

The Treasury

Budget 2013 Information Release

Release Document

July 2013

www.treasury.govt.nz/publications/informationreleases/budget/2013

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] Not in scope
- [13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue
- [14] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

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

Andrew Kibblewhite
Chief Executive
Department of the Prime Minister and Cabinet
Private Bag 18041
WELLINGTON 6160

Dear Andrew

Four-year Plans

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

Overall the Four-year 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. Four-year 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.

DPMC Four-year Plan

The document acknowledges the recent Value for Money review, which provided a realistic assessment that the DPMC has insufficient funding to maintain current levels of activity. The Plan then explores one of two potential responses, namely the availability of additional funding.

The following areas of the Four-year Plan were particularly strong:

- Articulation of what DPMC currently delivers
- Identification of new business required
- Identification of key operational risks.

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

- More clarity about how the DPMC's strategy links with the Better Public Services and Corporate Centre priorities, and how these flow through to the organisation's medium-term intentions
- Demonstration of how the DPMC intends to develop its operating model and culture to deliver on its priorities, and how this change will be implemented
- Further information about workforce capability and capacity pressures, and how these will be managed.

We consider it will be necessary for the DPMC to provide a revised Four-year Plan for Budget 2014, on the basis that:

- Identified risks are significant and the DPMC is reliant on new funding
- There are increasing expectations of the Corporate Centre
- Submission of a new Four-year Plan for Budget 2014 will facilitate addressing any recommendations that arise as a result of the Performance Improvement Framework process currently being undertaken for the DPMC.

If the three central agencies decide to produce a shared Corporate Centre Four-year Plan in 2014, then DPMC's revised plan would only need to cover those aspects of DPMC's work that are not part of the Corporate Centre.

Next Steps

As you are aware, Treasury and SSC have undertaken a joint analysis of all Four-year 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 Four-year Plan, please let us know.

Central agencies provided overall advice on Four-year 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



Sandi Beatie
Deputy Commissioner
State Services Commission



Fiona Whiteridge
Manager
Treasury