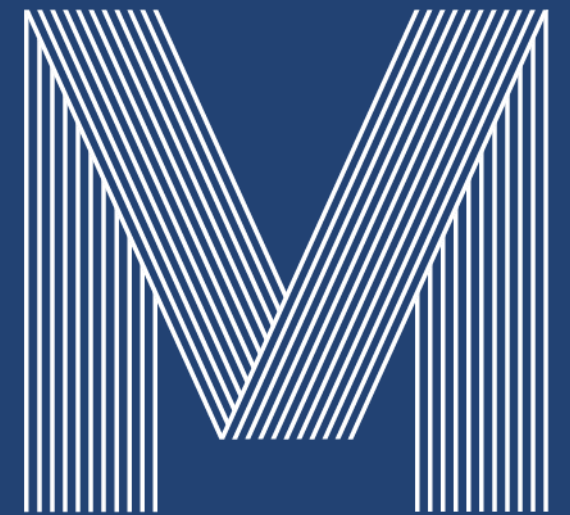# STRATEGYNZ

HOW CAN WE MAKE GOVERNMENT DEPARTMENT STRATEGIES COUNT?

WELLINGTON, NEW ZEALAND (UPDATED 18 DECEMBER 2014)

MCGUINNESS INSTITUTE

WHAT IS A 'GOVERNMENT DEPARTMENT STRATEGY'?

A government department strategy (GDS) must:

- be a publicly available statement or report;

- be generated by government departments with a national rather than a local focus;

- contain long-term thinking, in such a way that the strategy links to a long-term vision or aim, and ideally provide clarity over the factors that may impinge on the attainment of that vision or aim; and

- guide the department's thinking and operations over the long term (i.e. contain a work programme to achieve change over two years or more).

OUR APPROACH

- Part One: Where do GDSs fit within the current framework?

- Part Two: What can we learn from the 290 GDSs published over the last 20 years?

- Part Three: What extent are the 136 GDSs in operation as at 30 June 2014 linked
                 to other key strategic instruments?

- Part Four: Further Research – What characteristics underlie a good GDS?

- Part Five: What does this research already tell us?

What we do not cover in this presentation:

- Limitations to the data e.g. timing issues and ongoing corrections from departments (this will be explained in *Working Paper 2014/02*)

- Analysis of each of the 136 GDSs (this will be discussed in *Working Paper 2015/01*)

- Analysis of the extent a Government Department Strategy hierarchy exists (this will be discussed in a later paper)

- Quality of execution of GDSs (at this stage we are unsure how best to assess the quality of execution)

- History of public sector strategy framework (this will be discussed in the final report)

- At this stage, other public service entities and local government agencies have been excluded

Note: Figure numbers used in this PowerPoint relate directly to *Working Paper 2014/02* (see www.mcguinnessinstitute.org)

PART ONE
Where do GDSs fit within the current framework?

Figure 1: The Machinery of Government by Key Components
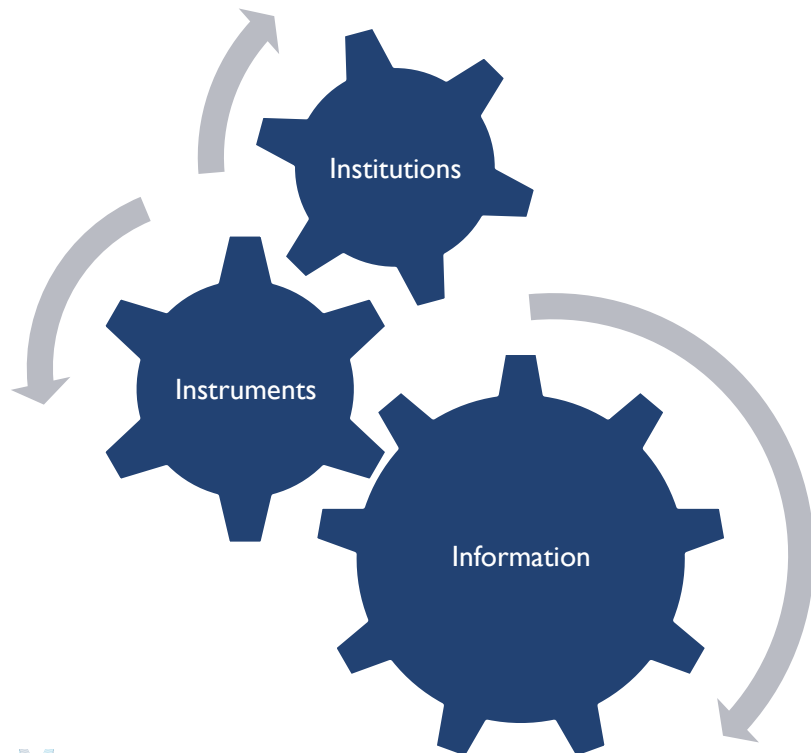
ARGUABLY THE CURRENT PARADIGM DELIVERS …

A focus on the size and number of institutions at the expense of the other two components.

> Research question: *Was the creation of super ministries a response to a lack of effective instruments and information to bring about change?*
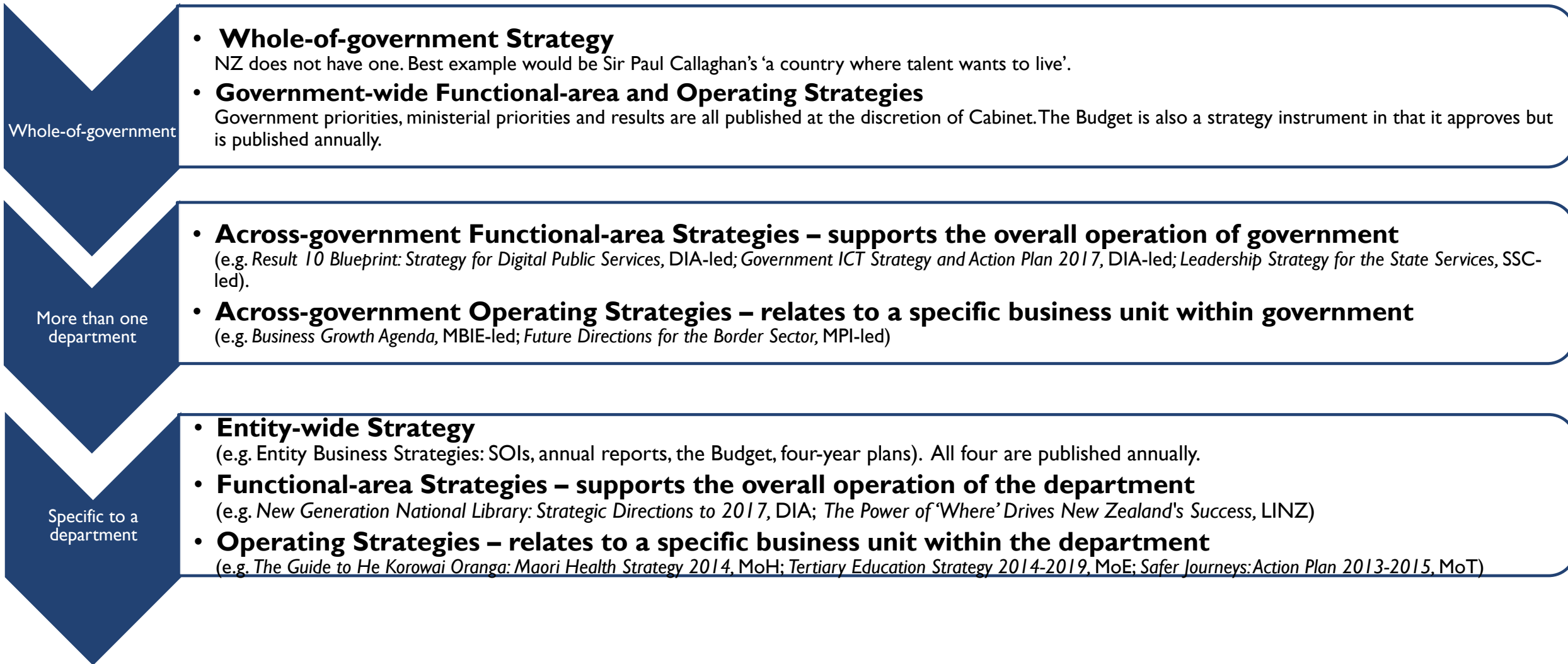
A focus on the type and number of instruments at the expense of developing an overarching framework of instruments that interconnect.

> Research question: *Was the creation of 'priorities' and 'results' a desperate attempt by Cabinet to find ways to pull the machinery of government forward?*
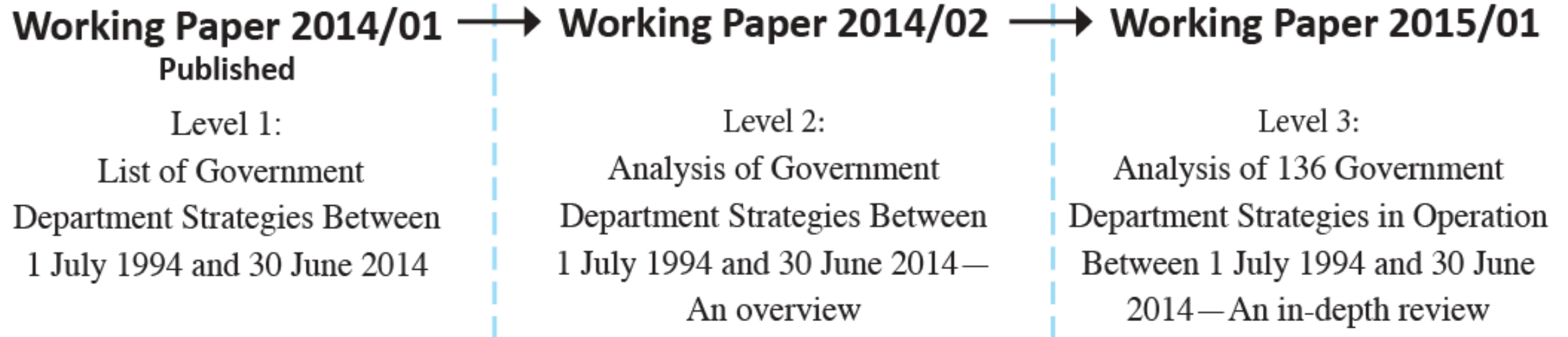
A focus on the tools of big data, such a the collection, storage and retrieval of data, at the expense of providing relevant, useful, timely and complete information for decision-makers.

> Research question: *Have we have created a culture of researchers and reporters rather than thinkers and leaders?*

… DO WE NEED A NEW PARADIGM?

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Figure 2: Government Department Strategies by Hierarchy

Whole-of-government

- **Whole-of-government Strategy**
  NZ does not have one. Best example would be Sir Paul Callaghan's 'a country where talent wants to live'.
- **Government-wide Functional-area and Operating Strategies**
  Government priorities, ministerial priorities and results are all published at the discretion of Cabinet. The Budget is also a strategy instrument in that it approves but is published annually.

More than one department

- **Across-government Functional-area Strategies – supports the overall operation of government**
  (e.g. *Result 10 Blueprint: Strategy for Digital Public Services,* DIA-led; *Government ICT Strategy and Action Plan 2017,* DIA-led; *Leadership Strategy for the State Services,* SSC-led).
- **Across-government Operating Strategies – relates to a specific business unit within government**
  (e.g. *Business Growth Agenda,* MBIE-led; *Future Directions for the Border Sector,* MPI-led)

Specific to a department

- **Entity-wide Strategy**
  (e.g. Entity Business Strategies: SOIs, annual reports, the Budget, four-year plans). All four are published annually.
- **Functional-area Strategies – supports the overall operation of the department**
  (e.g. *New Generation National Library: Strategic Directions to 2017,* DIA; *The Power of 'Where' Drives New Zealand's Success,* LINZ)
- **Operating Strategies – relates to a specific business unit within the department**
  (e.g. *The Guide to He Korowai Oranga: Maori Health Strategy 2014,* MoH; *Tertiary Education Strategy 2014-2019,* MoE; *Safer Journeys: Action Plan 2013-2015,* MoT)

MCGUINNESS INSTITUTE'S WORK PROGRAMME 2014

Working Paper 2014/01 → **Working Paper 2014/02** → **Working Paper 2015/01**

Published

Level 1:

List of Government Department Strategies Between 1 July 1994 and 30 June 2014

Level 2:

Analysis of Government Department Strategies Between 1 July 1994 and 30 June 2014—An overview

Level 3:

Analysis of 136 Government Department Strategies in Operation Between 1 July 1994 and 30 June 2014—An in-depth review

PART TWO
What can we learn from the 290 GDSs published over the last 20 years?

Internal Analysis

Reviewing the data collected from Table 1, *Working Paper 2014/01*

Column A   Which government department is responsible for the strategy?

Column B   What is the name of the strategy?

Column C   When was the strategy published?

Column D   Was the strategy brought in under a National-led or Labour-led government?

Column E   Who signed the strategy?

Column F   What is the planned duration of the strategy?

Column G   What is the number of pages of the strategy?

Column H   Was the strategy in operation as at 30 June 2014?

Column I   If the strategy was no longer operational as at June 2014, has a newer strategy replaced it?

Figure 5:   GDSs in operation as at 30 June 2014 (136) by Department
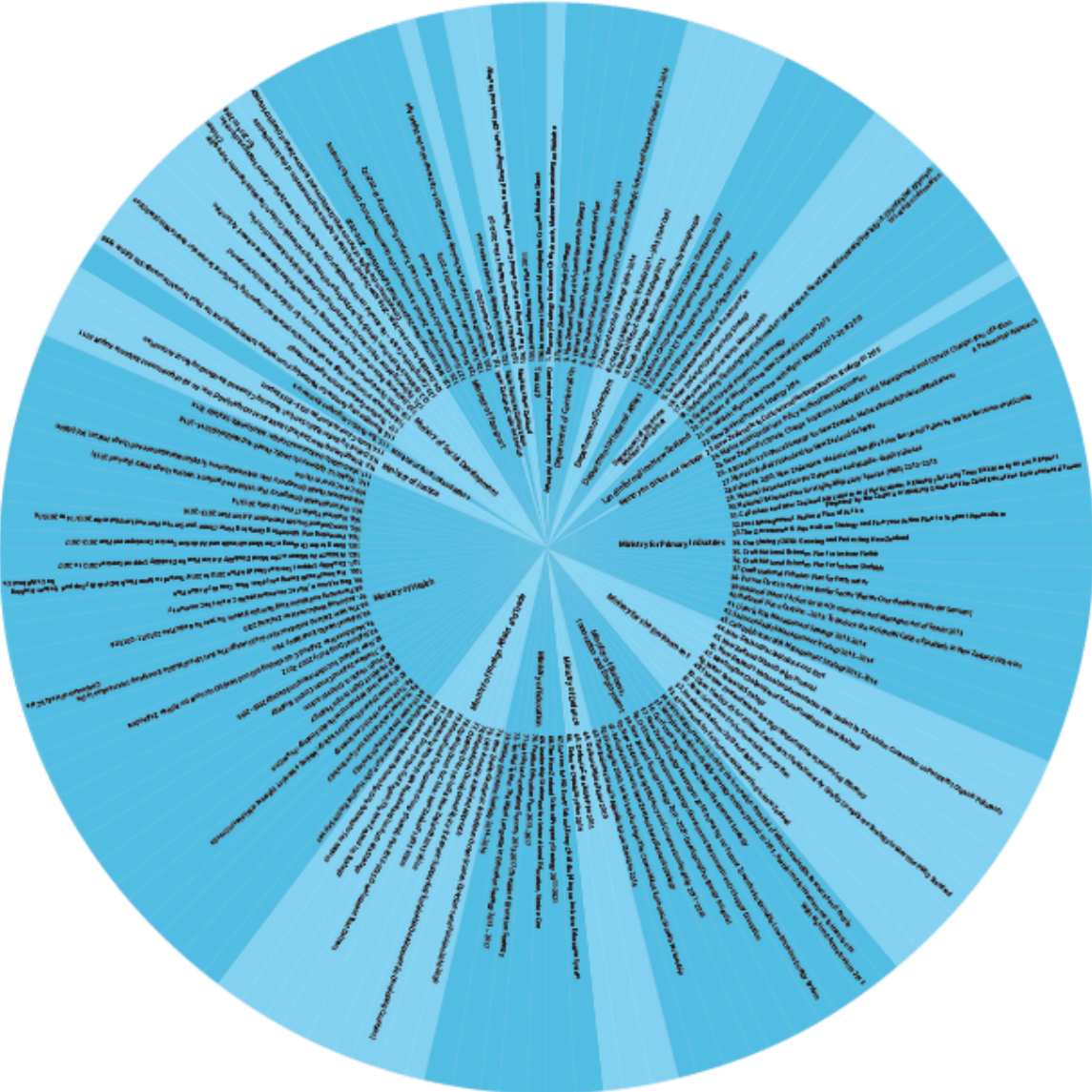
Figure 6: GDSs by Department

Number of GDSs

290 GDSs published over the last 20 years

136 GDSs in operation as at 30 June 2014

Government department

Canterbury Earthquake Recovery Authority
Crown Law Office
Department of Conservation
Department of Corrections
Department of the Prime Minister and Cabinet
Department of Internal Affairs
Education Review Office
Government Communications Security Bureau
Inland Revenue Department
Land Information New Zealand
Ministry for Culture and Heritage
Ministry for Primary Industries
Ministry for the Environment
Ministry of Business, Innovation and Employment
Ministry of Defence
Ministry of Education
Ministry of Foreign Affairs and Trade
Ministry of Health
Ministry of Justice
Ministry of Māori Development
Ministry of Pacific Island Affairs
Ministry of Social Development
Ministry of Transport
Ministry of Women's Affairs
New Zealand Customs Service
Serious Fraud Office
State Services Commission
Statistics New Zealand
Treasury

Figure 7: GDSs published (290) by Title

Figure 8: GDSs in operation (136) by Title

Figure 9:   GDSs by Calendar Year

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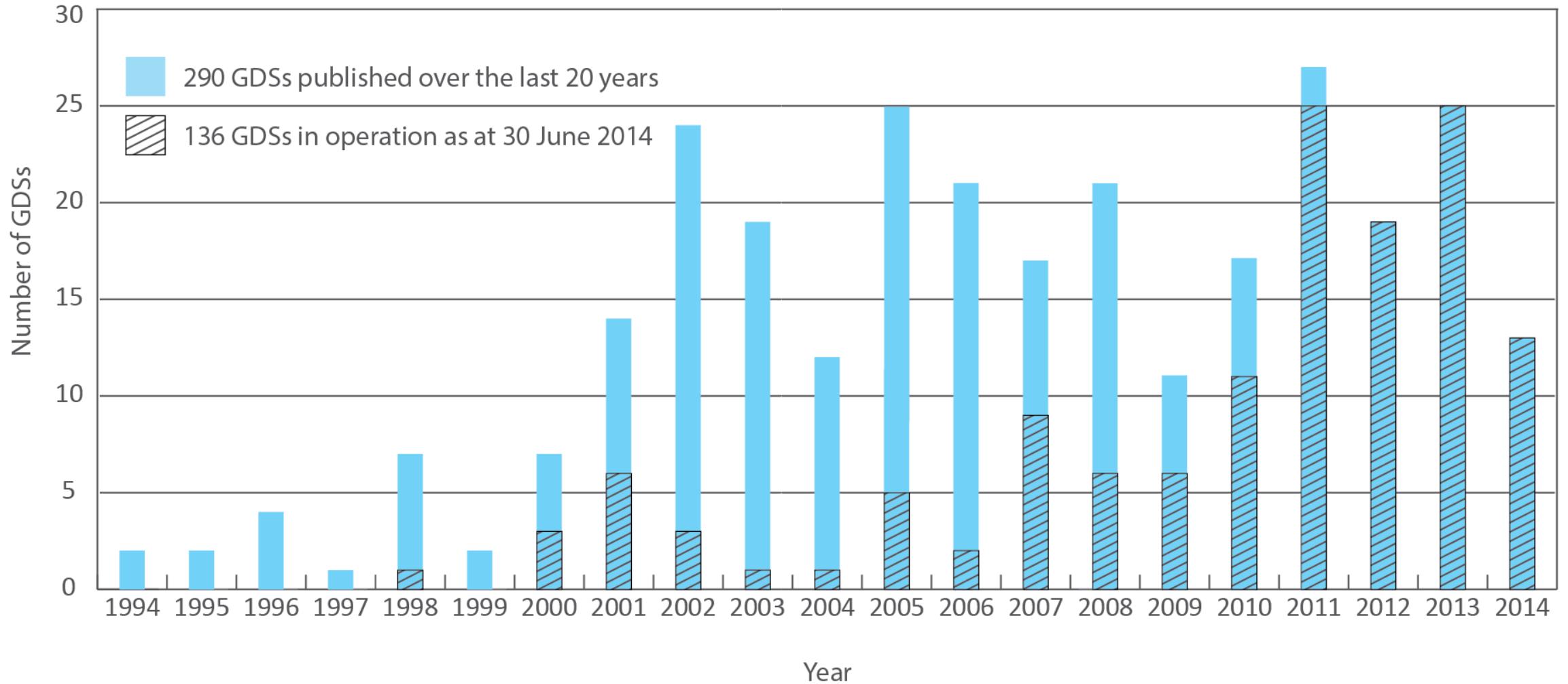
Figure 10: GDSs published over the last 20 years (290) by Government in Power

2%

46%

52%

151 Labour-led   134 National-led   5 Not known
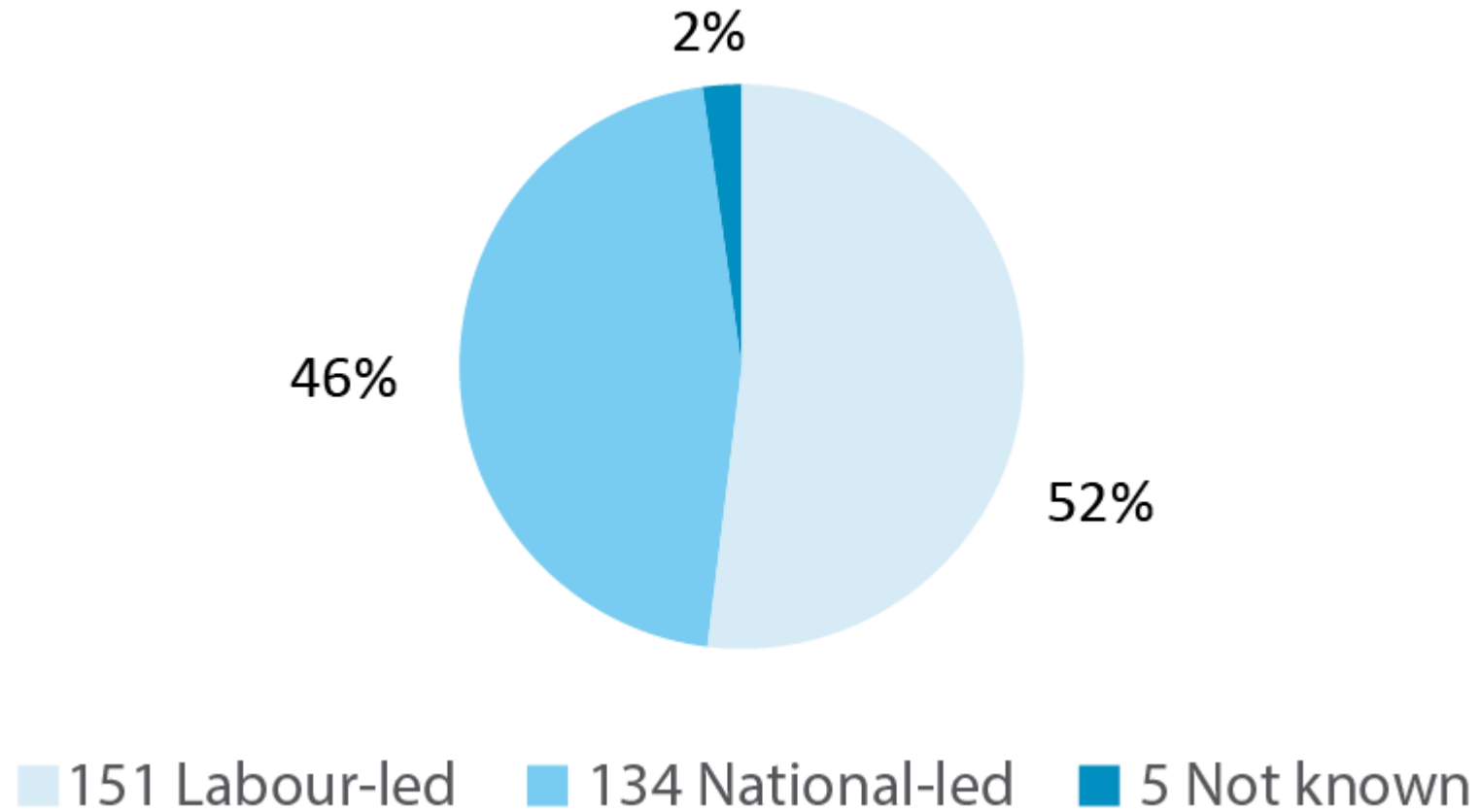
Figure 11: GDSs published over the last 20 years (290) by Parliament (excluding the 26 that were not known)
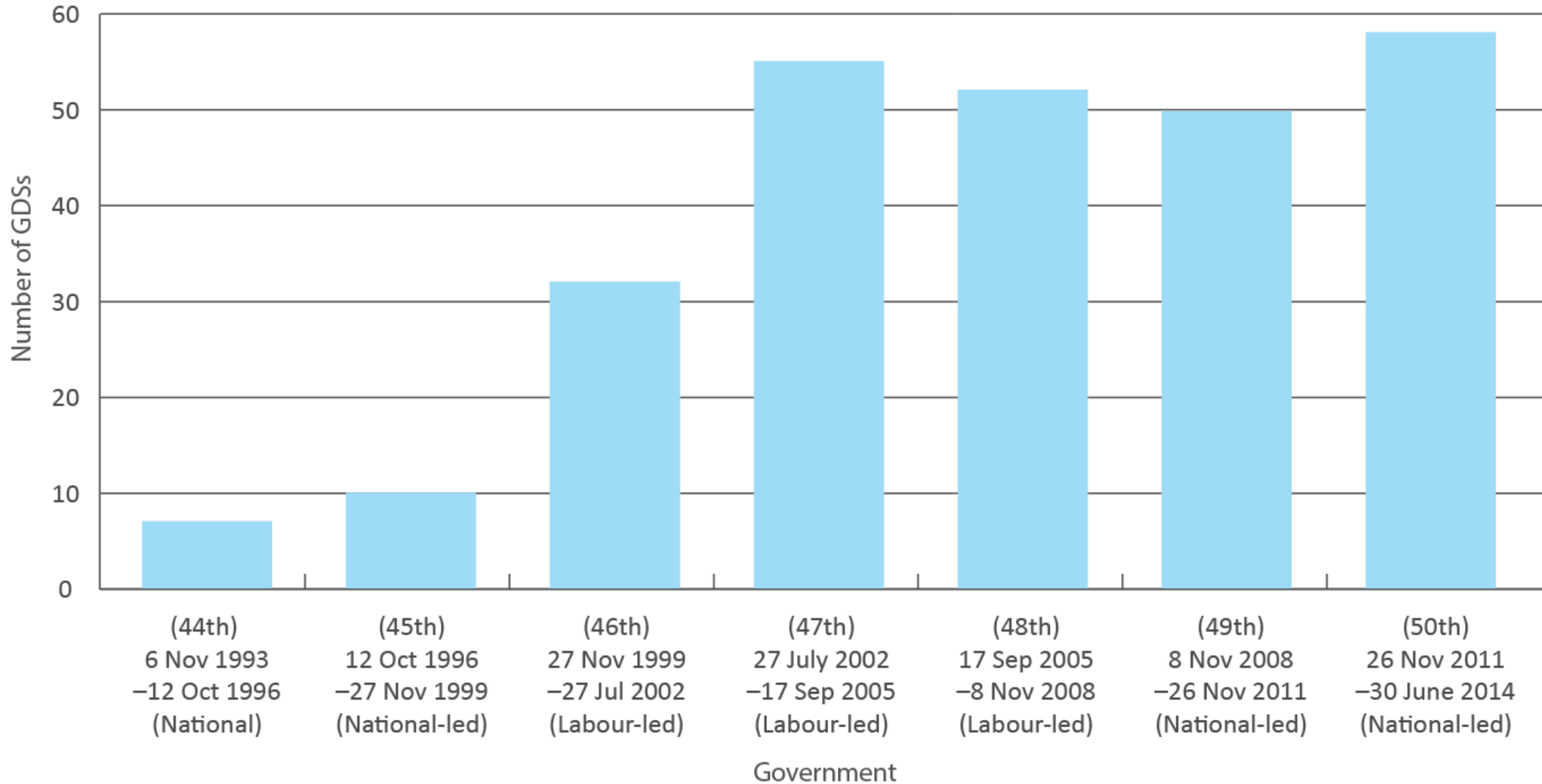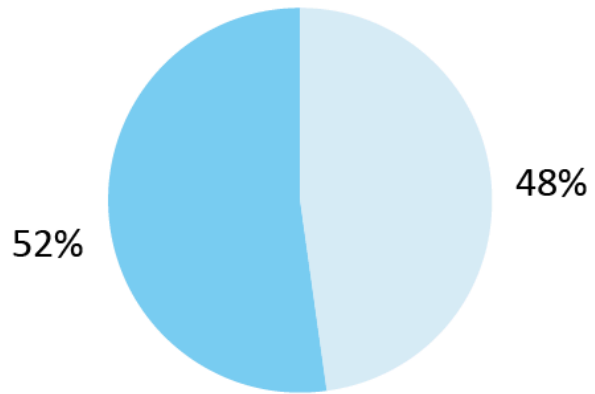
Figure 12:   GDSs published (290) by Ministerial Sign-off

Figure 13: GDSs published (290) by Sign-off

50%   50%
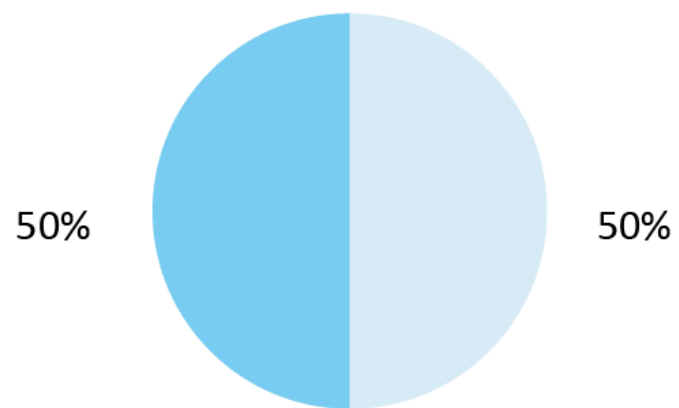
- 144 Signed-off by a Minister
- 146 Not signed-off by a Minister

31%

69%
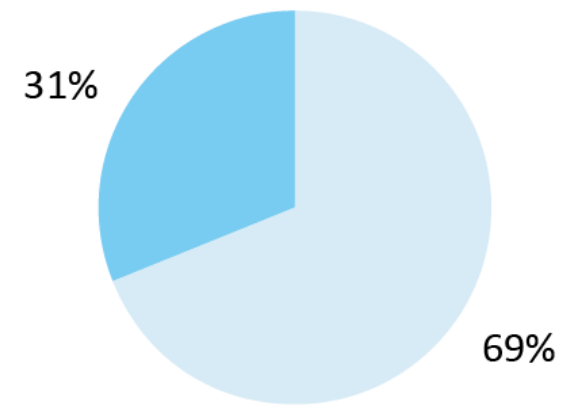
- 199 Signed-off by a Minister or other
- 91 Not signed-off at all

Figure 14: GDSs in operation (136) by Ministerial sign-off

Figure 15: GDSs in operation (136) by Sign-off

48%

52%

■ 65 Signed-off by a Minister   ■ 71 Not signed-off by a Minister

38%

62%
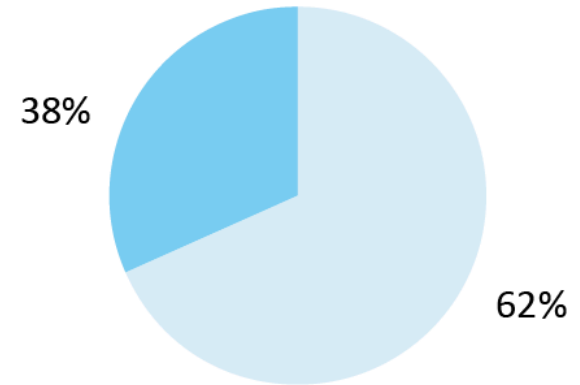
■ 84 Signed-off by a Minister or other   ■ 52 Not signed-off at all

Figure 16: GDSs by Planned Duration (excluding the 147 published over the last 20 years that did not state the duration)
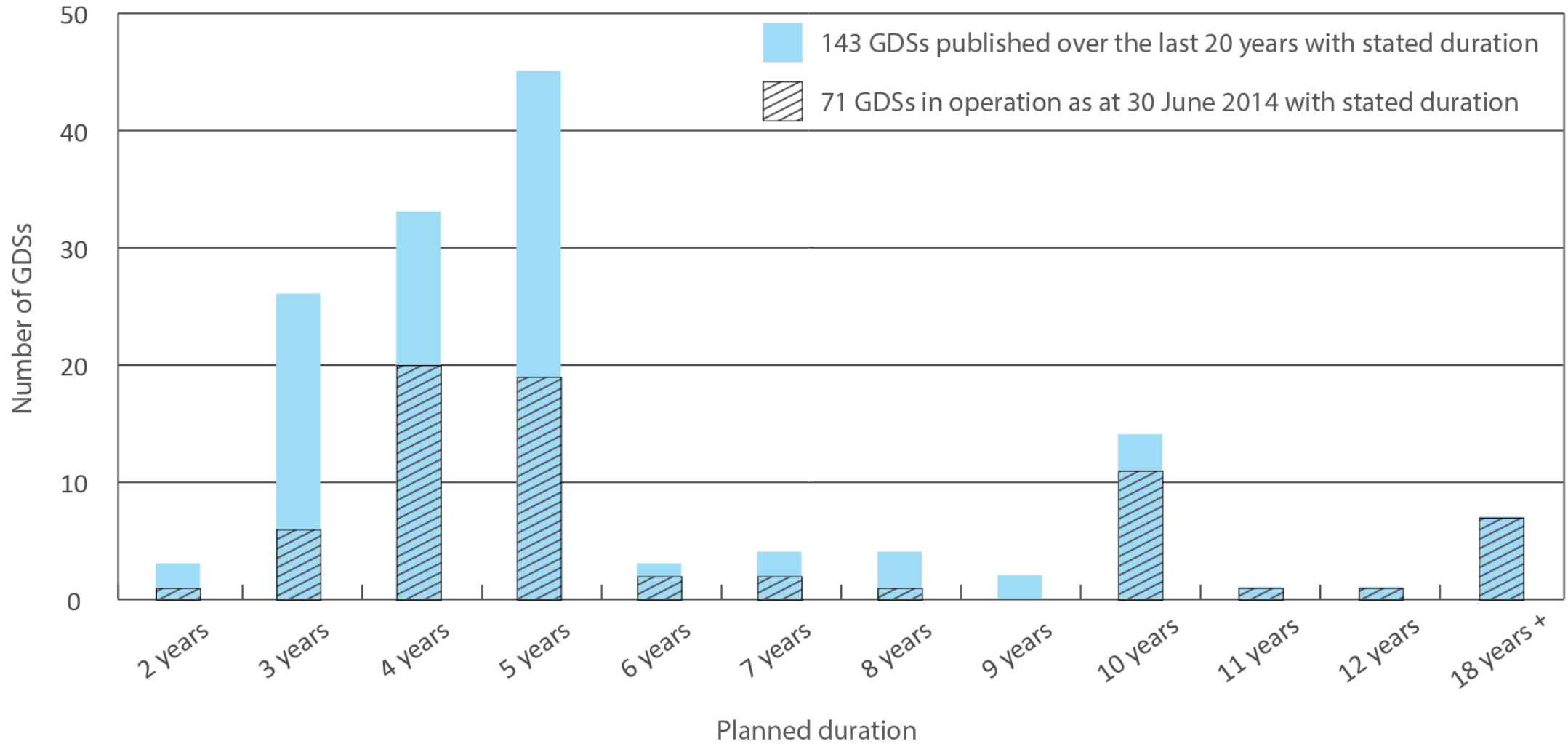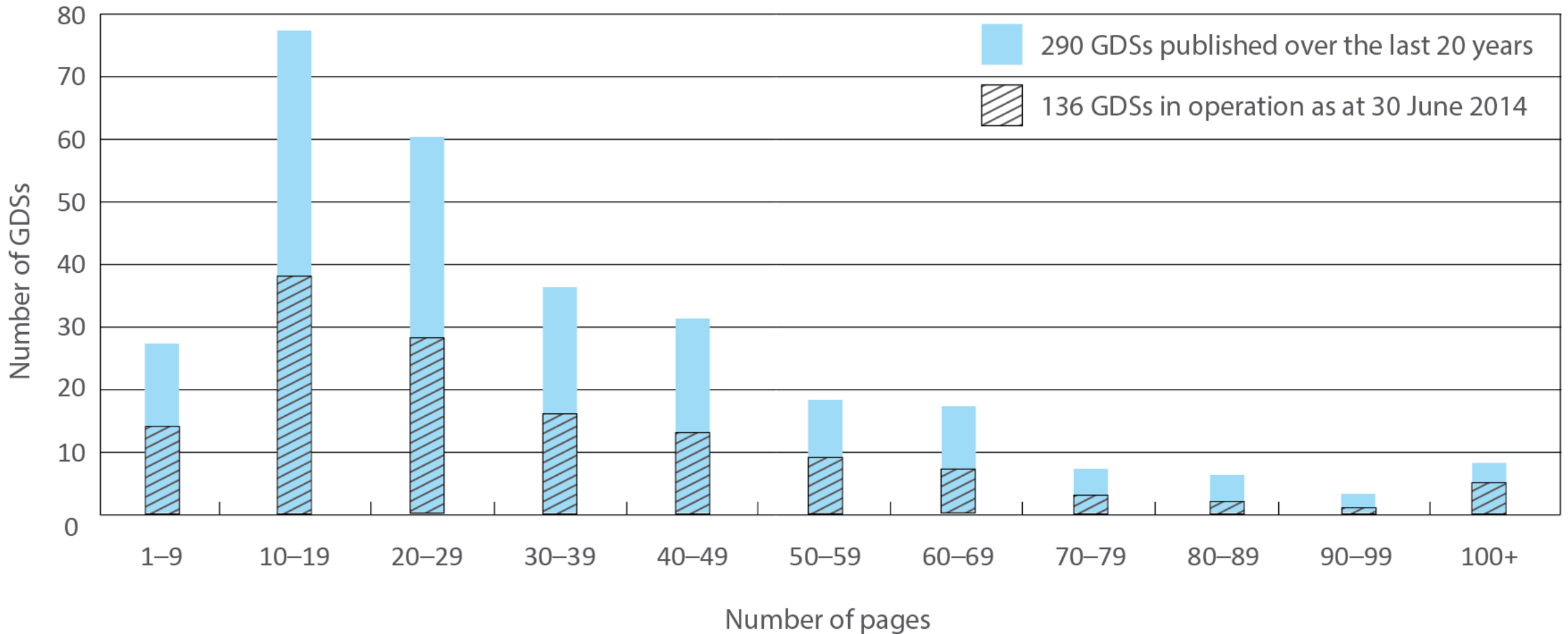
Figure 17: GDSs by Number of Pages

Legend:
- 290 GDSs published over the last 20 years
- 136 GDSs in operation as at 30 June 2014

Y-axis: Number of GDSs (0–80)
X-axis: Number of pages (1–9, 10–19, 20–29, 30–39, 40–49, 50–59, 60–69, 70–79, 80–89, 90–99, 100+)

Figure 18: GDSs published (290) by Operational Status   Figure 19: GDSs in operation (136) by Government
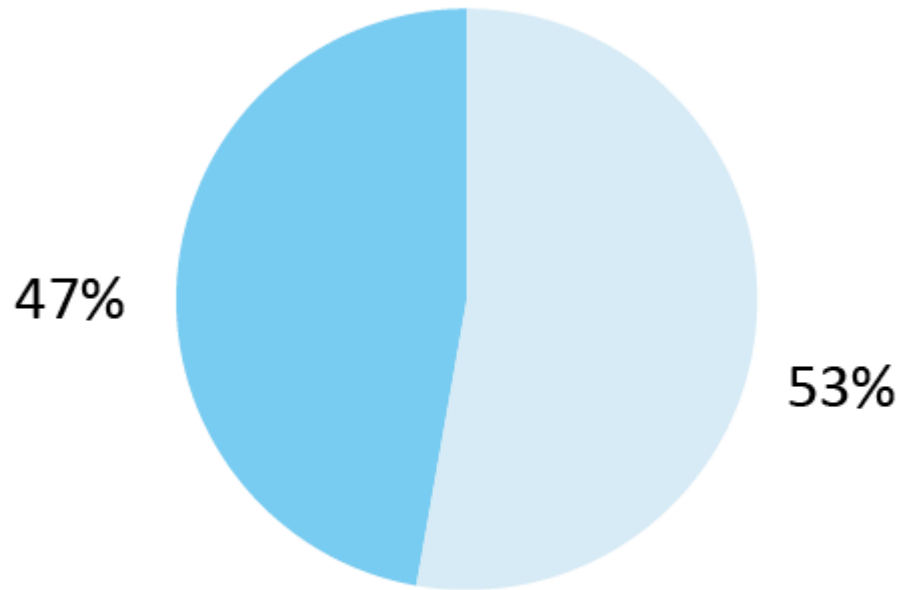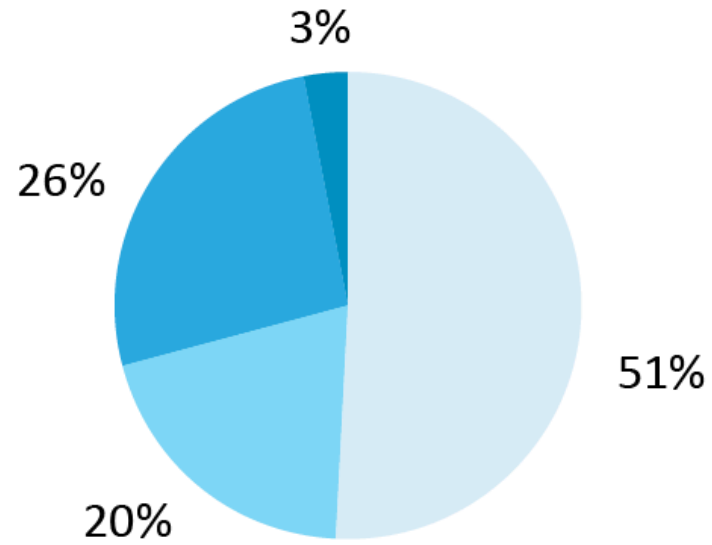

47%

53%

25%

75%
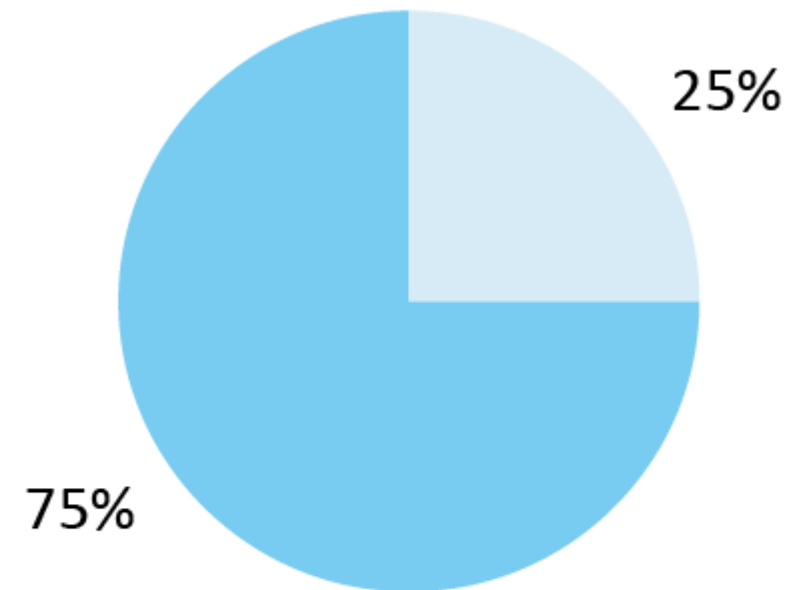
■ 154 Not in operation   ■ 136 In operation   ■ 34 Labour-led   ■ 102 National-led

Figure 20: GDSs no longer in operation (154) by Replacement

Pie chart segments:
- 3%
- 26%
- 51%
- 20%

Legend:
- 79 Replaced by a more recent strategy
- 31 Not replaced
- 40 Not known
- 4 Currently under review

External Analysis

Exploring linkages between:

(i) 136 GDSs in operation as at 30 June 2014 (as listed in *Working Paper 2014/01*) and

(ii) seven key strategic instruments currently interconnected to GDSs.

> NB: A complete list of ministerial priorities as at 30 June 2014 has been difficult to collate or obtain. Hence, for the purposes of this presentation, the linkages between GSDs and ministerial priorities (i.e. number 2) have been excluded.

Figure 4:   Key Strategic Instruments

8. GDSs

1. Government priorities
2. Ministerial priorities
3. Better Public Services: Results for New Zealanders
4. Statements of intent
5. Four-year plans
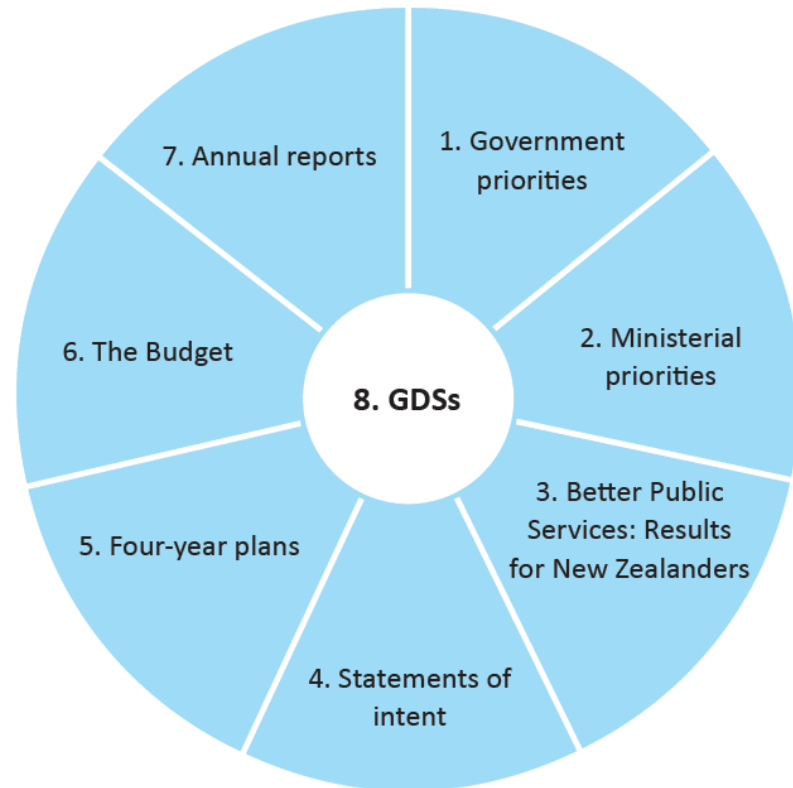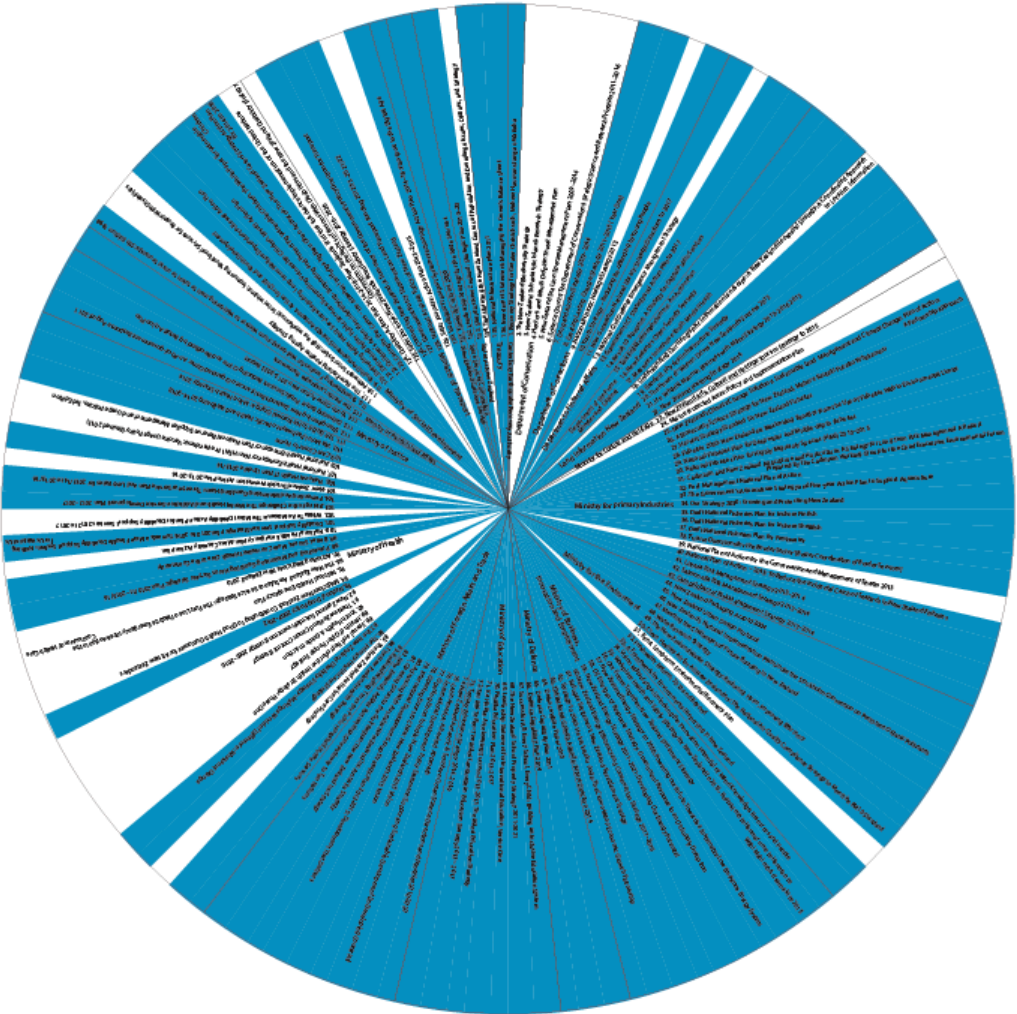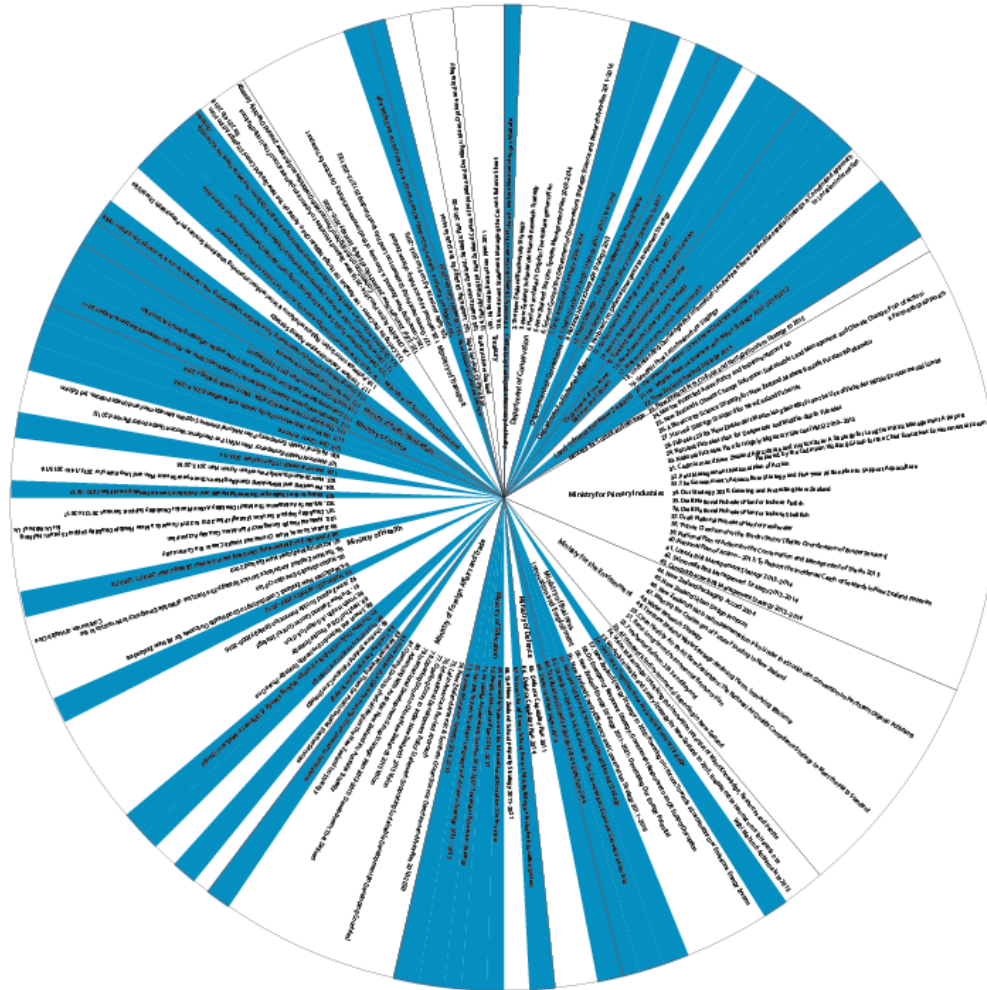6. The Budget
7. Annual reports

Figure 21: Linkages between GDSs in operation (136) and 2014 Government Priorities

Obvious linkages between government priorities [103/136 = 76%]

No obvious linkages between government priorities [33/136 = 24%]

Figure 22: Linkages between GDSs in operation (136) and Better Public Services: Results for New Zealanders


Obvious linkages with BPS results [46/136 = 34%]

No obvious linkages with BPS results [90/136 = 66%]

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Figure 23: GDSs in operation (136) by explicit mention in the department's Statement of Intent

Figure 24: GDSs in operation (136) by explicit or implicit mention in the department's Statement of Intent
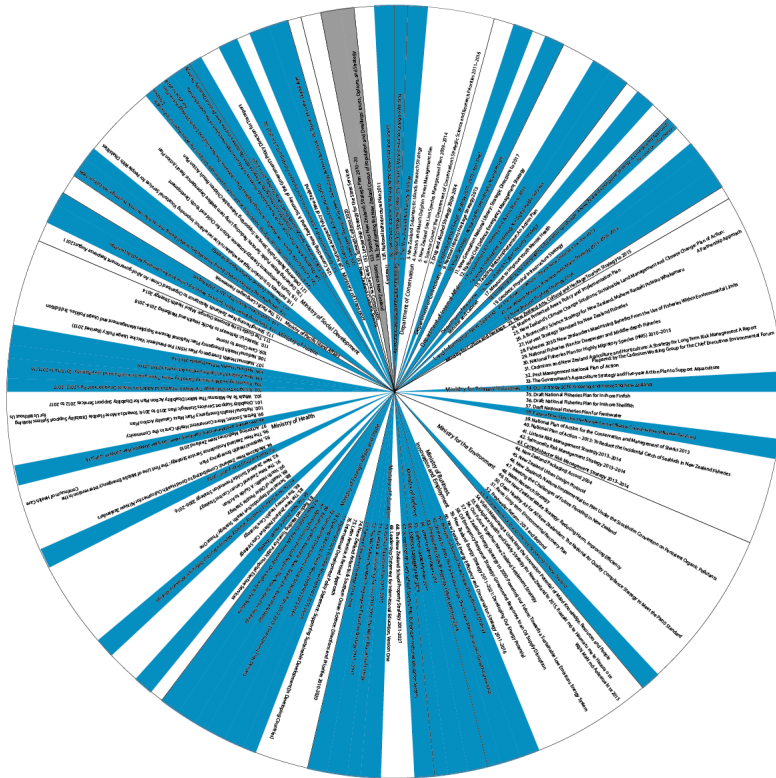
■ Explicit – mentioned by title [51/136 = 38%]

□ Not mentioned by title [83/136 = 61%]

■ No hardcopy of Statement of Intent has been published to date [2/136 = 1%]
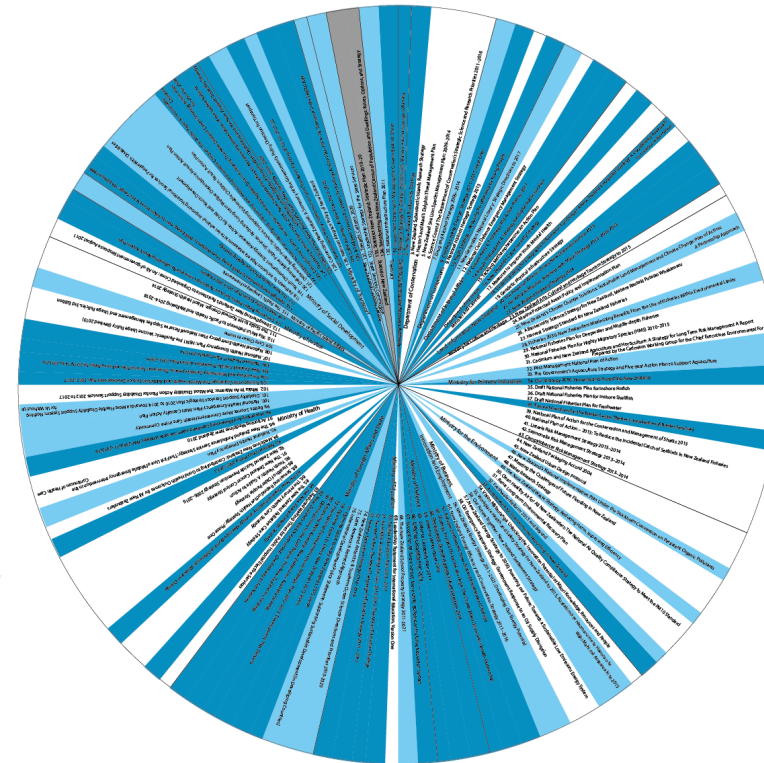
■ Explicit – mentioned by title [51/136 = 38%]

■ Implicit – not mentioned by title but implied in text [32/136 = 23%]

□ Not discussed at all [51/136 = 38%]

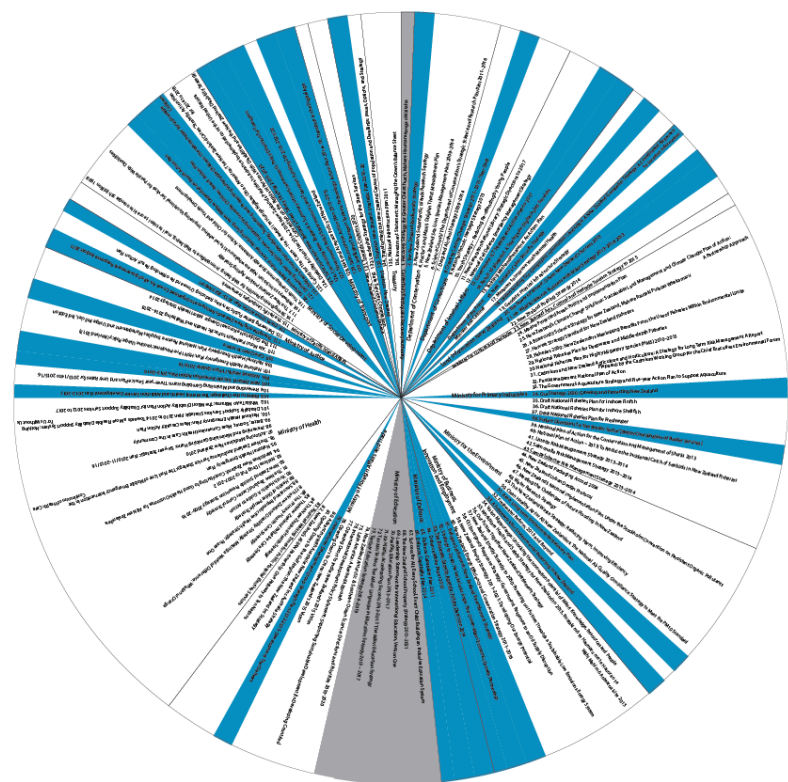■ No hardcopy of Statement of Intent has been published to date [2/136 = 1%]

Departments with no GDS in operation
- Crown Law Office
- Education Review Office
- Inland Revenue Department
- Ministry of Māori Development, Te Puni Kōkiri
- Serious Fraud Office
- Government Communications Security Bureau (GCSB does not publicly release an SOI)

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Figure 25: GDSs in operation (136) by explicit mention in the department's Four-year Plan

Figure 26: GDSs in operation (136) by explicit or implicit mention in the department's Four-year Plan

Explicit – mentioned by title [34/136 = 25%]

Not mentioned by title [94/136 = 69%]

No hardcopy of Four-year Plan has been published to date [8/136 = 6%]

Explicit – mentioned by title [34/136 = 25%]

Implicit – not mentioned by title but implied in text [40/136 = 29%]

Not discussed at all [54/136 = 40%]

No hardcopy of Four-year Plan has been published to date [8/136 = 6%]

Departments with no GDS in operation
- Crown Law Office
- Education Review Office
- Inland Revenue Department
- Ministry of Māori Development, Te Puni Kōkiri
- Serious Fraud Office
- Government Communications Security Bureau
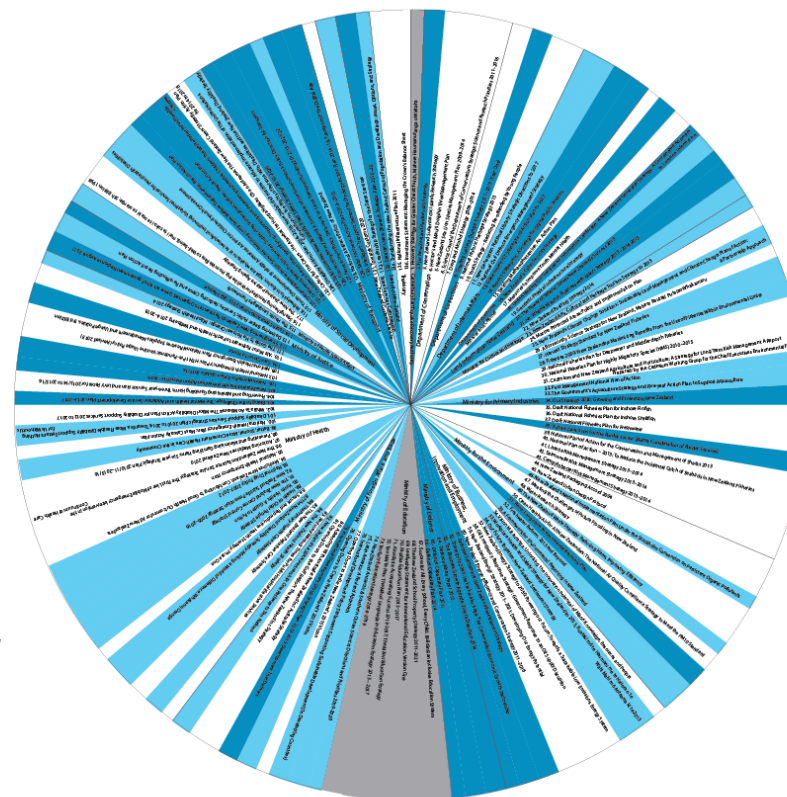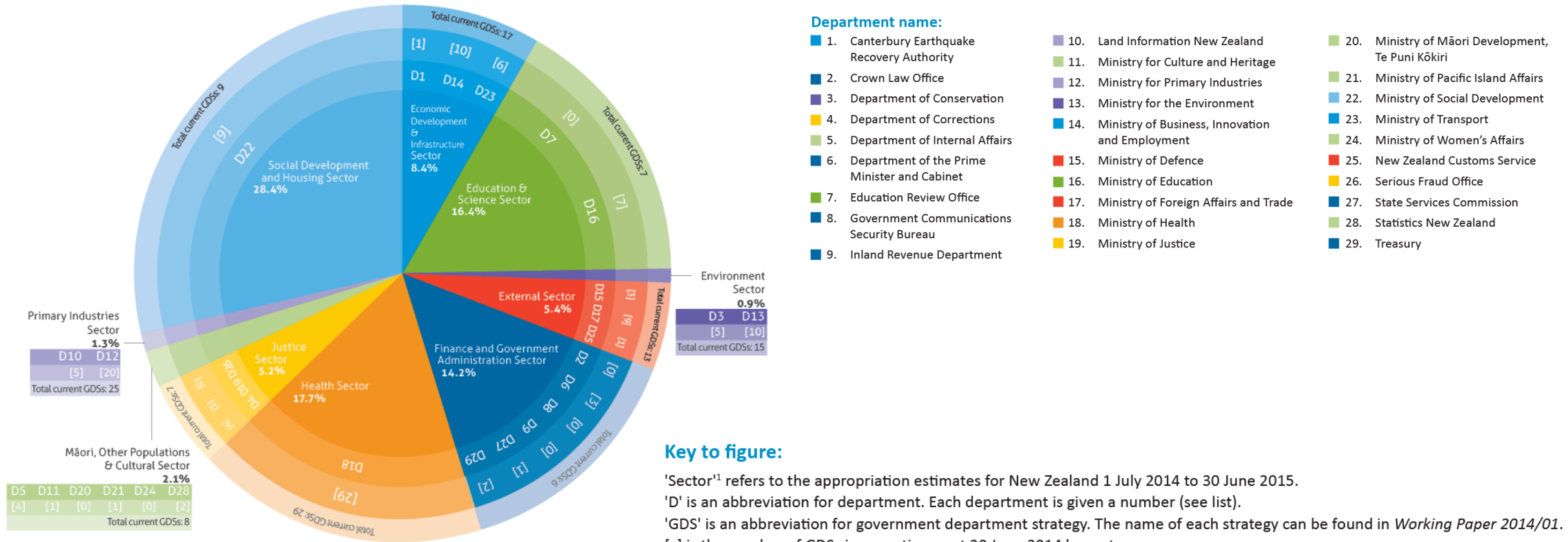 (GCSB does not publicly release a Four-year Plan)

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Figure 27: GDSs in operation (136) by Sector

Source: *Summary Tables for the Estimates of Appropriations 2014–2015* (Treasury, 2014)

Department name:

1. Canterbury Earthquake Recovery Authority
2. Crown Law Office
3. Department of Conservation
4. Department of Corrections
5. Department of Internal Affairs
6. Department of the Prime Minister and Cabinet
7. Education Review Office
8. Government Communications Security Bureau
9. Inland Revenue Department
10. Land Information New Zealand
11. Ministry for Culture and Heritage
12. Ministry for Primary Industries
13. Ministry for the Environment
14. Ministry of Business, Innovation and Employment
15. Ministry of Defence
16. Ministry of Education
17. Ministry of Foreign Affairs and Trade
18. Ministry of Health
19. Ministry of Justice
20. Ministry of Māori Development, Te Puni Kōkiri
21. Ministry of Pacific Island Affairs
22. Ministry of Social Development
23. Ministry of Transport
24. Ministry of Women's Affairs
25. New Zealand Customs Service
26. Serious Fraud Office
27. State Services Commission
28. Statistics New Zealand
29. Treasury

Key to figure:

'Sector'[1] refers to the appropriation estimates for New Zealand 1 July 2014 to 30 June 2015.

'D' is an abbreviation for department. Each department is given a number (see list).

'GDS' is an abbreviation for government department strategy. The name of each strategy can be found in *Working Paper 2014/01*.

[x] is the number of GDSs in operation as at 30 June 2014 by sector.

---

1   Within each sector are a number of 'votes' described by the Treasury in *Primary Sector – The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015* as 'A grouping of one or more appropriations that are the responsibility of one or more Ministers of the Crown and are administered by the one department or Office of Parliament' (2014:xvi).

Figure 28: Sector appropriations divided by number of GDSs in operation as at 30 June 2014

Source: *Summary Tables for the Estimates of Appropriations 2014–2015* (Treasury, 2014)
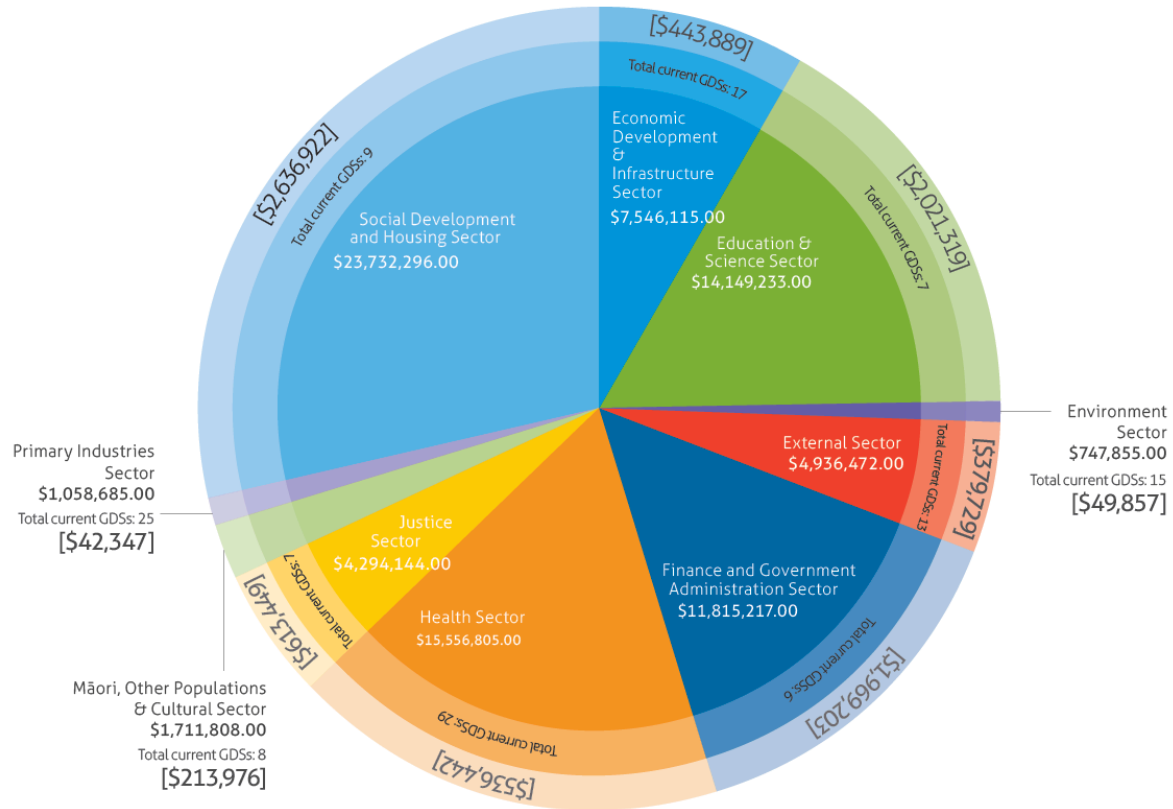
Average appropriation per GDS:

| Sector	Average
Economic Development and Infrastructure Sector	$443,889
Education & Science Sector	$2,021,319
Environment Sector	$49,857
External Sector	$379,729
Finance and Govt. Admin Sector	$1,969,203
Health Sector	$536,442
Justice Sector	$613,449
Māori, Other Populations & Cultural Sector	$213,976
Primary Industries Sector	$42,347
Social Development and Housing Sector	$2,636,922

Department name:

1. Canterbury Earthquake Recovery Authority
2. Crown Law Office
3. Department of Conservation
4. Department of Corrections
5. Department of Internal Affairs
6. Department of the Prime Minister and Cabinet
7. Education Review Office
8. Government Communications Security Bureau
9. Inland Revenue Department
10. Land Information New Zealand
11. Ministry for Culture and Heritage
12. Ministry for Primary Industries
13. Ministry for the Environment
14. Ministry of Business, Innovation and Employment
15. Ministry of Defence
16. Ministry of Education
17. Ministry of Foreign Affairs and Trade
18. Ministry of Health
19. Ministry of Justice
20. Ministry of Māori Development, Te Puni Kōkiri
21. Ministry of Pacific Island Affairs
22. Ministry of Social Development
23. Ministry of Transport
24. Ministry of Women's Affairs
25. New Zealand Customs Service
26. Serious Fraud Office
27. State Services Commission
28. Statistics New Zealand
29. Treasury

Key to figure:

[x] is the average appropriation per GDS by sector.

See Figure 27 for a breakdown of which departments make up each sector.

Figure 29: GDSs in operation (136) by explicit mention in
the department's June 2014 Annual Report
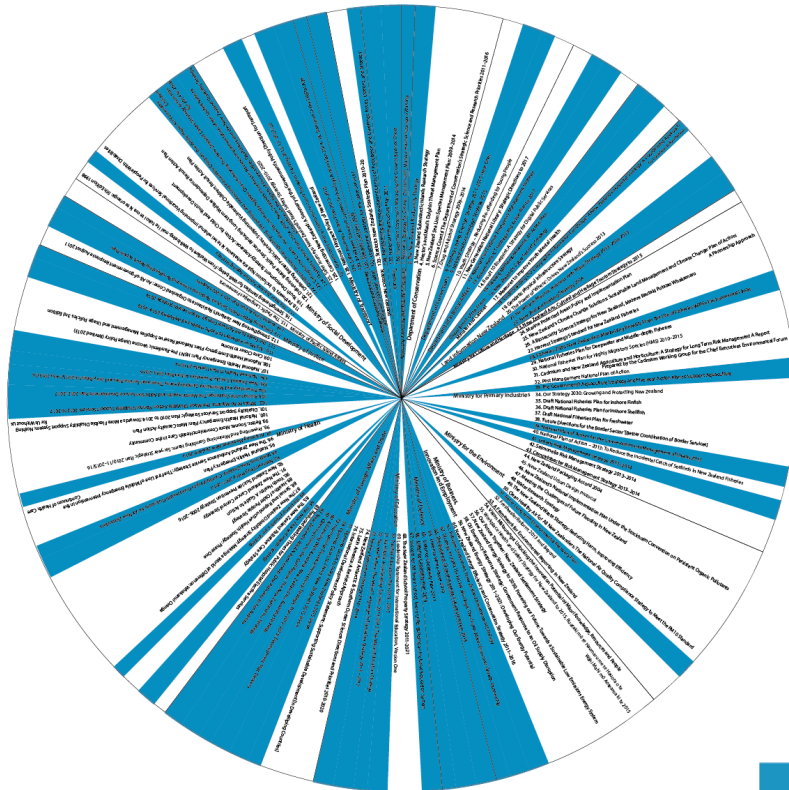
Figure 30: GDSs in operation (136) by explicit or implicit
mention in the department's June 2014 Annual Report

Departments with no GDS in operation
- Crown Law Office
- Education Review Office
- Inland Revenue Department
- Ministry of Māori Development, Te Puni Kōkiri
- Serious Fraud Office
- Government Communications Security Bureau

Explicit – mentioned by title [59/136 = 43%]

Not mentioned by title [77/136 = 57%]
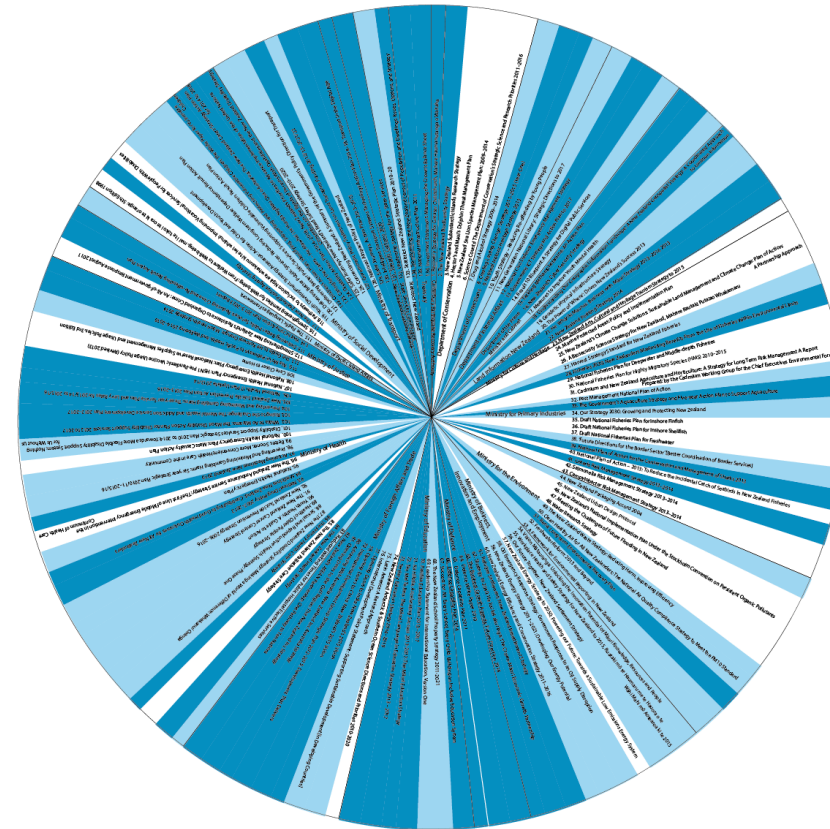
Explicit – mentioned by title [59/136 = 43%]

Implicit – not mentioned by title but implied in text [46/136 = 34%]

Not discussed at all [31/136 = 23%]

Potential Radar Diagram for *Working Paper 2015/01: Analysis of 136 GDSs in Operation – An in-depth review*

Radar diagram legend: Actual Strategy, Average Strategy. Axes: Purpose [what]: The strategy explains what/who will benefit from the strategy being implemented, what choices/priorities are being made and outlines; Resources [how/when/where]: The strategy sets out how it will be implemented, over what duration/timeframes, using what financial resources,; Alignment [quality of fit]: The strategy aligns both with internal goals (within the department) and external goals (within the overall strategy framework within the. Scale: 0, 5, 10, 15, 20, 25, 30.

PART FIVE
What this research already tells us?

- Central government has invested a great deal of time, resources and energy in preparing GDSs over time (290 published over 20 years, 136 of which are currently in operation [see Figure 5]). However GDSs are not easy to find, particularly if you do not know the full name of the document and the publishing institution (see *Working Paper 2014/01).*

- The number of GDSs being published per calendar year has generally increased over time (see Figure 9).

- Departments that have produced the greatest number of GDSs over time are the Ministry of Health, the Ministry for Primary Industries and the Ministry of Foreign Affairs and Trade (see Figure 6).

- The primary industries sector and the environment sector have produced the most GDSs per appropriations, whereas the social development and housing sector, the education and science sector and the finance and government administration sector have prepared the least (see Figure 28).

- GDSs are instruments that aim to influence New Zealand's future over long time frames and changes in government. For example, 25% of GDSs currently in operation were generated under a Labour-led government, despite the government being National-led since 2008 (see Figures 10, 11 and 19).

- Many GDSs are not signed-off by an individual. Of the 290 GDSs published over the last 20 years, 50% were not signed-off by a minister (see Figure 12), and 31% were not signed-off by anyone (see Figure 13). Furthermore, an increasing number of GDSs are being published unsigned. Of the 136 GDSs in operation as at 30 June 2014, 38% were not signed-off by anyone (see Figure 15).

- The planned duration of a GDS is generally short (3±5 years) with only a portion of GDSs looking beyond ten or more years (see Figure 16). This is surprising considering central government is a key investor in long-term infrastructure.

- GDSs tend to be brief (10±30 pages), but a small group of GDSs are over 100 pages (see Figure 17).

- The extent of linkages between GDSs in operation and government priorities was expected (76%) considering these government priorities are general in nature (see Figure 21).

- The extent of linkages between GDSs in operation and the BPS results was slightly higher than expected (34%) considering these results are meant to not only be specific to the government economy but specific to certain public services within that economy (see Figure 22). For example, one would have expected priorities and results to be at different ends of the same continuum; that the results would be targeted and link to say 20% of GDSs in operation while the government priorities would be broad in nature and link to 80% of GDSs in operation (see observation above).

- The extent of linkages between GDSs in operation and each department's statement of intent was much lower than expected considering these statements are meant to state the department's strategic intentions (only 38% of GDSs were explicitly mentioned, or 61% explicitly and implicitly mentioned, see Figures 23 and 24).

- The extent of linkages between GDSs in operation and each department's annual report was much lower than expected considering these reports are meant to state the department's performance for the year (only 43% of GDSs were explicitly mentioned, see Figure 29).

TIMELY AND COST-EFFECTIVE SOLUTIONS

- Ensure all departments explicitly reference GDSs in their publications by full title and publication date.

- Ensure a minister or CEO signs-off each GDS.

- Ensure a department's annual report lists all GDSs in operation.

- Ensure GDSs outline their lineage, their expected duration and when the GDS is likely to be reviewed, or replaced.

- Ensure a public register of GDSs within central government is maintained.

- Improve accessibility of GDSs on department websites.

- Publish a guide for departments on what makes a good GDS and how to improve engagement and accessibility for the public.

BOLD SOLUTIONS

- Departments and/or sectors should be required to prepare an overarching long-term strategy every four years.

- Refocus the public service on serving the public first.

- Simplify the current reporting framework.

- Require every department to produce an integrated annual report.

WHAT IS THE INTEGRATED REPORTING FRAMEWORK?

'In my view, our public sector leaders should carefully consider the IIRC integrated reporting initiative. The initiative supports reporting that provides concise communication about value, focuses on strategy, is future orientated, and promotes the connectivity of information.'

Lyn Provost, Controller and Auditor General, May 2014

GUIDING PRINCIPLES
A Strategic focus and future orientation
B Connectivity of information
C Stakeholder relationships
D Materiality
E Conciseness
F Reliability and completeness
G Consistency and comparability

An integrated report should provide insight into the organisation's strategy, how it relates to the organisation's ability to create value in the short, medium and long term and its use of and effects on the capitals.

In the International Integrated Reporting Framework, the capitals comprise financial, manufactured, intellectual, human, social and relationship, and natural capital.

EXAMPLE 1: THE DRAFT NATIONAL STATEMENT OF SCIENCE INVESTMENT (NSSI) STATES:

'These objectives signal a **new direction** for government's science investment:

1. Producing excellent science of the highest quality

2. Ensuring value by focusing on relevant science with highest potential for impact for the benefit of New Zealand

3. Committing to continue increasing investment over time

4. Increasing focus on sectors of future need or growth

5. Increasing the scale of industry-led research

6. Continuing to implement Vision Mātauranga

7. Strengthening and building international relationships to strengthen the capacity of our science system to benefit New Zealand.'

… BUT DOES THIS REALLY SIGNAL A NEW DIRECTION?

EXAMPLE 2: THE BUSINESS GROWTH AGENDA STATES:

The *Business Growth Agenda* is a GDS. It states it 'is an ambitious programme of work that will support New Zealand businesses to grow, in order to create jobs and improve New Zealanders' standard of living.'

… BUT IS THIS STRATEGY MISSING SOMETHING? IS NZ THINKING SMART?

The current strategy is made up of six key areas but it misses the most critical component – talent. Hence we recommend adding a seventh area to make the strategy more integrated.

Export Markets

Infrastructure

Capital Markets

Talent

Natural Resources

Innovation

Skilled & Safe Workplaces

SIR PAUL CALLAGHAN'S ADDRESS AT STRATEGYNZ 2011

100 companies, 100 inspired entrepreneurs
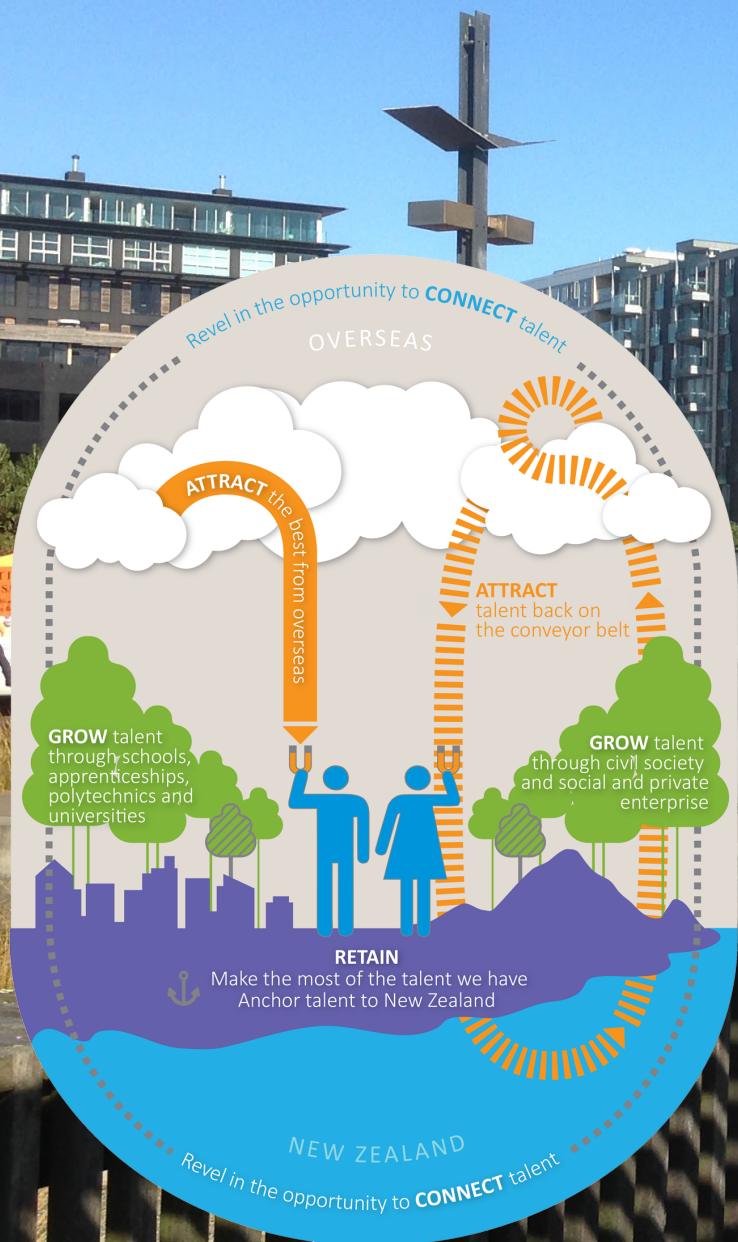An additional $45 bn per annum in exports (double our present exports)

Ask the question: why would such a business want to stay in New Zealand?

"A place where talent wants to live"

LIVEABLE CITIES

Revel in the opportunity to **CONNECT** talent

OVERSEAS

ATTRACT the best from overseas

ATTRACT talent back on the conveyor belt

GROW talent through schools, apprenticeships, polytechnics and universities

GROW talent through civil society and social and private enterprise

RETAIN
Make the most of the talent we have
Anchor talent to New Zealand

NEW ZEALAND

Revel in the opportunity to **CONNECT** talent

Final thoughts:
- Countries that make cities liveable will retain talent and attract talent. Those countries that can also grow and connect talent will build a dynamic and self-supporting ecosystem.
- If New Zealand wants to create a talent-based economy, we need central and local government to work together.
- Crafting, integrating and executing good government department strategies (GDSs) is one way we can bring about durable change.

'Never worry about the things you are not good at. Discover what you are good at and do that, and do it with commitment. But always respect those whose talents are different from your own.'

'See the opportunities in new directions. If you do not change direction, you may end up where you are heading.'

'Never underestimate the capacity of those younger than you to surprise you with their talent. Learn from them, and always revel in the opportunity to combine talents to build a team.'

'The paradox is to live each day as though it were our last and, at the same time, to live as though we will live forever.'

– Paul Callaghan

Luminous Moments (2013)

THANK YOU

IF WE CAN BE OF ANY ASSISTANCE PLEASE DO NOT HESITATE TO CONTACT US.

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