

# MODERN PUBLIC SERVICES

Building Better Public Services



## Better frontline services, better value- for-money

National is committed to delivering high-quality, modern public services for New Zealand families. We're identifying the things that matter most to New Zealanders and doing them better, within tight budgets and while reducing back-office costs.

New Zealand has a very able and committed public service. The responses to events such as the Canterbury earthquakes and the swine flu outbreak have shown the public service at its very best.

The current economic climate makes it critical that the Government focuses resources on the areas where there is the most need and where it will get the greatest impact.

In Labour's last five years, total public service numbers grew almost 30 per cent, and overall government spending grew 50 per cent. These massive increases left the incoming National-led Government with a large, structural budget deficit, and an over-sized public sector.

National is committed to getting back to surplus in 2014/15 – a significant challenge which will require ongoing spending restraint and a focus on results. At the same time, New Zealanders rightly expect the public service to be as responsive, innovative and technologically smart as the rest of the economy.

*“National will maintain a cap on the number of staff in core government administration, and will lower it to the current level of 36,475 FTEs. We'll continue to modernise the way public services are delivered and find savings to put back into frontline services.”*

## Key facts

- A six per cent reduction in core government administration staff over three years, from 38,859 to 36,475 Full-Time Equivalents (FTEs).
- Reprioritised \$8 billion of funding over three Budgets towards frontline health, education and other services.
- Department and agency mergers saving \$92 million over four years.
- More frontline police, doctors, nurses and teachers.
- Lifting confidence in public services.
- On track to get back to surplus in 2014/15.

## Related policies

→ Finance

## National has...

### Capped the size of core government administration

- ✓ The number of people working in core government administration is now 36,475 FTEs, well under the cap of 38,859 set in December 2008.
- ✓ The 2,384 fewer full-time positions represents a six per cent reduction.
- ✓ There are now 18 per cent fewer communications and public relations advisors in the public sector than in December 2008.

### Increased frontline staff in key areas

- ✓ Increased key frontline staff – more teachers, doctors, nurses, and police officers.

### Reprioritised spending

- ✓ Over three Budgets, freed up almost \$8 billion to put into boosting frontline services.
- ✓ Focused on what matters most to New Zealanders, with health and education getting three-quarters of all new spending in this year's Budget.

### Increased back-office efficiency and transparency

- ✓ Introduced joint purchasing by government agencies of supplies such as vehicles and IT.
- ✓ Collected and published public sector performance information such as benchmarking of back office services across government.
- ✓ Improved transparency, including the release of chief executive expenses every six months.

### Streamlined agencies

- ✓ Merged some government departments and agencies as we create a more streamlined and efficient public service. We've:
  - Brought Archives New Zealand and the National Library into the Department of Internal Affairs.
  - Created the new Ministry of Science and Innovation, from two existing government agencies.
  - Brought together the Ministry of Agriculture and Forestry, the Food Safety Authority and the Ministry of Fisheries, to create an agency which better supports our primary industries.
  - Made changes to other government agencies including the Charities Commission and the Health Sponsorship Council.

### Promoted innovation

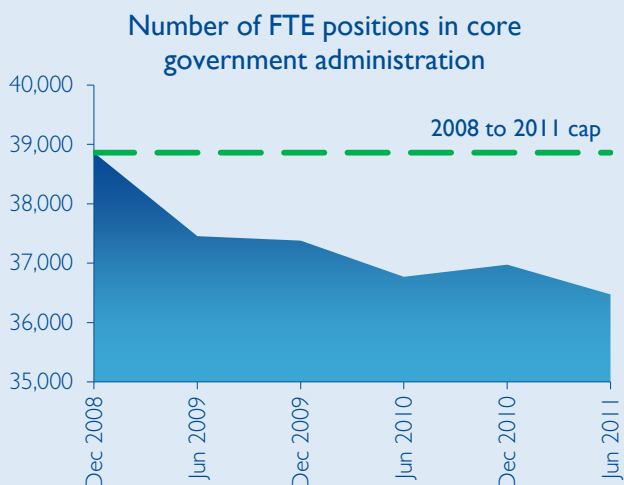
- ✓ Developed Social Sector Trials in six communities to pilot new, locally-led ways of organising and delivering social services for young people.
- ✓ Used technology to improve the quality and experience of public services, for example through SmartGate for trans-Tasman passengers to clear customs.

### Better managed the government's assets

- ✓ Established the National Infrastructure Unit to improve the way government agencies manage and plan infrastructure assets.
- ✓ Began two public-private partnerships – Wiri prison and two schools in Hobsonville – to involve the private sector in building and managing assets.

## Our results so far

### Fewer positions in core government administration



### More frontline staff

- 600 more police officers on the beat before the end of 2011.
- 300 more police on the streets of Counties-Manukau, helping turn the district around.
- 2,000 more nurses and 800 more doctors in our public health service.
- 1,600 more teachers in front of classrooms.

### Back-office efficiencies

- Our first four joint procurement projects are expected to save around \$115 million over the next five years.
- Reduced administration costs at the Ministry of Health, saving \$50 million over four years.
- Benchmarking shows that government agencies could save more than \$230 million a year through greater sharing, standardisation, and automation of back-office processes and systems.

### Increased public confidence

- More people believe the standard of public services is better under the National-led Government (Fairfax Media-Research poll, October 2011).

### Savings through merging agencies

Changes	Savings over four years
Merged the Ministry of Agriculture and Forestry, the Food Safety Authority, and the Ministry of Fisheries.	\$48 million
Brought Archives New Zealand and the National Library into the Department of Internal Affairs.	\$8 million
Created the new Ministry of Science and Innovation from the Ministry of Research, Science and Technology and the Foundation for Research, Science and Technology.	\$16 million
Reformed the way government agencies are organised across the health and charitable sectors.	\$20 million

## What we will do next...

### 1. Lower the cap on core government administration

- Keep the number of core government administration positions at no more than 36,475 FTEs.

This is the current number of positions in core government administration. The number of positions over the next three years will be below this new cap. Chief executives will be required to manage their agencies within this overall cap.

- Report publicly on the cap.

The State Services Commission will continue to report on the number of core government administration positions every six months.

### 2. Continue to find savings from the public sector

- Find \$980 million of savings over three years.

The wider state sector is expected to find \$980 million of savings over three years, from 2012/13. These savings will go towards improving frontline services and reducing debt.

- Lower new spending allowances in the next two Budgets.

Fund all new discretionary spending from the \$800 million new spending allowance in each Budget. Most of this funding will go to health and education.

- Return to surplus in 2014/15.

Ensure the public sector plays its part in the Government's challenging goal of returning to surplus in 2014/15.

### 3. Streamline government agencies

- Merge departments and other agencies, where those changes have the potential to improve the direction, focus and results of the public sector.

National has a high threshold for structural change. But where the benefits – in terms of service delivery and value-for-money – exceed the costs, the Government will make changes.

### 4. Focus on innovation and results

- Ensure that public services are modern and responsive.

Seek new and better ways to deliver public services, including more effective use of technology.

- Continue to develop integrated and locally-delivered public services.

Programmes such as Whanau Ora are a wrap-around service for families that can provide better support to those in need.

- Explore innovation in public services.

Explore new approaches to delivering government services, including making better use of community and private sector providers to drive efficiency, innovation, and choice in service delivery.

- Making sure the framework can deliver results.

Review the Public Finance Act and the State Sector Act to ensure that the public sector framework is flexible enough to achieve results across multiple agencies.

*“Frontline public services are the priority for this Government. We want to free up money for these services by reducing the costs of back-office and administrative functions... [But] we are not interested in change for the sake of change. We want change to achieve a better focus on what matters to New Zealanders, an enhancement of services to the public, and less complexity and duplication.”*

Rt Hon John Key, Prime Minister, in his Statement to Parliament, 8 February 2011.

*“What's quite clear from a recent poll that came out from Fairfax, is New Zealanders recognise that their public services have been improving over the last three years, and that's because we've had a strong focus on moving from back-office administrative functions into improving the front line.”*

Hon Tony Ryall, Minister of State Services, speaking on TV3's *The Nation*, 5 November 2011.

*“In the future, government agencies will be increasingly organised around meeting the needs of households and businesses rather than expecting New Zealanders to navigate through a maze of specialised agencies to get the services they require.”*

Hon Bill English, Minister of Finance, speaking to the Institute of Public Administration, 29 March 2011.

## Labour would take New Zealand backwards

### Labour:

- ✘ Increased the number of staff in the public service by 30 per cent in its last five years in government.
- ✘ Massively ramped up spending, leaving behind a large budget deficit, and a over-sized public sector that was crowding out the competitive sectors of the economy.
- ✘ Grew the size of government departments with no corresponding improvement in public services.
- ✘ Has opposed every change National has made to improve quality and efficiency in the public service.
- ✘ Would increase the size of the government bureaucracy and ramp up costs.

**Kiwi families can't afford another dose of Labour**