

Q&A on the Major Projects Performance Report July 2016

General

Why is the Treasury involved in major projects performance reporting?

- Major Projects Monitoring looks at projects that receive substantial government investment and have a significant impact on the lives of New Zealanders.
- Establishing how agencies are managing major projects is a critical way to ensure taxpayer money is being used wisely so that public services are cost effective and high quality.
- The Treasury is committed to robust and transparent stewardship of public funds. It has an important role to play in managing government finances on behalf of New Zealanders. The Treasury's stewardship requires a high degree of trust and maintaining that trust is dependent on being transparent. To deliver on that, the Treasury oversees an investment management system that aims to:
 - optimise value from investments
 - increase efficiency and effectiveness of projects
 - enable investments to deliver benefits

What is the purpose of the Major Projects Performance Report?

- The purpose of the report is to provide Ministers and the public with visibility over how delivery of the Government's major projects is being managed.
- The report forms part of monitoring, which helps agencies apply good investment management practices and deliver the expected benefits from their projects.
- This is important because the Government is investing billions of dollars to construct hospitals, schools, roads and courts; provide equipment for our armed forces; and develop ICT capabilities to transform public services. These investments will have a big impact on New Zealanders' lives, and it is important that they are delivered well.

Who contributes to the Major Projects Performance Report?

- The report largely presents information provided by the agencies working on each project, including financial, schedule, benefits information, and commentary on progress.
- The agency explains how the project is going, identifies any variances to the project plan, and explains why these are occurring and how they are being managed.
- The report also provides a monitoring delivery confidence assessment (the traffic light assessment) and commentary which is developed by relevant monitoring entities.

What does monitoring delivery confidence (the traffic light assessment) measure?

- The monitoring delivery confidence assessment (the traffic light assessment) includes consideration of aspects relevant to the phase of each project, such as:
 - Expected benefits
 - Costs
 - Schedule
 - Scope and quality
 - Governance and resourcing
 - Stakeholder engagement
 - Strategic alignment and business case development
 - Risk and issues
 - Market engagement and procurement
 - Assurance
- It is an evaluation by monitors of how 'on-track' a project is to deliver its intended benefits within existing constraints.
- It is not a judgement about whether a project or idea is good or bad. It is typical for major projects to move in and out of different assessments throughout their lifecycle, as issues are encountered and managed.

What does it mean when a project is Red or Amber/Red?

- Most Red or Amber/Red ratings typically occur as an issue emerges, and once this is managed, the delivery confidence rating improves to reflect this.
- A Red or Amber/Red rating is not uncommon for major projects, which are a collection of the most challenging projects Government is undertaking. History suggests we can expect between 5-10% of the portfolio to be red or amber/red at any one time.
- Projects with Red or Amber/Red monitoring delivery confidence assessments are offered support from the Corporate Centre (Treasury, State Services Commission, Department of the Prime Minister and Cabinet, the GCIO and New Zealand Government Procurement) to help overcome challenges.

Police HRMIS

Why is this project Red?

- The project is red because although it has a viable workforce management and payroll solution, the timeline has slipped, which will delay benefits realisation and increase project costs.
- Delay is largely due to the additional time required to resolve a greater number of errors than expected during testing, arising from the complexity of integrating different systems.

What is being done to get the project back on track?

- External specialists are providing advice to the project Executive Steering Committee, and lessons learned from other organisations involved in similar projects continue to be applied.
- We think it's appropriate for Police to delay the go-live date for the project to ensure it works as intended, and conversations with commercial suppliers are continuing.

National Bowel Screening Programme

Why is this programme Amber/Red?

- The programme has improved to Amber/Red because the Ministry is consulting with DHBs about delivery dates, and their ability to absorb additional costs.
- However, we remain concerned that the programme rollout schedule appears difficult to achieve, so this programme has not yet improved to Amber.

What is being done?

- The Ministry is seeking independent advice about the programme delivery method and achievability of the timeframe to inform the rollout plan.

National Infrastructure Platform

Why is this project Amber/Red?

- Although the investment benefits for this project are still achievable it has experienced delays.
- This is because the original supplier's service offering was not ready for deployment.

What is being done?

- New Zealand Health Partnerships (NZHP) has been working closely with IBM and hopes to have agreement by the end of this week on a way forward.
- There has been no impact on DHB's frontline services as a result of the delays.

MSD Ministry for Vulnerable Children

Why has this project not yet been assessed?

- This programme has only recently been added to the Treasury's monitoring programme. We haven't yet had sufficient time to gather the relevant information needed to assess this significant programme.
- We expect to provide an assessment in our next report.