

The Treasury

ECO-24-SUB-0110 - Quarterly Investment Report March 2024

Information Release

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Office of the Minister of Finance

Office of the Associate Minister of Finance

Cabinet Expenditure and Regulatory Review Committee

Quarterly Investment Report for quarter ending March 2024

Proposal

1. This paper is presented in two parts. The first part outlines the role of the investment management system, and quarterly investment reporting, as the key mechanism to hold agencies to account for investment planning, delivery and Cabinet's ability to intervene, and the improvements we need to see to drive better value for money from capital investment.
2. The second part presents agency investment reporting for investments in planning and delivery for the 1 January to 31 March 2024 period. This paper also seeks Cabinet agreement for five investments to enter the investment pipeline and commence planning, to enable Cabinet to improve investment discipline.

Relation to government priorities

3. In the Budget Policy Statement 2024 we set out our overarching goals to restore discipline to public spending and build a stronger, more productive economy that lifts real incomes and increases opportunities for New Zealanders. Cabinet has also agreed to a fiscal sustainability programme to reprioritise existing funding to its best use, ensure value for money in all areas of expenditure, and right-size the government's footprint.
4. New Zealand has significant infrastructure and investment needs. Addressing this will require significant investment in our existing assets, as well as in new assets. We have committed to building a more sustainable pipeline of investments, which considers the market's capacity to deliver and agencies' capability to better manage cost increases and delivery delays.
5. This requires us to ensure agencies provide us with full visibility of the Government's investment portfolio, prioritise agency resource towards the highest value for money investments, and for us to more actively review investments in planning and delivery, and intervene where needed.

Executive Summary

6. The Investment Management System (IMS) and Quarterly Investment Reporting (QIR) are the key mechanisms for Cabinet to hold agencies to account for investment performance, as well as our ability to pre-emptively intervene to ensure projects are on track to deliver.
7. We cannot make good investment decisions without visibility of what agencies are planning and delivering across the Government investment portfolio, and strong investment disciplines. The QIR gathers data from agencies on medium and high-risk¹ investments at each stage of the investment lifecycle and provides insights to support our scrutiny and governance of the

¹ The risk rating of an investment (low, medium or high) is determined by the risk profile assessment, which is initially self-assessed by the agency and then submitted to the Treasury for moderation and confirmation of the risk rating.

investment portfolio. However, we are not receiving full and accurate data from agencies which means we do not have a complete view of agency or investment performance. Improving this situation is critical to the Government achieving our ambitions for infrastructure and capital investment.

8. There is a significant amount of investment activity across the pipeline. From the March 2024 QIR there are 137 investments in planning with an estimated value of \$93.7 billion and 171 investments reported in delivery with a combined approved delivery budget of \$79.4 billion. Of these investments in delivery, agencies are reporting \$1.2 billion worth of cost pressures.
9. We have directed the Treasury to further develop the QIR to better support Cabinet and portfolio Ministers in making investment decisions. We will also be writing to portfolio Ministers outlining expectations for agencies for strong investment disciplines and full and accurate reporting to be provided to the Treasury. We expect co-operation in this process. It is critical to the success of our wider goals.

Part 1 - Investment Management System

A strong investment management system supports our strategic priorities

10. The investment management system (IMS) is a key component of the broader public finance system. The Cabinet Office circular CO (23) 9: *Investment Management and Asset Performance in Departments and Other Entities* (the Circular) is the key mechanism by which Cabinet sets its expectations for the management of investments, including agency requirements and expectations of other parties, such as the Treasury and system leaders.² Good investment discipline means that agencies will prioritise resource towards investment proposals that are the highest priority for the Government.
11. The key requirements for agencies to undertake are:
 - 11.1 **Investment Intentions** – long-term strategic and asset management planning that is aligned with government strategies.
 - 11.2 **Investment Planning** – development of business cases for investment proposals, with decision points for Cabinet throughout the process, set out in Table One below.

Table One: Cabinet decision points in investment planning

Investment Planning Stages				
Strategic Assessment	Indicative Business Case	Detailed Business Case	Budget Funding Decision	Implementation Business case
Cabinet Approval	Cabinet Approval	Cabinet Approval	Cabinet Approval	Cabinet Approval

- 11.3 **Investment Reporting** – regular reporting to the Treasury on their investment portfolios, to be provided to Ministers and Cabinet to identify which investments are on/off track and determine what intervention is needed.

² System leaders are responsible for leading across the Public Service to lift collective performance and achieve collective goals. Treasury works with the following system leaders appointed by the Public Service Commission: Government Chief Data Steward, Government Chief Digital Officer, Government Chief Information Security Officer, New Zealand Government Procurement, Inland Revenue (as service transformation lead). While not appointed, Treasury also works with Te Waihanganga Infrastructure Commission and Ministry for the Environment.

- 11.4 **Investment Assurance** – application of internal agency assurance practices and independent assurance through Gateway reviews for high-risk investments.

The system is not working effectively to support Cabinet decision-making

12. When followed, the IMS requirements are designed to provide Cabinet with confidence that investments will be delivered on time, on budget, to scope and the benefits we are seeking achieved. In practice, however, these requirements are not observed consistently by agencies. We have two key issues:

- 12.1 **Inconsistent and immature data** – this is driven by both a lack of long-term planning, as well as insufficient attention on the importance of the investment reporting process. Since March 2022, the Treasury has worked with agencies to improve the quality of reporting and the range of data collected. Although visibility has improved, not all agencies are at the same level of maturity and there remain significant issues with the quality and completeness of data reported. This is despite the requirement for Chief Executive signoff. Cabinet cannot make good investment decisions without visibility of what agencies are planning and delivering across the Government’s investment portfolio.
- 12.2 **Inconsistent application of investment management rules and requirements** – for example, business cases are not completed adequately, or at all, ahead of seeking funding; reporting is not provided to Treasury; independent Gateway assurance reviews are not undertaken. Inadequate application leads to poorly scoped investments, with cost overruns and delays, without appropriate decision points for Cabinet to mitigate this.

We are resetting expectations for robust investment discipline

13. To address these issues, we are resetting expectations. We expect agency Chief Executives to drive improvements and ensure these expectations are being met.
- 13.1 **Full and accurate data** – the Treasury has improved visibility of the IMS through the Quarterly Investment Reporting (QIR) process. The QIR gathers data from agencies on medium and high-risk investments at each stage of the investment lifecycle (intentions, planning, delivery, and realisation), and it is critical that agencies provide the required information through this process. This information will be provided to Cabinet quarterly, to support us to prioritise investments and intervene where needed to address investment issues or systemic problems across the portfolio.
- 13.2 **Robust business cases and decision points** – business case quality needs to improve, and they need to be provided to us at the appropriate decision points to support their development. To support improved application of these processes, the Treasury is undertaking a review of the business case and assurance (Gateway) frameworks to ensure these are delivering value. This will not change the base requirement for business cases, and agencies are required to comply with the existing processes in the meantime.
- 13.3 **Improved asset management** – agencies must manage their assets to ensure they deliver intended levels and methods of service and maintain asset management plans to support the development of a stable investment pipeline.
- 13.4 **Ministerial engagement** – there need to be opportunities for us to intervene to support the delivery of investments, in addition to business case decision points and

quarterly reporting. The Infrastructure and Investment Ministers Group³ (IIMG) will look at areas of risk in more detail, to identify interventions that may need to be referred to Cabinet. Across all these areas, we should work with our agencies to champion good investment discipline.

Macroeconomic and fiscal considerations

14. Approximately every \$3 of capital expenditure on infrastructure requires \$1 of operating expenditure to support the capital expenditure. For data, digital and service transformation investments the ratio is the inverse. Therefore, the primary fiscal constraint on committing to investment is likely to be the operating expenditure required to deliver capital investments (e.g., an increase in workforce, asset maintenance costs, depreciation expenses), rather than the impact of an increase in net debt.
15. Substantial fiscal consolidation is required to balance revenue and expenses, as well as support monetary policy efforts to reduce inflation. Continued undisciplined and poorly targeted capital investment and the consequential related operating spending will put the return to surplus at risk. It also detracts from our target to bring debt below 40% of GDP.
16. In this context, it is even more important that Cabinet has a full view of the investments in planning and delivery, to direct the prioritisation of investments and support intervention where needed. Agencies should also be considering opportunities to scale, phase or find efficiencies between investments where there are shared goals. The data, digital and service transformation area is likely to be a focus area for cross agency efficiencies. For example, there are several investments relating to payroll services in planning with a combined value of \$0.5 billion.⁴

Part 2 - Quarterly Investment Report for quarter ending March 2024

Key insights and themes from quarter ending March 2024

17. Agency reporting highlighted the following key issues that we expect agencies to address:
 - 17.1 **Data quality** – reliable data is crucial to improving the QIR as a tool to support our decision making and we expect agencies to meet Cabinet’s reporting expectations.
 - 17.2 **Inter-agency collaboration** – there are opportunities for agencies to collaborate on investments to reduce individual investment risk, support more coordinated and efficient procurement practices, and develop capability across agencies. In data and digital areas, cross agency collaboration could also enable improved, modernised, and more unified, service delivery for New Zealanders.
 - 17.3 **Finding efficiencies** – agencies should consider opportunities to use funding more efficiently through, for example, standardisation of construction methods or coordination of procurement.
18. Further portfolio insights from Treasury and system leaders are set out in the QIR dashboards included in Annex A.

³ Infrastructure and Investment Ministers is comprised of Minister for Infrastructure and Associate Minister of Finance Hon Chris Bishop, Minister of Finance Hon Nicola Willis, Minister of Transport, Local Government Hon Simeon Brown, Minister for Regional Development Hon Shane Jones and Parliamentary Under-Secretary for Infrastructure Simon Court

⁴ Department of Corrections *Digital – HR & Payroll systems replacement*, NZ Police *Enterprise Resource Management (ERM) Programme* [1] and [33]

19. This Cabinet paper was discussed at IIMG on 21 May 2024 for their scrutiny and endorsement. As this was the first QIR coming to this group, the IIMG discussion focused on establishing good foundations, through improvements to the IMS and QIR. IIMG noted the importance of improving data quality, building agency capability and agencies applying improved investment disciplines.

Entry into investment pipeline: investment proposals for Cabinet approval on whether to proceed to business case development

20. As part of strengthening investment discipline and improving visibility, Cabinet will now approve proposals to enter the investment pipeline on a quarterly basis. This is approval for agencies to continue planning through business cases. Cabinet will have the opportunity to direct the development of the investment at each business case decision point. **This is not a funding decision.**
21. This early stop/go decision gives Cabinet an earlier opportunity to shape the development of investments, determine what enters the pipeline and when investments should plan for funding approval, and manage agency resource.
22. To support Cabinet consideration, the Investment Panel⁵ has evaluated the new early-stage investment proposals (strategic assessments) and provided feedback to agencies. This addresses a significant issue with early-stage investment planning: poor strategic thinking. Cabinet needs to have confidence that agencies have a clear problem definition and understand the links to the outcomes sought. Ministers and Cabinet must enforce these standards when investment approval is sought, to see the improvements in the business cases that agencies develop and the outcomes from delivery.
23. Table Two below lists the investments for the March 2024 quarter and the recommendations we are seeking for Cabinet decision. Based on Treasury and Investment Panel advice, we are recommending that five investments proceed to business case development. These investments demonstrated the level of strategic thinking we expect to form the base of a good business case. For all investments seeking Budget funding, we expect an investment to have an approved detailed business case (DBC).

⁵ The Treasury convenes the Investment Panel (the Panel) each quarter. The Panel consists of senior representatives from system leader organisations. Since Budget 2020, the Treasury has convened the Panel on an annual basis to provide advice to the Minister of Finance on significant investment proposals being considered for Budget funding.

Table Two: Investment proposals for Cabinet approval to progress

Investment Name	Agency	Estimated whole of life cost (\$m)	Indicative Budget year funding	Investment Description	Recommendation	Additional Investment Panel Recommendation
Strategic Technology Enhancement Project (STEP)	New Zealand Qualifications Authority	[33]		Development and implementation of a new sustainable, future-focussed technology capability across NZQA to replace the existing legacy system and allow NZQA to meet its future challenges.	Progress – no additional recommendations	
Electronic Monitoring System Project	Department of Internal Affairs			The Gambling Act 2003 mandates all non-casino Electronic Gaming Machines (EGMs) to be connected to an electronic monitoring system (EMS), which DIA is responsible for. The investment is for the replacement of the current EMS with a modern solution that meets regulatory monitoring requirements and provides flexibility and future-facing capabilities to meet changing needs.	Progress – no additional recommendations	
Interim Ward Expansion at Hawke's Bay Fallen Soldiers' Memorial Hospital	Health New Zealand			Procurement of a site located prefabricated inpatient ward block to improve hospital flow and relieve pressure on the Emergency Department, which is currently unsustainable.	Progress – no additional recommendations	
Papakura District Court - Interim Courthouse	Ministry of Justice			Design and construction of a new interim courthouse in Papakura. The current building is in poor condition with regular monitoring and air scrubbing taking place on the premise and the building is currently fully wrapped to minimise water ingress.	Progress - with additional recommendations	As part of business case development the agency considers a range of options which should include a permanent solution.
Maritime Digital Transformation S-100 Implementation	Land Information NZ			New Zealand has international obligations to implement the International Hydrographic Organisation S-100 standard for a new generation of navigation products for commercial shipping systems. The investment will result in a range of efficiencies and economic benefits. Transitioning to the new product specifications will require new software and resource.	Progress - with recommendations	The agency to incorporate change management planning in their business case development.

Investment planning: upcoming business case approvals

24. Through the QIR, agencies indicate upcoming business case decisions. As the Government set out in the Budget Policy Statement 2024, we are resetting expectations for business cases. We expect higher quality business cases and that these come to Cabinet at the right time to support decision making.
25. International practice demonstrates that there is optimism bias in planning and delivery timeframes. Agency reporting indicates that the same issues apply in New Zealand, noting that with improvements to data quality we will get a better picture of where these are substantive problems rather than reporting issues.
26. The Treasury identified the following key issues from reporting which we expect agencies to address, to meet our expectations for business case development:
 - 26.1 **Inadequate planning time** – approximately 60% of investments in planning have business case approvals in the same or consecutive quarters, allowing limited time for work to be undertaken between business case decisions.⁶
 - 26.2 **Missing risk profile assessments (RPAs)** – a significant number of investments report missing an RPA, which must be completed at the start of investment planning to determine the inherent risk of a project. Without an RPA, investments may have inadequate assurance plans in place to support successful delivery of the investment.
 - 26.3 **Missing Gateway reviews** – if an agency has not completed an RPA, they will not know if they have a high-risk project that is required to complete Gateway reviews. This requirement is set out in the Circular. Gateway reviews are an important external assurance tool that support the delivery of high-risk investments.

Investment planning: managing funding requests at Budget 2025 and beyond

27. Through the QIR agencies also report on the years they plan to seek Budget funding. We need to have confidence that investments will be developed to the expected standard and in the expected timeframes, so that we can sequence funding decisions in a way that will support our fiscal objectives and provide confidence to the market on the investment pipeline.
28. To make a fully informed funding decision we need access to a minimum level of information, which would be developed through the preparation of a DBC. When investment decisions are made too early in the planning process it can lead to cost overruns, delivery delays and ultimately poorer outcomes for investments.
29. Of those investments planned to seek Budget 2025 funding, twenty of these are forecast to have a Cabinet approved DBC in time for Budget decisions, while eleven will not. Further information on potential Budget 2025 investments is set out in Annex B.
30. In the near term, agencies will also be considering whether and when to make a funding request for investments that were not funded at Budget 2024.⁷ The total value of Budget funding reported for investments that were not successful through Budget 2024 is ^[33] total capital and ^[33] total operating expenditure over the forecast period. We need to

⁶ This statistic includes investments where at least two business case dates have not been reported.

⁷ The agency data from the March 2024 quarter reflects decisions made as part of the Mini Budget and within our first 100 days. Due to the timing of data collection, it does not reflect decisions made as part of Budget 2024.

manage this to prevent a significant increase in funding requests at Budget 2025, given the number and quantum of investments currently indicated by agencies for Budget 2025.

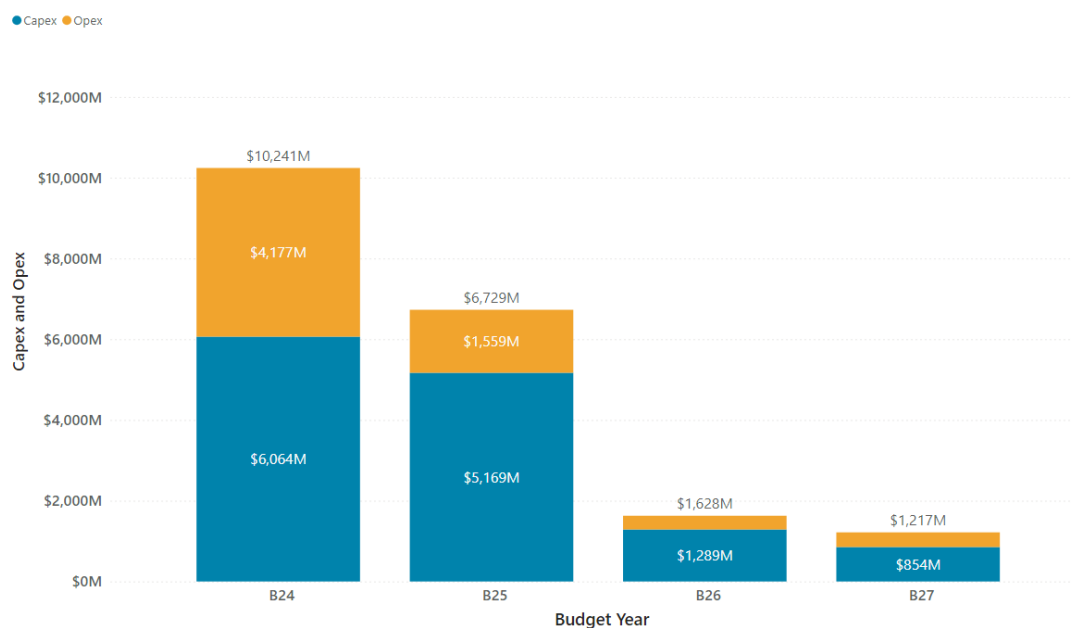
31. Table Three provides a summary of the potential calls for capital funding, based on the March 2024 QIR returns as well as the value of unsuccessful Budget 2024 initiatives, compared against the current balance of the multi-year capital allowance (MYCA). This illustrates the need for greater prioritisation by agencies so only those investments that are highest value for money, highest Government priority and are actually ready for a funding decision are brought forward through the Budget process. We will be outlining this expectation via the letters we will be writing to portfolio Ministers.

Table Three: Summary of potential capital funding requests

Investment proposals that may seek Budget 2025 funding	Total capital expenditure (\$m)	Total operating expenditure (\$m)
Unsuccessful Budget 2024 initiatives	[33]	[33]
Investment proposals from March 2024 QIR that will have a Cabinet approved DBC in time for Budget decisions	3,764	1,318
Investment proposals from March 2024 QIR that will not have a Cabinet approved DBC in time for Budget decisions	1,405	241
Total	[33]	[33]
Balance of Multi-Year Capital Allowance	7,501	

32. Figure One sets out the agency planned funding requests for the next three Budgets and further illustrates why we need to sequence funding decisions across years. We expect agencies to play a role in addressing this, by developing investment and asset management plans that better phase funding requests.

Figure One: Agency reported Budget funding requests 2024 to 2027 for investments in planning



Investment delivery: watch-list of investments with identified risks and/or issues

33. The Government has a significant number of investments in delivery. The QIR data indicates investments are facing cost escalations and delivery delays across the portfolio (noting there is variation between agencies). Reported cost escalations across the portfolio total \$1.2 billion net⁸ and over 50 investments are reporting delivery delays of over 20% of the initial delivery timeframe.
34. The IIMG will be closely monitoring the performance and progress of major investments to identify where intervention is needed to resolve significant issues, including if these need to be brought to Cabinet for decisions. Our expectation is that agencies should be actively managing cost pressures and delivery on an investment level and bringing matters to the attention of portfolio Ministers as needed.
35. The Investment Panel has identified significant investments which are experiencing issues delivering to time and/or to cost or have received a Red or Amber/Red delivery confidence assessment rating in their last Gateway review.⁹ Tables Four and Five provide a summary of these investments, including next steps. Individual dashboard summaries with commentary from the Investment Panel and the Treasury are included in Annex A.
36. The Investment Panel have not recommended further intervention at this stage, beyond the next steps outlined below. However, the IIMG will seek updates on these investments and refer issues to Cabinet as appropriate.

Table Four: Investments in planning experiencing significant issues

Agency	Investment title	Funding requirement (\$m)	Issue and Next Steps
Health New Zealand	Wellington Regional Hospital – Car Park	[33]	A Gateway review in March 2024 identified some doubts on delivery confidence due to complexities of the investment and uncertainty in project resource. The review recommended a pause to the development of the business case until clarification of the funding pathway is received to address the concerns.

Table Five: Investments in delivery experiencing significant issues

Agency	Investment title	Current Capex budget (\$m)	Current Opex budget (\$m)	Issue and Next Steps
Health New Zealand	Health Sector Agreements and Payments Programme (HSAAP)	-	97.00	A Gateway review in March 2024, triggered an escalation process as delivery appeared to be unachievable. Updating the business case is a priority. A follow-up assurance of action plan review will be discussed with the senior responsible officer in line with the escalation process.

⁸ In some cases, agencies may report a negative cost escalation for an investment, which should indicate that the investment is being delivered at less than the approved funding.

⁹ Amber/Red: successful delivery of the programme/project is in doubt with major risks or issues apparent in a number of key areas. Red: successful delivery of the project/programme appears to be unachievable. There are major issues which at this stage do not appear to be manageable or resolvable. The investment may need to be re-baselined and/or its overall viability re-assessed.

Agency	Investment title	Current Capex budget (\$m)	Current Opex budget (\$m)	Issue and Next Steps
Health New Zealand	New Dunedin Hospital	1,590.00	-	[25] and [37] [33]
Ministry of Education	Education Resourcing System (ERS)	118.00	117.00	The agency is reporting cost pressures and a 2-year delivery delay. A second Assurance of Action Plan review was undertaken in May 2024 resulting in an Amber confidence rating, improving on the red rating received in November 2023. The programme has been reset and advice to Ministers on benefit realisation is being prepared.
Ministry of Foreign Affairs and Trade	Our Place in Antarctica	465.00	33.00	Antarctica New Zealand has been exploring options to bring the Project back within its existing funding. The revised DBC is expected later in 2024.
Rau Paenga Limited	Parakiore Recreation and Sport Centre	369.00	-	The agency is reporting a [33] cost pressure and almost 4-year delivery delay, when compared to the initially planned delivery date. [37] and [38]
New Zealand Transport Agency KiwiRail	New Zealand Upgrade Programme (NZUP)	8,019.00	32.00	Despite the scope changes agreed by Cabinet, NZUP continues to present risks to delivering the programme within the approved funding envelope with cost estimates coming in above project funding allocations. Ministers have directed the NZTA Board to manage and address risks within the approved funding.

Next Steps

37. We will write to portfolio Ministers to outline our expectations for stronger investment discipline, including agency provision of full and accurate QIR returns to the Treasury, decisions on new investment proposals to proceed and any other issues that we expect portfolio Ministers to discuss with their agencies.
38. The Treasury will prepare for the June 2024 QIR, which will be a more expansive report covering:
 - 38.1 Standard quarterly reporting on investments in planning and delivery in the April to June period.

- 38.2 Agency annual reporting on investment intentions over a ten-year period and benefits realisation.
- 38.3 Agency reporting on their compliance with the requirements in Cabinet Office circular CO 23 (9) through the Chief Executive attestation. This is a new requirement for agencies.

Review of Better Business Case and Gateway frameworks

39. The Treasury has commenced a programme of work to fully review and update the investment planning (*Better Business Case*) and assurance (*Gateway*) frameworks to ensure these are fit for purpose and are delivering value for Ministers and Cabinet. The outcomes sought from this review are shorter business cases that are faster to produce, and have the key information needed for Ministers and Cabinet to make well-informed, timely decisions throughout the investment lifecycle. The goal is for high-quality investment planning to support the efficient delivery of investments to the agreed time, budget and scope.
40. The review of these frameworks will not change the fundamental information requirements for business cases and the need for independent assurance. We expect agencies to continue to following existing processes and engage with the Treasury early in the investment planning process.
41. We have directed the Treasury to deliver on the following milestones over the coming quarters:

Table Six: Better Business Case and Gateway review deliverables

Quarter	Deliverables
By July 2024	<ul style="list-style-type: none"> Guidance for agencies on key information and the level of detail required for business cases at each Cabinet approval stage. Guidance for agencies on Cabinet papers seeking business case approvals. Investment planning lifecycle visual that integrates planning (Better Business Case), assurance (Gateway), and QIR processes to show a coherent system.
By September 2024	<ul style="list-style-type: none"> An independent (Gateway) review of business cases for high-risk investments prior to each Cabinet decision gate.
By December 2024	<ul style="list-style-type: none"> New Gateway report structure to include blockers and risks associated with review recommendations. Close-out reports from agencies on Gateway review recommendations (prior to Cabinet decision gate). Timely reporting of escalations to Ministers and Cabinet when investments receive a red or amber/red delivery confidence assessment rating.

Implementation

42. We propose to inform agencies of the decisions made on investments to proceed to business case development and any other actions agreed via letter on 25 June 2024.

Cost-of-living implications

43. This paper does not have cost-of-living implications.

Financial Implications

44. While this paper does not have direct financial implications, there are implications for the use of agency resources in the development of business cases. A Cabinet decision for an investment to enter the pipeline and start business case development does not guarantee funding of the investment.

Legislative and Climate Implications

45. This paper does not have direct legislative or climate implications, however, there may impacts related to the investments referenced in the reporting.

Treaty of Waitangi Implications

46. This paper does not have direct Treaty of Waitangi implications.

Population Implications

47. This paper does not have direct population implications.

Human Rights

48. This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external Resources

49. No external resource has been engaged in the drafting of this paper or the policy proposals outlined.

Consultation

50. The following agencies have been consulted on this Cabinet paper:

New Zealand Customs Service, New Zealand Defence Force, Department of Conservation, Department of Corrections, Department of Internal Affairs, Government Communications Security Bureau, Health New Zealand, Kainga Ora, KiwiRail Limited, Land Information New Zealand, Ministry for Culture and Heritage, Ministry for Primary Industries, Ministry for the Environment, Minister of Business, Innovation and Employment, Ministry of Education, Minister of Foreign Affairs and Trade, Ministry of Health, Ministry of Justice, Ministry of Social Development, Ministry of Transport, New Zealand Qualifications Authority, New Zealand Police, New Zealand Security Intelligence Service, Ōranga Tamariki, Parliamentary Service, Rau Paenga Limited, Statistics New Zealand, Tertiary Education Commission, New Zealand Transport Agency, Whaikaha, Worksafe New Zealand.

Communications

51. Treasury will publish a media advisory statement on the content of this Cabinet paper and the QIR for the purposes of the proactive release.

Proactive Release

52. This paper will be proactively released as per Cabinet Office circular (23) 4. We have directed Treasury to proactively release, on the Treasury's website, the March 2024 QIR and

accompanying Treasury Report, which Treasury provided on 9 May 2024. The timing of this release will be within 30 business days of final decision being taken by Cabinet.

Recommendations

The Minister of Finance and Associate Minister of Finance (Hon Chris Bishop) recommend that the Committee:

1. **note** that the investment management system (IMS) and quarterly investment reporting (QIR) are the key mechanisms for Cabinet to hold agencies to account for investment performance
2. **note** the information set out in the March 2024 QIR;
3. **note** that the Minister of Finance and Associate Minister of Finance (Hon Chris Bishop) will be writing to Ministers to outline our expectations for investment reporting and following best practice investment and asset management planning;
4. **agree** that the following investments proceed to business case planning:

Agency	Investment Name	Supporting Recommendation
New Zealand Qualification Authority	Strategic Technology Enhancement Project (STEP)	None.
Department of Internal Affairs	Electronic Monitoring System Project	None.
Health New Zealand	Interim Ward Expansion at Hawke's Bay Fallen Soldiers' Memorial Hospital	None.
Ministry of Justice	Papakura District Court - Interim Courthouse	As part of the indicative business case, the agency is required to consider a range of options which should include a permanent solution.
Land Information New Zealand	Maritime Digital Transformation S-100 Implementation	As part of the indicative business case, the agency is required to incorporate change management planning.

5. **note** that the approval to proceed to business case planning set out in recommendation four above does not guarantee funding of these investments;
6. **note** that the Treasury is undertaking a review of the Better Business Case and assurance (Gateway) frameworks to ensure these are fit for purpose and delivering value for Ministers and Cabinet;
7. **note** that the review of the Better Business Case and assurance (Gateway) frameworks will not change the fundamental information requirements and agencies must continue to follow existing processes;
8. **agree** that investments must have a Cabinet approved business case ahead of seeking Budget funding; and

9. **agree** that high risk investments must have completed the appropriate Gateway review before Cabinet considers a business case for approval.

Authorised for lodgement

Hon Nicola Willis

Minister of Finance

Hon Chris Bishop

Associate Minister of Finance

Planning and Delivery data

System commentary

The cost to complete for investments in delivery is significantly lower than previous quarters as this reporting reflects decisions that the Government has taken to cancel projects, for example *iReX*.

Overall, agencies are forecasting significant levels of investment need. Treasury estimates the current upper agency capacity for new Crown capital expenditure to be \$5-\$7 billion per annum (outside of baselines and existing funds such as the NTLF) – this includes new funding allocated in recent Budgets, as well as any new funding to be allocated in future Budgets.

Given the tight fiscal environment, we recommend agencies consider opportunities to find efficiencies between investments where there are shared goals. There are several investments relating to payroll services in planning with a combined value of \$0.5 billion (Department of Corrections *Digital – HR & Payroll systems replacement*, NZ Police *Enterprise Resource Management (ERM) Programme* ^{[1 and [33]}

We recommend agencies consider opportunities for collaboration on these investments and appraise the Minister for Digitising Government of their alignment with the Digitising Government Strategy.

Planning

137
Investments in Planning
16
Agencies

	No.		Value	
	Mar-24	Dec-23	Mar-24	Dec-23
Infrastructure	82	89	\$85.9B	\$89.3B
Data & Digital	32	34	\$2.8B	\$2.9B
Specialist Equipment	17	12	\$4.2B	\$4.2B
Organisational Change	6	7	\$0.9B	\$0.8B
Total	137	142	\$93.7B	\$97.2B

Delivery

171
Investments in Delivery
24
Agencies

	No.		Value		Spend to date		Cost to complete		Cost pressures	
	Mar-24	Dec-23	Mar-24	Dec-23	Mar-24	Dec-23	Mar-24	Dec-23	Mar-24	Dec-23
Infrastructure	103	104	\$61.2B	\$56.5B	\$31.4B	\$28.2B	\$32.1B	\$37.4B	\$1.1B	\$5.5B
Data & Digital	44	48	\$7.0B	\$8.0B	\$1.7B	\$1.8B	\$4.7B	\$4.9B	\$0.1B	\$0.5B
Specialist Equipment	17	15	\$7.7B	\$7.5B	\$4.6B	\$4.6B	\$2.9B	\$2.7B	\$(0.1)B	-
Organisational Change	7	9	\$3.4B	3.6B	\$0.4B	\$0.5B	\$2.9B	\$3.1B	-	-
Total	171	176	\$79.4B	75.5B	\$38.2B	\$35.1B	\$42.6B	\$48.2B	\$1.2B	\$6.0B

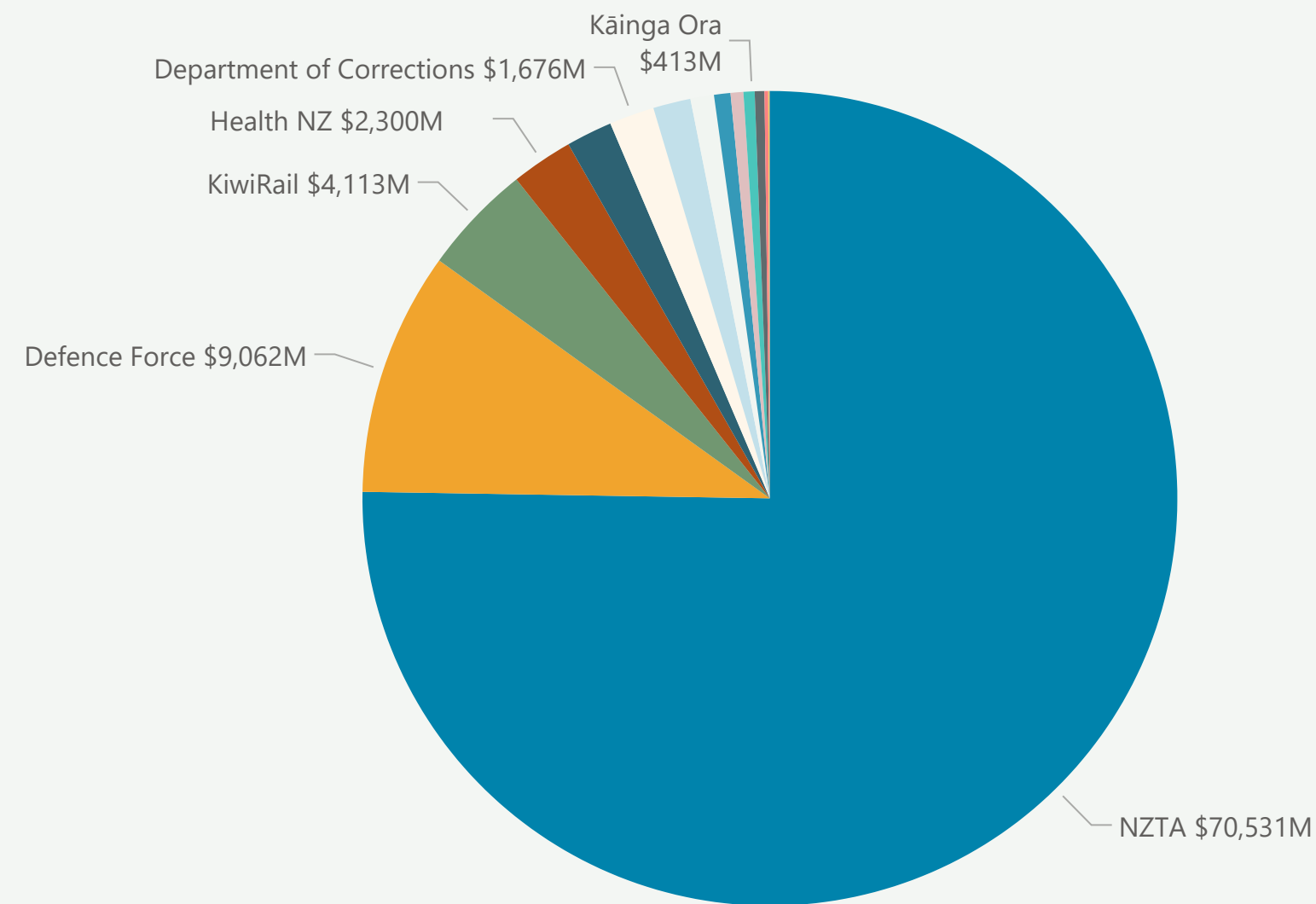
Disclaimer: (1) Planning values are calculated as the sum of reported Opex and Capex requirements. Delivery values are the approved delivery budget for the investment. (2) Cost pressures on this page include any negative cost pressures reported by agencies. As such this figure is lower than reported on the cost escalation page, which only includes positive cost pressures reported by agencies.

Investments in Planning

Summary of investments in Planning

No.	Capex	Opex	Budget Funding	Other Funding
137	\$85,070M	\$8,650M	\$73,772M	\$20,449M

Value of investments in Planning by agency



System commentary

New Zealand Transport Agency (NZTA) investments make up 75% of the value of the entire planning portfolio, with one investment, *SH1 Additional Waitemata Harbour Connections*, constituting ^[33] of the portfolio at ^[33]. The five largest capital-intensive votes (Transport, Defence, Housing, Health, Education) comprise ~94% of the planning portfolio.

This page reflects decisions that the Government has taken to cancel projects such as *Auckland Light Rail*, *Let's Get Wellington Moving* and *NZ Battery*, and highlights that there is still a significant amount of investment activity being planned.

Note – not all investments in planning are seeking Crown funding. Other funding sources include existing funds such as the National Land Transport Fund (NRLF), as well as other third party revenue (such as other fees and levies).

In general data quality for investments in planning is poor. For example, agencies report programmes and risk ratings as individual phases with only the relevant phase (and the cost associated with the phase) being picked up by funding year. This leads to Ministers and Cabinet not having visibility of the full cost or the appropriate risk rating for the whole programme.

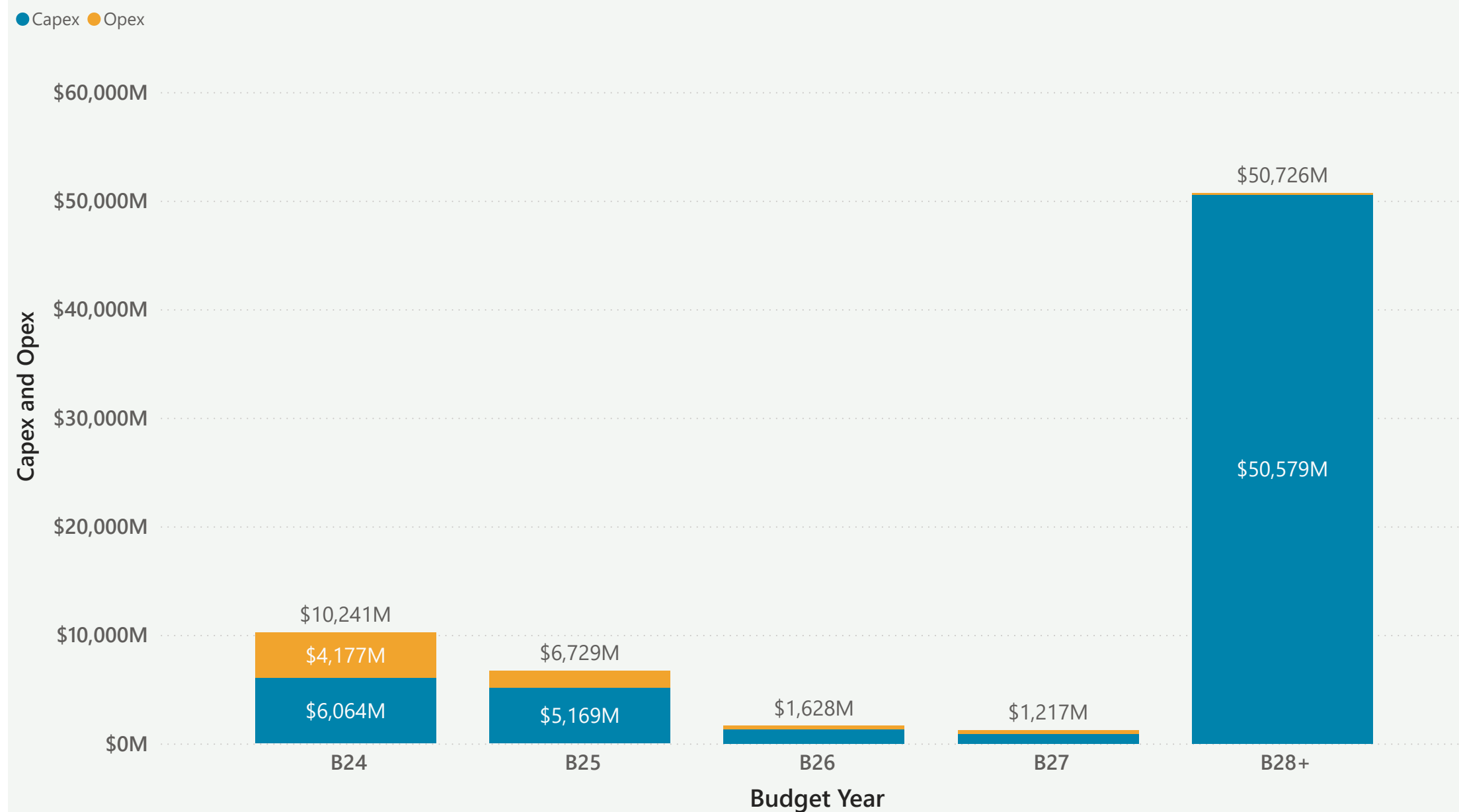
Summary of top 10 investments in Planning by value

Agency Name	Investment Name	Investment Type	Capex	Opex	Budget Funding	Other Funding	IBC/PBC	DBC	Budget	ImBC	Start date	End date
NZTA	SH1 Additional Waitemata Harbour Connections	1 Infrastructure	^[33]				Mar 24	Jun 25	^[33]		Jun 29	Dec 40
NZTA	Northwest Rapid Transit Corridor	1 Infrastructure					Dec 18	Sep 24		Sep 26	Jun 27	Dec 33
NZTA	TREC East Coast Resilience Programme	1 Infrastructure					Mar 24	Dec 24			Mar 25	Dec 28
NZTA	Southwest Gateway Programme	1 Infrastructure					Sep 17	Dec 23			Jun 24	Dec 34
NZTA	TNP SH29 Tauriko West Network Connection	1 Infrastructure					Sep 16	Sep 23			Sep 24	Dec 48
NZTA	North West Alternate State Highway	1 Infrastructure					Jun 19	Mar 22		Jun 33	Jun 35	Jun 40
NZTA	NZUP - Ōtaki to North of Levin	1 Infrastructure					Dec 18				Sep 25	Dec 29
[1], [33] and [38]												
NZTA	SH1 (Cambridge to Piarere) Long Term Improvements	1 Infrastructure					Jun 17	Jun 21			Jun 24	Jun 30
KiwiRail	RNIP - Rail Network Investment Programme (last 5 years of 10 for Rail Network)	1 Infrastructure									Sep 26	Jun 31
Total			\$70,335M	\$3,540M	\$57,591M	\$16,284M						

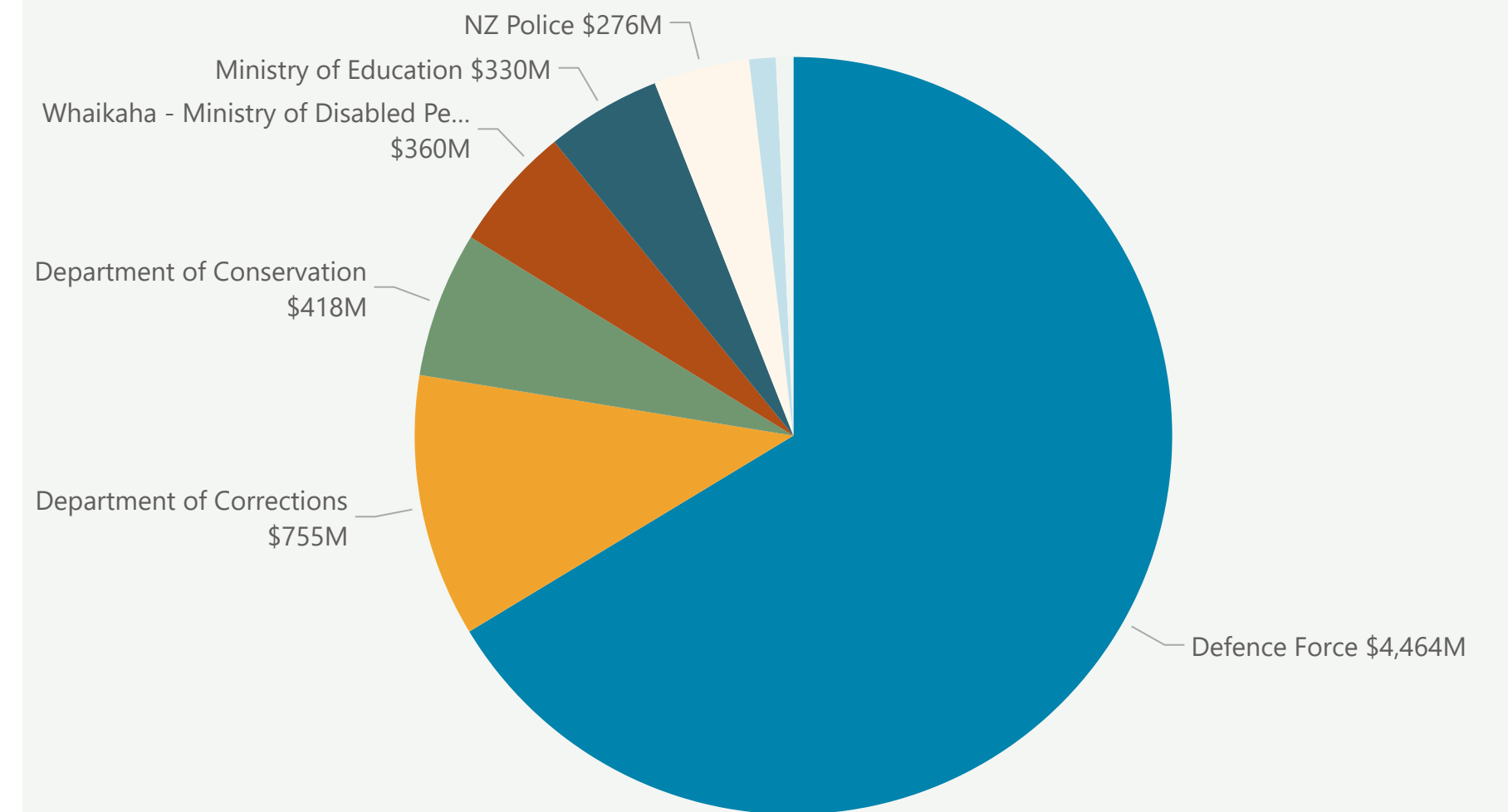
Disclaimer: (1) The sum of Capex and Opex is \$500M lower than the sum of Budget Funding and Other Funding. This is because NZ Police's *Core Policing Services (Transforming NIA)* investment has not provided a Capex/Opex split. (2) NZTA's *TNP SH29 Tauriko West Network Connection* investment has reported a Budget Funding figure, but has specified "No Budget funding sought" for the Budget year., which appears to be an error.

Budget summary

Forecast Budget funding requests



Budget 2025



Summary of upcoming Budget funding requests by agency

Budget Year	B24		B25		B26		B27		B28+		Total	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Defence Force	16	\$1,455M	19	\$4,464M	8	\$1,451M	7	\$1,217M	2	\$294M	52	\$8,882M
Department of Conservation	1	\$57M	1	\$418M							2	\$475M
Department of Corrections	1	\$819M	2	\$755M	1	\$58M			1	\$0M	5	\$1,631M
Department of Internal Affairs					1	\$31M			3	\$0M	4	\$31M
KiwiRail	1	\$2,487M							1	\$0M	2	\$2,487M
Ministry of Education	2	\$311M	4	\$330M	1	\$88M			1	\$181M	8	\$911M
Ministry of Justice	1	\$128M							4	\$0M	5	\$128M
Ministry of Social Development			[33]									
NZ Police	3	\$1,187M	1	\$276M	1	\$500M			1	\$0M	6	\$1,963M
Oranga Tamariki	1	\$63M	1	\$76M							2	\$138M
Stats NZ									1	\$0M	1	\$0M
Health NZ	3	\$665M							3	\$0M	6	\$665M
NZTA	3	\$3,069M	1	\$50M					10	\$50,250M	14	\$53,369M
Whaikaha - Ministry of Disabled People			1	\$360M							1	\$360M
Total	32	\$10,241M	31	\$6,729M	12	\$2,128M	7	\$1,217M	27	\$50,726M	109	\$71,041M

System commentary

As this quarter closed before final Budget decisions were agreed, agencies have not fully incorporated the effect of Budget 2024 decisions in this quarter's reporting. The amount of funding reported to be sought from Budget 2024 is significantly higher (\$10.2 billion) than the amount Cabinet has agreed to fund. Agencies will be considering whether and when to make a funding request for investments that were not funded at Budget 2024. We recommend that portfolio Ministers request an update from agencies on what they plan to do, for example seek Budget 2025 funding, fund from baselines or not progress the investment.

The reporting for B25 is dominated by funding requests from the Defence Force. We note however that the Defence Capability Plan Review is currently underway. Future iterations of the QIR will better represent Defence Force's anticipated Budget funding requests once Cabinet has taken decisions on the Review [33]

Cabinet decisions are being sought on the detailed business cases for 26 of the investments reported seeking funding through B25, however there are 18 other investments that are seeking B25 funding that won't have had a Cabinet decision on whether the investment is funding ready.

The Panel noted that six of the nine investments that submitted strategic assessments for Cabinet approval this quarter also plan to seek Budget funding in 2025. It will take some time for agencies to fully adjust to the new quarterly decision point and the timelines they need to incorporate as part of their investment planning, and in some cases, agencies are subject to external time pressures.

We recommend that Cabinet confirm that Cabinet approved detailed business cases are required for agencies to seek Budget funding.

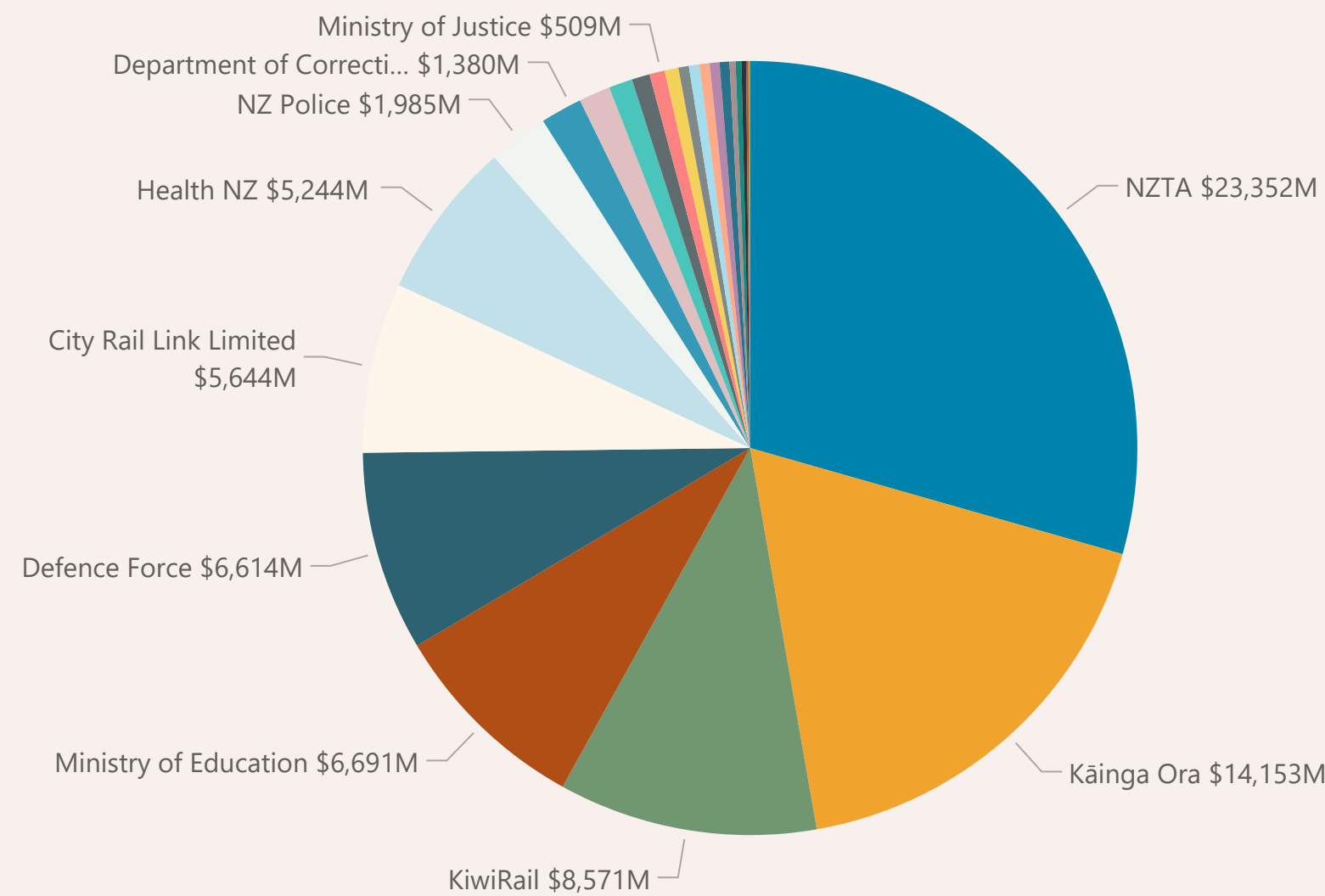
Disclaimer: (1) In the Forecast Budget funding requests graph, the Capex and Opex values are calculated by apportioning the reported Budget funding requirement by the relevant Capex/Opex ratio for the investment. Investments will be excluded from this graph if no Capex/Opex split is provided. (2) The number and value of investments presented on this page will be lower than the Planning summary page because not all investments seek Budget funding. Investments wholly funded from other sources will not be included on this page.

Investments in Delivery

Summary of investments in Delivery

No.	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Net cost pressures (Reported)
171	\$61,848M	\$17,492M	\$79,381M	\$3,460M	\$38,220M	\$42,585M	\$1,165M

Value of investments in Delivery by agency



System commentary

Given fiscal constraints, we recommend agencies consider opportunities to review the scope and timing of investments and use funding more efficiently through, for example, standardisation of construction methods or coordination of procurement with other investments.

19 investments are reporting a cost pressure of 20% or more of the approved delivery budget and 54 investments are reporting a delay in delivery timeframes of 20% or more of the initial delivery timeframe.

Summary of top 10 investments in Delivery by value

Agency Name	Investment Name	Investment Type	Capex	Opex	Delivery Budget	Spend in quarter	Spend to Date	Cost to Complete	Cost Pressures (Reported)	Start date	End date
NZTA	NLTP 21-24	1 Infrastructure	\$4,891M	\$3,052M	\$7,943M	\$517M	\$6,741M	[33]		Jun 21	Jun 24
NZTA	NZUP	1 Infrastructure	\$6,508M	\$32M	\$6,540M	\$127M	\$1,472M			Mar 20	Dec 30
Kāinga Ora	Public and Supported Housing [FY24+FY25]	1 Infrastructure	\$5,967M	\$0M	\$5,967M	\$918M	\$2,420M			Dec 21	Jun 25
City Rail Link Limited	City Rail Link	1 Infrastructure	\$5,644M	\$0M	\$5,644M	\$76M	\$4,271M			Sep 17	Dec 25
Kāinga Ora	Public and Supported Housing [FY26+FY27]	1 Infrastructure	\$2,619M	\$0M	\$2,619M	(\$71M)	\$0M			Sep 25	Jun 27
NZTA	Safety Camera System	4 Organisational Change	\$13M	\$2,514M	\$2,527M	\$0M	\$30M			Jun 24	Jun 30
Defence Force	Air Surveillance Maritime Patrol	3 Specialist Equipment	\$2,470M	\$0M	\$2,470M	(\$60M)	\$1,785M			Mar 18	Dec 25
KiwiRail	RNIP - Rail Network Investment Programme (first 5 years of 10 for Rail Network)	1 Infrastructure	\$0M	\$2,122M	\$2,122M	\$59M	\$999M			Sep 21	Jun 26
NZ Police	Public Safety Network - Next Generation Critical Communications Programme	2 Data and Digital	\$449M	\$1,327M	\$1,777M	\$17M	\$149M			Sep 22	Dec 26
Ministry of Education	National Education Growth Plan (NEGP) (B22)	1 Infrastructure	\$1,493M	\$275M	\$1,768M	\$63M	\$1,768M			Sep 22	Dec 30
Total			\$30,054M	\$9,322M	\$39,376M	\$1,646M	\$19,635M	\$20,513M	\$226M		

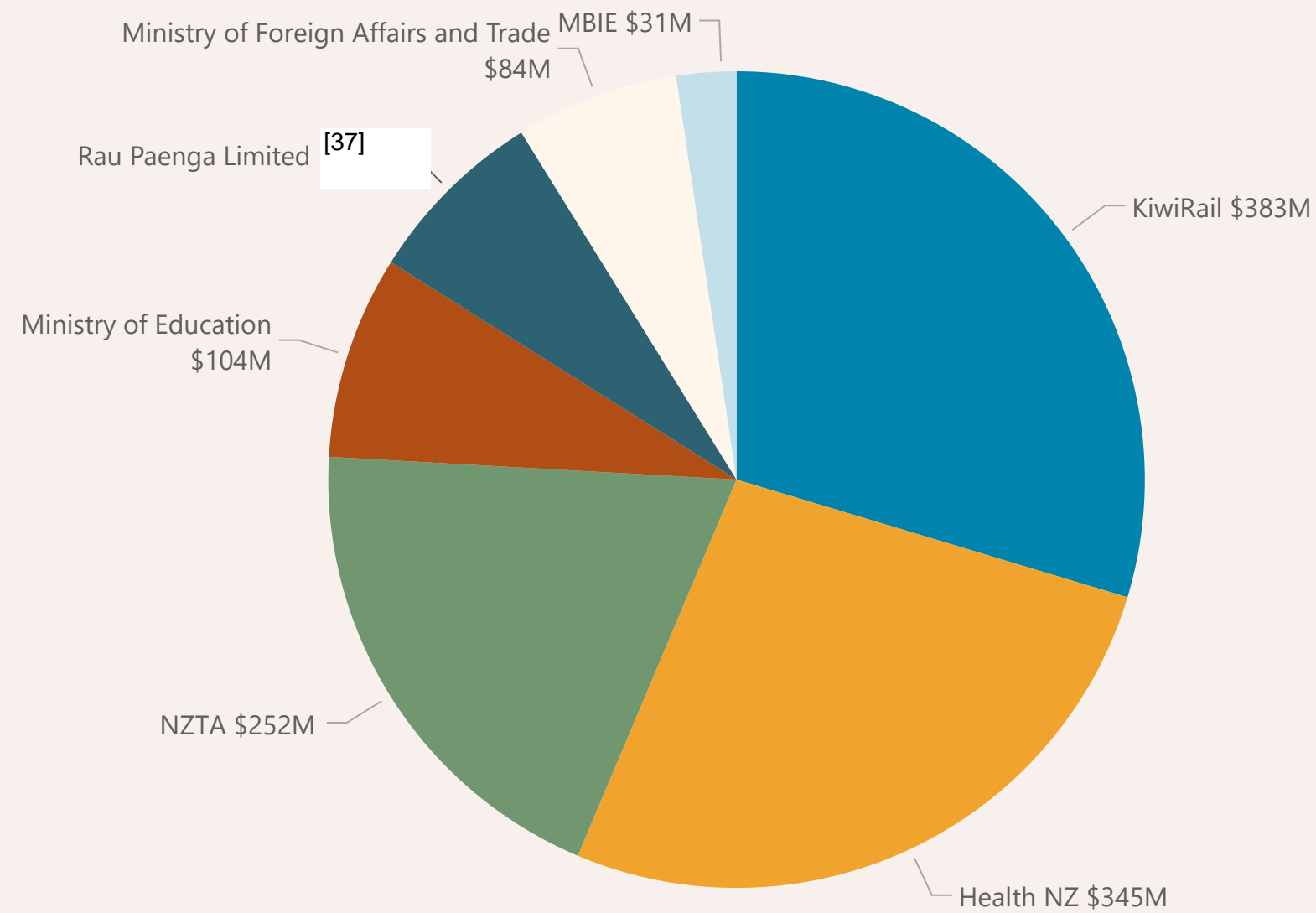
Disclaimer: (1) Cost pressures on this page include any negative cost pressures reported by agencies (eg, an investment is forecast to complete under the approved budget). As such this figure is lower than reported on the cost escalation page, which only includes positive cost pressures reported by agencies. (2) Spend in quarter on this page includes any negative values calculated as a result of agencies reporting a lower spend to date in March compared with December. As such this figure is lower than reported on the quarterly expenditure page, which only includes investments with positive spends in the quarter.

Reported cost pressures

Summary of investments reporting cost pressures

No.	Delivery Budget	Spend to Date	Cost to Complete	Cost Pressures (Reported)	% of Budget
23	\$15,000M	\$10,002M	\$6,849M	\$1,305M	8.7%

Reported cost pressures by agency



System commentary

Reported cost escalations have fallen in the quarter (from \$6.0 billion to \$1.3 billion). This is primarily driven by the following changes:

1. KiwiRail removed cost escalations associated with IREX [33]
2. NZTA removed cost escalations for NZUP investments [33]
3. Defence removed cost escalations [33] cross their delivery portfolio,
4. Kāinga Ora removed cost escalations [33] for Public and Supported Housing investments.

In a number of cases, it is not clear whether the cost escalation risk or issue has been addressed (i.e. through scope changes or increased funding) as these have not been clearly reported. This may mean that the cost escalation still exists as a fiscal risk which could crystallise in future, rather than reporting the cost escalation so it can be managed appropriately.

The Ministry of Education's cost to complete fell by significantly more than the value of expenditure in the quarter – a variance of \$4.2 billion.

We recommend that Portfolio Ministers seek information from their agencies to understand the status of investments in delivery that have been experiencing cost escalations.

Top 10 reported cost pressures by value

Agency Name	Investment Name	Investment Type	Capex	Opex	Delivery Budget	Spend in quarter	Spend to Date	Cost to Complete	Cost Pressures	% of Budget
Health NZ	New Dunedin Hospital	1 Infrastructure	\$1,590M	\$0M	\$1,590M	\$33M	\$319M	[25], [33] and [37]		
NZTA	Manawatū Tararua Highway : Te Ahu a Turanga	1 Infrastructure	\$659M	\$0M	\$659M	\$39M	\$468M	[33]		
KiwiRail	RNIP - Rail Network Investment Programme (first 5 years of 10 for Rail Network)	1 Infrastructure	\$0M	\$2,122M	\$2,122M	\$59M	\$999M			
KiwiRail	Rail Network Growth Impact & AMR	1 Infrastructure	\$0M	\$408M	\$408M	\$28M	\$293M			
Rau Paenga Limited	Parakiore Recreation and Sport Centre	1 Infrastructure	\$369M	\$0M	\$369M	\$21M	\$304M			
Ministry of Education	Te Mana Tuhono (Continuing Cybersecurity and Managed IT Services)	2 Data and Digital	\$41M	\$48M	\$90M	\$9M	\$61M			
Ministry of Foreign Affairs and Trade	Our Place in Antarctica	1 Infrastructure	\$465M	\$33M	\$498M	\$7M	\$101M			
NZTA	NLTP 21-24	1 Infrastructure	\$4,891M	\$3,052M	\$7,943M	\$517M	\$6,741M			
KiwiRail	Wairarapa Rail Upgrades	1 Infrastructure	\$129M	\$0M	\$129M	\$10M	\$26M			
Health NZ	Northern Workspace programme	2 Data and Digital	\$39M	\$16M	\$56M	\$0M	\$37M	[25], [33] and [37]		
Total			\$8,183M	\$5,679M	\$13,863M	\$722M	\$9,349M	\$6,280M	\$1,221M	8.8%

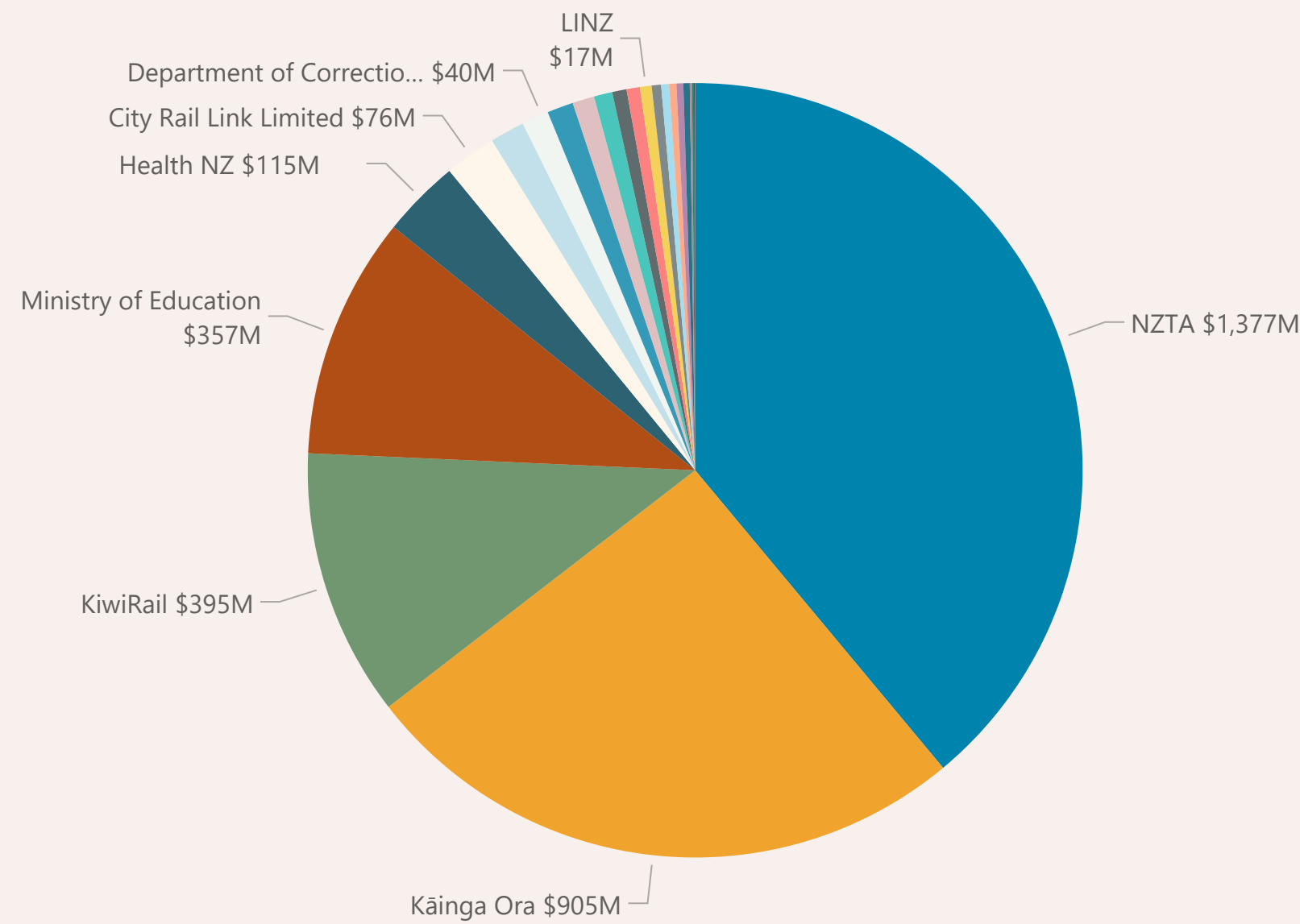
Disclaimer: (1) This page only includes positive cost pressures. As such aggregate cost pressures values will be higher than shown on the Planning and Delivery data page and the Delivery summary page (which include any negative cost pressures values reported by agencies).

Quarterly expenditure

Summary of investments with quarterly expenditure

No.	Delivery Budget	Spend in quarter	Spend to Date	Cost to Complete
122	\$62,828M	\$3,694M	\$31,557M	\$32,168M

Quarterly expenditure by agency



System commentary

In general, the quarterly expenditure reporting is in line with previous quarterly spend. We note however that the quality of the data is still variable, which means we are not yet in a position to confidently report on quarterly expenditure trends.

For the *Christchurch Schools Rebuild Programme* in particular, we understand this is at the end of its programme and the Ministry of Education received additional funding in B24 to close the programme out.

Investments over \$50 million with no expenditure in previous two quaters

Agency Name	Investment Name	Investment Type	Capex	Opex	Delivery Budget	Spend in quarter	Spend to Date	Cost to Complete
Ministry of Education	Christchurch Schools Rebuild Programme (B22)	1 Infrastructure	\$1,208M	\$47M	\$1,255M	\$0M	\$1,255M	[33]
Ministry of Education	Ngā Iti Kahurangi 1.0 - Baseline	1 Infrastructure	\$119M	\$0M	\$119M	\$0M	\$37M	
Health NZ	Health Finance, Procurement and Information Management System (FPIM)	2 Data and Digital	\$29M	\$49M	\$78M	\$0M	\$55M	
Health NZ	Northern Workspace programme	2 Data and Digital	\$39M	\$16M	\$56M	\$0M	\$37M	
Health NZ	Tū Pono Āroha – Hospital Administration Replacement Project (HARP) – Phase 1	2 Data and Digital	\$55M	\$40M	\$95M	\$0M	\$17M	
NZTA	Safety Camera System	4 Organisational Change	\$13M	\$2,514M	\$2,527M	\$0M	\$30M	
Total			\$1,462M	\$2,667M	\$4,129M	\$0M	\$1,430M	\$2,727M

Disclaimer: (1) Spend in quarter is calculated by subtracting the spend to date reported in December from the spend to date reported in March. (2) This page only includes positive quarterly expenditure values. As such aggregate quarterly expenditure values will be higher than shown on the Delivery summary page (which includes any calculated negative values).

Transport

System commentary

The Minister of Transport released his draft Government Policy Statement on Land Transport 2024-2027 (GPS) for consultation in March 2024. Consultation is now closed and decisions are expected in June 2024. The package signals a significant level of investment but the signalled revenue increases are insufficient to fund this, or put the NLTF on a sustainable pathway, and therefore additional Crown top ups continue to be required.

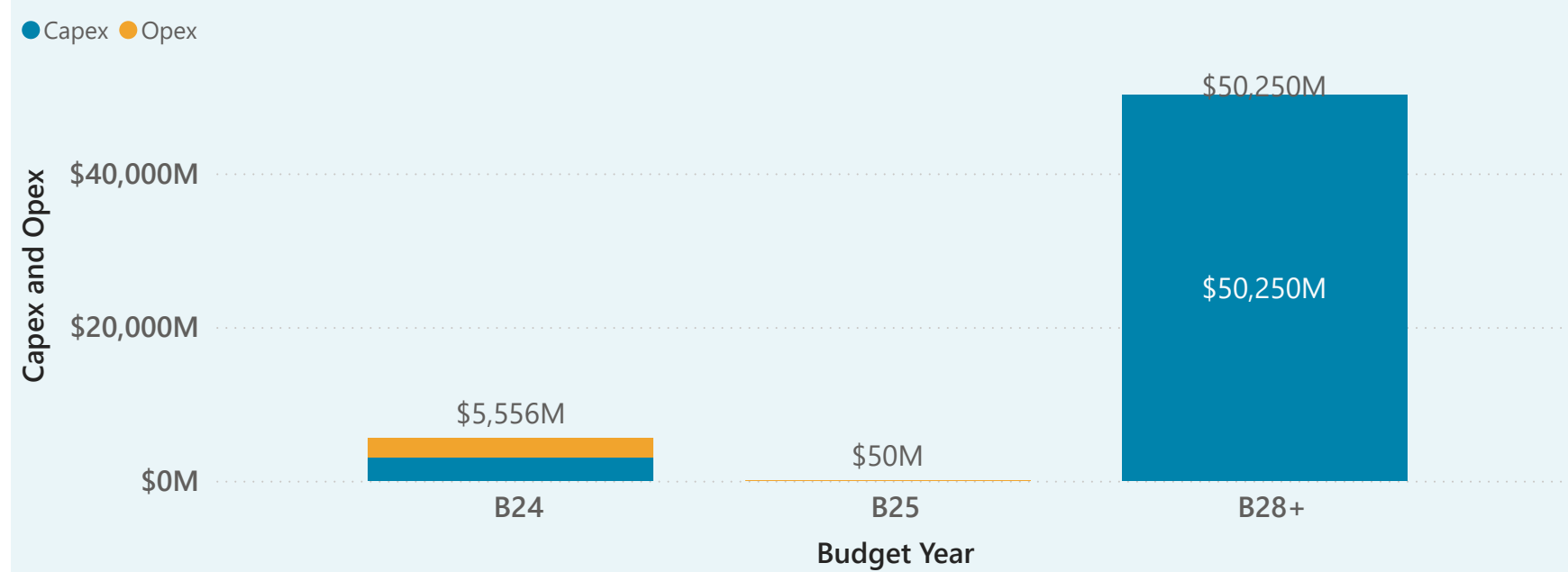
The GPS signals significant investment in the new Roads of National Significance (RONS); however, we note that RONS is not included in the QIR. Early cost estimates from NZTA on these projects indicate that it is unlikely these will be affordable within the NLTF without additional direct Crown funding.

The [33] or SH1 Additional Waitemata Harbour Connections is based on a design option within their current Indicative Business Case that has yet to be finalised. The Minister of Transport is preparing a Cabinet paper with advice on this project that could result in a lower cost option being taken forward into the next stages of planning.

Ministers agreed that the South Auckland Package – Manukau to Takaanini Access and Safety and SH1 Whangarei to Port Marsden Highway projects (both of which were experiencing cost estimate increases) would be delivered outside of NZUP to enable NZTA to manage the remaining NZUP projects within the funding envelope. Ministers also supported increasing the funding allocation for the Queenstown Package of works to \$250m (funded from already approved NZUP funding), noting that this still represented a reduced scope of works than was originally signalled by NZTA.

Despite these decisions, NZUP continues to present risks to delivering the programme within the approved funding envelope with cost estimates coming in above project funding allocations.

Forecast Budget funding requests



Upcoming Budget requests (B25 and B26)

Which Budget?	Risk Rating	Capex	Opex	Budget Funding	Other Funding	IBC	DBC	ImBC
[33]	[33]							

Cost pressures exceeding \$50 million or 20% of approved delivery budget

Investment Name	Investment Type	Delivery Budget	Spend to Date	Cost to Complete	Cost Pressures	% of Budget
Manawatū Tararua Highway : Te Ahu a Turanga	1 Infrastructure	\$659M	\$468M	[33]		
RNIP - Rail Network Investment Programme (first 5 years of 10 for Rail Network)	1 Infrastructure	\$2,122M	\$999M			
Rail Network Growth Impact & AMR	1 Infrastructure	\$408M	\$293M			
Wairarapa Rail Upgrades	1 Infrastructure	\$129M	\$26M			
ITS Network	2 Data and Digital	\$18M	\$18M			
Total		\$3,335M	\$1,804M	\$2,134M	\$602M	18%

Delays exceeding 20% of initial delivery timeframe

Investment Name	Investment Type	Start Date	Forecast End Date	Quarters delayed	Delay %
Papakura to Pukekohe Electrification (P2P)	1 Infrastructure	Dec 20	Dec 30	25	167%
NZUP - Canterbury Package	1 Infrastructure	Jun 21	Mar 29	13	72%
ITS Network	2 Data and Digital	Jun 21	Dec 26	12	120%
NZUP - Papakura to Drury	1 Infrastructure	Mar 21	Jun 28	11	61%
Rolling Stock	3 Specialist Equipment	Sep 19	Jun 29	10	34%
National Resilience Plan - minor improvements to rail lines to increase resilience and reliability	1 Infrastructure	Sep 23	Jun 26	8	266%
Northern Package - Whangārei to Otiria	1 Infrastructure	Dec 21	Jun 26	6	50%
NZUP - O Mahurangi (Penlink)	1 Infrastructure	Dec 22	Mar 28	5	31%
NZUP - Takitimu North Link stage 1	1 Infrastructure	Dec 21	Mar 28	5	25%
NZUP - Queenstown Package	1 Infrastructure	Mar 24	Mar 28	4	33%
Rail Reinstatement – rebuilding damaged rail lines following weather events	1 Infrastructure	Mar 23	Jun 25	4	80%
RNIP - Public Transport Infrastructure	1 Infrastructure	Sep 21	Jun 25	4	36%
State highway and local road recovery	1 Infrastructure	Mar 23	Dec 24	4	133%
State highway and local road response	1 Infrastructure	Mar 23	Dec 24	4	133%
Wiri to Quay Park (Third Main) (W2QP)	1 Infrastructure	Mar 20	Mar 25	4	25%
NZUP - SH1/29 Intersection Improvements	1 Infrastructure	Dec 23	Jun 25	2	49%

NZTA have provided further commentary through the agency consultation period:

System commentary on this page refers to the GPS and the RONS not being included in the March-QIR. Although referred to in the paper, the GPS was in draft and yet to be confirmed, resulting in the March submission not including all initiatives the Minister may consider are important, reprioritised or raised through the GPS process and remained predominantly focused on the last set of priorities from Budgets 23/24

Disclaimer:

Health NZ

System commentary

Overall data quality is poor, largely attributable to;

- some investments missing descriptions and commentary,
- some information is acknowledged to be out of date,
- there is a notable difference between the quality of data between data and digital investments and infrastructure investments,
- some investments lack known updates to expenditure, [25], [33] and [37]

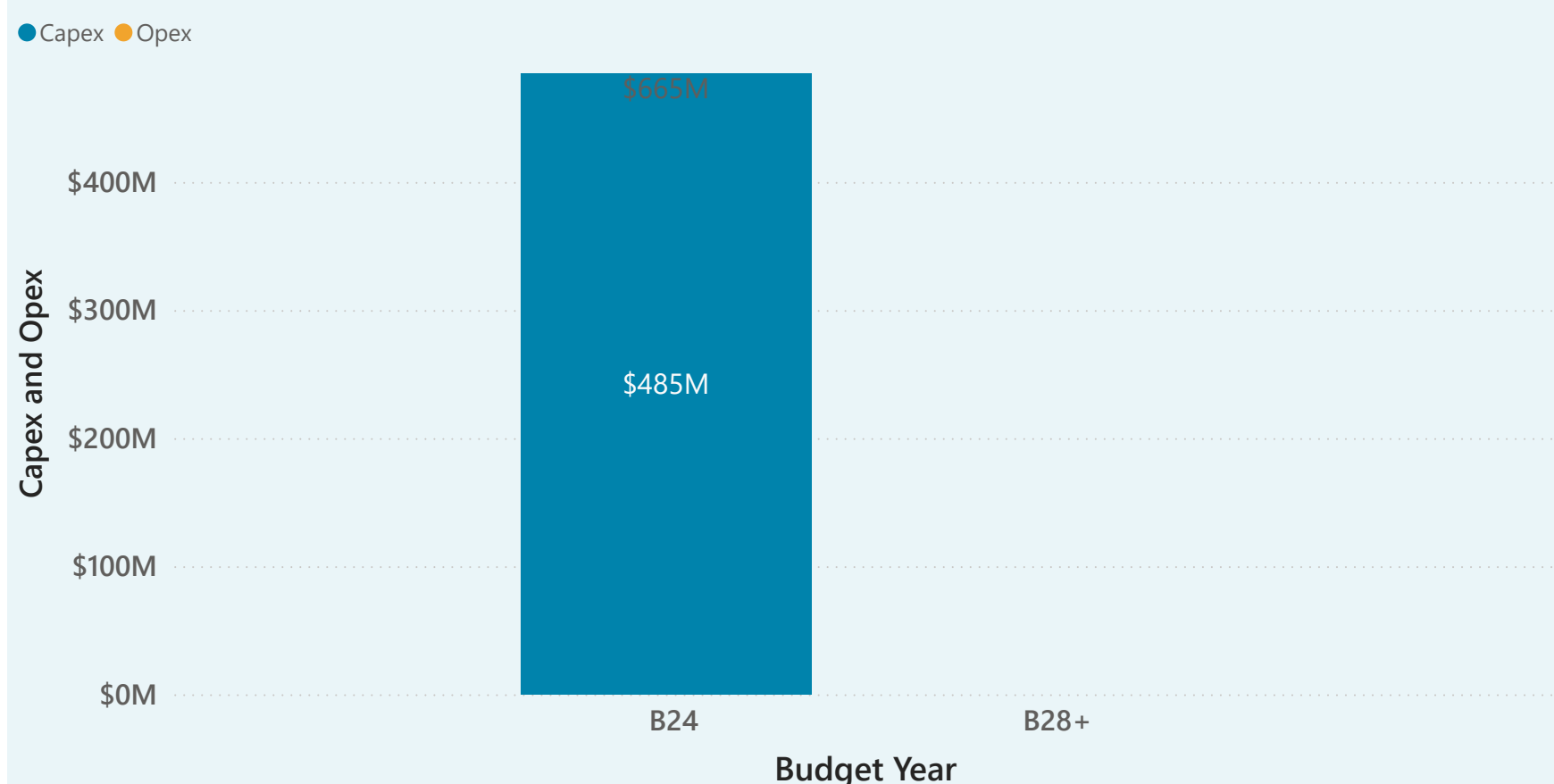
We understand the Infrastructure Investment Plan and National Asset Management Strategy will be considered by Cabinet mid-year. Both documents are currently with the Minister of Health for his sign off. Health NZ have previously committed to updating their QIR data with this information however this hasn't come through.

Cabinet agreed to return most of the funding set aside for Data and Digital investments through the budget process, directing Health NZ to return to Cabinet with a business case for the whole portfolio. Additionally, Ministers have agreed that the remaining funding will go towards strengthening payroll systems for Health NZ. Ministers have asked for a business case on payroll solutions to be rapidly progressed. We have serious concerns about the Digital sector of Health NZ and have recommended Ministers use Budget decisions as an opportunity to reset expectations in this area.

There is a Cabinet annual report back due in June 2024 where Health entities are expected to provide an update on progress post reform. Entities are also required to provide advice on the suitability of the current investment delegations. Our likely view on this is that the Health system should remain within delegations as set out in CO (23) 9.

Health NZ have had two Gateway reviews escalated in the last quarter.

Forecast Budget funding requests



Upcoming Budget requests (B25 and B26)

Which Budget?	Risk Rating	Capex	Opex	Budget Funding	Other Funding	IBC	DBC	ImBC
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[No investments reported seeking Budget 2025 or Budget 2026 funding]

Cost pressures exceeding \$50 million or 20% of approved delivery budget

Investment Name	Investment Type	Delivery Budget	Spend to Date	Cost to Complete	Cost Pressures	% of Budget
New Dunedin Hospital	1 Infrastructure	\$1,590M	\$319M	[25],[33] and [37]		
Northern Workspace programme	2 Data and Digital	\$56M	\$37M			
Total		\$1,646M	\$356M	[25], [33] and [37]		

Delays exceeding 20% of initial delivery timeframe

Investment Name	Investment Type	Start Date	Forecast End Date	Quarters delayed	Delay %
Keeping the Lights on - Stage 2 (Dunedin Hospital Transition Programme - Maintenance) (Critical Infrastructure Works)	1 Infrastructure	Jun 20	Dec 25	12	120%
Health Finance, Procurement and Information Management System (FPIM)	2 Data and Digital	Mar 19	Dec 24	8	53%
Regional Collaborative Community Care (RCCC)	2 Data and Digital	Sep 20	Dec 24	8	89%
Hutt Valley Te Whare Ahuru Acute Mental Health Unit	1 Infrastructure	Sep 22	Sep 24	7	695%
Energy Centre and Services Tunnel	1 Infrastructure	Mar 17	Jun 24	5	21%
Linear Accelerators (Taranaki)	1 Infrastructure	Dec 23	Sep 25	5	251%
Christchurch Hospital Redevelopment, Tower 3	1 Infrastructure	Mar 23	Dec 25	3	38%

Disclaimer:

Defence Force

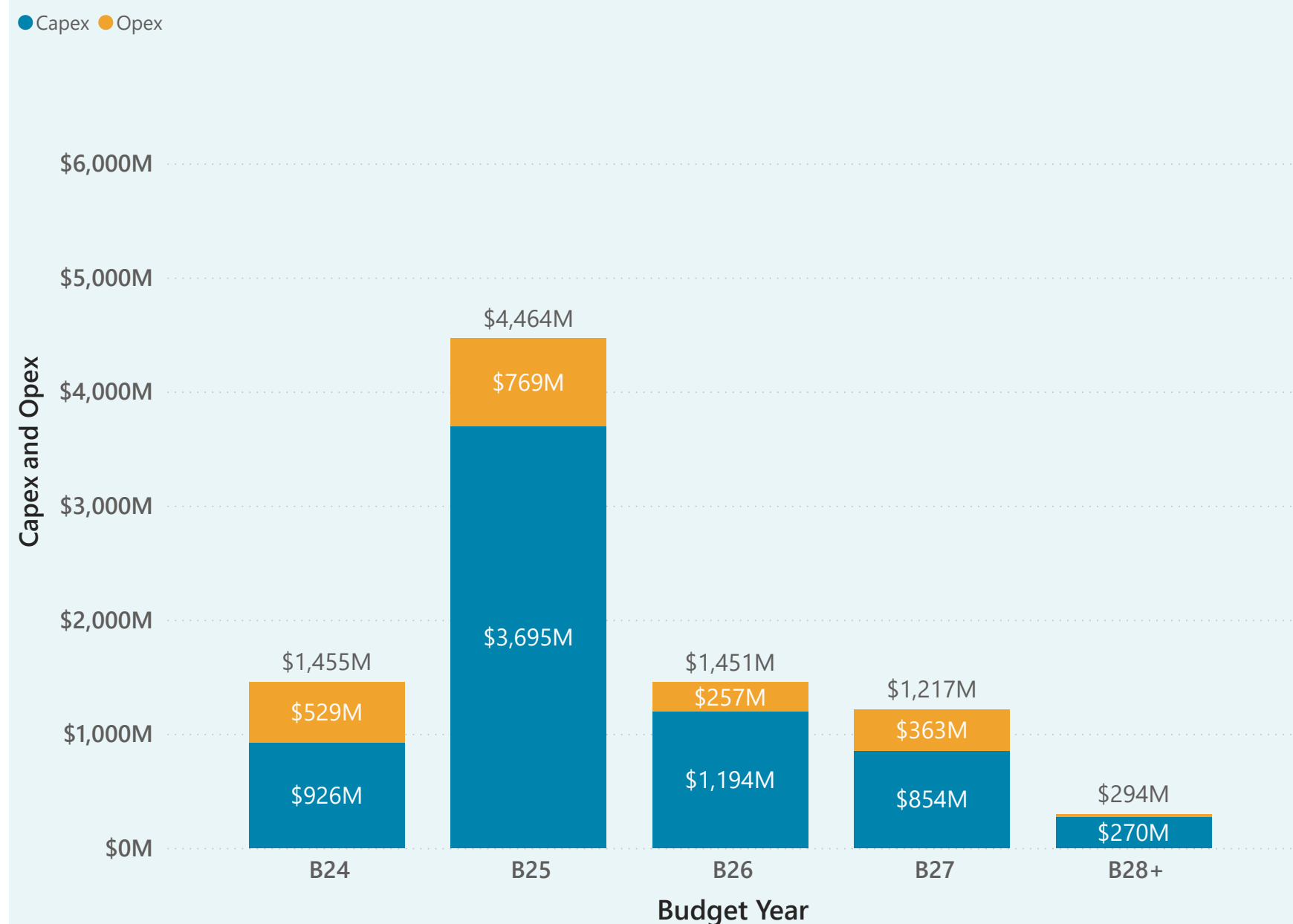
System commentary

Defence agencies have consistently sought significant levels of funding through the Budget process, and it has often been challenging for Treasury and the Minister of Finance to get clear views on prioritisation of planned investments.

The data highlights an intention to request substantial levels of funding at upcoming Budgets. In addition to the investments currently marked for B25 and B26, we expect that unfunded initiatives at B24 ^[33] Planned investments span both military capabilities and key 'enablers' such as IT and Estate projects; historically, investments in military capabilities have typically been prioritised for funding requests.

The Defence Capability Plan 2024 (DCP24), which will outline updated multi-year investment intentions, is currently under development and options will be submitted to Cabinet ^[33] Once confirmed, the outcomes of DCP24 will be reflected in future iterations of QIR data ^[33]

Forecast Budget funding requests



Upcoming Budget requests (B25 and B26)

Which Budget?	Risk Rating	Capex	Opex	Budget Funding	Other Funding	IBC	DBC	ImBC
[33]								

Cost pressures exceeding \$50 million or 20% of approved delivery budget

Investment Name	Investment Type	Delivery Budget	Spend to Date	Cost to Complete	Cost Pressures	% of Budget
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[No investments reported meeting cost pressure criteria]

Delays exceeding 20% of initial delivery timeframe

Investment Name	Investment Type	Start Date	Forecast End Date	Quarters delayed	Delay %
Protected Mobility - Protected Vehicles Medium (PV-M)	3 Specialist Equipment	Jun 23	Jun 28	19	1886%
Frigate Systems upgrade (FSU)	3 Specialist Equipment	Mar 15	Dec 24	14	56%
Maritime sustainment capability	3 Specialist Equipment	Sep 16	Mar 24	14	87%
Fixed High Frequency Radio Refresh (FHFRR)	2 Data and Digital	Mar 20	Mar 27	13	87%
Dive and Hydrographic Vessel	3 Specialist Equipment	Mar 18	Mar 24	11	85%
Enterprise Productivity (Modern Desktop)	2 Data and Digital	Mar 22	Dec 24	7	176%
Information Management Programme Tranche 0	2 Data and Digital	Dec 23	Dec 24	2	101%

Disclaimer:

Kāinga Ora

System commentary

The Independent Review of Kāinga Ora was released on 20 May 2024. The Government has accepted several Review recommendations, including refreshing the Kāinga Ora board, and setting an expectation that the Kāinga Ora board develop a credible and detailed plan with the goal of eliminating losses. Simon Moutter has been appointed as the new Chair of the Kāinga Ora board, and the Minister of Housing and Minister of Finance will be sending him an updated Letter of Expectations, including an expectation that a credible plan with the goal of eliminating losses be presented to responsible Ministers by November 2024.

Kāinga Ora's capital spend forecast in May showed Kāinga Ora exceeding their appropriated debt needs. The Minister of Housing and Minister of Finance wrote to the Board in March 2024 requesting a change, and their capital spend forecast was changed by around \$2 billion (debt difference was \$2.4 billion, with some capital impacts) to bring it within appropriations. Changes were also made through reductions to public housing builds (renewals) and retrofits of around 8,400 over the forecast period. The Treasury expects to see these changes reflected in Kāinga Ora's June QIR submission.

Public housing investment does not go through Cabinet business case process, partly because it is comprised of many smaller investments. This means that there are gaps in Kāinga Ora's QIR reporting, for example the *Public and Supported Housing [FY26+FY27]* investment is categorised as being in delivery because financing has been approved, however most of the builds or buys associated with this investment have not even reached pre-procurement.

Kāinga Ora has also removed the cost escalations^[33] for the Public and Supported Housing investments as Kāinga Ora now do not include feasibility projects as part of the investment, were waiting on confirmation of expectations, and not being able to report a specific cost pressure value. Kāinga Ora have committed to refining their cost escalation value in the June QIR on existing activity as the investment continues to face cost pressures.

Kāinga Ora have provided further commentary through the agency consultation period:

The Public and Supported Housing [FY 26/27] delivery expectations have not been provided as recently it was confirmed that no growth has been requested by the Government. Kāinga Ora is working through the financial plan for Cabinet consideration post the external review on the parameters we are expected to work within to undertake the renewal programme (including retrofit permissions). Until that is complete the Public and Support Housing [FY26/27] investment remains consistent with current debt permissions, noting these other processes may materially change Kāinga Ora's future reporting. Most build/buy investments beyond FY26 haven't reached procurement processes and will not do so until all the relevant parameters are known, including the desired speed with which to renew the existing portfolio if there is no growth in public housing overall numbers

Forecast Budget funding requests

[No investments reported seeking Budget funding]

Budget Year

Upcoming Budget requests (B25 and B26)

Which Budget?	Risk Rating	Other Funding	IBC	DBC	ImBC
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[No investments reported seeking Budget 2025 or Budget 2026 funding]

Cost pressures exceeding \$50 million or 20% of approved delivery budget

Investment Name	Investment Type	Delivery Budget	Spend to Date	Cost to Complete	Cost Pressures	% of Budget
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[No investments reported meeting cost pressure criteria]

Delays exceeding 20% of initial delivery timeframe

Investment Name	Investment Type	Start Date	Forecast End Date	Quarters delayed	Delay %
Arlington Site 1&3 Nga Kumikumi	1 Infrastructure	Sep 21	Dec 27	10	67%
3-11 Cranbook Place 36-40 Crossfield Rd, Glendowie	1 Infrastructure	Mar 23	Dec 26	8	114%

Disclaimer:

Ministry of Education

System commentary

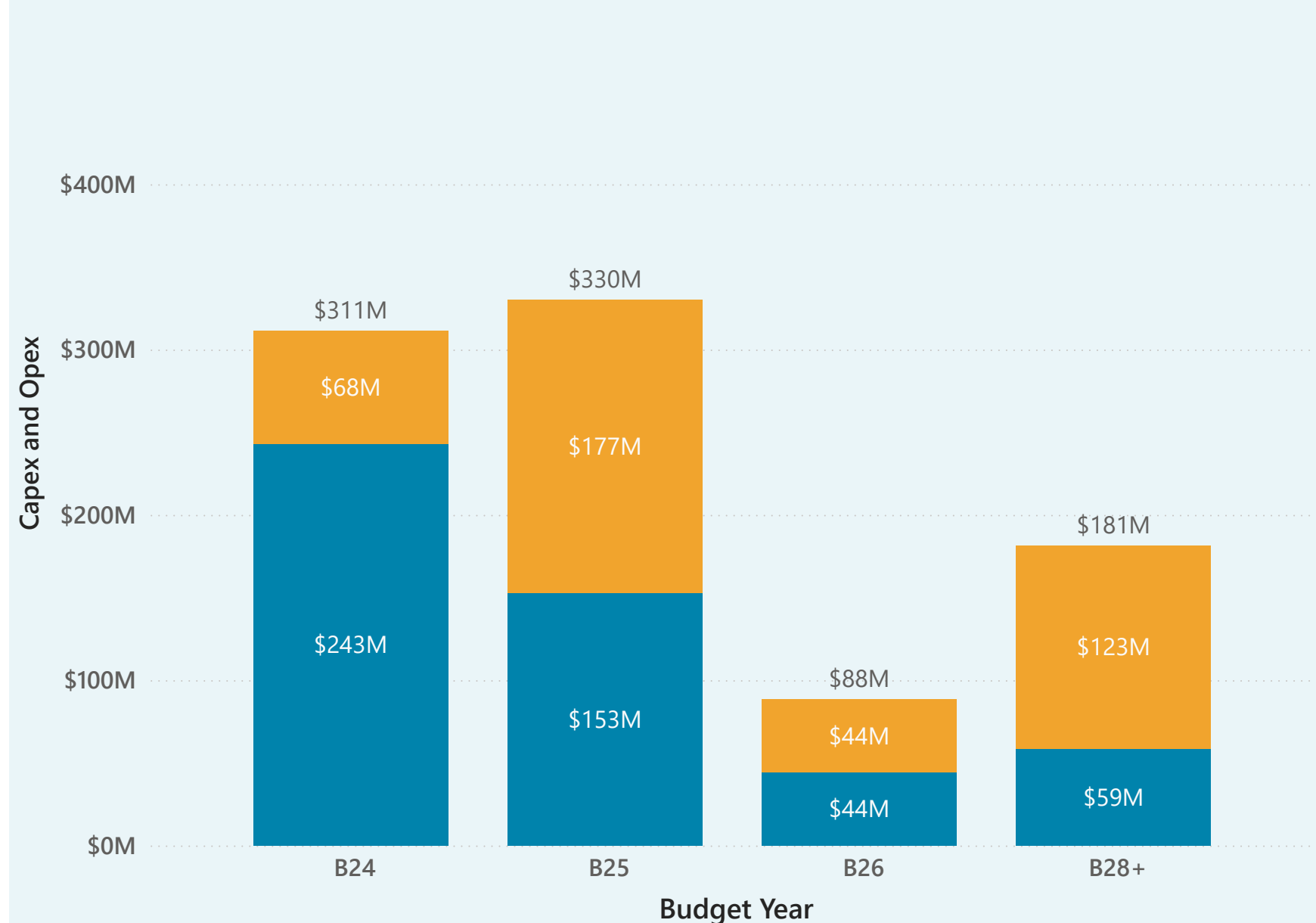
Cabinet has agreed to an independent review in the form of a non-statutory Ministerial inquiry into the efficiency and effectiveness of the property planning and delivery function of the Ministry of Education. The reviewers are expected to report back to the Minister of Education in June 2024, and the review will also be discussed at Infrastructure and Investment Ministers Group in July 2024.

Cost to complete for the Minister of Education have fallen in small part due to the agency reducing the cost to complete for some investments. The majority of the reduction in cost to compete is due to the Ministry of Education changing the approach to reporting to exclude previously approved funding.

The Ministry of Education should continue to address data quality issues within their QIR submission. There appear to be some inconsistencies in their submission such as not reported changes to the benefits for rescoped investments or reported data being inconsistent with known values (e.g. [33] cost pressure which the agency sought for the *Christchurch Schools Rebuild* in Budget 2024).

Forecast Budget funding requests

● Capex ● Opex



Upcoming Budget requests (B25 and B26)

Which Budget?	Risk Rating	Capex	Opex	Budget Funding	Other Funding	IBC	DBC	ImBC
[33]								

Cost pressures exceeding \$50 million or 20% of approved delivery budget

Investment Name	Investment Type	Delivery Budget	Spend to Date	Cost to Complete	Cost Pressures	% of Budget
Te Mana Tuhono (Continuing Cybersecurity and Managed IT Services)	2 Data and Digital	\$90M	\$61M	[33]		
School Transport (TPHM) - Pokapū Waka Kura	2 Data and Digital	\$27M	\$7M			
Total		\$117M	\$68M	\$152M	\$102M	88%

Delays exceeding 20% of initial delivery timeframe

Investment Name	Investment Type	Start Date	Forecast End Date	Quarters delayed	Delay %
Te Mana Tuhono (Continuing Cybersecurity and Managed IT Services)	2 Data and Digital	Sep 20	Jun 27	12	80%
Te Rito (Enabling ākonga and learner information to follow them throughout their education)	2 Data and Digital	Sep 20	Jun 27	12	80%
Education Resourcing System (ERS)	2 Data and Digital	Dec 16	Dec 25	10	39%
Cyber Security and Digital Support (CSDS) Programme (B22)	2 Data and Digital	Sep 22	Jun 25	8	268%
Cyber Security and Digital Support (CSDS) Programme (B23)	2 Data and Digital	Sep 23	Jun 25	4	133%
Land Purchases (2023)	1 Infrastructure	Sep 22	Jun 24	4	134%

Disclaimer:

Wellington Regional Hospital - Car Park

Position in lifecycle



Health NZ

Agency description

Te Whatu Ora – Health New Zealand – Capital, Coast and Hutt Valley (Te Whatu Ora) is undertaking a feasibility study for an additional multi-storey car park at Wellington Regional Hospital to address current insufficient supply of staff and patient parking and future proof for future growth in the hospital and the planned removal of car parking in the surrounding streets by Wellington City Council.

Budget information

Opex	Capex	Budget year	Budget Funding	Other Funding
[33]				

Planning and delivery timeframes

IBC	DBC	Budget year	ImBC	Start Date	End Date
		[33]			

Investment information

Investment type: Infrastructure

Risk rating: Medium

Region: Wellington

Senior Responsible Owner:

Project Director:

Agency commentary

[No agency commentary provided]

Treasury and Investment Panel commentary

A Gateway review in March 2024 identified that complexities of the policy environment for financing infrastructure, funding evaluation process, the related risks associated with delivering a large construction project and the uncertainties as to how Health New Zealand will resource project management and delivery create some doubt on delivery confidence.

The review recommended a pause to the development of business cases until clarification of the funding pathway was received which would in turn address constraints and enable the establishment of a project evaluation and approval pathway to assist the ability to deliver.

New Dunedin Hospital

Health NZ

Position in lifecycle



Agency description

New Dunedin Hospital

Investment information

Investment type: Infrastructure

Risk rating: High

Region: Otago

Senior Responsible Owner: Tony Lanigan

Project Director: Andrew Holmes & Bradley Marais

Agency commentary

HNZ ID 10025

Cost pressure commentary

Primary driver: Increasing materials and/or labour costs (cost increases)

Note that we are waiting for formal confirmation of cabinet minutes before we update this as approved capex.

Disclaimer:

Budget and expenditure

Year funding approved	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Cost pressures (Reported)
2021	\$1,590M	\$0M	\$1,590M	\$33M	\$319M	[33]	

Delivery timeframe

Start Date	Initial End Date	Current End Date
Jun 22	Jun 28	Mar 29

Changes to scope and benefits

Scope

No Change

Benefits

No Change

Treasury and Investment Panel commentary

Recent decisions:

[25] and [37]

Minister of Finance and Minister of Health has agreed to additional assurance requirements:

[33]

· requiring the project to report to Infrastructure and Investment Ministers Group

Current status:

[33]

[25] and [37]

The Treasury has received a draft interim Implementation Business Case for early feedback.

[33]

Our Place in Antarctica

Ministry of Foreign Affairs and Trade

Position in lifecycle



Agency description

This project is seeking to ensure New Zealand's continued active presence in Antarctica through a Scott Base facility that's fit for purpose for the next 50 years and continuing to support high quality science aligned to New Zealand's Antarctica science strategy (Aotearoa New Zealand Antarctic and Southern Ocean Research Directions and Priorities 2021–2030) and broader strategic objectives.

Investment information

Investment type: Infrastructure

Risk rating: High

Region: Overseas

Senior Responsible Owner: Sarah Williamson

Project Director: Jon Ager

Agency commentary

Post balance date NZAI was unable to conclude commercial negotiations with its preferred supplier for a main contractor agreement to redevelop Scott Base within the Cabinet approved total project funding envelope. As a result the Early Contractor Involvement (ECI) arrangement between the parties has finished, although they continue to work together on discrete work packages including the Ross Island windfarm replacement. NZAI has completed an externally-led review of options to deliver the project, the results from which are being reviewed and costed to determine the way forward.

Cost pressure commentary

Primary driver: Increasing materials and/or labour costs (cost increases)

Budget and expenditure

Year funding approved	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Cost pressures (Reported)
2021	\$465M	\$33M	\$498M	\$7M	\$101M	[33]	

Delivery timeframe

Start Date	Initial End Date	Current End Date
Sep 21	Jun 30	Dec 28

Changes to scope and benefits

Scope

No Change

Benefits

No Change

Treasury and Investment Panel commentary

Antarctica New Zealand paused negotiations for the main construction contract in August-September 2023 after it was unable to reach agreement on price with their preferred contractor. There was a significant gap between the parties despite the project having received \$159 million capital and \$39 million operating (over the forecast period) through the Treasury-led centralised cost escalation process in December 2022.

Since then, Antarctica New Zealand has been exploring options to bring the project back within existing approved funding. We have limited visibility of this process, which the Board of Antarctica New Zealand is running, but we understand they are considering changes to design and delivery methodology.

Given the status of the Project, in March 2024 Cabinet agreed to withdraw the funding currently in Antarctica New Zealand's appropriations in Vote Foreign Affairs for the Project, and to set it aside in tagged capital and operating contingencies to be drawn down at a future date when Cabinet approves a revised Detailed Business Case [FPS-24-MIN-0004 refers]. This is expected to be ready for approval later in 2024.

Disclaimer:

Education Resourcing System (ERS)

Position in lifecycle



Ministry of Education

Agency description

The ERS Programme is developing Pourato, the Ministry's online resourcing system to manage \$10.8 billion per annum of funding and staffing entitlements for schools| kura and early learning providers.

Pourato is being implemented through a series of software releases and associated business process changes, aligned to Government policy initiatives and education sector resourcing cycles. The system will fully replace the 35-year-old EDUMIS system, which runs on outdated technology that risks a resourcing system failure and for which vendor support will stop in 2025.

Pourato is based on high-level benefit measures to:

- Reduce the overall risk profile by decommissioning EDUMIS.
- Reduce the time and effort to complete a task or output.
- Improve responsiveness within the education system.

Investment information

Investment type: Data and Digital

Risk rating: High

Region: All of New Zealand

Senior Responsible Owner: Sean Teddy

Project Director: Julia Hardacre and/or Stuart Wakefield

Agency commentary

Additional funding through a Cost Escalation Claim and Budget 23 has been appropriated to the programme.

Cost pressure commentary

Primary driver:

The ERS Programme is currently in a reset following a red rating from the December 2023 Gateway Review Assurance report. A review and update the Business Case is underway based on the reset programme roadmap and schedule. The ERS Programme will remain within the current funding envelope.

Budget and expenditure

Year funding approved	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Cost pressures (Reported)
2021	\$118M	\$117M	\$235M	\$32M	\$138M	[33]	

Delivery timeframe

Start Date	Initial End Date	Current End Date
Dec 16	Jun 23	Dec 25

Changes to scope and benefits

Scope

Decreased

Benefits

Decreased

Treasury and Investment Panel commentary

Following Gateway reviews in 2023 that identified critical recommendations that needed addressing, Education have undertaken a reset on the programme that has resulted in Pourato (ERS) being transitioned from being a stand-alone programme to being integrated with the wider Ministry structure. Programme leadership has been adjusted to ensure decisions being made on the delivery of system functionality are solely driven by business and user priorities. Education continue to aim to deliver the solution within their revised financial envelope.

A second Assurance of Action Plan review was undertaken in May 2024 resulting in an Amber confidence rating, improving on the Red rating received in November 2023. The programme has been reset and advice to Ministers on benefit realisation is being prepared.

Disclaimer:

Parakiore Recreation and Sport Centre

Rau Paenga Limited

Position in lifecycle



Agency description

Formerly "Metro Sports Facility".

The purpose of this project is to deliver Parakiore Recreation and Sport Centre (formerly Metro Sports Facility) in partnership with CCC in line with the Christchurch Central Recovery Plan.

Budget and expenditure

Year funding approved	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Cost pressures (Reported)
2016	\$369M	\$0M	\$369M	\$21M	\$304M	[33]	

Delivery timeframe

Start Date	Initial End Date	Current End Date
Jun 19	Dec 21	Sep 25

Investment information

Investment type: Infrastructure

Risk rating: Low

Region: Canterbury

Senior Responsible Owner: John O'Hagan

Project Director: Alistair Young

Changes to scope and benefits

Scope

No Change

Benefits

No Change

Agency commentary

[37] and [38]

Treasury and Investment Panel commentary

[Please note that the below information is commercially sensitive]

[37] and [38]

Rau Paenga continues to work with The Treasury on the associated cost pressures on this project.

The completion date in cell AL7 is based upon the main contractor's current forecast completion date.

Regarding Cabinet Minutes per column Y to AE, we haven't populated as we are unable locate the info at this stage.

Cost pressure commentary

Primary driver: Design, procurement, or management complications

[37] and [38]

Disclaimer:



New Zealand Transport Agency (NZTA) and KiwiRail

Agency description

The New Zealand Upgrade Programme (NZUP) will provide growing communities across the country with better travel choices that help people get where they're going safely. NZTA and KiwiRail are delivering the Government's \$8.7 billion investment in rail, public transport, walking and cycling as well as safer roads that better connect people and businesses.

Investment information

Investment type: Infrastructure

Risk rating: High

Region: All of New Zealand

Senior Responsible Owner: Mark Kinvig (NZTA) and David Gordon (KiwiRail)

Project Director: Craig Mitchell (NZTA) and Lisa De Coek (KiwiRail)

Agency commentary

For whole of NZTA delivered NZUP programme.

Updated in accordance to 2023 Delegation Letter.

Overall values indicated on this table are at risk of on-going cost escalation.

CAPEX Requirement and Approved Delivery Budget is current approved funding.

OPEX Requirement based on current appropriation.

Decrease in scope and benefits is due to changes in delivery for South Auckland, and Queenstown Packages.

The programme continue to manage projects given previous cost pressures. Decisions will be reflected in upcoming Delegation Letter.

Cost pressure commentary

Primary driver: Increasing materials and/or labour costs (cost increases)

The information shared with the joint ministers in late February aligns with the upcoming 2024 April Delegation letter. As a result, we have zeroed out the cost pressures and will operate within budget constraints. Decision making with sponsors and steering groups will be necessary to enable any changes.

NZTA have provided further commentary through the agency consultation period:

Allocations provided in the March 2024 QIR submission were based off the 2023 Delegation Letter Allocations. Cost to Complete figures in the submission was reflective of the current situation. As these Cost to Completes were compared against old allocation, several projects were indicating that they had cost pressures beyond their allocation.

On 16 April NZTA Board Chair received a new delegation letter that confirmed that Joint Ministers agreed to NZTA's proposal to manage cost escalations within the existing programme baseline funding. These updated allocations are in line with the Cost to Completes projects and therefore there are no cost pressures across the programme as whole. As part of this, it also reflects programmes that are only funded up to Pre-Implementation.

Budget and expenditure

Year funding approved	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Cost pressures (Reported)
2020	\$8,019M	\$32M	\$8,051M	\$197M	\$2,300M	[33]	

Delivery timeframe

Start Date	Initial End Date	Current End Date
Mar 20	Dec 30	Dec 30

Changes to scope and benefits

Scope

Decreased

Benefits

Decreased

Treasury and Investment Panel commentary

The total value of NZUP is \$8.978bn across the entire programme – whereas the \$8.7 billion figure reported by NZTA and Kiwirail doesn't include a tagged contingency that has now been drawn down.

In March 2024, the Ministers of Finance and Transport agreed that NZTA is accountable for delivering the roading components of NZUP within its fixed funding envelope of ~\$6.5 billion. A revised delegation letter was provided to the NZTA Board to reflect this expectation.

Ministers agreed that the *South Auckland Package – Manukau to Takaanini Access and Safety* and *SH1 Whangarei to Port Marsden Highway* projects (both of which were experiencing significant cost estimate increases) would be delivered outside of NZUP to enable NZTA to manage the remaining NZUP projects within the funding envelope. Ministers also supported increasing the funding allocation for the *Queenstown Package* of works to \$250m (funded from already approved NZUP funding), noting that this still represented a reduced scope of works than was originally signalled by NZTA.

Despite these decisions, NZUP continues to present risks to delivering the programme within the approved funding envelope with cost estimates coming in above project funding allocations.

Note the NZUP investment as reported through the QIR has data gaps with only \$8.05 billion being reported. We have identified this by taking the Agency Description, Investment Information, Agency Commentary, Cost Pressure Commentary, Delivery Timeframe and Changes to Scope and Benefits have been taken from NZTA's investment which represents the entirety of NZTA's fixed funding envelope. The Budget and Expenditure section however also includes figures take from KiwiRail's NZUP investments, being *Papakura to Pukekohe Electrification*, *Wiri to Quay Park*, *Drury Rail Stations*, *Wellington Station Safety Improvements*, and the *Northland Package – Marsden Point Rail Link* and *Northland Package - Whangarei to Otiria*.

Health Sector Agreements and Payments Programme (HSAAP)

Position in lifecycle



Health NZ

Agency description

This initiative will provide funding for modernising the commissioning and payments for publicly funded health services which will provide more integrity over payments and have systems in place that are flexible enough to implement changes in funding models for health services. This will contribute to a more agile, affordable and sustainable health system and the delivery of improved health outcomes.

Investment information

Investment type: Data and Digital

Risk rating: High

Region: All of New Zealand

Senior Responsible Owner: Mark Woodard

Project Director: Leanne Tomlinson

Agency commentary

HNZ ID 10056

Actuals as at 29 February 2024

Cost pressure commentary

Primary driver:

[No cost pressure commentary provided]

Disclaimer:

Budget and expenditure

Year funding approved	Capex	Opex	Delivery Budget	Spend in quarter	Spend to date	Cost to complete	Cost pressures (Reported)
2021	\$0M	\$97M	\$138M	\$7M	\$85M	[33]	

Delivery timeframe

Start Date	Initial End Date	Current End Date
Sep 21	Jun 26	Jun 26

Changes to scope and benefits

Scope

No Change

Benefits

No Change

Treasury and Investment Panel commentary

Following a Gateway review March 2024, an enhanced notification and escalation process was triggered as the programme returned a delivery confidence assessment that stated: Successful delivery (to the approvals in the last Cabinet approved business case) appears to be unachievable. There are major issues which at this stage do not appear to be manageable or resolvable. The programme may need re-baselining and/or its overall viability re-assessed.

The solution is still very much needed and in the Gateway review team's opinion is still the most viable option to deliver. Updating the business case to reflect the current expected time to deliver and how it will be delivered, in parallel to delivering the solution is a priority. A follow-up assurance of action plan review will be discussed with the SRO in line with the escalation process.

Gateway Investment Assurance

Gateway Assurance reviews completed in last quarter (Jan-Mar 2024)

Agency	Project/Programme	Review type
Defence	Maritime Helicopter Replacement	Gate 2
Health NZ	Wellington Regional Hospital Carpark	Gate 1
NZTA	Manawatū Tararua Highway	Gate 0
Oranga Tamariki	HR/Payroll	Gate 5
Health NZ	Health Sector Agreements and Payments Programme (HSAAP)	Gate 0
Education	Water Services Investment Programme	Gate 0/1

Gateway Assurance reviews planned for next quarter (Apr-Jun 2024)

Agency	Project/Programme	Review type
Defence	Consolidated Logistics Programme	Gate 0/4
Ministry of Health	Bowel Screening Programme	Gate 5
Callaghan Innovation	Gracefield Innovation Precinct Project	TIR
NZ Police	Enterprise Resource Management Programme	TIR
Education	Enterprise Resourcing System	AAP
GCSB/NZSIS	^[1]	Gate 5
Education	Future School and Kura Payroll	Gate 0/1
Health NZ	Health Finance Procurement and Information Management System (FPI)	Gate 0
Defence	Network Enabled Army	Gate 0/4
Customs	NZ Traveller Declaration	Gate 5
FENZ	Payroll	Gate 0
MSD	Corporate Platform	Gate 0

Trends and insights from the last quarter (Jan-Mar 2024)

Reviews are being rescheduled or cancelled as a response to fiscal or budget constraints
Ongoing fiscal uncertainty is requiring timelines and investment activities to be rescheduled

Annex B withheld in full under [33]