



STATE SERVICES COMMISSION  
TE KAWA MATAAHO

# ANNUAL REPORT PŪRONGO- Ā-TAU

For the year ended  
30 June 2019

Mō te mutunga o te tau i te  
30 o ngā rā o Pipiri 2019

I am pleased to present the Annual Report of the State Services Commission for the year ended 30 June 2019. This report comprises of:

- The Annual Report of the State Services Commissioner on the operations of the Commissioner, provided under the State Sector Act 1988,
- 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, and
- The Annual Report of the Chief Executive on the operations of the Social Investment Agency as a Departmental Agency of the State Services Commission provided under the Public Finance Act 1989



**Peter Hughes CNZM**  
**State Services Commissioner &  
Head of State Services**

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a smaller 'H' and a short horizontal line.

Presented to the House of Representatives pursuant to the Public Finance Act 1989.

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ISSN 1176-8304 (Print)

ISSN 1177-7527 (Online)



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# HEAD OF STATE SERVICES OVERVIEW

We have achieved a lot in the past year, not only as an organisation, but across the public sector. In last year's annual report, I spoke about how Te Kawa Mataaho – the State Services Commission – completed our transformation from system regulator to system leader. We have successfully stepped into this role to effect positive change across the public sector.

## *He Arataki. He Whakarato. We Lead. We Serve.*

We have continued our drive to strengthen trust and confidence in the Public Service, putting integrity and accountability front and centre of all our work and in our support of agency chief executives across the system.

The Government is undertaking the biggest reforms of the Public Service in 30 years. The Commission has led the work to support these reforms, which will culminate in a new Public Service Act. Under the new Act, the Public Service will be more adaptive and responsive to the changing needs of citizens. Under the changes, it will make it easier for the Public Service to gear itself towards tackling the big challenges and priorities of the day. The reforms will give the Public Service the tools to shift its collective focus to where it will make the most difference and deliver better outcomes for New Zealanders.

In the last year we have been working with chief executives and agencies on plans to implement the reforms. Parliament is expected to pass the Bill next year and I am confident the Public Service will be well-prepared.

### Public Service reform

Working with the chief executives, we are delivering a reform programme that will futureproof the Public Service and its systems. Aligning our own work to the outcomes of the new Act is critical to its success.

Following public consultation last year, Cabinet has agreed to repeal the State Sector Act and replace it with a new

Public Service Act. The new Act will help create a Public Service that:

- delivers better outcomes and better services for New Zealanders
- creates a modern, agile and adaptive Public Service
- ensures the constitutional role of the Public Service in supporting New Zealand's democratic form of government

It will also enshrine our responsibility as leaders to create a Public Service that allows staff to give their full expression to the spirit of service they bring to their work. People sign up to public service because they have a spirit of service to the community. It's important the new Act recognises this.

But reform is broader than the passing of legislation. We have a programme of work, led by the Commission and by the State Services Leadership Team, that is already underway to realise the objectives of the Act.

# HEAD OF STATE SERVICES

## OVERVIEW Continued

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### Delivery of services

The world has changed. People today expect the Public Service and the Government to help them with some of the big issues in their lives. No one agency can generally do that. We need to join up around citizens, families and communities and we need new tools and new ways of organising to do that.

What we will get with the new Act is new tools, approaches and ways of organising that we can use to fit different circumstances. That will include things like taking shared accountability for better outcomes or joined up services. Teaming up chief executives around outcomes, not just sectors.

Just one example of this is the Family and Sexual Violence Joint Venture we set up in the last year. This is an example of how the Public Service needs change to address some of society's biggest issues in a more collaborative way. The new Act will enable us to do much more of this. It's about agencies being joined up around our citizens, customers and clients, and being more accountable for outcomes.

### The leadership of the Public Service

In the past year we achieved, for the first time, gender equality with the number of female Public Service chief executives having reached 50% or more. Even more pleasing is that the gap between job size has now reduced to almost zero with women now occupying some of the largest chief executive roles across the Public Service.

The new Act will support a new leadership and teamwork approach into the future. It won't propose a new senior leadership service or structure. Rather, it will propose that there is a senior leadership strategy which will give us a huge amount of flexibility in what that looks like. We've moved

away from a structure to an approach. It's about teamwork and collective responsibility. The Act will put a responsibility on the commissioner to work with the chief executives in this way.

And we are not just focused on the core Public Service. We did a lot of work in the last year engaging with Crown entities. This work is about unifying the Public Service. While the operating model of Crown entities won't change under the proposed new Act, it will bring Crown agents into the Public Service.

I want to acknowledge the leadership of Crown entity board chairs and chief executives who, together with the Commission, are now working to establish a professional code of conduct for Crown entity chairs – the provision for which was enabled through our first phase of legislative reform in 2018. We are also working together to establish guidance for Crown entities in setting remuneration for chief executives. As part of this work, the Commission hosted nearly 200 Board Chairs and chief executives in the first annual Crown Entities Workshop here in Wellington and we have established working groups to deliver on these goals. This is significant work and it signals a major shift in the way we view and engage with our public services.

### The spirit of service in action

As I spoke about last year, we have started to do more to recognise our vision for a unified Public Service by rewarding and celebrating the spirit of service that public servants bring to their work every day. In November 2018, during the first New Zealand Public Service Day Ceremony, we awarded 14 worthy recipients the inaugural Public Service Medals and the State Services Commissioner's Commendation for Frontline Excellence, with the Prime Minister and Minister of State Services attending to help present the awards.

This year we will also host the inaugural Spirit of Service Awards to be held in September 2019 — preparations have been underway for the past year — where we will celebrate outstanding public services and public sector initiatives delivering great outcomes for New Zealanders.

## Diversity and inclusion

Our vision for the Public Service means delivering a system where every public servant, no matter their background, feels included and safe to express themselves and bring their whole self to their jobs. We have led a big programme of work that will deliver a more diverse, capable, fair, and inclusive workforce. We have supported chief executives in their efforts to forge more inclusive, diverse workplaces and positive workplace cultures.

The current Act mentions nothing about the Crown-Māori relationship and nothing about the Treaty of Waitangi. The new Act is an opportunity for the Public Service to take the lead. We should be the beachhead for commitment in this area. We should be setting the standard for the whole of New Zealand.

The proposed new Act will set out expectations on the Public Service to support the Crown to fulfil its Treaty responsibilities to advance partnership opportunities and be more responsive in meeting the needs of Māori and whānau. It will place responsibilities on the Commissioner and chief executives. We will have clear duties to build a culturally competent Public Service that reflects and serves and delivers for Māori. We will also take responsibility for actively supporting Māori leadership practice in the Public Service.

This year, we implemented the WeCount survey, the first step in formally understanding our broader public sector rainbow

community. For the first time, this community will be visible as part of our organisations within the 2019 Public Service Workforce Data release. It's a start, and we are committed to increasing this visibility across this and other communities.

Further, through the leadership of our chief executives, we have increased representation of Māori and Pasifika in the Public Service, we are increasing accessibility for disabled people, and we are continuing to close the gender pay gap and ethnic pay gaps. I want to thank the State Services Leadership Team for their leadership and commitment to this work.

I'm extremely proud of the Commission staff and their dedication to supporting the Public Service chief executives and the Government to continue improving the lives of New Zealanders and their communities.

This coming year will continue to see Commission staff driving significant change, particularly through the reform programme, and each and every one of them is up for the challenge and committed to making a difference.



**Peter Hughes CNZM**

State Services Commissioner & Head of State Services



# OUR STRATEGIC DIRECTION

*Tā mātau  
mahere rautaki*

# Our Strategic Direction

## The Commission's role in driving change

**The State Sector now operates in a fast-changing and unpredictable context where major social, demographic and technology-driven changes are reshaping the world as we know it. Now more than ever, the Public Service needs to come together with citizen-focused outcomes and services at its core and ensure that it is fit for purpose into the future.**

The State Services Commission has a unique role in the system – the Commission is both an agency within, and a leader of, the Public Service. The Commission is now driving real change across the system and pushing further to empower a more connected and engaged world class Public Service to deliver on these responsibilities.

The leadership role of the Commission is enhanced by the State Services Leadership Team – the chief executives working together – which is well-positioned to drive and oversee both the legislative change underway and improve the performance of the system.

Our role in leading the Public Service is encapsulated in our strategic vision:

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***A leading edge, unified, trusted Public Service that serves Aotearoa and its people.***

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To achieve this vision, the Commission has identified the strategic outcomes that connect the work we do as an agency with our leadership role, and how this affects the system as a whole and the impact it has on New Zealand and New Zealanders.

## Strategic Outcomes

### Strong constitutional role

The Public Service serves successive governments loyally and impartially; this is its role in supporting democracy within our constitutional arrangements. Public confidence is fundamental and we need to be proactive and take real steps to enhance legitimacy rather than take it for granted.

### Diverse and inclusive

The Public Service needs to reflect and be representative of the increasingly diverse communities it serves. A diverse Public Service is important to enable communities to trust it, and to access the public services they need, so it is more responsive to the needs of communities, engages more effectively and is innovative.

### Commitment to Māori and Te Tiriti o Waitangi

The Public Service has an important role in supporting the Crown's Treaty relationship with Māori, and recognition of Te Tiriti and the importance of the Māori Crown relationship has strengthened across some areas of the Public Service. It is critical that the Public Service continues to build this capability and meet expectations to improve outcomes for Māori.

### Modern, agile and adaptive

The Public Service needs to retain the strengths of the current system but to address current and future challenges we need the ability to move quickly and effectively to tackle government priorities and the developing needs of a diverse New Zealand. Through building alignment and interoperability across the Public Service we can ensure flexibility and enhance cross-agency approaches.

### Better outcomes and services

The Public Service exists to support governments to deliver services and outcomes for New Zealand and New Zealanders. Tackling the most difficult and complex issues facing New Zealand requires the commitment of the Public Service to innovative approaches and citizen focused services. Combined, cross-agency progress towards these strategic outcomes will support the Public Service to make the biggest possible difference to the wellbeing of New Zealanders now and into the future.



# STATE SERVICES COMMISSION

The 2018-2019 year in review

Te arotake i te tau 2018-2019

## In this section:

- Integrity, Ethics and Standards
- Strategy and Policy
- System and Agency Performance
- Workforce and Talent Management
- Corporate Services

# Integrity, Ethics and Standards

Staff in the Public Service must work with the highest standards of integrity and conduct to ensure the trust and confidence of New Zealanders is maintained. This is a fundamental part of our ability to do our job.

The Commission has a leadership role, under the State Sector Act 1988, to set standards of integrity and conduct and provide advice and guidance to the system on related matters.

## Recognising and valuing public service

Public servants bring a spirit of service to their roles every day. In the last year, we have worked hard to promote and recognise this spirit of service.

Last year, Parliament was host to the inaugural Public Service Day Ceremony, where 14 public servants from across New Zealand were awarded Public Service Medals (five recipients) and the State Service Commissioner's Commendation for Frontline Excellence (nine recipients).

The ceremony, attended by the Prime Minister, the Rt Hon Jacinda Ardern, and Minister for State Services, the Hon Chris Hipkins, was a fitting way to recognise 14 everyday New Zealanders who have shown extraordinary commitment and care to their communities through their roles.

## Open Government

In December 2018, the Commission successfully published New Zealand's third Open Government Partnership National Action Plan (NAP).

From a conversation with the public using online and kanohi ki te kanohi (face-to-face) processes, 12 new NAP commitments were created for the Third National Action Plan, capturing three themes:

1. Strengthening participation in democracy (four commitments)
2. Policy development and service design (two commitments)
3. Transparency and accountability (six commitments)

Work is underway on these commitments, in partnership with nine lead agencies.

## Official Information

Improving access to government information promotes openness and transparency and fosters public trust and confidence in government. In 2016, the Commission began an Official Information programme to improve practice which includes:

- providing guidance and tools on official information practice
- running an Official Information Forum (four were held in

2018/19) where agency practitioners meet to discuss official information practice and issues

- collecting and publicly reporting on six-monthly Official Information Act (OIA) 1982 statistics from 111 agencies on OIA compliance
- proactively releasing information.

Since the collection of these statistics started in 2016, the percentage of requests responded to within the legislated timeframes has increased from 91.1% in 2015/16 to 97.4% in the most recent collection period. The number of OIA responses published by agencies has increased six-fold over the same period, to 1,654 in the most recent six-month period (to June 2019).

There is also a greater focus on the proactive release of information. In September 2018, Cabinet agreed a policy to proactively release Cabinet material from January 2019. Also, through the Official Information programme, agencies are being encouraged and assisted to release more official information proactively.

## Investigations and inquiries

Over the last year, the Commission has conducted investigations and inquiries into a variety of matters. These ranged from the use of external security consultants by government agencies, through to the conduct and behaviour of senior public servants.

These matters continue to be the subject of significant public comment and debate. As such, findings from these matters continue to be reflected in the wider work programme to ensure trust and confidence in the Public Service is maintained.

## Supporting agencies to make good decisions

The Commission has continued to place significant focus on supporting agencies when it comes to guidance and model standards. In the past year, the issuing of the model standards around information gathering included helping agencies (where needed) to meet their compliance to the standards by the predefined date set when they were issued.

## Legislation

Two pieces of legislation important to integrity and conduct currently being progressed by the Commission are reviews of both the State Sector Act 1988 and the Protected Disclosures Act 2000.

## Integrity, Ethics and Standards Continued

In August 2018, the New Zealand Government agreed to review the Protected Disclosures Act 2000, the whistle blower protection legislation which applies to both the public and private sectors. Public consultation was undertaken from October to December 2018, and we are now looking at how the Act can be improved so that serious wrongdoing in the workplace is reported and people who come forward with concerns are protected.

### Supporting cross-agency work on corruption

In July 2018, Cabinet agreed to establish a national Anti-Corruption Work Programme to address New Zealand's corruption risks. The programme is led by the Serious Fraud Office, with the Ministry of Justice leading work on legislative reform. It aims to co-ordinate national and international efforts and engagement on fraud and corruption vulnerabilities across the public, private and not-for-profit sectors.

The Commission has supported the work of the programme and contributed to its operation. For phase one, from 1 October 2018 to 31 January 2019, the Commission also contributed 50% of the funding for a full-time secondee from the Commission to lead two of the project workstreams.

# Strategy and Policy

Delivering a world class Public Service requires a system that is agile, adaptable and able to meet the needs of the government of the day and the needs of New Zealanders.

As the leader of the Public Service, the Commission plays an important role in supporting the Government to implement its priorities and better service New Zealanders. The Commission:

- administers foundational legislation for the public sector
- supports the overall Public Service reform programme through the State Services Leadership Team
- provides strategic information for understanding and improving the public sector
- gives advice on the structures and governance arrangements of the public sector so that it can be more effective.

## Foundational legislation for the Public Service

For 30 years, the State Sector Act 1988 has formed the framework for organising the public sector, including its role, leadership, conduct, workforce and structures. Following extensive public consultation and advice received from the Commission, this year Cabinet agreed to replace the State Sector Act 1988 with a new Public Service Act. This new Act will mark the most significant change to Public Service legislation since the original enactment of State Sector Act 1988.

The new Act aims to:

- deliver better outcomes and better services for New Zealanders
- create a modern, agile and adaptive Public Service
- affirm the constitutional role of the Public Service in supporting New Zealand's democratic form of government.

The major decisions Cabinet made are grouped into five areas that will enable the Public Service to join up services around New Zealanders' needs, secure public trust and confidence, and ensure it remains well paced to service New Zealand in the future. The five areas are:

1. A unified Public Service
2. Te Ao Tūmatanui - Strengthening the Māori/Crown relationship
3. Employment and Workforce
4. Leadership of the Public Service
5. Organisations of the Public Service.

The Commission is now working with the Parliamentary Council Office to draft a Bill that is expected to be introduced to Parliament in the second half of 2019.

## System leadership

In the past, our Public Service has been characterised as fragmented, operating as separated and isolated agencies that did not work in the collective interests of government. Over the last few years, we have been implementing new ways of working - including the collective leadership team of chief executives (the State Services Leadership Team), sector leadership and governance arrangements, and designated system leadership roles - to influence and identify the potential for alignment and common approaches.

The State Services Leadership Team has brought chief executives together to take shared responsibility for improving the performance of the Public Service, making it more responsive to the Government, efficient in its use of taxpayer's money, and effective in producing better outcomes for New Zealanders. This era of collective leadership represents a paradigm shift in how chief executives think about their responsibilities, and the team has been variously led, supported and cultivated over several years by the Commission.

At a sector level, we have worked with sector leaders to improve coordination between government agencies. For example, we have been working with leaders in the social sector to consider how better alignment can be supported at the regional level. On the basis of the Commission's advice, regional leaders will be mandated to work together to set priorities for their local region and identify opportunities to share infrastructure.

We have supported system leadership roles responsible for improving common functions (e.g. Government Property, Procurement, Digital or Data), and those leading professional groups (e.g. Policy, Legal or Human Resources). The Commission plays a role in supporting these system leaders to develop visibility and influence across the system, and this year has (with the support of System Design chief executives and relevant officials), produced a stocktake of existing functional leads and heads of professions to improve our understanding of the current state.

## Understanding our public servants and Public Services

The Commission works with Statistics New Zealand to continually improve our information about the state of our workforce, our diversity, and the service experience of New Zealanders.

# Strategy and Policy Continued

Public Service Workforce Data Reports continue to provide statistical information about public servants that is useful in understanding how well we are performing and informing our policies and programmes. In the last year we have delivered substantial improvements to this data set to deliver better transparency about diversity in the public sector workforce.

For the first time in 2019 the Commission conducted a survey to understand the public sector Rainbow community (WeCount). This is the first step in building a picture of LGBTQIA+ employees (our Rainbow Public Service) so we can begin to understand how inclusive we are as a Public Service to these employees. This information is due to be released in the second half of 2019.

Kiwis Count continues to be the major data source for understanding how New Zealanders experience public services. It is one of the more useful measures for understanding how well we are serving New Zealanders and meeting their expectations.

We are currently planning and developing a new flagship product, that will allow us to directly gather information from public servants about their experiences (the Public Service Census). The census will provide a better understanding of our workforce, including diversity and workplace inclusiveness, and other issues in the employment and workplace experience of public servants.

## A Public Service that is adaptable and fit for purpose

The Commission is the Government's advisor on the structures and governance arrangements across the public sector. Ensuring that these arrangements are fit for purpose helps to support a Public Service that is agile and able to respond to the priorities of the Government efficiently and effectively. The Commission continues to review and improve our guidance on how the public sector should be organised, and provide advice on each machinery of government matter being considered by the Government. Over the past year we have provided advice on dozens of such matters, with the examples below reflecting the breadth of this advice.

In the past year, among other changes, the Commission has assisted in the establishment of the Office for Māori Crown Relations - Te Arawhiti as a departmental agency of the Ministry of Justice, which will work to make the Crown a better

Treaty partner, more able to engage effectively with Māori on a range of issues.

Following the decision to establish the Ministry of Housing and Urban Development, the Commission continued to provide high levels of support during the establishment phase, and ongoing advice around a Housing and Urban Development Agency to enable the Government to deliver results in a priority area.

We have supported Ministers in considering the recommendations of external policy reviews, including the Mental Wellbeing Inquiry, and achieving government priorities, such as the establishment of a Climate Change Commission and designing a unified, sustainable system for vocational education, including decisions on the establishment of a New Zealand Institute of Skills & Technology.

## Delivering on system-wide outcomes

Our advice on structures and governance arrangements is integral in supporting the Government to address complex cross-cutting problems. One example is the Family Violence Sexual Violence Joint Venture, a cross-agency venture that focuses on how the system needs to deliver, collectively, on outcomes that no one agency can achieve on its own.

The Joint Venture was established this past year and is the first of its kind. The Commission played a key role in creating a new way of working for government agencies through a joint venture of chief executives that provides a single point of accountability and leadership. This is the first in what will be a number of joint ventures established to tackle some of the biggest issues facing New Zealand and New Zealanders.

While the Joint Venture signals a new way of working, it is still straining against the current legislative framework that governs the Public Service. Evidence of this lies in the significant investment in this area, with Budget 2019 allocating \$320 million to tackle family violence and sexual violence. While this funding is well-needed, funding the Joint Venture through the Budget allocation process means that funding has to be spread out across agencies, rather than being brought together for the highest collective impact. The Commission is continuing to work closely with the Joint Venture, to provide guidance, support an ongoing commitment to drive a shift in mindset around how the Public Service, as a system, can work together to improve outcomes.

## Thought leadership

The current reforms, including of the Public Service Act, will help the Public Service to better support the Government and better meet the needs of all New Zealanders. The Commission has also worked to ensure that the Public Service will continue to meet the needs of successive governments and of New Zealanders in generations to come. A new thought leadership function has been created that is forward-looking and consists of strategic research, public administration theory and futures/foresight to inform future reforms. As an example, the Commission presented five original research papers at the International Research Society for Public Management annual conference in Wellington in April 2019.

The new thought leadership function will encourage the Public Service to look beyond the immediate reactive needs that exist and consider how public services can continue to be effective and relevant in the future.

# System and Agency Performance

High-performing Public Service agencies and their chief executives are essential to the delivery of quality outcomes for New Zealanders. At the core of this is bringing together strategy with implementation. This means bridging the knowledge of individual and agency performance with broader trends in Public Service systems to progress overall performance and improvement.

The Commission works to develop a rich information source to assess the progress of agency and system change, identify the challenges ahead and provide support to meet these, and to highlight what is working well.

The Public Service must be led by strong and capable leaders, and part of the Commissioner's statutory role is to recruit and appoint Public Service chief executives and then monitor and review their performance. Alongside our system-wide leadership and talent management role, the Commission actively supports chief executives to meet their statutory responsibilities and achieve the outcomes required of them in their roles.

## State Services Leadership Team

Public Service Chief Executives and selected Crown entity chief executives, working as the State Services Leadership Team continue to drive positive change across the system to achieve better outcomes. While also meeting on a regular basis, there has been a refresh of the key workstreams that form the Team's wider programme. This includes new areas of focus such as Māori Crown Relations and Public Finance Reform.

An example of this is the work programme being led by Chief Executives Ray Smith and Rebecca Kitteridge, of the Department of Corrections and the NZ Security Intelligence Services, respectively, looking at positive workplace behaviours and the standards required of public servants in doing their jobs. This is an example of chief executives taking a system perspective to improve workplace culture and staff experiences for the whole of the Public Service.

## Building diversity in Public Service chief executives

The Commissioner's enduring focus on lifting diversity across the Public Service is reflected in the strong representation of women in the Public Service chief executive cohort. As at 30 June 2019, of the 32 Public Service chief executives 17 were women, including three in acting roles. This means women now account for 53% of the cohort, up from 44% in 2018 and 30% in 2014.

Unlike in the past where women chief executives tended to occupy smaller jobs, more are now appointed to bigger jobs. This has resulted in the average job size gap narrowing to just 6% below their male colleagues, compared with a 27% gap in 2016.

Currently ethnic diversity amongst the chief executives comprises 90.3% European, 16.1% Māori and 3.2% Pacific Peoples (including those with multiple ethnicities).

## Engagement with Crown entities

Following the enactment of the State Sector and Crown Entities Reform Act in September 2018, which brought Crown entities into better alignment with other parts of the State sector, the Commissioner committed to working more collaboratively with Crown entities to build closer relationships based on mutual understanding.

In November 2018, the Commissioner held the first annual engagement workshop for all Crown entity chairs and chief executives. As a result of the workshop, two working groups were established to develop joint approaches to chief executive remuneration and a code of conduct for boards. A second workshop occurred in July 2019 and incorporated discussions on the State Sector Act reforms and what this means for the wider State services.

## Cabinet Fees Framework

The Commission provides advice and guidance to agencies on the interpretation and implementation of the Cabinet Fees Framework. This Framework sets out guidance on the classification and remuneration of statutory and other Crown bodies to ensure consistency, contain expenditure of public funds, and provide flexibility within clear criteria when setting fees. The Framework covers a diverse range of bodies, which include trust boards, advisory bodies and committees, Royal Commissions, public, government and ministerial inquiries, statutory tribunals, and some subsidiary bodies.

The Commission reviews the Framework every three years and, where appropriate, recommends changes for Cabinet consideration. Following the Commission's review in 2018, the Cabinet Office issued a revised Cabinet Fees Framework, Circular CO (19) 1, which took effect from 1 July 2019.

# Workforce and Talent Management

The Public Service requires a strong and diverse workforce and leaders with the skills and agility to operate across a range of roles and contexts to meet the challenges and opportunities we are facing.

The Commission has a statutory and leadership role in the conduct of State sector employment relations and works with State sector agencies to promote high standards in workplace relations, create safe and healthy places of work, and foster consistency on employment matters.

We work with agencies to build diverse and inclusive workplaces. We work with chief executives to attract and retain a diverse public service, and identify, develop and deploy senior leaders and talent where it is needed most across the system.

## Diversity and inclusion

Ensuring that the New Zealand Public Service is diverse and inclusive is a key system priority for the State Services Commission. The Commission's role has been to lead the conversation on system-wide diversity and inclusion transformation. This is building momentum through shared learning derived from collaboration, partnerships and commitment leading to increased understanding of how this agenda relates to strategic business improvements.

As part of ensuring a unified Public Service, the agency Chief Executives' group, Papa Pounamu, delivers diversity and inclusion change for the Public Service. Papa Pounamu leads a transformative work programme to ensure that a bold, brave and future-focused Public Service reflects, understands and values the communities it serves where all can thrive.

The Papa Pounamu work programme highlights for this financial year include population-specific action plans, leadership master classes, qualitative research, the diversity panel pledge, and Accessibility Charter implementation and monitoring.

## WeCount 2019 LGBTQIA+ Survey

Of particular note was the planning and delivery of the WeCount 2019 LGBTQIA+ Survey. WeCount 2019 is the first step in formally understanding our broader public sector Rainbow community. It aims to gather statistical information and build a picture of our LGBTQIA+ employees (our Rainbow Public Service), and to begin to understand how inclusive we are as a Public Service to these employees.

WeCount 2019 aims to explore three main areas: sexual identity, gender identity, and a general view of individual's levels of comfort in being themselves within the Public Service. The questions are high-level and designed to capture:

- the size of our Rainbow Public Service and the diversity within it (who we are)
- how comfortable our Rainbow public servants are in bringing their whole self to the workplace (how we are).

The results from the survey, due in the second half of 2019, will give us a snapshot of our Rainbow Public Service and allow the broader Public Service to begin to discuss effective future work programmes around Rainbow Public Service diversity and inclusion.

## Gender pay and pay equity

The Commission, working with the Ministry for Women, is leading a system-wide response to reduce and ultimately close the gender pay gap. This includes delivery against the Public Service Gender Pay Gap Action Plan, which is a collaborative initiative between Public Service agencies and unions to accelerate progress on achieving specific milestones in the areas of equal pay, flexible work by default, removal of bias and discrimination in human resources practices, and gender-balanced leadership.

The Gender Pay Principles, jointly developed with the New Zealand Council of Trade Unions and Public Service agencies, provide a comprehensive framework for agency and system-wide action and are reflected in operational guidance jointly produced by the Commission, Public Service agencies and unions.

The May 2017 agreement to address pay equity claims within a bargaining framework rather than by taking legal action continues to be relevant, and in 2018 the first two pay equity claims using the Joint Working Group's Pay Equity Principles were settled. The Commission is working with agencies and the Council of Trade Unions to develop tools and resources and to support their efforts to address current pay equity claims in the State sector.

# Workforce and Talent Continued

## Leadership and talent

The Commission works with chief executives to lead and champion the development of leadership capability for New Zealand's Public Service. Our common approach to leadership development and talent management supports individuals to gain deeper and broader experience. It enables agencies to better identify and develop their talent.

Unifying our senior Public Service leaders around a common ethos, values and way of working has continued to be a key focus for the 2018/19 year. One example of this was the initiation of *Whakapakiri*, a newsletter sharing development stories and updates to inform, encourage and connect senior leaders.

We have also strengthened our focus on driving up the diversity of Public Service leaders in the following areas:

- We have seen greater representation of Māori and Pasifika leaders in the groups being centrally developed by our Career Boards following a concerted effort in this area. When looking at the 177 (or 53%) of the cohort who have disclosed their ethnicity, 19.8% of members have identified as Māori (up from 7% prior to the diversification work) and 5.6% as Pasifika (up from 2% prior to the diversification work).
- We have established a working group of senior Māori public servants to co-design a Māori leadership profile. The aim of this group is to enable our leaders to develop their ability to engage effectively with Māori in all parts of their work.
- We are working with agencies to establish an Early in Career community of practice to strengthen the leadership pipeline for the future.

## Leadership Development Centre

The Leadership Development Centre (LDC) has continued to support chief executives and their agencies with cross-system leadership development. In addition to continuing to deliver the flagship Leadership in Practice programme aimed at middle-level leaders, this year we have co-designed and delivered common and consistent learning to support transition to first-time leadership.

The LDC has used a range of delivery channels for this core leadership content including making materials available on line for use by all agencies within their own context. This has been trialled, ahead of release across the Public Service in 2019/20. Work is underway on strengthening investment guidance for senior leader development and the co-design of common and consistent learning in the transition to becoming a leader of leaders.



## Corporate Services

Organisational health, continuous improvement of the operating model, and implementing and modelling best practice standards for the Public Service are important parts of the Commission staying fit for purpose.

### Workplace

Our workplace design and associated infrastructure continue to support the Commission to work in a way that maximises collaboration, information sharing and agility.

The implementation of our new Information Technology (IT) solution in the last year has continued to deliver a modern, agile and adaptive workplace for the Commission. Following on from the changes to our physical work space to allow for more collaboration and activity-based working, the upgrade of our IT systems, including moving fully to the Cloud, has the Commission on track to be fully flexible by default by July 2020 as part of the group of agencies piloting this approach.

Our operating model also sees many external people come and work at the Commission for specific pieces of work. Our changes and upgrades to our workspace and technology solutions now allows for this to occur easily and without fuss.

### Workforce

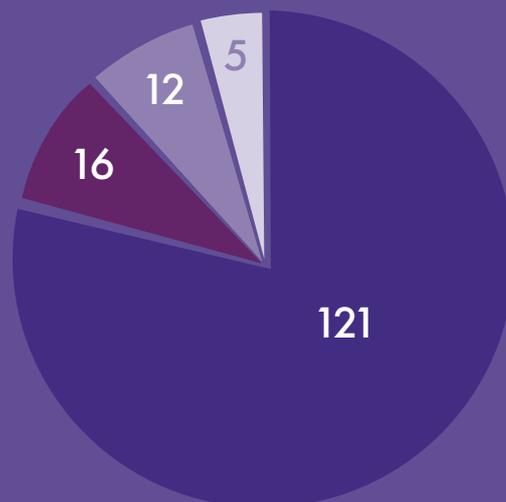
The Commission continues to strengthen and grow our workforce to ensure we support our people and promote a positive and inclusive workplace for all our staff. We have built a clear sense of our strategy and desired culture using a co-creation approach with all our people. This will drive engagement, alignment and productivity and informs our organisational development plan.

In the last year we have introduced a new progression and promotion approach for staff to continue promoting and developing talent across our teams. This new approach focuses managers on creating a development rich environment for staff so they can continue to grow and contribute to our work.

SSC's gender pay gap has more than halved since 2015, from 26.9% (June 2015) to 10.2% (August 2019). SSC's small workforce size means that our gender pay gap can be volatile, with senior appointments having the biggest effect on the data. Calculating the gender pay gap using median pay reduces this volatility and more clearly shows the downward trend over the past five years. Our median gender pay gap as at August 2019 is 2.6%.

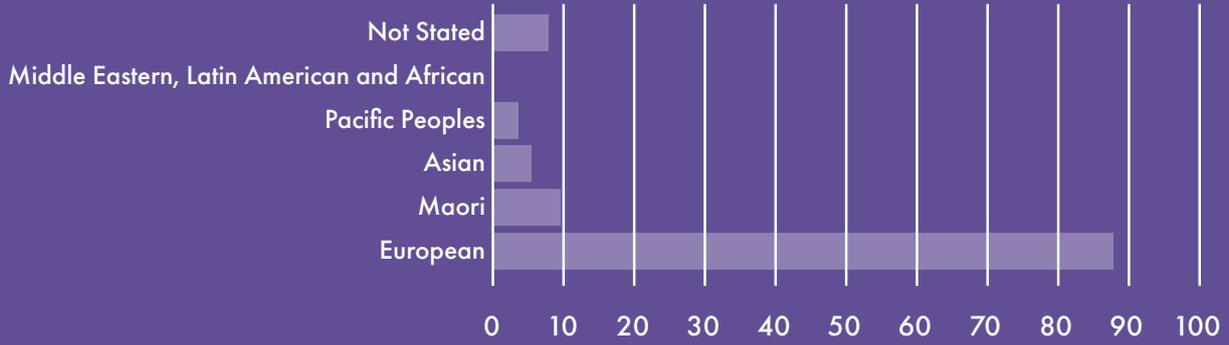
## What we look like

### HEADCOUNT BY CONTRACT TYPE

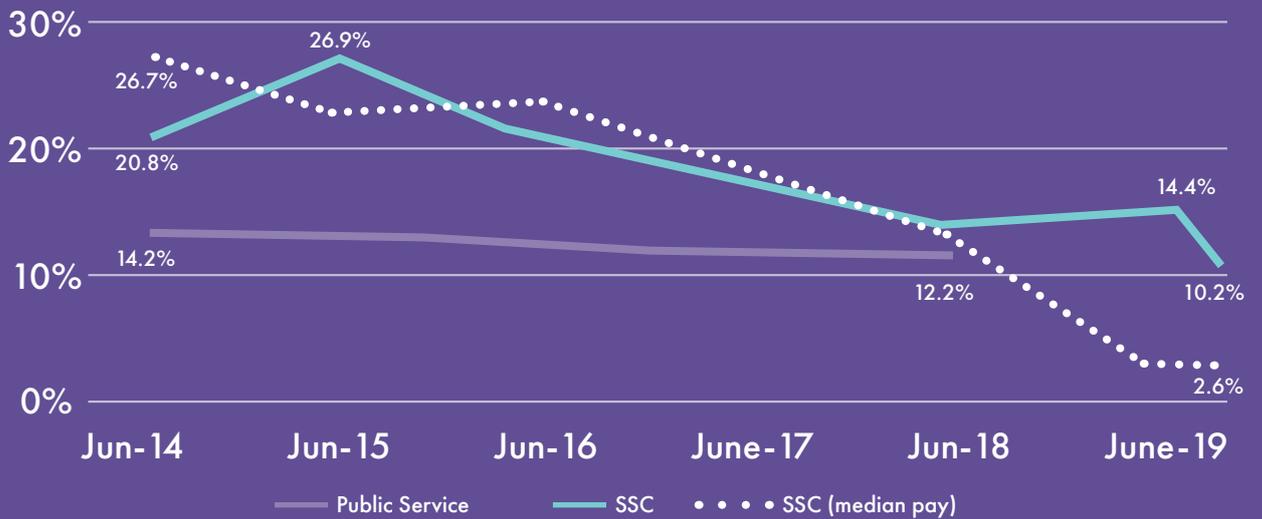


PART-TIME SSC EMPLOYEES = 10%

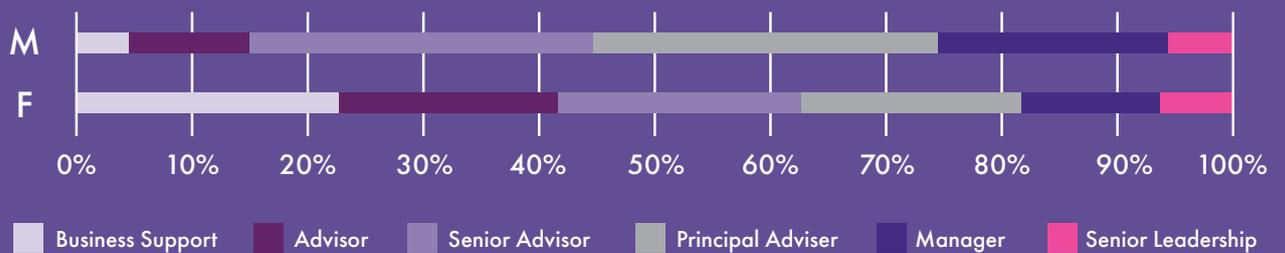
## SSC STAFF ETHNICITIES



## SSC's gender pay gap is decreasing. (through to August 2019)



## STAFF GENDER REPRESENTATION BY ROLE LEVEL (AS AT AUGUST 2019)



## Corporate Services Continued

Our staff turnover has decreased and is currently sitting at 15% - the lowest it has been over the last five years. While we have improved our retention, we know that as a small organisation, colleagues across the system will come to the Commission for short periods of time to gain experience of working across and leading the system, and this will be reflected in a higher than normal turnover rate.

Following on from the changes to our physical and IT environments mentioned above, the Commission began work on strengthening the culture we want. This has resulted in Our Kawa (charter) being developed through a co-design process with staff. Our Kawa reflects and reinforces how we work towards delivering our strategic direction.

### Māori capability building

Our Leadership Team are committed to building the Commission's te reo and Māori engagement capability. A cross-Commission team have begun work to develop our Māori Language Plan and we are on track to have this finalised for implementation early in 2020. This will form part of a broader approach to build an SSC Māori Strategy and Action Plan in 2019-20.

### Investment approach

We continue to increase our investment in areas of high priority. Over the last 10 years, inflation has required the Commission to find over 20% in productivity gains or over \$4 million of its \$23-24 million Crown-funded baseline. To meet these cost increases and to deliver new functions, the Commission has identified \$5.1 million through a savings and prioritisation programme.

Funding received in Budget 19 provided resource to allow the Commission to continue to perform its core statutory functions. The role and expectations of the Commission are expected to widen and increase further following the enactment of the Public Service Bill and we continue to develop the appropriate investment profile to support this.



# END OF YEAR REPORTING

*Te pūrongo  
mutunga o te tau*

## In this section:

- Statement of Responsibility
- Independent Auditor's Report
- State Service Commission's Statement of Performance
- Social Investment Agency - Statement of Performance
- Statement of Expenses and Capital Expenditure against Appropriation
- Reconciliation of Appropriations to Comprehensive Revenue and Expenses
- Statement of Departmental and Non-Departmental Expenses and Capital Expenditure

## Statement of Responsibility

I am responsible, as Chief Executive of the State Services Commission (the Commission), for:

- The preparation of the Commission's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- Having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- Ensuring that end-of-year performance information on each appropriation administered by the Commission is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report, and
- The accuracy of any end-of-year performance information prepared by the Commission, whether or not that information is included in the Annual Report.

In my opinion:

- The financial statements fairly reflect the financial position of the Commission as at 30 June 2019 and its operations for the year ended on that date, and
- The forecast financial statements fairly reflect the forecast financial position of the Commission as at 30 June 2019 and its operations for the year ending on that date.

**Peter Hughes**

**State Services Commissioner & Chief Executive**

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a smaller 'H' and a short horizontal line.

## Independent Auditor's Report

### To the readers of the State Services Commission's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of the State Services Commission (the Commission). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Commission on pages 41 to 58, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2019, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Commission for the year ended 30 June 2019 on pages 30 to 37;
- the statements of expenses and capital expenditure of the Commission for the year ended 30 June 2019 on pages 38 to 39; and
- the schedules of non-departmental activities which are managed by the Commission on behalf of the Crown on pages 59 to 61 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019;
  - the schedules of expenses; and revenue for the year ended 30 June 2019; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Commission on pages 41 to 58:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year ended on that date; and

- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information of the Commission on pages 30 to 37:
  - presents fairly, in all material respects, for the year ended 30 June 2019:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Commission on pages 38 to 39 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Commission on behalf of the Crown on pages 59 to 61 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019; and
  - expenses; and revenue for the year ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the State Services Commissioner and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of the State Services Commissioner for the information to be audited**

The State Services Commissioner is responsible on behalf of the Commission for preparing:

- financial statements that present fairly the Commission's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Commission, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Commission on behalf of the Crown.

The State Services Commissioner is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the State Services Commissioner is responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The State Services Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commission, or there is no realistic alternative but to do so.

The State Services Commissioner's responsibilities arise from the Public Finance Act 1989.

## **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Commission's Strategic Intentions 2017-22, Estimates and Supplementary Estimates of Appropriations 2018/19 for Vote State Services, and the 2018/19 forecast financial figures in the Commission's 2017/18 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the State Services Commissioner.
- We evaluate the appropriateness of the reported performance information within the Commission's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the State Services Commissioner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the State Services Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The State Services Commissioner is responsible for the other information. The other information comprises the information included on pages 2 to 24 and 62 to 70, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Commission in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Commission.

Two blue ink signatures are present. The first signature is a cursive, flowing line that starts with a large loop and ends with a long horizontal tail. The second signature is also cursive but more compact and less flowing, with a distinct loop at the end.

S B Lucy  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# State Services Commission's Statement of Performance

## Policy Advice and Leadership of the Public Sector

The single overarching purpose of this appropriation is to support decision making by Ministers on government policy matters and leading the Public Management System.

### Multi-category Appropriation (MCA)

2018 Actual \$000	Total MCA	2019 Actual \$000	2019 Budget \$000	2019 Supp. Estimates \$000	2020 Unaudited Forecast \$000
30,146	Expenses	29,997	29,823	30,691	32,150
23,972	Revenue Crown	23,902	23,363	23,902	26,572
6,688	Revenue Department and Other	5,678	6,460	6,789	5,578
<b>30,660</b>	<b>Total Revenue</b>	<b>29,580</b>	<b>29,823</b>	<b>30,691</b>	<b>32,150</b>

### What was achieved

Performance Measure	Actual 2017/18	Budgeted Standard Target 2018/19	Actual 2018/19
Respondents in the Kiwis Count survey agree or strongly agree that, based on their last service experience, they could trust public servants to do what is right.	79%	80%	80%
<p>In the 2018 calendar year, trust in public services remained high at 80%. This is 12% higher than first measured in 2007 and is the second year in a row a really strong result has been received. New Zealanders' satisfaction with the quality of public services continues to increase. In the 2018 calendar year, trust in the Public Service brand increased 3% to 50%. This is a 21% increase since first measured in 2007. The survey can be found at <a href="http://ssc.govt.nz/our-work/kiwis-count/">ssc.govt.nz/our-work/kiwis-count/</a></p>			
Overall Kiwis Count service quality score.	76 points	75 points	77 points
<p>In the 2018 calendar year the New Zealand public's view of Public Services continued to increase, with a score of 77%. This is 9% higher than first measured in 2007 and continues the upwards trend, reflecting higher quality Public Services being delivered. The survey can be found at <a href="http://ssc.govt.nz/our-work/kiwis-count/">ssc.govt.nz/our-work/kiwis-count/</a></p>			

## Policy Advice (Category)

This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to the Public Management System.

2018 Actual \$000		2019 Actual \$000	2019 Budget \$000	2019 Supp. Estimates \$000	2020 Unaudited Forecast \$000
5,202	Expenses	5,355	5,528	5,867	5,729
5,527	Revenue Crown	5,867	5,528	5,867	5,729
<b>5,527</b>	<b>Total revenue</b>	<b>5,867</b>	<b>5,528</b>	<b>5,867</b>	<b>5,729</b>

Expenditure in this category increased in 2018/19. This results from an increase in the delivery of policy advice for public sector reform. Expenditure for the year was less than budgeted due to vacant positions.

### What was achieved

Performance Measure	Actual 2017/18	Budgeted Standard Target 2018/19	Actual 2018/19
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90% <sup>1</sup>	75%	70%	71%
The quality of policy advice standard has been maintained, for the third year in a row, at an average quality score of 70. The papers assessed were the Commission's 'first opinion' advice and were selected spread across the year, business groups, and ministerial areas.			
Minister of State Services has satisfaction with policy advice <sup>2</sup>	90%	80%	80%
The Commission has maintained its high performance, which reflects the Commission's ability to provide quality advice across a range of policy issues to successfully support ministerial decision-making.			
Total cost per hour of producing outputs	\$124	\$160	\$114
The Commission has achieved significant savings in producing policy advice as a result of transitioning from the Central Agencies Shared Services model and achieving a reduction in overheads, resulting in a lower charge to policy hours.			

<sup>1</sup> Assessment is conducted by an internal committee within the Commission based on methodology developed by the Department of Prime Minister and Cabinet's Policy Project.

<sup>2</sup> Ministerial satisfaction with the Commission's policy advice is a performance measure set by the Department of Prime Minister and Cabinet's Policy Project. The ministerial satisfaction score is based on a standard survey developed by the Policy Project, which provides a quantitative representation of Minister's satisfaction with an agency's policy advice. This survey is conducted annually and came into effect in August 2019, replacing Treasury's policy performance measure. The shift from Treasury's performance measure to the Policy Project's performance measure resulted in a change in methodology.

## Leadership of the Public Management System (Category)

This category is limited to ensuring the Public Management System has the design, capability and performance to deliver public services.

2018 Actual \$000		2019 Actual \$000	2019 Budget \$000	2019 Supp. Estimates \$000	2020 Unaudited Forecast \$000
24,944	Expenses	24,642	24,295	24,824	26,421
18,445	Revenue Crown	18,035	17,835	18,035	20,843
5,912	Revenue Department	4,733	3,150	5,889	4,878
776	Revenue Other	945	3,310	900	700
<b>25,133</b>	<b>Total Revenue</b>	<b>23,713</b>	<b>24,295</b>	<b>24,824</b>	<b>26,421</b>

Expenditure in this category decreased in 2018/19. This is because the Commission ended the Continuous Improvement programme and delayed the Performance Improvement Framework programme. Expenditure for the year was more than the original budget due to funding that was transferred from 2017/18 to 2018/19 in the Supplementary Estimates to allow for continued work on diversity and inclusion and the reform of the State Sector Act, as well as chief executive recruitment, which was delayed into 2018/19.

### What was achieved

Performance Measure	Actual 2017/18	Budgeted Standard Target 2018/19	Actual 2018/19
State service chief executives agree that the State Services Commission provides the leadership required to support them in their collective leadership and in leading their agencies.	4.2 out of 5	Average score 4 out of 5, or better	4.0 out of 5

The Commission has maintained this high score through a continued commitment to supporting and engaging with chief executives. This year we worked with chief executives on developing advice to the Government on the shape of the reform of the State Sector Act 1988, designing and running the third Public Service Leaders' Summit, and continuing to deliver the workstreams on the system reform work programme.

This result is calculated from an anonymous survey that is completed by chief executive attendees at different events during the year.

For each event the survey potentially includes feedback from up to three internal senior executives from the Commission (dependent on their attendance at the event). They receive this anonymous survey as their feedback is warranted in relation to the other questions that are asked and this may potentially cause bias. If we assume that when these internal senior executives attended an event they completed the survey, and assume that they gave the questions used to inform this measure the highest scores, this would adjust the original score to 3.9.

Performance Measure (continued)	Actual 2017/2018	Budgeted Standard Target 2018/19	Actual 2018/19
Complete the National Action Plan End of Term Self-Assessment.	New measure - not applicable until 2018/19	100%	100%
<p>The End-of-Term Self-Assessment and Independent Reporting Mechanisms (IRM) End-of-Term Report have been completed and published and are available on the Open Government Partnership NZ (OGPNZ) website.</p> <p>As part of the membership of the Open Government Partnership (OGP), New Zealand is required to submit an End-of-Term Self-Assessment. The OGP IRM have since published its End-of-Term Assessment, concluding that all commitments had been completed wholly or substantially and that one commitment was a “Star” commitment, being potentially transformational. This commitment was given this rating because of its specificity, relevance to open government, transformative impact and the level of completion.</p>			
Development of a National Action Plan 2018/20 (NAP 3)	Not applicable	100%	100%
<p>The National Action Plan 2018-20 has been agreed by Cabinet and is published on the OGPNZ website.</p> <p>Development of the National Action Plan 2018-20 began in the 2017/18 financial year and was completed in the 2018/19 financial year. Completing the Action Plan involved a collaborative public engagement process, which resulted in 12 commitments grouped into three themes.</p>			
SSC’s system leadership role in Auckland is acknowledged and supported by government agencies and demonstrated by their presence in the Auckland Policy Office (APO)	18 memberships	Maintaining at least 12 APO government memberships	25 government memberships
<p>The APO now has 25 government agency members compared to the six agencies that were part of the Office four years ago. The APO is also now hosting an increasing number of ministerial and departmental visitors (over 50 separate ministerial visits in the 2018 calendar year), who increasingly use its facilities to conduct their Auckland engagements.</p>			
Deployment of senior leaders through Career Boards and brokered with the State Services Commission	50	100	29
<p>Career Boards were refreshed in December 2017 as part of the system-wide approach to leadership and talent development. The Career Boards, along with SSC Assistant Commissioners, assisted by the new Senior Leader Development Broker, work across and beyond agency boundaries to proactively support the development and deployment of leaders able to fill large system and chief executive level roles.</p> <p>Over the last year, Career Boards have been refining their cohorts and building a deeper understanding of their development needs and readiness for opportunities. Together we have evolved a focus towards brokering targeted professional development for our senior leaders, meaning increased effort is placed on providing opportunities such as shadowing, board and project governance, peer learning, mentoring and full cohort networking/topic events. The last year has marked a shift away from deployment. At the same time, state sector agencies are increasingly welcoming talent from other agencies through their own processes and this accounts for the lower than expected result.</p>			

## State Services Commission – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the State Services Commission, as authorised by section 24(1) of the Public Finance Act 1989.

2018 Actual \$000		2019 Actual \$000	2019 Unaudited Budget \$000	2019 Unaudited Supp. Estimates \$000	2019 Unaudited Forecast \$000
1,212	Property, Plant and equipment	596	100	545	190
38	Intangibles	1,271	-	1,155	-
1,250	<b>Total appropriation</b>	<b>1,867</b>	<b>100</b>	<b>1,700</b>	<b>190</b>

Section 24(1) of the Public Finance Act 1989 allows the Commission to purchase assets to the extent that its working capital allows. This allows the Commission to exceed the budget, provided it has the working capital to do so.

Most of the 2018/19 capital expenditure occurred due to the separation of the Commission and the Central Agencies Shared Services model. The Commission was required to purchase new computer hardware and phones, as well as develop a new IT environment in which to operate. Additional capital expense included enhancements to the APO Office and Reserve Bank, and the development of the Have My Say website and the SSC website (unfinished).

### Place-based initiatives – South Auckland Social Investment Board

This appropriation is limited to the delivery of services as part of the Social Investment Plan for South Auckland and operational support of the South Auckland Social Investment Board.

2018 Actual \$000		2019 Actual \$000	2019 Budget \$000	2019 Supp. Estimates \$000	2020 Unaudited Forecast \$000
2,525	Expenses	1,000	-	1,000	-
2,845	Revenue Crown	1,000	-	1,000	-

Expenditure in this appropriation was higher than budgeted due to an administrative error, not including the \$1.0 million in the 2019 budget, and this was corrected for the Supplementary Estimates. Expenditure was lower than 2018 actuals as the 2019 funding was restricted to covering half of the financial year (up to 31 December 2018).

### What was achieved

Performance Measure	Actual 2017/18	Budgeted Standard Target 2018/19	Actual 2018/19
Family harm assessments conducted by New Zealand Police, Ministry of Social Development and Counties Manukau District Health Board combined teams.	1,010 assessments	400 assessments (annually); 200 assessments (six-monthly)	six month result (July – December 2018) – 1,485
<p>Family Harm assessments (a tailored Whāngaia Ngā Pā Harakeke model) involve triaging and responding to family harm incidents to reduce the negative impact of repeat exposure to family harm on the social, emotional and cognitive development of children. It is trialing new ways of working across government agencies and with non-government organisations (NGOs) to improve support for whānau experiencing family harm.</p> <p>The measure refers to assessments involving 0-5 year olds who have been the initial target group for the Board. Further assessments and interventions have been conducted involving children and wider whānau of other age groups.</p> <p>The current members of the Family Harm Safety Assessment Meeting are the New Zealand Police, Oranga Tamariki, the Counties Manukau District Health Board and the Department of Corrections.</p> <p>This measure shows results for the first six months. The work programme transferred to the Ministry of Social Development from 1 January 2019.</p>			
In-home visitation services with at-risk pregnant women by Ministry of Social Development, Ministry of Health and Counties Manukau District Health Board combined teams.	240 visits	500 visits (annually); 250 (six monthly)	Six month result (July-December 2018) – 350 visits
<p>Start Well visits provide integrated health and social home-based intensive support for young mothers and their wider whānau from the antenatal period through to when their child is five years old. There were delays in setting up the Start Well team due to the challenges in recruiting appropriately qualified staff. The service has now been established and the performance measure results reflect the work that is now underway.</p> <p>This measure shows results for the first six months. The work programme transferred to the Ministry of Social Development from 1 January 2019.</p>			

# Social Investment Agency (SIA) Statement of Performance

## Designing and implementing Social Investment

This appropriation is limited to identifying where and how to implement a social investment approach, assessing how well this approach is being delivered in these areas, and providing tools and support to agencies to assist them in implementing.

This appropriation is intended to achieve the provision of tools and infrastructure by the SIA required to enable a collective social investment approach, thus allowing investment in what works to improve the lives of New Zealanders and create lasting change.

2018 Actual \$000		2019 Actual \$000	2019 Budget \$000	2019 Supp. Estimates \$000	2020 Unaudited Forecast \$000
12,081	Expenses	12,332	13,428	15,040	13,445
15,011	Revenue Crown	15,040	13,428	15,040	13,445
15,011	Total Revenue	<b>15,040</b>	<b>13,428</b>	<b>15,040</b>	<b>13,445</b>

Expenditure in this category was underspent due to uptake for the Data Exchange occurring later than envisaged and several other initiatives, including The Hub, now occurring in 2019/20 instead of 2018/19.

### What was achieved

Performance Measure	Actual 2017/18	Budgeted Standard Target 2018/19	Actual 2018/19
The satisfaction rating given by the Minister for the quality and timeliness of advice will be at least 70%.	80%	70%	70%
The Ministerial Satisfaction Survey asked the Minister for Social Development as at June 2019 to use a 10-point scale to rate the SIA's performance across six questions. The Minister rated the Agency as 7 for the six questions.			
The combined number of agencies and NGO's on-boarded to the Data Exchange will not be less than 80% of the number committed.	Achieved	Achieved	Achieved
The Data Exchange Business Case committed to 30 Agency and NGO connections for the two years 2017/18 and 2018/19. The actual number on-boarded to the Data Exchange by 30 June 2019 was 25.			
The percentage of key deliverables agreed with the Minister completed in accordance with organisational priorities and agreed standards will be no less than 85%.	Not measured	Achieved	Not measured
The SIA's work programme continues to evolve. SIA undertook extensive engagement for the Government's proposed Investing for Social Wellbeing approach and Data Protection and Use Policy. The results of this engagement will inform and shape the future work programme and deliverables in 2019/20.			
Whilst there was no formally agreed work programme for 2018/19, SIA achieved the Minister's key priorities for the SIA (extensive engagement for the Government's proposed Investing for Social Wellbeing approach and the Data Protection and Use Policy).			
A work programme has been agreed with the Minister for 2019/20.			

## Place-based initiatives – National Support

This appropriation is limited to providing support and evaluation across place-based initiatives.

This appropriation is intended to achieve the successful implementation and functioning of place-based initiatives to improve outcomes for at-risk children, young people and their families.

2018 Actual \$000		2019 Actual \$000	2019 Budget \$000	2019 Supp. Estimates \$000	2020 Unaudited Forecast \$000
721	Expenses	214	-	450	400
1,220	Revenue Crown	450	-	450	400

Expenditure was lower than budgeted due to the delay in commencement of the evaluation for which a transfer to 2019/20 has been sought. In December 2018, Cabinet agreed to the disestablishment of the SIA-hosted National Support Team, with responsibility and funding for those support functions still required transferred to the Ministry of Social Development in its capacity as lead agency for both Place Based Initiatives, effective from January 2019.

Performance Measure	Actual 2017/18	Budgeted Standard Target 2018/19	Actual 2018/19
The commissioned evaluation is expected to support place-based decisions by June 2020.	New measure	Achieved	Achieved
Following the submission of a Cabinet paper in October 2018, the evaluation of the place-based initiatives will now be completed by June 2020.			
The place-based initiatives will report that the support they receive from the national function is contributing to the successful implementation and functioning of initiatives.	Achieved	Achieved	Achieved
Both place-based initiatives reported that the support they received from the national function was contributing to the successful implementation and functioning of the initiatives.			
The place-based initiatives will attest that the support they receive from the national function assists them in meeting specific monitoring and reporting requirements.	Achieved	Achieved	Achieved
Both place-based initiatives attested that the support they received from the national function assisted them in meeting specific monitoring and reporting requirements.			

# Statement of Budgeted and Actual Departmental and Non-Departmental Expenses and Capital Expenditure Incurred Against Appropriation

for the year ended 30 June 2019

	2019 Actual \$000	2019 Unaudited Budget \$000	2019 Unaudited Supp. Estimates \$000	2020 Unaudited Forecast \$000	Location of End-of-year Performance Information
<b>State Services Commission</b>					
<b>Departmental Capital Expenditure</b>					
State Services Commission – Capital Expenditure under Permanent Legislative Authority	1,867	100	1,700	190	SSC Annual Report
<b>Departmental Output Expenses</b>					
Place-based initiatives – South Auckland Social Investment Board	1,000	-	1,000	-	SSC Annual Report
<b>Non-departmental Other Expenses</b>					
Open Government Partnership	200	200	200	200	Exempt
Remuneration and Related Employment Costs of Chief Executives	14,967	16,460	16,673	16,395	
Settlement of Legal Liabilities	-	7	7	7	
<b>Total Non-departmental Other Expenses</b>	<b>15,167</b>	<b>16,667</b>	<b>16,880</b>	<b>16,602</b>	
<b>Multi-category Expenses and Capital Expenditure</b>					SSC Annual Report
<i>Policy Advice and Management of the Public Management System MCA</i>					
<b>Departmental Output Expenses</b>					
Policy Advice	5,355	5,528	5,867	5,729	
Leadership of Public Management System	24,642	24,295	24,824	26,421	
<b>Total Multi-category Expenses and Capital Expenditure</b>	<b>29,997</b>	<b>29,823</b>	<b>30,691</b>	<b>32,150</b>	
<b>Total Annual and MCA Expenses</b>	<b>48,031</b>	<b>46,590</b>	<b>50,271</b>	<b>48,942</b>	
<b>Social Investment Agency</b>					
<b>Departmental Output Expenses</b>					
Designing and implementing Social Investment	12,332	13,428	15,040	13,445	SSC Annual Report
Place-based initiatives – National Support	214	-	450	400	
<b>Total Annual Expenses</b>	<b>12,546</b>	<b>13,428</b>	<b>15,490</b>	<b>13,845</b>	
<b>Total Annual and MCA Expenses for SIA and SSC</b>	<b>60,577</b>	<b>60,018</b>	<b>65,761</b>	<b>62,787</b>	

## Reconciliation of Appropriations to Comprehensive Revenue and Expenses

	Place-based initiatives - South Auckland Social Investment Board	Policy Advice	Leadership of Public Management System	Designing and Implementing Social Investment	Place-based Initiatives - National Support	Comprehensive Revenue/ Expenses
Revenue Crown	1,000	5,867	18,035	15,040	450	40,392
Revenue Department and Other	-	-	5,678	-	-	5,678
<b>Total Revenue after eliminations</b>	<b>1,000</b>	<b>5,867</b>	<b>23,713</b>	<b>15,040</b>	<b>450</b>	<b>46,070</b>
Expenses	1,000	5,355	24,642	12,332	214	43,543
<b>Expenses after eliminations</b>	<b>1,000</b>	<b>5,355</b>	<b>24,642</b>	<b>12,332</b>	<b>214</b>	<b>43,543</b>

## Statement of Departmental and Non-departmental Expenses and Capital Expenditure Incurred Without, or in Excess of, Appropriation or Other Authority for the year ended 30 June 2019

### *Expenses and capital expenditure incurred in excess of appropriation*

Nil (2018: Nil).

### *Expenses and capital expenditure incurred without appropriation or other authority, or outside scope of appropriation*

Nil (2018: Nil).

There was no unappropriated expenditure in relation to the activities that SSC administered on behalf of the Crown for the year ended 30 June 2019 (2018: Nil).

## Statement of Departmental Capital Injections for the year ended 30 June 2019

2018 Actual capital injections \$000		2019 Actual capital injections \$000	2019 appropriation \$000
1,441	Capital injection	1,822	1,822

## Statement of Departmental Capital Injections Without, or in Excess of, Authority for the year ended 30 June 2019

SSC has not received any capital injections during the year without, or in excess of, authority (2018: Nil).



# FINANCIAL STATEMENTS & SCHEDULE

## *Tauākī pūtea me te pukapuka tāpiri*

### In this section:

- Departmental Financial Statements
  - Statement of Comprehensive Revenue and Expenses
  - Statement of Financial Position
  - Statement of Changes in Equity
  - Statement of Cash Flows
  - Statement of Commitments
  - Statement of Contingent Liabilities and Contingent Assets
- Notes to the Departmental Financial Statements and Non-departmental Schedules
- Non-departmental Schedules
  - Schedule of Non-departmental Expenses
  - Schedule of Non-departmental Revenue and Receipts
  - Schedule of Non-departmental Assets
  - Schedule of Non-departmental Liabilities
  - Schedule of Non-departmental Commitments
  - Schedule of Non-departmental Contingent Liabilities and Contingent Assets

# Departmental Financial Statements

(for the year ended 30 June 2019)

The Financial Statements record the revenue, expenses, assets, liabilities, commitments, contingent liabilities and contingent assets that SSC and SIA manage.

## Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2019

2018 Actual \$'000		Notes	2019 Actual \$'000	2019 Unaudited Budget \$'000	2020 Unaudited Forecast \$'000
	<b>Revenue</b>				
43,048	Revenue Crown	2	40,392	36,791	40,417
6,367	Revenue other	2	5,678	6,460	5,578
<b>49,415</b>	<b>Total revenue</b>		<b>46,070</b>	<b>43,251</b>	<b>45,995</b>
	<b>Expenditure</b>				
24,390	Personnel costs	3	25,410	26,276	28,516
145	Capital charge	4	163	210	210
232	Depreciation and amortisation expense	6	571	238	521
20,384	Other operating expenses	5	17,399	16,527	16,748
<b>45,151</b>	<b>Total expenditure</b>		<b>43,543</b>	<b>43,251</b>	<b>45,995</b>
4,264	Net surplus/(deficit)		2,527	-	-
55	Other comprehensive revenue		-	-	-
<b>4,319</b>	<b>Total comprehensive revenue</b>		<b>2,527</b>	<b>-</b>	<b>-</b>

Explanations of major variances against budget are detailed in note 15.

The accompanying accounting policies and notes form part of these financial statements.

# Statement of Financial Position

as at 30 June 2019

2018 Actual \$000		Notes	2019 Actual \$000	2019 Unaudited Budget \$000	2020 Unaudited Forecast \$000
	<b>Assets</b>				
	<i>Current assets</i>				
14,975	Cash and cash equivalents		8,958	3,123	7,753
3,029	Debtor Crown		3,028	1,913	3,029
2,619	Debtors and other receivables	7	3,370	928	701
197	Prepayments		28	30	197
<b>20,820</b>	<b>Total current assets</b>		<b>15,384</b>	<b>5,994</b>	<b>11,680</b>
	<i>Non-current assets</i>				
1,430	Property, plant and equipment	6	1,609	237	1,349
123	Intangible assets	6	1,139	151	434
<b>1,553</b>	<b>Total non-current assets</b>		<b>2,748</b>	<b>388</b>	<b>1,783</b>
<b>22,373</b>	<b>Total assets</b>		<b>18,132</b>	<b>6,382</b>	<b>13,463</b>
	<b>Liabilities</b>				
	<i>Current liabilities</i>				
9,743	Creditors and other payables	8	4,368	2,287	3,335
2,908	Revenue - advance		3,701	-	2,908
4,264	Return of operating surplus		2,112	-	-
152	Provisions	10	-	119	271
1,153	Employee entitlements	9	1,642	875	1,153
<b>18,220</b>	<b>Total current liabilities</b>		<b>11,823</b>	<b>3,281</b>	<b>7,667</b>
	<i>Non-current liabilities</i>				
119	Provisions	10	119	-	-
125	Employee entitlements	9	104	98	125
<b>244</b>	<b>Total non-current liabilities</b>		<b>223</b>	<b>98</b>	<b>125</b>
<b>18,464</b>	<b>Total liabilities</b>		<b>12,046</b>	<b>3,379</b>	<b>7,792</b>
<b>3,909</b>	<b>Net assets</b>		<b>6,086</b>	<b>3,003</b>	<b>5,671</b>
	<b>Equity</b>				
3,813	Taxpayers' funds		5,990	2,952	5,575
96	Artwork revaluation reserves		96	51	96
<b>3,909</b>	<b>Total equity</b>		<b>6,086</b>	<b>3,003</b>	<b>5,671</b>

Explanations of major variances against budget are detailed in note 15.

The accompanying accounting policies and notes form part of these financial statements.

## Statement of Changes in Equity

for the year ended 30 June 2019

2018 Actual \$000		Notes	2019 Actual \$000	2019 Unaudited Budget \$000	2020 Unaudited Forecast \$000
2,413	Balance as at 1 July		3,909		5,671
	<i>Comprehensive revenue / (expense)</i>			3,503	
4,319	Net surplus/(deficit) for the year		2,527	-	-
1,441	Capital contribution		1,822	-	-
-	Capital withdrawal		(60)	(500)	-
(4,264)	Return of operating surplus to the Crown		(2,112)	-	-
<b>3,909</b>	<b>Balance as at 30 June</b>		<b>6,086</b>	<b>3,003</b>	<b>5,671</b>

Explanations of major variances against budget are detailed in note 15.

The accompanying accounting policies and notes form part of these financial statements.

# Statement of Cash Flows

for the year ended 30 June 2019

2018 Actual \$000		Notes	2019 Actual \$000	2019 Unaudited Budget \$000	2020 Unaudited Forecast \$000
	<b>Cash flows from operating activities</b>				
43,048	Receipts from Crown		40,392	36,791	40,417
6,312	Receipts from other revenue		5,719	6,460	5,578
(14,038)	Payments to suppliers		(22,552)	(16,636)	(16,563)
(24,059)	Payments to employees		(25,029)	(26,167)	(28,358)
(145)	Payments for capital charge		(156)	(210)	(210)
569	Goods and services tax (net)		(124)	-	-
<b>11,687</b>	<b>Net cash flows from operating activities</b>	<b>11</b>	<b>(1,750)</b>	<b>238</b>	<b>864</b>
	<b>Cash flows from investing activities</b>				
16	Sale of property, plant and equipment		-	-	-
(1,212)	Purchase of property, plant and equipment		(529)	-	(190)
(38)	Purchase of intangible assets		(1,014)	-	-
<b>(1,234)</b>	<b>Net cash flows from investing activities</b>		<b>(1,543)</b>	<b>-</b>	<b>(190)</b>
	<b>Cash flows from financing activities</b>				
(777)	Repayment of operating surplus		(4,324)	-	-
-	Capital (withdrawal)/injection		1,600	(500)	-
3,250	Transfer of cash balances from Leadership Development Centre Trust		-	-	-
<b>2,473</b>	<b>Net cash flows from financing activities</b>		<b>(2,724)</b>	<b>(500)</b>	<b>-</b>
12,926	Net (decrease) / increase in cash		(6,017)	(262)	674
2,049	Cash at the beginning of the year		14,975	3,385	7,079
<b>14,975</b>	<b>Cash at the end of the year</b>		<b>8,958</b>	<b>3,123</b>	<b>7,753</b>

Explanations of major variances against budget are detailed in note 15.

The accompanying accounting policies and notes form part of these Financial Statements

## Statement of Commitments

as at 30 June 2019

2018 Actual \$'000		2019 Actual \$'000
	<b>Non-cancellable operating lease commitments</b>	
1,098	Not later than one year	1,058
1,558	Later than one year and not later than 5 years	598
<b>2,656</b>	<b>Total non-cancellable operating lease commitments</b>	<b>1,656</b>
<b>2,656</b>	<b>Total Commitments</b>	<b>1,656</b>

SSC has a non-cancellable operating lease, in respect of its Wellington premises ending in 2020/2021. There was no capital commitment for 2019/20 or 2018/19.

## Statement of Contingent Liabilities and Contingent Assets

as at 30 June 2019

### Unquantifiable Contingent Liabilities and Assets

There are no unquantifiable contingent liabilities and assets as at 30 June 2019 (2018: There was no unquantifiable contingent liability).

### Quantifiable Contingent Liabilities and Assets

There are no quantifiable contingent liabilities and assets as at 30 June 2019 (2018: SSC is involved in a court case with an estimated financial effect of \$5,000 - this matter was disclosed as an unquantifiable contingent liability as at 30 June 2017).

The accompanying accounting policies and notes form part of these financial statements.

# Notes to the Departmental Financial

## Statements and Non-departmental Schedules

(for the year ended 30 June 2019)

### 1 – Statement of accounting policies

#### Reporting entity

The State Services Commission (SSC) is a New Zealand government department as defined by section 2 of the Public Finance Act 1989. The Social Investment Agency (SIA) is a departmental agency as defined by section 2 of the Public Finance Act 1989, which is hosted within SSC. Unless explicitly stated references to SSC cover both SSC and SIA.

In addition, SSC has reported separately, in the Non-departmental Schedules, financial information on public funds managed by SSC on behalf of the Crown.

The primary objective of SSC is to provide services to the public rather than making a financial return. Accordingly, SSC is designated as a Public Benefit Entity (PBE) for financial reporting purposes.

The Financial Statements of SSC are for the year ended 30 June 2019. The Forecast Financial Statements are for the year ending 30 June 2020. These Financial Statements were authorised for issue by the Chief Executive on 30 September 2019.

The Financial Statements of SSC for the year ended 30 June 2019 are consolidated Financial Statements including both SSC and SIA. They are shown as Group in this Annual Report.

The Departmental Financial Statements and the financial information reported in the Non-departmental Schedules are consolidated into the Financial Statements of the Government and, therefore, readers of these schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2019.

#### Statement of compliance

The Departmental Financial Statements, Non-departmental Schedules and unaudited Departmental Forecast Financial Statements of SSC have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP), Treasury Instructions and Treasury Circulars. These Financial Statements comply with PBE accounting standards as appropriate for Tier 1 entities. These Financial Statements

have been prepared in accordance with Tier 1 NZ PBE accounting standards. Measurement and recognition rules applied in the preparation of the Non-departmental Supplementary Financial Schedules are consistent with NZ GAAP and Crown accounting policies and are detailed in the Financial Statements of the Government.

#### Basis of preparation

The Departmental Financial Statements and Non-departmental Schedules have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### Measurement base

The Departmental Financial Statements and Non-departmental Schedules have been prepared on an historical cost basis with the exception of Artwork which is revalued every five years.

#### Functional and presentation currency

The Departmental Financial Statements and Non-departmental Schedules are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of SSC is New Zealand dollars.

#### Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held on call with banks.

#### Income Tax

The SSC is a public authority and consequently is exempt from income tax. Accordingly, no provision has been made for income tax.

#### Changes in accounting policies

##### Early adoption of PBE IFRS 9

The Crown has elected to early adopt PBE IFRS 9 Financial Instruments in preparing the 30 June 2019 Financial Statements of Government (FSG). In line with the FSG, SSC has elected to early adopt PBE IFRS 9 Financial Instruments. There are no changes resulting from adoption of this standard.

## Budget Figures

The budget figures are those included in the Department's Budget Estimates for the year ended 30 June 2019, which is consistent with the financial information in the Main Estimates. The budget figures are unaudited.

## Forecast figures

### *Basis of preparation*

Forecast Departmental Financial Statements and Non-departmental Schedules have been prepared in accordance with the accounting policies expected to be used in the future for reporting historical general purpose financial statements and based on a group basis including the Social Investment Agency, which is a Departmental Agency.

These Forecast Financial Statements are unaudited and have been prepared in accordance with, and comply with, FRS 42 Prospective Financial Statements.

These financial forecasts are based on Budget Economic Fiscal Update 2019 (BEFU) and have been prepared on the basis of assumptions as to future events that SSC reasonably expects to occur, associated with the actions it reasonably expects to take. They have been compiled on the basis of existing government policies and ministerial expectations at the date that the information was prepared.

The main assumptions were as follows:

- SSC's activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities
- personnel costs were based on current wages and salary costs, adjusted for anticipated remuneration changes
- operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances, and are SSC's best estimate of future costs that will be incurred
- inclusion of Social Investment Agency.

Additional factors that could lead to material differences between the Forecast Financial Statements and the 2019/20 Actual Financial Statements include changes to the baseline budget through new initiatives, transfer of funding across financial years or technical adjustments.

### *Authorisation statement*

These Forecast Financial Statements were authorised for issue by the Chief Executive of SSC on 10 April 2019. The Chief Executive is responsible for the Forecast Financial Statements presented, including the appropriateness of the

assumptions underlying the Forecast Financial Statements and all other required disclosures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

## Statement of cost allocation policies for Departmental Financial Statements

SSC has determined the cost of outputs and categories using the following cost allocation system:

- direct costs are expenses incurred from activities in producing outputs - these costs are charged directly to the related appropriations
- indirect costs are expenses incurred by corporate services functions that cannot be identified with a specific output, and are allocated to each appropriation based on full-time equivalent personnel

There have been no changes in SSC's general cost accounting policies since the date of the last audited Financial Statements.

## Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions made in preparing these Financial Statements.

## Capital management

SSC manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. Its equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and compliance with the government budget processes, Treasury Instructions, and the Public Finance Act.

## Change from CASS

We moved the majority of our corporate services from CASS to an in-house SSC service from October 2018. We have purchased services from CASS since 2012 and since then our operating model has changed significantly. We have transferred the Information Management, HR, Finance and IT functions in-house to ensure that advice and support can be provided closer to the business. CASS will continue to support us by providing payroll services and our FMIS system.

## 2 – Revenue

### Revenue Crown – non-exchange

Revenue from the Crown is measured based on SSC’s funding entitlement for the reporting period as reported in the Departmental Financial Statements.

The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date. There are no conditions attached to the funding from the Crown. However, SSC can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

### Other revenue

#### *PIF reviews – exchange*

Revenue from reviews is recognised based on percentage completed.

### LDC Levies and LDC courses – exchange

Revenue from Levies for the Leadership Development Centre and courses are recognised as revenue on a straight-line basis over the life of each course.

### Recovery of rental costs and secondments – exchange

Recovery of rental costs and secondments from participating agencies is recognised as revenue on a straight-line basis.

### Breakdown of other revenue and further information

2018 Actual \$000		2019 Actual \$000
801	Agency contribution towards PIF reviews	91
2,095	LDC Levies	2,095
1,277	LDC Course and other revenue	1,341
2,194	Other revenue (including recoveries)	2,151
<b>6,367</b>	<b>Total departmental and other revenue</b>	<b>5,678</b>

### 3 – Personnel costs

2018 Actual \$000		2019 Actual \$000
22,828	Salaries and wages	23,491
107	Staff training and development	249
710	Superannuation contributions to defined contribution plans	719
318	Increase/(decrease) in employee entitlements	231
152	Redundancy	-
275	Other	720
<b>24,390</b>	<b>Total personnel costs</b>	<b>25,410</b>

### 4 – Capital charge

SSC pays a capital charge to the Crown based on its equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2019 was 6% (2018: 6%).

### 5 – Other operating expenses

2018 Actual \$000		2019 Actual \$000	2019 Unaudited Budget \$000	2020 Unaudited Forecast \$000
2,724	Consultancy	2,232	6,252	1,157
142	Chief executives' recruitment costs	737	500	450
91	Legal fees	261	68	384
108	Fees to Audit New Zealand for audit of financial statements - SSC	111	80	111
26	Fees to Audit New Zealand for audit of financial statements - LDC Trust	-	-	-
1,190	Rental and operating lease costs	1,238	1,257	1,258
194	Other occupancy costs	303	295	373
1,411	IT and communication costs	2,083	763	2,551
463	Travel	531	308	465
5	Loss on disposal of property, plant and equipment	1	-	-
224	Sponsorship	275	124	115
4,433	Contractor fees for SIA	4,029	3,660	2,790
3,472	Costs paid to the Treasury for CASS	1,289	2,700	2,700
197	LDC Fellowships	-	-	-
5,704	Other operating costs	4,309	520	4,394
<b>20,384</b>	<b>Total operating costs</b>	<b>17,399</b>	<b>16,527</b>	<b>16,748</b>

## 6 – Property, plant and equipment and intangible assets

### Accounting policy

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment losses, except for Artwork which is revalued to fair value every five years, subject to regular assessment of market movements to ensure they do not differ materially from fair value. The latest revaluation was performed as at 30 June 2018.

Intangible assets are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. Direct costs include software acquisition and customisation costs by consultants or staff. Staff training costs are recognised as an expense when incurred. Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when an asset is available for use and ceases at the date that an asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expenses.

The useful lives of all classes of assets have been estimated as follows:

Asset Type	Useful Life	Depreciation/ Amortisation Rate	Method
Office equipment	4 – 5 years	20% – 25%	Straight line
Leasehold improvements	5 years	20%	Straight line
Works of art	N/A	N/A	N/A
Furniture and fittings	3 – 5 years	20% – 33.33%	Straight line
Intangible	3 – 5 years	20% – 33.33%	Straight line

## Property, Plant and Equipment

	Office Equipment \$000	Leasehold Improvements \$000	Works of Art \$000	Furniture and Fittings \$000	Total \$000
<b>Cost</b>					
<b>Balance at 1 July 2017</b>	204	-	92	1,115	1,411
Additions	11	703	-	498	1,212
Disposals/transfers	-	-	(21)	-	(21)
Revaluation increase	-	-	55	-	55
Other movements	55	-	-	6	61
<b>Balance at 30 June/ 1 July 2018</b>	<b>270</b>	<b>703</b>	<b>126</b>	<b>1,619</b>	<b>2,718</b>
Additions	466	2	-	68	536
Disposals/transfers	(86)	-	-	(743)	(829)
Revaluation increase	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>650</b>	<b>705</b>	<b>126</b>	<b>944</b>	<b>2,425</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance at 1 July 2017</b>	137	-	-	950	1,087
Depreciation expense	41	64	-	96	201
Elimination on disposal	-	-	-	-	-
<b>Balance at 30 June/ 1 July 2018</b>	<b>178</b>	<b>64</b>	<b>-</b>	<b>1,046</b>	<b>1,288</b>
Depreciation expense	92	113	-	150	355
Elimination on disposal	(85)	-	-	(742)	(827)
<b>Balance at 30 June 2019</b>	<b>185</b>	<b>177</b>	<b>-</b>	<b>454</b>	<b>816</b>
<b>Carrying amounts</b>					
At 1 July 2017	67	-	92	165	324
At 1 July 2018	92	639	126	573	1,430
<b>At 30 June 2019</b>	<b>465</b>	<b>528</b>	<b>126</b>	<b>490</b>	<b>1,609</b>

## Intangible Assets

	Intangible Assets \$000	Work in Progress \$000	Total \$000
<b>Cost</b>			
<b>Balance at 1 July 2017</b>	<b>144</b>	<b>-</b>	<b>144</b>
Additions	38	-	38
Disposals/transfers	-	-	-
Revaluation increase	-	-	-
Other Movements	3	-	3
<b>Balance at 30 June/ 1 July 2018</b>	<b>185</b>	<b>-</b>	<b>185</b>
Additions	1,113	119	1,232
Disposals/transfers	-	-	-
Revaluation increase	-	-	-
Other Movements	-	-	-
<b>Balance at 30 June 2019</b>	<b>1,298</b>	<b>119</b>	<b>1,417</b>
<b>Accumulated Amortisation and impairment losses</b>			
<b>Balance at 1 July 2017</b>	<b>31</b>	<b>-</b>	<b>31</b>
Amortisation expense	31	-	31
Elimination on disposal	-	-	-
<b>Balance at 30 June/ 1 July 2018</b>	<b>62</b>	<b>-</b>	<b>62</b>
Amortisation expense	216	-	216
Elimination on disposal	-	-	-
<b>Balance at 30 June 2019</b>	<b>278</b>	<b>-</b>	<b>278</b>
<b>Carrying amounts</b>			
At 1 July 2017	113	-	113
At 1 July 2018	123	-	123
<b>At 30 June 2019</b>	<b>1,020</b>	<b>119</b>	<b>1,139</b>

## 7 – Receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount will not be fully collectable. The amount that is uncollectable is the difference between the carrying amount due and the present value of the amount expected to be collected.

### Ageing of debtors and other receivables

2018 Actual \$000		2019 Actual \$000
949	Current	3,109
1,634	Past due 31 - 60 days	169
12	Past due 61 - 90 days	18
24	Past due over 91 days not impaired	74
<b>2,619</b>	<b>Total</b>	<b>3,370</b>

## 8 – Creditors and other payables

### Accounting policy

Creditors and other payables are recorded at their face value.

2018 Actual \$000		2019 Actual \$000
	<b>Payables under exchange transactions</b>	
5,375	Trade Creditors	1,504
3,254	Accrued Expenses	1,636
8,629	<i>Total Payables under exchange transactions</i>	3,140
	<b>Payables under non-exchange transactions</b>	
1,114	Taxes Payable	1,228
1,114	<i>Total Payables under non-exchange</i>	1,228
<b>9,743</b>	<b>Total Trade Payables and Other Payables</b>	<b>4,368</b>

## 9 – Employee entitlements (departmental)

2018 Actual \$000		2019 Actual \$000
	<b>Current liabilities</b>	
113	Accrued salaries and performance pay	423
952	Annual leave	964
35	Sick leave	29
53	Retirement and long service leave	226
<b>1,153</b>	<b>Total current portion</b>	<b>1,642</b>
	<b>Non-current liabilities</b>	
125	Long service leave	104
<b>125</b>	<b>Total non-current portion</b>	<b>104</b>
<b>1,278</b>	<b>Total employee entitlements</b>	<b>1,746</b>

The present value of the retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis using some assumptions. Two key assumptions used in calculating this liability include the discount rate (year 1: 1.26%; year 2: 1.03%; year 3+: 2.23%) and the salary-inflation factor (year 1: 2.00%; year 2+: 2.92%). Any changes in these assumptions will impact on the carrying amount of the liability. In determining the appropriate discount rate, the SSC adopts the central table of risk-free discount rates and Consumer Price Index (CPI) assumptions provided by the Treasury.

## 10 – Provisions

SSC is required at the expiry of the lease term in the Reserve Bank on 28 February 2021 to make good the premises and \$0.119 million has been provided for this.

	Restructure \$000	Lease Make Good \$000
Opening balance at 1 July 2018	152	119
Additional provisions made	-	-
Provisions released	(152)	-
<b>Closing balance at 30 June 2019</b>	<b>-</b>	<b>119</b>

## 11. Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

2018 Actual \$000		2019 Actual \$000
4,264	<b>Net Surplus (Deficit)</b>	2,527
	Add/(Less) Non-Cash Items	
232	Depreciation and Amortisation	571
232	Total Non-Cash Items	571
	<b>Add/(Less) Working Capital Movement</b>	
(209)	(Increase)/Decrease in Receivables and Prepayments	(582)
6,507	Increase/(Decrease) in Creditors and Other Payables	(4,458)
569	Increase/(Decrease) in GST	(124)
152	Increase/(Decrease) in Provisions	(152)
141	Increase/(Decrease) in Employee Entitlements	489
7,160	Total Net Movement In Working Capital Items	(4,827)
27	Add/(Less) Movements in Non-current Liabilities	(21)
	<b>Add/(Less) Items Classified As Investing Or Financing Activities</b>	
4	(Gain)/Losses on Disposal of Property, Plant and Equipment	-
<b>11,687</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(1,750)</b>

## 12 – Summary Analysis of SSC and SIA

Revenue and Expenses	SSC Actual 2019 \$000	SIA Actual 2019 \$000	Total Actual 2019 \$000
<b>Revenue</b>			
Revenue Crown	24,902	15,490	40,392
Revenue other	5,678	-	5,678
<b>Total Revenue</b>	<b>30,580</b>	<b>15,490</b>	<b>46,070</b>
<b>Expenditure</b>			
Personnel costs	20,814	4,596	25,410
Capital charge	163	-	163
Depreciation and amortisation	571	-	571
Other operating	9,449	7,950	17,399
<b>Total Expenses</b>	<b>30,997</b>	<b>12,546</b>	<b>43,543</b>
<b>Net Surplus</b>	<b>(417)</b>	<b>2,944</b>	<b>2,527</b>

Assets and Liabilities	SSC Actual 2019 \$000	SIA Actual 2019 \$000	Total Actual 2019 \$000
<b>Current assets</b>	10,326	5,058	15,384
Non-current assets	2,495	253	2,748
<b>Current liabilities</b>	6,765	5,058	11,823
Non-current liabilities	223	-	223
Net Assets	5,833	253	6,086
Total Equity	5,833	253	6,086

## 13 – Related party transactions

All related party transactions have been entered into on an arm's-length basis. Further, transactions with other government agencies (e.g. government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

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

In conducting its activities SSC is required to pay various taxes and levies (such as GST, FBT, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers.

### Key management personnel

SSC Actual 2018 \$000	SIA Actual 2018 \$000		SSC Actual 2019 \$000	SIA Actual 2019 \$000
		<b>Leadership team, including the State Services Commissioner</b>		
3,765	1,603	Remuneration	3,318	1,881
10	6.5	Full-time equivalent staff	10	7.7

The above key management personnel compensation excludes the remuneration and other benefits the Minister of State Services receives. The Minister's remuneration and other benefits are not received only for his role as a member of key management personnel of SSC. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, and not by SSC.

### Related party transactions involving key management personnel (or their close family members)

There were no related party transactions involving key management personnel or their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2018: Nil).

## 14 – Events after balance date

There have been no significant events subsequent to balance date that require adjustment to the Financial Statements or disclosure.

## 15 – Explanation of major variances against budget

### Statement of Comprehensive Revenue and Expense

The following major budget variations occurred between the 2018/19 Actuals and the 2018/19 Budget:

#### *Revenue*

Revenue Crown was higher than originally budgeted mainly due to a transfer from 2017/18 due to a delay in the implementation of the Phase 2 Data Exchange and an increase in funding for the South Auckland Social Investment Board, which was intended to be included in the original budget but was omitted by mistake. Revenue other was lower than originally budgeted due to less Performance Improvement Framework (PIF) reviews occurring than initially anticipated and the delay of the Spirit of Service Awards into the 2019/20 financial year.

#### *Expenditure*

Personnel costs were slightly lower than budgeted due to vacancies. Depreciation and amortisation is higher than budgeted following the capital expenditure that occurred during the year when SSC departed CASS. Other operating expenditure was also higher than budgeted due to the increase in funding for the Phase 2 Data Exchange and South Auckland Social Investment Board, which corresponds to the increase in Revenue Crown mentioned above.

### Statement of Financial Position, Cashflow and Changes in Equity

Variances in the Statement of Position and Statement of Cash Flows are largely due to timing differences between when the goods or services were delivered and when the cash changed hands. This explains the high bank balance, alongside the high balances in the current liabilities in the Statement of Position, and the higher payments to suppliers in the Statement of Cash Flows.

There are further variances due to the purchase of additional assets following SSC's separation from CASS, represented by the increase in non-current assets in the Statement of Financial Position and the Cash Flows from investing activities in the Statement of Cash Flows. More detail can be found under the Capital PLA appropriation in section 2 on page 34. Equity also increased due to a capital injection received from the separation with CASS to fund SSC's new IT equipment and infrastructure.

# Non-departmental Schedules

(for the year ended 30 June 2019)

The Non-departmental Schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities and contingent assets that SSC and SIA manages on behalf of the Crown.

## Schedule of Non-departmental Expenses

for the year ended 30 June 2019

2018 Actual \$000		2019 Actual \$000	2019 Unaudited Budget \$000
14,740	Remuneration and related employment costs of chief executives	14,967	16,460
	<i>Consists of</i>		
14,472	Remuneration and leave costs	14,863	15,728
265	Training and development	68	732
3	Relocation costs	36	-
-	Settlement of Legal liabilities	-	7
200	Open Government Partnership	200	200
72	GST Input expense	28	-
<b>15,012</b>	<b>Total non-departmental expenses</b>	<b>15,195</b>	<b>16,667</b>

The accompanying accounting policies and notes form part of these Financial Statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2019.

## Schedule of Non-departmental Revenue and Receipts

for the year ended 30 June 2019

The Schedule of Non-departmental Revenue and Receipts summarises Non-departmental revenues and receipts that SSC and SIA administers on behalf of the Crown.

2018 Actual \$000		2019 Actual \$000	2019 Unaudited Budget \$000
14,430	Reimbursement of chief executives' remuneration	14,574	16,211
<b>14,430</b>	<b>Total non-departmental revenue</b>	<b>14,574</b>	<b>16,211</b>

The accompanying accounting policies and notes form part of these Financial Statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2019.

## Schedule of Non-departmental Assets

as at 30 June 2019

2018 Actual \$000		2019 Actual \$000	2019 Unaudited Budget \$000
8,592	Cash	9,537	7,062
-	Debtors and other receivables	232	-
<b>8,592</b>	<b>Total non-departmental assets</b>	<b>9,769</b>	<b>7,062</b>

The accompanying accounting policies and notes form part of these Financial Statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2019.

## Schedule of Non-departmental Liabilities

as at 30 June 2019

2018 Actual \$'000		2019 Actual \$'000	2019 Unaudited Budget \$'000
165	Creditors and other payables	209	242
	<b>Current liabilities – employee entitlements</b>		
2,059	Performance pay and Earn Back	-	1,076
102	Salaries and wages	101	595
620	Annual leave	927	1,094
<b>2,781</b>	<b>Total current liabilities – employee entitlements</b>	<b>1,028</b>	<b>2,765</b>
	<b>Long-term liabilities</b>		
694	Retirement leave	657	63
<b>3,475</b>	<b>Total current and long-term provision for employee entitlements</b>	<b>1,685</b>	<b>2,828</b>
<b>3,640</b>	<b>Total non-departmental liabilities</b>	<b>1,894</b>	<b>3,070</b>

## Schedule of Non-departmental Commitments

as at 30 June 2019

There are no non-departmental commitments as at 30 June 2019 (2018: Nil).

## Schedule of Non-departmental Contingent Liabilities and Contingent Assets

as at 30 June 2019

There are no non-departmental contingent liabilities and contingent assets as at 30 June 2019 (2018: Nil).

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2019.



Our partnerships with social sector agencies and non-governmental organisations (NGOs) continues to underscore the importance of working together to give voice to (and to measure) what matters most for the wellbeing of people, whānau and communities across New Zealand. Partnering also provides good grounds to trial innovative approaches to positive social sector change. SIA was asked to administer the collective agreement for the expansion of the Kāinga Whānau Ora pilot – a community and iwi-led programme working with families and whānau living in Housing New Zealand homes – to test and learn from a new approach to funding and contracting.

We look forward to continued sector-wide collaboration over the coming financial year. Together, we can understand and do more of what works for better lives.

## 2018/19 Achievements

### Wellbeing measurement

We create conduits for SIA, other agencies and service providers so that those in the social sector can voice what matters (and what works) in their communities.

SIA has six foundation partners. These are organisations we have worked with regularly since our establishment on 1 July 2017:

- Wise Group
- Te Tihi o Ruahine Alliance
- Method Mission Southern
- Family Help Trust
- The Southern Initiative
- Presbyterian Support Northern

### Wise Group

SIA is working with the Wise Group to co-design analytics methodologies for The People's Project – a community-wide response to help solve homelessness in Hamilton and Tauranga. The aim of this partnership is to improve the understanding of the range of people experiencing homelessness and their needs. The insight will be used by the Wise Group to help design optimal service delivery pathways to deliver better outcomes for its clients.

### Te Tihi o Ruahine Alliance

SIA facilitated a successful Budget bid on behalf of the governance group to expand the Kāinga Whānau Ora collective impact programme in the Manawatu. The next phase of the initiative includes scaling and transferability to

Whanganui. The expansion will see the number of whānau supported by this programme grow from 167 to 467. The programme focuses on a whānau-led approach that is aspirational and can contribute to improving housing and other outcomes such as supporting children, boosting skills and employment, reducing reliance on benefits, and improving the health of whānau.

### Methodist Mission Southern (MMS)

SIA continued to work with MMS on the Integrated Services Hub (ISH).

The hub is a 24-month pilot project between MMS and SIA to develop, test and evaluate the mechanisms necessary for multiple co-operating organisations to collaborate effectively using a data-driven approach and practice management method.

MMS has integrated eight subscribers to the hub, which is proving to be a successful model.

### Family Help Trust

SIA worked with the Family Help Trust to implement a connection to the Data Exchange (see above) with Canterbury DHB. The connection supports the safe and secure transfer of up-to-date immunisation data for families and children registered with the trust.

The Family Help Trust is a founding member of The Loft and we have subsequently extended our work to explore the data needs of the collective with a view to adding value to a wider group of agencies.

### The Southern Initiative (TSI)

SIA has partnered with TSI since May 2018. TSI is not a service provider, but a major placed-based regeneration programme for South Auckland that champions, stimulates and enables social and community innovation.

Our partnership project, Having a Baby in South Auckland (HaBiSA), saw SIA develop a new method of combining IDI data to produce cross-sector timelines of families' experiences. These were used by TSI to identify meaningful topics for discussions with South Auckland whānau. The methods SIA developed are likely to have application across the social sector on a wide range of topics.

TSI tested whether the insights from these timelines, combined with other evidence sources, can drive new action in the early years system. Conversations with whānau have already led to new insights in several areas.

## Presbyterian Support Northern (PSN)

SIA and PSN investigated piloting whether allowing practitioners more flexibility over how services were allocated and shifting focus to measuring outcomes would improve PSN's client experiences. We compared current contracting models funded through multiple government contracts for similar services in Rotorua against a 'bundled' single contract for delivering the same services in Tauranga. The team decided to pause the initiative in the planning stages.

## Wellbeing Measurement Approach

We've defined an approach to measuring wellbeing impacts associated with social services. We've built on this and developed an analytical method for measuring short-term changes in wellbeing associated with certain types of social services. In the first case, we have selected social housing to apply this new analytical method.

The work complements activity undertaken by other New Zealand government agencies to monitor or measure national level or sub-population impacts on wellbeing. Uniquely, our approach focuses on how wellbeing changes as a result of a specific intervention or social service, and is based on the combination of survey and administrative data.

## Measuring the wellbeing impacts of public policy

*Measuring the wellbeing impacts of public policy: social housing* applies our wellbeing measurement approach and produces preliminary findings based on a sample of New Zealand social housing data.

We have partnered with the Ministry of Social Development to measure the living standards of people receiving income-tested main benefits, and how a variety of wellbeing indicators change when they transition from a benefit to paid work.

Preliminary findings presented to the Welfare Expert Advisory Group (WEAG) were published with their report.

## Manawa Nui – measuring what matters to Māori

We are working with Māori providers to identify what matters to them, how this improves the wellbeing of their whānau, and how to best measure this.

Providers include Te Hau Āwhiowhio o Ōtāngarei Trust (Northland) and Te Tihi o Ruahine Alliance Kāinga Whānau Ora pilot (Manawatu).

## Child Wellbeing Strategy

In 2018/19 we identified data sources and assisted with the development of indicators for the Government's Child Wellbeing Strategy in partnership with the Department of Prime Minister and Cabinet.

## Place Based Initiatives (PBIs)

During the 2018/19 year we continued to operate the national support function for PBIs in Te Tai Tokerau/Northland, South Auckland and Tairāwhiti. We also provided data-related services and capability building support.

The PBIs were established in 2016 and aim to improve outcomes for at-risk children and their families. They provide local social sector leaders with flexible support to tailor a collective response to their community's needs.

In December 2018, Cabinet determined that the PBIs in South Auckland and Tairāwhiti were demonstrating good progress and funding was extended to 30 June 2020. The PBI in Te Tai Tokerau/Northland had not demonstrated the same levels of progress and was discontinued from 1 January 2019.

As the Ministry of Social Development (MSD) is the lead agency for the South Auckland and Tairāwhiti PBIs, it was determined that the national support function and staff should transfer from SIA to MSD.

SIA commissioned a two-phase evaluation of the PBIs to be completed by the end of the 2019/20 year. Phase one will assess how well the PBI model was implemented to enable collaboration and influence collective action. Phase two will assess how well the PBI model is delivering system changes and creating positive outcomes for target populations.

## Approach to social wellbeing

### 'Your voice, your data, your say'

We conducted the "Your voice, your data, your say" public engagement on social wellbeing and the protection and use of data between May and October 2018. The engagement process involved 83 hui in 27 locations across New Zealand, with a total of 1,047 people attending. We received 801 responses to online surveys.

A wide and diverse range of people participated. They included service users, Māori and iwi with an interest in data, Pacific peoples, disabled people, NGOs and service providers, government agencies, local government, district health boards (DHBs), academia, research and philanthropy

representatives and the public. We made special efforts to engage people who use social services and who may not ordinarily have an opportunity to share their perspectives.

The five themes from the engagement were the need to:

- establish a different kind of relationship across the sector
- enable locally-led solutions to deliver services that work
- develop funding and contracting models that promote innovative practice
- build the skills, experience and capacity of the workforce to implement a wellbeing approach
- ensure that the sharing of data, information and insights is a two-way street.

The findings of the engagement culminated in the report ([www.sia.govt.nz/assets/Uploads/what-you-told-us.pdf](http://www.sia.govt.nz/assets/Uploads/what-you-told-us.pdf)).

## Safe data use

SIA releases code, methodology and technical guidance for IDI users, working towards building trust and capability in the use of data in the social sector. Many of these resources are available via GitHub, and work of general interest is published publicly on both the SIA website and The Hub (publication portal). For example, last year we developed a combined dataset for the General Social Survey, drawing together the first four waves of information.

## Data Protection and Use Policy

Based on the findings of the engagement process, a complete draft of the Data Protection and Use Policy (The Policy) has been produced in collaboration with the social sector.

The Policy consists of:

- five principles which articulate the values and behaviours required to underpin data protection and use across government agencies and service providers.
- four guidelines which describe expectations and good practice across the social sector, encompassing the key topics and processes identified by the sector.

The Policy will be supported by a collaboratively developed Toolkit to enable its ready adoption.

During July 2019, SIA ran a targeted check-in process, to test reactions to the draft Policy, and discuss implications for its implementation. We anticipate making some refinements to the draft Policy following this, and aim to present the proposed final Policy in a report to Cabinet in October 2019.

## Data Exchange

The Data Exchange (DX) is essentially a 'smart pipe' that enables the safe, secure and easy sharing of data, with a view to improving service effectiveness and outcomes across the social sector. Organisations using the DX retain full control of what, when and with whom they share data. Neither SIA nor Eight Wire, the developers of the DX, see or have access to any of the data organisations share with each other.

The 2018/19 year was a successful one for the DX programme with interest in the use of the technology continuing to increase. As of 30 June 2019, connections to the DX had grown to 25, up from 13 the same time last year. Several organisations connected to the DX are now developing additional use-cases or are connecting with other organisations that have the DX installed.

One of the most compelling examples of the use of the DX has been the data sharing between the Department of Corrections and the Salvation Army. Daily data on accommodation availability from the Salvation Army is shared with Corrections to enable smoother transitions into temporary housing for clients reintegrating into the community following release from prison. This data sharing has delivered benefits for each party involved, with clients avoiding being detained for longer than they need to be and an improved use of the Salvation Army's accommodation services. Corrections plans to roll out this use-case to their other accommodation providers.

Momentum around the adoption and use of the DX encourages us to be confident that we will achieve the business case target of 52 organisations connected by October 2020.

The team continues to work on a technical standard for the recording and exchange of social sector data. The standard is known as the Social Sector Event Record (SSER), SIA is investigating the possibility of underpinning the standard with the predominant health coding system, SNOMED-CT (Systemised Nomenclature of MEDicine – Clinical Terms), which could lead to the interoperability of social sector and health data and systems.

# Tāngata – our people are our centre

We are a new and small agency and are embedding our new structure. Our workforce composition is changing as we move to a more permanent workforce and grow into an organisation that is here for the long-term.

Our people are passionate about our mission, vision and values, and they are the centre of everything we do. Tāngata (our people strategy), builds on the great start we have made by creating a workplace where everyone is valued, respected, and where they can bring their whole selves to work. We are building an environment that enables, supports and invests in our people's development and performance. We want our employment brand to be strong, and for SIA to be recognised as a great place to work and as an employer that grows talent.

## Our values

Our values underpin everything we do – they are the DNA of our organisation. Our approach, behaviours and performance all link to our values. Our values are well understood by our people.

These values are:

### Tāngata

We're about people



People will do better, sooner and for longer, when the social system works in partnership, acting on better evidence to develop and deliver services.

### Manawa Māui

We are a catalyst for change

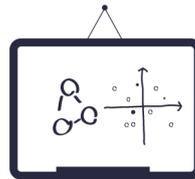


We challenge the status quo constructively and seek better ways of doing things.

We help create change to improve lives through different approaches.

### Taunakitanga

We influence through evidence



We use evidence to influence positive change for New Zealanders.

### Puaretanga

We're transparent by nature



We will share what we're doing, how we're doing it, and what we learn.

## Organisational arrangements

In the 2018/19 year, the SIA implemented a formation programme, and an organisational structure that is fit for purpose and will deliver on the Agency's work programme. The recruitment for the new structure was almost entirely complete at the end of the calendar year, with the new Executive Leadership Team on board by December 2018.

New business groups were established to provide strategic leadership over the work the Agency does:

- Corporate - fit for purpose corporate functions that progress and support the Agency's culture, operating principles and achievement of goals
- Insights - develop data and evidence-driven cross-system insights; provide advice on institutional settings

and the conditions required to embed evidence-based decision-making; undertake deep thinking on specific social issues; and provide research and evaluation expertise and advice

- Portfolio – develop and support the work programme that delivers on the Agency's strategic goals
- Data systems and analytics (product development) - develop key data infrastructure, systems and datasets and build analytical tools and products. Support this with policies and capability building to enable safer and reliable use of data and measurement
- Partnerships – identify and mobilise active partnerships to design and implement products and services that exemplify how an investing for Social Wellbeing approach can deliver better results.

These teams are supported by agency-wide specialists who

provide whole of agency expert advice and support, including our Chief Science Adviser, Chief Māori Adviser, and Principal Adviser.

## Tāngata

Tāngata is our people strategy. This is an internal work programme to build organisational capability and create a workplace where everyone is valued, respected and can bring their whole-selves to work. The work programme includes:

- the creation of Tātou (Our Diversity and Inclusion Working Group) and the development of the Diversity and Inclusion strategy and implementation plan, which includes our gender pay gap action plan
- the development of a performance framework and Remuneration, Reward and Recognition Policy
- implementing a Domestic Violence Free Policy and training
- Te Aho Kura - building Māori capability within the agency, including training on Te Tiriti o Waitangi.

## Tātou

Our working group Tātou has developed our Diversity and Inclusion strategy, which includes a policy to ensure we have a workplace where everyone can bring their whole self to work. Our environment is free from bullying, harassment and bias. These strategies link with our Health, Safety and Wellbeing approach and our commitment to a fully accessible workplace. One of our goals is to achieve the Rainbow Tick. Our gender pay gap action plan is a core aspect of this strategy and is focused on introducing and implementing good practices to ensure there is no gender pay gap.

## Domestic Violence Free

We achieved the DVFree Tick in June 2019, which is a certification that we have taken meaningful steps to create a domestic violence free workplace.

This involved extensive training of all people leaders, development of a Domestic Violence Free Policy, and telling staff about how to access support in the workplace.

## Kōrero Mai

We ask our staff each year about our culture, environment and improvements we could make. Our survey is called Kōrero Mai. The 2019 survey results showed some strong results with the overall organisation effectiveness score, the people score, and the participation rates all higher than the previous survey undertaken last year, and higher than the public sector benchmark scores.

Our culture is a strength as evidenced by five of the top 10 scores relating to culture. Our people enjoy working here, and there is a clear culture of respect and understanding of wellbeing together with an environment of honesty that fosters new ideas.

We are using the results to work with our people to determine areas to focus on in the coming year. Areas with the lowest scores in this year's survey are technology, project and operational processes. These areas have been recognised and form part of our work plan for the 2019/20 year.

We will remeasure in the 2019/20 year to evaluate our progress.

## Intern programme

For the second year we participated in a joint Data and Analytics Summer Internship programme and hosted two interns. We participate in this government-wide programme as it supports our desire to grow young talent from a diverse range of people in the area of data science and analytics in New Zealand.

The programme provides exposure to working in government for students who have been studying statistics, data or analytics related courses and would be looking for employment opportunities in the near future. The programme also includes cross-agency networking and development events throughout the internship.

Our interns joined a project team delivering to our partner organisations. They developed expertise and delivered significant components of the project, presenting to the team, our organisation, and our partners.

## Diversity and inclusion in staff survey:

- **88%** - I am treated as a valued part of the team
- **89%** - I feel I am able to balance my work and private life
- **87%** - SIA values diversity
- **87%** - SIA has an inclusive culture where personal values, cultural beliefs and commitments are respected
- **82%** - I feel I can bring my whole self to work each day
- **84%** - At SIA diverse voices are listened to

*"SIA is one of the best places I have worked."*

*"Overall SIA is an incredible environment to work within. There are great people, the work supports people to help themselves. I feel privileged to be working here and I look forward to what happens next."*

## What we look like

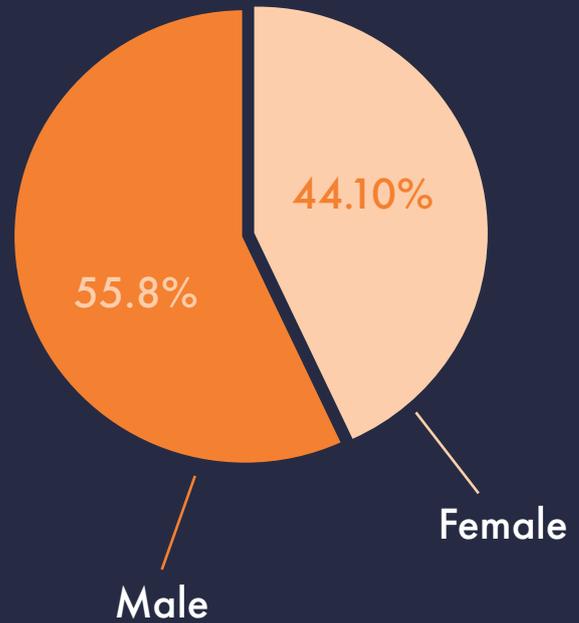
SIA recognises that a diverse workforce and inclusive culture is incredibly important. Our demographic information is changing to more closely align to those we work closely with.

We work across the social sector to evolve our kaupapa in partnership with organisations and agencies like iwi, NGOs and community representatives.

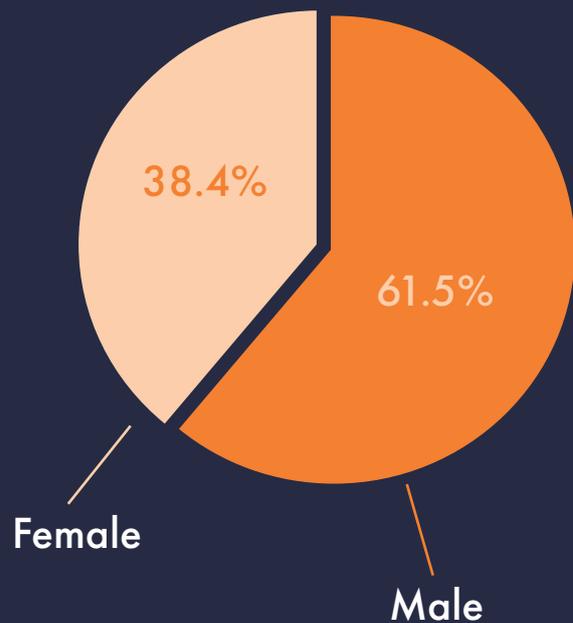
### Top 5 scoring areas:

- **91%** - I enjoy working for this Agency
- **89%** - Our Agency is a great place to work
- **87%** - The contributions of individuals are recognised in my team
- **85%** - We have clear and effective systems for dealing with intimidating behavior and workplace bullying, which are applied equally to everyone
- **85%** - My immediate leader handles stressful situations well

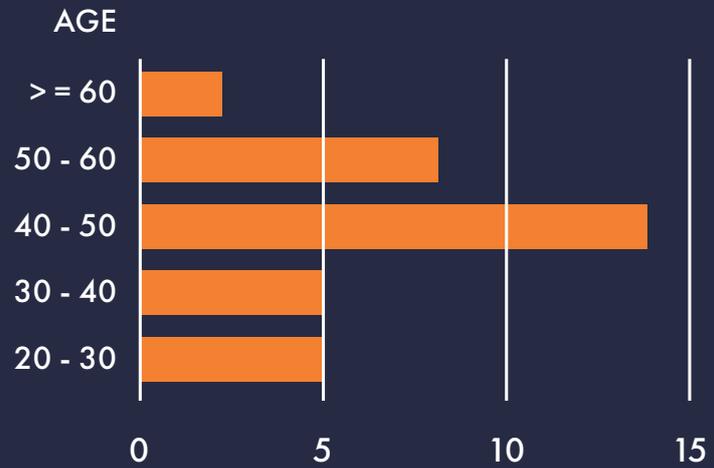
### ALL STAFF - GENDER SPLIT



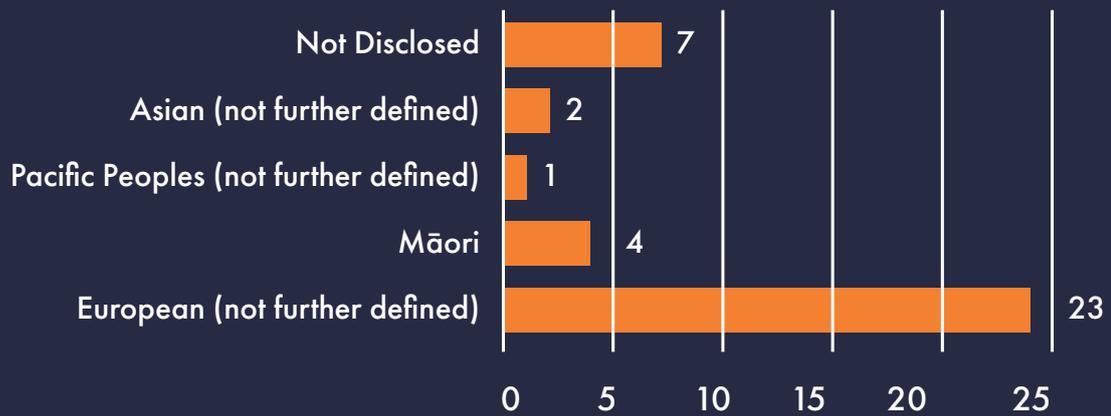
### PEOPLE LEADERS - GENDER SPLIT



## EMPLOYEE AGE



## EMPLOYEE ETHNICITIES



## Statement of Responsibility

I am responsible, as Chief Executive of the Social Investment Agency (SIA), for the accuracy of any end-of-year performance information prepared by SIA, whether or not that information is included in the Annual Report.

In my opinion, the annual report fairly reflects the operations, progress, and organisational health and capability of SIA.



**Dorothy Adams**  
Chief Executive  
Social Investment Agency

Dated: 30/9/19.



