

Colmar Brunton report 24 August 2011



Executive Summary (i)



METHODOLOGY

This project gathered evidence from 14 in-depth interviews with senior external partners (including parliamentary Ministers, public service chief executives, private sector chair people, and consultants) and from an online survey with a further 160 stakeholders from a range of sectors (including senior and junior staff). This methodology ensured that:

- detailed views from the most senior stakeholders were captured face-to-face,
- while the online survey measured the prevalence of perceptions and opinions across a broadly representative sample of stakeholders (both senior and junior).

PROFILE OF THE TREASURY'S STAKEHOLDERS

- Over half (55%) of stakeholders identify themselves as public servants. The next two largest categories are business owners/self-employed (10%) and economists (9%).
- Public sector stakeholders are evenly spread across small agencies (35% of public service stakeholders), medium sized agencies (31%) and large agencies (26%).
- Most public service stakeholders are Tier 2 or Tier 3 (69% are either Tier 2 or Tier 3).
- Most of the Treasury's stakeholders have a lot of work experience. 57% have worked in their current career for over a decade. Non-public sector stakeholders generally have more experience (68% had 10+ years experience compared with 48% of public service stakeholders).
- Most stakeholders (88%) understand the nature of the relationship the Treasury has to their work/area of interest.
- And most (86%) say that the Treasury has sought their views in the past 12 months.
- Just over half (52%) of stakeholders categorise their relationship with the Treasury as 'close' – in other words they consider the Treasury to be a 'partner' in their work. Only 17% say they have a 'minimal' relationship (the rest - 29% - say the relationship is 'somewhere in-between').
- Half of stakeholders (50%) say they tend to agree with the Treasury's viewpoint, while four in ten (38%) are somewhere in between (probably suggesting they tend to agree and disagree). Only 1 in 20 tend to disagree with the Treasury's viewpoint.

TYPE OF INTERACTIONS

- Seven in ten (69%) stakeholders have contact with the Treasury at least monthly. In most instances (91%) contact is 'two-way'.
- The main types of interaction with the Treasury include face-to-face meetings and email (82% of stakeholders normally interact via meetings and 82% normally interact by email), followed by phone calls (72%), and informal face-to-face catch ups (61%).
- There is a general preference for slightly more face-to-face contact than currently exists.
- Nearly a third (32%) of stakeholders' most recent contact was with a senior manager. 31% contacted a senior advisor/analyst, and just under one in three (28%) had contact with a member of the Executive Team/the Deputy Secretary. Around half of stakeholders initiated contact themselves.
- Stakeholders interact with the Treasury about a number of issues but the two most common recent interactions were to do with State sector/policy issues (43% of recent interactions), followed by issues to do with budgets/expenditure priorities, and Vote Analysts (20%).
- Nine in ten stakeholders had a two-way interaction with the Treasury at some point in the past year (the rest either interacted longer ago, or only have one-way interactions with the Treasury).

Executive Summary (ii)



SATISFACTION WITH RECENT INTERACTIONS WITH THE TREASURY

- Satisfaction with the most recent Treasury interaction is relatively high, with over three quarters (76%) of stakeholders saying they are satisfied (i.e. they rated either 4 or 5 out of 5 for satisfaction).
- Satisfaction varies depending on staff contact and subject area of interaction, but not in ways which are statistically significant.
- The qualitative interviews suggest that senior external partners have positive and negative views depending on who they are dealing with. They tend to feel that the engagement will go well if the Treasury person is capable and understands their needs and the industry/organisation. Senior external partners also feel that their case or point of view is sometimes not heard by those that matter in the Treasury. This is because they see the Vote Analysts as taking an early position and having too much influence over the outcome of any fiscal decisions. (Please note that issues with Vote Analysts were not identified as particularly problematic across the full survey sample – only among depth interviews with senior external partners).
- The survey (which included junior, as well as senior, stakeholders) went into more detail about different aspects of satisfaction. The large majority of survey respondents agree that staff were courteous (88% agree), and that it was easy to get in contact with the Treasury (87%). However slightly less agree that staff were well informed (75%), and that what the stakeholder had to say was taken into account (72%).
- The two most important drivers of satisfaction regarding recent interactions with the Treasury were 'Treasury staff being well informed' and 'making stakeholders feel listened to'.

VIEWS ABOUT THE TREASURY AS AN ORGANISATION

- Most stakeholders agree that the Treasury is an influential agency (83%) and have confidence that staff do a good job (76%).
- The interviews with senior external partners confirm the high level of confidence in Treasury staff and the high standard of thinking and analysis that comes from the Treasury.
- The Treasury does not score so positively when it comes to challenging thinking on critical issues (46% of survey respondents agree) and delivering innovative solutions to difficult problems (27% agree). Quotes from those giving more negative scores on these issues suggest that some see the Treasury as 'inflexible' and that the organisation should be more open to new ideas.
- Many senior external partners consider the Treasury's organisational structure ambiguous. They find that they do not always know who is in which role, and therefore, are often unsure about who is the best person to contact within the Treasury about specific queries or topics.
- Related to this issue is that the Treasury is seen to regularly change its personnel and/or the roles of its personnel. This makes it difficult for external partners to keep up to date about who they should contact.
- This confusion around structure is reflected in the survey of stakeholders. The Treasury does not score well on 'operating in a cohesive way' with only 12% of stakeholders in the survey agreeing – making this the most negative statement in this survey. Quotes from stakeholders suggest this may reflect confusion around the current structure of the Treasury.

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VIEWS ABOUT THE TREASURY'S LEADERSHIP ROLE

Senior external partners interviewed view the Treasury as having positional leadership. The Treasury is considered to hold authority and be influential because:

- It is a central agency
- It manages the country's finances and expenditure
- Has the intellectual capability.

Senior external partners believe that the Treasury demonstrates more effective leadership and influence in some areas compared to other areas, including:

- Its fiscal role compared to its economic growth role
- Within the public sector compared to across the private sector
- Short term initiatives compared to long term initiatives.

Economic leadership

Looking at economic aspects of leadership covered in the survey, the majority (56%) agree that the Treasury takes a lead role in debate around crucial economic issues. But there are slightly lower scores for 'clearly communicating NZ's economic story' (47%), and 'debating living standards' (41%). And only 35% agree that the Treasury takes a lead role in coordinating regulation.

Some senior external partners say that the Treasury is seen to be more influential in its fiscal role than its economic growth role, and that there can be conflict between the two roles (on fiscal matters the Treasury is often seen as 'the hand-brake' whereas economic growth requires a strategy of 'looking forwards and collaborating with others').

Public sector leadership

Many senior external partners interviewed recognise that the Treasury has become very influential in policy debate in recent years. They see the key reason for this as being a new Government that is allowing the Treasury to express its views independently. The current Government is also seen to encourage and/or be open to the Treasury encouraging public debate.

Results from the survey also suggest that the Treasury is highly visible in policy debate (52% agree and only 10% disagree). But the survey identifies some concerns with leadership in State sector performance improvement (only a third of stakeholders are positive about this). Although stakeholders often perceive this as a State Services Commission role, some gave negative comments about the Treasury's lack of leadership in this space.

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VIEWS ABOUT TREASURY-STAKEHOLDER RELATIONS

Engagement and communication

Answers to the survey suggest that stakeholders value the relationship they have with the Treasury:

- Stakeholders are very keen on maintaining, or growing, dialogue with the Treasury. Most (8 in 10) think they have insights to offer the Treasury (almost all of these also agree that the Treasury has insights to offer them).
- Three in four (74%) stakeholders believe engagements with Treasury staff are constructive and worthwhile.

However there are more negative answers about 'the way' the Treasury engages and communicates with stakeholders. For example, less than half agreed with the following statements:

- The Treasury seeks views from stakeholders when appropriate (41% agree)
- The Treasury keeps stakeholders informed (38%)
- The Treasury makes the most of knowledge and support that stakeholders have to offer (31%), and
- The Treasury is willing to learn from others (24%).

Satisfaction with Treasury/stakeholder interactions generally (i.e. not just the 'most recent' contact).

- Over half of stakeholders (56%) are satisfied with the way the Treasury interacts with them generally – although only 14% are 'very satisfied'. One third are neither satisfied nor dissatisfied. The remaining 11% are dissatisfied.

The following groups are more likely to be satisfied:

- Public servants working at large public service agencies (73% are satisfied, compared with 50% of other public servants).
- Tier 3 and 4 public servants (70% are satisfied vs. 51% of non Tier 3 and 4).
- Satisfaction increases with frequency of contact. Those who have contact 'at least monthly' were the most satisfied (61%), whereas those who had not had any two-way interactions in the past year had the lowest satisfaction (6%).

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VIEWS ABOUT HOW TO IMPROVE TREASURY-STAKEHOLDER RELATIONS

Views from the survey

42% of stakeholders did not express a view about how to improve interactions. The remainder typed in answers (i.e. answers were unprompted) and the free text was coded by Colmar Brunton. Stakeholders suggest that interactions could be improved through:

- better collaboration with agencies (21% said this 'unprompted')
- better communication (12%), and
- being more flexible and pragmatic (9%).
- Other issues include staff broadening their knowledge (6%), plus increased consistency (6%) and transparency at the Treasury (4%).

Statistical analysis of 'the drivers' of satisfaction with Treasury-stakeholder interactions suggests that the following are the top five drivers of satisfaction:

- Leadership in the stakeholder's area (this suggests that stakeholders value the Treasury's voice in their area)
- Quality of service at the last interaction (this suggests that stakeholders views will vary depending on the staff they have contact with)
- Trust in the Treasury as an organisation (this suggests that 'trust' – a good overall measure of the Treasury's reputation – is very important to stakeholders)
- Constructive and worthwhile relationships (this suggest that stakeholders place a lot of value in the relationship they have with the Treasury)
- Providing insights into stakeholders' work (this suggests that the Treasury can provide valuable insights, and when they do, relationships are positively affected).

Views from senior external partners interviewed

Suggestions focused on four key areas (described below).

Treasury staff

Senior external partners feel their engagement with the Treasury would be even better if:

- There was a clear structure of the Treasury's staff and their roles, making it easy to identify who within the Treasury is the most appropriate person to talk to about certain topics/queries. A few would even like to have one point of contact at the Treasury (similar to how public sector chief executives have a relationship with one Deputy Commissioner at the State Services Commission).
- Senior Treasury officials had greater involvement and interaction with senior external partners, and not leaving most of the interaction to junior Treasury staff.
- Senior Treasury officials were more visible by:
 - Having greater involvement and interaction with senior external partners, and not leaving most of the interaction to junior Treasury staff
 - Hearing more from senior Treasury officials (e.g. speeches, presentations, seminars).
- The Treasury recruited more personnel (particularly at the junior level) who were not only academically skilled, but have the capability to develop strong relationship skills with stakeholders.

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VIEWS ABOUT HOW TO IMPROVE TREASURY-STAKEHOLDER RELATIONS

Views from senior external partners continued....

Greater engagement

Senior external partners suggest the Treasury could increase its value through more engagement, particularly:

- *With business and industry*
The Treasury would be able to add greater value to business and industry if it were more visible in these areas and if it listened to the needs and concerns of business.
- *With the general public*
As the Treasury works for higher living standards for New Zealanders, some feel that the Treasury should engage with the public more, including providing more education in the financial space.
- *Beyond Wellington*
Currently, the Treasury is mainly perceived to be visible and influential in Wellington. To increase its value, there is a sense that its interactions need to spread across the country.
- *On economic frameworks and thought leadership*
Some believe that the Treasury needs to be heard more about its views on economic frameworks and to provide more thought leadership.

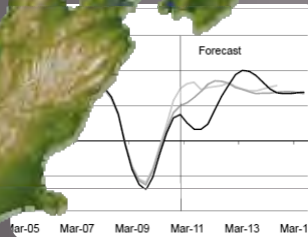
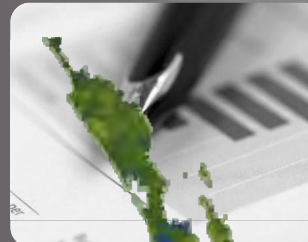
Greater facilitation of economic growth role

Some senior external partners believe engagement with the Treasury would improve if it focused more on its economic growth role by:

- Looking for and identifying growth opportunities.
- Being more open minded and understanding of what Ministers, other government agencies and organisations are trying to achieve.
- Providing advice and information that is based on practical, everyday real life assumptions.

The Treasury's role in the fiscal area

Finally some senior external partners feel that the Treasury's role of both the Government's fiscal advisor and economic advisor can be too conflicting to operate effectively. As such, they suggest a division of these areas within the Treasury.



Methodology

Research methodology (i)



This project gathered evidence from 14 in-depth interviews with senior external partners (including Ministers, chief executives, heads of business organisations and senior consultants) and from an online survey with a further 160 stakeholders from a range of sectors. This ensured that:

- detailed views from the most senior stakeholders were captured face-to-face,
- while the online survey measured the prevalence of perceptions and opinions across a broadly representative sample of stakeholders (both senior and junior).

In-depth interviews

We undertook 14 individual face-to-face interviews with a range of senior officials, including parliamentary Ministers, public service chief executives, private sector chair people, and consultants. Interviews took place in June and July 2011 and lasted approximately 30 minutes each.

The broad topic areas discussed at each interview included:

- Perceptions and experiences of the service provided to them by the Treasury
- Views about how valuable the Treasury is in supporting them in their roles
- Perceptions about how effective the Treasury is in connecting and learning from its external partners
- How the Treasury can improve its external engagement and relationship management performance

Survey of stakeholders

An online survey with stakeholders was conducted over the first three weeks of July. The survey involved several steps:

- The draft questionnaire was piloted with five stakeholders in early June, and the final questionnaire was amended to improve the flow and comprehension of questions.
- The Treasury sent out pre-notification emails to the full sample in the last week of June.
- Colmar Brunton sent out invites to take part in the survey on the 1st July. This was followed up by two reminder emails.
- Fieldwork closed on the 19 July.
- In total 160 surveys were completed.
- The questionnaire took 11 minutes to complete on average and covered the following broad topics:
 - The nature of interactions between the Treasury and stakeholders (frequency and type)
 - Satisfaction with recent interactions
 - Perceptions of the Treasury as an organisation
 - The Treasury's leadership role (in economics and the state sector)
 - Views about stakeholder/Treasury relations – and how to improve them

Research methodology (ii) – suggestions for next time



We understand that this is the first time that the Treasury has undertaken research in this area. Below we make some general recommendations about future research with stakeholders.

- Repeating the research again in the future will provide an indication of the extent of change in Treasury-stakeholder relationships. However, it is better to wait until the Treasury have made some significant changes in this area before undertaking further research. Change may take time, but could include staff training, different processes, and/or the implementation of a communications strategy focusing on stakeholder engagement.
- In advance of repeating research, it is recommended that managers are briefed to start collecting the contact details of every stakeholder they have contact with over a set period of time. By giving managers a definition (such as 'all external parties who are asked to provide information, or are sent information, from the Treasury from 1 July to 30 June'). The Treasury can be more certain that the sample of stakeholders will be collected on a consistent basis. If possible, some key fields could also be collected in addition to name/email address; such as 'category of stakeholder – public, bank, legal, consultant/economist, not-for-profit, representative organisation') and 'postal address and phone number'.
- Ideally more stakeholders from the private sector and the not-for-profit sector would be included in future so that their views can be analysed separately.
- If qualitative research is repeated it is recommended that minimum 'sub-cells' by type of stakeholder are included (such as '4 government ministers', '4 private sector', '4 public sector' and 4 'not-for-profit sector'). This will enable qualitative analysis by type of stakeholder which is generally not possible if fewer than four stakeholders are interviewed per sector.
- In terms of logistics it is recommended that the Treasury plan the project in advance – including drafting an outline timetable and list of key actions (and responsibilities for those actions).
- We also recommend that the Treasury issue a pre-notification letter to all stakeholders prior to the research commencing. This should be a physical letter rather than an email, and should come from the Head of the Treasury.
- Future questionnaires should be kept short and succinct – this will improve response rates (response rates can also be improved by ensuring that email addresses are up-to-date and allowing a 4 week survey fieldwork period – if further resource was available, then postcard and/or telephone reminders could also increase response).
- Some questions in the survey were repetitive and it is recommended that the survey questionnaire is reviewed to focus on key measures such as staff and information ratings and stakeholder engagement scores that are indicated as 'important drivers' within this report. Furthermore questions which evenly segment the population are useful to keep for future surveys.
- Classification questions which could be useful in future include: have you worked at the Treasury in the past? Are you based in Wellington or outside of Wellington? (And possibly 'what is your ethnicity?' if analysis of engagement with Maori/Pacific is important).

Reading this report

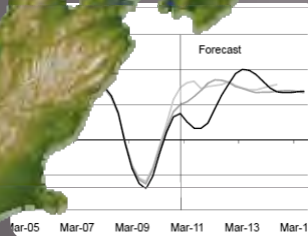
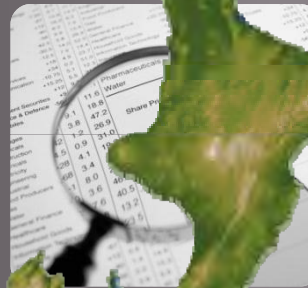
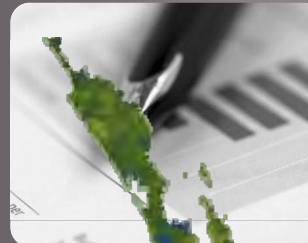


READING RESULTS FROM THE IN-DEPTH INTERVIEWS WITH SENIOR EXTERNAL PARTNERS

- The findings from the in-depth interviews with senior external partners sit alongside the survey results within this report. Qualitative findings are generally referenced as 'findings from senior external partners' (and a footnote on each relevant slide identifies the evidence source as 'in-depth interviews with senior external partners').
- Quotes from the interviews are contained within dark brown speech bubbles (whereas quotes from the survey are identified within light grey speech bubbles).
- Because interviews were obtained under the condition of providing anonymity, individual interviewees cannot be identified. Furthermore, due to the limited sample size we are unable to identify the 'type of interviewee' because it could reveal an individual.

READING SURVEY RESULTS

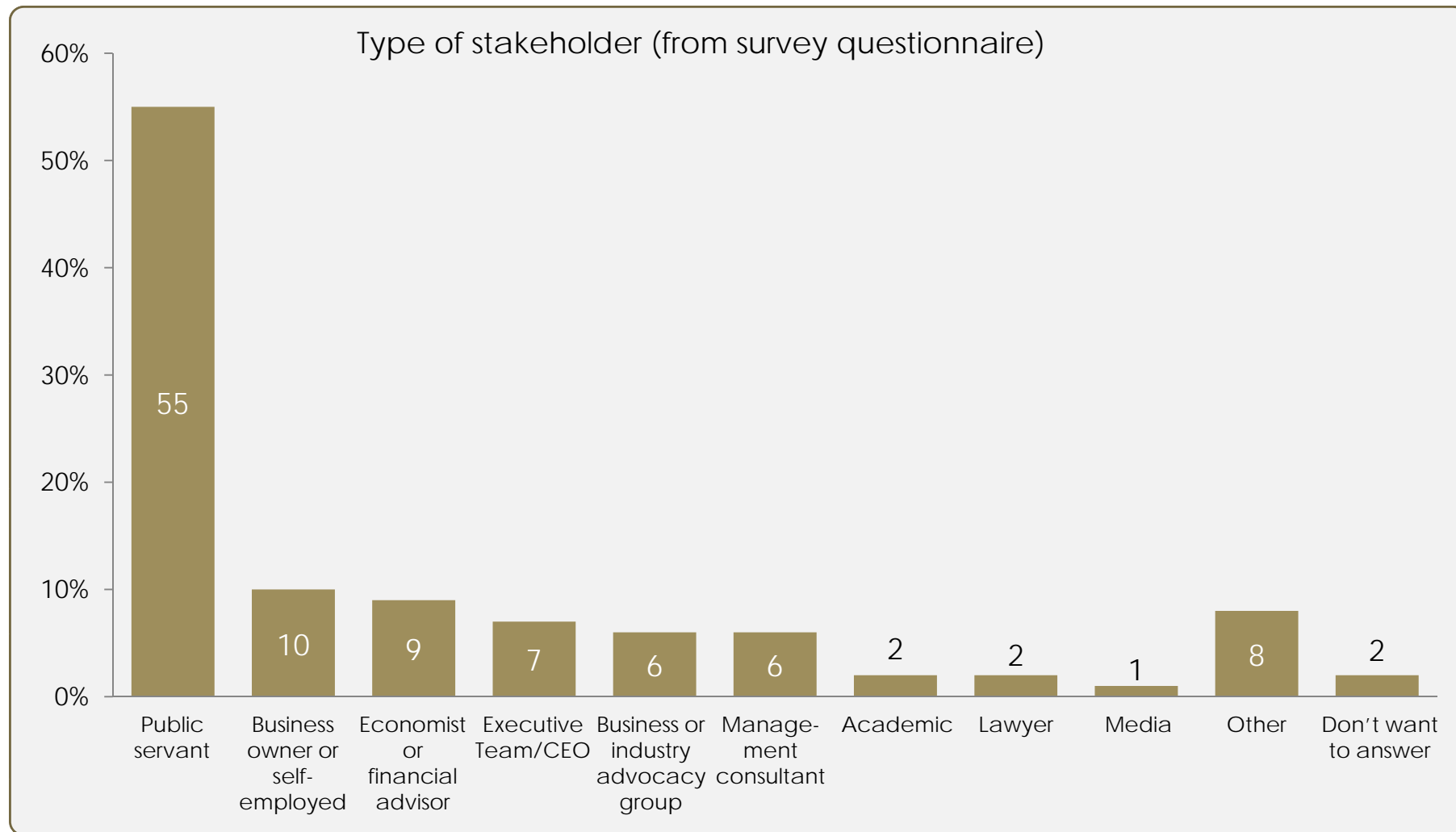
- The findings from the survey generally refer to '% of stakeholders'. A footnote on each relevant slide identifies the evidence source as 'survey of stakeholders'.
- Quotes from the survey are contained within light grey speech bubbles (whereas quotes from the in-depth interviews are identified within dark brown speech bubbles).
- Please note that no weighting was applied to the survey results.
- All stated differences between subgroups and the total sample being asked a question (often referred to as 'the average'), are statistically significant at the 90% confidence level or greater unless stated otherwise (this level of significance was used because of the small sample size).
- Some subgroup analyses by type of stakeholder can result in very low base numbers generating small sub-samples which are unreliable from a statistical point of view. Therefore a lot of subgroup analyses join together more than one type of stakeholder (for example, analysis by public sector vs. non-public sector – non-public sector joins together business owners, business representative organisations, the media, professionals such as economists and lawyers and academics. Unfortunately subgroup analysis by these individual categories is not possible).
- The margin of error (m.o.e.) for a survey estimate will vary depending on the variable being examined and the size of the subgroup in question. The maximum margin of error for 160 survey respondents is +/- 5.9% (these calculations assume a simple random sample and a 50/50 split for a binary question – for example, 'yes' or 'no'. The calculation also takes into account the finite population correction).
- Please note that sometimes when two sub-categories are netted together (for example, summing the '% scoring 4 out of 5' and 'the % scoring 5 out of 5' on a satisfaction question, to form an overall proportion of respondents who are 'satisfied'), the sum of the two sub-categories can be 1% higher or 1% lower than the whole number percentages of the two sub-categories added together. This is due to rounding.
- Most rating statements had a 'question not applicable' option. The report does not explicitly indicate the number of people selecting this option per question. However, the base size for the remainder (i.e. those who *did* think the question was applicable) can be found on each chart. The number of people selecting 'not applicable' for each question is this 'base size' subtracted from the total sample size (160).
- Most questions were asked to all stakeholders, however some questions were filtered to subgroups. These include questions about type of public service agency (and Tier) – which was only asked to public servants. And questions about satisfaction with recent interactions - which was only asked to those who had a two-way interaction with the Treasury over the past year (the base definitions are included in charts).



Profile of stakeholders

This section profiles the stakeholders who responded to the survey (not the qualitative interviews). We focus only on the survey in this section because it gives a broadly representative picture of the Treasury's current stakeholders.

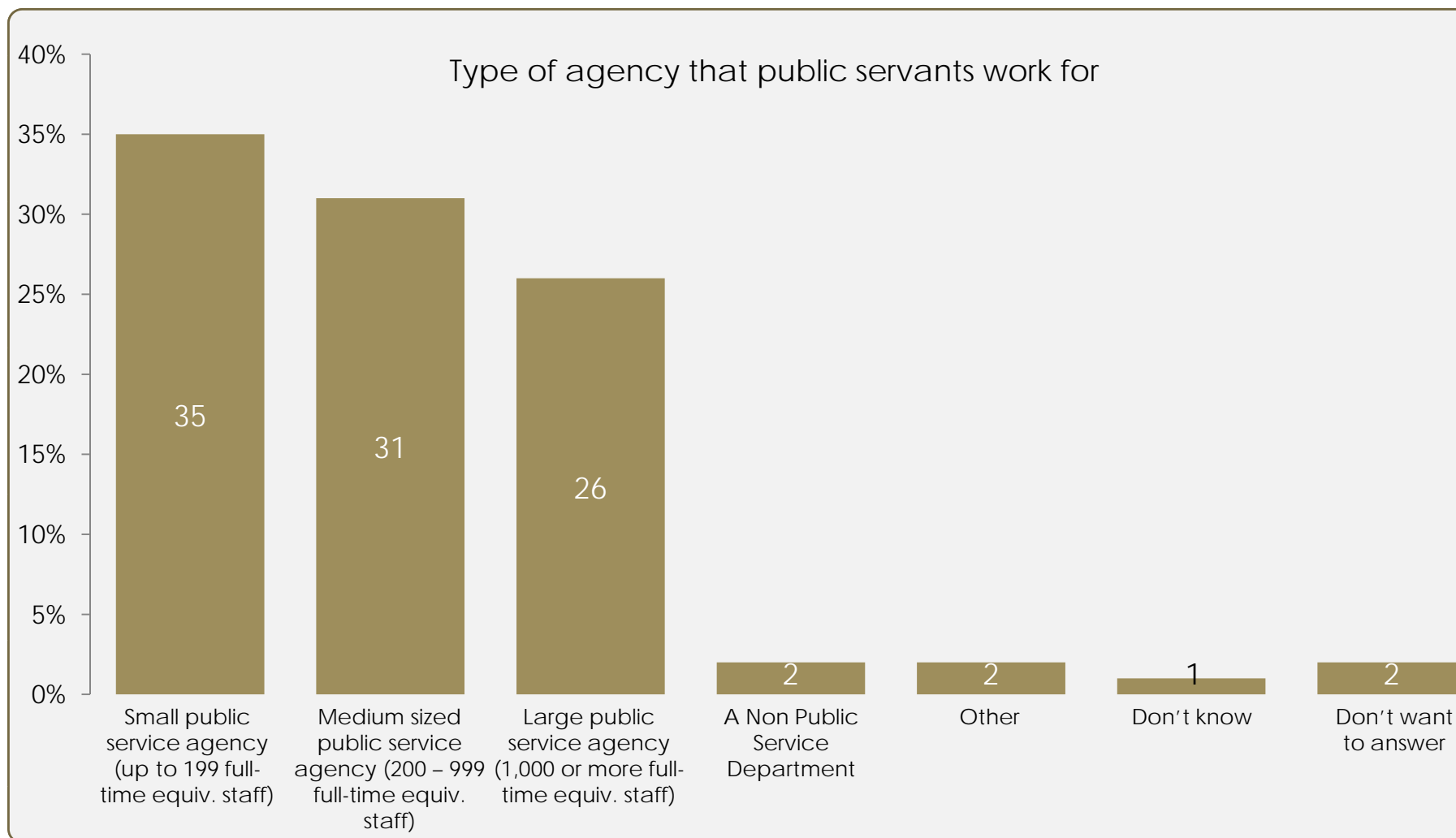
Over half (55%) of stakeholders identify themselves as public servants. The next two largest categories are business owners/self-employed (10%) and economists (9%)



Source: Survey of stakeholders - QD1. Which of the following best describes your main role when it comes to interactions with the Treasury?

Base: All stakeholders (n=160)

Public sector stakeholders are evenly spread across small agencies (35% of public service stakeholders), medium sized agencies (31%) and large agencies (26%).



Source: Survey of stakeholders. QD2. Which of the following best describes the agency you work at?
Base: Stakeholders who said their main role is a public servant in interactions with the Treasury (n=86)

Most public service stakeholders are Tier 2 or Tier 3
(69% are either Tier 2 or Tier 3)



Level of position (for public servants)

Tier 1
(CEO of organisation)

15%

Tier 2
(report directly to CEO)

31%

Tier 3
(report directly to Tier 2)

37%

Tier 4
(report directly to Tier 3)

9%

Other 2%

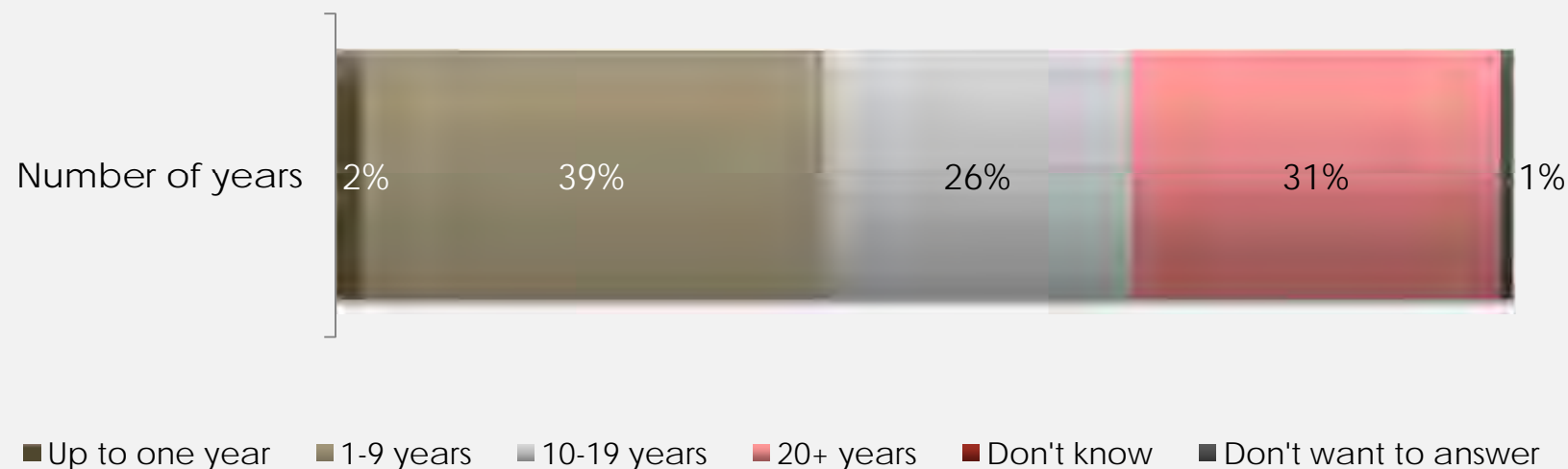
Don't want to answer 5%

Source: Survey of stakeholders . QD3.
What is the level of your position?
Base: Stakeholders who said their
main role is a public servant in
interactions with the Treasury(n=86)

Most of the Treasury's stakeholders have a lot of work experience. 57% have worked in their current career for over a decade.



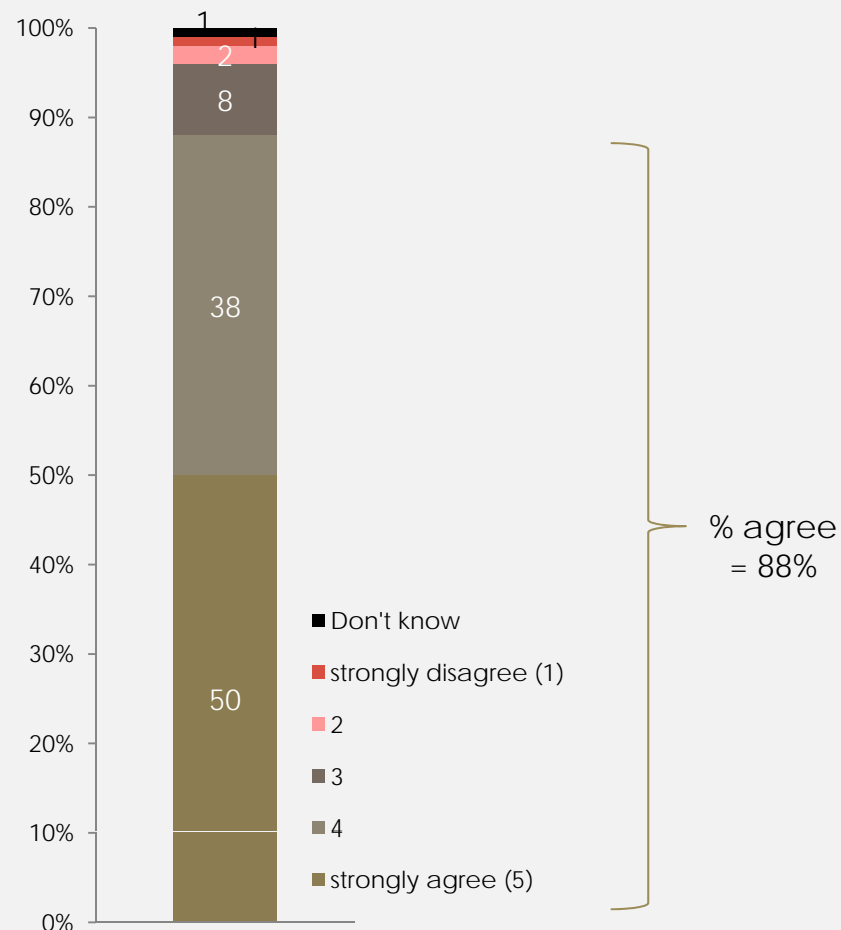
Length of time in current career (for all stakeholders – not just public servants)



Non-public sector stakeholders generally have more experience (68% had 10+ years' experience compared with 48% of public service stakeholders).

The large majority (88%) understand the nature of the relationship the Treasury has to their work/area of interest.

I understand the nature of the relationship the Treasury has to my work/area of interest



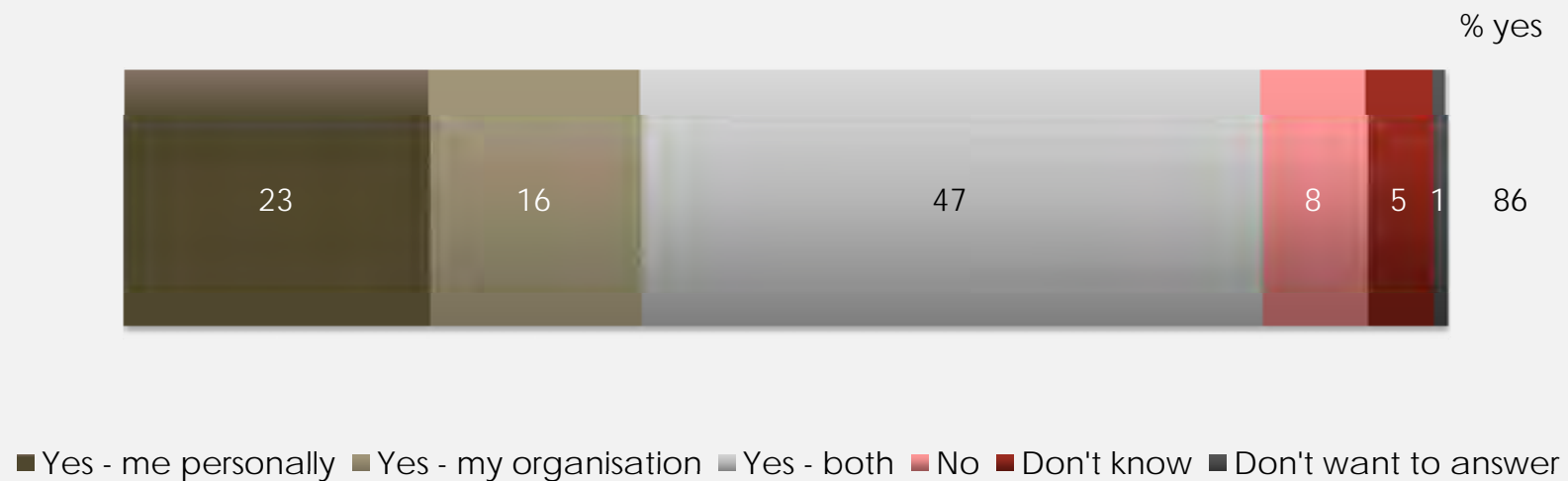
Source: Survey of stakeholders. QB2_3. Can you tell us how much you agree or disagree with each statement...I understand the nature of the relationship the Treasury has to my work (or area of interest) Base: All stakeholders, less N/A (n=159)

The large majority (86%) also say the Treasury has sought their views in the past 12 months.

Note: there was no consistent pattern in the 'type of stakeholder' who the Treasury did *not* seek views from – apart from those who say they only had a 'minimal' relationship with the Treasury (who more often say the Treasury has not sought their views).



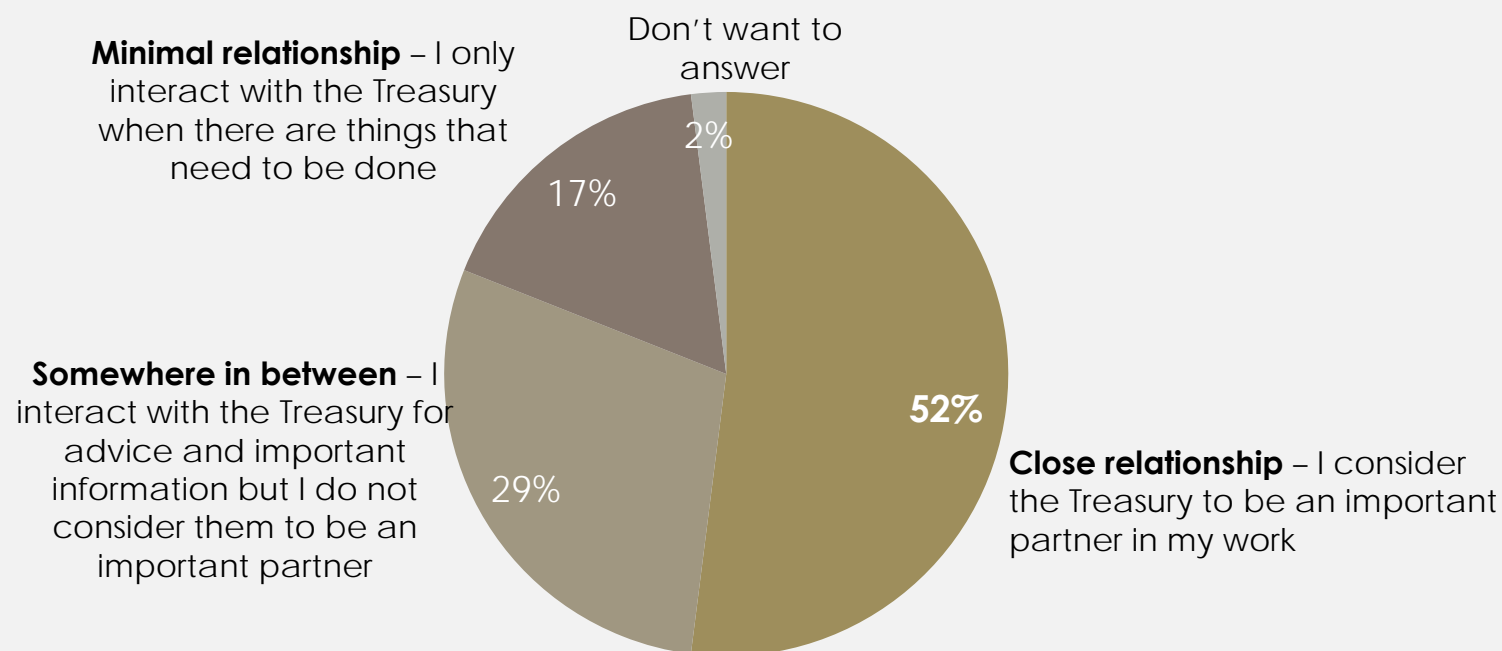
Has the Treasury sought views from you, or your organisation, in the past 12 months?



Just over half (52%) of stakeholders categorise their relationship with the Treasury as 'close' – in other words they consider the Treasury to be a 'partner' in their work.



Type of relationship with the Treasury

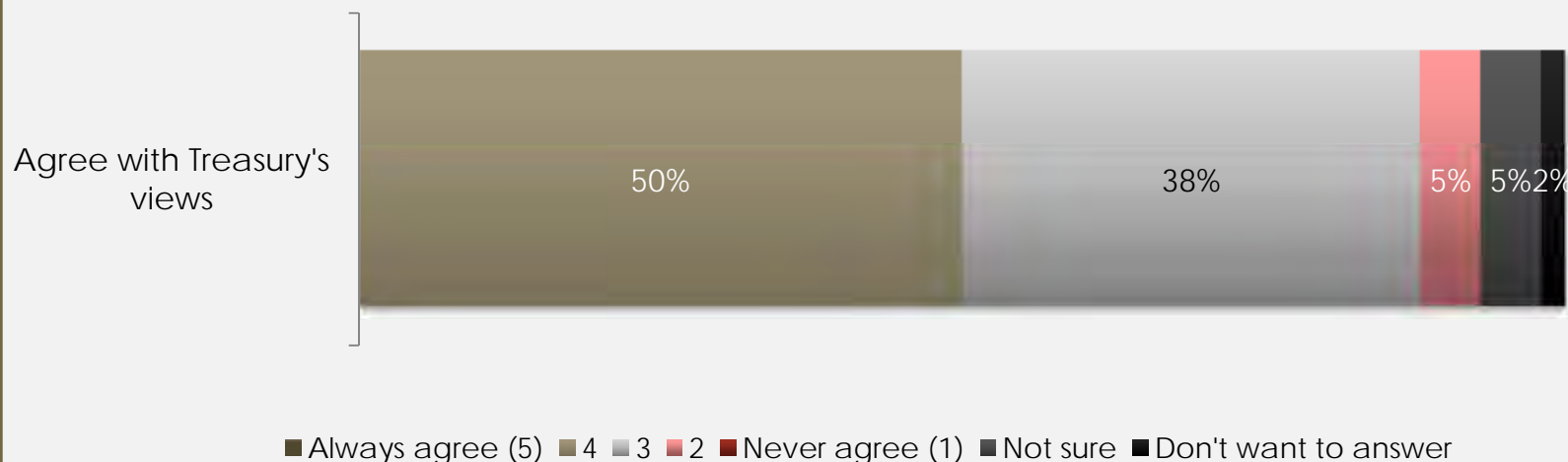


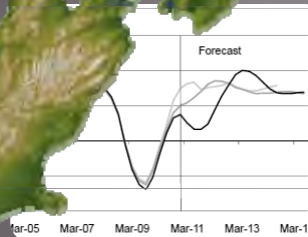
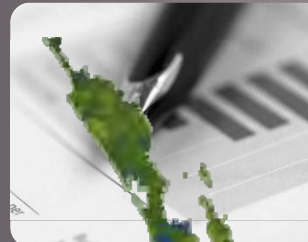
Public servants are more likely to have a 'close' relationship (70% of public servants say they have a close relationship, 10% say they have a minimal relationship, and 17% say the relationship is 'somewhere in between' – the equivalent figures for the private sector are 30% 'close', 24% 'minimal', and 43% 'in between').

Half of stakeholders (50%) say they tend to agree with the Treasury's viewpoint, while four in ten (38%) are somewhere in between (probably suggesting they tend to agree *and* disagree). Only 1 in 20 tend to disagree with the Treasury's viewpoint.



Whether or not stakeholder tends to agree with the Treasury's viewpoint (generally)





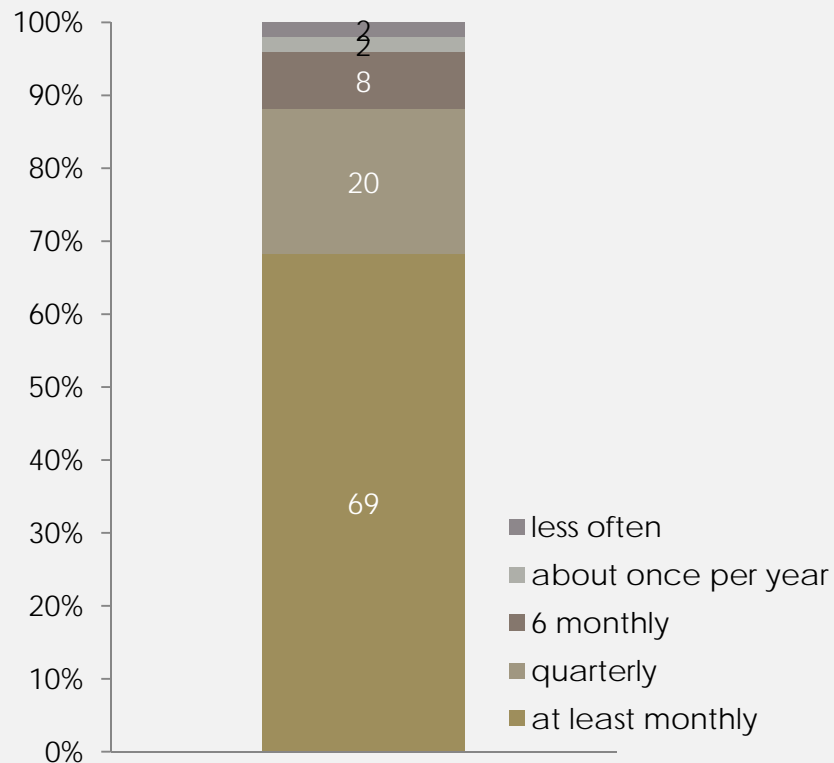
Interactions with the Treasury

This section examines the type of interactions that stakeholders have with the Treasury (including frequency, contact mode, preferred contact mode, and the subject matter and staff level of interaction). Again data is only from the survey because it gives a broadly representative picture of interactions across the Treasury.

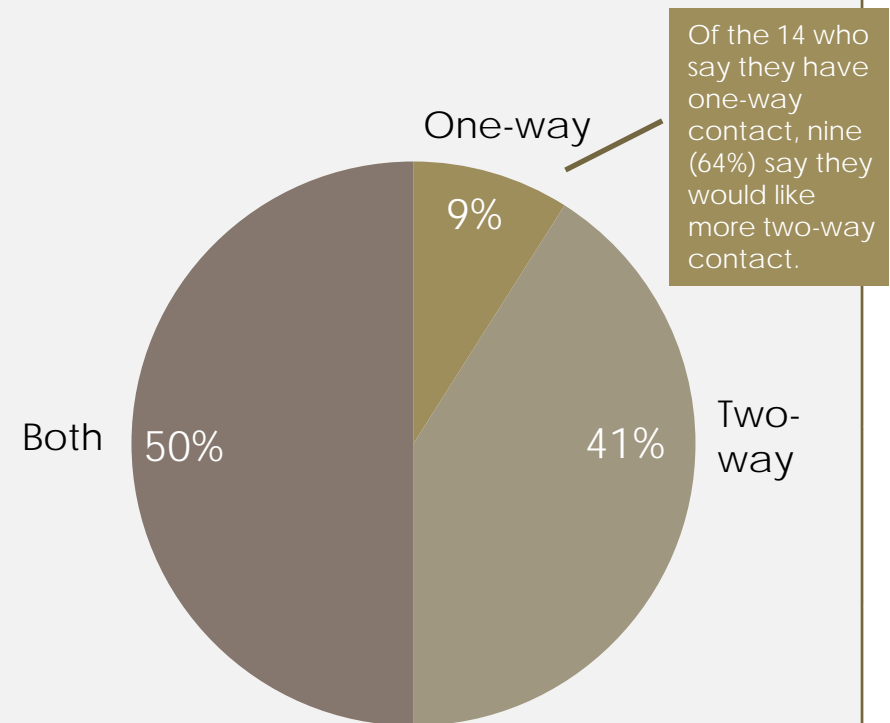
Seven in ten (69%) stakeholders have contact with the Treasury at least monthly.
Only one in ten describe their interactions with the Treasury as mostly 'one-way'.



Frequency of contact with the Treasury



One-way or two-way interaction



Source: Qi1. Thinking about your current role, how often do you have contact with the Treasury? Examples of contact include meetings, conferences, emails, telephone calls, visiting the Treasury website, attending a road show etc.
Base: All stakeholders (n=160)

Source: Qi2. And would you say most of your current contact is...
Base: All stakeholders (n=160)

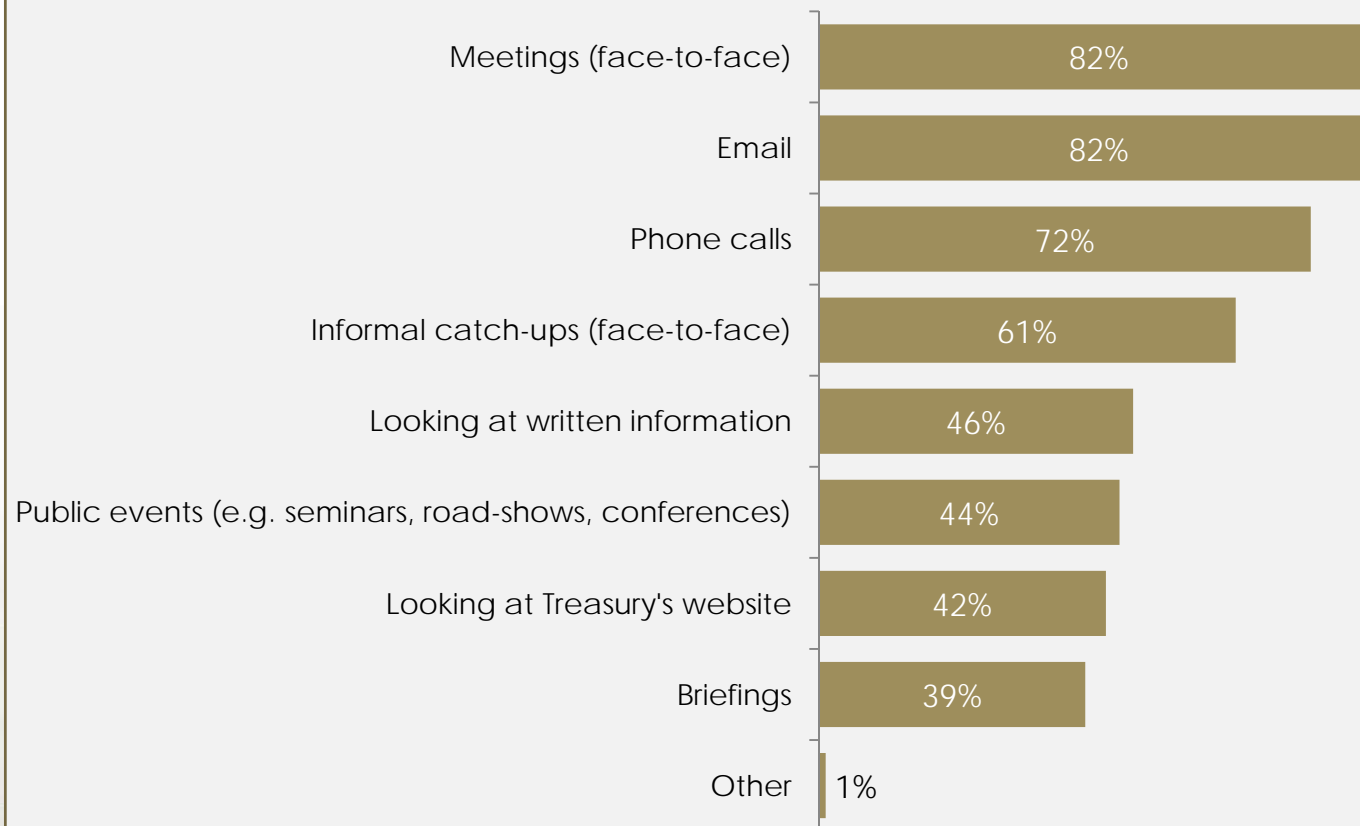
Source for both graphs: Survey of stakeholders.

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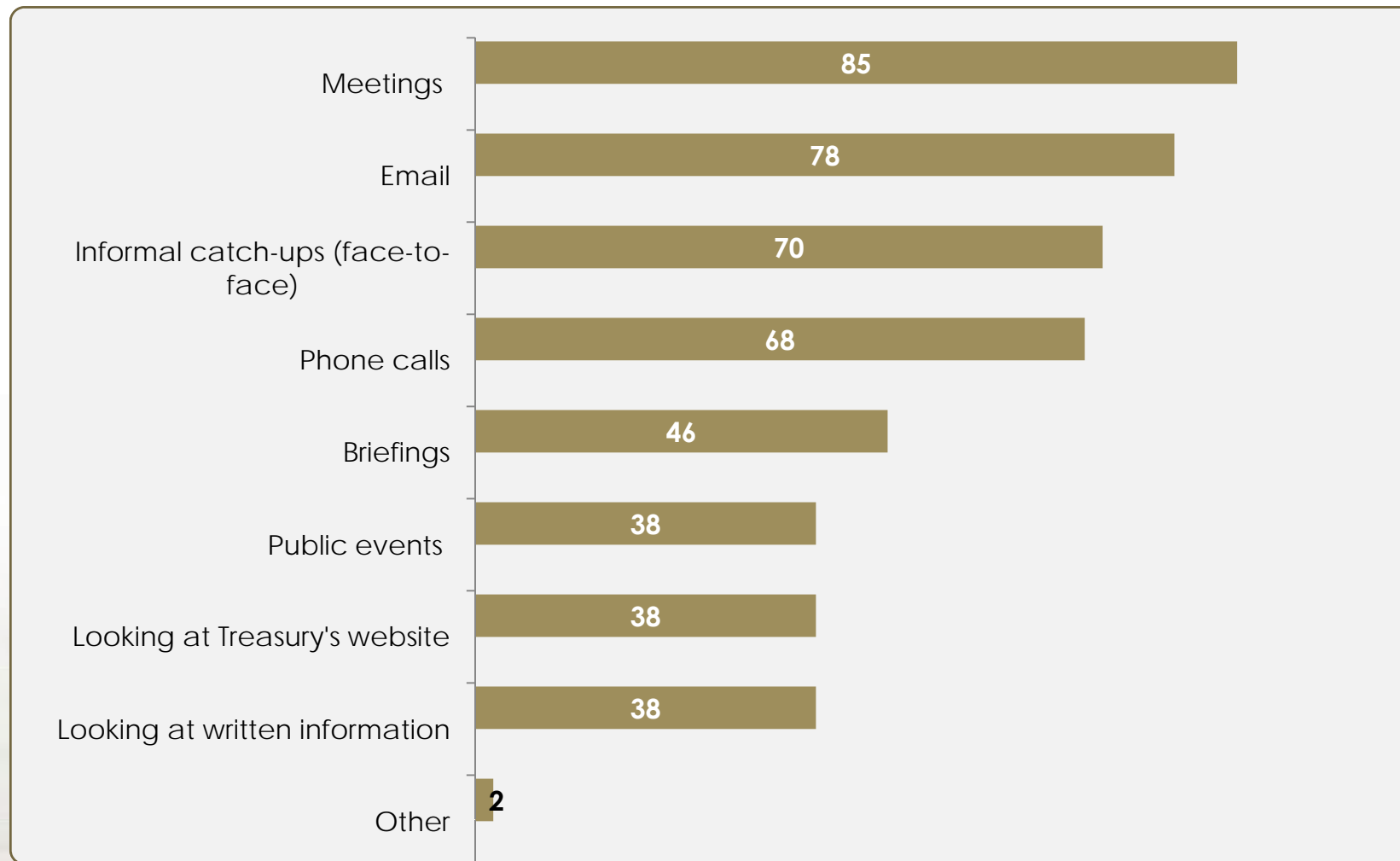
The main types of interactions with the Treasury include face-to-face meetings and email, followed by phone calls, and informal face-to-face catch ups.



Current type of interaction with the Treasury

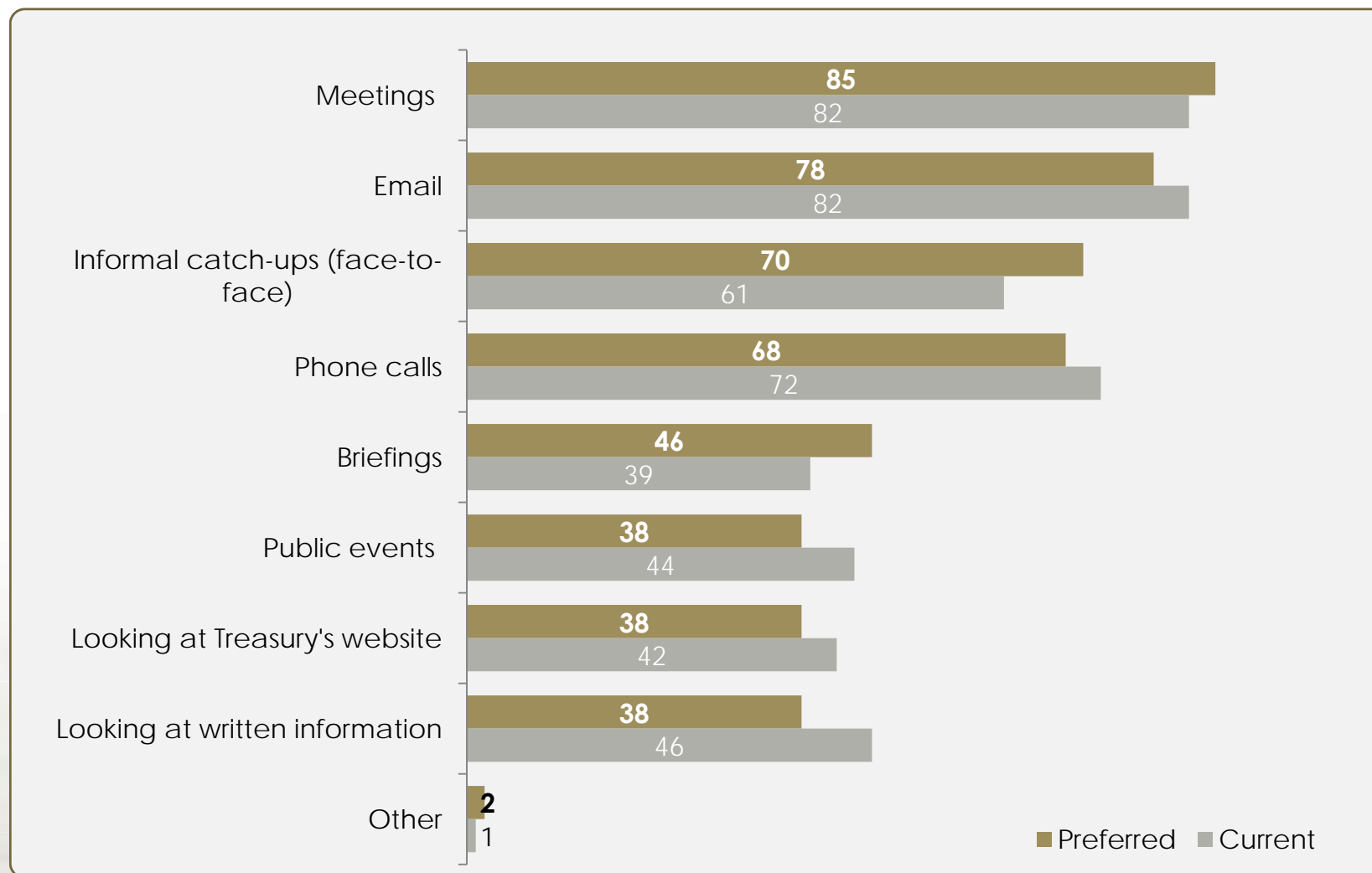


The **preferred** type of interaction with the Treasury is face-to-face meetings, followed by email, informal face-to-face catch ups and phone calls.



Source: Survey of stakeholders. Q14. In an ideal world, how would you prefer to interact with the Treasury? (and Source: Q13. How do you normally interact with the Treasury these days?)
Base: All stakeholders (n=160)

'Preferred' mode of contact broadly matches 'current' contact – although there is a general preference for slightly more face-to-face contact than currently exists.



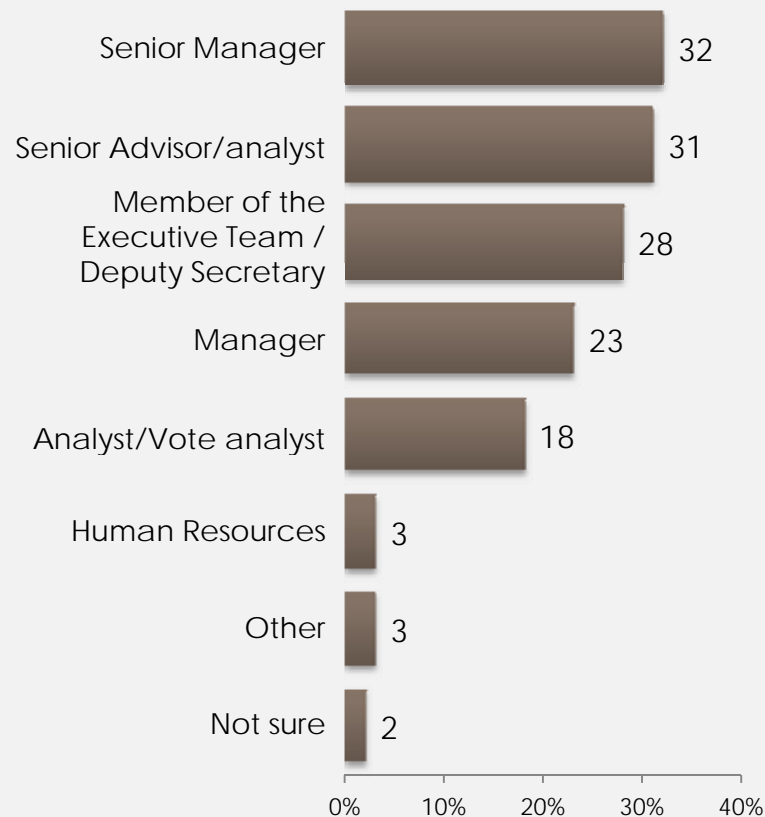
Source: Survey of stakeholders. Q14. In an ideal world, how would you prefer to interact with the Treasury? (and Source: Q13. How do you normally interact with the Treasury these days?)
Base: All stakeholders (n=160)

Nearly a third (32%) of stakeholders' most recent contact was with a Senior Manager. 31% contacted a Senior Advisor/analyst, and just under one in three (28%) had contact with a member of the Executive Team/the Deputy Secretary.

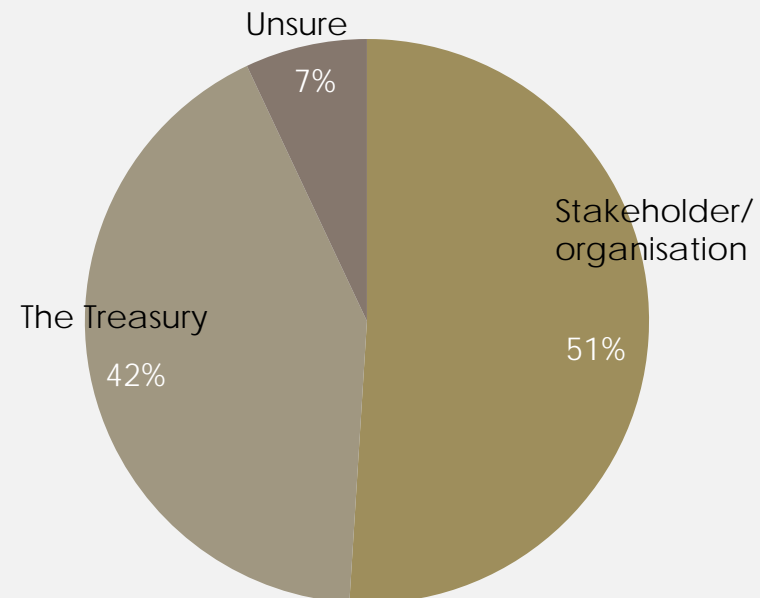
Around half of stakeholders initiated contact themselves.



Who contacted (most recently)



Who initiated the contact



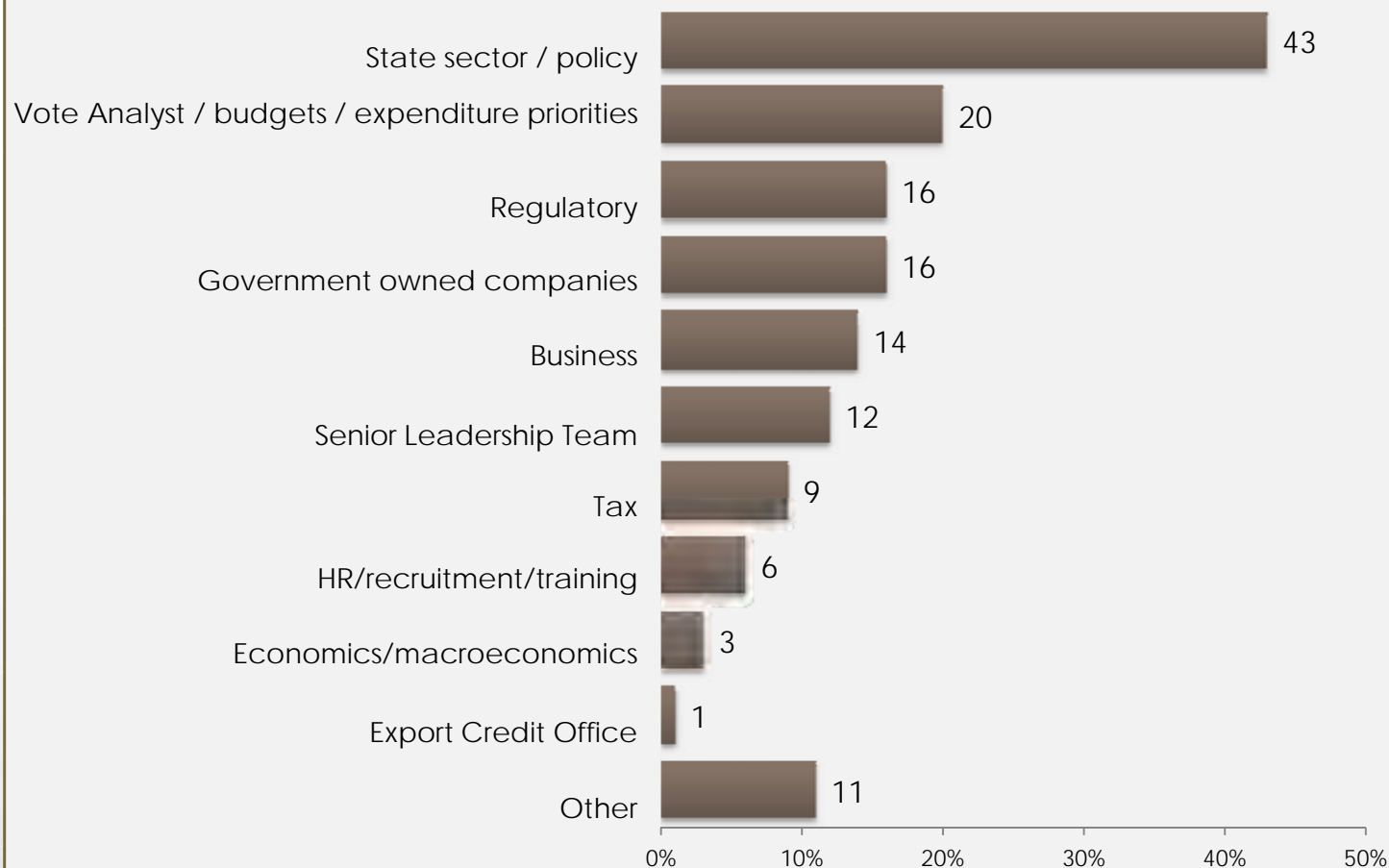
Source: Survey of stakeholders. Qi5. Thinking of your last contact, who was that with?
Base: Stakeholders who have two way interaction with the Treasury (n=160)

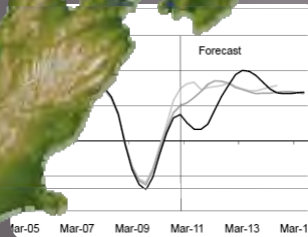
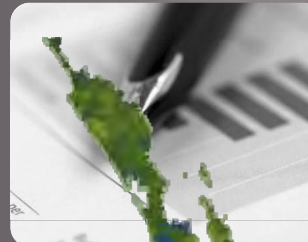
Source: Survey of stakeholders. Qi7. And who initiated the contact?
Base: Stakeholders who have two way interaction with the Treasury (n=160)

Interaction with the Treasury was mainly to do with State sector/policy issues, followed by issues to do with budgets/expenditure priorities, and Vote Analysts.



Subject matter of most recent contact





Satisfaction with service encounters (staff and information received)

This section examines satisfaction with the most recent interaction the stakeholder had with the Treasury. There is an 'overall' level of satisfaction and satisfaction with various types of staff attributes and aspects of Treasury information. This section has findings from both the survey and the in-depth interviews with senior external partners.

90%

Of stakeholders have interacted with Treasury staff in the past year.

This section describes the experience of their most recent interaction.

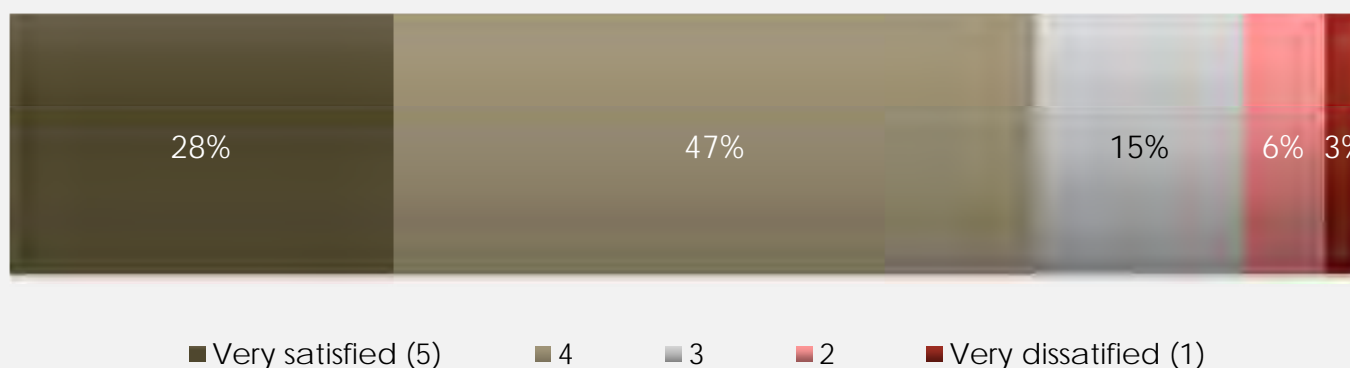


Satisfaction with the most recent Treasury interaction is relatively high, with over three quarters of stakeholders saying they are satisfied (i.e. they rated either 4 or 5 out of 5 for satisfaction).



Satisfaction with overall quality of service delivery

% satisfied
(4 or 5)



Source: Survey of stakeholders. QS3. Thinking about your more recent contact...how satisfied were you with the overall quality of service delivery?

Base: All Stakeholders who have had an interaction with Treasury staff in the past year (n=144)

This is higher than the quality of service received by the general public across all public services in 2009. (According to the 2009 KiwisCount survey by the State Services Commission the quality of service score for the general public was 69, whereas the quality of service score in this survey is 73*).

* The KiwisCount survey produces a quality of service score from 0 (the lowest score possible) to 100 (the highest score possible) for a number of government services. The quality of service score is not the same as the proportion who were satisfied. Instead it is a score which is derived by translating the answer given to the question 'how satisfied were you with the overall quality of service delivery, where 1 means very dissatisfied and 5 means very satisfied'. Respondents giving an answer of 1 are allocated a quality of service score of 0, respondents giving an answer of 2 are allocated a quality of service score of 25, 3=50, 4=75, and 5=100. An average score from 0 to 100 is then calculated across all respondents which translates the answers given to the 'overall quality of service delivery' question into an average score.

Satisfaction results in the survey vary between different work areas and different levels of staff

Please note: there are no statistically significant differences in satisfaction by type of interaction or by type of stakeholder (small sub-sample sizes make significant differences difficult to detect).

The survey asked what the last interaction was about and who it was with. The resulting satisfaction scores can be found in the tables below. (Please treat these results with caution because some of the base sizes are very small).

Source: Survey of stakeholders.

Subject matter of last interaction	% scored 4 or 5 out of 5 for satisfaction
Economics/macroeconomics (n=5)	100%
Other (inc. Export Credit Office) (n=16)	94%
Senior Leadership Team (n=18)	89%
Vote Analyst / about budgets (n=28)	79%
HR/recruitment/training (n=9)	78%
Regulatory (n=25)	76%
Business (n=21)	76%
Government owned companies (n=20)	75%
Tax (n=13)	69%
State sector / policy (n=61)	67%

Treasury staff level (last interaction)	% scored 4 or 5 out of 5 for satisfaction
Member of the Executive Team (n=39)	77%
Analyst/Vote analyst (n=29)	76%
Manager (n=36)	75%
Senior Manager (n=46)	70%
Senior Adviser/analyst (n=45)	69%
Human Resource (n=5)	60%

For senior external partners interviewed, satisfaction with Treasury engagement very much depends on who within the Treasury the interaction is with



Whether or not an interaction goes well with the Treasury is seen by some senior partners to be person dependent. They tend to feel that the engagement will go well if the Treasury person is capable and understands their needs and the industry/organisation.

Engagement with the Treasury is also seen to be better and more effective when people from within the external organisations are familiar with the Treasury and its staff.

"It is fairly dependent on who I'm interacting with. In the main, it is reasonably satisfactory. There are times though when I might feel as though I've really got to assert myself quite hard in a satisfactory sort of encounter."

"I have a good interaction. And, actually quite importantly, the interactions that I have are matched by the interactions that my Deputy Secretary has and that my CFO has, which is really important. Probably helped by the fact that I've recruited a number of people from out of the Treasury into this agency. So, I end up with some quite good relationships across the spectrum because of that. It's always quite helpful... They have an understanding about how the Public Finance Act works and what the public accounts look like and how we manage our appropriations. The times that people like me have the biggest trouble with the Treasury is when we make mistakes. So, I work very hard not to make them and if they are made, I've got the right people in this place to have the right conversation with the Treasury to sort it out."

Although the survey did not identify lower satisfaction with junior staff at the Treasury, there was some negative feedback from senior external partners about engaging with junior staff.



Senior external partners tend to feel that more junior staff (especially Vote Analysts) within the Treasury can have too much autonomy and authority.

There is a sense that Vote Analysts:

- Too often attend meetings where it would be more appropriate for senior Treasury staff to attend
- Act as the gatekeeper of fiscal decisions and frequently dismiss requests with little consideration or understanding of a Minister's/chief executive's overarching objectives. Consequently, senior stakeholders can feel that their requests are being vetoed by Treasury staff who are too junior to make such decisions.

Senior external partners often feel that their case or point of view is not heard by those that matter in the Treasury. This is because they see the Vote Analysts as taking an early position and having too much influence over the outcome of any fiscal decisions.

A number of senior external partners commented on negative engagements with more junior Treasury staff

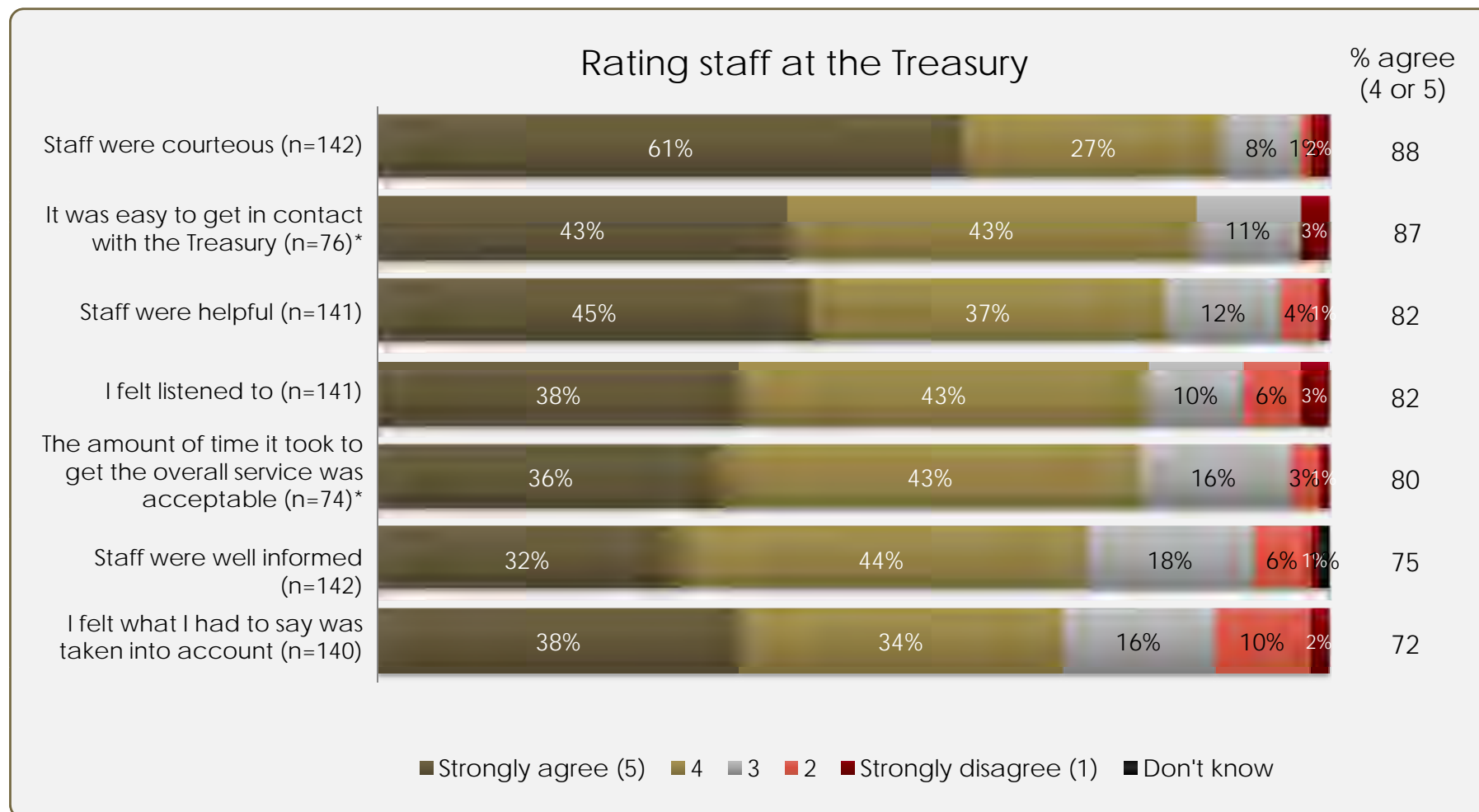


"Often it is quite junior people fronting things. And, unless somebody knows how the Treasury works, they don't necessarily know to push up the chain to reach someone who actually can commit the Treasury and will commit the Treasury... From the outside, I think there is a need to be careful with it, because sometimes there are very junior people fronting very senior people and there can be a bit of a credibility gap there."

"What happens is that sometimes it feels like a kind of battle of attrition. So, you deal with the Vote Analysts. And, they are the first road block. And then you go to the next road block, which is a Vote Manager. And, as is so often the case... you can often get a much more pragmatic, balanced view if you go straight to the top. And, what can cause an enormous amount of frustration is the amount of energy and time that is consumed in battling your way through the different levels of the Treasury. It's that question around, firstly whether or not the person you are dealing with is actually reflecting the Treasury view, and the extent to which that view is actually a reasonably well informed view... I know that there are times where you find that if you talk, very rarely did this, but if I had to talk previously to John Whitehead, you might get a far more reasonable position than you do with more junior staff. But, of course those junior staff have quite a high level of autonomy and authority."

"Very young analysts that rotate through, they are engaging with very senior public servants. Perhaps their own perceived sense of influence is going to their heads a bit. So, you hear about that kind of engagement with departments, those relationships are often poor."

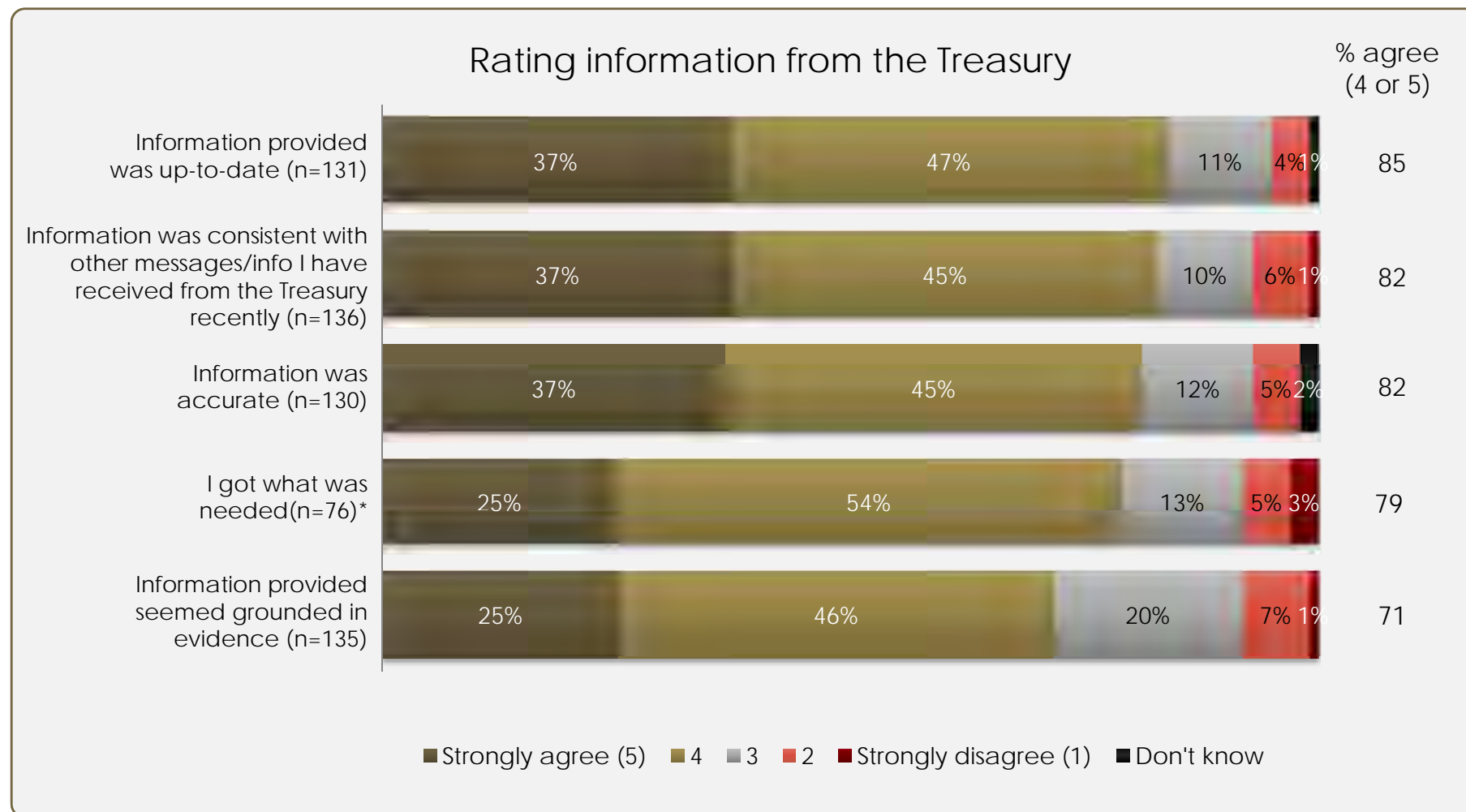
The survey (which included junior, as well as senior, stakeholders) went into more detail about different aspects of satisfaction. The large majority of survey respondents agree that staff were courteous, and that it was easy to get in contact with the Treasury. However slightly less agree that staff were well informed, and that what the stakeholder had to say was taken into account.



Source: Survey of stakeholders. QS1. Thinking about your most recent contact with the Treasury, please indicate how much you agree or disagree with each statement below

Base: All Stakeholders, excluding those who only have contact once a year or less often, those who have mainly one way contact, those who said they only read website or written info/publications, and those who ticked not applicable (see chart for individual base sizes) *note: only asked of those who initiated contact with the Treasury

Over eight in ten stakeholders agree that information provided was up-to-date, accurate, and consistent with other recent information received from the Treasury. Stakeholders were slightly less positive about 'getting what was needed' from the interaction and obtaining information that seemed grounded in evidence (most were still positive about these aspects though).



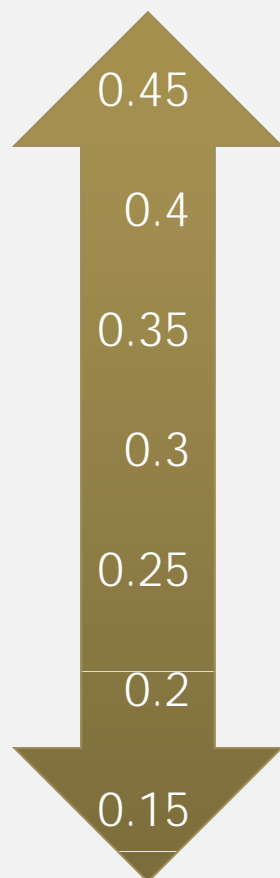
Source: Survey of stakeholders. QS1. Thinking about your most recent contact with the Treasury, please indicate how much you agree or disagree with each statement below

Base: All Stakeholders, excluding those who only have contact once a year or less often, those who have mainly one way contact, those who said they only read website or written info/publications, and those who ticked not applicable (see chart for individual base sizes) *note: only asked of those who initiated contact with the Treasury

All aspects of service are important to stakeholders, however some are *more* important than others. The most important (measured in terms of correlation X regression coefficient against overall service satisfaction are listed at the top, and the least important are listed at the bottom).



Highest derived importance

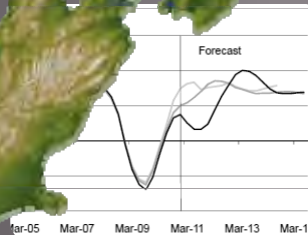
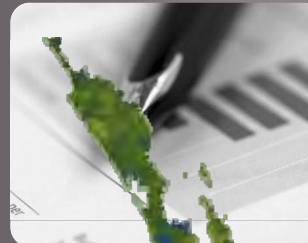


Lowest derived importance

- ◆ Being well informed
- ◆ Making stakeholder feel listened to
- ◆ Being helpful
- ◆ Providing accurate information
- ◆ Providing information that seems grounded in evidence
- ◆ Making them feel that what they had to say was taken into account
- ◆ Providing what is needed at the interaction
- ◆ Providing up-to-date information
- ◆ Being courteous
- ◆ Providing service in an acceptable timeframe
- ◆ Being consistent with other messages from the Treasury
- ◆ Being easy to contact

Colmar Brunton comment: Treasury staff score quite positively across all of these measures (see previous slides). But if service for aspects towards the top of this list was not good (i.e. 'being informed' and 'making stakeholders feel listened to') there would be a notable impact on satisfaction re: the interaction.

Source: Survey of stakeholders. B6. All stakeholders (n=160)



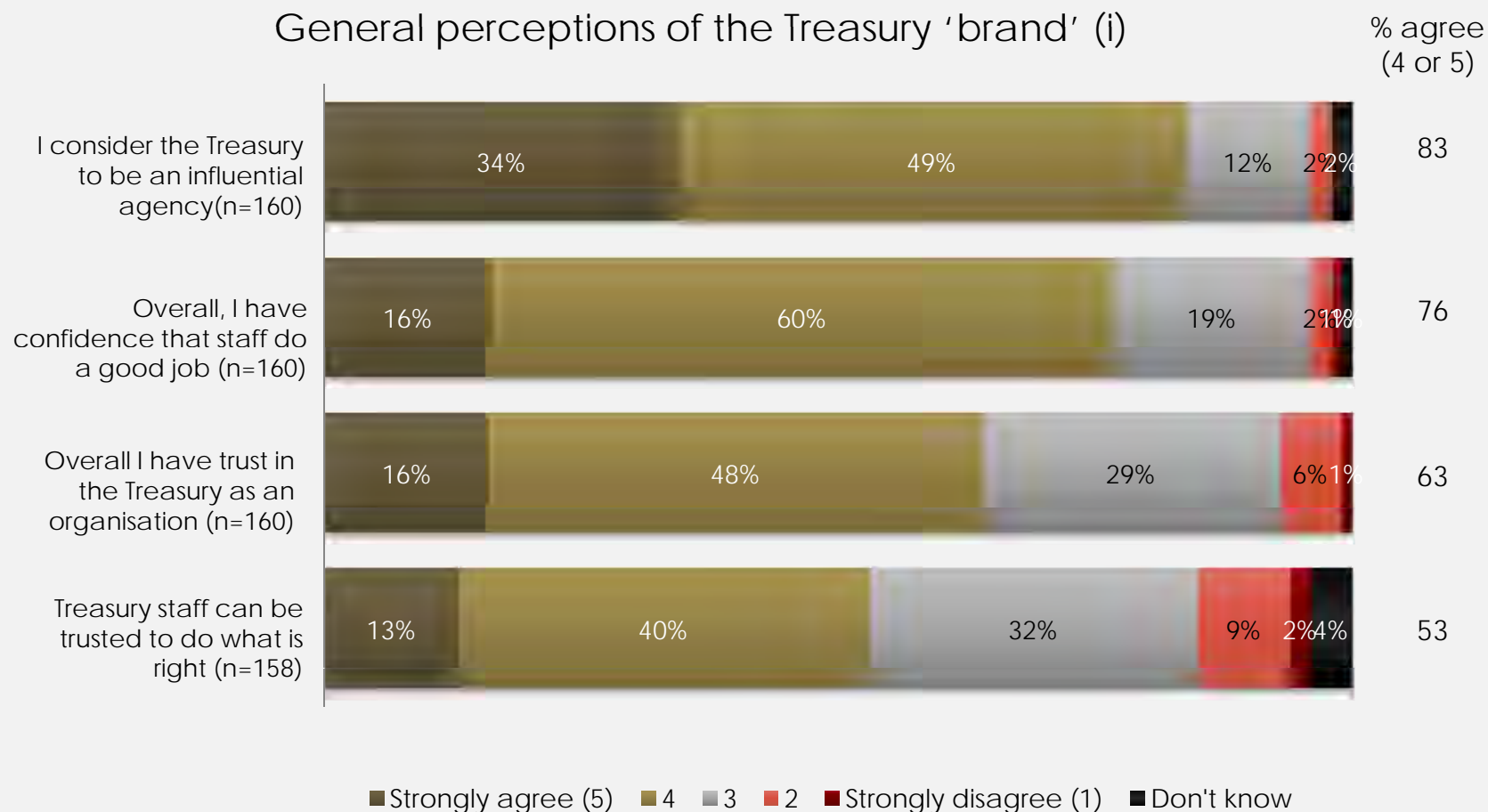
Views about the Treasury as an organisation

This section examines how stakeholders perceive the Treasury as an organisation, in terms of confidence, trust and perceived efficiency. This section has findings from both the survey and the in-depth interviews with senior external partners. Please note that 'all stakeholders' were asked the survey questions detailed in this section (and throughout the rest of the report). In other words, unlike the previous section, these survey questions were not just asked to those who had an interaction in the past year.

Most stakeholders agree that the Treasury is an influential agency (83%) and have confidence that staff do a good job (76%). There is also a reasonably high degree of trust in the Treasury and its staff. However, some are more negative when it comes to 'trust in staff' (rather than 'trust in the organisation') – these tend to be stakeholders who have had a dissatisfying encounter with the Treasury recently.



General perceptions of the Treasury 'brand' (i)



The interviews with senior external partners confirm the high level of confidence in Treasury staff and the high standard of thinking and analysis that comes from the Treasury



The Treasury is seen to be the expert in providing quality thinking and analysis. External partners consider that it is the high calibre of staff and the level of resourcing available to the Treasury that enable them to provide this level of analysis.

Other departments and organisations value this level of analysis, especially as many don't have the internal resources available to achieve the depth of analysis they require.

"It seems to me that their primary currency is the quality of the thinking and their ability to... They have the resourcing and it's bitter irony really. They alone really have the level of resourcing to allow them to do that kind of work in the kind of depth and quality. They can do the blue skies thinking."

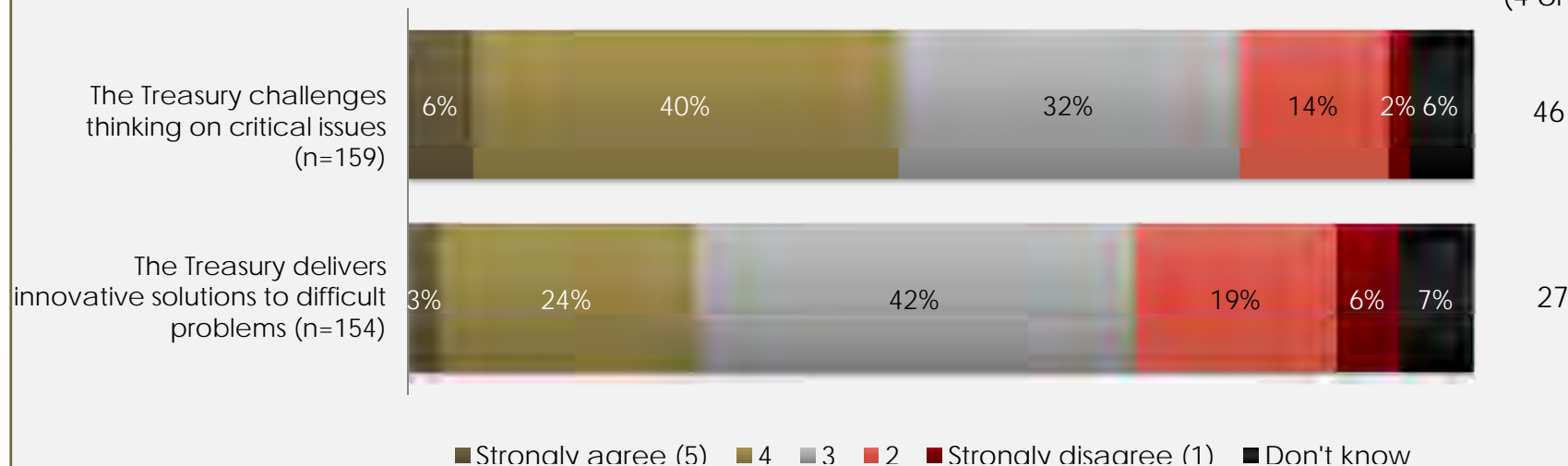
"What we value in [specific team] is, because we're so small, what we find they really can add value to is their ability to do more depth of analysis on particular sets of issues that we might be concerned about. So, while we have one person covering every broad spectrum of things, they've got a team of people, from junior advisors to senior and managers and all sorts of people. So, they can add a depth to the analysis that is really helpful... They've got the resource available."

The Treasury does not score so positively when it comes to challenging thinking on critical issues and delivering innovative solutions to difficult problems. Quotes from those giving more negative scores on these issues suggest that some see the Treasury as 'inflexible' and that the organisation should be more open to new ideas.



General perceptions of the Treasury 'brand' (ii)

% agree
(4 or 5)



Listen more and be more flexible. Staff need to listen and learn more.

Need to embrace change a little more. The Treasury is not homogeneous - some more open-minded than others.

Build on the recent wellbeing of New Zealanders work the Treasury has done to take a broader perspective of the economy and see beyond purely financial, price and market factors.

The interviews with senior external partners also suggest that the Treasury is sometimes seen to be unpractical and out-dated in its thinking



Some senior external partners feel that the Treasury's thinking and economic assumptions can sometimes lack real life practicality.

"They are regarded, I think, as being a little bit ivory tower'ish... There is a view that they are quite, almost elite in their approach and academic in their approach."

"Every now and then we strike an, almost an ideologue within the Treasury. Just having a theory doesn't work."

A few also feel that the Treasury can be slow to respond and its economic view can be out of date.

"I think that there is still a somewhat doctrinaire approach to economic policy."

"[The Treasury is] reasonably slow to respond to changes. It's not unusual in the Treasury I guess, so the Treasury's approach is not unusual compared to the other agencies I have to say. But, it often feels like you're seeing views from Treasury that, this might be what it was like three or four years ago. This work has come up from this other agency and so we have responded with the views that we have always had."

Senior external partners also say there are occasions when the Treasury is perceived to be inflexible in its views and approach



"[The Treasury] just haven't been willing to engage in the differences [between our organisation and theirs], and the reasons for the differences at all."

"They seem to spend a lot of time trying to come up with a Treasury view. ... My impression is that they use up a lot of energy and once they've reached it, it is a bit late to then engage with others who might have a different view in an open minded way. But, the other way of doing it is to say let's work out our position collaboratively. So, we build it together, we own it together, we don't end up with what is your position, this is my position, let's have a fairly close minded discussion about it."

"It really has improved a lot... It **was** in a couple of areas, specific areas that were problems. Part of it was in very, very aggressive Treasury officials not wanting to take our role and accept that, and being very aggressive about pushing their own view. That apparently has basically changed."

Although, this perceived inflexibility is starting to improve.

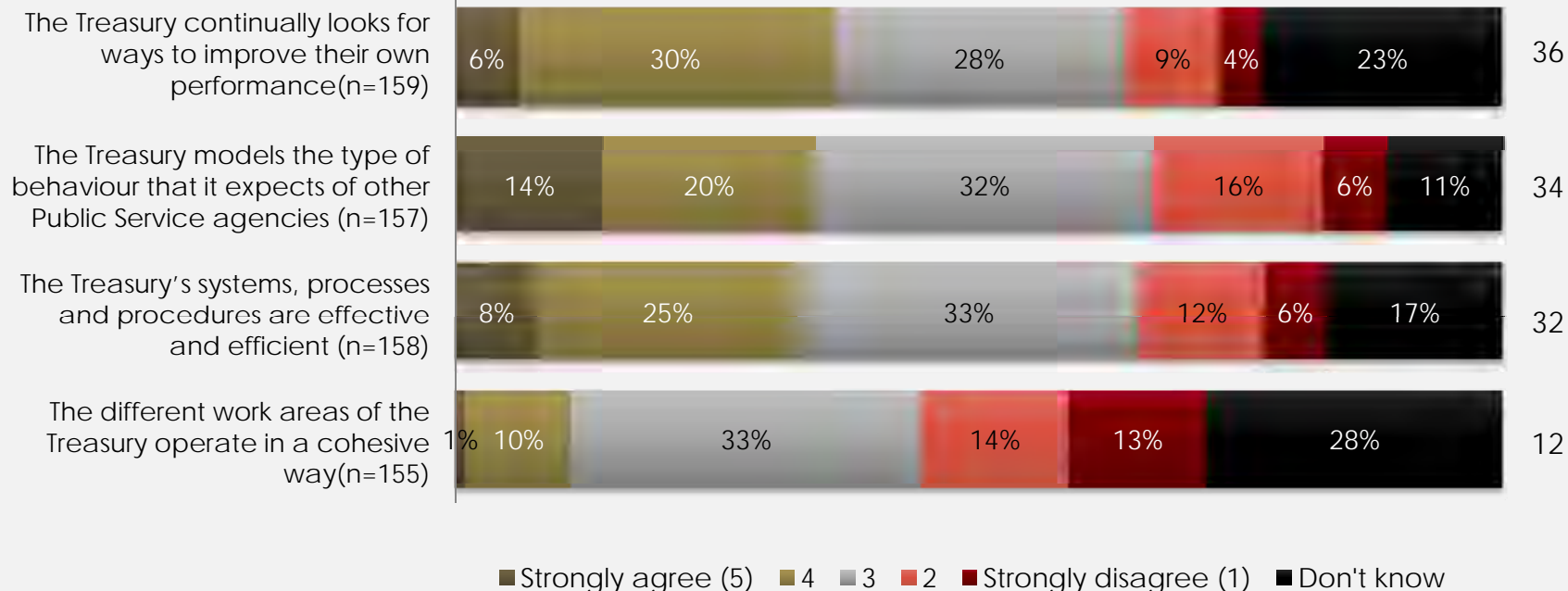
The survey asked some questions about the Treasury's perceived efficiency. Many stakeholders (around a fifth or more) do not know how to answer questions about the internal workings of the Treasury.

Views from the rest are evenly spread (notable proportions are neither positive nor negative). The Treasury does not score well on '*operating in a cohesive way*' with only 12% of stakeholders agreeing – making this the most negative statement in this survey. Quotes from stakeholders suggest this may reflect confusion around the current structure of the Treasury.



Perceptions of the Treasury's efficiency

% agree
(4 or 5)



Following the last Treasury restructure, however the relationship with the Treasury has become more problematic. The senior managers are not visible or accessible.

Continue steps already started - rework the senior management structure - too complex.

We need regular updates about team changes, restructures.

Sometimes I find silos within the Treasury. Different teams don't understand each others' programmes.

Among senior external partners this perceived lack of cohesion was reflected in a common frustration about not knowing exactly who to engage with at the Treasury to get things done.



Many senior external partners consider the Treasury's organisational structure ambiguous. They find that they do not always know who is in which role, and therefore, are often unsure about who is the best person to contact within the Treasury about specific queries or topics.

Related to this issue is that the Treasury is seen to regularly change its personnel and/or the roles of its personnel. This makes it difficult for external partners to keep up-to-date about who they should contact.

"It's not been at all clear exactly how the structure works or who has what role. And, partly for reasons beyond their control, they move people around quite a bit recently. So, it can be a bit frustrating either not knowing who to go to or finding out the person you were dealing with and who was up to speed... I do think they could achieve greater clarity in roles, and hopefully, throughout time they'll achieve great clarity in the way others outside understand the roles and over time stability in terms of who we should interact with."

"I don't quite know who there might be in the Treasury who maybe I would want to talk to us or we might want to talk to them. It's quite hard from here to figure that out. So, typically if we wanted to talk about something or other, we might just flick something in to the Chief Executive and take it from there... It was very hard to figure out from the outside. So, if we wanted to talk with somebody in the Treasury about X, who would that be?"

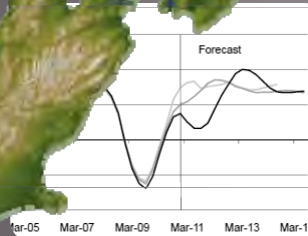
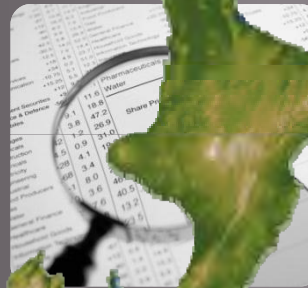
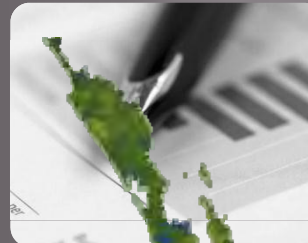
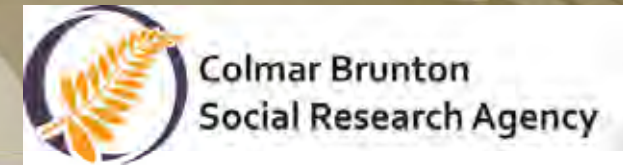
Senior external partners often don't know who to engage with at the Treasury.

When asked to describe the Treasury's personality, survey respondents use a large number of positive words (and a smaller number of negative words). Overall the Treasury is seen as professional, influential, and expert and reliable. Although a notable minority describe the Treasury as arrogant and inflexible.



Source: Survey of stakeholders. QB6. Please think about the Treasury and imagine it were a person with its own personality. Below are a series of words. Please indicate which words you associate with the Treasury's personality. Please just tick the first words that come to mind (or use the space under other-specify to write your own words).

Base: All stakeholders (n=160). Exact proportions selecting each word can be found in an Appendix.



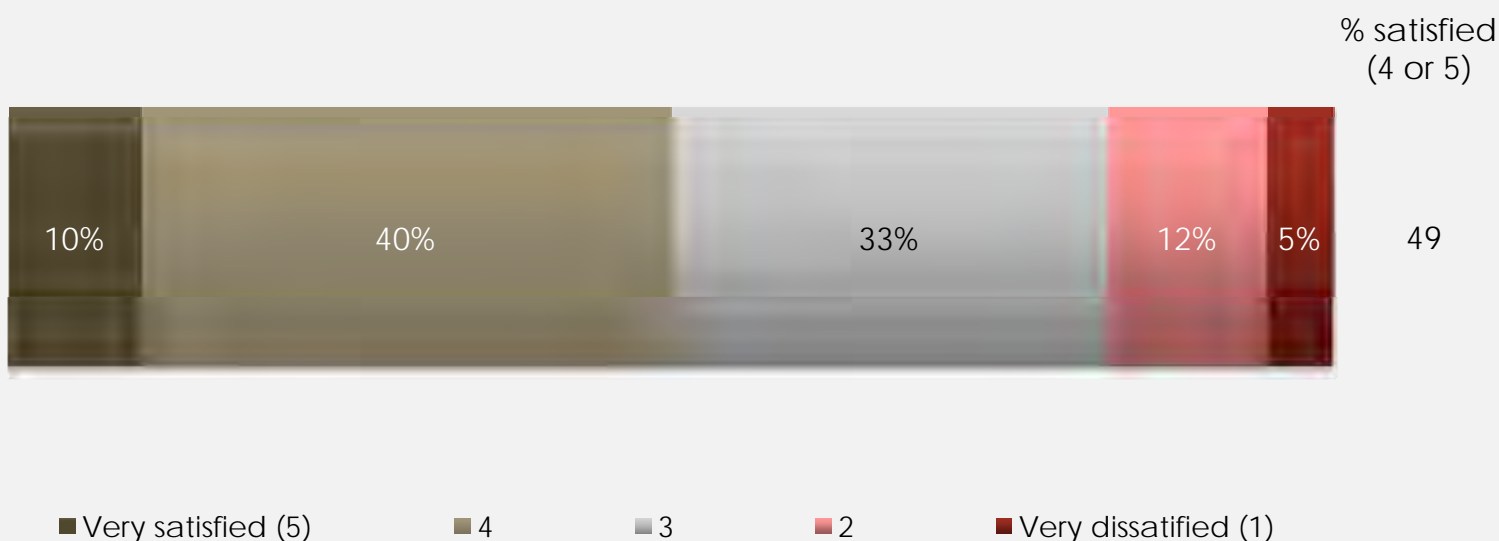
Treasury's leadership role

This section examines how stakeholders perceive the Treasury's leadership role (including economic, fiscal, State sector, and regulatory leadership). This section has findings from both the survey and the in-depth interviews with senior external partners.

Views of Treasury's leadership are more positive (49% positive) than negative (17% negative), although a reasonably high proportion (a third) are neither positive nor negative. Leadership is a high level concept, and this section breaks it down into different areas of leadership.



Satisfaction with the Treasury's leadership in stakeholders area



Chief executives were more likely to be satisfied with the Treasury's leadership (67% vs. 44% of non-chief executives), as were those who were satisfied with Treasury interactions generally (70% vs. 20% of those who were not satisfied).

Source: Survey of stakeholders. QB3b. Thinking of the role the Treasury plays in your area of work, how satisfied are you that the Treasury is providing an appropriate degree of leadership?

Base: All stakeholders, excluding those who felt the question was not appropriate/relevant (n=154)

Views from senior external partners suggest that the Treasury is naturally seen a leader because of its position and resources.



Senior external partners view the Treasury as having positional leadership. The Treasury is considered to hold authority and be influential because:

- It is a central agency
- It manages the country's finances and expenditure
- Has the intellectual capability

"[The Treasury] are always influential because of course they advise the Minister of Finance. If you've got a Minister who wants to get a new policy over the line, it's got to get through the cabinet process. It's got to get through there without a derogatory Treasury comment attached to it. And, you need the Treasury to brief the Minister of Finance saying on balance this looks like it's a good idea and probably be value for money. Because they are a central agency they have positional power."

"I think they do that [leadership] by virtue of their command of the subject. So, they are by far the best informed central agency on the state sector matters, more so than the [State Services] Commission by a country mile. They've got mass and money... seems to come with the territory really. At times we see the departments ignoring the State Services Commission, I don't see them, departments, ignoring the Treasury... I think leadership has been both intellectual leadership and positional leadership. The leadership that comes with the position is stronger from the Treasury."

The Treasury is seen to be particularly influential across the State sector.

Although, the Treasury's leadership is seen to be more effective in specific areas



Senior external partners believe that the Treasury demonstrates more effective leadership and influence in some areas compared to other areas, including:

Its fiscal role
compared to its
economic
growth role

Within the public
sector
compared to
across the
private sector

Short term
initiatives
compared to
long term
initiatives

Each area is discussed on the following pages.

The Treasury is seen to be more influential in its fiscal role than its economic growth role



Fiscal role

The Treasury is seen to be very influential in the country's fiscal decisions...

Economic growth role

... but, it is seen to be less influential in economic growth and policy

"The Treasury I don't think is seen as a force to be reckoned with right now. It is on the fiscal side, so it is in terms of value for money and just controlling government expenditure, but it's not seen as a force to be reckoned with on the economic policy. So, I think people generally see it in its traditional vote management role as opposed to deep thinking about medium term economic issues. And, that links closely with why in the leadership sense it's not seen as leading."

"The black hat, the influences around fiscal stuff. So, it's like almost in a sense the influence they have is the handbrake. Much less of an influence over the generation of ideas, and that's kind of contradictory... But, even the economic growth agenda, I mean the Treasury, the fiscal role of the Treasury invariably means that they are mostly working out how to say no to everything."

"They are not always as strategic and forward looking as they need to be in economic policy. They have a way to go to be true leaders in this space. For example, heads of other departments and their management are more involved in infrastructure, i.e. MED. They also need to be collaborative when they occupy that role, and that is not second nature to them."

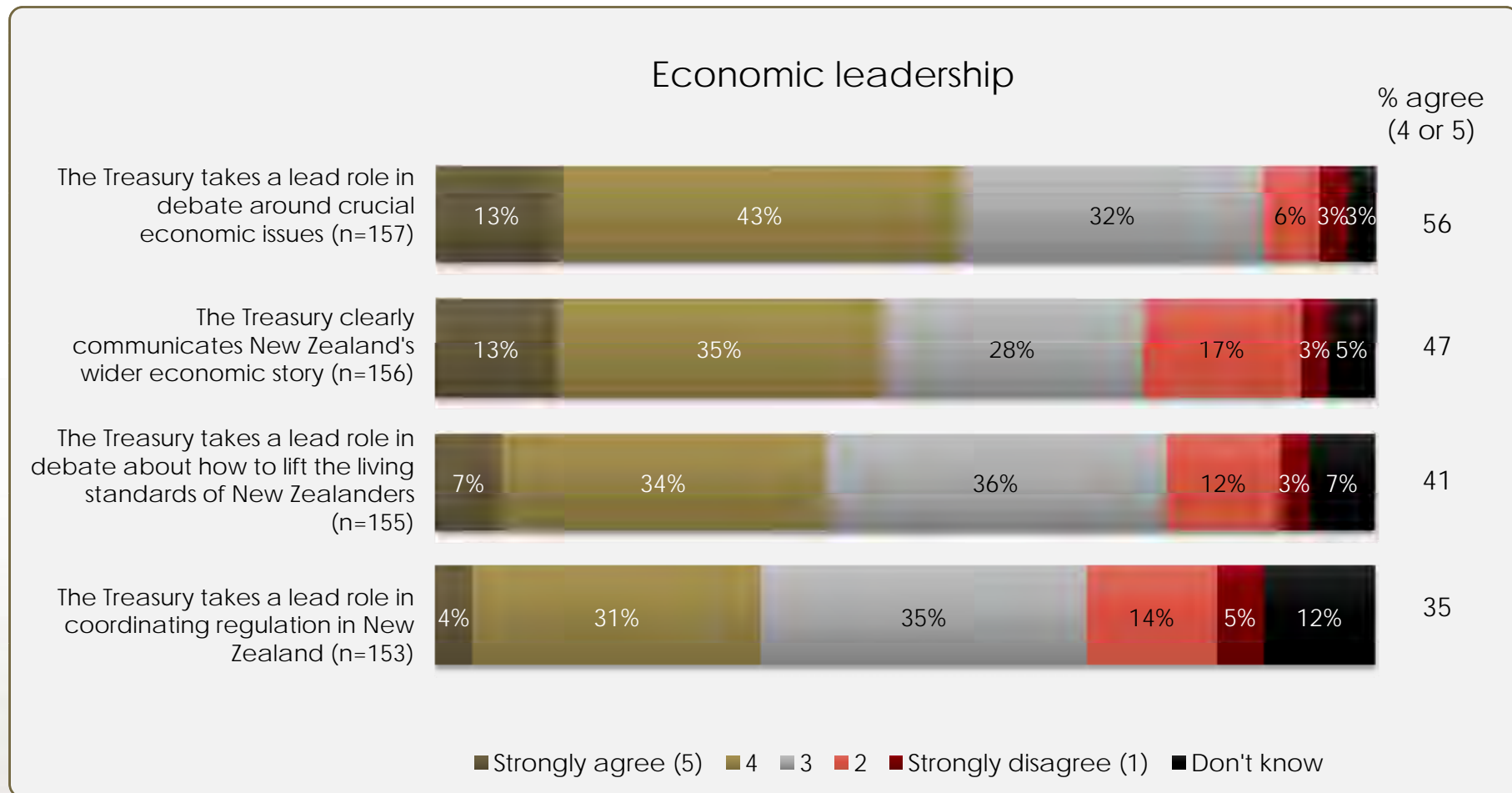
However, there is recognition that it is difficult to simultaneously undertake the fiscal monitoring and economic growth roles



"They have got to lead on the public sector reform, which involves forming a view about, and then advising the Ministers on decisions that could have a fundamental impact on some of the agencies they're working with. So, I think that makes it even harder to be an intricate part of... So, when you think of their leadership and economic policy area, which is not about trying to mind the purse strings, but about how can we assist and best support Ministers in the country and improve economic performance. To do that role really well, while simultaneously doing the purse strings on the public sector reform is hard."

"They have got a role to do and they have got an internal tension between being the government's fiscal advisors and the government's economic advisors. And, that tension manifests itself in the [industry], because on the one hand the [industry] units are thinking about what our needs are as a nation ... which really thinks about where we need to invest, but at the same time they are sitting there wearing a fiscal hat, which in the Treasury's behaviour mostly manifests itself as looking for reasons not to do things as opposed to looking for reasons to do things. So, the fiscal responsibility mostly results in black hat kind of behaviour. Whereas, the [industry] responsibility is more about looking for opportunities. It's a real tension in that."

Looking at economic aspects of leadership covered in the survey, the majority (56%) agree that the Treasury takes a lead role in debate around crucial economic issues. But there are slightly lower scores for 'clearly communicating NZ's economic story' (47%), and 'debating living standards' (41%). And only 35% agree that the Treasury takes a lead role in coordinating regulation.



Among senior external partners the Treasury is seen to be more influential across the State sector (and much less influential across the private sector)



State sector

The Treasury is seen to be increasingly influential across the State sector and with parliamentary Ministers...

"They are very powerful within government and Ministers won't sneeze without Treasury backing."

"They are hugely influential in the way Ministries think. I know that because every time I'm with a Ministry or a chief executive of another Ministry, the Treasury always seems to be lurking in the background in their minds. And, you have got to get it past the Treasury. The Treasury is the ultimate arbiter and decision maker and that reflects I think cabinet too. Unless you can get past Bill English, then it's not going to fly... The Treasury is seen as a very powerful formidable Ministry in the mix of things."

Private sector

... but, it is lacking visibility across the private sector, particularly outside of Wellington

"To the private sector they are deceptively relevant... I don't think the average private sector business person, and certainly the public, I don't think they really understand how enormously relevant the Treasury are to them, because the bottom line is that the Treasury's strategies that are accepted will have a fundamental influence on key issues such as economic growth, productivity, infrastructure, development and all the rest of it. I think it has taken quite a while for that message to get through to the private sector... We've seen a real increase in the number of quite significant mid to long term projects that the Treasury has announced that it is working on and it will influence the private sector. So, I sense around this town at least, there is growing awareness of what's going on. When you go to Auckland they wouldn't know what the Treasury does and that in itself is an issue."

And influence across the State sector has increased in recent years



Many senior external partners recognise that it is only recently that the Treasury has become more influential in its role. They see the key reason for this as being a new Government that is allowing the Treasury to express its views independently. The current Government is also seen to encourage and/or be open to the Treasury encouraging public debate.

"The Treasury does quite a good job actually, expressing its views on a range of issues. And, I think this Government in particular has given a certain amount of latitude and permission to do that."

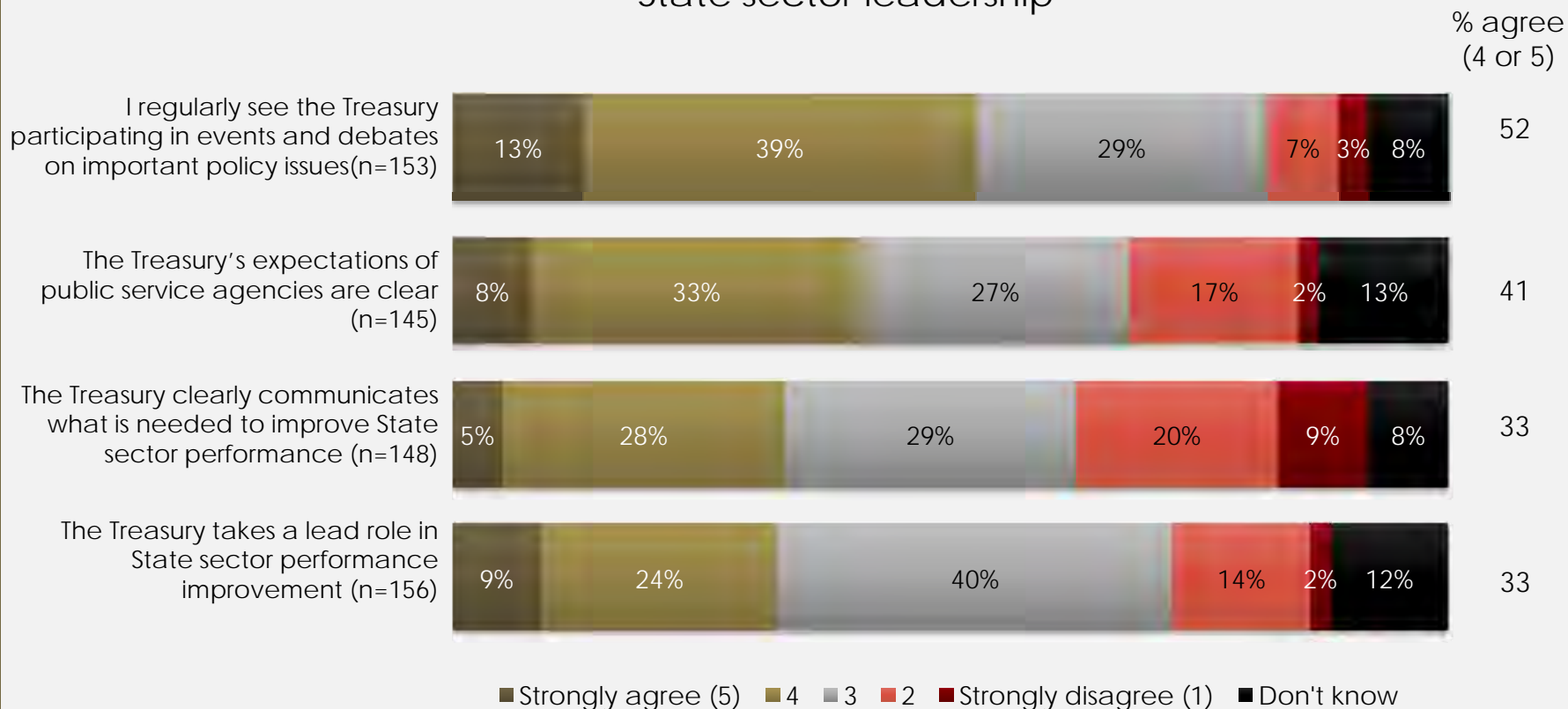
"In 2011, I see them as being very influential across the State sector. They have had a renaissance. They have gone from a period of complete irrelevance to now high relevance. It's clear that Minister English relies heavily on them, but he wants their views challenged. And, he welcomes challenges, which is great. So, I think they're now highly relevant."

"With the [last] Government for nine years that was demonstratively not interested in the Treasury and bagged it often. And, any time that the Treasury tried to speak out or do anything other than the statutory things that it had to do, there would be a visceral reaction from the ninth floor. So, essentially they got flogged for nine years, in my view, in a most unhelpful manner... So, now this [Government] are showing signs that they actually want the Treasury to be sentient and if the Secretary is going to stand up and say things that are kind of tough, well, they can cope, and they would like to have that going on."

Results from the survey also suggest that the Treasury is highly visible in policy debate (52% agree and only 10% disagree). But the survey identifies some concerns with leadership in State sector performance improvement (only a third of stakeholders are positive about this – although it may not be a core role of the Treasury, some are disappointed at the Treasury's lack of leadership in this space).



State sector leadership



More overall leadership on both the economic agenda and the agenda for improving State sector performance.

Leadership from the Treasury, DPMC and SSC on public sector reform and improved agency performance has been very disappointing.

Finally, senior external partners see the Treasury as being more effective in leading short term initiatives



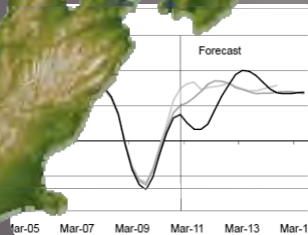
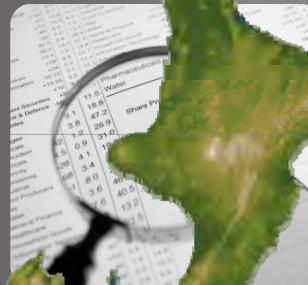
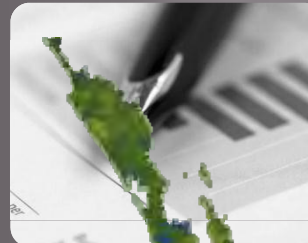
Short term initiatives

The Treasury is seen to be effective at responding to short term initiatives...

Long term initiatives

... but, it is seen to be less effective at articulating medium to long term economic policy initiatives

"If I have got an overall criticism about leadership, I think we see strong leadership in relation to short term initiatives. So, they are very impressive in their dealings with issues such as the Christchurch earthquake, the finance company collapses, the Pike River tragedy etc. They are good at that stuff, but actually they are not so good at, at least in any kind of public sense, articulating their vision for mid to long term economic strategy and what the private sector and the public sector need to do to achieve it. So, that is where I think we need to see more leadership."

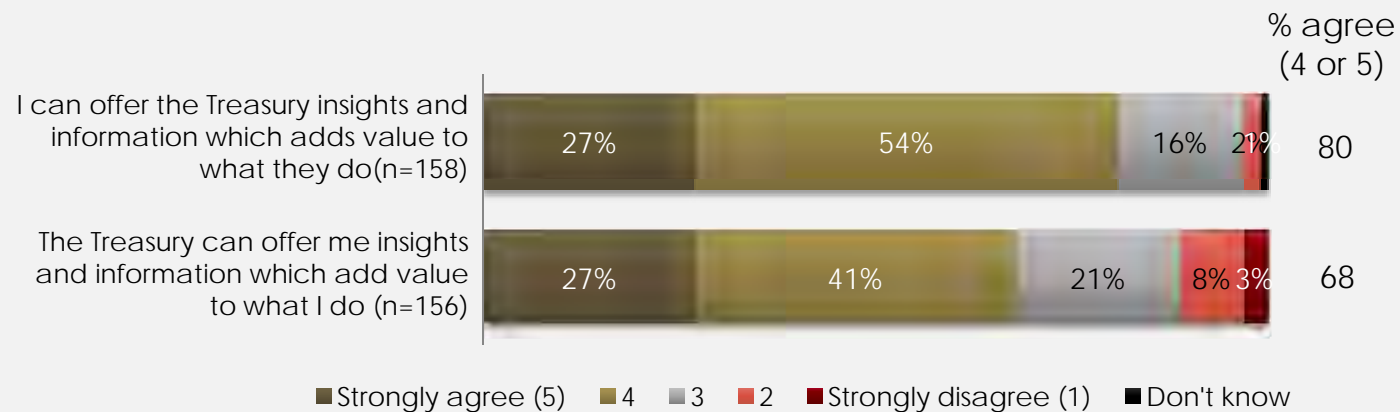


Views about stakeholder/Treasury relations – and how to improve them

This section provides information about engagement and communication with stakeholders. There are suggestions about how to maximise the value from stakeholder engagement. This section has findings from both the survey and the in-depth interviews with senior external partners.



Stakeholders are very keen on maintaining, or growing, dialogue with the Treasury. Most (8 in 10) think they have insights to offer the Treasury. Slightly less (just under 7 in 10) think that the Treasury have insights for them.



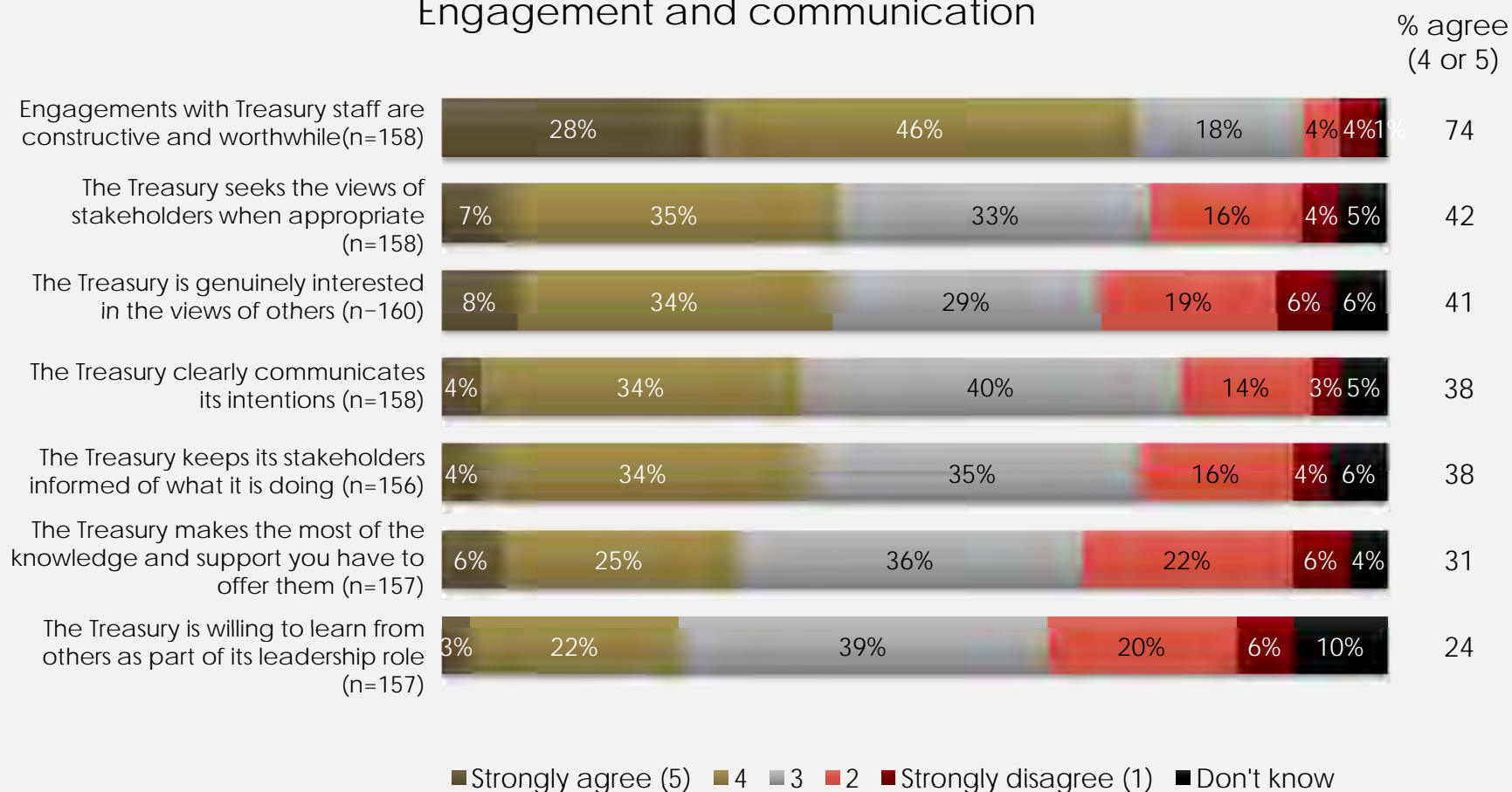
Source: Survey of stakeholders. QB2_1 & QB2_2. Can you tell us how much you agree or disagree with each statement below
Base: All Stakeholders, excluding those who ticked not applicable (see chart for individual base sizes)

This means there is a group of stakeholders who believe they have insights and information to offer the Treasury but they do not agree that the Treasury has insights and information to offer them. (19% are in this category – sample sizes are too small to identify any themes apart from these stakeholders are less likely to agree with the Treasury's viewpoint).

Three in four (74%) stakeholders believe engagements with Treasury staff are constructive and worthwhile, however there is less agreement about some areas of communication, in particular, when it comes to the Treasury 'seeking views' and 'gaining value from stakeholders' knowledge', or 'keeping stakeholders informed'.



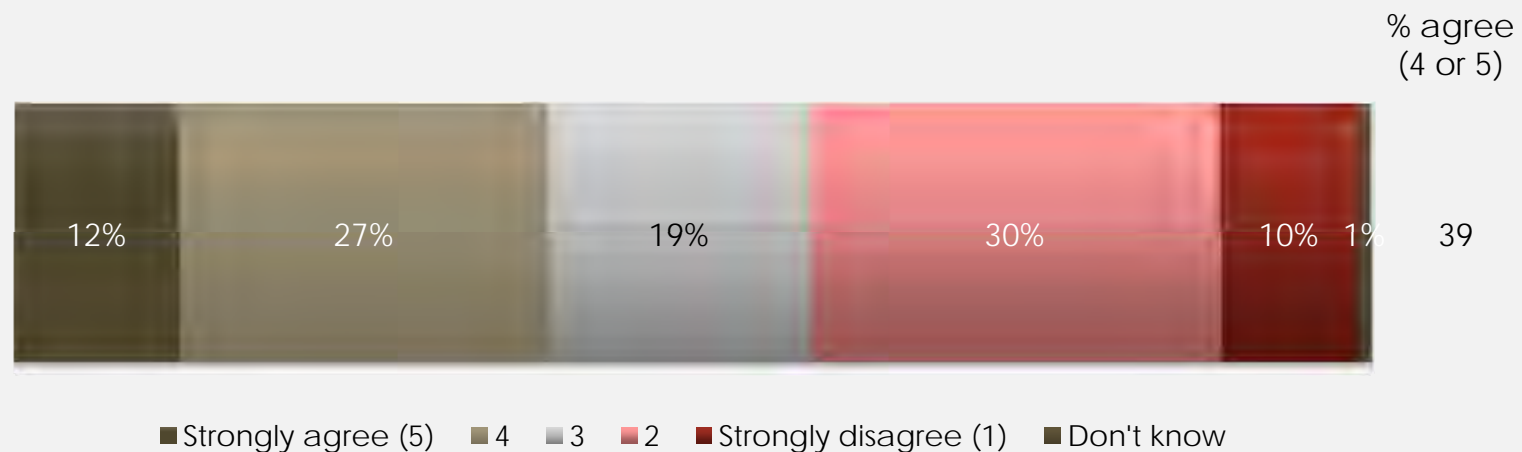
Engagement and communication



39% of stakeholders feel that Treasury staff could improve the way they interact with them. A similar proportion (40%) disagree.



Treasury staff could improve the way they interact with me

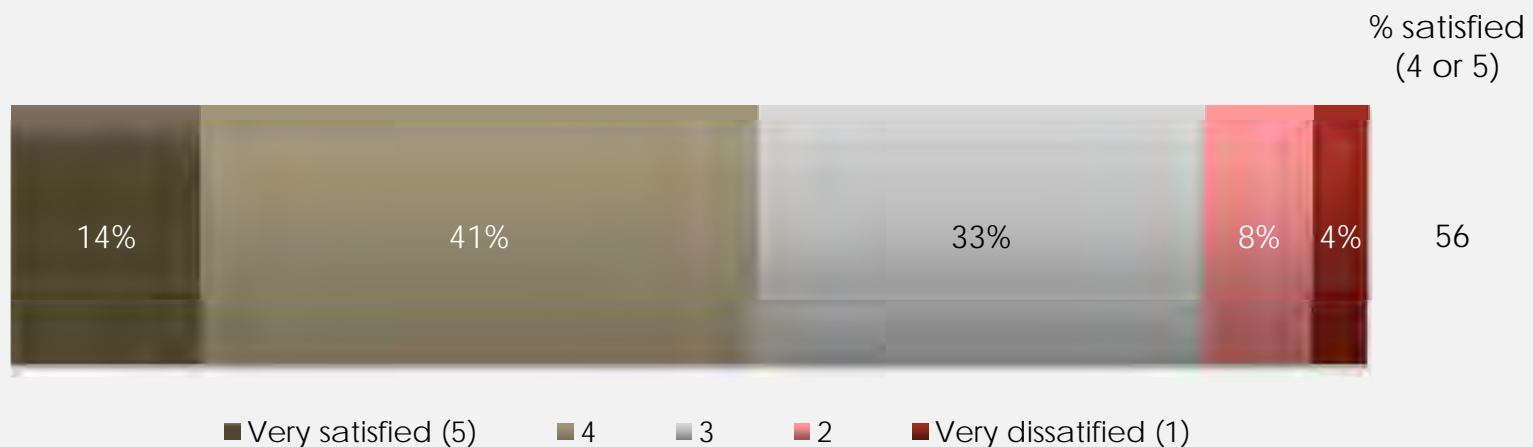


Subgroup analysis on this question did not provide any clear trends, however subgroup analysis regarding 'overall satisfaction' with Treasury-stakeholder interactions (see next slide) did provide some indicative differences by 'type of stakeholder'.



Over half of stakeholders (56%) are satisfied with the way the Treasury interacts with them generally – although only 14% are 'very satisfied'. One third are neither satisfied nor dissatisfied. The remaining 11% are dissatisfied.

Overall satisfaction with Treasury interactions



Note – this is probably the most important question in the survey. 'Satisfaction with Treasury interactions generally' is a wider concept than 'satisfaction with quality of service at the most recent interaction' (which was described earlier). Stakeholders will take a high-level view of Treasury-stakeholder relations at this question. It was asked towards the end of the survey and, as such, stakeholders will reflect upon all of the topics covered in the survey questionnaire (including individual questions about how the organisation interacts with stakeholders generally).

Public servants at large agencies and Tier 3 and Tier 4 public servants have the highest satisfaction. Satisfaction increases with frequency of contact.



The following groups are *more* likely to be satisfied:

Public servants working at large public service agencies (73% are satisfied, compared with 50% of other public servants).

Tier 3 and 4 public servants (70% are satisfied vs. 51% of non Tier 3 and 4).

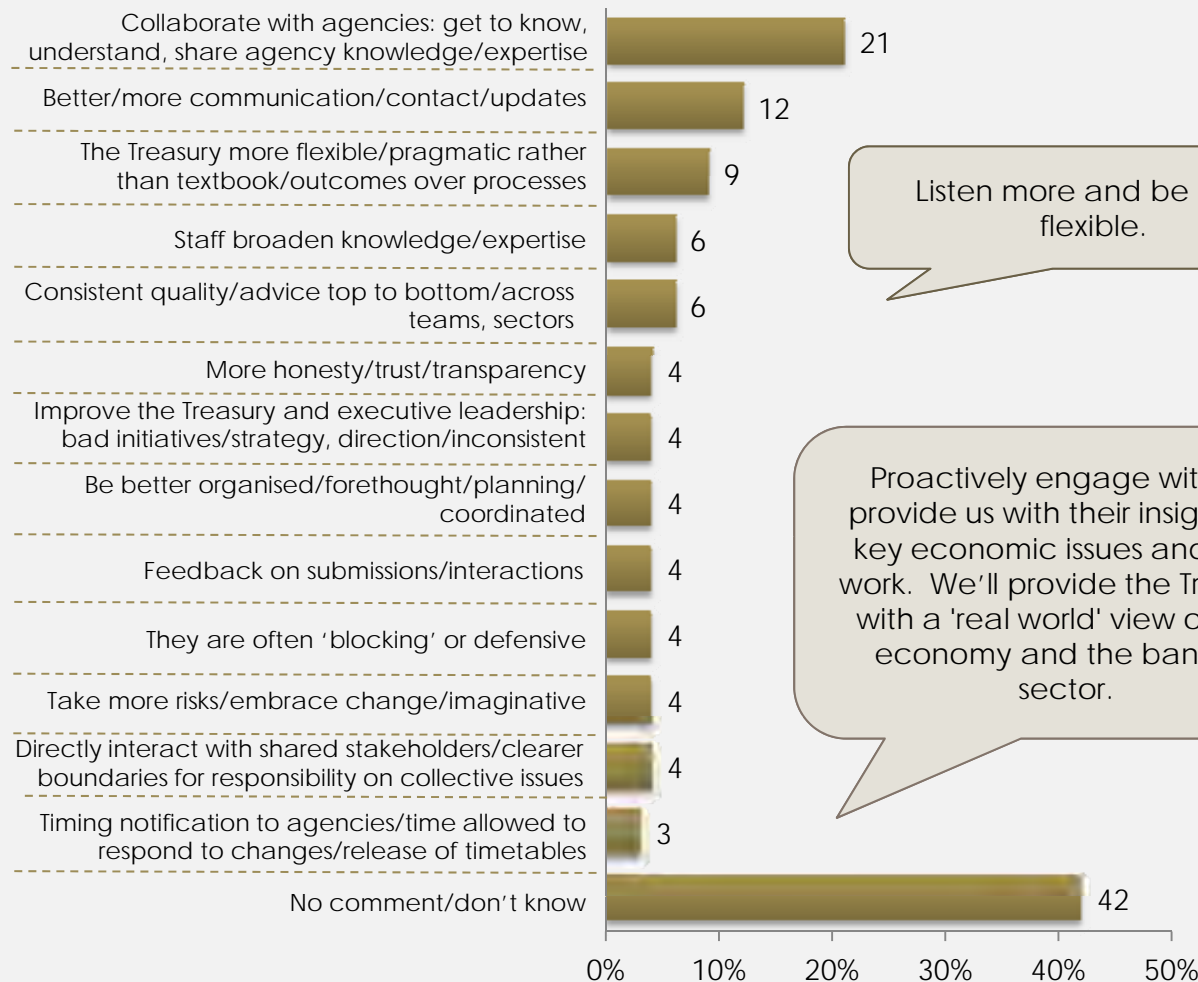
Satisfaction increases with frequency of contact. Those who have contact 'at least monthly' were the most satisfied (61%), whereas those who had not had any two-way interactions in the past year had the lowest satisfaction (6%).

Those who only have a 'minimal' relationship with the Treasury have lower satisfaction (22% compared with 62% for other stakeholders).

Stakeholders suggest that interactions could be improved through better collaboration with agencies, better communication, and being more flexible and pragmatic. Other issues include staff broadening their knowledge, plus increased consistency and transparency at the Treasury.



Suggestions from stakeholders to gain more value from interactions with the Treasury



Listen more and be more flexible.

Proactively engage with us; provide us with their insights on key economic issues and their work. We'll provide the Treasury with a 'real world' view on the economy and the banking sector.

Ensure that the approach from managers matches the approach from senior managers, which is much more professional.

Make transparency requirements two-way. Recognise and utilise the expertise within my agency, not least because of how directly and frequently that capability has been offered to them. Broaden their knowledge of current best-practice institutional investment practice. Spend time at my agency.

Other quotes from the survey.



Be on time for meetings. Be prepared to front up with views to stakeholders rather than hide at Number 1 The Terrace and rely on us to do it. Not come up with views determined elsewhere in the organisation and interpret all data to support such views. But to be fair the area of the Treasury I deal most with is quite good!

The quality of the interaction with the Vote teams varies according to who you deal with.

Following the last Treasury restructure, the relationship with the Treasury has become more problematic. The senior managers are not visible or accessible. The quality of the interaction with the Vote teams varies according to who you deal with. If you are lucky enough to strike a good person who knows how to relate and work in partnership with the agency you will have a good experience. If you don't, then the experience is negative.

I have noticed a considerable improvement in interactions with the Treasury over the last 2 years - they are less ideological and more cooperative, open, and likely to share their work (if their Minister agrees) than ever before.

That said, they are not always as strategic and forward looking as they need to be in economic policy. They have a way to go to be true leaders in this space. They also need to be collaborative when they occupy that role.

Be open and willing to accept different perspectives on an issue; being collaborative in working style; focus more on understanding problems, issues and opportunities before diving into solutions.

Other quotes from the survey.



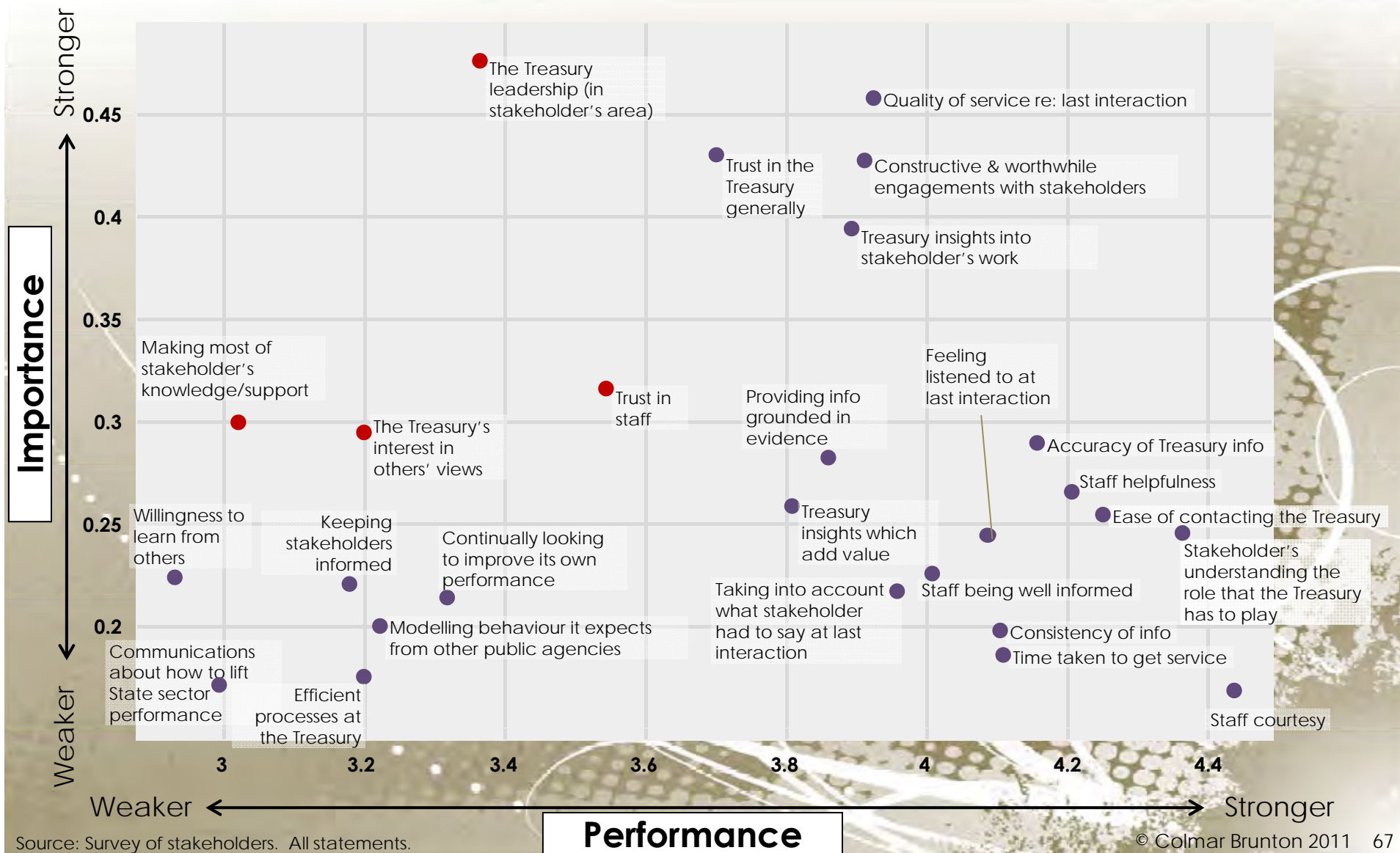
They should go out to see real business leaders in their own territories so that when they raise a public policy issue they will have a better understanding of them. While I have no real problems with the Treasury I believe few in the business sector understand the agency or have much contact.

I have strong personal relationships with many Treasury staff and find them very helpful and accessible. I was a Treasury employee for a number of years so understand how the Treasury operates and responds to issues. If the Treasury was managing its relationships more effectively with our shared stakeholders, that would make my role go more smoothly.

A number of my answers are in the middle. This is a reflection that in some things the Treasury are a delight to work with – open, engaging, and innovative. But in other areas the service is just not up to the standard needed. I think this reflects that they are great at policy but not good at organising stuff. A couple of examples on areas for development - every year the process for deciding budgets changes - this is understandable - what is not is that inadequate time is allowed for departments to respond. A little forethought or planning should lead to decisions on process and communication of those decisions at an earlier stage.

Invite more engagement with not-for-profit sector on social development issues.

This graph shows the drivers of stakeholder satisfaction on the vertical axis (see the next chart for a full explanation). 'leadership', 'quality of service', 'trust', 'constructive engagements' and 'offering insights to stakeholders' are the strongest drivers, whereas 'staff courtesy', 'communicating how to lift State sector performance,' and 'having efficient processes' are not such strong drivers of satisfaction (despite the latter two receiving relatively low ratings). The horizontal axis shows how people rated each aspect, 'willingness to learn' was poorly rated compared with other statements. In order to increase satisfaction, aspects towards the top-left should be prioritised (because there is more room for improvement and improvements will 'drive' satisfaction). These aspects have been highlighted in red.



Interpretation of Performance-Importance graph



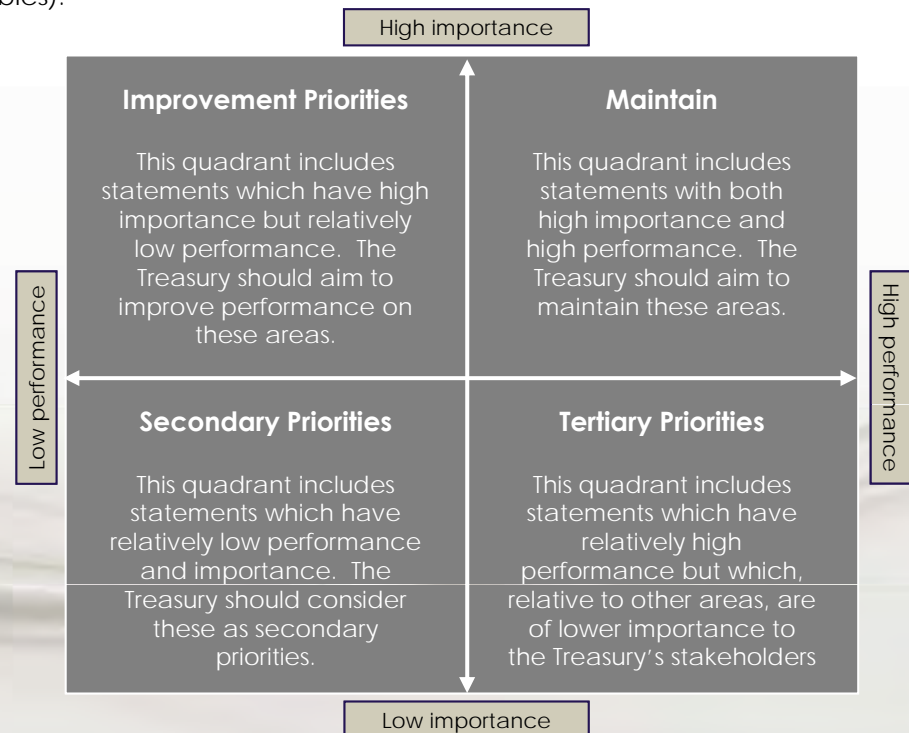
Further analysis of the data can identify aspects of stakeholder interactions which can explain and predict overall levels of satisfaction with Treasury-stakeholder interactions generally. This is known as 'driver analysis' and identifies aspects that are strongly associated with overall satisfaction (in other words, if one of these factors is rated more positively, then overall satisfaction is also be rated more positively), and also have the largest impact on overall satisfaction (in other words, an increase in that variable will lead to a large increase in overall satisfaction relative to other variables). The driver analysis includes all of the variables included in the survey. Variables were entered into a statistical model to determine their influence on overall satisfaction.

Variables with high importance scores are strongly associated with overall satisfaction, and change in these variables will have a higher impact on the satisfaction score. The importance score is calculated by multiplying the correlation coefficient and the regression coefficient for the variable. The correlation is the strength of relationship with overall satisfaction. A strong correlation means that, in general, higher scores on one variable tend to be paired with higher scores on the other and lower scores on the variable tend to be paired with lower scores on the other. A strong regression score is associated with a strong scaling impact of the predictor variable on overall satisfaction. When a variable has a strong regression relative to others, a change in that variable will result in a larger change in overall satisfaction (relative to other variables).

On the previous slide we plotted each predictor variable included in the model (although we removed any variables with an importance score of lower than 0.15). The relative importance is indicated by the vertical position on the graph. The most important drivers are located near to the top of the graph, whereas other less important variables can be found towards the bottom of the graph.

Each driver is also plotted horizontally by its average 'performance rating'. This relates to how respondents rate each aspect of service, from very satisfied (5) to very dissatisfied (1). If a particular aspect is rated lower then it is plotted towards the left side of the graph, whereas aspects that are rated positively can be found towards the right side of the graph.

The reason for plotting both importance and performance is to use the analysis for decision making about improvements. It should be noted that every aspect is important to some degree, but some variables are more important than others. This analysis does not automatically decide upon which aspects of stakeholder relationships should be made priorities, and which should not, because all of the variables included drive satisfaction to some extent and there may be important factors which were not included in the survey questionnaire.



Similar themes about respect, collaboration and trust emerged from the qualitative interviews with senior external partners. Successful engagement needed the following from the Treasury...



Be willing to listen

Be accommodating

Be collaborative

Be respectful

Keep external partners informed

"In the main, and I guess it's because I'm operating at a very senior leadership level, the relationships are respectful and constructive and co-operative."

"On the positive note, they engage. They are always willing to meet in my experience, which is good. They do listen and they will debate issues. And, on the tax front, for example, I find them very good to deal with in that respect. I often won't agree with their conclusions or them with mine, and that's fine. But, they will always be willing to go through and articulate why they have come down to that particular conclusion. And so, I think their tax team has been impressive in that regard."

Senior external partners gave a number of suggestions about how to increase the value of Treasury/stakeholder engagement.

These suggestions are listed below and form the final part of this report...



Increasing the Treasury's value in its engagement with senior external partners



To increase the value they gain from engaging with the Treasury, senior external partners suggest improvements in four key areas:

1

Treasury staff

2

Greater engagement

3

Greater facilitation in economic matters

4

The Treasury's fiscal role



Improving engagement through Treasury staff



Senior external partners feel their engagement with the Treasury would be even better if:

- There was a clear structure of Treasury's staff and their roles, making it easy to identify who within the Treasury is the most appropriate person to talk to about certain topics/queries. A few would even like to have one point of contact at the Treasury (similar to how public sector chief executives have a relationship with one Deputy Commissioner at the State Services Commission).
- Senior Treasury officials had greater involvement and interaction with senior external partners, and not leaving most of the interaction to junior Treasury staff.
- Senior Treasury officials were more visible by:
 - Having greater involvement and interaction with senior external partners, and not leaving most of the interaction to junior Treasury staff
 - Hearing more from senior Treasury officials (e.g. speeches, presentations, seminars).
- The Treasury recruited more personnel (particularly at the junior level) who were not only academically skilled, but have the capability to develop strong relationship skills with stakeholders.

1

Improving engagement through Treasury staff, continued

"I would like a clearer view of who in the Treasury would be useful to engage with and somebody who could facilitate that."

"Greater clarity about who I'm interacting with, so that it can be a bit more consistent and hopefully more stability in terms of who is filling the various positions, and then at times a slightly more whole hearted commitment."

"They need to have a more, almost like a professional services approach where the leads are the leads, in particular policy areas. They are much more involved earlier on. Either that or they need the senior management to be a bit more aware of what is going on and the analysts are doing the number crunching rather than writing the opinions."



Senior external partners suggest that the Treasury could increase its value through more engagement, particularly:

With business and industry

The Treasury would be able to add greater value to business and industry if it were more visible in these areas and if it listened to the needs and concerns of business.

With the general public

As the Treasury works for higher living standards for New Zealanders, some feel that the Treasury should engage with the public more, including providing more education in the financial space.

Beyond Wellington

Currently, the Treasury is mainly perceived to be visible and influential in Wellington. To increase its value, there is a sense that its interactions need to spread across the country.

On economic frameworks and thought leadership

Some believe that the Treasury needs to be heard more about its views on economic frameworks and to provide more thought leadership.



"I think their lenses are very Wellington policy setting... It's a very Lambton Quay kind of perspective I think. I do think they could do with getting out a bit more. I don't think they've got a particularly strong feel of what is happening on the ground either across the State sector or let alone the wider community. It's one of the problems about being an agency that is just located in Wellington, so it's not like they have got branches in other places, and I mean, the Treasury never has had. So, I think they do, it is something that they just do need to be a little careful in their assumption that everybody thinks like they do. And, that their view of the world is a commonly held one."

"The lack of knowledge of the role of lead agencies in Auckland is astonishing... If you ask business people who the three lead agencies are they wouldn't be able to answer that question... I think it's a great opportunity for the new Head of the Treasury to get in and really lift their game up there. I think if you got a bunch of business people together in all the major cities, including Christchurch, and gave them the opportunity to have an hour or an hour and a half with the Secretary to the Treasury and his or her two or three key reports on initiatives across these major headings of productivity, regulation, State sector performance, mid to long term economic strategy, I'd be surprised if he didn't get a sell out house. [There would be] interest and engagement."

"There needs to be a certain element of transparency about what their underlying thinking is. And, I am not so sure that there is that sense that they have a clear vision in mind for how to improve economic performance in New Zealand. And, I personally think this government is screaming out for it."

"I would urge them to think about where and how they can actually most effectively provide thought leadership. And, how they become a catalyst for that and use the rest of us to help them. It's not like they have to do it in a back room locked away by themselves, but they can be a catalyst for it."

3

Improving engagement by being more of a facilitator in economic matters



Some senior external partners believe engagement with the Treasury would improve if it focused more on its economic growth role by:

- Looking for and identifying growth opportunities.
- Being more open minded and understanding of what Ministers, other government agencies and organisations are trying to achieve.
- Providing advice and information that is based on practical, everyday real life assumptions.

"Relationships, understanding the broader concept, understanding other people's point of view, looking at issues from other people's point of view. And, also in that vein, understanding the view of Ministers... They tend to have an ideological slant on things that doesn't take into account a whole lot of dynamics and it is actually pretty hard for people who aren't in there. It's hard if you're not rubbing up against it all the time."

"They write predictable analysis of the votes. It would be nice if they surprised us with what are some of the opportunities rather than simply being mechanics over the votes... Why aren't we looking at more kinds of opportunities."

4

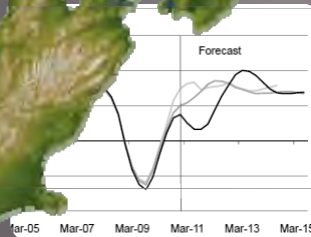
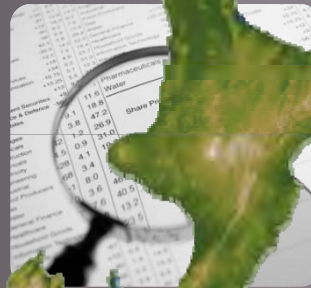
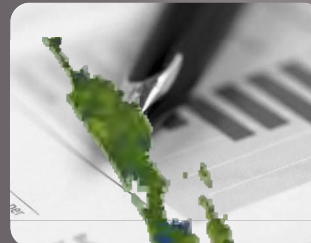
Improving engagement through partitioning the Treasury's roles



Some senior external partners feel that the Treasury's role of both the Government's fiscal advisor and economic advisor can be too conflicting to operate effectively. As such, they suggest a division of these areas within the Treasury.

"I think some clarity and separation between the economic and the fiscal would help them. Because then you could actually start to at least think about what culture you need in an organisation to drive the economic agenda and what is the culture you need to drive the fiscal agenda. And, I think while those things are muddled up, it is going to be hard to do them."

"I know this is difficult, but they have got a challenge around how they allocate roles. Is there a group over here whose job it is to say 'no', and then the group over here whose job it is to be an intricate part of the wider system, a leader of the wider system in a forward looking idea generating kind of way."



Appendix: Proportions answering
each 'brand personality' word at
B6

B6

B6 frequency count.

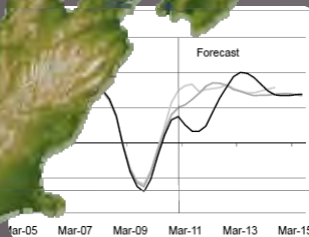
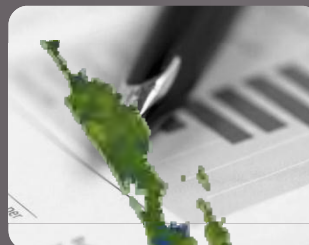


Words selected to describe the Treasury at B6	Proportion of all 160 stakeholder who selected this word
Professional	76%
Influential	76%
Expert	63%
Honest	48%
Approachable	46%
Reliable	44%
Complicated	29%
Demanding	29%
Helpful	28%
Inflexible	28%
Arrogant	24%
Supportive	19%
Distant	19%
Collaborative	16%
Open-minded	15%
Secretive	14%
Combative	14%
Transparent	12%
Unpredictable	10%
Discouraging	9%
Inaccessible	9%

Words selected to describe the Treasury at B6 (note bottom 13 were words that respondents 'typed in' themselves).	Proportion of all 160 stakeholder who selected this word
Encouraging	6%
Uncaring	2%
Unskilled	1%
Bewildered	1%
Moody	1%
Inconsistent	1%
Risk averse	1%
Muddled	1%
Academic	1%
Silo & Ad Hoc	1%
Doctrinaire	1%
Unreliable	1%
Stubborn	1%
Intelligent	1%
Model rather than empirically driven	1%
Leader in thinking	1%

Source: Survey of stakeholders. B6. All stakeholders (n=160)

Note: People could select as many words as they felt applied to the Treasury, or type in further words at an other (specify) box.



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