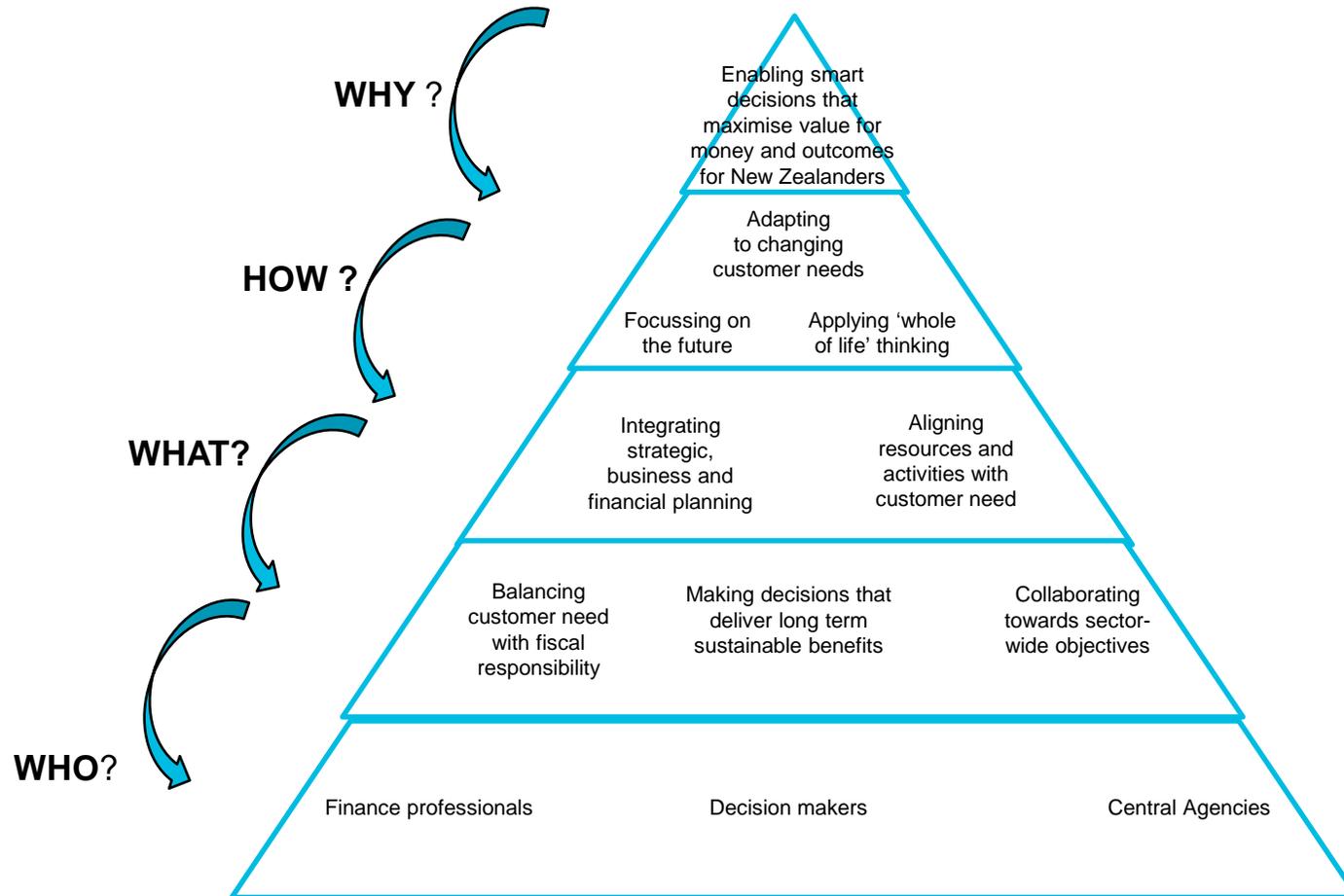




# Head of the Government Finance Profession

22 March 2017

# Strategic Financial Management

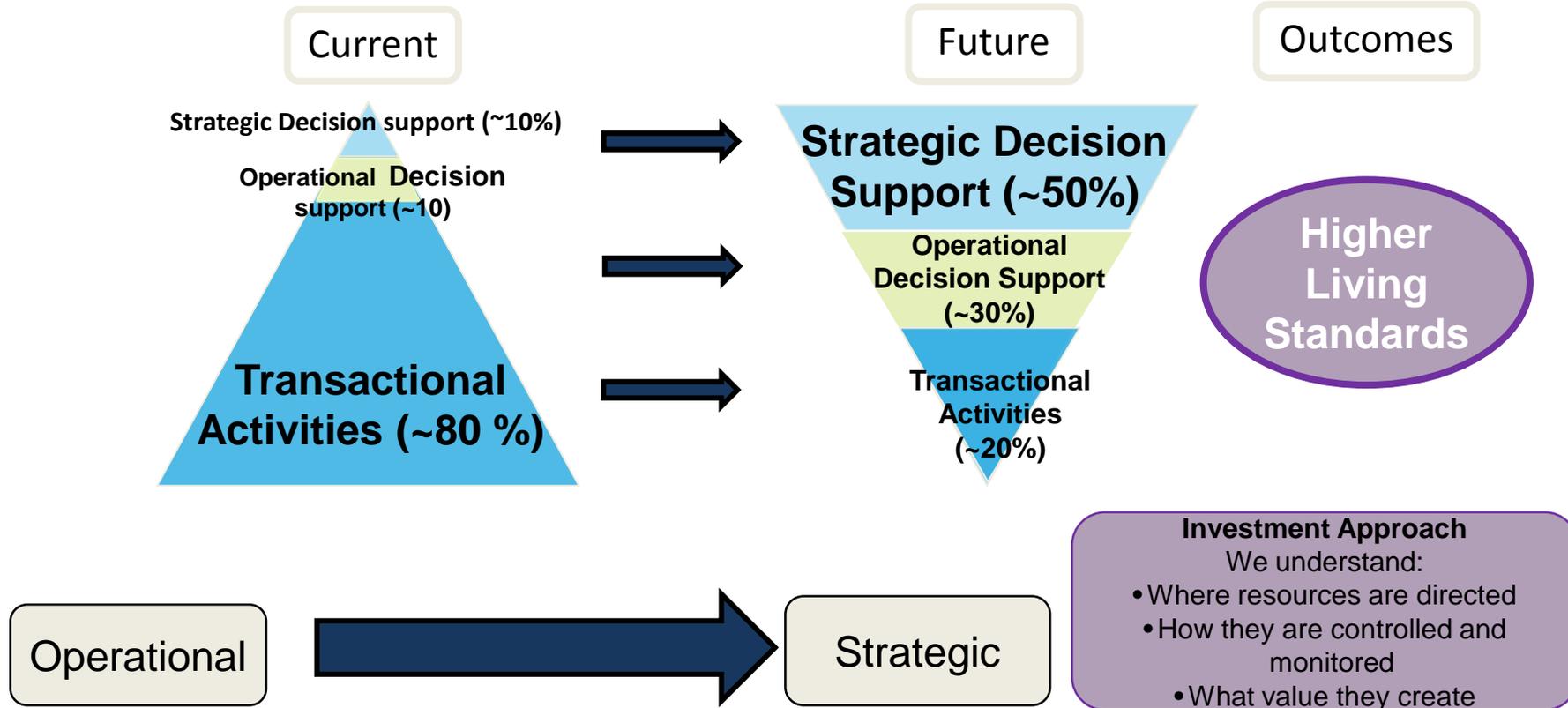


# Strategic financial management

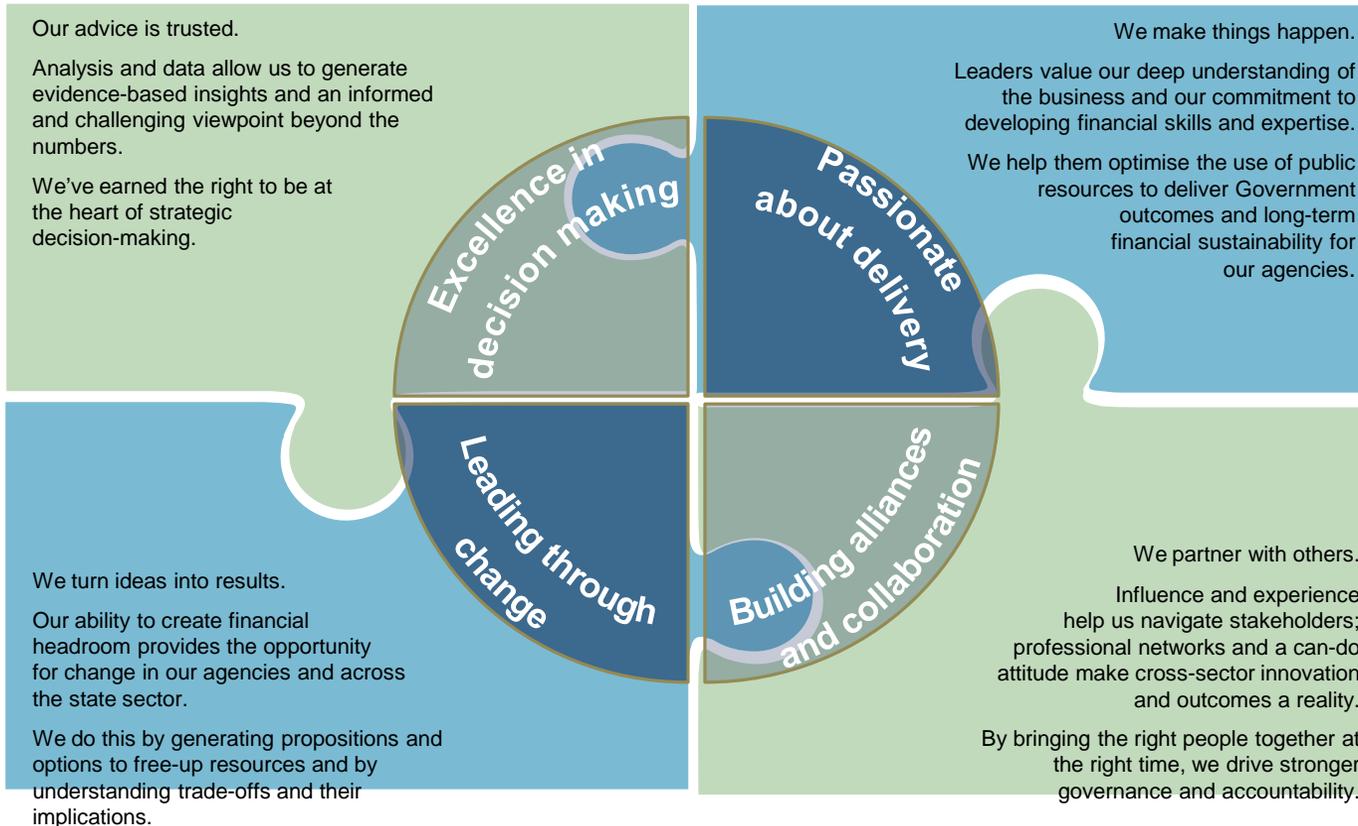
- What are we trying to achieve?
- What are the best things to do to achieve that?
- Are we applying resources to prioritise the appropriate things?



# The future of finance



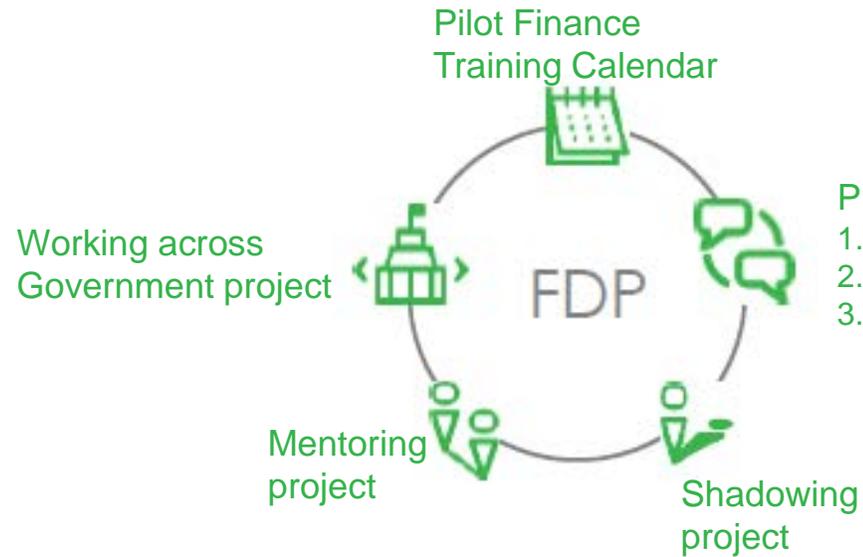
# Financial leadership driving excellent performance



# State Sector Finance Development Programme

Financial leadership driving excellent performance

2017



## Professional Development Forums

1. Senior Finance Leaders
2. Experienced Finance Professionals
3. Early in Finance Career

Shared workspace:

<https://see.govt.nz/sites/FDP>

Contact [anthea.south@treasury.govt.nz](mailto:anthea.south@treasury.govt.nz) or [sarah.young@treasury.govt.nz](mailto:sarah.young@treasury.govt.nz) for access

# Overview of Government Investment

## Investment – *in'vɛstmənt*

*commit resources in anticipation of future benefit*

### #Government Investment

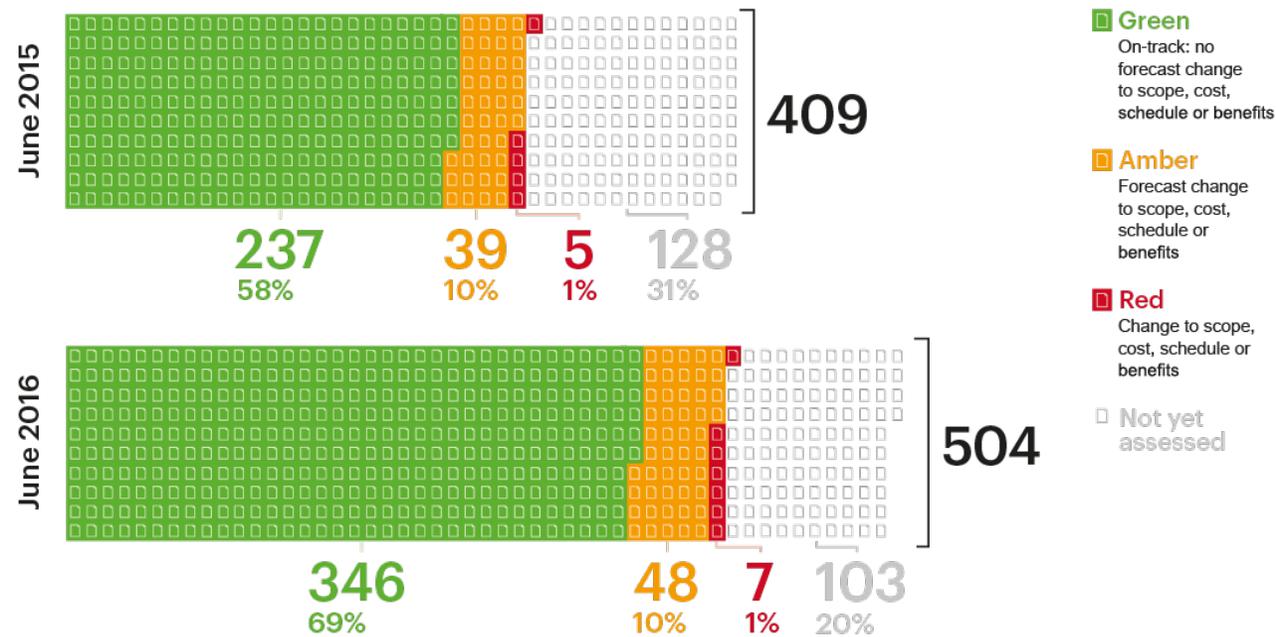
- There are **508** significant investment projects in the portfolio
- They have a combined whole-of-life-cost of **\$87b**
- There are **53** agencies leading investments...
- ...across **11** sectors.
- **38%** of investments are collaborative, involving at least two agencies.

Government invests so New Zealanders can:

- learn
- travel
- connect
- get jobs
- grow businesses
- stay safe, and
- live healthy lives

To do this, we invest in things like building homes, schools, hospitals and roads and lifting public sector productivity.

# How are our investments performing?



**69%** of the portfolio was assessed as Green, up from **58%** last year

## Emerging data - assets

- Last year the Treasury collected asset data from **24** investment-intensive agencies for the first time.
- These agencies have reported **279** different asset measures.
- Around **68%** of the **279** measures had a formal target for the 2015/16 financial year, and around **61%** of these targets were met.
- Overall this means asset performance targets were met for **42%** of measures.
- **All agencies are expected to provide asset information in their annual reports from 2018**



### We have a large range of asset measures

Agencies have 3–4 measures for each asset portfolio, covering the main aspects of asset performance. In some cases agencies watch individual assets more closely (for example critical business information systems).



### The quality of information is variable

Many agencies do not yet have suitable performance targets across all their asset portfolios.



### Most agencies have asset types in common

Every investment-intensive agency manages both property and ICT networks. There is scope to normalise measures and targets for these portfolios.



### Some agencies and sectors have specialised asset portfolios

For example, clinical equipment (District Health Boards), roads and infrastructure (New Zealand Transport Agency), and military equipment (New Zealand Defence Force). In these cases there is scope to focus on the target level of performance.

## Key takeaways – Investment Management & Asset Performance

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**Planning improves performance and enables sustainable services.** Contemplate the different ways the future could unfold and how this will impact the services you provide or the outcomes you influence.

**Know where you're going.** Many LTIPs have a missing end state. If you don't know where you're going, it really doesn't matter what investments you make.

**Bust the silos.** We often get different information and sense of priorities from different parts of an agency. Use longer-term planning as a tool to identify and reconcile these perspectives.

**Investment proposals have to be strong.** There are lots of good ideas competing for limited funding. Your proposals need to be well developed – collaboratively, where appropriate - to compete well for limited funds.

**Identify and manage for benefits.** This will help strengthen investment proposals by making sure expected benefits are worthwhile and valued, realistic and optimally realized. It also helps decision-makers choose the best options for NZ

**Look wider.** We sometimes compete with each other instead of working together when we're trying to do similar things at around the same time. We also need to better understand stakeholders/dependencies outside our agency.

**Link asset management to service performance.** This will help your agency see the benefit in looking after assets well. Making the most of what we already have contributes to sustainability – it stops waste, e.g. replacing something early.

