

Hon Andrew Little  
**Minister for the Public Service**

Digital Service Transformation: Building modern, integrated, and resilient digital public services

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**Title:** Digital Service Transformation: Building modern, integrated, and resilient digital public services  
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Hon Andrew Little, Minister for the Public Service is releasing the Cabinet paper and Cabinet Minutes.

**Explanatory note:**

Included in this release are the following documents.

- Cabinet Paper
- Cabinet Minute - GOV-23-MIN-0022
- Cabinet Minute - CAB-23-MIN-0291

[IN CONFIDENCE]

Office of the Minister for the Public Service

Office of the Minister for the Digital Economy and Communications

Chair, Cabinet Government Administration and Expenditure Review Committee

## **Digital Service Transformation: Building modern, integrated, and resilient digital public services**

### **Proposal**

1. This paper outlines initial steps for modernising, digitising, and joining up public services around common customers, clients, and citizens by:
  - 1.1. developing and implementing a system blueprint for digital public services;
  - 1.2. continuing to modernise government digital systems in line with the *Strategy for a Digital Public Service*;
  - 1.3. developing better processes for prioritising funding for digital transformation across agencies;
  - 1.4. strengthening leadership and governance arrangements for digital service transformation by resetting the role of the Digital Executive Board to lead these changes.

### **Relationship to Government priorities**

2. Modernising, digitising, and joining up public services supports the Government's overarching priority to lay the foundations for a better future. Building more integrated, secure, and resilient public services ensures our systems and processes will support better, inclusive, and more accessible government services that meet people's needs.
3. In a changing digital age, the proposals in this paper also support the Government's priority to improve the wellbeing of all New Zealanders and their families. Services that are centred around common customers, clients, citizens will ensure consistent and sustainable delivery.

### **Executive Summary**

4. When New Zealanders access public services, they expect high-quality, easily accessible, responsive, integrated services that meet their needs. This is not always happening. Our public services are not always designed with the customer in mind – for example, people are often required to provide their personal details again and again when accessing services. Agencies also face barriers in joining up to create services designed for a common client, customer, or citizen, and tend to focus on providing services that fall neatly within their agency boundaries.

5. We do have strong examples of modern and integrated digital services that are designed to address the needs of common customers, clients, or citizens. These include SmartStart – a digitally integrated service that eases administration relating to birth and caring for young children, and Business Connect – a one-stop digital platform to obtain licenses and permits from across different agencies.
6. Significant progress has also been made against the *Strategy for a Digital Public Service*, approved by Cabinet in 2019 [GOV-19-MIN-0043]. The *Strategy* sets a path for modernising the public service’s digital infrastructure, data collection, and processing, which will provide opportunities to shape services that are more customer-focused and easily accessible. Alongside progress made by the System Leaders for Data and Information Security, this means the public service is now better positioned to support broader service transformation.
7. We now need to build on this success by taking a planned approach to transforming public services and integrating them, including around life events. This will need to be underpinned by a coordinated effort to modernise digital systems and processes across the public service. Efforts to modernise and integrate services have so far been hindered for a number of reasons, including:
  - 7.1. Public service digital systems do not consistently support modernisation and alignment of policies and processes.
  - 7.2. Transformation efforts are being undertaken by individual agencies and are treated as separate proposals rather than as part of an overall plan to transform our digital public services around customers, clients, and citizens.
  - 7.3. Despite digital agencies providing system-level advice through the budget process, bids still tend to be focused on individual agency priorities. There is also no consistent and effective process for considering system initiatives.
  - 7.4. The public service has gaps in the digital skills and talent needed to make digital service transformation successful.
  - 7.5. There are a number of intersecting roles and mandates within the digital system that need to be effectively resolved and balanced.
8. We need to push further towards a unified public service where we invest in digital services that are focused on people rather than agencies. Key initiatives that would support the public service to achieve this include:
  - 8.1. Developing a **system blueprint for digital public services** that identifies, prioritises, and sequences service transformation and integration efforts.
  - 8.2. **Modernising government digital systems** through continued implementation of the *Strategy for a Digital Public Service*, including implementation of the CloudFirst policy and the Digital Identity Trust Framework.
  - 8.3. Developing a dedicated **process to fund joined up approaches to deliver system initiatives and functions** which have potential benefits across multiple agencies.

- 8.4. **Strengthening leadership and governance arrangements** of digital service transformation by resetting the current Digital Executive Board to effectively own, lead and manage transformation of digital public services.
9. Modernising government digital infrastructure provides opportunities to lift cyber security. To realise potential gains in cyber security, the public service needs more coherent and connected roles and responsibilities. Currently the roles and responsibilities within the cyber security system are spread across several agencies.
10. There is an opportunity to make the Government Communications Security Bureau (GCSB) the lead agency for cyber security by expanding their role to have responsibility for cyber security operations. This will require integration of Computer Emergency Response Team (CERT NZ) into the GCSB. This would also be supported by the recently strengthened mandate for the Government Chief Information Security Officer role held by GCSB [ERS-23-MIN-0016]. As with other system leads, none of this will change the accountability of individual chief executives to manage cyber security settings within their agencies and policy areas.

## Background

11. New Zealanders expect high-quality, accessible, and responsive services that meet their needs. This is not always happening. Our public services are not always designed with the customer in mind – for example, people are often required to provide their personal details repeatedly when accessing related services. This overly complicated service design can limit people’s access to services – especially for vulnerable people or people with accessibility needs. To improve the customer experience, we need to make public services easier to access and understand.
12. Accessing services can become even more complicated where New Zealanders need to engage with multiple agencies – for example, if they are having a baby, or starting a business. This type of joined up service has traditionally been difficult to deliver due to the operating model of the public service, which consists of several devolved, agency-centric models where each agency uses separate digital systems and focuses on providing services that fall neatly within their agency boundaries. This can be frustrating for New Zealanders, especially where they require several services from multiple government agencies at once, for example in the context of a particular event in their life.
13. In the last decade efforts have been made to:
  - 13.1. overcome agency siloes and build a more unified public service in order to better deliver on system initiatives; and
  - 13.2. modernise, simplify, and digitise<sup>1</sup> public services, including those delivered by individual agencies and integrated services delivered by multiple agencies.

## *System leadership*

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<sup>1</sup> While digitisation of public services enables greater and easier access to services for many New Zealanders, there are situations that may be dealt with best by agency staff in discussion with the service user, including complex cases, or those who cannot access or use digital services.

14. From 2013, some public service chief executives have been designated to lead, coordinate activity, and achieve efficiencies across the public service in key functional areas. This includes the appointment of the Government Chief Digital Officer, the Government Chief Data Steward, and the Government Chief Information Security Officer. These chief executives have had some success in creating more alignment between departments across these functions by issuing guidance, setting standards, building capability, and developing system assets. This alignment makes it easier for agencies to collaborate in delivery of services, and builds interoperability between agency processes and systems.
15. In 2022, the Public Service Commissioner designated these chief executives as System Leaders under the Public Service Act 2020, alongside a new System Leader for Service Transformation, and has begun to convene these leads as a team to discuss common challenges they are facing in their areas. They have been reviewing their mandates to enable them to have better oversight of the system performance across their functions, and better prioritise and align significant investments and proposals coming before Cabinet [GOV-22-MIN-0003 refers].
16. Report-backs to date have included a requirement that agencies engage the Digital, Data and Information Security System Leaders on digital, data and cyber investment decisions above a certain threshold. The Digital, Data and Information Security System Leaders have also begun work to better prioritise digital investments across agencies to align with the digital investment prioritisation framework and the Data Investment Plan. This oversight and prioritisation of investment proposals will support our ability to make decisions on which investments will best support modern and integrated digital systems. The schedule of system lead report-backs is summarised below:

SYSTEM LEADERSHIP MANDATES – CABINET SCHEDULE	
COMPLETED	<p><b>CONFIRMATION OF SYSTEM LEADERSHIP ROLES</b> Designation by Commissioner and noted by Cabinet April 2022</p>
	<p><b>1 DIGITAL</b> Refreshed mandate for digital investment agreed in May 2022</p>
	<p><b>2 REGIONAL PUBLIC SERVICES</b> Oral item on operating model in December 2022 (mandate agreed July 2021)</p>
	<p><b>3 DATA</b> Refreshed mandate agreed in December 2022</p>
	<p><b>4 INFORMATION SECURITY</b> Refreshed mandate agreed in April 2023</p>
	<p><b>5 DIGITAL SERVICE TRANSFORMATION</b></p>
	<p><b>6 PROCUREMENT</b></p>
	<p><b>7 PROPERTY</b></p>

17. In 2019, Cabinet approved a *Strategy for a Digital Public Service* [GOV-19-MIN-0043], which aims to improve the efficiency of the public service, enable change, support better services and digital transformation of agencies, and put people and businesses at the centre of government services.
18. Improving digital foundations across the public service is a key priority of the *Strategy*, and a key enabler of digital service transformation. Significant progress has already been made across many key areas:
  - 18.1. A refreshed Cloud First policy was recently agreed by Cabinet [ERS-23-MIN-001]. The policy will support agencies to move from legacy systems to modern systems that can be more easily interfaced or integrated.
  - 18.2. The Digital Identity Services Trust Framework Act was passed by Parliament in April and is due to come into force in July 2024. The Act establishes a legal framework to support the provision of secure and trusted digital identity services for individuals and organisations. Digital identity services will give people more control over their information, support people to prove who they are online, and make it easier for them to access online services.
  - 18.3. A Digital Investment Office was set up within DIA and is looking to take an all-of-government view to investing in public service digital systems, to create system value.
  - 18.4. Building digital capability within the public service to ensure we have the workforce and skills necessary to deliver digital transformation; which over time could be approached in a more coordinated or centralised way. DIA and MBIE have purchased the licence for a *Skills Framework for the Information Age*, which they are looking to roll out across the public sector.
  - 18.5. Supporting digital inclusion by taking steps to overcome identified barriers to digital inclusion, including by developing accessibility standards for agencies and by improving digital skills for New Zealanders.

*Progress on integrated and customer-centred digital services*

19. We have some strong examples of integrated digital services where agencies have worked together to join up services around a common customer. For example, SmartStart is a single digital portal for registering births with the relevant agencies and applying for Best Start payments, and also provides information from across agencies on a wide range of issues relating to birth and caring for young children. This is now the way 99% of births in New Zealand are registered. Extensions to SmartStart mean it now covers support provided to parents of toddlers, and parents of children starting school. Other services modelled on SmartStart also support people transitioning from youth to adulthood and into being a senior. Similarly, Business Connect is a one-stop digital platform for businesses to obtain licences and permits from across different agencies.
20. Inland Revenue have also successfully transformed the way the tax system operates, creating a more modern, streamlined process where taxes are calculated automatically for individuals. This reduces compliance costs for businesses, allows for real time data collection, and reduces departmental running costs.





## A system approach is needed to build modern, integrated, and resilient digital public services

21. The initiatives outlined above start to take us towards a future where:
- 21.1. Customers can easily access the services they need. The services are easy to understand, accessible online<sup>2</sup>, and straightforward to navigate. Where possible, services are joined up so that customers only need to go to one place to access the relevant services for a particular situation or life event (modelling services such as SmartStart).
  - 21.2. Agencies have the systems and capability they need to design their services around New Zealanders' needs. Agencies have back-office systems that are aligned, and supported by the Digital System Leader. They can use the same information sharing, communication, and data platforms which enable collaborative working on cross-agency issues and interoperability between digital systems. Agencies are supported by the Information Security System Leader to keep data and systems secure.
  - 21.3. Ministers have oversight of ongoing transformation of services and digital systems and receive clear advice from officials in these areas which integrates the key perspectives. This oversight and advice allows us to prioritise funding across the public service, using innovative funding mechanisms to fund system initiatives in the service transformation and digital systems.
22. Despite the progress made, the vision for modern, digital public services has not yet been realised:
- 22.1. Efforts to modernize and integrate services are being undertaken separately by individual agencies and are treated as separate proposals rather than part of an overall plan (e.g., challenges of actively transitioning agencies from legacy to cloud-based systems under the CloudFirst policy).
  - 22.2. Most data and digital processes within agencies have been tailored to the needs of the individual agency, without considering how these will interface with systems and processes of other agencies. The public service doesn't yet have common ways of operating. Other foundations that could better support New Zealanders in dealing with government, such as digital identity and informed consent tracking, are patchy or not present.
  - 22.3. Despite digital agencies providing system-level advice through the budget process, bids still tend to be focused on individual agency priorities. There is no effective process for considering system initiatives. 9(2)(f)(iv) confidentiality of advice  
[REDACTED]  
[REDACTED]  
[REDACTED] Some specific system initiatives require additional resourcing in order to be fully effective, including the Digital Identity Services Trust Framework Act and the Digital Investment Office.

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<sup>2</sup> Services will continue to be delivered via other methods (e.g. phone or face-to-face) where appropriate.

- 22.4. The public service has gaps in the digital skills and talent needed to make digital service transformation successful. While we have strong digital capability in some areas, there is not enough of this capability to deliver the scale of digital transformation that is planned. Neither is there a coordinated process for deploying this resource to support priority transformations.
- 22.5. There are a number of intersecting roles and mandates within the digital system, including System Leaders for Digital, Data, Information Security and Service Transformation. While relationships and ways of working between these leads have been strengthened over time, it can be difficult for Ministers to resolve and balance the different perspectives they bring to advice and decisions, including economic considerations and risks such as privacy, digital rights, and ethics.
- 23. To overcome these barriers and siloes, we propose a system operating model that brings together the different system leadership perspectives to take a cross agency view of digital transformation, and prioritises how we invest in digital services that are focused on people and events in their lives.
- 24. The system operating model will evolve over time, but we propose the following as necessary first steps:

INITIAL STEPS OF A NEW SYSTEM OPERATING MODEL	
	<b>SYSTEM BLUEPRINT</b> - that identifies, prioritises, and sequences transformation and investment in digital public services
	<b>MODERN DIGITAL SYSTEMS</b> - supported through continued implementation of the Strategy for a Digital Public Service
	<b>DEDICATED FUNDING PROCESSES</b> - to enable funding for joined up approaches to delivery of system initiatives and functions with benefits across the system
	<b>STRENGTHENED LEADERSHIP AND GOVERNANCE ARRANGEMENTS</b> - to effectively lead digital service transformation

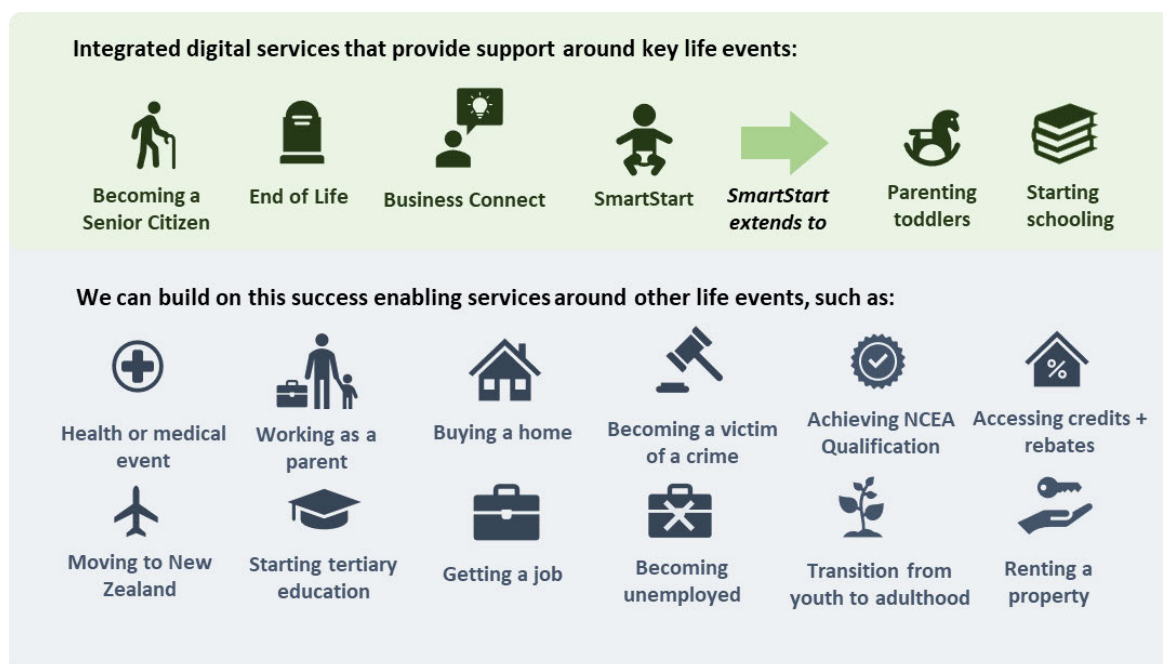
**We need a plan to identify, prioritise and sequence transformation and investment in digital public services**

- 25. As referenced above, we are not starting from scratch – there are plenty of strong examples of successful service transformation. We need to build on this success by taking a planned approach to transforming other services. To support us to make informed and effective decisions on where to prioritise efforts to transform digital services, we need a system perspective of the service transformation landscape – including which services require simplification and modernisation, and what proposals already exist for digital service transformations. Transforming digital services requires significant investment, so it is important we have a system overview to effectively prioritise this spend. This overview would also allow us to identify opportunities to integrate services through the transformation process.
- 26. We also need to better understand where New Zealanders will benefit most from integrated digital services, including those built around key life events. Consideration



needs to be given to the number of likely service users, the complexity of the current service arrangements, and the number of agencies that service users have to interact with.

27. Some possible candidates for new integrated services, along with those that we already have in place, are provided in the diagram below. While these examples have a prominent focus on services within the social sector, a similar approach could also be taken to services within other sectors (e.g. business, primary industries, and environment).



28. We believe there is a need to develop a blueprint which includes:
- 28.1. identification of the services that require modernisation, taking into account the need to support integration and resilience.
  - 28.2. a clear plan for prioritising, sequencing, and progressing opportunities for transforming digital service.
  - 28.3. a coherent investment path to support the plan and identify where there is most benefit from government spend.
29. We propose that the Digital Executive Board be tasked with developing this blueprint (discussed further below). The Ministers for Digital Economy and Communications and the Public Service will provide a report back to Cabinet by 31 August 2023 on progress towards developing this blueprint.

**We need strong digital foundations and systems across the public service to support effective service transformation**

30. Joining up services for New Zealanders is difficult unless agencies are working with systems that are modern, secure, and cohesive. Modernising agency services requires a move away from legacy digital systems, and a corresponding redesign and modernisation of digital policies and processes, which will provide opportunities to shape services that are more customer-focused and easily accessible.

31. The progress made against the *Strategy for a Digital Public Service* (identified at paragraph 18), alongside progress made by the System Leaders for Data and Information Security, mean the public service is now better positioned to support broader Service Transformation. We are shifting the public service approach to digital from agency-centric approaches to chief executives making more coordinated decisions about digital infrastructure and processes within a framework set by the System Leaders for Digital, Data and Information Security. This move towards greater alignment of digital systems will better enable agencies to share and align data, processes, standards, and frameworks, and therefore build more integrated and accessible digital services. Chief executives remain accountable for ensuring their own agency's digital systems and processes are fit for purpose.
32. Continued implementation of this *Strategy* needs to remain a priority, as it is key to ensuring there are effective digital infrastructure, data, and processes in place across the public service to support our service transformation programme. Work being led by the System Lead for Data to improve consistency of the collection, management, and use of data across government will also be important to provide the foundations needed to transform and integrate services.

**We need better processes for prioritising funding for digital transformation across agencies**

33. Agencies currently bid for funding through the Budget on a first-come-first-served basis. This is problematic in the digital system where agencies often bid for funding to support new or updated digital systems and processes for their agencies and the services they provide. Recent changes to the budget process have been made, with a sub-panel for Data/Digital/Cyber reviewing and providing joint advice on relevant bids to Ministers. This is a strong first step towards taking a portfolio approach to government's digital assets and investments. However, this only allows consideration of funding requests in a single budget round.
34. We need a better view of the state of the digital system over the coming years – including which systems will be due for replacement. 9(2)(f)(iv) confidentiality of advice  
[REDACTED]
35. As mentioned above, one aim of the *Strategy for a Digital Public Service* is to support us to take an all-of-government, multi-year view to investing in public service digital systems. To support this aim, Cabinet recently directed the GCDO to develop a multi-year all-of-government Digital Investment Roadmap to identify priorities for government ICT investment, and a framework that supports GCDO oversight and prioritisation of government digital investments [CAB-22-MIN-0200 refers].
36. Given a large proportion of the planned digital investment across agencies relates to digital service transformation, the work to inform the Digital Investment Roadmap will now feed into the system blueprint proposed at paragraph 28. The GCDO (System Leader for Digital) has been working with the System Leader for Data to ensure alignment between these priorities and framework with the Data Investment Plan. Successful implementation will require strong ongoing support from the Treasury, agencies, and Ministers. In future there may be opportunities to extend this approach to other areas of government expenditure.

## **We need effective leadership of digital public service transformation, that brings together relevant system lead perspectives**

37. To be successful in transforming New Zealand's digital public services, we need effective public service leadership to own, lead, manage and implement this change. There are multiple views, roles, and mandates within the digital public service system, and each provide advice and oversight for different aspects of the system. The leadership arrangements for this programme of work would ideally bring together relevant system lead perspectives so that we receive coordinated advice that takes all the relevant considerations into account.

### *Digital Executive Board*

38. From 2019 the public service has aimed to pull together the many separate strands of government digital activity through the *Digital Strategy for Aotearoa*, and rollout of new technology across New Zealand. This strategy has a different focus than the *Strategy for a Digital Public Service*, and supports New Zealand's transition to a sustainable, high-productivity and low emissions economy by encouraging the creation and adoption of digital and data driven technologies in New Zealand. Rather than allocate a lead agency to drive implementation of the *Strategy*, Cabinet agreed in 2022 to establish the Digital Executive Board as an interdepartmental executive board under the Public Service Act 2020 [DEV-22-MIN-0152 refers]. The Board aims to provide a dedicated forum for stronger and more enduring coordination and alignment of the Government's digital programme.
39. A primary focus of the Board's establishment was supporting implementation of the *Strategy*, and therefore the remit of the Board was formed from departments supporting the Digital Economy and Communications portfolio. This includes:
- 39.1. Department of Internal Affairs;
  - 39.2. Ministry of Business Innovation and Employment;
  - 39.3. Department of Prime Minister and Cabinet; and
  - 39.4. Statistics New Zealand.
40. Despite efforts of the Board to support cross-agency initiatives in the digital area, its current remit and functions are not broad enough to drive and lead a whole of system approach to transform digital public services. Often the work of these departments to join up and transform digital public services intersects with the work of other key system leaders that are currently outside of the Board's remit (i.e., the GCISO). We propose a reset of the remit and functions of the Board to drive digital service transformation.

### *Resetting the scope and functions of the Digital Executive Board*

41. The Board is currently responsible for aligning and coordinating activities within the Digital Economy and Communications portfolio where there are shared agency interests. The board is specifically accountable for:
- 41.1. Leading and driving implementation of the *Digital Strategy for Aotearoa*;

- 41.2. Aligning and coordinating strategic, policy, planning, budgeting activities for the departments that support the Digital Economy and Communications portfolio; and
- 41.3. Supporting these departments to undertake priority work and cross-agency initiatives.
42. Following this reset, the Board will instead be accountable for supporting digitisation and integration of public services around common citizens, clients, and customers by:
  - 42.1. Leading and managing the whole-of-system transformation of digital public services, including producing and implementing a system blueprint for digital public services which enables clear sequencing and prioritisation of investment;
  - 42.2. Joining current work programmes at key points of overlap to build on progress already being made across the public service, including supporting the GCDO to implement key initiatives under the *Strategy for a Digital Public Service*.
43. We propose that the *Digital Strategy for Aotearoa* will no longer be led by the Board, and will instead be led by a more informal grouping of the relevant chief executives.
44. The Board will continue to be responsible to the Minister for the Digital Economy and Communications. Repurposing the Board in this way will provide Ministers with single point of contact for information, advice, and issues regarding digital public service transformation.
45. The Board's responsibility for its functions will not change individual chief executive accountabilities for the performance, operation, and actions taken by their agencies when carrying out their individual or system role and functions. For example, while the Board will support the GCDO to implement the *Strategy for a Digital Public Service*, and maintain some oversight of progress made, the GCDO remains responsible for the *Strategy*. Expanding the Board's functions to those listed above will also ensure that this strategy is aligned with other work underway across the public service.

#### *Resetting the remit of the Digital Executive Board*

46. The change in the Board's functions has implications for its remit, which will need to be amended to include other system leaders that have roles and expertise necessary to support integrated service delivery and transformation of digital public services, and remove those agencies that do not have a direct role in these functions. The new remit will be:
  - 46.1. Department of Internal Affairs (Government Chief Digital Officer and Chief Privacy Officer)
  - 46.2. Government Communications Security Bureau (Government Chief Information Security Officer)
  - 46.3. Te Kawa Mataaho Public Service Commission (Head of Service)
  - 46.4. Statistics New Zealand (Government Chief Data Steward)
  - 46.5. Inland Revenue (System Lead Service Transformation).

47. The Public Service Commissioner will appoint the board from this remit in accordance with the Public Service Act 2020. To ensure the Board has access to the technical expertise relevant to its functions, the Public Service Commissioner also intends to appoint independent advisors to the Board to provide access to specific expertise. These advisors could include appropriate subject matter experts or leaders from large service delivery agencies undergoing transformation.
48. We propose that the servicing department remain as the Department of Internal affairs, and that they will continue to provide light touch secretariat support to the Board, with further support provided by officials from member agencies (e.g. in the form of working groups). The Department of Internal Affairs will also continue to administer the appropriation from which the Board is funded.

**Modernising digital services will have security implications that change how we manage cyber security**

49. Modernising agency services requires a shift away from legacy digital systems towards modern digital platforms and a corresponding redesign and modernisation of policies and processes. Modernising digital platforms – including, for example, transition to cloud-based systems – does not increase security risks but does require security implications to be worked through and appropriately managed.
50. 9(2)(f)(iv) confidentiality of advice  
[REDACTED]  
[REDACTED]  
[REDACTED] Cabinet has previously noted the benefits of combining the functions of CERT NZ into GCSB, and commissioned further work, including completion of a business case on what is required for implementation [ERS-22-MIN-0063 refers].
51. We propose strengthening the role of GCSB as the lead agency with end-to-end responsibility for cyber security operations. This will complement the role of the GCSB chief executive as the System Lead for information security and better ensure that cyber security and capability are equally important and interdependent. Cabinet recently agreed on the refreshed mandate of the GCISO to strengthen the cyber security of the public sector for New Zealand [ERS-23-MIN-0016].
52. We note in its leadership role GCSB will need to continue working with Justice sector agencies including NZ Police regarding cybercrime, with MFAT on matters relating to international engagement, with DPMC and MBIE on matters relating to critical national infrastructure and emerging technologies, and any other agencies with interests relating to cyber security.
53. 9(2)(f)(iv) confidentiality of advice  
[REDACTED]
54. Making this change will improve outcomes for:

- 54.1. Businesses and individuals – through improved public-facing cyber security advice, resilience, and response system.
  - 54.2. Ministers – through clearer responsibilities and pathways for decision making on cyber security issues.
  - 54.3. Public Service – through a secure approach to digital transformation for the public service.
55. Strengthening the role of GCSB will require consolidating certain cyber security related functions currently held across agencies. We propose integrating CERT NZ into GCSB by 1 October 2023. Once transferred, these functions will sit within the National Cyber Security Centre (NCSC). NCSC is a unit within GCSB that is intentionally branded and separated from the parts of GCSB which focus on foreign intelligence, so that it can have a public-facing role including engaging with private and public sector organisations.
56. 9(2)(f)(iv) confidentiality of advice
- [REDACTED]

*CERT integration into GCSB*

- 57. We propose that the transfer of existing CERT NZ functions to GCSB be implemented by 1 October 2023. Effectively integrating these functions will have some IT, property, process, and other change costs. These are estimated at \$8m over the next five years. MBIE and GCSB have agreed an approach to meet these costs within existing baselines, discussed further in the financial implications section of this paper.
- 58. The draft business case regarding the integration of CERT NZ into GCSB also describes options to improve functionality through the proposed integration, in response to previous consideration by Ministers and the recommendations of an independent Ministerial Advisory Group. This includes improving service delivery to individuals, particular population groups (e.g. Māori), businesses, and other organisations. These options would require new funding. We propose that the business case be submitted in due course with any requests for new funding to be considered through Budget 2024.

*Clarifying roles in digital safety and online harm*

- 59. Cyber security is focussed on preventing attacks to, and compromises of, online platforms, devices, and services. While cyber security incidents can lead to online harms, digital safety and reducing online harm are about preventing the harms that can result from the use of online services. The Department of Internal Affairs leads the government’s work on digital safety and online harm, working with other agencies (e.g., Police) to respond and support those affected by cybercrime.

60. As part of the online safety system, NetSafe (an independent non-profit organisation) supports the public to be safe online by providing free tools, support, and advice. The majority of NetSafe's funding comes from its contracts with the Ministry of Justice (relating to implementation of the Harmful Digital Communications Act 2015) and the Ministry of Education (NetSafe for Schools). There is also an opportunity to consolidate and clarify the management of the government's relationship with NetSafe. To better ensure alignment of the government's security and social cohesion priorities, and to strengthen our relationship going forward, we propose consolidating NetSafe funding arrangements in the Department of Internal Affairs, consistent with DIA's role in digital safety and online harm.
61. We propose that the Minister of Internal Affairs report back to Cabinet by the end August 2023 on the implementation of this change, including on the necessary appropriation adjustments and changes to contractual arrangements.

## **Consultation**

62. The following departments were consulted on this paper: Departmental of Internal Affairs; Department of the Prime Minister and Cabinet (including the Policy Advisory Group); Inland Revenue Department; Ministry of Business, Innovation and Employment; Ministry of Foreign Affairs and Trade; Ministry of Social Development; GCSB; Ministry of Defence; NZ Defence Force; NZ Police; Statistics NZ; Public Service Commission; and the Treasury.

## **Financial Implications**

### *Digital Executive Board and system blueprint*

63. The Digital Executive Board already receives a small amount of secretariat support, with funding originally contributed by member departments. It is expected that this support will continue. Member agencies of the Board will also need to contribute in-kind staff that have the necessary skills and subject matter expertise to contribute to the work of the board, including development of the proposed system blueprint. The implementation of the blueprint itself may have financial implications due to prioritisation and the nature of future investments in digital public services and service transformation. We expect these implications to be considered in full alongside the blueprint.

### *Establishing GCSB as lead agency for cyber security*

64. CERT NZ's core functions are funded from a single appropriation (Communications: Cyber Security Services) which we propose would transfer to Vote Communications Security and Intelligence. Costs for Pacific Cyber Security support activities are provided separately through funding from the Ministry of Foreign Affairs and Trade (Communications: Pacific Cyber Security Initiatives (2020-2025) - MYA). We propose that this would also transfer to Vote Communications Security and Intelligence.
65. As noted above the integration of existing CERT NZ functions into GCSB will have some associated costs, including IT, property, process, and other change costs. These are estimated at \$8 million over the next five years. MBIE and GCSB have agreed an approach to meet these costs within existing baselines, which includes:

- 65.1. An in-principle expense transfer of 2022/23 CERT NZ underspends to GCSB;
- 65.2. MBIE absorbing any shortfall in its overhead budget from resulting diseconomies of scale in the transfer;
- 65.3. MBIE providing project management resource to assist with the integration;
- 65.4. MBIE providing ongoing use its corporate services, call centre and property in the short term to support an effective transition; and
- 65.5. GCSB absorbing any shortfall in costs associated with the integration.

### **Legislative Implications**

66. The Minister for the Public Service will instruct Parliamentary Council Office to draft an Order in Council to amend the Board's remit.

### **Impact Analysis**

67. The regulatory proposals in this paper are exempt for the requirement to provide a Regulatory Impact Statement. They involve adjusting internal governance arrangements, and are expected to have no or minor impacts on businesses, individuals or not-for-profit entities.

### **Human Rights**

68. The proposals in this paper are consistent with the requirements of the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990.

### **Population Implications**

69. Joining up and modernising digital public services around the common customer, client, and citizen is a long-term programme of work that will affect a wide range of population groupings and individuals. Specific services will be targeted to benefit certain populations; for instance, SmartStart, which integrates services around birth and caring for young children, specifically benefits whānau, young children and their parents.
70. Some groups are less able to seize opportunities provided by digital services. For instance, Māori, Pacific peoples, disabled people, older people, rural communities, whānau in low socioeconomic communities, and unemployed people are more likely to feel the effects of digital exclusion. The proposed steps included in this paper will support digital inclusion by progressing digital services that are easy to navigate. We note that existing work programmes relating to digital exclusion are focused on ensuring that services continue to be available in other formats as appropriate so that these groups are not further disadvantaged by digital transformation.

### **Tiriti o Waitangi considerations**

71. Further integrating services to be more centred around people and key aspects of their lives will affect different Māori groups in various ways. The public service has a specific role to support the Māori Crown relationship under the Treaty, and works to provide services that meet the aspirations and needs of Māori. As recognised in the *Strategy*



*for a Digital Public Service*, digital transformation offers an unprecedented opportunity to accelerate the achievement of Māori aspirations, and better deliver services to Māori. Emerging technologies, digital tools and the pace of change mean the wellbeing outcomes sought by the Crown and Māori could be achieved much faster than anticipated.

72. We expect relevant Ministers, and agencies, to appropriately consider the implications of digital service transformation for Māori under the Treaty of Waitangi and the role of Māori in the development and implementation of the actions proposed in this paper.

### Publicity

73. Following Cabinet decisions, we expect relevant Ministers will consider announcements of any machinery changes on completion of the associated business cases. No announcements will be made regarding the system blueprint at this early stage.

### Proactive Release

74. This paper will be proactively released once it has been considered by Cabinet and announcements have been made.

### Recommendations

The Minister for the Public Service and the Minister for Digital Economy and Communications recommend that the Committee:

1. **note** progress has been made to improve delivery of digital public services, and there are various initiatives either underway or planned across the system to ensure digital public services are modern, cohesive, secure, and effective;
2. **note** key steps to build on this progress, and to better join up and modernise digital public services around the common customer, client, and citizen:
  - 2.1. developing and implementing a system blueprint that identifies, prioritises, and sequences transformation and investment in digital public services;
  - 2.2. continuing to modernise government digital infrastructure in line with the *Strategy for a Digital Public Service*;
  - 2.3. developing better processes for prioritising funding for digital transformation across agencies;
  - 2.4. strengthening leadership and governance arrangements for digital service transformation by resetting the remit and functions of the Digital Executive Board.

#### *Developing a system blueprint*

3. **agree** the Digital Executive Board will develop a system blueprint that identifies, prioritises, and sequences transformation and investment in digital public services;

4. **invite** the Minister for Digital Economy and Communications and the Minister for the Public Service to report back to Cabinet with a progress update on the development of the blueprint by 31 August 2023;

*Modernising government digital systems*

5. **note** joining up and modernising services is difficult unless we are working with digital systems that are modern, secure, and cohesive;
6. **note** there is work underway to support the modernisation of digital systems consistently across the public service, including implementation of the *Strategy for a Digital Public Service*;

*Developing better processes for prioritising funding across agencies*

7. **note** current funding processes make it difficult to take a system view and prioritise across individual agency initiatives;
8. **note** that work is underway to better prioritise our investment in digital systems, including establishment of an investment panel that assesses digital/data/cyber bids through the budget process, and development of an all-of-government Digital Investment Roadmap to support prioritisation of investment;

*Resetting the Digital Executive Board*

9. **note** that effective public service leadership is needed to own, lead, manage and implement the digital service transformation programme;
10. **note** that, on 29 June 2022, Cabinet agreed to establish the Digital Executive Board as an interdepartmental executive board under the Public Service Act 2020, to lead and drive implementation of the *Digital Strategy for Aotearoa* [DEV-22-MIN-0152];
11. **note** there is opportunity to reset the remit and functions of the Digital Executive Board (the Board) to lead and drive a whole-of-system approach to joining up and modernising digital public services;
12. **agree** to amend the functions of the Board so that it is accountable for supporting integrated delivery of public services around common citizens, clients, and customers by:
  - 12.1. leading and managing the whole-of-system transformation of digital public services, including producing and implementing a system blueprint for digital public services that enables clear sequencing and prioritisation of investment;
  - 12.2. joining current work programmes at key points of overlap to build on progress already being made across the public service;
13. **note** the *Digital Strategy for Aotearoa* will no longer be led by the Board, and will instead be led by a more informal grouping of the relevant chief executives;

14. **agree** to amend the remit of the Board to include:
  - 14.1. Department of Internal Affairs (Government Chief Digital Officer and Chief Privacy Officer)
  - 14.2. Government Communications Security Bureau (Government Chief Information Security Officer)
  - 14.3. Te Kawa Mataaho Public Service Commission (Head of Service)
  - 14.4. Statistics New Zealand (Government Chief Data Steward)
  - 14.5. Inland Revenue (System Lead Service Transformation);
15. **invite** the Minister for the Public Service to instruct the Parliamentary Counsel Office to draft an Order in Council to update the remit of the Board to reflect the departments listed in recommendation 14;
16. **note** that members of the Board will be selected by the Public Service Commissioner, in accordance with section 29 of the Public Service Act 2020, from the agencies within the Board's remit;
17. **note** that the Public Service Commissioner intends to appoint independent advisors to the Board to provide access to technical expertise relevant to the Board's proposed functions, which may include representatives of agencies undergoing significant digital transformations;
18. **note** that the Board will be responsible to the Minister for Digital Economy and Communications;
19. **note** the Board's responsibility for its functions will not change individual chief executive accountabilities for the performance, operation, and actions taken by their agencies when carrying out their individual or system role and functions;

*Cyber security roles and responsibilities*

20. **note** that current roles and responsibilities for system leadership of cyber security operations are spread across several agencies, with no overall lead agency;
21. **note** that we need more coherent and connected roles and responsibilities across cyber security in the public service to appropriately manage the ongoing security implications of transforming digital services;
22. **agree** to make the Government Communications Security Bureau (GCSB) the lead agency with end-to-end responsibility for cyber security operations;
23. **note** this change will require consolidating cyber security functions sitting in other agencies including the Computer Emergency Response Team (CERT NZ) currently in MBIE);
24. **note** that the transfer of functions to GCSB will not change portfolio allocations or ministerial reporting lines, and the Minister for Digital Economy and Communications will remain the responsible Minister for these functions (recognising that portfolio

allocation and any future adjustments in this regard remain a matter for the Prime Minister);

25. 9(2)(f)(iv) confidentiality of advice  
[Redacted]

26. 9(2)(f)(iv) confidentiality of advice  
[Redacted]

*Transfer of CERT NZ functions to GCSB*

- 27. **agree** to transfer existing CERT NZ functions to GCSB by 1 October 2023;
- 28. **agree** that the costs of integrating existing CERT NZ functions from the Ministry Business, Innovation and Employment to the Government Communication Security Bureau by 1 October 2023, will involve fiscally neutral transfers from the former to the later, the transfer of assets and liabilities from the former to the later with any additional costs to be met from within agencies baselines;
- 29. **note** the necessary fiscally neutral transfers from Vote Business, Science and Innovation to Vote Communications Security and Intelligence for 2023/24 and outyears to give effect to the decisions in recommendations 27 and 28 above, will be approved by Joint Ministers;
- 30. **note** the fiscally neutral transfers in recommendation 29 above will incorporate any underspends in the Cyber Security Services departmental output expense appropriation in Vote Business, Science and Innovation confirmed by Joint Ministers for transfer from 2022/23 to 2023/24, as necessary;
- 31. **approve** the transfer of any assets and liabilities relating to Cyber Security Services from the Ministry of Business, Innovation and Employment to the Government Communications Security Bureau at the net book value at the time of integration;
- 32. **authorise** Joint Ministers to agree any consequential impacts to appropriations as necessary, to give effect due the transfers of assets and liabilities described in recommendation 31 above;
- 33. **agree** the Ministry of Business, Innovation and Employment will return any accumulated depreciation under Vote Business, Science and Innovation to the Crown, where the funds will be ring-fenced for future access by the Government Communications Security Bureau for asset replacement;
- 34. **note** the Ministry of Business, Innovation and Employment may provide corporate services over a transition period to enable the transfer of CERT NZ functions to the Government Communications Security Bureau;
- 35. **note** the Ministry of Business, Innovation and Employment and the Government Communications Security Bureau will agree on a separate mechanism, such as a

Memorandum of Understanding, between the two agencies for the provision of those services;

36. **note** that Cabinet previously commissioned a business case on what is required for the integration of CERT NZ into GCSB [ERS-22-MIN-0063 refers] and directed officials to report to the Minister Responsible for the GCSB and the Minister for the Digital Economy and Communications by June 2023;
37. **agree** that this business case advise relevant Ministers in due course on options to improve functionality through the proposed integration and that any requests for new funding be considered through Budget 2024;

*Clarifying roles in digital safety and online harm*

38. **note** that NetSafe receives funding mainly through contracts with the Ministry of Justice and the Ministry for Education;
39. **agree** to consolidate and shift NetSafe funding arrangements to the Department of Internal Affairs, to better support the Government's security and social cohesion priorities, and to support management of the ongoing relationship between NetSafe and the public service;
40. **invite** the Minister of Internal Affairs to report back to Cabinet by the end August 2023 on the implementation of the change in recommendation 39, including necessary appropriation adjustments and changes to contractual arrangements.

Authorised for lodgement

Hon Andrew Little  
Minister for the Public Service

Hon Ginny Andersen  
Minister for the Digital Economy and  
Communications



# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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*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.*

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### Digital Service Transformation: Building Modern, Integrated and Resilient Digital Public Services

**Portfolio**                      **Public Service, Digital Economy and Communications**

On 29 June 2023, the Cabinet Government Administration and Expenditure Review Committee:

#### Background

- 1        **noted** that progress has been made to improve delivery of digital public services, and there are various initiatives either underway or planned across the system to ensure digital public services are modern, cohesive, secure, and effective;
- 2        **noted** the key steps to build on this progress, and to better join up and modernise digital public services around the common customer, client, and citizen:
  - 2.1      developing and implementing a system blueprint that identifies, prioritises, and sequences transformation and investment in digital public services;
  - 2.2      continuing to modernise government digital infrastructure in line with the *Strategy for a Digital Public Service*;
  - 2.3      developing better processes for prioritising funding for digital transformation across agencies;
  - 2.4      strengthening leadership and governance arrangements for digital service transformation by resetting the remit and functions of the Digital Executive Board;

#### Developing a system blueprint

- 3        **agreed** that the Digital Executive Board will develop a system blueprint that identifies, prioritises, and sequences transformation and investment in digital public services;
- 4        **invited** the Minister for the Public Service and Minister for Digital Economy and Communications to report back to Cabinet by 31 August 2023 with a progress update on the development of the blueprint;

## Modernising government digital systems

- 5 **noted** that joining up and modernising services is difficult without digital systems that are modern, secure, and cohesive;
- 6 **noted** that there is work underway to support the modernisation of digital systems consistently across the public service, including implementation of the Strategy for a Digital Public Service;

## Developing better processes for prioritising funding across agencies

- 7 **noted** that current funding processes make it difficult to take a system view and prioritise across individual agency initiatives;
- 8 **noted** that work is underway to better prioritise public investment in digital systems, including establishment of an investment panel that assesses digital/data/cyber bids through the budget process, and development of an all-of-government Digital Investment Roadmap to support prioritisation of investment;

## Resetting the Digital Executive Board

- 9 **noted** that effective public service leadership is needed to own, lead, manage and implement the digital service transformation programme;
- 10 **noted** that in June 2022, the Cabinet Economic Development Committee agreed to establish the Digital Executive Board (the Board) as an interdepartmental executive board under the Public Service Act 2020, to lead and drive implementation of the Digital Strategy for Aotearoa [DEV-22-MIN-0152];
- 11 **noted** there is opportunity to reset the remit and functions of the Board to lead and drive a whole-of-system approach to joining up and modernising digital public services;
- 12 **agreed** to amend the functions of the Board so that it is accountable for supporting integrated delivery of public services around common citizens, clients, and customers by:
- 12.1 leading and managing the whole-of-system transformation of digital public services, including producing and implementing a system blueprint for digital public services that enables clear sequencing and prioritisation of investment;
- 12.2 joining current work programmes at key points of overlap to build on progress already being made across the public service;
- 13 **noted** that the Digital Strategy for Aotearoa will no longer be led by the Board, and will instead be led by a more informal grouping of the relevant chief executives;
- 14 **agreed** to amend the remit of the Board to include:
- 14.1 Department of Internal Affairs (Government Chief Digital Officer and Chief Privacy Officer);
- 14.2 Government Communications Security Bureau (Government Chief Information Security Officer);
- 14.3 Te Kawa Mataaho Public Service Commission (Head of Service);
- 14.4 Statistics New Zealand (Government Chief Data Steward);

14.5 Inland Revenue (System Lead Service Transformation);

15 **invited** the Minister for the Public Service to instruct the Parliamentary Counsel Office to draft an Order in Council to update the remit of the Board to reflect the departments listed in paragraph 14 above;

16 **noted** that members of the Board will be selected by the Public Service Commissioner, in accordance with section 29 of the Public Service Act 2020, from the agencies within the Board’s remit;

17 **noted** that the Public Service Commissioner intends to appoint independent advisors to the Board to provide access to technical expertise relevant to the Board’s proposed functions, which may include representatives of agencies undergoing significant digital transformations;

18 **noted** that the Board will be responsible to the Minister for Digital Economy and Communications;

19 **noted** that the Board’s responsibility for its functions will not change individual chief executive accountabilities for the performance, operation, and actions taken by their agencies when carrying out their individual or system role and functions;

**Cyber security roles and responsibilities**

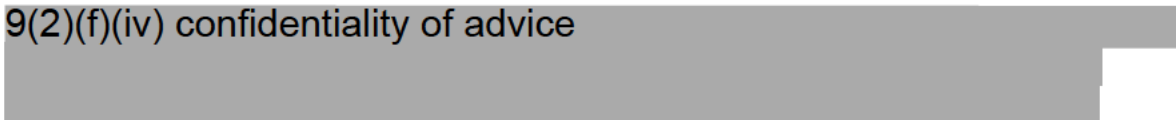
20 **noted** that current roles and responsibilities for system leadership of cyber security operations are spread across several agencies, with no overall lead agency;

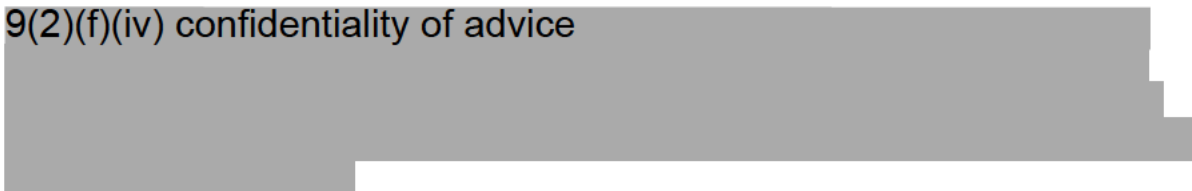
21 **noted** that more coherent and connected roles and responsibilities are needed across cyber security in the public service to appropriately manage the ongoing security implications of transforming digital services;

22 **agreed** to make the Government Communications Security Bureau (GCSB) the lead agency with end-to-end responsibility for cyber security operations;

23 **noted** that the above change will require consolidating cyber security functions sitting in other agencies including the Computer Emergency Response Team (CERT NZ) currently in the Ministry of Business, Innovation and Employment (MBIE);

24 **noted** that the transfer of functions to GCSB will not change portfolio allocations or ministerial reporting lines, and the Minister for Digital Economy and Communications will remain the responsible Minister for these functions (recognising that portfolio allocation and any future adjustments in this regard remain a matter for the Prime Minister);

25 9(2)(f)(iv) confidentiality of advice  


26 9(2)(f)(iv) confidentiality of advice  


**Transfer of CERT NZ functions to GCSB**

27 **agreed** to transfer existing CERT NZ functions to GCSB by 1 October 2023;



- 28 **agreed** that the costs of integrating existing CERT NZ functions from MBIE to GCSB by 1 October 2023 will involve fiscally neutral transfers from the former to the latter, the transfer of assets and liabilities from the former to the latter with any additional costs to be met from within agencies' baselines;
- 29 **noted** that the necessary fiscally neutral transfers from Vote Business, Science and Innovation to Vote Communications Security and Intelligence for 2023/24 and outyears to give effect to the decisions in paragraphs 27 and 28 above will be approved by joint Ministers;
- 30 **noted** that the fiscally neutral transfers in paragraph 29 above will incorporate any underspends in the Cyber Security Services departmental output expense appropriation in Vote Business, Science and Innovation confirmed by joint Ministers for transfer from 2022/23 to 2023/24, as necessary;
- 31 **approved** the transfer of any assets and liabilities relating to Cyber Security Services from MBIE to GCSB at the net book value at the time of integration;
- 32 **authorised** joint Ministers to agree any consequential impacts to appropriations as necessary, to give effect due the transfers of assets and liabilities described in paragraph 31 above;
- 33 **agreed** that MBIE will return any accumulated depreciation under Vote Business, Science and Innovation to the Crown, where the funds will be ring-fenced for future access by the GCSB for asset replacement;
- 34 **noted** that MBIE may provide corporate services over a transition period to enable the transfer of CERT NZ functions to GCSB;
- 35 **noted** that MBIE and GCSB will agree on a separate mechanism, such as a Memorandum of Understanding, between the two agencies for the provision of the above services;
- 36 **noted** that in December 2022, the Cabinet External Relations and Security Committee commissioned a business case on what is required for the integration of CERT NZ into GCSB and directed officials to report to the Minister Responsible for the GCSB and the Minister for the Digital Economy and Communications by June 2023 [ERS-22-MIN-0063];
- 37 **agreed** that the above business case advise relevant Ministers on options to improve functionality through the proposed integration and that any requests for new funding be considered through Budget 2024;

### **Clarifying roles in digital safety and online harm**

- 38 **noted** that NetSafe receives funding mainly through contracts with the Ministry of Justice and the Ministry of Education;
- 39 **agreed** to consolidate and shift NetSafe funding arrangements to the Department of Internal Affairs, to better support the Government's security and social cohesion priorities, and to support management of the ongoing relationship between NetSafe and the public service;

- 40 **invited** the Minister of Internal Affairs to report back to Cabinet by 31 August 2023 on the implementation of the above change, including necessary appropriation adjustments and changes to contractual arrangements.

Sam Moffett  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon Dr Megan Woods  
Hon Andrew Little  
Hon Nanaia Mahuta  
Hon Dr Duncan Webb  
Hon Dr Deborah Russell  
Hon Jo Luxton

**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 30 June 2023**

On 3 July 2023, Cabinet made the following decisions on the work of the Cabinet Government Administration and Expenditure Review Committee for the period ended 30 June 2023:

out of scope




GOV-23-MIN-0022

**Digital Service Transformation: Building Modern, Integrated and Resilient Digital Public Services**  
Portfolios: Public Service / Digital Economy and Communications

CONFIRMED

out of scope



Diana Hawker  
Acting Secretary of the Cabinet