

Ministry of Transport: Aide Memoire

To: Hon Phil Twyford, Minister of Transport

From: Robert Anderson, Acting Manager, Governance and Commercial

Date: 17 July 2020

Subject: Meeting with the New Zealand Upgrade Programme (Transport) Oversight Group – 24 July 2020

OC Number: OC200450

Purpose

1. You are meeting with the New Zealand Upgrade Programme (NZUP) Transport Oversight Group from 11:15 am to 11:45 am on 24 July 2020. The purpose of this meeting is to:
 - introduce you to the NZUP Transport Oversight Group, which has Ministry of Transport (the Ministry) Treasury, Infrastructure Commission, and external expert representation.
 - allow you to convey your expectations for the NZUP Transport Oversight Group and its role in providing oversight and assurance for the transport component of the NZUP.

You and the Minister of Finance previously agreed to establish programme-level governance, assurance and oversight arrangements over the transport component of the NZUP

2. On 29 January 2020, the Prime Minister announced the NZUP, a \$12 billion infrastructure investment package. Around \$6.8 billion will be invested in transport (rail, roads, walking and cycling) over the next ten years.
3. You and the Minister of Finance agreed to implement a governance, oversight and assurance framework over the delivery of the transport component of NZUP (OC200119 refers). This included:
 - the establishment of an NZUP Oversight Group with responsibility for providing independent assurance and oversight over the transport component of the NZUP;
 - appointment of independent assurance and technical advisers; and

- dedicated programme management capability within the Ministry of Transport.
4. These arrangements seek to provide independent, programme-level oversight and assurance for the delivery of the NZUP. Waka Kotahi NZ Transport Agency (Waka Kotahi) and KiwiRail Holdings Limited (KiwiRail) will be accountable for decision making, governance and assurance activities to deliver specific projects they have responsibility for within the NZUP.
 5. Around \$10.6 million was secured through Budget 2020 to support the establishment of dedicated oversight and assurance arrangements for the transport component of the NZUP.

The NZUP Transport Oversight Group is now established and in place

6. The NZUP Transport Oversight Group consists of the following membership:
 - Brian Wood, external Oversight Group member, Chair of NZUP Oversight Group
 - Bryn Gandy, Deputy Chief Executive System Strategy and Investment, Ministry of Transport
 - Paul Laplanche, Chief Financial Officer, Ministry of Transport
 - Dan Cameron, Principal Advisor, Infrastructure Commission
 - Andrew Hagan, Deputy Chief Executive Financial and Commercial, Treasury
 - Mike Howat, external Oversight Group member, formerly of Fulton Hogan
 - Michael O'Halloran, external Oversight Group member, currently of Mott MacDonald.
7. The success of the NZUP Transport Oversight Group is reliant on having independent and external experts that bring technical experience in the successful oversight and delivery of large and complex infrastructure projects.
8. The Ministry has appointed Brian Wood, Mike Howat and Michael O'Halloran who collectively bring significant engineering, construction and infrastructure delivery experience. Copies of Mr Wood, Mr Howat and Mr O'Halloran's CVs are attached in Appendix 1 for your reference.
9. The Ministry also engaged Deloitte and AECOM to build the assurance, governance and oversight framework for the transport component of NZUP. Deloitte and AECOM have
10. The NZUP Oversight Group met for the first time on 23 July 2020 to consider the establishment of the core oversight and assurance arrangements for the transport component of NZUP.

Our view is that the success of the NZUP Oversight Group requires good governance and oversight, while also respecting the role of the delivery agencies

11. The success of the NZUP Oversight Group is dependent on the quality of governance, oversight, and assurance it is able to provide over the transport component of the NZUP. In our view, the NZUP Oversight Group should provide sufficient scrutiny and oversight over how Waka Kotahi and KiwiRail (as delivery agencies) are implement the transport projects within the NZUP.
12. At the same time, the NZUP Oversight Group should respect the role and functions of the delivery agencies, particularly given these agencies are governed by their own boards and expect a certain level of statutory and operational independence. Essentially, the NZUP Oversight Group is tasked with providing programme-level oversight and assurance that represents the Crown's interest in the successful delivery of the NZUP. Waka Kotahi and KiwiRail have dedicated governance and assurance in place at a delivery level over the respective projects they are delivering through the NZUP.
13. As the oversight body for the Crown's investments in the rebuild of Kaikōura, the South Island Transport Corridors Reinstatement Project is a recent success story. This project possessed an effective oversight framework that provided central agencies and Ministers with sufficient confidence and constructive advice over the delivery of large and complex infrastructure projects, while also respecting the roles of Waka Kotahi and KiwiRail.
14. We have looked to replicate the core aspect of the Kaikōura model, while making some changes to reflect the specific nature and complexities of the NZUP. Both Waka Kotahi and KiwiRail have been working constructively to support the establishment of the oversight and assurance arrangements for the NZUP.

We have also appointed Deloitte, supported by AECOM, to establish the oversight and assurance arrangements for the transport component of NZUP

15. Since commencement, Deloitte and AECOM have largely established core oversight, reporting and assurance systems to support the NZUP Transport Oversight Group. Further work is needed over the next month to refine these systems so they are providing robust insights on delivery, performance and key risks across the transport component of NZUP.
16. With the support of Deloitte and AECOM, MOT and Treasury has also undertaken a number of engagements with Waka Kotahi and KiwiRail to co-design and test the oversight, reporting and assurance systems. This includes supporting Waka Kotahi and KiwiRail as they embed their own project-level oversight, reporting and assurance systems at a project level.
17. Waka Kotahi and KiwiRail are engaging in a constructive way to embed the oversight and assurance arrangements, which includes looking at opportunities to leverage their own investment management and delivery practices through this process.
18. The NZUP Oversight Group, along with Waka Kotahi and KiwiRail representatives, are meeting for the first time on 23 July 2020. This first meeting will focus on conflict of interest declarations, and agreement on a reporting framework and ways of working for future meetings. We expect the NZUP Oversight Group will continue to meet monthly following their first meeting.

19. As part of this process, the NZUP Oversight Group will provide you with a monthly report on progress, as well as key issues and risks across the delivery of the transport component of the NZUP. It is expected that you will receive the first update report and dashboard in August 2020.

20. Appendix 2 includes an example of a dashboard that will be used as a monthly reporting template for you to have oversight over key metrics on the NZUP's implementation.

Talking Points

21. You may wish to focus this discussion with the NZUP Oversight Group on:

- your expectations for the NZUP Oversight Group and its role in providing independent assurance and oversight over the transport component of NZUP;
- understanding how the NZUP Oversight Group will be interacting with delivery agencies; and
- getting a sense from the NZUP Oversight Group on the key opportunities and emerging risks that the Oversight Group will be focused on over the coming months.

Contact:

Robert Anderson, Acting Manager, Governance and Commercial

Phone: [REDACTED]

Privacy

Proactively released
by the Ministry of Transport

Appendix 1: CVs of Brian Wood, Mike Howat, and Michael O'Halloran

CVs withheld to protect privacy of individuals.

Proactively released
by the Ministry of Transport



Appendix 5 – Programme Dashboard (Wireframe)

New Zealand Upgrade Programme – Transport

Ministry of Transport

July 2020

Dashboard iteration 1: Foundational KPI's

Programme reporting

Dashboard scope

For iteration 1 of the dashboard, best practise KPI's for key focus areas of cost, schedule and risk are prioritised for delivery in the first 8 weeks, balancing the trade off between speed and breadth of reporting.

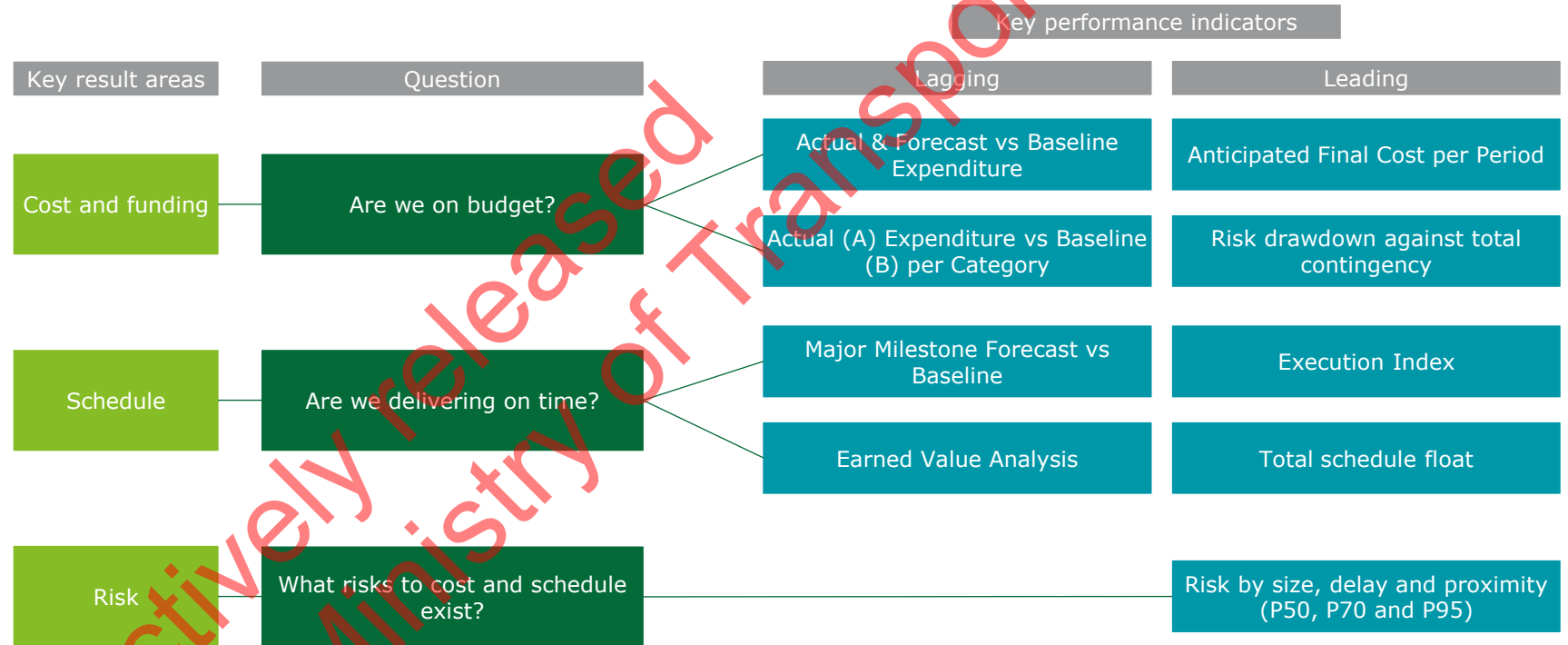
More detailed reporting will follow in future iterations and based on the focus areas agreed with the Oversight Group and Ministers.

Best practice design

The structure and KPI's reflect leading practice we have identified across a number of organisations and projects including: Crossrail (UK); City Rail Link; Otakaro; Transport for New South Wales; Queensland Transport and Main Roads; Washington State Department of Transport; and Transport for London.

These KPI's were selected using an appraisal framework which promotes a focus on answering the most important questions, balances lagging and leading KPI's and prioritises the users' scarce time by limiting 'noise' often created via reporting of a large number of KPI's that duplicate, overlap and may ultimately mislead.

Dashboard visualisation will provide an aggregated view that enables the user to quickly identify trends and performance issues, while interactivity enables speed and flexibility in user analysis.



New Zealand Upgrade Programme | Transport | NZUP PERFORMANCE OVERVIEW

Anticipated final cost variance to plan: how far over or under the budget, the cost is expected to be:

- Positive : represents a variance below planned; and
- Negative: represents a variance above planned.

Sub-Programme filter:

- Waka Kotahi
- KiwiRail

26 Total Projects	65% % Complete	\$1M Anticipated final cost variance to plan	1/12/2030 Forecast Completion Date
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Project Phase aligned with Treasury framework

How far along the project is irrespective of spend

Overall RAG Status for each Key Performance Area

Future iterations will include other key performance areas such as Health, Safety and Wellbeing



Total # Projects and Spend by Phase

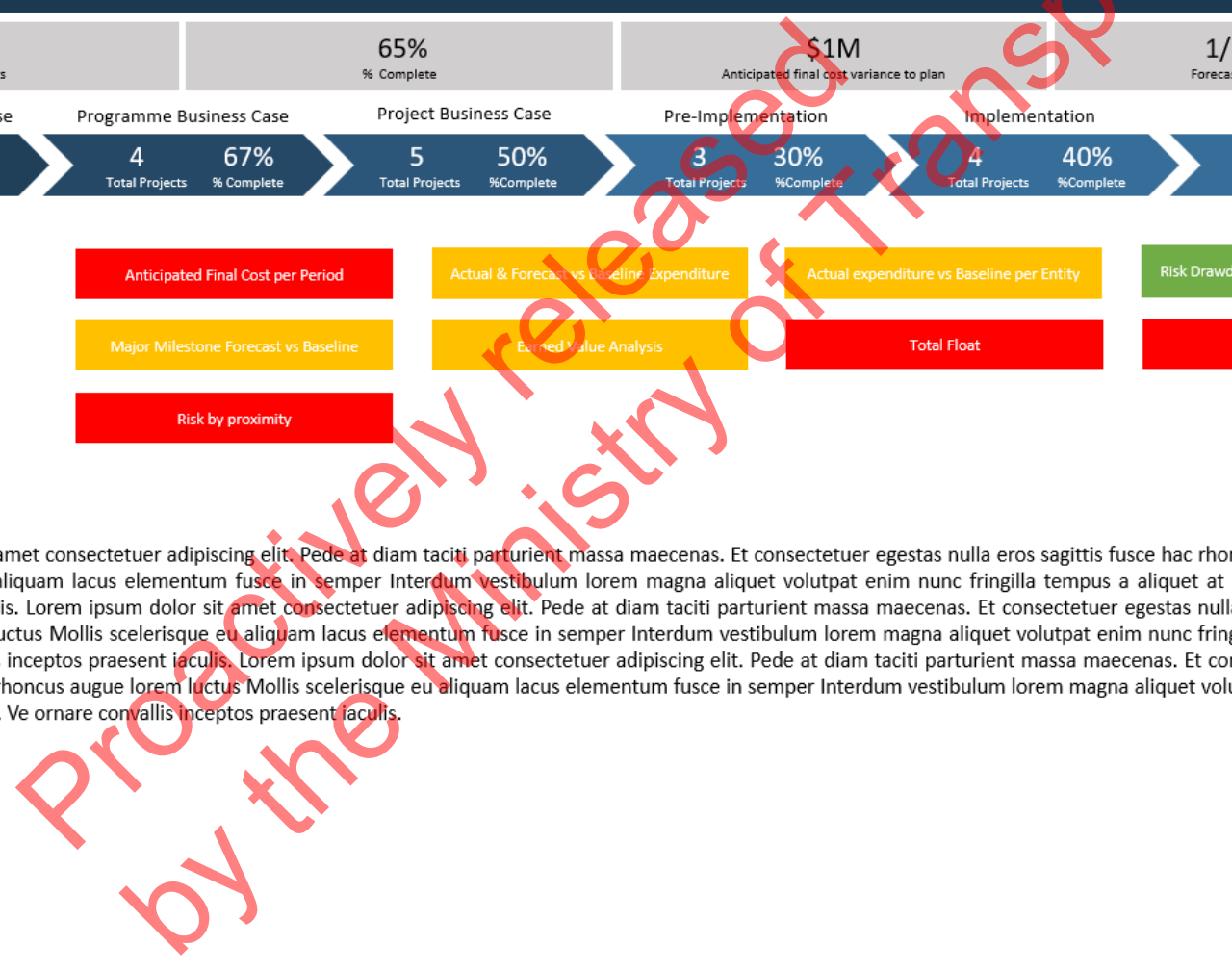
Key Performance Area	Point of Entry/ Strategic Case	Programme Business Case	Project Business Case	Pre-Implementation	Implementation	Post-Implementation
Finance (Green arrow)	Anticipated Final Cost per Period	Actual & Forecast vs Baseline Expenditure	Actual expenditure vs Baseline per Entity			Risk Drawdown Against Total Contingency
Schedule (Green arrow)		Major Milestone Forecast vs Baseline	Earned Value Analysis	Total Float		Execution Index
Risk (Yellow arrow)			Risk by proximity			

RAG Status for each Key Performance Indicator

Status Overview

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Manual Input: Status Overview



Dashboard Filter for Programme (transport), Sub-Programme (Waka Kotahi or KiwiRail), Project and Project Phase

New Zealand Upgrade Programme | Transport | COST

Programme ▾ Sub-Programme ▾ Project ▾ Project Phase ▾

Overall RAG Status – Manually Changed

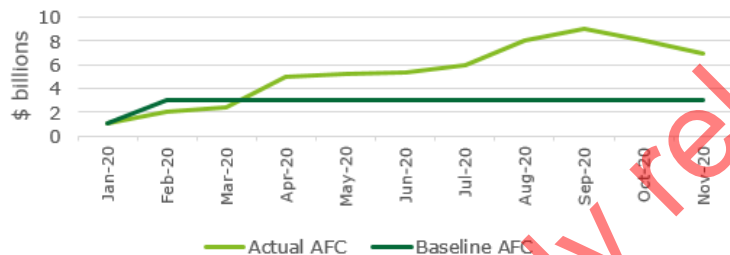


Cost Status as at July 2020

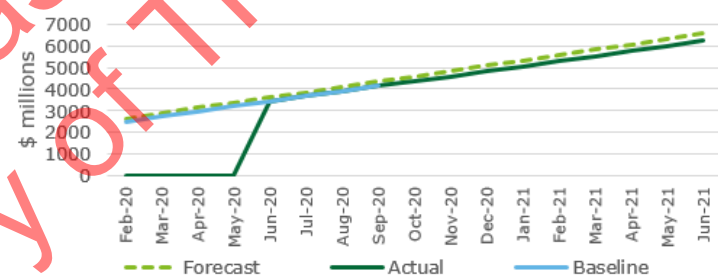
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Manual Input: Status Description

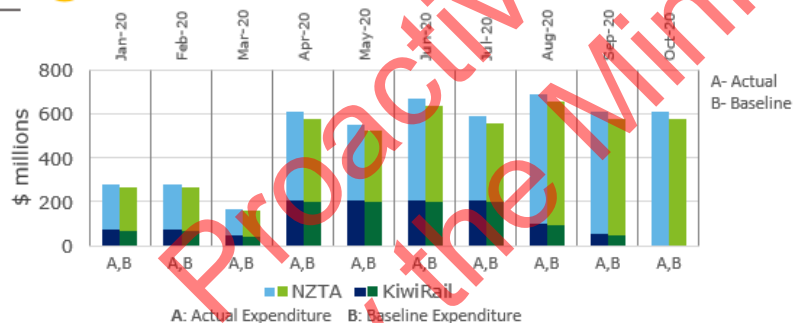
↑ Anticipated Final Cost per period



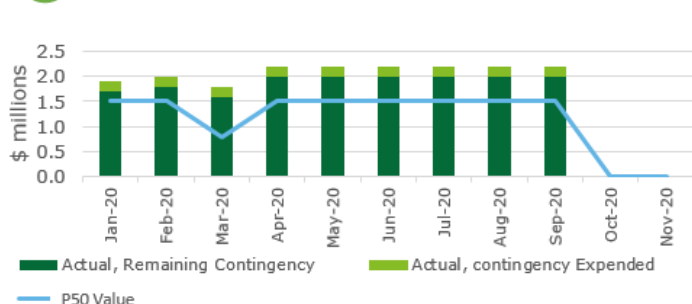
⚠ Actual & Forecast vs Baseline Expenditure



⚠ Actual expenditure vs Baseline per Entity



⬇ Risk drawdown against total contingency



RAG Status for each KPI – automated threshold based



Dashboard Filter for Programme (transport), Sub-Programme (Waka Kotahi or KiwiRail), Project and Project Phase

New Zealand Upgrade Programme | Transport | SCHEDULE

Programme ▾ Sub-Programme ▾ Project ▾ Project Phase ▾

Overall RAG Status – Manually Changed



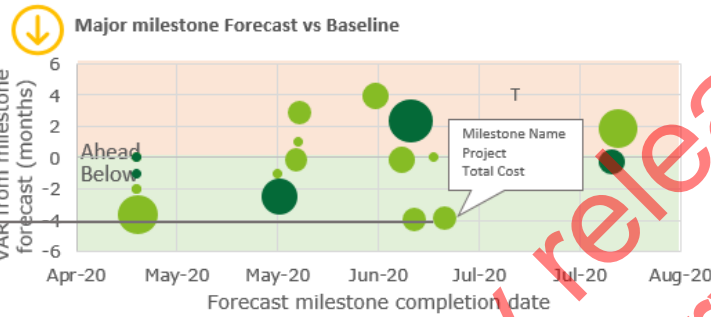
Schedule Status as at July 2020

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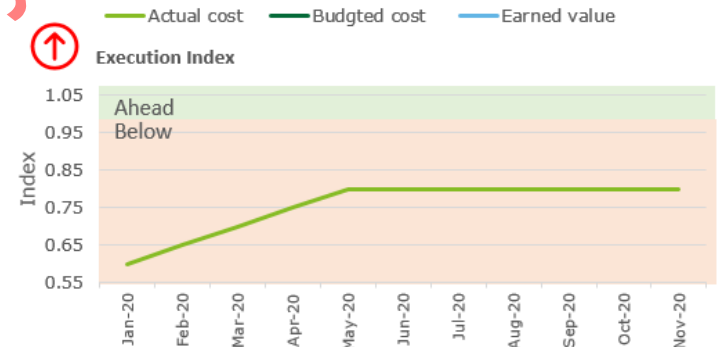
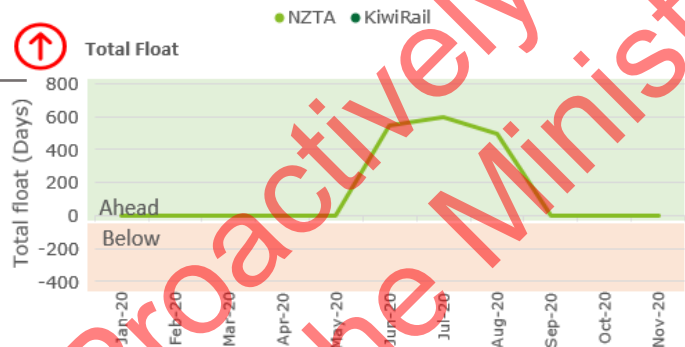
Manual Input: Status Description

Bubble size reflects the value of the project

Tool Tips: Hover over visual to see milestone information



RAG Status for each KPI – automated threshold based



Ahead- progress is ahead of plan
Below- progress is behind plan

Proactively released by the Ministry of Transport

Dashboard Filter for Programme (transport), Sub-Programme (Waka Kotahi or KiwiRail), Project and Project Phase

New Zealand Upgrade Programme | Transport RISK

Programme ▾ Sub-Programme ▾ Project ▾ Project Phase ▾

Overall RAG Status – Manually Changed

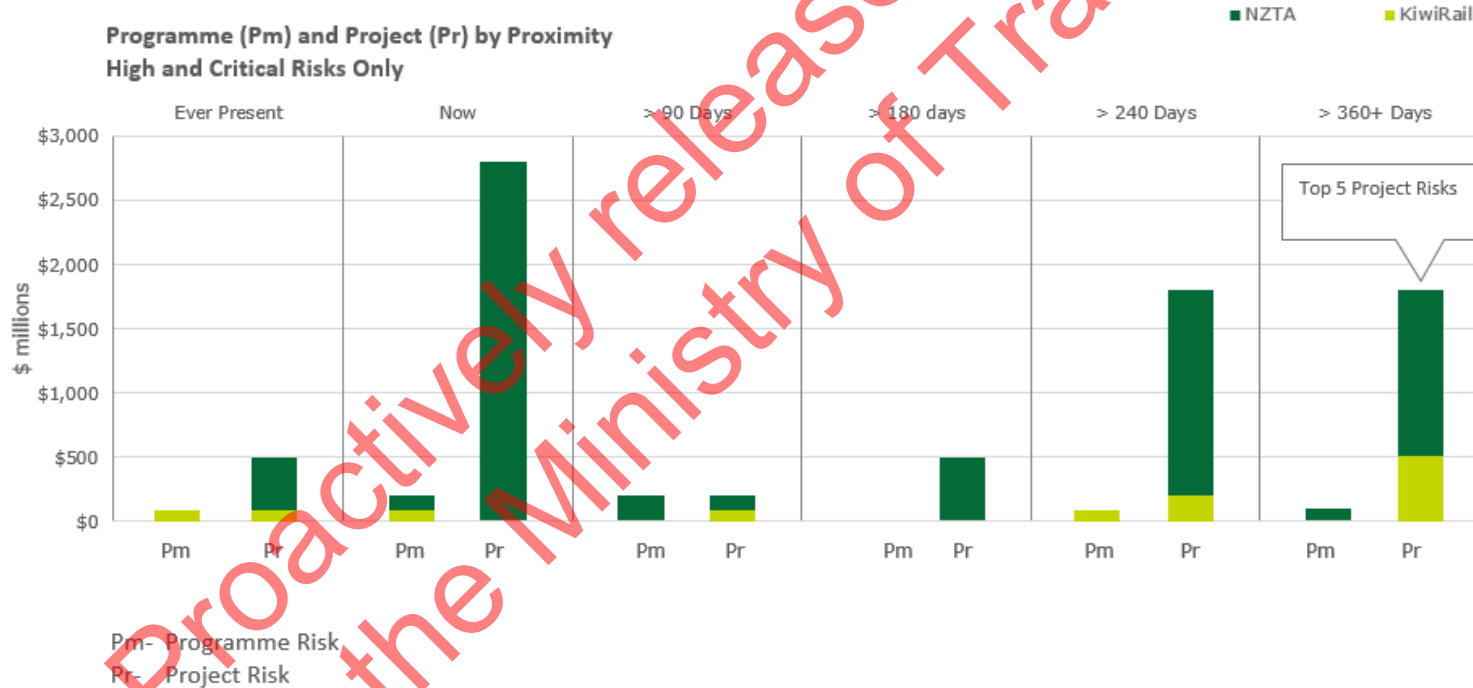


Risk Status as at July 2020

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Manual Input: Status Description

Programme (Pm) and Project (Pr) by Proximity High and Critical Risks Only



Tool Tips: Hover over visual to see top 5 Programme or Project risks