

**Oral Submission on the State Sector Management Bill**  
**Education and Science Committee**  
**20 October 2010**

Our written submission identified the problems with the changes proposed in the above-mentioned Bill in relation to the amalgamation of National Library (including the Alexander Turnbull Library) and Archives New Zealand into the Department of Internal Affairs (DIA). What follows is a discussion on alternative solutions to those proposed in the State Sector Management Bill, namely the need for efficiency in regard to improving systems and saving costs.

The aim of the proposed Bill is to "amalgamate a number of existing agencies to achieve gains in terms of financial efficiencies, effectiveness, and future viability of agencies" (SSM Bill, 2010). The Bill provides for:

- (i) the amalgamation of the Foundation for Research Science and Technology, and the Ministry of Research Science and Technology to form a new Ministry of Science and Innovation; and
- (ii) the absorption of the National Library and Archives New Zealand by the Department of Internal Affairs. (SSM, 2010)

The Institute supports point (i), based on previous research undertaken by the Institute (SFI, 2009); but opposes point (ii). Hence we have chosen to submit on point (ii) only.

We note that the Hon Tony Ryall, Minister of State Services stated:

"The purpose of these amalgamations is to improve services within existing baselines, reduce cost in the short to medium term, and future-proof the long term delivery of government services". (Ryall, 2010)

Specifically in relation to point (ii) above, the Minister said:

"The amalgamation of Archives and the National Library into Internal Affairs recognises the increasing role technology will play in enabling government to discharge its responsibilities to manage information efficiently and effectively and enable New Zealanders to access information in ways that suit them. It will also provide opportunities for use of common capability, economies of scale, and better public access". (Ryall, 2010)

**We propose the following principles should drive the new framework:**

1. **Structure follows strategy.** When the Prime Minister appoints Ministerial portfolios, he or she is setting out the strategy, and the governance structure to report against that strategy. Whilst setting out the relationship between the government and the collection and use of public funds.
2. **Minimising the number of Ministers per government department.** In order to optimise good communication and allow department heads to focus on optimal outcomes.
3. **Keeping the structure flat.** It is better to have many small government departments, that have one focus and one Minister, rather than fewer government departments, with many focuses and multiple Ministers.
4. **Align government departments with Ministers.** When Government appoints Ministerial portfolios, it defines the accountability relationship between Government and public expenditure. Hence, in determining restructuring, at the heart of the process must be the aim to improve the relationship between Ministers and business units.
5. **Focus on the business units.** Create systems and structures that enable Ministers to have clarity over the goals, capabilities and outcomes for each business unit.
6. **Minimise management costs of large and complex organisations.** This is so that public money is spent on achieving public good outcomes rather than costly management structures.
7. **Department titles should be relevant to the business units that they manage.** To provide clarity over roles and responsibilities, therefore minimising confusion.

**Based on these principles, we propose that:**

1. **A 'new' department is created along the lines of 'Department of Immigration and Citizenship' (such as in Australia).** This new department would include DIA's business units (a) to (d) below.
2. **Department of Internal Affairs (DIA) name should be changed to the 'Department of Territorial Authorities' to reflect its role.** There needs to be focus on how central and local government operate, which we believe is one of the reasons Auckland's governance has developed into such a complex problem. We therefore propose the current DIA should be renamed the Department of Territorial Authorities, and contain the business units that relate to developing communities and regions, being (e) and (f).
3. **The National Library and the Archives New Zealand is placed under the direction of the current Ministry of Culture and Heritage.**
4. **The Department of Prime Minister and Cabinet picks up the DIA business unit of Executive government support.** Being (g).

**Background**

1. **Department of Internal Affairs (DIA)** was founded in 1840 as the Office of the Colonial Secretary, and as such was responsible for inland affairs and reported indirectly to the British Crown. Today DIA provides policy advice in the areas of local government, gambling, racing, fire, citizenship, identity and censorship. The department monitors the performance of a range of Crown entities and has developed and implemented a Crown entity governance framework. DIA administers 90 Acts and sets of regulations, plus approximately 1500 'local' acts and is home to a range of services supporting government, communities and citizenship. (NZGD, 2010). See Table 1 for a list of current business units.

**Table 1: Current DIA business units**

Source: New Zealand Government Directory 2010 (NZGD, 2010).

- |   |
|---|
| <ol style="list-style-type: none"><li>a) <b>Identity services</b> - The primary source of information on personal identity and key life events.</li><li>b) <b>Office of Ethnic Affairs</b> - The Office of Ethnic Affairs gives ethnic people a point of contact with the New Zealand government, and advice and information on matters affecting their communities.</li><li>c) <b>Regulation and compliance</b> - Ensures that gaming is fair, honest and lawful, and upholds community standards of censorship. It also monitors the performance of some Crown entities.</li><li>d) <b>Information and Communications Technologies (ICT)</b> - Provides information and communications technology services to the department and shared services to all of government. The ICT group also works with agencies to achieve whole-of government solutions.</li><li>e) <b>Local government and community</b> - Promotes the building of strong communities. It also administers CommunityNet Aotearoa, supports the local government system, administers the rates rebate scheme and appoints the harbourmaster of Lake Taupo. (Currently DIA)</li><li>f) <b>Ministry of Civil Defence and Emergency Management</b> - Provides policy advice to the government on emergency management and civil defence. (Currently DIA)</li><li>g) <b>Executive government support</b> - Provides ministers with a range of services that assist in the smooth operation of New Zealand's executive government. (currently DIA)</li></ol> |
|---|

2. **Archives New Zealand's** primary roles are to ensure there is an authentic and reliable record of government work with public offices to ensure that they create and maintain records of their activities and interactions. To manage the disposal (i.e. transfer, sale, alteration, destruction or discharge) of government records and, through the statutory position of chief archivist, preserve its collection which includes the Treaty of Waitangi, as well as documents, film, maps and photographs and to provide public access to government archives. (NZGD, 2010)

3. **The National Library's** unique role is to collect and maintain literature and information resources that relate to New Zealand and the Pacific, make this information readily available and preserve New Zealand's documentary heritage for generations to come. (NZGD, 2010)

### **The Institute's Proposal**

The Institute proposes the following governance organisational structure as a long-term solution for organisational efficiency, with roles and functions of departments and their business units more aligned. We discuss each of the proposed agencies and their roles and functions below, they are then summarised in Table 2. We have also provided an outline of the current Ministerial/Government Department relationships in Table 3, in order to provide an overview of current accountability structures.

#### **1. Department of Immigration and Citizenship (new)**

We consider the key focus is on regulation and dealings of New Zealand citizenship and immigration. The current DIA business units to be transferred here would include:

- (a) Identity services
- (b) Office of Ethnic Affairs
- (c) Regulation and compliance
- (d) Information and Communications Technologies (ICT)

Of note, the equivalent government agency in Australian is the Department of Immigration and Citizenship (DIAC) which is responsible for immigration arrangements, border control, citizenship, ethnic affairs and multicultural affairs. The Australian Department of Immigration and Citizenship has key objectives to:

- manage the lawful and orderly entry and stay of people in Australia, including through effective border security
- promote a society which values Australian citizenship, appreciates cultural diversity and enables migrants to participate equitably. (DIAC, 2010)

#### **2. Department of Territorial Authorities (replaces DIA)**

We consider the key focus is on communication, and the relationship between central and local government. Under our proposal the current DIA business units to be transferred here would include:

- (e) Local government and community
- (f) Ministry of Civil Defence and Emergence Management

Of note, the equivalent government agency in Australia is the Australian Council of Local Government (ACLG) which was established September 18, 2008 to 'forge a new cooperative engagement between the Australian and local governments giving a voice to local government on matters of national significance' (ACLG, 2010).

The purpose of the ACLG is to engage with local government directly with the Australian Government to:

- provide a forum for the Australian Government and local government to consider policies and initiatives in areas of mutual interest;
- provide advice to the Australian Government on matters relevant to local government and local communities;
- contribute to dialogue on issues of national significance that affect local government and local communities;
- promote collaboration between the Australian Government and local government, as well as between local governments themselves to address emerging economic, social and environmental challenges;
- encourage innovation and best practice in local government; and
- improve the provision of information and data to support the long term development of local government. (ACLG, 2010)

### **3. Ministry of Culture and Heritage (current)**

We consider the key focus should be on the collection and accessibility of data and therefore the need to ensure the data collected is accurate and independent of the operation of Government. The current Ministry of Culture and Heritage business units include:

- Cultural Policy
- Heritage Services

If Government is convinced that merging the National Library and Archives New Zealand into an existing government department will result in significantly improved efficiencies and cost-savings, a position that the Institute believes has not been adequately quantified, we propose that the Ministry of Culture and Heritage (MCH) is best suited to realise this goal. The Institute believes MCH's key roles and responsibilities to 'lead government work in the arts, heritage, broadcasting and sports sectors providing advice on legislation, policy, and sector development to our Ministers' are better aligned with those of the National Library and Archives New Zealand than the with the functions of the DIA.

Under our proposal the MCH would also include the:

- National Library of New Zealand and
- Archives New Zealand

Of note, Australia's responsibility for Cultural affairs, including movable cultural heritage and support for the arts, has been transferred to their Department of the Prime Minister and Cabinet. (ADPMC, 2010).

### **4. Department of Prime Minister and Cabinet**

We consider the key focus should be on administration, to ensure the operation between Government and the public service is cost effective and optimal. The current business units include:

- Cabinet Office
- Policy Advisory Group
- External Assessments Bureau
- Corporate Services
- Domestic and External Security Group
- Government House

Under our proposal the current DIA business units to be transferred here would include:

- (g) Executive government support

### **Summary**

The Institute encourages Government to seek initiatives which result in efficiency of operations and cost-saving. However, we do not believe that key provisions of the current proposed re-structuring under the State Sector Management Bill, namely, 'the absorption of the National Library and Archives New Zealand by the Department of Internal Affairs' will result in significant savings or increased efficiency.

Even if cost savings were found to exist, we believe this Bill would deliver a lower level of quality of service to current and future generations than the status quo. If implemented, we believe this Bill is likely to dilute the quality of publicly available information by having these two important public good assets managed by those also obligated to manage the day to day functions of government. We are concerned that the proposed DIA (under the Bill) is less likely to look after these important assets because they would also need to focus on what is urgent. Furthermore, to be successful these assets need to be managed independently of the challenges of the day to day operations and three yearly political cycles. Managers of these assets need to take the long-term view and retain high levels of professional independence, so as to ensure the public records are true, accurate, comprehensive, independently verifiable and accessible to the public.

Reviews of this kind provide an opportunity to reconsider current frameworks and public good institutions, but at the end of the day decision makers must focus on delivering public good outcomes for all New Zealanders – now and in the future.

**Table 2: Proposed New Structure**

Agency	Department of Immigration and Citizenship	Department of Territorial Authorities	Ministry of Culture and Heritage	Department of Prime Minister and Cabinet
	<p><i>Current DIA units</i></p> <p><b>Identity services</b> The primary source of information on personal identity and key life events.</p> <p><b>Office of Ethnic Affairs</b> The Office of Ethnic Affairs gives ethnic people a point of contact with the New Zealand government, and advice and information on matters affecting their communities.</p> <p><b>Regulation and compliance</b> Ensures that gaming is fair, honest and lawful, and upholds community standards of censorship. It also monitors the performance of some Crown entities.</p> <p><b>Information and Communications Technologies (ICT)</b> Provides information and communications technology services to the department and shared services to all of government. The ICT group also works with agencies to achieve whole-of government solutions.</p>	<p><i>Proposed Units</i></p> <p><b>Local government and community</b> Promotes the building of strong communities. It also administers CommunityNet Aotearoa, supports the local government system, administers the rates rebate scheme and appoints the harbourmaster of Lake Taupo. (Currently DIA)</p> <p><b>Ministry of Civil Defence and Emergency Management</b> Provides policy advice to the government on emergency management and civil defence. (Currently DIA)</p>	<p><i>Current MCH Units</i></p> <p><b>Cultural Policy</b></p> <p><b>Heritage Services</b> <i>Proposed</i></p> <p><b>National Library of New Zealand</b></p> <p><b>Archives New Zealand</b></p>	<p><i>Current DPMC units</i></p> <p><b>Cabinet Office</b></p> <p><b>Policy Advisory Group</b></p> <p><b>External Assessments Bureau</b></p> <p><b>Corporate Services</b></p> <p><b>Domestic and External Security Group</b></p> <p><b>Government House</b></p> <p><i>Proposed</i></p> <p><b>Executive government support</b> Provides ministers with a range of services that assist in the smooth operation of New Zealand's executive government. (currently DIA)</p>

**Table 3 New Zealand Government Departments, Ministries and Ministerial Portfolios**

NZ Government Departments and Ministries	NZ Ministerial Portfolios
Archives New Zealand	Archives New Zealand
Crown Law Office	Attorney-General
Department of Building and Housing	Building and Construction Housing
Department of Conservation	Conservation
Department of Corrections	Corrections
Department of Internal Affairs	Civil Defence Community and Voluntary Sector Internal Affairs Local Government Racing Ministerial Services
Department of Labour	ACC Immigration
Department of the Prime Minister and Cabinet	Prime Minister
Education Review Office	Education Review Office
Government Communications Security Bureau	Government Communications Security Bureau
Inland Revenue Department	Revenue
Land Information New Zealand	Land Information
Ministry of Agriculture and Forestry	Agriculture Biosecurity Food Safety Forestry
Ministry for Culture and Heritage	Arts Culture and Heritage Broadcasting Sport and Recreation
Ministry of Defense	Defense Veterans' Affairs
Ministry of Economic Development	Commerce Communications and Information Technology Economic Development Energy and Resources Regulatory Reform Tourism Canterbury Earthquake Recovery Rugby World Cup
Ministry of Education	Small Business Education

	Tertiary Education
Ministry for the Environment	Climate Change Issues Environment
Ministry of Fisheries	Fisheries and Aquaculture
Ministry of Foreign Affairs and Trade	Disarmament and Arms Control Foreign Affairs Trade International Climate Change Negotiations
Ministry of Health	Health
Ministry of Justice	Courts Justice Treaty of Waitangi Negotiations Law Commission
Ministry of Māori Development (Te Puni Kōkiri)	Māori Affairs Whanau Ora
Ministry of Pacific Island Affairs	Pacific Island Affairs
Ministry of Research, Science and Technology	Research, Science and Technology
Ministry of Social Development	Community and Voluntary Sector Disability Issues Senior Citizens Social Development and Employment Youth Affairs
Ministry of Consumer Affairs	Consumer Affairs
The Treasury	Finance Infrastructure Regulatory Reform State Owned Enterprises
Serious Fraud Office.	
Ministry of Women's Affairs. State Services Commission.	Women's Affairs State Services
Statistics New Zealand. Ministry of Transport.	Statistics Transport
National Library of New Zealand Te Puna Matauranga o Aotearoa New Zealand Customs Service.	National Library Customs

## References

- Council of Local Government (ACLG) (2010). Australia. Retrieved October 19, 2010 from:  
<http://www.aclg.gov.au/index.aspx>
- Department of Immigration and Services (DIAC) (2010). Australia. Retrieved October 19, 2010 from:  
<http://www.immi.gov.au/>
- Department of the Prime Minister and Cabinet (DPMC) (2010). Australia. Retrieved October 19, 2010 from: <http://www.dPMC.gov.au/>
- Department of the Prime Minister and Cabinet (2010). Australia. Office of the Arts (OA). Retrieved October 19, 2010 from: <http://www.arts.gov.au/>
- Ministry of Culture and Heritage (MCH) (2010). New Zealand. Retrieved October 19, 2010 from:  
<http://www.mch.govt.nz/>
- New Zealand Government Directory (NZGD) (2010). Retrieved October 19, 2010 from:  
<http://www.nzgovtdirectory.com/index.htm>
- Ryall, Hon Tony, Minister of State Services, Media Release, *State Sector Amendment Bill introduced*, 24 August, 2010. Retrieved October 19, 2010 from:  
<http://www.national.org.nz/Article.aspx?ArticleId=33740>
- State Sector Management Bill, 2010 No 193-1, Explanatory note, General policy statement, p. 1. Retrieved October 19, 2010 from:  
[http://www.legislation.govt.nz/bill/government/2010/0193/latest/DLM3166911.html?search=ts\\_bill\\_state+sector\\_rese&p=1&sr=1](http://www.legislation.govt.nz/bill/government/2010/0193/latest/DLM3166911.html?search=ts_bill_state+sector_rese&p=1&sr=1)
- Sustainable Future Institute, December 2009. Project 2058 Background Report 9a - *A History of Government-funded Science from 1865 – 2009*. Retrieved October 19, 2010 from:  
<http://www.sustainablefuture.info/>