



# Investment Management and Asset Performance in the State Services

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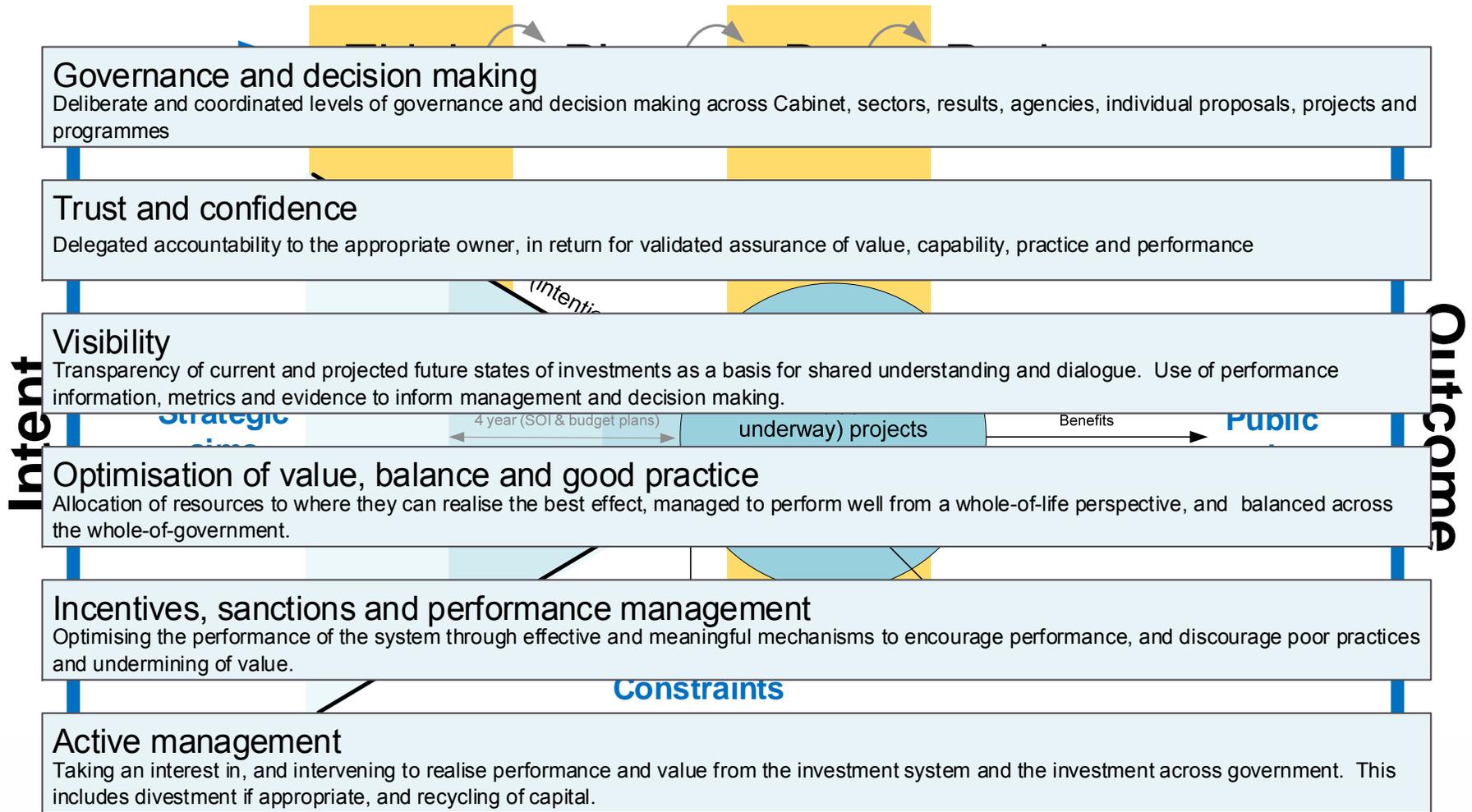
Manager Investment and Asset  
Performance, The Treasury

# Guide to “Treasury speak”

- Investment
- Investment management
- Investment management system
- Value

# What is it we are trying to do?

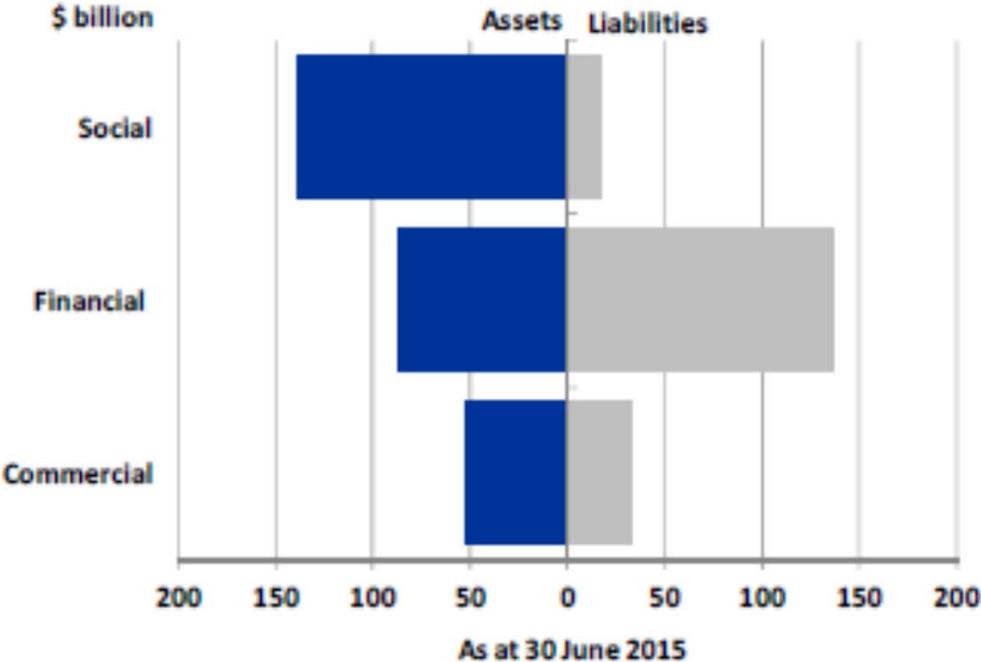
- Raise performance across the state services
- Approach investment management from a system perspective
- Incentivise good behaviour, and ensure there are repercussions for poor behaviour
- Encourage transparency
- Reduce noise, cost and drag



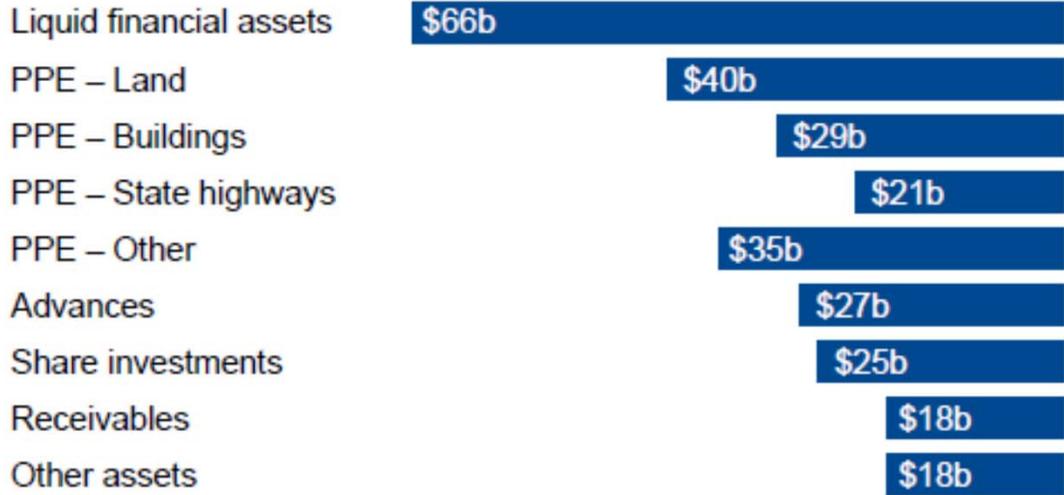
# Why?

- Optimise the value generated from new investments and existing resources
- Increase the efficiency and effectiveness of the investment management system
- Enable investments to achieve their specific objectives
- Raising visibility of the importance of the roles of portfolio, programme, project, asset, financial and investment management

# Because



## Assets \$279b



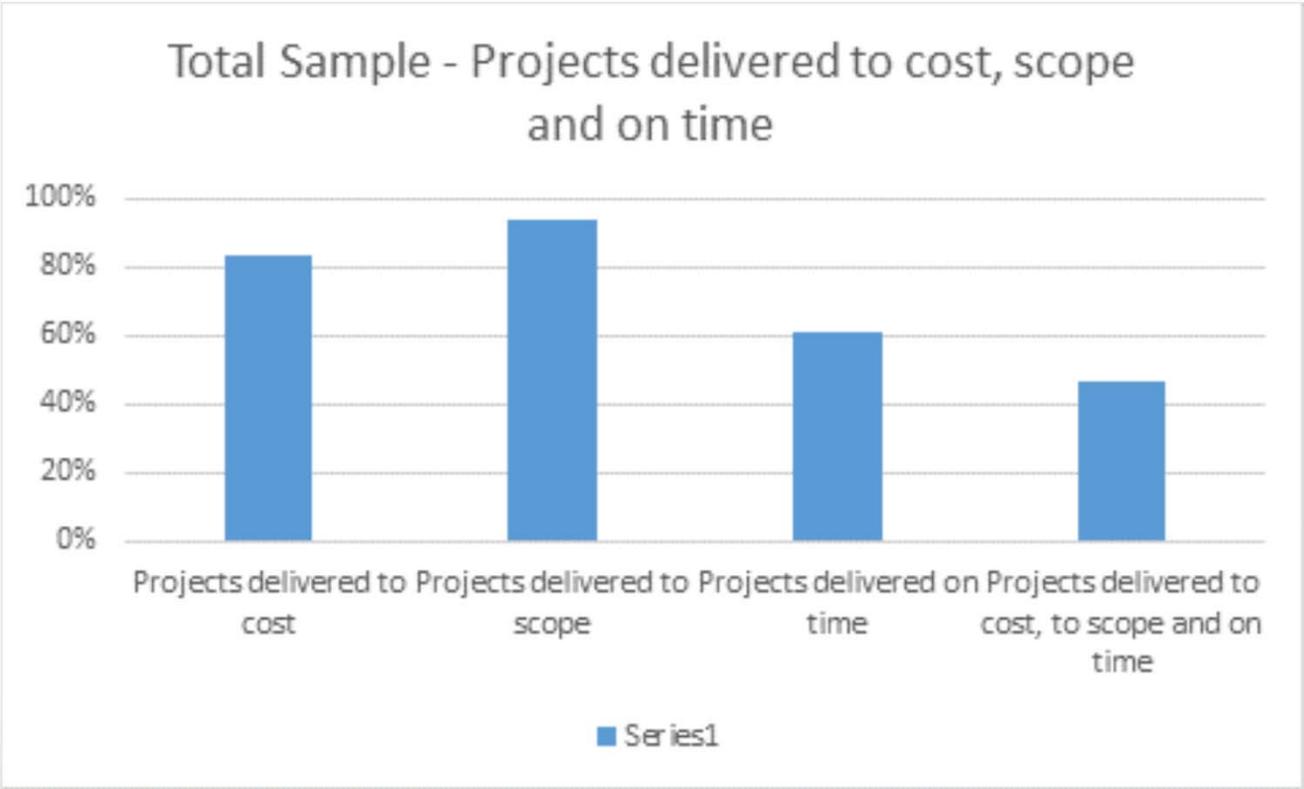
# Because

- “We see US\$122 million wasted for every US \$1 billion invested due to poor project performance, a 12 percent increase over last year.”
  - PMI pulse of the profession 2016

# Because

## Project Delivery (ICR tranche 1)

83% cost, 95% scope, 61% time, 47% all three



# How are we doing this?

- Greater emphasis on ‘think’ and ‘review’
  - Emphasis on benefits and evaluation
  - Importance of strategy
- Greater congruence in how the parts of the system work
- Governance
- Investment Strategy
- Greater visibility
- Incentives (rewards and sanctions)
- CO(15)5
  - Long term investment plans
  - Investor confidence rating
  - Asset performance reporting

# Focus on 25 Investment-intensive agencies

Tranche 1 (2015)	Tranche 2 (Feb-June 2016)	Tranche 3 (July– December 2016)	Tranche 4 (Feb– June 2016)
ACC Corrections Education IRD NZDF NZTA	Auckland DHB Northland DHB Counties- Manukau DHB Waitemata DHB Canterbury DHB	Conservation Customs Housing NZ Internal Affairs Justice MBIE MFAT MSD Police MoH	Waikato DHB Capital and Coast DHB Southern DHB Ōtākaro

# ICR Tranche 1 portfolio management findings

## P3M3

Maturity levels (range 0-5): 2 agencies at between level 3-4,  
4 agencies at between 0-2

Agencies with separate property portfolios assessed, these had the lowest maturity levels



# When?

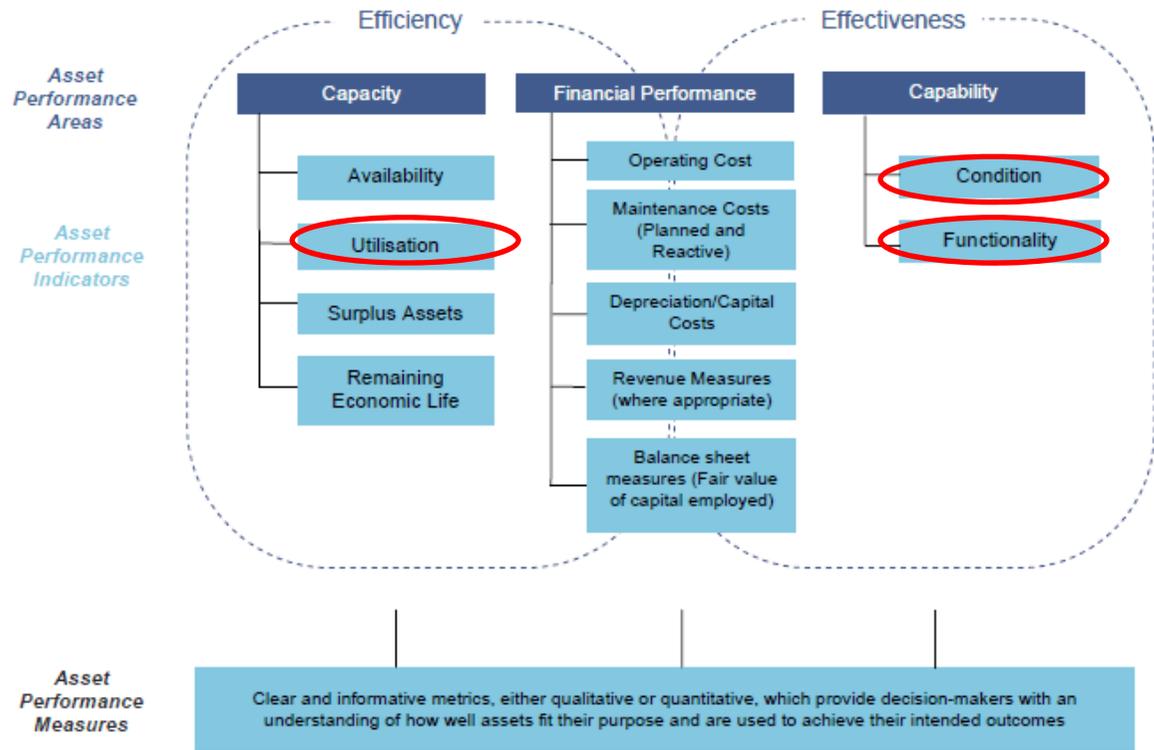
- Investment Ministers Nov '14
- Circular development Oct '14 to Mar '15
- Circular CO(15)5 takes effect 1 Jul '15
- Investment Strategy and pipeline Aug '15
- Major projects report and annual report Nov '15, Mar '16
- ICR + LTIP tranche 1 July to Dec '15, Cab Apr '16
- Benefits guidance update Mar '16
- **ICR + LTIP tranche 2-4 Jan '16 to Jun '17**
- **Asset performance reporting Sept '16, in Annual reports following year**
- **Monitoring guidance update around Sept '16**
- **Project portfolio annual report Nov 16**
- **Consolidated LTIP early 2017**

# Asset performance

Possible governance perspectives that affect the array and type of measures implemented

**Organisational Level Measures:**  
 Relates to the objectives, strategy, and service level expectations of an organisation

**Asset Level Measures:**  
 Relates to the ability of an asset to provide service



Understand your organisation's business, how the component parts contribute to it, *and* the performance of the parts in contributing to what your organisation is trying to achieve