

Reference: 20170289



30<sup>th</sup> August 2017

J Cone  
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Dear J Cone

Thank you for your Official Information Act request, received on 21 August 2017. You requested:

*"Cabinet Minute CAB-17-MIN-0150.07: 2017 Budget Package: Vote Defence (Technical Initiatives) <http://www.treasury.govt.nz/downloads/pdfs/b17-info/b17-3705546.pdf> refers on page 2 to the Minister of Defence as having "delegated authority from the Investor Confidence Regime".*

*What is the legislative basis for the Investor Confidence Regime referred to above?*

*What is its stated purpose?*

*Please may I have an etymology for "Investor Confidence" in this context? ie who are the investors, and what are they intended to have confidence in?*

*What are its annual capital and operating budgets for the number of years, past and future, for which data is readily available?*

*From what source(s) does that funding come?*

*Which members of parliament and publicly visible officials have delegated authority from it?"*

### **Information Released**

Please find responses to these queries:

#### **Q. What is the legislative basis for the Investor Confidence Regime referred to above?**

A. The authority is set out in a Cabinet Office circular (ie a set of operational expectations agreed by Cabinet in June 2015 (see <https://www.dpmc.govt.nz/publications/co-15-5-investment-management-and-asset-performance-state-services>). The authority for such circulars is set out in the Cabinet Manual which states that "Cabinet determines and regulates its own procedures" 5.4 of the Cabinet Manual <https://www.dpmc.govt.nz/sites/default/files/2017-06/cabinet-manual-2017.pdf>

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**Q. What is its stated purpose?**

A. The Investor Confidence Rating (ICR) is a rating of an agency's investment management environment. The main purpose is to provide an incentive mechanism that rewards good investment management performance and proactively addresses gaps in investment management performance. It also reinforces the objectives of the Investment Management System as set out in the circular above.

**Q. Please may I have an etymology for "Investor Confidence" in this context? ie who are the investors, and what are they intended to have confidence in?**

A. The ICR provides an indication of the level of confidence that investors (such as Cabinet and Ministers) can have in an agency's ability to realise a promised investment result if funding were committed. More information on the ICR can be found at <http://www.treasury.govt.nz/statesector/investmentmanagement/review/icr>. In addition to Cabinet or Ministers, investors can also be Crown entity Boards and departmental chief executives, as these parties are also in a position to make investment decisions. The ICR provides those parties with an external (to the agency) assessment of the way the agency manages its capital investments and the assets used to deliver its services.

**Q. What are its annual capital and operating budgets for the number of years, past and future, for which data is readily available?**

A. The ICR has only been operating since mid-2015. There is a two-year review cycle. The ICR assessment activity is led by the Treasury. Twenty-five investment-intensive government agencies are subject to the ICR. The direct costs of assessment activity and subsequent improvement activity are met from Treasury or agency baselines. The direct cost per year varies according to the number of assessments performed. For the Treasury the direct costs (excl staff time) has ranged from \$300,000 to \$400,000 over each of the last two financial years for the two independent assessments (asset management and P3M3 – Portfolio, Programme and Project assessment).

**Q. From what source(s) does that funding come?**

A. Agency baselines as per the answer above.

**Q. Which members of parliament and publicly visible officials have delegated authority from it?**

A. Depending on the agency's ICR rating, Cabinet may agree to vary the general rules set out in the circular. The ICR results and any agreed variations from the general approval thresholds in the circular are published on the Treasury website <http://www.treasury.govt.nz/statesector/investmentmanagement/review/icr/results>.

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 "Ben McBride". The signature is fluid and cursive, with the first name "Ben" and last name "McBride" clearly distinguishable.

Ben McBride

**Manager, Investment Management & Asset Performance**