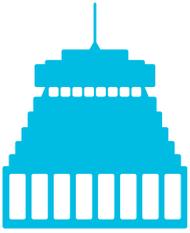


Investor Confidence Rating



Ensuring value from government investments

Establishing how agencies are managing investments and assets is a critical way to ensure taxpayer money is being used effectively. The Treasury has introduced the Investor Confidence Rating as part of a range of initiatives to strengthen how government manages its assets and investments. Other initiatives that also work to strengthen the investment management system include the Government Investment Portfolio, Better Business Cases, Major Projects Monitoring and use of the Gateway review process.

What is the Investor Confidence Rating (ICR)?

The ICR is an evidence-based assessment tool that looks at the performance of individual agencies in managing their investments and assets. It provides an indication of the level of confidence that investors, such as Cabinet and Ministers, can have in agencies' ability to deliver a promised investment result if funding is committed.

Lifting investment management capability

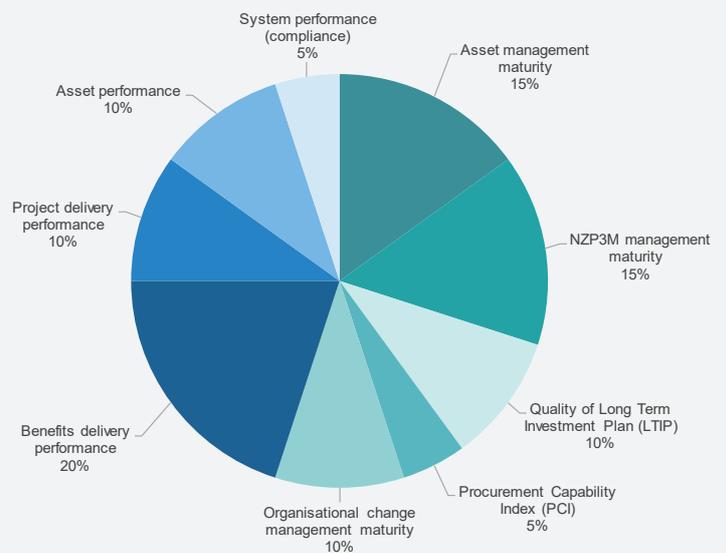
The ICR helps agencies identify gaps and lift their investment management capability. This helps them to maximise the value of their assets and investments and ensure the planned benefits are realised.

It rewards good investment management performance and proactively addresses gaps. International evidence suggests that agencies that deliberately and methodically build their investment management capability are likely to achieve better investment outcomes.

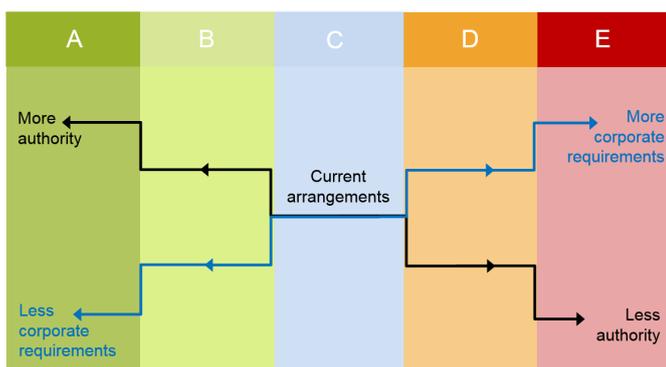
The ICR uses 9 elements to assess performance

Lag Indicators (45%)

Lead Indicators (55%)



Implications of Investor Confidence Ratings



The Investor Confidence Rating scale

The ICR uses a scale that ranges from 'A' to 'E', with an 'A' rating signalling the highest level of performance and 'E' rating indicating significant assistance may be needed for the agency's investments to deliver promised results.

How the ICR is used

Agencies that receive a good rating may have greater autonomy, higher financial delegations and less monitoring and reporting. Agencies that do not rate as well may be provided additional monitoring and support from the Corporate Centre.

As well as informing agencies about where to lift investment management capability and performance, the ICR is a component of the information considered by Cabinet when it prioritises investments.

Implementing the ICR

The ICR is conducted on investment-intensive agencies from across the State sector every two years. These agencies have large asset portfolios, or significant investments planned or underway, or a role managing assets that are service critical to the NZ government. The second round of assessments is being conducted in four tranches, which runs to late 2019.



THE TREASURY
Kaitohutohu Kaupapa Rawa

More information on the Investor Confidence Rating is available at:

<http://www.treasury.govt.nz/statesector/investmentmanagement/statesector/investmentmanagement/review/icr>