

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	Transport Capital Infrastructure Projects (TCIP) Review
<b>Date</b>	30 April 2025
<b>Briefing number</b>	BRI-3300

Contact(s) for telephone discussion (if required)				
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### Action taken by Office of the Minister

- ☐ Noted
- ☐ Seen by Minister
- ☐ Agreed
- ☐ Feedback provided
- ☐ Forwarded to
- ☐ Needs change [please specify]
- ☐ Withdrawn
- ☐ Overtaken by events

30 April 2025

**Hon Chris Bishop – Minister of Transport**

## **Transport Capital Infrastructure Projects (TCIP) Review – update**

### **Purpose**

1. This briefing provides a summary of findings from a recent review of the New Zealand Transport Agency Waka Kotahi (NZTA) capital infrastructure delivery performance, and an update on the TCIP Improvement Plan that NZTA has developed in response.
2. This briefing was requested in your Letter of Expectations for 2025/26.

### **Background and context**

3. The TCIP review was commissioned by the NZTA Board in June 2024 to ensure NZTA is well equipped to successfully deliver its expanded capital project pipeline to support the Government's transport outcomes.
4. The review evaluated NZTA's end-to-end delivery process from the approval of the investment decision through to completion of construction, assessed a sample of 20 projects at various lifecycle stages and interviewed nearly 200 internal and external stakeholders, including the Infrastructure Commission. Out of scope activities included maintenance and operations, projects delivered by approved organisations (councils and other partners), and improvement projects already underway.
5. A key feature of the review was comparing NZTA delivery performance with Australian peer agencies. The assessment was carried out with data provided in confidence by key Australian transport organisations and independent experts with experience and knowledge of the Australian transport sector.

### **Key themes of the review findings**

6. As an overall assessment, the review finds that NZTA:
  - a. is a competent infrastructure delivery performer
  - b. is rated by the industry as NZ's most effective construction procurement agency
  - c. has similar, but less consistent, cost outcomes and worse time outcomes compared to Australian peer agencies.
7. The report makes 46 recommendations for improving NZTA's capital projects delivery. It finds that cost outcomes measured by cost per lane kilometre are similar to Australia, however it identifies project cost and time performance overruns against business case estimates, particularly in larger projects. The review identified that some projects appeared to be 'rushing' into implementation causing shortcomings in early development stage planning that had

potential to cause problems during implementation, including in scope definition, risk identification, cost estimations and contingency planning.

8. While NZTA has well defined and documented processes for the elements of the capital delivery lifecycle, the review observed inconsistent application of project management practice, cost management and assurance. The report noted this as a significant area of improvement that would deliver a meaningful uplift if appropriately addressed.
9. As you note in your letter of expectations, the review found a greater use of alliance contracting compared to Australian peers for the project sample used in the review.
10. The review signals a possible challenge in the increased programme of work given the capability and capacity constraints both within the agency and the broader New Zealand market, finding that NZTA used a very lean resource model for large project planning and delivery. It also made observations around the complexities and architecture of NZTA's different roles as transport investor, infrastructure deliverer and network manager.
11. The review highlights challenges that are unique to NZTA compared to Australia, including:
  - a. more complex and time-consuming regulatory processes, particularly in consenting and property acquisition
  - b. a more challenging physical environment (i.e. ground conditions and terrain)
  - c. a lack of project pipeline certainty that hinders efficient early planning and is a barrier to supplier confidence to invest in resources, productivity improvement, and innovation
  - d. high resource retention risk due to more attractive salary packages in Australia.

#### **TCIP Improvement Plan summary – our response to the report's findings**

12. We have developed an Improvement Plan in response to the report's findings. This is summarised below. Key actions and milestones are provided in Attachment 1.
13. We have assessed that 37 (or 80 percent) of the report's recommendations are being addressed by initiatives already underway as part of NZTA's commitment to efficient and effective delivery. The following four improvement projects have been identified and recently accelerated to realise major improvements in 6-12 months:
  - a. **P3M Embed:** Implementation of a best practice portfolio, programme and project management operating structure that will bring improved governance, planning and delivery processes.
  - b. **Transforming Project Delivery:** Building NZTA's project development capability to enable more pre-implementation planning and to optimise the business case process to be more efficient and more effective. This recent improvement is already resulting in reduced timeframes in investment case approvals in the Roads of National Significance projects.

- c. **Commercial Delivery Uplift:** Uplifts of commercial delivery capability that include more astute commercial standards and guidelines and incorporating stronger, dedicated commercial capability into key projects.
  - d. **Infrastructure Procurement Strategy:** We are developing a new Strategy that will lift consistency in commercial contracting and foster a healthier market, through a more modern procurement approach that reflects current industry best practice. This includes improved guidance on selecting and applying contracting models appropriate to the nature and attributes of the project in question.
14. Three new reforms have been established to address the remainder of recommendations and these will integrate improvements into the 2027-30 National Land Transport Programme (NLTP):
- a. **Pipeline Confidence:** The most significant new improvement is to align and uplift pipeline certainty and confidence. The improvement plan is accelerating work underway to improve long-term transport planning to provide clearer and more stable investment signals. Enhancements to the development and management of the State Highway Investment Proposal (SHIP) will be made to provide industry with more certainty, and the pipeline confidence initiative also includes more focus on early environmental and corridor route planning ahead of more detailed project development.
- This work aligns with work underway with various Crown organisations including the development of the National Infrastructure Plan, the move to a 10-year Government Policy Statement and NLTP, and transport funding reforms. Better planning will allow consideration of a wider range of delivery models.
- We will brief you further in coming weeks about our work to improve long term planning.
- b. **Independent Investor Assurance:** Clarifying and establishing independent investor assurance processes, in alignment with the NZ Treasury gateway review currently underway.
  - c. **Competency Uplift:** Significant work to lift internal agency competency to give effect to improved project and commercial management, with comprehensive training and portfolio monitoring to ensure practice quality and consistency.
15. We note that a combination of measures in the Improvement Plan will help us strengthen our contracting approach – including our use of the alliance model. A key focus will be on ensuring we have the right incentives and processes in place to invest in, understand and mitigate key risks earlier in the project lifecycle. This will mean that we can make better informed, risk-based choices about which delivery model is best suited for the project at hand.
16. Some responses to the report's findings will be addressed outside of the TCIP Improvement Plan. This includes:
- a. specific recommendations impacting organisational size, structure or accountabilities, which will be considered at a governance level

- b. our contributions to the Infrastructure Priorities Programme (which the Infrastructure Commission is developing as part of the National Infrastructure Plan), which will complement our work to strengthen investor assurance and pipeline confidence.
- 17. The TCIP Improvement Plan has direct NZTA Board oversight with monthly reporting and quarterly updates to the Executive Leadership Team (ELT).
- 18. Project oversight to drive progress has been established to support the Group General Manager - Transport Services who is accountable for realising improvements to NZTA's capital delivery performance. Performance measures are currently being confirmed and baselined in order to demonstrate improvement in time, cost and quality outcomes in the next 12-24 months.

#### **Next steps**

- 19. The TCIP review has been a valuable undertaking that helps the Board to understand where improvements are needed to enable the agency to deliver its expanded programme of work. The resulting improvement plan is a Board and ELT priority, and a key component of wider work to improve NZTA's effectiveness and efficiency.

#### **It is recommended that you:**

- 1. **Note** the contents of this briefing
- 2. **Include** the TCIP review on the agenda for an upcoming officials meeting if you would like to discuss it further.



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**Vanessa Browne**

Group General Manager – Transport Services

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**Hon Chris Bishop, Minister of Transport**

Date: 2025