The Treasury

Major Projects Performance Information Release

Release Document

March 2016

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

[3] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[4] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[5] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice.

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

July to October 2015
Major Projects Performance Report

This report provides an overview of the performance of major projects\(^1\) to the Minister of Finance and Cabinet three times each year.

The report includes:

- 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 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.

### The Major Projects Portfolio

<table>
<thead>
<tr>
<th></th>
<th>$5.2b</th>
<th>$4.9b</th>
<th>$8.4b</th>
<th>$18.5b</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ICT</td>
<td>Defence</td>
<td>Construction</td>
<td>whole-of-life-cost</td>
</tr>
</tbody>
</table>

\(^{22\%}\) of the Government Project Portfolio

- 24 ICT projects
- 9 Defence projects
- 8 Construction projects
- **41 projects**

\[^1\] The word ‘project’ in this report refers to both projects and programmes.

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### Assessing project performance

The Treasury uses the monitoring delivery confidence assessment to measure the likelihood that investments will perform as expected – deliver anticipated benefits on time and within budget.

The assessment uses a five-point scale:

- **Green** Successful delivery of the project against budget, schedule, scope and benefits, appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly.
- **Amber/Green** Successful delivery of the project against budget, schedule, scope and benefits, appears probable; however, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
- **Amber** Successful delivery of the project against budget, schedule, scope and benefits, appears feasible but significant issues already exist, requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun or loss/delay of benefits.
- **Amber/Red** Successful delivery of the project requires urgent action to address major risks or issues in a number of key areas. Changes to budget, schedule, scope or benefits may be necessary if the project is to be delivered successfully.
- **Red** Successful delivery of the project requires changes to budget, schedule, scope or benefits. There are major issues with project definition, schedule, budget, quality and/or benefits delivery, which don’t appear to be manageable or resolvable without such changes being made.
**Performance of major projects July - October 2015**

The number of major projects has increased from 38 to 41 since the previous period. Three of the four projects that have entered monitoring have been assessed as Amber, and one as Amber/Green. One project has exited from Treasury monitoring.

The overall monitoring delivery confidence of the major projects portfolio has improved since the previous reporting period. One project has improved to Green, and eight have improved to Amber/Green.

There remains only one Red project in the portfolio. As shown below, two of the projects assessed as Amber/Red in the previous period have improved in monitoring delivery confidence, and one has exited the monitoring process.

The Panel identified several themes across the portfolio:
- Collaboration adds complexity, and this could be managed better.
- Governance is not typically in line with good practice.
- Sufficient senior involvement is not occurring until problems arise.
- Management of supplier performance needs more attention.

The Treasury is considering actions to address these themes, and will incorporate these in its work programme.

**Major Projects Assessment Panel**

The Major Projects Assessment Panel reviews monitoring delivery confidence ratings. The Panel recommends increased monitoring attention for the following projects over the next reporting period:

[3]
### Project Summary

<table>
<thead>
<tr>
<th>Sector</th>
<th>Project/Programme</th>
<th>Agency</th>
<th>Delivery Confidence</th>
<th>Change</th>
<th>Responsible Minister</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration/Business of Government</td>
<td>Better Access to Baby Identity and Information Project</td>
<td>DIA</td>
<td>NEW</td>
<td></td>
<td>Hon Dunne</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Developing a federated service focused on registering the birth of a child</td>
<td></td>
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<tr>
<td>Administration/Business of Government</td>
<td>Transforming the System of Service Delivery (TSSD) Programme</td>
<td>DIA</td>
<td></td>
<td>▼</td>
<td>Hon Dunne</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Transitioning to a digital, joined-up, customer-centric model of service delivery</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Administration/Business of Government</td>
<td>CabNet Project</td>
<td>DPMC</td>
<td></td>
<td>▲</td>
<td>Rt Hon Key</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>A central electronic source for authoritative Cabinet information</td>
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<tr>
<td>Administration/Business of Government</td>
<td>Business Transformation Programme</td>
<td>IRD</td>
<td></td>
<td>▼</td>
<td>Hon McClay</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Implementing a modern, efficient, and cohesive tax administration system</td>
<td></td>
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<tr>
<td>Administration/Business of Government</td>
<td>Child Support Reform Programme</td>
<td>IRD</td>
<td></td>
<td>▼</td>
<td>Hon McClay</td>
<td>12</td>
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<td></td>
<td>Increasing fairness in the child support system</td>
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<tr>
<td>Administration/Business of Government</td>
<td>Advanced Survey and Title Services (ASaTS) Project</td>
<td>LINZ</td>
<td></td>
<td>▼</td>
<td>Hon Upston</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Replacing Landonline’s outdated and constraining technology platform</td>
<td></td>
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<tr>
<td>Administration/Business of Government</td>
<td>Programme and Activity Management Project</td>
<td>MFAT</td>
<td></td>
<td>▼</td>
<td>Hon McCully</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Delivering a core overseas aid management software solution</td>
<td></td>
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<tr>
<td>Administration/Business of Government</td>
<td>Simplification Programme</td>
<td>MSD</td>
<td></td>
<td>▼</td>
<td>Hon Tolley</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Simplifying the provision of MSD's transactional services</td>
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<tr>
<td>Administration/Business of Government</td>
<td>Human Resources Management Information System (HRMIS) Project</td>
<td>POLICE</td>
<td></td>
<td>▼</td>
<td>Hon Woodhouse</td>
<td>16</td>
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<td></td>
<td>Delivering a long-term solution to Police’s HR needs</td>
<td></td>
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<tr>
<td>Border</td>
<td>Joint Border Management System (JBMS) Programme</td>
<td>CUSTOMS</td>
<td></td>
<td>▲</td>
<td>Hon Wagner</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Moving to a faster, simpler, more cohesive and reliable system of border management</td>
<td></td>
<td></td>
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<tr>
<td>Canterbury Recovery</td>
<td>Christchurch Central Delivery Programme</td>
<td>CERA</td>
<td></td>
<td>▼</td>
<td>Hon Brownlee</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Ensuring timely and effective delivery of anchor projects in central Christchurch</td>
<td></td>
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<tr>
<td>Canterbury Recovery</td>
<td>Horizontal Infrastructure Programme</td>
<td>CERA</td>
<td></td>
<td>▼</td>
<td>Hon Brownlee</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Leading the recovery of resilient, sustainable, and cost-effective network infrastructure</td>
<td></td>
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<tr>
<td>Canterbury Recovery</td>
<td>Residential Red Zone (RRZ) Programme</td>
<td>CERA</td>
<td></td>
<td>▲</td>
<td>Hon Brownlee</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Governs and coordinates the acquisition and management of land in the RRZ</td>
<td></td>
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</tr>
</tbody>
</table>

- Delivery confidence has improved since previous report
- Delivery confidence has declined since previous report
- Delivery confidence has not changed since previous report
- NEW Project is being reported on for the first time
- EXITED Project has exited from the monitoring process
<table>
<thead>
<tr>
<th>Major Projects Performance Report, July – October 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canterbury Recovery</strong></td>
</tr>
<tr>
<td>Canterbury Schools Rebuild Programme (part of the Canterbury Education Renewal Programme)</td>
</tr>
<tr>
<td>Will repair and rebuild 115 damaged Canterbury schools by 2022</td>
</tr>
<tr>
<td><strong>Canterbury Recovery</strong></td>
</tr>
<tr>
<td>Burwood Hospital Redevelopment</td>
</tr>
<tr>
<td>Redeveloping Burwood Hospital after the Canterbury earthquake series</td>
</tr>
<tr>
<td><strong>Canterbury Recovery</strong></td>
</tr>
<tr>
<td>Christchurch Justice Emergency Services Precinct</td>
</tr>
<tr>
<td>A new single-site precinct to accommodate justice and emergency services</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>ANZAC Frigate Systems Upgrade Project</td>
</tr>
<tr>
<td>Restoring and upgrading the surveillance and combat capabilities of the ANZAC frigates</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Platform Systems Upgrade (PSU) Project</td>
</tr>
<tr>
<td>Upgrading the platform systems of HMNZS Te Mana and HMNZS Te Kaha, to ensure combat viability</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Consolidated Logistics Project</td>
</tr>
<tr>
<td>Implementing a coordinated, efficient logistics management system across NZDF</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Future Air Mobility Capability (FAMC) Project</td>
</tr>
<tr>
<td>Sustaining NZDF’s strategic airlift capability after the end of life of existing aircraft</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Future Air Surveillance Capability (FASC) Project</td>
</tr>
<tr>
<td>Ensuring that NZDF has a continuous relevant air surveillance capability</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Littoral Operations Support Capability (LOSC) Project</td>
</tr>
<tr>
<td>Providing a capability for continued support of the Littoral Warfare Support Force</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Maritime Helicopter Capability Project (MHCP)</td>
</tr>
<tr>
<td>Improving the capability of the Naval Helicopter Force (NHF)</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Maritime Sustainment Capability (MSC) Project</td>
</tr>
<tr>
<td>Will replace the HMNZS Endeavour with a new Maritime Sustainment Capability</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Network-Enabled Army (NEA) Programme</td>
</tr>
<tr>
<td>Improving NZDF’s electronic information sharing capability</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Pilot Training Capability (PTC) Project</td>
</tr>
<tr>
<td>Modernising the NZDF pilot training system</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
</tr>
<tr>
<td>Secret Information Environment (SIE) Project</td>
</tr>
<tr>
<td>Upgrading the NZDF’s secret-level communications network</td>
</tr>
<tr>
<td><strong>Economic Development</strong></td>
</tr>
<tr>
<td>Integrated Lifecycle Services (NZBN) Programme</td>
</tr>
<tr>
<td>Delivering a single business registration service that reduces effort and costs for business based on the New Zealand Business Number (NZBN)</td>
</tr>
</tbody>
</table>

Major Projects Performance Report, July – October 2015 5
<table>
<thead>
<tr>
<th>Category</th>
<th>Project Title</th>
<th>Description</th>
<th>Department</th>
<th>Status</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td><strong>Vision 2015/Immigration Global Management System (IGMS) Programme</strong>&lt;br&gt; A system to process visa applications more quickly, more accurately, and at less cost</td>
<td>MBIE</td>
<td>—</td>
<td>Hon Woodhouse</td>
<td>37</td>
</tr>
<tr>
<td>Economic Development</td>
<td><strong>National Biocontainment Laboratory Project</strong>&lt;br&gt; Replacing the existing Wallaceville biocontainment facility with an enhanced facility</td>
<td>MPI</td>
<td>▲</td>
<td>Hon Guy</td>
<td>38</td>
</tr>
<tr>
<td>Economic Development</td>
<td><strong>2018 Census Project</strong>&lt;br&gt; Coordinating, directing, and overseeing activities related to the 2018 Census</td>
<td>STATS</td>
<td>—</td>
<td>Hon Foss</td>
<td>39</td>
</tr>
<tr>
<td>Economic Development</td>
<td><strong>Statistics 2020 Project</strong>&lt;br&gt; Replacing existing data systems with modern, efficient platforms and processes</td>
<td>STATS</td>
<td>EXITED</td>
<td>Hon Foss</td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td><strong>Māori Land Service Programme</strong>&lt;br&gt; Supporting Māori land owners to strengthen the management and utilisation of their land</td>
<td>TPK</td>
<td>NEW</td>
<td>Hon Flavell</td>
<td>40</td>
</tr>
<tr>
<td>Education and Skills</td>
<td><strong>DELTA Programme (formerly Learning with Digital Technology)</strong>&lt;br&gt; Using digital infrastructure and technology to improve learning outcomes</td>
<td>MINEDU</td>
<td>▲</td>
<td>Hon Parata</td>
<td>41</td>
</tr>
<tr>
<td>Education and Skills</td>
<td><strong>Education Resourcing System Programme</strong>&lt;br&gt; A future-proofed early childhood and schools resourcing system</td>
<td>MINEDU</td>
<td>—</td>
<td>Hon Parata</td>
<td>42</td>
</tr>
<tr>
<td>Education and Skills</td>
<td><strong>Education Payroll Limited Strategic Review Project</strong>&lt;br&gt; Determining the long-term plan for the provision of schools payroll services</td>
<td>EPL</td>
<td>NEW</td>
<td>Hon Joyce</td>
<td>43</td>
</tr>
<tr>
<td>Health</td>
<td><strong>Shaping Our Future Transformation Programme</strong>&lt;br&gt; Transforming ACC’s operating model to improve delivery of core services</td>
<td>ACC</td>
<td>—</td>
<td>Hon Kaye</td>
<td>44</td>
</tr>
<tr>
<td>Health</td>
<td><strong>Health Payment Systems Project</strong>&lt;br&gt; Replacing outdated health payment methods with modern business processes</td>
<td>MOH</td>
<td>▼</td>
<td>Hon Coleman</td>
<td>45</td>
</tr>
<tr>
<td>Health</td>
<td><strong>National Patient Flow Project</strong>&lt;br&gt; A patient-centred, referral-based reporting system</td>
<td>MOH</td>
<td>—</td>
<td>Hon Coleman</td>
<td>46</td>
</tr>
<tr>
<td>Intelligence</td>
<td><strong>Cortex Project</strong></td>
<td>GCSB</td>
<td>—</td>
<td>Hon Finlayson</td>
<td>47</td>
</tr>
<tr>
<td>Intelligence</td>
<td><strong>CPMI Project</strong></td>
<td>GCSB</td>
<td>—</td>
<td>Hon Finlayson</td>
<td>48</td>
</tr>
<tr>
<td>Social Development</td>
<td><strong>Military Heritage Delivery Arrangements Project</strong>&lt;br&gt; Options for improving the delivery of military heritage with a national focus</td>
<td>MCH</td>
<td>—</td>
<td>Hon Barry</td>
<td>49</td>
</tr>
</tbody>
</table>
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.

The information in this report is correct for the period July-October 2015 and is a point in time view of project performance.

Financial and schedule information

The report shows the most relevant schedule milestones for each project, including significant assurance activities.

Project financials compare the whole of life cost (where this is provided) or expected project costs to actual expenditure to date.

Whole-of-life costs

Whole-of-life cost differs from expected project costs 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.

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.

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.

Project lifecycle

The report now 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.

There are five stages in the project lifecycle:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<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>
</tr>
<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>
</tr>
<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>
</tr>
<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>
</tr>
<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>
</tr>
</tbody>
</table>
Given the significant investment expected it was decided in August 2015 to firm up the Business Case to ensure the BABII project sets the best precedence for all other life events work. The work included:

- Consideration of other procurement strategies and options,
- providing greater clarity on the use of identity management for BABII,
- the connection between BABII and FSD (Federated Service Delivery) Model, and
- the working arrangements for cross agency collaboration.

The decision to undertake a pre-procurement external dialogue was made at the BABII partner agency meeting (MSD, MoH, IR, DIA) in September 2015 to:

Outline the ecosystem and 'life event' based Federated Service Delivery and BABII service vision, and ask market to propose ways to deliver this, with Birth of a Child as the initial deliverable.

Thought leaders within the market and wider social media are currently being engaged with options for a digital public service ecosystem to be considered by SIWG in April.

Benefits

The project is in the process of identifying indicative benefits to inform an initial approach to market.

The Treasury’s assessment

The initial monitoring delivery confidence assessment for this new entry to monitoring is Amber, due to uncertainty at this early stage of the project and the inherent complexity that comes with 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 plans to undertake market engagement to inform a business case and associated investment proposal. The business case is expected to be submitted to the Service Innovation Working Group for consideration in late November 2015.

The monitoring focus for the next reporting period will be the completion of the market engagement and business case, confirmation of next steps, and alignment with other activity within DIA related to federated life events.
The Programme Business Case (PBC) was endorsed by the Department’s Executive Leadership Team in September 2015. A decision to delay the PBC’s submission to Cabinet has been made due to potential changes to Result 10 and the role of RealMe. As a result, the status of the programme remains Amber. To maintain momentum, the Department released funding to enable development of the Detailed Business Case (DBC) for Tranche 1 of the programme. The Department is also reviewing Treasury feedback on the PBC and continues to engage with Treasury in progressing the PBC and DBC through the lifecycle.

A series of workshops have been scheduled with stakeholders to inform the business design and refine the programme costs and benefits for Tranche 1. This will be supported by a market scan, which will analyse market capability and consider how lessons can be learnt from similar transformations.

External agency representatives have been invited to sit on the Programme Governance Board.

The Department is currently considering funding options for the programme. The preferred strategy will be outlined in the financial case of the DBC and incorporated in future updates to the four-year plan.

**Benefits**

Original estimates for direct benefits of $129m and indirect benefits of $340m to other agencies and third parties remain unchanged. Benefits have been documented as part of the business case cost-benefit analysis, but business owners have not been allocated at this point. Full measures, targets and owners are expected to be identified, prior to submission of the Programme Business Case to Cabinet.

**Functional lead comment**

New Zealand Government Procurement has had some limited visibility of the PBC: Key feedback was that there is alignment with ICT Strategic Action Plan, and the availability of key resources is seen as a risk owing to a number of competing initiatives (MSD, ACC, and IRD).

DIA need to develop a market engagement strategy to support the commercial aspects of the programme.

**The Treasury’s assessment**

The monitoring delivery confidence assessment has declined to Amber as there is further work required on the draft Programme Business Case (PBC).

Treasury’s view is that there is a need to clarify the investment objectives of the programme, develop specific measures to track the impact of the programme, and better describe the short-list of options within the PBC.

DIA has decided to defer Cabinet consideration of the PBC from November 2015 to March 2016.

Treasury is also concerned that DIA may not be able to fund the investment fully within their baseline, as indicated. To test whether DIA can fund the programme from its baselines and deliver it with other commitments, we will be reviewing the investment as part of the next Investment Panel. We also plan to review DIA’s four-year plan when it is submitted in December 2015.

The monitoring focus during the next period will be tracking whether DIA incorporates Treasury feedback, and assessing the affordability of the proposal.

**Timeline**

- **Programme Business Case**
  - 03/16: Tranche 1

- **Detailed Business Case**
  - 03/16: Tranche 1

**Assurance schedule**

- **Gate 0/1 Review**
  - 03/15

- **IQA Review**
  - 02/16

- **Gate 1 Review**
  - 03/16

- **Gate 0 Review**
  - 03/16

- **In-service**
  - 2026

- **Benefits Review**
  - TBC

**Budget and expenditure**

- Whole of life cost: $120.70m*
- Actual expenditure: $3.16m

*This figure and the forecast expenditure are indicative only.

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**Financial Year End**

<table>
<thead>
<tr>
<th>Financial Year End</th>
<th>Actual Expenditure</th>
<th>Forecast Expenditure</th>
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<tbody>
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**Monitoring delivery confidence**

- Previous: A

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**Agency assessment**

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

**Position in lifecycle**

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

---

**The Treasury’s assessment**

**Benefits**

**Original estimates for direct benefits of $129m and indirect benefits of $340m to other agencies and third parties remain unchanged. Benefits have been documented as part of the business case cost benefit analysis, but business owners have not been allocated at this point. Full measures, targets and owners are expected to be identified, prior to submission of the Programme Business Case to Cabinet.**

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**Functional lead comment**

New Zealand Government Procurement has had some limited visibility of the PBC: Key feedback was that there is alignment with ICT Strategic Action Plan, and the availability of key resources is seen as a risk owing to a number of competing initiatives (MSD, ACC, and IRD).

DIA need to develop a market engagement strategy to support the commercial aspects of the programme.
Since 1 July 2015 (the previous reporting period):

- The Cabinet Office went live (3/08/2015).
- Warranty period completed on 9/08/2015 and CabNet software is supported via a signed software support agreement with the supplier (Catalyst.Net).
- CabNet system has been added to the DPMC asset register and depreciation charges commenced.
- Rollout to first Ministers (3) and Central Agencies commenced on 31/08/2015.
- Rollout to remaining Ministers and Agencies started 14/09/2015.
- CabNet system handed over to BAU support by CASS ICT 31/08/2015. Backstop support to CASS IT being provided by project team until end November 2015.
- On track for first Ministers to receive mobile application (CabDocs) for use on their Windows8 tablets on 19/10/2015.
- Rollout to all agencies is on track to complete on 27/11/2015.

The project’s overall status is Green.

Good feedback is being received by users trained on the system.

Benefits

The project has focused on benefits management in the last reporting period and a benefits realisation plan was approved in September 2015. The identified benefits are mainly in the nature of better access, quality and security of Cabinet information. The project has scheduled an independent review of benefits realisation for June 2016.

The Treasury’s assessment

The monitoring delivery confidence assessment has improved to Amber/Green, following successful rollout of CabNet to the Cabinet Office, Central Agencies and an initial group of Ministers’ offices. The phased rollout to the remaining Ministers’ offices and government agencies is progressing to plan and is on track to be completed by the end of November 2015.

The monitoring focus over the next reporting period will continue to be the phased rollout, and preparation for handover of ongoing operations to the business.
The Implementation Business Case and updated Programme Business Case are on track for submission to Cabinet before the end of 2015. The emerging narrative and a first view of cost and benefits estimation has been socialised with Central Agencies. Results of the Treasury’s Gateway Review report have been received and are generally extremely positive. Work continues on policy discussion documents and other material to support the next round of the Government’s “Making Tax Simple” public consultation. We expect public consultation to start at the end of 2015. Exact timing has yet to be confirmed.

Very good progress is being made on configuring the prototype of the implementation of GenTax. With help from Inland Revenue subject matter experts, FAST has completed 85% of the preparation stage work. A significant focus is now on the co-existence strategy, and the scale of change required for our heritage system to support co-existence with GenTax. This will continue to be a focus for the rest of the year.

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The overall status is Amber at this time due to pressures on the implementation schedule.

Handover of all Phase 1 products is complete and closure of the phase is underway.

Phase 2 project is in the process of implementing the first release of changes to support the new estimation square up and qualifying age legislation. The second release of technical changes (supporting the new penalties and debt write off legislation) are being tested. The programme remains on track to deliver the phase 2 changes by the legislative effective date of 1 April 2016.

The monitoring delivery confidence assessment remains Amber/Green. There has been a delay deploying the next release, and some uncertainty with confirmation of changes to Child Support legislation. The deployment date moved from 17 October 2015 to 6 November. Despite this slight delay, this is not expected to impact implementation of the next wave of changes for customers in March 2016.

The delay in receiving royal assent on amendments to the Child Support Act creates some risk. If this is not received by February 2016, IR may need to invest in additional changes that are due to be removed from the legislation. IR is mitigating this issue to the extent it can.

The monitoring focus for the next reporting period will be on tracking royal assent on the legislative changes, and ensuring that the next major release is deployed successfully in March 2016.

The programme completed a benefits realisation plan in December 2014, and is currently refreshing this plan. The small delay in deployment of the next major release is not expected to impact the programme's benefits.
The Advanced Survey and Title Services (ASaTS) project is seeking approval of its case for change established in its Detailed Business Case by Cabinet. November 2015 is targeted for this step. Approval of funding for the project will be sought as part of Budget 16 processes.

The project team is developing advice to government on both a fully capitalised solution and solutions with less impact on available Crown capital. Work continues on the market Expression of Interest and procurement documentation so that this material is ready when approval and funding is in place.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green, as LINZ plans to submit its Detailed Business Case (DBC) to EGI on 18 November.

LINZ has undertaken analysis on the Software as a Service (SaaS) approach with a number of parties over the past several months, and this analysis appears to indicate that the SaaS solution is a viable option.

LINZ continues to work with parties to assess the costs and risks of delivering LandOnLine using an SaaS approach, including whether they still require capital funding in Budget 2016. Following consideration and direction from EGI, LINZ plans to complete an addendum to its DBC, setting out the findings and cost estimates for the SaaS option. This work is expected to be completed by December 2015.

The monitoring focus during the next reporting period will be on assessing the viability of the SaaS offering, and supporting discussions on funding in the lead up to Budget 2016.

Functional lead comment

New Zealand Government Procurement (NZGP) has provided procurement advice regarding a Competitive Dialogue procurement option. NZGP is currently providing limited support to the project with a review of alternative procurement processes and providing Software-as-a-Service ownership model/benefits realisation advice, in step with GCIO ICT Strategy and ensuring alignment with the Government Rules of Sourcing.

Benefits

Quantifiable benefits have been reviewed as part of the work to update the Detailed Business Case and are between [2]. Additional benefits may be identified during analysis of the Software as a Service delivery option.

Benefit baselines, targets and measures have been established and allocated to owners, and benefit management processes are in place, which gives confidence that benefits realisation will be well managed.

Timeline

<table>
<thead>
<tr>
<th>Indicative Business Case 10/13</th>
<th>EGI and Cabinet approval of Detailed Business Case 11/15</th>
<th>Budget 16 approval for project funding 05/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2015</td>
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</table>

Assurance schedule

- Gateway 0 Review 07/13
- Gateway 2 Review 08/14
- Assurance Plan Complete 02/16
- IQA and Gateway Reviews TBC
- Benefits Review TBC
- Fully operational 06/19
In March 2015 the Minister approved the whole of life (WOLC) costs for the detailed design and implementation of the integrated Programme and Activity Management (PAM) Solution. The budget and timeline for this stage remains on track. The detailed design stage is almost complete. Approval of the detailed design, release approach and the drawdown of associated costs will be sought from the Project Steering Committee next month.

The delivery confidence assessment remains Amber/Green, as the project is largely tracking to plan. The project has identified specific risks related to the schedule, and there are several weeks to be made up following a delay in approving the business case, but the risks are well managed. The longer-term implementation timeframe is not expected to be affected, and the detailed design phase is on track to be completed in December 2015.

The monitoring focus for the next reporting period will be completing detailed design and beginning the implementation phase.

MFAT invited New Zealand Government Procurement (NZGP) to review and provide advice on the Indicative and Detailed Business Case. Advice was provided on the commercial aspects of the business cases in June 2015, and NZGP has had no further involvement.

Benefits

- The project has identified clear benefits and has developed a benefits management plan. Processes are in place to monitor and measure benefits, and a benefits manager and benefits owners have been identified.

Functional lead comment

The project has identified specific risks related to the schedule, and there are several weeks to be made up following a delay in approving the business case, but the risks are well managed. The longer-term implementation timeframe is not expected to be affected, and the detailed design phase is on track to be completed in December 2015.

The monitoring focus for the next reporting period will be completing detailed design and beginning the implementation phase.
The Ministry is delivering initiatives to support clients online and create efficiencies, including:

- A web app - progressively enables clients to do more online using smartphones, tablets, or PCs,
- A 'virtual' contact centre - call volumes from multiple centres are managed as if they are a single entity,
- Contact centres - voice-enabled technology to reduce clients' need to talk to service/contact centre staff and outbound calling to encourage online uptake,
- E-lodgement of work capacity medical certificates and piloting text reminders about expiring certificates,
- Two pilots incorporating enhanced front-of-house online zones to encourage clients to self-serve, and revised site security,
- Automation of the calculation of a client's entitlement using Inland Revenue income information and past benefit payments,
- Client-focused declare income information on the website, and
- Cessation of 26 unnecessary letters (annual savings of about $670,000).

Activities to deliver straight-through population and processing benefits depend on other MSD information technology projects remaining on track. MSD is reporting progress to Joint Ministers in November.

The delivery confidence assessment has declined to Amber, as MSD has indicated that a delay in rollout of a single-client management system, from November 2015 to February 2016, may have an impact on planned benefits realisation for Simplification.

Digital uptake of pilot solutions in WINZ offices is running 10% behind forecasts, so MSD is trialling additional techniques to boost digital uptake and reviewing the schedule and benefits forecasts for the programme. The Treasury considers these issues are recoverable, although if current trends continue, we believe it will be challenging for MSD to meet its forecasts.

MSD will provide an updated schedule and benefits forecast when presenting an update on progress to Joint Ministers in November 2015.

The monitoring focus for the next reporting period will be on assessing the re-planned schedule and benefits realisation forecasts as part of the report back to Cabinet.
The HRMIS project is reporting Red for this period (this is due to the financials and schedule). As a result the project is currently completing re-planning including updating the integrated schedule and considering contingency options. The April 2016 go live date is under pressure and we expect to confirm any change and implication to the go live date in November 2015.

This reporting period has seen the completion of several key milestones:

- SAP SIT. There were no severity 1 or 2 defects outstanding. Remaining priority 1 scripts will be completed over the course of the next couple of weeks as an added precaution in advance of commencing Parallel Payroll Testing.
- Data Migration team completed the Core Extract, Transform, and Load build, establishment of data validation and met entry criteria for Dress Rehearsal 1.
- Dress Rehearsal 1 commenced on 19 October.
- Iteration 3 across all Success Factors workstreams has been completed with all, except the Learning Management System, signed-off.

The Treasury’s assessment

The monitoring delivery confidence assessment for this project remains at Amber/Red as the original project delivery date of April 2016 is now unachievable and re-planning is underway to determine a revised implementation date, costing and help select the best way forward.

An Independent Quality Assurance Review on the draft proposed plan has been completed and the recommendations are being actioned.

The HRMIS system is largely built and is about to move into the Parallel Payroll testing phase. There is a business issue being investigated that could impact system design or ongoing operating costs post go-live. The outcome of this investigation will be known in November 2015 and will inform the re-planning. A decision about the implementation date is expected from Police in November 2015 following the re-planning and commercial conversations, and is the key monitoring focus for the next reporting period.
Following industry consultation, dates for mandatory adoption of the new message formats are July 2017 for the Inward Cargo Report (complex), and November 2016 for all others.

Successful uptake of registrations self-service functionality has occurred with 263 total users on-boarded since the pilot began and over 10,000 registrations submitted since go live in May. Industry feedback is very positive.

The next release will deliver the final lodgement types for Trade Single Window, and advanced Risk and Intelligence capability to Customs and MPI in the first half of 2016. Governance approval for Micro Design and commercial acceptance of IBM’s submitted deliverables has concluded and build for all elements of the solution is nearing completion. The programme is focused on the testing, acceptance and business/technical transition phases.

PwC has undertaken a technical quality review of the Micro Design, with the management response approved through governance. PwC are undertaking two sub-areas of re-review and its findings are now due.

Benefits

Benefits re-baselining is a work in progress, and appears thorough. Customs has drafted a comprehensive set of 16 benefits with proposed measurements. There is still a substantial piece of work required to develop this into individual benefits profiles which create clear accountabilities for business owners. The Treasury has asked Customs to produce a timeline for completion of this work.

The Treasury’s assessment

The monitoring delivery confidence assessment has improved to Amber, due to the increased likelihood that Trade Single Window (TSW) Release 10 will be implemented on, or close to, the scheduled date.

Customs has trialled the new Inward Cargo Report (ICR) transaction successfully, before completing TSW development. Given that ICR is the key additional functionality in TSW 10, a successful trial at this early stage increases confidence in TSW 10’s overall quality.

Customs internal business and ICT readiness projects are progressing to plan.

IBM continues to demonstrate its commitment to the project through assurance reporting by its Director, Global Red Team Executive, and on-going contact by the VP of Global Services with the Comptroller of Customs.

Upcoming monitoring focus will be on performance against schedule, follow-up of recommendations from a recent technical quality assurance review, and further development of the benefits plan.

Benefits review

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Crown-led and funded Anchor projects

- **An Accessible City**
  First Phase of transport projects.

- **Avon River Precinct**
  Redevelop river and surrounds.

- **Bus Interchange**
  Deliver and operate a bus interchange.

- **Convention Centre Precinct**
  Design and construct a Convention Centre Precinct.

- **Earthquake Memorial**
  Design and deliver an earthquake memorial.

- **East Frame**
  Develop a park and infrastructure to service the East Frame Residential Project.

- **Metro Sports Facility**
  Deliver a facility with wet areas, sports courts and space for cultural and recreation uses.

- **The Square**
  Re-establish The Square as the civic heart of Christchurch, to support adjacent rebuild activity.

- **South Frame**
  Deliver a public realm within Madras Street, Tuam Street, St Asaph Street and Hagley Avenue.

- **Stadium**
  Design and construct a multi-purpose sport and entertainment venue.

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### Agency assessment

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<thead>
<tr>
<th>Budget</th>
<th>Timeline</th>
<th>Benefits</th>
<th>Overall</th>
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### Chief Executive comment

Significant milestones have been achieved during the period with Cabinet’s approval of scope, scale and funding of the Metro Sports Facility, and a funding envelope for the Christchurch Convention Centre Precinct, to enable negotiations to continue with the preferred developer.

Good progress continues on the Margaret Mahy Family Playground (part of the Avon River Precinct project), which is on target to open in December. The Bus Interchange is now fully operational with the Colombo Street building completed, and associated bus bays passing their user acceptance tests.

We are entering a period of significant procurement activity, including seeking Design services and Early Contractor Involvement services for the Metro Sports Facility, and various Design and Build services for Avon River Precinct and Accessible City (Phase 1 transport projects).

Within the programme enabling projects (where the Crown’s investment is predominantly land) the East Frame Residential Development negotiations for a development agreement with Fletcher Living continue. We target executing the development agreement in November for this $800m residential investment in the Central City by the private sector.

The programme continues to progress alongside work on transition and future delivery arrangements.

### Budget and expenditure

Not all of this has an agreed source of funding. Whole-of-life costs are expected in the next period.

### Benefits

An addendum to the Programme Business Case will update the strategic context for the programme, confirm programme benefits and how these will be measured, identify what decisions remain and apply lessons learned. This should assist in transition planning and help ensure the programme realises expected benefits.

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### The Treasury’s assessment

The monitoring delivery confidence assessment remains Red, as there are significant issues relating to governance and transition of projects from CERA to new entities.

If this is possible, it would strengthen both interim governance and handover.

Transition remains a significant risk to the programme. Project planning and transition planning are not well linked, partly due to timing of HR/change processes, but this means that decisions may be out of sync, or being made without sufficient regard for the implications. Transition is also likely to cause slowdown as any new leadership considers where things are at, what value they can add, and how.

Churn is an issue, with contractors appointed into critical roles (such as the Convention Centre Precinct project Directors). Recruitment has become difficult as any employment would have a short duration and significant uncertainty. Churn is also a risk - losing one key person might be manageable, but losing several at once could result in serious loss of knowledge, and cause delay.

The monitoring focus for the next reporting period is governance and transition.

### Functional lead comment

**New Zealand Government Procurement (NZGP)**

Following our review of the Metro Sports Facility commercial case, at Treasury’s request we have supported CERA to develop a robust procurement strategy to deliver value for money.

NZGP has provided ad hoc procurement advice to the Convention Centre Precinct project since June 2014, including procurement of the preferred main contractor on behalf of the developer.

CERA requested NZGP’s assistance with a project reset, which resulted in a new agreed procurement and negotiation strategy.
Christchurch Central Delivery Programme - CERA
Profile of projects with high monitoring focus this period

Convention Centre Precinct - design and construction of the Convention Centre, and Precinct development

Agency assessment
- Cabinet has recently approved a funding envelope to enable negotiations to proceed with the preferred developer.

Treasury comment
- Although the Project Steering Group (PSG) for the Convention Centre has not met since July, after the resignation of the chair led to the group re-establishment, the Corporate Centre and the new chair have been well-engaged with the project. CERA needs to ensure that the development of the operating agreement occurs in line with Cabinet expectations.

Avon River Precinct - redevelop river and surrounds between Antigua Boatsheds and Fitzgerald Avenue

Agency assessment
- Following termination of the initial design contract, the project cost plan and schedule is currently under review.

Treasury comment
- The precinct is working to amend the design to stay within its existing budget, largely by avoiding costly underground utility diversion, without materially altering the outcome. The RFP, closing in December, is expected to provide a design that will meet project objectives and budget.

Metro Sports Facility – deliver a facility with wet areas, sports courts and space for cultural and recreation uses

Agency assessment
- Cabinet have approved scope, scale, procurement approach, and funding.

Treasury comment
- Metro Sports has completed a robust exercise to identify and mitigate procurement risks, drawing on lessons from the Hospital and Justice Precincts. The biggest risk is that of a limited response from the market, however sufficient analysis and mitigation has been applied to this. The project is developing a “decision framework” to allow the Council to approve design decisions, as per the Cost Sharing Agreement, as the existing governance groups will be unable to do this in their advisory capacity.
The May 2015 CERA Horizontal Infrastructure (HI) Gateway review provided for an overall assessment of programme health of Amber/Green. The assessment noted that successful delivery of the programme appears probable, although risks will need to be monitored to ensure that they do not develop into major programme risks. During the reporting period, the CERA HI programme has made progress in mitigating key financial risks, largely around the availability of funding to deliver the three-water HI Programme.

SCIRT have completed 100% of the original programme of works in the CBD, although some additional works are still being undertaken which were outside of the original scope. Overall, the SCIRT programme is 81% complete and on track to meet the original December 2016 completion date.

With the SCIRT programme being 14 months out from completion, a greater level of emphasis is being placed on transitioning the CCC back to a business-as-usual environment and capturing lessons learned across the programme.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green, as although the project is progressing well and forecasting completion under budget, the dispute with the Council regarding the funding of renewals is not yet resolved.

The Minister is planning to take a paper to Cabinet in November, to confirm application of existing policy on renewals (the Crown does not pay a full subsidy for assets that were nearing the end of their useful life) in the Christchurch context, and report that the programme will complete under budget.

CERA will be recommending to the Horizontal Infrastructure Governance Group that the 6% of projects previously on hold are resumed. The Christchurch City Council may elect to keep these projects on hold, pending resolution of the funding of renewals issue.

The monitoring focus is on the issue with renewals and preparation for transition.

Benefits

A benefits realisation plan is in development and expected by the end of October.

Timeline

Start date 10/2010

End date 06/17

Assurance schedule

Gateway review 05/15
Risk register review 07/15
Financial management tool review 07/15
EY (5 reviews) 08/15
Handover process review 08/15
Environmental process review 09/15

October 2015

Finalise cost sharing 7/15

Approval of all eligible SCIRT projects into construction 12/15

HI SCIRT Programme complete 12/16

Benefits Review TBC
Residential Red Zone Programme - CERA

Governs and coordinates the acquisition and management of land in the RRZ

Position in lifecycle

Pre-Project  Start-Up  Initiate  Implement  Close

Agency assessment

Budget  A  Timeline  G  Benefits  A  Overall  G

Chief Executive comment

Residential Red Zone Offer Recovery Plan – (RRZORP)
The process of making new Crown offers to owners of vacant, insured commercial and uninsured properties in the Residential Red Zone is underway. Former owners in these categories who have previously accepted a Crown offer will be eligible for a top-up to bring it in line with the new offer. Property owners will have until 10 December 2015 to decide whether to accept the offer. The final date for settlement is 26 February 2016.

Property clearances
Over 7,000 built structures have been cleared from Crown-owned properties in the flat lands residential red zone.

Future Use – Waimakariri
Minister Brownlee has directed the Waimakariri District Council to prepare a draft Recovery Plan for the Waimakariri Residential Red Zone. CERA, Environment Canterbury and Te Rūnanga o Ngāi Tahu will be supporting the Waimakariri District Council in the development of the Plan.

It is anticipated that the draft Recovery Plan will be provided to Minister Brownlee by June 2016.

The Treasury’s assessment

The monitoring delivery confidence rating has improved to Amber as litigation risks have been partly mitigated through offers for vacant, insured commercial and uninsured properties.

As signalled in the last report, the programme completion has been delayed for a year due to the complicated Port Hills property clearances. The new offers are likely to increase the programme’s scope, dependent on the offer uptake. This could put pressure on the budget. However as the programme has processes and contracts in place, the marginal cost of additional properties is lower.

As a result, there are no changes to the budget at this stage, and a decision not to excavate horizontal infrastructure in red zone land, unless this is required for future use, could help ease pressure.

The development of a Recovery Plan for the Waimakariri residential red zone is underway and expected to be completed in June, 2016.

The monitoring focus is on future use and budget pressures.

Benefits

There is no benefits plan in place for the programme, though some initiatives are in place to measure the difference the programme has made, including a customer survey.

The Treasury will work with the programme to develop an appropriate approach to benefits realisation, given the upcoming transition of aspects of the programme to other agencies.

Timeline

Assurance schedule

Monitoring delivery confidence

[2]
The programme continues to perform well with two schools complete, 10 schools now in construction and a total of 44 actively being worked on in some way. There are 69 schools yet to enter the capital works programme out of a total of 115.

In this period we have commenced work on the first two redevelopment schools and progress is on track for four schools to be completed ready for the new school year 2016. Procurement for consultants for schools commencing design in January 2016 is well on track.

The programme has a benefits realisation plan in place. The Ministry has recently updated this and provided it to the Treasury for review. The Treasury will work with the programme to ensure the plan is effective to realise expected benefits.

The Treasury previously monitored this project as part of the Greater Christchurch Education Renewal Programme. Monitoring is now focused on the Christchurch Schools Rebuild, the most substantial part of the investment.

The monitoring delivery confidence assessment remains Amber/Green as all schools in wave 1a, 1b and 2a are on track to be completed within expected timeframes, and within budget. Procurement for wave 3a schools is expected to start on schedule in October 2015.

Capital expenditure is $6.6m (20%) below budget due to delays to two projects, and fluctuations in forecasted expenditure. There is also operational underspend as at 30 September of $113k (9%) due to reduced minor works at schools, which is expected to pick up during the school holidays. Despite this, the full year budget is still likely to be spent.

The rate of construction is a risk to the programme, and is being actively managed by the Ministry. The monitoring focus for the next reporting period will be on schedule and budget.

Benefits
The programme has a benefits realisation plan in place. The Ministry has recently updated this and provided it to the Treasury for review. The Treasury will work with the programme to ensure the plan is effective to realise expected benefits.

Functional lead comment
To date, New Zealand Government Procurement has not been engaged for this project.
Overall, work is progressing on site generally in accordance with the specified and approved programme of works. 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 chain challenges remain. We continue to monitor progress fortnightly against programme and in particular monitor how sub-trades respond to programme. We have noticed within the window and curtain wall trades pressure to deliver on time. Asbestos removal has been and continues to be a major hindrance to the project.

The monitoring delivery confidence assessment is Amber/Green given use of contingency funding and delays to date. The build is tracking (as at August 2015) to completion by the re-baselined completion date of 16 March 2016 within the [5] budget. Handover of the facility to the Canterbury DHB is currently scheduled for mid-April 2016 (an earlier staged handover has been declined by the DHB).

The project budget was increased by [5] in 2013 [CAB Min (13) 43/7 refers] following the close of tenders for the main contractor, and a potential increase of 6 months to the build period was flagged. The re-baselined completion date is 45 days behind the original schedule, with asbestos related issues responsible for 25 days. Resulting costs are being managed within the project contingency and reserves. The monitoring focus for the next reporting period will be the project’s adherence to schedule and budget.

The benefits for the Burwood redevelopment were outlined in the various business cases and the facility design should meet the benefits which are linked to design features. The District Health Board has prepared a benefits realisation plan and we have some confirmation that their change management process is in place to deliver on operational benefits. However the project reporting on benefits that comes through to the Ministry is currently limited and needs improvement.

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Timeline

- Detailed Business Case 12/12
- Budget increased by [5] by Cabinet 12/13
- Gateway 3 Review 11/14
- Completion of two wards 12/15
- Buildings complete 03/16
- In-service date 05/16

Assurance schedule

- [5] approved for project by Cabinet 03/13
- [5] approved for project by Cabinet 03/13
- Gateway 3 Review 11/14
- October 2015

The Treasury’s assessment

The monitoring delivery confidence assessment is Amber/Green given use of contingency funding and delays to date. The build is tracking (as at August 2015) to completion by the re-baselined completion date of 16 March 2016 within the [5] budget. Handover of the facility to the Canterbury DHB is currently scheduled for mid-April 2016 (an earlier staged handover has been declined by the DHB).

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The monitoring focus for the next reporting period will be the project’s adherence to schedule and budget.
The Precinct construction is progressing well with a significant surge in site activity and progress in the last quarter with Fletcher Construction now on top of its steel fabrication challenges. A notable milestone has been the completion of the steel superstructure for both the Justice and Emergency Services buildings.

The Ministry has continued to engage in value management and early subcontractor involvement processes over the last three months to challenge and confirm final pricing for the finishing and architecture trades. The time taken to do this has slowed procurement and Fletcher has applied additional costing resource to fix these prices as a priority. The project has sought a commitment from Fletcher to close out all procurement and pricing matters by mid December 2015.

In the last quarter, work has continued on verifying the $9.8 million in productivity and collaboration benefits identified in the implementation business case. There have been no serious harm incidents on the Precinct to date. The Ministry has engaged an experienced and independent Clerk of Works to monitor compliance with the Fletcher Construction’s Site Safety Management Plan.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green (7) it remains within budget and on track to deliver expected benefits.

[2]

The project team has applied increasing supplier performance management, and as a result Fletcher has assigned additional, senior resources to the project. All sub-trade pricing is now expected by mid-December 2015. and it is critical this milestone is met.

The monitoring focus for the next reporting period is on sub-trade pricing and budget.

Benefit

Agencies have confirmed $0.8m and a further $5.2m has been identified of the $9.8m of benefits indicated in the business case. Agencies are now focusing on identifying the remaining $3.8m and working towards realising these. The Department of Corrections has made significant contributions in this period.

The Innovation and Business Improvement Steering Group has endorsed the projects benefits approach. Although progressing well, benefits realisation requires strong engagement and ongoing focus from all agencies.

Functional lead comment

New Zealand Government Procurement supported MOJ to manage the procurement process for the engagement of the consultants, design team, main contractor, early works contractors and major supply items for the CJESP project from August 2013 - April 2014.

The procurements were all completed ahead of time to allow the project construction start date to be achieved.

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The monitoring focus for the next reporting period is on sub-trade pricing and budget.

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The procurements were all completed ahead of time to allow the project construction start date to be achieved.
The project is on track to deliver the capability required on schedule and on budget. Milestone payments have been made as planned with contractors and their vendors are performing to schedule. The focus is completion of the Preliminary Design activity working with the contracted design agent, the Prime Systems Integrator and the intended installation shipyard. This approach demonstrates the benefit of the two-stage design process and the importance of getting the design right before committing to the installation phase. A minor delay in completion of the preliminary design process is not currently expected to significantly impact on the overall design schedule.

The first ship (HMNZS Te Mana) is targeted to commence its refit in November 2016. This will be confirmed when the detail design Contract Change Proposal is received at the end of October 2015.

The Treasury’s assessment
The monitoring delivery confidence assessment remains Amber/Green. Although the project has slipped slightly against schedule, it is still within its schedule contingency. The risk that the project could be delayed by a dependency on the Platform Systems Upgrade (PSU) project continues to reduce. Lessons learned from the first ship to pass through PSU have enabled faster progress to be made on the second ship. Defence’s comment in this report notes that the detail design Contract Change proposal will be received at the end of October. Since that time, the date has been revised to the end of November, which is two months later than the forecast in the previous report. However the project is still comfortably within its schedule contingency.

There are no major areas for monitoring focus over the next period.

Benefits
Benefits as described at a high-level in the business case appear achievable.

The project has a benefits realisation plan. The project plans to incorporate this into the new Defence benefits management framework, following Platform Preliminary Design Review. Benefits realisation is expected to commence following the first ship’s acceptance (currently scheduled for Q4 2017), with full realisation achieved by Q2 2021.
The monitoring delivery confidence assessment has improved to Amber/Green as the project is continuing to run three weeks ahead of schedule and is operating within budget. The project is on track to meet the remaining key milestones, with the ship operationally ready as planned in May 2016, or possibly earlier.

All procurement is complete and contracts awarded to third parties as planned. The installation on HMNZS Te Mana is 83% complete and is consistently achieving steady progress each month against the plan. All consoles are on site in Devonport and ready for installation.

The project issues and risks are being actively managed and resolved and there is also work underway to quantify the project benefits.

The monitoring focus for the next reporting period is on defining project benefits and approach to benefit measurement.

The project is under budget and on track to complete HMNZS Te Mana by 1 May 2016 in advance of the ship’s induction into the ANZAC Frigate Systems Upgrade.

The installation on HMNZS Te Mana is 83% complete and is consistently achieving steady progress each month against the plan. All consoles are on site in Devonport and ready for installation.

The project is embarking on a dedicated trials period with the anticipation of Heating, Ventilation, Air Conditioning and Propulsion Harbour Acceptance Trials completed before the production pause in December. The Siemens commissioning engineers will commence work in January 2016. The current schedule has the ANZAC Platform Systems Upgrade Commission and Harbour Acceptance Trials complete about 22 March 2016 with the Extended Selected Restricted Availability cessation date in mid April 2016.

A “bottom up” review of all contracted Integrated Logistics Support deliverables is underway.

The Resource assessment is Amber due to concerns with the availability of to support the commission phase.
The Indicative Business Case was considered and approved by Cabinet on 22 June 2015. The process to develop the Detailed Business Case has commenced. Early focus has been on sourcing and inducting the necessary personnel required to complete this work. Personnel resources are in place and the current state assessment is on track for completion before December 2015. Future state options will begin to be developed once this is complete. The project is progressing in accordance with the approved schedule.

The monitoring delivery confidence assessment has improved to Amber/Green as previous resourcing issues have been addressed through supplementing the team with external resources.

The focus is now on gaining broad stakeholder input to determine the future logistics requirements across the three Defence services to inform the Future State Options Report at the end of April 2016 and the Detailed Business Case which is due for Cabinet consideration in October 2016.

Two quality reviews are scheduled for April 2016 and July/August 2016 to help identify any gaps or optimism bias in the Defence analysis.

The key monitoring focus for the next reporting period will be stakeholder engagement.

Benefits
The analysis completed as part of the Detailed Business Case will confirm the level of benefits expected.

Timeline

<table>
<thead>
<tr>
<th>Indicative Business Case 06/15</th>
<th>October 2015</th>
<th>Detailed Business Case 10/16</th>
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<td>Gateway 0/1 Review 12/14</td>
<td>Gateway 2 Review 07/16</td>
<td>In-service Date 01/20</td>
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The Treasury’s assessment

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Two quality reviews are scheduled for April 2016 and July/August 2016 to help identify any gaps or optimism bias in the Defence analysis.

The key monitoring focus for the next reporting period will be stakeholder engagement.
A Future Air Mobility Capability (FAMC) Project Manager has been appointed. The Project Manager has reviewed all project deliverables with project staff out to the Initial Business Case (January 2017). These have been assigned and scheduled with a view to having the outline of these documents in the project files by the end of 2015.

**Benefits**

This project is early in the planning phase. Defence has not yet formally identified benefits. Early, unplanned expenditure on interim strategic airlift solutions, will reduce the amount of funding available for the long-term solution, which could reduce the overall level of benefits that the project can achieve.

**The Treasury’s assessment**

The monitoring delivery confidence assessment remains Amber/Red, due to the risk of making an early decision on strategic airlift in isolation from the overall Defence air mobility requirement.

To date, New Zealand Government Procurement has only been involved in the risk profile assessment.

**Functional lead comment**

To date, New Zealand Government Procurement has only been involved in the risk profile assessment.
The first draft of the Strategic Assessment is approximately 80% complete and on schedule for delivery to the Project Board for approval in December 2015.

The resource status remains at Amber owing to only two out of four staff positions being filled. This is expected to turn Green early in 2016, once the civilian project manager and an additional uniformed Operations member join the team.

The monitoring delivery confidence assessment has improved to Amber/Green.

An Indicative Business Case is scheduled to be presented to Ministers in June 2017.

There is an affordability risk for this investment as it has a large projected whole-of-life cost. The Treasury's view is that there should be a wide exploration of financial and commercial options in the business case to reduce this risk, with a view on the potential impact on the forward sustainability of the Defence Capability Plan.

Upcoming monitoring will focus on completion of a Strategic Assessment and the outcome of the Defence White Paper.

This project is early in the planning phase. Potential benefits will be identified and quantified during business case development.

To date, New Zealand Government Procurement has only been involved in the risk profile assessment.

The Treasury’s assessment

The monitoring delivery confidence assessment has improved to Amber/Green.

An Indicative Business Case is scheduled to be presented to Ministers in June 2017.

There is an affordability risk for this investment as it has a large projected whole-of-life cost. The Treasury's view is that there should be a wide exploration of financial and commercial options in the business case to reduce this risk, with a view on the potential impact on the forward sustainability of the Defence Capability Plan.

Upcoming monitoring will focus on completion of a Strategic Assessment and the outcome of the Defence White Paper.

Functional lead comment

To date, New Zealand Government Procurement has only been involved in the risk profile assessment.
The Indicative Business Case approved by Cabinet on 13 April 2015 was a significant milestone and transitioned the project from Start Up to the Initiate Stage. The next major milestone will be Cabinet consideration of the Detailed Business Case (DBC). The primary focus of the reporting period has been the preparation and submission of a 2nd Request for Information, followed by the analysis of industry responses.

An aggressive work schedule is ongoing to develop the DBC, finalise User Requirements and draft Request For Tender documents. The project will present options for a Dive Tender and a new Littoral Operations Vessel for Cabinet consideration in the first quarter of 2016.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber, due to a shortfall in the acquisition budget, and a forecast capability gap.

In April 2015, Cabinet agreed that Defence should develop two options into a Detailed Business Case (DBC). 

Benefits

Benefits have been identified and are being refined through business case development to establish a benefits realisation plan for the project.

Timeline

- Indicative Business Case 04/15
- Detailed Business Case 02/16
- Request for Tender Released 03/16
- In-service Date Q3/20
- Gateway 3 Review 07/16
- Gateway 4 Review TBC
- Benefits Review TBC
The monitoring delivery confidence assessment has declined to Amber as although acquisition is progressing well, risks to introduction into service (IIS) are increasing.

The IIS phase is behind schedule, mainly due to competing operational priorities for personnel. Defence believes a delay to the next phase (ship embarkation) can be avoided, if this is addressed, i.e. by prioritising MHCP requirements. Despite minimal cost impact, any delays would defer benefits realisation.

Defence needs to actively ensure sufficient personnel are available to maintain and operate the platform, both during IIS and business-as-usual.

Upcoming monitoring will focus on a timely management response to the personnel issues.

The project is on budget and broadly on track for schedule. Acceptance of the final two helicopters occurred in August 2015 and they were delivered to New Zealand in September 2015. All spares, support equipment, publications and training have been delivered.

Facilities construction at RNZAF Base Auckland was completed in March 2015. Kaman has commenced commissioning of the simulator at this facility and provisional acceptance occurred in October 2015. Introduction into service (IIS) is being managed through the SH-2G (I) Transition Plan. This ensures that the management overheads of operating two fleets of Maritime Helicopters is controlled and prioritised.

The Resource status remains Amber due to availability of Qualified Helicopter Instructors and Qualified Aircrew Instructors to support IIS.

No benefits realisation plan exists at this point, due to the need for the project to transition to Defence’s new benefits management framework. A plan will be developed as part of the project closure report, which has not yet been scheduled.

The Treasury’s assessment
The project is under budget and on track for the source selection milestone and preliminary contract negotiations (scheduled for early 2016).

The project’s focus over this reporting period has been on the Tender evaluations activities, which are now complete. The resulting Interim Tender Evaluation report was presented to the Acquisition Review Board, which endorsed the recommendations and way ahead.

The status for ‘Schedule’ has changed from Amber to Green and reflects the mitigation steps that have been taken to bridge the eight week delay in releasing the tender.

The Treasury’s assessment
The monitoring delivery confidence assessment remains Amber, due to a forecast capability gap and pressures on funding.

Upcoming monitoring will focus on Defence’s response to the outcome of the Defence White Paper, which the Treasury expects to know by early 2016.

Benefits
Benefits have been identified and are being refined through business case development to establish a benefits realisation plan for the project.
Tranche One of the Network Enabled Army Programme has entered the acquisition phase. Tranche One will deliver modern communications to [1].

Achievements during this reporting period include:

- The acquisition strategy for Tranche One has been developed.
- The user requirements for the Common Command Post Environment project have been established and a short single-stage business case will be prepared to enable acquisition for this project to commence.
- The Tranche One Monitoring and Assurance Plan has been completed, and has been endorsed by the Government Chief Information Officer.
- High level architecture was developed in conjunction with the Computer Information Systems Branch and external contractors. A technical quality assurance review was completed on 16 October.

The overall programme status is Amber. This reflects delays engaging a commercial partner to conduct the definition and design of systems that will comprise the Land Tactical Information Network.

Benefits

The benefits are documented in the Benefits Management Plan. Creation of a Benefits Realisation Plan is expected to be completed by the end of Tranche One.

Timeline

Assurance schedule

Monitoring delivery confidence

Previous

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber as there are significant risks and issues, including a delay in starting the planned procurement activity that has put pressure on the Tranche One delivery date of June 2018.

Detailed planning for Tranche One is underway and is being informed by the recently completed Tranche One Acquisition Strategy and lessons learned by other nations.

There is a technical review underway of the system architecture that is due for release in October 2015, to assess the extent to which it meets requirements.

The monitoring focus for the next reporting period is on procurement.
The project is under budget and on track for schedule.

All 11 aircraft have been delivered to RNZAF Base Ohakea and formally accepted by the RNZAF. The Reduced Oxygen Breathing Devices have been installed and the Pilot Selection Tool has been used for the first Pilot intake scheduled for January 2016.

The Project upgrades to the hangar are complete although the area affected by the discovery of asbestos will not be finished until January 2016.  The new training centre is complete and the installation of the desktop trainers and media devices for the computer based training is now complete.  The aircraft shelters (carports) have been started and should be complete in November 2015.  The two simulators are installed, powered up and functionally working in the new facility in Ohakea. Qualification and certification testing was completed in October 2015.

Resources have remained Amber as Qualified Flight Instructors remain a critical resource to validate and review the entire training capability (aircraft, simulation, and training packages).

The monitoring delivery confidence assessment has improved to Green, as the project is well-placed with no major risks or issues.

Defence reports that the new Pilot Selection Tool has already proven valuable in terms of screening out candidates who are unlikely to handle the pressure of real-time cockpit decision-making.

The first ‘Wings’ training course using the new aircraft is on-track to be delivered in the first quarter, 2016.  A representative from aviation trainers CAE, will observe this course to assess the effectiveness of the training, and make improvements for future courses.

Defence's comment notes the risk of unavailability of Qualified Flight Instructors for validation and review. Since that time, Defence has mitigated the risk to the point where it is no longer considered significant.

Upcoming monitoring will consider whether this project is ready to exit formal monitoring.

The Treasury's assessment

The Treasury's assessment of the project has improved to Green, as the project is well-placed with no major risks or issues.

Benefits

Benefits as described at a high-level in the business case appear achievable.

Production of a benefits realisation plan is dependent on roll-out of the Defence's new benefits management framework. A plan will be developed as part of the project closure report in the first quarter, 2016.

The Treasury expects benefits realisation to begin from the in-service date February, 2016 and increase over time.

The Treasury has held involvement through the life of this project.

Functional lead comment

New Zealand Government Procurement has had involvement through the life of this project.

Timeline

Gateway 0
Review 11/10

Gateway 2
Review 05/12

Gateway 3
Review 11/13

Gateway 4
Review 10/15

Monitoring delivery confidence

Previous

Gateway 4
Monitoring delivery confidence

Gateway 4
Timeline

Gateway 4
Benefits

Gateway 4
Overall
The Secret Information Environment project is meeting scheduled delivery expectations. Costs are as projected in the Business Case. Benefits include improved End User systems performance, new Functionality and Risk mitigation/elimination.

Achievements over the reporting period are:

- Secret Networks document collaboration tool (SharePoint) developed for Operation Southern Katipo 15 user communities, including the Joint and Single Services.
- Upgraded unified communications tools (Lync Instant Messaging & Presence) rolled out to users.
- A new desktop will be used through Operation Southern Katipo 15 to test client’s operational effectiveness and supportability.

The monitoring delivery confidence assessment has improved to Amber/Green, as critical resourcing issues have been addressed.

The delivery of the Client Desktop for the Southern Katipo exercise was achieved in September 2015. The next milestone is the Information Management release, due in January 2016. Final project delivery is expected in July 2016.

There are two risks which will be the focus for monitoring for the next reporting period. Firstly, the new Secret Information Environment (SIE) will require 24/7 support from go-live, which is a significant change from existing service levels. Secondly, there are a number of projects that are dependent on SIE, including the Network Enabled Army Programme, Defence Command and Control System, and Strategic Bearer Network. Both the dependency and organisational change management risks are being actively managed by the project and its governance group.

A benefits realisation plan has been developed to track and report on benefits and is currently awaiting approval from Defence.

The Treasury’s assessment

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The scope includes a framework that over time will enable new integrated services to be delivered in which businesses will have one primary identifier and they provide government their core information once.

Subject to the enactment of enabling legislation, the next tranche of projects will:

- Extend the allocation of NZBNs to additional entity types,
- Business enrolment in lifecycle products and services across government, initially with MBIE, ACC, and IRD,
- Maintenance of Primary Business Data, and
- Allow companies to automatically file annual returns directly through software products.

The Treasury’s assessment

The monitoring delivery confidence assessment has improved to Amber/Green, as the programme has seen good engagement from key government departments and interest from the private sector regarding the use of the New Zealand Business Number (NZBN).

Tranche 1 of the programme, which is largely the initial build of the NZBN system and associated web services, is on track to be implemented as planned, by December 2015.

A Whole-of-Government (WoG) direction to set expectations for agencies in relation to the NZBN is expected to be submitted for Cabinet consideration by April 2016, pending the passage of the NZBN Bill. There are a range of choices regarding the expectations in the WoG direction, with implications for how fully these will support the programme’s investment objectives. The monitoring focus over the next reporting period will be progress on the NZBN system build and the WoG direction.

Benefits

Indicative benefits to business and a high level benefits management strategy were identified in the Programme Business Case. Benefits are dependent on the integration of the NZBN into government agency systems and processes, and this continues to be a key area of focus through close engagement with ACC and Inland Revenue Department (IRD) and development of the whole-of-government direction.

The planned date for development of a detailed benefits realisation plan is November 2016.

Timeline

<table>
<thead>
<tr>
<th>Indicative Business Case 04/14</th>
<th>Detailed Business Case 03/15</th>
<th>NZBN Ecosystem initial release 09/15</th>
<th>Tranche 1 complete 12/15</th>
<th>NZBN Ecosystem Releases 2 and 3 03/16</th>
<th>Passing of NZBN Legislation &amp; Government Directions 04/16</th>
<th>Tranche 2 complete 12/16 TBC</th>
<th>Tranches 3 &amp; 4 complete 12/17 TBC</th>
<th>Programme closeout 2018 TBC</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2015</td>
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Assurance schedule

<table>
<thead>
<tr>
<th>NZBN Ecosystem initial release 09/15</th>
<th>IQA NZBN Ecosystem initial release 09/15</th>
<th>Gateway 0 Review 09/16</th>
<th>IQA Shared Business Entity Register 12/16</th>
<th>Gateway Review TBC</th>
<th>IQA/TQA Reviews TBC</th>
<th>Benefits Review TBC</th>
</tr>
</thead>
</table>
The Vision 2015 Programme is due to complete delivery and handover of the Visa Processing Operating Model (VPOM) in Q1 2016.

Early life support was completed for the Work and Visitor release known as BSD2 that deployed in June 2015. eMedical enhancements release 1.3 were deployed in August 2015 and early life support completed.

A two release approach for BSD3 capabilities (Identity) has been agreed. BSD3 Release 1.0 delivering 90% of identity capability is targeting a Q1 2016 deployment. This will enable the VPOM to be launched along with programme to business transition activities.

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.

As the Vision 2015 Programme will finish once VPOM is launched, these enhancements will be transitioned to a new delivery approach. The new approach will be in place by Q2 2016 and associated capital funding will be transferred.

The monitoring delivery confidence assessment remains Amber, due to pressures on the schedule arising from a need to spend more time on ensuring business readiness.

Systems integration testing of Business Solution Delivery 3 (biometric identity management) Phase 1, began on schedule in October 2015 and successfully concluded in early November. However, MBIE has identified internal business readiness risks associated with the original plan to implement Phase 1 in November 2015. To reduce these risks, MBIE plans to defer Phase 1 implementation to March 2016, and Phase 2 from March to June 2016. MBIE will use the additional time for a series of business readiness tests using the Phase 1 software in a test environment.

The monitoring focus for the next reporting period will be on business operational readiness planning and risk management, and on proposed future governance and management arrangements as the programme nears its conclusion.

Benefits

The programme management plan has been updated to include the additional financial benefits ($5.1m) proposed in its 2015 Budget bid of $28.4m in June 2015. More work is required to define specific measurements for non-financial benefits. MBIE expect to finish this by the end of March 2016. Economic and cost-avoidance benefits are expected to increase as a result of growth in immigration volumes. The delay to the implementation of the Identity Management solution will not affect benefits realisation timeframes.
Following the final approval of the project by Cabinet and signing of a construction contract with Fletcher Construction, work has commenced, with the first sod being turned by the Minister on 22 October. Enabling works contract including demolition of the old PC2 laboratory is nearing completion. An independent Quality Assurance review was completed in September and there were no issues identified from this. Construction of the new lab will commence mid-November and the enabling works will be completed at the end of December. Overall the project is on track to deliver the project objectives as planned.

The monitoring delivery confidence rating has improved to Amber/Green as the project moves into the construction phase. The contractor is in place and the majority of work over the next 18 months is in building structural frames including foundations. Progress is tracking to the project plan and milestones are expected to be achieved within budget.

There are seven high rated risks being managed by the project. Risk mitigation seems appropriate however this remains a key focus for monitoring due to MPI's relative inexperience in construction and also due to the complexity of the technical requirements in this build.

The monitoring focus for the next reporting period is the completion of the project management plan.

In June 2015 New Zealand Government Procurement undertook a review of the procurement and negotiations process, after the total forecasted project cost exceeded the budget allocation. The review found that MPI appears to have followed good procurement process, however the business case cost estimates did not adequately reflect the complexity of this project.

The Treasury’s assessment

Benefits
The project benefits are recorded in the project management plan which is subject to approval by the Project Board during the next monitoring period.
Census 2018 – Statistics NZ
Coordinating, directing, and overseeing activities related to the 2018 Census

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber as Census 2018 has several critical dependencies on other projects. These projects are de-risking the current ICT environment by moving from bespoke systems to common systems, which is required to commence testing in November 2015. This will be just in time for Census 2018 preparation for its March 2016 Field Test. Statistics is managing these dependencies closely, and has a contingency plan should any delays eventuate. We are comfortable that any delays shouldn’t have an impact on the overall project.

The next major testing milestone after the Field Test will be the Dress Rehearsal, in March 2017.

Treasury's monitoring focus for the next reporting period is on ensuring completion of the system migration and preparation for the Field Test in March 2016.

Budget and expenditure

<table>
<thead>
<tr>
<th>Whole of life cost</th>
<th>$86.60m</th>
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</thead>
<tbody>
<tr>
<td>Actual expenditure</td>
<td>$10.12m</td>
</tr>
</tbody>
</table>

Benefits

A Census Benefits Management Strategy and Realisation Plan is in place and next steps are to review the Plan and agree measures by February 2016. The project remains on track to achieve the expected benefits.

Position in lifecycle

- Status recently changed from Green to Amber for Phase 1 (Exploration, Planning and Design - July14 - Dec15) due to challenges with resourcing. However, organisation has committed to finding the resources needed through current prioritisation process.
- Programme budget for FY15/16 approved.
- Work continues on business process development for modernised Census. End to end process model being developed to ensure integration across the Census projects, and into other dependant Statistics NZ projects.
- Integrated schedule baselined and the programme is now tracking performance with earned value (EV) reporting.
- Field test planned for Mar 2016, to test a number of modernisation elements for Census and provide learning during next stage of development. This is currently the main focus for the programme, both in terms of preparation for the actual test period and also for the subsequent development. This is strongly encouraging integration and co-operation with other teams across Statistics NZ – a key element for the modernised Census.
- Benefits KPIs undergoing technical re-evaluation to ensure suitability for 2018 Census.

Agency assessment

- Budget
- Timeline
- Benefits
- Overall

Assurance schedule

<table>
<thead>
<tr>
<th>Gate 0/2 Review 05/14</th>
<th>IQA Health Check Review 07/15</th>
<th>Gate 0/3 Review 11/15</th>
<th>IQA Probity Assurance Reviews 03/16</th>
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</thead>
<tbody>
<tr>
<td>October 2015</td>
<td></td>
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</tbody>
</table>

Timeline

- Indicative Business Case 02/14
- Detailed Business Case 06/14
- Award of contracts 03/16
- Field test day 03/16
- Development completed 06/17
- In-service date 10/17
- Field operations completed 06/18
- First release of census data 09/18
- Last release of census data 10/18
- Project closure 06/20
- First release of census data 09/18
- Last release of census data 10/18
- Benefits Review 04/19
- Field operations completed 06/18
- First release of census data 09/18
- Last release of census data 10/18
- Benefits Review 04/19
- Field operations completed 06/18
- First release of census data 09/18
- Last release of census data 10/18
- Benefits Review 04/19
The Māori Land Service (MLS) will support Māori land owners to strengthen the management and utilisation of their land as proposed by the Te Ture Whenua Maori (1993) Act (the Bill) reform. This programme will deliver on the vision of the Act’s reform.

Achievements include the current state assessment which enabled the completion of the conceptual service design. Engagement with key stakeholders, especially Māori and focused on likely users of the service, has been facilitated through Hui and focused meetings with particular types of landowners to canvas feedback on the MLS vision. A Programme Business Case is near completion. The programme team has a robust relationship with the Corporate Centre and have incorporated guidance where appropriate.

Of concern is the possibility of alterations during the passage of the Bill through the House in 2016 which may impact service design. Additionally the Waitangi Tribunal have agreed to an urgent hearing following two applications which have raised issues with the Bill and the MLS. The hearing will conclude in November and the Tribunal may make recommendations to the Crown.

Benefits
The programme has identified indicative benefits to inform the Programme Business Case. Benefits will be refined and a benefit realisation plan will be developed as the programme progresses.

Timeline
Programme Business Case 12/15
Royal assent of Bill 11/16
Single Stage Business Case 12/16
Tranches TBC

Assurance schedule
October 2015
TQA One 07/16
IQA One & TQA Two 11/16

The Treasury’s assessment
The initial monitoring delivery confidence assessment for this new entry to monitoring is Amber, as the Programme Business Case is in development, and governance and programme management arrangements are yet to be confirmed.

The Corporate Centre is engaging closely through Business Case Clinics and the programme is on track to submit the Business Case to Cabinet in December 2015.

It will be very important to find the appropriate balance of programme and project management capability, and subject matter expertise, to arrive at an achievable approach and deliver the programme.

This is a cross agency programme led by TPK and involving LINZ and MOJ. TPK has limited experience in managing significant programmes so a key area of focus for monitoring in the next reporting period will be establishing effective cross-agency governance and programme management arrangements.

Functional lead comment
New Zealand Government Procurement has been involved early in the development of the Programme Business Case, and our feedback has focused on the dependency on ASaTS for solution delivery, and coordination of activities across agencies. TPK has developed a high level commercial approach that aligns with ICTSAP and leverages existing arrangements wherever possible. TPK recognises that each of the tranches will require a specific commercial approach.
The DELTA programme was initiated on 1 July 2015. The programme aims to build on Government's investment in digital technologies and modern learning environments, and strengthen 21st century practice for quality teaching, learning and assessment.

The highlights for the first quarter include establishment of a Programme Board; finalising Benefits Strategy and Management Plan; approval of the Programme Plan; the future of Student Management Systems (SMS) in schools initiative established; a successful Progress and Consistency Tool (PaCT) symposium delivered to 160 teachers; and commencement of the Te Waharoa Ararau (TWA) – PaCT consolidation project, to integrate TWA with the existing PaCT platform and enhance the stability and usability of TWA.

A boycott of the PaCT roll out by the NZ Principals Federation has resulted in an under spend due to fewer schools signing up than expected to date. The programme profile was completed early in 2015 and will be reprofiled prior to the next report. The overall status of the programme is Green.

The Treasury's assessment

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The highlights for the first quarter include establishment of a Programme Board; finalising Benefits Strategy and Management Plan; approval of the Programme Plan; the future of Student Management Systems (SMS) in schools initiative established; a successful Progress and Consistency Tool (PaCT) symposium delivered to 160 teachers; and commencement of the Te Waharoa Ararau (TWA) – PaCT consolidation project, to integrate TWA with the existing PaCT platform and enhance the stability and usability of TWA.

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Benefits

In developing the programme plan a significant amount of effort has gone into identifying benefits, with the development of an associated benefits management strategy, and a benefits realisation plan. Processes are in place for identifying, monitoring and reviewing realisation of benefits.
Seeking Cabinet agreement for the programme business case has been paused to enable appointment of a new SRO following a change in accountabilities for the determination and delivery of education sector resourcing within the Ministry. At the same time it has been necessary to review the timeframe for delivery to ensure what began as replacement of an existing system would have the flexibility to deliver the outcome of a policy review of the funding system, which is also underway.

The new SRO has now been confirmed, and we plan to seek agreement to the Programme Business Case in February 2016. The programme is on track to replace the current resourcing system by 2020, when support for the current system finishes. We had deliberately built contingency into the timeline to ensure implementation across both the early childhood and schools sectors is able to incorporate the different funding cycles. We had also anticipated extensive parallel running of the new and existing resourcing systems to ensure business continuity across the transition period.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber as the programme has delayed the submission date of the Programme Business Case (PBC) to Cabinet, though this is not expected to impact implementation dates at this stage.

The delay will help ensure alignment with a policy review of the funding system, which is currently underway within the Ministry of Education. The PBC is now expected to be submitted in February 2016, with a Technology Business Case to follow in March 2016.

The key target is to implement the replacement resourcing system by the time the support for the current system ends in 2020, and at this point that appears achievable.

Treasury’s areas of focus for monitoring over the next reporting period will be the confirmation of the programme timeline and finalisation of the PBC.

Functional lead comment

New Zealand Government Procurement has had limited involvement in the PBC. The Ministry has considered a range of options and engaged with agencies and the market to identify the preferred option. They have identified potential procurement approaches that support the preferred option and will need to develop a supporting strategy to ensure that they are able to secure the required specialist resources.
This project is to develop a sustainable and cost effective approach for the delivery of the education payroll. The plan is to deliver the Indicative Business Case and report back to shareholding Ministers mid-December 2015. This has been deferred from the end of October 2015. Further work is being completed on optimising the case based on changing some of the broader conditions under which the payroll operates. Subject to agreement of options a Detailed Business Case will be developed for Budget 2017.

The initial monitoring delivery confidence assessment for this new entry to monitoring is Amber, as it is at the indicative stage of its Strategic Review, and there is a level of external attention associated with the Novopay service.

The project is exploring options for developing the operating model of the Education Payroll Service, and will outline initial recommendations in an Indicative Business Case (IBC). This is intended to be submitted to the Education Payroll Limited Board, and then shareholding Ministers, for consideration in December 2015. The intention is to follow with a Detailed Business Case, and that is expected to be submitted in June 2016.

The monitoring focus for the next reporting period will be the completion of the IBC.

Benefits
The project has identified high level benefits to inform the Indicative Business Case and these will be subject to confirmation through the Detailed Business Case.

Functional Lead Comment
New Zealand Government Procurement has been involved from an early stage of the development of the IBC. Our feedback has focused on the inclusion of lessons learned from the original payroll project, and the need for a high level of engagement with schools and other relevant stakeholders during development and implementation.
A Registration of Interest (ROI) process is underway to identify a transformation partner for the Delivery Phase with the preferred vendor to be confirmed in early 2016.

In November 2015 the ACC Board will be requested to approve the updated Business Case which includes revalidated benefits and outlines how the Programme will deliver on updated investment objectives.

The Transformation Programme is entering the Delivery Phase with formal approval being sought from the Programme Board to close the Integrated Design and Planning Phase in December 2015 and commence delivery of the Implementation Plan.

The monitoring delivery confidence assessment remains Amber/Green. ACC's Board will consider the Programme Business Case (PBC) in November 2015, with noting by Cabinet in February 2016. Pending approval of the PBC, some early initiatives and procurement activities are delayed.

Probity issues with the Registration of Interest (ROI) have delayed engagement of the Transformation Partner. ACC will need decisive governance to avoid delays in procuring the levy system solution.

Functional leads have reviewed draft versions of the PBC. Feedback included the need to better develop linkages to BPS Results 9 & 10 in the business case, consider economic costs and benefits from a broader New Zealand perspective, and to better identify dependencies with other agencies.

Monitoring focus over the next period will be on providing additional feedback on the PBC, planning for delivery (including procurement) and the Board and Cabinet consideration process.

The Treasury's assessment

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Monitoring focus over the next period will be on providing additional feedback on the PBC, planning for delivery (including procurement) and the Board and Cabinet consideration process.

**Functional lead comment**

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. ACC will develop distinct approaches for business and technology solutions.

**Timeline**

- **Programme Business Case** 07/14
- **IQA 5 Design Review** 07/15
- **IQA 6 Solution options Review** 08/15
- **Gateway 08/15**
- **IQA 7 Implementation Plan Review** 09/15
- **IQA 8 Programme Management Plan** 11/15
- **IQA 9 Programme Management Plan** 11/15
- **Gateway Reviews** TBC
- **Rolling IQAs**
- **IQA PBC** 10/15
- **IQA 9 Programme Management Plan** 11/15
- **Programme Closure** pending PBC approval
- **PBC to ACC Board** 11/15
- **PBC to Cabinet** 02/16
- **Benefits Review TBC**
- **Assurance schedule**

**Position in lifecycle**

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

**Agency assessment**

- **Budget**
- **Timeline**
- **Benefits**
- **Overall**

An update to forecast expenditure will be published in April/May at the conclusion of the procurement process.

**Benefits**

Quantifiable benefits are being updated as part of the development of the PBC. They are expected to be significantly lower than envisaged in the original PBC.

All the business case benefits have been attributed to delivery initiatives or projects and assigned to benefit owners who have agreed they are achievable. Baselines and targets have been established and can be linked back to the investment objectives. This gives confidence that benefits can be delivered.

**Monitoring delivery confidence**

Previous

**An update to forecast expenditure will be published in April/May at the conclusion of the procurement process.**

**Whole of life cost** $750-950m

**Actual expenditure** $34.03m

**Budget and expenditure**

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**Monitoring focus over the next period will be on providing additional feedback on the PBC, planning for delivery (including procurement) and the Board and Cabinet consideration process.**

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**Monitoring focus over the next period will be on providing additional feedback on the PBC, planning for delivery (including procurement) and the Board and Cabinet consideration process.**
A revised business case has been prepared and approved by the Governance Board and submitted for funding and prioritisation for internal capital. Progress on system development and the further migration of contracts has been suspended recognising the need to first migrate to an Oracle 12 platform. This is essential to realise the desired state and value proposition given the intended use of Oracle 12 by DHBs who will also be using the national contracting system. Moving to Oracle 12 before migrating contracts will reduce the data conversion and process conversion issues and allow DHBs and providers on-line access to the system.

The business case for Oracle 12 has been approved and is awaiting funding allocation. Given the delay and assuming the project is funded the estimates indicate a Q3, Q4 2016 availability of the new Oracle 12 platform.

The Treasury’s assessment

The monitoring delivery confidence assessment has declined to Amber/Red as the schedule is at risk because of a critical dependency on a migration to Oracle 12.

This project relies on the Ministry's move from Oracle 11 to Oracle 12 for which a business case is being considered in the Ministry's November investment round. The Ministry's review will also consider the scope and funding of the Health Payments Programme as part of their November investment decision making.

Any delay in the move to Oracle 12 will impact this project directly, as the majority of the work cannot be done until the upgrade is in place.

The monitoring focus for the next reporting period is the impact of the investment decisions on the project schedule, costs and benefits.
The DHBs and the Ministry are undertaking ongoing assessments of Phase 1 information for data quality and completeness ahead of anticipated release of Phase 1 data in early 2016. Phase 2 implementation and data capture has commenced in the DHBs as development of DHB remediation plans continues. The Ministry Phase 2 solution is undergoing migration testing prior to Go-Live. Phase 3 Impact Assessments show large gaps in current capability and timeframes for wholesale change. The timeframes remain challenging also for the Ministry, and 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.

Benefits

A Benefits Realisation Plan is in place and benefits are likely to be incrementally realised from September 2016 as data quality improves over time.

The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber due to ongoing issues with gaps in data collection, and data quality. Some District Health Boards (DHBs) are on track to provide the required data and others need more time to make the changes required to their systems.

The final phase, phase 3, is planned to finish in September 2016. While the system, processes and reporting function will be in place, it is likely that not all DHBs will be able to provide the full data set required at that time.

This could delay full realisation of the benefits for this project as this requires national data. Active stakeholder engagement is underway to improve data quality and completeness.

The areas of monitoring focus for the next reporting period are data quality and MOH readiness to realise the expected benefits for this project.
The monitoring delivery confidence assessment remains Amber/Green, due to an on-going need to manage resourcing risks.

Stage 2 of the project completed as planned in July 2015, and the project reported back to Cabinet through the National Security Committee, in September 2015 (Cabinet minutes NSC-15-SUB-0007 and NSC-15-MIN-0007 refer). Stage 3 has begun and is due to complete in March 2016.

The governance group is actively tracking resourcing to ensure the overall schedule is realistic.

Due to the project's security classification we limit this report to a short comment, along with GCSB's 'Red/Amber/Green' ratings for the project.

If the project declines to the point where Ministerial attention is warranted, the Treasury will provide more detailed reporting to the responsible Minister.
The monitoring delivery confidence assessment remains Green, as successful delivery appears highly likely, and there are no major issues threatening delivery.

The Detailed Business Case was approved on 19 October 2015.

There are no major areas for monitoring focus over the next period.

Due to the project's security classification we limit this report to a short comment, along with GCSB's 'Red/Amber/Green' ratings for the project.

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 at this early stage appears well-placed to achieve the benefits proposed in the business case.
The project is to develop an Indicative Business Case for military heritage delivery arrangements with a national focus. This involves considering a range of options including some which would require a major capital project to implement. The project is being carried out collaboratively with the NZ Defence Force.

Over the reporting period the focus was on stakeholder engagement and options development and analysis. In addition work has progressed on a strategic framework for the Government’s intervention in the museum sector, which will provide an overarching context for the business case once completed.

Given the need to complete the strategic framework and assess its implications for the options being developed, delivery of the business case has been moved back to February 2016. The 0/1 Gateway Review has also been deferred to early 2016.

### The Treasury’s assessment

The monitoring delivery confidence assessment remains Amber/Green as the project is in the early stages of developing an Indicative Business Case (IBC) for Cabinet consideration. As part of initial engagements on a strategic approach to the cultural sector, Cabinet has directed the MCH to develop a Museum Strategic Framework, which should help Ministers prioritise capital bids from the sector. As a result, this project now plans to deliver its IBC following consideration of this Museum Strategic Framework. MCH has confirmed the revised date for consideration of the business case is February 2016.

The next major milestone is a strategic assessment Gateway review, which is scheduled to occur in February 2016. Treasury's view is that this Gateway review should also consider the Museum Strategic Framework.

### The monitoring delivery confidence assessment

- **Previous:** Amber/Green
- **Current:** Amber/Green

### Functional lead comment

New Zealand Government Procurement has provided limited support for MCH’s business case development.

### Timeline

**Indicative Business Case:** 02/16

**Detailed Business Case:** Budget 17

**In-service date:** TBC

**Benefits Review:** TBC

### Assurance schedule

- **October 2015**
  - Gateway 0/1 Review: 02/16

### Budget and expenditure

- **Whole of life cost:** Not available*
  - Options are still being developed for this project. Some involve additional capital and operating costs.

- **Actual expenditure:** $00.00m

- **Forecast expenditure:** not available.

### Benefits

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

### Position in lifecycle

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

### Agency assessment

- **Budget:** G
- **Timeline:** G
- **Benefits:** NA
- **Overall:** G

### Budget Timeline

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*Options are still being developed for this project. Some involve additional capital and operating costs.

### Financial Year

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**New Zealand Government Procurement has provided limited support for MCH’s business case development.**