

# **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.



22 March 2013

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Dear Andrew (on behalf of Justice Sector Chief Executives)

### **Four-year Plans**

Thank you for forwarding the final Four-year Plan for the Justice Sector. The purpose of this letter is to outline overall themes from the Four-year Plans, to provide some feedback on central agencies' analysis of the Justice Sector'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. This has provided better clarity on how agencies and sectors are delivering 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. They will be 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.

- 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 are 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.

### **The Justice Sector Four-year Plan**

The Plan provides a good overall assessment of the size of the medium-term fiscal challenges facing the Justice Sector and the current strategy to manage cost pressures. It also reflects existing policy and expected near-term changes, including the demands placed on the Sector by the Justice-led Better Public Services results.

The Plan could have included more information on how the Sector will manage the significant medium to long term cost pressures.



The workforce aspects of the Plan would be enhanced if the sector capability and workforce implications of the medium term intentions were further considered and integrated into the workforce strategy. As this is a Sector Plan, we do not expect a comprehensive discussion of each agency's issues but an outline of the common themes and opportunities for Sector-led workforce development would have been useful.

### **The following areas of the plan were particularly strong:**

The Justice Sector has successfully produced a Sector Plan. Along with the Security sector, it is one of only two Four-year Plans to involve more than one Department. The Sector has made extensive progress in collaborating and engaging on the criminal justice pipeline, but recognises that there is still some way to go.

The plan highlights the importance of cross-Sector collaboration and joint decision making. This will be key to deliver the extensive and challenging change programme needed to ensure the long-term sustainability of the Justice sector.

The financial information provided in the plan is comprehensive and outlines the challenge for the Sector to live within baselines over the next 4 years.

### **Four-year Plan decision**

For Budget 2014 we consider it necessary for the Justice Sector to **provide a new Four-year Plan. Please also note that we have recommended to Ministers that the current Four-year Plan is referred to SEC for detailed discussion** (timing of SEC discussion to be advised separately).

The Justice Sector is undertaking rapid, wholesale change over the next 4 years to deliver the BPS targets within current baselines to 2020. The extent of change and the size of



the Sector (\$3.8 billion in operating expenditure) means that a further Four-year Plan in 2014 and an opportunity for Ministers to discuss the plan further at SEC will be beneficial.

A Ministerial discussion at SEC, using updated information on the the workforce strategy, the work on vulnerable children and the Christchurch Justice and Emergency Sector Precinct would be useful to:

- outline the trade-offs and decisions Ministers will be asked to consider to improve service delivery and/or contain costs over the medium to long term to
- provide Ministers with information on performance and the big challenges, opportunities and risks facing the sector; and
- highlight how the Sector is planning to use the current 'window of opportunity' to build Sector capability and improve effectiveness and efficiency.

#### **Further information for SEC discussion and next year's 4-Year Plan**

We consider that the information to be provided for SEC and to be included in the 2014 Four-year Plan could be enhanced in a number of ways to highlight the key decisions and challenges for Ministers and further promote a Sector approach.

At SEC, it would be useful to outline how the Sector plans use the current 'window of opportunity' to deliver service modernisation. This will include the opportunities and challenges facing the sector, as well as the decisions that Ministers will need to consider to improve service delivery and/or manage cost pressures over the medium to long term.

An update on progress made towards further Sector collaboration including next steps would be beneficial. to

The 2014 Plan should be a collective plan, including the best way to manage the sector's pressures, regardless of which agencies they fall under. Shared ownership of the sector's cost pressures, their responses and progress towards a joint approach to investment would improve the sector's ability to make decisions. Currently the Plan outlines each agency's pressures and how they will manage them. A more collective Plan will facilitate joint ownership of change required to manage the big pressures to

We would like to see an updated workforce strategy to take into account the effectiveness of the strategy to date and include:

- an outline of the approach to build Sector ownership of organisational capability and workforce issues to
- the extent to which the current workforce and employment arrangements support staff to work to deliver on Sector priorities within their agencies;
- identification of common workforce capabilities, including opportunities for developing these collaboratively; and

- connection of the strategy to the organisational capability and workforce implications of the Sector's medium term intentions as outlined in the Plan.

The Sector's contribution to non-Justice led government priorities needs to be outlined, including the implications for services within the sector. This would include supporting the vulnerable children work and delivering improvements in access to justice, which will also contribute to Better Public Services result areas 9 and 10 on the ease of doing business with government.

Central Agencies would like to see the Justice Sector develop an investment approach for reducing crime to help identify the most effective investments to achieve Sector goals. This could involve taking an actuarial approach to crime and assessing how, when and where is best to intervene to reduce crime.

We will be interested to see how the Sector plans to maximise service delivery improvements through the Christchurch Justice and Emergency Sector Precinct. The new integrated service model on the frontline and opportunities to apply this learning in other areas would be usefully included in the next Four-year Plan

### **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



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