



New Zealand Treasury

Strategic Direction Summary

2004



THE TREASURY
Kaitohutohu Kaupapa Rawa



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1 Introduction

This document provides a high level summary of the Treasury's Strategic Direction. It outlines the Treasury's purpose, role and vision; and our outcome priorities and management objectives for the next three to five years.

The strategic direction work can be found in its entirety on the strategic direction intranet site at <http://intranet/smg/strategicdirection>. Annual updates are incorporated into our Statement of Intent.

2 Chief Executive's Foreword



When I took up the role of Secretary to the Treasury last year, I talked to staff about how I saw our willingness to respond to new circumstances and challenges as one of our great strengths.

In the late 1990s, we started doing a lot of work to make the Treasury a better place to work, culminating in the Treasury Strategic Plan 1999-2004. The Strategic Plan focused on making Treasury a learning organisation, increasing our intellectual leadership, getting better at prioritising, and building stronger stakeholder relationships.

That work has paid dividends. The result is a Treasury that is more flexible, more intellectually capable and a better place to work. We have become more open and responsive to a wider range of stakeholders, and we are highly-valued advisors to the Government.

But we need to keep making progress - to interpret intelligently the world we are in, and adjust to meet changing circumstances. We need to keep thinking about the key issues facing New Zealand and the Government, what these issues might mean for our business, and how we make sure we're in the best possible position to assist.

This balance between continuity and change is reflected in this strategic direction summary which, together with the detail and actions outlined on the strategic direction intranet site, provides us with a high-level focus for the next three to five years.

We start with our key Treasury outcomes agreed with the Minister - and identify what our work priorities, or our goals, as an organisation are in each outcome area. We then look at how we will achieve these priorities over time, including examining how all our work contributes to the priorities. As part of this, we have identified four themes we believe will give us the best chance of getting to where we want to be: taking the lead; investing in our organisation; managing for outcomes and engaging effectively - or T-I-M-E.

Our strategic direction urges us to lift our gaze. It challenges us to look at how our day-to-day work contributes to Treasury's outcomes and how our outcome priorities can be put into action.

Our vision is to be a world class Treasury working for higher living standards for New Zealanders. I believe that with our strategic direction guiding our efforts over the next three to five years we will go some way towards being that organisation.

A handwritten signature in black ink that reads "John Whitehead". The signature is written in a cursive, flowing style.

John Whitehead

Secretary to the Treasury

3 Our purpose, role and vision

Why we are here - OUR PURPOSE

The Treasury helps the Government to improve economic performance and manage scarce resources.

How we do it - OUR ROLE

- We provide advice to improve the economic and fiscal conditions for high levels of economic growth and improved living standards.
- We monitor and manage the financial affairs of the Crown.
- We assess and test other agencies' advice and proposals which have economic and financial implications.
- We provide leadership, with other central agencies, to develop an effective, efficient and innovative State sector.

Where we want to be - OUR VISION

A world class Treasury working for higher living standards for New Zealanders.

4 What we are aiming for - our outcome priorities

The Treasury has five outcomes which are critical to achieving higher living standards for New Zealanders. These are all areas where we are well-placed to contribute and make a difference.

This section identifies our work priorities for the future in each outcome area, with particular emphasis on our key outcomes of improving economic growth and public sector effectiveness.

These work priorities highlight where we plan to focus our efforts under each outcome - bearing in mind that there is a great deal of “business as usual” work continuing that also contributes to each of these outcomes.

Over time, we expect to build on early progress and deliver concrete gains for the Government. But we also expect that the priorities under each outcome will develop and change with time. Each year, we will review and update these priorities, noting any changes in our Statement of Intent.

Full and up-to-date details on each of these outcome priorities can be found at <http://intranet/smg/strategicdirection>.

Improved overall economic performance

The aim is to improve prospects for New Zealand’s economic growth by applying a growth ‘focus’ to all Treasury work, whether it is specifically growth-related or business as usual. Achieving this will be a key priority across Treasury in the short to medium term.

More specifically, over the next three to five years, particular attention will be given to:

- understanding the factors that influence physical capital investment and firm entry and exit
- providing advice on increasing labour utilisation, raising participation rates and improving education attainment

- advising on lifting multifactor productivity, focusing on firm productivity, skills, R&D and innovation, Government expenditure and revenue
- improving regulations and institutions, especially those to do with property rights and resource management, infrastructure and global linkages
- reporting to Government on progress and critical issues for growth on an annual basis to provide input into strategic priority setting.

A stable and sustainable macroeconomic environment

We will give integrated advice across macroeconomic policy, fiscal policy and Crown balance sheet work to provide the right conditions for growth. In particular, over the next three to five years, we will focus on:

- prudent fiscal management
- controlling inflation, through our advice on the monetary and fiscal interface
- increasing our ability to anticipate and respond to unexpected events affecting New Zealand's economy.

More efficient and effective use of State resources and regulatory powers

AND

Improved decision-making and performance management systems

The priorities in this 'dual' outcome area are to improve public sector systems and processes and see these systems are used to lift overall efficiency and effectiveness. In particular, over the next three to five years, we will focus on:

- better developing and assessing strategic priorities at both a whole of government and agency level
- improving Budget processes and resource allocation to better achieve Government outcomes
- enhancing performance and capability monitoring in the State sector.

Efficient management of Crown assets and liabilities

This remains a core area of Treasury business where our priorities over the next three to five years will be:

- improving governance and management of the sub-portfolios (Crown debt, SOEs, Crown Financial Institutions and other Crown entities)
- improving entity measurement and reporting
- integrating asset and liability management at an operational level.

5 How we will get there - our management objectives

Achieving these strategic priorities requires adjusting our sights and re-focusing on the way we operate. So we have developed four themes which summarise where our organisational focus will be. It's T-I-M-E for the Treasury to:

T Take the lead

- Shape the economic agenda and proactively identify new areas of opportunity.
- Anticipate Ministerial needs and issues for the future and position ourselves to improve advice on key Government priorities.
- Respond quickly and innovatively to changing demands and circumstances.

I Invest in our organisation and its people

- Encourage and develop effective leadership.
- Enhance the capability of our people, addressing any talent gaps to support our outcome priorities.
- Develop the systems, structures and processes required to become a more flexible and capable organisation.

M Manage for outcomes

- Achieve results in the outcome areas where we know we can make a difference, through harnessing our collective capability.
- Achieve effective use of resources, by ensuring maximum focus in the areas of highest priority.
- Achieve continuous improvement in our core areas of business, through stretching and working smarter.

E Engage effectively

- Consistently communicate a clear Treasury vision across the organisation.
- Work together as "one Treasury" in order to provide integrated policy advice to the Minister and Government.
- Develop strong external relationships that enable us to provide high quality advice and deliver on our responsibilities in the most effective way.

6 Making it happen - areas for action and assessing our achievement

Our strategic direction offers a long term and shared view of our development priorities for the medium term. However, it has also been designed to be flexible as changes in demand and new issues arise.

Progress on the outcome priorities outlined in this strategic direction summary will be regularly assessed and monitored over time, so that we can shape and change our approach if needed.

We have also identified - and started work on - a number of areas for action to support our four management objectives (T-I-M-E). These areas are designed to be practical 'stepping stones' with achievable and realistic goals, and they will similarly develop as we make progress.

Treasury staff will be informed as milestones and achievements in our strategic direction priorities occur. More information is also always available at <http://intranet/smg/strategicdirection>.