

Reference: 20160143

14 June 2016



Thank you for your Official Information Act request, received on 9 May 2016. You requested:

Question 1.

According to Cabinet Office Circular C0(15)5, section 59.1, all agencies must report to Cabinet the actual level of benefits achieved from Cabinet-approved investments. Please can you provide me with the combined actual level of benefits achieved, reported by agencies, to Cabinet under this requirement. If this information is not readily available in a collated form, I am happy to receive the information in a less aggregated form.

Question 2.

According to Cabinet Office Circular C0(15)5, section 60, all agencies must provide information to Treasury on the actual level of benefits achieved compared with those outlined. Please can you provide me with the combined actual level of benefits achieved and the combined actual level of benefits expected (outlined), by agencies, to Treasury, under this requirement. If this information is not readily available in a collated form, I am happy to receive the information in a less aggregated form.

Question 3.

According to Cabinet Office Circular C0(15)5, section 59.2, all agencies must post copies of benefits realisation reports on the Public Sector Intranet. Please can you provide me with copies (or access to) the benefits realisation reports posted on the Public Sector Intranet under this requirement.

Question 4.

Please can you provide me with the current combined annual (2014-2015) and whole of life cost for all investments that require Cabinet approval, all investments that require approval of the responsible Minister and all investments that require the approval of the Departmental Chief Executive. If this information is not readily available in a collated form, I am happy to receive the information in a less aggregated form.

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Subsequently on 20 May 2016 you met with Kerry Hollingsworth to clarify the request. As a result, Question 4 was modified to exclude aggregate information on investments that require approval by the Departmental Chief Executive since Treasury doesn't routinely capture that information. Question 4 was also modified to include benefits information we hold on the same set of investments.

Question 4 has been restated as:

Please can you provide me with the latest available information on the aggregate expected whole of life costs and aggregate expected benefits for (a) all investments that will require Cabinet approval, (b) all investments that will require approval of the responsible Minister and (c) all investments that require approval of the departmental chief executive

On 25 May I advised that I would extend the time limit for deciding on your request by an additional 5 working days.

Work underway on benefits management and benefits information

Since July 2015, the Treasury has been implementing a number of aspects of the circular, including the capture and reporting on benefits. That work is still in progress. We currently hold a limited amount of information on estimated and actual benefits and the quality of information we hold on investments is similarly limited. Unfortunately those factors constrain our ability to respond to your request at this time.

We are liaising with agencies to enhance the quality of investment information they provide to us on a regular basis, including the range and quality of benefits information. At this stage we have not audited the information provided to us and we rely on the agencies themselves to provide us with reliable information grounded in business cases and post implementation reports as appropriate.

We intend to report on the impacts of significant investments on an annual basis along similar lines to the annual report first published in November 2015:

<http://www.treasury.govt.nz/statesector/investmentmanagement/publications/ipannualreport/2014-15>

Information Not Held

We have no information relevant to Question 1: in the period since the circular was issued there have been no such agency reports to Cabinet.

However, we do hold relevant information on major projects that the Treasury has reported to Cabinet (see section below on Information Publicly Available).

Similarly, we hold no such information in relation to Question 3: in the period since the circular was issued there have been no such agency reports posted on the Public Sector Intranet.

Information Being Released

I have decided to release the following information which is attached to this letter. The information in the attachments is derived from agency information we hold on investments covered by the circular.

For reasons stated earlier the information is incomplete. Each report includes specific explanations and caveats about the information.

Item	Relates to:	Data source	Title of attachment
1.	Question 2	Government Project Portfolio	Summary of benefits information for investments in "post project" lifecycle stage
2.	Question 2	Tranche One: Investor Confidence Rating	Extract of benefits information from projects completed in last two years
3.	Question 4	Government Project Portfolio	Summary of expected whole life costs and benefits information for investments in "pre project" lifecycle stage

Items 1 and 3 are derived from information we hold on significant investments in the Government Project portfolio database.¹ Item 2 is derived from a different set of information we hold on a representative sample of completed investments in the six agencies that participated in the first tranche of the investor confidence rating exercise.

Information Publicly Available

The following information is also covered by your request and is publicly available on the Treasury website:

Item	Date	Document Description	Website Address
4.	November 2015	Managing Government Investment Projects	http://www.treasury.govt.nz/statesector/investmentmanagement/publications/ipannualreport/2014-15
5.	April 2016	Major Projects Performance Report July-October 2015	http://www.treasury.govt.nz/statesector/investmentmanagement/publications/majorprojects
6.	June 2016	Major Projects Performance Report - November 2015 to February 2016	

¹ Significant investments must be disclosed to the Treasury. Significant

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act – the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and will continue to be withheld under the Official Information Act, on the grounds described in the documents.

Concluding remarks

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Jason Webber
Manager, Investment Management and Asset Performance

Attachment 1: Summary of benefits information – achieved and expected for investments in “post project” lifecycle stage

Year	Aggregate Monetary Benefit (\$millions)	Achieved vs. Expected (\$millions)	Total monetary benefits (\$millions)
2010	14	Subtotal of historic benefits – assumed to be fully achieved: \$464	Total: \$1,451
2011			
2012	268		
2013	61		
2014	118		
2015	3		
2016	59	Subtotal of expected future benefits: \$987	
2017	392		
2018			
2019			
2020			
2021	352		
2022			
2023	184		

Source: Government Project Portfolio Data

This report is derived from information the Treasury holds on 52 investments in the ‘post-project’ lifecycle stage in the Government Project Portfolio.

Of this selection:

- 12 (23%) have monetary benefits information, totalling \$1.45 billion
- 20 (38%) have one or more associated non-monetary benefits.

Limitations

- Currently the Treasury does not collect data on expected vs. actual benefits. This response to question 2 assumes that all past benefits recorded against years 2010 to 2015 were fully achieved, and all benefits attributed to 2016 and beyond are expected.
- The Treasury does not routinely audit cost and benefit data received from agencies via the Government Project Portfolio data collection process, so the accuracy and completeness of data is variable.
- The non-monetary benefits data is in the form of descriptive text. The quality is particularly variable. Broadly speaking however, the non-monetary benefits tend to fall into one of the following categories:
 - Reducing compliance burden
 - Improving customer/user experience
 - Improving safety
 - Improving IT systems performance/functionality
 - Process optimisation

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Attachment 2: Extract of benefits information from projects completed in last two years

The Treasury also holds information on 139 investments in six investment-intensive departments or Crown entities. The data was provided by those agencies in late 2015 as part of the 2015/16 Investor Confidence Rating exercise. Each agency provided information on a representative sample of their completed investments over the last two financial years.

For ICR purposes the information was analysed and scored according to the extent to which each investment achieved the expected benefits. The Treasury verified the reported data for a sample of investments in each agency.

For investments with monetary or quantifiable benefits the result is expressed as a decimal (ie an investment with 90% realisation of benefits yields a score of 0.9). For non-quantifiable benefits, an investment that fully realised its expected benefits attracts a score of 1; an investment that partially realised its benefits attracts a score of 0.5; no benefits attracts a score of 0. A single investment could have several benefits each with several measures, which can be weighted differently but which total to a score out of 1 for an individual investment. Each investment has an equal weight irrespective of the scale of the benefits.

Using this scoring algorithm the analysis yields an overall result of 0.54, indicating the average investment partially met its expected benefits.

Limitations

- The samples differ from one agency to another and the agency scores vary from 0.29 to 0.79
- Each project is weighted equally, some will have large benefits, others with small benefits. This means that the score of 0.54 does not signify that 54% of benefits at a portfolio level were realised.
- Scale of entire portfolio. Few benefits are expressed in monetary terms. Only 6 of the 139 projects (4%) expressed benefits in monetary terms.

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Attachment 3: Summary of expected whole life costs and benefits information for investments in “pre project” lifecycle stage

Selection	Number of Projects	Estimated Whole of Life Cost (\$millions)	Total Monetary Benefit (\$ millions)	Number of projects with non-monetary benefits
Chief executive approval	29	275	0.7	6
Ministerial Approval	26	462		6
Cabinet Approval	57	8,097		20
Total	112	8,834	0.7	32

Source: Government Project Portfolio Data

This report is derived from information the Treasury holds on 149 investments in the ‘pre-project’ lifecycle stage, excluding those that had associated B16 budget bids that were fully funded, withdrawn or rejected. Of this number:

- 112 (75%) have estimated whole of life costs
- 33 (22%) have benefits information but only one has monetary benefit information.

Limitations

- This report is based on incomplete and unreliable data. Treasury does not routinely audit cost and benefit data received from agencies via the Government Project Portfolio data collection process, so the accuracy and completeness of data is variable.
- Treasury will begin to collect baseline vs. actual benefit realisation data in July 2016, but currently has little data on monetary benefits
- Non-monetary benefit information is currently largely in the form of descriptive text, and thus not amenable to aggregation. Quality of non-monetary benefit descriptions is particularly variable.

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