

# The Treasury

## Budget 2024 Information Release

### September 2024

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## Treasury Report: Improved management of the capital investment portfolio

<b>Date:</b>	4 December 2023	<b>Report No:</b>	T2023/1967
		<b>File Number:</b>	ST-4-8-4-11-5-2024

### Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Nicola Willis)	<b>agree</b> to the proposed approach to reprioritise and sequence the capital investment pipeline to better match market, agency, and fiscal capacity	5 December 2023

### Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Erana Sitterle	Head of Investment Management Policy, Investment Management System [39]	[35]	✓
Craig Murphy	Manager Investment Management System		

### Minister of Finance's Office Actions (if required)

**Return** the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** Yes (attached)

# Treasury Report: Improved management of the capital investment portfolio

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## Executive Summary

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The Treasury leads the investment management system (IMS), the purpose of which is to:

- support Cabinet to govern the capital investment portfolio effectively, and
- support your fiscal objectives by outlining the investment disciplines necessary to ensure investments deliver value for money.

The previous Government made changes to the IMS in 2023 to clarify requirements for agencies and improve the quality and timeliness of analysis that Ministers and Cabinet receive to support decision-making. However, there remain investment, market and system challenges, resulting in cost escalations and delivery delays. System settings are also not supporting you and Cabinet as intended.

We recommend the following three actions to improve value for money, fiscal discipline and investment delivery:

Action One: Strengthen governance of the investment portfolio through quarterly investment reporting to Cabinet. This will provide a strong basis from which Cabinet will be able to actively prioritise and sequence the investment pipeline, manage risk and hold agencies to account for the performance of their investments.

Action Two: Undertake a review of the capital investment portfolio to build a more stable pipeline better aligned with your priorities and with a continued focus on value for money. We recommend the initial focus of this is on investments in planning or early delivery that have been allocated funding, to identify opportunities for real savings through Budget 2024.

Action Three: The Treasury to further improve investment settings by updating the investment planning (Better Business Case) and assurance (Gateway) frameworks to ensure these are delivering value for Ministers. A key outcome we are seeking from the update is shorter business cases that are faster to produce and less reliant on consultants while improving the quality of investment planning, and ultimately the successful delivery of investments.

## Recommended Action

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We recommend that you:

- a **agree** to undertake a capital pipeline review to better match market, agency, and fiscal capacity as part of the Budget 2024 strategy Cabinet paper (accompanying report T2023/1953 refers);

~~Agree/disagree~~

- b **direct** the Treasury to work with the following system leaders on the capital pipeline review:
- i. Te Waihanga Infrastructure Commission as system lead for infrastructure
  - ii. Government Chief Digital Officer
  - iii. Government Chief Data Steward
  - iv. Government Chief Information Security Officer
  - v. New Zealand Government Procurement
  - vi. Inland Revenue Department as system lead for service transformation, and
  - vii. Ministry for the Environment as system lead for environment.

~~Agree/disagree~~

- c **agree** to exclude the following investments from the capital pipeline review as these will be difficult, or not desirable, to stop or delay; or will be subject to separate reviews:
- i. Investment proposals included within the Government's coalition agreements
  - ii. Investments that have entered main contracts
  - iii. Investments with an approved implementation business case (i.e., ready to commence delivery) that relate to maintaining existing levels of service
  - iv. Kainga Ora's investment programme, given it will be subject to a separate review, and
  - v. The National Land Transport Programme funded through the National Land Transport Fund, as this will be reviewed as part of the revised Government Policy Statement for land transport

~~Agree/disagree~~

- d **agree** to the proposed priority investment areas for the capital pipeline review:
- i. Investments that make better use of existing assets, including capital maintenance, and investment to maintain ongoing levels of service
  - ii. Investments that improve the resilience of assets to meet required levels of service, and
  - i. Investments that will support growing industry and market capacity

~~Agree/disagree~~

- e **provide** direction on other investment priority areas that you would like the Treasury to focus on for the capital pipeline review

- f **agree** to the phased approach to the capital pipeline review:
- i. funded investments to be reviewed as part of Budget 2024 to identify opportunities for savings, and
  - ii. investments in planning to be reviewed through the Quarterly Investment Reporting process with the first report back to Cabinet as part of the March 2024 quarterly report (to be provided to you in early May 2024)

Agree/~~disagree~~

- g **agree** that specific agencies (Te Whatu Ora Health New Zealand, Ministry of Education, Kiwirail, New Zealand Defence Force, Department of Corrections) and specific programmes (New Zealand Upgrade Programme) are required to provide a revised investment programme, based on the investments listed in Annex 6

Agree/~~disagree~~

- h **agree** that all other agencies are required to provide individual submissions for the investments listed in Annex 6

Agree/~~disagree~~

- i **note** that you have received separate advice on the other proposed initiatives to invite into Budget 2024 (T2023/1953 refers)

- j **indicate** which investments listed in Annex 6 to this report you wish to include as part of the capital pipeline review

Agree/~~disagree~~

- k **note** that the Cabinet reporting process on the Government's investment portfolio will provide a strong basis from which Cabinet will be able to govern public investment and set clear expectations for strong investment discipline, and

- l **refer** to this report to the Prime Minister and Associate Ministers of Finance Hon Chris Bishop, Hon David Seymour and Hon Shane Jones.

Refer/~~not referred~~

Craig Murphy  
**Manager, Investment Management System**

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Hon Nicola Willis  
**Minister of Finance**

8/12/2023

## Purpose of Report

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1. The Treasury leads the investment management system (IMS) which is part of the broader public finance system. The IMS supports you and Cabinet to govern the Government's investment portfolio. It sets out the requirements for agencies to enable them to successfully plan and deliver public investment with a focus on fiscal discipline and value for money.
2. We have focused this report on the key actions we recommend to drive ongoing improvement in investment planning and delivery. The report covers:
  - a Investment and market context and challenges
  - b System context and challenges, including recent improvements
  - c Actions to improve value for money and investment planning and delivery
3. The annexes to this report provide more detail on:
  - a The investment reporting schedule and decision points for Cabinet
  - b Outline of quarterly investment reporting approach
  - c Intervention options available for investments in delivery when issues arise, such as cost escalation
  - d Proposed list of investments to be assessed as part of the proposed capital pipeline review
  - e Reported cost escalations for investments in delivery
4. This report is designed to be read in conjunction with the following related reports to support your initial decision-making on your fiscal strategy and implementation and Budget 2024 strategy and design:
  - a Initial decisions for your fiscal strategy [T2023/1992]
  - b Implementing the fiscal strategy [T2023/1987]
  - c Budget 24 strategy and design [T2023/1953]

## Investment and market context and challenges

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### *Investment context*

5. New Zealand requires a greater level of capital investment to start to address long-run infrastructure gaps. Te Waihangā Infrastructure Commission assess that New Zealand has a public infrastructure gap of approximately \$104 billion, much of which is for renewals of current assets. The current deficit is accumulated underinvestment over several decades. The deficit will double over the next 30 years if we keep investing at the current rate, partly because nearly 60% of investment is in renewals, not new capacity.<sup>1</sup>
6. In addition to infrastructure investment need, many agencies are also planning significant digital transformation programmes to replace ageing information and communications technology (ICT) assets and capability that are no longer fit for purpose.

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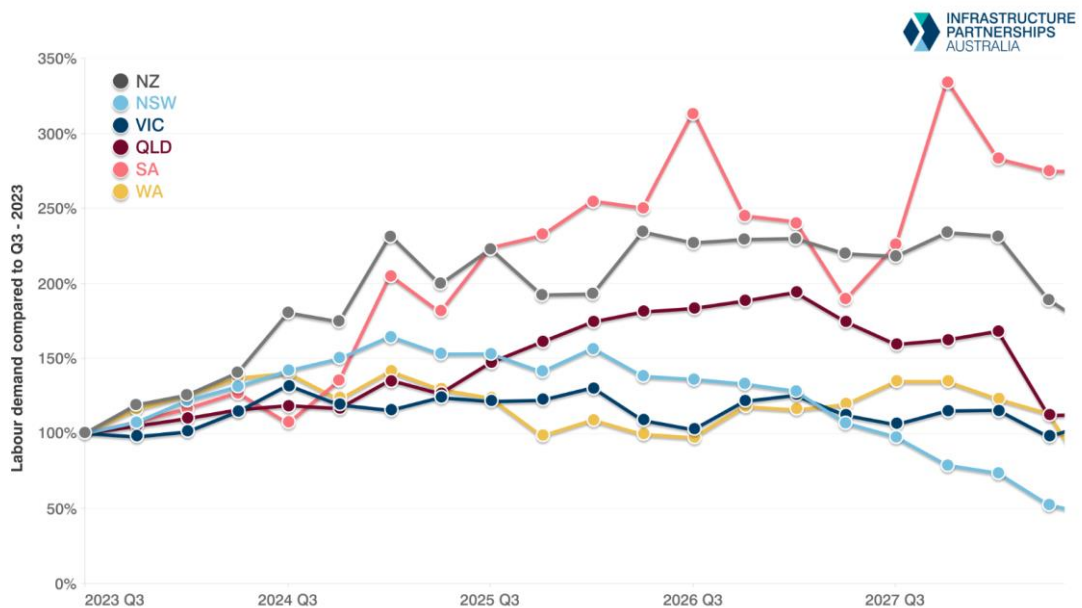
<sup>1</sup> Sense Partners, New Zealand's Infrastructure Challenge: Quantifying the gap and path to close it, October 2021  
T2023/1967 Improved management of the capital investment portfolio

7. To address these issues, increased investment must be sustainable and matched with fiscal capacity, as well as agency and market capacity and capability.
8. Significant levels of capital funding have been allocated in recent years. This has been in response to a range of issues, from stimulating the economy facing headwinds before and after COVID, to the recent extreme weather events. This has led to an investment pipeline larger than agencies and the market can deliver, leading to cost increases and project delays.
9. Annex 7 sets out all investments that have reported quantified cost escalations through the September 2023 Quarterly Investment Reporting, including where there is insufficient information provided by the agency to calculate cost pressures.

*Market context*

10. Market conditions continue to be challenging. The construction market is still facing upward cost pressures (including continued tight labour market; capacity constraints in the materials sector; and lower New Zealand dollar exchange rate).
11. Recent market soundings undertaken from Te Waihanga Infrastructure Commission found that while the wider construction sector may be slowing down (which represents a challenge for second and third tier contractors), there is limited capacity for new work among larger contractors. The market sounding also highlighted that the contractor market is limited in its ability to deliver the increasingly large and risky projects that are in the investment pipeline. Figure One below illustrates the forecast increase in demand we can expect.

*Figure One: Forecast labour demand – New Zealand and Australian states*

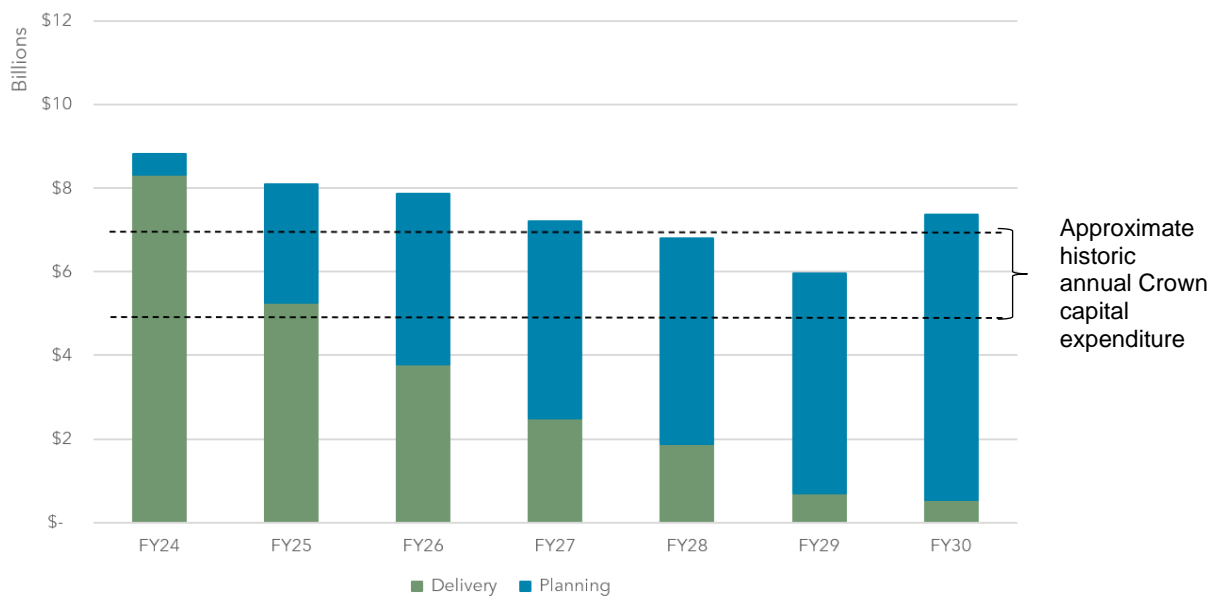


12. The pipeline of public sector ICT transformation investments is also resulting in cost increases and delays, with agencies competing for the same pool of specialist skills to deliver these investments. This signals a need to prioritise and sequence investments.



13. Agencies' ability to deliver funded investments is limited by market capacity as demand remains significantly higher than supply. New capital expenditure over recent years averages between \$5 billion and \$7 billion, which is far below what agencies are forecasting to spend, as per Figure Two. Many of the projects within the investment programmes funding over recent years are only just commencing delivery, and supply pressures are exacerbated by additional demand and regional market capacity posed by the cyclone and flood responses. In addition to the investment levels in Figure Two below, funding will also be required for:
- a Further cost escalation across the portfolio, given international benchmarks for cost overruns are much higher than currently reported by agencies
  - b Baseline, low-risk capital investment that agencies undertake within their delegations that are not reported to the Treasury through the quarterly investment reporting process

Figure Two: Capital expenditure averaged over planned or actual delivery timeframes



*The macroeconomic and fiscal context also makes the pipeline challenging*

14. As outlined in T2023/1992, there are near- and medium-term challenges facing the fiscal position. While net debt is not a binding constraint, capital investment also affects the operating balance due to ongoing funding needed to service and maintain and asset over its life. The constraints on the operating position will therefore make it challenging to achieve a real increase in the level of capital investment. For digital investments, there is also a trend towards 'as a service' platforms, which is treated as operating expenditure rather than capital, contributing further pressure on departmental operational budgets.

## System context and challenges

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15. The investment management system (IMS) supports Cabinet to govern the investment portfolio effectively.
16. Cabinet's expectations for investment management and asset performance are set out in Cabinet Office circular (23) 9: Investment Management and Asset Performance in Departments and Other Entities. These support your fiscal objectives by outlining the investment disciplines necessary to ensure investments deliver value for money.
17. The IMS is designed to provide Ministers and Cabinet with information and decision points through the investment lifecycle, as set out in Annex 1.
18. The key reporting mechanism bringing together investment information, analysis and decisions is through Quarterly Investment Reporting (QIR) to you, and subsequent quarterly reporting to Cabinet. Annex 1 and Annex 2 set out more detail on the reporting schedule and Cabinet decision points. Annex 3 provides an explanation of the QIR approach, and Annex 4 provides a portfolio snapshot from the September quarter end QIR data.
19. The Circular sets out the role of System Leaders<sup>2</sup> in the IMS – to support a strategic and integrated systems-level approach to government investment. This helps the public service to be less fragmented and more responsive to the government's priorities. System Leaders work bottom-up, to support agencies to plan and deliver investments, and top-down, to provide advice to the government on priorities and risks across the investment pipeline.

### *Recent improvements have been introduced to investment processes*

20. In August 2023, the previous Cabinet approved changes to the Circular to improve agencies' understanding of, and compliance with, their obligations [GOV-23-MIN-0037 refers]. These changes streamline reporting requirements to the Treasury and strengthen requirements for asset management (including asset registers for service critical assets) and agency Chief Executive accountability through an annual attestation process, to confirm agencies have complied with the requirements in the Circular.
21. In addition, Cabinet approved initial changes to the business case, reporting and assurance processes [GOV-23-MIN-0037 refers]:
  - a Revised Risk Profile Assessment and Strategic Assessment (initial investment assessment; more detail is set out in Annex 2 on investment stage gates) to strengthen advice to Ministers and support agency capability building
  - b Approval of new investment proposals through quarterly Cabinet review, to enable an early stop/go decision for new investment proposals
  - c Assurance reviews (Gateway reviews<sup>3</sup>) will be shared with Ministers and Cabinet as part of investment approvals, and a structured business case review will be included.
22. While there have been improvements, there remain system challenges that mean the IMS is not supporting you and Cabinet as intended. The challenges are outlined below, with the proposed actions to address these in the subsequent section.

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<sup>2</sup> System leaders for infrastructure, data, digital, cyber security, procurement and environment.

<sup>3</sup> Gateway is an independent peer-review process that examines investments at key points in their lifecycle to assess their progress and to rate the likelihood of successful delivery of their outcomes. It is mandatory for all high-risk investments.

System challenge 1: The system does not support Cabinet to govern effectively

23. The IMS does not support Cabinet to govern effectively, which is resulting in:
  - a Siloed decisions: Cabinet is often asked to approve investment proposals in isolation of what is happening across the rest of the Government's investment portfolio, making it difficult for Ministers to have confidence in the trade-offs they are asked to make
  - b Lack of investment and system assurance: Ministers do not receive assurance that agencies are undertaking the desired level of strategic and asset management planning to appropriately identify areas for investment for their relative priority
  - c Poor reporting: To date, Ministers and Cabinet have not received regular, consistent reporting on the progress of investments in planning and delivery or system performance as a whole. This makes it difficult to intervene to get investments back on track if needed or identify system-wide issues that require attention.
24. The recent improvements, outlined in paragraphs 19 and 20 above, will begin to address this challenge.

System challenge 2: Cabinet needs greater visibility of the investment portfolio

25. Cabinet decisions to prioritise and sequence are made difficult without visibility of what agencies are planning across the Government investment portfolio. The Treasury has improved Ministerial visibility through the QIR process, which Chief Executives of agencies are now required to sign off. As part of this process, the QIR is also improving Ministerial visibility of the backlog of asset maintenance and renewals needed to continue delivering expected levels of service.
26. Although visibility of agencies investment planning has improved, not all agencies are at the same level of maturity or capability and improvement is required. There remain large gaps in areas of the intentions data (pre-business casing) - investment intentions that are reported remain short-term focused, with 50 of 76 investments expected to seek funding between 2025 and 2029.
27. Across the Government's investment portfolio only 15 percent of investments reported by agencies through QIR comply with the three following expectations:
  - a Business case stages are progressed in the expected order (to provide Ministers with separate investment decision points (i.e., the planning stages are sequential and do not overlap) – see Annex 2 for an overview of the Cabinet decision points.
  - b An investment will have a Cabinet approved detailed business case before an agency seeks Budget funding (this is the minimum level of information and analysis required to support a funding decision), and
  - c An investment will have an approved Implementation Business Case before an agency commences delivery of an investment.

System challenge 3: Planning and assurance processes need further improvement

28. Business cases have not been meeting quality expectations to support investment decision-making. They are too long, too costly, do not contain the information required by Ministers, and take too much time to develop.
29. The Treasury's planning and assurance frameworks are also out of step with international best practice. We have not reviewed the approach to business cases and assurance (Gateway) for many years, meaning we are not in line with improvements other countries have made. This includes embedding climate impact analysis and scenarios into business cases; better aligning business case and assurance processes to support decision-makers; and clearer requirements on what information Cabinet needs to support decision-making.

Actions to improve value for money and investment delivery

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30. We have focused on three actions to ensure the IMS is supporting you and Cabinet to achieve your priorities for public investment.

Action 1: Strengthen Cabinet's governance of the investment portfolio

31. We recommend you use the new Cabinet reporting process, as mentioned in paragraph 18 above, to provide a strong basis from which Cabinet will be able to actively prioritise and sequence the investment pipeline and manage risk. We will provide you with quarterly reports to take to Cabinet (which could be via the proposed Cabinet Expenditure Committee, if established) that include the following information:
  - a New investment proposals, for Cabinet to confirm whether these should progress to business case, including any conditions if appropriate (such as timeframe for report back; additional assurance requirements; specific investment options for the business case to include)
  - b Upcoming business case approvals (with the ability for Cabinet to provide direction on timing if needed)
  - c Analysis on issues such as emerging risks, market trends or system performance issues (with corresponding recommendations for action where appropriate)
  - d Summary of the highest value, highest risk investments in the portfolio
32. Having this visibility will help Cabinet to:
  - a Take decisions on what should proceed to planning at the start of the process (before agencies have undertaken significant amounts of work)
  - b Provide direction to agencies on investments in planning, to ensure business cases will meet Ministerial expectations
  - c Take decisions on any required interventions for investment in delivery where risks or issues arise
  - d Identify other policy interventions or system settings changes needed to improve investment planning and delivery
  - e Hold agencies to account for the performance of their investment portfolios

33. The QIR and Cabinet reporting process will also help you to get visibility and manage cost escalations in a consistent way. Annex 5 sets out common intervention options you have available if there are either investment-specific cost escalations or system-wide cost escalations that need addressing. The proposed capital pipeline review, set out below, is an example of a system-wide intervention set out in the annex.
34. We will also provide you with further advice on options to strengthen institutional arrangements in infrastructure specifically.

*Action 2: Reprioritisation and sequencing of the investment pipeline*

35. Delivery delays and agency/market prioritisation is acting to 'smooth' the pipeline already; however, this approach to managing the level of investment is resulting in cost overruns and is not sustainable. A more structured long-term pipeline of investments and capital programmes that Cabinet has approved and sequenced will support the market to invest in capability and increase capacity. This is needed to improve deliverability, reduce cost overrun risks and ensure we are not creating future pressures by underfunding of critical asset maintenance and remediation.

*Australia has been facing the same challenges*

In November 2023, the Australian Federal Government completed a review of its A\$120 billion infrastructure investment programme, which has recommended that 82 projects not yet in construction are ceased. The review found:

- a The current programme is not affordable and not deliverable given identified cost pressures of A\$32.8 billion
- b Some projects do not demonstrate merit or align with government priorities
- c A number of projects were allocated funding too early in the planning process, before detailed planning, design and cost was undertaken

36. To address ongoing and increasing cost escalations and delivery risks, we recommend the investment portfolio is reprioritised and sequenced to build a more stable pipeline better aligned with your priorities and with a continued focus on value for money (the capital pipeline review).

*Proposed high-level approach*

37. We recommend the following high-level approach for the capital pipeline review:
  - a The Treasury to identify those investments that will be easier to reprioritise and sequence for your approval
  - b As part of Budget 2024, agencies provide information on identified investments to enable the review, and
  - c The Treasury, supported by the Investment Panel<sup>4</sup>, review the investments, including value for money, market and fiscal capacity and provide advice on options for reprioritisation and sequencing to achieve the outcomes you wish to seek

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<sup>4</sup> The **Investment Panel** is convened by the Treasury to bring additional scrutiny and analysis to support investment decision-making. It is comprised of system leaders covering infrastructure (Te Waihangā Infrastructure Commission), digital (Government Chief Digital Officer), data (Government Chief Data Steward), cyber security (Government Chief Information Security Officer), procurement (NZ Government Procurement), service transformation (Inland Revenue Department) and environment (Ministry for the Environment)

38. We propose to include all investments in planning and delivery within the investment reprioritisation exercise except for the following as these will be difficult, or not desirable, to stop or delay:
- a Investment proposals included within the Government’s coalition agreements
  - b Investments that have entered into main contracts, and
  - c Investments with an approved Implementation Business Case that relate to maintaining existing levels of service
39. We also propose to exclude:
- a Kāinga Ora’s investment programme, given it will be subject to a separate review
  - b The National Land Transport Programme funded through the National Land Transport Fund, as this will be reviewed as part of the revised Government Policy Statement for land transport

*Implementation of the capital pipeline review*

40. Based on the information reported to us through QIR, we have undertaken an initial triage of investments in the portfolio to identify those that will likely be easier to reprioritise or sequence (based on the exclusion criteria in paragraph 37 above).
41. To implement the review, we recommend the following **phased approach** to the capital pipeline review to manage and prioritise resourcing:
- a Funded investments to be reviewed as part of Budget 2024, to identify opportunities to generate real savings (set out in Tables 1, 2A and 2B of Annex 6)

*Table 2: Summary of funded investments to be reviewed as part of Budget 2024*

Investment Stage	No. of investments	Approved OPEX (\$B)	Approved CAPEX (\$B)
Planning	22	0.64	1.53
Delivery	45	5.20	7.03
<b>Total</b>	<b>67</b>	<b>5.84</b>	<b>8.56</b>

*(Note: this is yet to be updated with investments from Waka Kotahi to include within the B24 savings process)*

- b Investments in planning to be reviewed through the Cabinet investment reporting process, with the first report back to Cabinet due at the March 2024 quarter end report which will be provided to you in early May 2024 (set out in Tables 3A, 3B and 3C of Annex 6)

*Table 3: Summary of investments in planning to be reviewed through Cabinet investment reporting*

Investment Stage	No. of investments	Estimated OPEX (\$B)	Estimated CAPEX (\$B)
Planning	140	4.36	65.49

*(Note: the figures above exclude reported figures for Auckland Light Rail, Project Battery and Let’s Get Wellington Moving)*

*Proposed priority areas for investment*

42. We propose that the following areas are priority areas for investment:
- a Investments that make better use of existing assets, including capital maintenance, and investment to maintain ongoing levels of service

- b Investments that improve the resilience of assets to meet required levels of service
  - c Investments that will support growing industry and market capacity
43. We will review submissions against these priority areas, as well as any other priority areas you would like the review to focus on. We will also undertake value for money assessments of submissions, to identify if the investments will clearly achieve the outcomes sought, if the benefits outweigh the costs (including unquantified costs and benefits), and if the investment is likely to be delivered on time, on budget and to scope.

*Approach to submissions and review*

44. We propose the following approaches depending on the extent of the agency's investment programme:
- a For **specific capital intensives agencies** (Te Whatu Ora Health New Zealand, Ministry of Education, Kiwirail, New Zealand Defence Force, Department of Corrections) and **specific programmes** (New Zealand Upgrade Programme), we propose that agencies are asked to provide a revised investment programme demonstrating that existing funding has been prioritised towards progressing priority investments on feasible timelines, including any necessary cost escalations. This would be based on the above criteria, as well any other priority areas you would like agencies to focus on. As part of this process, we will ask agencies to identify investments that are not focused on the above criteria, or aligned with your priorities, to enable funding to be reprioritised or returned.
  - b For **all other agencies**, we propose to request individual submissions for the investments we have identified as in scope.
45. We have provided the full list of investments in scope for your consideration and decision on whether these are included in Annex 6 to this report.
46. We propose to seek the following base information from agencies to enable us to undertake the capital pipeline review:
- a Strategic assessment (initial stage of the business case, outlining problem definition, outcomes being sought from investment and risks, constraints and dependencies)
  - b Funding profile if funding is returned (if investment is stopped)
  - c Detail on impact if investment is stopped, paused, delayed, or phased differently
47. We will work closely with Investment Panel members, including Te Waihanga Infrastructure Commission given the majority of the investment pipeline is infrastructure, to undertake the capital pipeline review.

*Action 3: Further improvement to system settings*

48. While the initial changes Cabinet agreed in August 2023 are an improvement, these do not go far enough to fully address the challenges. Cabinet therefore noted that the Treasury will undertake a full review and update of the investment planning (Better Business Case) and assurance (Gateway) frameworks to ensure these are fit for purpose and are delivering value for Ministers.
49. A key outcome we are seeking from the update is shorter business cases that are faster to produce and less reliant on consultants while improving the quality of investment planning, and ultimately the successful delivery of investments.

50. The update will involve:
- a Refresh of the Better Business Case and Gateway frameworks to ensure these adequately take into account broader economic outcomes, including climate impact analysis.
  - b Improvements to guidance and templates to make business cases shorter, faster to develop, easier to follow, and better support Ministerial decision-making.
  - c Determining the proportionate level of evidence and analysis needed to support decision-making through each stage of investment planning, including reducing reliance on external/consultancy resource.
  - d Clarifying the role of Treasury and system leaders in supporting agencies with investment planning and delivery to build capability while maintaining each agency's accountability for its own investments.
51. Initial actions for the update include:
- a Guidance for agencies on Cabinet papers seeking business case approvals (to clarify that the Cabinet paper needs to be stand alone and Ministers are not expected to read business cases themselves)
  - b Collecting data on the consultant costs and timeframes for business cases
52. Subject to any further direction from you, we will be undertaking the review throughout the 2023-2024 financial year and expect to roll out changes and improvements on an incremental basis. You will receive updates and advice on this as we progress.

## Next Steps

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53. The table below sets out key areas of activity:

*Table 4: Key areas of activity*

Activity	Timeframe
Cabinet agrees to the proposed capital pipeline review via the Budget 2024 strategy and design Cabinet paper.	Early December 2023
Letters to portfolio Ministers, including lists of investments included in the capital pipeline review Budget 2024 guidance and templates for agencies issued	Mid December 2023
Initial Baseline Exercise due from agencies	Early February 2024
Treasury and Investment Panel evaluation of investments	February
Draft Budget package submitted to you to discuss with Budget Ministers, including outcome of initial investment reprioritisation exercise	By early March 2024
December 2023 quarter end report provided to you	March 2024 (the December 2023 quarter end report is delayed due to Christmas and New Year statutory holidays)



## Annex 1 – Investment Reporting Cycle

Lifecycle stage	Information provided	Treasury Reporting frequency	Cabinet decisions
Intentions	Medium- to long-term proposed areas of investment based on an agency's strategic and asset management plans.	Annual	Noting or agreement that investment intentions align with government priorities
Planning	Business case phases that build from initial problem definition and strategic alignment, to options analysis to procurement approach and delivery strategy and detail	Quarterly	Four planning ( <i>Strategic Assessment, Indicative Business Case, Detailed Business Case and Implementation Business Case</i> ) and one funding approval ( <i>Budget</i> ) points from initial decision to commence business case through business case phases to decision for investment to commence delivery
Delivery	Whether investments are on time, on budget, to scope and benefits on track to be realised	Quarterly (monthly for highest risk investments)	Any required interventions needed to ensure investment is on track
Realisation	Whether the performance of the investment (e.g. new asset) is delivering as expected	Annual	Any decisions needed to hold agencies to account for expected performance of the investment

Reporting includes analysis from the **Investment Panel** by the Treasury to bring additional scrutiny and analysis to support investment decision-making. The Investment Panel is comprised of representatives covering:

1. infrastructure (Te Waihangā Infrastructure Commission)
2. digital (Government Chief Digital Officer)
3. data (Government Chief Data Steward)
4. cyber security (Government Chief Information Security Officer)
5. procurement (NZ Government Procurement)
6. service transformation (Inland Revenue Department) and
7. environment (Ministry for the Environment)

## Annex 2 – Cabinet decision points through the investment planning phase

Stage gate	Description	Cabinet decision points
1. Seeking approval to proceed to business casing	<p>The <b><u>Risk Profile Assessment and Strategic Assessment</u></b> is provided to Treasury and provides a <b>system risk assessment</b> of investments (low, medium, high risk) and <b>an outline of the rationale</b> for an investment.</p> <p>This provides initial visibility of investments in the pipeline and enables system leaders to provide an assessment of risk and whether an investment is aligned to government strategy. This is provided to Cabinet to support decision-making.</p>	<p>This provides an initial stage gate of whether the investment should proceed or not (<b>prioritisation</b>).</p> <p>It also provides an early opportunity for Ministers to provide direction before planning is well underway, including timing of planning (<b>sequencing</b>).</p>
2. Seeking approval of shortlisted options or preferred option to progress	<p>The <b><u>indicative business case</u></b> sets out the rationale for the investment and outlines the list of options to meet the investment need for decision-makers to confirm and approve.</p> <p>This provides visibility of when (and which) indicative business cases will be coming to Cabinet for consideration.</p>	<p>Whether to proceed with further planning for the investment and the preferred solution, or short list of options, outlined (<b>prioritisation</b>) and when to proceed to the next stage of planning (<b>sequencing</b>).</p>
3. Seeking confirmation of preferred option and delivery strategy	<p>The <b><u>detailed business case</u></b> provides an opportunity for Cabinet to <b>confirm the preferred option and way to progress</b>.</p> <p>This provides visibility of when (and which) detailed business cases will be coming to Cabinet for consideration.</p>	<p>Whether to support the confirmed preferred option and when that option should be considered for funding in the Budget process (<b>sequencing</b>).</p>
4. Seeking funding approval to be able to go to tender	<p>This provides visibility of <b>when (which Budget year) a funding decision will be sought</b>.</p>	<p>When (and whether) to fund the investment (<b>sequencing</b>).</p>
5. Seeking approval to award contract and commence delivery	<p>The <b><u>implementation business case</u></b> outlines the detailed implementation plan for an investment and <b>confirms that an investment is actually deliverable</b> within the time, budget and scope constraints previously agreed.</p>	<p>Whether to approve an investment to commence delivery (<b>sequencing</b>)</p> <p>This decision could be delegated to Ministerial rather than Cabinet level.</p>

**Annex 3: Outline of quarterly investment reporting approach**

**Purpose**

The purpose of the Quarterly Investment Reporting (QIR) is to improve visibility of public investments across the four stages of the investment lifecycle (Intentions, Planning, Delivery, Realisation).

The reporting seeks to:

- Improve visibility of significant investments across the Government’s investment portfolio
- Support you to focus on investments aligned to Government priorities
- Signal clear decisions for Ministers and Cabinet
- Provide useful insights and actionable advice to support prioritisation and sequencing, and leverage data for other purposes (oversight of cost pressures, Budget strategy and planning)
- Build out the medium term pipeline.

**Background**

Cabinet Office circular *CO (23) 9: Investment Management and Asset Performance in Departments and Other Entities* sets out Cabinet’s expectations of agencies in respect of investment management and includes a requirement for agencies to regularly report on their investments.

Since CO (23) 9 came into force, agencies’ quarterly investment reporting must be approved by the agencies’ chief executive or delegate. Only the most recent September 2023 quarterly reporting data has been subject to this rule, and we expect this change will support our engagement with agencies to improve the completeness and accuracy of the data provided through QIR.

**Investments within scope**

<b>Investment stage</b>	<b>In-scope</b>	<b>Collection frequency</b>
Intentions	All investment proposals over \$100 million under consideration by an agency as part of the medium to long-term strategy that an agency has adopted.	Annually
Planning	All medium and high-risk investment proposals as assessed through the Risk Profile Assessment, business casing in progress and no contract for delivery has been signed.	Quarterly
Delivery	All medium and high-risk investments and/or investments over \$50 million in delivery.	Quarterly
Realisation	Investments completed delivery in the last three years and in operational review to determine whether the outlay has delivered on agreed benefits.	Annually

**Agencies within scope**

Agencies that are within scope of CO (23) 9 must complete QIR. Broadly this includes departments, most Crown entities and Schedule 4A companies.

In practice, 29 agencies and Crown entities currently participate in QIR as shown in the table below (with capital intensive agencies shown in bold):

Table 1: Number of investments reported by participating agencies through QIR

Agency name	Number of investments reported				
	Intentions	Planning	Delivery	Realisation	Total
City Rail Link Limited			1		1
<b>Defence Force</b>	15	61	29		105
Department of Conservation	7	2	3		12
Department of Corrections	5	12	2		19
Department of Internal Affairs		3	7		10
GCSB			1		1
<b>Kāinga Ora</b>	3	2	10	1	16
<b>KiwiRail</b>		2	17		19
LINZ			2		2
MBIE	3	11	3	1	18
Ministry for Primary Industries	1	3	3		7
Ministry for the Environment		2			2
<b>Ministry of Education</b>	4	16	22		42
Ministry of Foreign Affairs and Trade			3		3
Ministry of Justice	7	6			13
Ministry of Social Development	1	1	2	1	5
Ministry of Transport	1	3			4
NZ Customs			1		1
NZ Police	7	5	4		16
NZSIS		1			1
Oranga Tamariki	1	1	5	2	9
Parliamentary Services	5		1		6
Rau Paenga Limited			2		2
Stats NZ		1	2	1	4
<b>Te Whatu Ora</b>	5	21	32	3	61
Tertiary Education Commission			3		3
<b>Waka Kotahi</b>	11	12	16	2	41
Whaikaha - Ministry of Disabled People		1			1
WorkSafe NZ			2		2
<b>Total</b>	<b>76</b>	<b>166</b>	<b>173</b>	<b>11</b>	<b>426</b>

Agencies must complete a risk profile assessment for an investment proposal prior to commencing business case development for the investment. If an agency self-assesses an investment as medium- or high-risk, they must submit the RPA to the Treasury for moderation (in conjunction with system leaders).

Medium- or high-risk investments submitted by agencies are included in QIR from the Planning investment stage (start of business case process) through to Realisation as described in the table above.

### Information within scope

Qualitative and quantitative data are collected on investments across all four stages of the investment lifecycle.

General investment information is collected for all investments subject to QIR. This information includes details such as the name, description, climate impact, region, investment type, the stage of the investment.

Agencies also provide additional information as investments progress through the stages of the investment lifecycle, as outlined below:

<b>Investment Stage</b>	<b>Section</b>	<b>Data point</b>	
<b>Intentions</b>	<i>Estimated timing and funding requirements</i>	Estimated total value of funding	
		Estimated period when funding sought from Budget	
<b>Planning</b>	<i>Investment Funding Details</i>	Risk Profile Assessment Risk Rating	
		Capital Expenditure Requirement	
		Operating Expenditure Requirement	
		Value of funding to be sought through Budget (in any)	
		Value of funding sought through other Funding Source	
		Other Funding Source	
		External consultant costs	
		<i>Investment Pre-funding Planning Details</i>	Risk Profile Assessment Date
			Indicative Business Case Due Date for Approval
	Detailed Business Case Due Date for approval		
	If seeking funding through the Budget, which Budget?		
	<i>Investment Post-funding Decision Details</i>	Implementation Business Case Due Date for Approval	
		Planned Delivery Start Date	
		Planned Delivery End Date (during Planning)	
	<b>Delivery</b>	<i>Investment Delivery Timeframe Details</i>	Year in which funding was approved
Actual delivery Start Date			
Initial Forecast Delivery End Date			
Current Forecast End Date			
Additional Commentary on Delivery Time			
<i>Investment Budget / Spending Details</i>		Original Delivery Budget	
		Approved Capital Expenditure Budget	
		Approved Operating Expenditure Budget	
		Approved Delivery Budget	
		Spend to Date	
		Cost to Complete	
		Value of Cost Pressures	
		Primary Driver of Cost Pressures (if applicable)	
Commentary on Cost Pressures			
<i>Changes to Scope</i>		Scope Changes	
<i>Changes to Benefits</i>	Changes to Benefits		
<i>Additional Agency Comments</i>	Additional Agency Comments		
<b>Realisation</b>	<i>Ongoing costs</i>	Expected Operating Expenditure per annum	
	<i>Current state: benefit realisation assessment against original business case</i>	Current state benefit realisation assessment	
		Agency comments: Benefits realised	
	<i>Forward looking: expected benefit realisation over the coming 3 years</i>	Agency comments: Unrealised benefits	
		Forward looking benefit realisation assessment	
Agency comments: Expected realisation			
	Agency comments: Expected barriers and challenges		

## Annex 4: Portfolio snapshot (as at 30 September 2023)

Overview	Planning		Delivery		Total	
	No.	Change	No.	Change	No.	Change
Infrastructure	106	(4)	100	12	206	8
Data and digital	32	1	45	7	77	8
Specialist Equipment	19	(1)	15	0	34	(1)
Organisational change	9	(1)	13	1	22	0
<b>Total</b>	<b>166</b>	<b>(5)</b>	<b>173</b>	<b>20</b>	<b>339</b>	<b>15</b>

Planning	Value (\$B)	% of total value	Number of investments
Total	135.22 <sup>5</sup>	100%	166
Growth this quarter	7.12	5%	(5)
B24 funding sought	13.27	10%	43
Capital intensive*	111.94 <sup>6</sup>	83%	117
Transport	86.58 <sup>7</sup>	64%	17

Delivery	Value (\$B)	% of total value	Number of investments
Total	72.8	100%	173
Growth this quarter	11.00	15%	19
Capital intensive*	63.81	88%	127
Transport	35.94	49%	34

\*Capital intensive Votes include Transport, Housing, Health, Education, Defence

<sup>5</sup> This figure would reduce by \$37.77 billion to \$97.45 billion if Project Battery, Auckland Light Rail and Let's Get Wellington Moving are excluded consistent with the Coalition Agreements of the incoming Government.

<sup>6</sup> This figure would reduce by \$22 billion to \$89.94 billion if Auckland Light Rail and Let's Get Wellington Moving are excluded consistent with the Coalition Agreements of the incoming Government.

<sup>7</sup> Similarly, this figure would reduce by \$22 billion to \$64.58 billion if Auckland Light Rail and Let's Get Wellington Moving are excluded.

## Annex 5: Interventions available

Problem	Intervention	Principles of Use	Example
<p><b>System, market or national-scale issues</b>, that impact multiple investments.</p>	<p><b>Centrally coordinated review process</b></p> <p>Commission a funding process to identify and address the issue.</p>	<p>Leverage the Quarterly Investment Reporting to inform which investments are included in the process.</p> <p>The process should be focused on a particular group of investments.</p>	<p>2022 Cost Escalation process, to address cost pressures for investments with key deliverability risks</p> <p>Investment Panel process, to support Budget 2023 decisions with system leader advice for significant investment proposals</p> <p><b><i>The capital pipeline review is also an example of this type of intervention</i></b></p>
<p><b>Investment is high risk</b> and close observations and quick decisions are needed</p>	<p><b>Monthly reporting</b></p> <p>As an ongoing measure, direct the investment to provide independent monthly reporting to you</p>	<p>Reporting should be focused on key aspects of the investment e.g., budget, timeline, scope and contingency, to limit reporting fatigue</p> <p>For investments that will have ongoing critical risks that require ongoing attention</p>	<p>Monthly independent reporting commissioned for Antarctica New Zealand's <i>Our place in Antarctica: Redevelopment of Scott Base</i></p>
<p><b>Investment is high risk however it's manageable</b> and close observation is not required</p>	<p><b>Gateway review</b></p> <p>As a one-off measure, direct the investment to undertake a targeted investment review</p>	<p>Used to support the investments deliverability.</p> <p>For investments that are experiencing more isolated issues that, once resolved, the agency can manage</p>	<p>Targeted investment review commissioned for Operational and Regulatory Aviation Compliance and Sustainment Project (ORACS) for Ministry of Defence</p>
<p><b>Concerns raised about the agency's ability</b> to deliver the investment</p>	<p><b>Leverage system expertise</b></p> <p>As a one-off measure, commission the relevant system leader to review investment and provide you with recommendations</p>	<p>Review can be targeted at specific concerns, though should have a limited timeframe to manage system leader resource (e.g., a one-off engagement)</p>	<p>Review of the project objectives commissioned for Department Internal Affairs' <i>Te Ara Manaaki Phase 2</i>, provided by the Government Chief Digital Officer</p>

## Annex 6: Table 1: Savings (Funded - Investments in Planning)

Agency Name	Investment Name	Investment Type	Budget Year	Capex (\$m)	Opex (\$m)	Total Budget (\$m)	Spend to Date (\$m)	Treasury and Infrastructure Commission comment (where available)	Ministerial Decision
Defence Force	Ohakea infrastructure Programme Phase 2	Infrastructure	2023	74.64	16.10	90.06		We do not consider this to be a critical infrastructure investment and therefore consider it to be a viable candidate for reprioritisation or sequencing in the short term.	
Defence Force	Network Enabled Army C4 Communications Integration	Specialist Equipment	2023	58.00	32.06	85.50			
Defence Force	NZDF Housing Programme B23 (Part 1, T1)	Infrastructure	2023	75.40	10.10	90.73		[34]	
Department of Corrections	PNDS - Phase 2 - Christchurch Men's Prison (CMP) - IBC	Infrastructure	2023			-		In the B23 Investment Panel review we noted that justice and sentencing policy has a significant impact on prisoner volumes, and hence on the need for this investment. This proposal should be considered in light of any changes in that area.	
Department of Corrections	Modern Prisons (Digital) - Tranche 2	Data and Digital	2023			-			
Department of Internal Affairs	Information Management Capability Uplift (IMCU)	Data and Digital	2023		4.83	4.83	0.09		
MBIE	Regional Hubs Programme - Manukau Hub	Infrastructure	2023			-			
Ministry for Primary Industries	Plant Health and Environment Capability	Infrastructure	2023	37.69	4.34	42.03	2.71	Note that this project was funded through tagged contingency in B24. The Investment Panel reviewed this positively due to its approach to design (staged build, with later stage optional depending upon demand) <sup>[33]</sup>	
Ministry for Primary Industries	Agriculture Emissions Pricing Scheme	Data and Digital	2023		12.20	12.20	6.28		
Ministry for Primary Industries	National Centre for Native Afforestation	Infrastructure	2022 or earlier		2.70	2.70	1.95		
Ministry of Education	PPP schools expansions programme	Infrastructure	2023						
Ministry of Education	Marlborough Boys and Girls Colleges and the relocation of Bohally Intermediate (Budget 2023 and Prior)	Infrastructure	2022 or earlier	42.90	6.40	49.30	11.30		
Te Whatu Ora	Whangarei Hospital Redevelopment	Infrastructure	2022 or earlier	759.00	-	759.00	0.95	We recommend these specific health capital projects are considered within the total health capital investment need. We recommend that the review of the health capital investment portfolio, including sequencing of investment, takes into account the Infrastructure Investment Plan being submitted by Te Whatu Ora in December 2023.	
Te Whatu Ora	Nelson Hospital Redevelopment	Infrastructure	2022 or earlier	73.00	-	73.00	-		
Te Whatu Ora	Waitematā District - Infrastructure Services Programme Tranche 1B	Infrastructure	2022 or earlier	40.90	-	40.90	0.02		
Te Whatu Ora	Wellington Regional Hospital - Copper Pipes (Tranche 2)	Infrastructure	2022 or earlier	40.00	-	40.00	-		
Te Whatu Ora	Wellington Regional Hospital - Generators, High Voltage Network, TEC Infrastructure Replacements and Upgrades	Infrastructure	2022 or earlier	25.00	-	25.00	6.75		
Te Whatu Ora	Bay of Plenty Seismic Strengthening	Infrastructure	2022 or earlier	24.81	-	24.81	-		
Te Whatu Ora	Mental Health Facility at Tauranga Hospital	Infrastructure	2022 or earlier	23.07	-	23.07	-		
Te Whatu Ora	Mental Health Unit	Infrastructure	2022 or earlier	20.00	-	20.00	0.73		
Te Whatu Ora	Tairāwhiti District - critical facilities and infrastructure upgrades	Infrastructure	2022 or earlier	20.00	-	20.00	0.07		
Te Whatu Ora	Whakatāne Mental Health Replacement	Infrastructure	2022 or earlier	15.00	-	15.00	-		

[33]



## Annex 6: Table 2A: (Funded - Investments in Delivery) - No Main Contract Signed

Agency	Investment Name	Investment Type	Budget Approval Date	Approved Capex Budget (\$m)	Opex (\$m)	Total Budget (\$m)	Spend to Date (\$m)	Cost to Complete (\$m)	Value of Cost Pressures (\$m)	Delivery Start Date	Forecast Delivery End Date	Treasury and Infrastructure Commission Comment (where available)	Ministerial Decision
Defence Force	Information Management Programme Tranche 0	Data and Digital	2023	3.34	-	3.34	-	3.30	[33]	Sep 23	Jun 24		
Department of Corrections	Waters Infrastructure Programme - Tranche 2A	Infrastructure	2023	[25]								As with all projects relating to 3-waters upgrades, if the agency's intent is to upgrade to meet standards before the deadlines outlined in the	
KiwiRail	Wairarapa Rail Upgrades	Infrastructure	2022 or earlier	[25]						Jun 21	Dec 25		
MBIE	ESR's Kenepuru Development Proposal	Infrastructure	2022 or earlier	25.00	-	[33]						We have reviewed the Business Case and consider reprioritisation viable as this is non-critical infrastructure.	
Oranga Tamariki	Frontline Technology Systems Upgrade (FTSU)	Data and Digital	2024	-	240.00	240.00	0.70	239.30		Sep 23	Jun 33		
Oranga Tamariki	Youth Justice Community Based New Builds	Infrastructure	2022 or earlier	72.00	83.00	155.00	7.20	149.00		Sep 19	Jun 26		
Parliamentary Services	Future Accommodation Strategy (FAS) for Parliament	Infrastructure	2022 or earlier	[38]	-	[38]	16.00	[38]		Mar 21	Dec 26	As non-critical infrastructure, this could be considered to be viable for reprioritisation or sequencing.	
Stats NZ	Data Sourcing	Data and Digital	2022 or earlier	13.83	7.74	21.57	10.04	11.53		Dec 21	Dec 24		
Stats NZ	Admin Data Transition	Data and Digital	2022 or earlier	4.00	0.64	4.64	1.70	2.93		Dec 21	Dec 24		
Tertiary Education Commission	Te Pūkenga transformation programme (B23)	Organisational Change	2023	-	220.00	220.00	-	220.00		Jun 23	Dec 27		
				647	[25]	1,217	52	1,162					

## Annex 6: Table 2B: Savings (Funded - Investments in Delivery) - Possible Savings Options - Programme or Internally Resourced

Agency	Investment Name	Investment Type	Budget Approval Date	Approved Capex Budget (\$m)	Approved Opex Budget (\$m)	Total Approved Budget (\$m)	Spend to Date (\$m)	Cost to Complete (\$m)	Value of Cost Pressures (\$m)	Delivery Start Date	Forecast Delivery End Date	Treasury and Infrastructure Commission Comment (where available)	Ministerial Decision
Defence Force	Enterprise Productivity (Modern Desktop)	Data and Digital	2022 or earlier	4.48	46.05	50.53	1.95	2.40	[33]	Mar 22	Dec 24		
KiwiRail	RNIP - Rail Network Investment Programme (first 5 years of 10 for Rail Network)	Infrastructure	2023	-	2,122.90	2,122.90	792.10	1,489.10		Sep 21	Jun 26		
KiwiRail	Rail Network Growth Impact & AMR	Infrastructure		-	[25]					Sep 20	Jun 27		
KiwiRail	National Resilience Plan - minor improvements to rail lines to increase resilience and reliability	Infrastructure		-						Sep 23	Jun 24	We consider there to be opportunities for reprioritisation or sequencing across the NRP (but not necessarily in relation to this project in	
KiwiRail	Wellington Metro Upgrade Programme III	Infrastructure		-						Jun 18	Mar 25		
KiwiRail	Wellington Metro Upgrade Programme IV	Infrastructure		-						Jun 18	Mar 25		
KiwiRail	RNIP - Public Transport Infrastructure	Infrastructure		-						Sep 21	Jun 25		
KiwiRail	Northern Package - Whangārei to Otiria	Infrastructure	2022 or earlier	90.00						Dec 21	Dec 24		
Ministry of Education	National Education Growth Plan (NEGP) (B22 & Prior)	Infrastructure	2022 or earlier	1,492.94	274.87	1,767.81	1,638.75	129.07		Sep 22	Dec 30	The NEGP is funding school place increases in catchments that are growing, but it is unclear how declining rolls in other catchments are	
Ministry of Education	National Schools Rebuild Programme (includes Baseline)	Infrastructure	2022 or earlier	1,266.63	33.38	1,300.00	520.12	779.89		Jun 19	Dec 30		
Ministry of Education	Christchurch Schools Rebuild Programme (B22 & Prior) (includes Baseline)	Infrastructure	2022 or earlier	1,207.85	47.40	1,255.25	1,255.25	-		Mar 15	Dec 24		
Ministry of Education	National Education Growth Plan (NEGP) (B23)	Infrastructure	2023	400.00	55.39	455.39	2.83	452.56		Sep 23	Jun 27	See above comment on the NEGP	
Ministry of Education	NCEA Change Programme (NCEA Review)	Organisational Change	2022 or earlier	8.20	249.28	257.48	111.97	145.51		Jun 20	Dec 26		
Ministry of Education	Education Resourcing System (ERS)	Data and Digital	2023	117.99	117.14	235.13	106.30	133.01		Dec 16	Dec 25		
Ministry of Education	Māori Medium Education (B22 & B21)	Infrastructure	2022 or earlier	182.00	34.29	216.29	110.31	105.98		Jun 21	Dec 30		
Ministry of Education	Christchurch Schools Rebuild (2023)	Infrastructure	2023	157.35	41.30	198.65	52.61	146.04		Sep 23	Dec 24		
Ministry of Education	Learning Support Property Modifications (2023)	Infrastructure	2023	120.00	27.00	147.00	15.03	131.97		Sep 23	Jun 25		
Ministry of Education	Māori Medium Education (B23)	Infrastructure	2023	112.50	21.88	134.38	1.31	133.07		Sep 23	Sep 26		
Ministry of Education	Land Purchases (2023)	Infrastructure	2023	100.00	17.50	117.50	100.00	17.50		Sep 22	Jun 24		
Ministry of Education	Property Repair and Rebuild	Infrastructure	2023	75.68	9.80	85.47	2.73	82.75		Mar 23	Jun 25		
Ministry of Education	Tāhūrangi   Online Curriculum Hub	Data and Digital	2022 or earlier	25.80	43.10	68.90	34.56	34.34		Sep 21	Jun 25	A more structured/proactive approach to advance land purchase for schools is needed to optimise cost. Te Waihanga support for this	
Ministry of Education	Ngā Iti Kahurangi 1.1 - Expansion (Budget 23)	Infrastructure	2023	50.00	13.13	63.13	8.44	54.68		Dec 21	Sep 24		
Ministry of Education	Cybersecurity and managed digital services for schools & kura (B23)	Data and Digital	2023	8.10	31.00	39.10	7.34	31.76		Sep 23	Jun 24		
Ministry of Education	Property Immediate High Need Response	Infrastructure	2023	25.89	1.84	27.73	9.81	17.92		Mar 23	Dec 23		
Ministry of Education	School Transport - Pokapū Waka Kura	Data and Digital	2022 or earlier	18.00	9.26	27.26	6.67	27.58		Dec 22	Dec 25		
Ministry of Education	Ngā Iti Kahurangi 1.0 - Baseline (B23)	Infrastructure		-	-	-	37.10	81.40		Dec 20	Dec 26		
Ministry of Foreign Affairs and Trade	[37] and [38]												
Ministry of Social Development	[33]												
NZ Police	Workforce Management Improvement Programme	Organisational Change		0.45	11.54	11.99	7.28	4.71		Sep 22	Jun 24		
Oranga Tamariki	Frontline Workplaces (Spaces and Places)	Infrastructure	2022 or earlier	58.10	74.10	132.20	20.10	112.10		Mar 19	Dec 26		
Oranga Tamariki	Specialist Group Homes (updated)	Infrastructure	2022 or earlier	30.00	15.80	45.80	12.80	33.00		Mar 19	Dec 26		
Te Whatu Ora	Mental Health and Addictions service Adult Acute Inpatient Facilities	Infrastructure	2022 or earlier	175.60		175.60	10.00	165.60		Sep 23	Mar 26		
Te Whatu Ora	Health Finance, Procurement and Information Management System (FPIM)	Data and Digital	2024	28.81	49.11	77.91	54.73	23.99		Mar 19	Dec 24		
Te Whatu Ora	Building Recladding	Infrastructure	2022 or earlier	67.00		67.00	2.29	64.71			Jun 26		
Te Whatu Ora	[33]												
				6,381	4,628	11,009	5,568	5,960					







**Annex 7: Reported cost escalations for investments in delivery**

Agency Name	Investment Name	Investment Type	Budget Approval Date	Delivery Start Date	Forecast Delivery End	Approved Capex (m)	Approved Opex (m)	Total Approved Budget (m)	Spend to Date	Spend to Date (% of Budget)	Cost to Complete	Cost to Complete (% of Budget)	Calculated cost pressures (M)	Value of Cost Pressures (% of Budget)	Comment
KiwiRail	IREX	1 Infrastructure	2022 or earlier	Sep 19	Sep 26	\$ 1,450	\$ -	\$ 1,450	\$ 336	23%	\$ 2,311	159%	[33]		
Waka Kotahi	NZUP	1 Infrastructure		Mar 20	Dec 30	\$ 5,815	\$ 32	\$ 5,847		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$1,078M
Waka Kotahi	NZUP - Papakura to Drury	1 Infrastructure		Mar 22	Dec 27	\$ 708	\$ 6	\$ 714		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$207M
Waka Kotahi	NZUP - Takitimu North Link stage 1	1 Infrastructure		Dec 21	Sep 27	\$ 766	\$ 1	\$ 767		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$173M
KiwiRail	Rail Network Growth Impact & AMR	1 Infrastructure		Sep 20	Jun 27	\$ -	\$ 408	\$ 408	\$ 235	58%	\$ 332	81%			NOTE: It is a mix of intervention types including AMRN-wide Rail Network renewals, and includes a significant change to practices that enables a step change in delivery and maintenance.
KiwiRail	RNIP - Rail Network Investment Programme (first 5 years of 10 for Rail Network)	1 Infrastructure	2023	Sep 21	Jun 26	\$ -	\$ 2,123	\$ 2,123	\$ 792	37%	\$ 1,489	70%			NOTE: The focus of the first 10 years of the RNIP is on foundation infrastructure - maintaining and renewing the existing network to a resilient an reliable level, with a modest improvement programme. The first four years are fully funded and last six partially funded.
Waka Kotahi	NLTP 21-24	1 Infrastructure		Jun 21	Jun 24	\$ 4,737	\$ 2,669	\$ 7,406		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$148M
Waka Kotahi	Manawatū Tararua Highway : Te Ahu a Turanga	1 Infrastructure		Sep 21	Sep 25	\$ 604	\$ -	\$ 604		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$140M
Waka Kotahi	NZUP - Canterbury Package	1 Infrastructure		Jun 21	Dec 29	\$ 319	\$ -	\$ 319		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$126M
[37]															
Ministry of Education	Te Mana Tuhono (Continuing Cybersecurity and Managed IT Services)	2 Data and Digital	2024	Sep 22	Mar 27	\$ 49	\$ 15	\$ 64	\$ 64	100%	\$ 80	125%			
Ministry of Foreign Affairs and Trade	Our Place in Antarctica	1 Infrastructure		Jun 20	Dec 28	\$ 465	\$ 33	\$ 498	\$ 78	16%	\$ 497	100%			
KiwiRail	National Resilience Plan - minor improvements to rail lines to increase resilience and reliability	1 Infrastructure		Sep 23	Jun 24	\$ -	\$ 214	\$ 214	\$ -	0%	\$ 254	119%			
Te Whatu Ora	Workspace programme	2 Data and Digital	2022 or earlier	Sep 19	Dec 21	\$ 39	\$ 16	\$ 56	\$ 37	66%	\$ 46	83%			
Te Whatu Ora	[25] and [33]														
Waka Kotahi	ITS Network	2 Data and Digital		Jun 21	Dec 26	\$ 19	\$ -	\$ 19		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$15M
MBIE	Bowen House	1 Infrastructure		Sep 22	Mar 25	\$ 76	\$ 37	\$ 113	\$ 9	8%	[33]				
[33]															
Ministry of Education	School Transport (TPHM) - Pokapū Waka Kura	2 Data and Digital	2022 or earlier	Dec 22	Dec 25	\$ 18	\$ 9	\$ 27	\$ 7	24%	\$ 28	101%			
Ministry of Education	Education Resourcing System (ERS)	2 Data and Digital	2023	Dec 16	Nov 25	\$ 178	\$ 117	\$ 295	\$ 106	36%	\$ 133	45%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$4M
Waka Kotahi	Asset Management Data Standard Programme	2 Data and Digital		Jun 22	Jun 27	\$ 66	\$ -	\$ 66		0%		0%			Not enough information provided by the agency to calculate the value of cost pressures, however the agency has reported a cost escalation figure of \$3M
Oranga Tamariki	Youth Justice Community Based New Builds	1 Infrastructure	2022 or earlier	Sep 19	Jun 26	\$ 72	\$ 83	\$ 155	\$ 7	5%	\$ 149	96%			
[33]															
Department of Conservation	Contaminated Sites	1 Infrastructure	2026	Sep 22	Jun 55	\$ -	\$ 132	\$ 132	\$ 2	1%	\$ 131	99%			
Department of Conservation	Dolomite Point Redevelopment Project	1 Infrastructure	2022 or earlier	Mar 21	Mar 24	\$ 44	\$ 2	\$ 45	\$ 24	53%	\$ 22	48%			