



TE TAI ŌHANGA | THE TREASURY

# Strategic Intentions Kawatau ā-Rautaki

JULY 2024 - JUNE 2028

Ko te tai whakarunga

Ko te tai whakararo

Ko te Tai Tokerau

Ko te Tai Tonga

Ko te Tai Hauāuru

Ko te Tai Rāwhiti

Tenei, Ko Te Tai Ōhanga

Hui e, Tāiki e!

There in the challenge between the known and the unknown, the Treasury find direction from the northern, southern, western and eastern tides.

At the centre, Te Tai Ōhanga, the Treasury, serving the four directions of Aotearoa where our people live.

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

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



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# Contents

Minister’s Foreword	2
Te Kōrero Whakataki a te Minita	3
Secretary’s Foreword	4
Te Kupu Whakataki a te Hēkeretari	5
<b>▲ Section One – Wāhanga Tuatahi   Introduction</b>	<b>7</b>
Who we are and what we do	8
Our operating environment	10
Government and Ministerial priorities	12
<b>▲ Section Two – Wāhanga Tuarua   Our Strategic Direction</b>	<b>13</b>
Our strategic direction	14
Our vision and purpose	15
Our strategic outcomes	16
▲ Outcome 1: A strong, growing, and sustainable economy for all	17
▲ Outcome 2: Strong public finances for current and future generations	18
▲ Outcome 3: A high-performing public service	19
Our Strategic Priorities	20
Monitoring and reporting on our performance	21
<b>▲ Section Three – Wāhanga Tuatoru   How we operate as an organisation</b>	<b>23</b>
How we will collaborate and work with others	25
We continue to get stronger as an organisation	26
Our values	28
A relentless focus on high-quality advice	30
Leveraging technology and a digital future	32
Leading and governing the Treasury	33

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# Minister's Foreword

The Treasury plays a key role in New Zealand's public service, as the Government's lead economic and financial advisor and steward of public sector financial management.

The Government is looking to Treasury to focus on these core responsibilities to help address the short, medium and long-term challenges New Zealand faces.

I am pleased to see that Treasury's strategic intentions signal a commitment to strengthening the economy, ensuring a strong fiscal system, maximising value for money from government investments and helping drive performance in the public service as one of the central public service agencies.

The Treasury has also undertaken to continue supporting its people with effective systems and processes and building strong relationships with the Crown's Māori and iwi partners, community organisations and thinkers and policymakers, both here and overseas. I welcome these initiatives.

I am satisfied that the Treasury's strategic intentions are consistent with the policies and performance expectations of the Government.



**Hon Nicola Willis**  
Minister of Finance  
15 February 2024

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# Te Kōrero Whakataki a te Minita

He mahi matua tā Te Tai Ōhanga i te ratonga tūmatanui, hei kaitūtohu matua mā te Kāwanatanga mō te ōhanga me ngā moni tūmatanui, te kaitiaki hoki mō te pūnaha ahumoni o te rāngai tūmatanui.

E aro atu ana te Kāwanatanga ki Te Tai Ōhanga māna e arotahi ki ēnei haepapa matua ki te whakaea i ngā wero pae tata, pae waenga, pae tawhiti hoki kei mua i e aroaro o Aotearoa.

E hari koa ana ahau kia kite i te ū a Te Tai Ōhanga e tohua ana i roto i ngā rautaki whakamaunga atu kia whakapakari i te ōhanga, kia whakaū ai he kaha te pūnaha moni tūmatanui, kia whakamōrahi i te wāriu o te pūtea mai i ngā haumitanga kāwanatanga, me tāna tūranga hei tētahi o ngā tari kāwanatanga matua e toru e āwhina ki te hautū i te whaihua o te ratonga tūmatanui.

Kua whakaae te Tai Ōhanga kia tautoko tonu i ōna tāngata ki te whakahaere i ngā pūnaha me ngā tukanga whaihua, ki te waihanga i ngā honohononga pakari hoki ki ngā hoa mahi tahi Māori, iwi hoki o te Karauna, ki ngā rōpū hapori, te hunga whakaaro me ngā kaiwhakatakoto kaupapa here, o konei o tāwāhi hoki. E hiahia ana ahau ki ēnei ritenga.

Kua tau tōku whakaaro nā te mea e hāngai ana ngā rautaki whakamaunga atu o Te Tai Ōhanga ki ngā kaupapa here me ngā whāinga whaihua o te Kāwanatanga.



**Hon Nicola Willis**  
Minita Ahumoni  
15 Pēpuere 2024



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# Secretary's Foreword

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

The Treasury is the Government's lead economic and fiscal advisor and steward of the public service financial management system. Together with other central agencies we support Ministers to drive the performance of the state sector.

Our aim is to lift living standards of all New Zealanders.

Internationally, instability is increasing; domestically, the economy is undergoing a necessary rebalancing to reduce inflation and fiscal and current account deficits. To operate in this environment and address long-standing economic and social challenges, New Zealand needs a strong, growing and sustainable economy, sound public finances and a high-performing public service.

Our strategic intentions outline our approach to achieving our vision of lifting living standards for all New Zealanders, while supporting the Government to deliver its priorities. To support this, we have refreshed our organisational outcomes.

The Treasury's strategic focus for the next four years is on three areas – the economy, the fiscal environment and the effectiveness of the public sector.

We will support the Government to strengthen the economy by providing evidence-based advice and analysis on removing barriers to growth, lifting productivity, creating a thriving business environment, strengthening economic security, building economic resilience including to climate change and strengthening international connections.

To help ensure our fiscal system is sustainable, responsive and resilient we will support the Government to deliver an effective fiscal strategy, promote value for money of government investments and increased fiscal discipline across the public sector, ensure transparency of long-term fiscal challenges and regularly report progress on key outcomes.

As one of the three central public service agencies, the Treasury has a responsibility to help drive a high-performing public system that is effective, efficient and responsive to the needs of New Zealanders. We will help influence outcomes across the public service by promoting value for money, providing guidance to lift public sector capability, working with other central agencies on public sector strategy, leadership and advice and advising on institutional settings.

Achieving our strategic goals requires great people and excellent systems. We are committed to continuing to build an environment in which our people flourish and are supported by effective systems and processes, and strengthening our advice with robust frameworks including the Treasury's Living Standards Framework and He Ara Waiora.

To carry out our functions, we work with Ministers, our public service colleagues, the Crown's Māori and iwi partners, civil society organisations and community leaders, the public and international counterparts and organisations. We will continue developing strong relationships with thinkers, policymakers and influencers to find new solutions to long-standing systemic and cross-cutting issues and to unlock innovative ways to achieve better outcomes for New Zealand.

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

## Chief Executive's Statement of Responsibility

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



**Dr Caralee McLiesh**

Secretary to Te Tai Ōhanga – The Treasury

15 February 2024

# Te Kupu Whakataki a te Hēkeretari

Kei tēnei puka, kua whakatakotoria ngā rautaki whakamaunga atu: ka aha mātou ki te whakatinana i tō mātou wawata ki te hiki i ngā paerewa oranga mō ngā iwi katoa o Aotearoa Niu Tirenī.

Ko Te Tai Ōhanga te kaitūtohu matua mā te Kāwanatanga mō te ōhanga me ngā moni tūmatanui, te kaitiaki hoki mō te pūnaha ahumoni o te ratonga tūmatanui. He kaitautoko mātou ko ngā tari matua hoki mō ngā Minita ki te toko i te whaihua o te rāngai kāwanatanga.

Ko tō mātou aronga ko te hiki i ngā paerewa oranga mō ngā tāngata katoa o Aotearoa Niu Tirenī.

Kei tāwāhi kei te piki haere te pāhekeheke; kei te kāinga, kei te haere te tukanga taurite anō mō te ōhanga, ki te whakaheke i te pikinga utu, te tarepa moni tūmatanui me te tarepa pūtea o nāianeī. Ki te mahi kei roto i tēnei taiao, ki te whakatika i ngā wero wā roa e pā ana ki te ōhanga me te pāpori, he mea waiwai kia kaha, kia whanake, kia toitū te ōhanga, kia pakari ngā moni tūmatanui, kia kaha tonu te whaihua o te rāngai tūmatanui.

Kei te whakaatu ā mātou rautaki whakamaunga atu i tō mātou aronga ki te whakatutuki i tō mātou wawata ki te hiki i ngā paerewa oranga mō ngā tāngata katoa o Aotearoa Niu Tirenī, i a mātou e taunaki ana i te Kāwanatanga ki te rato i ōna whāinga matua. Ki te tautoko i tēnei, kua whakahou mātou i ō mātou hua hei rōpū whakahaere.

Ko te arotahi rautaki a Te Tai Ōhanga mō ngā tau e whā kei te haere mai, ko ngā wāhanga e toru nei – te ōhanga, te wāhi moni tūmatanui me te whaihua o te rāngai tūmatanui.

Ka tautoko mātou i te Kāwanatanga ki te whakakaha i te ōhanga, mā te tuku i ngā tohutohu whai taunakitanga me te arotake ki te whakakore i ngā aukatinga whanaketanga, ki te whakapiki i te māpu, ki te waihanga i te taiao pakihī tōnui, te whakapakari i te haumarutanga ōhanga, ki te hanga i te manawaroa ōhanga, tae ana ki te tūroa ahakoa te hurihanga o te āhuarangi ki te whakakaha i ngā honohononga ki tāwāhi hoki.

Hei āwhina ki te whakaū kia toitū, kia kakama te aronga, kia manawaroa hoki te pūnaha moni tūmatanui, ka tautoko mātou i te Kāwanatanga ki te rato i tētahi rautaki whaitake mō te moni tūmatanui, ka whakatairanga i te wāriu o te pūtea mō ngā haumitanga kāwanatanga me te kaha whakaraupapa ahumoni puta noa i te rāngai tūmatanui, ka ū kia mārama ai ngā wero wā roa mō te moni tūmatanui, ā, ka auau te tuku pūrongo mō te ahunga whakamua o ngā hua matua.

Nā te mea ko Te Tai Ōhanga tētahi o ngā tari tūmatanui matua e toru, he haepapa tōna ki te hautū i tētahi pūnaha tūmatanui kia kaha te whaihua, kia whāomo, kia kakama hoki te aronga ki ngā matea o ngā tāngata o Aotearoa Niu Tirenī. Ka āwhina mātou ki te whakaaweawe i ngā hua, puta noa i te ratonga tūmatanui, mā te whakatairanga i te wāriu mō te moni, te tuku tohutohu ki te hiki i te āheinga o te rāngai tūmatanui, te mahi tahi me ētahi atu tari matua mō ngā rautaki rāngai tūmatanui, te ārahitanga me te tohutohu, me te tuku tohutohu mō ngā tautuhinga ā-pūnaha.

Ki te whakatutuki i ngā whāinga rautaki, he mea waiwai te kounga o ngā tāngata me ngā pūnaha. E ū ana mātou kia pūmau te mahi ki te waihanga i tētahi wāhi, e taea ai ā mātou tāngata te pūāwai, ka tautokona hoki rātou e ngā pūnaha me ngā tukanga whaihua, ki te whakakaha hoki ā mātou tūtohunga mā ngā anga kaha, tae ana ki te Living Standards Framework a Te Tai Ōhanga, me He Ara Waiora.

Ki te whakatutuki i ō mātou kawenga, ka mahi tahi mātou me ngā Minita, ō mātou hoa mahi o te ratonga tūmatanui, ngā hoa haere Māori o te Karauna me ngā iwi hoki, rōpū porihanga me ngā kaiarotaki hapori, te iwi whānui, ngā rōpū whakahaere me ngā tari o tāwāhi pēnei i a mātou hoki. Ka whakawhanake tonu mātou i ngā honohononga kaha ki ngā kaiwhakaaro, ngā kaihanganga kaupapa here me ngā kaiwhakaaweawe ki te kimi otinga pai mō ngā kaupapa pūnaha wā roa mō te whakawhiti kaupapa, ki te whakatuwhera hoki i ngā ara auaha ki te eke i ngā otinga pai ake mō Aotearoa Niu Tirenī.

E whakaneinei ana mātou ki ngā wero me ngā mea angitu o ngā tau e whā kei te haere mai nei.

## Te Tauākī Haepapa a te Tumu Whakarae

Mā taku hainatanga o tēnei tauākī, e whakaae ana ahau ki tōku haepapa mō ngā pārongo mō ngā rautaki whakamaunga atu mō Te Tai Ōhanga. Kua whakaritea ēnei pārongo kia hāngai ki ngā wāhanga 38 me te wāhanga 40 o te Public Finance Act 1989.



Tākuta Caralee McLiesh

Hekeretari mō Te Tai Ōhanga – The Treasury  
15 Pēpuere 2024

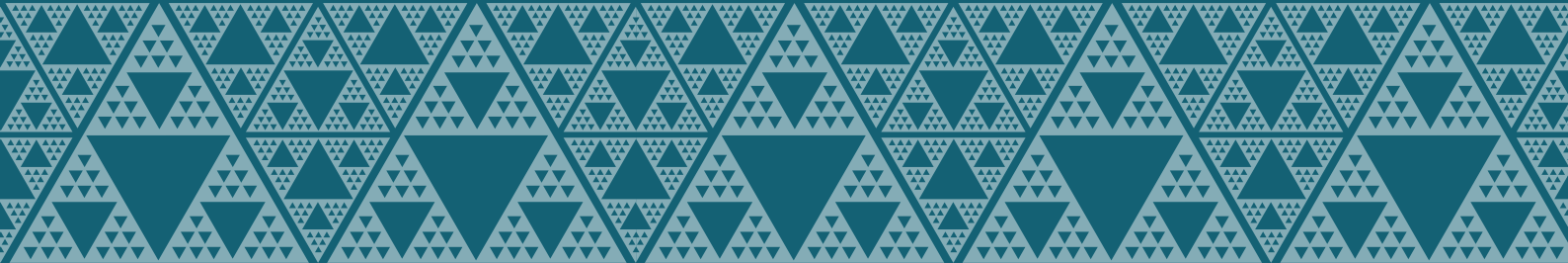




SECTION ONE | WĀHANGA TUATAHI

# Introduction

## Tīmatanga kōrero



## Who we are and what we do

The Treasury is one of the New Zealand government's oldest institutions, with a long tradition of advising government on policies that have shaped the nation's success. We are the Government's lead economic and fiscal advisor, and steward of public service financial management.

### Our statutory obligations, roles, and responsibilities

We have wide-ranging statutory and operational responsibilities for lifting New Zealand's economic and financial performance and living standards. We administer significant legislation on behalf of the Minister of Finance, including the Public Finance Act 1989, State-Owned Enterprises Act 1986, Crown Entities Act 2004, and Public Service Act 2020 and all legislation relating to the annual Budget. Our core responsibilities include:

- > **Managing state sector and public finances**, including the Government's financial position, the Budget cycle and producing the Budget, and investment and asset performance. We publish:
  - the monthly and annual (year-end) Financial Statements of the Government, which provide information on the Government's assets and liabilities, revenue and expenses, and cash flow
  - the Statement on the Long-term Fiscal Position and the Investment Statement
  - economic and fiscal forecasts and scenarios for the Government finances (or fiscal forecasts), which are published at least twice a year in Economic and Fiscal Updates.
- > **Monitoring agencies' performance and vote management** and producing advice on Cabinet policy and budget proposals.
- > **Advising on the performance and ownership of State-Owned Enterprises, Crown Financial Institutions, and other entities owned by the Crown**, including providing commercial policy advice and executing commercial transactions. We steer Ministers on:
  - setting expectations for company and entity boards and their performance
  - the performance of state-owned companies and entities that are required to operate as commercial businesses or that meet mixed commercial and social objectives
  - the processes used to appoint directors on behalf of Ministers.
- > **Managing government borrowing requirements and associated financial market activities**. We manage the Government's debt programme and overall cash flows, administer loans on behalf of the Crown, and provide transactional services to departments to help them manage financial market risks (eg, foreign exchange hedging).
- > **Providing financial guarantees and trade credit insurance to promote and support New Zealand exports**. We provide financial guarantees and trade credit insurance to enable trade, secure sales and mitigate repayment risks by foreign buyers. This support is provided where private-sector banks and insurers are unwilling or unable to provide cover.

- > **Enabling an efficient and effective public service.**  
We carry out our stewardship role as a central agency providing leadership and support across the public service. This helps drive a high-performing public service that is effective, efficient, and responsible.
- > **Stewardship of other relevant regulatory systems, including:**
  - administration of the:
    - Overseas Investment Act 2005
    - Earthquake Commission Act 1993
    - Natural Hazards Insurance Act 2023
    - Public Audit Act 2001
  - administering the Reserve Bank of New Zealand Act 2021 and monitoring the Reserve Bank.

The Treasury's wide-ranging role and responsibilities uniquely position us to balance a range of levers to lift living standards in New Zealand.

We provide high-quality economic policy and fiscal advice to government. Our analysis supports growth and resilience in financial and physical capital, human capability, social cohesion, and the natural environment for present and future generations. Using our Living

Standards Framework, we consider wider implications of policy advice in a systematic and evidence-based way. We fulfil our statutory obligations and responsibilities while operating in a dynamic environment, which means we remain adaptable in responding to the needs of New Zealand and New Zealanders. In our advice and other work, we aim to work towards a high-performing economy to support growth in living standards for all New Zealanders.

We provide leadership as a central agency, alongside the Department of the Prime Minister and Cabinet and Te Kawa Mataaho Public Service Commission.

As we are a central agency, our advice also has a focus on improving the performance of the public service and managing public finances. We provide leadership to and collaborate with public service agencies to achieve our goals and ambitions.

Additionally, we provide integrated corporate functions to a number of smaller agencies at the centre of government. This enables us to deliver services which are effective, efficient and provide value for money solutions.

## Our operating environment

Life in New Zealand has improved in many ways in the past 20 years.<sup>1</sup> Compared to past generations, New Zealanders are healthier, have higher incomes and are safer.

We also know from the evidence there is much to be done to ensure all New Zealanders experience these gains. We lag other countries in some areas of living standards, such as housing affordability, mental health and school achievement. These are particular challenges for younger New Zealanders.

New Zealand's income growth has outperformed the OECD median since the late 1990s, boosted by an increase in the share of the population in employment and high terms of trade. However, our levels of economic output and income per capita have declined in recent years and continues to lag our OECD peers. New Zealand's labour productivity is now below the top

half of the OECD's. This matters because increases in productivity sustain long-term growth in incomes and underpin improvements in material living standards.

Currently, the economy is undergoing a necessary rebalancing to reduce too-high inflation and fiscal and current account deficits. This rebalancing involves a period of restrictive monetary policy, slower GDP (gross domestic product) growth, and fiscal consolidation. A substantial fiscal consolidation is required to bring revenue and expenses back into balance and support fiscal sustainability, while also helping monetary policy to bring inflation back to the target range.

New Zealand must also navigate the effects of the following global 'mega-trends'.

### Climate change

New Zealand is already bearing the costs of changing weather patterns. Major export industries like agriculture, forestry, fisheries, and tourism, as well as critical infrastructure like our energy and transport networks, will be particularly exposed to the physical impacts of climate change.

### Demographic change

Global population trends are diverging, with countries – including our leading export destinations – facing the challenge of populations that are aging and growing less or even shrinking.

### Technological change

The shift towards services and technological change presents both opportunities and risks for New Zealand. While the emergence of technologies like artificial intelligence has the potential to increase productivity dramatically, New Zealand could be left behind if we continue to lag in the adoption of productivity-enhancing innovations from the global frontier.

### Geopolitical instability

A new era of power rivalry is creating significant risks for the rules-based international order that underpins our participation in the global economy and has relevance for our growth and resilience.

<sup>1</sup> As outlined in the Treasury's Wellbeing report [www.treasury.govt.nz/publications/strategies-and-plans/wellbeing-report](http://www.treasury.govt.nz/publications/strategies-and-plans/wellbeing-report). The Wellbeing Report is an independent report on the state of wellbeing in New Zealand, that the Treasury must provide at least every four years.

There are likely to be multiple causes of New Zealand's poor productivity performance, given that it has persisted for a long time and under a range of policy settings. However, three factors are likely to have been particularly important: our economic geography as a uniquely small and remote advanced economy; our low capital intensity; and our slow adoption of productivity-enhancing innovation.

Given heightened uncertainty globally, a strong government commitment to preserving medium- to long-term fiscal sustainability, while maintaining sufficient space for prudent investment, is critical for New Zealand's economic prosperity. A tight fiscal outlook means an ongoing, strong focus on value for money and delivery of results in government spending, will be as important as ever.

In addition, improving New Zealand's productivity will require sustained action across a number of areas to ensure we have:

- > a strong and stable environment in which our businesses can thrive
- > strengthened human capability to support growth
- > strong international connections that help us to overcome the constraints of our economic geography
- > smart adaptation to climate change to protect our living standards.

These areas of focus form the basis of the Treasury's work and drive the strategic direction and outcomes we have identified to help achieve the Government's objectives.



## Government and Ministerial priorities

The Treasury has a key role in supporting the Government to deliver on its priorities.

As stated in the speech from the Throne in November 2023, the Government's priorities include:

- > rebuilding the economy to ease the **cost of living, delivering tax relief, and increasing prosperity for all New Zealanders**
- > delivering **public services so they are more efficient, effective, and responsive** to all who need and use them
- > restoring **law and order and personal responsibility**
- > **strengthening New Zealand's democracy.**

Through our economic advice, the Treasury will support the Government to lift economic performance. We will work with other agencies to help the Government deliver on its targets and achieve its economic priorities. This will include removing barriers to growth, creating a thriving business environment and strengthening economic security.

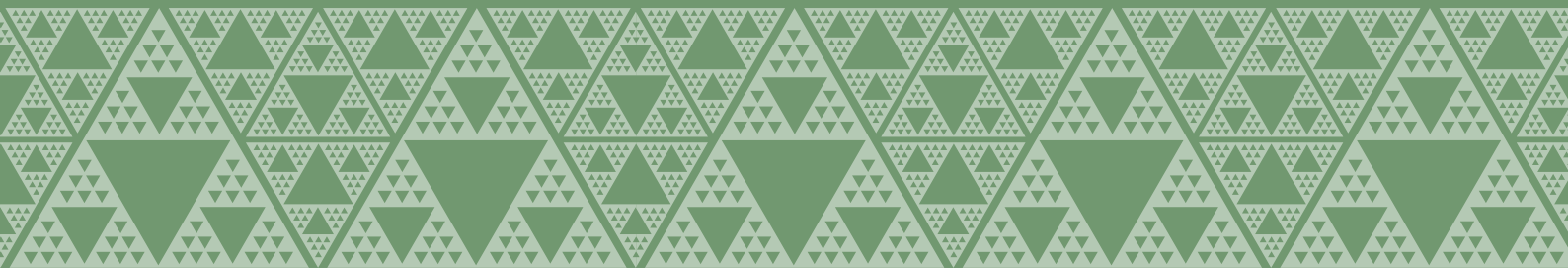
Through our fiscal advice, vote work, and the Budget process, we will work with the Government to ensure it achieves the goals of its fiscal plan and that investments of public funds provide value for money and improve outcomes for New Zealanders. For the next few years, a key focus will be on delivering the Government's fiscal consolidation plans while ensuring the public sector continues to be responsive to the needs of New Zealanders. We will continue our stewardship role in advising on the sustainability of our finances for the longer term.

Alongside other central agencies, we will support the Government in its efforts to improve the performance of the public sector. We will focus on supporting the system deliver key priorities, achieving results, and ensuring every dollar spent provides value for money.

As the new Government looks beyond its first 100 days, we are working with key Ministers to ensure that our work programme for the next three years is focused on these priorities.

SECTION TWO | WĀHANGA TUARUA

# Our Strategic Direction Tō Mātou Ahunga Rautaki



# Our strategic direction

The below diagram captures our purpose and the outcomes and priorities, we are working towards to deliver on our vision. Supporting this are our organisational values, which underpin the work we do and help to drive our success in achieving our vision.





# Our vision is to *lift living standards for all New Zealanders*

## Our purpose

Our purpose is to safeguard New Zealand's finances and act as the Government's strategic economic advisor. We lead, partner, and collaborate, and we help steward the public service to navigate the big challenges and opportunities for New Zealand.



## Our strategic outcomes

Our strategic outcomes reflect our commitment to delivering the greatest impact for all New Zealanders. The outcomes are contextualised within the economic/operating environment and global trends as outlined earlier in this document: climate change, demographic change, technological change, and geopolitical instability.

The outcomes will guide how we shape and prioritise our work programme to ensure we remain focused on what matters in lifting living standards for all New Zealanders while responding to opportunities and challenges that arise in the short- to medium-term.

Our outcomes are enduring over the long-term and remain consistent with those outlined in our 2021-2025 Strategic Intentions. We have updated our strategic outcomes with a sharper focus on the core areas where we can directly influence living standards – the economy, public finances, and public sector performance.

These outcomes are inter-connected, a high performing public sector is critical to achieving outcomes in both economic and fiscal areas. Delivering fiscal priorities and reforms can also have significant impacts on public sector performance.

Through our economic and financial roles, we provide advice on issues with significant impacts on the economy and living standards, as well as on fiscal management, public sector spend, long-term trends, financial management, and probity issues.

As a central agency, the Treasury (along with the other central agencies) assists the Government to improve the performance of the system.



## Outcome 1:

# A strong, growing and sustainable economy for all



Our ambition is that New Zealand has a highly **productive economy** that is **sustainable, and responsive** to the needs of all New Zealanders. We work to support **strong, stable growth and increase the resilience** of the economy through evidence-based analysis and advice.

### What success will look like

Successful delivery of our work programme will lead to economic growth in the medium-term and a return to surplus and inflation consistent with the Reserve Bank's target. We will see:

- > a strong and stable business environment through increased investment and innovation, investing in the quality of infrastructure and housing, and improved performance of the regulatory system
- > strong international connections reflected in growing and deepening trading relationships, and attracting high-quality foreign investment, while balancing economic security risks
- > a depth and range of human capability to help lift economic performance.

### Our contribution

We will align our work programme and key initiatives to deliver on this ambition, including:

- > advising the Government on removing barriers to growth and improving living standards, lifting productivity and creating an environment that supports businesses to thrive
- > developing and advising the Government on an economic programme that strengthens economic security and builds the resilience of the economy in responding to future shocks
- > advising on macroeconomic stability
- > building strong international connections through our involvement in international forums
- > advising on the Government's fiscal, tax and revenue strategies
- > advising on strategic infrastructure initiatives
- > servicing New Zealand's exporters
- > advising on the impacts of climate change on productivity, economic growth and the lives of New Zealanders.

## Outcome 2:

# Strong public finances for current and future generations



Our ambition is to ensure our fiscal system is strong, sustainable, responsive, and able to absorb future shocks. We seek to enable government investments that deliver outcomes, maximise value for money, are fiscally responsible and contribute to lifting living standards for all New Zealanders.

### What success will look like

Successful delivery of our work programme will see a return to surplus and a reduction in net debt, effective and efficient government spending and greater transparency of what that spending is delivering for New Zealanders.

### Our contribution

Within our core responsibilities we support the Government in delivering the annual Budget and Financial Statements of the Government, provide regular Economic and Fiscal Updates, and manage the Government's debt programme. Our work will include:

- > development and delivery of an effective fiscal, balance sheet and funding strategy
- > delivering the Fiscal Sustainability Programme; including implementing changes to institutional settings such as establishing a Cabinet committee focusing on expenditure controls.

Areas that we can influence to achieve this outcome include:

- > ensuring value for money of government investments
- > ensuring that the distributional impacts of potential investments are considered in the decision-making process
- > ensuring transparency in the long-term fiscal challenges, including through our Statement on the Long-term Fiscal Position
- > reporting regularly on the progress of outcomes that matter for New Zealand's living standards
- > managing the performance of the Crown balance sheet
- > managing fiscal risks and liabilities.

## Outcome 3:

# A high-performing public service



We carry out our central agency **stewardship role**, providing **leadership and support along with other central agencies across the public service to enable the public sector system to be effective, efficient, and responsive to the needs of New Zealanders.**

### What success will look like

Together with other central agencies, successful delivery of our work programme will see system-level changes that drive performance and better value for money.

### Our contribution

We have a core role in supporting the Government to drive the performance of public sector agencies and Crown entities.

Areas that we can influence to achieve this outcome include:

- > implementing system-level changes that will drive better public sector performance, including strengthening institutional settings
- > monitoring and reporting that will drive better public sector performance to ensure the delivery of value for money
- > supporting the development of public sector capability, frameworks and guidance for better delivery of the Government's strategic priorities.

## Our Strategic Priorities

While our vision and outcomes will remain consistent over the next four years, our core work and our strategic priorities will help us focus on delivering our strategic outcomes.

Our priorities will be regularly reviewed and adjusted as our work programme progresses. They will respond to the priorities of the day and any changes in our environment. For example, national and global shocks which cannot be predicted will affect how we need to prioritise at times. Having this flexibility with our priorities means that we can maximise our impact across our strategic outcomes while delivering to the Government's priorities. Our new strategic priorities also recognise the significant progress we have made in embedding our Living Standards Framework and He Ara Waiora into our decision-making processes.

Within our three strategic outcomes we have identified strategic priorities to guide our work to achieve our vision and support the Government's priorities. These include our core work, along with initiatives that will help to progress our strategic direction.

Our priorities are:

- > Shaping and delivering the Government's economic programme
  - overseas investment
  - focus across the system on key levers for increasing growth and productivity.
- > Shaping and delivering the Government's fiscal strategy
  - delivering the Government's fiscal sustainability programme
  - embedding fiscal discipline through the public sector, including facilitating any relevant changes to the Public Finance Act.
- > Lifting public sector performance
  - strengthening institutional settings
  - delivering savings and performance plans
  - designing an enduring value for money programme, including work to improve the quality of impact measurement and the alignment of funding decisions with evidence.
- > Providing compelling advice on the big issues and government priorities
  - infrastructure for housing development
  - climate adaptation
  - human capability, in particular in the areas of health and education.

## Monitoring and reporting on our performance

Progress on improving the living standards for all New Zealanders is regularly reported on through a comprehensive list of indicators in the Living Standards Framework Dashboard.

To ensure that we are progressing our strategic outcomes, we monitor, evaluate, and report on our work programme and organisational health through a range of quantitative performance indicators and qualitative reports. We report against performance indicators and all our key achievements in our Annual Report. These insights into the progression of our strategic and organisational outcomes help to enable effective performance management.

As we finalise our medium- to longer-term work programme, our performance indicators will also

be agreed. These indicators will continue to be a mix of quantitative and qualitative measures to ensure they tell a comprehensive story of our performance.

We measure our success across three dimensions:

- > how our advice and leadership contribute to outcomes for all New Zealanders
- > how we operate as an agency and how we support our people to be successful
- > how effective we have been in delivering quality advice.

### OUR 'WHY'

The outcomes and priorities that we want to progress and deliver, that support our purpose and vision

### OUR 'WHAT'

The policy initiatives that we are committed to delivering



### OUR 'HOW'

The foundation that enables the Treasury: Our people, our resources, and our core work priorities

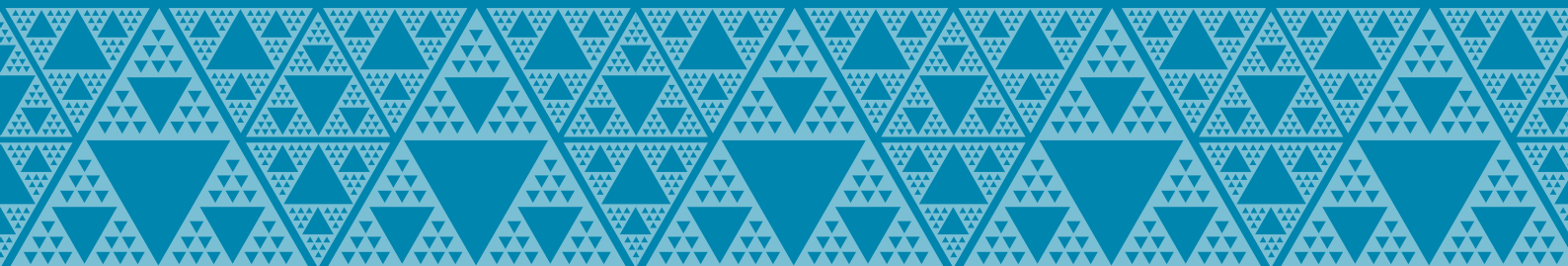




SECTION THREE | WĀHANGA TUATORU

# How we operate as an organisation

Ā mātou mahi hei rōpū





## How we will collaborate and work with others

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

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

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

The Treasury runs an academic linkages programme, which aims to expand Treasury staff's external networks and enhance engagement with academic and non-public-sector researchers. An important component is the Treasury Guest Lecture Series, which brings the latest research and cutting-edge thinking into the Treasury and fosters public engagement and debate. The Treasury also produces a range of publications that strengthen our ability to build productive connections with the research community, while developing our human and organisational capabilities to offer high-quality advice.



## We continue to get stronger as an organisation

To ensure we are well placed to support Ministers in shaping New Zealand’s economic future we will continue to strengthen how the Treasury operates.

Our success depends on great people and an environment that supports us to be at our best. We are committed to building an environment in which our people flourish and are supported by effective systems and processes. Some of our key areas of focus are identified below.

In line with the Government’s priority of fiscal sustainability and consolidation, we will be advancing a programme of work to drive efficiencies within the Treasury. To deliver on our vision, meet our savings targets, and support the wellbeing of our staff, we will regularly review and prioritise the work programme.

To ensure we focus on priority work, we will need to be flexible and agile with our workforce and processes, identify transferable skills, and enable internal mobility/ deployment.

As we implement our strategic intentions, we will refine our organisational planning and strategic reporting and enhance our performance measures. This means we will be able to monitor and report regularly on our work and the impacts it is having through our governance bodies on a quarterly basis, ensuring that it represents an efficient and effective use of public funds.

### Investing in our people and ensuring the right organisational capabilities

Our people are what make the Treasury successful. We are at our best when we understand, plan for, and foster the capabilities, cultures, and capacity of our people to do the work we need to do. We continue to maintain

an awareness of the context in which we operate – one of increasing complexity and disruption caused by technology advances and social, demographic, economic, political, and environmental change.

Five capability areas will be key to our success:



Technical capability



Leadership capability



Cultural capability



Cognitive and relationship capability



Technology capability



## Technical capability

We regularly identify the capabilities we need for our work and the ones we need to grow. Economics, policy (development and implementation), commercial acumen, quantitative skills, accounting and finance, and technical specialists in our corporate areas are key. We will continue to build our leaders' workforce-planning capabilities through business planning, talent management, and recruitment planning conversations.



## Leadership capability

Leaders play a critical role in setting and managing work, and recruiting, developing, and supporting team members. They will model our values and behaviours, lead with empathy, collaboration, problem-solving, and agility, and manage their teams to deliver in complex environments. We will support leaders to build and practise these capabilities including with on-the-job support and formal training/development opportunities.



## Cultural capability

We will continue to build our cultural capability to support the Crown in its relationships with Māori under Te Tiriti o Waitangi and support cultural diversity in all forms. We will continue our capability building by embedding He Ara Waiora and the Pacific operating model and frameworks in providing advice, sharing resources, providing a range of development opportunities for our people and leaders, and measuring progress.



## Cognitive and relationship capability

Cognitive and relationship capabilities describe how we will approach and deliver our work. Cognitive capability covers how we solve problems using critical and strategic thinking, judgement, and innovation. Relationship capability covers how we solve problems with others through partnering/collaborating to co-design and implement practical solutions. Our values and behaviours will drive this way of working, alongside cognitive development activities, some of which will be delivered through our 'quality of advice' workstream.



## Technology capability

Technology enhancements and digital upskilling will improve productivity. As technology continues to influence our work, we must embed solutions in work systems and working practices so we can spend more time solving complex matters and less time undertaking routine tasks that can be automated.

## Our values

In 2023 we refreshed our values, which articulate the kind of organisation we want to be, provide our people with direction, and set the tone for how we work with and support each other to be our best.

Our values are anchored in our wharenuī, Ngā Mokopuna a Tāne, and connect us to our enduring stewardship role (Tiakina).

Our culture encourages, supports, and rewards our values and our behaviours. Alongside more informal channels, our Te Ara Pounamu recognition awards acknowledge our people and teams displaying the values and behaviours.

In our drive to be successful, we continue to build cultural capability and diversity in our team so we reflect the society we serve, can engage well with partners, and can make effective decisions.

Our Kia Toipoto Action Plan outlines the principles and steps we will take to understand and address gender and ethnic pay gaps, and recognises the importance of increased ethnic representation at the Treasury. This plan is published on a regular basis. The current focus areas of the plan include strengthening our recruitment practices, monitoring relevant data and reporting on it regularly to leadership, encouraging the development of women through our leadership pipeline, and strengthening our inclusive working environment. We will continue to embed the principles in our action plan and ensure we meet our diversity ambitions.



**at our heart  
at our best**  
OUR VALUES & BEHAVIOURS



## A relentless focus on high-quality advice

As the Government's lead advisor on the economy and government finances, the Treasury has a core role in providing high-quality advice. This means being influential, well-informed, and practical.

Given our role at the heart of government, we have a unique challenge in covering a wide scope of issues, often at a very fast pace. To ensure we are consistently able to meet our obligations, we have a programme of work to:

- > heighten awareness of what constitutes quality advice and increase our leadership focus on quality by increasing the leadership seniority of quality review panels and through regular leadership forums focussed on continuous improvement of advice
  - > improve policy writing capability through workshops for our staff
  - > increase our capability broadly in economics analysis through general and bespoke learning programmes
  - > increase our capability in policy analysis through consistent and routine policy skills training for new analysts
  - > increase quality assurance through improved guidance and process embedded in our templates and tracking tools for leaders and analysts which puts the quality focus at the beginning of developing advice
  - > continue to develop and promote a set of frameworks, tools and analytics that enable high-quality advice grounded in evidence.
- Alongside ensuring good processes and people capability, quality evidence-based advice relies on our ability to generate and draw from high-quality analytics and evidence grounded in robust frameworks. For example:
- > **Micro, macro, and fiscal modelling:** The Treasury team uses a range of micro, macro, and fiscal models to analyse economic and policy issues, and is developing overlapping generations modelling. The modelling is intended to provide a foundation for stewardship documents in 2025. Publications are also being co-authored with external academics, drawing on additional capabilities and expanding the Treasury's technical base.
  - > **Model governance framework:** The model governance framework improves the accuracy and safety of models. Improved processes and model documentation, along with investigations of the use of generative artificial intelligence, are intended to make models more accessible and robust, support policy development, and support the development of modelling capability.
  - > **Cost benefit analysis, the CBAX tool:** The CBAX tool includes a database of values to help agencies monetise impacts and undertake cost-benefit analyses of proposed initiatives. The Treasury supports agencies, including our own organisation, to develop cost-benefit analysis capabilities through the public sector CBAX Community of Practice guidance and advice. The approach is to use CBAX as a tool as part of the public policy process and value for money advice.



› **Living Standards Framework and He Ara Waiora:**

These frameworks help us to consider the wider impacts of our policy advice in a systematic and evidence-based way. The frameworks prompt us to ask a broader range of questions on what matters for living standards in our advice, such as the impacts on social cohesion and the natural environment. The frameworks support and complement our other economic and fiscal frameworks and policy tools.

- The Living Standards Framework is grounded in core microeconomics and covers a range of important topics such as institutional and wellbeing economics.
- He Ara Waiora is a framework that provides a uniquely Aotearoa perspective for measuring wellbeing by embedding a te ao Māori worldview within our policy advice.



## Leveraging technology and a digital future

Having quick access to data and information is critical to the work we do. Recognising this we have implemented new ways of accessing information across the business that inform our vote and fiscal work and our organisational information.

We have an active Information Security team that ensures our policies, systems, processes and behaviours comply with public sector standards and expectations given the sensitive nature of the content we work with.

We will continuously look for artificial intelligence, automation, and data and analytics opportunities to enable efficiencies and improve automation and data

quality. Combined with a digital upskilling of our workforce, a targeted investment in technology enhancements will remove manual processes and information gathering so we can spend more time solving complex matters.

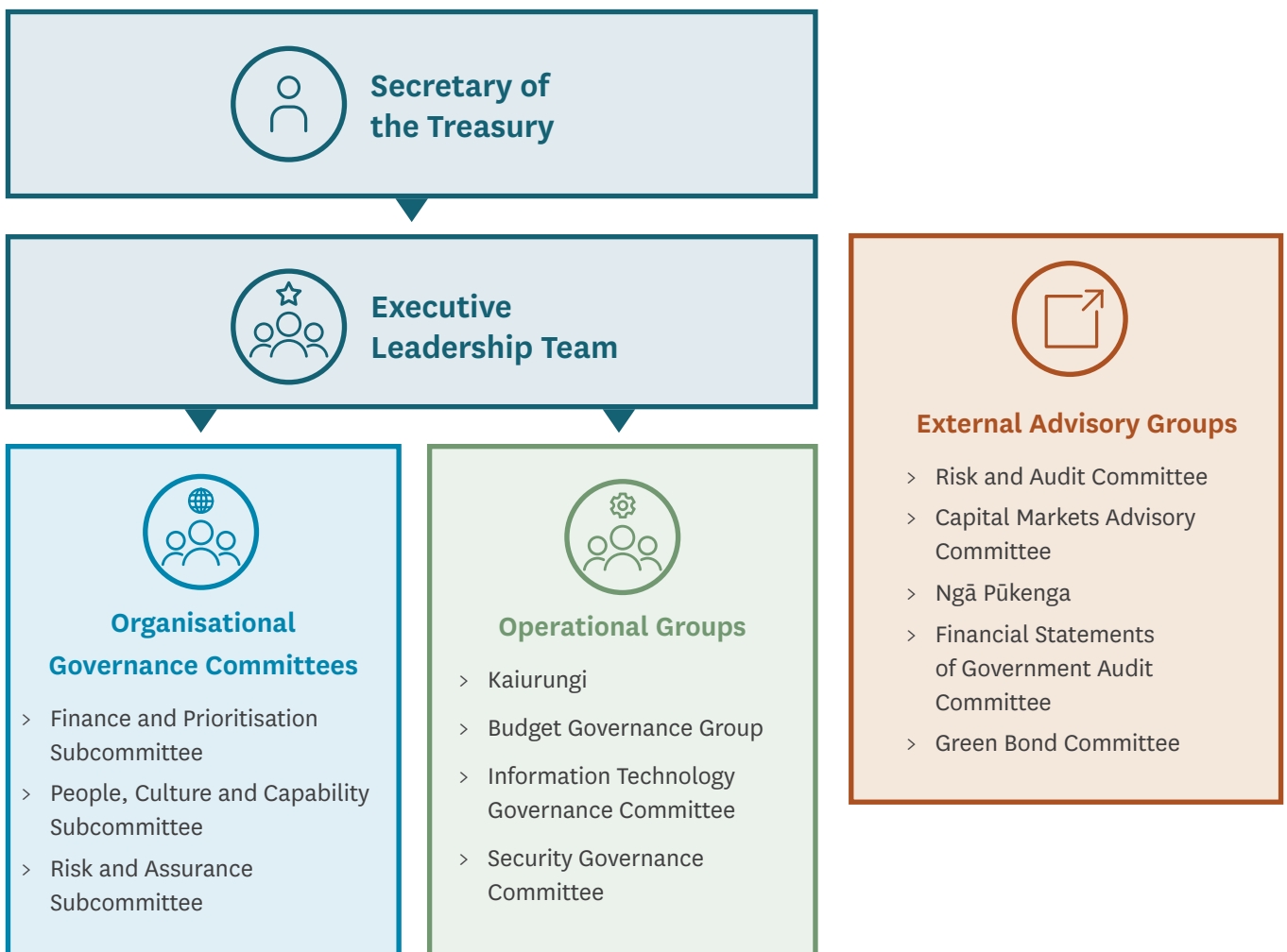
Our Digital Future workstream will identify, explore, and advise on the adoption and management of emerging and developing digital technology.



# Leading and governing the Treasury

## The Treasury's governance framework

The Treasury's governance framework enables and supports our Executive Leadership Team (ELT) to fulfil its responsibilities and ensure we remain effective and accountable in delivering on our purpose and strategic objectives.



## Our ELT

The Treasury's ELT includes our Chief Executive and Secretary to the Treasury, five Deputy Secretaries, and the Director of the Office of the Secretary. They set the organisation's strategic direction and oversee our progress in ensuring we deliver on our vision and that the organisation is operating in a way that meets the expectations of the public.

## Organisational Governance Committees

Our governance framework, which includes three ELT subcommittees and five external advisory bodies, supports the ELT in fulfilling its responsibilities and ensuring that we remain effective and accountable in delivering on our purpose and strategic objectives. Our ELT subcommittees are:

### Risk and Assurance Subcommittee

Oversees the Treasury's risks and internal controls and champions the risk and assurance culture.

### People, Culture and Capability Subcommittee

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

### Finance and Prioritisation Subcommittee

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

## Operational Groups

### Kaiurungi

Kaiurungi is made up of senior leaders across the organisation who support the ELT. Kaiurungi is a Māori word used to refer to those who steer or guide an organisation. The ELT has delegated Kaiurungi to operationalise and oversee the implementation of decisions made by the ELT and its subcommittees.

### Budget Governance Group

The Budget Governance Group (BGG) governs the process elements of the delivery of the Budget and ensures that delivery risks are well-managed. The BGG provides governance oversight of strategy, stakeholder management, risk and change management, resource allocation, timelines and assurance requirements. It also has a forward-looking focus and oversee any potential future changes to the Budget.

### Information Technology Governance Committee

The Information Technology Governance Committee (ITGC) provides governance and assurance over the IT assets and strategic and operational delivery of IT services to the Treasury and to the Department of the Prime Minister and Cabinet and to the National Emergency Management Agency.

### Security Governance Committee

The Security Governance Committee (SGC) ensures there is appropriate governance, assurance, and oversight over security matters for the whole of the Treasury. This includes people, property, and information security.

## Advisory bodies with external members

Advisory bodies provide independent, external advice to public service departments. External members are appointed by the Chief Executive to challenge ideas, provide subject knowledge and independent perspectives, and link the Treasury with external expertise. The contribution of these governance bodies is advisory only, and the statutory responsibilities and accountabilities of the Chief Executive remain unchanged.

### Risk and Audit Committee

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

**Financial Statements of Government Audit Committee**

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

**Ngā Pūkenga**

Ngā Pūkenga are a group of te ao Māori thought leaders, who developed the framework He Ara Waiora and help us apply the framework with authenticity. Our relationship with them is one of 'hoa haere,' or valued travelling companions, which requires a genuine embodiment of the Treaty partnership approach.

**Capital Markets Advisory Committee**

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

**Green Bond Committee**

Provide strategic oversight of the New Zealand Sovereign Green Bond Programme to ensure the long-term success of the Programme. Including that high quality Government projects with robust climate and environmental outcomes are financed by Green Bonds.

