Chief Executives, Boards and Executive Leadership Teams: promotes better capital planning ensures these values are evident in assets managed by government through the management of capital plans. The cost most effective manner possible.

Strategic Planners, Asset Managers and Finance Teams: Better capital planning enables this audience to be more effective at operating within constraints, improving an deliver capital in the most cost-effective manner possible.

Monitoring Agencies: Better capital planning helps monitoring agencies understand what to look for when assessing agency performance or assisting agencies to address wider business issues.

HOW TO DEMONSTRATE VALUE FOR MONEY THROUGH BETTER CAPITAL PLANNING

The aim of better capital planning is to improve current performance through better capital investment decisions. Better capital planning can deliver better public services.

HOW TO DEMONSTRATE VALUE FOR MONEY THROUGH BETTER CAPITAL PLANNING

WHAT IS EXPECTED

Cabinet’s expectations on asset management and reporting are provided in Cabinet Office Circular CO(10/2): Capital Asset Management Manual for Departments and Crown Entities: Expectations.

Key requirements are that:

• All departments and Crown entities manage their assets effectively over the whole of their expected life-span, recognizing that making better use of existing assets is as important as investing in the right mix of new assets.
• Capital-intensive agencies demonstrate a level of asset management performance and performance that is appropriate to the scale of assets under their management and are mindful of the criticality of those assets to the delivery of key public services.
• Capital-intensive agencies provide the Treasury with information on planned capital investments in order to inform decisions on resource allocation and future business cases.

BETTER CAPITAL PLANNING & DECISION MAKING QUICK REFERENCE GUIDE

WHO SHOULD READ THIS AND WHY

WHY WE NEED THIS

Social assets comprise around 50% of the Crown’s balance sheet and they underpin the delivery of a range of core public services. Effective management of these assets is necessary for New Zealand to realise its economic goals and to deliver better public services.

Improved capital planning provides confidence to decision makers that:

• assets will be well managed.
• future government will align the outcomes sought by government, and
• the delivery of outputs will continue to be effective.

BETTER CAPITAL PLANNING

The key to better capital planning is defining the context for capital planning. It should define what the agency needs to do to continue to meet government’s desired outcomes.

AGENCY STRATEGIC PLAN

An agency’s strategic plan defines the context for capital planning. It should define what the agency needs to do to continue to meet government’s desired outcomes.

HOW TO DEMONSTRATE VALUE FOR MONEY THROUGH BETTER CAPITAL PLANNING

DEVELOP THE ASSET MANAGEMENT POLICY

The asset management policy guides decisions on the governance, investment and maintenance of the agency’s assets within known constraints. Ensure that existing policy clearly supports:

3. Actions to improve value for money, for example, in terms of relationship between costs, outcomes.

DEFINE LEVELS OF SERVICE AND PERFORMANCE REQUIREMENTS

Governments fund a variety of assets that support the provision of public services. This aspect of planning defines what is required of government in terms of relationship between costs, outcomes. This may involve:

1. Maintaining, improving or renewing existing assets, now and in the future.
2. Making key decisions on the governance, investment, managing key assets or portfolios of assets over their lifecycles.
3. Operational planning involves making decisions on the use of existing facilities in support of government’s outcomes and business risks.

BETTER CAPITAL PLANNING

identify changes to existing planning policies and the impact these will have on agency activities.

The Library

The purpose of this quick reference guide is to show how:

1. agencies can demonstrate their asset management policies are effective and support government’s objectives.
2. agencies can demonstrate asset management is aligned with government’s objectives.
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The diagram below shows how key agency planning and reporting documents and processes will inform government decision making processes from 2012 (to inform Budget 2013).

Specific timeframes for agency reporting may vary from budget-to-budget.

**Capital Intentions Report**

**Timeframe Covered:** 10 Years

**PURPOSE:**
- Capital intensive agencies prepare capital intentions reports which are grounded in current baselines, policies and service level arrangements.

The information is used to inform the strategic phase of the Government’s annual budget cycle and in other government planning, performance and assurance processes. The information helps shape and prioritise work on policy options and investment proposals.

**CONTENT:**
- Intentions advice (including capital intentions advice)
- Budget strategy advice (including capital intentions advice)
- Capital Intentions Report
- Develop Capital Intentions Plan
- Develop Statement of Intent
- Budget Decisions
- Budget Plan
- Budget advice
- Budget

**ACTIONS:**
- Explain how value-for-money will be demonstrated through better capital planning
- Ensure that asset management information in the statement of intent is consistent with that provided in other capital intentions reports and other key planning documents.

The Treasury will publish detailed information on its website.

**For queries or for further information please contact:** cam@treasury.govt.nz.