

The Treasury

Budget 2014 Information Release

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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
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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.

High level Analysis of Four-year Plans for Budget 2014

Budget 2014 - A focus on public Sector Performance and Results

"Four-year Plans should focus on agency performance and their department's ability to deliver results efficiently and effectively"

"Agencies that demonstrate a good understanding of their business, including cost-drivers, and understand service delivery risks should receive priority over other agencies where new funding is sought."

The financial components of Four-year Plans as assessed	
Investment-ready	<ul style="list-style-type: none"> Contains a good strategic direction that aligns with clearly defined Government priorities and articulates the contribution to results. Cost drivers, and options available to address them, are clearly laid out. They contain robust options analysis, including opportunities for funding within current baselines and/or contracting out. Past policy is evaluated (eg, why it is not working), and how the proposed initiative would deliver results. The proposal include risk management strategies (eg, tranching), and how the agency would work with the wider sector to deliver results. The agency can demonstrate it has found efficiencies from baselines (eg, BASS) and managing headcount. <p>Potential action: These plans are prioritised for funding in Budget 2014.</p>
Direction on track	<ul style="list-style-type: none"> Plans show a strategic direction that is aligned with clearly defined Government priorities, and broadly show how that strategy can be delivered. A general view of costs is laid out, but does not clearly expose other delivery options available to Ministers. Initiatives in the plan do not contain a robust analysis or how progress will be monitored. <p>Potential action: Cabinet agrees to the direction, and the Plan is continually refined over time.</p>
Do not provide options or reveal cost drivers	<ul style="list-style-type: none"> Strategic direction is ill-developed, or does not align with the Government's priorities. Where funding gaps are signalled, limited options are provided beyond seeking new funding. Alternatively, the plan does not provide a credible sense of cost-pressures. The agency performs poorly on other metrics, such as PIF ratings or BASS results. <p>Potential action: The agency undergoes a performance and effectiveness review with input from central agencies before any funding increases are approved.</p>

Key Overall Trends

- Overall Four-year Plans this year provided a clearer and more integrated view of agencies strategic intentions and resource allocation to support those intentions. This clearer and more integrated view provided a greater transparency of the strengths and weaknesses of the Plans even though the quality of information provided was only somewhat improved. Some elements of the plan did provide much better information, most notably on Risks and Workforce, and several individual plans did show significant improvement on last year, most notably the Ministry of Defence and the Department of Prime Minister and Cabinet. An investment ready approach to assessing the financial components of the Plans has also been successful in providing agencies with a goal in relation to the expectation of the plans, a number of agencies have stated their intention to get to an investment ready position.
- Most Agencies had a strong understanding of their Strategic Direction. However few provided sufficient information on the specific actions they expected to take to deliver their strategy
- The financial information, as it was last year, was the weakest element of the plans and provided limited evidence that the value of spending is understood or that activities are efficient and cost effective.
- Plans showed a much clearer understanding of the use of Departmental appropriations than the use of Non Departmental appropriations and in particular, those relating to Crown Entities. This is most visible in the content of financial information in the Plans (see attached page on financial information)
- There is limited evidence that agencies are evaluating and identifying existing services or policies that aren't working. Our Analysis is that only 4 agencies do this evaluation and a further 8 do some of this evaluation
- There is more evidence of a four year planning horizon in this years Plans than last years but this is a slow change, as shown by the the limited level of out-year funding signals and the increasing level of funding gaps into out-years on many of the Plans
- This year there is an added level of commitment to BPS in the Plans.

Note : Four-year Plans were requested, but not received from the Ministry of Education (Tertiary Education) and Canterbury Earthquake Recovery Authority (CERA)

Note : The Intelligence Agencies have completed a Four-year Plan for the Intelligence Sector but this Plan has not been included in this analysis

Note : Based on prior years plans, a plan was not requested from these agencies, The Treasury, State Services Commission (SSC), Education Review Office (ERO), Office of the Clerk of the House of Representatives, Parliamentary Counsel Office

Overall Investment Ready Summary

Summary of Questions that inform overall assessment

Overall

Are all elements of the Plan integrated as a cohesive product?

Does the Plan provide suitable evidence of across agency co-operation to achieve common results?

Strategy - Operational Change

Does the strategic direction support Governments priorities and will it deliver agreed outcomes?

Does the 4YP evaluate existing services/policies and identify those that aren't working?

Is there evidence that a range of service delivery options has been identified and analysed?

Does the 4YP demonstrate performance improvement Intentions through an improved delivery mode

Are the specific actions required to deliver results demonstrated?

Is progress towards results measurable?

Is the Strategy and delivery model sustainable (stewardship)?

Risks

Does the 4YP identify the risks to delivery that need to be managed?

Does the 4YP demonstrate that agencies are managing service delivery risk?

Are risk mitigation strategies identified and appropriate?

Financial

Does the 4YP demonstrate that cost drivers are understood and clearly laid out?

Has funding been reprioritised from poor performing policies?

Does the plan provide a credible sense of cost pressures?

Does the agency seek to address cost pressures using efficiency benchmarking standards?

Does the agency have a credible plan to manage cost pressures, through efficiency or reprioritisation

Does the 4YP balance financially across the full Four-year period?

Is it correct that the plan is not reliant on new funding, either operating or capital?

Is the agencies' strategy and delivery financially sustainable beyond the Four-year horizon?

Is there evidence that Capital funds are managed well?

Other Resources

Are non financial resources aligned to Governments Priorities?

Are non financial resources aligned to results?

Does the 4YP evidence a shift of non financial resources to priorities?

Does the agency have a credible workforce strategy?

Does the agencies 4YP align appropriately with the GCIO's strategy and action plan?

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