

# The Treasury

## Budget 2024 Information Release

### September 2024

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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## Treasury Report: Approach to capital investments in Budget 2024

<b>Date:</b>	24 January 2024	<b>Report No:</b>	T2024/47
		<b>File Number:</b>	4906398

### Action sought

	Action sought	Deadline
Hon Nicola Willis <b>Minister of Finance</b>	<p><b>Agree</b> the approach to capital investment for Budget 2024</p> <p><b>Agree</b> to send the invitation letters to portfolio Ministers set out in Annex B on 25 January 2024</p>	25 January 2024

### Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Rebecca Wembri	Senior Analyst, Investment Management System (IMS) [39]	[35]	✓
Erana Sitterlé	Head of Investment Management Policy		

### Minister's Office actions (if required)

<p><b>Return</b> the signed report to Treasury.</p> <p><b>Send</b> the drafted letters to portfolio Ministers.</p>
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Note any feedback on the quality of the report

**Enclosure:** Yes (attached)

# Treasury Report: Approach to capital investments in Budget 2024

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## Executive Summary

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The Government has committed to investment and fiscal discipline as a key policy direction in the context of challenging fiscal and economic conditions, and an investment pipeline larger than agencies and the market can deliver. At the same time, investment is needed to achieve Government priorities. To balance this potential tension, there is a need to make space within the investment portfolio to allow for new initiatives.

This report focuses on the approach to capital investment in Budget 2024, to support you in communicating your expectations to portfolio Ministers. This includes the scope of the Capital Pipeline Review and a proposed approach to cost pressure and new funding bids that is practical and aligns with the Government's Budget 2024 objectives.

## Recommended Action

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We recommend that you:

- a **note** that, as part of Budget 2024, Cabinet agreed to conduct a review of the capital investment pipeline (capital pipeline review) to ensure alignment with, and make space for, the Government's investment priorities and a strong focus on continued service delivery and value for money [CAB-23-MIN-0490 refers].
- b **note** that Cabinet agreed that the capital pipeline review includes all medium- and high-risk investments in planning and delivery with the following exceptions:
  - a. investments included within the Government's coalition agreements
  - b. investments that have entered into main contracts
  - c. investments with an approved Implementation Business Case that relate to maintaining existing levels of service
  - d. Kainga Ora's investment programme, given it is subject to a separate review
  - e. 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.
- c <sup>[33]</sup>
- d **agree** that the capital investment Budget 2024 process will include the following elements:
  - a. reprioritisation options identified through the capital pipeline review
  - b. cost pressure submissions for investments in delivery
  - c. new initiatives.

*Agree/disagree*

- e **agree** that agencies will use the existing Budget process to submit template returns and provide information on the trade-offs associated with capital reprioritisation, cost pressures and new initiatives.

*Agree/disagree*

- f **agree** to maintain the position that if agencies submit proposals for cost pressures and new initiatives, they should first offer reprioritisation options to cover the cost.

*Agree/disagree*

- g **agree** to invite agencies to submit cost pressure initiatives, with a high bar for considering new funding to cover cost pressures, i.e., the cost pressure is for initiatives critical to the delivery of core public services and agencies have used best efforts to mitigate cost pressures and to cover cost pressures from reprioritisation options.

*Agree/disagree*

- h **agree** to invite agencies to submit new initiatives that meet the following requirements:
- a. investments that are critical to delivery of core public services
  - b. investments where agencies have indicated they will seek Budget 2024 funding in the December 2023 quarterly investment reporting returns
  - c. investments with a Cabinet-approved business case.

*Agree/disagree*

- i **agree** to request submissions from agencies by 16 February, in line with all other Budget submissions, with the Treasury providing advice where agencies have indicated they cannot meet this deadline

*Agree/disagree*

- j **note** that Cabinet agreed a panel of senior representatives from system and functional leaders (the Investment Panel) will review and provide advice on reprioritisation and sequencing of the capital investment pipeline in Budget 2024 (i.e., the Capital Pipeline Review) [CAB-23-MIN-0490 refers]

- k **agree** that, in addition to investments invited into the Capital Pipeline Review, the Investment Panel will also support the assessment of capital cost pressures and new capital initiatives

*Agree/disagree*

l **agree** that the Investment Panel is comprised of the following system and functional leaders:

- a infrastructure (Infrastructure Commission)
- b digital (Government Chief Digital Officer, Department of Internal Affairs)
- c data (Government Chief Data Steward, Statistics New Zealand)
- d cyber security (Government Chief Information Security Officer, Government Communications Security Bureau)
- e procurement (NZ Government Procurement, Ministry of Business, Innovation and Employment)
- f service transformation (Inland Revenue Department) and
- g environment (Ministry for the Environment).

*Agree/disagree*

h **agree** to send the draft invitation letter in Annex B to portfolio Ministers by 25 January 2024

*Agree/disagree*

i **refer** this report to the Associate Minister of Finance and Minister for Infrastructure, Hon Chris Bishop

*Refer/not referred*

Erana Sitterlé  
**Head of Investment Management Policy**

Hon Nicola Willis  
**Minister of Finance**

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# Treasury Report: Approach to capital investments in Budget 2024

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## Purpose

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1. The Government has committed to investment and fiscal discipline as key policy direction in the context of challenging fiscal and economic conditions, and an investment pipeline larger than agencies and the market can deliver. At the same time, investment is needed to achieve government priorities. To balance this potential tension, we understand you are seeking to make space within the investment portfolio to allow for new initiatives.
2. This report outlines the proposed approach to capital investment in Budget 2024 including the review of the capital investment pipeline, cost pressures and new initiatives, to enable you to communicate your expectations to portfolio Ministers.

## Context

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3. Significant levels of capital funding have been allocated in recent years. Agencies' ability to deliver funded investments is limited by market capacity as demand remains significantly higher than supply. Many of the projects within the investment programmes funded 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. The over-subscription of the pipeline is leading to cost increases and delivery delays.
4. The fiscal context also makes the pipeline challenging. While net debt is not a binding constraint, capital investment also affects the operating balance due to the ongoing funding needed to service and maintain an asset over its life. The constraints on the operating position therefore make it challenging to increase the level of capital investment.
5. There is currently \$3.5 billion in the multi-year capital allowance (MYCA) for allocation across the next four Budgets. This is unlikely to be sufficient to implement the Government's investment priorities. The MYCA is typically reviewed ahead of each Budget Policy Statement and Budget. You will receive advice in February 2024 on options for the size of the MYCA.

## Capital Pipeline Review to identify reprioritisation options and savings

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6. To address the ongoing and increasing cost escalations and delivery risks and make space for the Government's investment priorities, we recommended a holistic review of the investment pipeline (the Capital Pipeline Review) as part of the Budget 2024 decision making process [T2023/1967 refers].
7. The Capital Pipeline Review will involve reviewing investments in planning and delivery to build a more stable pipeline of investments better aligned with the Government's priorities and with a continued focus on value for money. Given the size of the pipeline, we recommended a phased approach to manage and prioritise resourcing:
  - a. Funded investments that meet certain criteria to be reviewed as part of the Budget 2024 process to focus on reprioritisation and savings options [CAB-23-MIN-0490 refers]

- b. Investments in planning that have not yet been allocated any funding 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
8. We have applied the criteria for inclusion into the Capital Pipeline Review, which is all funded investments in planning and delivery except for those 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
  - c. investments with an approved Implementation Business Case that relate to maintaining existing levels of service.
9. As part of the Mini-Budget paper Cabinet agreed to exclude investments which are subject to a separate review, for example Kāiŋa Ora’s investment programme [CAB-23-MIN-0490 refers]. <sup>[33]</sup>
10. This list of investments to be invited sets a starting point for agencies to identify reprioritisation options that can deliver savings. Agencies are encouraged to go beyond this list to identify savings from other investments.

*Preliminary assessment of agencies’ ability to reprioritise*

11. The table below sets out the estimated aggregate possible savings from each initiative if the investment is stopped. The RAG rating indicates the initiative’s potential suitability for reprioritisation (green being more suitable). The realised savings from each category will be lower than these estimates due to contract break costs, change costs, or any funding that has been spent since the initiative was reported to us in the September 2023 quarterly investment reporting (QIR) (the most recent returns for QIR). An investment may also be phased or rescoped rather than stopped entirely, further reducing realised savings.

*Table one: Estimated value of available savings based on approved budget minus spend to date, as reported in September 2023 QIR*

<b>RAG rating</b>	<b>Value of approved budget minus spend to date</b>
Green	\$3.7 billion
Amber	\$3.6 billion
Red	\$1.3 billion
<b>Total</b>	<b>\$8.6 billion</b>

12. Agencies will therefore have limited room to fund cost pressures or new initiatives from savings, with some agencies being more constrained than others.

## Capital cost pressures and new initiatives at Budget 2024

*Cabinet agreed that any new funding through Budget 2024 will be limited*

13. Cabinet also agreed that Budget 2024 will be focused on fiscal discipline. Only a limited number of time-critical initiatives relating to Government commitments contained within



coalition agreements are invited for new funding. The scope for cost pressure funding was, likewise, narrow by design.

14. No capital investments have been specifically invited for new cost pressure funding. However, agencies have been given the flexibility to fund cost pressures from reprioritisation of existing capital expenditure.

*Agencies are reporting estimated cost escalations of \$4.7 billion*

15. We know from the September 2023 Quarterly Investment Reporting (QIR) data that agencies are experiencing cost escalations across their investments in delivery. The total value of reported cost escalations of investments in delivery is \$4.7 billion. We expect this number is under reported as some cost escalations in the QIR are unquantified.
16. Based on agency reporting in the September 2023 QIR, there are 62 investments, totalling \$18.1 billion (estimated \$10.1 billion capital and \$8 billion operating over the forecast period), that agencies have signalled they intend to seek funding for at Budget 2024.<sup>1</sup>
17. Of these 62 investments, only 22 reported having a Cabinet-approved detailed business case (DBC) ready (totalling \$4.7 billion), which is the Treasury recommended requirement for an initiative to be ready for a funding decision through Budget. This list of investments is set out at **Annex A**. Experience indicates that where funding decisions are made on insufficiently planned investments (i.e., without a DBC), this can lead to significant delivery challenges including cost overruns and scope change due to poor design.

*Table two: September 2023 QIR reporting of investments agencies signalled and intend to seek Budget 2024 funding.*

	Number of investments	Reported Budget funding sought	Estimated capital funding <sup>2</sup>	Estimated operating funding over the forecast period
Investments seeking Budget 2024 funding	62	\$18.1 billion	\$10.1 billion	\$8.0 billion
Investments seeking Budget 2024 funding with a reported approved Indicative Business Case and/or DBC	35	\$6.2 billion	\$3.3 billion	\$2.9 billion
Investments seeking Budget 2024 funding with a reported approved DBC ready	22	\$4.7 billion	\$2.2 billion	\$2.5 billion

*Agencies have raised concerns about the need for new funding*

18. In the past week, agencies have raised questions about funding for new capital initiatives and cost pressures, which they are concerned cannot be met from reprioritisation. The Ministry of Justice and the Ministry of Education have flagged three

<sup>1</sup> This includes 19 Defence investments valued at \$3.2 billion (comprising \$2.6 billion capital and \$0.6 billion operating). Defence has indicated they do not intend to seek funding for all these investments and that their Budget submission will focus on priority investments following consultation with the Minister of Defence.

<sup>2</sup> These estimates have been calculated based on an apportionment of the total Budget funding sought and the reported total capital and operating requirements of the investments.

investments that they wish to submit for new funding.<sup>3</sup> These initiatives were reported in the September 2023 QIR as preparing to seek funding at Budget 2024, however only one of these investments reported having a Cabinet approved DBC ready for Budget 2024.

## Proposed approach to manage new capital funding at Budget 2024

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19. There may be good reasons to fund a new initiative, for example if it is critical to the delivery of core public services and there is an urgent need for funding. However, as noted above, we know that agencies will be constrained in their ability to find sufficient savings for new initiatives and cost pressures.
20. While the Budget process provides avenues for agencies to surface any issues, you may want to adopt a more open position on the possibility of new capital funding.
21. **We recommend maintaining the position that if agencies submit proposals for cost pressures and new initiatives, they should offer reprioritisation options to cover the cost.** This would remain consistent with the overall Budget 2024 approach and effort to embed fiscal discipline.
22. This does not require agencies to present a fiscally neutral set of changes; however, it does ask agencies to make best efforts to do so. The Budget process gives agencies the opportunity to detail, at a high level, the risks and trade-offs that may need to be made from reprioritisation.

### *Expectations for cost pressure submissions for new funding*

23. As part of the Budget templates, agencies will be required to provide the following information to support assessment of cost pressures submissions:
  - a. how the agency has mitigated cost pressures and associated risks to date, and the proposed approach to reduce further cost pressure risks
  - b. an outline of options to mitigate cost pressures if no new funding is provided
  - c. how reprioritisation options could cover any cost pressures.
24. This approach will enable you to identify those investments which have cost pressures outside the control of the agency, and those that may be a result of other factors such as poor programme management, risk management or governance. For those investments experiencing broader difficulties, you will then be able to consider other interventions, as well as or instead of additional funding, to manage ongoing risk.

### *Parameters for new initiatives funding*

25. As noted in paragraph 18 above, agencies have signalled they plan to seek \$10.1 billion capital and \$8.0 billion operating funding for new initiatives at Budget 2024.
26. We recommend that you set parameters to limit the number of new initiatives that agencies can submit for new funding through Budget 2024. This will provide strong incentives to agencies to provide full and complete data through the QIR and undertake sound investment planning to support successful delivery.

*Table Three: Parameters for new initiatives being submitted*

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<sup>3</sup> The three investments are Christchurch Schools Rebuild (2024), Future Schools & Kura Payroll, and [25]. The combined estimated capital cost is \$264 million and combined operating cost is \$393 million.

Parameters	Rationale
a) new investments must be critical to the delivery of the Budget 2024 priorities or core public services	Ensures consistency with the Cabinet agreed priorities for Budget 2024.
b) investments should have been reported as planning to seek Budget 2024 funding in the December 2023 QIR	Establishes expectations for investment planning and engagement with the QIR.
c) investments should have a Cabinet-approved business case	We recommend that investments have a Cabinet-approved detailed business case (DBC) before seeking funding, as this provides sufficient information on design and costs to enable a minimum level of confidence to fund an initiative. However, you may wish to relax this requirement to allow investments with a Cabinet-approved indicative business case to submit proposal for funding, to provide you with a wider range of proposals. As part of our assessment, we can provide you with options to manage any risks of funding based on a lesser degree of planning.

### *Adopting a more open approach for new funding has consequences*

27. **Introducing new funding for investments will affect the operating position.** Ongoing operating funding is needed to service and maintain an asset over its life. Digital investments that are ‘as a service’ platforms are also entirely operating expenditure not capital. **Agencies reported intending to seek an estimate \$8 billion operating funding over the forecast period at Budget 2024** across the investments reported in the QIR.
28. There is also the risk that agencies do not engage in the reprioritisation process as intended because there are incentives for an agency to seek new funding where reprioritisation involves difficult trade-offs. It is also likely to raise expectations of new funding for initiatives, which could distract from reprioritisation. However, we note that certain agencies may already have raised expectations due to Coalition Agreement commitments.
29. For this approach to be effective, it will be important for agencies to take the parameters set seriously and demonstrate a commitment to fiscal discipline. Nevertheless, it is still likely that we will receive a higher number of proposals for cost pressures and new initiatives than can be funded, because we are taking a less restrictive approach to what is invited. This will necessitate a more robust approach at the assessment stage once we have received proposals.

### *Implementing the approach in the Budget 2024 process*

30. Agencies will need to submit the existing Budget template for new spending, cost pressures or savings. They will also need to submit a capital pipeline summary template, that collates all the changes they have proposed.
31. They will only need to complete the template for new spending for initiatives that meet the threshold for Cabinet consultation as set out in Cabinet Office circular CO (23) 9. Agencies will not need to submit lower value investments that would not usually go to Cabinet.
32. This will provide Budget Ministers with appropriate visibility of how agencies and portfolio Ministers intend to allocate reprioritised capital funding. It would also give Ministers additional information to assess the funding options available to them as part of the Budget package formation (i.e., whether to grant new funding after consideration of the reprioritisation options presented).

33. **We recommend that assessment takes place to the same timeline as the wider Budget 2024 process.** Given the high level of potential operating costs associated with new initiatives, in addition to cost pressures, it is important that decisions on capital investments are taken alongside operating.
34. Since Budget 2020, the Treasury has convened a panel of senior representatives from system and functional leaders<sup>4</sup> to evaluate specific investments invited to Budget and provide system-wide insights to support Cabinet decision-making (the 'Investment Panel'). For Budget 2024, the Investment Panel will review all agency proposals covering new initiatives, cost pressures and reprioritisation. Treasury, working with the Investment Panel, will assess agency submissions due on 16 February.
35. The timing constraint placed on agencies (16 working days to provide returns) is likely to limit the amount of information agencies can provide. However, given that agencies should have business cases already prepared for new initiatives and detailed information available on cost pressures, completing the templates should not require a significant amount of new work.
36. We propose to regularly engage with agencies through the process, and will provide you with updates, including where agencies advise that the deadline of 16 February will not be possible to meet.
37. The letter for portfolio Ministers outlining your approach to capital investment for Budget 2024 is attached at Annex B.

## Communicating the approach to capital investments in Budget 2024

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38. As Ministers are working with their agencies, they are being advised of difficult investment trade-offs and seeking advice on how to handle specific investment decisions. In responding to queries from your colleagues, it may be helpful to put specific requests into the broader fiscal and economic context. We have provided drafting below which you may wish to use in your communication with portfolio Ministers.
  - a. We have committed to a programme of fiscal responsibility. In keeping with this, Budget 2024 is intended to focus on savings with some opportunity for time critical Coalition Agreement commitments. There is little scope for new spending.
  - b. There is also a clear need to review the capital investment pipeline, which is oversubscribed, and leading to delays and cost escalations. We also need to make space for our investment priorities. Our focus is on addressing investments in delivery before introducing new spending and further exacerbating issues with market and agency capacity.
  - c. However, I recognise that agencies are experiencing cost pressures and there may be critical investments requiring urgent funding. I have set out the circumstance where agencies can propose new initiatives, while maintaining our focus on fiscal responsibility.
  - d. I expect agencies to present reprioritisation options that will go towards cost escalations and new initiatives.
  - e. Agencies are asked to reprioritise within their portfolio to ensure their investment pipeline is aligned with Government priorities, prioritises investments that are

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<sup>4</sup> Government Chief Data Steward, Government Chief Digital Officer, Government Chief Information Security Officer, NZ Government Procurement, Inland Revenue, Ministry for the Environment, and Te Waihanganga New Zealand Infrastructure Commission

high value for money, and that reduce pressure on market, agency and fiscal capacity.

- f. The Budget process gives agencies the opportunity to detail, the risks and trade-offs that may need to be made as part of reprioritisation, for Budget Ministers to make decisions.

## Next Steps

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39. Next steps are set out in Table Four below:

*Table Four: initial next steps*

<b>Activity</b>	<b>Timeframe</b>
Letters to portfolio Ministers outlining approach to capital investment for Budget 2024 sent	Thursday 25 January
Submissions due from agencies	Friday 16 February

40. You are receiving advice on Budget 2024 timeframes [T2024/45 refers]. The process for capital investment for Budget 2024 is fully integrated with the timeframes set out in this report.



## Annex A – Potential new capital initiatives for Budget 2024

Note the estimate capital and operating requirement for investments can be more than the estimated Budget funding sought as investments can have other funding sources (e.g. from other funds or revenue streams).

**Table One - Investments reported through the December 2023 QIR as seeking Budget 2024 funding and are reported to have a Detailed Business Case ready for Budget 2024**

Investment Lifecycle Stage	Agency	Investment name	Investment Description (as reported by the agency)	IBC/PBC quarter (expected or approved)	DBC quarter (expected or approved)	Estimated Budget funding sought (\$m)	Estimated Capex Requirement (\$m)	Estimated Opex Requirement (\$m)
[33]								
Planning	Defence Force	Accommodation Messing and Dining Modernisation - Linton Pilot	Modernising barrack accommodation and messes to deliver a safer, fit-for-purpose living environment for personnel at Linton Camp	Mar-23	Dec-23	[33]		
Planning	Defence Force	[33]			Sep-23			
Planning	Defence Force			Jun-15	Jun-20			
Planning	Defence Force			Dec-22	Dec-21			
Planning	Defence Force			Mar-24	Dec-23			
Planning	Defence Force			Jun-23	Jun-23			
Planning	Defence Force			Dec-22	Dec-23			
Planning	Defence Force				Jun-19			
Planning	Defence Force			Mar-17	Jun-19			
Planning	Corrections	Environmental Sustainability Investment - Tranche 1	[33]	Dec-23	Dec-23			
Planning	Corrections	Modern Prisons (Digital) - Tranche 3a		Sep-23	Dec-23			

Planning	Ministry of Education	Highest Needs Change Programme	The Highest Needs Change Programme will implement the recommendations for change identified through the Highest Needs Review. This change programme will deliver equitable educational outcomes for students with high learning support needs.	Jun-23	Dec-23	[33]
Planning	Ministry of Education	National Education Growth Plan (NEGP) (B24)	The forecast capital for the NEGP includes new schools expansions and roll growth classrooms required to deliver the Government's goal of 100,000 additional student places by 2030	Mar-19	Jun-19	
[33]						
Delivery	Department of Internal Affairs	3Waters Reform - Corporate Services and Operational Technology ICT  <b>Note: We expect DIA to remove this investment from its portfolio as part of the December 23 QIR.</b>	<p>The Government established the Water Services Reform Programme to significantly improve the safety, quality, resilience, accessibility, and performance of water services, in a manner that is efficient and affordable for New Zealanders.</p> <p>The Department of Internal Affairs, National Transition Unit is delivering the programme of work required to provide water services entities with appropriate ICT systems from the first day of each entity's operation.</p> <p>The integration of multiple ICT systems from the current local authorities to the 10 new Water Services Entities is an important enabler for the transition of water services management and delivery, and critical to realising the longer-term transformational benefits of water services.</p> <p>The programme has been split into two interdependent parts:</p> <ol style="list-style-type: none"> <li>1. Systems of Record: Core systems that support the primary business and operational processes of entities, including financial, asset, supply chain, workflow, people and customer management.</li> <li>2. Corporate Systems and Operational Technology: Corporate Systems include devices, corporate network, services to access and store documents, receive emails and phone calls, as well as ensuring the technology and networks are safe, secure and supported. Operational Technology includes the technology required to operate, manage and control the water, wastewater and stormwater networks, plants and other assets such as pump stations. It includes the communications connectivity from and between critical assets as well as the ability to generate and collect information, manage and report on the functioning of all parts of the water networks. It enables the detection and management of day to day faults and risks, provides understanding of the water networks capacity and capability, and produces information to support network performance predictions.</li> </ol>	Jun-23	Dec-23	



Delivery	Department of Internal Affairs	3Waters Reform Digital and Customer - Systems of Record Investment  <b>Note: We expect DIA to remove this investment from its portfolio as part of the December 23 QIR.</b>	<p>The Government established the Water Services Reform Programme to significantly improve the safety, quality, resilience, accessibility, and performance of water services, in a manner that is efficient and affordable for New Zealanders.</p> <p>The Department of Internal Affairs, National Transition Unit is delivering the programme of work required to provide water services entities with appropriate ICT systems from the first day of each entity's operation.</p> <p>The integration of multiple ICT systems from the current local authorities to the 10 new Water Services Entities is an important enabler for the transition of water services management and delivery, and critical to realising the longer-term transformational benefits of water services.</p> <p>The programme has been split into two interdependent parts:</p> <ol style="list-style-type: none"> <li>1. Systems of Record: Core systems that support the primary business and operational processes of entities, including financial, asset, supply chain, workflow, people and customer management.</li> <li>2. Corporate Systems and Operational Technology: Corporate Systems include devices, corporate network, services to access and store documents, receive emails and phone calls, as well as ensuring the technology and networks are safe, secure and supported. Operational Technology includes the technology required to operate, manage and control the water, wastewater and stormwater networks, plants and other assets such as pump stations. It includes the communications connectivity from and between critical assets as well as the ability to generate and collect information, manage and report on the functioning of all parts of the water networks. It enables the detection and management of day to day faults and risks, provides understanding of the water networks capacity and capability, and produces information to support network performance predictions.</li> </ol>	Dec-22	Sep-22	[33]
Delivery	Oranga Tamariki	Frontline Technology Systems Upgrade (FTSU)	Oranga Tamariki was funded \$5million through Budget 2019 to develop a business case to replace its core case management (CYRAS) and legacy systems that are old, beyond useful life and not supportive of current ways of working. The current technology systems and organisational processes are unable to support the delivery of services required to meet the 2019 amendments to the Oranga Tamariki Act 1989 and the new ways of working with partners, providers, Iwi and hapū. To support the level of business change required within Oranga Tamariki investment in upgrading the frontline technology systems is required. This will also allow progressive retirement of legacy systems including CYRAS.	Jun-23	Dec-23	
Delivery	Waka Kotahi	Safety Camera System	Implement a new regulatory approach to safety cameras, including the transfer of ownership and operation of safety cameras from NZ Police to Waka Kotahi and a significant expansion of the camera network.	Mar-22	Dec-22	
<b>Total</b>						

**Table Two - Investments reported through the December 2023 QIR as seeking Budget 2024 funding and are reported to have a Indicative or Programme Business Case ready for Budget 2024**

Investment Lifecycle Stage	Agency	Investment Name	Investment Description (as reported by the agency)	IBC/PBC quarter (expected or approved)	DBC quarter (expected or approved)	Estimated Budget funding sought (\$m)	Estimated Capex Requirement (\$m)	Estimated Opex Requirement (\$m)
Planning	Defence Force	Network Enabled Army Tranche 3 (Combined Arms Task Group) Residual	NEA Tranche 3 builds on T1 and 2 by providing key enabling capabilities such as the deployable TS network for the T2 ISR-EW capabilities. It will address key dependencies with other MOD and NZDF led projects, specifically PV-M, FCS and some SOF projects. In addition it will address obsolescence of the in service radio system. Funding is also allocated to improve the resilience of T1 systems where technology refreshes are required for specific components (Modems/switches) to meet interoperability and cyber security/accreditation requirements. At end it will have provided deployed networks, Network enabled SOTG, Task Group with network enabled HQ, Cbt and Cbt spt task units.	Sep-17	Mar-24	[33]		
Planning	Defence Force	DERP - Projects (B24)	Addresses construction cost pressures for approved projects and contingency to address urgent capital works	Jun-19				
Planning	Defence Force	DERP Projects - Accelerated Regeneration (B24)	Addresses construction cost pressure contingency to address infrastructure cost increases for capital works	Jun-19				
Planning	Defence Force	Information Management Programme Tranche 1	Foundational core enabler for how the NZDF utilises information for operational and organisational advantage. The roadmap of work that will allow the Defence Force to realise the full value of its information asset as a strategic enabler across all lines of operation. Will lead organisational transformation of Information-related policies, governance, management frameworks and business practices.	Jun-23	Jun-24			
Planning	Defence Force	Future ERP Capability Project	Upgrading the existing SAP platform to avoid obsolescence and transform business processes for greater organisational efficiencies.	Dec-23				
[33]								
Planning	Ministry of Education	Christchurch Schools Rebuild (2024)	The CSR programme addresses condition issues in 115 schools across the Christchurch network following the 2010 and 2011 earthquakes.	Mar-22				
[33]								
Planning	Ministry of Education	School Managed Network	Cost pressure bid for broadband services. Currently has ongoing non-departmental appropriation expenses supporting schools' purchase of a core package of managed network services from the provider of the managed network service (Network for Learning).	Dec-23				
[33]								
Delivery	Ministry of Education	Te Mana Tuhono (Continuing Cybersecurity and Managed IT Services)	Long-term programme of support that removes the burden on schools to monitor, maintain and manage their networks. This four-year programme is an 'opt in' service to replace school ICT hardware, including network switches and wireless connections in schools, which is being rolled out across New Zealand state and state-integrated schools. It also provides new cybersecurity upgrades and support includes robust internet filtering, threat protection and firewall, plus a dedicated Service Desk / Helpdesk team to operate inside the school(s).	Dec-23				
[33]								
	Te Whatu Ora	Health Finance, Procurement and Information Management System (FPIM)	[33]					
<b>Total</b>								

**Table Three - Investments reported through the December 2023 QIR as seeking Budget 2024 funding but have not reported having a business case ready for Budget 2024**

Investment Lifecycle Stage	Agency	Investment name	Investment Description (as reported by the agency)	IBC/PBC quarter (expected or approved)	DBC quarter (expected or approved)	Estimated Budget funding sought (\$m)	Estimated Capex Requirement (\$m)	Estimated Opex Requirement (\$m)
Intentions	Department of Conservation	Build a Trustworthy Knowledge base to deliver improved Conservation Outcomes and Reporting. (Deliver Data Strategy)	<p>DOC runs a number of programmes designed to protect and restore the species, places and heritage of Aotearoa, it collects significant amounts of valuable data and with that presents significant opportunities for conservation management.</p> <p>DOC and its partners have witnessed a significant surge in the volume of data it collects. With the proliferation of smart devices, this trend is set to intensify further. Simultaneously, the revolutionary capabilities of Artificial Intelligence (AI) and Machine Learning (ML) are reshaping the realm of possibilities, offering immense potential for DOC.</p> <p>However, despite the increase in data held there has been a lack of investment that will enable DOC to use its data strategically. Much of DOC's core Data functions and processes are being managed on excel spreadsheets and stand-alone databases (noting data integrity and privacy risks). There are high levels of manual processing, consolidation and rework required and very limited ability to use and find some data or use data to inform insights or improve the efficiency or effectiveness of Conservation Management. This programme will reduce the risk DOC is experiencing with its Data and enable it to harness its potential to strengthen conservation management, through improving data infrastructure and management.</p>	Mar-24		[33]		
Intentions	Department of Conservation	Fit for Purpose Regulatory System	<p>In 2020, a review was conducted by a panel of Crown regulators which concluded that DOC is at risk of regulatory failure unless it goes through a programme of regulatory improvement and lifts business maturity in this space. DOC also carried out an internal audit in respect of the concessions system (a subset of DOC's permissions system) which found that the current design of controls is weak and unreliable – they are inefficient, ineffective, and not customer centric in comparison to modern regulatory processes. The main investment objectives will be to:</p> <ul style="list-style-type: none"> <li>• Ensure DOC complies with legislative and regulatory obligations.</li> <li>• Improve internal controls to reduce the risks including financial loss, reputational harm and non-compliance.</li> <li>• Enable DOC to ascertain system performance in real time with accurate and reliable information.</li> <li>• Improve inefficient and ineffective systems and processes to mitigate risks, improve performance and reduce cost.</li> <li>• Provide concessionaires with better access and engagement with DOC processes.</li> </ul>		Jun-24			
Intentions	Department of Conservation	Integrate, Focus & Streamline DOC People Systems to Deliver More Conservation Outcomes and Opportunities (HRIS system replacement)	<p>The existing people systems are old and approaching end of contract life. DOCs current systems require effort to integrate, in particular with our finance and work scheduling systems, and do not make use of technology to allow the most efficient use of scarce people expertise (HR/OD experts) and deliver a great employee experience. This is a large system change that potentially incorporates the following functions: Payroll, Time sheeting system, Employee self-service kiosk, Recruitment, Learning Management System, employee performance and development system, HR Helpdesk/ enhanced self service kiosk, employee engagement system/survey tool and is underpinned by a robust identity and permission management system. The investment is intended to deliver and integrated and streamlined HR system which enables us to reduce risk, better support of our people and enables them to focus more effort on delivering Conservation outcomes.</p>		Jun-24			
Intentions	Ministry for Primary Industries	MPI Digital Infrastructure	<p>This initiative will fund the implementation of MPI's digital strategy - a move to a platform-based approach for digital technology enablement to ensure MPI's ability to deliver to, and support, an efficient and connected primary sector.</p>					
[33]								
Planning	Defence Force	High Side Capability Update (HSCU)	[1]	Mar-24	Mar-24			
Planning	Defence Force	Cyber Security and Support Capability Tranche 1	<p>Development of a Defensive Cyber Operations capability to protect Defence networked capabilities.</p> <p>Identified Capital Funding Commitment.</p>					
Planning	Defence Force	Garrison and Training Support Vehicles - Domestic Support Vehicles	<p>Phase One B: Replacement of rest of fleet of NZDF domestic operational and support vehicle fleets.</p>		Jun-24			
Planning	Defence Force	Joint Intelligence Project Tranche 1	<p>Sustainment, right-sizing and uplift of the Defence Intelligence Enterprise to federate with All of Government and Five Eyes Intelligence communities.</p> <p>Identified Capital Funding Commitment.</p>					
Planning	Defence Force	Protected Mobility - Bushmaster Infrastructure	<p>Multi-year work-package to replace the capability that is currently met by operational Pinzgauer and Unimog vehicles. These vehicle types support all missions, from domestic HADR to joint land combat.</p> <p>Key milestones - Q1/2 2022 PIBC available for Cabinet consideration. Delivery time indicates IOR will begin not before Q3 2023.</p> <p>Project readiness is tested and will require additional resources.</p>		Jun-24			

[33]					[33]		
Planning	MBIE	GNS GeoHazards Management Platforms	Ensure operation and continuation of GeoNet and National Seismic Hazard model.				
Planning	Ministry for the Environment	RM Digital Futures - Digital Transformation - Foundations, Strategy development and piloting	Development of a Programme Business Case that will identify the preferred way forward for the digitalisation of the resource management system created by the Spatial Planning Act and the Natural and Built Environment Act	Mar-24	Jun-24		
Planning	Ministry of Education	Cyber Security and Digital Support (CSDS) Programme (B24)	[33]				
Planning	Ministry of Education	Future Schools & Kura Payroll					
Planning	Ministry of Education	Land Purchases (2024)	This initiative reimburses the ministry for land purchases made over the financial year. The Ministry needs this funding to be able to make the necessary land acquisitions to meet the required growth in the school property portfolio. This is an ongoing core programme that provides improved education outcomes for all akonga. It is tied directly to manifesto commitment of providing 100,000 additional student places by 2030.				
Planning	Ministry of Education	Learning Support Roll Growth (B24)	This programme is aimed at growing the Learning Support Network in line with forecast demand				
Planning	Ministry of Education	Māori Medium Education (B24)	This initiative will grow and improve the condition of the MME network			601	481
Planning	Ministry of Education	Marlborough Boys and Girls Colleges and the relocation of Bohally Intermediate (Budget 2024)	The Ministry of Education, in partnership with iwi, is undertaking its largest construction project to date - the co-location of Marlborough Boys' and Girls' Colleges and relocation of Bohally Intermediate School.				
Planning	Ministry of Education	National Schools Redevelopment Programme (NSRP) (B24)	The NSRP will upgrade schools with complex condition issues to contribute to the governments goal that all schools have quality learning environments by 2030.				
[33]					[33]		
Planning	NZ Police	Replacement Finance, HR and Payroll System (was SAP S/4HANA Upgrade)	NZ Police's current Enterprise Resource Management (ERM) platform, MyPolice, is unreliable and at risk of failure. Further, it is insufficient to meet operational needs, exposes risk of non-compliance and hinders improvements to policing service delivery. This situation provides the opportunity to improve NZ Police's functional capability with a new evergreen ERM platform in support of new models of capability development, management and resource deployment.	Mar-24	Jun-24		
[33]					[33]		
Delivery	Department of Internal Affairs	Te Ara Manaaki Phase II	Phase 2 of Te Ara Manaaki will replace aging legacy systems; Births Deaths & Marriages, legacy Passport (PPTS), and the remainder of Citizenship. These systems are more than 25 years old and represent a risk of catastrophic service failure. Everything that can be done to extend the life of these systems has already been done, but only a few people have the skills to keep them running, and the risk is growing of a lengthy outage during which identity and life services are severely disrupted. Some examples of the consequences are; Passports will not be issued, credit agencies will not be able to complete transactions, and delays in birth, death and marriage registrations will result in hardship for customers who need services and financial support as a result of these critical life events.				
<b>Total</b>							