

# Better Spending, Better Services

New Zealanders have a right to expect effective delivery of frontline public services. As taxpayers, they are entitled to see departments of state run efficiently and without waste. A more focused, efficient, and productive public service is a key element in the National Party's plan for a faster-growing economy.

In the period immediately ahead, families and businesses will have no option but to behave with restraint, and they will be entitled to see similar restraint reflected in the operation of the government agencies funded by their taxes.

Years of unfocused and largely unmanaged growth have left a public service that is unbalanced between head office administrators and frontline service providers. Productivity levels are too low and now represent an impediment to the better growth levels our economy must achieve.

National will improve productivity across the public sector by ensuring there is a strong focus on the provision of frontline services, and by reining in the growth of the back-room bureaucracy.

We have previously announced we will put a cap on the size of the core bureaucracy to allow a re-balancing to occur as available resources are moved to the front line.

New Zealand now faces a period of greater economic uncertainty as the international credit crunch impacts on this country. The National Party believes that

restraint and prudence within the public sector, easing of pressure on taxpayers in the short term, and leaving maximum room for growth in the productive sector as we move out of recession, must be among the government's responses to these times.

For this reason we have decided that an incoming National Government will require departmental chief executives to undertake a line-by-line review of their expenditure, with the goal of identifying areas where savings in government administration can be made.

National will establish a Cabinet Expenditure Control Committee to oversee this process and to consider chief executives' reports on potential savings.

Based on the information it receives, this committee will be able to initiate in-depth spending reviews of particular areas of government administration to ensure the best value for taxpayers and users of public services.

The aim of this review process will be to improve frontline services.

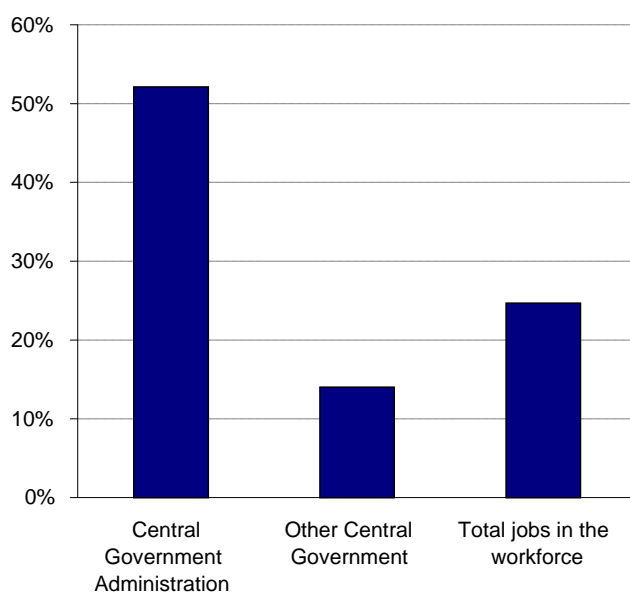
This is a time in which the public sector must play its part by seeking to improve productivity and the delivery of core services to the public. We believe this review is a more constructive approach than the indiscriminate threat of cuts to services through Labour's promised post-election mini-Budget.

## THE GROWTH IN GOVERNMENT ADMINISTRATION

The growth in the size and cost of government administration over the past nine years has been extraordinary.

Survey data from the Quarterly Employment Survey shows that since 2000 the number of people who are employed in central government administration has grown from 25,900 to 39,400. These are people who are mainly engaged in formulating and administering government policies rather than frontline service delivery.

**Figure 1 – Growth in the Central Government workforce and in the New Zealand workforce as a whole, 2000 to 2008**



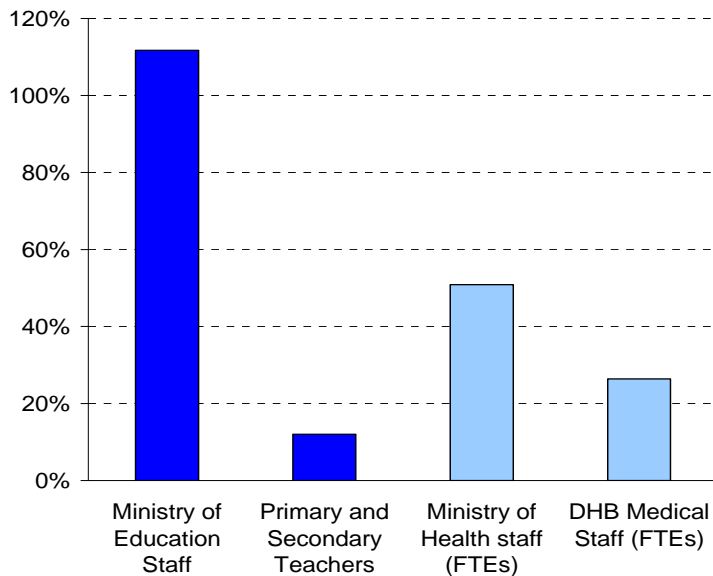
Note: "Other Central Government" includes people working in the justice, defence, education, health, Police, and corrections areas.

Source: Statistics New Zealand, Quarterly Employment Survey.

That growth in numbers represents an increase of 52% during a period in which the number of other state sector employees grew by only 14%, and the number of jobs in the economy as a whole grew by 25%.

The health, welfare and education sectors exemplify the poor quality of growth in the state sector.

**Figure 2 – Growth in education and health sector employees, 2000 to 2007**



Note: Ministry of Education staff numbers exclude Special Education employees. Ministry of Health staff numbers include employees of the Health Funding Authority in 2000.

Sources: Ministry of Education publications, Parliamentary Written Questions, SSC Human Resource Capability Survey.

In welfare, since 2002, Work & Income and Child Youth & Family staff have grown by 23% yet the policy analysis, research, and corporate units of the Ministry of Social Development have grown by 109%.

Housing these extra staff has placed real pressure on Wellington office space. In the past five years Labour has overseen an increase in the amount of extra floor space leased for government administrators in central Wellington equivalent to almost 19 rugby fields, or 13.5 hectares.

Much of the work for these additional staff has been process-driven and introverted. Since 2000, there have been more than 250 different strategies. And Wellington is now littered with steering committees and interdepartmental working groups producing strategies, consultation documents, and action plans.

## NATIONAL'S AIMS

National will cap the size of the core bureaucracy in the first term of government. Our priority will be the delivery of frontline services that directly benefit New Zealanders. This will, over time, restore a better balance between the number of state employees who are giving advice to the Government and the number who are working on the front line.

National will limit new spending in its first Budget to the priorities we have identified in the election campaign and non-discretionary pressures that cannot be deferred or absorbed. We will tell government departments we will not consider any 'budget bids' for new funding. Additional public services will need to be funded by back-office savings.

Ministers and chief executives will still have spending pressures to contend with. However, these pressures will be met in the first instance by reallocating funding within departments and Crown entities.

We will also ensure that proposals for new activities or for new services are carefully examined so we can be certain they will make a difference.

National will also require departmental chief executives to undertake a line-by-line review of their expenditure with the goal of identifying areas where savings in government administration can be made.

National will establish a Cabinet Expenditure Control Committee to oversee this process and to consider chief executives' reports on potential savings.

Based on the information it receives, this committee will be able to initiate in-depth spending reviews of particular areas of government administration, to ensure the best value for taxpayers and users of public services.

The aim of this review process will be to improve frontline services.

#### National Will:

- Cap the size of the core bureaucracy in the first term of government, and ensure that priority is given to delivering frontline services that directly benefit New Zealanders.
- Limit new spending in its first Budget to the priorities we have identified in the election campaign and non-discretionary pressures that cannot be deferred or absorbed.
- Require departmental chief executives to undertake a line-by-line review of their expenditure with the goal of identifying areas where savings in government administration can be made.
- Establish a Cabinet Expenditure Control Committee to oversee this process and to consider chief executives' reports on potential savings.
- Based on the information it receives, this committee will be able to initiate in-depth spending reviews of particular areas of government administration, to ensure the best value for taxpayers and users of public services.

## TRUSTING THE PROFESSIONALS

National believes there is a high level of professionalism and competence in the public service. What is needed is effective political leadership that sets clear goals that are professionally communicated. We understand that creating a professional environment of mutual respect is the best way to improve performance and productivity in the public service.

We will welcome competent professional advice, respect the right of officials to tender a dissenting view, and require clear boundaries between the roles of public servants and political advisers.

National will:

- Recognise the professionalism of New Zealand Public Servants and expect high-quality, timely advice.
- Promote an environment of professionalism and mutual respect.
- Allow advisers to take part in Cabinet committee discussions where appropriate.

## POLITICAL NEUTRALITY

The neutrality of the public service has come under threat in recent years. The recent case at the Ministry for the Environment best exemplified this, causing public servants to be concerned that careers could be at risk as a result of their political connections or those of their spouses.

National Governments in the 1990s worked with senior public servants who had close links with the Labour Party. We trusted the professionalism of the public service and its commitment to neutrality and we will work to restore an environment in which these features are paramount.

Arguably the greatest symptom of the politicisation of the public service has been the blowout in the numbers of communications staff and public relations consultants. The number of staff employed to communicate the Labour Government's political message has grown by at least 112% in the past six years.

At 1 July 2008, government departments employed 505 public relations, communications, media staff, and contractors. Six years ago they employed 238. New Zealanders know the service provided by these departments isn't twice as good.

The number of public relations, communications, media staff, and contractors has risen by nearly 13% in the past year alone, up from 448 in 2007, to 505 this year.

Though there is clearly a role for specialist communications professionals in government agencies, we will work to restore a sense of balance and proportion. As part of National's review of expenditure across government agencies we will ask chief executives to pay particular attention to the numbers of communications professionals required.

**National will:**

- Restore the absolute commitment to the political neutrality of the public service.
- Ensure that public service departments are not used for party political gain.
- Reduce the number of communications and public relations advisers across the public service.

**THE CONTROL AGENCIES**

The National Party sees the roles of the three control agencies – the State Services Commission, the Treasury, and the Department of Prime Minister and Cabinet – as crucial to the maintenance of high standards of professionalism throughout the state sector. A National Government will require the State Services Commission to play a leading role in re-establishing a culture of efficient head office operation and improved frontline service delivery throughout the state sector. It will also require the commission to lead by example.

**National will:**

- Ensure that the State Services Commission, the Treasury, and the Department of Prime Minister and Cabinet provide strong leadership by example, exhibiting high standards of professionalism, efficiency, and service delivery.