

28 June 2022

Peter Hughes
Public Service Commissioner and Head of Service
Public Service Commission
PO Box 329
Wellington, 6140

Dear Peter,

Government Department Strategies Index Handbook (GDS Index)

Please find attached your personal copy of the 2021 *Government Department Strategies Index Handbook*. The Institute regularly prepares the *Index* to help MPs, officials and members of the public understand the strategies currently in operation. The previous *GDS Index* was prepared in 2019 and represented strategies in operation as at 31 December 2018.

In the latest *Index*, 221 government department strategies (GDSs) were found to be in operation as at 31 December 2021. Since 1994, government departments have researched, consulted, reflected, written and implemented over 548 GDSs. This illustrates a significant public investment, not only in terms of the time and effort required to prepare each strategy, but also in terms of the potential lost opportunity if the strategy is unsuccessful.

The *GDS Index* aims to help bring these documents to life, providing an opportunity for Parliament, officials and members of the public to see them as a coherent collection of strategies working towards a stronger and more antifragile New Zealand.

It is unclear who decides if a GDS is to be established, who is responsible for monitoring progress and who decides when it should be replaced or archived. Some GDSs are required to be established in law while others have very specific plans that may never be seen by a Minister. Our view is that chief executives (not Ministers) should sign all GDSs; Ministers should instead focus on developing government priorities and holding chief executives to account for delivering on those priorities (which may include the creation and implementation of a GDS). Chief executives should focus on managing GDSs: design, implementation and monitoring/reporting progress.

While preparing the *Handbook*, four major recommendations became apparent. All four affect strategy development; recommendations 3 and 4 require specific leadership by chief executives of government departments. The four recommendations are:

1. The House of Representatives should consider how to better identify and communicate government priorities to both the public service and the wider public.
2. The Minister of Climate Change should require all 221 GDSs to be reassessed to take into account the impacts of climate change before 1 July 2023.
3. Te Kawa Mataaho Public Service Commission (PSC) should maintain a central register of GDSs, along with a consultation timeline for members of the public and guidance on ways government departments can improve the content of GDSs.

4. Government departments should align GDSs with government priorities and ensure the content is of a high standard; they should identify GDSs in operation in their statement of intent and annual report.

Our proposed recommendations align with the conventions mentioned in the *Cabinet Manual*. For example, para 3.7 states that ‘Ministers decide both the direction of and the priorities for their departments’; para 3.9(b) states that officials must serve ‘the aims and objectives of Ministers by developing and implementing policy and strategy’, and para 3.22(d) that ‘Chief executives must provide their Ministers with all the relevant information and advice to enable the Ministers to set these priorities and objectives’. The *Cabinet Manual* sets out expectations that Ministers are responsible for publishing the government’s priorities and that officials are responsible for developing and implementing aligned strategy, as well as providing quality information to Ministers to help them set government priorities. However, our research indicates that these conventions require revisiting and strengthening.

Recommendation 1

Recommendation 1 is discussed in more detail in our letter to Members of Parliament, dated 28 June 2022 (a copy is available in the Publications section of our website). We suggest that one way of improving the quality of GDSs is for government priorities to be clarified and made more easily accessible to officials and the general public. This will enable GDSs to be more clearly aligned with the current government priorities.

Currently, a discussion on government priorities can often be found in one of three places: the Speech from the Throne (every three years), the *Budget Policy Statement* (usually published in November or December) and the Budget Speech (usually in May or June). However, no complete or up-to-date list of government priorities can be found in a consistent location. In particular, the Speech from the Throne provides a general explanation of the main issues of the day and where the government might focus, but rarely uses the term ‘priorities’ (the 2020 speech only mentioned priorities once and this was not in reference to government priorities). Furthermore, neither the *Budget Policy Statement* nor the Budget Speech can be relied upon to include all government priorities (as not all priorities require significant funding). Importantly, there is also no system to deal with urgent changes in priorities (e.g. in response to major events such as the Christchurch earthquakes or the pandemic).

We propose that a list of government priorities should be tabled in the House by the Prime Minister. This way, when priorities change, the Prime Minister could simply table a new list of priorities in the House. It would be a simple action, but it would help align public policy with the priorities, build trust, and improve the quality of government department strategies. We also suggest that Parliament create a web page that lists current and previous government priorities over time.

Recommendation 2

This recommendation is self-explanatory; our research found that 15 government departments (out of the 26 that publish GDSs) do not mention climate change in any of their GDSs, and of those GDSs in operation, 67% (148 out of 221) do not mention climate change at all. This illustrates that although the Government has acknowledged that a climate emergency exists, many government departments have failed to consider the implications – they are not prepared.

Recommendation 3

Recommendation 3 is aimed at the PSC, and more broadly all chief executives of government departments, to work together to create a central register of GDSs.

Taken together, rather than individually, the GDSs provide an insight into the system of government, showing how government departments, often through designing and implementing layers of strategy, deliver on the Crown's intentions. Without the ability to identify, compare or assess strategies, the opportunity to learn lessons from previous strategies and similar strategies is lost. Our hope is that the GDSs can then be further analysed and reported upon (along the lines of our Working Paper 2022/04).

Recommendation 4

In addition to a central register of GDSs, we also suggest government departments could significantly improve the content of GDSs. This recommendation is about transparency and accountability. We are asking each chief executive to strengthen the existing strategy machinery by identifying GDSs in operation in their statement of intent and annual report; to align their strategies more directly with government priorities; and, lastly, to ensure the content of GDSs is of a high standard.

To assist officials in the preparation of their GDSs, we have provided a checklist in the *Handbook* (p. 20), and published a working paper containing best practice examples from the 221 GDSs in operation (see Working Paper 2022/05). Further, GDSs could better communicate their approach by using a strategy map. Our research found 77 strategy maps in GDSs in operation (out of 221). A strategy map is an illustration of what the strategy aims to achieve (as a future end state or a set of strategic goals or objectives) and how those purposes should be achieved (the strategy). Particularly during times of uncertainty and stress, it is critically important for the public service to communicate how challenges and opportunities will be managed.

You may also like to consider making it clear whether a strategy is internally focused (e.g. designed to improve the inner workings of the department, such as improving staff diversity), or externally focused (e.g. designed to bring about change in the wider environment, such as improving food safety). This distinction was not always clear. We also suggest that titles require care; we found too many cases where different titles were used for the same strategy, or titles provided little indication of the strategy's purpose.

Lastly, viewed from the outside, the strategy ecosystem appears to lack stewardship. This is evidenced by the difficulty of department staff in responding to our OIA requests on GDSs in operation (for example, see our schedule of correspondence by department on our website). The Institute supplied them with its own definition of GDS documents, but even so, departments often struggled to find a comprehensive list of strategy documents that chief executives were responsible for.

To summarise

It is imperative that the public service obtain sufficient direction from Ministers, including a clear set of government priorities, to enable you to guide and target public policy that delivers on those priorities. Equally, Ministers require chief executives to be good stewards and deliver clarity over your work programme (including GDSs).

This letter proposes putting in place a more agile, accountable and transparent system to chronicle and amplify the priorities of the government of the day and departments' responses to those priorities. The more aligned and coherent the strategy ecosystem, the more likely that public policy will be durable and public funds used effectively. We ask you, individually and together, to strengthen the GDS system by supporting the creation of a register and a consultation website to help officials in other departments and the general public contribute to the design of GDSs.

This provides a significant opportunity to improve the machinery of government. Without the necessary stewardship of government department strategies, the public service is unlikely to deliver durable and effective public policy outcomes. Given the high level of uncertainty the country (and the world) is currently experiencing, we need to ensure the machinery of government is working effectively. Thank you for working hard to make the machinery agile, responsive and transparent.

Please do not hesitate to contact the Institute if you have any questions.

Thank you for your interest.

Yours sincerely,



Wendy McGuinness

PS: This letter has been sent to all chief executives of government departments. Supporting research includes:

- 2021 *GDS Index Handbook*. Figure 4 (p. 16) illustrates how the Ministry of Health has relied upon government priorities to shape its government department strategies; Figure 5 (p. 17) illustrates the 15 departments that have not included explicit or implicit mentions of climate change in their GDSs.
- 2021 *GDS Index* working papers. A list is provided on page 18 of the *Handbook*.
- Other supporting research:
 - Working Paper 2021/13 – *Analysis of Priorities mentioned in Minister of Finance Budget speeches since 2006*
 - Working Paper 2020/11 – *A List of Coalition Agreements and Support Agreements since 1996*
 - Working Paper 2020/10 – *A List of Royal Commissions since 1868*
 - Working Paper 2020/08 – *Analysis of the 2017 Labour–Green Party Confidence and Supply Agreement, three years on*
 - Working Paper 2020/07 – *Analysis of the 2017 Labour–New Zealand First Coalition Agreement, three years on*