

Hon Judith Collins KC

Minister for the Public Service

Driving Down the Cost of Digital in Government – Implementation

Date of issue: 11 February 2026

Date: 11 February 2026

Title: Driving Down the Cost of Digital in Government – Implementation

Author: Te Kawa Mataaho Public Service Commission / Digitising Government

The Hon Judith Collins KC, Minister for the Public Service and Digitising Government is releasing the Cabinet paper and Cabinet Minute

Explanatory Note

Included in this release are the following documents:

- Cabinet Paper Driving Down the Cost of Digital in Government – Implementation
- Cabinet Minute ECO-25-MIN-0217
- Cabinet Minute CAB-25-MIN-0476

Commercial In Confidence

Office of the Minister for Digitising Government

Office of the Minister for the Public Service

Cabinet Economic Policy Committee

Driving Down the Cost of Digital in Government – Implementation

Proposal

- 1 This paper reports back to Cabinet on next steps to implement a more centralised and coordinated approach to government information and communications technology (ICT) investment, procurement and delivery that will reduce cost and improve digital services to New Zealanders. To drive delivery, I am seeking Cabinet agreement to:
 - 1.1 Establish a Functional Chief Executive, under the Public Service Act, to lead a new Government Digital Delivery Agency, established as a delivery unit within the Public Service Commission; and
 - 1.2 Transfer the Digitising Government functions currently located in the Department of Internal Affairs under the Government Chief Digital Officer (GCDO) to the Public Service Commission.

Relation to Government Priorities

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

Executive Summary

- 3 Following decisions in August, Cabinet invited me to report back on next steps to progress a new, more centralised approach to government digital investment and procurement, led by the GCDO and delivered with the support of agencies [CAB-25-MIN-0286]. This paper provides a three-year work programme with deliverables and targets, principles and an implementation plan for streamlining digital investment and procurement.
- 4 The work programme is underpinned by an initial Digital Government Target State that sets the direction for improved, joined-up government digital services and a smaller, simplified government digital footprint that will drive down cost. Key deliverables include a Government App to provide a customer-centric front door to government digital services and the operationalisation of three new joined-up services that will serve as flagships for AI-enabled access to information and services, reduced administrative burden for customers and service integration with trusted third parties.
- 5 Over a ten-year period, work toward the Target State is forecast to deliver savings between \$3.7 and \$5.9 billion. It will permanently reduce the size of government's digital footprint and the resources needed to maintain it. It will drive economic growth

and productivity by delivering customer-centric services that save New Zealanders time and provide opportunities for private sector involvement and innovation.

- 6 Key to realising the full projected savings and return on investment is establishing logical groupings (clusters) of agencies that share different categories of ICT platforms and systems, rather than each having their own. I am seeking Cabinet's endorsement of the Target State, including the progressive establishment of these clusters.
- 7 The GCDO is working with Central Agencies to ensure the new approach to digital investment and procurement is planned and implemented in a robust, phased manner. By June 2028, I expect ten agency digital clusters to be underway; a 15 per cent reduction in government's investment intentions pipeline;¹ four million digital identity credentials issued; and two million downloads of the Government App.
- 8 To achieve the Target State new system governance arrangements, accountabilities, and capability shifts will be required. To that end, I propose the digital work programme be supported by the GCDO's functions moving to the Public Service Commission (with the exception of digital identity) to be led by a new Functional Chief Executive (FCE): Digital Government and a Government Digital Delivery Agency within the Commission. The new FCE would also be the GCDO. This shift aligns with the increased centralisation of the work programme.

Background

- 9 In August 2025, Cabinet agreed to a new, more centralised approach to government digital investment and procurement, led by the GCDO. The GCDO will lead decision making and oversight for government digital investment and procurement in order to drive down the cost of digital in government and deliver improved, more joined up government digital services.
- 10 Cabinet invited me to report back in December 2025 with next steps to progress this new direction. These next steps are underpinned by an initial Digital Government Target State.
- 11 Cabinet also requested that the Public Service Commission and the Secretary of the Department of Prime Minister and Cabinet report to me on options for positioning the GCDO function and any capability changes required to ensure it is best placed to meet Government ambitions. This paper sets out my resulting proposals.

A Target State to Drive Down the Cost of Digital in Government

- 12 The initial Target State sets the direction of travel for government's digital service delivery and digital footprint, with agencies required to align their approaches towards it. The accompanying three-year work programme, principles and implementation plan will drive progress towards the incremental realisation of the Target State. Key outcomes of the Target State are outlined below and in **Appendix One**.

¹ Baselined against the 2024 investment intentions of \$13 billion, to be achieved through alignment of agency intentions towards the Digital Government Target State and agency digital clustering.

Overview of the Digital Government Target State

Outcome	Key aspects of the Target State
<p>Simplified digital services that wrap around the customer</p>	<ul style="list-style-type: none"> • Government delivers joined-up, tailored digital services that respond to people’s individual circumstances rather than being shaped by agency structures, and is prepared for an AI-enabled future of service access. • Government services are simplified and proactive, with a clear focus on saving people time, boosting productivity across New Zealand, and ensuring accessibility and trust. • People have greater control of their own data. Consent enables information to move more safely and easily across government, supporting trusted, people-centred services that protect privacy and choice. • Trusted third parties (e.g. iwi Māori, community groups and businesses like banks and airlines) are enabled to provide access to government services, driving innovation and improving customer experience. • Foundational central digital capabilities (like a Government App, digital wallet, secure messaging, payment platform and data exchange) are used by all agencies, providing the backbone for consistent, high-quality service delivery.
<p>A smaller, simplified government digital footprint that reduces duplication and is less expensive to maintain</p>	<ul style="list-style-type: none"> • Groups of agencies (clusters) share ICT systems and resources to reduce cost and workforce duplication, while enabling more joined-up and efficient delivery of digital public services. • New digital initiatives prioritise a modular by design approach, using Cloud services and cost effective, proven, off-the-shelf systems. This approach avoids large (“big bang”) upfront investment and supports scalable, low risk delivery and supplier diversity. • Shared system assets are deployed once and re-used by all agencies and trusted third parties to maximise value, reduce duplication and accelerate service delivery. Security and resilience are embedded efficiently and at scale. • ICT investments are aggregated and purchased centrally to unlock economies of scale, enhance purchasing power, drive resilience, and realise greater value.
<p>13</p>	<p>The Target State has been benchmarked against leading digital jurisdictions including Singapore and Estonia and developed with agency input and private sector expertise. By taking an ambitious yet proven approach, we can leapfrog the challenges other countries have navigated to achieve benefits at pace and deliver the customer-centric government digital services that New Zealanders expect.</p>
<p>14</p>	<p>A key part of the Target State is the establishment of logical groupings of agencies that share different categories of ICT platforms and systems, rather than each having their own (‘agency digital clusters’). For example, an agency may share a Human Resource system with one cluster of agencies and a Case Management system with another cluster. Groupings will vary in scale, from spanning All-of-Government for more common categories to smaller clusters of agencies for specialist areas.</p>
<p>15</p>	<p>Secure and effective data flows and accelerated uptake of AI tools are also key components of the Target State. There is considerable work to be done to implement better data standards, architecture and information sharing practices across government. I expect the GCDO to work closely with Statistics NZ, the Office of the Privacy Commissioner and the Government Chief Information Security Officer to progress this work. The GCDO’s ongoing work programme to support responsible AI uptake across the public sector will align with and support the Target State.</p>

Transparency, accountability, and human oversight of decision-making will remain firmly in place.

The Potential Savings, Return on Investment and Benefits are Immense

- 16 The GCDO has modelled the potential savings that the Target State can deliver. By year three, the GCDO forecasts potential savings between \$200 and \$330 million. By the end of year seven, these forecast cumulative savings rise to between \$2.3 and \$3.7 billion, rising to between \$3.7 and \$5.9 billion by the end of year ten.
- 17 These initial and ongoing savings will arise from a combination of avoided costs from reducing planned expenditure, reducing spend on currently funded projects, increased economies of scale in contracts, and lower operational and service overheads due to having fewer systems to maintain and rationalising ICT functions. Savings in the first three years are expected to arise mostly from avoided costs.
- 18 The savings that can be achieved are enduring because we will permanently reduce the size of government's digital footprint and the resources needed to maintain it. The initial savings and avoided costs will be determined by the speed at which digital clusters are implemented, which needs to be balanced against the capacity of the system to implement significant change. The ramping up of savings over time reflects the work required to analyse, plan and consolidate across digital categories in phases.
- 19 Without agency digital clusters, the full projected savings and return on investment cannot be achieved. These clusters will also be a critical foundation for the Public Service Commissioner's work to simplify and streamline the Public Service and establish new ways of working.
- 20 Implementing the Target State will free up people's time, boost productivity and increase customer satisfaction through improving service quality, as well as help drive economic growth. Other jurisdictions' experiences indicate that the wider economic benefits of investing in central capabilities like credentials, payments and data exchange) are up to 2 per cent of GDP, offering considerable return on investment.
- 21 I seek Cabinet's endorsement of the Target State, including noting agency digital clusters as a key component for success. I will then direct the GCDO to develop and maintain a rolling 5-year Target State that sets the ongoing direction of travel. I expect the GCDO and Public Service Commission (PSC) to lead work on directing the establishment of agency digital clusters. The GCDO will provide initial advice to the Ministers for the Public Service, for Digitising Government and of Finance on agency clusters in March 2026. The GCDO and Central Agencies will work together to drive agency implementation of clusters.

A Three-year Work Programme with Deliverables, Targets and Principles

- 22 Realising the Target State will require an ongoing programme of work, and the Target State will continue to evolve as technologies change and new opportunities emerge. The GCDO has developed a three-year work programme supported by deliverables and targets to ensure the foundations are in place as soon as possible.
- 23 I expect agencies and the GCDO to make early strides within current baselines to demonstrate the benefit of this new direction. The GCDO is already providing clear direction to agencies on current investment cases and aligning these investments

towards the Target State to ensure efficiencies and savings are realised. The GCDO will develop forward plans and direct agency digital investment and procurement to begin realising the changes needed. Redacted under s9(2)(f)(iv)

Deliverables and Targets

- 24 By June 2028 we will see government services being delivered across agency boundaries in joined-up and customer-centric ways, and shifts in how government invests in and procures digital. We will see the delivery of shared digital system assets and agencies working in efficient clusters across key digital categories.
- 25 Key work programme deliverables are set out in **Appendix One**, and include:
- the launch of the Government App, with new capabilities and key government services added over time;
 - the operationalisation of three joined-up tailored government digital services; and
 - agency digital clusters identified and established in stages.
- 26 Through the Government App and the three new joined-up services, New Zealanders will see a tangible difference in government digital service delivery. The three services will simplify small business interactions with government; support access to study and work opportunities; and enable spatial information access and reuse. They will be flagships for AI-enabled access to information and services, reduced administrative burden for customers and service integration with trusted third parties.
- 27 I expect the following measurable targets to be met by June 2028:
- four million digital identity credentials issued;
 - two million downloads of the Government App;
 - ten agency digital clusters underway; and
- a 15 per cent reduction in government’s digital investment intentions pipeline.²
- 28 Achieving these targets will demonstrate that New Zealanders are benefiting from more efficient and customer-centric government service delivery. They will also show we are making meaningful changes to how the Public Service operates to drive down the cost of digital in government and put more money back in taxpayer’s pockets. The GCDO will monitor and report progress towards these targets and deliverables. I expect to see steady progress made between now and June 2028.

Principles for Digital Investment and Procurement

- 29 To support this new direction, agencies must adhere to a set of mandatory principles for government digital investment and procurement. These Principles, detailed in **Appendix One**, will operate in alignment with the Target State to drive agency investment and procurement towards optimal outcomes.

² Baselined against the 2024 investment intentions of \$13 billion, to be achieved through alignment of agency intentions towards the Digital Government Target State and agency digital clustering.

Implementation Plan for Centralising Digital Investment and Procurement

- 30 The new digital investment and procurement approach requires fundamental shifts in the way government does ICT:
- **the GCDO** will shift from an advisory role to directive system leadership;
 - **agencies** will shift from making autonomous ICT decisions to aligning with a system-wide direction and using shared platforms and system assets; and
 - **Central Agencies** like the Treasury and PSC, and the Government Procurement Lead will become strategic enabling partners, guiding and coordinating system-wide digital investment and procurement to maximise value, efficiency, and alignment with the Target State.
- 31 The GCDO has developed a practical, phased implementation plan to build out its capabilities to support the centralisation and streamlining of digital investment and procurement across the Public Service. This incremental approach ensures delivery is deliberate, well-sequenced and resilient. The plan will be further developed iteratively and in close collaboration with Central agencies to reflect the evolving landscape, recognising the scale and long-term nature of the shifts required across the Public Service. Redacted under s9(2)(f)(iv)
- 32 The phases of the Plan are included below, with more detail at **Appendix Two**:
- FY 2025/26: Establish the foundations
 - FY 2026/27: Operationalise and embed
 - FY 2027/28: Scale up and out
- 33 Redacted under s9(2)(f)(iv)

This New Direction is a Significant Undertaking which will Span Multiple Years

- 34 The Target State and new direction represent a significant cultural change and digital transformation for the public sector. The initial three-year work programme and targets are an ambitious starting point. The initial Target State sets the vision for the next three years but work will be ongoing and take many years to realise in full. Agencies are starting from different places, some having already started or completed digital transformations. There are areas of excellence, and more digitally mature agencies will need to support others.
- 35 Ongoing support from Ministers and Central Agencies is vital for success, to ensure the right investments are prioritised and to manage risk. Significant cultural change and strong leadership and governance is needed across the public sector, including through more mature and system-focused approaches to digital investment.

Strengthening Institutional Arrangements for Digital Delivery

- 36 In addition to the changes set out above, I propose machinery of government changes to ensure this work is centrally located with senior leadership. I propose that a new Functional Chief Executive (FCE): Digital Government be appointed to lead a new

Government Digital Delivery Agency. The FCE and the Agency would be located within the Public Service Commission and would be responsible for:

- leadership of the overall strategy, direction and standards for government's digital modernisation and digital service delivery,
- leading digital investment and procurement decision making on behalf of most Public Service agencies and Crown Entities,
- acting as the Chief Technology Officer for government,
- establishing and managing All-of-Government ICT common capabilities and services,
- leading and developing digital capability across the public service,
- overseeing and delivering some digital system assets on behalf of agencies.

- 37 Location in the Commission will give the work programme ready access to central agency levers and influence. Of the central agencies, the functions fit best with the Commission's mandate, to drive public service performance and its implementation of the Public Service operating model.
- 38 The FCE would also be the GCDO. The Agency will require a leader that can navigate the public sector and that is market savvy. I expect the Agency to attract high-calibre staff and to deliver our Target State on the timelines set out in this paper.
- 39 The FCE would be for a five-year period, after which the role would be reviewed and further decisions taken about leadership of this function.

Digital Executive Board

- 40 The Digital Executive Board is established under the Public Service Act to support the digitisation and integration of digital services across government. The Board does not fit well with the new FCE and Agency. I recommend that it be disestablished.

Next Steps

- 41 Subject to Cabinet's endorsement of the Target State, I intend to seek Cabinet approval in early 2026 to further develop a whole-of-government direction under the Crown Entities Act and undertake formal consultation with affected entities. I anticipate the direction will extend GCDO's mandate to Crown entities where it makes sense in line with the direction set in this paper.
- 42 The secure and effective flow of data across government is fundamental to achieving the Target State. The GCDO, Government Chief Data Steward (Statistics NZ) and Social Investment Agency will shortly report to me and the Ministers for Statistics and Social Investment on the roles and responsibilities within their respective data mandates. This will include practical implementation and resourcing options, ensuring alignment with the Target State, work programme and implementation plan.
- 43 Next steps for the machinery of government changes include:

Timeframe	Milestone/Activity
Dec 2025 – Jan 2026	<ul style="list-style-type: none"> • Transition to the Commission and the Government Digital Delivery Agency begins, using transitional and acting arrangements • FCE recruitment begins

Jan/Feb 2026	<ul style="list-style-type: none"> FCE Orders-in-Council made (LEG, Cabinet, and Executive Council) Staff change programme begins under transitional leadership
March 2026	<ul style="list-style-type: none"> Changes to appropriations approved via the March Baseline Update
1 April 2026	<ul style="list-style-type: none"> Effective date for Orders in Council FCE appointed, delegations from Commissioner in place
Ongoing	<ul style="list-style-type: none"> Staff transfers, transition of back-office payroll, IT, and other systems

Cost-of-living Implications

- 44 Streamlining government’s digital footprint and joining-up digital services will support New Zealanders’ ability to maintain their standard of living by making more efficient use of taxpayers’ money and driving productivity and economic growth.

Financial Implications

- 45 Progress towards the work programme deliverables and phased implementation plan will be funded from baselines in the first instance. Redacted under s9(2)(f)(iv)



- 46 GCDO is funded by the Government Digital Services Multi-Category Appropriation in Vote: Internal Affairs. As Minister for Digitising Government I am responsible for this appropriation. I seek Cabinet’s approval for the funding for the GCDO’s functions to transfer from DIA to the Public Service Commission, with details of this transfer, and any necessary new appropriation, to be agreed between myself and the Minister of Finance.

- 47 The costs associated with transfer costs should be incurred largely before the end of the 2025/26 financial year but may extend into the 2026/27 financial year. To be fiscally neutral to the Crown, agencies plan to meet these costs through reprioritising existing funding and require the ability to utilise any departmental underspends from 2025/26 to meet the change management costs.

- 48 Joint Ministers will make decisions regarding the transfer of existing appropriations, staff and other assets. It is anticipated that this will be fiscally neutral to the Crown. These will be incorporated into the March Baseline Update.

Legislative Implications

- 49 No legislative amendments are currently required to achieve the three-year work programme. Future legislative amendments may be required to embed changes and support tailored, joined-up digital service delivery and fully realise the future state.
- 50 Orders-in-Council under the Public Service Act are needed to establish the FCE role and to disestablish the Digital Executive Board.

Impact Analysis

- 51 No regulatory impact statement is required for this paper.

Population Implications

- 52 Standardising and streamlining government's technology footprint offers the opportunity to embed digital accessibility at scale. I expect agencies to continue to provide services through traditional means to ensure that groups with limited access to technology can continue to access government services.

Human Rights

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

Use of External Resources

- 54 Additional capacity and capability were used to provide independent input, expertise and assurance and help meet required timelines. PwC and Deloitte provided pro bono support for the development of the Target State. Deloitte provided paid support for the development and assurance of the implementation plan. Three contractors provided programme, procurement and communications support across the work programme underpinning this Cabinet paper.

Consultation

- 55 A wide range of Public Service agencies and Crown entities were involved in the development of the Target State and work programme. All members of the Public Service Leadership Team were consulted on this Cabinet paper. The machinery of government proposals have been discussed with relevant chief executives.

Communications

- 56 Subject to Cabinet's agreement I propose to make announcements shortly after decisions are made on this paper. Affected staff will be advised before a public announcement is made.

Proactive Release

- 57 I intend to proactively release this paper, subject to any redactions that may be warranted in line with the Official Information Act 1982, within 30 business days of decisions being taken.

Recommendations

The Minister for Digitising Government and the Public Service recommends that the Committee:

- 1 **endorse** the initial Digital Government Target State developed by the GCDO, noting that the Target State will consolidate and better connect government's digital footprint to reduce costs and enable the delivery of modern, joined-up, digital services; and that grouping agencies into efficient digital clusters is key to realising the immense potential savings detailed in this paper;
- 2 **note** that agencies will be required to adhere to the principles for digital investment and procurement included in this paper;
- 3 **note** that the GCDO will monitor and report agency alignment to the Digital Government Target State and progress on the 3-year targets and deliverables;

- 4 **note** that the GCDO has developed a phased implementation plan to centralise and streamline digital investment and procurement and will continue to develop and deliver the plan with the support of Central Agencies and under the oversight of the Minister for Digitising Government;
- 5 **note** that the Minister for Digitising Government expects agencies and the GCDO to make early strides within current baselines to demonstrate the benefit of this new direction, Redacted under s9(2)(f)(iv)
- 6 **note** that the Minister for Digitising Government and Minister of Finance will seek Cabinet approval in early 2026 to a proposed whole-of-government direction under the Crown Entities Act 2004 and undertake formal consultation with affected entities;
- 7 **note** that the GCDO, Government Chief Data Steward (within Stats NZ) and the Social Investment Agency will shortly report to the Minister for the Public Service, Minister for Digitising Government, Minister of Statistics and Minister for Social Investment on the demarcations between their respective data mandates and that this thinking has been aligned with the Digital Government Target State and implementation plan for centralising digital investment and procurement;
- 8 **note** that GCDO will provide advice to the Ministers of Finance, Public Service and Digitising Government on clusters by March 2026, including transition and governance arrangements;

Machinery of government change

- 9 **note** that in August 2025, Cabinet directed that the Minister for the Public Services and the Minister for Digitising Government be advised on options for positioning the GCDO function and any capability changes required to ensure it is best placed to meet Government ambitions [ECO-MIN-25-0132 (15) refers];
- 10 **agree** that changes are needed to optimally position the Government's ambitious digitising government work programme and that the current GCDO functions and functions associated with delivering the Government's new Target State work programme move to the Public Service Commission;
- 11 **agree** that a new position – Functional Chief Executive: Digital Government be established for five years and be hosted by the Public Service Commission;
- 12 **agree** that the functions of the Functional Chief Executive: Digital Government be:
- 12.1 leadership of the overall strategy, direction and standards for government's digital modernisation and digital service delivery,
 - 12.2 leading digital investment and procurement decision making on behalf of most Public Service agencies and Crown Entities,
 - 12.3 acting as the Chief Technology Officer for government,
 - 12.4 establishing and managing All-of-Government ICT common capabilities and services,

- 12.5 leading and developing digital capability across the public service,
- 12.6 overseeing and delivering some digital system assets on behalf of agencies.
- 13 **note** that the Public Service Commissioner will establish a dedicated unit – the Government Digital Delivery Agency – to support the Functional Chief Executive;
- 14 **note** that the Public Service Commissioner will designate the Functional Chief Executive: Digital Government as the GCDO;
- 15 **agree** that the Digital Executive Board be disestablished;
- 16 **invite** the Minister for the Public Service to issue drafting instructions to the Parliamentary Counsel Office for Orders-in-Council to establish a new Functional Chief Executive: Digital Government and to disestablish the Digital Executive Board with effect from 1 April 2026;
- 17 **agree** that funding for the GCDO’s functions (Vote Internal Affairs: Government Digital Services Multi-Category Appropriation) transfer from the Department of Internal Affairs to the Public Service Commission, with details of this transfer, and any necessary new appropriation, to be agreed between the Minister for the Public Service, the Minister for Digitising Government and the Minister of Finance;
- 18 **agree** that any departmental underspends from Vote Public Service and Vote Internal Affairs from 2025/26 be able to be transferred to 2026/27 to meet the change management costs that may flow into 2026/27, with the final amounts agreed by the Minister for the Public Service, the Minister for Digitising Government and the Minister of Finance.

Authorised for lodgement

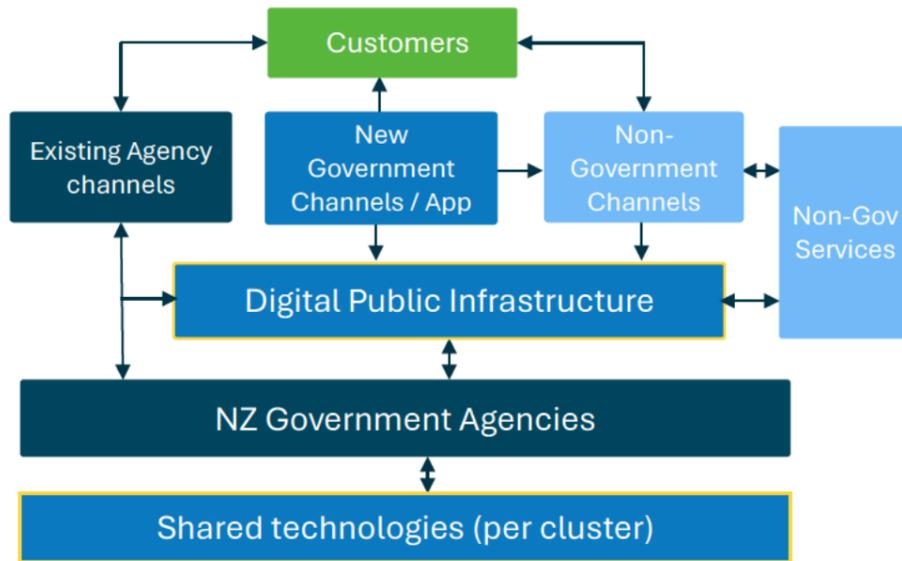
Hon Judith Collins KC

Minister for Digitising Government

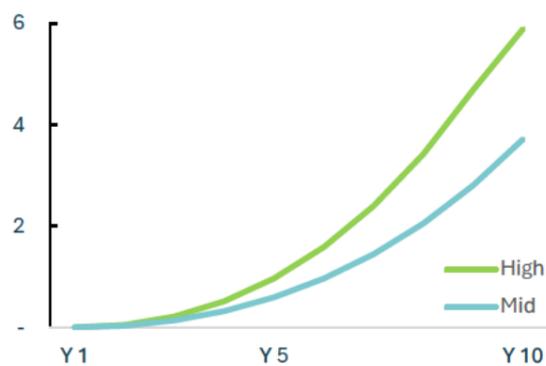
Minister for the Public Service



The Initial Target State



Cumulative forecast of gross benefits (\$bn)



\$3.7b - 5.9b
10-year savings

\$200m - 330m
3-year savings

2% GDP growth opportunity

Digital Investment and Digital Procurement Principles

- Act as a joined-up and coherent digital government system:** All digital investments and procurement decisions must align with the Digital Government Target State to ensure the public sector operates as one connected, secure and scalable system.
- Follow the GCDO's leadership and direction:** Agencies must adhere to GCDO mandates, strategy, standards, policy and guidance. Where agency digital strategy and policy conflicts with GCDO strategy and policy, GCDO strategy and policy takes precedence.
- Invest for public value, not agency preference:** Investments must be focused on delivering the best value for money for the system and across the investment's lifecycle. Investment and procurement decisions must prioritise system capability, interoperability and better outcomes for New Zealanders, not just individual agency outcomes.
- Implement once and re-use:** Agencies must prioritise re-using or extending existing digital system assets, and plan to use new system assets as they become available. Digital system assets include: Digital Public Infrastructure, agency cluster assets (e.g. shared back-office systems), All of Government digital procurement mechanisms (e.g. common capabilities and contracts) and other system assets (e.g. the Integrated Data Infrastructure).
- Be open and interoperable by design:** Systems and contracts must prioritise open standards, standardised outcomes and interoperability, and agencies must avoid becoming locked into dependence on any single vendor. Investments must support innovation from trusted 3rd-party organisations where practicable.
- Adopt agile investment and procurement:** Investment and procurement must prioritise prototyping, modular approaches and agile delivery, enabling solutions to be incrementally delivered, scaled up or adapted as needed.
- Buy don't build:** Agencies must use proven, commercial off-the-shelf solutions and configure rather than customise where possible.
- Cloud first:** Agencies must align with government's Cloud-first policy.
- Design and deliver joined-up customer service experiences:** Agencies must take a system view of the customer, develop services that span agency boundaries when it makes sense and enable access to services through trusted third-party service providers.
- Treat data as a strategic asset:** Secure and effective data flows are a foundation of the Digital Government Target State. Investments must build in data by design, support responsible data use that enables connected and efficient public services while maintaining data security and privacy, and support a single view of the customer.
- Embed security and resilience:** Agencies must take a risk-based approach to prioritising security and resilience as foundational elements in their digital investment and procurement. Security by design must be built into agency alignment with the Digital Government Target State.
- Adhere to system lead mandates, standards, guidance and rules:** Key system leads include the Public Service Commission, the Treasury, Government Chief Data Steward (Stats NZ), Government Chief Information Security Officer (GCSB), Government Protective Security Lead (NZSIS) and Government Procurement Lead (MBIE).

Three-year Work Programme: Key Deliverables to June 2028

FY 2025/26

- Q2** • GCDO: releases Government App 1.0 and digital wallet sandbox for issuers to test credentials
- Q3** • GCDO: releases digital wallet and IR service into Government App / releases credential issuance platform to agencies / advises Ministers on agency digital clusters / reviews B26 initiatives against the Target State and provides advice to Treasury on alignment, sequencing and continuation / establishes system governance for Target State / **Redacted under s9(2)(i)** / publishes API Standard / establishes HR and Payroll system procurement panel
- Q4** • GCDO: releases secure messaging into Government App / develops forward plan for onboarding services into Government App / develops draft logical data architecture / establishes AI hub for agencies to share resources / establishes digital investment and procurement governance / develops rolling 5-year Target State / reviews digital strategic plans of 20 Public Service agencies and Crown entities / sets savings targets for specific digital procurement categories / **Redacted under s9(2)(i) and s9(2)(j)**
 - GCDO, GCDS and SIA: establish system data governance / PSC: designates agency digital leads as dual key roles (pending legislative change) / MBIE: issues digital credential

FY 2026/27

- Q1** • GCDO: **Redacted under s9(2)(i) and s9(2)(j)** / assesses agency investment intentions against the Target State and provides advice to Treasury on alignment, sequencing and continuation / **Redacted under s9(2)(i) and s9(2)(j)** / **Redacted under s9(2)(f)(iv) and s9(2)(j)**
- Q2** • GCDO publishes initial register of digital system assets / GCDO and Treasury issue new digital investment guidance
 - **Redacted under s9(2)(ba)(i)** / IR: issue digital credential
- Q3** • GCDO: publishes new Digital Accessibility Standard
- Q4** • GCDO: **Redacted under s9(2)(i) and s9(2)(j)** / onboards 6 agency services into Government App / scopes central AI architecture / reviews digital strategic plans of all agencies and Crown entities with significant digital spends / establishes IT Service Management and Customer Relationship Management procurement panels

FY 2027/28

- GCDO: onboards 10 transactional services into Government App / scopes additional Digital Public Infrastructure components / delivers remaining back-office procurement panels
- Three new tailored services operational:
 - Simplifying Small Business interactions with Government
 - Supporting access to study and work opportunities
 - Spatial information access and reuse across government

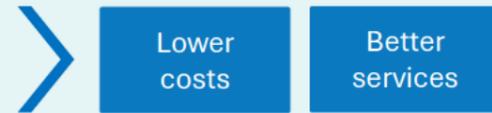


The Target State provides clear investment and procurement criteria for key digital categories to:

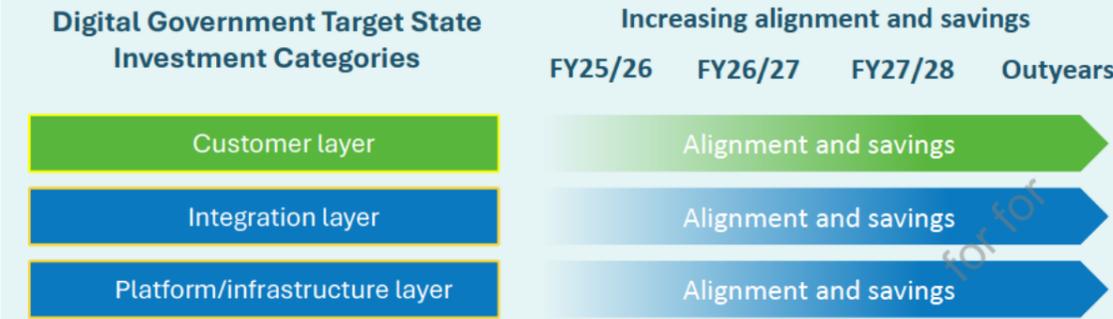
- Align services around delivery through trusted channels
- Align digital investment and procurement towards integration and shared digital assets
- Align platforms/infrastructure towards clustered capabilities

It will drive the right agency behaviours to deliver:

- Standardisation
- Consolidation
- Rationalisation



The GCDO will develop a forward investment and procurement plan based on digital categories to guide agency and system investment:



The plan will drive alignment with the Target State and the creation of agency clusters:



The Vision: Government investing in a planned, coordinated way towards an efficient Digital Government Target State

Current State

GCDO advises on agency investment plans and business cases, sets standards, establishes overall strategy and supports digital procurement but does not direct agency digital investment or procurement towards system priorities.

Agencies develop digital investment plans for their own agencies, resulting in an inefficient, disjointed technology footprint that only supports their individual agency digital and service requirements.

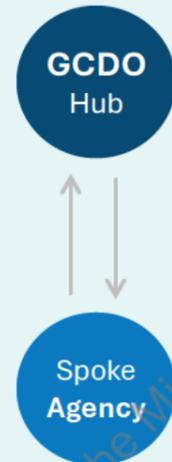
Direction, guardrails and decision criteria

Future state

GCDO defines the Target State; leads and coordinates agencies' digital investment and procurement; and directs alignment with the Target State, including oversight, provision and support of efficient digital procurement and system assets.

Central Agencies support the GCDO's direction on digital clustering, investment and procurement.

Agencies work in efficient digital clusters and align their digital investment, procurement and architecture to the Target State, Principles and Targets.



Digital investment and procurement data drives intelligent decisions and enables monitoring and reporting

Governance	Strategy	Digital Investment	Digital Procurement	Delivery
System governance GCDO establishes and runs new system governance and technical reference groups to ensure system coherence.	Maintains Target State GCDO maintains a rolling 5-year Target State with targets and deliverables and sets digital system strategy and policy.	Provides direction GCDO develops the forward investment plan for digital, and with Treasury, drives alignment through the Investment Management System.	Leads central digital procurement GCDO develops the forward digital procurement plan and leads strategic central digital procurement to unlock economies of scale.	Sets standards and support delivery GCDO sets digital standards and guidelines and enables the delivery and ongoing development of digital system assets.
Agency-accountable Agency/cluster leaders are accountable for agency, cluster and system outcomes.	Hub and spoke Agencies/clusters embed AoG strategy within their strategies and plans. Agencies report and assure back to the GCDO.	Embedded and aligned Agencies/clusters provide transparency about investment intentions and align investment to the Target State.	Specialist procurement Agencies/clusters procure digital in line with the Target State/ GCDO direction but retain responsibility for procuring specialist digital systems as agreed with GCDO.	The core delivery engine Agencies/clusters remain responsible for service delivery, with central support as required.

Phase 1 (FY 2025/26): Establish the foundations

- Identify/direct immediate **cost savings/avoidance options**
- Strengthen system digital governance and **risk management**
- Detailed **system planning** (including forward digital investment/procurement plan) with Central Agencies
- **Aligning** agency investment and procurement plans and Treasury processes with **Target State**
- Mature **data collection** on agency investment intentions for monitoring and reporting
- GCDO **baseline** reprioritisation and establishing minimum viable capability

Phase 2 (FY 2026/27): Operationalise and embed

- **Prototype additional digital investment models:** Continue cluster planning; issue new digital investment guidance with the Treasury to support new investment approaches
- **Evolve GCDO digital procurement services:** Establish new procurement services and capabilities; scale current capabilities; progress scoping of key Digital Public Infrastructure (DPI) components; extend back-office procurement offerings
- **Evolve GCDO digital investment services:** Develop rolling 5-year Target State; scale up review of agency digital plans. begin reporting on targets and savings
- **Rationalise:** Further embed agency alignment to Target State; identify further consolidation opportunities; identify and publish initial list of system assets for agency re-use

Phase 3 (FY 2027/28): Scale up and out

- **Accelerate new GCDO services and scope:** Extend centralised digital investment/procurement services; extend use of technology to scale up services.
- **Build out system assets:** implement coordinated system asset management; procure additional system assets and DPI components.
- **Further standardisation and savings:** Extend clustering; progress aggregated All of Government procurement of key digital categories
- **Net benefits** are realised, measured and managed.



Cabinet Economic Policy Committee

Minute of Decision

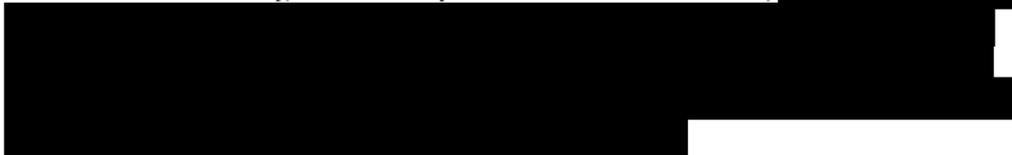
This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Driving Down the Cost of Digital in Government: Implementation

Portfolio Digitising Government / Public Service

On 10 December 2025, the Cabinet Economic Policy Committee (ECO):

- 1 **endorsed** the initial Digital Government Target State outlined in Appendix One under ECO-25-SUB-0217, developed by the Government Chief Digital Officer (GCDO), noting that:
 - 1.1 the Target State will consolidate and better connect government's digital footprint to reduce costs and enable the delivery of modern, joined-up, digital services;
 - 1.2 grouping agencies into efficient digital clusters is key to realising the immense potential savings detailed in the paper under ECO-25-SUB-0217;
- 2 **noted** that agencies will be required to adhere to the Digital Investment and Digital Procurement Principles, outlined in Appendix One under ECO-25-SUB-0217;
- 3 **noted** that the GCDO will monitor and report agency alignment to the Digital Government Target State and progress on the three-year targets and deliverables;
- 4 **noted** that:
 - 4.1 the GCDO has developed a three-phased implementation plan, outlined in Appendix Two under ECO-25-SUB-0217, to centralise and streamline digital investment and procurement;
 - 4.2 the GCDO will continue to develop and deliver the implementation plan with the support of Central Agencies and under the oversight of the Minister for Digitising Government;
- 5 **noted** that:
 - 5.1 the Minister for Digitising Government expects agencies and the GCDO to make early strides within current baselines to demonstrate the benefit of this new direction;
 - 5.2 the GCDO is working on next steps to accelerate this work, Redacted under s9(2)(f)(iv)



- 6 **noted** that the Minister for Digitising Government and the Minister of Finance will seek Cabinet approval in early 2026 to a proposed whole-of-government direction under the Crown Entities Act 2004 and to undertake formal consultation with affected entities;
- 7 **noted** that the GCDO, Government Chief Data Steward (within Statistics NZ) and the Social Investment Agency will shortly report to the Minister for the Public Service, Minister for Digitising Government, Minister of Statistics and Minister for Social Investment on the demarcations between their respective data mandates, and that this thinking has been aligned with the Digital Government Target State and implementation plan for centralising digital investment and procurement;
- 8 **noted** that the GCDO will provide advice to the Minister of Finance, Minister for the Public Service and Minister for Digitising Government on clusters by March 2026, including transition and governance arrangements;

Machinery of government change

- 9 **noted** that in August 2025, ECO directed the Public Service Commission and the Department of the Prime Minister and Cabinet to report to Ministers on options for positioning the GCDO function and any capability changes required to ensure it is best placed to meet Government ambitions [ECO-25-MIN-0132];
- 10 **agreed** that changes are needed to optimally position the Government's ambitious Digitising Government work programme, and that the current GCDO functions associated with delivering the Government's new Target State work programme be moved to the Public Service Commission;
- 11 **agreed** that a new position – Functional Chief Executive: Digital Government – be established for five years and be hosted by the Public Service Commission;
- 12 **agreed** that the functions of the Functional Chief Executive: Digital Government be:
- 12.1 leadership of the overall strategy, direction and standards for government's digital modernisation and digital service delivery;
 - 12.2 leading digital investment and procurement decision making on behalf of most Public Service agencies and Crown Entities;
 - 12.3 acting as the Chief Technology Officer for government;
 - 12.4 establishing and managing All-of-Government ICT common capabilities and services;
 - 12.5 leading and developing digital capability across the Public Service;
 - 12.6 overseeing and delivering some digital system assets on behalf of agencies;
- 13 **noted** that the Public Service Commissioner will establish a dedicated unit – the Government Digital Delivery Agency – to support the Functional Chief Executive: Digital Government;
- 14 **noted** that the Public Service Commissioner will designate the Functional Chief Executive: Digital Government as the GCDO;
- 15 **agreed** that the Digital Executive Board be disestablished;

- 16 **invited** the Minister for the Public Service to issue drafting instructions to the Parliamentary Counsel Office for Orders-in-Council to establish a new Functional Chief Executive: Digital Government and to disestablish the Digital Executive Board with effect from 1 April 2026;
- 17 **agreed** that funding for the GCDO's functions (Vote Internal Affairs: Government Digital Services Multi-Category Appropriation) transfer from the Department of Internal Affairs to the Public Service Commission, with details of this transfer, and any necessary new appropriation, to be agreed between the Minister for the Public Service, the Minister for Digitising Government and the Minister of Finance;
- 18 **agreed** that any departmental underspends from the Vote Public Service and Vote Internal Affairs: Government Digital Services Multi-Category Appropriation from 2025/26 be able to be transferred to 2026/27 to meet the change management costs that may flow into 2026/27, with the final amounts to be agreed by the Minister of Finance, Minister for the Public Service, and Minister for Digitising Government;
- 19 **Redacted under s9(2)(f)(iv)**

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Brooke van Velden
Hon Shane Jones
Hon Paul Goldsmith
Hon Louise Upston
Hon Judith Collins KC
Hon Dr Shane Reti
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds
Hon Nicola Grigg
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of the Prime Minister
Office of Hon Chris Bishop
Office of Hon Judith Collins KC
Office of Hon Simon Watts
Officials Committee for ECO



Cabinet

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.

Report of the Cabinet Economic Policy Committee: Period Ended 12 December 2025

On 15 December 2025, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 12 December 2025:

ECO-25-MIN-0217 **Driving Down the Cost of Digital in Government: Implementation** CONFIRMED
Portfolios: Digitising Government / Public Service

Not in scope	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Not in scope

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

Diana Hawker
for Secretary of the Cabinet