

The Treasury

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
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- [13] Not in scope
- [14] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.

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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.



9 April 2014

David Smol
Chief Executive
Ministry of Business, Innovation & Employment
PO Box 5488
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Dear David,

MBIE Four Year Plan 2014-18

Thank you for producing the 2014-18 Ministry of Business Innovation and Employment Four Year Plan. The purpose of this letter is to provide central agencies assessment and feedback on the Plan, with suggestions of areas where we might wish to work together to address areas for improvement.

At the outset, we would like to record our appreciation for the efforts of MBIE's finance, strategy and governance, workforce, and other teams throughout this process. Some of these teams were still forming during this process, and were dealing at the same time with an extensive internal agenda, but throughout the process they were helpful and responsive to our requests for meetings and information, and we felt that the working relationship was highly professional.

We would also like to acknowledge that MBIE's particular circumstances test the "standard" Four year Plan model and process to the limit. The scope and dynamism of MBIE's business, and the need to manage across multiple portfolios and Votes, present virtually unique challenges. This is one area to which we might wish to apply joint effort, to try to ensure that the process going forward is better tailored to MBIE's needs whilst continuing to deliver against the standard expectations.

As you know, Four Year Plans are a tool for agencies to show how they are organising themselves and aligning resources to deliver their goals. At the same time, Four Year Plans provide a common lens for Ministers and Central Agencies to look across agencies, in particular to determine where investment should be made but also to understand system and sector pressure points and advise Ministers accordingly.

MBIE's Four Year Plan presents an ambitious vision and outcome framework and commits to delivering a number of portfolio priorities. In that respect, this plan is a substantial improvement on last year's plan.

Shifting the department's focus from transition to institution-building and transformation

The plan is open and honest about the extent to which MBIE is still coming together as one organisation, with a number of corporate platforms and tools under development. In particular, we note the continuing development of financial and workforce strategies, and information technology integration.

Completing this work will substantially contribute to the Ministry's day to day functioning, and provide a platform for further development. Importantly, completing this work will give MBIE a much better understanding of cost pressures, workforce needs, and how resources are currently supporting priorities.

It is appropriate that the current Four Year Plan commits to lifting the pace of transition in 2014, and beginning to shift the Ministry's focus towards the transformational goals envisaged in its formation. We would like to continue to work with your teams to understand and support the critical path and key milestones for "landing" the key components of this work.

Developing an integrated economic policy to drive resource allocation

As noted above, the Plan sets out a clear vision and outcome framework with challenging goals. It is less persuasive at the next level down in terms of intervention logic linking current or planned activity to the various outcomes and/or estimating the impact of the current work programme on achieving the goals. Whilst some of this relates to the "systems" issues mentioned in the previous section, we felt that MBIE's economic and regulatory "story" did not come through strongly in the plan. We believe that finalising and socialising MBIE's overarching micro-economic narrative will be a key enabler for MBIE to connect the Ministry's outcomes with the resources and levers for which it is responsible. This will be critical for prioritising resource allocation, sequencing actions, and exercising leadership of economic development.

Guided by the overarching micro-economic policy, the next iteration of the Four Year Plan should show how relative priorities, choices, and trade-offs are being made, with a clear intervention logic and clarity in the analytical frameworks that are informing decisions.

Where it is not possible to meet pressures within baselines, the overarching economic policy will provide a tool for offering free and frank advice to Ministers on the relative priorities of any new initiatives.

Increasing MBIE's oversight of non-departmental performance

Crown entity performance is central to MBIE's overall performance, and the achievement of the Ministry's targets. There is limited discussion in the current plan of the role crown entities play in achieving the targets, and how MBIE encourages strong crown entity performance. The role of crown entities needs to be woven into the overarching micro-economic policy, with risks and finances well understood.

Preparing for the next Four Year Plan

Central agencies are committed to supporting MBIE to advance the priorities described above. We will work closely with you and your team on the strategy development process, in particular the investment ready concept that agencies are asked to plan for and prioritising programmes that support your strategy.

We are happy to discuss any aspect of this letter with you or your staff.

Yours sincerely,

Matt Gilbert
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Economic Performance and Strategy
Team
The Treasury

Peter Martin
Assistant Commissioner
State Services Commission