The Treasury

Major Projects Performance Information Release

Release Document

June 2016

http://www.treasury.govt.nz/statesector/investmentmanagement/publications/majorprojects

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government

9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.
The Major Projects Performance Report

The Treasury monitors government’s riskiest investment projects and advises on the extent to which they are delivering as expected. If they are not, the Treasury ensures that good information is provided quickly to the right people to manage issues as they arise.

Major projects\(^1\) are a subset of the government investment portfolio, and are subject to additional oversight and monitoring by the Treasury. In this period the number of major projects has increased from 41 to 43.

They comprise 9% by number and 32% by value of the total government investment portfolio.

This report provides an overview of the performance of major projects to the Minister of Finance and Cabinet three times each year.

The report features:
- Analysis of performance across the major projects portfolio,
- a summary report from the Major Projects Assessment Panel, and
- a dashboard for each major project with financial, schedule, and benefits information, an agency comment, the Treasury’s monitoring delivery confidence assessment, and a functional lead agency comment where applicable.

The monitoring delivery confidence assessment is used by Treasury to report the likelihood that an investment project will perform as expected - deliver its planned benefits on time and within budget.

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\(^1\) The word ‘project’ in this report refers to both projects and programmes.
Portfolio performance November 2015 – February 2016

The performance of the major projects portfolio remains strong, with 37, or 84%, of projects assessed as Amber or better. Just one project is assessed as Red in this period.

Green and Amber/Green projects continue to comprise around half of the major projects portfolio.

<table>
<thead>
<tr>
<th>The Monitoring Delivery Confidence Assessment Scale</th>
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<tr>
<td><strong>Green</strong></td>
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<td><strong>Amber/Green</strong></td>
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<td><strong>Amber</strong></td>
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<td><strong>Amber/Red</strong></td>
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<td><strong>Red</strong></td>
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Whilst there is a slight increase in Amber/Red projects, fluctuation in performance is to be expected, as these are large complex projects that are likely to face challenges.

As projects resolve and mitigate these challenges, they can get back on track and monitoring delivery confidence improves.

As shown below, projects assessed as Red or Amber/Red in June 2015 are continuing to improve.

The grey project has exited from Treasury monitoring.
The Major Projects Assessment Panel

The Treasury convenes a panel to review the monitoring delivery confidence assessments of a sub-set of major projects. The Panel consists of officials from the Treasury, New Zealand Government Procurement, the Government Chief Information Office, and other departments as required. The March 2016 Panel identified two main themes across the major projects portfolio:

There is insufficient focus on benefits in project planning and procurement.

If benefits are not well-defined early in a project, options development and approach to market can focus too much on outputs. This creates the risk that projects buy the wrong thing, either something not needed at all or only partly fit-for-purpose. Instead, the focus should be on problems that need to be solved, or outcomes that need to be achieved.

New Zealand Government Procurement advises that best practise procurement involves selecting the best value-for-money solution. If there is not a good understanding of value, then value-for-money cannot be evaluated. If only cost is considered, the lowest cost option is selected by default.

Contracts need to be awarded on a value-for-money basis, where contributions to benefit delivery are considered alongside whole-of-life costs. The Treasury could improve its advice on investment proposals to better consider value, in line with the living standards framework, to support this.

Proactive supplier management is also needed, with reference to benefits. Incentives and at-risk components could be used more widely to enhance supplier contributions to benefits deliver.

Ministerial direction on investments too early can reduce planning effectiveness.

Ministerial or executive direction on investments is common, and this engagement and support is essential for success. However some directions can compromise the quality of investments, typically by impacting options analysis or benefits planning.

The Treasury is considering actions to address these themes, and will incorporate these into its work programme.
## Summary of major projects

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agency</th>
<th>Project/Programme</th>
<th>Delivery Confidence</th>
<th>Change</th>
<th>Responsible Minister</th>
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</table>
| Border                  | Customs     | **Joint Border Management System (JBMS) Programme**  
Moving to a faster, simpler, more cohesive and reliable system of border management                                                    | ▶                   | ▼      | Hon Wagner           | 9    |
| Canterbury Recovery     | CERA        | **Christchurch Central Delivery Programme**  
Ensuring timely and effective delivery of anchor projects in central Christchurch                                                                  | ▶                   | ▶      | Hon Brownlee        | 10   |
| Canterbury Recovery     | DPMC        | **Horizontal Infrastructure Programme**  
Leading the recovery of resilient, sustainable, and cost-effective network infrastructure                                                         | ▶                   | ▴      | Hon Brownlee        | 12   |
| Canterbury Recovery     | LINZ        | **Residential Red Zone – Acquisitions and Management**  
Governs and coordinates acquisition and management of land in the RRZ                                                                          | ▶                   | ▶      | Hon Brownlee        | 13   |
| Canterbury Recovery     | DPMC        | **Residential Red Zone – Future Use of Red Zone Land**  
Determining options for the future use of the Residential Red Zones                                                                           | ▶                   | ▴      | Hon Brownlee        | 14   |
| Canterbury Recovery     | MINEDU      | **Christchurch Schools Rebuild Programme**  
Will repair and rebuild 115 damaged Canterbury schools by 2022                                                                                | ▶                   | ▴      | Hon Parata          | 15   |
| Canterbury Recovery     | MOH         | **Burwood Hospital Redevelopment**  
Redeveloping Burwood Hospital after the Canterbury earthquake series                                                                               | ▶                   | ▴      | Hon Coleman         | 16   |
| Canterbury Recovery     | MOJ         | **Christchurch Justice Emergency Services Precinct**  
A new single-site precinct to accommodate justice and emergency services                                                                          | ▶                   | ▴      | Hon Adams           | 17   |
| Culture and Heritage    | MCH         | **Military Heritage Delivery Arrangements Project**  
Options for improving the delivery of military heritage with a national focus                                                                        | ▶                   | ▴      | Hon Barry           | 18   |
| Defence                 | MOD/NZDF    | **Defence Capability Portfolio**  
Implementing the Defence Capability Plan                                                                                                           | N/A                | N/A    | Hon Brownlee        | 19   |
| Defence                 | MOD/NZDF    | **Platform Systems Upgrade (PSU) Project**  
Upgrading the platform systems of HMNZS Te Mana and HMNZS Te Kaha, to ensure combat viability                                                      | ▶                   | ▶      | Hon Brownlee        | 19   |
| Defence                 | MOD/NZDF    | **Consolidated Logistics Project**  
Implementing a coordinated, efficient logistics management system across NZDF                                                                      | ▶                   | ▴      | Hon Brownlee        | 19   |
| Defence                 | MOD/NZDF    | **Future Air Mobility Capability (FAMC) Project**  
Sustaining NZDF’s strategic airlift capability after the end of life of existing aircraft                                                          | ▶                   | ▶      | Hon Brownlee        | 19   |
| Defence                 | MOD/NZDF    | **Future Air Surveillance Capability (FASC) Project**  
Ensuring that NZDF has a continuous relevant air surveillance capability                                                                           | ▶                   | ▴      | Hon Brownlee        | 19   |
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<td>Defence</td>
<td>MOD/NZDF</td>
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<td>Defence</td>
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<td>Modernising the NZDF pilot training system</td>
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<td>Defence</td>
<td>MOD/NZDF</td>
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<td>Upgrading the NZDF’s secret-level communications network</td>
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<td>Defence</td>
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<td>ANZAC Frigate Systems Upgrade Project</td>
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<td>Restoring and upgrading the surveillance and combat capabilities of the ANZAC frigates</td>
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<td>Defence</td>
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<td>Providing a capability for continued support of the Littoral Warfare Support Force</td>
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<td>Defence</td>
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<td>Will replace the HMNZS Endeavour with a new Maritime Sustainment Capability</td>
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<td>Improving NZDF’s electronic information sharing capability</td>
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<td>Economic Development</td>
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<td>Delivering a single business registration service that reduces effort and costs for business based on the New Zealand Business Number</td>
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<td>Economic Development</td>
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<td>A system to process visa applications more quickly, more accurately, and at less cost</td>
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<td>Economic Development</td>
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<td>Replacing the existing Wallaceville biocontainment facility with an enhanced facility</td>
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<td>Economic Development</td>
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<td>Coordinating, directing, and overseeing activities related to the 2018 Census</td>
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<td>Supporting Māori land owners to strengthen the management and utilisation of their land</td>
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<td>Education and Skills</td>
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<td>Using digital infrastructure and technology to improve learning outcomes</td>
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<td>A future-proofed early childhood and schools resourcing system</td>
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<td>Education and Skills</td>
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<td>Education Payroll Limited Strategic Review Project</td>
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<td>Determining the long-term plan for the provision of schools payroll services</td>
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<td>Foreign Affairs</td>
<td>Antarctica NZ</td>
<td>Our Place in Antarctica</td>
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<td>Ensuring Scott Base is fit-for-purpose over the next 50 years</td>
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<td>Foreign Affairs</td>
<td>MFAT</td>
<td>Programme and Activity Management Project</td>
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<td>Delivering a core overseas aid management software solution</td>
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<td>Health</td>
<td>MOH</td>
<td>Health Payment Systems Project</td>
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<td>Replacing outdated health payment methods with modern business processes</td>
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<td>Health</td>
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<td>National Bowel Cancer Screening Rollout Programme</td>
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<td>Implementing national screening to reduce the mortality rate from bowel cancer</td>
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<td>A patient-centred, referral-based reporting system</td>
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<td>Intelligence</td>
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<td>GCSB</td>
<td>CPMI Project</td>
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<td>ACC</td>
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<td>Transforming ACC’s operating model to improve delivery of core services</td>
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<td>Services Transformation</td>
<td>DIA</td>
<td>Better Access to Baby Identity Information Project</td>
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<td>Developing a federated service focused on registering the birth of a child</td>
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<td>Services Transformation</td>
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<td>Transitioning to a digital, joined-up, customer-centric model of service delivery</td>
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<td>Services Transformation</td>
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<td>A central electronic source for authoritative Cabinet information</td>
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<td>Services Transformation</td>
<td>IRD</td>
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<td>Implementing a modern, efficient, and cohesive tax administration system</td>
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<td>Services Transformation</td>
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<td>Increasing fairness in the child support system</td>
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<td>Services Transformation</td>
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<td>Replacing Landonline’s outdated and constraining technology platform</td>
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<td>Services Transformation</td>
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<td>Simplifying the provision of MSD’s transactional services</td>
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<td>Services Transformation</td>
<td>Police</td>
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<td>Delivering a long-term solution to Police’s HR needs</td>
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Interpreting project dashboards

The dashboards contain data collected from agencies through the government project portfolio data collection process, which occurs three times per year, along with information and analysis from the Treasury and corporate centre officials.

Agency assessment

Each project team reports on a range of indicators for the project, and provides a brief comment on the project’s performance. Where a project was assessed as Red or Amber/Red in the previous report, the Chief Executive is asked to provide this comment.

Budget and Expenditure information

The Report now features both whole-of-life cost information and total project budget. Whole-of-life cost differs from total project budget in that it includes all the resources used to develop and implement the investment plus all costs incurred to keep the new service or capability fit for purpose over its lifecycle, discounted to today’s dollars. It is an economic measure that reflects the value of an investment.

Total project budget is the total cost of developing and implementing an investment project, from start-up to finish. It is not discounted, and represents the total investment required to deliver a project.

Benefits information

The report includes a section on benefits for each project, to aid ongoing focus on realising return from investment. This section may assess progress with benefits management or challenges to benefits realisation, and highlight any changes that may have occurred since business case approval.

Project lifecycle

The report shows the position of each project in the project lifecycle. The lifecycle stage of a project provides important context for interpreting the project’s performance, in particular the level of certainty regarding time, cost and benefits.

The five stages of the project lifecycle

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<tr>
<th>Stage</th>
<th>Description</th>
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<tr>
<td>Pre-Project</td>
<td>The identification of the need for some change to happen in the future (pipeline). Includes any processes such as organisational prioritisation that feed into a decision whether to proceed to the next stage.</td>
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<tr>
<td>Start-Up</td>
<td>The formal beginning of a project. Involves the exploration of an idea to test whether it merits taking further. For projects doing a two stage business case, this stage ends with the decision on the indicative business case.</td>
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<tr>
<td>Initiate</td>
<td>Deeper analysis and planning. Results in a business case and a project plan to proceed. For projects doing a two stage business case, this stage ends with the decision on the detailed business case. For projects doing a single stage business case, this stage ends with the decision on that business case.</td>
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<tr>
<td>Implement</td>
<td>Developing and testing the new or changed capability for the organisation. Includes build activity, testing activity and change management activity.</td>
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<tr>
<td>Close</td>
<td>The temporary project team hands over responsibilities to other parts of the organisation, finalises the deliverables, and disbands. Includes a project closure report.</td>
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</table>
Trade Single Window is operating successfully, with three million transactions processed by February, more than 340 total users of self-service registration functionality since May 2015, and 20,000 registrations occurring. Industry Feedback is positive.

Following consultation, dates for mandatory adoption of new message formats are July 2017 for the Inward Cargo Report (complex), and November 2016 for all others. The final significant release will deliver the final lodgement types for TSW, and advanced R&I capability to Customs and MPI. The build is complete for these elements.

However, testing is progressing slower than planned and will not meet commercially agreed timeframes. As a result, the planned go live date will change. A revised delivery plan and related commercial agreement to cover Crown costs and achieve acceptable timelines are being prepared for Governance review and approval.

IQANZ has completed a ‘Point in Time’ review, with the final report now received. IBM has reviewed the R&I solution and confirmed it will deliver the required functionality.

Benefits

Customs/MPI has prepared a set of re-baselined benefits with accountable owners, for consideration by the JBMS Executive Board. Customs does not believe the current delay will have a large impact on benefits calculations, but will have a clearer view after delivery discussions are concluded. Earlier releases of TSW and R&I continue to perform successfully and deliver expected benefits to both the industry (eg. self-service registration) and agencies (eg. detection of illegal activities).

The Treasury’s assessment

The monitoring delivery confidence assessment has declined to Amber/Red because successful delivery of the remainder of the project requires a significant change to the schedule.

Progress through testing of the Trade Single Window (TSW) Release 10 and the Risk and Intelligence (R&I) toolset has been slower than planned. Customs does not expect to implement this software by the target date of May 2016. Customs and MPI are considering options for a revised delivery plan, and expect to have new target date(s) by April.

Upcoming monitoring focus will be on achieving agreed revised schedule, and ensuring the Crown’s commercial position is well-managed.

<table>
<thead>
<tr>
<th>Position in lifecycle</th>
<th>Budget</th>
<th>Timeline</th>
<th>Benefits</th>
<th>Overall</th>
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Benefits

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- Customs does not believe the current delay will have a large impact on benefits calculations, but will have a clearer view after delivery discussions are concluded.
- Earlier releases of TSW and R&I continue to perform successfully and deliver expected benefits to both the industry (eg. self-service registration) and agencies (eg. detection of illegal activities).

Timelines

- Detailed Business Case: 11/09
- Launch of TSW: 08/13
- Completion of remaining functionality: 2016
- Programme closure: 2016
- IBM R&I Solution Review: 02/16
- IQA: 04/16
- Gateway 4 Review: TBC
- Benefits Review: TBC

Monitoring delivery confidence

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The monitoring delivery confidence assessment has improved to Amber/Red following remediation actions and lower risk ratings on individual projects.

CERA has completed a Programme Business Case Addendum that provides:
- A useful overview of the strategic context and how this has changed;
- An up-to-date view of completion forecasts;
- A basis from which to prioritise resources, if needed; and
- A useful overview of management issues, current, and associated with transition.

The monitoring focus for the next reporting period is transition and the Convention Centre Precinct project.

The Treasury’s assessment

The monitoring delivery confidence assessment has improved to Amber/Red following remediation actions and lower risk ratings on individual projects.

CERA has completed a Programme Business Case Addendum that provides:
- A useful overview of the strategic context and how this has changed;
- An up-to-date view of completion forecasts;
- A basis from which to prioritise resources, if needed; and
- A useful overview of management issues, current, and associated with transition.

9(2)(b)(ii)

The monitoring focus for the next reporting period is transition and the Convention Centre Precinct project.

Transition

Transition remains a significant concern, and most risks and issues are outside the control of the programme, though it is preparing carefully.

Recruitment into Ōtākaro has started, though executive recruitment will take time. Treasury recommends the immediate appointment of at least one executive, or the transfer of a CERA programme executive on a short-term contract, to mitigate risk.

Budget and expenditure

The total programme cost is $1,338m. Not all of this has an agreed source of funding. Whole-of-life costs are expected in the next period.

Benefits

The Programme Business Case Addendum provides a framework from which more detailed benefits realisation planning and management can be developed.

The Treasury recommends this includes benefit profiles, updated benefits map, programme and project Benefits Realisation Plans.
Convention Centre Precinct Project - *design and construction of the Convention Centre Precinct.*

**Agency assessment**
- **Timeline:** A
- **Budget:** A
- **Benefits:** A
- **Overall:** A

The head contracts with preferred developer and operator are currently being negotiated and forecast to close in April 2016.

**Treasury comment**
Negotiations with Plenary Conventions New Zealand (PCNZ) are ongoing. CERA aims to complete contract award before transition to keep momentum and capitalise on the knowledge, experience and relationships it has built up. This is worth doing, but requires a demanding schedule with no contingency. A “Plan B” should be in place in case of slippage. A Cabinet paper is scheduled for early April, along with an implementation business case 9(2)(b)(ii).

Avon River Precinct Project - *redevelop river and surrounds: Antigua Boatsheds to Fitzgerald Avenue.*

**Agency assessment**
- **Timeline:** A
- **Budget:** C
- **Benefits:** C
- **Overall:** A

The contracting strategy has been revised to provide greater certainty of costs. This has led to a review and update of the programme and base line dates for formal approval.

**Treasury comment**
The Avon River Precinct project has completed its RFP, which closed in December, seeking design and build services. This is now being evaluated. Early indications suggest proposals are within budget, which was a previous Treasury concern. Completion has slipped by 9 months, but delays to other projects means this does not materially impact benefits realisation. Closing streets to cars and pedestrians is helping recover some time.

Metro Sports Facility – *deliver a facility with wet areas, sports courts and space.*

**Agency assessment**
- **Timeline:** A
- **Budget:** C
- **Benefits:** A
- **Overall:** A

Cabinet have approved scope, scale, procurement approach and funding.

**Treasury comment**
The Metro Sports project is evaluating proposals received as part of its procurement process. A good number of responses are in, so the early market engagement has mitigated the risk of a poor market response.
Stronger Christchurch Infrastructure Rebuild Team (SCIRT) has completed 86% of the SCIRT programme and remain on track for a December 2016 completion date.

On 13 January 2016, CCC officials confirmed that they accepted the Crown’s funding of renewals policy and proposed implementation methodology. Acceptance of the Crown’s funding of renewals policy constitutes resolution of the funding issue, on this basis the remainder of the SCIRT programme was allocated to construction at the December 2015 and January 2016 Horizontal Infrastructure Governance Group meetings.

Transitioning from SCIRT to a BAU environment remains a key focus for CCC, NZTA and CERA. A work programme has been developed which seeks to set the CCC up for success.

The Waimakariri District Council programme of works continues to progress on schedule and on budget. ECan has completed, and the Crown has funded, the repair and rebuild of all earthquake damaged ECan owned infrastructure.

The monitoring delivery confidence assessment remains Amber/Green as although the project is progressing well and the funding dispute with the Christchurch City Council (CCC) has been resolved, there is commercial risk as the Stronger Christchurch Infrastructure Rebuild Team alliance reaches closure.

Following November’s Cabinet confirmation that the Crown does not fund the depreciated portion of a three-waters asset (post 1 April 2014), the CCC has endorsed the methodology used to calculate the depreciated portion of the three-waters programme. This has allowed CERA to implement the policy and confirm, with a greater degree of accuracy, final funder shares.

This programme transferred to the Department of Prime Minister and Cabinet on 1 March and this has been straightforward.

The alliances close-out needs careful management to avoid incurring unnecessary costs. The Treasury recommends ensuring sufficient contingency is available. It may be necessary to seek specialist commercial advice.

Ongoing monitoring focus is on commercial risks through to close-out.

Benefits Realisation Plan is now in place, and was provided to the Treasury on 3 March. Benefits realisation tracking is ongoing, and uses data provided by the Christchurch City Council.
Crown offer expiry
The new Crown offer expired on 10 December 2015. Of the 7871 red zone properties eligible for the Crown offer, 7720 accepted the offer. All former owners of vacant, insured commercial and uninsured properties who accepted the previous Crown offer and were eligible for a top-up payment received their payment before the final date of 10 December 2015. The total number of acceptances may increase. The final settlement date is 26 February 2016.

Insurance recoveries
7,469 Crown-owned properties have been released for clearance. Dwelling-related insurance recoveries (excluding demolitions) are at of the total estimate for the project of

Property clearances
7040 dwellings have been cleared by CERA & insurers from Crown-owned properties in the flat lands. A further 197 dwellings have been cleared from Crown-owned properties in the Port Hills.

Transition
On 1 December 2015 LINZ inherited the remaining responsibilities for demolitions and clearances of Crown-owned properties, as well as the interim land management and maintenance of Crown-owned land and insurance recoveries in the residential red zones. CERA extended the end date from 31/12/2016 to 1/12/2018 due to the uptake of the revised Crown offer extending the scope and timeframe.

Benefits
There is no benefits plan in place for the programme. The Treasury will work with LINZ to develop an appropriate approach to benefits realisation.

The Treasury’s assessment
For this report the Residential Red Zone programme has two monitoring dashboards, one for acquisitions and management and one for future use.

The delivery confidence rating for the acquisitions and management stream has improved to Amber/Green as transition has begun well.

Management activities transitioned to LINZ on 1 December 2015. Cliff faces and rock behaved as expected during the 14 February earthquake and this has had no impact on the programme.

With the acquisition function transferring from CERA in mid-April, there will be two Māori freehold acquisitions and three general title privately-owned properties where settlement will not be complete, and responsibility for these will transfer to LINZ.

During transition, the programme end date has been extended by a year. The Treasury understands this is driven by the complexity of Port Hills clearances, and is keen to ensure that the extension has been signed off by appropriate governance.

9(2)(j)
This will need active management

The monitoring focus is on transition and funding.
Future Use Christchurch
A ‘Joint Future Use Work Programme’ between the Canterbury Earthquake Recovery Authority (CERA), Christchurch City Council (CCC), Canterbury Regional Council and Te Rūnanga o Ngāi Tahu has been established. The Programme identifies relevant packages of information from each of the strategic recovery partners about the Christchurch Residential Red Zone (RRZ) areas that will be provided to the Greater Christchurch Group within the Department of the Prime Minister and Cabinet (DPMC) and Regenerate Christchurch once it is established.

Future Use Waimakariri
On 3 September a direction by the Minister for Canterbury Earthquake Recovery was published in the Gazette appointing the Waimakariri District Council (WDC) the ‘responsible entity’ to develop a draft Recovery Plan for the Waimakariri RRZ. The WDC is required to develop the draft Recovery Plan through a ‘collaborative multi agency approach’ with CERA, the Canterbury Regional Council and Te Rūnanga o Ngāi Tahu. Technical reports into the feasibility of types of land use were commissioned. Reports into the market for land in Kaiapoi and business land requirements for the Kaiapoi Town Centre were also commissioned. Between 3 and 30 October 2015 the WDC consulted the public on a discussion document, “Let’s Discuss” that sought public views on possible future uses of the RRZ.

Benefits
The Minister has directed that future use decisions:
- Promote the well-being of greater Christchurch communities.
- Result in outcomes that are resilient and enduring - the decisions should provide for the restoration and enhancement of social, economic, cultural and environmental well-being.
- Support economic development and growth.
- Be affordable and consistent with the government’s commitment to responsible fiscal management.

Timeline

Assurance schedule
Gateway not mandatory
The programme continues to perform well with six schools now complete, eight schools now in construction and a total of 56 actively being worked on in some way. There are 53 schools yet to enter the capital works programme out of a total of 115.

In this period we have completed four new school builds and progressed significantly with design work on numerous schools.

Project expenditure represents Christchurch Schools Rebuild spend up to the end of December 2015.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green as the programme continues to progress well. Project management processes are mature and have been subject to external review.

An initiative to in-source reactive repairs and maintenance management has improved responsiveness, delivered savings, and is helping to manage operational spending for schools that are part of this programme.

The Treasury recommends the Ministry now focuses on benefits realisation to ensure this is as mature as other aspects of its programme and project management. This will be the monitoring focus for the next reporting period.

Benefits

The programme has a Benefits Realisation Plan in place. The Treasury recommends that a section on benefits realisation is added to regular highlights reporting to help ensure ongoing focus on this.

Timeline

Pro Business Case 11/13 Wave 1 of schools rebuild commences 02/14 Wave 2 commences 02/15 Wave 3 commences 02/16 Wave 4 commences 02/17 Wave 5 commences 02/18 Wave 6 commences 02/19 Wave 7 commences 02/20 Programme completion 2022

Assurance schedule

Gateway Review 06/15 Gateway Review 07/15 Benefits Review TBC
Burwood Hospital Redevelopment - MOH
Redeveloping Burwood Hospital after the Canterbury earthquake series

Position in lifecycle

Agency assessment

Overall, work is progressing on site generally in accordance with the specified and approved programme of works but has been hampered by the continued requirement to remove asbestos from existing structures prior to their removal.

The expectation is that the project will reach practical completion in March 2016 with occupation planned for mid-May 2016. The final letting of sub-trades is in line with our budget expectations and programme requirements. The net effect is that most of our cost risk has been removed. We consider the availability of resource to be generally adequate to meet the programme, but supply, in particular glazing, has been challenging. We continue to monitor progress fortnightly against programme and in particular monitor how sub-trades respond to programme.

The Treasury’s assessment

The monitoring delivery confidence assessment has declined to Amber given delays in completion of the facility.

The hospital build is no longer tracking to completion by the re-baselined completion date of 16 March 2016. Delays related to the supply of specialist exterior glass from the USA will result in a delay in completion until early May 2016.

Handover of the facility to the Canterbury DHB is now planned to be phased with a completed ward available for staff planning in late March, equipment installation and commissioning in April and staff transferring to the site in late May to June 2016. This will minimise the effect of the delayed completion.

Resulting costs are currently being managed within the project contingency and reserves but the 9(2)(b)(ii) budget is under pressure.

The monitoring focus for the next reporting period will be the project's performance against schedule and budget.

Benefits

There will be a slight delay in benefits realisation due to the delay in completing the building.

Timeline

Assurance schedule

Budget

<table>
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<tr>
<th>Budget Item</th>
<th>Timeline</th>
<th>Benefits</th>
<th>Overall</th>
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<tr>
<td>Expenditure to date</td>
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</table>

9(2)(b)(ii)

Whole of life cost Not available

Budget and expenditure

Pre-Project Start-Up Implement Close

The Treasury's assessment

Monitoring delivery confidence

Previous
The project remains on track for agencies to move into the Precinct in mid 2017. Notable milestones during this reporting period include:

- installation of the glazed façade on Tuam Street tower of the Justice Building is almost complete;
- ground floor custodial facility has now been covered and enclosed by the first floor courtyard above and the main Justice Building entry atrium steel has been erected; and
- roof for the Tuam Street and Durham Street towers of the Justice Building is complete. The car park steel superstructure has also commenced with all underground services now installed.

Fletcher has completed its significant sub-trade procurement and the construction cost has been fixed in the form of a fixed price lump sum as required by the construction contract.

The project has now turned its focus to the delivery of client side fit out, operational readiness and agency preparedness for relocation to the Precinct.

Agencies continue to make progress on implementing the Benefits Realisation Plan. This includes trialling new ways of working collaboratively before formal adoption of new practices in the Precinct.

The monitoring delivery confidence assessment for this project remains Amber/Green.

The project has converted the construction price to a fixed price lump sum as required by the construction contract. This price is within budget and removes all outstanding cost risks, and allows Fletcher to fully focus on managing the build. In terms of construction, focus will shift from price to managing schedule, quality control and health and safety. The contract variation to give effect to the fixed price lump sum is expected to be concluded by the end of March. Construction is on track to deliver the Precinct in February 2017. The overall project schedule is still on track for agencies to relocate and take possession of their spaces in the Precinct by mid-2017.

Benefits realisation planning continues to be a focus for all agencies and significant progress is expected from the project in finalising the benefits realisation planning and accountabilities in the next period.

The monitoring focus for the next reporting period is on benefits realisation and schedule.

Functional lead comment - NZGP

No activity this quarter.
The business case is to review delivery arrangements for military heritage with a focus on the national level. Options for improvement range from minimal intervention to existing arrangements, through to possible establishment of a new museum.

Completion of the Indicative Business Case was deferred in order to complete initial work on the strategic framework for government investment in museums, and to enable further consultation with key stakeholders. A Gateway Review is scheduled for March 2016 and the Ministry will complete the business case and report back to Cabinet following that Review.

A final decision on one of the capital-intensive options would require a Detailed Business Case to be completed, which is unlikely to be considered before Budget 2017.

Benefits
The project will develop high level costs and benefits as part of the Indicative Business Case (IBC) to support investment decision making.

The Treasury’s assessment
The monitoring delivery confidence assessment remains Amber/Green as the project is managing key risks and, although later than planned, the Indicative Business Case (IBC) is on track for completion by April 2016.

Currently NZ Military Heritage is decentralised and fragmented in its scope and delivery with no overall governance. MCH has taken the lead across the many providers spanning local, regional and national entities to gain support and collaboration.

Preparation of the IBC is happening alongside development of a Museum Strategy. This strategy will provide an initial framework but there is no overarching heritage strategy and not one for military heritage. To address this need the business case team is investing considerable time engaging with broader stakeholder groups to develop strategic objectives to inform the IBC.

In March 2016 there is a Gateway review and the IBC is due for Cabinet consideration shortly after.

Ongoing monitoring focus for the next period is the IBC.

Functional lead comment - NZGP
No activity this quarter.
Defence major projects

ANZAC Frigate Systems Upgrade
Restoring and upgrading the surveillance and combat capabilities of the ANZAC frigates.

Platform Systems Upgrade
Upgrading the platform systems of HMNZS Te Mana and HMNZS Te Kaha, to ensure combat viability.

Consolidated Logistics
Implementing a coordinated, efficient logistics management system across NZDF.

Future Air Mobility Capability
Sustaining NZDF’s strategic airlift capability after the end of life of existing aircraft.

Future Air Surveillance Capability
Ensuring that NZDF has a continuous relevant air surveillance capability.

Littoral Operations Support Capability
Providing a capability for continued support of the Littoral Warfare Support Force.

Maritime Helicopter Capability
Improving the capability of the Naval Helicopter Force (NHF).

Maritime Sustainment Capability
Will replace the HMNZS Endeavour with a new Maritime Sustainment Capability.

Network Enabled Army
Improving NZDF’s electronic information sharing capability.

Pilot Training Capability
Modernising the NZDF pilot training system.

Secret Information Environment
Upgrading NZDF’s secret-level communications network.

Agency assessment
Since the 2013 Defence Midpoint Rebalancing Review, Defence has managed its capital investments as a portfolio. Defence monitors the overall affordability of planned investments and identifies options to manage cost pressures. Defence manages its portfolio in three stages:
• Projects approaching investment decision within the next four years;
• Projects under delivery; and
• Initiatives projected further out to 2030.

Projects under delivery are actively monitored and tracked to ensure they remain within the allocated funding and any identified cost pressures are managed and addressed. All of the current major monitored projects are delivering within their current approved budgets. Where there are cost pressures in other projects in the delivery phase, approval will be sought to manage these through the reallocation of underspends in other projects or by capability tradeoffs.

The Defence Capital Plan approved by Cabinet in December 2013 is carrying cost pressures driven largely by increases in the estimated cost of some capabilities.

The Treasury’s assessment
This dashboard provides a Defence and Treasury assessment of the overall Defence Capital portfolio, and indicators for projects monitored by Treasury.

As well as this portfolio dashboard, this report includes full dashboards for Defence projects with Cabinet decisions expected in the upcoming period, and delivery phase projects with the greatest risk.

Defence projects make up 15% of all active projects in the Government Projects Portfolio. Defence is in the top tier of capital intensive agencies by value of capital spend.

Defence still has some timeliness and portfolio cost pressure challenges to overcome.

9(2)(f)(iv)

Budget and expenditure
9(2)(j)

Benefits
Defence is implementing a comprehensive benefits management framework which will improve its ability to assign meaningful benefit targets and track and report on achievement of the targets. The Treasury expects that, over time, this will lift performance.
Preliminary Design has been completed and a Contract Change Proposal (CCP) for Preliminary Design approved on 15 January 2016.

Cost pressures have emerged from preliminary design and these are considered manageable within budget expectations. However, the overall duration of the combined preliminary and detailed design phases will be longer than originally planned due to the larger than anticipated volume of work.

The refit is now planned to start in June/July 2017 (8 months later than advised in the October 2015 report) given the duration of the design phase and the resultant change in the delivery of the installation CCP now due in May 2017.

The Project will now engage with key stakeholders to determine the optimum refit schedule considering ship departure date, CCP approval process, operational state of the ship(s) and the pre-refit preparation period in Victoria, Canada. This will determine the actual refit start date.

The change to the overall project status of the project from Green to Amber reflects the risk to budget and schedule noted above.

The Treasury’s assessment

The monitoring delivery confidence assessment has declined to Amber, as the refit is now expected to start eight months later than planned, and a risk has emerged around trim, weight, and stability.

The benefits of the upgraded capability should be fully achieved but later than planned, commencing after the first ship’s acceptance post-refit, now expected mid-2018.

The monitoring focus over the next period will be project cost pressures, and the outcome of the weight stability study.
The primary focus of the reporting period has been the development of the User and System requirements and Request For Tender documents.

A Detailed Business Case is in development for consideration by Cabinet in mid 2016.

The monitoring delivery confidence remains Amber due to delays with consideration of the project’s Detailed Business Case (DBC) and risks to schedule and benefits realisation as a result of these delays.

The project’s DBC has been delayed while Defence awaits consideration of the Defence White Paper (DWP).

Current estimated figures are still indicative and the analysis undertaken through the DBC process will provide greater fidelity on cost.

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<thead>
<tr>
<th>Position in lifecycle</th>
<th>Agency assessment</th>
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<td>Pre-Project</td>
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**Budget and expenditure**

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**Benefits**

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**Timeline**

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<th>In-service 2020/2021</th>
<th>Project closure 2029</th>
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**Assurance schedule**

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<th>Gateway 3 Review 05/17</th>
<th>Benefits Review TBC</th>
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**The Treasury’s assessment**

The Treasury’s assessment

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A Detailed Business Case is in development for consideration by Cabinet in mid 2016.

The monitoring delivery confidence remains Amber due to delays with consideration of the project’s Detailed Business Case (DBC) and risks to schedule and benefits realisation as a result of these delays.

The project’s DBC has been delayed while Defence awaits consideration of the Defence White Paper (DWP).

Current estimated figures are still indicative and the analysis undertaken through the DBC process will provide greater fidelity on cost.
The Project's focus over this reporting period has been on the evaluation of the Best and Final Offers from the two down selected tenderers and preparations for contract negotiations with the preferred tenderer. The final Tender Evaluation Report was presented in December 2015 to the Acquisition Review Board, which endorsed the recommended preferred tenderer and way ahead.

The project is under budget and on track for the Gateway Review 3 (Investment Decision) and submission of the Project Implementation Business Case for Cabinet consideration (scheduled for May 2016).

The mitigation strategies put in place have enabled the project to fully recover the eight week delay in releasing the request for tender with the preferred tenderer decision occurring on schedule.

The Treasury’s assessment
The monitoring delivery confidence assessment remains Amber, as the project is dependent on decisions from the Defence White Paper (DWP) in order to finalise its preferred option in its implementation business case.

The project is well-placed to present an Implementation Business Case to Cabinet in May 2016.

Benefits
Defence will include a Benefits Realisation Plan in the Implementation Business Case.

Timeline

Assurance schedule
Tranche One of the Network Enabled Army Programme has entered the acquisition phase. Key milestones during this reporting period include:

- User Requirements for the Command Post were completed. A demonstration of a representative battalion headquarters command post was held in Linton to confirm the layout of the command post.
- A Request for Tender for rugged servers for the pilot phase was launched on the Government Electronic Tenders Service.

The overall Programme status during the period 1 November 2015 to 29 February 2016 was Amber. This reflects delays engaging a commercial partner to conduct the definition and design of systems and the need to establish a Technical Authority. Defence is now close to contracting a proven system designer and is considering options to develop a fit-for-purpose Technical Authority.

The monitoring delivery confidence assessment remains Amber as there are some dependencies and issues that are causing delays to the planned timeframe of the programme.

Issues include a delay in engaging a system designer for the Land Tactical Information Network (LTIN) and a delay in establishing the Test Reference and Experimentation Centre (TREC). These delays are putting pressure on tranche one delivery dates and the TREC may not be ready in time to test early component acquisitions. The programme is working on mitigations to minimise the impacts of these issues on tranche one delivery dates.

The programme is actively managing several dependencies. These include the need for a Technical Authority to approve the technical architecture and for the Communications and Information Systems branch to be ready to support new technology systems by the end of 2016.

The monitoring focus for the next reporting period is the outcome of the Independent Quality Assurance review in March 2016, critical dependencies and impact of delays on Tranche One schedule.

Benefits

The programme has recorded benefits in a Benefits Management Plan. Creation of a Benefits Realisation Plan is due for completion by the end of tranche one.

The overall Programme status during the period 1 November 2015 to 29 February 2016 was Amber. This reflects delays engaging a commercial partner to conduct the definition and design of systems and the need to establish a Technical Authority. Defence is now close to contracting a proven system designer and is considering options to develop a fit-for-purpose Technical Authority.

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Subject to the enactment of enabling legislation:

- Whole of government directions: recommendations that the proposed directions proceed to Cabinet were agreed to by the Minister for Economic Development in December 2015. They are currently awaiting agreement from the Ministers of Finance and State Services.
- Shared Business Entity Register Project: Project has commenced and is in the final stages of design of the register that will hold unincorporated entities e.g. sole traders.
- MBIE is working with other R9 agencies, in particular ACC and IR, to help them fulfil their commitment to recognise the NZBN in their key business facing systems by the end of 2017.
- A number of cross-agency working groups have been formed to examine the various elements that have to be in place to ensure cross-agency and public support for NZBN.
- The NZBN register eco-system project has been successfully delivered. This project delivered web services to access NZBN information provided by companies and, pending authorising legislation, other entities.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green. The programme is engaging with stakeholders and meeting key milestones, and a refresh to the programme business case will be completed by November 2016, once the NZBN Bill has passed through the house.

Tranche One, the database and infrastructure, is complete. The All of Government (AOG) directions paper remains on track for submission to Cabinet by April 2016. This paper considers a range of options for AOG direction and following Cabinet decision the impact on investment objectives will be reviewed.

The NZBN Ecosystem Project has been completed. A business case and IQA for a Shared Business Entity Register (SBER) to enable NZBN for non-company entities is due for submission to MBIE project board late March 2016.

The monitoring focus for the next reporting period will be progress of the AOG directions paper and investment objectives, completion of SBER business case and IQA.

Position in lifecycle
- Pre-Project
- Start-Up
- Initiate
- Implement
- Close

Budget and expenditure
- Total project budget: $16.33m
- Expenditure to date: $4.19m
- Whole of life cost: $23.90m

Benefits
The Benefits Realisation Plan will be developed as part of the refresh to the NZBN programme business case in November 2016.

Timeline

Assurance schedule

The monitoring delivery confidence assessment remains Amber/Green. The programme is engaging with stakeholders and meeting key milestones, and a refresh to the programme business case will be completed by November 2016, once the NZBN Bill has passed through the house.

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The monitoring focus for the next reporting period will be progress of the AOG directions paper and investment objectives, completion of SBER business case and IQA.
In December 2015 the Programme successfully implemented the final bundle of change which aligned business processes with the new Visa Processing Operating Model (VPOM). Early life support for this delivery is now complete. This deployment enables the full Vision programme financial benefits and key non-financial benefits such as consistency, customer focus, quality and improved competitiveness.

The Vision 2015 Programme is due to complete handover of the VPOM in Q1 2016. Upon handover, Programme closure activity will commence with planned completion by the end of May 2016. From 1 April a transitional governance arrangement will be established to oversee the deployment of Identity Management Release 1.0, the new Quality Assurance regime to support the VPOM, and programme closure. The transitional governance arrangement maintains existing board membership and oversight.

In 2014 the programme identified the opportunity to extend the technology platform and derive further benefits. Additional capital investment of $28.4m was approved by Cabinet in the 2015 Budget for these enhancements. These enhancements will be transitioned to a new delivery approach under the INZ Portfolio Management System which will be in place by Q2 2016 and associated capital funding will be transferred.

The monitoring delivery confidence assessment remains Amber due to a delay to one of the major workstreams.

As a result of user testing of BSD3 (biometric identity software), MBIE identified additional requirements, and raised change requests to include these requirements in BSD3. As a result of these changes requests, there is now a two month delay to the main release of identity management and a five month delay to a subsequent enhancement release.

MBIE has confirmed the BSD3 budget is sufficient to cover original scope. The business is seeking some new features over and above original scope. Should additional funds be required for new features, MBIE plans to use its own capital.

Subject to approval by the programme board, the SRO plans to close the programme by March 2016, with residual enhancement work being managed by the business.

The Treasury’s assessment

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MBIE has confirmed the BSD3 budget is sufficient to cover original scope. The business is seeking some new features over and above original scope. Should additional funds be required for new features, MBIE plans to use its own capital.

Subject to approval by the programme board, the SRO plans to close the programme by March 2016, with residual enhancement work being managed by the business.
The project is making good progress with the building consent issued and construction well underway. The contractors are well established on site and the higher risk excavation and piling phase is now complete. The construction procedures and quality systems required to ensure full compliance with the design specifications have been and continue to be peer reviewed and closely monitored to provide confidence of success. The project remains on track to deliver the benefits and to meet time, cost and quality expectations.

An Independent Quality Assurance review is scheduled for the next period.

The monitoring delivery confidence assessment remains Amber/Green as successful delivery of the project appears probable and there is appropriate management of key risks.

MPI has obtained building consent and is now optimising the fire design solution for the building. The NZ building codes focus on different outcomes to those that apply to containment facilities, so MPI is working through this issue with the council and is confident about obtaining the best solution.

The key risk to manage is to ensure that the building meets certification standards for an enhanced level 3 Physical Containment (PC3) Laboratory. MPI is responsible for certification using standards agreed with the Environmental Protection Agency - Facilities for Microorganisms and cell cultures: 2007a, and Transitional Facilities for Biological Products. MPI has appointed an Australian Certifier to provide independent advice and monitoring for the certification to address potential conflicts of interest.

Ongoing monitoring focus is on the Project Management Plan and key risks.

Functional lead comment - NZGP

No activity this quarter.
The status is Green as most resourcing issues are resolved with organisation and internal prioritisation. Census Test underway, with IT systems delivered, test area address list near completion and field staff being recruited to follow up non-responses. Statistics NZ’s contact centre is assisting public to complete forms. This is a key focus. Key vendors engaged including the Internet Collection System, Contact Centre, and Advertising and Creative Design. Benefits KPI definition near completion. Business process model for modernised Census signed off. Changes in progress to enhance the programme’s governance, particularly management of critical dependencies between 2018 Census and other Statistics NZ projects required for Census’ success. An independent review is underway to examine the integration of the business and technical systems and advise on improvements to ensure suitable integration. A programme IQA is planned for May 16. Gateway 0/3 completed late Nov – programme assessed as Amber and implementation of action plan Is underway.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber as the programme has critical dependencies with internal projects and external vendors for the ICT environment required for Census 2018 that require active management and governance.

The new Statistics NZ portfolio governance structure is not in place for this programme so essential governance over the programme and its dependencies is not at the level required for its complexity. Statistics has advised the new arrangements will be in place by March 2016.

An independent technical review of ICT systems and business integration is underway to identify any gaps and check that the components will collectively meet requirements by agreed timeframes. The results are due by April 2016.

The programme has rescheduled its next Independent Quality Assurance (IQA) review from March 2016 to May 2016 to include phase two (building, testing and refining) planning.

Ongoing monitoring will focus on independent reviews and programme governance.

Benefits

A Census Benefits Management Strategy and Realisation Plan is in place and next steps are to review the plan and agree measures. The programme has rescheduled this activity from February 2016 until May/June 2016 due to changes in governance and to align with phase two (building, testing and refining) planning.

Timeline

Assurance schedule

Total project budget $113.20m
Expenditure to date $15.40m

Whole of life cost $86.60m

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Timeline

Assurance schedule

Total project budget $113.20m
Expenditure to date $15.40m

Whole of life cost $86.60m
A key achievement during the reporting period was Cabinet’s agreement to the implementation of the Māori Land Service Programme Business Case in December 2015.

The Ministerial Advisory Group also held a number of meetings with key Māori leadership groups to workshop all aspects of Te Ture Whenua Reform, including the proposal in relation to the Māori Land Service.

The monitoring delivery confidence remains Amber as suitable change management processes and programme management capability is not yet in place. TPK is implementing a procurement process to engage suitable management capability to address these issues.

The Treasury, Ministry of Business, Innovation & Employment and Department of Internal Affairs have provided input and feedback to the business case team through the Better Business Case clinics. Cabinet considered and agreed to the implementation of the MLS programme business case on 7 December.

The monitoring focus for the next reporting period will be confirming the engagement of appropriate programme management capability, and finalising the programme timeline and change management processes.

**Benefits**

High level benefits and costs have been developed as part of the Programme Business Case and a Benefits Realisation Plan will be developed as the programme progresses.

**Budget and expenditure**

- **Total project budget**: $92.90m
- **Expenditure to date**: $0.08m

**Timeline**

- **Introduction of the Te Ture Whenua Māori Bill**: 03-04/16
- **Maori Land Service Detailed Design**: 03-08/16
- **Develop Single Stage Business Case**: 05-11/16
- **Support for Māori Affairs Select Cttee consideration**: 04-08/16

**Assurance schedule**

- **February 2016**

**The Treasury’s assessment**

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The monitoring focus for the next reporting period will be confirming the engagement of appropriate programme management capability, and finalising the programme timeline and change management processes.

**Functional lead comment - NZGP**

New Zealand Government Procurement has had involvement in the development of the PBC; the Commercial Case has been further developed and aligns with the 2015 ICT Strategy. Supplier capacity and capability will need to be assessed and care taken to avoid potential resource conflicts.

TPK will need to ensure it has the capability in place to manage the operational aspects of the revised service.
DELTA programme highlights since the last report include growth in the numbers of schools signed up to use the Progress and Consistency Tool (PaCT) following a successful PaCT symposium; integration of Te Waharoa Ararau (TWA) into PaCT platform commenced in December 2015; ongoing support for schools using MyPortfolio confirmed until December 2017; and the development of initial draft high level roadmap to progress student information sharing between schools, and schools and the Ministry.

The scope of the programme has grown in the last quarter with the inclusion of projects to investigate the use of digital technologies in teaching and learning, and a technical proof of concept project to move schools administration from on premises into the cloud, leading from the Ministry of Education Microsoft software to schools agreement.

Progress towards the benefits realisation remains on track and the overall status of the programme is Green.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green. DELTA’s component projects and associated benefits are focussed on delivering digital technology for teaching and learning outcomes. A strategic review of the programme is underway to realign some ICT projects in the Ministry. At this stage it is not expected to delay the overall programme.

The digital technology is underpinned by the ultra-fast broadband infrastructure managed under the Technology in Schools programme (TIC) which is over 95% complete, and the Ministry is reviewing benefits realisation.

Monitoring focus for the next reporting period will be on confirming progress of the strategic review, the TIC Benefits Realisation Plan, and confirming the uptake for a sector-wide strategic portfolio approach.

Education ICT Portfolio

The Treasury and the Ministry of Education have discussed how this programme aligns with the Education 2015-2020 ICT Strategy and wider portfolio. Treasury recommends Education considers developing a sector-wide strategic portfolio approach with support from central agencies.

Benefits

The programme remains on track to progressively deliver the benefits in the Benefits Plan DELTA Programme V1.2 over the life of the programme to June 2021. The Ministry is to confirm when the TIC benefits realisation plan for infrastructure is to be provided to cabinet.

Timeline

Assurance schedule

Major Projects Performance Report, November 2015 - February 2016
The Ministry has continued to develop and refine a Programme Business Case for the Education Resourcing System programme. A Cabinet paper requesting approval of the Programme Business Case (PBC) is being finalised and is expected to be tabled in late March 2016. The programme is rated by the Ministry as being at Amber status, pending the conclusion of the Cabinet approval process.

The approval of the PBC will enable the Ministry to issue a Request for Proposal to the IT services market for a new resourcing system. A preferred vendor will be selected from this process in November 2016.

The programme remains on track to replace the current resourcing system by 2020, when support for the current system finishes.

The monitoring delivery confidence assessment remains Amber as submission of the Programme Business Case and Technology Addendum (PBC) to Cabinet has been delayed to March 2016 to allow for finalisation of the accompanying Cabinet paper. At this stage it is not expected to impact the completion date of 2020.

An IQA of the Request for Proposal (RFP) is also due to be completed in March 2016. Subject to Cabinet approval, the procurement process will commence in early April 2016.

The monitoring focus for the next reporting period is confirming milestones, and the uptake for a strategic portfolio approach.

The Treasury and the Ministry of Education have discussed how this programme aligns with the Education 2015-2020 ICT Strategy and wider portfolio. Treasury recommends Education considers developing a sector wide strategic portfolio approach with support from central agencies.

New Zealand Government Procurement has had further involvement in the development of the PBC and Addendum. The commercial process has resulted in the shortlisting of potential vendors. The Ministry will need to ensure that an appropriate process is used to select the preferred option including consideration of a proof of concept/prototyping stage.
This project is to determine a sustainable and cost effective model for delivery of the education payroll. The Indicative Business Case and report-back to shareholding Ministers was delivered at the end of February 2016. This had been deferred from end October 2015. Subject to agreement of options a Detailed Business Case will be developed for Budget 2017.

The monitoring delivery confidence assessment remains Amber as there are critical interdependencies with other Education Projects and a level of external attention associated with the programme’s predecessor Novopay.

The Indicative Business Case (IBC) is complete and outlines options for the future operating model of the EPL Service. The IBC was submitted to the EPL Board and shareholding Ministers in February 2016 and no formal decision has been received. The Detailed Business Case (DBC) is due to be submitted to Ministers in July 2016.

The monitoring focus for the next reporting period will be completion of the DBC, and confirming the uptake for a sector-wide strategic portfolio approach.

Education ICT Portfolio
The Treasury and the Ministry of Education have discussed how this programme aligns with the Education 2015-2020 ICT Strategy and wider portfolio. Treasury recommends Education considers developing a sector wide strategic portfolio approach with support from central agencies.

Functional lead comment - NZGP
New Zealand Government Procurement has been involved from an early stage in the development of the IBC. The need for EPL and the Ministry to work closely on this and the requirement to engage with key stakeholders, including the user community, are recognised. Depending on subsequent decisions relating to the DBC, EPL may need to consider the possible procurement approaches they could take.
The project is in the early stages of developing an investment proposal using the Better Business Case methodology. Antarctica New Zealand is currently working with the Ministry of Foreign Affairs and Trade on the preparation of the Strategic Case. The initial monitoring delivery confidence assessment for this new entry to monitoring is Amber/Green at this early stage of the programme. The programme aims to ensure New Zealand’s continued active presence in Antarctica through a Scott Base facility that is fit for purpose for the next 50 years and continues to support high quality science aligned to New Zealand’s Antarctica science strategy (Antarctica and Southern Ocean Directions and Priorities 2010-2020) and broader strategic objectives. A series of facilitated workshops will be held in February and March 2016 to inform an investment logic map for the Programme Business Case (PBC). The PBC is due to be submitted to Cabinet in November 2016 followed by a Detailed Business Case in September 2017. The monitoring focus for the next reporting period will be completion of the investment logic map and progress of the draft PBC.

The programme will develop a Benefits Realisation Plan as part of the Programme Business Case (PBC) to support investment decision making.

**Benefits**

The Treasurers’s assessment

The initial monitoring delivery confidence assessment for this new entry to monitoring is Amber/Green at this early stage of the programme. The programme aims to ensure New Zealand’s continued active presence in Antarctica through a Scott Base facility that is fit for purpose for the next 50 years and continues to support high quality science aligned to New Zealand’s Antarctica science strategy (Antarctica and Southern Ocean Directions and Priorities 2010-2020) and broader strategic objectives. A series of facilitated workshops will be held in February and March 2016 to inform an investment logic map for the Programme Business Case (PBC). The PBC is due to be submitted to Cabinet in November 2016 followed by a Detailed Business Case in September 2017. The monitoring focus for the next reporting period will be completion of the investment logic map and progress of the draft PBC.
Since the October update the project has completed the detailed design phase for the core enQuire product. Other contributing product design will be completed on an as needed basis. The Project Steering Committee and Ministry Governance groups have approved the transition to the Development (build and test) Phase.

The prime vendor Tactiv has been contracted to develop the enQuire product in staged "Releases" over the next 20 months. The Project has a number of critical dependencies on other projects. New governance processes and an outsourcing model have been introduced late 2015 and are still bedding down resulting in some delays. These are being actively worked on.

SRO comment
Good progress is being made with the Prime Vendor. Appropriate escalation has been activated to address dependency challenges.

The Treasury’s assessment
The monitoring delivery confidence assessment has declined to Amber as the programme was delayed due to a strategic portfolio review completed by MFAT in December 2015, and inter-dependencies with other projects. As a consequence, the PAM programme is currently being re-planned, which is expected to be completed in March 2016. This will confirm delivery dates and the programme has mitigations measures to apply if necessary. This may impact on the project end date of December 2017, which would require further monitoring of key milestones and mitigation measures.

The monitoring focus for the next reporting period will be completion of the PAM programme re-planning and confirmation of programme timeline, milestones and any mitigation measures required.

Functional lead comment - NZGP
No involvement this quarter.
A revised Business Case has been prepared and approved by the Governance Board. It has been submitted for funding and prioritisation for internal capital. No capital is available in the 2015/16 year, and the investment will be considered in the 2016/17 year. Progress on system development and the further migration of contracts has been suspended recognising that there is currently no available funding.

A prerequisite for the successful implementation of this project is an upgrade to the base Oracle platform to version 12. This is essential to realise the desired project outcome and value proposition given the intended use of Oracle by DHBs and the national contracting system. Upgrading the Ministry’s Oracle suite before migrating contracts will reduce project complexity and allow DHBs and providers on-line access to the system. The project to upgrade Oracle is approved, funded and initiated.

Business Cases for the replacement of the core payment engines (CCPS and Proclaim) are being prepared.

The monitoring delivery confidence assessment remains Amber/Red as the go-live date for the project is not achievable. The Ministry of Health has placed the project on hold, as it cannot proceed until after a database software upgrade to Oracle 12.

The Ministry plans to consider an internal project capital approval, but has not yet set a date for making an investment decision.

The area of monitoring focus for the next reporting period is the internal Ministry of Health capital investment decision.

Benefits
The project benefits are on hold while the project is on hold and not delivered. If the project proceeds, key benefits include reducing manual costs and reducing incidents of fraud.
A Programme Business Case for the implementation of a National Bowel Screening Programme (NBSP) has been developed by the Ministry of Health. The format and approach to the Business Case were agreed with Treasury and are in line with Better Business Case requirements.

A decision on a national screening programme is subject to Budget 2016 decisions. Approval would enable the NBSP to be rolled out to DHBs progressively with bowel screening being fully implemented across New Zealand by the end of 2019.

The roll out would be delivered in three Tranches starting with two DHBs in early 2017 (Tranche 1); the rest of the DHBs will be rolled out over 2018 and 2019 (Tranches 2 and 3 respectively). An Implementation Business Case will be developed for each of the three tranches detailing all financial and implementation issues.

The Gateway review undertaken in December 2015 acknowledged the strong sector and public support for a national bowel screening programme. The findings of the review have been incorporated into the NBSP Business Case and the planned next steps.

The Gateway team have provided a Delivery Confidence assessment colour status as Amber.

## Benefits
The programme has identified benefits to include in the restated Programme Business Case and will refine these over time to include in a Benefits Realisation Plan.

## Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>Program Business Case Budget approval</td>
<td>05/16</td>
</tr>
<tr>
<td>Tranche 1 Implementation Business Case</td>
<td>06/16</td>
</tr>
<tr>
<td>Tranche 1 complete</td>
<td>12/17</td>
</tr>
<tr>
<td>Tranche 2 complete</td>
<td>12/18</td>
</tr>
<tr>
<td>Tranche 3 complete</td>
<td>12/19</td>
</tr>
<tr>
<td>Programme closure</td>
<td>2020</td>
</tr>
</tbody>
</table>

## Assurance schedule

- **Gateway 01/1 Review:** 12/15
- **Benefits Review:** TBC

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The initial monitoring delivery confidence assessment for this new entry to monitoring is Red due to issues that reduce confidence that the programme can meet the timeframes and costs indicated in its business case.

The programme has had a highly compressed timeframe (three months) for completing the Programme Business Case (PBC) that did not allow sufficient time to consult with other parts of the health sector to sufficiently test assumptions, costs, benefits and timeframes. Specific areas of concern are: the level of the DHB Capital bid; workforce assumptions; an assumption that DHBs will absorb related costs; screening method options; and IT systems development timeframe risks.

While the strategic case for this programme is compelling, more work needs to be done to specify the details and evidence that the proposed approach will deliver good value. This additional work will be the monitoring focus for the next reporting period.
All DHBs had been providing Phase 1 FSA Referral data into the collection. Data capture for the additional Phase 2 Referral scope has commenced in the DHBs and the Ministry Phase 2 solution is live. DHBs are working on gaining Provisional Compliance and recommencing submissions to the Ministry.

Phase 3 impact assessments show large gaps in current capability and timeframes for wholesale change. This is expected to delay some of the benefits realisation for this project as it requires national data to fully achieve the expected benefits.

Appropriate risk management for all delivery streams is a critical success factor to facilitate quality and completeness of the data collection as it develops over time.

The monitoring delivery confidence assessment remains Amber due to ongoing issues with gaps in data collection and data quality. The Ministry of Health has extended the project end date from September 2016 to June 2017. This change in end date is to stagger implementation over a period of time, in order to allow time for DHBs to change their systems and business processes to enable them to provide complete and accurate data to the system.

This extension is not expected to have any financial impacts, other than the carry forward of capital funding, as the project has only increased duration and not the effort required to deliver the three phases. DHBs started collecting phase 2 data from 1 October 2015 and this data has begun to flow into the Ministry.

Phase 1 data from all 20 DHBs is due for public release in April 2016 although some DHBs may not be able to provide a full quality data set at this time.

The areas of monitoring focus for the next reporting period are DHB data quality and completeness, and project milestone progress.
The monitoring delivery confidence assessment remains Amber/Green, due to minor schedule slippage, and an on-going need to manage resourcing risks.

The main resourcing challenge is expected to be the recruitment of key technical positions, which will become of greater importance in the next stage of the project. Mitigations available to GCSB include the use of secondees and contractors.

The Treasury limits this report to a short comment and GCSB’s ‘Red/Amber/Green’ ratings for the project, due to the project’s security classification.

If the project declines to the point where Ministerial attention is warranted, the Treasury will provide more detailed reporting to the responsible Minister.

Benefits

A Benefits Management Strategy is in place, and accountability for realisation of individual benefits has been assigned to specific owners. The benefits remain as stated in the business case and still appear achievable.

An IQA scheduled for June 2016 will include attention to benefit management.

Timeline

Assurance schedule
The monitoring delivery confidence assessment remains Green, as successful delivery appears highly likely, and there are no major issues threatening delivery.

The project is proposing alternative short-term disaster recovery arrangements. The Treasury thinks these arrangements are sound from an investment perspective but that they should be reviewed by independent technical experts. GCSB plans to hold an independent technical review at the conclusion of the design process.

The major area of monitoring focus in the next period will be to provide comment to GCSB on the draft Implementation Business Case.

The Treasury limits this report to a short comment and GCSB's 'Red/Amber/Green' ratings for the project, due to the project's security classification. If the project declines to the point where Ministerial attention is warranted, the Treasury will provide more detailed reporting to the responsible Minister.

Benefits
The project has a Benefits Realisation Plan, and appears well-placed to achieve the benefits proposed in the business case.
In December 2015 the Programme entered the Delivery Phase and in February 2016 the updated Business Case was noted by the State Sector Reform and Expenditure Control (SEC) Committee on behalf of Cabinet. The Implementation Plan will now be shared with staff.

Responses to the Transformation Partner Request for Proposals (RFP) will be evaluated and a recommendation presented to the ACC Board in March 2016.

The RFP for a Policy and Levies Management system also closed this period with recommendation to the ACC Board targeted for May 2016.

Monitoring focus over the next period will be completion of the procurement process and award of contracts.

The whole of life benefits have been revised and have reduced from over $1b in the original business case to $770m. The lower benefits are offset by a reduction in the whole of life costs of the programme from $750-$950m to $456m. This is largely due to a reduction in the technology and system replacement needs. Service improvements will deliver non-quantifiable benefits and the Net Present Value remains positive at $51m.

New Zealand Government Procurement has been involved from an early stage of the development of the business case. The commercial approach aligns with ICT Strategic Action Plan and looks to leverage existing capabilities wherever possible. Where ACC’s requirements cannot be met through existing government collaborative contracts, ACC will approach the market through an open competitive process.
The project is currently preparing a proposal for the Service Innovation Working Group (SIWG) on the approach for delivery of the service. This will be presented to the group on Friday 15 April 2016. Once the group has approved the proposal a Risk Profile Assessment will be carried out to determine the project path.

Better Access to Baby Identity Information - DIA Developing a federated service focused on registering the birth of a child

Position in lifecycle

Pre-Project  Start-Up  **Initiate**  Implement  Close

Budget and expenditure

<table>
<thead>
<tr>
<th>Total project budget</th>
<th>TBC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure to date</td>
<td>$0.74m</td>
</tr>
</tbody>
</table>

Forecast expenditure is not available.

Benefits

The project is developing whole of life costs and benefits to form part of the Detailed Business Case to support investment decision making.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber due to the Indicative Business Case (IBC) being delayed by three months, and the complexity of cross-agency collaboration.

This is the first initiative associated with the ‘federated life event’ concept that is part of Better Public Services Result 10. The project team commenced market engagement to inform the IBC and the associated market engagement outcomes are expected to be submitted to the Service Innovation Working Group for consideration in March 2016.

The monitoring focus for the next reporting period will be the completion of the market engagement and indicative business case, confirmation of next steps, and alignment with other activity within DIA related to federated life events.

Functional lead comment - NZGP

New Zealand Government Procurement has had some very early informal conversations (November 2015) with the project manager.

Timeline

Project proposal first draft to Project Board 03/16
Product proposal final draft to SIWG 04/16
Business Case TBC

IQA Proposal to SIWG 04/16

Benefits Review TBC

Assurance schedule

February 2016
The TSSD Programme Governance Board, comprised of tier two members, held its first meeting in December 2015. The Board includes representation from MSD, the MOH, IR and SSC. The Programme Team is working with these agencies to identify any material indirect benefits the TSSD Programme can unlock for these agencies. This process will support high-level validation of the indirect benefits in the Programme Business Case (PBC) prior to going to Cabinet. These benefits will need to be further scoped with agencies in the next phase of the business case process.

An Independent Programme Health Check was undertaken across January and February and the report has been accepted by the Senior Responsible Owner. No material or unexpected issues were reported. An action plan is now being prepared for approval. Ongoing engagement with the Corporate Centre regarding the PBC continues, and follows a presentation to the Capital Investment Panel in November 2015. The PBC is expected to go to Cabinet by mid-2016.

The monitoring delivery confidence assessment remains Amber as the Treasury believes further work is required to complete the Programme Business Case (PBC). DIA has been addressing feedback on the draft PBC and has now been asked to show:
- How the TSSD Programme enables the delivery of the Result 10 (R10) strategy
- What other programmes and projects are also delivering R10 and the sequencing of them
- How other agency and organisational programmes (IR, MSD, ACC) also contribute to the R10 strategy and vision.

The PBC is now more explicit about its core focus of capital asset replacement for DIA and about its links to and support of RealMe. DIA has indicated that it intends to fund the programme through existing baselines. Treasury will need to test this assumption and confirm how this might impact other DIA priorities.

Treasury has recommended DIA undertake an independent health check review of the programme and the outcome of this review will be the key monitoring focus for the next reporting period.

The direct benefits to DIA of $129m over the 10 year life of the programme remain unchanged with further work pending. The indirect benefits to other agencies and customers are estimated at $340m. The Treasury will need to review how DIA propose to measure and realise these benefits after the Benefits Plan has been updated and prior to submission of the PBC to Cabinet in June 2016.

The commercial strategy will require more detailed development as the Strategic and Economic components of the Business Case are refined. The commercial strategy remains at a high level at this stage and aligns with the key themes of the 2015 ICT strategy and relevant procurement initiatives. The PBC acknowledges the potential impact of parallel transformation initiatives (MSD, ACC and IRD) on the availability of critical resources."
The programme continues to meet all its major milestones and deliver under budget. A significant milestone was reached this quarter with Cabinet’s approval of a Detailed Business Case for a multi-year programme delivered in four stages.

A significant focus in this quarter was increasing the understanding of the changes needed to the heritage systems and business processes, so they can support co-existence with the new systems.

The programme also made good progress configuring the implementation prototype of the new technology platform, START (Simplified Tax and Revenue Technology). The prototype includes key functions such as the ability to register and enrol, file different GST forms, and make payments with the correct payment and transaction types.

Also included in the first stage is remediation of support systems, and implementation of foundational technology such as datacentres and desktop requirements.

Benefits
IR has an overall Benefits Realisation Plan in place that its Investment Board has approved and will be reporting progress against a series of key performance indicators to Cabinet twice a year. In Treasury’s view, the most important indicator to track is digital uptake, as the uptake of digital solutions will drive many of the benefits that IR has identified for the programme.

The Treasury’s assessment
The monitoring delivery confidence assessment remains Amber/Green, as IR has successfully completed its detailed design phase ahead of schedule, and has commenced implementation.

Cabinet agreed to an overall funding envelope for the programme in November, and the timeframe for delivery of the programme has reduced from ten to seven years. The first stage of the programme has commenced, which will migrate GST customers to the new platform by May 2017. Small pilots of digital GST submission have begun with customers on Xero and MYOB software. The pilots should expand after the evaluation of customer feedback.

There are a number of risks for the programme, such as co-existence between the existing FIRST system and the new platform. IR has also started an internal communications exercise outlining planned changes to its workforce as a result of the programme.

Monitoring over the next reporting period will focus on co-existence and the completion of the development phase for the GST build in the new platform.

Functional lead comment - NZGP
NZGP has continued to be engaged with the BT programme through the Corporate centre. Feedback provided on the IQA4 and TQA3 TORs. Positive early engagement with IR on the forward sourcing pipeline.
Overall status is amber - green. A recent draft IQA report on the overall programme health and implementation readiness for the next key release concludes that successful delivery of the project appears likely. However attention will be needed to ensure risks do not materialise into major issues threatening delivery.

Phase 1 project closure was approved in December 2015. Phase 2 project is in the process of implementing the second release of changes to support the new late payment penalties and penalty write-off legislation. These changes are being tested and the programme remains on track to deliver the phase 2 changes required to be in place for the legislative effective date of 1 April 2016.

The plan for realising programme benefits has been updated. A significant reduction in forecast dis-benefits has been identified. A further review and update of the benefits is underway and will be complete prior to programme closure.

The programme is forecast to underspend in both CAPEX and OPEX. Approval to release funds back to IR and Cabinet is being sought.

The monitoring delivery confidence assessment remains Amber/Green. Minor delays have been experienced with testing but IR is confident the next release will go live in March 2016. Business readiness workshops and staff training have been successfully completed in preparation for Phase 2 legislation enactment on 1 April.

IR expects to deliver the project under budget and plans to return over $4m operating baseline funding to the Crown. IR will determine what additional under-spend in annual operating costs can be returned to the Crown. The Taxation (Annual Rates for 2015-16, Research and Development, and Remedial Matters) Bill was signed into law on 24 February 2016. This confirms and finalises the scope for the programme.

The monitoring focus for the next reporting period will be business readiness and the rollout of the final release in June 2016. Following a successful release in March 2016, Treasury intends to exit the project from monitoring.
The project is at the later stages of business case approval and investment decision by Ministers. On 18 November 2015 the Economic Growth and Infrastructure Committee (EGI) endorsed the case for modernising the New Zealand survey and title system as set out in the Detailed Business Case (DBC) [EGI-15-MIN-0152]. The remaining step is for Cabinet to make an investment decision regarding the delivery model and funding beginning with discussions with Investment Ministers as part of Budget 2016 processes. Also in the period LINZ completed work on the DBC Addendum paper which validated an as-a-service delivery option which requires no new Crown capital and complements the fully capitalised option developed in the DBC.

LINZ attended the February 2016 Investment Panel. It was outlined that the work on the as-a-service delivery option had matured and given its all-of-government system importance, its alignment to the Government ICT Strategy and Action Plan, and that LINZ was an agency already well advanced at managing technology outsourcing, it was now the preferred delivery option and that it would be progressed further with Investment Ministers. Initial feedback from the Panel was that LINZ is well prepared as an agency to advance an as-a-service delivery model. Investment Ministers will be briefed on the as-a-service model and endorsement will be sought for a Cabinet paper approving LINZ to go to market.

LINZ continues work on its go to market preparedness so that an Expression of Interest and procurement material will be ready when an investment decision is made.
Implementation highlights since March 2015 include a responsive web application that clients can use from a smartphone, tablet, or desktop computer; capability that lets doctors electronically submit clients’ work capacity medical certificates; elimination of a first set of redundant letters; and enhancements to voice-enabled technology in the contact centres, so clients can do more for themselves over the phone.

While the programme has made significant progress, progress to date has been slower than anticipated. This is due to slower than planned delivery of online functionality, slower digital uptake and slower delivery of other project dependencies (such as SCMS system). Given this a replanning exercise was carried out in late 2015 to embed learnings and drive programme improvements.

As a result in order to meet the level of benefits targeted, MSD has extended the scope of some initiatives, identified new ones, and changed the timing of others. From this it has developed a series of initiatives mapped out to March 2017.

MSD is continuing to critically assess the delivery of the programme to best meet the needs of staff and clients. Overall programme status is Amber. Timeline risks are high including delivery/benefit demands, resourcing and other project dependencies. However, overall viability of achieving benefits remains green.
The project is on-track to go live within the revised implementation plan’s costs and schedule through to September 2016, as agreed by Cabinet’s State Sector Reform and Expenditure Control Committee (SEC) in early February [SEC-16-MIN-0003 refers].

This reporting period has seen the completion of several key milestones:
- Completion of build and configuration of all key SAP functional areas;
- Sign off and Build of the Success Factors system;
- Completion of System Integration Testing (SIT) for all three HRMIS Systems (SAP, Kronos and SuccessFactors);
- Completion of Configuration of the District Build for the Workforce Management System;
- Completion of Dress Rehearsal 1;
- Completion of Parallel Payroll Cycle 1;
- Completion of 2 key checkpoints (1 and 2) of 7 as part of Go-Live Readiness.

Notwithstanding the favourable view about likelihood of delivery within the revised timeline, Police acknowledges that HRMIS is, and will continue to be, a challenging project. Police’s focus remains on achieving a quality solution.

The project benefits for phase one will start to be realised later than planned due to the change in go-live date from 1 April to 4 July 2016. Police is confident that the benefits are fully realisable.

The monitoring delivery confidence assessment remains Amber/Red as there are significant risks to on-time delivery of a sustainable payroll solution, and further changes to budget and schedule may be required to achieve this.

In October 2015, Police undertook a detailed re-planning exercise following issues with project costs, resourcing and timeframes which resulted in a change to the go-live date of phase one from 1 April 2016 to 12 September 2016. Police reported to the SEC Cabinet Committee on 10 February who noted their decision to move the go-live date of phase one to 12 September 2016 and agreed to increase the whole-of-life cost to $64m from Police baselines.

A February 2016 Independent Quality Assurance (IQA) review said a September 2016 go-live date is “likely” and recommends Police perform a risk assessment and critical path analysis to confirm the level of contingency required. Due to issues that have arisen since the IQA, the Treasury has reduced confidence that the September go-live is achievable. The Treasury also remains confident that Police are taking all the appropriate actions in response.

Ongoing monitoring focus will be on Police response to IQA recommendations and performance against schedule as Police enter into final testing.