

IN CONFIDENCE



Te Tari Taiwhenua  
Internal Affairs

# Briefing to the Minister for Government Digital Services



# Contents

<b>Introduction .....</b>	<b>2</b>
<b>Part One: Strategic opportunities and challenges.....</b>	<b>3</b>
<b>Part Two: Roles and responsibilities .....</b>	<b>9</b>
Your role as Minister for Government Digital Services .....	9
The Department's roles in supporting you.....	10
<b>Part Three: Briefings and Cabinet papers .....</b>	<b>14</b>
<b>Appendix A: Key contacts in the Department of Internal Affairs .....</b>	<b>17</b>

RELEASED BY THE MINISTER FOR GOVERNMENT DIGITAL SERVICES

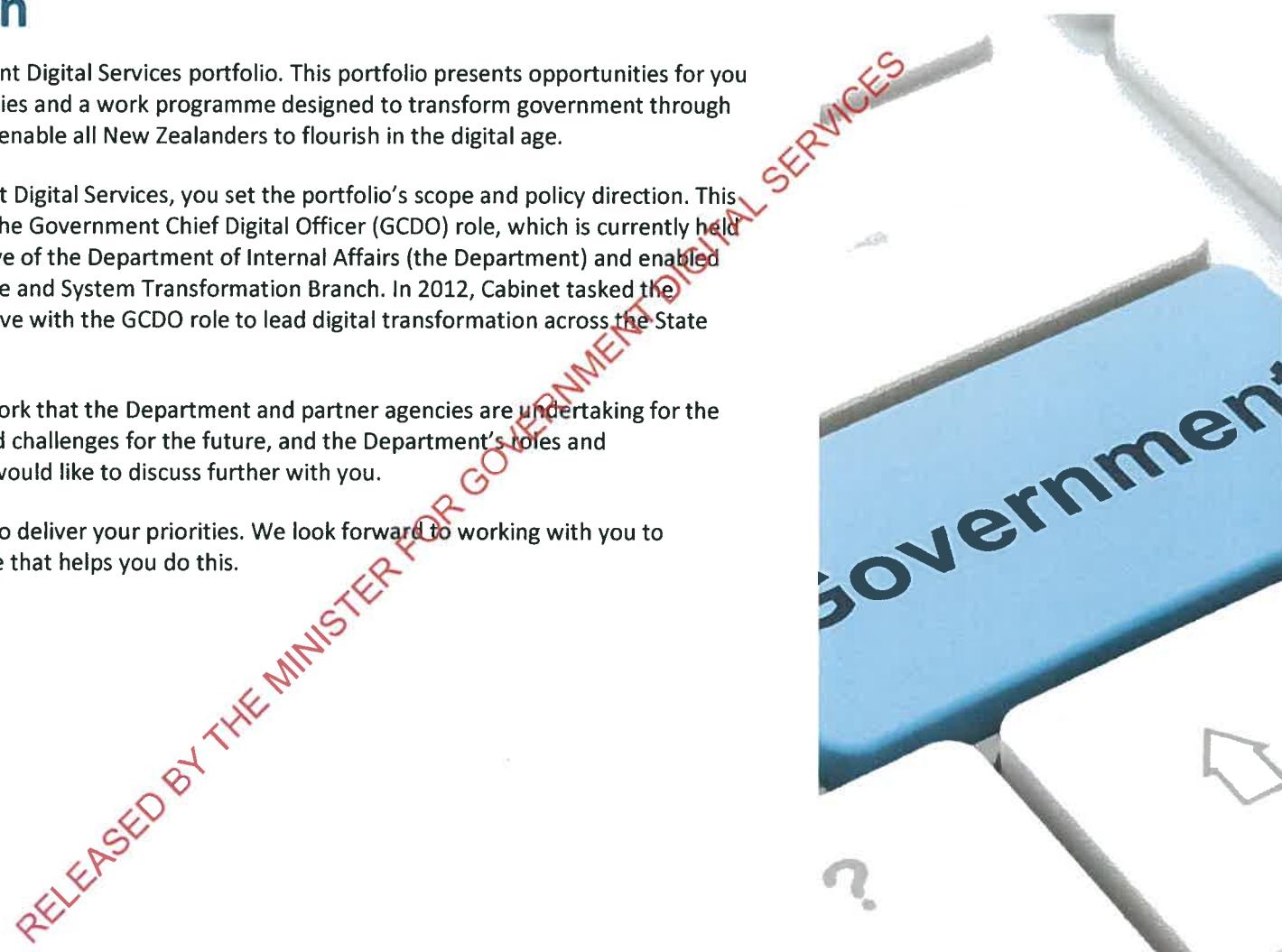
# Introduction

Welcome to the Government Digital Services portfolio. This portfolio presents opportunities for you to lead the delivery of policies and a work programme designed to transform government through digital technologies and to enable all New Zealanders to flourish in the digital age.

As Minister for Government Digital Services, you set the portfolio's scope and policy direction. This includes responsibility for the Government Chief Digital Officer (GCDO) role, which is currently held by the acting Chief Executive of the Department of Internal Affairs (the Department) and enabled by the Department's Service and System Transformation Branch. In 2012, Cabinet tasked the Department's Chief Executive with the GCDO role to lead digital transformation across the State sector.

This briefing sets out the work that the Department and partner agencies are undertaking for the portfolio, opportunities and challenges for the future, and the Department's roles and responsibilities, which we would like to discuss further with you.

Our role is to support you to deliver your priorities. We look forward to working with you to develop a work programme that helps you do this.



# Part One: Strategic opportunities and challenges

1. Digital government means using digital technologies and data to build a more responsive, efficient and participatory government. Doing this well can enable the cultural shift necessary for a new concept of public service to flourish. We consider that the key to success is creating the right conditions for government to enable all parts of New Zealand society to work together to foster innovation, build social cohesion and ensure benefits are shared by all New Zealanders.
2. Digital technology provides us with the tools to enable government to be more responsive and to deliver better services more efficiently. It helps us to analyse data more effectively to provide a strong evidence base on which to take action. Digital channels also give New Zealanders the chance to engage more directly with government in the design of services that affect them.
3. As well as focussing on transforming government through digital technologies, the Government Digital Services portfolio also presents you with opportunities to pursue policies aimed at helping New Zealanders to flourish. This goes beyond the design and operation of government services. It encompasses the ways in which government can champion technological innovation, while also working to protect fundamental rights. These may sometimes come under pressure as new digital services, often built around the collection and use of personal information, become mainstream parts of modern life. There is also a responsibility to push for easier and more equal access to a wide range of digital services. This will help to make sure that people are not disadvantaged as services increasingly move online and, ultimately, will ensure that everybody can share in New Zealand's prosperity.

Digital is not just technology – it's culture, too

'Digital' is often used as shorthand for new and emerging technologies. But in the context of transformation, digital is about far more than improving IT systems and processes. In the broadest sense, it means doing things differently in an increasingly connected world - using new mindsets, skillsets, technologies and data to benefit people, government and the economy.

4. This is a new portfolio, set up following the 2017 General Election. The previous Minister for Government Digital Services agreed the following priorities with the Prime Minister:
  - developing a digital strategy for New Zealand, led by the new Chief Technology Officer role, and working across and outside government to drive the digital transformation of New Zealand's society, economy and government with a focus on openness, transparency and participatory democracy, and identifying opportunities for growth and enablement;
  - initiatives to improve digital inclusion and determine the extent of digital exclusion;
  - ensuring New Zealanders' rights in the digital age; and
  - bringing together the public and private sector to drive innovation and economic development.
5. The Department has been working to progress these priorities, collaborating with partners across government, NGOs and the private sector. A number of initiatives have reached, or are approaching, key waypoints.
6. **Chief Technology Officer/ Developing a national digital strategy.** The Minister of State Services is overseeing the appointment of the new Chief Technology Officer (CTO). The CTO will report to you. The CTO has a broad mandate to serve as both an advisor for and a challenge to the New Zealand government as it responds to the challenges and opportunities of our rapidly evolving digital world. The CTO will lead the development of a Digital Strategy for New Zealand, which will necessarily involve engagement across a number of Ministerial portfolios, the public and private sectors.
7. One of the CTO's first tasks will be to agree a work programme with you as responsible Minister. We will provide you with a separate briefing about the CTO role, their position within the government digital policy landscape and how the Department will work to support the CTO and Ministers in the development of the Digital Strategy.

## Life is about events, not agencies

The Department leads several projects to improve access to services. Our goal is for people to have easy access to public services designed around them and their needs.

Our first integrated life event service – Smart Start – is centred around the birth of a child, from pregnancy to around six months of age. It is a one-stop shop for new parents and caregivers to access the services of four different agencies and key non-government partners, such as the College of Midwives and Plunket.

We have also launched the Te Hokanga ā Wairua - End of Life Service, and several other life event services are being developed. These include Renting a Property, through which tenants can find out about their rights, pay rental bonds, and receive government entitlements, and Entering Tertiary Education, through which students can find out about all their study options.

8. **Developing initiatives to improve digital inclusion.** The Department is leading a digital inclusion work programme that seeks to close digital divides facing New Zealanders and ensure that people can adapt to a rapidly changing digital environment. An important short-term priority is to finalise and publish a Blueprint for Digital Inclusion, which will define the role of government in leading, connecting, and supporting action in this field. This Blueprint will enable targeted consultation with experts and advocates for groups that are currently experiencing some degree of digital exclusion. We have been working closely with the Digital Economy and Digital Inclusion Ministerial Advisory Group (DEDIMAG) on the Blueprint. DEDIMAG brings together innovators and leading thinkers from urban and rural New Zealand, Māoridom, NGOs and industry. We will provide you with briefings about the Digital Inclusion Blueprint and the broader work of DEDIMAG, including options for the secretariat structure for the group.
9. **Ensuring New Zealanders' rights in the digital age.** Interaction with digital technology and services is a significant and growing part of everyday life for the majority of people in New Zealand. This is helping to deliver many benefits but it also creates challenges for society, particularly where digital technology amplifies imbalances between individuals and organisations. For example, people are often unaware of how much information is collected about them, how it is used by government and the private sector, and how this may affect their lives.
10. In response to this, the Minister of Statistics and the previous Minister for Government Digital Services commissioned an assessment of how government agencies are using data analytics such as sophisticated algorithms to make or inform decisions that significantly affect people's lives. The aim of this work is to ensure that these types of algorithms are used transparently and with appropriate accountability. The Department is working with Stats NZ to prepare a report on the first phase of this work. You will receive that report in draft shortly, together with a briefing on possible next steps.
11. New Zealand is also leading the D7 Digital Rights Working Group, which will be an important part of the D7 annual meeting in November in Israel. More details about this event are provided below.
12. **Drive innovation in public procurement.** You have the opportunity to launch the new digital procurement channel called Marketplace. It is due to go live in early September. This offers an early opportunity for you to make a public announcement as Minister for Government Digital Services.

13. The Marketplace makes it easier for businesses to bid for government contracts by scaling back the processes, cost and time that are needed. Businesses and agencies can sign up to use the online system whenever they are ready rather than having to wait for a specific government tender. The new system uses simple commercial terms and is open to all businesses that meet the entry criteria, no existing contract with government is needed. Because the website is visible to anyone who wants to see it, it exposes New Zealand businesses to more local and international opportunities. Marketplace has the potential to transform how government works as a 'single customer', simplifying processes and enabling government to better leverage its buying power.
14. **Digital identity.** Digital identity is how a person is recognised online. The credentials used to prove identity depend on the context – both in terms of the information needed to grant access to a service and in terms of the confidence needed in that information. A market is emerging for digital identity services but it lacks coherence and appropriate rules and regulations to provide confidence for users.



16. **Coordinating government ICT expenditure.** In August 2018, the Minister of Finance asked the previous Minister for Government Digital services to develop an all of government view of ICT-related spending, including bids for new projects and upgrades in the pipeline. The GCDO, together with the Treasury, is expected to deliver a system overview by December 2018 to inform Budget 2019 decisions. The GCDO's current investment work has been deferred to address this immediate need but this is not sustainable. It is likely there will need to be a shift from the current, responsive operating model to one that manages government's portfolio for digital, data and ICT investment in a more predictable way.

18. International engagement. The Fletcher School at Tufts University highlighted New Zealand as a stand-out digital nation in the 2017 Digital Evolution Index, an evaluation of the progress of the digital economy across 60 countries. Stand-out nations are both highly digitally advanced and exhibit high momentum.
19. New Zealand's status as a leading digital nation is further underscored by our membership of the D7 group of countries, which is described in more detail in the sidebar to the right. Through the D7, we are engaging with a range of international partners (including governments, academics, NGOs and businesses) to consider aspects of digital policy such as the regulation of artificial intelligence (AI), and broader aspects of digital rights and ethics.
20. Many aspects of New Zealand's action align with international ambition in areas with a broader focus than digital technology. For example, closing digital divides will help to reduce inequalities. Similarly, ensuring that government uses people's personal information transparently is an important part of safeguarding the institutional accountability that is vital within democratic societies. Reducing inequalities and building effective, accountable institutions to promote just and inclusive societies are key aims within the United Nations' Sustainability Goals.
21. We are also in discussions with the World Economic Forum (WEF) Centre for the Fourth Industrial Revolution to work with their Policy Innovators Network on Unlocking Public Sector AI.
22. There are several opportunities for you to represent New Zealand at international fora this year:
- World Economic Forum conference, China 18-19 September 2018. You are attending this conference in your role as Minister for Research, Science and Innovation. As the Department is working with the WEF on public sector AI, there is an opportunity to include meetings about AI as part of your wider programme.

## The world's most advanced digital nations

New Zealand was a founding member of the Digital 5, a group of five nations (the United Kingdom, Estonia, Israel, New Zealand and South Korea) with a record of excellence in digital government.

In February this year, New Zealand hosted a very successful D5 Ministerial Summit. At this Summit, we officially welcomed Uruguay and Canada as members, creating the D7.

The D7 has a collective goal to harness the potential global power of digital technology and help each member country to become an even better digital government. This is done by sharing best practice and learning from one another.

The next Ministerial Summit is in Israel in November 2018 and will see Mexico and Portugal join and the group become the D9.

- **Tallinn Digital Summit, Estonia 16 October 2018.** The Summit is an invitation-only event to discuss the digital transformation of our society and economy. The Prime Minister has passed the invitation on to the Minister for Government Digital Services.
  - **D7 Annual Meeting and Ministerial Summit, Israel 21-22 November 2018.** This will consist of bilateral meetings and the Ministerial Summit, where Ministers will welcome [REDACTED] as new members, sign the new D9 Charter and potentially agree to high-level principles for ethical AI.
23. The National Archival and Library Institutions (NALI) Ministerial Group is examining how to strengthen the contribution that the National Library of New Zealand, Archives New Zealand, and Ngā Taonga Sound and Vision make to New Zealand's democratic accountability and to the culture and heritage sector, and how to respond to the challenges and opportunities they face. The Minister for Government Digital Services is a member of this group. Key issues identified for the three institutions that relate to this portfolio include digital information management and digitisation of archival and heritage material.
24. **Digital information management.** The Public Records Act 2005 provides an important regulatory framework for the creation, management and preservation of government digital information (including data). Effective digital information management and system design enables trust and confidence in government digital services. Archives NZ is developing a regulatory programme of activity so that the Chief Archivist can provide greater assurance that government information is being well managed.

## Part Two: Roles and responsibilities

### Your role as Minister for Government Digital Services

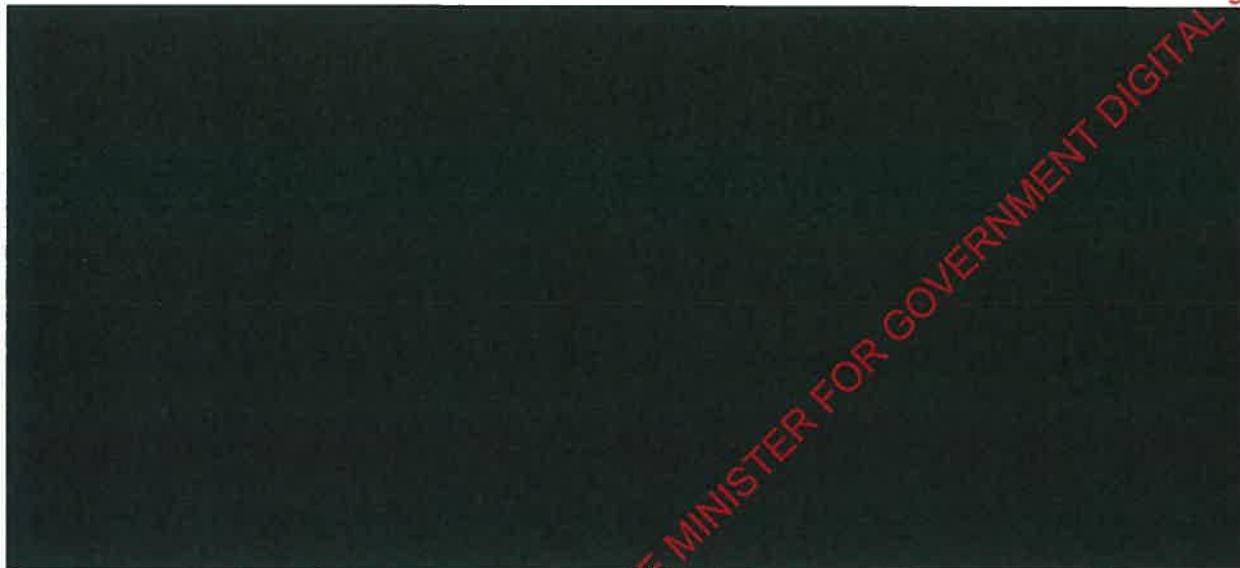
25. As Minister for Government Digital Services, you set the portfolio's scope and policy direction. We will support you to do this and will develop a work programme to deliver your priorities.
26. Under the last Government, responsibility for government digital leadership sat with the Minister of Internal Affairs. The current Government created the new Government Digital Services portfolio in November 2017. The Ministers of Internal Affairs and Government Digital Services agreed the scope of each warrant. The Minister for Government Digital Services is responsible for setting the strategy and direction for digital service delivery. The Minister of Internal Affairs retained responsibility for the policy and delivery of the Department's services to citizens, including those using digital technology as a significant delivery channel, such as the integrated services around life events and the RealMe online identification verification system.
27. As Minister for Government Digital Services, you will lead government policy in a number of areas that overlap several other Ministerial portfolios. A notable example is the close relationship between digital and data policy. The Minister of Statistics oversees the stewardship of data across government. He and the previous Minister for Government Digital Services agreed recently that there was merit in convening regular meetings between those Ministers with direct interests in digital and data policy in order to coordinate priorities across government.

## The Department's roles in supporting you

### The Government Chief Digital Officer (GCDO)

29. The acting Chief Executive of the Department currently holds the position of GCDO. The GCDO role has evolved since its initial establishment as the Government Chief Information Officer in 2012. Back then the focus was primarily on ICT investment, infrastructure and procurement, developing government capability in ICT, and overseeing assurance on significant ICT investment across the public service. This has built a strong foundation for digital government, and has achieved sustainable annual savings of more than \$107 million.
30. To ensure future success, the GCDO needs to work in a more flexible and direct way across the entire government system, not just the core public service. This is necessary to provide leadership and coordination to deal with complex issues, set the right incentives and help deliver shared outcomes across government.
31. In response to this, in 2017 the GCDO mandate was increased by the State Services Commissioner to drive digital government transformation through a networked governance model. The mandate includes the ability to create centres of excellence and use strategic insights and policy to drive the digital agenda.
32. The networked governance model is part of functional leadership – a leadership role that spans the whole of the state services. The GCDO is one of four functional leaders in the public service (Digital, Data, Procurement and Property) that hold specific cross-government roles delegated by the State Services Commissioner. There are also other relevant system leads, including the Chief Archivist and Government Chief Privacy Officer (GCPO), both of whom are based in the Department. The GDPO role forms part of the GCDO's mandate. A key part of this approach is that transformation must be centrally led, but collaboratively delivered.

33. As a functional lead, the GCDO, with the Government Chief Data Steward<sup>1</sup>, chairs the Digital Government Leadership Group. This group of 10 Chief Executives has collective responsibility for implementing digital transformation of the public service. The Digital Government Leadership Group has oversight of the Digital Government Partnership of more than 70 senior leaders from 21 agencies. This ‘horizontal’, cross-system leadership is a fundamental building block for progressing digital government initiatives.



RELEASED BY THE MINISTER FOR GOVERNMENT DIGITAL SERVICES

---

<sup>1</sup> The Government Chief Data Steward is the Chief Executive of Statistics New Zealand and the Chief Statistician. This role treats data as a system asset to help achieve better outcomes for New Zealanders, while maintaining and enhancing trust and confidence.

## Funding the Government Digital Services portfolio

36. The GDS portfolio is allocated funding of \$49.8 million. This is appropriated as follows:

Appropriation	\$m
Publishing Civic Information	0.896
Cross-Government ICT Strategy and Planning, Service Delivery and Investment Proposals	25.843
Government Chief Privacy Officer	1.200
Government Information and Technology Services	21.848
<b>Total</b>	<b>49.787</b>

37. The Appropriation Minister for the above funding is the Minister of Internal Affairs. The Department is working with the Treasury to transfer the appropriation responsibility to you as Minister for Government Digital Services as part of the October 2018 Baseline Update.

38. [REDACTED]

Cabinet addressed this shortfall in June 2018 by approving a \$2.9 million increase for 2018/19 only to the GCDO's appropriation (through Vote Internal Affairs) to enable scaled delivery of government priorities around digital rights, digital inclusion, procurement and a limited functional lead mandate through to the end of the current financial year.

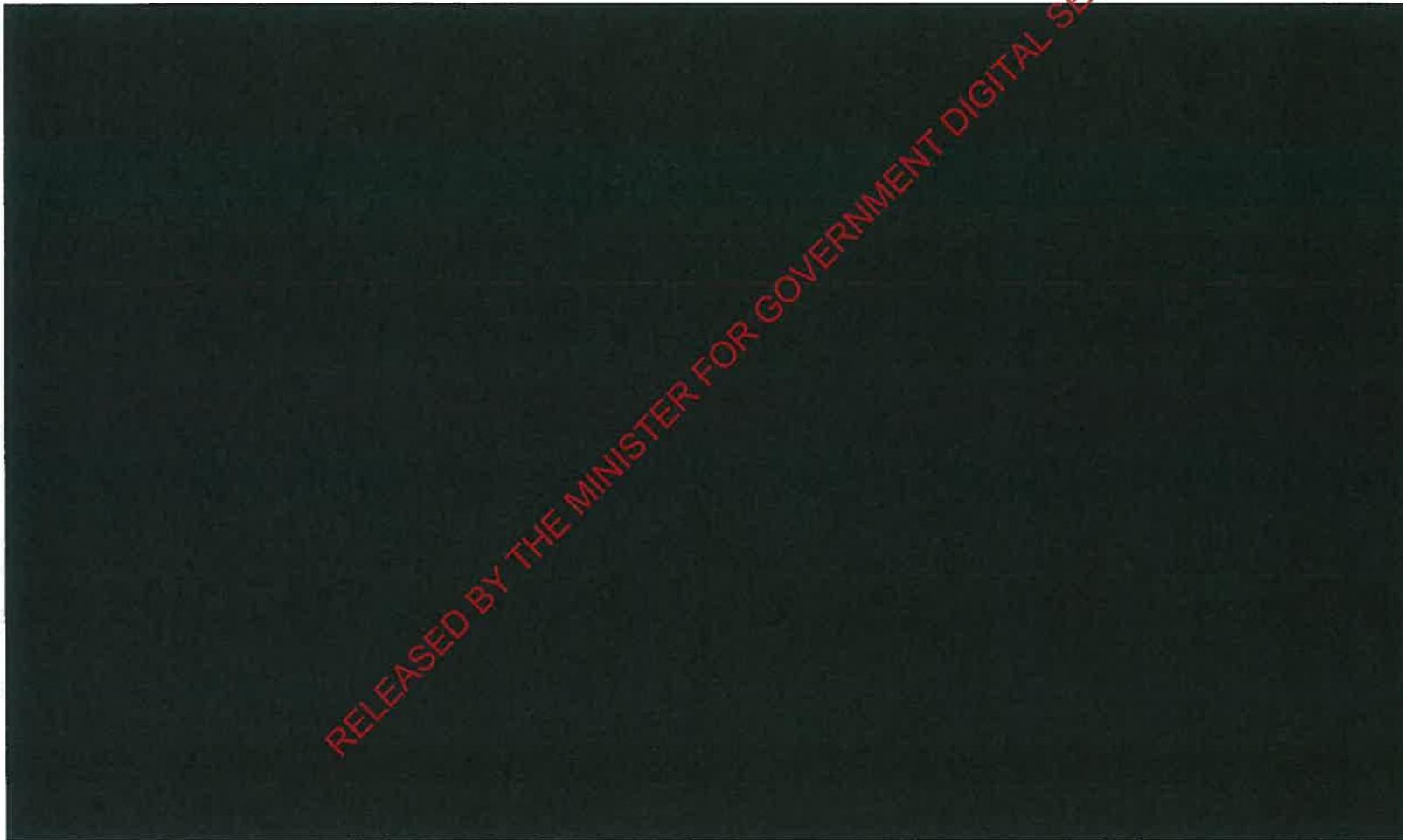
39. A second Budget 2018 bid for [REDACTED] received partial funding of \$4.4 million per annum for the Chief Technology Officer (CTO) and Ministerial Advisory Groups (MAGs). This is non-discretionary funding that is essential for the establishment and operation of the CTO and MAGs, and four agencies are working together to support these functions – the Department, Ministry of Business Innovation and Employment, Stats NZ and State Services Commission.
- [REDACTED]
- [REDACTED]

41. In 2017, the Digital Government Leadership Group collectively contributed \$5 million to establish the Digital Government Partnership Innovation Fund to support digital and data innovation across the system. This was achieved by committing to use end-of year underspends. The Digital Government Leadership Group agreed to maintain the Fund into 2018/19 up to a level of \$10 million to expand support for digital innovation across the State system. All government agencies can apply to the \$10 million Fund to support their digitally-enabled innovation. The Digital Government Leadership Group has final approval for the allocation of this funding and is expected to report quarterly to the Minister for Government Digital Services on the decisions that it makes.

RELEASED BY THE MINISTER FOR GOVERNMENT DIGITAL SERVICES

## Part Three: Briefings and Cabinet papers

42. The following table is a list of briefings relevant to your portfolio that, subject to your approval, we will provide you in the coming weeks. We will work with your office on the delivery of these briefings.



IN CONFIDENCE

RELEASED BY THE MINISTER FOR GOVERNMENT DIGITAL SERVICES

43. The following table briefly summarises forthcoming Cabinet papers of relevance to the Government Digital Services portfolio.

Date at Cabinet Committee	Title	Detail

RELEASED BY THE MINISTER FOR GOVERNMENT DIGITAL SERVICES

## Appendix A: Key contacts in the Department of Internal Affairs

### Chief Executive of Internal Affairs

**Peter Murray**

Chief Executive (Acting)  
Secretary for Internal Affairs  
Secretary for Local Government  
Government Chief Digital Officer  
04 495 9396  
[REDACTED]

*Paul James will assume the role of Chief Executive from 1 October 2018*

### Service and System Transformation

**Tim Occleshaw**

Deputy Chief Executive  
Deputy Government Chief Digital Officer  
04 495 9330  
[REDACTED]

RELEASED BY THE MINISTER FOR GOVERNMENT DIGITAL SERVICES

# Government Digital Services briefing

Hon Chris Hipkins  
Minister of State Services

**Title:** Update on Chief Technology Officer appointment process

**Date:** 7 September 2018

Key issues	<ul style="list-style-type: none"><li>The Department of Internal Affairs (DIA) has received a draft independent assessment of the proposed conflicts of interest and mitigation plan for the Chief Technology Officer appointment from Grant Thornton.</li><li>The report has assessed all the preferred candidate's responses including the additional conflict declarations sought from him in the past week.</li><li>The report says that the approach taken to manage conflicts is appropriate but indicates that further work and more information will be needed.</li></ul>
Action sought	<p>Discuss the contents of this briefing with DIA officials</p>

Contact for telephone discussions (if required)

Name	Position	Direct phone line	After hours phone	Suggested 1 <sup>st</sup> contact
Peter Murray	Acting Chief Executive	[REDACTED] [REDACTED]	[REDACTED]	✓
Helen Jamison	General Manager, Strategic Relationships and Advice	[REDACTED]	[REDACTED]	
Return to	Amy White, Department of Internal Affairs, 45 Pipitea St, 9 <sup>th</sup> floor			
Cohesion reference				
Ministerial database reference	GDS201800348			

**We have received a draft assessment of conflict of interest disclosures for the CTO candidate...**

1. The Department of Internal Affairs (DIA) has received a draft independent assessment of the proposed conflicts of interest and mitigation plan for the preferred candidate for Chief Technology Officer.
2. The report from Grant Thornton has assessed all the preferred candidate's responses including the additional conflict declarations sought from him in the past week.

**...and further work is now needed**

3. The report says that the approach taken to manage conflicts is appropriate.
4. However, it advises that more work is needed to further understand the nature of the candidate's relationships and potential conflicts, and to develop a more detailed mitigation plan. This will include seeking more information from him about his interests and how they might be managed, including potential divestment.
5. We anticipate this work will take at least a week to complete.
6. Considering the content of the report, our initial assessment is that this role will require a more intensive, proactive management plan that could be difficult to maintain in a dynamic environment.

**Recommendation**

7. We recommend that you:
  - a) discuss the government's level of risk tolerance in light of the work *Yes/No*



Peter Murray  
Acting Chief Executive, Department of Internal Affairs



Hon Chris Hipkins  
Minister of State Services  
10/9/18



# Government Digital Services briefing

**Hon Dr Megan Woods**  
**Minister for Government Digital Services**

**Title:** **Role of the Government Chief Digital Officer**

**Date:** 7 September 2018

## Key issues

The Government Chief Digital Officer (GCDO) is the government functional leader for digital, responsible for driving digital government transformation. The GCDO takes an enabling and collaborative approach, working with chief executives and other functional leaders on shared system outcomes. This approach can be described as “centrally led, collaboratively delivered”. The future priorities of the GCDO include:

- improving investment in digital across the State Sector and responding to the opportunities presented by the ongoing programme of State Sector Reform.

## Action sought

Note the contents of this briefing

Discuss with officials the strategic opportunity presented by the GCDO to deliver your priorities for the Government Digital Services portfolio

## Contact for telephone discussions (if required)

Name	Position	Direct phone line	After hours phone	Suggested 1 <sup>st</sup> contact
Peter Murray	Government Chief Digital Officer (Acting)	04 474 3070	■	✓
Tim Occleshaw	Deputy Government Chief Digital Officer	04 495 9330	■	

Return to

Level 11, 45 Pipitea St

EEU23W3HNHT-857784130-567

Ministerial database reference

GDS201800310

## Purpose

1. This briefing introduces you to Government Chief Digital Officer (GCDO) role, and the digital government system. It describes:
  - 1.1 the role of the GCDO,
  - 1.2 how the GCDO fits in the State Sector functional leadership model, and
  - 1.3 the future priorities for the GCDO.

## What does the GCDO do?

2. The GCDO is the functional leader, appointed by the Head of State Services, responsible for government's digital transformation. The GCDO's role is to drive digital transformation across government through enabling and fostering collaboration, taking into account the potential value of digital transformation and the impact on government, businesses and New Zealanders. The GCDO also provides assurance and privacy expertise, across the State Sector agencies within its mandate, to maintain New Zealanders' trust and confidence. A well-functioning and resourced GCDO is crucial for delivering safe and secure digital services for New Zealanders and using digital technologies to advance government priorities.
3. The GCDO does this by working closely with the Digital Government Partnership (DGP) – a group of government chief executives, supported by subject matter workgroups. The GCDO's approach to digital transformation can be described as “centrally led, collaboratively delivered” – while the GCDO leads the direction of digital transformation within the State Sector, it is the agencies that are responsible for delivering collective outcomes. The GCDO's powers, scope and mandate are derived from the expectations set out by the Head of State Services and from a series of Cabinet decisions, known collectively as the “GCDO Cabinet mandates”<sup>1</sup>.
4. The mandate of the GCDO was initially applied to all public and non-public service departments, and in 2014 was extended to include the Accident Compensation Corporation, Earthquake Commission, Housing New Zealand, New Zealand Transport Authority, New Zealand Trade and Enterprise, New Zealand Qualifications Authority, Tertiary Education Commission and District Health Boards. This extension of mandate was not funded, and has therefore not been implemented.
5. The GCDO also oversees seventeen common capability services, a suite of ICT infrastructure and utility services including Infrastructure-as-a-Service, Telecommunications, Desktop computing and others. These common capabilities are available widely across the State sector, and while not mandatory, are consumed by more than 200 organisations. Consuming agencies pay the GCDO a nominal charge of around 1% toward our costs. These capabilities are provided by a mix of local (74%) and international (26%) suppliers.
6. The GCDO's scope can therefore be considered in three ways:
  - 6.1 Thirty five public service and non-public service departments with whom we work directly

---

<sup>1</sup> For a list of and links to Cabinet papers and Minutes relating to the historical development of functional leadership and the functions of the GCDO please refer to <http://www.ssc.govt.nz/bps-cab-papers-minutes>

- 6.2 Twenty seven additional Crown agents with whom we work in a very limited manner, for example we work with DHBs through the Ministry of Health.
- 6.3 All State sector organisations who wish to consume government common capability services.

7. More information on the role of the GCDO, the digital government system, and the GCDO's leadership is attached as **Appendix A**.

### **What is functional leadership?**

8. Functional leadership roles are delegated to specific chief executives by the State Services Commissioner. Functional leadership is defined as “leadership aimed at securing economies or efficiencies across departments, improving services or service delivery, developing expertise and capability across the public service, and ensuring business continuity” [CAB Min (12) 16/10].
9. The current functional leads are the Government Chief Data Steward (Liz MacPherson, chief executive, Stats NZ), the Procurement and Property functional lead (Carolyn Tremain, chief executive, Ministry of Business, Innovation and Employment), Government Health and Safety lead (Vincent Arbuckle, Deputy chief executive, Department of Corrections) and the GCDO.

### ***Historical context for establishing a digital functional leader***

10. On 1 October 2012, Cabinet agreed that a Government Chief Information Officer (GCEO) would assume the role of functional leader of government ICT. The GCEO role was primarily focussed on managing and improving ICT investment and organisational capability. The digital transformation overseen by the GCEO focussed on operational activities such as the adoption of common ICT capabilities by the State Sector, assurance of State Sector ICT, lifting agencies' ICT capability, maintaining privacy and public trust in government agencies.
11. Through the work of the GCEO significant strides were made in how the State Sector consumed and used ICT services. The adoption of common capabilities has resulted in sustainable costs savings of \$107m per annum across the State Sector. Moving to using ICT “as a service”, rather than individual agencies procuring ICT as hardware and purchased software, has resulted in more agile and responsive practices across the State Sector, allowing it to respond to changing technological needs and preferences of New Zealanders.
12. Over time, there was an emerging need to build on this success and provide greater State Sector leadership in digital. Examples include the development and design of customer-centric services, making it easier for government agencies to work together, and achieve collective outcomes through digital. In July 2017, the State Services Commissioner changed the responsibilities of the GCEO. The role was expanded to drive digital transformation across government, and renamed as the Government Chief Digital Officer. This is to acknowledge that digital means more than improving ICT systems and processes. It means doing things differently in an increasingly connected world using new mind-sets, skillsets, technologies and data to benefit the New Zealand people, government and the economy. This expanded GCDO role maintains the mandates of the GCEO, but emphasises the transformative potential of digital technologies, and positioning government to be more responsive in a changing digital world.

13. We are building from a strong base. Overall, our public service is highly trusted and in the digital environment we are recognised as a global leader<sup>2</sup>. New Zealand continues to perform well in international reports. We are a founding member of the Digital 7, a network of the world's most advanced digital nations. We need to build on what we have done to keep up with the pace of change and make this vision a reality.
14. We are taking a world leading approach where services are created around key events in people's lives by integrating services and information so they are easily accessible. We already have great examples of this (such as SmartStart) and we need to pick up the pace and deliver more of them as a way to improve services and build greater agility and responsiveness into the public service.

### **How the GCDO works with functional and system leaders**

15. The GCDO works across the government system with key agencies and system leaders to advance digital transformation, innovation and key priorities. These include the Government Chief Data Steward (GCDS), the Chief Technology Officer (CTO) upon appointment, the Social Investment Agency, Callaghan Innovation and the Head of State Services.

### **Working with the GCDS as digital and data functional leads**

16. The GCDO works closely with the GCDS on digital government transformation in the State Sector. The GCDO and GCDS work together on issues such as open data and information, governance, and transparent and ethical use of data. The GCDO and the GCDS also co-chair the Digital Government Partnership to ensure alignment in the areas of digital and data across the State Sector.

### **Working with the Chief Technology Officer**

17. It is anticipated that should a CTO be appointed the GCDO will work closely to provide State Sector input and response to a Digital Strategy for New Zealand. This would include playing a connecting and enabling role in the CTO's engagement with other State Sector leaders.

### **Supporting the ethical use of data and analytics in the social sector**

18. The Social Investment Agency uses innovative data and information insights to create analytics for the social system. It leads the social system in building trust and social license for ethical use of data and analytics through a collaborative approach with key government agencies. This is a key connection with the data and ethics work led by the GCDS and the GCDO.

### **Collaborating on digital innovation**

19. You have asked about the GCDO's relationship with Callaghan Innovation. This relationship has been a recent and emerging area, but there are already close

---

<sup>2</sup> These include the Fletcher Business School at Tufts University's Digital Evolution Index, which has identified New Zealand as a stand-out nation. The World Economic Forum's Networked Readiness Index ranked New Zealand third for having a political and regulatory environment that supports ICT innovation. The University of Oxford's Blavatnik School of Government's International Civil Service Effectiveness Index ranked New Zealand second.

connections particularly in the areas of digital identity, service delivery and boosting innovation and entrepreneurship in the tech sector.

### ***Working with the Head of State Services on State Sector Reform***

20. The Head of State Services and the SSC have been leading work on State Sector reform and the review of the State Sector Act. On 4 September 2018, the Minister for State Services launched a public consultation seeking input on significant State Sector reform proposals. The State Sector reform proposals support our vision for a collaborative, adaptive and agile GCDO leading digital transformation and reducing fragmentation across the State Sector.
21. The discussion document contains proposals to build a more collective, system-oriented view at the levels of senior leadership. To achieve system-wide results and benefits, senior leaders must actively plan and manage people and resources over the medium and long term.
22. Specifically, it is proposed that functional and professional leads are provided for and defined in legislation. This is to formally recognise the role of functional and professional leads<sup>3</sup> and maximise the collective benefit to the State Sector of their work, leading to system-wide benefits in terms of efficiencies improving services and service delivery, and developing expertise, capability and continuity.

### ***Future priorities of the GCDO***

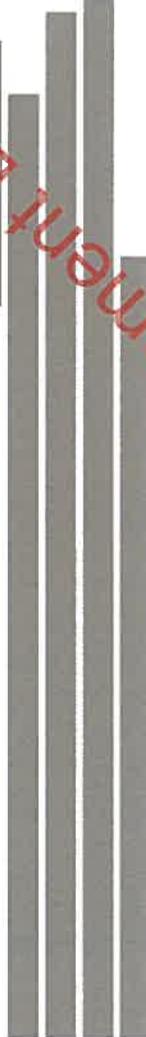
23. The functional leadership of the GCDO, together with other system leaders, represents a fundamental building block for digital government transformation. However, to ensure success for the New Zealand public in a digital age, the GCDO needs to have the flexibility to operate in different, agile and experimental ways. The GCDO will need to act with speed and deal with the complexity of change that we are seeing globally. The GCDO will need to work across its entire mandate, providing leadership and coordination to deal with complex issues, setting the right incentives and enabling agencies to deliver shared outcomes.
24. It was agreed between the previous Minister for Government Digital Services and the Prime Minister that the GCDO undertake the following specific priorities:
  - the establishment and support of a Digital Economy and Digital Inclusion Ministerial Advisory Group
  - the establishment and support for a Chief Technology Officer
  - achieving digital inclusion for all citizens
  - strengthening New Zealanders' digital rights
  - transforming procurement across government to make it fairer and more accessible to small and medium New Zealand companies.
25. There are also wider opportunities for the GCDO to work alongside the Government's wider priorities that take advantage of the following digital foundations. These include:

---

<sup>3</sup> Professional leads are responsible for developing the capability of core professional groups on which the public service depends: Legal, Policy, Communications, Human Resources and Finance.

- Providing safe and secure digital services for New Zealanders
- Advancing a collective vision to enable all New Zealanders to thrive in a digital world - using government's expenditure on digital and data for sustainable growth and an inclusive, equitable society
- Ensuring New Zealanders' human rights are recognised in a digital age - such as ethical use of algorithms, children are free from cyber-bullying or technologies such as facial recognition software are used appropriately.
- The State sector needs to work differently due to the scope and pace of change driven by technology. This includes collaborating to reduce fragmentation, using new tools and ways of working to maximise value and put the New Zealand public at the heart of what we do.

26. To successfully drive digital transformation across government for New Zealanders, the GCDO will need to act more strategically, working with other functional leaders to ensure collective benefits across the government system.



#### *Enhancing the value proposition of the GCDO*

- 27. Through working with the Digital Government Partnership, the role of the GCDO is relatively well understood among the key agencies working in digital government transformation. However in the wider State Sector there is variable understanding of the role, responsibility and value that the GCDO brings to digital government. Further, the GCDO is currently delivering a limited mandate due to cost pressures, and is prioritising resources to ensure the most critical aspects of the mandate are delivered.
- 28. The State Sector Reform programme, led by Head of State Services, underscores the need for a collaborative, cohesive and collective view of digital government transformation, and places additional demands on the GCDO's capability.

29.



#### *Next steps*

- 30. We are available to meet with you and have a strategic conversation about the GCDO role and how we can support your priorities in the Government Digital Services portfolio.

#### *Recommendations*

- 31. We recommend that you:
  - a) note the GCDO's role is to drive digital transformation across government, taking into account the impact on government, businesses and New Zealanders.

- b) discuss the role and priorities of the GCDO in a strategic conversation with officials, if you wish.

Yes/No



Tim Occleshaw  
Deputy Government Chief Digital Officer

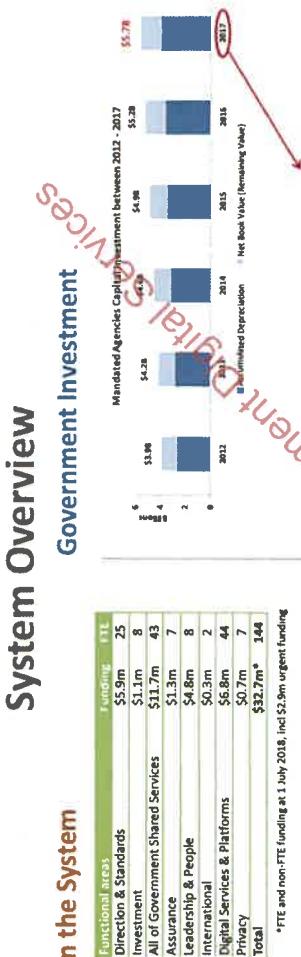
Hon Dr Megan Woods  
Minister for Government Digital Services

/

## Appendix A: GCDO system overview and mandate

# System Overview

## GCDO's Place in the System



### GCDO mandated and funded:

- 35 core public sector agencies
- 62 Agencies (ACC, EQC, HNZC, NZTA, NZTE, NZQA, TEC and DHBs)
- Wider state sector (including local government): Over 300 agencies and 2500 schools. Not GCDO mandated or additionally funded, but GCDO products and services are consumed by more than 200 State sector organisations.

### GCDO mandate extended but no additional funding:

- 62 Agencies (ACC, EQC, HNZC, NZTA, NZTE, NZQA, TEC and DHBs)

Over 300 agencies and 2500 schools. Not GCDO mandated or additionally funded, but GCDO products and services are consumed by more than 200 State sector organisations.

## A Selection of GCDO Achievements

### Savings

We have delivered 210 government savings to government agencies, including 40 government departments, agencies, and other entities. This has been achieved through the implementation of shared services and the rationalisation of services across government.

We have delivered over \$1 billion in savings to government agencies, including 40 government departments, agencies, and other entities. This has been achieved through the implementation of shared services and the rationalisation of services across government.

### Shared Services

We have delivered 12 shared services, including electronic environments, platforms, and other shared services. These services are used by 14 government departments, agencies, and other entities.

Over 200 agencies have adopted a range of \$12 million per annum shared services, which includes 100 agencies using a single platform to manage their financial and HR systems.

### Increased Privacy Maturity

Agencies have become more privacy aware and matured in their approach. They have implemented privacy programmes which include staff training and awareness of all issues.

Their focus has shifted to better information management, generally better risk management and reporting, and privacy risk management.

Agencies have demonstrated a willingness to learn from privacy incidents and implement improvements as a result.

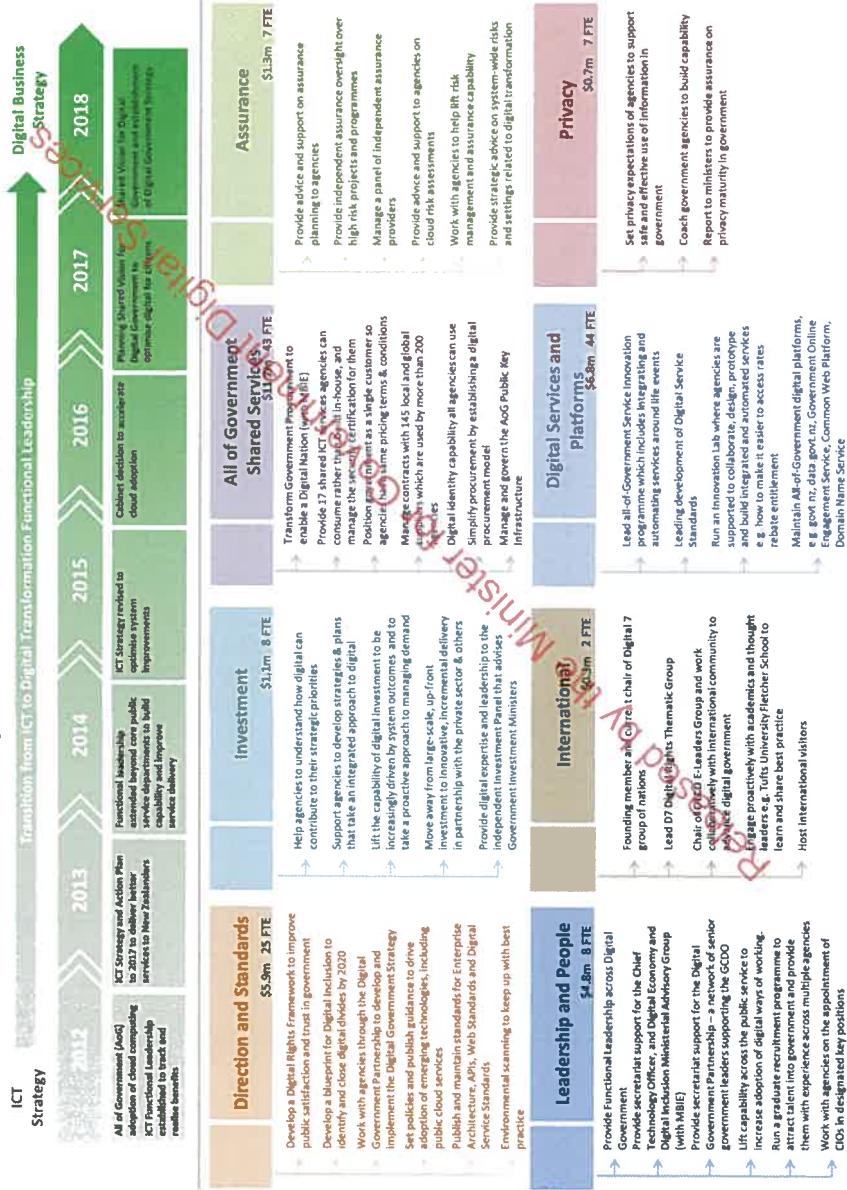
### Service Innovation

We have successfully established the centre of innovation lab to support collaboration, alignment, prototyping of integrated and automated services. One year ago we released SmartStart, the first industry-led product from the lab. SmartStart delivers automation and integrated services to patients living with diabetes and has attracted over 170,000 patients, involving almost 8,000 iSD clients to access additional financial assistance.

Page 8 of 10

IN-CONFIDENCE

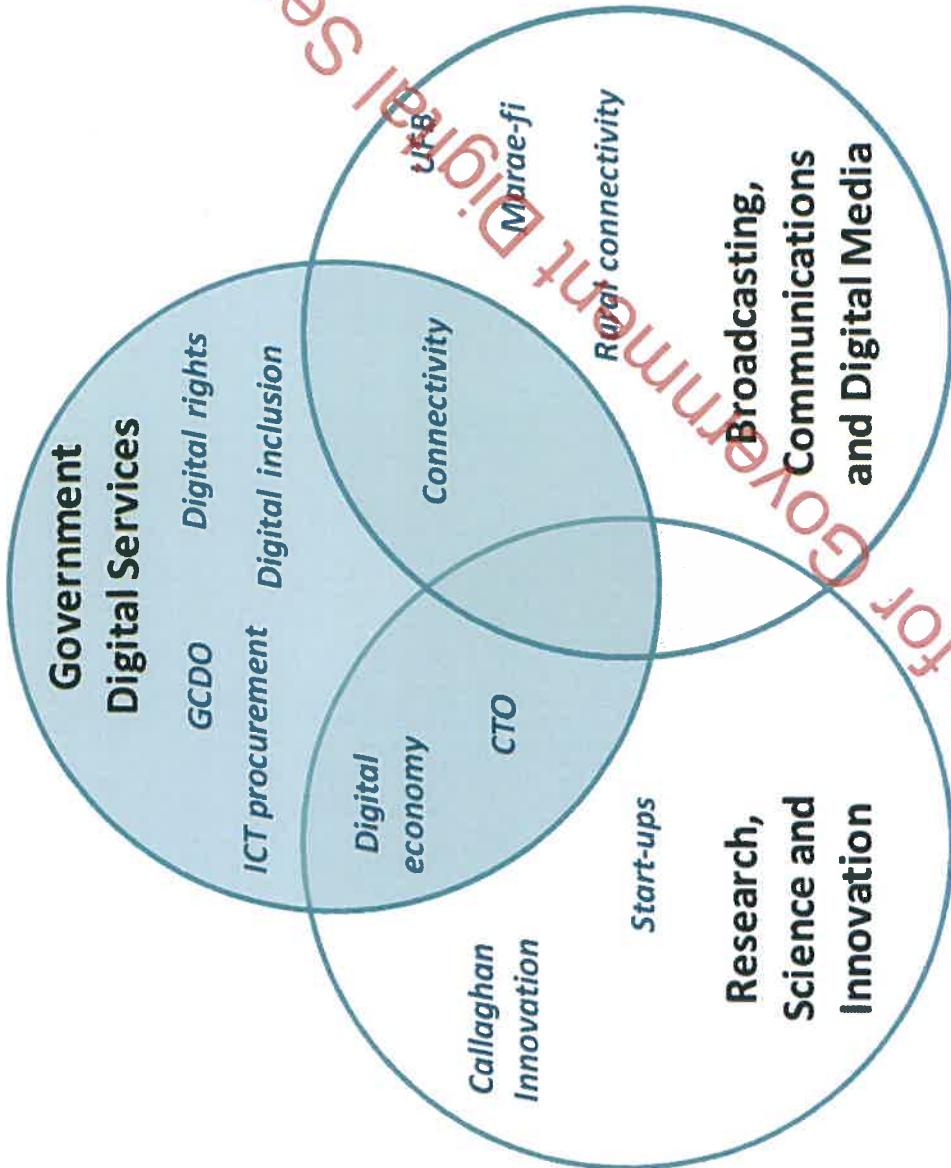
## GCDO Leadership: Centrally-led, collaboratively delivered



IN-CONFIDENCE

Page 9 of 10

**Appendix B: Introduction to connections between digital-related Ministerial portfolios**



*Note: this diagram indicates connections between areas covered by the digital Ministerial portfolios. We also have critical connections with data-related portfolios such as Statistics.*

# Internal Affairs briefing

**Hon Chris Hipkins**  
**Minister of State Services**

**Copy to:** Hon Dr Megan Woods  
 Minister for Government Digital Services

**Title:** **Chief Technology Officer – delegation for settlement**

**Date:** 12 September 2018

## Key issues

The previous Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services entered negotiations with Mr Handley for the role of Chief Technology Officer. We understand that you, the Prime Minister, and the recently appointed Minister for Government Digital Services have decided to stop the process for the appointment of CTO. This briefing advises that the Government enter into a settlement with Mr Handley.

Action sought	Timeframe
Agree that if the Prime Minister, the new Minister for Government Digital Services, and you decide to stop the appointment process for the Chief Technology Officer, then you delegate the authority to enter into a settlement with Mr Handley to the Department of Internal Affairs.	12 September 2018

## Contact for telephone discussions (if required)

Name	Position	Direct phone line	After hours phone	Suggested 1 <sup>st</sup> contact
Peter Murray	Acting Chief Executive			✓
Helen Jamison	General Manager, Strategic Relationships and Advice			
Return to Cohesion reference Ministerial database reference	Hiranthi Abeygoonesekera, Chief Legal Advisor to be inserted GDS201800355			

## Purpose

1. The purpose of this briefing is to advise you on the requirements to delegate authority to the Chief Executive of the Department of Internal Affairs to enter into a settlement with Mr Handley in relation to negotiations for the role of Chief Technology Officer.

## Background

2. In early – mid 2018, Minister Curran, the then Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services had commenced the current process to appoint a Chief Technology Officer (CTO). As part of the process, the Minister entered into subsequent negotiations with Mr Handley for the appointment into this role [GDS201800354, dated 12 September 2018, refers].
3. On 20 August 2018, the Cabinet Appointments and Honours Committee (APH) noted the Minister’s intention to appoint Derek Handley as the CTO, subject to the successful resolution of conflicts of interest issues [CAB-18-MIN-0398-01].
4. With Minister Curran’s recent resignation, we understand that you (as the delegated appointing Minister), in conjunction with the Prime Minister, and Minister Woods, as the recently appointed Minister for Government Digital Services, have decided to step back to rethink the role and the best way to drive a forward-looking digital agenda for New Zealand. This includes considering whether to stop the process for the appointment of the CTO.

## Settlement process

5. In the event that the Prime Minister, Minister Woods, and you agree to stop the appointment process, then it is recommended that the Government enter into a settlement with Mr Handley.
6. If you wish to delegate the role of entering into a settlement with Mr Handley to the Department of Internal Affairs, then Cabinet Office Circular CO(18) 2 *Proposals with Financial Implications and Financial Authorities* (CO(18)2) provides for the delegated authority to the Chief Executive. It provides authority to enter into a settlement of up to \$150,000 (paragraph 70).
7. It is recommended that the settlement is for no more than \$100,000 plus a further \$7,500 for set-up costs.

## Recommendations

8. It is recommended that you:

1. note that the previous Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services entered negotiations with Mr Derek Handley for the role of Chief Technology Officer;
2. note the Department’s understanding that the Prime Minister, the Minister for Government Digital Services and you wish to step back to rethink the role and the best way to drive a forward-looking digital agenda for New Zealand;

3. agree that the Government enter into a settlement with Mr Handley;  yes  no
4. note that Cabinet Office Circular CO(18) 2 provides for the delegation of settlements to Chief Executives for up to \$150,000.
5. agree to delegate the authority to enter into a settlement with Mr Handley to the Chief Executive of the Department of Internal Affairs.  yes  no
6. note that the recommended settlement is for no more than \$100,000 plus a further \$7,500 for set-up costs  yes  no

*Peter Murray*

Peter Murray  
Acting Chief Executive  
Department of Internal Affairs

*Chris Hipkins*

Hon Chris Hipkins  
Minister of State Services  
12/9/18

## Chief Technology Officer options

### Context for the role

The rise of disruptive digital technologies presents New Zealand with an array of challenges and opportunities that require a collective response from government. Government needs a way to join up to maximise the potential gains of digital technology – including the aim to grow the ICT sector into the second largest contributor to GDP by 2025 – and to manage the potential impacts, including workforce disruption.

Early work around a Chief Technology Officer for New Zealand was undertaken in 2017 in response to calls from industry and from the Prime Minister's then Chief Science Advisor, Sir Peter Gluckman. It was also mentioned in Labour's Future of Work Report.

These initiatives are all based on the idea that technology is evolving and disrupting at such a pace that government needs to be far more agile and proactive in how it responds, and in how it supports New Zealand to respond.

As approved by Cabinet in late 2017, the Chief Technology Officer role was scoped to lead out this cross-government response, to galvanise New Zealanders about the role of digital technology in their lives, and to develop a digital strategy for New Zealand.

### You have options about the shape the role can take

Our advice is that it is timely to rethink the role's scope and consider alternative ways of achieving the objectives/aims of the role. The potential options could be standalone alternatives or utilised in various combinations.

The options include:

- A **ministerial committee** could be created to advise government on digital issues, possibly alongside the Prime Minister's Business Advisory Council. This would also look at existing committees/groups in existence to ensure alignment and avoid duplication.
- **Alignment with the PM's Chief Science Advisor.** There is potential to augment the roles within the team supporting the Chief Science Advisor to introduce a specific focus on digital technologies and opportunities.
- A **Secondary Futures model** in which "guardians" of different backgrounds shape a national conversation about technology and digital transformation. Secondary Futures was formed by then-Education Minister Trevor Mallard to look at the future of schooling. It appointed four "guardians" – New Zealanders of different backgrounds – who could lead that conversation. This aligns with the view of the CTO as a galvanising role operating on a national stage.
- There may be an option to consider a **public / private partnership**. For example the Strategic Insights Panel approached the previous Minister of Government Digital Services in December 2017 to advise they had secured partial funding for an office of the CTO that could be jointly established by public / private partnership..

- **Formation of a digital agency** would support delivery of appropriate policy / strategic responses to the changes we anticipate from technology. This agency could also be tasked with stewardship of digital policy, ensuring there is a future focus to the work – i.e. that it is not just responding in an ad-hoc way to digital shocks. This would need resource and mandate and could be led by the Government Chief Digital Officer as a chief executive. It could support the work of any public-private partnership.
- **Reshape the scope of a sole CTO role**, reducing the current broad scope to focus on a national digital architecture.
- **Reshape the current Digital Economy and Digital Inclusion Ministerial Advisory Group** to support engagement around digital transformation issues. This group also could provide direct support to a CTO function.
- **Engagement around a new role** could be led out by a cross-government officials group – such as the current Digital Government Leadership Group of Public Service chief executives - led by the Government Chief Digital Officer. The group could report back to the Minister of Government Digital Services and the newly formed Ministers grouping that is also focused on these issues. Engagement could include private sector and non-government interests, again led out by the GDCO.

### **How the CTO relates to the Government Chief Digital Officer and wider public sector**

The GCDO and CTO were envisaged as complementary roles that would work together to drive and embed New Zealand's digital future.

At a high level, the CTO was to play a lead role in developing a digital strategy for New Zealand with a broad mandate to serve as a challenge to, and advisor for, the New Zealand government.

As system leader for digital government, the GCDO is responsible for digital transformation across government agencies, including a digital strategy for government. This strategy was envisioned to sit within the national strategy to be set out by the CTO.

In addition there are clear intersections with other parts of government, including Callaghan Innovation, Government Chief Data Steward, Economic Development, Education, and the Prime Minister's Chief Science Advisor.

# Government Digital Services briefing

**Hon Chris Hipkins**  
**Minister of State Services**

**Copy to:** Hon Dr Megan Woods  
 Minister for Government Digital Services

**Title:** Chief Technology Officer – next steps

**Date:** 12 September 2018

## Key issues

The previous Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services entered negotiations with Mr Handley for the role of Chief Technology Officer. We understand that you, the Prime Minister, and the recently appointed Minister for Government Digital Services have stopped the process for the appointment of CTO.

Action sought	Timeframe
<b>Note</b> that the previous Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services entered negotiations with Mr Derek Handley for the role of Chief Technology Officer.	12 September 2018
Agree that if the Prime Minister, the new Minister for Government Digital Services, and you decide to stop the appointment process then you confirm this decision in writing, and take an oral item to Cabinet.	

## Contact for telephone discussions (if required)

Name	Position	Direct phone line	After hours phone	Suggested 1 <sup>st</sup> contact
Peter Murray	Acting Chief Executive			✓
Helen Jamison	General Manager, Strategic Relationships and Advice			
Return to	Hiranthi Abeygoonesekera, Chief Legal Advisor			
Cohesion reference	to be included			
Ministerial database reference	GDS20180354			

## Purpose

1. The purpose of this briefing is to advise you of the next steps following a decision to stop the appointment of the Chief Technology Officer.

## Background

2. In early – mid 2018, Minister Curran, the then Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services had commenced the current process to appoint a Chief Technology Officer (CTO). As part of the process, the Minister entered discussions with Mr Derek Handley about his appointment to the role, and subsequent negotiations were undertaken with Mr Handley to conclude contractual obligations.
3. On 20 August 2018, the Cabinet Appointments and Honours Committee (APH) noted that the Minister of Broadcasting, Communications and Digital Media and the Minister for Government Digital Services intended to appoint Derek Handley as the CTO, subject to the successful resolution of conflicts of interest issues. The appointment would be for an initial term of one year commencing on the date of appointment, with an option to reappoint on an annual basis [CAB-18-MIN-0398-01].
4. We understand that you (as the delegated appointing Minister), in conjunction with the Prime Minister, and Minister Woods, as the recently appointed Minister for Government Digital Services, have decided to step back to rethink the role and the best way to drive a forward-looking digital agenda for New Zealand. This includes considering whether to stop the process for the appointment of CTO.

## Process

5. The Department sought advice from State Services Commission (SSC) on whether the decision to stop the appointment process should be taken to APH for its consideration. SSC advised that this decision does not need to go APH for decision. This is a decision for the Prime Minister, the Minister for Government Digital Services, and you.
6. It is recommended that the Prime Minister, the Minister for Government Digital Services, and you notify Cabinet of your decision to stop the process, as you reconsider the approach to meet the challenges and opportunities for digital transformation for New Zealand. This could be an oral item.
7. This decision should be recorded in writing and it should be forwarded to the Department of Internal Affairs, for its information.

## Recommendations

8. It is recommended that you:

1. note that the previous Minister of Broadcasting, Communications and Digital Media and Minister for Government Digital Services entered negotiations with Mr Derek Handley for the role of Chief Technology Officer;
2. note that the Cabinet Appointments and Honours Committee noted the then Minister's intention to appoint Mr Handley to the role of CTO for an initial term of one

year;

3. note the Department's understanding that the Prime Minister, the Minister for Government Digital Services, and you wish to step back to rethink the role and the best way to drive a forward-looking digital agenda for New Zealand;  
 yes  no
4. agree that the Prime Minister, the Minister for Government Digital Services, and you take an oral item to Cabinet on your decision to stop the process;  
 yes  no



Peter Murray  
Acting Chief Executive  
Department of Internal Affairs



Hon Chris Hipkins  
Minister of State Services  
13/9/18