

Reference: 20200189

30/07/2020

Dear [REDACTED]

Thank you for your Official Information Act request, received on 12 May 2020. You requested the following:

a copy of the following documents including any associated attachments and A3's:

- 1. The Treasury's 2018/19 Quarter Three Performance Report*
- 2. The Treasury's 2019/19 Quarter Four Performance Report*
- 3. The Treasury's 2019/20 Quarter One Performance Report*
- 4. The Treasury's 2019/20 Quarter Two Performance Report*

Following clarification of the information you requested please find enclosed the following documents:

Item	Document Description	Decision
1.	Q3 2018-19 Business Plan Update Dashboard (A3)	Release in full
2.	Q4 2018-19 Business Plan Update Dashboard (A3)	Release in full
3.	Papatohu Update 1 (July – Sep 2019)	Release in full

The Treasury provides periodic updates to its Executive Leadership Team about its business plan for internal purposes only (items 1 and 2). While the Executive Leadership Team receives these updates, they are not 'quarterly performance reports' and this practise of business plan updates ceased from 1 July 2019.

From 1 July 2019, the Treasury adopted a paper-light and interactive approach to business plan monitoring. The Executive Team can access that information at any time and the need to produce periodic documents or paper-based updates was no longer required nor necessary.

Within the timeframe of your request from 1 July 2019 to 31 December 2019, we reproduced some information internally in document form for the period 1 July to 30

September 2019 to share with the Minister of Finance, in a discussion with the Executive Leadership Team (item 3).

While the titles of some Treasury Reports to the Minister in the past have used the term 'quarterly performance report', these reports have only contained a sample of information from internal business plan updates.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Glenn McStay', with a stylized flourish at the end.

Glenn McStay
Chief Financial Officer

20200189

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The Treasury Quarter Four (Q4) 2018/19 Performance Update

Strategic Priorities

How we are tracking	Q1	Q2	Q3	Q4	Key work to focus during Q1 (2019/20)
Intergenerational Wellbeing LSF Implementation Programme	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Development and roll out of external engagement strategy to build understanding and support for LSF and broader wellbeing approach – including with the business community, NGOs and academics</div><div>• Workshops to build Treasury’s internal capability (LSF 101), how to use the dashboard, practical application of LSF and how to assess business cases using a wellbeing framing</div></div>
System Stewardship Budget Reform Project	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Continuing work on Budget Reform</div></div>
High Performing Treasury Diversity of Thinking Project	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Recruiting four new Māori Policy roles</div><div>• Working with teams to embed the Māori Capability frameworks</div></div>
High Performing Treasury Tāne Whakapiri	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Establish governance around initiatives identified in 2019/20 Business Plan to continue embedding new ways of working</div><div>• Close out occupation phase improvements</div></div>
High Performing Treasury Treasury Information Capability Project (TIC)	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• 2018/19 work programme is complete</div></div>

Significant Core Work

Government Reviews and Inquiries	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Continuing joint advice with MSD on the Government response to the WEAG review</div><div>• Treasury advice ahead of August interim report for the Health and Disability Review</div><div>• Treasury advice on final decisions on Tomorrow’s Schools reforms</div></div>
Overseas Investment Act: Phase 2 and Amendment Bill	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Treasury advice on the reform package</div><div>• Draft Cabinet paper and RIS to Ministers for consideration</div></div>
Tax Working Group Support	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• TWG has concluded. Under the new Strategic Tax Policy Advice priority we will be commencing work on refresh tax policy work programme initiatives (including several potentially significant budget 2020 items)</div></div>
RBNZ Review: Phases 1 & 2	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Stakeholder engagement on second consultation material (consultation due to close mid-August)</div><div>• Planning for the next stages of Phase 2 Review including pathway to legislation</div></div>
Independent Fiscal Institution	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Securing Cabinet agreement to the specific institutional features of the IFI</div><div>• Submitting a proposal to the OPC</div></div>
Climate Change and Economic Transition Impact	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Finalisation of the “distributional impacts of carbon prices” work and scoping of the “funding and financing” work stream under the “Community Resilience to climate change” work programme (led out of DIA)</div><div>• Continuing across-agency and Treasury work to ensure that advice is coherent across policy areas</div><div>• An increased emphasis on adaptation work, which has been deprioritised up to this point</div></div>
Supporting Development and Delivery of Government’s Economic Strategy	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Planned launch of an economic strategy product in Q1 of 2019/20</div><div>• Advising on Budget 2020 priorities related to the Government’s economic strategy</div></div>
Execute Debt Management and Export Credit Operations	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Crown Corporate Treasury engagement commences in July with targeted CFOs</div><div>• Auckland Business Continuity Plan capability to be developed</div></div>
Infrastructure and Institutional Settings Review	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Completion of Board appointment process and induction/briefing new Board</div></div>
Infrastructure Funding and Financing	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Finalising work connected to the delegation of policy decisions within the Cabinet paper in order to complete drafting of legislation</div><div>• Implementation of communications plan</div></div>
Earthquake Commission	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Oversight, strategy and policy advice relating to the Crown’s test case strategy and the related litigation strategies of EQC and Southern Response.</div><div>• Analysis and advice will continue to focus on legal, fiscal and policy implications. Significant fiscal risks are involved here</div><div>• A focus on optimisation of the Canterbury claims resolution system and close monitoring of emerging risks</div></div>
Establishing the Green Investment Fund	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• A process for appointment of the remaining executive leadership roles is being run to fill a number of additional roles, including investment-related roles</div><div>• NZGIF will continue to establish its governance model and core systems and develop its financial and non-financial performance measures and reporting structures.</div></div>
Christchurch Regeneration	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Focus on Global Settlement negotiations with Council</div><div>• Investment case for Canterbury Multi Use Arena</div></div>
New Zealand Super Fund (NZSF) Statutory Review	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Final report to be provided by 8 July 2019</div><div>• Report and preliminary advice to the Minister of Finance shortly afterwards</div><div>• Development of a programme of work to respond to the report’s recommendation and suggestions</div></div>
All of Government Financial Advice and Management	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Further advice planned ahead of HYEFU.</div><div>• Proactive release 30 June 2019 year-end financial statements to be completed and audited.</div></div>

Significant Foundation Activities

Treasury 2021 and Beyond	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Tailoring the briefing for the new Secretary to the Treasury now that the person has been announced</div><div>• Implementing transition plan for interim Acting Secretary and refining transition plans for the new Secretary who commences on 16 September 2019.</div></div>
Capability Development	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Launching the Leadership Capability Framework</div><div>• Helping the business to embed the other capability frameworks and use these as part of development conversations and workforce planning</div></div>
System Flexibility and Resilience	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Handover and operational readiness for Office 365 based projects.</div><div>• Azure preparations</div></div>

KEY:	On track	<div></div>	Watching	<div></div>	New activity	Substantially changed/recast or milestones recast	<div></div>
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ELT’s summary of Q4 Performance

We are continuing to deliver on the highest priority work, but still with significant pressure on staff in some areas. We are doing better than we were, but the situation still feels fragile. This impacts some of our BAU work and limits our ability to respond to new work. We have a really good business plan, including strategic choices – the key is to execute it well.

Q4 Highlights

Wellbeing Budget 2019 delivered	Overseas Investment Act discussion document released
OECD 2019 Wellbeing Survey of New Zealand released	NZGIF transitioned out of the Treasury as a new stand-alone company
Budget documentation published and ICRs completed	RBNZ Review: Phase 1 legislative changes came into effect
Māori & Economic Capability Frameworks launched	Estimates, BEFU, specific fiscal risks released
Annual Debt Programme completed	Multi-year multi-category appropriation for core policy advice work

Minister's Priorities in Q1

Wellbeing 2020	Insurance
Budget 2020 and Statutory reporting	Guardians of New Zealand Superannuation (NZSF)
RBNZ Review Phase 2	APEC 2021
Review of commercial shareholding model	Economic Strategy
Overseas Investment Act Review	Climate change and economic transition
New Zealand Infrastructure Commission	Sector reviews
Interim Policy Costing Unit (IFI)	Future of Work Tripartite Forum
Strategic Tax Policy Advice	

ELT’s key areas of focus in Q1

- Transition to new CE
- Living Standards Framework and Wellbeing 2020
- Staff wellbeing
- Actions from Budget information inquiry

Kaiurungi’s key areas of focus in Q1

- Strategic choices and resource prioritisation
- Recruitment and retention
- Organisational culture
- Agile operating model

Corporate planning milestones in Q1

- Welcoming new Secretary to the Treasury
- Planning the PMOs Programme of work for 2019/20
- Supporting the SSC Inquiry into how Budget material was accessed at the Treasury
- Finalising People Leaders framework and commencing roll out
- Running staff pulse survey
- New Graduate cohort commences
- Launching refreshed talent management approach
- Draft framework to support LSF capability build
- Completing the Tāne Whakapiri occupational Improvements
- End of financial year activities
- Planning for introduction of continuous planning and rolling forecasting

The Treasury Q4 (2018/19) Performance Update Dashboard

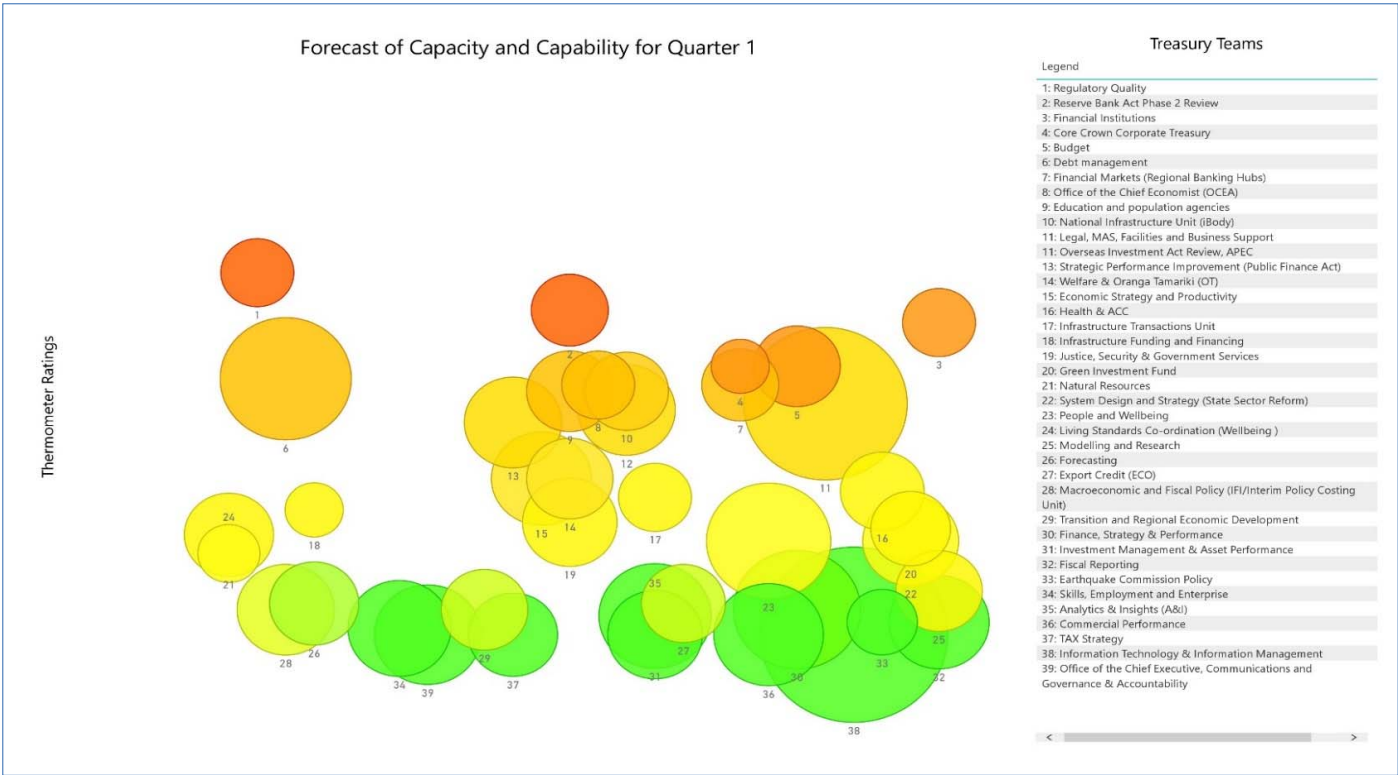
Capacity & Capability – Summary

Summary of Pulse Reports	Kaiurungi & ELT response and actions
Quantitative analysis	Continue addressing these challenges collaboratively across directorates by:
As at 30 June 2019, Directorate’s pulse forecasts for Q1 indicate that:	<ul style="list-style-type: none">Advancing work on the strategic choices that may help to ease workload pressures.Revisiting the existing list of work that could be stopped and/or scaled back to ease work-pressures and focus the impact of our work efforts.Focusing collectively on recruiting for positions that have been given early notice and start the process as early as possible.Encouraging greater hand over transition period between off boarding and on boarding staff to allow for skills transfer and reduce how long it takes new staff to come up to speed.Embracing the flexibility of the continual planning and rolling forecast to be more focused and adaptable.Continuing checking in with MoF on his priorities and our work programme, and sequencing work where and when is possible.Facilitating and encourage rotation and agile moving of people and resources across teams to address capacity constraints and surges in work demands.Encouraging capability building and professional development to address current and future capability needs.Paying extra attention to staff working long hours. Managers should ensure the wellbeing of their staff above existing work pressures.Holding further conversations with ELT and new CE about a Treasury capability bid in Budget 2020 based on our current and future needs, resources and strategic plans.
<ul style="list-style-type: none">53% of our people resources will be operating at “about right” level of capacity and capability combined (green rating) during Q1 (July – September)42% of combined capacity and capability are forecast to be under the right levels, but impact is considered manageable, and5% has been forecast to be under the necessary levels, with likely impact on deliverables.	
Capacity and capability challenges have lingered throughout 2018/19 quarters as illustrated on the right. Across the Treasury, the forecast ratings are not dissimilar from previous quarterly pulse reports. However, there is 5% of teams forecast to be “under, likely impact” (red colour). Recruitment of talent has improved, but this is still not reaching the capacity+capability levels required across teams.	
Qualitative thematic analysis	
Unbalanced profile of teams	
<ul style="list-style-type: none">Pulse reports illustrated an imbalance in the experience levels of teams across the Treasury. Whilst some teams have a good mix of experienced and junior staff, others are very new teams lacking of time and experience in their area.Several teams reported senior experienced staff going on extended leave, many of them post Budget release. This coincided with a surge in OIAs surrounding the Budget, thus placing extra workload and time pressures on staff.Whilst talent acquisition has been positive and we have filled vacancies over Q4, new recruits need time to come up to speed. In addition, several teams anticipate that further senior positions will become vacant over the course of Q1. Early notice is helping them to plan for recruitment accordingly. However, there is uncertainty about how long it might take to recruit new people, and the knock-on work-pressure effect that this may pose on other team members.	
Working long hours and heavy workloads	
<ul style="list-style-type: none">Some teams indicated their staff continue to work long hours to deliver on heavy workloads. They emphasised the need to actively prioritise their work in order to continue focused on delivering strategic and high-priority work.	
Immediate response to the Budget information security breach.	
<ul style="list-style-type: none">Shortly prior to Budget 2019 there was a budget information security breach. This led to intensive work to respond, identify causes and take immediate action to strengthen information security. Treasury also requested SSC to set up an independent Inquiry into the incident which is now underway.	

Key challenges across 2018/19	RAG ratings				
	Q1	Q2	Q3	Q4	Q1
Capacity and capability constraints	●	●	●	●	●
People wellbeing	●	●	●	●	●

Capacity and Capability Heat map

This chart is based on data obtained from Q4 Directorate Pulse Reports (as at 30 June 2019)



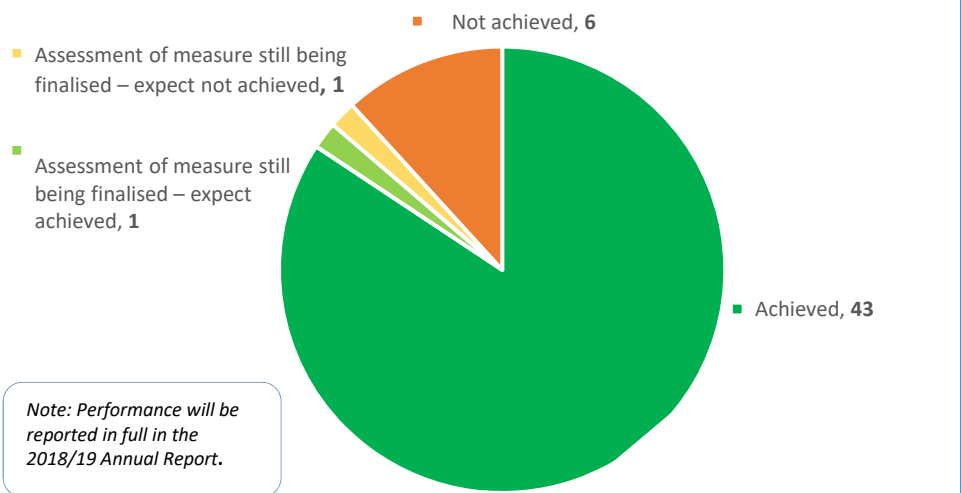
How to read the heat map:

- The circles represent where the Treasury’s resources have been allocated
 - The size of circles represents the amount of resources allocated by FTEs relative to other teams
 - The colour of the circles represents how the extent of capability and capacity pressures are having an impact on both the Treasury’s work and the wellbeing of our people
 - Just enough capability and capacity to manage without significant impact.
 - Assessment of measure still being finalised – expect not achieved, 1
 - Assessment of measure still being finalised – expect achieved, 1
 - Not achieved, 6
 - Achieved, 43
- Note: resiliance is low and even the loss of one or two FTEs can make a significant difference between low impact and high impact.
- Serious capability and capacity pressures having an impact on both the work and the wellbeing of staff.

Performance measures

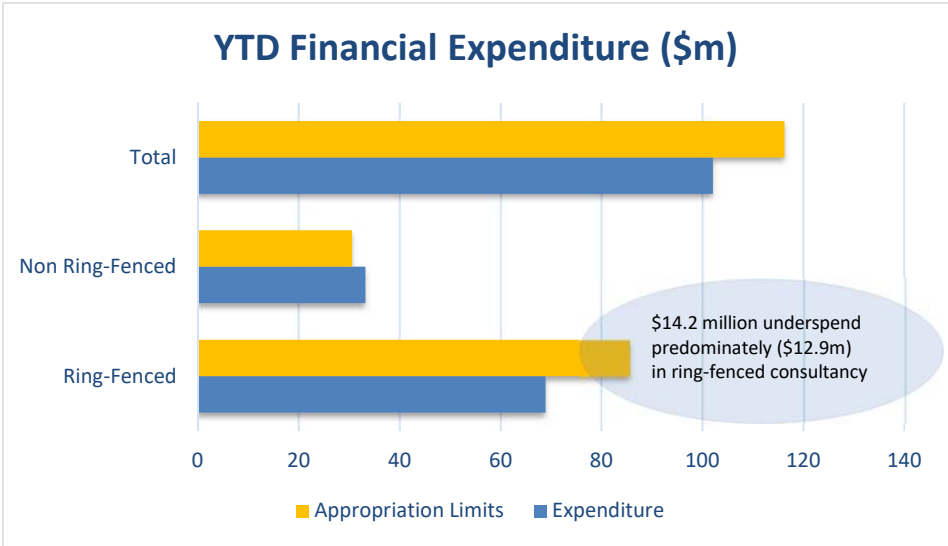
As at 1 August 2019, out of 51 performance measures, six of them have not met their targets (12%).

For the majority of these measures, the issues relate to the timing of transactions. The main concern is the Treasury Policy Quality of Advice measure, which will not be achieved again this year. The mitigation is that we have a solid performance story, which indicates an improving trend.



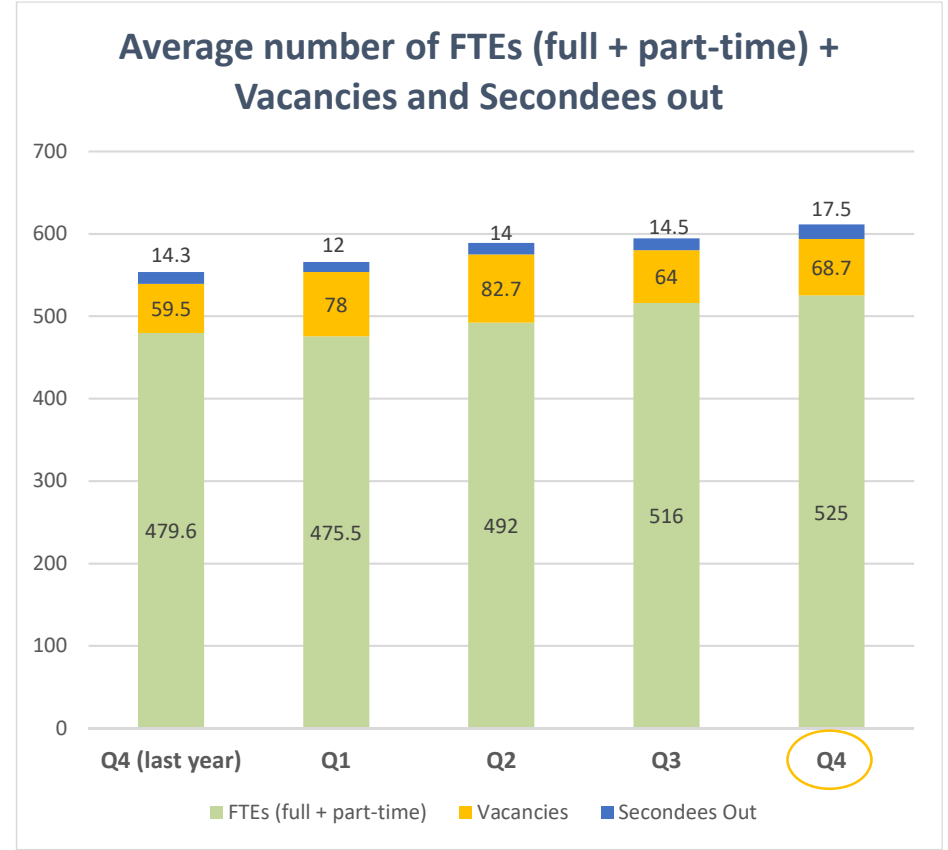
The Treasury Q4 (2018/19) Performance Update Dashboard

1. Financial Update



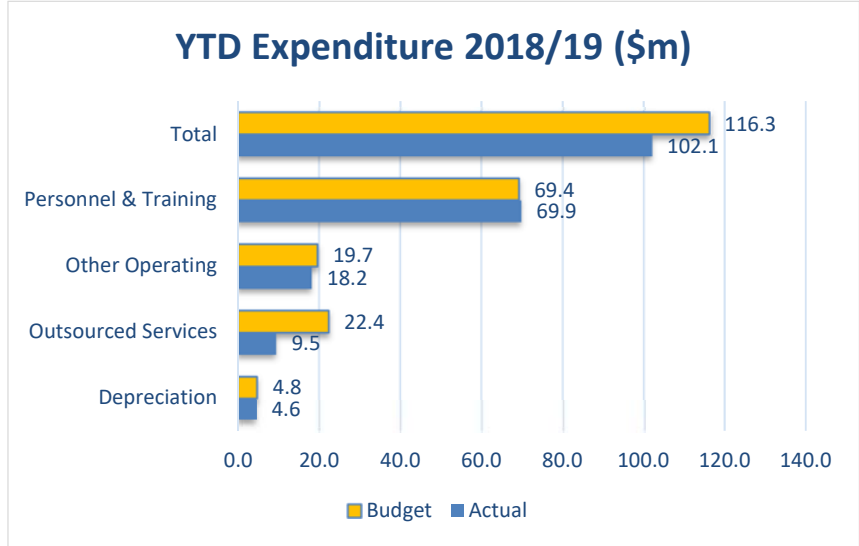
We operated within our appropriations for the 2018/19 financial year. The underspend is in our ring-fenced activities. The underspend is mainly due to vacancies and expenditure on specific projects, such as the Green Investment Fund, funding for Stockton AMD Project, Infrastructure Funding and Financing, Establishment of the Infrastructure Commission, Enhanced EQC Monitoring and Insurance Policy Advice. Approval to carry forward \$8.351m of funding to 2019/20 will be sought from joint ministers in the October Baseline Update.

2. People Resources

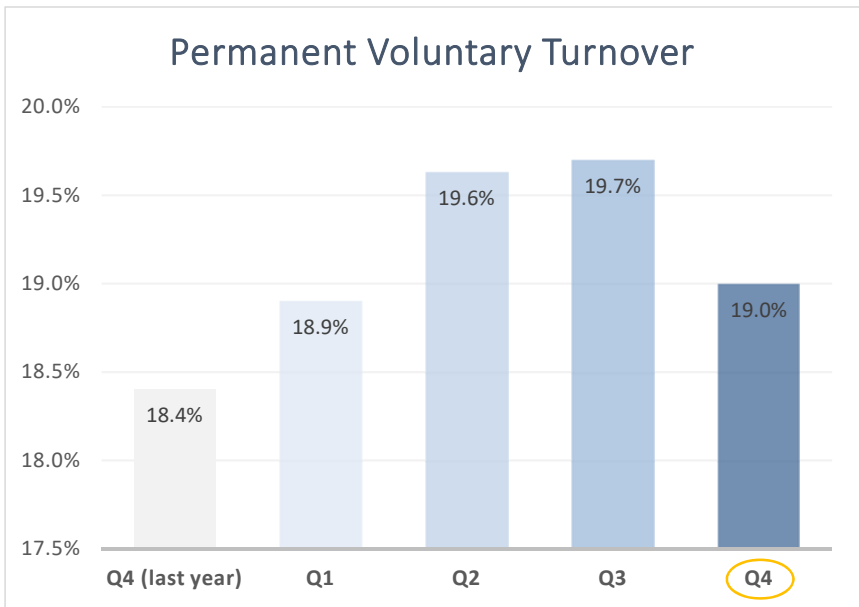
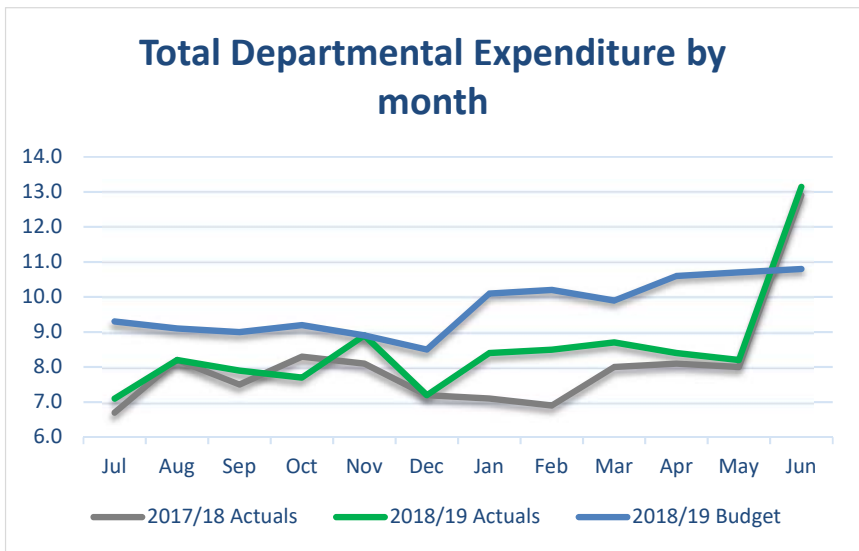


FTEs increased from 598.3 (March) to 613.6 as at 30 June 2019 (611 on average across Q4).

The **permanent voluntary turnover** for Treasury has slightly decreased compared to Q3. However, it remains high with the annual rolling turnover rate of 19% in June 2019. The rolling 12-month turnover of staff employed for less than 2 years has decreased by 3.4% this quarter and is now 16.8%.



The expected significant uplift of expenditure in June mirrored behaviour from 2017/18. With the introduction of rolling forecasting and a multi-year budget, we anticipate a new expenditure pattern for 2019/20.



3. Organisational Development

The Organisational Development team has progressed the wellbeing work programme through:

- Leadership Capability Framework has been developed and feedback is being sought from our people leaders
- New induction module has been launched and embedded
- P&W support to Kaiurungi sub-groups (culture, recruitment and retention, and agile operating model)
- Development of tools and resources to assist with a focus on positive behaviours at work.

4. Risk and Assurance Management

The risk management improvement programme has continued to roll out. Key features are:

- The fourth cycle of Directorates/Kaiurungi/ELT risk reviews was completed on 9 April, when ELT discussed the overarching report on organisational risks
- The next cycle is now underway, with the reporting date of 31 July
- Kaiurungi and its Sub-committee received in April a review report on the risk management improvement programme
- The Risk Management Policy and Framework revisions due for 1 August are under way
- Two internal audit reviews are at the stage of draft reports. They are on the Payroll and the Export Credit process.

5. Wellbeing, Health & Safety

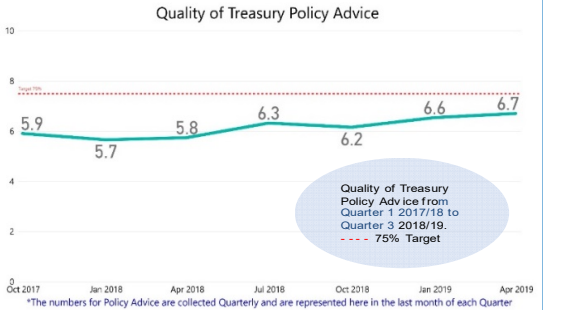
- One major incident in Q4 – Incoming water mains to the building ruptured. Building was evacuated to allow for repair.
- Near miss reporting remain low.
- Temperature and lighting issues are still being investigated with service providers.
- Changes to the Fitness assistance policy will come into effect 1 July 2019. This is now called the Wellbeing assistance policy and allows people to claim expenses up to \$500 for all aspects of wellbeing not just fitness.
- We are developing modules to go into the induction suite that highlight a number of wellbeing provisions, support and activities at the Treasury. This includes sport teams and events, the wellbeing assistance, trained support for domestic violence, creation of the DV policy, healthcare and eye tests.

6. Information Management and Technology

- The Wellbeing Budget was delivered, 13-15 documents over five weeks, comprising several hundred pages. The Budget information breach- related events have consumed a considerable amount of time and effort to date.
- iManage had its most significant upgrade for many years. We replaced outdated customisations with new out-of-the-box functionality for an upgraded stable platform, simpler to maintain.
- Microsoft teams rollout across Treasury including considerable support, intranet content, videos, and hints and tips.
- Skype for business rollout across DPMC is almost complete.

7. Quality of Policy Advice

- Policy advice quality is improving but it is unlikely to meet current 75% target. This is being addressed by the work programme to lift the quality of our policy advice and the launch of the refreshed policy quality framework.



8. Ministerial Servicing Performance

- The number of Treasury OIA requests, pieces of ministerial correspondence, and OIA requests being prepared for portfolio ministers (MOIA) remains high. MAS has taken on extra resourcing to deal with the demand created by high public interest in Budget 19.
- A notable decrease, however, is the number of Written Parliamentary Questions. This is largely the result of the proactive release of report titles sent to the Minister of Finance on the Treasury website.
- Although timeliness statistics have remained strong during a period of increased demand, MAS is working with Kaiurungi to give greater visibility of pending OIA requests to directors. MAS is also continuing to work with Kaiurungi to improve the quality of ministerial correspondence, as this is a priority for the Minister of Finance.

	April		May		June	
	Total	On Time	Total	On Time	Total	On time
Ministerials	54	100%	58	91%	62	100%
PQs	35	100%	28	100%	48	100%
MOIA	26	93%	39	97%	26	96%
TOIA	21	100%	28	93%	33	100%

9. Contractors and Consultants

- As at 30 June 2019, there were seven contractors working at the Treasury for > 12 months. Four of them funded by the Reserve Bank, two are working in CIUG and one in A&I.

Length of Contract	Number of new people contracted	
	Q3 (Jan –Mar)	Q4 (Apr – Jun)
Up to 6 months	8	18
6 – 12 months	4	2

The Treasury Q3 (2018/19) Performance Update Dashboard

Strategic Priorities 2018-19

How we are tracking – Activity	Q1	Q2	Q3	Q4	Key areas of focus in <u>Quarter 4</u> [April – June]
Intergenerational Wellbeing LSF Implementation Programme ¹	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Deliver Wellbeing Budget 2019.</div><div>• Develop frameworks and approaches to rolling out LSF to agencies.</div><div>• Developing how wellbeing could look like in baseline reviews and how this links to broader Public Finance Act and State sector reforms.</div></div>
System Stewardship Budget Reform Project	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Identifying key actions to put in place for Budget 2020 and beyond that can be implemented without legislative change.</div><div>• Seven latest Investor Confidence Ratings' assessments on track to be delivered.</div></div>
High Performing Treasury Diversity of Thinking Project	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Introduction of online Unconscious Bias modules for all staff.</div><div>• Establishment of Diversity & Inclusion dashboard.</div></div>
High Performing Treasury Tāne Whakapiri	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Occupational improvement phase and defect correction to enhance floor environments and optimise usage, informed by an occupancy study.</div><div>• Maintaining focus on the embedding and improving our flexible ways of working.</div></div>
High Performing Treasury Treasury Information Capability Project (TIC)	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Transition of the TIC project's technology to business as usual within the I&T team.</div><div>• Continuing to support staff with uptake and using existing data capabilities.</div></div>

Significant Core Work 2018-19

Government Reviews and Inquiries	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Response to the Welfare Expert Advisory Group Report due in April along decisions on initiatives for Budget 2019.</div><div>• The Water Taskforce will be developing proposals around fair allocation and national direction – this will present an opportunity for the Treasury to feedback/influence on the draft proposals.</div></div>
Overseas Investment Act: Phase 2 and Amendment Bill	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Release of Discussion Document.</div><div>• Stakeholder engagement including Hui.</div></div>
Tax Working Group Support	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Cabinet will make final decisions on how TWG recommendations will be taken forward as part of the Government's tax policy work programme.</div></div>
RBNZ Review: Phases 1 & 2	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• On Phase 2, the release of the second consultation document in June.</div></div>
Independent Fiscal Institution	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• NA</div></div>
Climate Change and Economic Transition Impact ²	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Advice on the Emissions Trading Scheme (ETS) review and other upcoming ETS decisions.</div><div>• Advice on interim Climate Change Committee recommendations.</div><div>• Input into the Government response to the Productivity Commission Report on Low Emissions.</div></div>
Supporting Development and Delivery of Government's Economic Strategy	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Drafting material on Government's Economic Strategy for Minister of Finance and Economic Development ahead of possible post-Budget launch.</div><div>• Developing strategic advice on the Future of Work for the Tripartite Forum.</div></div>
Execute Debt Management and Export Credit Operations	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Secure Minister of Finance's agreement on mandates and start engaging with agencies on the Treasury's services.</div><div>• Finalise the documentation for the Export Credit's new Political Risk Insurance product.</div><div>• Work with an external provider to design a notional capital management framework for the Export Credit function for completion in Q4.</div><div>• Bed in Auckland office. (Amber rating reflects ability to provide 'treasury services' in a reactive manner only).</div></div>
Infrastructure and Institutional Settings Review	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Legislation through Cabinet Legislation Committee (LEG), first reading in House in April and Building Infrastructure Transactions Unit's capability.</div><div>• New Zealand Infrastructure Commission (NZIC) Board appointment process.</div></div>
Infrastructure Funding and Financing	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Cabinet approval for policy decisions and approach to draft instructions for legislation.</div></div>
Earthquake Commission	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Subject matter input to Earthquake Commission Inquiry. Test case / on-sold strategy work and advice to Ministers.</div></div>
Establishing the Green Investment Fund	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Legal Establishment and Resourcing.</div><div>• Monitoring handover and transition out of the Treasury.</div></div>
Christchurch Regeneration	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Progressing tranche 2 of global settlement negotiations – agreeing and progressing joint working group ToR and work plans, and due diligence to support fully engaged final negotiations</div><div>• Progressing the stadium and other Christchurch Regeneration Acceleration Facility investment cases</div></div>
New Zealand Super Fund (NZSF) Statutory Review	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Engagements with the Guardians and Willis Towers Watson (WTW) on the progress report that will test consensus ahead of the draft final report.</div><div>• Early engagements with the Guardians on the terms of reference and weekly phone calls will continue to minimise this risk.</div></div>
All of Government Financial Advice and Management	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Completion of Budget 2019 in its entirety including estimates production, fiscal forecasts and specific fiscal risks, and all other associated activities.</div><div>• Continue to publish monthly financial statements within legislative timeframes and free from material error.</div></div>

Significant Foundation Activities

Treasury 2021 and Beyond	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Business Planning and resource allocation to Directorate level.</div><div>• Ensuring the new capability frameworks are rolled out and implemented.</div><div>• Induction for new CE and transition arrangements finalised.</div></div>
Capability Development	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Progressing the leadership project.</div><div>• Building the Pacific online learning module.</div></div>
System Flexibility and Resilience	<div></div>	<div></div>	<div></div>	<div></div>	<div><div>• Microsoft Teams – using first / early adopters to learn from, before starting the next wave.</div><div>• Understanding hybrid user interface within iManage.</div></div>
<div><div>KEY:</div><div>Complete</div><div></div><div>On track</div><div></div><div>Watching</div><div></div><div>New activity</div><div></div><div>Not rated</div><div></div><div>Off track – impact</div><div></div><div>Substantially changed/recast or milestones recast</div><div></div></div>					

ELT's summary of Q3 Performance

The Treasury is still delivering against a challenging work programme. Although slightly more optimistic than last quarter, staff turnover and related vacancies continue, resulting in stress and long hours for staff. Business planning will look at where we can reduce the work programme and ELT is having regular discussions with the Minister on priorities.

Quarter 3 Highlights

Budget work progressing well across vote teams and budget team.	Completed Tāne Whakapiri fit out and move into levels 1-4 and reawakening of the Wharenui
Completion of the LSF Tools and Guidance project	Started ministerial consultation on Overseas Investment Act
Delivery of draft work programme for Public Finance System Reform	Release of TWG final report and all secretariat advice on the TWG website
Capability Bid submitted and supported by MoF as part of the Treasury's Budget process	Cabinet agreement for the New Zealand Infrastructure Commission (drafted legislation)
Capital Markets' Auckland-based staff recruited, trained and operational	Developing and supporting the delivery of the Future of Work Tripartite Forum in February

Minister's Priorities

- Budget 2019

• Wellbeing 2020

• Economic strategy

• Reserve Bank Act Review Phase 2

ELT's key areas of focus in Q4

- Budget 2019

• Living Standards Framework and Wellbeing 2020

• Staff Wellbeing

• Business Planning

• Transition to new CE.

Kaiurungi's key areas of focus in Q4

- Business Planning 2019/20 and reducing work programme

• Recruitment and retention

• Organisational Culture

• Agile operating models

Corporate planning milestones in Q4

- Finalisation and implementation of Annual Remuneration Review

• 2019/20 Business Planning

• Vote Management – Estimates and Supplementary Estimates & new appropriations' structure

• End of financial year activities

• Rollout of Microsoft Teams, apps and tools, iManage upgrade, adjustments in CFISnet

• Implementing the business support and Ministerial Team leadership improvements

• Preparing for change of Secretary to the Treasury

• Q4 report

• Review the pilot for the international recruitment campaigns

• Phase Two of the payroll implementation

¹ Challenges: Treasury's staff availability to support the implementation of workstreams. LSF programme remains focused on monitoring against milestone dates and plans.

² Key person risks – the climate work is broad and requires an array of rigorous economic, strategic to complex technical skills.

The Treasury Q3 (2018/19) Performance Update Dashboard

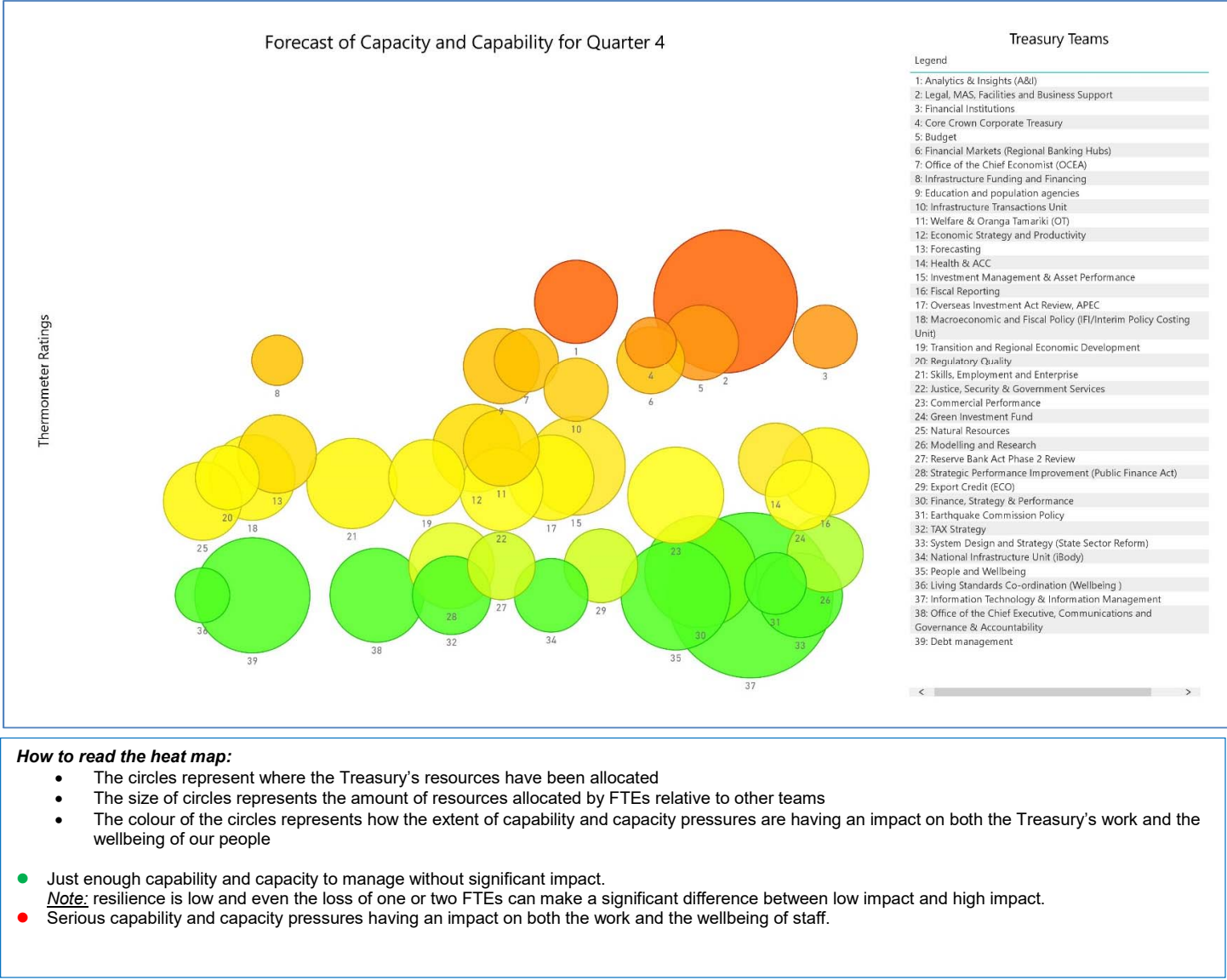
Capacity and & Capability - Key trends

<p>On average, capacity + capability pulse ratings indicate that 56% of our people resources are operating at “about right” level of capacity and capability (green rating). The remaining 44% was rated under capacity and capability (combined amber + red ratings). These constraints have lingered from previous 2018/19 quarters as illustrated below, albeit Q4 forecast shows an 11.4% improvement in the number of green-rated teams.</p> <p>These constraints are affecting our ability to meet and deliver our work programme, especially in teams that have been carrying vacancies for a prolonged period. These challenges have the potential risk to compromise the quality of our work, slow down our timely delivery and have a detrimental effect on staff wellbeing.</p>	
Themes from Pulse Reports	Kaiurungi & ELT response and actions
<p>Teams working under capacity</p> <p>People resources are under capacity and capability to successfully meet current work priorities within tight timeframes and delivering high quality outputs as expected.</p> <p>Some teams/directorates reported that current resourcing levels are only sufficient to fulfil their function in a reactive manner hindering progress of other important strategic work.</p> <p>Operating under-capacity was more frequently reported than capability issues in four Directorates (Public Sector Management (PSM), Economic System (ES), Commercial, Infrastructure & Urban Growth (CIUG), and Office of the Government Accountant).</p> <p>Some teams forecast to experience a peak of work demands during May and foresee that people will continue working long hours to meet the breadth and volume of work required of them, despite having already scaled back their work as much as possible.</p> <p>This theme is consistent with previous quarterly reports, characterised by limited capacity to take on further work and difficulty to deliver high quality within timeframes.</p>	<p>Continue addressing these challenges across directorates by:</p> <ul style="list-style-type: none">•Using the 2019/20 Business Planning as a mechanism to get better at prioritising, deferring and/or stopping work.•Continuing to work with Ministers on priorities and sequencing of work we can do.•Facilitating and encouraging rotation and agile moving of people and resources across teams to address capacity constraints and surges in work demands.•Encouraging capability building and professional development to address current and future capability needs.•Paying extra attention to staff wellbeing, particularly people working long hours and with tight timeframes. Being kind and empathetic with staff. Support people and encourage them to take breaks and look after their wellbeing (e.g. working from home, EAP services).
<p>Need to slow down timeframes and reduce heavy workloads</p> <p>Some teams indicated the need to scale back their workload (e.g., reduce number of MBU submissions and reviews) allowing more time for bilateral preparation, consistent high quality and timely delivery. PSM, ES, and CIUG provided a number of suggestions.</p> <p>Prioritisation and ‘borrowing’ resources from within the Treasury to meet the Budget 2019 demands and timeframe could also help alleviate the stretched capacity of some teams, and in turn reduce burnout and negative impact on staff wellbeing.</p> <p>Teams continue to work long hours, and mangers are genuinely concerned about this situation being far from ideal and with a significant negative impact on work life balance.</p>	
<p>Lingering vacancies</p> <p>As in the previous quarter, staff recruitment continues to be a challenge in particular specialist and senior positions. Some skills take longer to be found due to the high demand and constrained supply of quality policy professionals across the system.</p> <p>Given that teams are working under capacity, it is hard to build capability within existing staff (e.g. mentoring new and more junior team members), which in turn, could assist long-term to increase our capacity and capability, and reduce staff turnover.</p>	

Key challenges across 2018/19	RAG rating				FORECAST
	Q1	Q2	Q3	Q4	
Capacity and capability constraints	●	●	●	●	
People wellbeing	●	●	●	●	
People wellbeing and capacity + capability constraints have remain persisting challenges throughout quarterly reporting in 2018/19. Q4 Forecast, however, shows an improvement trend (i.e. amber rating).					

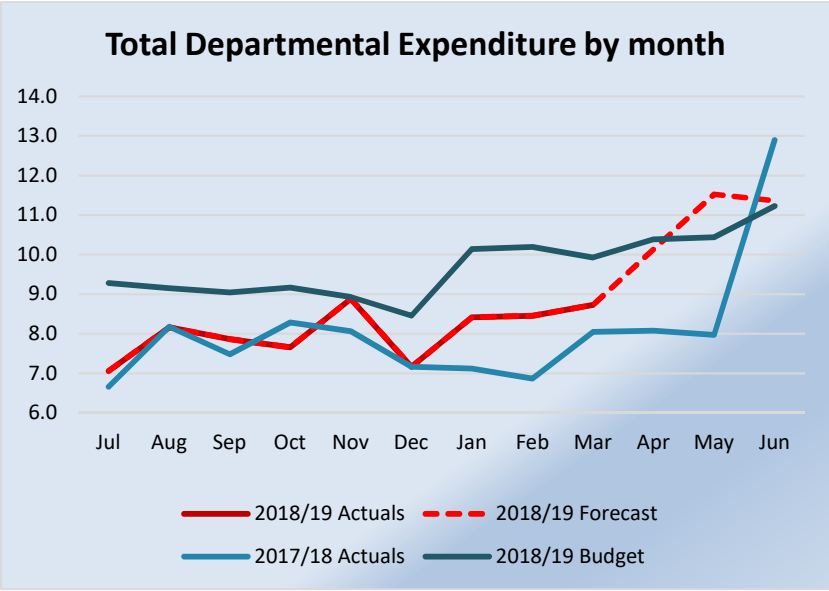
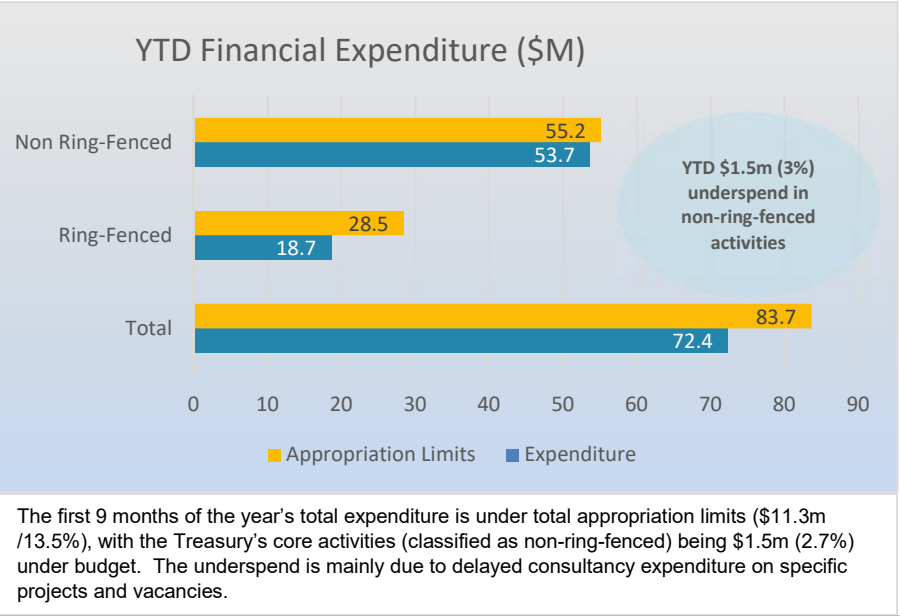
The Treasury Capacity and Capability Heat map

This chart is based on data obtained from Q3 Directorate Pulse Reports (as at 31 March 2019)



The Treasury Q3 (2018/19) Performance Update Dashboard

1. Financial Outlook – Expenditure (\$M)



3. Risk and Assurance Management

- The risk management improvement programme has continued to roll out. Key features are:
- The fourth cycle of Directorates/Kaiurungi/ELT risk reviews will be completed on 9 April, when ELT discusses the overarching report on organisational risks.
 - A project management expert has been appointed to lift our project management capabilities. The work will begin on 9 April and end on 30 June.
 - Scoping work on the next two internal audit reviews has been completed. They are Payroll and the Export Credit process.

4. Wellbeing, Health & Safety

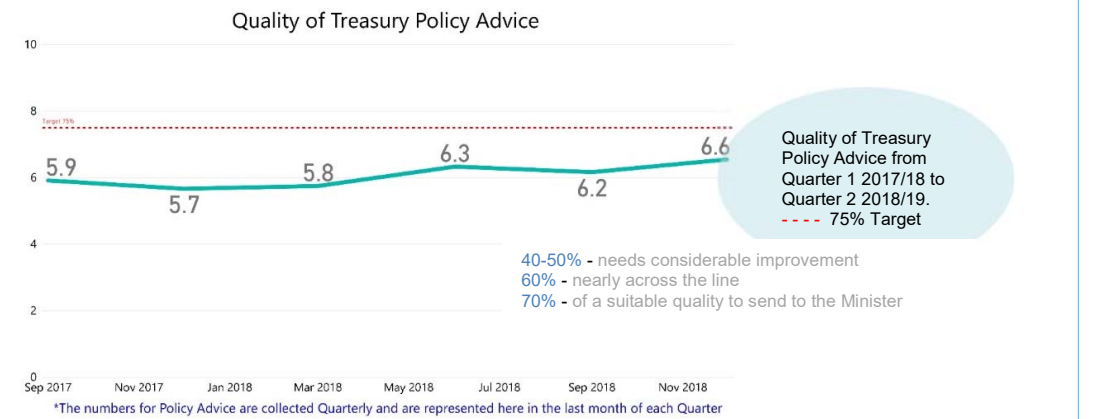
- The volume of work and timeframe pressures are impacting on stress levels and staff wellbeing.
- Wellbeing initiatives such as Puawai and a series of workshops to explore ways to enhance empathy and compassion in the way we work at the Treasury have been held.
- No major health and safety incidents or injuries occurred in Q3, though near miss reporting remains low.
- The construction phase of Tane Whakapiri was also completed, with no significant incidents or near misses.
- Staff in the new premises have queried temperature and light levels, our landlord, and their service providers are working on resolution.
- ELT has considered the previous six months' health and safety reports and agreed to reinstate quarterly reporting.

5. Information Management and Technology

- The IT portion of the Tane Whakapiri relocation project had successful go-lives for all three waves and only minimal disruptions were experienced.
- Microsoft teams were rolled out to the first wave. The range of early adopters will enable the creation of business use scenario exemplars that will be shared with the organisation. Further waves of users are planned for Q4.
- A proof of concept was successfully conducted to explore the hosting of Treasury applications in a cloud environment. This will now form the basis of the first application cloud migration which is being performed under the Board Appointments Upgrade project.
- The Development Centre Booking System is now live. This SharePoint workflow application automates and streamlines the booking process for Development Centre courses.
- Improvements to the Customer experience teams, breaking down roles and responsibilities, weighting of team balance, improved structured reporting and planned customer engagements.
- Laptop Rollout – With just a few devices remaining, the technology teams have replaced over 40% of the laptop fleet, removing aged equipment and standardising tablets and laptops with an expected completion date of April, two months earlier than originally expected.
- Modernisation of technology, a huge milestone achieved replacing our legacy email environment and uplifting the CabNet platform and operating systems.

6. Quality of Policy Advice

- The quality of the Treasury's policy advice is on an improvement trend, but still not at the level that we aspire it to be. An action plan and work programme have been put in place.

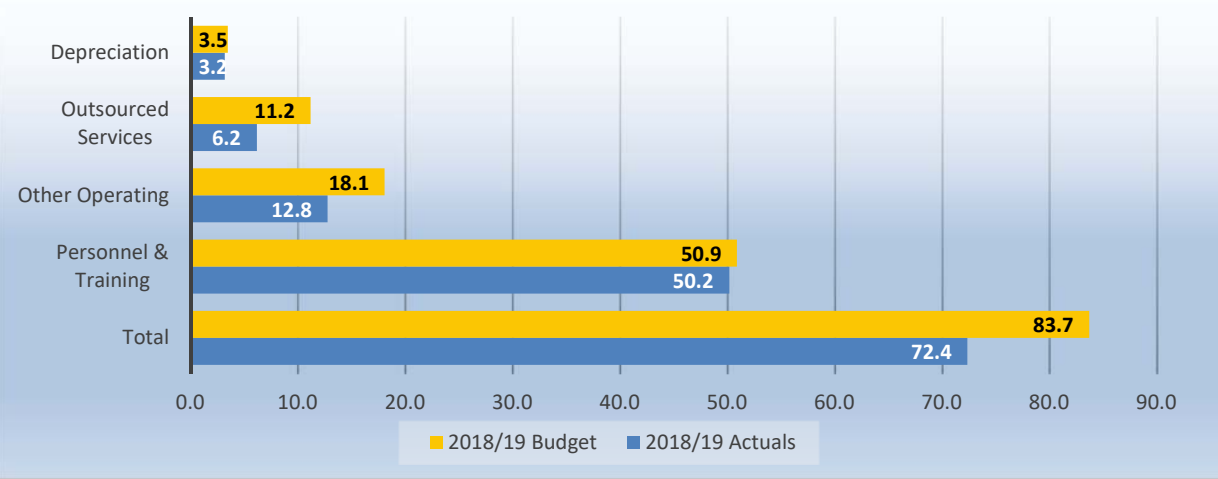


7. Ministerial Servicing Performance

- All ministerial servicing products except for TOIAs continue on at least twice the normal volume of work. The volume of PQs this quarter equates to what would be an entire year's volume of PQs.
- TOIAs continue to be the most problematic ministerial servicing product for achieving timeliness and new process improvements are being implemented. That being said, the YTD figure of 96% is significantly better than the figures for the previous 4 years that varied between 83% and 92% timeliness.
- Improving the quality of Ministerials remains an important focus for the MAS team, especially for the MoF.

Ministerial servicing timelines in Q3	Jan-19		Feb-19		Mar-19	
	Total	On Time	Total	On Time	Total	On time
Ministerials	47	100%	56	100%	61	100%
PQs	19	100%	204	100%	117	100%
MOIA	25	96%	27	100%	29	100%

YTD Expenditure 2018/19 (\$M)

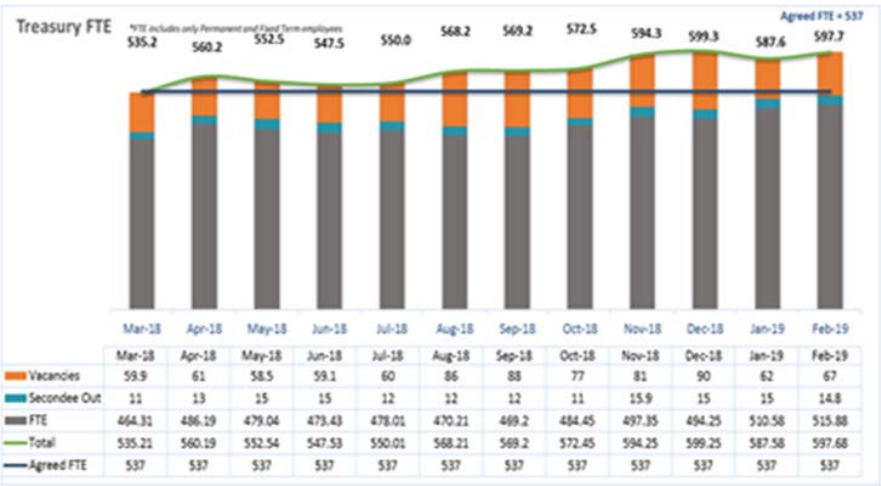


The underspend in personnel cost has reduced since January for two reasons: 1) more vacancies have been filled as illustrated in the FTE chart, which shows actual resources in positions; and 2) in February, the YTD at-risk components of relevant employees was paid out due to a change in policy, with the full amount having been budgeted to be paid in June.

Outsourced services are \$5m below budget, mainly as a result of underspends in consultancy expenditure for ring-fenced activities including the establishment of the Green Investment Fund, the Christchurch Regeneration Facility, the Stockton Procurement Project, and the Social Housing Reform Programme.

Approval to transfer some of this underspend was sought in the 2019/20 March Baseline Update.

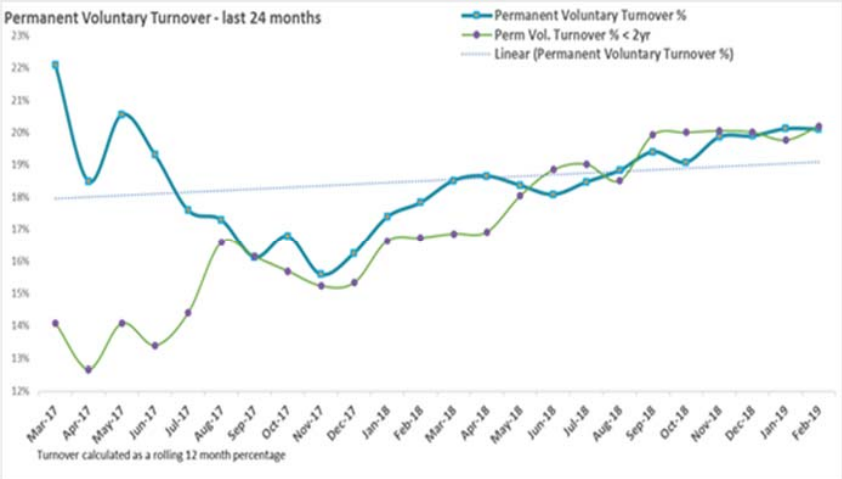
2. Human Resources



Total number of FTEs decreased slightly from 599.3 to 597.7.

Organisational wellbeing continues to implement work programme:

- Delivering the 2018/19 remuneration review maintaining a focus on low salaries and gender pay gaps.
- Continue to develop capability frameworks
- Refresh and update a number of wellness policies with a focus on greater inclusion



The permanent voluntary turnover for Treasury remains high, with an annual rolling turnover rate of 20.1% in February 2019. The rolling 12-month turnover of staff employed for less than 2 years has increased this quarter and is now 20.2%.

The Treasury Q3 (2018/19) Performance Update Dashboard

TOIA	14	100%	29	93%	29	90%
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Planning & Performance *Papatohu* Update 1

Covering the period 1 July – 30 September 2019

IN CONFIDENCE

2 December 2019

Executive Summary

IN CONFIDENCE



1. Overall, our priority work programmes are forecast to be more amber 'watching outlook' for the period OCT-JAN than in the last three months (JUN-SEP), reflecting increasing challenges and new pressures.
2. We have made significant progress with successful talent acquisition. However, some teams remain under capacity pressures for the next four months. Capability still lags as more experienced staff leave and new recruits are coming to speed.
3. There are changes to our Business Plan priorities. More changes will come through the year with continual planning and rolling forecasts.
4. We are financially tracking as we expect at this time of year (underspent but forecasting overspend). Key overspend is from the Inquiry-related work. If we continue to succeed on reducing our number of vacancies, we will be less likely to underspend than in previous years.

Highlights (JUL-SEP) + Future Focus (OCT-JAN)



Highlights (JUL –SEP)

New CE has been welcomed and supported as she makes her first steps as Secretary of the Treasury	The Budget Strategy paper was released for Budget 2020 guidance
The Treasury Annual Report was published and tabled in Parliament	Production and launch of the Government's Economic Plan, articulating the government's economic strategy and 8 Key Shifts to achieve its objectives
Financial Statements of the Government for the Year Ended 30 June 2019	The establishment of the New Zealand Infrastructure Commission
Package to support settlement of On-Sold Properties advised on and announced.	Wellbeing Budget is now featured in research and presentations for NZ Government Bond investors
Global Settlement with Christchurch City Council agreed and announced	Business tax package advised on and announced with the Economic Strategy

ELT

- Wellbeing 2020
 - Budget 2020, including HYEPU
 - Long Term Fiscal Statement
 - Public Finance Act Reform Phase 2
- Reserve Bank (Review and Capital)
- Murray Jack Inquiry and strengthening the Treasury's systems, processes and culture.
- People engagement and wellbeing.

KAIURUNGI

People Leadership

- Culture, including Diversity & Inclusion and Security.
- Capability, including leadership and risk management.
- Recruitment and retention.

Resourcing

- Business Plan Priorities
- Business Plan Strategic Choices
- Agile deployment of resources.



IN CONFIDENCE

In Focus: Tracking Progress & Forecast

UPDATE SUMMARY + FORECAST (OCT – JAN)

5.5 priority work programmes (39%) are forecast to be 'on track' to achieve their milestone deliverables over the next 4 months.

7.5 priority work programmes (54%) are forecast to have a 'watching' eye on their progress, but with no impact on the deliverables.

1 priority work programme (7%) might be stopped or scaled down at short notice.

4 priority work programmes suffered alterations /rearrangement



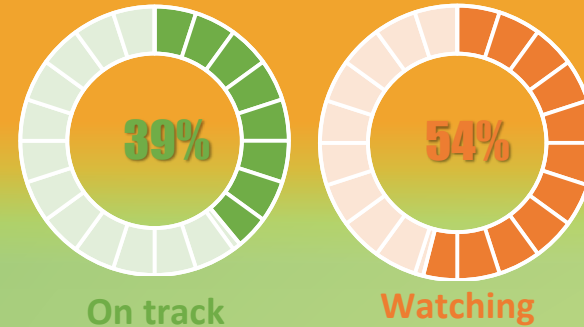
4 priority work programmes have been stopped/removed from the Business Plan



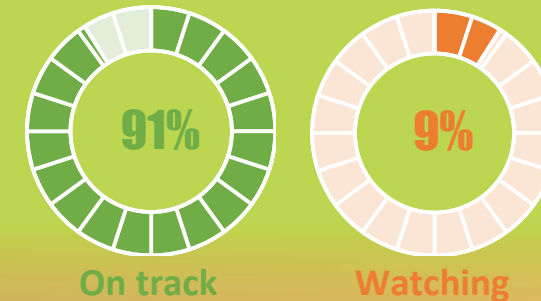
1 new priority work programme has been added to the Business Plan



Forecast (OCT - JAN)



Retrospective (JUL – SEP)



The Business Plan will have a total of 14 priority work programmes to be tracked and reported on the next Update (U2).

Tracking Progress of our Business Plan

IN CONFIDENCE

	Business Plan Work Priorities		Dep Secs.	Tracking + Forecast			Challenges / Comments	Resourcing		%Complete	Impact
				U 1	U 2	U 3		FTE	\$m		
1	Wellbeing 2020	LSF Implementation	M&G, COO				<ul style="list-style-type: none"> Resourcing required to collaborate with agencies to encourage LSF/WB adoption. Delivering Maori and Pacifica development and integration with LSF in time for the 2021 LSF Framework review. RIA integration delays. 			28% (³ / ₃)	?
		Debt Management	F&C				<ul style="list-style-type: none"> Due to the Secondment of a senior team member, current staffing levels in the Portfolio Management Group creates some risk. 			80% (¹ / ₃)	≈
2	Budget 2020 & Statutory reporting		BPS				<ul style="list-style-type: none"> More strategic approach to key relationships. Upcoming work pressures likely from sector reviews and demand for wider wellbeing work. 	7.6	1.16	95% (¹ / ₃)	?
3	RBNZ Review – Phase 2		M&G				<ul style="list-style-type: none"> Strong differences of opinion with the Reserve Bank on a few key matters. 	8	1.37	95% (¹ / ₃)	≈
4	Review of commercial shareholding model		F&C				<ul style="list-style-type: none"> Consider Ministers' views while making them aware of the trade-offs of Holding Company. Blue shading indicates that Ministers may cancel or scale down the project at short notice. 				≈
5	Overseas Investment Act Review		F&C				<ul style="list-style-type: none"> Wider Ministerial consultation could add extra complexity. 	10	.95	50% (³ / ₃)	≈
6	APEC 2021		M&G				<ul style="list-style-type: none"> Competing resource pressure across the International team, primarily from Overseas Investment Act reform project. 			5% (³ / ₃)	≈
7	Strategic Tax Policy Advice		M&G				<ul style="list-style-type: none"> Potential shocks to the work programme (budget 'surprises', response to economic slowdown etc. 	10.3	1.34	90% (¹ / ₃)	+1
9	Guardians of New Zealand Superannuation		F&C				<ul style="list-style-type: none"> Pace of implementation of the Early Stage Capital Markets project. 			75% (¹ / ₃)	≈
10	Insurance		M&G				<ul style="list-style-type: none"> Minister sought advice to take to Cabinet earlier than hoped. Difficult to situate the advice in the context of broader policy uncertainty. Obtaining data about aspects of the insurance market has been difficult. 			100% (¹ / ₃)	≈
11	Economic Strategy		M&G				<ul style="list-style-type: none"> Tight timeframes and resource constraints to deliver the Economic Plan. 	20.3	2.74	100% (¹ / ₃)	≈
12	Sector reviews		M&G				<ul style="list-style-type: none"> Timeframes changes and decision delays. Staff changes - capacity and capability (e.g. Health & Disability, RoVE). 				Page 5

Updating our Business Plan

IN CONFIDENCE

	Business Plan Work Priorities	Leads	Tracking + Forecast			Challenges / Comments	%Complete	Impact
			U 1	U 2	U 3			
15	<u>Response to the Slowing Global Economy</u>	M&G				<ul style="list-style-type: none"> Resourcing and ability for agencies to quickly implement policy changes Risk that Reserve Bank acts before we have completed work on unconventional monetary policy 	100% (1/3)	≈
16	<u>Transitions (Climate Change & Future of Work)</u>	M&G				<ul style="list-style-type: none"> Funding and financing* work stream is complex, large and not yet adequately scoped The ongoing role of the Tripartite Forum and wider work programme needs clarification/confirmation with Ministers and social partners 	90% (1/3)	-1
17	<u>Strengthening the Treasury</u>	COO				<ul style="list-style-type: none"> I&T- Unplanned activities: Plan- Backfilling key resources to allow them to focus BPS - Resourcing issues for Budget team as staff fully committed to the budget 2020 P&W – compressed timeframes; need for tight coordination across a number of areas 		
18	<u>Climate Change & Economic Transition</u>	M&G				•Merged into Transitions [16]	100% (1/3)	≈
19	<u>Future of Work Tripartite Forum</u>	M&G				•Merged into Transitions [16]	80%	-1
20	<u>Interim Policy Costing Unit (IFI)</u>	M&G				•Minister decided to stop this work	NA	NA
14	<u>Tāne Whakapiri</u>	COO				•Completed and now in BAU	100%	
8	<u>Infrastructure Commission</u>	F&C				•Completed	100%	
13	<u>Chief Executive Transition</u>	COO				•Completed	100%	≈

NEW

Response to the Slowing Global Economy [15]

CHANGES

Review of Commercial Shareholding Model [4]
 Transitions (Climate Change & Future of Work) [18+19 merged into 16]
 Strengthening the Treasury (further developed) [17]

STOP/COMPLETED

Infrastructure Commission [8]
 Interim Policy Unit [20]
 Chief Executive Transition [13]
 Tāne Whakapiri [14]

Our revised Business Plan priorities (as at 12 November 2019)

Ministerial Priorities

Cross-Agency Work

Corporate Treasury

Wellbeing 2020 – developing the Living Standards Framework (LSF) and incorporating a wellbeing approach into the public sector finance system including planning, processes, incentives for good decision-making and reporting requirements.

Guardians of New Zealand Superannuation (NZSF) – To follow up advice and implementation of any findings from the NZSF Review and provision of NZSF investment advice.

Budget 2020 and Statutory reporting – simplify the Budget and complete Financial Statements of Government, Economic and Fiscal updates and Long Term Fiscal Statement.

Insurance – addressing recent trends in insurance availability and other medium term insurance market issues such as climate change.

RBNZ Review – Phase 2 – work involving a comprehensive review of financial stability.

Response to the Slowing Global Economy - To provide advice and options on how to respond to a slowdown in the global economy. We will consider fiscal policy and unconventional monetary policy options.

Review of commercial shareholding model – advice on the merits of creating an arms-length investment company (i.e. ‘Holding Company’) to own and manage the Crown’s interests in some or all of the Crown commercial portfolio. Keep?

Economic Strategy – working with MBIE to assist the Government set a clear and co-ordinated Economic Strategy.

Overseas Investment Act Review – continuation of Phase 2 work programme.

Sector reviews – a number of key transformational sector reviews across multiple agencies, with system, economic/fiscal implications e.g. Health.

APEC 2021 – preparation for APEC and the Treasury’s responsibilities to deliver the Finance Ministers’ process.

Transitions (Climate Change & Future of Work) - Working with MBIE to identify issues & effect change to enable better outcomes for New Zealanders in the emerging work environment. And cross-agency work on priority areas to drive the economic transition to a low emissions economy.

Strategic Tax Policy Advice – lifting our capability to operate at a strategic level supporting the tax and transfers focus of the Government’s policy agenda.

Strengthening the Treasury– To improve the tools and processes for the protection of the information that Treasury holds, accesses and shares.

Strategic Choices

Kaiurungi has identified five strategic choices, which will enable more significant reprioritisation of work in year.

Focus Area	Nature of Choice	By Whom	By when / next steps	Release Resources?
Vote Management and Sector Policy	What we do and how we do it to shift resources to areas of higher value including choices on: streamlining the budget processes, reducing effort on capital, reducing transactional vote work and less proactive approach on Policy work.	Kaiurungi with support from ELT and consultation with Ministers	Models of Vote work to be discussed with VWLG in December and report back by March 2020	Maybe
Infrastructure	Changes in the roles, responsibilities and capabilities for the Treasury's infrastructure team as the new NZ Infrastructure Commission takes shape and is established.	Kaiurungi with support from ELT and consultation with Ministers	Report to Kaiurungi on 28 November. Final decisions made by February 2020	Maybe
Commercial Performance	Changes to our approach with Crown Entities with significant leadership, resourcing and business implications, following the outcome of any Government decisions for a new or changed commercial shareholding model.	Minister with ELT	Report to ELT in mid-February	No
Sector Reviews	The extent to which the Treasury engages in Government led and Ministerial driven reviews. We have identified where we lead and those reviews where there is a significant system, economic or financial implication, and those reviews where we will not engage in. Next steps to engage with ELT and Ministers on these recommendations.	Kaiurungi with support from ELT and consultation with Ministers	Kaiurungi discussion in November	No
Tax Reform	What we do and the extent to which we support significant tax policy changes in 2019/20, medium term strategy work on core tax policy issues, and strategic financial risks.	ELT in consultation with Minister	Tax team work-plan briefing to Kaiurungi	No

IN CONFIDENCE

Capacity + Capability

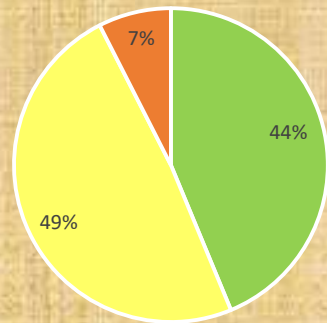
Capacity What is the likelihood of your team having enough people and money resources to deliver what is expected without burning out your people?

Capability What is the likelihood of your team having sufficient level of expertise to deliver what is expected?

Rare	5
Unlikely	4
Possible	3
Likely	2
Almost Certain	1

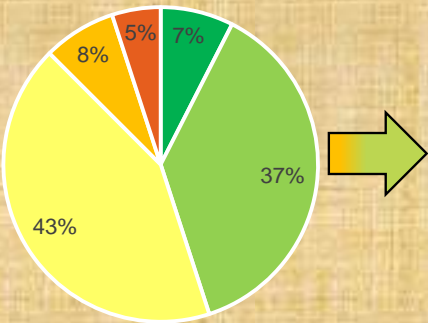
Previous Quarter

Capacity Forecast JUL-SEP



Forecast OCT -JAN

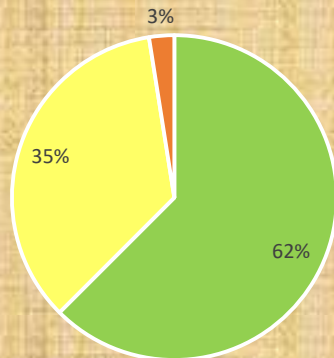
Capacity Forecast (OCT-JAN)



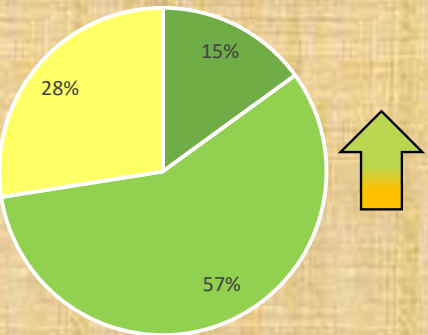
Key points

- **Capacity** forecast remains relatively **unchanged** from previous quarter (**44%** combining 'almost certain' and 'likely'), despite recent success in talent acquisition.
- **Capability** is **up** by **10%** from previous quarter (forecast is **72%** combining 'almost certain' and 'likely').
- **Teams** most **under pressure** have been identified as:
 - Fiscal Reporting
 - Strategic Performance Improvement
 - Budget Management
 - Economic Capability Team
 - Investment Management & Asset Performance, and
 - Web & Publishing.
- Qualitative Pulse data shows:
 - ongoing changes in teams' staffing
 - constant need to prioritise workload
 - trade offs, and
 - delays/changes in work timeframes.

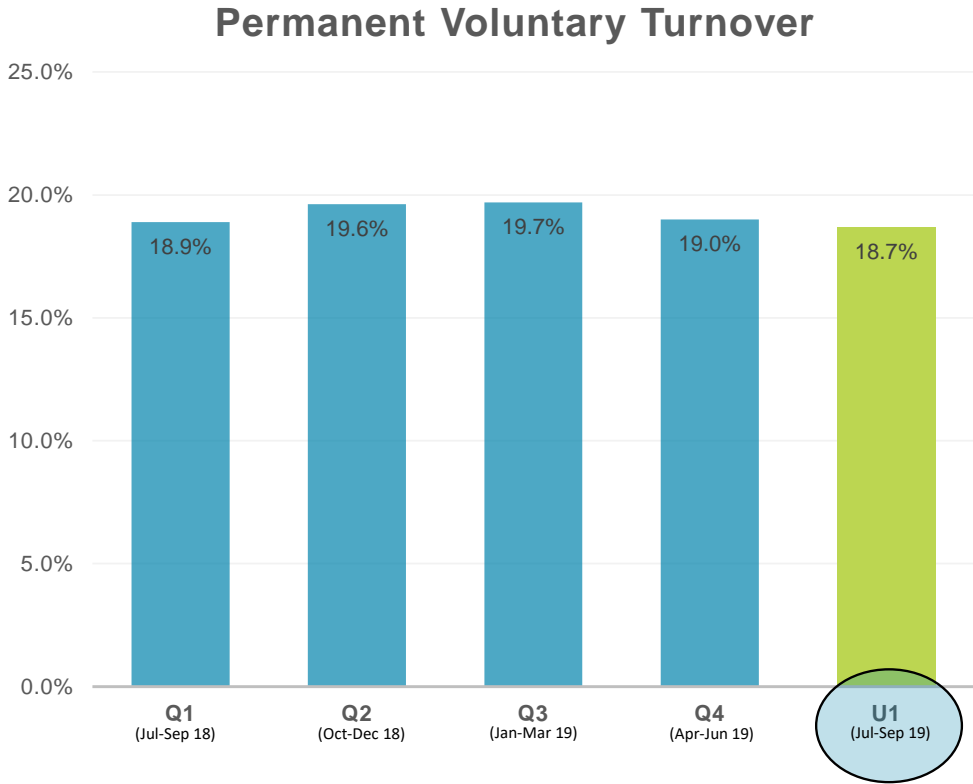
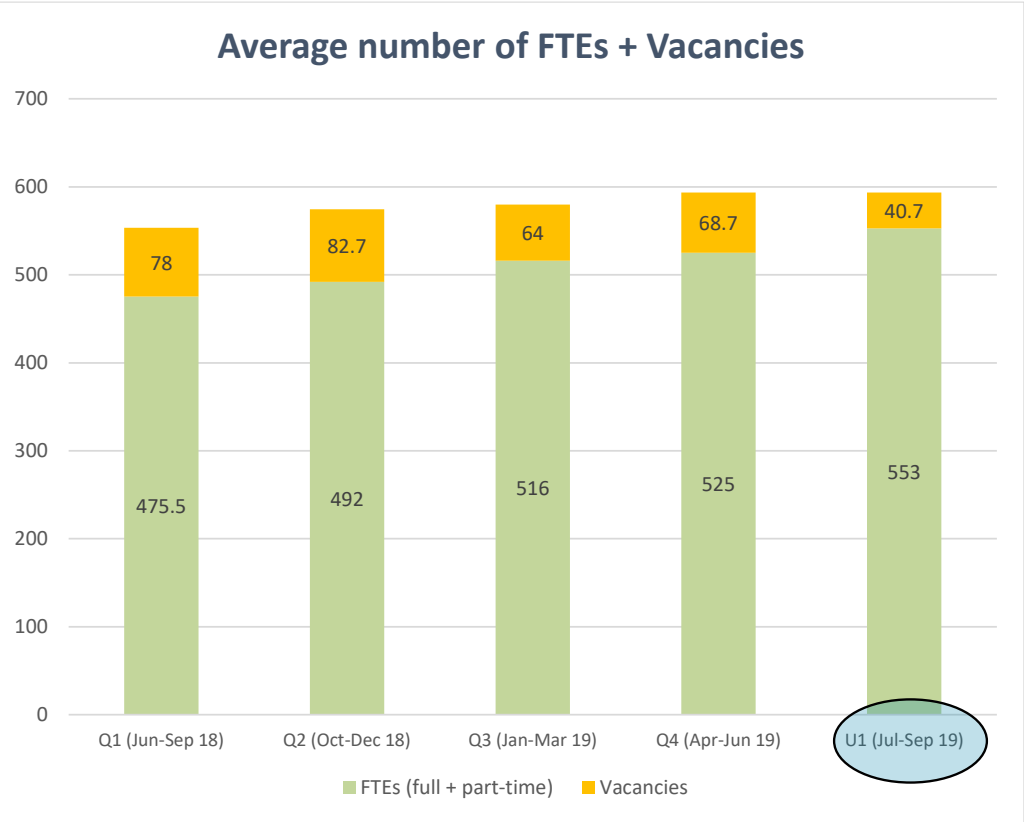
Capability Forecast for JUL-SEP



Capability Forecast (OCT-JAN)



Human Capital – FTEs and Turnover



We have **37 vacancies less** than this time last year and have **increased** our **FTEs by 16.5%** compared with the same period last year.

Financial position at 30 September 2019



Overall we are tracking where we expect to be for this time of the year

- YTD expenditure is **\$0.476m** less than planned. However, non-ring-fenced activities are **\$3.015m** overspent whereas ring-fenced activities are **\$3.490m** underspent.
- In November in-principle expense transfers of \$5.397m from the 2018/19 underspend will be approved and added into the plan.
- Where a Directorate is overspent this is generally in personnel and reflects running hot with recruitment and the success of the recruitment and retention work programmes.

2019/20				
YTD to 30 September 2019				
	Budget			
(\$000)	Actual	t	Var	%
Expenditure by Directorate				
SP001 - Growth & Public Services	2,904	2,978	74	2%
SP002 - Office of the Government Accountant	3,367	2,988	(379)	-13%
SP003 - Commercial, Infrastructure and Urban Growth	4,372	4,275	(97)	-2%
SP004 - Capital Markets	3,881	4,194	312	7%
SP005 - Public Sector Management	2,530	2,551	21	1%
SP006 - Economic System	4,425	4,048	(378)	-9%
SP007 - Chief Economic Advisor	960	903	(57)	-6%
SP009 - Centrally Managed Funds (incl. Central Consultancy Pool)	1,467	2,678	1,211	45%
SP011 - Corporate and Shared Services	1,824	1,591	(233)	-15%
Total Net Expenditure	25,731	26,206	476	2%
Summary Expenditure by Appropriation				
21 - Policy Advice and Financial Services MYMCA	17,846	15,191	(2,655)	-17%
22 - Crown Company Monitoring - Advice MCA	1,576	1,216	(360)	-30%
Total non-ring-fenced appropriation expenditure	19,421	16,407	(3,015)	-18%
Total ring-fenced appropriation expenditure	6,310	9,800	3,490	36%
Total Net Expenditure in Appropriations	25,731	26,206	476	2%

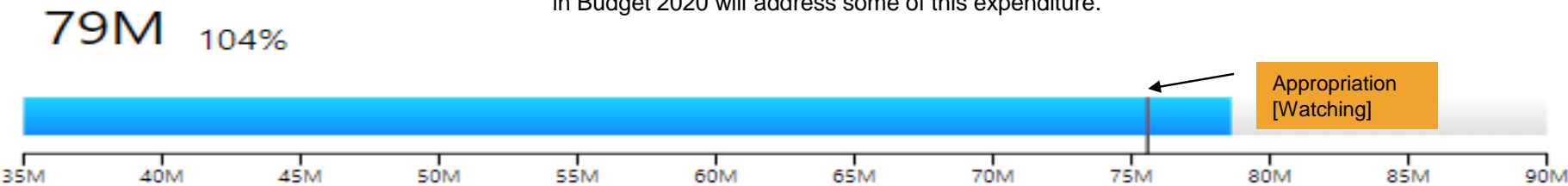
Departmental Appropriations – Full year forecast to 30 June 2020

Non-ring-fenced

| 75.58M Adjusted Plan

95% of the appropriation is a multiyear (5 years) multi-category (MYMCA) and breaching appropriation **will not occur**.

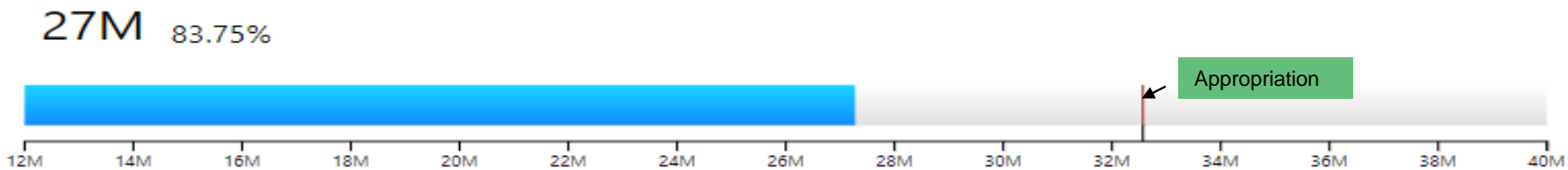
However, we are **likely to be over our planned Year 1 allocation** of our multiyear funding. CSS is most likely to be overspent due to the response to the Inquiry. Any additional funding approved in Budget 2020 will address some of this expenditure.



Ring-fenced

| 32.57M Adjusted Plan

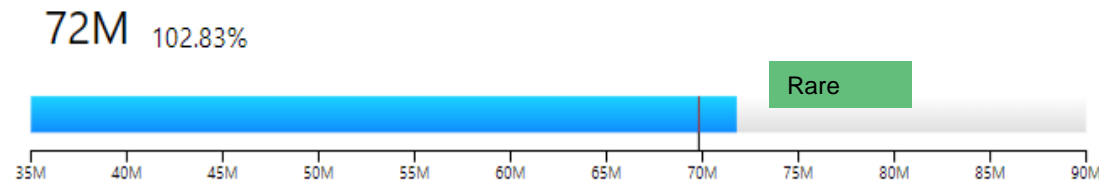
These appropriations are one-off and annual. Forecast to underspend by \$5.3m, however, \$2.2m in social housing will be given back to the Centre and \$1.7m will be transferred to the Infrastructure Commission.



Non-ring-fenced Appropriations – Full year forecast to 30 June 2020

Policy Advice and Financial Services

| 69.81M Adjusted Plan

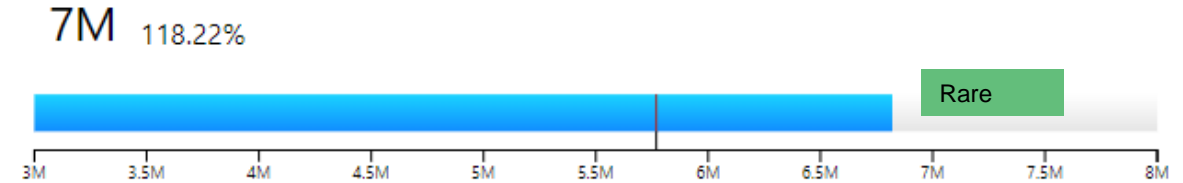


● Policy Advice and Financial Services

- Risk of unappropriated expenditure for Policy Advice and Financial Services MYMCA: Rare
- Risk of overspending our allocation for year 1 (shown in the above graph) out of 5: Likely
- Forecast variance at 30 June 2020: **\$1.974 million overspend**
- In Budget '19 the Treasury was approved multi-year funding, with an increase to our baseline of \$5m each year. This increase reinstated our appropriation to the same position as at 1 July 2018. We still have cost pressures, which are being absorbed and the Business Plan assumed a deficit of **\$3.058m**. Therefore, forecast over expenditure is consistent with our plan.
- Although Directorates are forecasting over expenditure, past practice shows forecasts tend to be optimistic. Finance will keep a careful watch. CSS is expected to exceed their plan due to the response to the Inquiry.
- Additional funding is being sought through Budget 2020, some of which will be applied to 2019/20.

Crown Company Monitoring Advice

| 5.77M Adjusted Plan



● Crown Company Monitoring - Advice

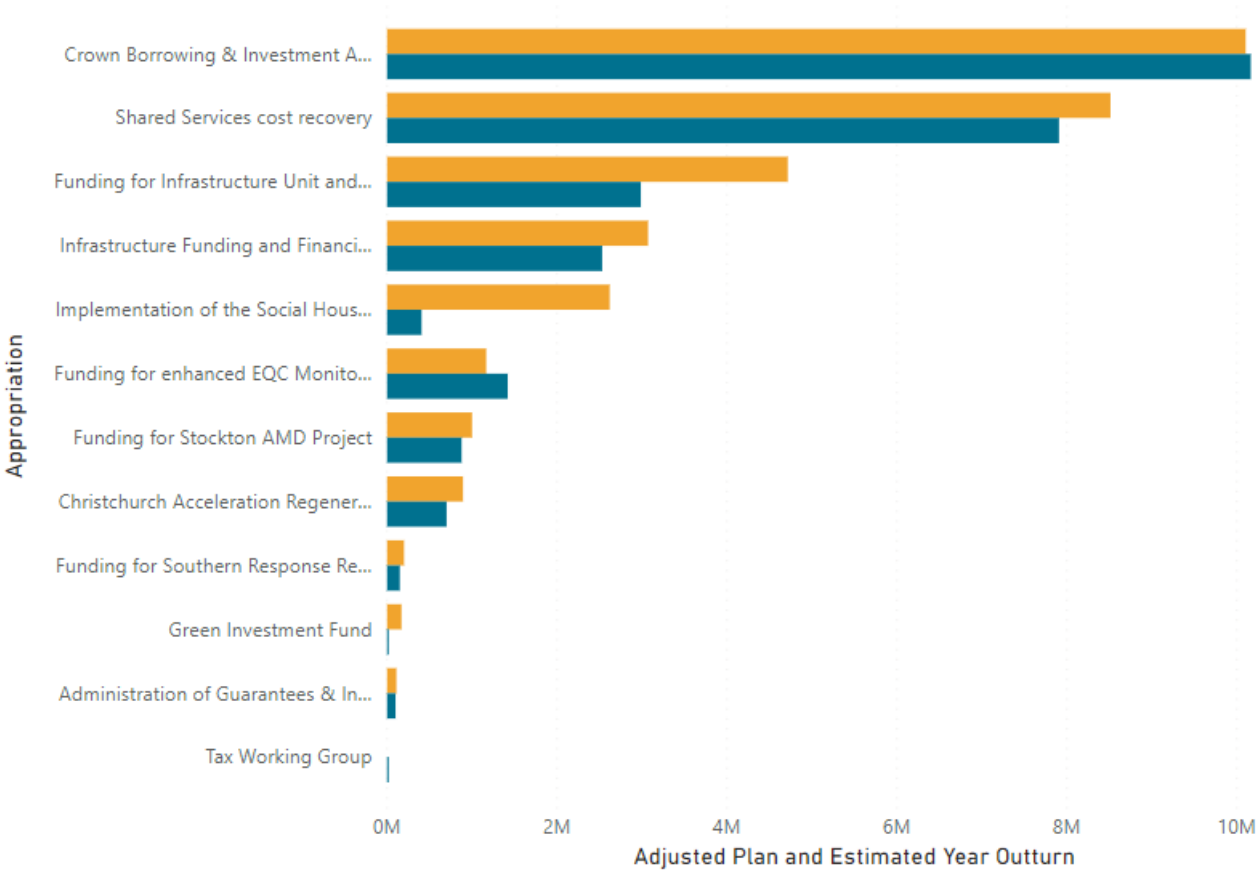
- Risk of unappropriated expenditure for Crown Company Monitoring Advice MCA: Rare
- Forecast variance at 30 June 2020: **\$1.051 million overspend**.
- The forecast has been reviewed by Finance and expenditure identified that does not relate to this appropriation will be removed in November. The adjusted overspend is likely to be **\$0.034 million** and we will keep a watching brief to ensure the appropriation is not breached.
- The expense type in this appropriation that requires monitoring is the outsourced services. Delays are possible when using consultants and as the year goes on.

IN CONFIDENCE

Ring-fenced Appropriations – Full year forecast at 30 June 2020

Ringfenced Appropriations

● Adjusted Plan ● Estimated Year Outturn



Risk of unappropriated expenditure: Rare

A number of ring-fenced appropriations will be closed off this financial year.

- The tax working group has a small amount of funding for any residual costs that may arise.
- We will hold the appropriation for the Infrastructure Unit and Establishment of Infrastructure Commission until the Commission is fully established. Any residual funds in the appropriation will be transferred back to the Commission during the March Baseline Update (MBU).
- Implementation of the Social Housing Reform Programme; Funds have been transferred to Kāinga Ora (formally Housing New Zealand Corporation) to fund the social housing and partnerships with Ngāti Toa in Porirua. Any unspent funding will be transferred to the centre during MBU.

Appropriations such as the Shared Services cost recovery, Administration of Guarantees and Indemnities and Crown Borrowing and Investment Administration will spend to plan.