

The Treasury

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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

Colin MacDonald
Chief Executive and Secretary for Internal Affairs
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Dear Colin

Four-year Plans

Thank you for forwarding the final Four-year Plan for the Department of Internal Affairs (DIA). The purpose of this letter is to outline overall themes from Four-year Plans, to provide some feedback on central agencies' analysis of DIA'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.

DIA Four-year Plan

Overall DIA produced a high quality plan that was comprehensive and detailed. It provided upfront the challenges and trade-offs associated with delivering DIA's strategic direction.

The following areas of the plan were particularly strong

- The narrative was well-balanced between the agency's ICT functional leadership role and core business.
- There was a clear view of the organisational capability required to deliver the strategic direction. This was consistent with the findings from DIA's recent PIF review.
- The consideration of flexible funding tools as part of managing the operating and capital cost pressures; in addition the savings options that were identified were clear and feasible.

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

- Focussing on how initiatives will be managed over the four-year horizon rather than the first 12-18 months.
- Further development of the treatment and/or mitigation options for the risk section.

For Budget 2014 we consider it will be necessary for DIA to **provide a new Four-year Plan for Budget 2014. We have recommended to Ministers that the aspects of the Four-year Plan specifically relating to DIA's role as functional leader of ICT and Result 10 are scheduled for discussion with SEC. The reasons for this are:**

- It is anticipated that there will be significant developments in policy, action plans and performance in DIA's key priority areas (igovt, Result 10, ICT functional leadership and Better Local Government) over the next 12 months which will require substantive changes to various aspects of the Plan.
- A new financial impact section will be required in 2014 to reflect the outcome of:
 - whether Ministers approve the new funding for igovt; and
 - the club-funding solution that has been agreed for Result 10.
- The current plan provides a strong basis for development of a new plan for Budget 2014; many aspects, including the strategic direction and medium-term intentions in the core business areas, may be carried forward.

Next Steps

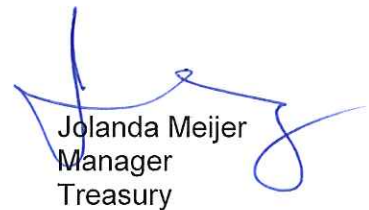
Treasury and SSC have undertaken a joint analysis of all Four-year Plans similar to that completed for the draft Plans that were submitted at the end of November 2012. If you would like more detailed feedback from the analysis of your Four-year Plan, please contact your SSC Deputy/Assistant Commissioner and/or Treasury Vote Manager.

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



Mary Slater
Assistant Commissioner
State Services Commission



Jolanda Meijer
Manager
Treasury