

Hon Chris Hipkins
Minister for the Public Service

Improving property, procurement, digital, data and information security across the Public Service

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This is a suite of documents released by the Hon Chris Hipkins, Minister for the Public Service that has informed the Government's proactive release of information policy.

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Office of the Minister for the Public Service

Cabinet Government Administration and Expenditure Review Committee

Improving property, procurement, digital, data, and information security across the Public Service

Proposal

- 1 This paper outlines initial proposals to strengthen the way property, procurement, digital, data and information security are managed across government as a whole, to achieve efficiency, alignment and impact across systems.
- 2 The paper also creates a new role to help drive service transformation across the Public Service.
- 3 The proposals in this paper will be followed by more detailed proposals brought to Cabinet for each area (property, procurement, digital, data and information security and service transformation), which will include an assessment of what capability and capacity is needed to deliver in each of these areas.

Executive Summary

- 4 For many years government has been concerned with overcoming agency siloes and unifying the Public Service in areas where there are commonalities across agencies, and where efficiencies can be gained by running agencies in a more coordinated way. This has included designating chief executives tasked with improving consistency in approaches to property, procurement, digital, data, and information security across departments.
- 5 Despite progress by these leads, we have still been witnessing a lack of alignment across these functional areas including in significant investments and proposals coming before Cabinet. Legacy issues mean that we can expect to see on-going demand for investment in new assets. Variable uptake of standardised approaches and tools which these leaders have attempted to implement continues to undermine confidence that investment is efficient or effective. Limited access by these leads to the necessary capability and capacity has also restricted progress.
- 6 Overcoming the barriers to alignment, will help achieve a Public Service where:
 - 6.1 We have common Public Service workplaces, where multiple agencies are co-located in open, modern, technology-enabled environments, and these workplaces are managed as a single portfolio for the government as a whole;

- 6.2 Suppliers of goods and services across government are managed more consistently and systematically, driving better outcomes for New Zealand from our collective purchasing, and we have the cross-agency procurement data necessary to manage relationships with our suppliers effectively;
 - 6.3 Agencies share common digital platforms, including data platforms, which are managed as system assets and support the sharing of information and collaborative working across agency boundaries;
 - 6.4 We take a system view of the data necessary to support effective decision-making and drive improved outcomes, and agencies collect and store this data in line with centrally determined requirements and standards (including in relation to information security).
- 7 This paper is the first step to achieve this shift. It proposes strengthening the roles of the key chief executives identified by:
- 7.1 designating them as System Leaders under the Public Service Act 2020
 - 7.2 seeking agreement in principle to a stronger role for each.
- 8 Following this paper, Cabinet will receive advice from each System Leader on their detailed mandate, with a view to requiring greater involvement of the System Leader in certain decisions, and requiring agencies to operate within settings decided by the System Leader in some circumstances. This further advice will include more detail on the roles of each lead, and an assessment of the capability and capacity needed to deliver in each of these areas.
- 9 I have also identified an opportunity to drive further service transformation in the Public Service, to ensure government services are joined-up and organised around the needs of New Zealanders. The Commissioner of Inland Revenue will be designated as System Leader for Service Transformation, given that department's recent experience with business transformation. I am proposing a report back to Cabinet by the end of the 2022 on the next steps to implement service transformation across the Public Service.

Background

- 10 The current operating model of the Public Service was created during the reform of the State sector in the 1980s and 90s. The public service was transformed from a single organisation with one employer into separate departments, each with their own chief executive responsible for the performance of the department. While these reforms were successful in enhancing the performance of the government agencies, it also created a new problem – that agencies were incentivised to work in a more siloed and agency-centric manner.
- 11 Our Government has taken steps (including through the passing of the Public Service Act 2020) to overcome these siloes, and towards a more unified

Public Service, emphasising the need to organise government around specific priorities and services, rather than a focus on organising within agency boundaries. This includes building on developments over the last 10 years to unify the Public Service in areas where there are commonalities across agencies, and where efficiencies can be gained by running agencies in a more coordinated way.

- 12 All members of the Public Service Leadership Team play a role in achieving this vision, and there are a variety of system leadership roles held by chief executives and agencies within the system. These are summarised at **Annex One**.
- 13 Over the last 10 years, select chief executives have been designated to lead on, coordinate activity, and achieve efficiencies across:
 - 13.1 digital (Secretary for Internal Affairs)
 - 13.2 data (Government Statistician)
 - 13.3 property (Secretary for Business, Innovation, and Employment)
 - 13.4 procurement (Secretary for Business, Innovation, and Employment)
 - 13.5 information security (the Director-General of the Communications Security Bureau).

There is a continued lack of alignment and prioritisation across property, procurement, digital, data and information security areas

- 14 These chief executives have been successful in creating more alignment between departments across these functions, including by issuing guidance, setting standards, building capability and developing system assets (i.e. standardised processes, tools and infrastructure). However, they are pushing against the limits of what can be achieved within their current mandates, and do not always have access to the capacity and capability they need to deliver. These roles need to be expanded and strengthened, to enable:
 - 14.1 significant investments in property, procurement, digital, data and information security to be coordinated and aligned;
 - 14.2 a system perspective and engagement around operational decisions about baseline spending;
 - 14.3 alignment between Budget initiatives across key functions; and
 - 14.4 consultation with relevant Public Service leads and experts on Cabinet proposals.
- 15 This is not always happening, and we too often lack a whole of Government perspective on investments in these areas and tend instead to consider each in isolation. This makes it difficult for ministers and Cabinet to prioritise proposals and make effective decisions across each functional area as a

portfolio. We lack a system perspective of how the Public Service as a whole is performing across each function, and on the uptake of standardised approaches across the system. This is especially important given the problems that legacy issues are creating for some agencies, with outdated systems which will require significant investment to address.

Strengthening the role of leaders across property, procurement, digital, data and information security

- 16 System leadership is key to our ability to work across agency siloes, to achieve a modern, agile and adaptive Public Service that operates as a unified whole. I am proposing shifts in each of the areas we have identified, which together describe a direction of travel towards a future where:
 - 16.1 We have common Public Service workplaces, where multiple agencies are co-located in open, modern, technology-enabled environments, and these workplaces are managed as a single portfolio for the government as a whole;
 - 16.2 Suppliers of goods and services across government are managed more consistently and systematically, driving better outcomes for New Zealand from our collective purchasing, and we have the cross-agency procurement data necessary to manage relationships with our suppliers effectively;
 - 16.3 Agencies share common digital platforms, including data platforms, which are managed as system assets and support the sharing of information and collaborative working across agency boundaries;
 - 16.4 We take a system view of the data necessary to support effective decision-making and drive improved outcomes, and agencies collect and store this data in line with centrally determined requirements and standards (including in relation to information security).
- 17 More detailed shifts for the roles of the five chief executives identified above are set out in **Annex Two**, and include the development of mandatory system assets. In short, these state:
 - 17.1 The property lead will manage the portfolio of leases for government office accommodation and manage the pipeline of work, including faster establishment of regional hubs. They will set a strategic direction and standards for a standardised approach to office fit-outs which agencies will be required to follow.
 - 17.2 The procurement lead will strengthen leadership and oversight of suppliers and agencies in key procurement sectors. They will ensure that agencies collaborate around the purchase of common goods and services and have a common approach to managing supplier relationships, and set standards for the collection of high quality data from agencies about what that are purchasing and from whom.

- 17.3 The digital lead will drive implementation of the Cabinet-endorsed Strategy for a Digital Public Service. They will develop shared digital processes and infrastructure which agencies will be required to adopt. They will act as a clearing house for digital investment proposals, with agencies required to engage the digital lead on investment proposals within specified investment categories and thresholds.
- 17.4 The data lead will direct agencies to collect data where this is beneficial at a system level, and set standards on collection and storage of data, including how to manage data within an ethics framework. Agencies will engage the data lead on proposed data initiatives, allowing the data lead to prioritise and align spending, in coordination with the digital investment prioritisation framework.
- 17.5 The information security lead will set foundation information security controls for information held within IT systems that all departments must follow and use performance controls to support prioritisation of digital investment to lift information security across government. The lead will provide regular reporting on the scale and location of risks across the system. They will also work with the ICT supply chain vendors, alongside the digital lead to ensure mandated digital technology and programmes are secure by design. They will also issue guidance to agencies to address critical vulnerabilities when needed.
- 18 This paper takes a first step towards making these shifts by:
 - 18.1 the Public Service Commissioner designating the functional leads for property, procurement digital, data, and information security as System Leaders under the Public Service Act;
 - 18.2 proposing that we agree in principle to the direction of travel for each System Leader as specified above.
- 19 Once designated, the Commissioner will regularly convene the System Leaders as a group to work through the interdependencies of their work programmes, and any common issues facing the System Leaders – for example, to discuss funding approaches for their work.
- 20 Following this paper, Cabinet will receive advice from each System Leader on their detailed mandate, which could include development of a wider set of system assets, including standardised processes, data, technology, human capability, contracts and/or physical assets.
- 21 We are asking System Leaders to lead a significant shift in the way property, procurement, digital, data and information security are run within the Public Service. This shift will likely result in financial and resourcing implications. In developing their proposals, System Leaders will need to investigate what further capability and capacity is needed to deliver on their mandate, including to develop and manage system assets.

- 22 It is also worth noting that there is a broader work programme underway which assesses the government's approach to cyber security. This programme covers roles and responsibilities held by the Government Chief Information Security Officer (lead on information security), the Government Chief Digital Officer (lead on digital), and the National Cyber Policy Office of the Department of the Prime Minister and Cabinet. The report back from the information security lead on their detailed mandate will need to take account of this broader work on roles and responsibilities.
- 23 I propose that, as a minimum, once designated, these System Leaders are mandated to:
- 23.1 be consulted on significant proposals (including Cabinet and budget decisions) relevant to their function
 - 23.2 be given the opportunity to insert separate advice into relevant Cabinet papers
 - 23.3 coordinate investment related to that function where relevant.
- 24 The CabGuide will be updated to reflect this expectation. The Treasury will also work with the System Leaders to determine an appropriate process for coordinating budget decisions across their respective functions.

Designating a service transformation leader

- 25 While we are able to build on existing leadership arrangements and work programmes in strengthening and centralising our approach to managing the functions discussed above, there is another area which the Public Service is currently lacking dedicated leadership – service transformation.
- 26 Service transformation is about making government services more accessible to New Zealanders, efficient, and more integrated where this makes sense. There are a number of examples of where this has been done well, including:
- 26.1 Inland Revenue's business transformation process (*described below*);
 - 26.2 The Ministry of Business, Innovation and Employment's Business Connect programme – a digital service platform that allows businesses to apply for government licences in one place;
 - 26.3 The Government Chief Digital Officer's integrated services developed for life events (e.g. Smartstart) – services that help New Zealanders engage with a number of government services related to a single event in their life in an easy and digitally enabled way.
- 27 Inland Revenue's business transformation process has revolutionised the way in which the tax system operates, using digital technologies and near real time data flows driven through an eco-system of banks, software providers and other partners. This has led to the autocalculation of tax for individuals, the reduction of compliance costs for business and better, more real time information feeding into other systems such as the IDI. Improved tax

compliance, increased agility for government and a reduction in departmental running costs were also achieved.

- 28 There is an opportunity for us to be more ambitious in our service to New Zealanders – to take what we have learned from the assets and capabilities created through Inland Revenue’s business transformation programme and leverage these more consistently across the entirety of our service landscape. Making the necessary step-change in our approach to service delivery will require strong leadership across the entire Public Service, including those Crown entities that deliver public services.
- 29 A service transformation lead would take a customer view of all services delivered by Government. They would work initially to develop a blueprint to inform how existing and future business transformation programmes could deliver integrated services for New Zealanders. Many other jurisdictions are making this change, and they have demonstrated that this change is not just about new digital systems, but more about having a leader who can create a vision and strategy for the way in which all services are improved and delivered.
- 30 Successful service transformation will need to leverage other expertise from across the system, necessitating a close working relationship between the service transformation lead and other System Leaders (e.g. digital, data and information security leaders). Together they would identify building blocks to support efficient and effective deployment of transformational change across the broader system, such as an all-of-government channel strategy, a desired customer experience and business architecture principles, common digital and data architecture, and common frameworks for service design.
- 31 The Public Service Commissioner has indicated that there is an opportunity right now for him to designate the Commissioner of Inland Revenue as System Leader for Service Transformation. The Commissioner of Inland Revenue is well-placed to deliver this role given the department’s recent experience with business transformation.
- 32 I have asked that the Commissioner of Inland Revenue undertake work (alongside the relevant system leaders) to scope the role and an associated programme of work. I will report back to Cabinet by the end of the year on the next steps to deliver service transformation across the Public Service, including appropriate mandates and how it will be resourced going forward.

Financial Implications

- 33 There are no financial implications resulting from the proposals in this paper.
- 34 The proposals in this paper signal a significant shift in how property, procurement, digital, data and information security are managed across the Public Service. Achieving impact across these areas will likely require increased resources. There may be financial implications associated with subsequent proposals that address the specific mandates of individual System Leaders.

- 35 As a group, the System Leaders will also investigate different funding approaches to support and enable their work.

Legislative Implications

- 36 There are no legislative implications resulting from this proposal.

Impact Analysis

- 37 A regulatory impact assessment is not required as the proposals are limited to changes to the internal administrative or governance arrangements of the New Zealand government.

Population Implications

- 38 There are no direct population implications associated with the proposals in this paper.

Human Rights

- 39 The proposals in this paper are consistent with the New Zealand Bill of Rights Act and the Human Rights Act 1993.

Consultation

- 40 The Public Service Leadership Team was consulted on this paper. This includes all Public Service departments and a limited number of departmental agencies and Crown agents.

Proactive Release

- 41 I propose to release this paper once decisions have been confirmed by Cabinet.

Recommendations

The Minister for the Public Service recommends that the Committee:

- 1 **note** that agencies are not always aligned across key common functions, with investments in common areas (e.g. digital and property) made in a siloed manner, limited alignment between Budget initiatives, and Public Service leads and experts not consulted on relevant proposals;
- 2 **note** that this has meant we often lack an overarching system perspective on proposals in these areas, making it difficult to prioritise proposals and make decisions across each functional area as a portfolio;
- 3 **agree** to move towards greater coordination and alignment of significant proposals at Cabinet and budget level across key functional areas, with the proposals in this paper being a first step;

- 4 **note** that the Public Service Commissioner intends to designate as System Leaders under section 56 of the Public Service Act 2020:
 - 4.1 the Secretary for Business, Innovation and Employment as System Leader for Procurement
 - 4.2 the Secretary for Business, Innovation and Employment as System Leader for Property
 - 4.3 the Secretary for Internal Affairs as System Leader for Digital
 - 4.4 the Government Statistician as the System Leader for Data
 - 4.5 the Director-General of the Communications Security Bureau as System Leader for Information Security;
- 5 **note** that the Public Service Commissioner will regularly convene the System Leaders as a group to work through the interdependencies of their work and any common issues they face;
- 6 **note** that officials are developing a Detailed Business Case for the future management of government office accommodation, and will provide the Minister for the Public Service with advice in July 2022;
- 7 **agree** in principle, subject to that advice, to strengthen leadership of government office accommodation through greater centralisation of all or some of the government property functions by:
 - 7.1 leveraging a centralised funding model to achieve improved outcomes across the system
 - 7.2 centralising portfolio management with authority to drive strategically aligned decisions consistent with all of government direction and a revised Government National Property Strategy
 - 7.3 providing greater oversight and transparency of government office accommodation investment decisions
 - 7.4 requiring agencies to adopt centralised processes and standards
 - 7.5 increasing the capacity and capability of the Government Property lead to enable the planning and implementation of any changes;
- 8 **note** that a reset programme of government procurement was approved in November 2021 [DEV-21-MIN 0224 refers], and that Cabinet has invited the Minister for Economic and Regional Development to report back to DEV by the end of May 2022 on progress on this programme;
- 9 **agree** in principle, subject to recommendations in the May 2022 report-back, to strengthen leadership of the government procurement system through greater centralisation, co-ordination and assurance of government procurement functions, by:

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- 9.1 prioritising procurement data transparency, digitalisation and automation, enabling procurement to focus on strategic considerations and adding value
 - 9.2 working better as “one government” with direct lines of accountability to the centre and stronger central oversight of key sectors, and a procurement leadership model that drives collaboration among agencies and productive relationships with suppliers
 - 9.3 unlocking value through streamlining policy and practice and ensuring the procurement profession has the right skills and capability to underpin the success of the system;
- 10 **note** that the Minister for Digital Economy and Communications will shortly bring a refreshed mandate to Cabinet for the Government Chief Digital Officer in respect of digital investment to including strengthening the mandate to:
- 10.1 establishing the Government Chief Digital Officer as a digital investment ‘clearing house’, with greater involvement in investment decisions within specified categories and thresholds
 - 10.2 centralising prioritisation of digital investments across agencies to align with the broader digital investment prioritisation framework, and in consultation with the Government Chief Data Steward in regard to the prioritisation framework for data, as set out in the Data Investment plan
 - 10.3 requiring agencies to engage early with the Government Chief Digital Officer on strategic digital/ICT plans and investment proposals
 - 10.4 requiring agencies to follow the direction of the Government Chief Digital Officer in relation to system investment priorities including baseline spend and via the budget process
 - 10.5 requiring agencies to adopt common cross-government processes, tools or infrastructure established by Government Chief Digital Officer;
- 11 **note** that in December 2021, Cabinet agreed the Government Chief Digital Officer, Government Chief Data Steward and Government Chief Information Security Officer will have a clear mandate to review agency baseline expenditure and investment in digital and cyber security [ERS 21 Min 0049 refers];
- 12 **agree**, consistent with the previous decision of Cabinet, that the Government Chief Digital Officer work closely with the Government Chief Information Security Officer and the Government Chief Data Steward in the prioritisation of investment;
- 13 **note** that in 2021 Cabinet agreed to extend the role of the Government Chief Data Steward to include centralising prioritisation of data investments across agencies to align with the Data Investment Plan, and empowered the Government Chief Data Steward with the levers necessary to better ensure

the alignment of data investment and baseline spending with system-priorities [DEV-21-MIN 0226 refers],

- 14 **note** that the Government Chief Data Steward is progressing the Data Investment Plan and ensuring it interacts with the digital investment prioritisation framework being led by the Government Chief Digital Officer, and is due to report back to Cabinet with the second iteration of this plan in July 2022;
- 15 **agree** in principle, subject to further report-backs from the Government Chief Data Steward, that the mandate for this role will include the ability to:
 - 15.1 direct agencies to collect data to support system-level objectives and decision-making, and in line with the Data Investment Plan
 - 15.2 issue mandatory standards, and direct common data capabilities on how to collect, manage and use data
 - 15.3 set system-wide tools to better foster the trusted and ethical use of data by government;
- 16 **note** that the Government Chief Information Security Officer is currently developing advice on a proposed refreshed mandate, and the systems and funding needed to implement this mandate, and will report back to Cabinet on these proposals by the end of 2022;
- 17 **agree** in principle, subject to advice from the Government Chief Information Security Officer, that the mandate for this role will include the ability to:
 - 17.1 set foundation information security controls that all departments must implement – for example multi-factor authentication for system administrators and remote access
 - 17.2 use performance against these controls to support prioritisation of digital investments to lift information security across government ;
 - 17.3 work with ICT supply chain vendors, alongside the digital lead, to ensure mandated digital technology and programmes are secure by design
 - 17.4 issue guidance to the public sector to address critical vulnerabilities;
- 18 **note** that the report back on the mandate of the Government Chief Information Security Officer will need to take account of broader work underway which assesses the government’s approach to cyber security covering the roles and responsibilities held by the Government Chief Information Security Officer, the Government Chief Digital Officer, and the National Cyber Policy Office of the Department of the Prime Minister and Cabinet;

- 19 **note** that based on the Prime Minister's ministerial portfolio allocations, the appropriate Minister for the System Leaders under section 56 of the Public Service Act 2020 will be:
- 19.1 Minister for the Public Service (for the System Leader for Property)
 - 19.2 Minister for Economic Development (for the System Leader for Procurement)
 - 19.3 Minister for the Digital Economy and Communications (for the System Leader for Digital)
 - 19.4 Minister of Statistics (for the System Leader for Data)
 - 19.5 Minister for the Government Communications Security Bureau (for the System Leader for Information Security);
- 20 **agree** that these System Leaders must report to the appropriate Minister on adherence by agencies to any standards produced by them in their role as System Leader;
- 21 **agree** that System Leaders for Property, Procurement Digital, Data, and Information Security will be mandated to:
- 21.1 be consulted on significant proposals (e.g. Cabinet and budget decisions) relevant to their function
 - 21.2 be given the opportunity to insert separate advice into relevant Cabinet papers
 - 21.3 coordinate investment across the public service related to their function;
- 22 **note** that the CabGuide will be updated to reflect this expectation;
- 23 **note** there is an opportunity to leverage the business transformation work undertaken by Inland Revenue and apply it at a system level, providing oversight and supporting agencies to drive delivery of service transformation programmes;
- 24 **note** that the Public Service Commissioner intends to designate the Commissioner for Inland Revenue as a System Leader for Service Transformation under section 56 of the Public Service Act 2020;
- 25 **note** that I have asked that the Commissioner of Inland Revenue undertake work to scope the role and an associated programme of work, to support a Cabinet report-back by the end of the year which will cover the mandates necessary to deliver on the role and how it will be resourced going forward.

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Authorised for lodgement

Hon Chris Hipkins

Minister for the Public Service

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Annex One: system leadership roles in the Public Service

System Leaders under the Public Service Act 2020	
Regional Alignment	Secretary for Social Development
Digital (<i>proposed</i>)	Secretary for Internal Affairs
Data (<i>proposed</i>)	Government Statistician
Property (<i>proposed</i>)	Secretary for Business, Innovation and Employment
Procurement (<i>proposed</i>)	Secretary for Business, Innovation and Employment
Information Security (<i>proposed</i>)	Director-General of the Communications Security Bureau
Other functional leaders and heads of profession	
Government Protective Security Lead	Director-General of Security
Health and Safety Lead	Director-General of Primary Industries
Head of the Policy Profession	Secretary of the Department of the Prime Minister and Cabinet
Head of the Finance Profession	Secretary to the Treasury
Head of Profession for Internal Audit and Risk Assurance	James Jong, Chief Internal Auditor at the Ministry of Education
Regulatory Stewardship Lead	Secretary to the Treasury
Diversity and Inclusion Co-Leads	Secretary for Transport and Commissioner of Inland Revenue
Head of the Legal Profession	Solicitor-General
Agencies with system leadership roles	
Te Arawhiti (contemporary Treaty issues, Māori rights and interests, improved Treaty partnership)	
Ministry of Justice (contemporary Treaty issues, Human Rights, Privacy)	
Public Service Commission (Machinery of Government, Human Resources)	
The Treasury (Investments)	
Department of the Prime Minister and Cabinet (Government Work Programme)	
Agencies with system leadership role in relation to a population group	
Te Puni Kōkiri	
Ministry for Pacific Peoples	
Ministry for Women	
Ministry for Ethnic Communities	
(from July 2022) Ministry for Disabled People (including accessibility)	
Note that all agencies will take leadership across the Public Service in relation to the matters and issues that they are responsible for, specific sectors or stakeholders and/or specific work programme priorities.	

Annex Two: System Leader direction of travel

	From	To
Government Property Leader	<p>The Government Property Group currently operates in a largely devolved manner developing standards and guidelines for agencies which reflect government’s expectations. While the Government Property Group has a recently been mandated to hold property/leases on behalf of other agencies, it does not. Agencies have responsibility for the investment, management and operation (ie facilities management) of their own agency property portfolios. Individual agencies also have responsibility for their own agency centric workplace strategy, project management of fitout works and development project management.</p> <p>The Government Property Group provides advice to agencies on strategic direction and government expectations through its standards and guidelines. Individual agencies each have their own property teams making their own investment decisions and managing their own property portfolio activities using their existing agency appropriation or by securing new funding through the budget process.</p> <p>Public Service agencies are able to pursue property opportunities in a siloed manner, often leaving it too late in the process before engaging with the Government Property Group and therefore leaving little room for Group to have any meaningful influence. The Group also lacks the visibility, resources, and powers to enforce compliance with the standards and guidelines it develops.</p>	<p>The government property functions will be centralised, enabling the system to be more accountable and have a centralised managed budget for government office accommodation. The Government Property System Leader will manage the portfolio of leases and pipeline of work, including faster establishment for regional hubs around the country that can allow for the inclusion of Local Government. A centralised system will enable greater oversight of the portfolio and investment decisions, enabling more efficient processes and management of the portfolio to optimise the portfolio footprint, allow for contemporary workspaces and greater multi agency working.</p> <p>Agencies will be required to adhere to the strategic direction and standards issued by the Government Property System Leader, to follow a standardised approach to office fit-outs, achieving greater consistency and efficiency throughout the Public Service and supporting collaboration through modern, open and technology-enabled environments.</p> <p>A centralised system will enable better alignment to government priorities (e.g., sustainable construction procurement, regional development and decarbonisation). It will ensure there is an inclusion of requirements for social outcomes (e.g., employment and training opportunities, health and safety and living wage).</p> <p>Standardised approaches to the market, coordination across agencies, underpinned by centralised funding, will enable operational efficiencies and more timely decision making and greater alignment to strategic outcomes.</p>

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<p>Government Procurement Leader</p>	<p>Directions, priorities and the Government Procurement Rules are set centrally by the Government Procurement Function lead. Apart from 20 All of Government agreements for common goods and services (~\$2.5bn pa) agencies are responsible for implementing directions, priorities and rules through their agency's own procurement activities.</p> <p>Agencies generally work in siloes, and at times make purchasing decisions in competition with each other. There is limited collaboration among agencies resulting in duplication of effort for both agencies and suppliers. There is limited transparency around procurement decision making, contracts and expenditure. Procurement is often seen, and acts, as a compliance and risk avoidance mechanism.</p> <p>We do not have good information about the value our procurement expenditure is achieving or how it is contributing to our priorities; the system is not as efficient as it should or could be; and unforeseen risks, delays and cost increases are impacting delivery. The system needs a reset.</p>	<p>The Government Procurement System Leader will take a more centralised and strategic approach to procurement for goods and services used by Public Service agencies and those covered by Ministerial direction under the Crown Entities Act.</p> <p>Starting with the top 10-20 government suppliers system lead will develop relationships and long term 'plans' with these suppliers that see us working as a single, smart government client, thereby making full use of market capabilities, driving greater public value, efficiency and resilience throughout supply chains and in the New Zealand economy.</p> <p>Agencies will follow standards set by the Procurement System Leader to collect and provide relevant procurement data to the Procurement system leader, enabling them to provide Ministers with a clear understanding of how the system is performing, and the ability to identify any weaknesses or opportunities in the system.</p> <p>Led by the System Leader, procurement practices will be more consistent and effective, enabled by technology that makes things easier, supported by the right capability (including specialist knowledge) applied to the right procurement activities at the right time and focussed on more business-friendly procurement practices and making them the norm.</p> <p>Greater central oversight and accountability will provide Ministers with a clear understanding of how the system is performing and whether or not it is meeting government policy expectations, priorities and targets. The system lead will be able to provide assurance, via real data, that there is better alignment to government goals eg: social procurement outcomes & EV vehicles.</p> <p>Accountability, central oversight and strategic market intervention and management, at a sector level, will ensure that public value is being achieved and the full opportunity of government investment is being leveraged.</p>

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	From	To
<p>Government Chief Digital Officer</p>	<p>The Government Chief Digital Officer currently sets standards and a direction for government ICT, and has a mandate to improve digital investment management across the Public Service.</p> <p>To achieve this the Government Chief Digital Officer provides advice to agencies on digital investment, provides all-of-government digital products and services (e.g. Cloud framework agreements) and supports the Budget process by reviewing digital initiatives and providing recommendations to Ministers.</p> <p>However, Public Service agencies are still operating in a devolved manner, with agencies still investing in digital solutions in a siloed, ad hoc manner, different digital platforms and infrastructure used across the system, and agencies developing their own digital strategies.</p>	<p>The Government Chief Digital Officer will set policy direction and standards, and provide oversight and assurance of government digital transformation. In line with the Strategy for a Digital Public Service, it will work with and through agencies to support their digital initiatives and deliver customer-centred digital government.</p> <p>This will apply to all Public Service agencies and those covered by Ministerial direction under section 107 of the Crown Entities Act.</p> <p>The Government Chief Digital Officer will improve digital investment system-wide and act as a digital ‘clearing house’ for priority investment proposals.</p> <p>Agencies will be required to engage the Government Chief Digital Officer on strategic digital/ICT plans and investment proposals, and provide full transparency on new digital initiatives, including investments from baseline. This will give the Government Chief Digital Officer oversight of proposed spending, and allow it to prioritise and align investment in the public sector.</p> <p>The Government Chief Digital Officer will establish and manage common cross government processes, standards, infrastructure and services that agencies may be required to adopt to support a unified public service.</p> <p>It will also provide system wide digital/ICT assurance to Ministers including identifying areas where interventions are needed.</p>

	From	To
<p>Government Chief Data Steward</p>	<p>The Government Chief Data Steward sets investment priorities for data, reports on the health of the data system and sets standards and guidelines for the collection, management and use of data. It has a mandate to direct agencies to adopt common capabilities such as data tools, linking infrastructure or sharing platforms.</p> <p>However, adoption has largely been voluntary due to the opt-out provision attached to the mandate.</p> <p>It is also important to note that the Chief Data Steward’s mandated role in investment is already strong, with a Cabinet direction to:</p> <ul style="list-style-type: none"> • set investment priorities and annual expectations; • develop a Blueprint for the delivery of priorities – including sequencing and investment; • provide the strategic leadership necessary to corral system activity towards priorities; • provide advice to the Minister Finance on proposals / opportunities to invite data bids; and • direct system- or sector-level collaboration on initiatives. <p>However, there is still much to do to ensure trusted and credible data becomes a critical asset for government - too much of our approach to data is piecemeal, limiting the ability to produce meaningful insights, ensuring that the way government designs and delivers services is better informed; the evidence-base for policy development is strengthened; and operational decision-making is well-supported.</p>	<p>The Government Chief Data Steward will direct agencies to collect data where this is beneficial at a system level, including where this may support the government data system to deliver for Māori, iwi and hāpu, as part of a broader Māori data governance model.</p> <p>In line with recent changes to the Government Chief Data Steward’s mandate, agencies will be required to engage the Government Chief Data Steward (alongside the Government Chief Digital Officer) on new data initiatives, as part of the broader digital investment prioritisation framework (including proposals investing in data content, capability and infrastructure). This will give the Government Chief Data steward oversight of proposed spending, and allows them to prioritise and align investment in the system according to their data investment priorities.</p> <p>Agencies will follow standards set by the Government Chief Data Steward on how to collect and store data. Standards will include how to manage data within an ethics framework, which will help improve public trust in the way government manages data. Given there has been variable uptake of the standards by agencies in the past, I propose that Ministers direct agencies to comply with standards set by, and the common capabilities directed by the Government Chief Data Seward.</p> <p>The Government Chief Data Steward will also set system-wide tools to better foster the trusted and ethical use of data by government.</p>

	From	To
<p>Government Chief Information Security Officer</p>	<p>The Government Chief Information Security Officer identifies systemic information security risks and vulnerabilities, coordinates the government's approach to information security.</p> <p>The Government Chief Information Security Officer establishes and maintains the New Zealand government information security standards and guidance as set out in the New Zealand Information Security Manual. This includes the Government Communication Security Bureau acting as the Accreditation Authority for all networks and systems that contain Secure Compartmentalised Information and as the National Communication Security Officer for high grade encryption.</p> <p>The Government Chief Information Security Officer works with critical vendors in the supply chain of ICT service and products to expand the scope of protection to New Zealand (including the public sector) from malicious cyber activity and to ensure the significant services and products are secure by design.</p> <p>The Government Chief Information Security Officer works alongside the Government Chief Digital Officer and the Government Chief Data Steward to provide advice on ICT investment intentions from agencies across both budget bids and baseline investments in ICT.</p> <p>Strengthening the Government Chief Information Security Officer's mandate will ensure that security is embedded in the government digital transformation programme and enhance clarity for agencies and vendors.</p>	<p>The Government Chief Information Security Officer will set foundation information security controls for information held within IT systems that all departments must follow (e.g. multi-factor authentication for system administrators and remote access). They will also issue guidance to agencies to address critical vulnerabilities when needed (e.g. that particular systems must have patches applied).</p> <p>The Government Chief Information Security Officer will monitor cybersecurity defences across the Public Service, including implementation of foundation controls and guidance on critical vulnerabilities, and provide regular reporting on the scale and location of risks across the system, providing transparency to Ministers around the security of Public Service systems and data.</p> <p>The Government Chief Information Security Officer will work with the ICT supply chain vendors, alongside the Government Chief Digital Officer to ensure mandated digital technology and programmes are secure by design, for example, by building in security functions that provide automated checks in the system to provide real time information on the system's performance against information security controls.</p> <p>The Government Chief Information Security Officer will also use the foundation controls to inform its advice on prioritisation of digital investment to lift information security across government, as part of the broader digital investment prioritisation framework. This will ensure that all new digital technology used by the Public Service meets the necessary security requirements.</p>



Cabinet Government Administration and Expenditure Review 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.

Improving Property, Procurement, Digital, Data, and Information Security Across the Public Service

Portfolio **Public Service**

On 7 April 2022, the Cabinet Government Administration and Expenditure Review Committee:

- 1 **noted** that:
 - 1.1 agencies are not always aligned across key common functions, with investments in common areas (e.g. digital and property) made in a siloed manner, limited alignment between Budget initiatives, and Public Service leads and experts not consulted on relevant proposals;
 - 1.2 this has meant there is often a lack of an overarching system perspective on proposals in these areas, making it difficult to prioritise proposals and make decisions across each functional area as a portfolio;
- 2 **agreed** to move towards greater coordination and alignment of significant proposals at Cabinet and Budget level across key functional areas, with the proposals in the submission under GOV-22-SUB-0003 being a first step;
- 3 **noted** that the Public Service Commissioner intends to designate the following System Leaders under section 56 of the Public Service Act 2020:
 - 3.1 the Secretary for Business, Innovation and Employment as System Leader for Procurement;
 - 3.2 the Secretary for Business, Innovation and Employment as System Leader for Property;
 - 3.3 the Secretary for Internal Affairs as System Leader for Digital;
 - 3.4 the Government Statistician as the System Leader for Data;
 - 3.5 the Director-General of the Communications Security Bureau as System Leader for Information Security;

- 4 **noted** that the Public Service Commissioner will regularly convene the System Leaders as a group to work through the interdependencies of their work and any common issues they face;
- 5 **noted** that officials are developing a detailed business case for the future management of government office accommodation, and will provide the Minister for the Public Service with advice in July 2022;
- 6 **agreed in principle**, subject to the above advice, to strengthen leadership of government office accommodation through greater centralisation of all or some of the government property functions by:
- 6.1 leveraging a centralised funding model to achieve improved outcomes across the system;
 - 6.2 centralising portfolio management with authority to drive strategically aligned decisions consistent with all of government direction and a revised Government National Property Strategy;
 - 6.3 providing greater oversight and transparency of government office accommodation investment decisions;
 - 6.4 requiring agencies to adopt centralised processes and standards;
 - 6.5 increasing the capacity and capability of the Government Property Lead to enable the planning and implementation of any changes;
- 7 **noted** that in November 2021, the Cabinet Economic Development Committee (DEV) approved a reset programme of government procurement and invited the Minister for Economic and Regional Development to report back to DEV by the end of May 2022 on progress [DEV-21-MIN 0224];
- 8 **agreed in principle**, subject to recommendations in the May 2022 report-back above, to strengthen leadership of the government procurement system through greater centralisation, co-ordination and assurance of government procurement functions, by:
- 8.1 prioritising procurement data transparency, digitalisation and automation, enabling procurement to focus on strategic considerations and adding value;
 - 8.2 working better as “one government” with direct lines of accountability to the centre and stronger central oversight of key sectors, and a procurement leadership model that drives collaboration among agencies and productive relationships with suppliers;
 - 8.3 unlocking value through streamlining policy and practice and ensuring the procurement profession has the right skills and capability to underpin the success of the system;
- 9 **noted** that the Minister for the Digital Economy and Communications will shortly submit to Cabinet a strengthened mandate for the Government Chief Digital Officer in respect of digital investment;
- 10 **noted** that in December 2021, the Cabinet External Relations and Security Committee agreed that the Government Chief Digital Officer, Government Chief Data Steward and Government Chief Information Security Officer have a clear mandate to review agency baseline expenditure and investment in digital and cyber security [ERS-21-MIN-0049];

- 11 **agreed** that, consistent with the above decision, the Government Chief Digital Officer work closely with the Government Chief Information Security Officer and the Government Chief Data Steward in the prioritisation of investment;
- 12 **invited** the Minister of Statistics, in consultation with Minister of Finance and the Minister for the Public Service, to report back to Cabinet on ways in which proposals funded by agency baselines on data initiatives might be subject to the same scrutiny as new expenditure, subject to a materiality threshold;
- 13 **noted** that in November 2021, DEV directed the Government Chief Data Steward to include centralising prioritisation of data investments across agencies to align with the Data Investment Plan, and provided them with the levers necessary to better ensure the alignment of data investment and baseline spending with system-priorities [DEV-21-MIN 0226];
- 14 **noted** that the Government Chief Data Steward is progressing the Data Investment Plan and ensuring it interacts with the digital investment prioritisation framework being led by the Government Chief Digital Officer, and is due to report back to Cabinet in July 2022 with the second iteration of the Plan;
- 15 **agreed in principle**, subject to further report-backs from the Government Chief Data Steward, that the mandate for this role will include the ability to:
- 15.1 direct agencies to collect data to support system-level objectives and decision-making, and in line with the Data Investment Plan;
 - 15.2 issue mandatory standards, and direct common data capabilities on how to collect, manage and use data;
 - 15.3 set system-wide tools to better foster the trusted and ethical use of data by government;
- 16 **noted** that the Government Chief Information Security Officer is developing advice on a proposed refreshed mandate, and the systems and funding needed to implement this mandate, and will report back to Cabinet by 31 December 2022 on these proposals;
- 17 **agreed in principle**, subject to advice from the Government Chief Information Security Officer, that the refreshed mandate for this role include the ability to:
- 17.1 set foundation information security controls that all departments must implement – for example multi-factor authentication for system administrators and remote access;
 - 17.2 use performance against these controls to support prioritisation of digital investments to lift information security across government;
 - 17.3 work with ICT supply chain vendors, alongside the digital lead, to ensure mandated digital technology and programmes are secure by design;
 - 17.4 issue guidance to the public sector to address critical vulnerabilities;
- 18 **noted** that the report back in paragraph 15 above will need to take account of broader work underway which assesses the government’s approach to cyber security covering the roles and responsibilities held by the Government Chief Information Security Officer, the Government Chief Digital Officer, and the National Cyber Policy Office of the Department of the Prime Minister and Cabinet;

- 19 **noted** that, based on ministerial portfolio allocations, the appropriate responsible Ministers for the System Leaders under section 56 of the Public Service Act 2020 will be:
- 19.1 Minister for the Public Service for the System Leader for Property;
 - 19.2 Minister for Economic Development for the System Leader for Procurement;
 - 19.3 Minister for the Digital Economy and Communications for the System Leader for Digital;
 - 19.4 Minister of Statistics for the System Leader for Data;
 - 19.5 Minister for the Government Communications Security Bureau for the System Leader for Information Security;
- 20 **agreed** that the System Leaders must report to the responsible Minister on adherence by agencies to any standards produced by them in their role as System Leader;
- 21 **agreed** that System Leaders for Property, Procurement Digital, Data, and Information Security will be mandated to:
- 21.1 be consulted on significant proposals (e.g. Cabinet and budget decisions) relevant to their function;
 - 21.2 be given the opportunity to insert separate advice into relevant Cabinet papers;
 - 21.3 coordinate investment across the public service related to their function;
- 22 **noted** there is an opportunity to leverage the business transformation work undertaken by Inland Revenue and apply it at a system level, providing oversight and supporting agencies to drive delivery of service transformation programmes;
- 23 **noted** that the Public Service Commissioner intends to designate the Commissioner for Inland Revenue as a System Leader for Service Transformation under section 56 of the Public Service Act 2020;
- 24 **noted** that the Minister for the Public Service has asked that the Commissioner of Inland Revenue undertake work to scope the role and an associated programme of work, to support a Cabinet report-back by 31 December 2022 which will cover the mandates necessary to deliver on the role and how it will be resourced going forward;
- 25 **noted** that the proposals in the paper under GOV-22-SUB-0003 and the above decisions do not change existing arrangements governing Cabinet and ministerial decision-making.

Rachel Clarke
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Chris Hipkins
Hon Peeni Henare
Hon Jan Tinetti
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark

Officials present from:

Office of the Prime Minister
Officials Committee for GOV



Cabinet

Minute of Decision

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Report of the Cabinet Government Administration and Expenditure Review Committee: Period Ended 8 April 2022

On 11 April 2022, Cabinet made the following decisions on the work of the Cabinet Government Administration and Expenditure Review Committee for the period ended 8 April 2022:



GOV-22-MIN-0003 **Improving Property, Procurement, Digital, Data, and Information Security Across the Public Service** CONFIRMED
Portfolio: Public Service



Michael Webster
Secretary of the Cabinet