Deborah Te Kawa and Kevin Guerin

Provoking Debate and Learning Lessons
it is early days, but what does
the Performance Improvement Framework
challenge us to think about?

Introduction
Governed, designed and funded by the three central agencies,¹ but delivered by the State Services Commission, the Performance Improvement Framework (PIF) is now three years old. Twenty-one reviews have been published.² Four are currently under way, including the first PIF re-review. Three agencies have completed follow-up reviews. In addition, over 250 state servants have attended a PIF self-review workshop. Also, several new products and services are in development, including a PIF cluster model. Finally, the PIF agency model is in the middle of a two-stage upgrade, that reflects the ambition and new performance expectations at the heart of the advice of the Better Public Services Advisory Group (Better Public Services Advisory Group, 2011).

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² Kevin Guerin is a Principal Advisor with the Treasury.
So, what do we know after three years? At a meta-level, what do the PIF findings challenge us to think about? What should we start paying attention to? This article seeks to answer those questions. It is not definitive. This article aims to draw attention to what may in time prove to be a particularly useful data set – a data set the whole of which is greater than the sum of its parts in that it reveals both enduring and emerging trends about contemporary public management in New Zealand.3

The article is organised into four parts. It moves from the general to the specific and then back to the general. Part one orientates the reader by introducing the PIF to those who are unfamiliar with it. It covers what the PIF is, why it was introduced, and some of the early benefits, as well as the intervention logic at the heart of the PIF programme. The following section explores the difficulties and technical hitches in aggregating the PIF agency data. This is followed by an attempt to find trends and patterns in the metadata and translate them into useful information – both to provoke debate and reconfirm a few lessons. Finally, the article offers an insight into how PIF system analysis provides support for the areas identified by the Better Public Services Advisory Group, and the actions being taken to address them.

What is the Performance Improvement Framework?

The term PIF refers to a review as well as to the model or framework. Essentially, it is a review of an agency’s fitness for purpose today and for the future. Using the PIF agency model, a PIF review looks at the current state of an agency and how well placed it is to deal with the issues that confront it in the medium-term future. The PIF agency model was designed by the central agencies and chief executives from across the state services. Unlike the public service improvement models in the United Kingdom, Australia and South Africa, it rewards sustained results, stewardship and continuous improvement.

A PIF review is done in two ways. The first is a formal review. Like in Australia, but unlike in Canada, the UK and South Africa, a formal review is conducted by independent experts. Called PIF lead reviewers, these experts review an agency’s capability, performance and ability to deliver on government priorities, its core business and a range of organisational management elements, using the PIF agency model. This review is largely ex post. New Zealand is the only jurisdiction which then takes an ex ante position by asking two critical questions and inviting the agency to respond:

1. What is the contribution New Zealand needs from this agency, and, therefore, what is its future performance challenge?
2. If the agency is to be successful at meeting the future performance challenge, what would success look like in four years?

In short, a PIF review assesses what an agency does well and what issues it needs to work on to be more effective in the future. An agency develops a response addressing any matters raised and to indicate what it will do to face the challenges of the future.4

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Why was PIF introduced?

When Iain Rennie became the State Services Commissioner in 2008 he was concerned that the public service was not perceived as taking ownership of its own performance improvement. He noted that there were plenty of reports from external agencies and lobby groups, and these were often critical of the public service. Many of them, he felt, did not recognise the real strength of the public service, and equally he wanted to move the culture of the public service towards continuous improvement and innovation (State Services Commission, 2012a).

In 2009, Rennie and the then chief executive of the Department of the
Prime Minister and Cabinet, Maarten Wevers, travelled to the UK to meet with the British Cabinet secretary, Lord Gus O’Donnell. The origins of PIF lie in their discussions. On their return Rennie and Wevers commissioned a team from across the state services to take the best of the UK Capability Review Programme and the best of the organisational improvement models from the New Zealand private sector, as well as methodologies from other jurisdictions, and adapt them to the New Zealand public management system (State Services Commission, 2012a).

What are the early benefits?
From the PIF process the central agencies get a picture of what is good about the New Zealand public management system and what needs to improve. Central agency officials would frequently be asked, ‘Who is good at financial management?’, or ‘Who is good at setting strategy?’ Up until now there has been no way they could point to the areas of demonstrable and evidential strength. Now they can. Before PIF, everyone had their own anecdotes about what needed to be done better. For central agency officials, PIF gives a systems-wide diagnosis about what is being done well and where the system can improve. In addition, ministers get assurance that the agencies they are responsible for are constantly looking to improve how they do business and deliver value for the taxpayers’ investment in them. Ministers also get independent assurance, as the PIF formal reviews are undertaken by external expert parties. Finally, and probably most importantly, the public is able to see that the state services are on the move and are serious about the services they deliver and how these are delivered: the public can see that the state services are continuously seeking to improve and are transparent about that journey.

What is the intervention logic?
At the heart of the PIF is the intervention logic (and design assumption) that an ethical and impartial state service is fundamental to maintaining trust, but integrity and impartiality, while necessary, are not sufficient to maintain confidence in New Zealand’s public institutions (State Services Commission, 2011a). Public institutions need to deliver – they need to perform – and they need to demonstrate to citizens that they take performance improvement seriously. The value of PIF is that it was designed to support public institutions to improve and demonstrate a commitment to performance improvement.

PIF system analysis: difficulties and technical hitches
So, what role does the PIF play in enabling a high-integrity and high-performing state sector? After being redesigned over the past 12 months, PIF is now a method for systematically identifying the extent to which an agency understands its role and purpose and determining how it is led, managed and resourced (State Services Commission, 2012d). Three years ago it was simply an organisational diagnostic tool; now it is a process designed specifically for the New Zealand state services to ensure chief executives and senior leaders have well-developed views on the most important issues facing New Zealand, what it will take for their particular agency or sector to address those issues, and the role each agency and sector can and should play.

How does the PIF system analysis now under-way in the central agencies add to the collective knowledge? How does it help ministers, agencies, stakeholders and the public understand the functioning and performance of the state sector?

The three purposes for which PIF was set up are to:
• help chief executives drive improvements in agency and cross-agency performance;
• give ministers, stakeholders, and the public assurance about current levels of agency and system performance, and progress on improving both; and
• give central agencies a coherent view of agency and system performance and position central agencies to prioritise and drive improvements. (State Services Commission, 2011b)

The PIF system analysis plays a part in all three purposes, but primarily, in the last one. Some early results of this analysis will be discussed below, but first some technical limits and pitfalls of the analysis need to be recognised. First, a PIF agency review is not an audit, scientific evaluation, an investigation of compliance or an accreditation process. Rather, it is an integrated, deep, fast and independent review of an agency’s fitness for purpose and indicates how well placed that agency is to deal with the issues that confront it in the near future. Moreover, the report is published, as are all on the State Services Commission website. The method of enquiry is mixed. Quantitative and qualitative analyses are used, often in combination with desktop analysis and one-on-one interviews and focus groups which use the methods of appreciative enquiry and strengths-based analysis (State Services Commission, 2012a) – these are focused on internally-driven organisational learning. PIF also has the advantage of integrating publicly-available performance information and internal management information from the State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet (State Services Commission, 2012b). Finally, the reviews themselves rely on a peer review, and the ratings are a set of judgements about an agreed, though unknown, future state. In that respect, the PIF process is ‘heuristic’ (Ryan, 2004), one through which agencies learn their way forward through collective dialogue and internal reflection.
Second, because each PIF agency review is contextually relevant to that agency and the particular challenges the agency faces, the ratings cannot be regarded as easily or productively comparable. Simple, standardised indicators, therefore, do not apply. The State Services Commission is emphatic on this point: it is not possible to benchmark with PIF in the same way that common indicators are used in the Better Administrative and Support Services (BASS) process (State Services Commission, 2012c). The ratings recorded for any aspect of agency performance represent a collective judgement constructed and moderated in the course of the process by a group of actors (particularly the lead reviewers, but also chief executives and central agency officials) who collaborate across several reviews using a complex framework of shared criteria (performance expectations and standards) applied consistently across different organisational settings.6 These judgements are broadly relational between agencies but not strictly comparable. Ascribing scores to those judgements is useful but also problematic. Conversion into simple numerics dilutes judgements is useful but also problematic. Conversion into simple numerics dilutes.

### Table 1: System analysis findings and central agency responses, May 2011

<table>
<thead>
<tr>
<th>Finding of the system review</th>
<th>Central agency response</th>
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<tr>
<td>Agencies tending to be reactive, focusing on the short-term and delivering (well) what Ministers ask for today, often at the expense of their obligation to ensure advice is robust over time and capability exists to sustain performance in the medium term.</td>
<td>A need for greater system ‘stewardship’.</td>
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<td>People management needs improvement, ranging from communicating vision to developing appropriate cultures and capability and managing poor performance.</td>
<td>Better leadership required to engage and develop staff.</td>
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<td>Allocative efficiency is low: agencies generally cannot track expenditure and impacts in a meaningful fashion, compare cost effectiveness of policy options, or connect such information to how they make decisions; and compliance behaviour dominates recording and use of financial information.</td>
<td>Need a common culture of continuous improvement.</td>
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<td>Silos persist, getting in the way of information flow between agencies, and between government and others. This limits the ability to deliver advice to Ministers that recognises risks, policy impacts and cross-government priorities. Agencies with cross-government interests struggle to prioritise and exert influence.</td>
<td>Need outcome-focused governance and accountability, and mechanisms to drive cross-agency priorities.</td>
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The May 2011 analysis was based on a mixture of text and, mostly, ratings. In order to focus on what forward-looking action could be taken across the system, that analysis has been updated. A condensed version of that update is shown in Table 2. It is important, too, that this subsequent analysis focuses on why a dimension is important. The focus is on strong or well-placed practice: thus the combined percentage of these ratings is detailed. Further, 21 reports are covered, whereas the initial May 2011 analysis covered only 10 reports. The analysis is also informed by the Better Public Services Advisory Group Report, and the known challenges the advisory group evidenced or started to reveal.

Combining the matters revealed in dimensions one and two, one of the most obvious findings is that agencies do what the government of the day wants, but sustained delivery and strategic building for the future continues to be rare.
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Table 2. PIF System Analysis: Key Findings (November 2012)

<table>
<thead>
<tr>
<th>Six Dimensions of Performance</th>
<th>Why this matters</th>
<th>Percentage of Greens*</th>
<th>Percentage of Greens per PIF Agency Element</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Results</td>
<td>The legitimacy of public institutions rests on their ability to demonstrate high levels of integrity and performance. The public and their political representatives need to be confident that public ownership, funding, provision and regulation of activity are adding most value for the community while minimising its costs. Making a positive difference should also help attract, retain and motivate the right people to work in the public sector.</td>
<td>62%</td>
<td>Government Priorities 72%</td>
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<td></td>
<td></td>
<td></td>
<td>Core Business Effectiveness 62%</td>
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<td></td>
<td></td>
<td></td>
<td>Core Business Efficiency 52%</td>
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<tr>
<td>2. Strategy and Role</td>
<td>Clarity in role and strategy bridges policy and delivery; it clarifies for everyone how an agency delivers value, and what that value is. It makes a complex operating environment simple. When done well it unifies the silos and enables prioritisation.</td>
<td>51%</td>
<td>Engagement with the Minister 81%</td>
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<td></td>
<td></td>
<td></td>
<td>Structure, Roles and Responsibilities 38%</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>Purpose, Vision and Strategy 33%</td>
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<tr>
<td>3. Improving Delivery</td>
<td>Part of the public sector’s legitimacy rests on the acceptance that regulation adds value for the community in excess of the costs that regulations impose as does a well-developed ability to review and test the efficiency and effectiveness of what an agency does. In addition it is an important stimulant to innovation and creates a structured way for an agency to learn from its experiences and identify opportunities for continuous improvement.</td>
<td>38%</td>
<td>Review 52%</td>
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<td></td>
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<td></td>
<td>Regulatory Impact 38%</td>
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<td></td>
<td></td>
<td></td>
<td>Improving Efficiency and Effectiveness 24%</td>
</tr>
<tr>
<td>4. Internal Leadership</td>
<td>Great public institutions recognise their role as part of a wider system and know who they need to enlist in order to better meet the current and future interests of those who they must serve well in order to thrive. Great public institutions align the interests of their institution with those of New Zealand and partner effectively with others to ensure those interests are well served.</td>
<td>36%</td>
<td>Leadership and Governance 43%</td>
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<td></td>
<td></td>
<td></td>
<td>Engagement with Staff 38%</td>
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<td></td>
<td></td>
<td></td>
<td>Leadership and Workforce Development 38%</td>
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<td></td>
<td></td>
<td></td>
<td>Values, Behaviour and Culture 33%</td>
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<td></td>
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<td>Management of People Performance 29%</td>
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<tr>
<td>5. Working with Others</td>
<td>Most people join the public service from a strong sense of mission and an often passionate desire to make a positive difference to the lives of New Zealanders. Many of the nation’s brightest graduates and best thinkers are attracted by the idea of public service. This is a powerful idea and the talent it attracts is arguably the most important asset in the public sector. This reservoir of talent and passionate commitment has a huge opportunity value. It needs to be fully utilised and developed.</td>
<td>48%</td>
<td>Collaboration and Partnership with Stakeholders 57%</td>
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<td></td>
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<td>Experiences of the Public 52%</td>
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<td></td>
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<td></td>
<td>Sector Contribution 33%</td>
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<tr>
<td>6. Finance and Resources</td>
<td>This dimension is important as these functions should provide the information, intelligence and analysis that forms the basis for decision making that underpins strong agency performance. Superior performance requires that the right information is available to the right people at the right time, and that this information is properly analysed and used. Financial and risk management are critical components and should help management understand and improve operational performance as well as informing strategy formulation, prioritisation and investment decisions. Good risk management is also critical in maintaining confidence in the agency.</td>
<td>52%</td>
<td>Financial Management 81%</td>
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<td></td>
<td></td>
<td></td>
<td>Asset Management 67%</td>
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<td></td>
<td></td>
<td></td>
<td>Risk Management 36%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Information Management 24%</td>
</tr>
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</table>

* ‘Greens’ in this table refers to the colour in the original ‘traffic light reports’, where ‘green’ indicated good performance. They correspond to the ‘blues’ in Figure 5.

Contrary to the still-common stereotype of senior leaders in the state services as being like Sir Humphrey Appleby manipulating the minister (in the satirical television series Yes Minister), the reality is the opposite: agencies do very well at turn-around, short- to medium-term tasks. However, there are weaknesses in relation to clear multi-year strategies that tie achievement of results to underlying capability, clearly communicated from boardroom or senior management level to the coalface; and in the shaping of planning, daily activities, and external reporting.

The first and second performance dimensions together are key areas for stewardship of state services capability and performance, led by the central agencies, and reinforced by progress on setting and tracking performance expectations as well as cross-agency results and medium-term planning. Agencies that perform best in these two dimensions typically have a clearly-defined purpose and relatively well-defined goals that are motivating, unifying and discriminating (that is, in defining direction, setting priorities and enlisting the support of others). They also have an effective engagement with ministers, and use that engagement as a foundation for better-focused policy and delivery within and across agencies. Finally, agencies that do best in these dimensions have an operating model and internal structures to support the results
that are well-defined and clear on what needs to be done.

The third dimension must be looked at in tandem with the messages emerging from assessments of the effectiveness and efficiency of core businesses. The core business analysis shows a general shortfall in the expected ability to track how resources are being used, what results are being achieved, and what improvements might be possible. Even the relatively strong area of review, where these are often done well, is undermined to some degree by a lack of follow-up on the conclusions reached. This is an area where progress on sector models, benchmarking, improving regulatory practice and other Better Public Services programme work-streams should pay significant dividends, but it will take time. On the positive side, the best agencies in this dimension demonstrate that they value learning, innovation and continuous improvement, and expect and support ongoing improvement and adaption through measurement, testing and review.

Internal leadership is one of the most challenging areas of the results to date. The challenges here are deep, enduring and widespread, and are further linked to the matters identified under the second dimension (strategy and role). Particularly important are the need to improve strong, cohesive and engaging leadership by senior managers, and effective management of both good and poor staff performance. Only a few agencies enjoy strong internal leadership which attracts talented people and inspires them. Others invest in talent. To make any improvements, we believe the central agencies and senior leaders in the state services need to see building strong institutions as our core purpose.

Results through collaboration by agencies also indicate an area of weakness, and have done so consistently. Collaboration is central to effective delivery of the ten result areas, let alone of cross-cutting results in other complex social or economic areas. This includes collaboration with non-government parties, whether third-party service providers, stakeholder groups or customers. That said, there is an issue over the definition of collaboration and the real or perceived legal and institutional barriers to achieving it. With progress in clarifying expectations and in steps to reduce the barriers, this area can be expected to show significant improvement in the next cycle of reviews. In the meantime, we note that the best-performing agencies enlist the active support of all those outside the agency who are necessary to it delivering its key results.

The final dimension – finance and resources – has one of the better stories of the results so far; but, even so, it is a dimension needing great improvement. The public sector has made progress in building basic good practice in financial and asset management which has made New Zealand a world leader in public sector financial reporting. Yet we suggest we need to look beyond that. What is needed is a step up to strategic management of the financial and information infrastructure, to support and enable strategic and operational decision

Figure 1: Average rating: Capability and Results

Figure 2: Results (average rating) minus Capability (average rating)
making on what to do and how best to do it. With the standards for financial and asset management being raised to this higher level, agencies will face challenges to even maintain current ratings.

**Lesson learned: results and capability are connected**

If scores are ascribed to the ratings achieved by agencies in their reviews, several lessons become apparent.

One is that, as shown in Figure 1, results and capability are positively connected. There is a general tendency in the distribution towards higher scores in results being associated with organisations that also score higher on capability. The implication of this pattern is to reinforce calls for greater attention to be paid to strategic capability inside state sector organisations. If this is done, results will in turn improve.

Another interesting finding in the data is shown in Figure 2. The numbers in Figure 2 are calculated by subtracting each agency’s aggregate capability score from its aggregate results score. While better capability tends to be associated with stronger results, some agencies produce better results than might be expected from their capability rating, while a few produce lower results than might be expected. Of course, this only holds true if one assumes a starting hypothesis that both capability and results are measured consistently so that a meaningful benchmark can be observed, whether that be results = capability so that 0.00 is the expected score, or the score is the actual average so far of 0.32.

What might this mean? While there may be a general positive relationship between capability and results, other factors may influence how well capability is translated into results. For example, reviewers have often found agencies that attract talented people who are committed to advancing New Zealand’s interests, and, where this commitment aligned with government’s priorities and goals, those staff produced results despite the agency. It is also possible then some result areas have not been set at an appropriate level: that is, the results are too easy or too hard to achieve, or capability may have been assessed too high or too low. It could also be that the agency is better or worse than expected at converting capability into results due to agency, sector or other specific reasons – for example, at early stages in a transformation process.

**Lesson learned: agency size does not matter**

Using the unique number pair (result: capability), turning it into a ratio and plotting it against number of full-time staff equivalents at the time of the review, Figure 3 shows that the range of agency performance is consistently wide across results and capability. This invites a conclusion that size does not matter: that organisations both large and small can be capable and effective in achieving results. High-quality management of the available
resources within an organisation may be more important than the quantum of people resources available.

Lesson learned: purpose, vision and strategy do matter

Once again, the PIF system analysis confirms an obvious lesson. As shown in Figure 4, there is a positive association between agency rankings as applied by the PIF reviewers and the extent to which each organisation also scored high in clarity of vision and appropriate structures and roles. Overall, these are the matters included in the strategy and role grouping in Table 2. In other words, as the classic models of strategic management have suggested for more than 30 years, where organisations define their vision, goals and objectives and create structures and roles that align with them, they perform better in achieving desired results for government.

Lesson learned: efficiency continues to elude us

While the New Zealand public management system is better for many of the changes flowing from the new focus arising from the State-Owned Enterprises Act 1986 – followed by the State Sector Act 1988, the Public Finance Act 1989 and other legislation, concluding with the Crown Entities Act in 2004 – an improved ability to measure efficiency is not one of them. Figure 5 summarises the problem. Efficiency suffers from problems in outcome and output definitions. Agencies generally lack data to make efficiency improvements, and do not treat enhancing efficiency as a core business driver but more as a one-off, externally-driven exercise. The strongest performance tends to be in large operational agencies, but even here some lead reviewers expressed concern about a focus on one-off exercises at the possible expense of efficiency as business-as-usual, and wide variation in practice.

How does PIF system analysis fit with state sector change?

As suggested above, the system analysis strongly supports the areas of performance identified in the Better Public Services programme and the actions being taken to address those areas, as well as helping to identify where there is scope to build on strong performance. The ‘four-year excellence horizon’ also reinforces the increasing medium-term focus across state services planning and reporting – from the four-year budget plans and workforce strategies, to long-term regulatory plans and the two-yearly regulatory best-practice assessments. It is no longer enough, if it ever was, to deliver on the current year’s performance targets. Rather, it is now about how an agency delivers over the next several years, what capability that will require, and how an agency can ensure it is in place.

An increased emphasis is also being placed on benchmarking of performance,
backed up by clearly-defined performance metrics and external scrutiny. These PIF results can be combined with a growing database of other information, such as BASS, policy advice benchmarking, asset maturity model assessments, audit results, best practice regulation assessments, among others. Such whole-of-system assessments, integrated with agency-specific data, should allow a detailed ‘dashboard’ analysis of individual agency performance and of how it can be improved – supporting efforts to address policy and delivery challenges – and cross-agency identification of common challenges and solutions. Thus, the PIF is part of a shift to a more explicit standard of defining and tracking performance, changing the nature of incentives in the public sector, boosting the role that the corporate centre can play, and enhancing the ability for stakeholders and the public to scrutinise what they are getting for their tax dollars.

Conclusion

There are a number of big cross-cutting issues that have eluded previous governments, addressing them will require a sustained public and private effort to address. The state sector has a vital role to play, but transformational change is needed to deliver the integrated, high-integrity, high-performing state services that are obviously required. Both the State Services Commission and the Treasury have a legislative mandate which gives them a central role to play in bringing this transformation about. Stepping up to this challenge will require significant changes in the way all three central agencies operate. While they are well placed in terms of helping sustain trust in the integrity of New Zealand’s public institutions, work needs to be done before the central agencies can play a vital role in leading integrated, high-performing state services and extending that to the wider state sector. Many of these changes are being made. But, to borrow a phrase from a previous state services commissioner, ‘the harder yards’ are still ahead (State Services Commissioner, 2003). There is much more to be done by both the central agencies and senior leaders in the wider state services. State servants can only expect true trust and confidence from New Zealand citizens when both integrity and performance are consistently demonstrated to the highest level across the whole state sector.

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State Services Commission (2012c) Fact Sheet 5: what are the system level ratings? Wellington: State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet


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1 The central agencies are the Department of Prime Minister and Cabinet, the State Services Commission and the Treasury.

2 Reviews of the departments of Conservation and Corrections, the Crown Law Office, the ministries of Defence and Education, the Education Review Office, the former Ministry of Economic Development, the Ministry of Foreign Affairs and Trade, Inland Revenue Department, Ministry of Justice, Land Information New Zealand, Ministry of Maori Development, New Zealand Customs Service, the ministries of Pacific Island Affairs and Social Development, Statistics New Zealand, the Treasury and the Ministry of Women’s Affairs, as well as the New Zealand Transport Agency and New Zealand Trade and Enterprise, and New Zealand Police: 18 public service departments, two Crown entities and one non-public service department. Reports are available at http://www.ssc.govt.nz/pif.

3 The authors would like to make special mention of Associate Professor Bill Ryan, who has provided guidance and encouragement in the exposition of this data set, and also of Dr Murray Horn and Debbie Francis, who are preparing to finalise a report summarising the 21 PIF reports from the perspective of lead reviewers. The analysis in this article was not informed by their report.

4 The ex ante lines of inquiry were developed as part of the PIF redesign process in 2011. The PIF review of the Ministry of Economic Development, for example, comprised a lead reviewer cadre, a methodology group, a reporting group and a lead questions group. As the ex ante component, the entire PIF process was redesigned between August and September 2011. The goal of the redesign was to provide greater value at a reduced cost. A rapid-prototyping process improvement process was used. It resulted in an average 30% cost reduction per review. In addition, the lead reviewer cadre was refreshed. The cadre has additional experience and skill in public and private partnerships, large infrastructure projects and public and private sector change management programmes. Finally, governance and funding arrangements were clarified.

5 See, for example, the benchmarking report published at http://www.treasury.govt.nz/statessector/performance/basbenchmarking/2010-11.

6 For a more in-depth understanding of the PIF agency model, see the first of three core guides available on the PIF website: Core Guide 1: understanding the performance framework agency model (August 2012). This provides detailed insight into the design of the PIF, including the 28 lead questions and 98 lines of enquiry.

7 Cabinet papers and related announcements are available at http://www.ssc.govt.nz/pif-reports-announcements.

8 A crude way to examine this relationship is to plot the combined score for results and capability for each organisation reviewed. In this case, the colour rating scale was translated into a numerical scale for each element of result or capability. These could then be added and an average score for both results and capability can be calculated for each organisation. Each organisation can then be represented by a unique number pair (result: capability) and plotted on a graph. The graph here shows the result for all 21 organisations, along with a ‘best fit’ line that illustrates what the data suggests is the expected relationship between capability and results.
New Zealand's public sector has consistently rated well internationally on a variety of measures of comparative government performance. In the 1980s New Zealand achieved a step change in public sector reform when it introduced a distinctive and widely applauded model of public management. Despite attempts at continuing improvement, however, New Zealand has struggled over the past decade to keep developing the frameworks and tools that public managers require to manage efficiently and effectively in the public sector. New Zealanders are becoming more diverse in their needs, ethnicities and lifestyles, and more demanding their expectations, and the weight of these expectations increasingly impacts on government. In the face of these changing circumstances, it is tempting to stick with the current model and continue to refine and adjust it. But tweaking is no longer enough – another step change is required.

In 2001 the chief executives of several public sector organisations commissioned a group of researchers associated with the School of Government at Victoria University of Wellington to undertake a project looking at the ‘future state’ – to consider present trends that would impact on public management in coming years. *Future State* pulls together the results of the work, covering emerging trends in governance, from both New Zealand and international perspectives: issues, options and policy implications of shared accountability; experimentation and learning in policy implementation; agency restructuring; skills and capability; the authorising environment; and e-government. It contains valuable insights into how New Zealand’s public sector currently operates, and how it might operate in the future.