



Cabinet Committee on State Sector Reform and Expenditure Control

Minute of Decision

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Implementation of the Government ICT Strategy

Portfolio Internal Affairs

On 25 May 2016, the Cabinet Committee on State Sector Reform and Expenditure Control (SEC):

- 1 **noted** that in October 2015, Cabinet:
 - 1.1 agreed to a revised Government ICT Strategy;
 - 1.2 directed the Government Chief Information Officer (GCIO) to report back to Cabinet by March 2016 on the prioritised and integrated programme of work and subsequently report on its progress through the six monthly ICT Functional Leadership reporting cycle;

[CAB-15-MIN-0148.01]

- 2 **endorsed** the adaptable approach to managing priority initiatives, as outlined in the paper under the submission SEC-16-SUB-0023;
- 3 **noted** that the integrated programme of work that has been created contains prioritised initiatives that will provide the greatest contribution to the outcomes of the Government ICT Strategy;
- 4 **noted** that the ongoing development of the integrated programme of work will be influenced through collaborative engagement with agencies with digital transformation programmes;

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- 8 **noted** that Cabinet Office Circular CO (02) 12, *New Zealand e-Government Interoperability Framework (NZ e-GIF): adoption by government agencies*, has been superseded by the GEA-NZ V2.0 standards reference and will be withdrawn;

9.2 the new format will be used to report to Ministers from September 2016;

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Implementation of the Government ICT Strategy

Proposal

1. This paper reports on the prioritised and integrated programme of work to deliver the Government ICT Strategy, and provides an overview of the implementation activities to date, including work to review the Cabinet policy for cloud computing.

Executive summary

2. It is a Government priority to provide innovative digital services for individuals, while achieving economies of scale through standardisation. Digitising services enables consistent and measureable service delivery, even to non-digital customers, and also enables intermediaries to customise service offerings to specific customer groups while delivering greater efficiency and effectiveness for taxpayers.
3. The revised Government ICT Strategy, agreed by Cabinet in October 2015 [SEC-15-MIN-0018], supports enabling better digital services to citizens, and modernising the way that people interact with government.
4. The Government Chief Information Officer (GCIO) and the Partnership Framework¹ have worked together to identify and prioritise the key initiatives that will provide the greatest contribution to the outcomes of the Strategy and build these into a dynamic, integrated programme of work, which will be delivered collaboratively.
5. To support increased use of information to drive operational change, target interventions and shape the development of policy and service delivery, change is required across a number of areas. Significant progress has been made towards unlocking the value of the data government holds. However, to fully realise the potential, further work is needed.
6. Commercial and Technology initiatives fundamentally change the way government consumes, procures and invests in software and hardware. For example, ICT common capability programmes have resulted in a total of \$240 million of savings or cost avoidance over the lifetime of the contracts for these capabilities.
7. Through cloud computing, common capabilities and working strategically with the information and technology sector, government will be more agile, responsive and innovative in order to meet the needs of the digital customer. Officials have been reviewing how to accelerate the adoption of cloud services by agencies and will report back to Cabinet in June 2016.

1 The Partnership Framework is a group of senior public sector leaders organised into working groups for technology, investment, information, and service innovation to provide advice to a group of Chief Executives and to support the GCIO in execution of his accountabilities.

8. To support these system wide changes, there needs to be a significant building of skills and capability in the information, technology and digital workforce of government. Information, technology and digital skills are cornerstone to Digital Government and knowledge and understanding of this is required across the breadth and depth of the public sector. This is not just about technical skills but also about behaviours and culture to deliver Digital Government goals. This includes encouraging greater coordination to ensure lessons from major agency transformation programmes are used to support future transformations and the delivery of the wider Government ICT Strategy.
9. Progress on delivery of the integrated programme of work will be reported through the six-monthly ICT Functional Leadership Report, which will be revised in light of the changes to the Government ICT Strategy.

Background

10. The revised Government ICT Strategy (the Strategy) agreed by Cabinet in October 2015 [SEC-15-MIN-0018], builds on the foundations from the previous Government ICT Strategy and Action Plan to 2017. The Strategy focuses on taking advantage of 'game changing' trends such as cloud services, unlocking the value of government-held information, major agency transformation programmes and greater partnership with the private sector.
11. Cabinet directed the GCIO to work with senior public sector leaders to develop a prioritised and integrated work programme to implement the revised Strategy, based on key initiatives identified in the revised Strategy.
12. Additionally, Cabinet directed the Intelligence Community and GCIO to work together to review the Cabinet policy for cloud computing and work to remove any barriers that may inhibit the accelerated adoption of cloud computing by agencies.

A Dynamic, Integrated Programme of Work

13. At its heart, the revised Government ICT Strategy is about providing better digital services to citizens and modernising the way that people interact with government.
14. To build the modern, adaptable digital services that people have come to expect, we need to change the way we work to take advantage of the disruptive business practices that are enabled by new technologies such as cloud computing and data analytics.
15. This involves looking across the system as a whole to see how we can work together to deliver integrated services, unlock the value of the information that government already holds, manage our business functions and our workforce, invest in new technologies and services, and work more closely with the private sector.
16. Delivering these changes requires a portfolio management approach to delivery across Government. The GCIO has worked with senior public sector leaders to identify and prioritise the key initiatives that will provide the greatest contribution to the outcomes of the Strategy and build these into a dynamic, integrated programme of work.
17. This programme of work needs to be adaptable. The accelerated pace of disruptive change means that we need to be able to respond to new opportunities and re-prioritise initiatives quickly to ensure that the programme of work continues to represent the best mix of investments to deliver the outcomes of the Strategy.

18. This flexible programme of work replaces the Government ICT Action Plan. Actions arising from the Action Plan have either been completed, or transitioned into the new programme of work.
19. The GCIO cannot deliver this programme of work on its own. While the GCIO has ultimate accountability for delivery of the Government ICT Strategy, it is the Partnership Framework² will provide oversight of the ongoing management and delivery of the integrated programme of work. This reflects the GCIO's core principle of "centrally led, collaboratively delivered", and a strong commitment to working in partnership with agencies, the corporate centre, the information and technology industry and third parties to achieve desired outcomes.
20. It is expected that assurance practices are embedded within the integrated programme of work. The focus for ICT Assurance is on uplifting performance of the assurance system.
21. An overview of the programme of work as a whole can be found in Appendix A and a table showing key milestones in Appendix B. Further details are set out below.

Digital Services

22. The outcomes of the Government ICT Strategy are positioned to support innovation and delivery of modern digital services for the customer; using information to personalise and target services for individuals, while achieving economies of scale through standardisation.
23. Digitising services enables consistent and measureable service delivery, even to non-digital customers, and also enables intermediaries to customise service offerings to specific customer groups while delivering greater efficiency and effectiveness for taxpayers. To this end, Internal Affairs is working with agencies through Better Public Services Result 10 to support the development of easy and accessible digital services, integrate services where practical and allow customers to access to digital services and prove entitlement by asserting their digital identity easily and securely.

Easier Access to Digital Services for Individuals

24. With the Result 10 target firmly on track, the focus on Digital Services is shifting from increasing the volume of digital government transactions towards delivering accessible, seamless and integrated public services. This shift provides opportunities to reduce customer effort and achieve an increase in agency efficiency by eliminating unnecessary requirements to deliver services.
25. Customers currently have to navigate separate agency services and provide the same information again and again to achieve their desired outcome. Agencies commonly duplicate efforts, and risk receiving inconsistent information.
26. The delivery of integrated digital services would enable agencies to standardise their policies, business processes, capabilities and systems to participate in an evolving digital services ecosystem. It would build a consistent customer service experience across government without having to build a single customer service organisation or system. Examples of initiatives already underway include Birth of a Child and Being a Victim of Crime.

2 The Partnership Framework is a group of senior public sector leaders organised into working groups for technology, investment, information, and service innovation to provide advice to a group of Chief Executives and to support the GCIO in execution of his accountabilities.

Digitally-Enabled Identity

27. Digital Identity enables customers to easily and reliably establish their identity in the digital world, and enable agencies to have confidence in customers' identity. Internal Affairs is currently working with central agencies and other stakeholders to develop strategic options for Ministers on the future of digital identity in New Zealand, the role of RealMe, and the creation of relevant supporting standards. These options will be informed by reviews and analysis of digital identity and RealMe carried out by independent consultants. [REDACTED]

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Technology-Enabled Services for Businesses

Joined Up Services for Business Customers

28. Information sharing is a fundamental enabler for delivering 'joined up services' for business customers. Work is underway to develop an initiative to study and advance information sharing *for* and *with* business customers. This initiative will pursue a series of pilot projects that will examine ways in which information sharing can benefit businesses and the agencies and local bodies they deal with. Candidate pilots cover alcohol licensing processes, food registration and certification, and building consents.

Common Delegations and Authorisation Capability

29. Many businesses and individuals need to authorise others to act on their behalf when interacting with government. A review of delegations was undertaken in 2014-15 and documented a number of capability gaps, including a general inability to establish delegations easily or across multiple channels and agencies, with the resulting outcomes of inhibiting on-line channel adoption and exposing risks of fraud through workarounds such as password sharing.
30. GCIO will oversee the delivery of the *Joined Up Services for Business Customers* and *Common Delegations* initiatives through to their completion in June 2017, including the collation of learnings and reusable capability from the pilot projects, and report findings through the GCIO's portfolio management function and to the Result 9 Steering Committee.

Information

31. There is a significant opportunity for government to increase use of information to drive operational change, target service delivery and interventions, shape policy development, and enable private sector innovation. While progress has been made towards unlocking the value of government data, further work is required. Strong commitment and coordination across the public sector is needed to deliver this work.
32. To maximise these opportunities the Information Group has outlined a number of system priorities, largely from existing initiatives, which focus on:
- 32.1 developing an environment that supports innovative approaches while growing the trust and confidence of the New Zealand public;
 - 32.2 embedding standards to enable information sharing and integration between agencies;

- 32.3 building our capability to re-use and analyse data to produce new insights and target services; and
- 32.4 ensuring the data government creates and manages is accessible and available to use by businesses and communities.
33. The immediate priorities for the Information Group are to develop a framework to inform future action, intervention and investment, and to test a number of “use cases” to identify actual barriers to data sharing.

Data analysis to target service delivery and inform decision making

34. Development of infrastructure and capability is critical to increase the re-use and analysis of data to produce new insights to improve government services, inform government policy and investment.
35. The Social Investment Unit is pursuing a new integrated approach to improve social outcomes for New Zealand’s most vulnerable people. Data and analytics are a key pillar of this programme by providing evidence to support the development of innovative solutions to improve the effectiveness of delivery and investment.
36. Work is underway by Statistics NZ to improve the effectiveness and utilisation of the Integrated Data Infrastructure (IDI). The IDI contains a number of anonymised data sets which are able to be integrated and analysed to provide quantitative evidence to support investment or revised policy settings. Additional funding, obtained as part of Budget 2016, will enable more sophisticated data analysis using the IDI, expand the data content, and work with agencies to improve the quality of their data.
37. Developing capability to analyse, interpret and use data to support the achievement of business objectives is a key priority. Work on this priority is being addressed through the GCIO’s Leadership and Workforce capability initiative.

Building an enabling data environment and policy settings

38. To develop a supporting environment, the Data Futures Partnership is facilitating a public conversation on the value and acceptable use of data. This will support us in ensuring the system enables sharing and use while maintaining trust and confidence.³
39. Broad reform of the Privacy Act is being progressed by the Minister of Justice. These reforms, which respond to a Law Commission review of privacy, have been approved by Cabinet. They largely relate to improving both support and sanctions so that public and private agencies are less likely to breach the privacy of individuals. An exposure draft of the Privacy Bill is intended for targeted technical consultation in October 2016. The Bill is expected to be introduced into the House in June 2017.
40. A key privacy-related concern is the effective sharing of information to support the targeted delivery of frontline services such as those addressing family violence, youth crime and public protection. Legislative amendments to the Privacy Act for this purpose have not been discounted. Before that occurs, however, the Minister of Justice, with support from the Privacy Commissioner, can see value in maximising the extent of information sharing within existing legislative settings.

3 In addition, the first agency self-assessments based on Maturity Assessment Frameworks and Core Expectations for Privacy and Minimum Requirements for Security have been completed. A report to the Minister of State Services is due by 30 June 2016.

Standards to enable sharing of data

42. Common information/data standards are a key enabler to facilitate the sharing and integration of data. Work on information standards is progressing through work led by the GCIO with social sector agencies on the adoption of common identity standards (name, date of birth, place of birth, gender, place, ethnicity); and work being initiated by Natural Resources sector agencies to agree on key standards to facilitate information exchange (collection, formats, metadata) and release across the sector.
43. The government information communications and technology standards reference (the GEA-NZ V2.0 standards reference) was last updated in 2013 in fulfilment of Action 19.2 of the previous ICT Strategy and Action Plan, and replaced the outdated New Zealand e-Government Interoperability Framework (e-GIF). Because of this, Cabinet Office Circular CO (02) 12 "New Zealand e-Government Interoperability Framework (NZ e-GIF) adoption by government agencies" is no longer relevant and will be withdrawn. Information and data standards will be included in the upcoming broader review of the GEA-NZ V2.0 standards reference.

Releasing information into the public arena

44. Enabling business and communities to access and use data to create their own insights enables innovation and the generation of economic benefit outside of government. The Open Government Information and Data Programme is a key initiative to accelerate the release of government held information into the public arena and challenge the private and community sectors to use that data to create their own solutions and opportunities.

Commercial and Technology

45. Commercial and technology initiatives fundamentally change the way government consumes, procures and invests in software and hardware. Through cloud computing, common capabilities and working strategically with the information and technology sector government will be more agile, responsive and innovative in order to meet the needs of the digital customer.
46. GCIO's existing strategic supplier relationship management (SSRM) framework is being used to facilitate further collaboration between the public service and the ICT industry, to identify innovative solutions to complex and enduring problems. As government services rely more heavily on suppliers generally and with acceleration of the uptake of cloud computing, work to improve confidence in the suppliers and the supply chain becomes more critical.
47. ICT common capability programmes have resulted in a total of \$240 million of savings or cost avoidance over the lifetime of the contracts for these capabilities.

Establishing an Information and Communications Technology Marketplace

48. The ICT Marketplace will be an online catalogue of government ICT services and is one of the accelerators of the adoption of cloud computing. It will allow agencies to procure, security-certify, and contract with suppliers of ICT-enabled services. The ICT marketplace will include ICT services (and in particular cloud computing services) from local and global suppliers, and will allow agencies to use quicker, more streamlined, procurement practices.
49. The ICT marketplace will enable better visibility of innovation by utilising subject matter expertise and having exposure to global catalogues. The ICT marketplace has taken into account lessons learned from similar models deployed in the UK, Singapore and Dubai, and is based on the principles of competition and performance management. Feedback systems are being implemented to enable feedback to be provided on both supplier and agency performance.
50. The ICT marketplace is designed to reduce the risk of “shadow cloud”⁴ via the Security and Risk Assessment model and standard terms and conditions, and is about accessing the right outcome efficiently and effectively. The system is underpinned by an information management capability and the focus on GCIO as the regulator, setting and managing standards and performance.
51. GCIO will undertake next steps to develop an ICT marketplace framework, which will include an options analysis, assessment of agency demand and market engagement. Software Framework Agreements are expected to be negotiated with major ICT providers during 2016.

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⁴ “Shadow cloud” refers to agencies consuming public cloud services, and as a result often by-passing the IT function and many corporate controls.

Common Capability Acceleration

57. Accelerating the uptake of common capabilities is a fundamental part of the ICT strategy. Two particular initiatives seek to use common capabilities to achieve significant benefits for the public sector: the accelerated uptake of Telecommunications as a Service (TaaS) and the Software Acquisition Strategy programme.
58. The TaaS common capability was launched in 2015 as a key enabler to both the Government ICT Strategy and the provision of better public services. Uptake of TaaS has been strong, with almost \$20 million of uptake being contracted since mid-November 2015. Of note is the strong interest from local government, health and education sectors. It is estimated that Government spends at least \$506 million per annum on telecommunications services. TaaS is expected to produce sustainable programme savings that have been estimated at \$30 million per annum from 2017 largely in avoided costs.
59. The service is predicated on moving asset ownership and risk to vendors; reducing both the cost and complexity of government reorganising itself (through mergers, de-mergers and co-locations) and standardising the way that data security outcomes are delivered across government.
60. The Software Acquisition Strategy Programme was established to achieve three key objectives. These were: the design of a new software licencing Framework Agreement for use with key, strategic software and cloud services suppliers, to negotiate and sign a framework agreement with a number of software and cloud services suppliers, and to develop a post contract operating model to manage the signed framework agreements, once they are successfully negotiated. For the current financial year the SAS programme contracts have had \$55 million in annual spend pass through them. This has generated financial savings of \$8.9 million, largely in avoided costs.
61. Negotiations are well advanced, with a number of suppliers and the GCIO working to have a series of Framework Agreements signed by June 2016. Additionally, during this period an operating model will be implemented to manage Framework Agreements with suppliers (both initial and future agreements).
62. GCIO is working with agencies to build on the progress from these two initiatives. The focus is on further accelerating uptake and capturing lessons to apply to future common capability initiatives.

People and Leadership in the Information and Technology workforce

63. To support these system wide changes, there needs to be a significant building of skills and capability in the Information, Technology and Digital workforce of government. Information, technology and digital skills are cornerstone to Digital Services and knowledge and understanding of this is required across the public sector. This is not just about technical skills but also about behaviours and culture to deliver Digital Government goals.

Information, Technology and Digital Leadership, Capability and Workforce

64. To deliver the outcomes of the ICT Strategy and Digital Government goals, we need to ensure that government has the right people, at the right time, in the right place, and with right skills.
65. This change is complex and disruptive. Therefore the GCIO is approaching this in a steady and measured way by putting in place foundational elements to support the ongoing evolution of the government with information, technology and digital workforce. Initiatives underway include the implementation of an ICT Leadership Academy, an ICT Graduate Programme, an Integrated Competency Framework, and a Digital Skills Survey.
66. Information, technology and digital skills and capabilities are a system asset and sustainable funding is required to develop and grow this talent base to deliver transformation goals. We are working to develop sustainable funding approaches.

Leveraging Agency Transformation Programmes

67. In the Review of the Government ICT Strategy Cabinet paper, the GCIO identified the potential to leverage the major agency transformation programmes (e.g. those in Inland Revenue, Accident Compensation Corporation, and the Ministry of Social Development) that are currently underway to contribute to delivery of the Strategy.
68. Early analysis has identified several potential areas where these transformation programmes may be able to contribute, including information sharing, customer self-management, payment processing and sharing of lessons learned with other initiatives in the integrated programme of work.
69. Further analysis and ongoing discussion with these agencies is required as planning for these transformation programmes continues, to explore these opportunities in more detail.
70. This work is not just about the major agency transformation programmes contributing to delivery of the Strategy; it needs to be a two-way conversation to look at how the integrated programme of work can be shaped to support the successful delivery of these transformation programmes and enable them to go faster.

Investment

71. The ICT investment strategy will focus on ensuring information and technology investments are targeted at fewer initiatives with more impact, maximising value from technology investments, enabling the value of investment in digital services to be realised and supporting agency transformation initiatives to deliver system benefits.

72. Strategic investment advice for priority system investments will include the need for prioritising new investment and agency baseline spending to accelerate the development of integrated services for citizens and businesses, and a focus on the financial investments required to smooth delivery of other initiatives in the priority initiatives.
73. Examples of areas of strategic financial advice to agencies are likely to include advice around benefits management and realisation practice to improve the value from system investments.

Functional Leadership Reporting

74. Progress will be reported to Cabinet through the six-monthly ICT Functional Leadership Report, which will be revised in light of the changes to the Government ICT Strategy and the dynamic approach to managing priority initiatives. I propose the new format will be used to report to Ministers from September 2016. Key features include:
 - 74.1 a focus on the delivery of the Government ICT Strategy – reporting objective performance against strategic benefits, the integrated programme of work and working with the Partnership Framework Chairs to report on tangible progress, including milestones, benefits, and budget to deliver on the strategy; and
 - 74.2 insight-driven reporting – using a wide range of information sources and metrics to assess the overall health of the Government ICT ecosystem.
75. Functional Leadership reporting is one level of reporting within the GCIO's wider performance monitoring and reporting framework. There will also be reporting to the GCIO Partnership Framework; for example, to the ICT Senior Leadership Group.

Consultation

76. The Treasury, Department of Prime Minister and Cabinet, State Services Commission, Ministry of Justice, New Zealand Transport Authority, Statistics New Zealand, Ministry of Social Development, Intelligence Community, Inland Revenue, New Zealand Customs Service, Land Information New Zealand, New Zealand Police, Tertiary Education Commission, Ministry of Education, Ministry of Health, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry for the Environment, and the Accident Compensation Corporation were consulted on the proposals contained in this paper and their feedback has been incorporated, where appropriate.

Financial implications

77. Specific interventions will be subject to business case development, CBAX analysis, and system-level prioritisation to inform funding options and decisions.

Human rights, Gender and Disability implications

78. There are no human rights, gender or disability implications in this paper.

Publicity

1. I intend to proactively release this paper subject to consideration of any deletion that would be justified under the Official Information Act 1982 (CO Notice (09) 5).

Recommendations

79. The Minister of Internal Affairs recommends that the Committee:

1. **note** that in October 2015 Cabinet agreed to a revised Government ICT Strategy and directed the GCIO to report back to Cabinet on the prioritised and integrated programme of work [SEC-15-MIN-0018];
2. **endorse** the adaptable approach to managing priority initiatives;
3. **note** the integrated programme of work has been created which contains prioritised initiatives that will provide the greatest contribution to the outcomes of the Government ICT Strategy;
4. **note** that the ongoing development of the integrated programme of work will be influenced through collaborative engagement with agencies with digital transformation programmes;

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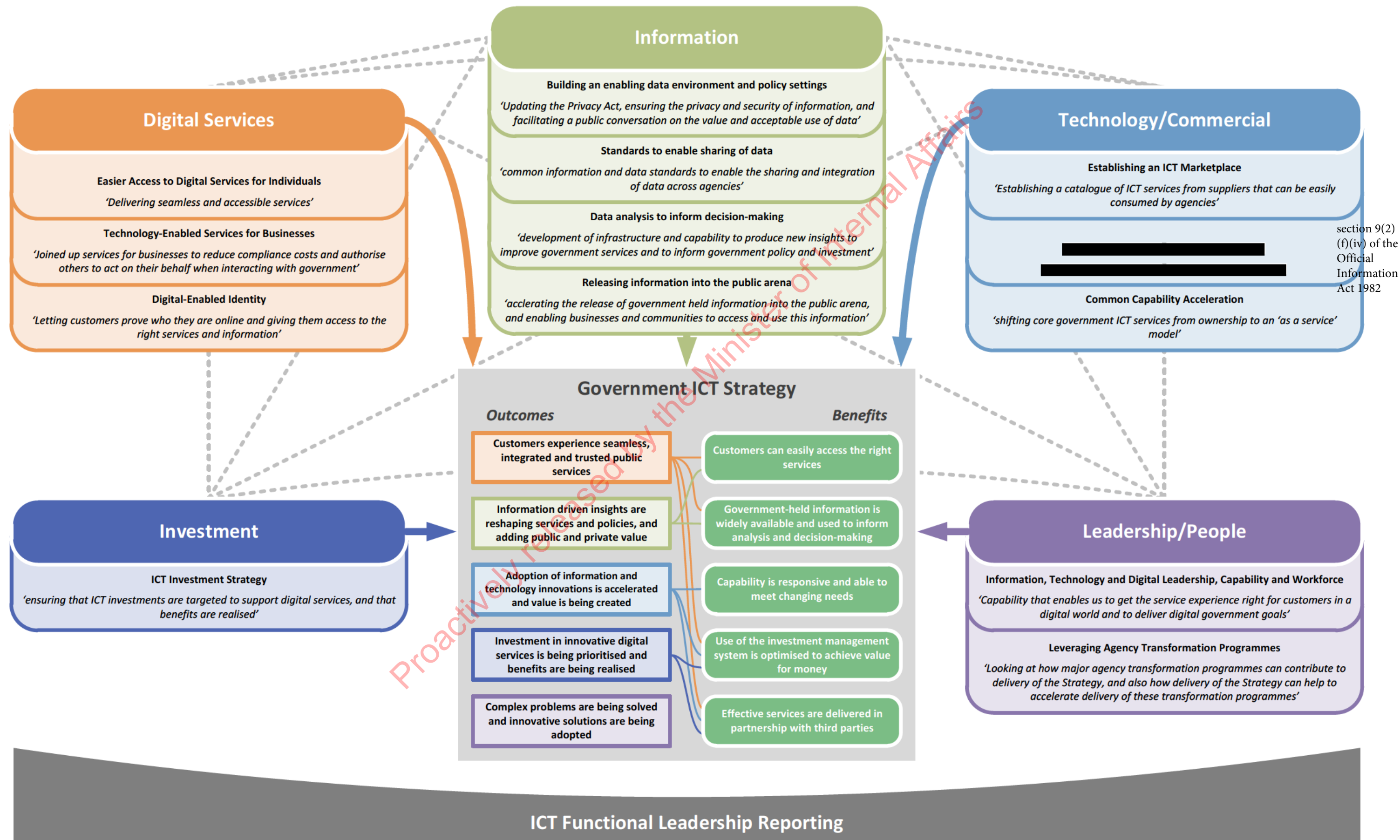
7. **note** that Cabinet Office Circular CO (02) 12 "New Zealand e-Government Interoperability Framework (NZ e-GIF) adoption by government agencies" has been superseded by the GEA-NZ V2.0 standards reference and will be withdrawn;
8. **note** that Functional Leadership reporting will be revised in light of the changes to the Government ICT Strategy and approach to managing priorities, and the new format will be used to report to Minister from September 2016; and
9. **note** the Department of Internal Affairs is currently working with central agencies and stakeholders to develop strategic options on the future of digital identity and the role of RealMe, [REDACTED]

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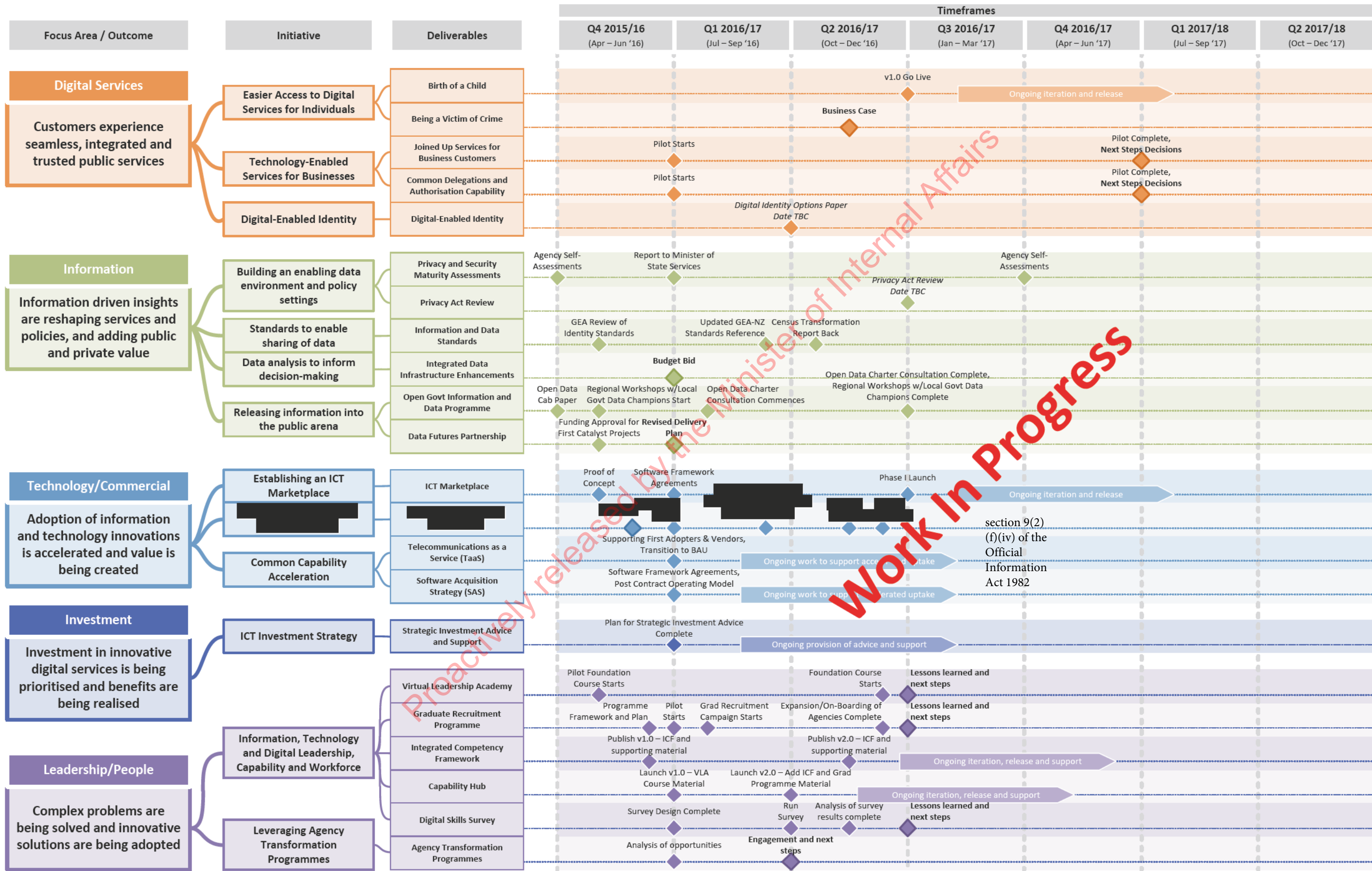
Hon Peter Dunne
Minister of Internal Affairs

Appendix A – A Dynamic, Integrated Programme of Work to Deliver the Government ICT Strategy



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Appendix B – Key Milestones for the Integrated Programme of Work to Deliver the Government ICT Strategy



NB: Milestones in bold denote decision points which may affect subsequent milestones