years	(20%)
Computer equipment and software	3–7 years	(33.3%–14.3%)

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

Capital work in progress is not depreciated. Depreciation commences when the work is completed and ready for use, at which time it is transferred to the appropriate fixed asset category.

Employee entitlements

Provision is made in respect of the SSC's liability for annual, long service and retirement leave. Annual leave and retirement leave have been calculated on an actual entitlement basis at current rates of pay, while the long service leave provision has been calculated on an actuarial calculation based on the present value of expected future entitlements.

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

Statement of cash flows

Cash means cash balances on hand and held in bank accounts.

Operating activities include cash received from all income sources of the SSC and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by or repayment of capital to the Crown.

Foreign currency

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction. Where a forward contract has been used to establish the price of a transaction, the forward rate specified in the foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the exchange rate on date of settlement is recognised.

Financial instruments

The SSC is party to financial instruments as part of its normal operations. These financial instruments include instruments such as bank balances, accounts receivable and accounts payable. All financial instruments are recognised in the statement of financial position at their estimated fair value.

Revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

Goods and services tax (GST)

The statement of financial position is exclusive of GST, except for creditors and payables, and debtors and receivables, which are GST inclusive. All other statements are GST exclusive.

The net amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between output GST and input GST, is included in creditors and payables, or debtors and receivables (as appropriate).

Related party transactions

The SSC is wholly owned by the Crown. The Government significantly influences the roles of the SSC as well as being its major source of revenue.

The SSC enters into many transactions with other government departments, Crown entities and State-owned enterprises. These transactions are carried out on an arm's-length basis. They are not considered to be related party transactions.

Apart from those transactions described above, the SSC has not entered into any related party transactions.

STATEMENT OF
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided for.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are unperformed obligations.

Contingent liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Taxpayers' funds

This is the Crown's net investment in the SSC.

Changes in accounting policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with other years.

STATEMENT OF
FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)	30/6/2007 Main Estimates ($000)	30/6/2007 Supp. Estimates ($000)
	REVENUE				
37,197	Crown		**37,375**	33,710	41,973
6,209	Other	1	**7,207**	5,633	16,100
43,406	**Total operating revenue**		**44,582**	39,343	58,073
	EXPENDITURE				
17,288	Personnel costs	2	**20,825**	18,073	20,954
22,012	Operating costs	3	**24,488**	16,740	32,219
2,184	Depreciation	4	**2,159**	3,522	3,053
870	Capital charge	5	**1,819**	1,008	1,847
1,530	Other expenses		**-**	-	-
43,884	**Total expenses**		**49,291**	39,343	58,073
(478)	**NET SURPLUS/(DEFICIT)**		**(4,709)**	-	-

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

STATEMENT OF MOVEMENTS
IN TAXPAYERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2007

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)	30/6/2007 Main Estimates ($000)	30/6/2007 Supp. Estimates ($000)
10,602	Taxpayers' funds as at 1 July		14,552	18,354	14,552
(478)	Net surplus/(deficit)		(4,709)	-	-
(478)	Total recognised revenues and expenses for the year		(4,709)	-	-
	Capital contributions				
4,500	- Government Shared Network		10,400	3,206	13,334
980	- Other		671	-	-
(1,052)	Provision for repayment of surplus to the Crown	7	(1,107)	-	-
14,552	**TAXPAYERS' FUNDS AS AT 30 JUNE**		19,807	21,560	27,886

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)	30/6/2007 Main Estimates ($000)	30/6/2007 Supp. Estimates ($000)
14,552	**TAXPAYERS' FUNDS**		**19,807**	21,560	27,886
	Represented by:				
	CURRENT ASSETS				
12,126	Cash and bank balances		**8,390**	8,022	12,797
60	Prepayments		**272**	86	60
1,763	Receivables		**4,692**	745	1,427
13,949	*Total current assets*		**13,354**	8,853	14,284
	NON-CURRENT ASSETS				
9,416	Fixed assets	6	**20,056**	19,701	23,217
9,416	*Total non-current assets*		**20,056**	19,701	23,217
23,365	**Total assets**		**33,410**	28,554	37,501
	CURRENT LIABILITIES				
6,205	Creditors and Payables		**6,886**	5,727	8,059
1,052	Provision for repayment of surplus to the Crown	7	**1,107**	-	-
754	Provision for employee entitlements	8	**1,047**	619	754
99	Unearned income	9	**2,820**	98	99
8,110	*Total current liabilities*		**11,860**	6,444	8,912
	NON-CURRENT LIABILITIES				
609	Provision for employee entitlements	8	**701**	550	609
94	GSN capital charge	5	**1,042**	-	94
703	*Total non-current liabilities*		**1,743**	550	703
8,813	**Total liabilities**		**13,603**	6,994	9,615
14,552	**NET ASSETS**		**19,807**	21,560	27,886

Mark Prebble | State Services Commissioner
1 October 2007

Anne Smith | Chief Financial Officer
1 October 2007

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

STATEMENT OF
CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)	30/6/2007 Main Estimates ($000)	30/6/2007 Supp. Estimates ($000)
	CASH FLOWS – OPERATING ACTIVITIES				
	Cash was provided from:				
	Supply of outputs to				
37,197	- Crown		**37,241**	33,710	41,973
933	- Departments		**996**	1,932	2,219
190	- Net GST receivable		**-**	-	-
4,382	- Other		**6,531**	3,876	13,881
42,702			**44,768**	39,518	58,073
	Cash was applied to:				
	Produce outputs				
(17,225)	- Personnel		**(19,791)**	(18,073)	(20,277)
(23,272)	- Operating		**(24,849)**	(18,407)	(31,759)
-	- Net GST paid		**(399)**	-	-
(870)	- Capital charge		**(871)**	(1,008)	(1,847)
(41,367)			**(45,910)**	(37,488)	(53,883)
1,335	**Net cash inflow from operating activities**	12	**(1,142)**	2,030	4,190
	CASH FLOWS – INVESTING ACTIVITIES				
	Cash provided from:				
1	- Sale of fixed assets	10	**3**	-	-
	Cash disbursed for:				
(6,695)	- Purchase of fixed assets		**(12,616)**	(9,857)	(16,854)
(6,694)	**Net cash outflow from investing activities**		**(12,613)**	(9,857)	(16,854)
	CASH FLOWS – FINANCING ACTIVITIES				
	Cash provided from:				
5,480	- Capital contributions		**11,071**	3,206	13,334
	Cash disbursed for:				
(2,326)	- Repayment of surplus to Crown		**(1,052)**	-	-
3,154	**Net cash inflow from financing activities**		**10,019**	3,206	13,334
(2,205)	Net increase/(decrease) in cash held		**(3,736)**	(4,621)	670
14,331	Add opening total cash balance		**12,126**	12,643	12,127
12,126	**CLOSING CASH BALANCE**		**8,390**	8,022	12,797

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

STATEMENT OF
COMMITMENTS AS AT 30 JUNE 2007

The SSC has operating lease commitments in respect of accommodation at Wellington. The amounts disclosed below as future commitments are based on the current rental rates. The SSC has also entered into non-cancellable contracts for services in connection to two major projects, Government Shared Network and Authentication.

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
	Operating lease commitments	
1,840	Less than one year	**1,887**
1,840	One to two years	**1,822**
4,690	Two to five years	**4,919**
2,115	More than five years	**-**
10,485	**Total operating lease commitments**	**8,628**
	Non-cancellable contracts for services	
624	Less than one year	**4,522**
471	One to two years	**4,522**
951	Two to five years	**2,058**
420	More than five years	**-**
2,466	Total non-cancellable contracts	**11,102**
1,742	**Capital commitments – Computer hardware**	**652**
14,693	**Total commitments**	**20,382**

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

STATEMENT OF
CONTINGENT LIABILITIES AS AT 30 JUNE 2007

There are no contingent liabilities as at 30 June 2007 (30 June 2006 : Nil).

MEMORANDUM ACCOUNT –
GOVERNMENT SHARED NETWORK

A memorandum account is a notional account to record the accumulated surpluses and deficits incurred against outputs operating on a full cost recovery basis. It is intended to provide a long-run perspective on the pricing of outputs.

The Government Shared Network (GSN) was established during the financial year ended 30 June 2006 (2005/06) and in that financial year its establishment costs were accounted for against an other expense appropriation. From 1 July 2007 the GSN was established as an output class and its operating costs were accounted for against a departmental output expense appropriation. The costs of providing the GSN will be fully recovered from charges paid by agencies for use of the network.

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
-	Opening balance at 1 July	(1,530)
(1,530)	Establishment costs incurred in 2005/06	
0	Revenue	191
0	Expenses	(6,007)
(1,530)	**Closing balance at 30 June**	(7,346)

The Crown has approved a capital draw down facility of up to $23 million to complete and launch the GSN and cover early year operating losses.

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

STATEMENT OF DEPARTMENTAL EXPENSES OR CAPITAL EXPENDITURE INCURRED

WITHOUT APPROPRIATION OR OTHER AUTHORITY FOR THE YEAR ENDED 30 JUNE 2005

There was unauthorised spending in the first three months of the financial year because when Cabinet agreed to provide funding for the Government Shared Network in June 2006, the technical recommendations did not seek Cabinet approval for the use of Imprest Supply until the Supplementary Estimates were passed. The unauthorised spending was $1.772 million against the Government Shared Network departmental output expense and a breach of the net asset schedule through the draw down of $2.159 against the capital facility. Validation by Parliament for this unauthorised spending will be sought in the Appropriation (2006/07 Financial Review) Bill to be presented by the Minister of Finance in accordance with Section 26C of the Public Finance Act 1989.

There was no unauthorised spending in relation to the activities of the SSC for the year 30 June 2006.

STATEMENT OF

DEPARTMENTAL EXPENSES AND APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2007

	30/6/2007 Expenditure Actual ($000)	30/6/2007 Appropriation Voted* ($000)
VOTE: STATE SERVICES		
Appropriations for classes of departmental outputs		
E-government Development and Operations	**18,466**	22,162
Government Shared Network**	**6,007**	9,111
State Services Development, Governance and Performance	**12,082**	12,978
State Services People Capability	**12,340**	13,422
Treaty Information	**396**	400
TOTAL	**49,291**	58,073

*   This includes adjustments made in the Supplementary Estimates and transfers under Section 26A the Public Finance Act 1989.

** In the financial year ended 30 June 2006 the Government Shared Network was not an output class and expenses were incurred against a departmental other expense appropriation.

The accompanying policies and notes form part of these financial statements. For information on major budget variances against budget refer to Note 16.

FINANCIAL STATEMENTS

Note 1: Other revenue

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)
3,985	Public Sector Training Organisation (PSTO) services		4,248
-	Government Logon Service funding		1,150
381	State Sector Retirement Saving Scheme funding from Crown		453
393	Conferences fees		220
-	Government Shared Network		188
381	Sub-lease rental recoveries		70
1	Net gain on sale of fixed assets	10	3
1,068	Other (reviews, accounting services etc)		875
6,209	**TOTAL OTHER AND DEPARTMENTAL REVENUE**		7,207

Note 2: Personnel costs

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)
15,915	Salaries and wages		19,319
714	Staff training and development		761
516	Superannuation		589
132	Retirement and long service leave		130
11	Fringe Benefit Tax		11
-	Other personnel costs		15
17,288	**TOTAL PERSONNEL COSTS**		20,825

Note 3: Operating costs

30/6/2006 Actual ($000)		Note	30/6/2007 Actual ($000)
9,794	Consultancy		10,945
643	Legal fees		304
71	Audit fees to auditors for audit of the financial statements		74
-	Audit fees to auditors for New Zealand equivalents to International Financial Reporting Standards (NZ IFRS)		5
4	Fees to auditors for other services provided		32
99	Fixed asset write-offs	11	17
-	Increase in provision for doubtful debts		2
1,834	Rental and operating leasing costs		1,989
451	Other occupancy costs		568
3,130	IT and communication costs		5,611
674	Travel		687
5,312	Other operating costs		4,254
22,012	**TOTAL OPERATING COSTS**		24,488

Note 4: Depreciation

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
910	Computer hardware	1,255
626	Computer software	369
67	Plant and equipment	71
573	Furniture and fittings	455
3	Works of art	4
5	Motor vehicle	5
2,184	**TOTAL DEPRECIATION CHARGE**	2,159

Note 5: Capital charge

The SSC pays a capital charge to the Crown based on taxpayers' funds at 30 June and 31 December each year. The capital charge rates for the 2006/07 financial year were 7.5% (2005/06: 8.0%) for the SSC and 12.5% (2005/06: 12.5%) for the Government Shared Network (GSN). The capital charge for the GSN is compounded and payment is deferred until July 2010.

FINANCIAL STATEMENTS (CONTINUED)

Note 6: Fixed assets

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
	Computer hardware	
5,893	At cost	**10,117**
211	Work in progress	**466**
(5,011)	Accumulated depreciation	**(5,720)**
1,093	**Net book value**	**4,863**
	Computer software	
4,107	At cost	**14,734**
6,629	Work in progress	**2,758**
(3,578)	Accumulated depreciation	**(4,305)**
7,158	**Net book value**	**13,187**
	Plant and equipment	
879	At cost	**1,070**
(677)	Accumulated depreciation	**(748)**
202	**Net book value**	**322**
	Furniture and fittings	
3,181	At cost	**4,344**
(2,378)	Accumulated depreciation	**(2,805)**
803	**Net book value**	**1,539**
	Works of Art	
145	At cost	**154**
(3)	Accumulated depreciation	**(22)**
142	**Net book value**	**132**
	Motor vehicles	
26	At cost	**26**
(8)	Accumulated depreciation	**(13)**
18	**Net book value**	**13**
	Total fixed assets	
14,231	At cost	**30,445**
6,840	Work in progress	**3,224**
(11,655)	Accumulated depreciation	**(13,613)**
9,416	**TOTAL CARRYING AMOUNT OF FIXED ASSETS**	**20,056**

Note 7: Provision for repayment of surplus to the Crown

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
(478)	Net surplus/(deficit)	(4,709)
1,530	Add: Other expenses (not for production of outputs)	-
1,052	Net surplus from delivery of outputs	(4,709)
-	Adjustment for Government Shared Network memorandum account deficit	5,816
1,052	**TOTAL PROVISION FOR REPAYMENT OF SURPLUS**	1,107

Note 8: Provision for employee entitlements

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
	Non-current liabilities	
609	Retirement and long service leave	701
609	*Total non-current portion*	701
	Current liabilities	
70	Retirement and long service leave	100
684	Annual leave	947
754	*Total current portion*	1,047
1,363	**TOTAL PROVISION FOR EMPLOYEE ENTITLEMENTS**	1,748

NOTES TO THE
FINANCIAL STATEMENTS (CONTINUED)

Note 9: Unearned income

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
-	Government Logon Service funding	2,075
-	Public Sector Training Organisation (PSTO) services	420
99	Other unearned income	325
99	**TOTAL REVENUE IN ADVANCE**	2,820

Note 10: Net gain on sale of fixed assets

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
1	Furniture and fittings sold	3
1	**NET GAIN ON SALE OF FIXED ASSETS**	3

Note 11: Fixed assets written off

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)
99	Computer software – websites	16
-	Furniture and fittings	1
99	**TOTAL ASSETS WRITTEN OFF**	17

Note 12: Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

30/6/2005 Actual ($000)		Note	30/6/2007 Actual ($000)
(478)	**Net surplus/(deficit)**		**(4,709)**
	Add non-cash items		
2,184	Depreciation		**2,159**
99	Fixed asset write-offs		**17**
22	Other non-cash items		**-**
60	Increase/(decrease) in non-current employee entitlements		**92**
-	Increase/(decrease) in deferred capital charge for GSN		**948**
2,365	**Total non-cash items**		**3,216**
	Add/(less) movements in working capital items		
26	(Increase)/decrease in prepayments		**(212)**
(895)	(Increase)/decrease in receivables		**(2,931)**
182	Increase/(decrease) in payables and provisions		**682**
1	Increase/(decrease) in revenue in advance		**2,721**
135	Increase/(decrease) in current employee entitlements		**293**
(551)	**Working capital movements**		**553**
	Add/(less) investing activities		
(1)	Net loss/(gain) on sale of fixed assets	9	**(3)**
-	Increase/(decrease) creditors for fixed assets		**(199)**
(1)	Total investing activity items		**(202)**
1,335	**NET CASH FLOW FROM OPERATING ACTIVITIES**		**(1,142)**

Note 13: Contingencies

The SSC does not have any contingent assets as at 30 June 2007 (2006: Nil).

Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

Note 14: Financial Instruments

The SSC is party to financial instrument arrangements as part of its everyday operations. These financial instruments include instruments such as bank balances, accounts receivable and accounts payable.

Credit risk
Credit risk is the risk that a third party will default on its obligations to the SSC, causing the SSC to incur a loss. In the normal course of its business the SSC incurs credit risk from trade debtors, and transactions with financial institutions.

The SSC does not require any collateral or security to support financial instruments with financial institutions the SSC deals with as these entities have high credit ratings. For its other financial instruments the SSC does not have significant concentrations of credit risk.

Fair value
The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Currency and interest rate risk
The SSC has no material exposure to currency risk, and its financial instruments are not interest rate sensitive.

Under Section 46 of the Public Finance Act, the SSC cannot raise a loan without Ministerial approval, and no such loans have been raised. Accordingly, there is no interest rate exposure for funds borrowed.

Note 15: Related party transactions

The SSC is wholly owned by the Crown. The Government significantly influences the roles of the SSC as well as being its major source of revenue.

The SSC enters into many transactions with other government departments and Crown entities. These transactions are carried out on an arm's length basis. Apart from the transactions described above the SSC has not entered into any related party transactions.

Note 16: Major budget variances

Explanations for major variations between actual results and forecast in the Main Estimates having regard to changes made in the Supplementary Estimates follow.

Statement of Financial Performance

Increases in personnel and operating costs provided for in the Supplementary Estimates result from Cabinet decisions on 23 June 2006 [CAB MIn (06) 23/2 refers] to proceed with the Government Shared Network (approximately $9 million) under a new output expense appropriation and the All-of-government Authentication Programme (approximately $8 million) under the E-government Development and Operations output expense, and expense transfers from 2005/06 to 2006/07 (approximately $2 million).

The output classes were provided at a cost of $49,291 million, which is $8,782 million less than Supplementary Estimates. Approval has been obtained to carry forward $7.905 million operating funding to 2007/08 to complete projects agreed between the Vote Minister and the SSC. The lower Revenue Crown figure reflects the transfer of funding for expense transfers to 2007/08.

The net deficit has arisen because the Government Shared Network operating costs were predominantly funded from capital contributions from the Crown. The $1.107 surplus generated against the other output classes ($1.104) and through the net gain on sale of fixed assets ($0.003 million) is repayable to the Crown in 2007/08.

Further variance information is provided under the Statement of Cost of Services for each output class in the Statement of Objectives and Service Performance section of the Annual Report.

Statement of Financial Position (and cash flows)

The financial position and cash flow variances reflect the impact of the integration of the All-of-government Authentication and Government Shared Network operations. The draw downs against the Government Shared Network $23 million capital facility (to cover operating deficits and capital expenditure) were less than expected due to delays in the launch of the GSN.

Note 17: Transition to New Zealand equivalents to International Financial Reporting Standards

Full adoption of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) by government departments occurs in the 2007/08 financial year. The effect on transition of the 30 June 2007 financial position to the opening 1 July 2007 financial position is to:

– reclassify computer software as an intangible asset (net book value $13.187 million); and

– recognise a current liability for sick leave (valuation $100,000) under the provision for employee entitlements, with offsetting reduction to Taxpayers' Funds.

CROWN
FINANCIAL STATEMENTS

STATEMENTS AND SCHEDULES:
NON-DEPARTMENTAL FOR THE YEAR ENDED 30 JUNE 2007

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the SSC manages on behalf of the Crown. The SSC administered $114.810 million of non-departmental payments, $10.474 million of non-departmental revenue and receipts and $(33.599) million liabilities on behalf of the Crown for the year ended 30 June 2007. Further details of the SSC's management of these Crown activities is provided in the Output Performance sections of this report.

All figures are exclusive of GST except for the Payables figure in the Schedule of Liabilities which is inclusive of GST (as applicable).

These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2006/07.

STATEMENT OF
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007

Measurement and recognition rules applied in the preparation of these non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

STATEMENT OF NON-DEPARTMENTAL
EXPENSES AND APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2007

The Statement of Non-Departmental Expenses and Appropriations details the expenses incurred against each appropriation administered by the SSC on behalf of the Crown.

30/6/2006 Expenses Actual ($000)		30/6/2007 Expenses Actual ($000)	30/6/2007 Appropriation Voted* ($000)
	VOTE STATE SERVICES		
	Appropriations for non-departmental output classes		
116	Development of Online Authentication Services	**116**	116
729	Treaty of Waitangi Touring Exhibition	**750**	750
845	**Subtotal**	**866**	866
	Appropriation for Benefits and Other Unrequited Expenses		
3,208	Mainstream Supported Employment Programme	**3,100**	4,566
3,208	**Subtotal**	**3,100**	4,566
	Appropriation for Other Expenses to be incurred by the Crown		
10,565	Payment and remuneration of chief executives	**11,061**	11,769
-	School of Government contribution	**10,000**	10,000
-	Settlement of legal liabilities	**-**	196
77,148	State Sector Employment-Based Superannuation	**89,567**	89,687
87,713	**Subtotal**	**110,628**	111,652
91,766	**TOTAL**	**114,594**	117,084

*   This includes adjustments made in the Supplementary Estimates.

The accompanying accounting policies form an integral part of these financial statements and schedules. For a full understanding of the Crown's financial position and the results of its operations for the period, refer to the consolidated audited Crown Financial Statements for the year ended 30 June 2007.

STATEMENT OF NON-DEPARTMENTAL
UNAPPROPRIATED EXPENSES FOR THE YEAR ENDED 30 JUNE 2007

There were no unappropriated expenses in relation to the activities that the SSC administered on behalf of the Crown for the year ended 30 June 2007 (30 June 2006: $1.091 million, with respect to State Sector Employment-Based Superannuation).

SCHEDULE OF
REVENUES AND RECEIPTS FOR THE YEAR ENDED 30 JUNE 2007

The Schedule of Revenues and Receipts summarises non-departmental revenues that the SSC administers on behalf of the Crown.

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)	30/6/2007 Supp. Estimates ($000)
	VOTE STATE SERVICES		
	Non-tax revenue:		
9,397	Reimbursement of chief executives' remuneration	**10,474**	11,020
9,397	**TOTAL CROWN REVENUE AND RECEIPTS: VOTE STATE SERVICES**	**10,474**	11,020

The accompanying accounting policies form an integral part of these financial statements and schedules. For a full understanding of the Crown's financial position and the results of its operations for the period, refer to the consolidated audited Crown Financial Statements for the year ended 30 June 2007.

SCHEDULE OF
ASSETS AS AT 30 JUNE 2007

The Schedule of Assets summarises the assets that the SSC administers on behalf of the Crown.

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)	30/6/2007 Supp. Estimates ($000)
	VOTE STATE SERVICES		
	Assets		
	Current assets		
5,115	Cash	-	5,227
5,115	**TOTAL NON-DEPARTMENTAL ASSETS**	-	5,227

SCHEDULE OF
LIABILITIES AS AT 30 JUNE 2007

The Schedule of Liabilities summarises the liabilities that the SSC administers on behalf of the Crown.

30/6/2006 Actual ($000)		30/6/2007 Actual ($000)	30/6/2007 Supp. Estimates ($000)
	VOTE STATE SERVICES		
	Liabilities		
-	Bank overdraft	274	-
25,546	Payables	32,163	25,887
874	Provision for employee entitlements	965	1,508
26,420	**TOTAL NON-DEPARTMENTAL LIABILITIES**	33,402	27,395

The accompanying accounting policies form an integral part of these financial statements and schedules. For a full understanding of the Crown's financial position and the results of its operations for the period, refer to the consolidated audited Crown Financial Statements for the year ended 30 June 2007.

STATEMENT OF
NON-DEPARTMENTAL COMMITMENTS AS AT 30 JUNE 2007

There are no non-departmental commitments in respect to the activities the SSC administers on behalf of the Crown as at 30 June 2007 (30 June 2006 : Nil).

STATEMENT OF
NON-DEPARTMENTAL CONTINGENT LIABILITIES AS AT 30 JUNE 2007

There are no non-departmental contingent liabilities in respect to the activities the SSC administers on behalf of the Crown as at 30 June 2007 (30 June 2006 : $10,000, relating to a claim for inadequate effluent disposal at Inangahua Junction).

The temporary bank overdraft was due to an unexpected one-off payment at the end of June to the Ministry of Health to clear an overdue State Sector Retirement Savings Scheme claim that could not be settled until a correcting credit note had been received. The bank balance had deliberately been run down at year end for financial reporting purposes. The expenditure was within the appropriation and would have otherwise been payable at year end. When informed Treasury advised that the overdraft is inconsequential due to its size and because all Crown bank accounts are consolidated overnight. Funds were drawn down from Treasury, at the earliest opportunity, on 5 July, to clear the overdraft.

The accompanying accounting policies form an integral part of these financial statements and schedules. For a full understanding of the Crown's financial position and the results of its operations for the period, refer to the consolidated audited Crown Financial Statements for the year ended 30 June 2007.

STATEMENT OF
OBJECTIVES – FORECAST FINANCIALS AS AT 30 JUNE 2007

Performance Indicators: 2006/07

| | | 2006/07 | |
| | | Forecast | |
	Unit	(SOI)	Actual
Operating results			
Revenue: Other	$000	5,633	7,207
Output expenses	$000	39,343	49,291
Operating surplus/(deficit) before capital charge	$000	1,008	(2,890)
Net surplus/(deficit)	$000	-	(4,709)
Resource utilisation			
Fixed assets:			
Total fixed assets at year end	$000	19,701	20,056
Additions	$000	9,857	12,816
Additions as % of fixed assets	%	50%	64%
Accommodation cost per employee	$000	9	9
Forecast net cash flows			
Net cash inflow from operating activities	$000	2,030	(1,142)
Net cash outflow to investing activities	$000	(9,857)	(12,613)
Net cash inflow from financing activities	$000	3,206	10,019
Net increase/(decrease) in cash held	$000	(4,621)	(3,736)
Human resources			
Staff turnover	%	18%	24%
Total staff (full-time equivalents)	No.	213	216

Section 3: Further information

This section of the Annual Report provides further information on the State Services Commission (SSC) and covers the legal responsibilities of the SSC, a glossary of terms and a directory for the SSC.

Legal responsibilities

The SSC administers the following Acts and Regulations:

- Crown Entities Act 2004 (with the Treasury)
- Fees and Travelling Allowances Act 1951
- Fees and Travelling Allowances Regulations 1952
- Government Service Equal Pay Act 1960
- Ministry of Works and Development Abolition Act 1988
- Protected Disclosures Act 2000
- State Sector Act 1988
- Terralink NZ Limited (Transfer of Employees) Act 1996.

OF TERMS

The following terms are used throughout this report:

Agencies   A general term for organisations, used most often to refer to organisations in the State sector.

Central agencies   The collective term for three departments: the Department of the Prime Minister and Cabinet, the Treasury and the State Services Commission (SSC).

Crown entities   A generic term for a diverse range of entities within one of the five categories referred to in Section 7(1) of the Crown Entities Act 2004, namely: statutory entities, Crown entity subsidiaries, school boards of trustees and tertiary education institutions. Crown entities are legally separate from the Crown and operate at arm's length from the Responsible or shareholding Minister(s); they are included in the annual financial statements of the Government.

Departments   The generic term for the departments of the Public Service, as listed in the First Schedule to the State Sector Act 1988 (whether their names may be Ministry, Department, Office or other specific name).

Public sector   The State sector and all local authorities.

Public Service   The departments listed in the First Schedule to the State Sector Act 1988. There were 35 departments as at 30 June 2006. From 1 July 2006, there were 34, due to the merger of the Department of Child, Youth and Family Services with the Ministry of Social Development.

State sector   All organisations in the annual financial statements of the Crown (e.g. departments, New Zealand Police, New Zealand Defence Force, Offices of Parliament, State-owned enterprises, Crown entities and the Reserve Bank).

State Services   State Services are defined in the State Sector Act 1988 as meaning: all instruments of the Crown, whether departments, corporations, agencies or other instruments; and including the education service and the health service; but not including:

- the Governor-General

- any member of the Executive Council

- any Minister of the Crown

- any member of Parliament

- any corporation listed in the First Schedule to the State-Owned Enterprises Act 1986 (i.e. any SOE)

- any university, polytechnic or college of education.

Other definitions can be found on the SSC's website at www.ssc.govt.nz/Glossary/

DIRECTORY

State Services Commission

100 Molesworth Street, Wellington

PO Box 329, Wellington

Phone: +64 (04) 495 6600

Fax: +64 (04) 495 6686

Email: commission@ssc.govt.nz

Website: www.ssc.govt.nz

E-government website: www.e-government.govt.nz

All-of-government portal website: www.govt.nz

New Zealand Government Jobs Online: www.jobs.govt.nz

Learning State (Public Sector Training Organisation)

Level 1, Gen-I House

154 Featherston Street

PO Box 10243, Wellington

Phone: +64 (04) 495 1410

Fax: +64 (04) 495 1419

Email: info@learningstate.govt.nz

Website: www.learningstate.govt.nz

**Regional Assistant Commissioner, Auckland and
Learning State (Public Sector Training Organisation)**

Level 8, Worldwide Tower

8–10 Whitaker Place, Auckland

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Part 3

Remuneration of Public Service and State sector senior personnel

This part of the Annual Report is the State Services Commissioner's report on the remuneration of chief executives and other senior personnel in the Public Service and State sector.

Section 1: Public Service and State sector chief executive remuneration policy

The State Services Commissioner's role includes setting and reviewing the remuneration of 31[1] Public Service chief executives, and advising on or approving the proposed terms and conditions of employment of 115 Crown entity and subsidiary chief executives. The State Services Commissioner, therefore, has a direct influence on the remuneration received by about 150 chief executive positions in the State sector.

The current Public Service chief executive remuneration policy is well established, continues to meet its objectives, and is designed to provide an environment in which high-quality leaders are attracted to and encouraged to perform in key roles. The main features of the policy are to:

*   link Public Service chief executive remuneration to chief executive remuneration practice in the public sector[2]
*   provide flexibility and discretion for the Commissioner to set remuneration within broad boundaries determined by the Government
*   link chief executives' remuneration to their performance.

The key principles of the remuneration policy noted in my last Annual Report remain the same. To reiterate, they are that the policy:

*   provides the ability to attract, retain and motivate suitable highly competent chief executives
*   is fair and equitable, flexible and transparent
*   has integrity (is statistically sound)
*   is efficient and manageable
*   is legal

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1   There were 34 departments as at 30 June 2007. From 1 July 2007, there were 35, due to the establishment of the New Zealand Food Safety Authority as a department. The State Services Commissioner does not set remuneration for the chief executives of three departments: the State Services Commission, the Crown Law Office and the Government Communications Security Bureau.

2   The State sector plus the organisations of local government in New Zealand collectively make up the public sector.

- is affordable
- supports the business of government
- inspires public confidence.

The benchmark for Public Service and State sector chief executives' remuneration is the public sector, for which remuneration data is collected by the SSC through its annual chief executive remuneration survey. Apart from this, I also regularly monitor other markets to see how the public sector fits into the wider picture.

State Services Commissioner's influence

Figure 1 below illustrates chief executive remuneration across the public sector in terms of my degrees of influence:

Figure 1 – State Services Commissioner's influence on chief executives' remuneration
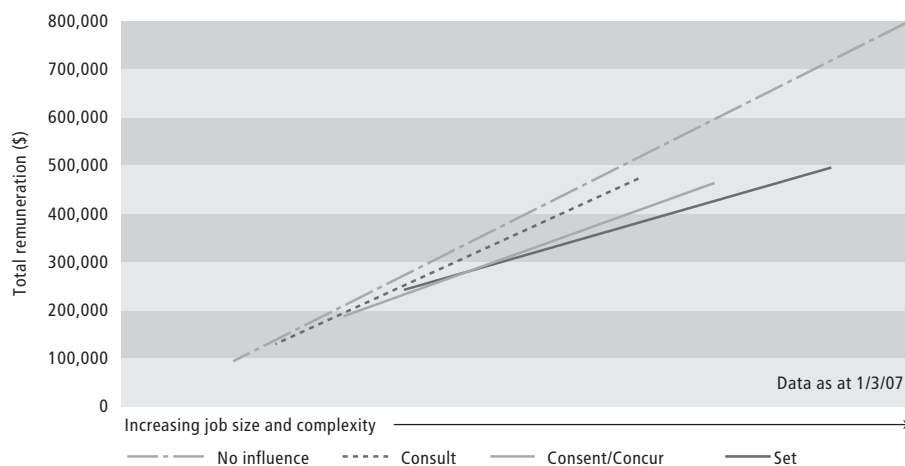
The solid line in Figure 1 shows Public Service chief executives' remuneration as the line that I *set*. The two lines immediately above it show the remuneration of chief executives in the State sector whose remuneration I *consent* or *concur* to (mainly tertiary institutions and district health boards) and those that *consult* with me (the majority of Crown entities). The upper line shows the remuneration of chief executives of organisations over which I have *no influence* – organisations in the public sector but which are local government bodies or trading enterprises operating in a commercial environment.

The Public Service

There is still a view held by some that the Public Service chief executives are well paid, if not overpaid, for what they do despite the remuneration line in Figure 1 showing Public Service chief executives remuneration to generally be lower than other groups. I reiterate my comments from last year that I believe these views are misguided and fail to fully appreciate the nature and importance of the work and the full responsibilities of those chief executives.

Public Service chief executive roles are big and complex jobs that, in my view, are often under-rated. Public Service chief executives are required to operate in a political environment, manage relationships with a range of stakeholders, and often

deal with issues of fundamental importance to all New Zealanders. Between them, the 31 Public Service chief executives whose remuneration I set employ approximately 42,000 people and have accountability for their combined employment output.

Public Service chief executive remuneration is not, and nor should it be, on a par with that paid to private sector chief executives, or even with some in the public sector. However, it is equally important that Public Service chief executives are remunerated fairly. I strive to achieve a balance between the Government's and the public's requirement for a conservative and modest approach, and the need to recruit and retain highly qualified and suitable people. I am fortunate that I have been able to attract professional people of high calibre who wish to serve the government of the day and the people of New Zealand, and whose motivation is not solely financial.

A key element of all chief executives' remuneration is the performance component. I continue to believe that there should be a direct correlation between what chief executives are paid and their performance in the position. One of my goals is to ensure that performance management of Public Service chief executives is an ongoing programme and includes genuine motivators to encourage better performance. I believe the key to better performance management lies in the setting and voicing of clear performance expectations. My focus is to create an environment in which the Government's priorities are factored into performance evaluation and assessment, with measures closely aligned to delivering on the Government's vision for a world class professional State Services serving the government of the day and meeting the needs of New Zealanders. The Development Goals for the State Services provide a framework for how we lead and track performance improvement to advance the Government's vision, and the link between chief executive performance management and the Goals is an important one.

In my 2005 and 2006 reports, I stated that I was concerned at the growing disparity between the remuneration of Public Service chief executives and that received by chief executives in equivalent sized jobs in the public sector (the benchmark group). Public Service chief executive salaries generally continue to lag behind those of their peers in the public sector, and I am having difficulty reducing the disparity. A contributing factor over the last year has been the number of new appointments made because, as is appropriate, new appointees generally start at a lower level of remuneration than their more experienced predecessors. I will continue to monitor the disparity and give consideration to how it might be reduced, while ensuring that any remuneration increases are based on merit, recruitment or retention, performance, modesty and related to the benchmark group.

The State sector

The remuneration policy also forms the basis of my advice on chief executive remuneration in the State sector. I consider each proposal from a board or council regarding the terms and conditions of employment for their chief executive on its merits, striking a balance with due regard to the individual circumstances, the Government policy of a conservative and modest approach, and any special business reasons particular to the organisation.

I accept that, in special circumstances, there is a need for me to show some flexibility in regard to total remuneration and the composition of remuneration packages. When considering remuneration proposals from boards or councils, it is necessary from time to time for me to give special consideration to the market from which an organisation is recruiting, and the particular skills and expertise required for the role. As with Public Service chief executive remuneration, I must strike a balance between the Government's and the public's requirement for a conservative and modest approach, and the need to recruit and retain highly qualified and suitable people in each case.

I continue to believe that, as with the Public Service, the performance component in State sector chief executive remuneration packages is a discretionary component and not an automatic entitlement. While this is a matter for the board or council's consideration as the employer, I encourage boards and councils to use the performance component effectively as a performance management tool, setting and voicing clear expectations, offering guidance and support, and monitoring performance.

The Government has expectations in terms of performance, transparency and strict accountability for spending public monies. Crown entities account for over 50% of Government operating expenditure, 65% of the Crown's physical assets and 70% of State sector employees. They are, therefore, a significant player in the State Services. A well performing Crown entity sector will make a significant contribution to the achievement of the Government's key objectives and priorities. The SSC is working with the other central agencies to achieve the desired end state of a well performing Crown entity sector where measurable improvements in the performance of Crown entities can be demonstrated. Central agencies will be supporting Ministers, departments and boards of Crown entities to attain higher levels of performance than at present.

Conclusion

Chief executive remuneration in both the Public Service and the State sector is set in accordance with the policy approved by Cabinet. The remuneration I pay to Public Service chief executives, and either approve or am consulted about in the State sector, must be considered carefully. I must strike a balance with due regard to both individual circumstances and the Government policy of a conservative and modest approach.

Mark Prebble | State Services Commissioner

Remuneration disclosure tables

Public Service chief executive remuneration has both fixed and variable components. These are set out below.

Fixed remuneration

(A) Salary

(B) Motor vehicle (cost deducted from salary)

(C) Superannuation

  either: a. employer contribution to GSF

  or   b. 10% of (A) above

Variable remuneration

(D) Performance related payment of up to 15% of the dollar value of (A) + (B)

The disclosure of Public Service chief executive remuneration is intended to strike a balance between public interest in the remuneration of public officials on the one hand and the privacy of individuals on the other. The remuneration they receive is a matter of public interest. However, the assessment of their performance is a private employment matter. The two tables in this section of the report attempt to meet these objectives.

Table 1 is the closest approximation to the current rate for each job. It is made up of the fixed remuneration (A) to (C) above at the rate applying during 2006/07, plus any performance payment made in that year [(D) above]. It may not be the amount actually received by the chief executive if he or she was not in the job for the full year. But by annualising the fixed remuneration, it gives a useful picture of the effective pay package for each chief executive.

Table 2 shows the amount actually paid to a chief executive, or acting chief executive, while they held the position during the course of the year. The sums are made up of (A) to (D) above. If the chief executive left during the course of the year, the sum also includes the payment of end of contract entitlements. These typically include annual leave not taken at the time of departure and in some cases retiring leave, a Public Service entitlement that pre-dates 1988 and which has been grandparented in the terms and conditions of some chief executives.

The combination of these two tables gives the public a fair picture of the rates of pay for Public Service chief executives as well as confidence that any one-off payments, typically around the end of contract, are disclosed.

Table 1: Annual remuneration packages for Public Service chief executive positions as at 30 June 2007, where appointment is made by the State Services Commissioner

Department	30 June 2007
Ministry of Pacific Island Affairs	$190,000 to $199,999
Archives New Zealand	$220,000 to $229,999
Education Review Office	$240,000 to $249,999
Ministry of Women's Affairs	$250,000 to $259,999
National Library of New Zealand	$250,000 to $259,999
Statistics New Zealand	$250,000 to $259,999
Department of Building and Housing	$280,000 to $289,999
Department of Conservation	$280,000 to $289,999
Ministry for Culture and Heritage	$280,000 to $289,999
Ministry of Fisheries	$290,000 to $299,999
Ministry of Research, Science and Technology	$290,000 to $299,999
Land Information New Zealand	$300,000 to $309,999
Ministry of Defence	$300,000 to $309,999
Serious Fraud Office	$300,000 to $309,999
Ministry for the Environment	$330,000 to $339,999
New Zealand Customs Service	$330,000 to $339,999
Department of Corrections	$340,000 to $349,999
Department of Labour	$340,000 to $349,999[3]
Inland Revenue Department	$340,000 to $349,999
Ministry of Transport	$340,000 to $349,999
Ministry of Māori Development	$350,000 to $359,999
Department of Internal Affairs	$370,000 to $379,999
Ministry of Education	$370,000 to $379,999
Ministry of Agriculture and Forestry	$380,000 to $389,999
Department of the Prime Minister and Cabinet	$420,000 to $429,999
Ministry of Health	$440,000 to $449,999
Ministry of Economic Development	$460,000 to $469,999
Ministry of Justice	$460,000 to $469,999
The Treasury	$460,000 to $469,999
Ministry of Foreign Affairs and Trade	$470,000 to $479,999
Ministry of Social Development	$490,000 to $499,999

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3   As at 30 June 2007, the chief executive of the Department of Labour was an acting chief executive. The sum reflects the remuneration of the previous permanent chief executive.

Table 2: Total remuneration received by Public Service chief executives and acting Public Service chief executives appointed by the State Services Commissioner, for the period 1 July 2006 to 30 June 2007

Department	Remuneration band	Effective date[4]
Archives New Zealand	$220,000 to $229,999	
Department of Building and Housing	$280,000 to $289,999	
Department of Conservation	$260,000 to $269,999	From 1 July 2006 to 13 November 2006 (acting) and from 14 November 2006 (permanent)[5]
	Under $100,000[6]	
Department of Corrections	$340,000 to $349,999	
Department of Internal Affairs	$370,000 to $379,999	
Department of Labour	$320,000 to $329,999	To 21 May 2007[7]
	Under $100,000	From 22 May 2007 (acting)
Department of the Prime Minister and Cabinet	$420,000 to $429,999	
Education Review Office	$130,000 to $139,999	To 31 October 2006
	Under $100,000	From 1 November 2006 to 11 March 2007 (acting)
	Under $100,000	From 12 March 2007
Inland Revenue Department	$420,000 to $429,999	To 23 March 2007[7]
	Under $100,000	From 26 March 2007 to 20 May 2007 (acting)
	Under $100,000	From 21 May 2007
Land Information New Zealand	$290,000 to $299,999	
Ministry for Culture and Heritage	$280,000 to $289,999	
Ministry for the Environment	$330,000 to $339,999	
Ministry of Agriculture and Forestry	$380,000 to $389,999	
Ministry of Defence	$290,000 to $299,999	To 2 September 2006[7]
	Under $100,000	From 31 August 2006 to 17 December 2006 (acting)
	$140,000 to $149,999	From 18 December 2006

4   The effective date is the date from which, or up to which, the chief executive/acting chief executive served in the role. Where no effective date is shown, the chief executive served the full financial year.

5   Includes payments received while also acting in the chief executive Department of Conservation role, from 1 July 2006 to 13 November 2006, prior to being appointed to the role in a permanent capacity, effective 14 November 2006.

6   Payment of contractual entitlements for the previous permanent chief executive relating to the 2005/06 financial year.

7   Includes payment of contractual entitlements at last day of duty.

Department	Remuneration band	Effective date[4]
Ministry of Economic Development	$460,000 to $469,999	
Ministry of Education	$390,000 to $399,999	To 31 October 2006[7]
	$240,000 to $249,999	From 1 November 2006
Ministry of Fisheries	$350,000 to $359,999	To 30 June 2007[7]
Ministry of Foreign Affairs and Trade	$470,000 to $479,999	
Ministry of Health	Under $100,000	To 30 July 2006 (acting)
	$400,000 to $409,999	From 31 July 2006
Ministry of Justice	$460,000 to $469,999	
Ministry of Māori Development	$350,000 to $359,999	
Ministry of Pacific Island Affairs	$310,000 to $319,999	To 17 June 2007[7]
	Under $100,000	From 18 June 2007
Ministry of Research, Science and Technology	$290,000 to $299,999	
Ministry of Social Development	$480,000 to $489,999	
Ministry of Transport	Under $100,000	To 10 July 2006[7]
	$330,000 to $339,999	From 11 July 2006
Ministry of Women's Affairs	$250,000 to $259,999	
National Library of New Zealand	$250,000 to $259,999	
New Zealand Customs Service	$330,000 to $339,999	
Serious Fraud Office	$300,000 to $309,999	
Statistics New Zealand	$230,000 to $239,999	To 2 March 2007[7]
	Under $100,000	From 3 March 2007 to 21 May 2007 (acting)
	Under $100,000	From 22 May 2007
The Treasury	$460,000 to $469,999	

4   The effective date is the date from which, or up to which, the chief executive/acting chief executive served in the role. Where no effective date is shown, the chief executive served the full financial year.

7   Includes payment of contractual entitlements at last day of duty.

Table 3: Public Service chief executive appointments, reappointments and departures

During 2006/2007, the following chief executives were appointed under
Section 35 of the State Sector Act 1988:

Mr Alan Thompson	Ministry of Transport
Mr Stephen McKernan	Ministry of Health
Ms Karen Sewell	Ministry of Education[8]
Mr Alastair Morrison	Department of Conservation
Mr John McKinnon	Ministry of Defence
Dr Graham Stoop	Education Review Office
Mr Robert Russell	Inland Revenue Department
Dr Colin Tukuitonga	Ministry of Pacific Island Affairs

During 2006/2007, the following chief executives were appointed under
Section 37 of the State Sector Act 1988:

Mr Geoffrey Bascand	Statistics New Zealand

During 2006/2007, the following chief executives were reappointed under
Section 36 of the State Sector Act 1988:

Mr Martin Matthews	Ministry for Culture and Heritage
Mr Murray Sherwin	Ministry of Agriculture and Forestry
Mr Christopher Blake	Department of Internal Affairs
Mr Maarten Wevers	Department of the Prime Minister and Cabinet

The following chief executives left their positions during the 2006/2007 year:

Dr Robin Dunlop	Ministry of Transport	Resigned
Ms Karen Sewell	Education Review Office	Resigned[9]
Mr Brian Pink	Statistics New Zealand	Resigned
Mr David Butler	Inland Revenue Department	Resigned
Mr Graham Fortune	Ministry of Defence	Resigned
Mr Howard Fancy	Ministry of Education	Resigned
Dr James Buwalda	Department of Labour	Resigned
Fuimaono Les McCarthy	Ministry of Pacific Island Affairs	Resigned
Dr John Glaister	Ministry of Fisheries	Resigned

8   Previously Chief Executive of the Education Review Office.
9   Appointed Chief Executive of the Ministry of Education.

Section 2: Public Service and related organisations

The following two tables provide remuneration information on Public Service and related organisations.

Table 4: Total remuneration received by chief executives and other senior staff under the jurisdiction of the Remuneration Authority

The table below presents the total remuneration received by chief executives or their equivalents under the jurisdiction of the Remuneration Authority. The Cabinet has requested that the remuneration for chief executives of organisations, under the jurisdiction of the Remuneration Authority, that are not listed here, is included in the annual reports of those organisations. Remuneration is reported for the financial year 1 July 2006 to 30 June 2007, in $10,000 bands.

Remuneration band[10]	Organisation	Effective date[11]
Under $100,000	Parliamentary Commissioner for the Environment	From 5 March 2007
$100,000 to $109,999	-	
$110,000 to $119,999	-	
$120,000 to $129,999	-	
$130,000 to $139,999	Deputy State Services Commissioner[12]	From 1 February 2007
$140,000 to $149,999	-	
$150,000 to $159,999	-	
$160,000 to $169,999	-	
$170,000 to $179,999	Director of the Government Communications Security Bureau	From 1 November 2006
$180,000 to $189,999	-	
$190,000 to $199,999	Deputy State Services Commissioner[12, 13]	To 31 January 2007
	Director of the Government Communications Security Bureau[13]	To 31 October 2006
	Director of the New Zealand Security Intelligence Service	From 1 November 2006
$200,000 to $209,999	-	
$210,000 to $219,999	-	
$220,000 to $229,999	-	
$230,000 to $239,999	-	
$240,000 to $249,999	-	

10 The sums reported in the table are largely consistent with the requirements of Section 211 of the Companies Act 1993. The sums reflect the total remuneration received by the employee in 2006/2007.

11 Several chief executives were appointed or left during the year. The effective date is the date from which, or up to which, the chief executive or their equivalent served in the role. There are two entries for some organisations that had two chief executives during the year.

12 The Deputy State Services Commissioner is not a chief executive, but is appointed under Section 12 of the State Sector Act 1988.

13 Includes payment of contractual entitlements at last day of duty.

Remuneration band[10]	Organisation	Effective date[11]
$250,000 to $259,999	Director of the New Zealand Security Intelligence Service[13]	To 31 October 2006
$260,000 to $269,999	-	
$270,000 to $279,999	Parliamentary Commissioner for the Environment[13]	To 2 March 2007
$280,000 to $289,999	Clerk of the House of Representatives General Manager of the Parliamentary Service	
$290,000 to $299,999	Chief Ombudsman	
$300,000 to $309,999	-	
$310,000 to $319,999	-	
$320,000 to $329,999	-	
$330,000 to $339,999	Chief of the New Zealand Defence Force	
$340,000 to $349,999	-	
$350,000 to $359,999	Solicitor-General	From 1 September 2006
$360,000 to $369,999	-	
$370,000 to $379,999	-	
$380,000 to $389,999	Controller and Auditor-General	
$390,000 to $399,999	-	
$400,000 to $409,999	-	
$410,000 to $419,999	Chief Parliamentary Counsel[13]	To 29 June 2007
$420,000 to $429,999	State Services Commissioner	
$430,000 to $439,999	Commissioner of Police	

10   The sums reported in the table are largely consistent with the requirements of Section 211 of the Companies Act 1993. The sums reflect the total remuneration received by the employee in 2006/2007.

11   Several chief executives were appointed or left during the year. The effective date is the date from which, or up to which, the chief executive or their equivalent served in the role. There are two entries for some organisations that had two chief executives during the year.

13   Includes payment of contractual entitlements at last day of duty.

Table 5: Number of staff in the Public Service and related organisations who received total remuneration of $100,000 or more in the year from 1 July 2006 to 30 June 2007, excluding chief executives

The information in the following table relates to all those organisations whose chief executives are shown in Table 1, and all those in Table 4, except the New Zealand Police and the New Zealand Defence Force. The relevant information for these two organisations appears in their own annual reports. Some of the organisations did not have any staff who received total remuneration of $100,000 or more.

Remuneration band[14]	Number of staff
$100,000 to $109,999	877
$110,000 to $119,999	567
$120,000 to $129,999	439
$130,000 to $139,999	304
$140,000 to $149,999	226
$150,000 to $159,999	166
$160,000 to $169,999	119
$170,000 to $179,999	115
$180,000 to $189,999	103
$190,000 to $199,999	51
$200,000 to $209,999	36
$210,000 to $219,999	31
$220,000 to $229,999	41
$230,000 to $239,999	18
$240,000 to $249,999	22
$250,000 to $259,999	11
$260,000 to $269,999	9
$270,000 to $279,999	7
$280,000 to $289,999	12
$290,000 to $299,999	7
$300,000 to $309,999	1
$310,000 to $319,999	4
$320,000 to $329,999	4
$330,000 to $339,999	-
$340,000 to $349,999	3
$350,000 to $359,999	1

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14   The sums reported in the table are largely consistent with the requirements of Section 211 of the Companies Act 1993. The sums reflect the total remuneration received by the employee in 2006/2007.

Section 3: Tertiary education sector

The following two tables present similar information to that in Section 2, above, for the tertiary education sector.

Table 6: Total remuneration received by chief executives in the tertiary education sector

The table below presents the total remuneration received by chief executives in the tertiary education sector for the financial year 1 January 2006 to 31 December 2006.

Remuneration band[15]	Organisation	Effective date[16]
Under $100,000	Nelson Marlborough Institute of Technology	From 23 October 2006
	Te Whare Wānanga o Awanuiarangi	From 10 October 2006
	Whitireia Community Polytechnic	From 1 September 2006
$100,000 to $109,999	-	
$110,000 to $119,999	Nelson Marlborough Institute of Technology[17]	To 31 July 2006
	Tai Poutini Polytechnic[17]	To 2 September 2006
$120,000 to $129,999	Christchurch Polytechnic Institute of Technology	From 10 July 2006
$130,000 to $139,999	-	
$140,000 to $149,999	Te Wānanga o Raukawa	
$150,000 to $159,999	-	
$160,000 to $169,999	-	
$170,000 to $179,999	Christchurch Polytechnic Institute of Technology[17]	To 30 April 2006
	Telford Rural Polytechnic	
	Waiariki Institute of Technology	From 7 February 2006
$180,000 to $189,999	Tairawhiti Polytechnic	
$190,000 to $199,999	Aoraki Polytechnic	
	Christchurch College of Education[17, 18]	To 31 December 2006
$200,000 to $209,999	Southern Institute of Technology	
$210,000 to $219,999	Bay of Plenty Polytechnic	
	Northland Polytechnic	
$220,000 to $229,999	Western Institute of Technology Taranaki	
	Whitireia Community Polytechnic[17]	To 31 August 2006

15 The sums reported in the table are largely consistent with the requirements of Section 211 of the Companies Act 1993. The sums reflect the total remuneration received by the employee in 2006.

16 Several chief executives were appointed or left during the year. The effective date is the date from which, or up to which, the chief executive served in the role. There are two entries for some organisations that had two chief executives during 2006.

17 Includes payment of contractual entitlements at last day of duty.

18 Christchurch College of Education became part of the University of Canterbury from 1/1/07.

Remuneration band[15]	Organisation	Effective date[16]
$230,000 to $239,999	Eastern Institute of Technology	
	Te Wānanga o Aotearoa	
$240,000 to $249,999	Manukau Institute of Technology[17]	To 3 August 2006
	Wellington Institute of Technology	
$250,000 to $259,999	Dunedin College of Education[17, 19]	To 31 December 2006
	Otago Polytechnic	
$260,000 to $269,999	The Open Polytechnic of New Zealand	
	Unitec Institute of Technology	
$270,000 to $279,999	-	
$280,000 to $289,999	Lincoln University	
	Waikato Institute of Technology	
$290,000 to $299,999	Universal College of Learning	
$300,000 to $309,999	-	
$310,000 to $319,999	-	
$320,000 to $329,999	Massey University	
	University of Waikato	
	Victoria University of Wellington	
$330,000 to $339,999	-	
$340,000 to $349,999	-	
$350,000 to $359,999	Auckland University of Technology	
$360,000 to $369,999	-	
$370,000 to $379,999	-	
$380,000 to $389,999	-	
$390,000 to $399,999	-	
$400,000 to $409,999	University of Canterbury	
	University of Otago	
$410,000 to $419,999	-	
$420,000 to $429,999	-	
$430,000 to $439,999	-	
$440,000 to $449,999	-	
$450,000 to $459,999	-	
$460,000 to $469,999	-	
$470,000 to $479,999	University of Auckland	

15 The sums reported in the table are largely consistent with the requirements of Section 211 of the Companies Act 1993. The sums reflect the total remuneration received by the employee in 2006.

16 Several chief executives were appointed or left during the year. The effective date is the date from which, or up to which, the chief executive served in the role. There are two entries for some organisations that had two chief executives during 2006.

17 Includes payment of contractual entitlements at last day of duty.

19 Dunedin College of Education became part of the University of Otago from 1/1/07.

Table 7: Number of staff in the tertiary education sector who received total remuneration of $100,000 or more in the financial year from 1 January 2006 to 31 December 2006, excluding chief executives

The information in the following table covers all those organisations whose chief executives are shown in Table 6. Some of the organisations did not have any staff who received total remuneration of $100,000 or more.

Remuneration band[20]	Number of staff
$100,000 to $109,999	676
$110,000 to $119,999	449
$120,000 to $129,999	302
$130,000 to $139,999	234
$140,000 to $149,999	179
$150,000 to $159,999	97
$160,000 to $169,999	63
$170,000 to $179,999	50
$180,000 to $189,999	30
$190,000 to $199,999	29
$200,000 to $209,999	20
$210,000 to $219,999	21
$220,000 to $229,999	11
$230,000 to $239,999	4
$240,000 to $249,999	7
$250,000 to $259,999	3
$260,000 to $269,999	2
$270,000 to $279,999	2
$280,000 to $289,999	1
$290,000 to $299,999	1
$300,000 to $309,999	-
$310,000 to $319,999	-
$320,000 to $329,999	-
$330,000 to $339,999	-
$340,000 to $349,999	2
$350,000 to $359,999	1
$360,000 to $369,999	-
$370,000 to $379,999	-
$380,000 to $389,999	-
$390,000 to $399,999	1

20   The sums reported in the table are largely consistent with the requirements of Section 211 of the Companies Act 1993. The sums reflect the total remuneration received by the employee in 2006.