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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.



BUDGET 2014: FOUR-YEAR PLAN

Department of Internal Affairs



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Executive Summary

This Four Year Plan (the plan) for the Department of Internal Affairs articulates the series of strategic choices the Department has to make in order to ensure long-term sustainability in these fiscally constrained times.

There's been a lot of change over the previous four years, and there's more to come. Past plans have focused on delivering savings without stopping services or reducing service levels. The Department has now reached the point where further "savings" options within operational budgets are not sustainable.

In last year's plan the Department unsuccessfully canvassed reprioritising some non-departmental expenditure. Since then it has been funded to take on the GCIO and ICT assurance functions, hence major transformation of the business is required in order to meet customers' expectations for on-line services, and for the Department to operate within existing budgets.

For the first time the Department is looking at reducing services and service levels in parts of its business. Further cost cutting is not a sustainable option and so the Department intends to accelerate what is an ambitious programme of business transformation and investment in digital channels, which will increase efficiencies over time.

The key medium term decisions that the Department needs to make, include:

- balancing the management of cost pressures within the baseline with the need to direct resources towards highest priorities
- actively identifying and reducing, or stopping, lower priority activities or services to free up resources for higher priorities
- the extent to which the Department invests upfront in transformational initiatives, putting pressure on current baselines to unlock greater efficiencies and savings in out-years
- improving the efficiency of the operating model to identify savings for cost pressures and transformation initiatives
- resolving the funding model for all of government ICT products development – operationalising the conceptual framework.

Further investment in RealMe and all-of-government initiatives will provide real increases in revenue to counteract cost pressures, but not within the period of this plan. Taking a 5-10 year view of the Department provides a more compelling case to invest now. The investments in systems and all-of-government initiatives therefore needs to have a longer term focus to see the benefits in terms of improved outcomes and reduced costs. Costs and benefits are not fully quantified at this time and this work will continue into 2014/15. The Department expects that this will inform the development of subsequent Plans.

Four strategic focus areas have been developed in order to provide the context for a strategic transformation discussion. The focus areas give the Department a long-term view of where it needs to focus to deliver outcomes, while undertaken transformational change.

In order to successfully deliver on its goals the Department is transforming its system of service delivery. The 'digital shift' programme is a key component of this. It requires investment in lower cost service delivery channels and the reduction of service levels in more expensive channels. For example, moving information to a digital platform means that the Department can optimise delivery of

outreach and reading room services, to more accurately reflect the way people access information in the digital age.

An ambitious programme of both refreshing technology in the Department and introducing new and innovative all-of-government common capability approaches (Enterprise Content Management System; Infrastructure as a Service; Office Productivity as a Service) to the delivery of technology solutions will see the Department demonstrate the changes it is leading in the Public Sector.

Innovative approaches to system replacement such as the FAST project for finance services, to be delivered off the IRD SAP system, are an indicator of the Department's forward thinking and collaborative approach. The Department is also an early adopter of all-of-government shared services initiatives, including Optimise HR, Optimise Finance and the Wellington and Christchurch Property Strategies. Through its GCIO function the Department will also lead the sector in the adoption of ICT common capabilities.

The delivery of these, and all the other Departmental initiatives and activities as outlined in this plan, will drive improved performance and transform service delivery for New Zealanders.

Section 1: Strategic Direction

This section sets out the Department's high level strategic direction over the next four years, including the operating context for delivering its strategic intent and trade-offs required to deliver priorities.

Purpose

Internal Affairs serves and connects people, communities and government to build a safe, prosperous and respected nation.

Internal Affairs has a strong tradition of delivering core services valued by New Zealanders. It has a unique role in nurturing the country's nationhood, identity and culture. The Department maintains the collective memory of the nation and has a leadership role in shaping the way people will interact with government in the future.

The Department provides services directly to people and communities to strengthen the capability, resilience and prosperity of New Zealand society. It also provides services to government and other public sector organisations, supporting their ability to deliver outcomes and building trust and confidence in the performance of New Zealand's system of government.

This foundation is the basis for delivering the Department's central priorities over the next four years for leading the transformation of all-of-government ICT and information management, to lift public sector performance and enhance citizens' experience of government.

Outcomes and objectives

The long-term outcomes and objectives Internal Affairs is seeking to achieve for New Zealanders are:

- New Zealand's diverse people and communities/hapū/iwi are resilient and prosperous
- New Zealand is recognised for creating, sharing and using knowledge for social, cultural and economic well-being
- The people of New Zealand have a strong and valued national identity, culture and heritage
- To enhance trust in government and confidence in the performance of public sector organisations

The Department directly impacts the social, economic and cultural well-being of New Zealand society by:

- Helping people and communities understand and manage hazards and risks
- Seeking to ensure participants in regulated activities behave responsibly and with integrity
- Enhancing the capability of people to participate in and across communities
- Enabling people to access and use information important to their lives
- Protecting New Zealand's documentary record and making it available for current and future generations
- Ensuring New Zealand's personal identity information has integrity
- Supporting the system of government to operate efficiently and effectively
- Enhancing the productivity and accountability of public sector organisations

Contributing to Government Priorities

The Department's context

The Government's priority of lifting the performance of the State sector has a significant influence on the Department's strategic direction. The Department will continue to change the way it works over the medium term, as Government looks to Internal Affairs to lead and influence a transformation in the delivery of public services to New Zealanders.

The Department's resources and expertise in technology, the delivery of citizen-focused services and the management of government and identity information, enable it to perform this function. The Department has strong relationships with communities through its local government, regulatory, information management, and advisory roles. The Department's range of functions connects it to all parts of the public sector.

As the Government Chief Information Officer (GCIO), the Department's Chief Executive is the functional lead for all-of-government ICT. The Department is orienting its strategy and capability towards delivering its strengthened mandate to provide leadership in technology and strategic information management.

The location of these responsibilities and leadership roles within a single agency means that the Department is playing a central role in the public sector. Although not a central agency, many of its responsibilities and accountabilities align with the role of a central agency. These include setting strategy and standards, and providing assurance to government at a whole-of-system level. The Department looks both 'outward' to provide essential civic services to citizens and communities, and 'across' the system to support government to operate more efficiently and effectively.

Key contribution: Better Public Services

The Department's key contribution to the Government's priorities over the medium term will be its contribution to better public services. Over the next four years, the Department will lead a transformation in the way citizens experience government services. More effective use and investment in ICT to deliver government services will increase the efficiency of the public sector and improve outcomes for all New Zealanders.

Through the *ICT Strategy and Action Plan*, the GCIO will achieve greater collective impact across government by setting system-wide strategy, and developing and driving uptake of common capabilities. A cultural shift towards smarter use of information and technology and greater collaboration between agencies will reduce costs and improve services to the public.

The principle behind this transformation is 'centrally led and collaboratively delivered', and the Department will be driving more integrated ICT investment across government. The GCIO has been given a strengthened mandate to direct priorities and accelerate the uptake of common capabilities¹ to support this work.

Better access to information is critical to transforming the system of service delivery. However, success relies on security, trust and confidence in the way government invests in technology systems and manages New Zealanders' information. Establishing and delivering an enhanced system of assurance to government and the public is a significant priority within this Plan. The newly created

¹ In this context, a 'common capability' is defined as "any business or ICT capability that could be used by more than one agency, or across the whole of government".

function of a Government Chief Privacy Officer within the Department will greatly assist in leading and driving this work.

Aligned with this, the Department is responsible for Better Public Services Result 10. Internal Affairs is implementing a blueprint to guide the design and implementation of services that make it easier for New Zealanders to interact with government in a digital environment. This is a long-term initiative, requiring innovation and collaboration across agencies to succeed. The Department is working closely with Result 9 (led by MBIE) to place people and businesses at the centre of service design, enabled by services such as RealMe. The work on both Results 9 and 10 is also deeply intertwined with the 'services are digital by default' section of the *ICT Strategy and Action Plan*.

Beyond this, the Department's focus on building stronger and more resilient communities will contribute to Government's public service and economic goals. It is building capability within communities to interact with government in an online world, such as developing libraries as digital hubs and supporting digital literacy programmes. By targeting spam, identity theft, and exploitation the Department enables people to more confidently interact in online environments and participate in economic activity, safely and securely.

The Department is also working with the Local Government sector to lift the performance and responsiveness of local authorities, particularly through the Better Local Government reforms. In leading Kia Tūtahi, the relationship accord between government and New Zealand's communities, the Department will encourage more effective engagement between government agencies and communities to achieve outcomes.

The Department will also contribute to better public services by applying the same principles it is leading across government within its own business, including aligning with the *ICT Strategy and Action Plan*². Services such as passports and grant funding are increasingly being delivered online, and the Department is demonstrating the benefits of utilising common capabilities such as RealMe.

Over the medium term, implementing these principles and responding to evolving expectations will drive transformational change within the Department. It will need to actively review its own systems of service delivery and information, to ensure that core services and operating models are aligned with strategic priorities and increased expectations, and represent the best use of available resources.

Over the next four years the Department will further contribute to Better Public Services, and the Government's wider goals, through the priorities of Ministers in seven portfolios*:

- Making it easier for citizens to prove their identity, particularly in a digital environment
- Improving the regulatory framework for gambling
- Maximising the potential of society and the economy to benefit from ethnic diversity
- Improving the efficiency and effectiveness of the system of local government
- Empowering communities and people to participate in society and the economy
- Improving the efficiency of services to the Executive

* For the full list of Ministerial portfolios and priorities see the Department's Statement of Intent

² More information on the Department's investment intentions and initiatives to align with the ICT Strategy and Action Plan are provided in Annex VI.

Operating Environment

Government and public expectations, and ongoing fiscal pressure, have changed the operating environment across government. Decisions are necessary to prioritise resources towards strategic outcomes. The Department's evolving range of functions and responsibilities will increasingly require trade-offs between activities to ensure highest priorities are delivered.

Like all public sector agencies, the Department is expected to deliver better results for New Zealanders by working across the system to achieve collective impact. Achieving results increasingly requires greater innovation and collaboration across sectors. Recent changes to core State sector legislation enable a more collaborative and shared approach between agencies to achieve improved outcomes for New Zealanders. The Department intends to make use of these changes, including the flexible provisions contained within the Public Finance Act, to improve and enhance service delivery.

As well as delivering all-of-government responsibilities, the diversity of the Department's functions means it faces a range of challenges and changes in its operating environment over the four year horizon, including:

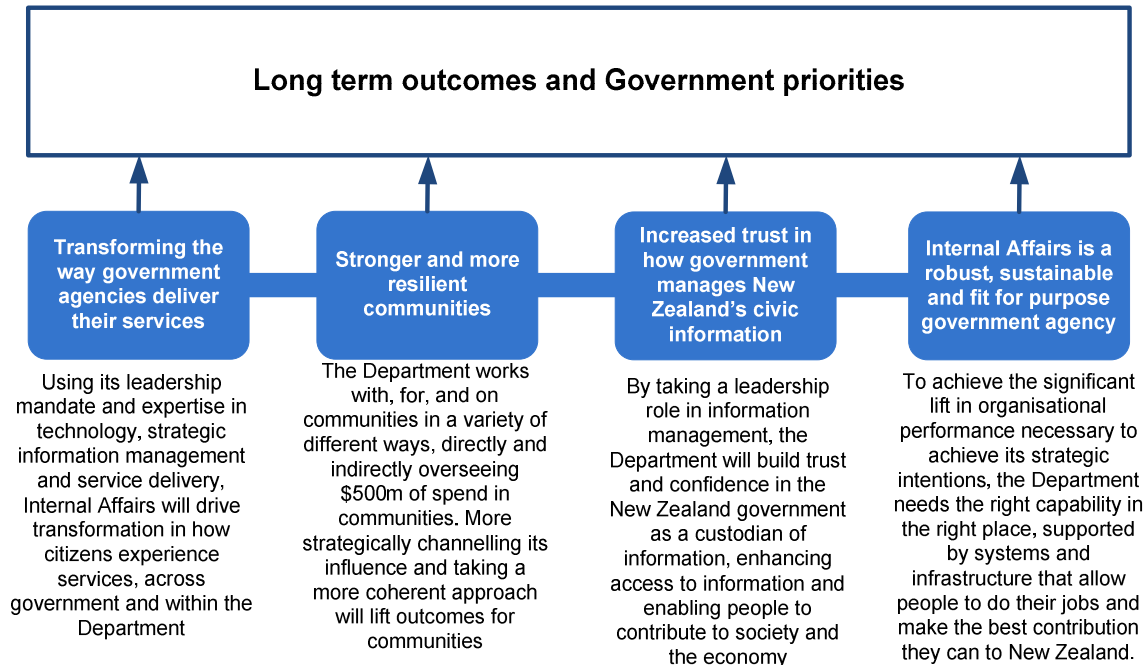
- increased focus on the security and privacy of government-held information
- expectations that the system of local government will improve its responsiveness to ratepayers and its collective contribution to New Zealand's economy
- ongoing implications from the Canterbury earthquakes, including changes to service delivery models
- increased complexity in the regulatory environment, including an increasing scope of regulatory responsibilities and technology advances in regulated areas
- responding to the 'digital shift' in information management, requiring new models of protecting, preserving and accessing government information and records, and balancing this with the provision of traditional services
- changes in demand for identity products, both in volume and expectations of customers
- responding to any new Inquiries and supporting changes in the Executive following the 2014 General Election.

Long-term factors influencing the way the Department's and the public sector need to shape and deliver services to meet the peoples' needs, include:

- ongoing **global economic uncertainty** and public sector fiscal constraint, reducing resources available to customers and the Department
- **Government expectations** for agencies to provide better public services for less, and to operate as a collective system
- **increasing diversity** of New Zealand society, including changes to both the make-up of the population and where they are physically located
- increasing and changing **public expectations** for more tailored, accessible and coordinated services
- **balancing expectations for information assurance** - security, accessibility, privacy and integrity
- risks of further **large-scale environmental hazards** and the capability required to respond.

Strategic Objectives

The Department has four strategic focus areas, through which it will direct its efforts to make the greatest collective impact and contribution over the medium term towards achieving its outcomes and Government priorities:



These focus areas support the Department's strategic direction by providing a framework to understand how to best use its combined functions, mandate and resources to achieve outcomes. They position the Department to respond to expectations to operate differently, including influencing change and taking a stronger leadership role across government. This will sharpen the focus of work programmes by better connecting core services, government expectations, new opportunities, and the Department's long-term strategic direction.

The focus areas support the Department to achieve its excellence horizon³ by providing a framework for collaborating and leveraging expertise internally, anticipating emerging challenges and opportunities, and finding innovative ways of achieving outcomes and contributing to government priorities.

As the Department changes the way it works to deliver on new expectations, these focus areas will inform and guide priorities, resource allocation and capability building, and support more integrated planning as fiscal pressures increase.

The Department's key priorities, intentions and initiatives, and their link to strategic objectives, are outlined in *Section 2: Delivering the Strategy*.

³ See the following section: *Operating model*

Operating model

To deliver its strategic intentions the Department is continuing to work towards its excellence horizon of a fully integrated organisation that effectively utilises all of its capability and functional expertise, and is supported by integrated, fit for purpose infrastructure that allows staff to do their job.

The Department's business units are structured into seven branches, providing a functional and shared services approach to delivering outputs and services. Over the past year, the Department has focused on developing this operating model by establishing the organisational environment - the capability, systems and culture - required to support more integrated ways of working across the organisation, and more effective and efficient service delivery based on a better understanding of customers' needs.

Examples include implementing a new approach to regulatory functions, continuing a strategic partnership between Archives and the National Library, and leveraging alignment between the Department's charities services, community networks and regulatory systems to improve services.

This operating model is continuing to develop. In particular, the Department is committed to demonstrating the transformational changes it is leading across government. Over the medium term, the Department is transforming its own system of service delivery, optimising its mix of channels and moving from product-centric to citizen-centric delivery of core services. This will increase the online delivery of transactions such as passports and other identity products, and expand digital access to collections of information. This will free up resources to deliver more complex services in person. These changes will influence the future structure of the organisation.

The Department is supported by shared corporate services, and is implementing arrangements with other agencies for delivering shared support services to improve collective efficiency. A key project is the shared financial management system arrangement with Inland Revenue.

This approach is being developed further through the Optimise HR and Optimise Finance initiatives. These initiatives, arising from the Better Administrative Support Services programme, are focused on designing new cross-agency, collaborative service delivery models that will improve agency performance. Leveraging scale across agencies allows for investment in better processes, automation and capability to deliver improved services. The Department is currently responsible for hosting and facilitating the Optimise HR initiative, with five other agencies.

Readiness to deliver the operating model

The results of the Department's Performance Improvement Framework review are consistent with its self-assessment and existing work programme. These show that the Department is well placed in a number of core business areas, and is rated highly by the public. The Department is continuing its capability building work⁴ from previous years and is now starting to use its operating model to achieve the necessary performance shifts to reach its excellence horizon.

The critical challenges the Department is addressing to continue developing and enhancing its operating model, and deliver strategic intentions, are outlined below.

⁴ More information on Organisation Capability is contained later in this section, and in *Section 4 and Annex I*

Delivering all-of-government ICT leadership and assurance

Central to the Department's strategic direction is developing the operating model that enables the GCIO to set and lead ICT strategy across government, and provide certainty of agency alignment. The Department is working with central agencies to identify funding and governance mechanisms to enable it to deliver on the GCIO responsibilities. Establishing this model will allow it to provide clear direction to government on how the cultural and technological shifts required to transform services will be achieved and monitored.

The Department has restructured in order to establish the right environment, capacity and capability to support the GCIO's functional leadership responsibilities. This includes establishing a Portfolio Management Office to coordinate delivery of the *ICT Strategy and Action Plan*. This new structure will increase capability to provide independent assurance and advice to government, and enhances the emphasis on strategic relationship management. As this model develops the focus will be on setting system-wide standards.

The ability to influence agencies and generate buy-in and commitment will encourage faster and more sustainable change across the system. The Department needs to continue building its leadership, strategic and engagement capability to credibly influence and direct other agencies to align planning and uplift their capability, to underpin more integrated citizen-centric services.

Developing strategic partnerships across government

Achieving government goals requires a commitment from agencies to develop collaborative partnerships across the system, to deliver on transformation and integration.

The Department needs to be proactive in developing these partnerships. It is working increasingly closely with central agencies to develop the functional leadership role, particularly in regards to security and assurance, and ensuring that roles are coordinated across agencies. Strong relationships with local government, the private sector, community organisations and the public are also critical to understanding collective outcomes and improving services.

The Department is working with various government agencies⁵ to develop and progress the Result 10 work programme. The Department is also working closely with the Result 9 Programme, led by MBIE, to ensure strategy and delivery are aligned, particularly where there may be potential overlap.

A number of strategic partnerships across sectors are enhancing the Department's contribution to government goals over the medium term, including working with:

- New Zealand Post to deliver RealMe services in the private sector
- Inland Revenue on information sharing and financial services management
- the Ministry for Culture and Heritage and other agencies to deliver WWI commemorative events, services and official visits
- the Ministry for the Environment to coordinate progress on resource management and local government reforms
- multiple agencies to co-locate services in Christchurch and other regional centres

⁵ Ministry of Social Development, Inland Revenue, New Zealand Police, New Zealand Transport Agency, Ministry of Business, Innovation and Employment, New Zealand Customs Service, Department of Conservation.

- the Ministry of Justice, the Organised and Financial Crime Agency of New Zealand, and others as part of the all-of-government response to organised crime, and contributing to the ODESC⁶ sub-committee for organised crime
- the Ministry of Education to deliver the Network for Learning on the "Creating Readers" programme, and on school library development, contributing to Result 5 (improving educational outcomes)
- public libraries to strengthen their relationship with government, including exploring how they can work as community digital hubs to increase the accessibility of digital services.

Further details on the Department's contribution to government priorities, in conjunction with other agencies, are contained in *Annex VIII*.

Optimising internal systems and infrastructure

The Department aims to be an exemplar in the use of ICT to deliver its services and to support the organisation. This is central to its focus on becoming a robust and fit for purpose organisation.

Currently, fragmentation and duplication of the Department's systems (caused by inheriting several legacy systems that do not easily work with each other) is impacting on productivity and creates barriers to integrated ways of working. Updating and optimising these systems, and reducing the number of unique systems, is a priority over the medium term to increase efficiency and productivity.

The Department is addressing this through a Corporate Foundations Programme⁷. This will upgrade core ICT systems to support the effective delivery of services and align the Department with the outcomes and themes of the *ICT Strategy and Action Plan*⁸.

Aligned with this is the transition from an ownership model of assets, to a service based model. This is changing the operating model for internal ICT as the Department implements, and demonstrates the benefit of, common capabilities including Infrastructure as a Service, Desktop as a Service, and the Common Web Platform.

Developing organisational culture and capability

Underpinning the Department's success is the right capability and organisational culture required to deliver on increased expectations. As the Department transforms its business and services, leaders will need to be skilled at meeting the challenges of change. This is a key focus of the Department's workforce strategy⁹.

The Department needs to continue building specialist capability to deliver new functions and respond to environmental changes. As outlined above, developing capability to engage across and outside the system is critical to demonstrating more strategic, sector- and system-wide leadership in areas including local government, identity, information management and communities, and delivering more strategic, forward-looking advice to Ministers for the Department's key areas of responsibility.

The Department is a diverse organisation. To lift its performance to the level necessary to deliver on expectations it needs to add up to greater than the sum of its parts. The Department is continuing to increase engagement and build culture, through engagement initiatives, leadership and management training, and a talent management programme. This work is strengthening the shared aspects of the organisation's culture and better connecting staff with a common purpose, providing a platform for lifting staff engagement and productivity.

⁶ Officials Committee for Domestic and External Security Co-ordination

⁷ More detail about the Corporate Foundations Programme is provided in *Section 4: Organisational Capability*

⁸ Alignment with the ICT Strategy and Action Plan is provided in detail in *Annex VI*

⁹ The Department's Workforce Strategy is summarised in *Section 4: Organisational Capability*

Trade-offs and decision points

As outlined in the previous sections, the Department has an increasing range of functions and responsibilities. Expectations are high for delivering leadership and change across government. The Department must also continue to deliver core business functions and maintain the ongoing sustainability and capability of the organisation to continue meeting people's needs.

Balancing these factors is putting increasing pressure on the Department's baseline and its ability to resource all its activities. As a consequence, the Department will increasingly make decisions around prioritising resources and trading-off lower priority activity, to ensure that the highest strategic priorities are delivered.

To date, the Department has managed cost pressures through a process of regularly identifying efficiencies and savings, and applying these to cost pressures and priorities. This Plan signals that more transformational change will be required within the Department's business in order to deliver on strategic intentions, demonstrate the changes it is leading across government, and provide assurance that it is able to manage sustainably within baselines.

Over the medium term, the key decision points facing the Department include:

- balancing the management of cost pressures within the baseline with the need to direct resources towards highest priorities
- actively identifying and reducing, or stopping, lower priority activities or services to free up resources for higher priorities
- the extent to which the Department invests upfront in transformational initiatives, putting pressure on current baselines to unlock greater efficiencies and savings in out-years
- improving the efficiency of the operating model to identify savings for cost pressures and transformation initiatives
- resolving the funding model for all of government ICT products development – operationalising the conceptual framework.

Funding key priorities

This Plan identifies the Department's key medium term priorities to deliver strategic intentions, particularly in relation to its contribution to the Government's better public services goals. The following table summarises these priorities and their funding strategies over the medium term:

Key priority	Funding strategy
Functional Leadership of all-of-government ICT and assurance	New Crown funding received in Budget 2013 (\$5.5m pa)
Result 10	Club funding arrangements with participating agencies (\$2.9m pa)
RealMe	In principle Cabinet decision to continue to provide Crown funding of \$15.8m in 14/15 reducing to \$7.5m in 2017/18 before transitioning to cost recovery (see Annex III)
Redeveloping govt.nz	\$2.7m per annum - funding sources to be confirmed as part of the <i>ICT SAP</i> funding considerations (see next box in this section).
Lifting the performance of local government	Funded from within baselines following reprioritisation in 2012/13 planning round (\$1.6m).

The Department's key priorities, intentions and initiatives, and their link to strategic objectives, are outlined in *Section 2: Delivering the Strategy*.

Managing baseline pressures

Alongside these priorities, the Department must continue delivering its core business responsibilities and intentions, while managing significant cost pressures within its baseline. This Plan anticipates increased cost pressures from 2014/15 within an environment of ongoing static baselines. The most significant pressures over the medium term are arising from fixed costs including direct employment costs, CPI, and operational cost pressures associated with capital projects.

The Department has identified efficiency savings and internal reprioritisation to be redirected to its highest priorities and address the cost pressures. This includes savings from initiatives such as the Property Strategy, and the realisation of dividends from investments such as the Passport Redevelopment Programme, and learning and development programmes.

To help manage down cost pressures, the Department intends to unlock further sustainable savings by improving efficiencies and generating greater revenue including:

- accelerating the Department's property strategy to reduce the Department's overall footprint
- undertaking a review of third party fees to address imbalances and alleviate specific cost pressures, for example regulatory fees
- improving the efficiency of the Department including utilising workforce strategies such as revised policies and approaches around the use of contractors
- a systematic review of cost drivers across the Department, with an initial focus on reducing project and programme management costs

Increased revenue is also anticipated from increased commercial and private sector uptake of RealMe and from the development and uptake of all-of-government ICT products. However, this revenue is not expected to be realised within the horizon of this Plan.

Cost pressures, efficiency savings and reprioritisations are detailed in *Section 5: Financial Summary*.

Implementing transformational change

These efficiency savings do not offset total forecast cost pressures over the four year horizon. The Department needs to accelerate its programme of transformational change within its business, particularly within its service delivery and information and knowledge services functions.

The key driver of these changes are to position the Department to meet New Zealanders' evolving expectations for how they interact with government, and responding internally to the changes the Department is leading across government.

An outcome of this programme is expected to be sustainable cost savings and efficiencies that will enable the Department to continue to maintain within baselines for the foreseeable future. Initial investment will be required to implement change and the major cost savings are likely to flow beyond the term of this Four Year Plan.

Key change intentions that will generate savings are outlined in further detail in *Section 2: Delivering the Strategy*.

Identifying lower priority activity

As the Department has taken on responsibility for new functions and services over the past four years, it has focused on managing cost pressures by finding savings without stopping or reducing services. As signalled in the 2013 Four Year Plan, finding further savings to deliver priorities within baselines now requires the Department to look at reducing or stopping some existing lower priority activities. Transformational change to reflect the Department's new operating environment may include changes to service levels and the reduction of some current services.

Initial options for service reduction are outlined in *Section 2: Delivering the Strategy*. Should the Department need to utilise these options to maintain within baselines, discussion and agreement with Ministers and stakeholders will be required to fully identify lowest value and subsequently highest impact in terms of directing resources to higher priorities. Discussions with Ministers may include the option of requesting additional funding in order to maintain service levels. Within this environment, further trade-offs may be required if additional fiscal pressures arise over the medium term, eg:

- anticipated external funding for RealMe or Result 10 is not realised
- unforeseen additional cost pressures arise within fixed costs and core business
- any additional functions or machinery of government changes do not include additional funding
- the Department is required to underwrite significant all-of-government ICT products and contracts from within baselines, including deliverables within the *ICT Strategy and Action Plan* (see box below).

[7,8,10]

Section 2: Delivering the Strategy

This section outlines the Department's key priorities over the medium term to deliver its strategic intentions, provides an overview of core business intentions, and outlines change intentions that will deliver savings.

Key medium term priorities

Over the medium term the Department's key priorities will lead and support a lift in the performance of the public sector, including local government, to improve services to New Zealanders.

Functional Leadership of all-of-government ICT and assurance

ICT enablement is essential to delivering the Government's priorities for better public services. As the GCIO, the Department's Chief Executive has functional leadership responsibility for driving more effective use of technology and information management across government, through greater standardisation, integration and assurance.

Implementing the *Government ICT Strategy and Action Plan* is the key platform for achieving this change. Agreed by Cabinet in June 2013, the plan sets the work programme for integrating information, service delivery, technology and business processes to deliver better services for less. Through the *Strategy and Action Plan* the Department is seeking to deliver sustainable savings to government of \$100 million by 2017.

System assurance underpins the *Strategy and Action Plan*. Public confidence in the secure and appropriate use of their information is fundamental to growing the use of digital services. The GCIO will coordinate the oversight and delivery of a coherent system-wide approach to ICT assurance, setting standards and supporting agencies to improve assurance processes. This may include intervening where necessary.

The new Government Chief Privacy Officer (GCPO) function that's being created means that the Department will now have an important role in providing leadership in privacy issues across all of government. The GCIO review into recent privacy breaches showed this is an area that needs to be strengthened. The new GCPO function will operate under the mandate that the GCIO currently has. It will set standards, issue guidance and provide assurance to help departments fulfil their responsibilities.

Cultural change in the use of technology and management of information will be critical to transforming people's experience of government. Over the medium term, the GCIO will support better public services by lifting ICT capability, enhancing governance and decision making, and driving greater agency collaboration. More strategic and coordinated information management will improve access to information and services to New Zealanders.

These changes will be centrally led and collaboratively delivered. A key to achieving this is the development of a comprehensive picture of government's ICT investment, which will be used as a foundation for integrating and prioritising future investment across agencies and sectors. The GCIO will also provide oversight of the appointments to all key CIO roles across the State sector. A review of ICT governance arrangements will create a clear framework balancing the GCIO's oversight responsibilities and accountability of agency chief executives.

To support this the Department is developing a stakeholder engagement strategy to ensure that agencies receive informative, timely communications about the GCIO work programme, and that they know who to contact if they are seeking guidance.

Ongoing funding of \$5.5m for the GCIO Functional Leadership and assurance role has been included in baselines from 2013/14.

Delivering Better Public Services Result 10: New Zealanders can complete their transactions with government easily in a digital environment

The Department, along with the Minister of Internal Affairs, is responsible for the delivery of the Government's Better Public Services Result 10. Success will be measured by the following target: by 2017 an average of 70 per cent of New Zealanders' most common transactions with government will be completed in a digital environment¹⁰.

Result 10 is a driver for wider public sector transformation, beyond achievement of the result measure. Initiatives will join-up digital services around the needs of customers, regardless of agency boundaries, and move high volume transactions of low and medium complexity into the digital space. This will improve customer experiences with government and enable frontline agency resources to be focused on more complex transactions that require personal interaction.

Result 10 is focused on making transacting with government both digital and easy, so that people choose to do so. Although not an ICT project, Result 10 is intrinsically linked with the Department's intentions and responsibilities for functional leadership of ICT. A number of actions in the *ICT Strategy and Action Plan* are central to the delivery of Result 10.

To support this transformation a Blueprint for digital services to 2020 has been designed and agreed, including the key actions to deliver the digital vision for the future. These actions support the outcomes of the *ICT Strategy and Action Plan*. Agencies will be expected to align with the Blueprint, and it will be an important driver for transformation of the Department's own service delivery.

Result 10 is unfunded from 2014; however, the Department anticipates continuing the club funding arrangement with participating agencies with which it is working to continue delivering this priority (\$2.9m pa). It will also continue to progress short term initiatives to support and accelerate agency digital service improvements, utilising mechanisms such as the Better Public Services seed fund and the administration versus use of appropriations provisions of the Public Finance Act.

RealMe

RealMe is New Zealand's official online identity verification service, enabling individuals to control their online identity and information, and more conveniently access online services from both public agencies and the private sector¹¹. It also enables these agencies and businesses to conveniently receive proven identity information with the explicit consent of its owner.

Over the medium term, the Department will extend RealMe services as a critical enabler for people to interact more easily with government online, and the achievement of Results 9 and 10. This includes capturing greater uptake in the private sector, as a point of leverage for public sector agencies.

¹⁰ After one full year of measurement, uptake has increased from 30.4% to 37.2%

¹¹ RealMe is made available to the private sector through the Department's partnership with NZ Post.

A core, common means of providing secure information online supports transformation in service delivery across government by reducing barriers to more coordinated use and investment in ICT to deliver services. The security and assurance offered by RealMe underpins public confidence in government information technology systems.

Benefits from improved user experiences and reductions in the duplication of identity verification services, online authentication and agency transaction costs, and identity crime are estimated at \$511 million over ten years¹².

[10] Department is establishing a sustainable business model that will bring RealMe and Result 10

Redeveloping govt.nz

Redeveloping the newzealand.govt.nz website, a key action within the ICT Strategy and Action Plan, will rationalise digital entry points and increase digital access to government information and services. This work will support the achievement of Results 9 and 10.

The redeveloped newzealand.govt.nz (rebranded govt.nz) will simplify for citizens the complex process of transacting with multiple agencies by offering clear, concise information organised around user needs, not the structure of government. Additionally the site will meet the NZISM security standard and disaster recovery best practices to mitigate the risks to the Department and Government around cyber-security and business continuity. Ongoing development of govt.nz is subject to securing of funding as part of the all-of-government ICT initiatives (see box on page 15). This also applies to the following paragraph.

All-of-government efficiency gains of over \$2 million per annum are anticipated from reduced content duplication¹³ across government and a reduction in customers who abandon efforts to find information online and resort to more expensive channels such as calling or emailing agencies¹⁴.

¹² These are gross benefits and do not take into account the costs incurred by public and private organisations to join RealMe.

¹³ Developing 'thin content' will enable the discovery of duplicated content across the government web domain, and subsequent consolidation. Duplicated effort in content creation and maintenance is estimated to cost government approximately \$300,000 per year.

¹⁴ Current task abandonment on newzealand.govt.nz means users are calling or emailing agencies directly, rather than finding information online. Redeveloping the site will reduce task abandonment and subsequently make it easier for users to use less expensive channels, estimated to save government \$2,122,600 per annum.

Lifting the performance of local government

The Department is leading the development and implementation of Government reforms to improve services to communities by lifting the performance of local government within tighter financial constraints.

The Department's responsibilities in delivering these reforms include:

- implementing an assistance and intervention framework, which will include providing advice to Ministers on council performance and risk
- developing regulations to assist in assessing the financial prudence of local authorities
- supporting greater Local Government Commission activity resulting from increases in the number and complexity of local government reorganisation proposals over the next four years.

As part of the second phase of the Better Local Government programme, a Bill is planned to be introduced late in 2013. The Bill will provide for wider use of Auckland-style local boards as part of local government reorganisations, improvements to the development contributions regime and to council planning, consultation, and decision-making processes, and other ways to improve efficiency. The Department will assist councils with implementation.

Success will see Ministers better advised on council performance, which will help to provide more timely assistance to councils experiencing problems. Improvements to the legislation will support and encourage councils to drive more responsive, efficient and effective local government, and enable the Local Government Commission to consider more options as part of reorganisations.

The Department is also supporting a working party's exploration into what would be needed for online voting to be introduced at the next round of local body elections, including a trial before 2016. Issues of cost, security of information and access have to be taken into account. Online voting would complement the investment in RealMe, which could enable secure authentication of a person's identity for online voting. The Working Group's scoping activity will include developing a range of funding strategies.



Core business activity

The priorities outlined above comprise only part of the overall activities funded within the Department’s approximately \$370m baseline.

The table below outlines the medium term intentions within its core business, and how these will contribute to the Department’s strategic direction.

Core business	Medium term intentions	Link to strategic direction
Identity services		
The Department records, manages and provides access to New Zealanders’ identity information, delivering services including passports, citizenship, and registration of births, deaths and marriages.	<ul style="list-style-type: none"> Completing the Passport Redevelopment Programme to respond to increasing passport volumes, including extending online passports Modernising the Passport Act 	<ul style="list-style-type: none"> Transforming the way government delivers services Increased trust in how government manages civic information A robust, sustainable and fit for purpose agency
Information and knowledge services		
Through Archives New Zealand and the National Library the Department is responsible for building, preserving and providing access to New Zealand’s documentary heritage and public record. This includes responsibility for managing the Public Records Act. It also supports literacy and learning in communities and schools.	<ul style="list-style-type: none"> Co-locating constitutional documents (Active Archives Project) Public libraries as community digital hubs Implementing the Government Digital Archive, and reviewing and developing digital preservation services Archives/Library strategic partnership Digital delivery and transformation of services to schools and school libraries 	<ul style="list-style-type: none"> Increased trust in how government manages civic information Stronger, more resilient communities Transforming the way government delivers services A robust, sustainable and fit for purpose agency
Information and Technology services		
The Department delivers a number of all-of-government information and technology services, focusing on developing common capabilities to reduce costs to government. This includes managing all of government contracts. The Department also provides web and data strategies and standards for government’s online presence.	<ul style="list-style-type: none"> Aligning services provided by the Department with the <i>ICT Strategy and Action Plan</i> and priorities for Result 10 (see <i>Annex VI</i>) Developing all-of-government offerings including the Cloud Programme (office productivity services, Desktop as a Service, Enterprise Content Management); Online Programme (government online engagement service, common web services, domain integrity); Telecommunications as a Service; Software Acquisition Strategy (subject to business case) 	<ul style="list-style-type: none"> Transforming the way government delivers services



Community services		
<p>The Department facilitates over \$200 million of grant funding to communities annually and provides advisory services to strengthen capability and encourage participation in communities and the voluntary sector. The Department provides targeted information and advice to ethnic communities and works with charities and the charitable sector.</p>	<ul style="list-style-type: none"> • Completing allocation of funds to support the recovery in Canterbury • Implementing a grant and client management system to streamline processes and improve access to funding information and services • Continuing the Community-led Development trial • Completing the full integration of Charities Services and leveraging functions to improve services • Implementing new financial assurance requirements for charities • Exploring the establishment of a Language Hub including both telephone interpreting services and translation services • WW1 commemorations • Kia Tūtahi Relationship accord 	<ul style="list-style-type: none"> • Stronger, more resilient communities • Transforming the way government delivers services
Policy services		
<p>Internal Affairs provides policy advice to Ministers on local government, ethnic affairs, the community and voluntary sector, fire services, information management, gambling and racing, and identity policy.</p>	<ul style="list-style-type: none"> • Developing a strategic information management policy • Review of the Regulatory Framework for Class 4 Gambling including advice on the Gambling (Gambling Harm Reduction) Amendment Bill • Implementation of local e-voting trial • Amendment to Fire Services legislation and review of funding • Support for Chatham Islands Council [7] [7] https://www.mta.govt.nz/identity/identity-strategy/ • Identity strategy 	<ul style="list-style-type: none"> • Transforming the way government delivers services • Increased trust in how government manages civic information • Stronger, more resilient communities
Regulatory services		
<p>The Department regulates, encourages compliance and enforces the law for gambling, censorship, government recordkeeping, spam, anti-money laundering, and private security.</p>	<ul style="list-style-type: none"> • Promoting compliance that minimises harm and maximises benefit, to increase and sustain levels of compliance while reducing the compliance burden • Completing the Integrated Gambling Platform to provide online capability to improve compliance and transparency in the Class 4 	<ul style="list-style-type: none"> • Stronger, more resilient communities • Transforming the way government delivers services



	<p>gambling sector</p> <ul style="list-style-type: none"> • Delivering the Department's Anti-Money Laundering and countering Financing of Terrorism (AML/CFT) programme to maximise benefit to our regulated sector • Promoting the Mobile Anti-Spam function and implementing the spam intelligence database to enable more robust analysis of spam • Improving the regulatory framework for Class 4 Gambling (Gambling Harm Reduction) Amendment Bill • Completing the implementation of the Multi-Venue Exclusion programme to allow problem gamblers to exclude themselves from venues • Providing leadership in the area of web filtering and victim identification 	
<p>Support services to the Executive and advisory bodies</p>		
<p>The Department provides services to the executive arm of government and delivers support and advisory functions for bodies such as the Gambling Commission, the Local Government Commission, Commissions of Inquiry and other ad hoc bodies.</p>	<ul style="list-style-type: none"> • Supporting any changes to the Executive following the 2014 Election • Government Inquiry into the Whey Protein Concentrate Contamination Incident • Supporting inquiries as required under the Inquiries Act 2013 	<ul style="list-style-type: none"> • A robust, sustainable and fit for purpose agency
<p>Crown Entity Monitoring</p>		
<p>The Department monitors the performance of the New Zealand Fire Service Commission and the Office of Film and Literature Classification. It also coordinates appointments to statutory bodies and boards.</p>	<ul style="list-style-type: none"> • Monitoring the implementation of strategies to return the Office of Film and Literature Classification to breakeven performance • Ensuring Fire Review Panel recommendations are reflected in Fire Service Commission accountability documents 	<ul style="list-style-type: none"> • A robust, sustainable and fit for purpose agency

Medium term change intentions

In order to continue delivering strategic intentions while remaining within baselines the Department needs to change the way it works. Over the medium term, the Department needs to continue identifying opportunities to reduce costs, while accelerating the process of transforming its own services in order to demonstrate the benefit and efficiencies of the changes it is leading across government. Intentions for changes that will generate savings over the medium term are outlined below.

Savings and efficiencies identified

During the current planning round the Department has identified reprioritisation and operational efficiencies of \$98 million over four years to support the delivery of strategic intentions, by freeing up resources for priorities and offsetting cost pressures elsewhere in the business. These savings are discussed in *Section 5: Financial Summary*.

Reprioritisation/efficiency initiatives	2014/15 (\$0.000m)	2017/18 (\$0.000m)
Business Transformation	4.110	9.547
Use of memorandum accounts	5.000	7.721
Operational efficiency	3.338	5.477
Workforce capability profile	2.003	3.663
[10]		
Property related	0.462	2.406
Services to Schools	0.392	0.392
Travel	0.345	0.345
Other reprioritisation	0.623	1.488
Total reprioritisation/efficiency initiatives	[10]	

Business transformation

Over the medium term, the Department will undergo transformational changes in parts of its business, as its core role, functions and responsibilities within the public sector evolve. These changes are essential to ensure the Department is responding to and demonstrating, within its own business, the leadership challenge of transforming services across government.

Transformational change is also necessary to provide assurance that the Department has a sustainable financial model that allows it to deliver core business and priorities within its baseline. A key outcome of these changes over the medium term will be to generate savings that will allow the Department to offset increasing cost pressures across its business¹⁵.

Business cases are being developed in 2013/14 for two key business transformation priorities:

- *Transforming the system of service delivery for Internal Affairs' customers:* A key programme is underway reviewing the delivery of core civic services to New Zealanders (e.g. passports, citizenship and other identity products, as well as services to communities, charities and other sectors), to ensure they are citizen-centric and fit to meet future needs. This includes the design of products and services around how New Zealanders live their lives, creating and

¹⁵ Cost pressures are discussed further in *Section 5: Financial Summary*.

integrating processes and systems, and future-proofing service delivery channels to keep ahead of New Zealand's needs. This will build on recent investment in the Passport Redevelopment Programme and the Grants and Client Management System. Investing in this improved service delivery will also result in cost benefits in future years as there will be a reduction in the current resource intensive modes of delivering services to New Zealanders. The Passport Redevelopment Programme aims to deliver an even more automated system to both reduce processing costs and assist in handling increased passport volumes. New Zealanders have been quick to embrace the online service with over 140,000 using it and the increasing volume of applications indicates it's a winner. The Department is also investigating the potential of on-line assistant tools to encourage more New Zealanders to take advantage of online passport renewals.

- *Positioning the Department to meet the challenges of the digital shift in information management:* Information for which the Department is responsible is now created, used, managed, stored, preserved, and re-used in a digital environment. Current operating models are not able to sustain both the increasing storage and management demands for these services, and the delivery of traditional analogue-based knowledge and information services. As with the above transformation priority, investment in digital information management will also result in cost benefits in future years as there will be a reduction in the current resource intensive management of information. Currently there is in effect a duplication of delivery models as both digital and physical information is stored and curated. This creates particular pressure on operating costs associated with capital in this area.

These business cases will identify specific actions, implementation costs and expected savings arising from these changes. This will require investment in systems and processes to ensure these are integrated and able to provide services in the new and rapidly changing digital environment. The need to renew a significant number of systems also provides an opportunity to think differently about the channels to deliver these services and deliver on the *ICT Strategy and Action Plan* focus areas from a Departmental perspective.

Optimising the corporate infrastructure

The Department's core corporate functions will also undergo transformational change that will increase efficiency, productivity and performance. The Department is leading the Optimise HR project work and is a participating agency in the Optimise Finance initiative. Along with these two cross-agency initiatives, the Department is also moving from its current Financial Management Information System to a shared services model with Inland Revenue. These optimisation initiatives allow the Department to leverage economies of scale over the medium-term, enabling investment in more efficient systems, improving the automation of processes, and reducing the cost of operating, freeing-up resources for other priorities.

Further potential savings options

[7]



[7]

Section 3: Risks to implementation

This section outlines the significant strategic and operational risks to the delivery of the Department's strategic intentions.

Significant risks to the delivery of the plan

As outlined above, the Department has an increasing range of roles, functions and responsibilities that it intends to deliver over the medium term. It is seeking to increase its impact in the public sector and improve outcomes for New Zealanders, while transforming its own business. These strategic intentions are acknowledged as ambitious and will drive fiscal pressures over the term of this Plan.

The main area of uncertainty is the ability to fund out-years within current baselines and anticipated longer-term funding pressures. While at this point in time the current alignment of approved strategic initiatives with the available funding does not appear to present unmanageable risk, any changes will increase this risk in terms of size and proximity which may result in impacts on current levels of service delivery in some areas. It may also be necessary for the Department to delay upgrades and replacement of critical infrastructure in order to manage priorities.

The most significant fiscal risk relates to the development and delivery of all-of-government ICT products and services, and this extends to include the risk of the fragmentation of collective agency agendas and efforts. There is still a tendency for agencies to revert to their own individual agendas which can be challenging to manage.

This risk is being exacerbated by on-going uncertainty around the funding of all-of-government initiatives. The Department is already carrying significant financial risk in areas such as the Cloud and online programmes, and has responsibility for a significant number of all-of-government actions within the *ICT Strategy and Action Plan*. These common capabilities and transformational services that are to be delivered will have considerable operating costs that will have to be met irrespective of uptake.

If this risk is realised there will be a significant fiscal impact on the Department and potentially crown balance sheets. The Department is working with central agencies to establish a manageable and sustainable funding model for all-of-government ICT initiatives, and provide advice to Ministers on the priorities within the ICT investment pipeline.

Resilience assessment

The Department is assessed as resilience level 3 – Resilient to some eventualities, but need strengthening in some areas to be within risk appetites. Full details of the Department's risk resilience, and the sustainability of its strategy beyond the four year period, are contained in *Annex VII*.

The Department is building its capability to improve understanding of the risks it faces, both in relation to its role as GCIO, and the complex operational environment of the Department. The Department faces considerable uncertainty in relation to capability and capacity and, while the Department has a strong history of successful delivery, the new skills to successfully lead in the all-of-government space and successfully influence the external environment are still being acquired or developed. In some cases there is on-going uncertainty surrounding what skills are actually needed to be successful in all-of-government leadership and the transformation of service delivery. The Department also acknowledges that increased investment is required in the proactive management of stakeholders, including planning and preparedness for dealing with crisis situations.

Section 4: Organisational Capability

A strategic focus for the Department is ensuring that it is a robust, sustainable and fit for purpose agency, able to deliver on evolving expectations and support the stewardship expectations of the Chief Executive. This section outlines how the Department is addressing organisational capability, capacity and infrastructure needs to deliver its strategic intent.

People and workforce capability

Over the next four years the Department will need to work in new and innovative ways to deliver expectations. The Department's Workforce Strategy sets out a planned approach to building and sustaining the workforce required to deliver on the Department's strategic direction, core functions and leadership responsibilities.

The strategy reflects the significant shift in organisational capability Internal Affairs is seeking to transform its business and achieve its excellence horizon. It is supported by an Organisational Development Plan which focuses on specific actions being implemented across the Department. Further detailed information on capability building is contained in *Annex I*.

In the medium-term a significant challenge the Department faces is striking the balance of maintaining the necessary capability shifts to achieve strategic intentions, while utilising workforce options to manage cost pressures¹⁶.

Developing leaders to meet the challenge of change

Confident, capable leaders will play a crucial role in delivering strategic intentions, particularly the Department's all-of-government leadership responsibilities. Lifting leadership capability will ensure the Department can lead and contribute to change across government. Strong leadership is essential to developing the organisational culture and maximising the collective impact needed to deliver the Department's strategic direction.

This Plan signals that parts of the Department will face transformational change over the medium term to respond to the challenge of delivering better public services, including aligning with the *ICT Strategy and Action Plan* and contributing to the Optimise Finance and Optimise HR initiatives.

The Department will continue to rely on strong management capabilities to deliver services efficiently and effectively. However, these changes will require significant shift in its expectations of future leaders.

This will place new demands on leaders and require new capabilities. Leaders will have to take forward new business and work across agency boundaries to achieve collective impacts and results. In a tight fiscal environment, resources will need to be prioritised to areas of highest impact and strategic benefit.

The Department has a suite of actions to develop confident and effective business and change leaders. This includes the Leadership and Management Development Framework, greater access to development opportunities, and new tools and resources. As the framework is being implemented in a phased approach, the impact of each element will be assessed as the pilot stage is completed.

¹⁶ More information on workforce options to manage cost pressures is contained in Section 5

Strengthening leadership connections across the Department is critical to building the shared approaches needed to make best use of people capability. The Department is encouraging and supporting teams to develop by providing more opportunities for networking via leadership forums as well as through development programmes.

Developing workforce capability to meet changing business needs

The Department has a broad base of capability that is a core strength across its functions. However, it needs to evolve its capability mix in order to play a lead role in the future public sector, demonstrate the changes it is leading across government, and respond proactively to fast changing technologies and new customer expectations.

Over the next four years the Department will continue to invest in developing people capability. It will continue to develop the specialist knowledge sets and skills required to deliver across its functions. As outlined in this Plan, the Department has a particular focus on lifting capability to deliver its leadership responsibilities, particularly in technology and information management. The Department has put in place a new structure for these functions, and a key priority in the short term is bedding in changes to the operating model to enhance system-wide relationship management, advice, and assurance.

The Department also needs to enhance strategic and leadership capability in areas of responsibility such as local government, the community sector, and identity management. This will require an increased focus on new capabilities such as influencing and collaborative skills across the public and private sectors. This will enable the Department to provide Ministers with more innovative and strategic policy advice.

The Department has a coordinated organisation-wide approach to people development. The Department is targeting capability development to where it is most needed, through the Workforce Strategy, branch workforce plans and the Organisational Development Plan. Collectively these focus on:

- providing opportunities for development of technical and professional knowledge and skills
- a greater emphasis on supporting people to further develop the adaptive capabilities needed for a rapidly changing environment and to work collaboratively across organisational boundaries
- establishing systems and processes that support capability development, and recruiting and retaining key knowledge and skills
- broadening the diversity of the workforce, a key development theme for the medium to longer-term.

Attracting and retaining the right people will be central to building necessary capability. The focus is now on effectively developing and managing organisational talent (both internally and across the wider State sector) through the Organisational Development Plan. Linked to this is a focus on the management of succession planning to address single points of failure and to ensure that critical capability is not lost.

Building a strong organisational culture

Culture creates the context that drives organisational performance and people's experience of working at Internal Affairs. Building and maintaining a culture where people feel valued, engaged and

connected to a common purpose is a continuing priority for the Executive Leadership Team over the medium term.

Many of the people at the Department are passionate about their work and committed to providing excellent customer services to New Zealanders. However, the Department needs to strengthen the alignment and engagement of staff with the organisation as a whole. Developing this organisational culture will enhance its ability to adapt to complex changes and expectations to deliver improved performance and results.

The Department has recently introduced a set of principles and behaviours, jointly created with staff, which describe its desired culture. Building this culture is dependent on all Internal Affairs employees taking action to embed the new behaviours. This is being achieved through a range of leader-led activities and organisation-wide actions to build culture and engagement.

The March 2013 staff engagement survey showed an improvement in staff engagement from 9.3% to 14.2%. This is an encouraging indication that the Department's focus on this area is having the desired positive influence on organisational culture. The department is aiming to exceed the State sector benchmark of 21% by 2017.

Optimising workforce capacity to deliver results

The Department will optimise capacity by matching its workforce to the needs of its business, by managing remuneration pressure within baselines and improving systems and processes to support productivity.

The Department's medium term outlook is of relatively stable workforce numbers and an evolving mix of capability as business change is implemented. It will continue to tightly manage the number of employees within establishment and the staffing cap administered by the State Services Commission, notwithstanding any ad hoc roles that require additional staff such as supporting Inquiries.

As part of the ongoing management of cost pressures the Department will continue to review vacancies as they occur, to determine whether positions need to be filled. It will also review spans of control and revise policies around the use of contractors. The Department's position management system will provide ongoing information about how capacity, employee numbers and vacancies are tracking.

The Department is also hosting the Optimise HR project, which is a cross-agency initiative that is focused on designing a new collaborative HR service delivery model to deliver more effective and efficient HR services. This will allow the Department to enhance its ability to recruit, develop and manage a high performing workforce, matched to business needs.

Annex I provides an analysis of the specific impact on workforce capability capacity and costs of the Department's medium term intentions (highlighted in *Section 2: Delivering the Strategy*), and for the organisation as a whole over the medium term.

Systems and infrastructure capability

Over the medium term a focus for the Department is investing in key programmes to build the capability of the internal systems and infrastructure that support people to do their job. This programme of work is central to establishing the operating model necessary to achieve strategic intentions.

Through the integration of other agencies into the Department there has been minimal investment in renewing core systems and processes, as the focus has been on integrating functions and improving the culture of the Department. A number of the Department's core delivery systems are over fifteen years old and have been fully-depreciated for some time. Over the medium term robust, fit for purpose infrastructure and systems are critical to transformational change both for the Department's customers and to the public sector through delivery of the *ICT Strategy and Action Plan*. There will be a continuing programme to update the core systems over the next five to seven years, aligning where possible across all-of-government initiatives such as Optimise HR.

Corporate Foundations Programme

A Corporate Foundations Programme has been established to manage and provide oversight of the key components of this work. The priority in the medium term is on reducing duplication and upgrading outdated systems. This will improve efficiency, and allow the Department to demonstrate the common capabilities, digital-by-default and 'as a service' offerings that it is leading across government.

The Department is transforming its core ICT environment to be robust, sustainable and fit for purpose. A series of upgrades will deliver ICT systems that are less complex but more modern and secure, providing the basis for the Department to operate an ICT function which is recognised across the sector as an 'exemplar'. An enterprise-wide ICT strategy and roadmap is being developed to guide future ICT initiatives and investment, in alignment with the Government *ICT Strategy and Action Plan*¹⁷.

This work is positioning the Department to move to a service based operating model using common capabilities. Infrastructure as a Service is being implemented, and the Modernise Desktop project will allow the Department to uptake Desktop as a Service, Office Productivity as a Service, and other offerings as they are developed.

This work will enable a more productive, flexible and mobile workforce, using technology such as video conferencing and mobile device connectivity. The Department will also look to implement a new Enterprise Content Management System, to reduce the multiple (and ageing) systems currently in operation and allow the Department to better comply with the Public Records Act.

The Department is implementing a shared financial service arrangement with Inland Revenue (the FAST project) which will see the development of a collaborative cross-government agency shared service model. It will deliver value for money for the Crown through quality shared transactional services as well clearly demonstrate the opportunity, approach and relationships for shared services across Government.

The shared model will enable the Department's Financial Management to move from being centred on transactional processing to being increasingly value-add, with a focus on strategic financial management and increased stakeholder confidence. An internal Financial strategy is being developed to support the implementation of the FAST project.

Security and Privacy Programme

Underpinning the Department's work on systems and infrastructure is an increased focus on the security and privacy of the digital information we control.

A Security Programme is enhancing key systems to meet emerging threats and increasingly high expectations for managing information. The Programme addresses the Department's obligations

¹⁷ More information on alignment with the Government ICT Strategy and Action Plan is contained in Annex VI

under the Government Cyber Security Strategy¹⁸, and it will be implementing recommendations following the GCIO's review of publicly accessible systems.

Property strategy

The Department is continuing to implement its new property strategy to improve the way it uses both owned and leased facilities.

It is one of the agencies participating in the all-of-government Property Strategy led by the Property Management Centre of Expertise, which is hosted by MSD. The Department will constantly monitor its accommodation footprint and seek to reduce this footprint as leases come up for renewal and through the accommodation of new functions within the Department's current footprint.

Specific initiatives planned for the medium-term include establishing co-locations with other government agencies in regional centres, for example Dunedin, Invercargill and Palmerston North.

¹⁸ Internal Affairs is a lead agency for the Government Cyber Security Strategy (along with the Ministry of Business, Innovation and Employment and Government Communications Security Bureau).

Section 5: Financial Summary

This section sets out the financial plan over the medium term to manage the Department's business and cost pressures within baselines.

Core Departmental Operating Expenditure

The Department is operating within a tight fiscal environment, in which it needs to deliver new roles and functions, alongside its core business. This financial picture is characterised by the need to renew core infrastructure both via 'as a service' contracts and investment in systems development which will eventually transform service delivery across the Department's functions.

The Department has developed financial management planning based on the following functions:

- core departmental activities
- GCIO including functional leadership and delivery of all-of-government initiatives
- services provided on a cost recovery basis with revenue from third-parties.

The level of cost pressures increase year on year, so based on these forecasts the Department will need to find additional savings and efficiencies to safely manage within baselines over the full four year horizon. The Department's intentions for transformational changes to deliver savings are discussed in *Section 2: Delivering the Strategy*.

The following financial tables summarise the Department's core departmental operating baselines for the next four years along with:

- cost pressures arising from new activities
- broader cost pressures (including employment, capital related and other operating cost pressures)
- reprioritisation and efficiency initiatives to offset cost pressures
- anticipated new funding sources.

Departmental Operating Expenditure

Operating – Summary Table (NB: does not include All of Government ICT)

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	412.263	376.888	375.044	375.044	375.044
Add any indicative allocation advised of	0.000	15.810	13.480	13.430	8.510
Equals Total funding level for planning	412.263	392.698	388.524	388.474	383.554
Financial movements					
Add cost of new activity to be funded from current baselines	0.000	0.200	0.200	0.200	0.200
Add total cost pressures	0.000	39.933	46.163	49.435	57.647
Subtract significant changes that will generate savings	0.000	17.473	22.828	25.574	32.239
Subtract vote transfers	0.000	1.000	1.000	1.000	1.000
Subtract expected increases to third party revenue	0.000	5.850	9.055	9.631	16.098
Subtract any indicative allocation advised of	0.000	15.810	13.480	13.430	8.510
Equals Total funding level for planning	412.263	392.698	388.524	388.474	383.554

Cost Pressures

The most significant cost pressures faced by the Department are RealMe (as discussed in *Section 2: Delivering the Strategy*), direct employment cost pressures, CPI pressures and capital-related cost pressures.

[11]

Consumer Price Index

The Department's financial planning is undertaken using a general assumption of Consumer Price Index (CPI) pressures of 1% per cent on operating costs across the organisation.

The general expectation is that the Department will manage inflationary impacts on other operating cost pressures to zero growth. However, there are constraints on individual business groups' ability to achieve this. For example, indexation in ICT contracts, the impact of electricity price increases on storage areas for collections of national importance and increasing insurance costs.

This Plan overlays a 'top down' savings assumption across business groups and outputs that brings inflationary cost pressures to one per cent. Business groups are expected to achieve other savings to offset this remaining pressure.

Capital cost pressures

The Department anticipates that it will face depreciation and capital charge cost pressures rising from \$3.4 million in 2014/15 to \$9.0 million in 2017/18.

Depreciation cost pressures arise from a change in the mix of assets. Recent capital expenditure has been focused on the National Library property re-development which has a long-life. Future capital investment is expected to be in core systems and infrastructure which have a shorter useful-life, such as the replacement of Citizenship, Births, Deaths and Marriages and Library catalogue systems which are fully-depreciated.

[11]

[11]

These capital cost pressures have been modelled based on current information. As the Department develops its asset management practices, a more detailed longer term forecast of capital pressures including renewal planning will be developed, along with strategies for addressing capital cost pressures and funding options. The Department's overarching strategy for managing capital and capital pressures is outlined in *Annex V*.

Other cost pressures

The Department's business groups face a number of cost pressures arising from the current operating environment. Cost pressures are summarised below, and outlined in further detail in *Annex II Supporting Financial Information*:

Cost Pressures	2014/15 (\$0.000m)	2017/18 (\$0.000m)
[10]		
Result 10	2.400	2.400
[10]		
Capital/Asset related	3.411	9.022
CPI	1.203	5.056
Corporate Infrastructure costs	8.297	3.409
Charities services	0.250	0.500
Archives cost pressures	0.265	0.165
IM Leadership	0.350	0.000
National Library cost pressures	0.550	0.850
e-voting trial for Local Government elections	0.500	0.000
General Election	0.000	1.000
Digital Storage costs	0.430	0.730
Offshore District Plan processes	0.100	0.000
Asset Management programme	0.220	0.220
Migrant Settlement Services	1.000	1.000
[10]		

Reprioritisation and efficiency initiatives to offset cost pressures

As outlined in *Section 2: Delivering the Strategy* the Department has identified reprioritisation and operational efficiencies of \$98 million over four years to support the delivery of strategic intentions, by freeing up resources for priorities and offsetting cost pressures elsewhere in the business.

The largest reprioritisation initiative relates to savings arising from business transformational changes. These are discussed in detail *Section 2*.

Significant efficiencies are being generated through the realisation of benefits from investments such as the Passport Redevelopment Programme and implementation of a Grants and Client Management System. These will allow the Department to optimise staffing levels as digital uptake increases and customers are able to move to online channels.

Recent investment in capability building through learning and development programmes will also deliver efficiency dividends by enabling the Department to increase productivity and review spans of control. This will also allow the Department to reduce costs through closer management of workforce strategies, as outlined above.

The Department's Property Strategy is reducing the Department's footprint and rationalising accommodation. Savings in rental costs of \$2.5 million are anticipated over the medium term (timing is dependent on current lease terms expiring) by targeting a reduction in its footprint to 15-16m² per person (from 20m²).

Efficiencies are anticipated from continuing to bed-in greater integration of services and functions within the Department. For example, more integrated operating models between Archives New Zealand and the National Library will allow the Department to optimise planning and management of collections of national importance, and services will increasingly be provided online. This will allow the Department to reduce unique search and directory applications, rationalise the physical storage of collections, and review the resource requirements for services such as reading rooms and in-house processing of collections.

Reprioritisation and efficiency initiatives to offset cost pressures – summary/table

Reprioritisation/efficiency initiatives	2014/15 (\$0.000m)	2017/18 (\$0.000m)
Business Transformation	4.110	9.547
Use of memorandum Accounts	5.000	7.721
Operational Efficiency	3.338	5.477
Workforce capability profile	2.003	3.663
[10]		
Property related	0.462	2.406
Services to Schools	0.392	0.392
Travel	0.345	0.345
Other reprioritisation	0.623	1.488
Total reprioritisation/efficiency initiatives	[10]	

Reprioritisations and efficiency initiatives are detailed in *Annex II Supporting Financial Information*.

Anticipated changes to third party revenue

The following changes to third party revenue are included in the plan:

Changes to third party revenue	2014/15 (\$0.000m)	2017/18 (\$0.000m)
Result 10 – continuation of the Club Funding arrangement established in 2013/14	2.400	2.400
Archives – review of charging model for services	0.200	0.200
Real Me – fees and charges for Logon and Identity verification services	1.500	12.100
Gambling - Review of 3rd Party Gambling fees model	0.580	0.120
Marriages and Civil Union fees review	0.000	0.300
Births Deaths and Marriages New Products	0.170	0.250
Charities registration fees	0.000	0.698
Action Remedy System replacement	0.500	0.030
e-voting trial in Local Government	0.500	0.000
Total changes to third party revenue	5.850	16.098

Departmental Capital Expenditure

	Increase (Decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Operating balance funding available	24.183	8.486	4.886	8.186	2.986
Add depreciation funding received	33.423	38.000	36.000	35.000	38.000
Add receipts from sale of assets	0.380	0.400	2.300	0.800	0.600
Add other (insurance proceeds)	0.500				
Equals total baseline funding available	58.486	46.886	43.186	43.986	41.586
Subtract capital investments funded from baselines	50.000	42.000	35.000	41.000	40.000
Equals closing baseline funding available	8.486	4.886	8.186	2.986	1.586

Within the current fiscal environment, a key priority is self-funding new and replacement capital investments through balance sheet management. However, the Department has asset management pressure as a large volume and value of assets are fully depreciated. While work is underway to improve some of the corporate infrastructure there will need to be a continued programme to refresh the core infrastructure over the next five years.

The change to 'as a service' contract models is likely to reduce the capital requirements in the medium term, however, a reduction in the passport memorandum account will require draw-downs of previously approved capital injections.

The Department is progressively enhancing its capital planning and investment framework, to ensure appropriate compliance and alignment with the Treasury-led Capital Asset Management framework and is continuing to progress work to improve the asset maturity rating.

In order to realise the greatest benefits from its capital investments, the Department will seek to ensure the alignment and integration of strategic, business and operational planning. Planning will be undertaken to ensure that, where required, assets support the service models.

The capital programme over the medium term is based on detailed capital projects and asset renewals to address the Department's asset management requirements. Depreciation forecasts are based on assumptions on capitalisation dates and expected useful lives of future capital investments.

Memorandum accounts and fees reviews

The Department operates memorandum accounts to represent the cumulative surplus or deficit on services that are intended to be fully cost-recovered from third parties, for example passports. The balance of each memorandum account is expected to trend towards zero over time.

[7,10]

Other memorandum accounts

- citizenship fees will be reviewed in 2014/15 and include costings to replace the ageing technology including system process improvement and integrity
- a marriage product fees review is planned in 2013/14 to address the current fiscal pressures including longer term capital developments.
- A review of third party funding is underway for casino and non-casino gambling [7,10]

-
- Infrastructure as a Service revenues are increasing as service volumes are increasing and the memorandum account balance is expected to break even within the four year period.
 - Cloud computing is in its development phase. The first deployment of initiatives is to occur during 2013/14. Recovery of costs will begin once agencies start to consume the services provided via the deployment of cloud initiatives. The rate of recovery will depend on the take up rate by agencies, and the recovery charges set. The intention is to recover all costs within 5 years of services being available for agencies to use.



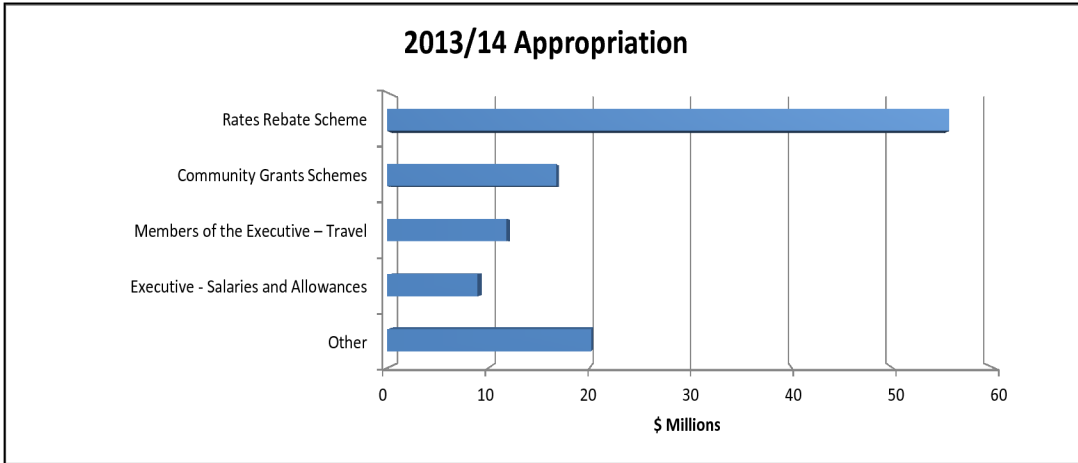
[7]

Non-Departmental Activities

Non-departmental Operating

Non-departmental activities comprise four main areas (community grant schemes, Executive – salaries and allowances, Executive – travel, and the rates rebate scheme), with a range of smaller miscellaneous appropriations.

The table below identifies the significant Non-departmental operational appropriations.



	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	118.383	109.114	109.864	109.994	109.994
Add any indicative allocation advised of	0.000	0.000	0.000	0.000	0.000
Equals total funding level for planning	118.383	109.114	109.864	109.994	109.994
Financial Movements					
Add cost of new activity to be funded from current baselines					
Add total cost pressures					
Subtract significant changes that will generate savings					
Add or Subtract vote transfers					
Subtract any indicative allocation advised of					
Equals Total Funding level for Planning	118.383	109.114	109.864	109.994	109.994

Changes to non-departmental activities over the medium term include:

- Digital Literacy and Connection funding reducing from \$3.7 million in 2013/14 to \$1.3 million from 2014/15 and a further reduction to \$0.5 million from 2016/17. The Ministry of Education is servicing a working party that is looking at future digital literacy needs. [7]

Non-departmental Capital

	Increase (Decrease)				
	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Baseline funding available for the purchase or development of Crown capital assets	1.883	1.976	1.695	3.080	3.080
Add capital investments in organisations other than departments	0.000	0.000	0.000	0.000	0.000
Equals total	1.883	1.976	1.695	3.080	3.080

Non-departmental capital expenditure relates to Alexander Turnbull heritage collection purchases and investments in Lake Taupo infrastructure.



Annexes

The following annexes provide specific information, as required by Central Agency guidance, to support the Four Year Plan.

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Annex I Workforce Capability, Capacity and Costs Information

People Capability

Capability Building

The table below highlights some of the key capability gaps over the term of this 4YP and the actions the Department is taking to address them.

Capability	Capability shift required			Description of capability gap/pressure	Proposed actions to address capability gap
	High	Med	Low		
Leadership	X			<p>First line manager capability still low in some areas – need to convert basic learning into action.</p> <p>Continued pressure for Tier 3 leaders to demonstrate visible leadership.</p> <p>Capability to tackle poor performance still needs developing.</p>	<p>Embedding core leadership offering.</p> <p>Developing advanced strategic leadership offering – including focus on collective impact and need to lead across sector. Ensure that this connects with Leadership Development Centre (LDC) and SSC executive programmes.</p> <p>Clear expectations of senior leaders in performance plans.</p> <p>Continue to develop talent development process – identify leaders early.</p> <p>Role model leadership and embedding the DIA culture.</p>
Collaborative skills, strategic partnerships, relationship management	X			<p>Expectation from senior ministers to make a collective impact.</p> <p>BPS = doing things differently in a more collaborative manner.</p> <p>Relationship management across branches, DIA and at AOG level (strategic).</p> <p>More “joint ventures” with other agencies and private sector (e.g. RealMe).</p>	<p>Continue to embed and reinforce DIA culture (principles and behaviours, which support collaboration).</p> <p>Development of lateral relationship frameworks.</p> <p>Explore and develop different models for collaboration e.g. DIA advanced strategic leadership programme - project based to support collaboration across DIA.</p> <p>Established table cohorts from DIA Leaders Forums continue to work together.</p>
Strategic/Systems thinking	X			<p>System wide view of DIA and sector needs to be developed.</p>	<p>Dedicated Systems Thinking resource.</p> <p>DIA advanced strategic leadership programme - includes specific individual modules through LDC.</p>



Strategy and planning	X			<p>GCIO and all-of-govt ICT responsibilities driving need at senior level.</p> <p>Service Transformation over next 1-5 years requires specific skills to support DCE.</p> <p>Integrated strategy development and business planning required across DIA.</p>	<p>New roles proposed.</p> <p>Integrated business planning approach is continuously improving, connecting the workforce strategy, business planning and financial strategies.</p> <p>Developing the “line of sight” for all staff within performance plans.</p> <p>DIA advanced strategic leadership programme - includes specific individual modules through LDC.</p>
Programme and project management	X			<p>Need for a more visible portfolio view.</p> <p>Clarify the difference between project and programmes of work.</p> <p>Develop capability to implement projects.</p>	<p>Governance training for senior managers.</p> <p>EPMO continuously improving their methodology and tools.</p> <p>Enhancing governance structures - providing clarity and connecting work under portfolios.</p>
Business analysis and critical thinking/analysis		X		<p>At branch level need to develop analytics skills (and measurements) to be able to report in business performance.</p>	<p>DIA advanced strategic leadership programme - includes specific individual modules through LDC.</p> <p>Scoping an “all of DIA” offering to build capability at all levels of the organisation.</p>
Commercial contract management		X		<p>Increasingly required as business model evolves.</p>	<p>New structure, including funding and will be recruiting for this capability.</p> <p>DIA advanced strategic leadership programme - includes specific individual modules through LDC.</p>
Business acumen and financial management	X			<p>Move to SAP Finance system provides the opportunity to lift capability of all budget holders and shared services ‘trusted advisors’.</p>	<p>Finance Transformation project underway to build finance group’s and business manager capability.</p> <p>DIA advanced strategic leadership programme - includes specific individual modules through LDC.</p>
Customer related skills		X		<p>Shift to customer centric business model (particularly in identity products) requires a different skill set.</p> <p>Shared services roles need to</p>	<p>Core offering for all DIA staff being scoped.</p> <p>DIA advanced strategic leadership programme - includes specific individual</p>



				<p>build 'trusted advisor' capability and be more value add.</p> <p>Expectation of internal collaboration requires partnering and influencing skills (policy).</p>	<p>modules through LDC.</p> <p>User Based Design methodology under development.</p>
Industry or agency specific technical skills	X			<p>GCIO mandate requires specific IT skills to lead and deliver on expectations.</p> <p>Relationship management skills.</p> <p>Skills to move to a digitised working environment.</p>	<p>Capability frameworks under development providing clear pathways for technical experts.</p> <p>Talent Development process to support the management of technical talent and succession planning.</p>
Risk	X			<p>Recent privacy breaches have raised public awareness and require a more systematic approach to risk management at all levels of the organisation.</p> <p>Need tools to understand what the risks are at each level of the organisation.</p> <p>Need for more security and privacy resource.</p>	<p>DIA advanced strategic leadership programme - includes specific individual modules through LDC.</p> <p>Embedded specific risk management functions and roles into business.</p> <p>Reviewing operational policy to ensure it provides right framework for good decision making.</p>
Recruitment	X			<p>Need to fill vacancies to ensure right capacity and capability to do the work.</p> <p>Need to understand how to effectively make recruitment decisions in a timely way.</p> <p>Need to understand who to attract to what roles.</p>	<p>Reshape the Department's recruitment training offering into a core skills and advanced skills.</p> <p>Design a toolkit that enables managers to know what the right questions to ask are.</p>
Change Management	X			<p>Require a strategic approach for the Department.</p> <p>Low manager capability to lead through change, build change readiness.</p>	<p>Redeveloping the tools for managing structural change.</p> <p>Scoping a broader change framework – including a Departmental organisational design approach.</p>

Recruitment

The following table outlines the occupational roles/positions the Department currently has difficulty recruiting, or expects to have difficulty in recruiting over the next four years.

Difficult to fill roles/positions	Reason for capability gap/pressure
Records Advisor	Increasing demand across the public sector and a change in the skillset required (digital shift)
Senior Advisor, Digital Engagement	Combination of technical (online) and relationship management skills not easily sourced in the market
Vendor and Contracts Manager	Limited number of people within the public sector with the required skillset resulting in high salary expectations
Enterprise Architect	Ongoing recruitment difficulty due to public sector competition in small pool of talent
Solution Architect	Limited number of people within the public sector with the required skillset resulting in high salary expectations
Business Analysts / Senior Business Analysts	Limited number of candidates with skills at the intermediate/senior business analyst level
Technical Specialist - Security	There is a small pool of candidates with the skills to do this job in Wellington, and it is anticipated that the recent release of the GCIO Review will increase the demand for candidates with skills and experience in the security area
Test Analysts	Limited pool of suitably experienced/qualified candidates
Policy Analysts (all levels)	Very mobile market, employees have high expectations of career progression
Policy Managers	Limited number of candidates with skillset and experience
Digital Preservation specialists	Preservation skills shortage in New Zealand. Often recruit overseas candidates due to nature of experience required
Conservators	Training and qualifications are gained from overseas. Often need to recruit overseas applicants
OD/L&D/HR Advisors	Limited number of suitably experienced candidates at the senior level
Accountants/Financial Analysts	Difficulty attracting candidates with experience and skillsets to engage effectively with business and also to work in the complex financial environment
Business advisors (e.g. Principal advisor to a branch)	These roles have quite a diverse skillset so finding candidates with enough breadth or depth of experience is challenging
Assurance roles	Limited number of candidates with skillset and experience



[11]



[11]

Annex II Supporting Financial information

New Activity that will be funded within current baselines

Departmental - Operating

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
[11]					
Total		[11]			

Cost Pressures

Departmental

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
[10]					
From Capital Planning		3.411	5.638	7.104	9.022
From Other		32.875	33.588	32.048	34.940
Total		[10]			

Cost pressures arising from direct employment costs

Cost Pressures arising from Direct Employment Costs	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
	%	%	%	%	%
[10]					

Operational cost pressures arising from capital planning

Cost Pressures arising from Capital Planning	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Increased depreciation cost on capital programme		3.411	3.601	4.284	5.274
Capital Charge on planned capital injections			2.037	2.820	3.748
Total		3.411	5.638	7.104	9.022

Other cost pressures

Cost Pressures arising from Other	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
[10]					
Continuation of funding for delivery of Service Transformation services as part of Result 10		2.400	2.400	2.400	2.400
General CPI increases limited to 1%.		1.203	2.684	3.844	5.056
Corporate Foundations Programme – funding required to deliver initiatives including Modernise Desktop, Enterprise Content Management and FMIS		8.297	6.571	3.409	3.409
Archives New Zealand pressures including the development of online services		0.265	0.365	0.165	0.165
Costs of providing Information Management Leadership		0.350			
New financial assurance requirements with respect to audit of Charities and increase costs of law suits.		0.250	0.750	0.500	0.500
Trialling e-voting in the 2016 local body elections		0.500	1.000		
[11]					
Growth in digital storage and preservation requirements for National Library and increased costs of moving to Infrastructure as a Service for digital services.		0.550	0.650	0.750	0.850
Increasing need for digital storage and digital preservation costs		0.430	0.530	0.630	0.730
Costs of Offshore Island District Plan processes for Motiti and Tuhua		0.100			
Resourcing required to develop and maintain the Department's Asset Management plans		0.220	0.220	0.220	0.220
Transfer of Migrant Settlement function to the Department		1.000	1.000	1.000	1.000
Local Government Commission operating costs			0.108		
Total		[10,11]			

Changes that will generate savings

Departmental

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Business Transformation - Over the medium term, the Department will undergo transformational changes in parts of its business (refer Section 2 for more information)		4.110	7.726	7.961	9.547
[10]					
Operational Efficiency – a range of activities that will help absorb cost pressures within existing baselines.		3.338	4.438	4.696	5.477
[10]					
[10]					
Implementing the Property Strategy including exiting some locations and reducing the per m ² footprint		0.462	0.511	0.892	2.406
Services to Schools – rationalise delivery sites and make efficiencies in acquisitions of the Schools Collections		0.392	0.392	0.392	0.392
Further savings in Travel budgets		0.345	0.345	0.345	0.345
Other Reprioritisation		0.623	0.637	0.637	1.488
Total		[10]			

Changes to third party funding

Departmental

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
RealMe – fees and charges expected from the Logon Service and Identity Verification Service		1.500	3.830	5.700	12.100
Ongoing club funding for Result 10 resourcing from contributing departments/agencies		2.400	2.400	2.400	2.400
Changes to Archives NZ's existing charging model-		0.200	0.200	0.200	0.200
Review of the third party Gambling fees model		0.580	0.480	0.120	0.120
Review of Marriages and Civil Union fees		0.000	0.300	0.300	0.300
Revenue from new Births Deaths and Marriages products		0.170	0.250	0.250	0.250
Review of Charities administration fees		0.000	0.565	0.631	0.698
Revenue expected from the Action Remedy System replacement		0.500	0.030	0.030	0.030
Implementation of e-voting trial in Local Government		0.500	1.000		
Total		5.850	9.055	9.631	16.098

Vote transfers

Departmental

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From Ministry of Social Development for Migrant Services function		1.000	1.000	1.000	1.000
Total		1.000	1.000	1.000	1.000

Annex III Budget initiatives

- RealMe
- Chatham Islands
- TVNZ Archives

Budget 2014 funding requests

Initiative Name	Vote	Department	Contact Person
RealMe	Internal Affairs	Internal Affairs	Steven Bruce
<p>Describe what this funding request is for and what the expected results from this spending are.</p> <p>This funding request is for a long-term commitment to fund the RealMe services as the principal means of authentication and identity verification in an online environment.</p> <p>The vision is for RealMe to be at the centre of online identity for New Zealanders, utilising the Department of Internal Affairs' position as the authoritative source of identity information to provide secure, trusted and convenient identity and personal information assertion services. RealMe will be at the core of a user and privacy centric personal information system that will transform how the public interact and do business online.</p> <p>By the end of 2014/15, customer uptake of the Login Service is expected to be 1.4 million, significantly ahead of previous forecasts. Login transactions are expected to be 12 million in the 2014/15 financial year alone.</p> <p>The Identity Verification Service was launched in July 2013. It is forecast that there will be 300,000 verified RealMe accounts and 346,000 Identity Verification Service (IVS) assertions by the end of 2014/15. Seven Government agencies and 45 private sector organisations are forecast to have integrated in to the IVS by the end of 2014/15.</p> <p>The gross benefits to the wider economy from the reduced cost of online authentication, reduced agency transaction costs, improved user experiences and reduced identity crime are estimated to be \$511 million over ten years.</p>			
<p>Describe how the expected results will be measured.</p> <p>Key performance indicators, such as the growth in RealMe login customers and usage of the Login Service, the growth in verified RealMe accounts, and agency and private sector integrations will be regularly reported to the Minister of Internal Affairs. The Minister of Internal Affairs will in turn regularly update other ICT Ministers on progress against key performance metrics.</p> <p>DIA's Enterprise Portfolio Management Office will establish a benefits realisation framework for DIA, which will include measuring the benefits of RealMe for the Department. DIA is establishing a Portfolio Management and Monitoring (PM&M) unit whose role will include benefits realisation management for multi-agency initiatives.</p> <p>RealMe benefits measurement and reporting will be integrated into this framework and monitoring unit. It is proposed that the PM&M unit will collate and report benefits realised by benefit owners i.e. within agencies, as well as reporting and measuring whole-of-government benefits.</p>			

Budget 2014

Funding Sought at Budget 2014	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating - Departmental				
Operating funding sought	[7]			
Capital - Departmental				
Capital funding sought	-	-	-	-

Describe how, if the funding sought represents the total amount required for the initiative - and if not, what the total is and where the additional funds are coming from:

[7]

Describe if this initiative might require additional funding in future years:

[7]

Describe how this new funding request supports the Governments priorities:

Government is committed to ensuring that the public sector is capable of responding to New Zealanders' increasing use of technology to communicate, interact and transact with each other. RealMe is a common capability that makes transacting easier in an online environment. It is a key enabler for achieving Better Public Services Results 9 and 10, will increase public sector efficiency, avoid duplication of investment and enhance the reputation and trust in Government.

It will help enable the transformation of service delivery, the opening up of agency silos, and a reduction in Crown spending in back office functions, which can be used to fund further innovations to better meet the needs of New Zealanders.

The *Government ICT Strategy and Action Plan 2017* focuses on the use of ICT to deliver better services to New Zealanders. The Strategy and Action Plan aims for a future state where government is more integrated and uses information more effectively, particularly to deliver customer-centric digital services (while maintaining appropriate privacy and security controls). RealMe is a key component of this Strategy and Action Plan.

While RealMe is an enabler of these public sector strategic outcomes, the biggest opportunity for a RealMe enabled transformation is in the private sector and at the wider "NZ Inc" level. In the future individuals would, for example, be able to prove their qualifications, establish a power account, get a mortgage, and apply a digital signature, all without the need to go into a physical office.

Describe how this new funding request aligns with your Strategic Direction and delivery thereof, as described in your 4YP:

The Department has identified that "transforming the way government agencies deliver their services" is one of its four strategic objectives. The Department intends to use its leadership mandate and expertise in technology, strategic information management and service delivery to drive transformation in how citizens experience services, across government and within the Department.

RealMe will make a significant contribution to achieving that goal by:

- providing the opportunity for individuals to easily complete more transactions online and enjoy more convenient access to Government services (Result 10);
- enabling joint and integrated service delivery across government (Results 9 and 10), enabling the redesign and simplification of agencies' systems and processes;
- reducing the cost of implementing and running online services at agency, cross agency, whole of Government and NZ Inc levels;
- reducing transaction costs for services requiring identity verification;
- reducing the incidence and impact of identity crime (Result 7); and
- enhancing the reputation and trust in Government and agencies and helping to reduce the incidence of privacy breaches.

Describe why this new initiative cannot be funded within baselines:

The required level of funding to support this all-of-government common capability ([7]) cannot be absorbed within the Department of Internal Affairs existing baselines.

Describe what other activities are already being undertaken, either within your agency or across the State sector, to address the issue this new funding will look to address:

The Department of Internal Affairs has been given a mandate to lead this work across the public sector. The Department is not aware of any initiatives underway in the public sector that would address the issue of online identity verification.

Describe the implication if this funding is not approved:

If funding is not approved then decommissioning of RealMe would have to be considered. In 2011 decommissioning was assessed to have the following consequences:

- Funding of at least \$7 million for the IVS or \$22.86 million for all RealMe services would be required to transition DIA and other users to new arrangements.
- The Government would forego the strategic and economic benefits from utilising a system that has already been built.
- The investment to date of \$91.7 million written off.
- [11]
- The banking and financial services sector would be left without a credible method of achieving online customer due diligence to a high level of surety.

In addition, if RealMe funding isn't approved, there will be an impact on the achievement of Better Public Services Results 9 and 10, and the ongoing development of this cornerstone infrastructure for the Government's agenda of transformative change.

The RealMe Login Service could potentially be sold to NZ Post or another business but the authoritative data that underpins the identity component cannot be sold. The Government would no longer bear the risks of being owner and developer of the services and DIA, as the holder of authoritative identity information, would continue to provide this information to any purchaser. However, the Government would be unlikely to recoup its investment and any sale process would take time and impact on the achievement of Results 9 and 10. Substantial legislative change would also be required.

If partial funding of this initiative is an option, please describe how partial funding might work:

[7]

Budget 2014

[7]



[7]

Initiative Name	Vote	Department	Contact Person
Chatham Islands - Crown financial Package	Internal Affairs	Internal Affairs	PREA

Describe what this funding request is for and what the expected results from this spending are.

Increased funding to the on-going crown financial package to support the Chatham Islands Council meeting its statutory obligations. The current annual support for the Council is funding of \$1.9M annually. Our understanding from the Council is that there is an increased cost to statutory compliance and that the \$1.9 M is not sufficient.

Describe how the expected results will be measured.

The Council has territorial and regional council responsibilities. Activities including meeting requirements under the Resource Management Act, Building Act and Local Government Act. This includes consent processing, pest control, harbour master responsibilities, infrastructure provision and maintenance (particularly roads, water supply and sewerage), planning, reporting and council governance.

Budget 2014

Funding Sought at Budget 2014	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating - Non-Departmental				
Operating funding sought	0.900	0.900	0.900	0.900
Capital - Non-Departmental				
Capital funding sought				

Describe how, if the funding sought represents the total amount required for the initiative - and if not, what the total is and where the additional funds are coming from:

The total is provisional and potentially in the order of \$2.8M annually. The additional funding request is to cover the difference with the current appropriation of \$1.9m annually to the Council. The Department is currently assessing the current funding pressures on the Council and options for reduced costs. The costs to the Department of monitoring the funding will be met through baseline.

Describe if this initiative might require additional funding in future years:

The funding sought would be for out-years.

Describe how this new funding request supports the Governments priorities:

The request supports the Chatham Island Council, as a local government body, meeting statutory responsibilities in circumstances where it has a limited ability to raise revenue with a low ratepayer base (600 residents in last census) and high cost of living due to its isolation.

Describe how this new funding request aligns with your Strategic Direction and delivery thereof, as described in your 4YP:

It supports the economic social wellbeing of the Chatham Islands community and associated industries, particular fishing. This aligns with the long-term outcome and objective for New Zealand's diverse people



and communities/hapū/iwi to be resilient and prosperous

Describe why this new initiative cannot be funded within baselines:

Current baseline covers the cost of monitoring and reviewing the Crown Financial Package. This is in the order of 0.3 of an FTE at present.

Describe what other activities are already being undertaken, either within your agency or across the State sector, to address the issue this new funding will look to address:

We are currently undertaking a review of the council activities and expenditure utilising the consultant Morrison Low.

Describe the implication if this funding is not approved:

There is a risk that the Council will not meet its statutory obligations, putting it of risk of legal challenge.

If partial funding of this initiative is an option, please describe how partial funding might work:

Partial funding may be appropriate if the current Morrison Low review shows how savings can be made, and/or alternative sources of revenue are available.



Initiative Name	Vote	Department	Contact Person
Reconstruction of Pitt Island in the Chatham Islands	Internal Affairs	Internal Affairs	Kathy Perreau

Describe what this funding request is for and what the expected results from this spending are.

The funding request is for the reconstruction of Pitt Island Wharf in the Chatham Islands. The wharf structure has gradually deteriorated as a result of ongoing wave damage and the effects of scouring of the seabed next to the breakwater. Continuing deterioration of the breakwater and the wharf has the potential to make the wharf unusable inside 12 months, especially if another major storm hits the Island.

The reconstruction project will reconstruct the wharf, and ensure that its meets relevant regulatory standards.

Describe how the expected results will be measured.

Successful completion of the reconstruction project to applicable design and regulatory standards.

Budget 2014

Funding Sought at Budget 2014	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating - Non-Departmental				
Operating funding sought	6.000	-	-	-
Capital - Non-Departmental				
Capital funding sought	-	-	-	-

Describe how, if the funding sought represents the total amount required for the initiative - and if not, what the total is and where the additional funds are coming from:

The cost of the reconstruction project is estimated at \$6.000 million. The Funding sought represents the whole amount for the initiative.

Describe if this initiative might require additional funding in future years:

Funding for the maintenance and depreciation of the wharf may be required in future years.

Describe how this new funding request supports the Governments priorities:

Maintaining a wharf on Pitt Island in the Chatham Islands supports the Government’s priority of a Stronger Economy. The wharf is the surface transport hub for Pitt Island. It is the main access for the loading and unloading of produce and supplies to the Island, and for the export of livestock. In the absence of a wharf, air transport will be the only viable mode of travel to and from the Pitt Island. Air transport would be prohibitively expensive for the ongoing transportation of produce and supplies, and could not be used for transporting livestock. The absence of a wharf would have a significant negative impact on the Chatham Islands economy.

Describe how this new funding request aligns with your Strategic Direction and delivery thereof, as described in your 4YP:



Pitt Island Wharf is the surface hub connecting Pitt Island to Chatham Island. It connects the community to Chatham Island, and creates opportunities for people to participate in society and the economy. The wharf facility supports the economic sustainability of the Islands.

The initiative aligns with the Department's long-term outcome and objective of New Zealand having diverse people and communities/hapū/iwi that are resilient and prosperous.

Describe why this new initiative cannot be funded within baselines:

The cost of the project is estimated at \$6.000 million. Funding cannot be found through reprioritisation within the Department's existing baselines.

Describe what other activities are already being undertaken, either within your agency or across the State sector, to address the issue this new funding will look to address:

The Department has been working with the Chatham Islands Enterprise Trust on the design specifications for the proposed new wharf. This also includes assisting with the resource consent application for the proposed reconstruction of the wharf.

The New Zealand Transport Agency has been approached for funding but has declined, as the project does not meet its funding criteria.

Describe the implication if this funding is not approved:

If funding is not approved the wharf project will not proceed. The wharf is projected to be a major health and safety risk and will be unusable within 12 months. Pitt island community will be isolated from the Chatham Island with consequential social and economic impacts, Air travel is expensive and not reliable, and is not a practical option for the transportation of large volumes of produce and supplies, and it is not a feasible option for the transportation of livestock.

If partial funding of this initiative is an option, please describe how partial funding might work:

Partial funding is not an option.

Initiative Name	Vote	Department	Contact Person
TVNZ Archive	Internal Affairs	Internal Affairs	Antony Moss

Note: this request should be considered alongside a request for Vote Arts, Culture and Heritage, which includes part of the funding required for the proposal.

Describe what this funding request is for and what the expected results from this spending are.

This request seeks funding for the costs of purchasing the Television New Zealand (TVNZ) Archive facility at Avalon and transferring the archival material it contains to the Crown (subject to the Chief Archivist's independent decision on transfer under the Public Records Act 2005). The archival material would be managed (likely under contract by the New Zealand Film Archive) in order to preserve it and maximise access to New Zealand audio-visual content. The proposal also includes ultimately opening up public access to the catalogue of 647,000 items, including important New Zealand content, to schools, researchers, the general public, other non-commercial users and future generations. Early benefits could include streaming of selected online archive material.

Describe how the expected results will be measured.

Public Records Act requirements are met and deferred preservation risks are being managed.

Operating costs are adequate to run the present level of archive services with TVNZ paying for its residual production library services.

Online access is doubled to 600 titles in year one and 300 titles in each of year two and three (refer to Vote Arts, Culture and Heritage bid).

Online access continues in out years as a result of cross-sector archive consolidation (refer to Vote Arts, Culture and Heritage bid).

Budget 2014

Funding Sought at Budget 2014	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating - Departmental				
Operating funding sought	1.380	1.380	1.380	1.380
Capital - Departmental				
Capital funding sought	11.320			

Describe how, if the funding sought represents the total amount required for the initiative - and if not, what the total is and where the additional funds are coming from:

This capital funding represents the cost of purchasing the TVNZ Archive facility (at valuation), which is a building in the Avalon complex, plus additional capital costs to separate the services to the building (currently provided through the other facilities at Avalon). The operating costs include the associated capital charge, depreciation, estimated operation and maintenance costs of the building.

The parallel Vote Arts, Culture and Heritage bid includes the costs of operating the TVNZ Archive once transferred, digitisation and online access boost. The operating costs would be required to support this bid for Vote Internal Affairs, whereas digitisation and online access boost funding would not.

Describe if this initiative might require additional funding in future years:



Facility maintenance costs will change in the long term as the facility ages. Long-term future options for managing the archival material could prompt an examination of the need to retain the facility as an asset and other options.

Describe how this new funding request supports the Governments priorities:

The transfer would support Better Public Service Result 10: New Zealanders can complete their transactions with government easily in a digital environment.

Describe how this new funding request aligns with your Strategic Direction and delivery thereof, as described in your 4YP:

Effective stewardship of the TVNZ Archive would support the Department's long-term outcomes and objectives of: a strong and valued national identity, culture and heritage; and enhancing trust in government and confidence in the performance of public sector organisations. The transfer, along with the proposed improved public access, would increase trust in how Government manages New Zealand's civic information.

Describe why this new initiative cannot be funded within baselines:

Current funding for archives activities within Vote Internal Affairs does not provide for the costs of the proposed transfer. Core archives functions are already under funding pressure and cannot absorb the costs of this new function and the costs arising from the facility as an asset.

Describe what other activities are already being undertaken, either within your agency or across the State sector, to address the issue this new funding will look to address:

Refer to Vote Arts, Culture and Heritage bid.

Describe the implication if this funding is not approved:

The facility and archival material would remain with TVNZ and the increased public access envisaged is unlikely to occur. TVNZ's responsibilities to maintain the archival material under the Public Records Act would remain.

If partial funding of this initiative is an option, please describe how partial funding might work:

The transfer could take place without the increased access funding component outlined in the Vote Arts, Culture and Heritage bid. The operating costs component in Vote Arts, Culture and Heritage and the costs in this bid taken together would be needed to run the facility and the present level of archive services.



Annex IV Anticipated outyear funding requests

Initiative name	Vote	Department	Contact person
General Election	Internal Affairs	Internal Affairs	Janice Calvert - Ministerial Services and Secretariat Support
[10]			

Budget 2017

Expected Funding Request (Budget 2017)	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m	2018/19 \$0.000m
<i>Operating - Departmental</i>				
Operating funding sought			[10]	

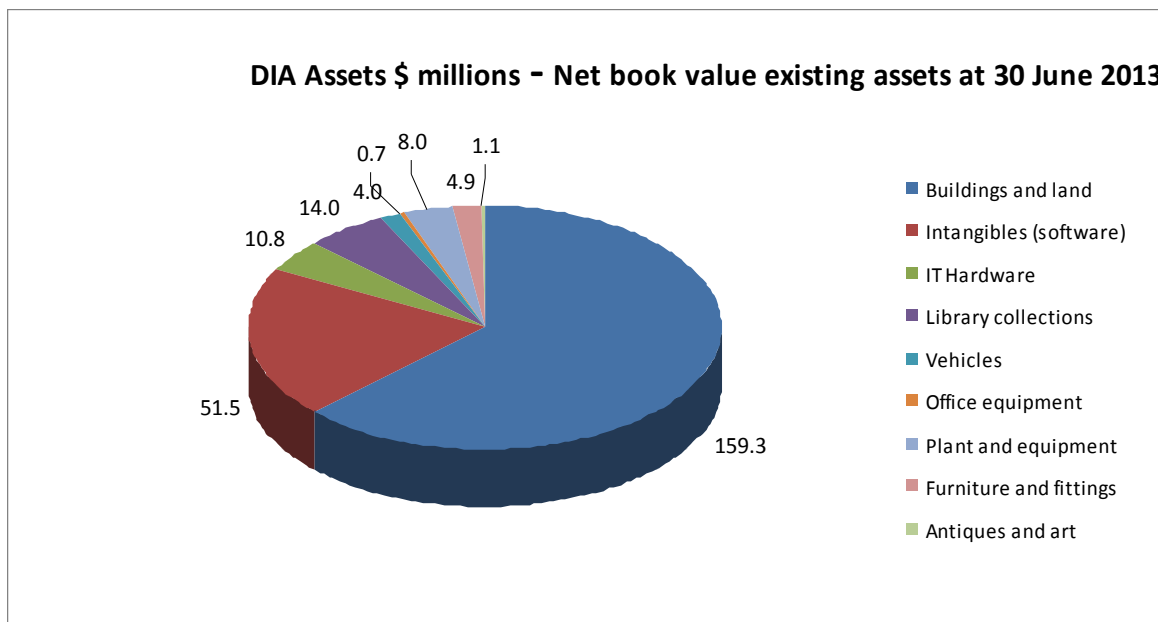
Annex V Capital Intentions

This annex outlines the Department's overarching strategy for managing capital and capital pressures.

Current state

The Department has a mix of assets with high value assets in property (with owned properties such as the National Library and Archives buildings) and a number of diverse ICT systems (a significant proportion of which are fully-depreciated), as well other property, plant and equipment.

The asset base at 30 June 2013 is identified in the graph and table below:



Net book value of assets

Asset Category	Net Book Value	Number of Assets
Property, plant and Equipment		
Non-residential building	107,663,121	248
Land	50,825,000	21
Collections	14,012,714	1,598
Computer Hardware	10,823,712	1,857
Plant & Equipment	8,668,765	806
Furniture & Fittings	4,850,585	421
Vehicles	4,046,746	163
Other Asset	1,055,963	82
Residential building	770,055	1
Total property, plant and equipment	202,716,661	5,197
Intangibles	51,486,270	536
Grand Total	254,202,930	5,733

There is a significant volume and cost value of fully-depreciated assets and this will continue to be a challenge for the Department to manage over the next five to ten years.

Summary of fully depreciated assets as at 30 June 2013

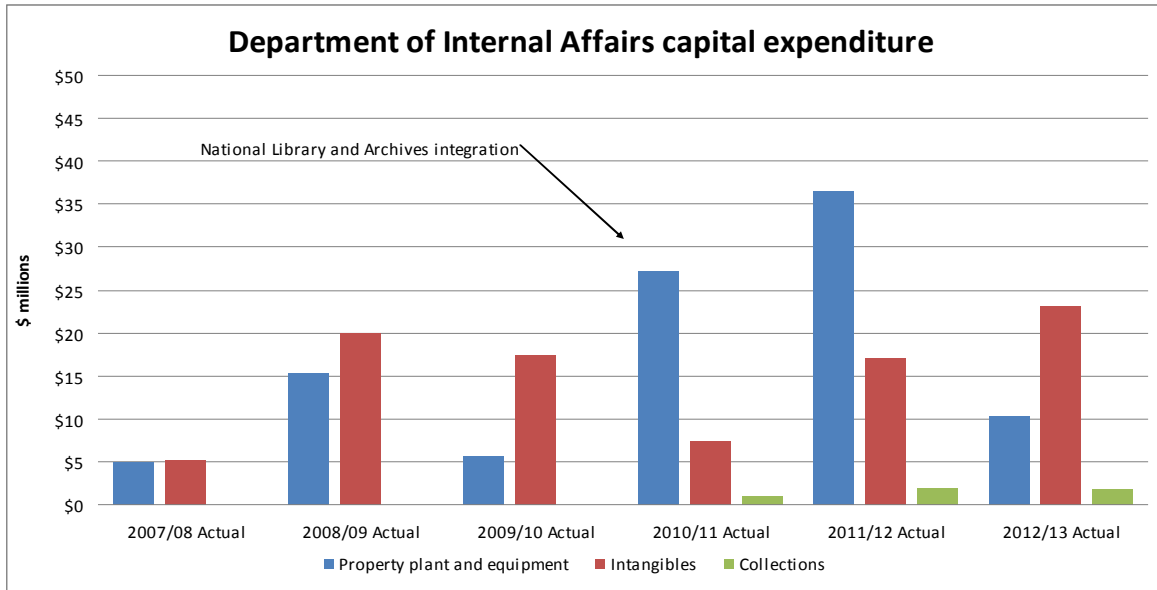
Asset Category	Assets Cost Value	Assets (cost value) fully-depreciated	Number of assets	Number of assets fully depreciated
Non-residential building	129,262,725	6,828,231	248	56
Land	50,825,000	-	21	13
Computer Hardware	41,148,824	15,422,641	1,857	1,690
Collections	42,618,034	14,722,768	1,598	383
Plant & Equipment	18,440,543	6,703,003	806	644
Furniture & Fittings	11,385,927	5,270,057	421	207
Vehicles	7,900,068	106,837	163	4
Other Asset	1,055,963	-	82	-
Residential building	825,000	-	1	-
Total property plant and equipment	303,462,084	49,053,536	5,197	2,997
Intangibles	137,026,638	56,602,079	536	422
Grand Total	440,488,722	105,655,615	5,733	3,419

This is most evident in intangible assets where the combined replacement cost of core systems such as citizenship, births, death and marriages and the library catalogue systems are likely to be in the tens of millions. As the Department has minimised the investment of capital over the years, there will now be significant operating cost pressure as services have been delivered and costed on the basis of zero-book value assets. This is the case whether services in future are supported by assets or 'as a service' contracts.

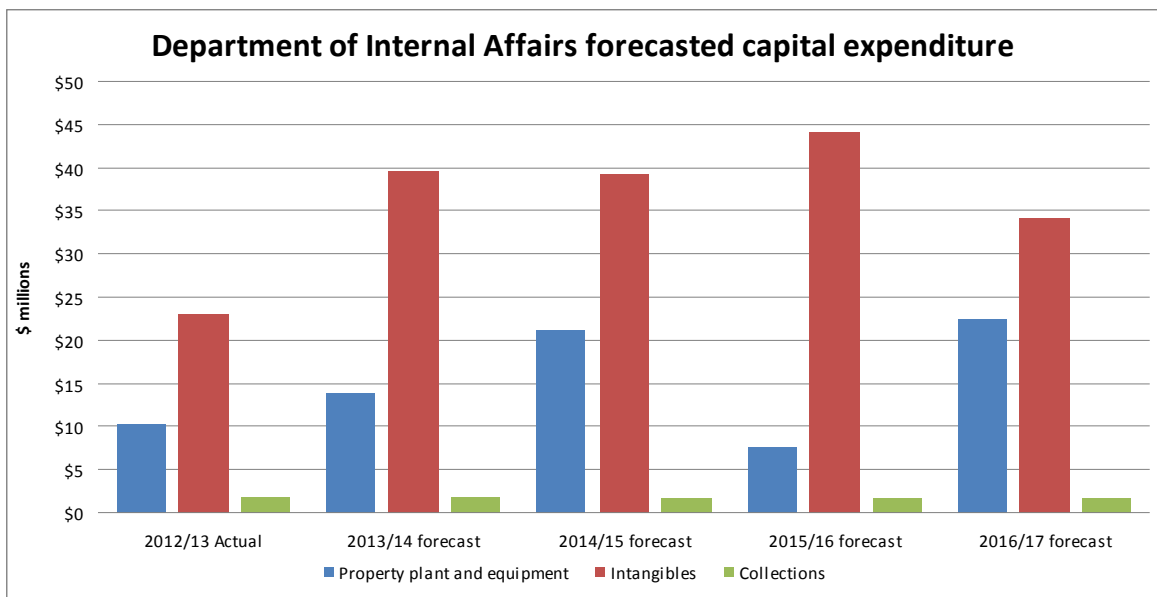
The Department has prioritised capital expenditure through the capital budget and prioritisation of projects through the enterprise portfolio management office. The project prioritisation included a risk assessment and further development of a project 'pipeline' will occur in 2013/14. Review and re-prioritisation of capital and project initiatives also occurs on a quarterly basis.

Trends

The previous capital expenditure profile for the Department is shown on the following graph. Previously there has been significant capital investment in property – almost exclusively for the refurbishment of the National Library building in Mulgrave Street.



The forecasted capital expenditure over the next four year time horizon is more heavily focussed on renewal of intangibles as well as some larger property expenditure in 2016/17 relating to consolidation of Wellington leased premises. The capital expenditure forecast to 2017/18 is shown below:



Potential for private sector investment

There is private sector investment in the development of the “as a service” models being developed as All-of-Government contracts. The Department is adopting the ‘desktop as a service’ in 2013/14. Further, the adoption of a shared services model with Inland Revenue for a Financial Management and Information System will reduce the overall Government investment and footprint in IT systems.

There is potential for private sector investment in the replacement of the Christchurch archives building which was damaged in the Christchurch earthquake and there may be some potential for private sector investment as the Department goes go through the strategic assessment for options to replace the Chatham Islands wharves.

Existing balance sheet

Total equity at 30 June 2013 is \$294 million which is marginally reduced from \$298 million in 2012. Fixed assets are \$284 million and the cash balance is \$51 million (compared to \$73 million in 2012). The strong cash balance has previously been used for capital expenditure such as the passports redevelopment programme and the National Library building redevelopment and the capital injections for these initiatives deferred.

[10]

[10]

Long term strategy for managing capital

The Department is adopting the International Infrastructure Management Manual (IIMM) system for asset management within the Department. Completion of Asset management plans will occur in 2013/14 with a focus on the identified risk area of ICT systems. A Departmental Asset Management Plan will be completed in 2014/15 and this will shape the 10 year plan relating to capital management.

Annex VI Alignment with ICT Strategy and Action Plan

Internal Affairs has responsibility for the implementation of the *ICT Strategy and Action Plan (ICTSAP)* across government. The *ICTSAP* is the key mechanism for delivering the GCIO's role as functional leader for government ICT. Delivering this responsibility is central to the Department's strategic intentions and contribution to Government priorities, as outlined in this Four Year Plan.

This annex summarises the Department's roles and responsibilities in delivering the *ICTSAP*, It also outlines the various initiatives within the Department that are contributing to the focus areas and outcomes of the *ICTSAP*.

Key roles and responsibilities

Internal Affairs' key responsibilities and roles over the medium term can be summarised into three separate but interconnected areas.

Implementing the *ICTSAP* and monitoring the delivery of actions across government

The Department (through the GCIO) is responsible for delivering the *ICTSAP* and has received \$4 million in additional baseline funding to deliver its functional leadership responsibilities. The Department also received an additional \$1.5 million in baseline funding for AOG ICT assurance.

The actions in the *ICTSAP* have all been allocated to responsible agencies and the Department will need to work closely with these agencies in order to monitor the specific actions and ensure delivery of the overall plan. Aligned with this work, and integrated across the whole *ICTSAP*, is the coordination and oversight of system-wide ICT assurance. This is intended to provide confidence to New Zealanders that ICT investment and risks are managed appropriately and subsequent benefits realised. This role includes setting standards, supporting agencies to improve assurance capability, reporting to Ministers and identifying areas where interventions may be needed.

The Department is also responsible for delivering the majority of actions within the *ICTSAP* in its role as both a contributing agency, and as the GCIO. These actions are particularly relevant to the focus areas 'Investment and Capability are Shared' and 'Leadership and Culture Deliver Change'.

Work is currently underway to produce an initial design of the all-of-Government ICT Operating Model. The operating model directly relates to destination 2017 of the *ICTSAP* and ICT functional leadership. It aims to move to a future state in which government ICT operates as a cohesive set of capabilities and resources.

Specifically, the operating model will ensure that government ICT:

- moves from supporting business operations to enabling business transformation
- has clear business models and focus on co-creating value with partners and customers
- acts as brokers of capability, focused on sourcing capabilities from the most appropriate provider (including other agencies) to ensure the full breadth of capabilities to deliver business outcomes are available and accessible to agencies.

Foundation principles of the operating model are that:

- functional leadership is centrally led and collaboratively delivered
- there will be clearer leadership without eliminating agency autonomy
- collaboration will be explicitly recognised as being essential to success with change being executed in collaboration with agencies as business owners

- the operating model will integrate with public management systems and central agency practices.

The operating model is not just about ICT, it is also about delivering a cultural change to the business of ICT - what and how value is delivered to customers.

Developing and delivering specific *ICTSAP* actions and initiatives across government

The Department has responsibility for delivering a significant number of actions within the *ICTSAP* including delivery of all-of-government products and services. These initiatives will be managed internally via the Department's portfolio, and subject to internal governance processes. A number of these actions are underway or approved to begin in 2014/15 (detailed below).

The Department is working closely with central agencies to develop a framework for assessing the funding needs of the *ICTSAP*, and in particular addressing the implications of funding the development of a significant number of all-of government products driven by the *ICTSAP*.

The framework will enable the assessment of which funding tools are available and appropriate for use with specific initiatives. This will ultimately inform decisions about the prioritisation of work across the *ICTSAP*. Ministers or Cabinet may be asked to endorse the framework.

Implementing actions and aligning with the *ICTSAP* within the Department

The Department is aligning its internal systems and operating model with the *ICTSAP*. This means acting as a consumer of the all-of-government services and products it is developing as actions under the *ICTSAP*.

The Departments' existing ICT Strategy, and ICT Roadmap will be reviewed and realigned to the *ICTSAP* by June 2014. The second iteration of both will be integrated with DIA's business strategies and intentions, which in turn will be aligned with the *ICTSAP*.

The Department will continue to provide architecture leadership and technology governance, aligned to the focus areas and direction of the *ICTSAP*. Specifically, DIA will deliver an Enterprise Architecture and Enterprise Security Architecture by December 2014; establishing a direct line-of-sight to the *ICTSAP* and embedding the principles of supporting easy adaptation and re-use of technology.

The Department aims to be an exemplar in the use of and investment in common capabilities. This includes moving from owning and operating ICT assets to a service based model. Part of this transition is the shift of the internal ICT operating model for DIA. This will be a shift in internal resource capability from being operationally support based to be more strategically focused on integrating services through the use of common capabilities

The Department is investing in its ICT infrastructure to ensure it can take up common capabilities as they become available, with the objective of ensuring that the Department's ICT environment is robust, scalable, sustainable, and fit for purpose. Already underway are projects that will position the Department for consumption of ICT common capabilities and a number of them will be the vehicles to transition to the common capabilities:

- Infrastructure as a Service transition project will complete during the 2014 calendar year. (consumption of IaaS products)

- Network transformation project will complete during the 2014 calendar year (consumption of one.govt products and potentially Telecommunications as a Service as this becomes further defined)
- Modernised Desktop will complete during the 2013-14 financial year (Desktop as a Service consumption, Office Productivity as a Service positioning)
- A number of websites (new and existing) are in-flight (complete this financial year), and a number are being planned (2014/15) to leverage the Common Web Platform
- [7]

Alignment to Better Public Services Result Areas

The *ICTSAP* is a key enabler for the Government's priorities for better public services, including a number of the Result Areas.

The Department is responsible for Better Public Services Result 10, focusing on improving the ability of people to interact with government online. The Result 10 Blueprint (due to be finalised in early 2014) provides the key actions needed to deliver a digital vision for the future. The Blueprint and the *ICTSAP* are aligned and interconnected, with number of key actions included in both the Blueprint and the *ICTSAP*. A number of *ICTSAP* actions are underway within the Result 10 work programme. These include developing

- tools to promote customer centric service design,
- a digital channel strategy
- service design principles

Contribution to the Strategy and Action Plan focus areas

The Department is committed to delivering the actions and functions for which it is responsible under the *ICTSAP*. The table in the following pages outlines the key initiatives and planned investment intentions over the medium term, contributing to the focus areas for destination 2017. This includes both specific actions and other activities that the Department has underway. In practice, a number of these initiatives will make contributions across all four of the focus areas.

Longer-term strategies

[7]



[7]



[7]



[7]



[7]

Annex VII Risks

Key operational risks

Risk description	Likelihood	Consequences
DIA cannot meet on-going cost pressures (including rising ICT costs) and additional savings from existing baseline without negative impact on service delivery or other key outcomes	Possible	<ul style="list-style-type: none"> Reduction in service delivery Reprioritisation of investment decisions DIA ICT Strategy & Action Plan deliverables at risk
Desired "Digital Shift" cannot be achieved limiting transformational opportunities and future ability to extract value from information held by DIA	Possible	<ul style="list-style-type: none"> Services become less relevant to future needs of NZers Business model is not fit for purpose and unsustainable; Reputational damage-not leading by example
Changes to Policy settings cannot be delivered to support transformational or other desired change	Possible	<ul style="list-style-type: none"> Inability to unlock transformational change opportunities
Inability to access funding for new initiatives threatens ability of DIA to successfully balance internal asset management investment needs against DIA ICT Strategy & Action Plan accountabilities (22 initiatives)	Highly Probable	<ul style="list-style-type: none"> DIA unable to break the cycle of historic under management of assets Increased future asset replacement costs On-going risk against balance sheet End of life systems threaten service delivery
Prolonged and serious business continuity event or outage to core systems or business processes	Possible but unlikely	<ul style="list-style-type: none"> Major reprioritisation of resources Changes to service expectations Distraction for focus on strategic outcomes or impaired ability to deliver on those outcomes

Key strategic risks

Strategic Risk	Drivers / Consequences	Mitigation	Residual Risk Capacity
1. Programmed redundancy (financial, infrastructure, people) is inadequate to cover volatility over the 4 year time horizon	<ul style="list-style-type: none"> Quest for short-term results comes at expense of sustainable capacity Little or no surplus capacity in the system Narrowed options portfolio Loss of independence Suboptimal outcomes with transformational change initiatives 	<ul style="list-style-type: none"> Aggressive prioritisation of resources against Departmental focus Areas Resist diversion of Departmental funding into AoG initiatives Leverage cross government resources wherever possible Understand and respond to changing skill needs and recruitment / turnover issues where appropriate Reduce or stop low return activities Develop strong benefits realisation framework 	<p>Acceptable</p> <ul style="list-style-type: none"> However level of uncertainty is high and constant reprioritisation and close monitoring required
2. Over-confidence (All levels)	<ul style="list-style-type: none"> Complacency Poor appreciation of capacity Appeasement of expectations Poor strategic judgement Difficulty of the challenges of the next 4 years + is underestimated or downplayed Loss of government / public trust and confidence 	<ul style="list-style-type: none"> Strong governance mechanisms Rigorous challenging of assumptions and "stress-tests" against initiatives portfolio and BAU change Alignment of decisions against strategic priorities Invest to understand and actively influence the external environment & stakeholders (e.g. manage expectations about what ICT can achieve) 	<p>Acceptable</p> <ul style="list-style-type: none"> Will need to be alert to systemic fatigue and other symptoms that diminish effectiveness
3. Delays in demonstrable 'wins'	<ul style="list-style-type: none"> Transformation 'step-change' (too long) Baseline not established yet 	<ul style="list-style-type: none"> Ensure Corporate Foundations benefits realised quickly Develop strong benefits realisation framework to measure savings 	<p>Acceptable</p> <ul style="list-style-type: none"> Will take time to address skills deficits



	<ul style="list-style-type: none"> • Loss of government / public trust and confidence • Systemic fatigue coupled with residual and unwanted inefficiency in the system • Loss of staff support and confidence 	<ul style="list-style-type: none"> • Well and implemented aligned Workforce Strategy • Priority to transformational activity • Aggressive prioritisation of resources against Departmental focus Areas 	<p>and drive the skill change needed to support the 4YP</p> <ul style="list-style-type: none"> • Uncertainty remains around types of skills actually needed
<p>4. Collaboration fragmentation / Balkanisation of collective agency agenda and effort (particularly around ICT / GCIO agenda)</p>	<ul style="list-style-type: none"> • Cost / delivery pressures • Misaligned incentives / no incentives • Individual agencies balk at / pull out of existing collaborative initiatives in favour of 'own' projects / initiatives. • Dilution of Scale • Undermining of joint initiatives • Savings targets \$100 not achieved 	<ul style="list-style-type: none"> • Fully implement new SST Operating model to give full effect to GCIO functional delivery • Increased focus on relationship management and improved / more effective engagement • Reconsider the nature of incentives to encourage stakeholders to change their perceptions, behaviours • Clear understanding of how other agencies prioritise their planning cycles; and how their interventions are incentivised and evaluated • Invest to understand and actively influence the external environment & stakeholders • Early intervention and response to the emergence of undesirable behaviour with other agencies 	<p>Acceptable</p> <ul style="list-style-type: none"> • However risk remains high and is difficult to mitigate • Environment is dynamic and expectations high
<p>5. 'Systematic' risk (unfunded)</p>	<ul style="list-style-type: none"> • Cross agency collaboration / initiatives has the potential to change the aggregate risk profile (systemic risk), not provided for at an individual agency level (where the focus is 'idiosyncratic' risk) • Lack of clear funding models for all-of-government ICT transformational activity • Significant fiscal shock to balance sheet as risk realised 	<ul style="list-style-type: none"> • On-going work with Treasury to develop strong understanding of how government should view, quantify and fund systemic (GCIO related) risks • Clarify who should be funding collective or cross-system risk • Work to understand what system level mitigations are needed that don't exist now 	<p>Unacceptable</p> <ul style="list-style-type: none"> • New types of risk will emerge as a result of cross agency collaboration. • Until fully understood the on-going uncertainty is high • DIA cannot fund consequences
<p>6. DIA Fiscal Risk</p>	<ul style="list-style-type: none"> • Pe-existing tight fiscal position • Legacy underinvestment in systematic DIA Asset Management • All-of-government initiatives competing directly with DIA for funding and resources • Creation of additional internal funding risk by DIA "underwriting" all-of-government initiatives • Cutbacks and /or service reduction 	<ul style="list-style-type: none"> • Aggressive prioritisation of resources against Departmental focus Areas • Resist diversion of Departmental funding into AoG initiatives • Development of a robust Asset Management Plan to address systemic underinvestment over a clearly defined long term horizon • Reduce or stop low return activities • Delivery of a strong benefits realisation framework • Accurate and timely fiscal reporting and monitoring 	<p>Acceptable</p> <ul style="list-style-type: none"> • Position is difficult but has to be managed
<p>7. Natural Hazards (Earthquake, storms, flooding etc.)</p>	<ul style="list-style-type: none"> • Seismic instability (prior quake accelerator/s) • Lack of historic investment in resilience • Limited redundancy in the system to respond to a major event • Costly diversion of scarce resources to support NCMC at expense of other initiatives • Impaired localised or widespread cross-system service delivery • Reprioritisation at all-of-government system level 	<ul style="list-style-type: none"> • On-going investment in business continuity management and crisis response planning • Reprioritisation of resources and services in response to any event 	<p>Acceptable</p> <ul style="list-style-type: none"> • Experience from Christchurch shows the Department can manage this type of risk but at the expense of other services



<p>8. Cyber-attack/s (state sponsored, state affiliated, criminal or terrorist cyber- attacks)</p>	<ul style="list-style-type: none"> • Large common capability or “mega systems” (highly integrated cross agency / federated systems) will present increasingly attractive targets • No well-developed all-of-government strategy for response / Crisis Management • DIA assumes unequal share of recovery and crisis management cost • Diversion of resources and focus 	<ul style="list-style-type: none"> • GCIO Assurance Function to consider Governmental cyber risk information-sharing partnerships: • Clarify DIA’s role in an all-of-government crisis (widespread multi-system impacts) • Increased focus and investment in scenario modelling and threat assessment along with crisis management and planning 	<p>Acceptable</p> <ul style="list-style-type: none"> • Scale and impact difficult to predict • Government has little experience in dealing with future threats against highly integrated / federated systems • On-going investment and leadership from GCIO critical to managing this risk
<p>9. Disruptive damaging change in the ICT supplier / vendor market</p>	<ul style="list-style-type: none"> • Increasing (over?) reliance by Govt. on single key vendors • Concentration & tyranny of size in NZ • ICT Strategy & Action Plan and other procurement changes are influencing market forces • Failure or withdrawal from the market of critical vendors • Narrowed options portfolio • Unanticipated increased cost 	<ul style="list-style-type: none"> • Challenging the level of risk governance and assurance mechanisms that DIA / GCIO have in place to assert Governments interests as a primary purchaser • Understand and develop the resources and mechanisms to monitor the market for risk triggers or early warnings of market shocks (increased capability in CSD will help address this) 	<p>Acceptable</p> <ul style="list-style-type: none"> • Government driven changes to the market mean this risk has to be accepted. Mitigations will need to develop over time as understanding of the risk increases
<p>10. Failure of a Common Capability service</p>	<ul style="list-style-type: none"> • Federation / integration of previously disparate systems without consideration or investment in business continuation safeguards. • End-to end service failure contagion pathway is not known. • Narrowed options for recovery & diversion or resources • Amplification of privacy & security breaches at an all-of-government level • Service failure at federated system level • Loss of government / public trust and confidence 	<ul style="list-style-type: none"> • Clarify DIA’s role in an all-of-government crisis (widespread multi-system impacts) • Increased focus and investment in scenario modelling to understand service failure at a federated system level • Increased focus on crisis management and planning for multi-system impacts • Increase understanding of critical stakeholder groups 	<p>Acceptable</p> <ul style="list-style-type: none"> • However on-going focus and investment required to manage this risk

Resilience (score + reasoning)

1. *Strongly resilient to most possible eventualities, well within risk appetites*
2. *Resilient to most eventualities, mainly within risk appetites*
3. *Resilient to some eventualities , but need strengthening in some areas to be within risk appetites*
4. *Only weakly resilient to most eventualities, exposed to significant risk in excess of appetites*
5. *No resiliency to many eventualities*

The Department is assessed as resilience level 3 – Resilient to some eventualities, but need strengthening in some areas to be within risk appetites.

As with most government agencies, there is not a strong propensity to take risk in the Department, however, risk is debated openly and key risks (and conversely opportunities) are well understood.

There is acknowledgement at ELT that there is limited capacity to take on additional risk and an increased robustness is required around the quality and timeliness of management information to support increased agility of decision making. Despite this the department has an acknowledged strong track record and capability to deliver on outcomes and there is confidence in the department that while current strategy is aggressive it does not present unmanageable risk

However it is also acknowledged that the department faces considerable uncertainty in relation to capability and capacity and while DIA has a strong history of successful delivery, the new skills to successfully lead in the all-of-government space and successfully influence our external environment are still being acquired or developed. In some cases there is on-going uncertainty surrounding what skills are actually needed to be successful in all-of-government leadership and the transformation of service delivery. The department also acknowledges that increased investment in the proactive management of stakeholders, including planning and preparedness for dealing with crisis situations is required.

There is currently a perceived gap between the maturity of the Department's risk management processes and the demands of the strategic issues and challenges being faced. That said, the Department is confident that its strategic goals and objectives are both well understood and aligned with business planning and initiatives.

Specific risks to the sustainability of the 4YP and beyond

The main risks to the sustainability of the 4YP and beyond have been well canvassed throughout this 4YP. These are:

- Inability to fund RealMe and / or R10 through planned sources
- Uptake for Office Productivity as a Service is not as anticipated resulting in the need for DIA to underwrite
- Long term resources required to successfully deliver the *ICT Strategy & Action Plan* outcomes (46 combined GCIO and DIA deliverables) are greater than anticipated
- Disruption to the supply market adversely impacts the GCIO ICT strategic direction and cost of supply

Annex VIII Contribution to Government priorities

This annex provides an outline of activities, initiatives and strategies that DIA is undertaking in order to deliver on Government priorities.

The Department's strategic areas of focus (*Section 1: Strategic Direction* of this Four Year Plan) provide the framework for the Department to maximising its collective impact and contribution to Government priorities, in particular priorities for Better Public Services:

- Transforming the way government agencies deliver their services
- Stronger, more resilient communities
- Increased trust in how government manages New Zealand's civic information
- Internal Affairs as a robust, sustainable and fit for purpose government agency

As individual resources are spread over multiple activities and programmes, assigning exact resource numbers against the priorities is impossible to accurately describe (this is more so in the out-years). Figures are provided based on best estimate at this time, and are subject to change as the programmes of work develop over time

Delivering Better Public Services

Contributing to the Government's Better Public Services priorities is the central strategic driver for the Department over the medium term. The Department's contribution to Better Public Services is outlined in detail in *Section 1: Strategic Direction* of this Four Year Plan.

The Department is orienting its strategy and capability towards delivering its strengthened mandate to provide functional leadership in technology and strategic information management. Key priorities in this Plan that contribute to Better Public Services include the delivery of Better Public Services Result 10 (New Zealanders can complete their transactions with government easily in a digital environment), implementing the ICT Strategy and Action Plan, providing the RealMe service, redeveloping newzealand.govt.nz and the Better Local Government Programme.

The Department also supports the achievement of other Better Public Service Results, in particular Result 9 (New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their business). It also has a role in supporting Result 5 (improving educational outcomes), working with the Ministry of Education to deliver the Network for Learning on the "Creating Readers" programme, and on school library development.

The Department is contributing to Better Public Services by applying the same principles it is leading across government within its own business. This includes aligning with the ICT Strategy and Action Plan, utilising common capabilities such 'as a service' offerings and RealMe, and participating in cross-agency efforts such as the Optimise HR and Finance initiatives to improve the efficiency and effectiveness of back office functions.



Resources outlined below relate to resources that are committed specifically to BPS projects

		2013/14	2014/15	2015/16	2016/17
Resources committed	Result 10	\$0.500m (plus accommodation and shared services etc, which is charged to R10 as overheads) (subject to anticipated club funding below)	\$0.500m (plus accommodation and shared services etc, which is charged to R10 as overheads) (subject to anticipated club funding below)	\$0.500m (plus accommodation and shared services etc, which is charged to R10 as overheads) (subject to anticipated club funding below)	\$0.500m (plus accommodation and shared services etc, which is charged to R10 as overheads) (subject to anticipated club funding below)
	RealMe	Approx 19 Staff and/or other resources (which may include capital, office space) \$6.250m capital	Approx 19 Staff – highly dependent on service uptake and volumes \$3.814m capital	Approx 19 Staff – highly dependent on service uptake and volumes \$3.499m capital	Approx 19 Staff – highly dependent on service uptake and volumes \$3.499m capital
	Optimise HR	\$2.115m	Nil	Nil	Nil
	govt.nz	10.8 FTE for current phase of the project (not the full year) \$2.410m	Unknown at this stage – the work we are doing in 2013/14 is to determine the requirements for outyears	Unknown at this stage – the work we are doing in 2013/14 is to determine the requirements for outyears	Unknown at this stage – the work we are doing in 2013/14 is to determine the requirements for outyears
	Functional Leadership	\$2.200m existing baseline funding (<i>transferred from SSC</i>) \$4.000m for functional leadership \$1.500m for ICT assurance	\$2.200m baseline funding \$4.000m for functional leadership \$1.500m for ICT assurance	\$2.200m baseline funding \$4.000m for functional leadership \$1.500m for ICT assurance	\$2.200m baseline funding \$4.000m for functional leadership \$1.500m for ICT assurance
Resources reallocated across agencies	Result 10	\$2.4m club funding	\$2.4m club funding (anticipated)	\$2.4m club funding (anticipated)	\$2.4m club funding (anticipated)

	RealMe	Approx 3 staff secondments from other agencies	3 staff secondments – continuation highly dependent on service uptake and volumes	3 staff secondments – continuation highly dependent on service uptake and volumes	3 staff secondments – continuation highly dependent on service uptake and volumes
	Optimise HR	1 FTE seconded from Treasury	Nil	Nil	Nil
	govt.nz	3 FTE seconded from other agencies	Unknown at this stage – the work we are doing in 2013/14 is to determine the requirements for outyears (ie Future Operating Model)	Unknown at this stage – the work we are doing in 2013/14 is to determine the requirements for outyears (ie Future Operating Model)	Unknown at this stage – the work we are doing in 2013/14 is to determine the requirements for outyears (ie Future Operating Model)
	Result 9	N/A – nothing more than liaising between agencies	N/A – nothing more than liaising between agencies	N/A – nothing more than liaising between agencies	N/A – nothing more than liaising between agencies

Canterbury rebuild

The Department is committed to supporting the rebuild in Canterbury. Over the medium term, the Department's contribution to this priority will include:

- Administration of the Christchurch Earthquake Appeal Trust (CEAT), and ongoing facilitation of other grant funding that may be used to support the rebuild in the region. CEAT funds the rebuild of facilities such as community buildings, sports fields, swimming pools, and parks; and supporting services such as social workers, counselling, and support for youth workers.
- Co-locating with other agencies in Christchurch to improve the way services are delivered in the region, including Community Operations. Archives New Zealand is working on a proposal with the University of Canterbury to co-locate the Christchurch office with the MacMillan Brown Library and other potential partners on the University Ilam campus.
- Supporting (via Result 10) the New Zealand Government Office, Christchurch - no funding or FTEs, role can be described as supporting other agencies and facilitating work amongst agencies.
- Providing support to local authorities in the Canterbury region to make it easier to meet legislative requirements.
- Supporting earthquake impacted schools to make temporary library arrangements and supporting longer term plans for new libraries.

The Department, through MCDEM (recently transferred to DPMC), was the lead agency in responding to the Christchurch Earthquakes, and is now using the lessons learned from that experience to improve the civil defence emergency management framework.

Resources outlined below relate to resources that are committed specifically the Canterbury rebuild

		2013/14	2014/15	2015/16	2016/17
Resources committed	CEAT:	4 FTE	1 FTE	0.5 FTE	0.1 FTE
	Community Ops	Approx 8 staff – BAU advisory and funding work at the Christchurch office (servicing the Canterbury Region) has refocused to support community recovery.	Approx 8 staff – BAU advisory and funding work at the Christchurch office (servicing the Canterbury Region) has refocused to support community recovery.	Approx 8 staff – BAU advisory and funding work at the Christchurch office (servicing the Canterbury Region) has refocused to support community recovery.	Approx 8 staff – BAU advisory and funding work at the Christchurch office (servicing the Canterbury Region) has refocused to support community recovery.
	Archives NZ	Approx 1 FTE – BAU funded currently but will be seeking additional contract resource (est. 60k) to complete business case.	Resource needs for this year will be confirmed following completion of the full business case	Resource needs for this year will be confirmed following completion of the full business case	Resource needs for this year will be confirmed following completion of the full business case
Resources reallocated across agencies	Community Ops	Nil Secondments. The Christchurch office operates as part of the central government coordinated response operating from shared accommodation with MSD.	Nil Secondments. The Christchurch office operates as part of the central government coordinated response operating from shared accommodation with MSD.	Nil Secondments. The Christchurch office operates as part of the central government coordinated response operating from shared accommodation with MSD.	Nil Secondments. The Christchurch office operates as part of the central government coordinated response operating from shared accommodation with MSD.
	Archives NZ	Nil Secondments at this stage though we are working closely with colleagues in the Property Centre of Excellence			

Building a more productive and competitive economy

A number of the Department's core functions contribute to the Government's goals for a more productive and competitive economy, by enabling people to participate in civic society and add value to economic activity.

Access to information is fundamental to ensuring people can participate in and contribute to the economy. The Department maintains the integrity of New Zealanders identity information, and is enhancing the ease with which people can use this information to participate in the economy. The Department is also increasing access to collections of information it holds, for example through digitisation programmes and building knowledge networks, to enable businesses, communities and individuals to better use information for knowledge creation and to drive innovation in the economy. An area of focus for the Department is increasing trust in how government manages this information for New Zealanders.

The Department's regulatory activity supports a more productive economy by minimising harmful economic and criminal behaviours. Over the medium term the Department is working closely with the Reserve Bank and the Financial Markets Authority to minimise the threat to New Zealand businesses and communities from money laundering and terrorist financing. The Department is also targeting spam, identity theft, and exploitation to enable people to more confidently interact in online environments and participate in economic activity, safely and securely.

Local government plays a significant role in the economy. Through the Better Local Government programme, the Department is supporting the Government's priorities by improving the performance of the local government system, thereby enhancing local authorities' contribution to economic growth and the delivery of public services.

The Department is working to support communities to participate in and contribute to the economy. Through the Office of Ethnic Affairs it is expanding the contributions ethnic business people make to the economy and developing connections between business sectors. The Department will also investigate opportunities to support social enterprises to build capacity and reach their potential.

The Department does not have specific resources committed to the Business Growth Agenda workstream.