

The Treasury

Budget 2013 Information Release

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



22 April 2013

Helene Quilter
Chief Executive and Secretary of Defence
Ministry of Defence
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Dear Helene

Four-year Plans

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

Overall the Four-year Plans developed by agencies for Budget 2013 have provided richer information than the previous (separate) Four-year Budget Plans and Workforce Strategies, providing better clarity on how agencies and sectors are delivering on Government priorities.

Ministers and central agencies see the Plans as key documents enabling agencies and sectors to describe how they will manage their resources and pressures, and deliver on Government priorities in the medium-term. In future, the Plans will be 'living documents' that can be adapted when necessary to address changing circumstances, and used to outline strategic intentions, monitor progress and inform performance discussions. Four-year Plans will be central to chief executives' relationships with Ministers. Done well, Plans will provide confidence to Ministers that the State Sector has the capability to deliver on the Government's strategy and priorities.

There are a number of high level themes evident across the various Plans received.

- There is some evidence that agencies and sectors are looking to lift the pace of organisational change to drive efficiency and achieve 'more for less', but some of the change and reprioritisation described is short on detail.
- Most Plans reference Government priorities including Better Public Service results, although the focus on the Christchurch rebuild is not as strong as expected.
- The financial picture identifies significant cost pressures over the next four years, and a number of key agencies and sectors facing a significant challenge to manage within baselines. Notwithstanding this, the aggregate 'funding gap' has reduced from last year, reflecting an increased focus on managing within available funding.
- Most plans would have been enhanced by the inclusion of savings options over and above reprioritisation within Votes, to assist the Government in the wider prioritisation of its available funding.

There are still areas for improvement. Change is happening, but the pace and extent of this needs to pick up. We would expect to see:

- More focus on changing operating models to achieve results in the best way, within the available resources.
- Resources reprioritised away from lower-value work and targeted towards achieving better results for the people of New Zealand.
- More collaborative working across agencies and sectors, including full backing of functional leaders and work programmes, and shared service models.

MoD Four-year Plan

We appreciate that because of significant changes in the organisation at the end of 2012, the Ministry of Defence has not been able to develop a detailed picture of its strategic direction and key priority areas. As a result, the Four-year Plan is understandably lacking in some key areas, which have been discussed with officials.

We note that strategic planning for the Ministry of Defence is underway, alongside the PIF implementation programme, but we acknowledge that it is still in its early stages. Central agencies are keen to work with Ministry of Defence to prepare a new Four-year plan, to be provided for Budget 2014. The programme of work you have outlined to central agencies will assist in the development of this plan. Central agencies are confident that the thinking already underway represents the key elements we would want to see in a Four-year plan and we look forward to the opportunity to craft this with you.

Next Steps

Central agencies provided overall advice on Four-year Plans to the Ministers of Finance and State Services in early February. A copy of this letter will also be provided to the offices of the Ministers of Finance and State Services, who may share it with Vote Ministers.

Yours sincerely



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State Services Commission



Oliver Valins
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