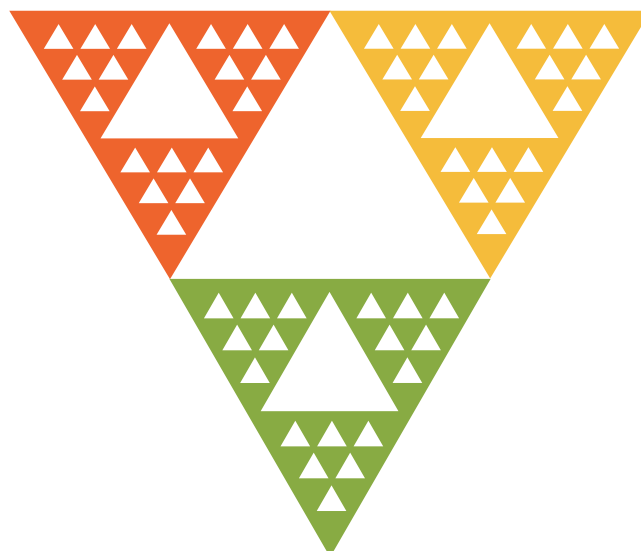


THE TREASURY

Strategic Intentions

JULY 2021 – JUNE 2025



The cover of this report features niho taniwha, a symbol taken from the woven tukutuku panels in our wharehau and used in glazing throughout our work environment to represent who we are and the attributes we need to realise our strategic intentions.

Literally meaning niho = tooth, and taniwha = shark or whale, niho taniwha is a traditional Māori design that holds great mana. These teeth are highly prized, sought after, resourceful and beautiful. To gain one takes hard work and seizing the opportunity. Ultimately the design represents strength, leadership, knowledge and resilience.

The four colours used to indicate the four points of the compass are also used throughout our workplace, reflecting Tāne's reach through the levels of the natural world and his support for our enterprise.



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Minister's Foreword

This Government's economic strategy has at its core our goal to improve the living standards and wellbeing of all New Zealanders. We have made a clear choice to put the wellbeing of all New Zealanders at the heart of everything we do, as demonstrated by our response to the COVID-19 pandemic. The best economic response to COVID-19 was a strong health response, and the results speak for themselves.

As we roll out our plan to keep New Zealanders safe and keep the recovery moving, we know New Zealand is still facing many uncertainties. While we are now in a stronger position than many other countries, the global situation will continue to be very challenging, especially for an export nation like ours. This is why we're continuing to support people to stay in jobs, help businesses to stay afloat, and invest in infrastructure so New Zealand can rebuild better.

We're putting people at the heart of our plan: our recovery and rebuild are focused on getting Kiwis back to work and training those who are out of work. This is our chance to build back better and take on the challenges that lie ahead by investing in clean energy, housing and our environment. We will continue to back small and medium enterprises that are at the heart of our economy, and to help exporters connect with overseas markets to position us globally.

Our vision is to build an economy that gives all New Zealanders a share in prosperity and the opportunity to live our lives with dignity, security and hope. The Treasury's Half Year Economic and Fiscal Update in December 2020 showed our decision to act quickly in response to the global COVID-19 pandemic has contributed to a better than expected economic recovery to date.

This Government will continue to put wellbeing at the centre of our economic plan, making sure our next three Budgets continue on the path we established with New Zealand's first Wellbeing Budget in 2019.

Our wellbeing focus means we will continue to measure our progress differently. Our first Wellbeing Budget was built around the Treasury's Living Standards Framework (LSF). We used evidence from the LSF and other expert advice to decide our Budget priorities, and we are using the framework to measure our success against a range of wellbeing indicators. We continue to use the LSF as the basis for better understanding the evidence of what our priorities should be.

The economy exists to serve our people, and we'll make sure it does. The recently-enacted Public Finance (Wellbeing) Amendment Act 2020 requires us to set out how our wellbeing and fiscal objectives will guide our Budget. It also obliges the Treasury to report on the state of current and future wellbeing in New Zealand, at least every four years.

As the Government's lead advisor on economic and financial policy, and as a central agency providing leadership across the public service, the Treasury has a vital role in the successful implementation of the Government's policy programme. This Strategic Intentions document shows how the Treasury will support the Government's priorities.

I am satisfied that the information on strategic intentions prepared by the Treasury is consistent with the policies and performance expectations of the Government.

Hon Grant Robertson
Minister of Finance



Chief Executive's Statement

This document sets out the Treasury's strategic intentions: how we will pursue our vision to lift living standards for all New Zealanders.

The Treasury is the Government's lead economic and financial advisor. We are entrusted with many important functions and responsibilities – from advising Government on economic strategy to supporting value for money in public spending; from ensuring effective management of the Crown's balance sheet to delivering the Financial Statements of the Government and publishing economic and fiscal forecasts and scenarios. We support Government in delivering its priorities.

Continuing to develop and embed the Treasury's Living Standards Framework and He Ara Waiora¹, our te ao Māori wellbeing framework, in our policy advice is fundamental to our purpose. The Living Standards Framework helps generate a broader understanding about what contributes to the wellbeing of New Zealanders, and encourages us to more rigorously assess trade-offs, value, risk and distributional implications. He Ara Waiora enables us to gain further insights from mātauranga Māori, many elements of which are relevant to the living standards of all New Zealanders.

Our name, Te Tai Ōhanga, places us at the heart of New Zealand's economic and financial tides, where we both lead and serve from the centre to strengthen the government's ability to navigate the big challenges and opportunities for New Zealand. All of our work is done in the spirit of tiakitanga, making New Zealand a better place for people today and in the future.

Achieving the strategic outcomes outlined in this document is the intent of each of the Treasury's talented and hard-working whānau. Our work has been, and will continue to be, critical in supporting the response and recovery from the COVID-19 pandemic.

We remain ambitious for New Zealand and its economy. While many challenges lie ahead, we believe that through rigorous economic analysis and prudent fiscal management we can achieve a growing, productive and sustainable economy that delivers for all New Zealanders. To do this, New Zealand needs a strong, world-class Treasury, one that applies and invests in the right skills and capability and attracts great people who are all working for a shared vision and direction.

We look forward to the challenges and opportunities the next four years will bring.

Chief Executive's Statement of Responsibility

In signing this Statement, I acknowledge that I am responsible for the information on the strategic intentions of the Treasury. This information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.

Dr Caralee McLiesh
Secretary and Chief Executive
Te Tumu Whakarae mō Te Tai Ōhanga

¹ He Ara Waiora is outlined in He Kāhui Waiora, where it is applied alongside the Living Standards Framework in understanding the wellbeing impacts of COVID-19: <https://www.treasury.govt.nz/publications/dp/dp-20-02>



Our context

Ko te Tai Whakarunga,
Ko te Tai Whakararo,
Ko te Tai Tokerau,
Ko te Tai Tonga,
Ko te Tai Hauāuru,
Ko te Tai Rāwhiti,
Tenei Ko Te Tai Ōhanga!
Hui e. Taiki e.

*There in the challenge between
the known and the unknown,
We find direction from
the northern, southern,
western and eastern tides.
At the centre, Te Tai Ōhanga,
the Treasury, serving the four
directions of Aotearoa where
our people live.*



Who we are: Te Tai Ōhanga

We are at the heart of New Zealand's economic and financial tides. Our name, Te Tai Ōhanga, flows from the four tides, reflecting that we both lead and serve from the centre to lift living standards for all New Zealanders.

We are a talented, inclusive and hard-working whānau, who make the Treasury a great place to work. Our rigorous and diverse analysis enables growth and resilience in financial/physical, human, social and natural capitals for present and future generations.

While our mandate has remained largely the same, the way we carry ourselves has evolved over the years. For the years to come, we aim to both lead and serve, anchoring our work on growing the four capitals of the Living Standards Framework for New Zealand.



Our functions and responsibilities

The Treasury's statutory and operational responsibilities are wide-ranging and we administer significant legislation on behalf of the Minister of Finance. Our primary legislative imperatives are the Public Finance Act 1989 (PFA), State-owned Enterprises Act 1986, Crown Entities Act 2004, Public Service Act 2020 and all legislation relating to the annual Budget.

The Treasury's core statutory and operational responsibilities include:

- Being the lead economic and financial advisor to the Government and steward of the public service's financial management and regulatory systems
- Managing State services and public finances:
 - manage the Government's financial position
 - produce the Statement on the Long-term Fiscal Position and the Investment Statement
 - manage the Budget cycle and produce the Budget
 - produce monthly and annual Financial Statements of the Government
 - produce economic and fiscal forecasts and scenarios
 - manage investment and asset performance
 - monitor agencies' performance and vote management
- Providing leadership for the public service, in our central agency role, alongside the Department of the Prime Minister and Cabinet (DPMC) and Te Kawa Mataaho Public Service Commission (PSC)
- Developing New Zealand's Wellbeing Report
- Providing guidance on implementing the Living Standards Framework
- Developing tax strategy
- Providing ownership and financial advice on State-Owned Enterprises, Crown Financial Institutions and other entities owned by the Crown; providing commercial policy advice; and executing commercial transactions
- Managing government borrowing requirements and associated financial market activities
- Supporting exporters through the provision of financial guarantees and trade credit insurance.

The Treasury sits at the heart of the public service. To strengthen our central agency role we both lead and serve by:

- acting with a spirit of service to the community we serve
- upholding the public service principles
- supporting the Crown in its relationships with Māori under the Treaty of Waitangi
- giving effect to the five values of the public service: impartial, accountable, trustworthy, respectful and responsive.

Our partners and stakeholders

In carrying out these functions and responsibilities, we partner, collaborate and work with a wide range of stakeholders. These are the Government and our Ministers, the Crown's Māori and iwi partners, civil society organisations and community leaders, the public service, the New Zealand public and international counterparts and organisations.

We work hard to provide high-quality policy and Budget advice to ensure Ministers have confidence in our work. We weave a sense of stewardship in managing and improving the performance of the public service, managing public finances and improving system and regulatory settings. We provide leadership and collaborate with public service agencies towards these purposes. With New Zealanders, we aim to do more to understand what they want and value, and the trade-offs they are willing to make, to increase intergenerational wellbeing.

We support the Crown in honouring the Treaty of Waitangi. We strongly believe that effective and enduring relationships between iwi, other Māori groups and the Crown are critical to enable economic and social development, both for Māori and for New Zealand more generally.

We aim to be highly connected domestically and internationally. We will continue to value developing strong relationships with a global community of thinkers, policy-makers and influencers to find new solutions to long-standing systemic and cross-cutting issues, and to unlock innovative ways to achieve better outcomes for New Zealand.

Our evolving operating context

Like all organisations, the Treasury must navigate a highly dynamic environment. This requires us to constantly monitor local and international trends and issues that influence our strategic direction and subsequently inform our analysis and advice.

Prior to the pandemic, New Zealand was strongly positioned across all four capitals of the Treasury's Living Standards Framework. Our fiscal position was strong, unemployment was relatively low, we enjoyed high levels of wellbeing and our natural capital continued to provide us with a valuable resource. Our strength was critical to the success of our response to COVID-19 and has provided the bedrock for our recovery.

However, the global pandemic brings with it new concerns and exacerbates existing challenges. The sheer magnitude of the shock, coupled with the uncertainty and unevenness of the impacts, means that the Treasury must focus its resources on where the greatest benefit to the response and recovery can be realised.

While the impacts of the pandemic will be felt for many years to come, they do not sit alone. Global issues such as climate change, and long-standing domestic issues such as child wellbeing, health and housing, continue to present New Zealand with significant multi-generational challenges. The Treasury through its work must support the Government in delivering its priorities and help New Zealand navigate and address these complex issues.

This constantly changing and complex operating environment requires us to closely monitor the likelihood and consequences of the main risks to the successful implementation of our strategic intentions. Therefore, as an organisation we must look internally at our own capabilities and culture to ensure we can meet the challenges posed. We must nurture a work environment where our people can thrive and do their best, supported by a culture of operational excellence that supports our efforts and lifts the quality of our work.

Government and Ministerial priorities

Amid this unparalleled context, the New Zealand Government has adopted a set of priorities to drive cross-government work programmes. The Government's three overarching objectives are to:

- keep New Zealanders safe from COVID-19
- accelerate New Zealand's economic recovery
- lay the foundation for a better future.

These objectives are important to the Treasury, as part of our effort to lift living standards for all New Zealanders. We play a key role in accelerating New Zealand's economic recovery and laying the foundations for a better future. Our advice on economic and fiscal matters will endeavour to support the Government in achieving these objectives. Our work as a central agency and a steward of the public service will aim to provide compelling, timely and effective advice to the Government on significant opportunities and challenges facing New Zealand – including but not limited to COVID response, economic recovery, wellbeing approach, sustainability and health reforms. Our contribution to building a better future for New Zealand will flow from there.



Our strategic direction

This section sets out where we need to focus our efforts over the medium term to deliver on our vision. The following diagram captures the key components of our strategic direction and the outcomes we want to achieve.

OUR PURPOSE

OUR STRATEGIC OUTCOMES

A strong, growing and resilient economy for all

Sustainable public finances that deliver intergenerational wellbeing

System leadership that supports a high-performing public service

Compelling advice on New Zealand's biggest issues

OUR STRATEGIC OUTCOMES

OUR VISION

Lifting living standards for all New Zealanders

WHO WE ARE

WE SUPPORT THE PUBLIC
SERVICE VALUES

Impartial • Accountable •



OUR PURPOSE

As Te Tai Ōhanga, we are committed to tiakitanga to make New Zealand a better place for people today and in the future. We safeguard New Zealand's finances and are the Government's trusted economic advisor. We lead, partner and collaborate, and we help steward the public sector, in order to navigate the big challenges and opportunities for New Zealand.



OUR STRATEGIC PRIORITIES

Developing and embedding the LSF and He Ara Waiora in policy advice (e.g. child wellbeing)

Delivering the reforms for a sustainable public finance system


Accelerating economic recovery from COVID-19

Navigating big issues/Government priorities:

- Climate change
- Health
- Housing

Strengthening the Treasury through clear direction, supporting people and operational excellence

OUR STRATEGIC PRIORITIES



Te Tai Ōhanga – we are at the heart of New Zealand's economic and financial tides. Our name, Te Tai Ōhanga, flows from the four tides, reflecting that we both lead and serve from the centre to lift living standards for all New Zealanders. We are a talented, inclusive and hard-working whānau, who make the Treasury a great place to work. Our rigorous and diverse analysis enables growth and resilience in financial/physical, human, social and natural capitals for present and future generations.



OUR VISION

Lifting living standards for all New Zealanders

When we began our 2020 strategy refresh amid the COVID-19 pandemic, we took an analytical approach to reflect on our strengths, explore ways to capitalise on opportunities and address challenges to set us up for the medium and long term.

In particular, we strengthened our commitment to raising living standards by revising our vision to add the action of *lifting* and clearly indicating the inclusion of *all* New Zealanders. This refreshed vision shows our determination and commitment to improve equity and inclusion, and to factor these issues into our policy and Budget advice. The Treasury works to lift the living standards for all New Zealanders, with a focus on expanding the opportunities and capabilities for people to live the lives they want to lead.

Our LSF Dashboard provides a set of indicators that allow us to measure progress on New Zealanders' wellbeing. The Treasury is not directly or solely responsible for improving these indicators, but they provide a sense of overall progress in measuring wellbeing and informing the Treasury's advice on cross-government priorities for improving wellbeing. We tested these indicators in a prototype before they were released in December 2018 and also made some indicator changes, with a focus on improving alignment with Ngā Tūtohu Aotearoa (Indicators Aotearoa New Zealand) and responding to recommendations from the Organisation for Economic Co-operation and Development (OECD), in a 2019 Dashboard update. There will be an opportunity to provide submissions on additional indicators as part of a broader refresh of the LSF in the latter part of 2021.



OUR PURPOSE

As Te Tai Ōhanga, we are committed to tiakitanga to make New Zealand a better place for people today and into the future. We safeguard New Zealand's finances and are the Government's trusted economic advisor. We lead, partner and collaborate, and we help steward the public service, in order to navigate the big challenges and opportunities for New Zealand.

Our purpose outlines our reason for being, our focus on the future and the value we contribute. Additionally, it affirms our intention to integrate intergenerational wellbeing in our work across our dual roles as a finance and economic agency, as well as our strategic central agency role.



OUR STRATEGIC OUTCOMES

In order to achieve our vision, we will focus on four strategic outcomes, as set out below.

A strong, growing, resilient economy for all

Our ambition is that New Zealand has a highly productive economy that is sustainable, and responsive to the needs of all New Zealanders. We work to support sustainable growth and increase the resilience of the economy to protect it from future shocks.

Sustainable public finances that support intergenerational wellbeing

We work hard to ensure our fiscal system is agile, responsive and able to sustain future shocks. We seek to further improve the performance of our public institutions, and deliver government investments that maximise value for money and contribute to lifting living standards.

System leadership that supports a high-performing public service

We carry out our central agency role, providing leadership and support across the public service, harnessing the collaboration of all of government to lift living standards for all New Zealanders.

Compelling advice on New Zealand's biggest issues

We help the public service navigate current big issues and those that lie ahead. We drive the collective impacts across the system to tackle the most critical challenges and opportunities New Zealand faces.

Focusing on these four outcomes will enable the Treasury to use our expertise to achieve meaningful outcomes for New Zealand in the spheres of sustainable economic growth, public finance management, a high-performing public service and addressing the biggest issues facing New Zealand.

We will work towards our outcomes progressively; they are dynamic and will need to respond to changes, given external events or pressures. We are aware that along the way we will continue to face complex issues and decisions. We are committed to learning and improving – because when we get it right, the results for New Zealanders will be worth it.



OUR STRATEGIC PRIORITIES

We have identified five strategic priorities that will help us to focus our work in achieving the outcomes we pursue in order to lift living standards for all New Zealanders. These are:

- developing and embedding the LSF and He Ara Waiora in our policy advice (e.g. child wellbeing, Māori, Pacific community and cultural elements)
- delivering the reforms for a sustainable public finance system
- accelerating economic recovery
- navigating big issues and Government priorities
- strengthening the Treasury through clear direction, supporting people and operational excellence.

These strategic priorities will guide us in aligning and prioritising key programmes of work. They reflect our emphasis on supporting government investment in the right things, and monitoring the creation of value to improve the wellbeing of all New Zealanders now and in the future.

We will intensify our work and align our skills and resources according to our strategic priorities over the next four years and beyond. We have weighed the costs and benefits of many aspects of our work and discussed these with our Ministers to ensure that the priorities we are pursuing will support the Government's commitments while progressing our stewardship role.

The work programmes under each priority and across all priorities will be tracked and evaluated regularly as part of our strategy implementation and performance reporting. Where relevant, we will present this information in our Annual Report.



Our approach to our work

Our success as a high-performing Treasury that delivers on our strategic outcomes and priorities requires excellence in the way we operate and deliver.

We acknowledge that one of our key challenges is to ensure we have the right organisational environment that enables our people to work together, and to make the right trade-offs for what we prioritise, efficiently and effectively.

In order to achieve our vision, we must work in a way that creates the conditions for everyone at the Treasury to do their best work. Our values and commitment to inclusion and diversity are at the heart of who we are and what we do.

Strengthening the Treasury

Our multi-year Strengthening the Treasury programme seeks to ensure that we have a culture of operational excellence, which provides the environment for our people to flourish, and gives the Treasury the systems and processes that support and enhance our work.

We are focused on four key areas for growing and developing the Treasury. We believe that being focused on these four areas will help us achieve our strategic intentions.

Strength

We must continue to strengthen our governance to ensure that we are clear on our direction and deliver our strategy. This means having a mature risk management culture that supports our work and lifts our quality. Our people must be strong, supported leaders, with the ability to work and lead in an agile manner, inspiring high performance and leading through change.

Stewardship

We must continue to play our role as a central agency, leading and partnering across the system to take long-standing challenges in order to lift living standards for all New Zealanders. To play this role, we must be wide-reaching in our engagement with our partners and stakeholders, ensuring that our advice is informed by the insights and experiences of a wide set of New Zealanders.

Capability

We must continue to invest in our capability, both in our people and in our systems and processes that underpin our work. This includes our leadership development, our economic, financial and cultural capability, our workforce planning, our technology, and monitoring of our performance.

Culture

We must continue to grow and develop a culture of excellence in everything we do, extending from how we treat each other through to the way we work. We want Te Tai Ōhanga to be an organisation that is genuinely inclusive, attracts and retains the best talent, makes use of our diverse skills and experiences, and is informed by diverse perspectives.

Leadership and governance

Executive Leadership Team

The Treasury's Executive Leadership Team (ELT) includes our Chief Executive – the Secretary to the Treasury, five Deputy Secretaries including the Chief Operating Officer, and the Head of the Office of the Secretary.

ELT has clear ownership and overall responsibility and accountability for the Treasury's organisational strategy, and overall accountability for the achievement of the Treasury's strategic outcomes and priorities. It also has responsibility for deciding on and articulating the Treasury's risk appetite and working actively and productively with Kaiurungi to manage risk.

ELT's operating principles support it to undertake its strategic governance role. Members have clear visibility, responsibility and accountability for what is delivered by the Groups they lead, and accountability for how their Groups deliver against business plans. The Treasury's governance framework, including other governance bodies, provides the support ELT needs to deliver on our purpose and priorities.

Kaiurungi

Kaiurungi is chaired by the Chief Operating Officer and includes the Treasury's Directors, five Chief Officers (Finance, People, Information, Legal, and Communications and Engagement) and the Chief Government Accountant.

Kaiurungi is a Māori word used to refer to those who steer or guide the organisation. It has delegation from ELT as a decision-making governance body, with operational management responsibility for delivery of the organisational strategy in order to ensure we successfully achieve our strategic outcomes and priorities.

Other governance bodies

The Treasury's governance framework includes three sub-committees of ELT and three advisory bodies, which collectively support ELT to fulfil its responsibilities. Advisory bodies are an innovation that provide independent, external advice to public service departments. External members are appointed by the Chief Executive to provide challenge, subject knowledge, independent perspective, and link the Treasury with external expertise. The contribution of these governance bodies is advisory only, and the statutory responsibilities and accountabilities of the Chief Executive remain unchanged.

Sub-committees of ELT

Risk and Assurance Sub-Committee

Oversight of the Treasury's risks and internal controls, and champions for the risk and assurance culture.

People, Culture and Capability Sub-Committee

Oversight of the Treasury's people, culture and capability strategies, our policies and practices.

Finance and Prioritisation Sub-Committee

Oversight of the Treasury's finances, business plan prioritisation, resource deployment, and investment decisions.

Advisory bodies with external members

Risk and Audit Committee

Provision of insight to the Chief Executive on critical issues that underpin organisational capability and delivery. It has a specific focus on strategic, financial, operational and reputational risks.

Financial Statements of Government Audit Committee

Provision of advice to the Chief Executive on the effectiveness and adequacy of internal control systems within the Treasury and across the public service, for the management and production of the Financial Statements of the Government.

Capital Markets Advisory Committee

Provision of independent advice to the Deputy Secretary Financial and Commercial to support well-informed decision making for the Treasury's debt management, export credit and Crown corporate treasury responsibilities.



How success will be measured

We will measure progress towards our vision of lifting living standards for all New Zealanders.

The LSF Dashboard currently provides the Treasury with tools for assessment of the outcome indicators that we think are important to understand and track progress of New Zealanders' wellbeing. We are currently refreshing the LSF to better reflect te ao Māori and Pacific community knowledge systems, values and culture, and child wellbeing, with the intention of releasing a refreshed framework and wellbeing indicators by the end of 2021. This work will inform the future indicators that we use to prepare the four-yearly report on the state of wellbeing in New Zealand, which the Treasury is

now required to produce under the Public Finance Act 1989. The first report will be prepared in 2022.

The progress and achievement of our strategic outcomes will be tracked and measured as part of our regular organisational performance assessment. We are also developing measures that enable us to measure progress in our Strengthening the Treasury programme. Where relevant, our performance information will be provided in our annual reports, as well as in periodic reports to Ministers, the Government, Parliament and the public.

