



New Zealand Treasury Strategic Plan 1999 - 2004

March 1999

Table of Contents

| | |
|---|----|
| VISION - OUR BIG TASK | 3 |
| FUNCTIONS OF TREASURY - WHAT WE DO AND WHY | 4 |
| Purpose - Why We Are Here | 4 |
| Treasury Roles - What We Do | 4 |
| Boundaries of Roles - What We Don't Do | 4 |
| Demand for Services - What's Changing | 5 |
| STRATEGIC GOALS - WHAT WE AIM FOR | 7 |
| Develop Treasury as a Learning Organisation | 7 |
| Build Intellectual Leadership for Practical Application | 7 |
| Prioritise so Treasury can Add Most Value | 7 |
| Improve Stakeholder Relationships | 7 |
| ACTION PLANS - HOW WE GET THERE | 8 |
| Leadership | 8 |
| Human Resource Strategy | 8 |
| Organisation Design | 8 |
| Communications and Relationship Management | 9 |
| Systems and Processes | 9 |
| TREASURY'S CULTURE – HOW WE WORK | 10 |

Vision - Our Big Task

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

Functions of Treasury - What We Do and Why

All governments require financial and economic advice and associated operational services. This means Treasury's basic purpose and roles are unlikely to change significantly. However, within Treasury we must keep improving what we do and how we do it, so we can provide more efficient and effective services.

PURPOSE - WHY WE ARE HERE

Treasury helps government to improve economic performance and manage scarce resources.

TREASURY ROLES - WHAT WE DO

Treasury has three central roles:

- Providing advice to improve the economic and fiscal framework for high levels of economic growth and improved living standards.
- Monitoring and managing the financial affairs of the Crown.
- Assessing and testing other agencies' advice and proposals which have economic and financial implications.

BOUNDARIES OF ROLES - WHAT WE DON'T DO

The Treasury's mandate is to advise on government proposals with fiscal or economic implications. This gives us a broad scope of operation.

Treasury may identify gaps in policy analysis prepared by others, but does not provide second opinion advice on technical issues outside the economic and financial arena unless there are associated significant economic and financial risks.

DEMAND FOR SERVICES - WHAT'S CHANGING

Governments' demands for our services will inevitably change over the planning period, and Treasury needs to be flexible and responsive to these changes. Based on current outputs and expectations, we anticipate the following shifts in emphasis over the planning period.

ECONOMIC STRATEGY AND SECTORAL POLICY ADVICE

- Increase intellectual leadership in our social policy and microeconomic advice.
- Stimulate excellence in advice from other agencies.
- Focus increasingly on those issues with economic and financial dimensions likely to impact most significantly on living standards.

ADVICE ON DEPARTMENTS AND CROWN ENTITIES

- Increase these organisations' internal motivation for quality financial and economic decision-making.
- Develop a fuller understanding of their strategies to identify and manage risks.
- Keep Ministers better informed of risks, both initially and as they unfold.
- Focus on adding greater value to ministerial decision-making, particularly by using existing levers better and focusing on strategy.

TAX POLICY

- Focus on policy initiatives that significantly reduce the costs of tax on the economy.
- Continue to develop tax policy frameworks.
- Withdraw further from low impact tax policy work and implementation.

CROWN FINANCIAL MANAGEMENT

- Advance financial management initiatives to better ensure the public sector faces incentives to manage resources efficiently.
- Improve the governance of Crown entities.
- Focus on the management of risk across the aggregate Crown balance sheet.

MACROECONOMIC POLICY

- Increase intellectual leadership in our advice, particularly on fiscal policy.

ECONOMIC AND FISCAL FORECASTING

- Improve the quality of our economic forecasting processes and methodologies.

DEBT AND FINANCIAL ASSET MANAGEMENT

- Refocus on wider risk management strategies in conjunction with changing portfolio composition.

MANAGEMENT OF COMMERCIAL LIABILITIES

- Reduce emphasis as known major liabilities are worked through, but respond to any new liabilities.
- Refocus on wider Crown risk management strategies.

IMPLEMENTATION OF ASSET DIVESTMENTS

- Reduce emphasis as major asset divestment projects are completed.
- Switch to divestment of liabilities.

PERFORMANCE OF CROWN COMPANIES AND FINANCIAL INSTITUTIONS

- Focus on the Crown as a long-term shareholder, ensuring improved company performance (especially mature SOEs).
- Reduce emphasis on the hospital sector as initial reforms mature.

Strategic Goals – What We Aim For

To respond to the changing output environment and to meet the needs of current and future governments, we must work more effectively and efficiently. Four strategic goals will enable us to do this:

DEVELOP TREASURY AS A LEARNING ORGANISATION

- Maintain and develop a talented workforce with broad expertise and experience as the essential asset base of the organisation.
- Capture and make full use of the experience and expertise of our staff.
- Leverage and learn off others externally to broaden our range of knowledge and experience.

BUILD INTELLECTUAL LEADERSHIP FOR PRACTICAL APPLICATION

- Lift our horizon and free-up “space” for a more strategic focus.
- Recognise and actively encourage continuous improvement and innovation.

PRIORITISE SO TREASURY CAN ADD MOST VALUE

- Assist Ministers in their prioritisation so Treasury makes the greatest contribution to government.
- Prioritise and manage Treasury resources better, recognising the appropriate levels of risk and quality assurance required.

IMPROVE STAKEHOLDER RELATIONSHIPS

- Improve understanding of the economic, fiscal and other frameworks that underpin Treasury advice among Ministers, the public sector, the business sector and the wider community.
- Improve our communications and relationships with other organisations.

Action Plans - How We Get There

Achieving these strategic goals requires some big moves by Treasury. This section lists our proposed actions, at a strategic level. They are outlined in more detail in five action plans. These plans will be updated through the planning period to reflect our progress in implementing this Strategic Plan.

LEADERSHIP

1. Shift the focus of the Senior Management Group, individually and collectively, to strategy.
2. Engage and negotiate with Ministers on prioritisation.
3. Provide leadership within Treasury on prioritisation.
4. Enthuse managers to provide clear leadership, motivating and enabling staff to perform.

HUMAN RESOURCE STRATEGY

1. Be more responsive to the factors that motivate and enable staff to join, remain and develop within Treasury.
2. Recruit and develop analytical staff with the expertise and experience to provide intellectual leadership within Treasury.
3. Develop management and leadership capability amongst staff.
4. Continue to simplify our human resource systems.

ORGANISATIONAL DESIGN

1. Clarify roles and responsibilities within the organisation to maximise the value added by staff.
2. Increase flexibility and reduce constraints arising from formal organisational arrangements.
3. Create space off line for development and thinking.

COMMUNICATIONS AND RELATIONSHIP MANAGEMENT

1. Interact more with a diversity of outside groups and individuals.
2. Interact more across Treasury.
3. Promote communications as a core competency.

SYSTEMS AND PROCESSES

1. Streamline internal processes to improve operational efficiency.
2. Invest in knowledge management, to capture experience and facilitate learning.
3. Improve management information and systems to support decision making.

Treasury's Culture – How We Work

The actions proposed in this Strategic Plan are wide ranging. To achieve them we must change some of our behaviours and assumptions. The Mauri initiatives, the *Features of a Supportive Performance Culture*, and the *Supportive Management Means* documents already show our commitment to change. In five years' time Treasury's culture will have shifted significantly.

We will further develop our existing strengths so that:

- We are highly skilled in managing the processes of government, and deliver high quality reports and other advice that enable Ministers to make decisions. We are trusted and respected by Ministers.
- Staff work hard and go the extra mile to ensure work demands are met. This is a key driver of our success and high reputation.
- Intellectual integrity and high levels of analytical skill and rigour underpin our advice.
- Treasury provides excellent career development and training opportunities for all staff. This fosters intellectual and professional development and helps to improve the quality of our work.

We will also build on recent changes made in the Mauri initiatives so that:

- Staff have a sense of common purpose and direction. We enjoy working here, we are passionate about our work, we trust and support one another, we celebrate our successes and value everyone's contribution to them.
- We listen to and try to understand different viewpoints, and incorporate them in our advice when appropriate. We win the respect and trust of key external stakeholders.
- We share information, learning and experiences across Treasury. There is strong internal debate through formal and informal means.
- Managers encourage and enable people to achieve their full potential based on their skills and experience. Staff feel trusted and safe to contribute freely. Managers are visible leaders, promoting the new culture, communicating priorities and modelling the desired behaviours.

- Treasury staff are a more diverse group with diverse professional skills and a wider range of experience. We will be more effective at retaining EEO target group staff and ensuring they make a full contribution within the organisation. All staff feel their skills and experience are valued by the organisation.
- We recognise the need for all of us to balance our work and personal lives. Our focus is on providing flexible processes that enable us to achieve good results for Treasury and its individual staff members.

We will have further developed the Treasury culture so that:

- Innovation is more actively encouraged. We question conventional wisdom and seek out different views both within and outside Treasury. We accept the need to take calculated risks, to experiment at the margin, and to learn from our mistakes.
- While still providing excellent advice on day-to-day issues, our eyes are also more frequently on the distant horizon. We make space to think about and work on key issues with a long-term focus.
- We prioritise our workload more, to avoid short-term demands driving out medium to long-term development. We debate and agree priorities on the basis of how we can best maximise value.
- We work smarter and more efficiently. We re-engineer processes for core activities. We improve our commissioning, project management and evaluation processes. We clarify management responsibilities and reduce the amount of rework we do. Systems and processes are less about rules and regulations and more about empowering and informing staff.