

NZ Upgrade programme

Monthly Report for September 2023

ISSUED ON 24 October 2023



Proudly delivering

New Zealand
Upgrade
Programme



New Zealand Government

out of scope

Project	Milestone	Due
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Items of note this month at a project level are:

- out of scope
- THE OFFICIAL INFORMATION ACT
- **Queenstown** - A reprioritised programme of works is scheduled to be reported to Governance group in November.

out of scope

Programme Financials

Project & Delegated Authority(\$m)	Project Total Spent	% Spent	Delivery Agency Allocation (P50)	Joint Ministers Tagged Contingency	P95 Contingency	Total Approved Funding	Latest EAC range (equivalent P 50 – P95)	Estimate Date	Budget Health RAG Status
out of scope									
Queenstown Package	33.1	25%	130	-	-	130	290 - 390	Mar-23	●
out of scope									
Waka Kotahi	729.1	24%	3,027	-	450	3,477	3,622 – 4,082	-	
out of scope									
Joint Minister	521.1	22%	2,370	693	-	3,063	3,303 – 3,803	-	
Grand Total	1,250.3	23%	5,397	693	450	6,540	6,925 – 7,885	-	

Overall Commentary
Forecast
out of scope

Estimates at Completion (EAC)
out of scope

Programme Risk Management

Programme Risk Status

No changes have been made to programme risks during September. We continue to monitor these on an ongoing basis and a programme risk workshop is scheduled to take place in October.

Overall, the risk level remains **RED** reflecting that the 3 key issues below being actively managed and working on enhancing current control mechanisms.

We have an insufficient envelope to deliver an escalating programme cost and are expecting delays for some projects (mitigation plans are in progress). Options to mitigate these issues, either to bring the programme back within its funding envelope or fund the shortfall, will be considered by the Waka Kotahi Board and subsequently by Joint Ministers following the election.

Extreme Risk

The extreme risks below are being managed as issues.

- **Funding:** Unable to complete programme within funding envelope
- **Escalation:** Escalating input cost, labour, material, property and delivery
- Appeals to Archaeological Authorities for Takitimu North Link Stage 1

High Risk

- **Delivery Improvement:** Outcomes not achieved
- **Local Authority:** Stakeholders' expectations are not met
- **Operation:** Inadequate project management practices and disciplines
- **Resources:** Inadequate internal & external programme resource
- **Property:** Unsuccessful and costly property acquisition

Medium Risk

- **Score card:** 5% value of all tender contracts awarded to Māori SMEs requirement not achieved
- **NZUP Initiatives:** Programme initiatives / improvements not promulgated and embedded across Waka Kotahi
- **Data Quality:** Inadequate programme data quality/ currency and consistency
- **Consents:** Project consents and other statutory approvals delayed (either lodgement or statutory process)
- **External Capacity:** External partner and stakeholder capacity to support programme

Extreme Risk and Issues

Escalation – No changes to report in September.

out of scope

Funding – No changes to report in September.

out of scope

* Key project specific risks can be found in the sponsor commentaries.

Project Readiness Status

Projects	Construction start date as per 2022 Briefings	Next major milestone	State of Readiness		
			Stable Scope	Property purchase	Consenting
out of scope					

Queenstown Package	Mid 2023	Physical Works Contract Award	Dec 23	●	●	●
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out of scope					
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Readiness ratings are assigned by the programme Subject Matter Experts and reflects the programme's view of status. **RED** or **AMBER** may not necessarily mean that management intervention is required. Over time all projects would trend to **GREEN** as they enter or near construction with all property, scope and consenting issues resolved.

Scope

RED status reflects scope definition still to be completed/confirmed.

- Queenstown is showing **RED** to reflect uncertainty due to updated cost estimates being higher than budget allocation. The Alliance is currently pricing a re-prioritised package of works as part of developing a revised Target Outturn Cost.

out of scope

Property

out of scope

Consenting

out of scope

4 Major Milestones Completed

44% Major Milestones Completed

3 Advanced Construction End

2 Projects Completed

3 Delayed Construction End

2 Delayed Construction Start



Despite schedules having been updated in late 2022 we are seeing risks with several projects signalling delays to construction periods. Projects are actively managing risks and expected dates are being refreshed regularly.

- out of scope

- **out of scope:** Queenstown packages – delays are expected as the project teams work through affordability challenges. Once we have certainty on construction dates, we can escalate to joint ministers.
- **out of scope:**

Upcoming Significant Decisions

out of scope

NZ Upgrade Programme – Sponsor Commentary

Region	Project name	Overall Health Status (RAG)	Schedule Health Status (RAG)	Budget Health Status (RAG)	Sponsor Commentary
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out of scope

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NZ Upgrade Programme – Sponsor Commentary

Region	Project name	Overall Health Status (RAG)	Schedule Health Status (RAG)	Budget Health Status (RAG)	Sponsor Commentary
out of scope					

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out of scope

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out of scope					
Queenstown	Queenstown Package (Pre-Imp)				In late December Waka Kotahi staff received an unreconciled non-binding estimate from Kā Huanui a Tāhuna (the Queenstown Alliance) significantly above the original Queenstown Business Case estimate of \$115m. The Alliance has been attempting to reconcile this cost estimate with our Independent Estimators. However, there are significant differences between the Alliance estimate and our independent estimator. Given the magnitude of the difference, we do not consider it will be possible to reach a reconciliation.
		Previous Month RED	Previous Month RED	Previous Month RED	Staff updated the NZUP Governance Group in March and have since asked the Alliance to complete the detailed design on a prioritised programme of works which focuses on the intersection of SH6/6A (the BP Roundabout); the Frankton Bus Hub and the Howards Drive Intersection. The Queenstown Alliance's consideration of a reprioritised programme of works continues to face significant cost management challenges. A reprioritised programme of works is scheduled to be reported to Governance group in November. The Resource Management Act hearing for the SH6/6A roundabout was in June, and we are now awaiting a decision. We are continuing to work through property matters.

NZ Upgrade Programme – Sponsor Commentary

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Communications & Engagement

Communications & Engagement Activity

out of scope

Stakeholder Engagement

What Stakeholders are saying (themes)

out of scope

Queenstown – concerns from community around access, traffic and construction timeframes.

out of scope

Issues/Risks:

out of scope

Upcoming Activities

out of scope

Iwi Engagement & Treaty Partnership

Ngā Pūrongo | Key Themes

out of scope

Ngā Hīnonga | Projects

out of scope