

The Treasury

Budget 2013 Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



20 March 2013

Geoff Thorn
Chief Executive
Parliamentary Service
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Dear Geoff

Four-year Plans

Thank you for forwarding the final Four-year Plan for the Parliamentary Service (the Service). The purpose of this letter is to outline overall themes from Four-year Plans, to provide some feedback on central agencies' analysis of the Service's Plan and to signal next steps.

Overall the Four-year Plans (the Plans) developed by agencies for Budget 2013 have provided richer information than the previous (separate) Four-year Budget Plans and Workforce Strategies, providing better clarity on how agencies and sectors are delivering on Government priorities.

Ministers and central agencies see the Plans as key documents enabling agencies and sectors to describe how they will manage their resources and pressures, and deliver on Government priorities in the medium-term. In future, the Plans will be 'living documents' that can be adapted when necessary to address changing circumstances, and used to outline strategic intentions, monitor progress and inform performance discussions. The Plans will be central to chief executives' relationships with Ministers. Done well, Plans will provide confidence to Ministers that the State Sector has the capability to deliver on the Government's strategy and priorities.

There are a number of high level themes evident across the various Plans received.

- There is some evidence that agencies and sectors are looking to lift the pace of organisational change to drive efficiency and achieve 'more for less', but some of the change and reprioritisation described is short on detail.
- Most Plans reference Government priorities including Better Public Service results, although the focus on the Christchurch rebuild is not as strong as expected.
- The financial picture identifies significant cost pressures over the next four years, and a number of key agencies and sectors facing a significant challenge to manage within baselines. Notwithstanding this, the aggregate 'funding gap' has reduced from last year, reflecting an increased focus on managing within available funding.
- Most plans would have been enhanced by the inclusion of savings options over and above reprioritisation within Votes, to assist the Government in the wider prioritisation of its available funding.

There are still areas for improvement. Change is happening, but the pace and extent of this needs to pick up. We would expect to see:

- More focus on changing operating models to achieve results in the best way, within the available resources.
- Resources reprioritised away from lower-value work and targeted towards achieving better results for the people of New Zealand.
- More collaborative working across agencies and sectors, including full backing of functional leaders and work programmes, and shared service models.

Parliamentary Service Four-year Plan

Overall the Plan is fit for purpose but it indicates significant funding pressures that the Service will struggle to manage beyond 2013/14.

The following areas of the Plan were particularly strong:

- Strategic direction;
- Organisational capability and workforce; and
- Operational risks.

When a Plan is next submitted we consider that it could be enhanced by the following improvements:

- Including more detail in the financial section, and
- Attempting to quantify the magnitude of other service reductions that would be necessary to achieve a 5% reduction in expenditure.

For Budget 2014 we consider it will be necessary for the Service to provide an update on performance (depending on the outcome of the Appropriations Review Committee (ARC) review). The reasons for this are:

- The key pressure for the Service is the ARC recommendation and whether or not it is approved.
- If the ARC recommendation is approved we are comfortable that the Service has a clear strategy for the next four years.

If the ARC recommendation is not approved the Service will be facing significant financial pressure in 2014/15. In this case we would require the Service to prepare another Four-year Plan for Budget 2014.

Next Steps

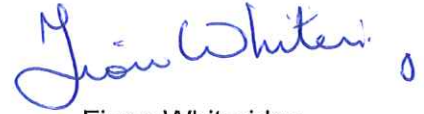
Treasury and SSC have undertaken a joint analysis of all Plans similar to that completed for the draft Plans that were submitted at the end of November 2012. If you would like more detailed feedback from the analysis of your Plan, please contact us.

Central agencies provided overall advice on the Plans to the Ministers of Finance and State Services in early February. A copy of this letter will also be provided to the offices of the Ministers of Finance and State Services, who may share it with Vote Ministers.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Erik Koed'.

Erik Koed
Assistant Commissioner
State Services Commission

A handwritten signature in blue ink, appearing to be 'Fiona Whiteridge'.

Fiona Whiteridge
Manager
Treasury