



THE TREASURY
Kaitohutohu Kaupapa Rawa

B.27 SOI (2015)

The Treasury Statement of Intent

July 2015 – June 2019

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The Treasury's Statement of Intent

July 2015–June 2019

Presented to the House of Representatives pursuant to section 39 of the Public Finance Act 1989

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Foreword: Minister of Finance

The Treasury plays a key role in New Zealand's public service, as the Government's lead economic and financial advisor, and as one of the central agencies responsible for leading the State sector to achieve higher levels of performance.

As with other public service agencies, the Government is looking for the Treasury to make a step-change in how it approaches its work, as part of our plan to build a brighter future for New Zealand. While New Zealand is entering a period of stronger economic performance, to realise our aspirations over the long term we need:

- ▶ a more competitive and productive economy
- ▶ a strong financial position that enables us to weather global downturns and unexpected shocks, and
- ▶ a public sector that delivers better services, more efficiently.

To achieve these goals we need to tackle some longstanding policy challenges, and we need government agencies to have a stronger focus on the customers and populations they serve.

In this context, I am pleased to see that in this *Statement of Intent* the Treasury has signalled a commitment to seeking out new ideas and partnering with other organisations as it supports the Government's priorities.

This is essential if we are going to achieve real change in the economy and the public service, and has the potential to deliver world-leading policy solutions.

The Treasury has also undertaken to invest in its own core capabilities so that its advice to government is based on a richer understanding of the economy, the Crown's assets and liabilities and where the taxpayer will get best value from spending. This investment is essential to the Treasury's ability to respond to government objectives and lead change across the State sector over the long term.

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



Hon Bill English

Minister of Finance

Introduction from the Secretary and Chief Executive

The Treasury's vision is to be a world-class organisation working towards higher living standards for New Zealanders. This *Statement of Intent* sets out the key areas the Treasury will focus on and how we will go about our work in pursuit of this vision.

It is important that New Zealand's economy supports higher living standards for this and future generations, and that all New Zealanders can play their role in the economy and society. We want New Zealand to be prosperous, and for that prosperity to be sustainable and inclusive. These aims of prosperity, sustainability and inclusiveness are encapsulated in the Treasury's strategic intentions for 2015–2019.

One of the many ways we are committed to delivering on our strategic intentions is by being better at our core business: for example, being an effective economics and finance ministry, knowing where to invest to get the best outcomes for New Zealanders and systematically applying the Living Standards Framework to our advice. We are doing this through continuous improvement within the Treasury while also being a more outward-facing organisation. The Treasury invests in the development of its people and provides an inclusive work culture where diversity of thought is encouraged. At the same time we are building relationships and gaining greater insights into the public we serve, from a personal level through engagement with individuals and groups all around New Zealand to a high level through data and analysis.

This *Statement of Intent* reflects not just the work the Treasury will do by itself but also our collaboration with others in the State sector to fulfil the Government's priorities. The public service is increasingly focused on outcomes that make a real and measurable impact on the quality of life in New Zealand. We cannot achieve those outcomes by operating and making decisions in silos. By working together, the public service is better placed to deliver policy advice, services and outcomes that make a real difference to improving the living standards of New Zealanders for the best possible value for the taxes they contribute.

Chief Executive's Statement of Responsibility

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



Gabriel Makhoul

Secretary and Chief Executive

An Overview of the Treasury’s Strategic Framework

We have a clear vision; we aspire to be...

“A world-class Treasury working towards higher living standards for New Zealanders”

What we do; we have five core functions...



Our success will help New Zealand to achieve...



And we can see the impact we want to have through a set of indicators...



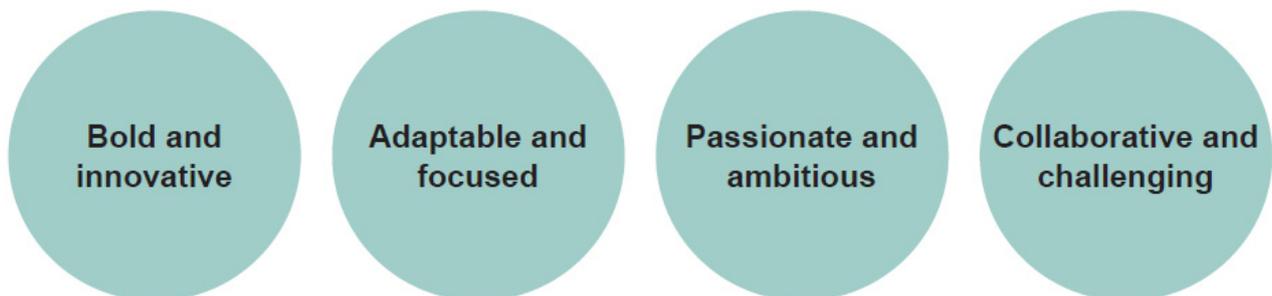
Achieving this will require improvements across the five dimensions of our Living Standards Framework...



We focus our efforts through Seven Strategic Intentions to ensure...



Throughout our work, we will demonstrate our values by being...



An In-depth Look at our Strategic Framework

We aspire to be

A world-class Treasury working towards higher living standards for New Zealanders

What we do – the Treasury's core functions

The Treasury achieves its vision and outcomes through its five core functions:

- ▶ Economic policy advice – we are the lead advisor for Ministers on economic performance, concentrating on policy areas that have a significant impact on economic performance. This includes advice on measures to improve the quality of regulation, removing barriers to growth and enhancing productivity.
- ▶ Financial management and advice – we manage the financial affairs of the Crown and provide advice on fiscal strategy, policy and performance. As the Government's chief accountant we also work to support awareness, professionalism and skills development in financial management across the State sector.
- ▶ State sector leadership – with the Department of the Prime Minister and Cabinet (DPMC) and the State Services Commission (SSC), we collectively lead the State sector with the aim of delivering outstanding results for New Zealanders. We assist the Government to develop its overall strategy for the State services, provide advice on how to improve the system and manage significant issues.
- ▶ Performance management and advice – we manage the performance of departments and other entities the Crown owns. This includes working with them to improve performance as required. Our focus is getting value for money for taxpayers.
- ▶ Commercial policy advice and operations – we provide commercial policy advice (eg, financial markets, assets) and provide financial operational services through the Treasury's Debt Management Office (NZDMO) and Export Credit Office (NZECO).

We want New Zealand to be Prosperous, and for that Prosperity to be Sustainable and Inclusive

The Treasury recognises that economic performance is more than economic growth. While we want the higher incomes and jobs that economic growth brings, we want that economic growth to bring prosperity that is sustainable and inclusive. It is important that New Zealand's economy supports higher living standards for this and future generations, and that all New Zealanders can play their role in the economy and society.

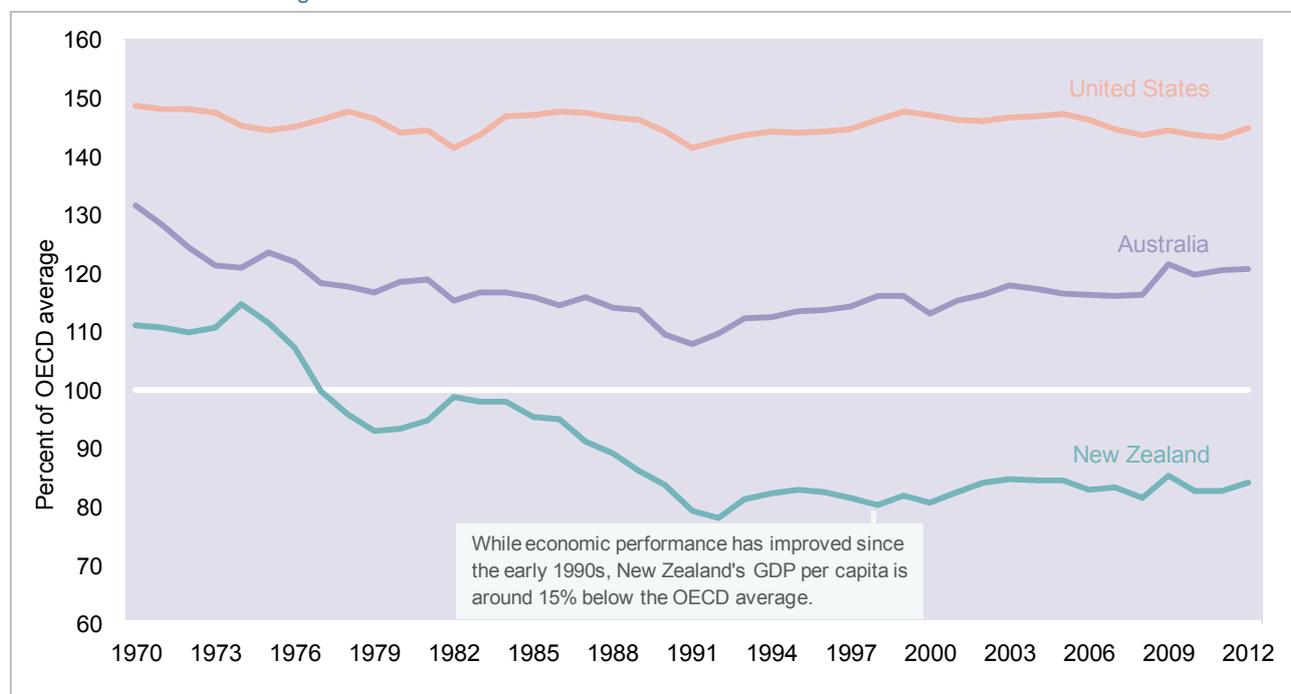
Prosperity

We want economic growth to bring New Zealand greater prosperity.

While New Zealand has significantly improved its economic performance since the early 1990s, income per person still lags behind the better performing advanced economies. Labour productivity (output per hour worked) is an overriding key driver of New Zealand's lower incomes.

GDP per capita in OECD countries

Percent of the OECD average



There is a range of explanations for New Zealand's poor productivity performance. However, one of the key factors is New Zealand's small size and distance from international markets. Our geographical challenges do not mean New Zealanders should lower their aspirations. Instead, it means a greater focus on how New Zealand plays its role in a globalising and changing world.

The Treasury thinks that we have to work harder at connecting internationally. International connections are the key to lifting New Zealand's productivity and economic growth and narrowing the gap. A productive economy attracts international flows of goods and services, people, capital and ideas. International connections boost productivity by bringing scale, competition, investment and ideas.

Key indicators of prosperity:

- ▶ Higher incomes per person (measured by gross domestic product [GDP] per capita).
- ▶ Increased labour productivity per person.
- ▶ Greater levels of international connectedness measured through flow of people, capital, skills and knowledge.

Sustainability

It is important that prosperity is sustainable – tomorrow and in the future.

Sustainable growth depends upon good management of our environment and natural resources, not only as a valuable asset but also as a treasured part of our culture heritage for both Pākehā and Māori. We need to continue to improve the management of our natural resources and infrastructure.

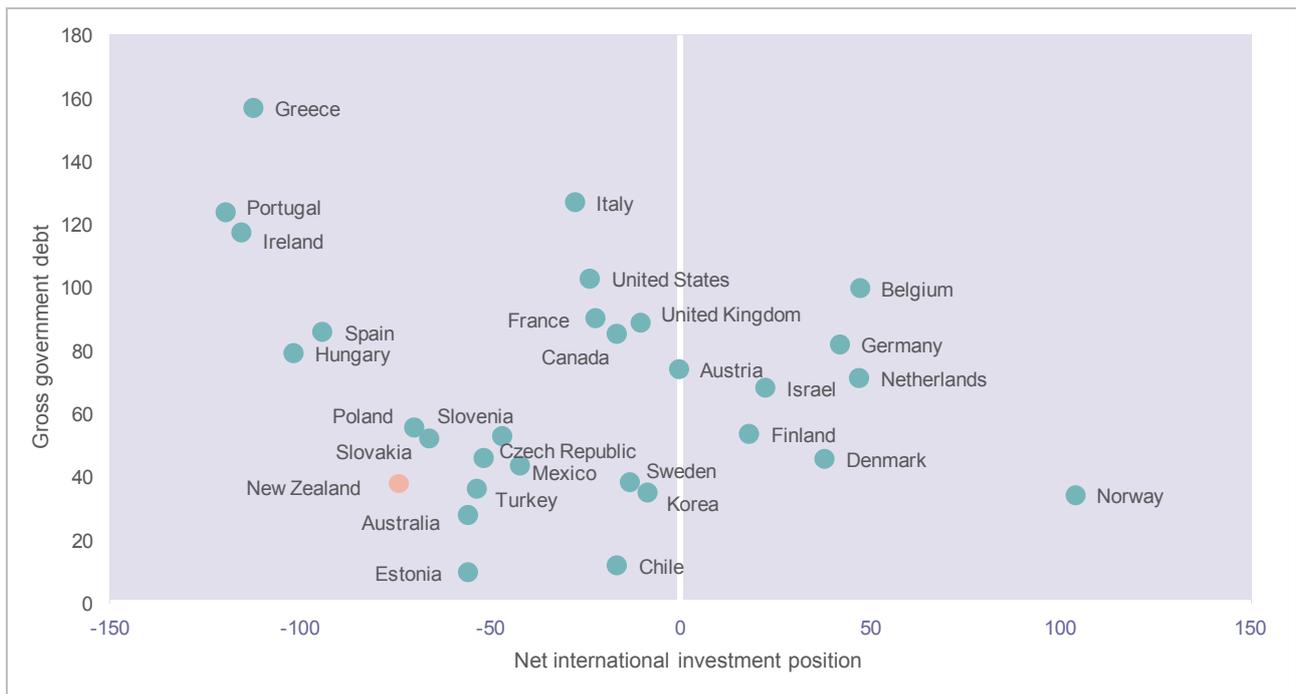
Sustainability also depends on good management of our other resources or assets, including our financial, produced, human and social capital. It is also about resilience of the New Zealand economy to emerging trends and unexpected events. A stable macro economy and flexible markets will support businesses and people to respond to a changing world.

Currently, New Zealand's economic growth is dominated by domestic consumption and the Canterbury rebuild. There are short-term challenges in managing pressures from the rebuild but also from the state of the Auckland housing market. Fiscal policy can help with managing domestic demand. However, there will be little scope to increase expenditure or reduce taxes without putting upward pressure on interest and exchange rates.

We need to move towards exports but also towards where investment is needed to lift economic performance. Higher savings should in principle enable greater investment and, therefore, also higher economic growth. It would reduce demand pressures on interest and exchange rates, providing greater incentives for firms to invest and export. Lifting New Zealand's rate of national saving would also reduce our high net external debt and vulnerability to external shocks.

Net international investment position and gross government debt

Percent of GDP in 2012



Key indicators of sustainability

- ▶ Reducing our net external debt and vulnerabilities to external shocks.
- ▶ Strengthening fiscal buffers and reduction in core Crown debt.
- ▶ Continued improvements in management of New Zealand's natural resources.
- ▶ Government balance sheet well managed in accordance with medium-term objectives.

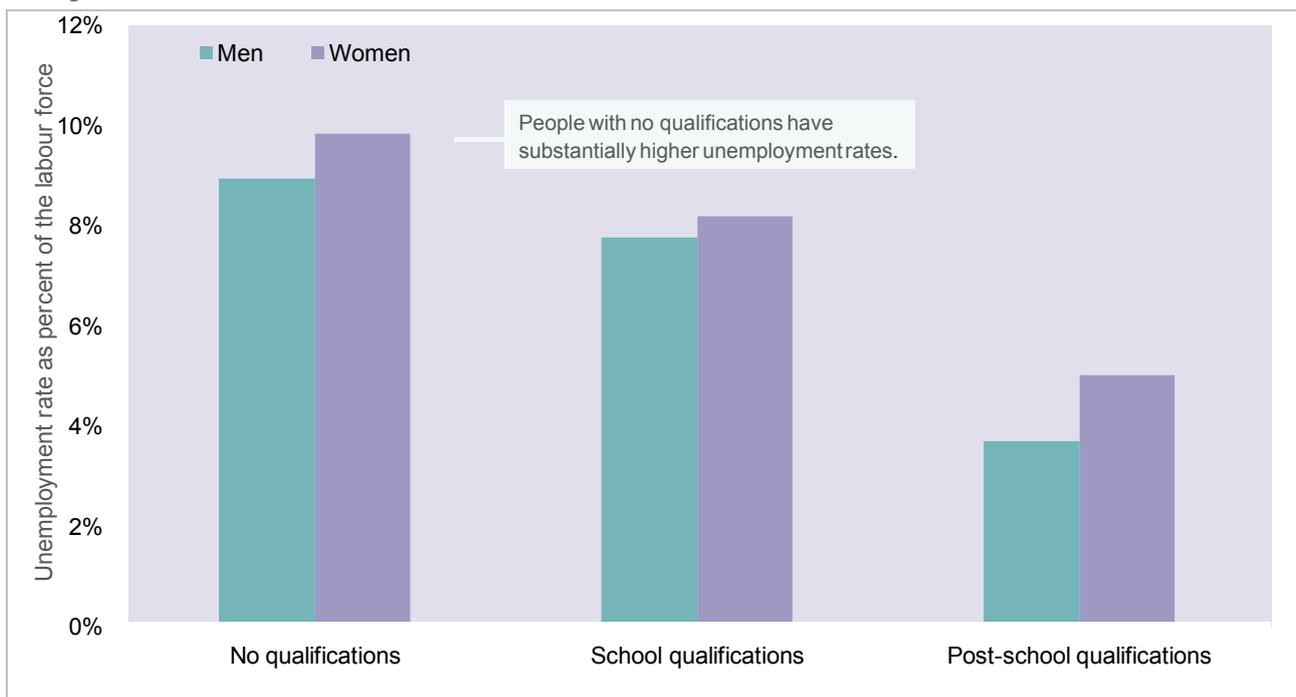
Inclusiveness

It is also important to ensure that prosperity enables all New Zealanders to participate in the economy and society.

New Zealand generally does well in supporting economic and social participation. We have high rates of employment and our education and health systems work well for most. However, some New Zealanders experience a range of barriers to participation. For example, some groups are still under-represented in employment and too many children fail to reach their full educational potential. Low income is most likely to lead to poor outcomes if it is persistent and associated with material deprivation.

Educational attainment and employment

Average over 2013



The State sector has an important role to play in helping all New Zealanders to develop the skills and capability to find their role in the economy and society, while also providing the wider public services that support participation and that really matter for living standards.

The Treasury supports a primary policy focus on removing the barriers and increasing the opportunities for people, especially for people experiencing hardship. New Zealand needs a labour market and welfare system that helps people move between jobs, occupations and sectors to take up new opportunities. However, it is also important to maintain a safety net to support people who are temporarily between jobs or are unable to work for extended periods.

Key indicator of inclusiveness

- ▶ Improvement in the levels of educational achievement and employment outcomes.

The Treasury's Strategic Intentions

New Zealand has an internationally connected and competitive business environment

What we intend to achieve

- ▶ An internationalisation lens is being systematically applied to significant policy and regulatory work programmes and government interactions with business, households and international stakeholders.
- ▶ Government agencies work together to ensure policy and regulatory programmes support a strong domestic business environment with greater levels of productivity, and sustainable use of natural resources.

Specific intentions include:

- ▶ reduced barriers to the flow of trade, capital, people and ideas
- ▶ government activity provides the foundations for a strong business environment that raises productivity and ensures the sustainability of our natural resources
- ▶ a more responsive housing supply, and
- ▶ revenue to fund government services is raised in a way that biases economic decisions as little as possible.

What success will look like

- ▶ Trade intensity and flows of outwards direct investment increase to levels more proximate to other small, open economies.
- ▶ The Government's Business Growth Agenda targets are achieved and businesses have the confidence to grow and invest.
- ▶ Productivity grows substantially faster than the Organisation for Economic Co-operation and Development (OECD) average. Improvements to the resource management system, including allocation of freshwater quantity and quality, allow for more efficient resource allocation. Progress is achieved on clarifying Māori rights and interests in freshwater.
- ▶ Housing supply is more responsive to housing demand and regulatory costs are reduced.
- ▶ New Zealand maintains a high ranking on international comparisons of regulatory barriers to business.
- ▶ New Zealand's tax system is considered internationally competitive while maintaining its integrity and achieving its revenue-raising targets. Infrastructure decision-making provides for efficient and effective infrastructure provision.
- ▶ Capital and insurance markets support strong trend growth.
- ▶ Support internationalisation and innovation by firms, including supporting progress on lifting levels of business research and development.

What we will do to achieve this

- ▶ Provide leadership, policy advice and support to agencies on investment, trade and broader international connectedness; engage with international partners, Free Trade Agreement (FTA) negotiations and International Financial Institutions; and provide export credit. Specifically:
 - work with other agencies to maintain momentum on policy development that supports stronger international connections and engage with stakeholders in the private sector to test where there are future opportunities for policy improvement
 - participate in and leverage opportunities from Asia-Pacific Economic Cooperation (APEC) and other international fora, and
 - participate in OECD work on tax policy and technical issues including Base Erosion and Profit Shifting (BEPS) work on tax evasion and avoidance and aggressive tax planning.
- ▶ Work collaboratively with other agencies to deliver on the Government's Business Growth Agenda.
- ▶ Work towards a better understanding of productivity over the recent cycle and progressing our understanding of microeconomic and firm-level productivity performance through partnership with the Productivity Hub and Motu Economic and Public Policy Research.
- ▶ Work with other agencies to address the impediments to rapid and responsive housing supply.

People have the capability and opportunities to participate in society and the economy

What we intend to achieve

- ▶ Public service agencies work together to lift their performance and this is demonstrated by the relevant Better Public Services (BPS) results.
- ▶ Data and information tools are being delivered progressively and applied systematically to substantially lift performance, following a clear social investment approach.

Specific intentions include:

- ▶ social service systems are effective in enabling people to contribute to a prosperous, sustainable and inclusive society and the economy
- ▶ the costs of social service are rebalanced away from support towards enabling interventions, and
- ▶ public sector leadership, management and innovation provides services and support that people need, when they need it.

What success will look like

- ▶ Ninety-eight percent of children starting school in 2016 will have participated in high-quality early childhood education.
- ▶ Eighty-five percent of 18-year-olds have a National Certificate of Educational Achievement (NCEA) Level 2 or equivalent qualification by 2017.
- ▶ Fifty-five percent of 25–34-year-olds have a qualification at National Qualifications Framework (NQF) Level 4 or above by 2017.
- ▶ The number of people continuously receiving working-age benefits has reduced by 25% and the long-term cost of benefit dependency has reduced by \$13 billion (as measured by an accumulated Actuarial Release) by June 2018.
- ▶ The number of households with no-one working is less than it was in Quarter Four 2007; less than 12.7% of households.
- ▶ The violent crime rate has reduced by 20% by 2017, the youth crime rate has reduced by 25% by 2017 and the total recorded crime rate has reduced by 20% by 2018. Reoffending has reduced by 25% by 2017.

What we will do to achieve this

- ▶ Provide integrated citizen-centred advice on how to, and support agencies in achieving a lift in, the skill outcomes from early childhood education, schooling and tertiary education, and how to support labour market outcomes for migration and welfare support.
- ▶ Provide advice on how to improve the contribution of skills to the economy.
- ▶ Manage the continued implementation of the investment approach across social services.
- ▶ Support greater use of administrative data to improve services to identify where opportunities exist for increasing the impact of government interventions in social service delivery.
- ▶ Develop strategies for supporting inclusive growth including addressing regulation of labour market settings and reducing variations in regional underemployment.
- ▶ Support the justice sector to adopt an investment approach to reducing the harm associated with crime.

The State sector efficiently and effectively delivers results for New Zealanders

What we intend to achieve

- ▶ Improved performance of the State sector system, sectors and agencies through greater cross-agency leadership and collaboration, and the use of clear results-focused goals, and improved strategic financial and fiscal management.
- ▶ Better information is generated and used by the State sector to drive performance improvements and changes to State sector institutions and systems.
- ▶ State sector management and reform is informed through a customer- and population-based focus.

Specific intentions include:

- ▶ clear results-focused goals and cross-agency leadership and collaboration – leading to a more inclusive society
- ▶ improved value for money of expenditure and agency interventions and steadily rising productivity
- ▶ improved strategic financial management
- ▶ agencies keep to agreed spending paths and future liabilities are reduced in major expenditure areas, and
- ▶ long-term fiscal pressures are reduced and the Crown pre-funds satisfactorily for future expenditure pressures.

What success will look like

- ▶ Government results are delivered and functional leadership in property, procurement and ICT delivers tangible benefits.
- ▶ We develop a clear picture of how the State sector system is performing and how it influences and delivers results for citizens.
- ▶ There are demonstrable improvements in State sector productivity, efficiency and effectiveness.
- ▶ New purchasing models, such as contracting for outcomes, are implemented, where testing demonstrates they will produce better outcomes for at-risk population groups.
- ▶ Diverse service providers are introducing greater innovation within calculated risks.
- ▶ Seventy percent of departments are assessed by central agencies as investment-ready under Four-year Plans.
- ▶ The financial capability of agencies is strengthened; as demonstrated by the financial 90% of agencies being assessed as “well placed” or better in the Performance Improvement Framework (PIF) Finance and Resources – Financial Management rating.
- ▶ Value drivers for government agencies and value from expenditure are better understood.
- ▶ Agencies keep to agreed spending paths and measured future liabilities reduce in major expenditure areas.

What we will do to achieve this

- ▶ Deliver robust fiscal and financial management to improve State sector performance. Specifically, we will:
 - support the Government in delivering a budget in line with its fiscal strategy, and
 - provide advice on:
 - improving the efficiency and effectiveness of expenditure in the priority sectors of health, justice, education and skills, and welfare
 - “controls and monitoring” and “outlook and sustainability” of all agency expenditure
 - affordability, future capability and value for money from the expenditure and operating business cases of government agencies, together with strategies for managing them
 - substantial State sector transformation programmes such as Ministry of Business, Innovation, and Employment (MBIE) integration and Inland Revenue business transformation, and
 - efficient and effective Canterbury earthquake recovery procurement.

- ▶ Undertake performance improvement initiatives designed to improve internal and external strategic financial management capability. Specifically, we will:
 - raise State sector strategic financial capability through the establishment of the Office of Government Accountant, and
 - develop the Four-year Plan process so that departments take responsibility for assessing their investment readiness themselves and it is integrated with other key strategic activities such as the *Statement of Intent* and PIF processes.
- ▶ Monitor, assess and provide advice on the performance of the State sector system and how to improve performance. Specifically, we will:
 - understand the incidence of government spending across the community
 - generate better data for government decisions, to understand, reward and adapt performance; for example, through a central Analytics and Insights function and agreements on information sharing
 - support the transition to long-term arrangements in Christchurch in light of the expiry of the Canterbury Earthquake Recovery Act in 2016
 - support new approaches to social sector contracting, including cross-government contracts, community-led service delivery, social financing, Whānau Ora and outcomes-based contracting, and
 - provide advice on:
 - system-wide State sector performance, including on results, delivery mechanisms and market design
 - the implementation of State sector system reforms, including functional leadership, collaborative funding and new opportunities for better management, and
 - social housing reform options to grow the third sector and reconfigure Housing New Zealand Corporation (HNZC); work with MBIE, Ministry of Social Development (MSD) and other agencies on Social Housing Reform Programme deliverables; advise on changes to HNZC to support competition and better performance.

There is a faster improvement in Māori living standards

What we intend to achieve

- ▶ The Crown and Māori (iwi, hapū and whānau) are partnering positively together to improve Māori outcomes, including:
 - public sector agencies successfully working with Māori on ideas and actions to support Māori economic development, particularly with regard to regional development, and
 - public sector agencies successfully working with Māori on ideas and actions to support social outcomes for Māori, particularly with regard to education.

Specific intentions include:

- ▶ shared social and economic objectives for Māori and New Zealand are advanced through effective partnerships between the Crown and Māori (including iwi, hapū and other Māori communities)
- ▶ the Māori, and wider New Zealand, economy is strengthened and diversified through successful partnering between Māori and the Crown on ideas and actions, especially with regard to regional economic development, and
- ▶ Treasury advice is informed by strong understanding of Māori experiences and perspectives. Social service systems are effective in enabling people to contribute to a prosperous, sustainable and inclusive society and the economy.

What success will look like

- ▶ Sustained growth and development in the Māori economy (as measured by the productivity of Māori assets, participation of Māori businesses in export markets and increased levels of innovation of Māori businesses).
- ▶ Accelerated and sustained improvement in Māori education achievement (measured through BPS targets), leading to higher skill levels and better employment outcomes for Māori.
- ▶ Māori have better access to social and affordable housing.
- ▶ Mechanisms for recognising iwi rights and interests in natural resources are well integrated into regulatory frameworks for managing natural resources.
- ▶ Historical Treaty of Waitangi claims are settled and the Crown and iwi are focused on strengthening economic and social outcomes.

What we will do to achieve this

- ▶ Work with the Ministry of Education, other education agencies, iwi and Māori organisations to:
 - understand Māori students' pathways through education, and specific barriers to achievement for Māori
 - identify current practices and systems that support successful Māori education outcomes and how they could be scaled up, and
 - identify further opportunities to progress changes that support successful Māori education outcomes.
- ▶ Work with MBIE, Te Puni Kōkiri and Ministry for Primary Industries, and engage with Māori enterprises, iwi and Māori entities, to:
 - understand the dynamics, opportunities and constraints faced by Māori enterprises, iwi and Māori entities that participate in the Māori economy
 - identify opportunities for the Māori economy at a regional level, through the cross-government regional growth studies (Northland, Bay of Plenty, Manawatu, Whanganui and East Coast)
 - develop policy advice to support increased productivity of Māori assets, participation of Māori businesses in export markets and increased levels of innovation of Māori businesses, and
 - provide support and advice on historical Treaty of Waitangi settlements, and work with the Ministry for the Environment and iwi leaders on ongoing clarification of Māori rights and interests in water and other natural resources, and develop effective mechanisms to express those rights and interests in practice that support sustainable and productive use of those resources.

The Crown balance sheet is managed effectively and efficiently

What we intend to achieve

- ▶ The Crown balance sheet is managed effectively and efficiently with the overall performance and risk profile of assets and liabilities supporting the Government's medium-term objectives.

Specific intentions include:

- ▶ the core Crown debt portfolio is well managed
- ▶ the composition of the Crown's balance sheet is aligned with government priorities
- ▶ appropriate financial, commercial and social returns, risks and long-term value are achieved from the assets that the Crown owns, and
- ▶ risks to the Crown's balance sheet are managed consistent with government risk appetite and tolerance, and the Crown balance sheet provides a buffer to shocks.

What success will look like

- ▶ Composition of the core Crown debt portfolio and funding programmes is structured to optimise Crown balance sheet risk, return and cost over the long term.
- ▶ Crown liquidity and funding risks and NZDMO market, credit and operational risks are well managed within the Crown's risk appetite.
- ▶ Execution of funding programmes is conducted in a transparent, even-handed and consistent manner supporting the efficient functioning and sustainable functioning of New Zealand capital markets.
- ▶ Investor and intermediary confidence and participation are maintained.
- ▶ Access to debt markets is maintained sufficiently to provide a general Crown buffer for possible fiscal shocks.
- ▶ The composition of the Crown's assets and liabilities is aligned with government priorities. Crown capital allocation aligns with medium-term government priorities.
- ▶ Balance sheet considerations are incorporated effectively into the Government's fiscal strategy.
- ▶ Appropriate financial, commercial and social returns, risks and long-term value are achieved from Crown-owned assets.
- ▶ The Crown's financial portfolio is performing to agreed benchmarks.
- ▶ New investments deliver expected value for money.
- ▶ Agencies have the appropriate level of asset management capability.
- ▶ Risks to the Crown's balance sheet are measured and managed, and the balance sheet is resilient to shocks.
- ▶ Entity risks are well understood and appropriately managed.

What we will do to achieve this

- ▶ Execute debt management activities. Specifically, we will:
 - manage Crown liquidity and funding risks and NZDMO market, credit and operational risks
 - execute the core Crown funding programme
 - execute investor and intermediary engagement plans, and
 - provide capital markets and risk management advice within the Crown.
- ▶ Monitor the performance of and provide policy advice on management of the Crown's balance sheet. Specifically, we will:
 - implement a work programme following the publication of the *2014 Investment Statement*, and
 - identify metrics and data collection needs for Crown balance sheet asset performance and risk measurement, eventually establishing a mechanism that collects, aggregates and analyses asset performance across the Crown balance sheet.

- ▶ Understand, analyse and manage Crown financial risks and contingent items, and increase the focus on the value and performance of the investment decision-making and management system.
- ▶ In respect of the commercial portfolio, we will implement a pipeline of policy and strategic reviews in relation to the Crown's commercial portfolio, undertake board appointments and execute commercial transactions as necessary.

The economic cycle is managed in a way that supports sustainable growth

What we intend to achieve

- ▶ Tax, product, financial and labour market policy settings and the operation of fiscal policy do not unnecessarily amplify the business cycle. This will minimise the degree to which interest rates and the exchange rate have to move to keep the economy operating close to full employment, thus promoting higher trend growth.

Specific intentions include:

- ▶ the operating balance is returned to surplus and fiscal policy does not exacerbate the economic cycle
- ▶ long-term fiscal pressures are reduced and the Crown pre-funds satisfactorily for future expenditure pressures
- ▶ macro-prudential tools are used appropriately to increase the resilience of the domestic financial system, and
- ▶ policy settings ensure banking crises can be well managed.

What success will look like

- ▶ Fiscal policy has supported monetary policy by placing downward pressure on aggregate demand growth during upswings as measured by a range of indicators (such as the fiscal balance and fiscal impulse).
- ▶ The Government's financial buffers have been strengthened, with core Crown net debt on track to fall and remain below 20% of GDP by 2020.
- ▶ Positive operating balance surprises are used primarily to further strengthen the Government's balance sheet.
- ▶ Lifting government and private sector saving rates contributes to higher national saving over time.
- ▶ Cycles in interest rates and the exchange rate are smaller than they have been historically.
- ▶ Strengthened measures are in place to ensure a bank failure can be appropriately managed and crisis management tools allow sound management of any fiscal exposure for the Crown.
- ▶ Financial stability risks in New Zealand are within a reasonable range.

What we will do to achieve this

- ▶ Assist the Minister of Finance to produce the *Budget Policy Statement* and *Fiscal Strategy Report*.
- ▶ Undertake macroeconomic monitoring, economic and tax forecasting, including *Economic and Fiscal Updates*, monthly economic indicator reports and monthly reporting on tax revenue outcomes.
- ▶ Monitor and provide advice on fiscal settings and frameworks, including the use of short- and medium-term fiscal indicators and targets.
- ▶ Develop tools and frameworks for measuring and communicating uncertainty and risks around the fiscal position.
- ▶ Develop and disseminate key quarterly fiscal data and existing data series.
- ▶ Track fiscal strategy developments in other countries.
- ▶ Conduct analytical work to support the next *Statement on the Long-term Fiscal Position*.
- ▶ Monitor and provide advice on macroeconomic stability and related issues, including advice on monetary and macro-prudential policy frameworks, financial crisis governance and the performance of the Reserve Bank of New Zealand.
- ▶ Work with Australian counterparts and financial regulators on cross-border financial stability issues through the Trans-Tasman Banking Council.
- ▶ Conduct a legislative review of the Earthquake Commission Act 1993.
- ▶ Contribute to international engagements such as country reviews by the International Monetary Fund, the OECD and credit agencies.

The Treasury is a high-performing organisation

What we intend to achieve

- ▶ The Treasury pursues the level of excellence needed to achieve what matters most for raising living standards for New Zealanders. Being a world-class Treasury means that we are a catalyst for action, we think about and do things differently and enrich our traditional frameworks and approaches by drawing on the knowledge and skills of others.

Specific intentions include:

- ▶ effectively and efficiently do the job the country and Ministers need us to do
- ▶ our staff are good listeners, learners and doers, with the strategic agility to join the dots, and the practical ability to get the job done
- ▶ working in partnership with others to provide the best possible advice and services we make significant shifts in some of the biggest long-term issues for New Zealanders. We challenge and at the same time look for opportunities to collaborate and learn from others
- ▶ ensuring that our advice is more citizen-focused in its design and delivery, and reflects a deep and sophisticated understanding of the environment and the real-world challenges that affect New Zealanders
- ▶ creating a work culture that is inclusive and harness diversity of thought, and
- ▶ ensuring that the Treasury is fit to meet future expectations.

What success will look like

- ▶ The Treasury will be:
 - *more collaborative*: we will work with others to liberate new ideas, be involved in important issues from start to finish and harness our diversity so that everyone's voice counts
 - *more outward facing*: we will incorporate a range of perspectives in our thinking and look for ideas in unexpected places; we will listen; being curious and connected to the real world
 - *better at our core business*: we will be an effective Ministry of Finance: investing effort and resources to get the best outcomes for New Zealanders; we will systematically apply the Living Standards Framework to our advice, and
 - *more productive*: we will proactively manage and develop our people; working in the smartest and most inclusive way; we will understand how we are performing and use this to lift our performance.

What we will do to achieve this

- ▶ Deliver a Change Programme that focuses on growing diversity of thought in the Treasury workplace, integrating Māori perspectives into the Treasury's thinking and building relationships with other agencies and communities that will help us to deliver real-world solutions. The programme will employ a range of improvement tools and techniques (such as continuous improvement reviews) and identify and adopt new and innovative approaches to problem-solving. The specific focus of the Change Programme will continue to evolve over time, taking into account the gains we make and new challenges and opportunities that emerge.
- ▶ Deliver high-quality, fit-for-purpose corporate and organisational services:
 - Provide strategic advice and services that support the Treasury in achieving its strategic intentions and legislative obligations in an efficient and effective manner.
 - This will be measured by tracking a reduction in our administrative and support service costs as a proportion of total running costs, as measured by our Benchmarking Administrative and Support Services.

The Treasury's Values

We will be:

Bold and innovative

- ▶ We use new and different ways of thinking about and doing things.
- ▶ We know where we can take measured risks – and take them.

Passionate and ambitious

- ▶ We treat people with respect.
- ▶ We behave constructively towards others.
- ▶ We set challenging but achievable goals that will make a real impact for New Zealand.

Collaborative and challenging

- ▶ We work in collaboration with others to achieve our outcomes.
- ▶ We base our advice in expert analysis, research and reasoning.
- ▶ We are open-minded, seeking out, listening to and understanding the views of others.

Adaptable and focused

- ▶ We focus on what matters most.
- ▶ We adapt our thinking and our work when it is right to do so.
- ▶ We stay the course, seeing things through from ideas to implementation.

How we will demonstrate performance

There are two key elements to how the Treasury demonstrates its performance. The first is to tell how well it is going against what it intends to achieve, as set out in our *Statement of Intent*.

The second element is how well the Treasury is delivering its outputs. How the Treasury will assess performance against its outputs is set out in the *Vote Finance 2015/16 Estimates*.

Both of these elements are presented in the Treasury's *Annual Report* which is published in October each year. Together, these two documents – the *Statement of Intent* and the *Annual Report* – tell a comprehensive story about the Treasury's strategic intentions and its performance: one from a forward-looking perspective and the other retrospective.



Visit the Treasury's Internet site at:
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