

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

Michelle Hippolite
Chief Executive
Te Puni Kōkiri
PO Box 3943
WELLINGTON 6140

Dear Michelle

Four-year Plans

Thank you for forwarding the final Four-year Plan for Te Puni Kōkiri. The purpose of this letter is to outline overall themes from Four-year Plans, to provide some feedback on central agencies' analysis of Te Puni Kōkiri'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.

Te Puni Kōkiri Four-year Plan

We note Te Puni Kōkiri is currently awaiting Ministerial decisions on the Refocus and Whānau Ora reviews. We understand the intention is for both reviews to be dealt with in early in 2013. Decisions on these reviews and their subsequent implementation will help to stabilise Te Puni Kōkiri's operating environment.

Immediately after Refocus and Whānau Ora review decisions are known (regardless of whether decisions on both reviews are made at the same time, or separately), the Four-year Plan should be updated to include:

- information on how review decisions impact on the plan, including any requirements for organisational and workforce capability changes, and how these impacts will be managed over the four year period
- an overarching change programme (as required to give effect to review decisions)
- a description of what success for Te Puni Kōkiri will look like, and how it will be measured, which should be strongly linked into the Ministry's strategic direction
- revised capability requirements and plans to acquire or develop these
- financial impacts, including the expected cost of the described capability requirements and how these will be managed within baselines (or any reprioritisation required), and
- any new or amended risks and specific treatments identified with clear actions and timeframes.

We consider the following areas of Te Puni Kōkiri's Plan were particularly strong:

- The Plan recognises the number of significant risks that will need to be managed over the next 12 months.
- The Plan indicates (particularly under the change leadership heading) that you are taking proactive steps to engage with staff to support preparedness for future change once the review decisions are known.

However, we note Te Puni Kōkiri's medium term intentions include significant requests for additional funding (total of $\$$ over the forecast period). The cases for investment need to be prepared to support the allocation of funding for these initiatives.

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

- Clearly described savings options equivalent to 5% of current expenditure, including examining non-departmental funding.
- Greater specifics on medium-term intentions and evidence of the case for investment (where appropriate) for funding proposals in the Four-year Plan.

For Budget 2014 we consider it will be necessary for Te Puni Kōkiri to **provide a new Four-year Plan**. The reasons for this are:

- To ensure Te Puni Kōkiri's strategic direction, medium term intentions, and organisational and workforce capabilities are well aligned with changes arising from Cabinet decisions on the Refocus and Whānau Ora reviews.
- The Ministry has signalled it will look to meet cost pressures through reducing staffing numbers. These decisions will also need to align with capability requirements arising from the refocus of Te Puni Kōkiri.
- Medium term intentions include new funding of $\$$ m in 2013/14 and \$2.5 m in out-years. These initiatives will need to be supported by detailed investment cases.

Next Steps

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 contact us.

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



Liz Sinclair
Deputy Commissioner
State Services Commission



Ben McBride
Vote Manager
Treasury