

Hon Paul Goldsmith

Minister for the Public Service and Digitising Government

A direction under the Crown Entities Act 2004 to support a whole of government approach for digital investment and procurement

Date of issue: **17 September 2026**

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Title: A direction under the Crown Entities Act 2004 to support a whole of government approach for digital investment and procurement

Author: Public Service Commission - Te Kawa Mataaho

Hon Paul Goldsmith, Minister for the Public Service and Digitising Government, and Hon Nicola Willis, are releasing this Cabinet Paper and Minute.

Explanatory Note

Included in this release are the following documents:

- Cabinet Paper – A direction under the Crown Entities Act 2004 to support a whole of government approach for digital investment and procurement
- Minute of Decision – CBC-26-MIN-0006
- Minute of Decision – CAB-26-MIN-0079



Cabinet Business Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Supporting a Whole of Government Approach for Digital Investment and Procurement: Consultation on Proposed Direction under the Crown Entities Act 2004

Portfolios **Finance / Digitising Government / Public Service**

On 16 March 2026, the Cabinet Business Committee:

- 1 **noted** that in August 2025, the Cabinet Economic Policy Committee (ECO) agreed to centralise digital investment and procurement decision making across Public Service agencies and Crown entities [ECO-25-MIN-0132];
- 2 **noted** that a direction under section 107 of the Crown Entities Act 2004 is required to give effect to the decisions for Crown entities;
- 3 **noted** that the Minister of Finance and the Minister for the Public Service intend to instruct officials to commence consultation with the Crown entities listed in Appendix One, attached to the paper under CBC-26-SUB-0006, and their monitoring agencies on the proposed text and application of the direction;
- 4 **invited** the Minister for Digitising Government and the Minister for the Public Service to report back to ECO in June 2026 on the outcome of consultation, including any requests for exemption, and seek agreement to final text and scope/coverage of the direction;
- 5 **authorised** the Minister of Finance and the Minister for the Public Service to make minor drafting changes to the draft direction prior to consultation.

Jenny Vickers
Committee Secretary

Present:

Hon David Seymour (Chair)
Rt Hon Winston Peters
Hon Chris Bishop
Hon Simeon Brown
Hon Brooke van Velden
Hon Shane Jones
Hon Paul Goldsmith
Hon Louise Upston
Hon Judith Collins KC

Officials present from:

Department of the Prime Minister and Cabinet



Cabinet

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Report of the Cabinet Business Committee: Period Ended 20 March 2026

On 23 March 2026, Cabinet made the following decisions on the work of the Cabinet Business Committee for the period ended 20 March 2026:

CBC-26-MIN-0006	Supporting a Whole of Government Approach for Digital Investment and Procurement: Consultation on Proposed Direction under the Crown Entities Act 2004 Portfolios: Finance / Digitising Government / Public Service	CONFIRMED
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out of scope



Rachel Hayward
Secretary of the Cabinet

In Confidence

Office of the Minister of Finance

Office of the Minister for Digitising Government, and for the Public Service

Cabinet Economic Policy Committee

A direction under the Crown Entities Act 2004 to support a whole of government approach for digital investment and procurement

Proposal

- 1 We are informing Cabinet of our intention to commence consultation on a proposed direction under section 107 of the Crown Entities Act 2004 (the Act). The direction would set the Government Chief Digital Officer's (GCDO) digital investment and procurement requirements for specified Crown entities.

Relation to government priorities

- 2 This paper supports the Government's priorities to get the Government's books back in order, restore fiscal discipline, strengthen the efficiency and performance of the public sector and public sector delivery, lift productivity, and drive sustainable economic growth.

Executive Summary

- 3 On 25 August 2025, Cabinet agreed to centralise digital investment and procurement decision making across public service agencies and Crown entities [CAB-25-MIN-0286 refers]. Cabinet noted that a section 107 direction (direction) under the Crown Entities Act 2004 (the Act) would be required to give effect to this for Crown entities.
- 4 This paper informs you of our intention to commence consultation on a proposed direction to apply the Government Chief Digital Officer's (GCDO) digital investment and procurement requirements to specified Crown entities (excluding School boards).
- 5 The direction will align Crown entity digital investment and procurement activity with the future direction for digital investment and procurement set by the GCDO for Public Service agencies [CAB-25-MIN-0286 and CAB-25-MIN-0476 refer].
- 6 We propose a phased approach, initially prioritising application of the direction to 23 Crown entities that meet a set of common characteristics: entity scale (including revenue), reliance on critical and complex digital systems critical to core operations, public exposure, and regulatory risk. This approach supports early progress where the greatest system benefits and cost savings can be realised, while ensuring implementation can be managed within existing baselines.
- 7 Following Cabinet consideration, consultation will begin in early April 2026, with a report back to Cabinet expected in June 2026. Feedback will inform the final coverage of the direction and the practical implications for affected entities.

Background

- 8 On 25 August 2025, Cabinet agreed to centralise digital investment and procurement decision making across public service agencies and Crown entities [CAB-25-MIN-0286 refers]. The GCDO has been working with agencies to determine the best way to achieve this. Cabinet noted that a direction under the Act would be required to give effect to this decision for Crown entities.
- 9 On 12 December 2025, Cabinet endorsed the initial Digital Government Target State developed by the GCDO and noted that agencies will be required to adhere to the Digital Investment and Digital Procurement Principles developed alongside it. Cabinet also agreed to transfer GCDO functions to the Public Service Commission in order to strengthen and support system leadership [CAB-25-MIN-0476 refers].

The proposed direction seeks to drive down the cost of digital in government and improve government digital service delivery

- 10 The proposed direction (see **Appendix One**) seeks to improve public services, and secure economies and efficiencies. It will do this by reducing duplication and supporting a smaller, simplified government digital footprint that is less expensive to maintain, and prioritises customer centric service delivery. It will also provide the GCDO and Ministers with comprehensive oversight and enable informed decision making for wider public sector digital investment and procurement.
- 11 The proposed direction will require specified Crown entities to comply with the following requirements:
 - 11.1 ensure that its procurement or use of digital products or services contributes to the Digital Government Target State, and demonstrate this through the provision of investment planning and reporting to the satisfaction of the GCDO;
 - 11.2 on request, provide relevant information (e.g., investment intentions or ICT/digital strategic plans) to the GCDO to support the GCDO to deliver its digital government leadership and oversight function;
 - 11.3 adhere to the principles for digital investment and procurement [CAB-25-MIN-0476 refers]; and
 - 11.4 consume digital products and services through the GCDO All of Government Digital Portfolio, and any new digital Common Capabilities determined by the Digital Government Target State.
- 12 In addition, entities must use procurement and delivery pathways for digital system assets (including Digital Public Infrastructure) where the GCDO has identified that a centralised approach supports the Digital Government Target State.
- 13 The direction will be reviewed five years after it has been issued but will not expire. The review will assess suitability of the direction and consider if amendments are required.

- 14 The direction is intentionally high-level. It adopts a principled approach underpinned by supporting frameworks to ensure it remains durable and adaptable in the context of fast-paced technological change. GCDO will proactively engage with Crown entities on the Digital Government Target State, Digital Investment and Procurement Principles, and related frameworks, to support them in understanding their obligations.
- 15 To safeguard the independence of Crown entities, the direction cannot impinge on the exercise of express statutorily independent functions or direct actions or decisions in relation to a particular person or persons. Consultation will explore any concerns entities may have that the proposed direction impinges their statutory independence.

Effectiveness of whole-of-government direction compared to alternatives

- 16 We consider issuing a new whole of government direction is the best way to enable centralised digital investment and procurement decision making and achieve system-wide efficiencies and interoperability.
- 17 Existing directions from 2008, relating to shared authentication services, and 2014, applying a whole of government approach to ICT, are too narrow in scope to achieve greater standardisation and coordination of government digital investment and procurement through centralised investment and procurement leadership, decision making and oversight.¹ These directions would be superseded and replaced.
- 18 Officials also considered alternative approaches (e.g., letters of expectation from Ministers to boards, or directions by responsible Ministers under section 103 of the Act). These options are unlikely to achieve the consistency necessary to meet the policy objective.
- 19 The consultation process required for a direction will support continued relationship building with Crown entities and support effective implementation

The initial direction will prioritise application to 23 Crown entities

- 20 To meet the requirements under the Act, the proposed direction must apply to a category of Crown entities, a type of statutory entity, or to a group of three or more Crown entities that share at least one significant characteristic that relates to the direction.
- 21 We considered whether the direction could be given to categories of Crown entities rather than a list of discrete entities. This would enable the direction to apply to all those entities within a category on an ongoing basis (including entities that have not yet been established). However, the higher priority entities identified are not within a 'category' or 'type'.
- 22 To give effect to the requirement, an objective framework was used to identify Crown entities that share common characteristics relevant to the digital investment and procurement direction.

¹ *All-Of-Government Shared Authentication Services* dated 21 July 2008 (18 September 2008) 141 New Zealand Gazette 3844 refers. The 2014 ICT direction superseded and replaced the 2008 direction. For avoidance of doubt, the 2008 direction continues to apply to Crown entities not covered by the 2014 direction.

- 23 Crown entities are considered ‘in scope’ where they demonstrate the following characteristics in combination, which together, determine prioritisation for initial coverage:
- 23.1 have **annual revenue above \$50 million**;
 - 23.2 operate **significant digital assets**, which may include, but are not limited to a technology platform or application that is critical to the entity’s core operations, or exhibits high technical complexity, or has strong integration with other government systems or external service ecosystems;
 - 23.3 have **high public touch points** (e.g., provide direct services to the public);
 - 23.4 operate in sectors with **high risk or regulatory scrutiny**, where failure could result in significant legal, financial, or reputation consequences.
- 24 All Crown entities were assessed against these characteristics to determine they relate to the proposed direction. This assessment identified a wider group of Crown entities demonstrating varying degrees of alignment with the significant characteristics relevant to the direction. From within this wider group, entities that demonstrated all characteristics were considered for prioritisation, with 23 Crown entities (see **Appendix One**) presenting the greatest opportunity for early system benefits. Taking a phased approach will demonstrate capability and build confidence while managing delivery risk.

Consultation on the use of a whole-of-government direction

- 25 Following Cabinet consideration, we will direct GCDO officials to undertake consultation with the relevant Crown entities and their Monitoring agencies in April 2026. We expect consultation will begin in April 2026 and run for five weeks.
- 26 In addition to meeting the statutory requirements, the consultation will cover any anticipated costs or barriers to implementing the proposed direction and gather feedback on the application of the triaging criteria and timeframes. Monitoring agencies will be consulted to ensure alignment with statutory responsibilities and sector-specific considerations.

Proposed timeframes

- 27 We intend to report back to Cabinet in June 2026 on the outcomes of consultation, including any requests for exemptions, and our intention to issue a direction (or not). If we do decide to issue a direction, we will seek agreement to the final text and scope/coverage of the direction.

Cost-of-living Implications

- 28 This proposal has no direct cost-of living implications for households. Streamlining government’s digital footprint and joining-up digital services will support New Zealanders’ ability to maintain their standard of living by making more efficient use of taxpayers’ money and driving productivity and economic growth.

Legislative implications

- 29 There are no legislative implications from the proposal to consult, or from any subsequent proposals to issue directions.

Financial Implications

- 30 There are no extraordinary costs associated with consultation. Any costs associated with consultation required by section 107 of the Act will be funded within baseline.
- 31 The costs to entities of implementing the direction will depend on the individual entity. The consultation package will ask entities about their existing capability and the financial implications associated with carrying out their obligations under the direction. Further information on any costs associated with implementing the direction will be provided as part of the report back to Cabinet.
- 32 Progress towards the GCDO's wider work programme deliverables and phased implementation plan will initially be met within existing baselines [ECO-25-MIN-0217 refers].

Impact Analysis

Regulatory Impact Statement

- 33 A regulatory impact statement is not required for the proposals in this paper.

Climate Implications of Policy Assessment

- 34 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 35 Standardising and streamlining government's technology footprint offers the opportunity to embed digital accessibility at scale. We expect Crown entities to continue providing services through other means to ensure that groups with limited access to technology can continue to access government services.

Human Rights

- 36 This paper does not have any direct implications for human rights.

Consultation

- 37 The Department consulted with the following agencies on this paper: Treasury, Public Service Commission, Ministry of Business Innovation and Employment, Ministry of Housing and Urban Development, Ministry of Transport, Ministry of Health, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Primary Industries, Ministry of Social Development, Ministry of Justice, Department of Internal Affairs, Te Puna Kokiri, Ministry of Culture and Heritage, Ministry for the Environment, Accident Compensation Corporation, Health New Zealand, Natural Hazards

Commission, Kāinga Ora, New Zealand Qualifications Authority, New Zealand Transport Agency, New Zealand Trade and Enterprise, and the Tertiary Education Commission.

38 The Department of Prime Minister and Cabinet was informed.

Communications

39 We intend to make announcements relating to the whole of government direction following Cabinet decisions on the final content and coverage of the direction in June 2026.

Proactive Release

40 We intend to proactively release this paper, subject to any redactions under the Official Information Act 1982, within 30 days of decisions being taken.

Recommendations:

The Minister of Finance and the Minister for the Public Service recommends that the Committee:

- 1 **note** that Cabinet has agreed to centralise digital investment and procurement decision making across Public Service agencies and Crown entities [CAB-25-MIN-0286 refers];
- 2 **note** that a direction under section 107 of the Crown Entities Act 2004 is required to give effect to the decisions for Crown entities;
- 3 **note** that the Minister of Finance and the Minister for the Public Service intend to instruct officials to commence consultation with the Crown entities in **Appendix One** and their monitoring agencies on the proposed text and application of the direction;
- 4 **invite** the Minister for Digitising Government and the Public Service to report back to Cabinet in June 2026 on the outcome of consultation, including any requests for exemption, and seek agreement to final text and scope/coverage of the direction; and

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- 5 **agree** that the Minister for Finance and the Minister for the Public Service may make minor drafting changes to the draft direction prior to consultation.

[authorised for lodgement]

Hon Nicola Willis

Minister of Finance

Hon Judith Collins

Minister for the Public Service

Appendix One: Draft wording of direction (for consultation)

- 1 Under section 107 of the Crown Entities Act 2004 (the Act) the Minister of Finance and the Minister for the Public Service make the following direction to any Crown entity described in **Schedule 1** (entity):

Earlier direction under s107 of the Act superseded

- 2 In relation to an entity described in **Schedule 1**, this direction supersedes and replaces the *direction regarding all-of-government shared authentication services* dated 21 July 2008 (18 September 2008) 141 New Zealand Gazette 3844.
- 3 In relation to a Crown agent described in **Schedule 1**, this direction supersedes and replaces the *direction regarding ICT functional leadership* dated 22 April 2014 (19 June 2014) 65 New Zealand Gazette 141.

Purpose of direction

- 4 This direction is about the procurement or use of digital products or services by an entity.
- 5 The direction relates to the Government's decision to promote the centralised procurement or use of digital products and services under the oversight of the GCDO.

Limits on direction

- 6 This direction does not apply if, and to the extent that, complying with the direction would contravene s 113 of the Act.

Entity must act consistently with Digital Government Target State

- 7 An entity must ensure that its procurement or use of any digital product or service contribute to achieving the Digital Government Target State.
- 8 An entity must ensure that its procurement or use of any digital product or service are consistent with the digital investment and procurement principles.

Entity must provide information to the GCDO

- 9 An entity must provide regular reports to the GCDO, at intervals or times determined by the GCDO, that describe how the entity is achieving, or planning to achieve, the directions in paragraphs (7) and (8).
- 10 An entity must provide the GCDO with information about the entity's procurement or use of a digital product or service if:
 - a. the GCDO requests the information; and
 - b. the purpose of the request is to assist the GCDO to carry out its functions.

Entity must use certain pathways, products and services

- 11 If the GCDO makes a determination under paragraph (14) in respect of any digital procurement or delivery pathway (for example, a digital system asset or Digital Public Infrastructure), the entity must use that pathway.
- 12 If an entity wishes to procure or use any digital product or service, and the All-of-Government Digital Portfolio includes a product or service that substantially meets the entity's requirements, the entity must procure or use that product or service.
- 13 An entity must procure and use new digital Common Capabilities that are relevant to its functions.

GCDO may make determinations

- 14 For the purposes of paragraph (11) the GCDO may determine that in respect of a digital product or service, the use of a procurement or delivery pathway is necessary or desirable to achieve the Digital Government Target State based on clear criteria.
- 15 For the purposes of paragraph (12) an entity may only use or procure a digital product or service outside of the All of Government Digital Portfolio if the GCDO determines that no digital product or service substantially meets the entity's requirements.

Entity and GCDO to endeavour to agree to timeframes

- 16 The directions in paragraphs (11), (12), or (13) are subject to the requirement that any timeframe for procuring or using the relevant process, product, or service must be agreed between the entity and the GCDO;
- 17 However, if despite reasonable endeavours the entity and the GCDO cannot agree on any timeframe referred to in paragraph (16), the GCDO may determine the timeframe and direct the entity to comply.

Interpretation

- 18 In this direction:
 - a. **All-of-Government Digital Portfolio** means the collection of digital products and services by that name that is managed by the GCDO;
 - b. **Common capabilities:** means digital products and services the majority of Public Service agencies and Crown entities consume, defined as part of the Digital Government Target State;
 - c. **Digital system asset** means an information technology component that is owned or run by a government organisation for reuse by multiple government organisations as part of the Digital Government Target State. It can include hardware, software, data, intellectual property, platforms, systems, or their components;
 - d. **Digital Government Target State** means the all-of-government digital direction that includes digital strategy, architecture, investment, procurement, and service

delivery. It identifies the common technologies and platforms to be used across government and establishes the principles, standards, and guidelines with which government agencies and entities must adhere to. It will be maintained and updated on an ongoing basis to remain current and to respond to emerging opportunities;

- e. **Digital investment and procurement principles** means the principles by that name available at www.digital.govt.nz;
- f. **Digital product or service** means any information technology, good or service a Crown entity relies on to run its technology and provide digital services to the public. For example, software platforms, networks, and supporting services;
- g. **Digital public infrastructure** means shared digital system assets identified as digital public infrastructure in the Digital Government Target state and published in a register of digital system assets;
- h. **Procurement or delivery pathway** means the GCDO managed process for centralised procurement of a digital system asset which may include Digital Public Infrastructure.

2 Schedule 1: list of entities

#	Name	Monitoring Agency
1	Accident Compensation Corporation	Ministry of Business, Innovation, and Employment
2	Health New Zealand	Ministry of Health
3	Natural Hazards Commission	The Treasury
4	Kāinga Ora – Homes and Communities	Ministry of Housing and Urban Development
5	New Zealand Qualifications Authority	Ministry of Education
6	New Zealand Transport Agency	Ministry of Transport
7	New Zealand Trade and Enterprise	Ministry of Foreign Affairs and Trade
8	Tertiary Education Commission	Ministry of Education
9	Research and Education Advanced Network New Zealand Limited	The Treasury
10	Fire and Emergency New Zealand	Department of Internal Affairs
11	Pharmaceutical Management Agency	Ministry of Health
12	Electoral Commission	Ministry of Justice
13	Civil Aviation Authority of New Zealand	Ministry of Transport
14	Financial Markets Authority	Ministry of Business, Innovation, and Employment
15	WorkSafe New Zealand	Ministry of Business, Innovation, and Employment

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#	Name	Monitoring Agency
16	Water Services Authority— Taumata Arowai	Department of Internal Affairs
17	Education Payroll Limited	The Treasury
18	Energy Efficiency and Conservation Authority	Ministry of Business, Innovation, and Employment
19	Maritime New Zealand	Ministry of Transport
20	City Rail Link Limited	Ministry of Transport
21	The Network for Learning Limited	Ministry of Education
22	Education New Zealand	Ministry of Education
23	New Zealand School Property Agency ²	Ministry of Education

² The agency is expected to be established and begin operating in the second half of 2026 after key milestones are reached and legislation is passed. We intend to engage with officials to ensure alignment with the proposed direction.