

28 June 2022

Rt Hon Jacinda Ardern
Prime Minister
Private Bag 18888
Parliament Buildings
Wellington, 6160

Dear Prime Minister,

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. For GDSs to be successful, they require not only the initial support of government, but ongoing active and regular interest in their progress, until they are achieved, replaced or archived.

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 collection of strategies working towards a stronger and more antifragile New Zealand.

FOUR RECOMMENDATIONS

While preparing the *Handbook*, four major recommendations became apparent:

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.

Recommendation 1 is discussed in more detail below.

Recommendation 2 is self-explanatory; our research found that of those GDSs in operation, 148 (out of 221; 67%) did not mention climate change at all. It was found that 10 government departments (out of the 26 who published GDSs; 39%) did not mention climate change in any of their GDSs (see Figure 5 in the *Handbook*). In addition, while a few departments (e.g. Treasury) undertook a detailed discussion of possible impacts (what we refer to as ‘explicitly mentioned’) in all their GDSs, many of the social sector departments did not (e.g. the Ministry of Health and the Ministry of Social Development did not explicitly mention climate change in any of their GDSs). Given the extent to which second- and third-level impacts are likely to fall on those who are already challenged, this finding is both surprising and a key concern. The very departments that should be looking figuratively ‘under the hood’ are not doing so. This illustrates that although Government has acknowledged that a climate emergency exists, many government departments have failed to consider the implications – they are not prepared.

Recommendations 3 and 4 are aimed at the PSC, and more broadly at the chief executive of each government department. We have written to each chief executive on 28 June asking them to strengthen their existing strategy machinery by lodging strategies in a central register, aligning their strategies more directly with government priorities and improving the content of each GDS.

RECOMMENDATION 1

One way of improving the quality of government department strategies would be for government priorities to be clarified and made more easily accessible to officials and the general public. 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 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).

Our recommendation is that a list of government priorities should be tabled in the House by the Prime Minister. This way, when priorities change, the Prime Minister would 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.

There are five reasons why this recommendation should be treated with some urgency.

1. **The upcoming election and MMP; the negotiation that may occur before the formation of government may result in a change in government priorities.** A political party's policy priorities can change quite significantly as a result of the negotiation process that occurs between the election and the formation of government (i.e. resulting from the coalition and confidence and supply agreements). This means the final set of priorities set out in the Speech from the Throne may be quite different from what parties canvassed when electioneering. Hence it is imperative that the Speech from the Throne includes a clear list of government priorities.
2. **Government priorities should not be confused with a political party's priorities.** A political party's priorities (see, for example, the Labour Party's six 'priorities' on its website) are different from the government's priorities (the goals set out at the beginning of the Parliamentary term in the Speech from the Throne). This creates unnecessary confusion. Those working in Wellington might understand the distinction, but for many people not involved in public policy, the distinction is less clear.
3. **Terminology should be standardised; the distinction between goals, objectives and priorities is becoming very muddled.** For example, the 2020 Speech from the Throne does not refer to three 'government priorities' but 'three overarching objectives', and the *Budget 2022 Budget Policy Statement* (December 2021) refers to the three 'goals the Government set at the start of the current Parliamentary term'. Our understanding is that in all three cases they are talking about the same thing.
4. **Timing of announcements on government priorities, and location of these priorities; decisions should be shared with all MPs in the House, department chief executives and the public shortly after they are agreed in Cabinet, and priorities should be made publicly available in an agreed place.** Although there exists a Cabinet Priorities Committee (CPC) responsible for the overall co-ordination and delivery of the government's priorities, there continues to be confusion over who is responsible for publishing government priorities and where the public can find this critical information on what the government aims to achieve. Two examples illustrate the need for better governance and stewardship:
 - On 26 March 2018, Cabinet agreed to establish 12 priority outcomes under three key themes to help coordinate a cohesive government work programme, and to undertake reviews twice a year (see CAB-18-MIN-0111). However, these priorities were not made public until a speech in Auckland on 16 September 2018 (almost six months later) and were not called 'government priorities' (creating unnecessary ambiguity). To our knowledge the twice-yearly reviews have not been made public.
 - On 14 December 2020, Cabinet agreed three key objectives under the title 'government priorities' (see CAB-20-SUB-0525 and CAB-20-MIN-0525). On 26 May 2022 (almost 18 months later) the relevant Cabinet paper and Cabinet minute were proactively released on the website of the Department of the Prime Minister and Cabinet (DPMC). The Cabinet minute (para 5) 'invited the Minister for the Public Service to ensure that all Public Service chief executives are aware of the contents of the paper under CAB-20-SUB-0525 and of Cabinet's decisions, through a process of the Minister's choosing'. To our knowledge, the 'process of the Minister's choosing' was never made public, and nor, more importantly, was the

House or the public formally informed of the government's agreed priorities.

- 5. Climate change is likely to deliver more frequent disasters; Cabinet may need to change government priorities quickly and more frequently.** Climate change is likely to deliver specific types of harm to citizens that will require reprioritisation from the top. We therefore need to create a system that can respond quickly to changes in circumstances, one that brings the public service together to focus on the key issues of the day.

Solution: Tabling a list of government priorities in the House

Our proposed solution is that the Prime Minister be required to table the list of government priorities in the House. This would not require funding and would not need to be legislated, although this obligation could be written into the *Cabinet Manual* at a later date, building on the conventions that already exist between Ministers and the public service. 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 strategy accordingly. However, our research indicates that this convention requires revisiting and strengthening.

Furthermore, creating a mechanism that allows a Prime Minister to table a list of government priorities provides an opportunity to expand and build on these priorities. We found little difference in the government priorities of different political parties in power over the last 20 years – suggesting that changes in government may be less about changes in priorities, but more about how those priorities might be achieved. For example, if the priority is to increase wellbeing for all, one political party might focus on increasing the size of the economic pie while another might focus on sharing the existing pie among more people. The Government in power could use the mechanism of tabling a list of government priorities to signal how those priorities might be delivered, measured and reviewed.

TO CONCLUDE

It is imperative that the public service has a clear set of government priorities to guide and target policy, steering its work programme toward a preferred future. Ministers should work hard to ensure the government's priorities are embedded in the thinking and strategies of departments. One way they can do this is to require a strategy in law. The Institute found 16 pieces of legislation where it was mandatory in law for a department to prepare a strategy. This suggests MPs may like to consider requiring a strategy to be written into legislation (see for example the *Child and Youth Wellbeing Strategy 2019* in s 4 and s 6 of the Children's Act 2014).

This letter proposes that the House of Representatives consider putting in place a more agile, accountable and transparent system to chronicle and amplify the priorities of the government of the day. The more aligned and coherent the strategy ecosystem, the more likely that public policy will be durable and taxpayer funds will be used more effectively. We ask you to, individually and together, design a system that fills this important structural gap in the existing framework.

This research suggests a significant opportunity exists for MPs to improve the machinery of government. Without such a clear statement from the top, the public service may fail to deliver effective public policy. Given the high level of uncertainty the country (and the world) is currently experiencing, we need to ensure the machinery of government is able to adapt and respond in a timely manner.

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.

Yours sincerely,



Wendy McGuinness

PS: This letter has been sent to all Members of Parliament. 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*