



Public Service Commission

Te Kawa Mataaho

29 July 2026

9(2)(a) privacy

9(2)(a) privacy

Official Information Request

Our Ref: OIA 2026-0143

I refer to your Official Information Act 1982 (OIA) request received by the Public Service Commission Te Kawa Mataaho (the Commission) on 27 May 2026:

"Hi PSC, this Cab paper notes that work toward the "target state" is forecast to deliver savings of \$200-\$330M within 3 yrs, \$2.3b-\$3.7b within 7 years, and between \$3.7b and \$5.9b over 10 years.

<https://www.publicservice.govt.nz/assets/DirectoryFile/Driving-down-the-cost-of-digital-in-government-Implementation.pdf>

Please provide me with all advice to ministers which underpins this estimate, and or which sets out the basis for the forecast savings.

I hope to understand how these figures were estimated, and the paper says they were based on modelling. Please provide all reports and or analysis related to that modelling that you hold, and in addition, please provide the modelling itself".

We responded to your request on 17 July 2026, notifying you that we were preparing the documents in scope of your request for release as soon as possible, but no later than 29 July 2026.

We have provided additional information to support your understanding of the documents being released. This contextual information is intended to assist in interpreting the material and should be read alongside the released documents.

Context and administration

The Government Chief Digital Officer (GCDO) provides digital leadership across the Public Service to support the development and improvement of digital government.

On 1 April 2026, the GCDO role and function were transferred to the newly established Government Digital Delivery Agency (GDDA) within the Public Service Commission (the Commission) to enable greater collective opportunity to influence, engage, and drive digital change across the Public Sector.

The documents in scope of your request were created while the GCDO function was held by the Department of Internal Affairs. As such, the response provided is reflective of the GCDO function at that time.

Information being released

Please find enclosed and listed in the table below, the documents in scope of your request.

Item	Date	Document Description	Decision
1	October 2025	POWERPOINT SLIDES – Government Interim Digital Target State	Released in part
2	October 2025	POWERPOINT SLIDES – Executive Overview – Digital Interim Target State	Released in part
3	October 2025	POWERPOINT SLIDES – New Zealand’s Interim Digital Target State	Released in part
4	October 2025	EXCEL SPREADSHEET – Digital Interim Target State Model v1 20251029 <i>The detailed data underpinning the modelling was drawn from data provided to the GCDO through the annual investment intentions exercise. This detailed data has been removed from document 4 under section 9(2)(ba)(i).</i>	Released in part
5	December 2025	AIDE MEMOIRE – DG202510357 – Talking points to support you at ECO on 10 December	Released in part
6	November 2025	BRIEFING – DG202510002 – Driving down the cost of digital in government: Draft Cabinet paper for December report back	Released in part
7	October 2025	UPDATE – to the Minister’s Office	Released in part

8	October 2025	POWERPOINT SLIDES – Government Interim Digital Target State (DG officials)	Released in part
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As noted in our 17 July 2026 response, I have decided to release the documents listed in the above table, subject to information being withheld under one or more of the following sections of the OIA:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people
- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
- section 9(2)(ba)(i) – protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

It is important to note that the enclosed material forms part of work undertaken to inform the Public Service’s transformation programme, including consideration of how digital capability may support more connected, efficient, and user-centred service delivery. This work is exploratory and does not represent Government policy or agreed decisions. The modelling is indicative only, based on a range of assumptions, and is intended to illustrate potential opportunities. Any decisions regarding implementation are subject to further analysis, development, and Ministerial consideration.

Additional information about the model

The model you have asked about was developed by PriceWaterhouseCoopers (PWC) for GCDO to use dynamically to test different scenarios and hypotheses relating to potential savings through consolidating government’s digital footprint, in alignment with the Digital Government Target State. The model drew on data provided by GCDO and assumptions and parameter settings developed with GCDO and was intended as a scenario-modelling tool rather than an independent validation of those inputs.

The version of the model used to develop the slides included in this response, used early parameter settings. Following PWC’s handover of the model, the GCDO later adjusted modelling to create the figures which were used in the Cabinet paper. As the released materials reflect different stages of the modelling process, including GCDO’s subsequent adjustments, they may not reconcile with each other or with the figures in the Cabinet paper.

If you wish to discuss this decision with us, please feel free to contact Enquiries@publicservice.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that we intend to publish this response (with your personal details removed) on the Commission's website.

Yours sincerely



Nicky Dirks

Manager – Ministerial and Executive Services
Public Service Commission Te Kawa Mataaho



Internal Affairs
Te Tari Taiwhenua

Te Kāwanatanga o Aotearoa
New Zealand Government

Government Interim Digital Target State

October 2025

Some information in this document has been removed as it is out of scope.

Stocktake: Government Today

Due to technology sprawl and limited funding, technology modernisation efforts are being outpaced by the rate of decay, increasing the overall AoG risk profile.

9(2)(ba)(i)

People carry the burden of government’s fragmentation	Agencies operate as digital islands	Data is locked in silos, sharing is difficult and often manual	Government is fragmented, duplicated and complex	Central oversight without mandate
- Customers interact with government through agency-designed channels, often requiring isolated logins, processes, and credentials. - Data is captured, treated and held separately within agencies. Customers must tell different agencies the same information many times over. - Customers lack visibility and control over how their data is used, undermining trust and confidence in government services - The delivery of cross-agency services e.g. starting a business, is slow, as manual data validations and offline handovers dominate. - Service levels vary widely: we see digital leaders deliver innovating and developing intuitive services at the agency level, while others risk falling behind.	- This includes data stored across separate, decentralised databases and registries with minimal AoG standardisation, where registry volume and complexity have not yet been quantified. In many instances, digital capability is duplicated across other agencies (e.g. many agencies hold the same case management capability). - CIO/CDOs report exclusively to agency CEOs, although they may sit on external governance bodies. - Procurement and investment is siloed by agency. This splinters the government’s buying power and makes it harder for the private sector to engage strategically or as an innovation partner. - Instead of acting as a system-wide asset base, digital capability is treated as an agency-owned function, limiting opportunities for scale and reuse.	- Data sharing under current settings is restrictive and not fit for purpose for a single customer view. - The current data model is distributed across agencies with little/no AoG standardisation. Agencies operate their own registries and databases and generally don’t adhere to GEANZ and other standards – creating inconsistent architectures. - When a user engages an agency for a service, their identity is not authenticated across all relevant agencies. This means that service delivery often requires lengthy and manual data validation processes across agencies, and the customer provides the same data many times to different agencies. - Data sharing is cumbersome, rigid and does not drive real-time or proactive service delivery.	- Across government there is a combination of agencies that are progressing discrete pieces of modernisation work that are often duplicated and ageing legacy technology. - The current settings – agencies investing, sourcing, and evolving to their own mandates – will always lead to a natural divergence of government’s digital footprint. For this reason, it is not enough to digitally transform – structural changes must also take place. - There is currently \$13 billion earmarked for investment across 46 agencies, a figure that is unsustainable and unaffordable – and geared towards agency needs, rather than system-wide needs. Our cost is increasing for diminishing returns. - There is a need to re-think how funds are directed towards digital. Agency-level directives have not consistently worked to achieve outcomes in favour of the broader public sector.	- In a highly distributed government structure, GCDO serve as the ‘central direction’ entity, although there are very few hard mandates for agencies to comply with - The relationship with agencies is a ‘dotted line’ – standards and guidelines are set, but agencies have full autonomy over their digital roadmaps, with little/no accountability to AoG digital priorities. - The result is a patchwork of duplicated capabilities: dozens of back and middle office systems, proliferating customer access points, and repeated investments in the same technologies across agencies. - Lack of clear accountability for system-wide digital priorities leads to fragmented investment and missed opportunities for scale

N.B. For further detail on government digital footprint, please refer to **Appendix A1**.

*based on data collected by DIA

A complex, duplicated and inefficient footprint

Agencies have built strong capabilities, but digitalisation efforts have occurred in silos – leading to a proliferation of systems and a duplicative landscape.

The current settings for sourcing and investment have created a highly duplicated footprint

Each agency and crown entity has implemented and runs their own technology footprint through internal teams or 3rd party suppliers. While this provides each organisation with a high degree of autonomy that enables accountability at an organisational level, this has resulted in a proliferation of different technologies and suppliers across government.

This complexity is an inherent blocker to joining up government data

Across government, platforms are bespoke and data is not standardised. Combining this with the sheer number of total systems, connecting government data in a meaningful way under the current settings is not feasible. Through this work, the goal must be to take steps to resolve this – standardise, build an orchestration capability, and establish common rails for modern tooling to interoperate with existing platforms – e.g. AI.

Changes to the current settings are needed to enable this shift

However, some barriers exist today that prevent us from reusing these assets across multiple agencies. Barriers today include, limited awareness, lack of capability, lack of precedent or working example, no easy mechanism for sharing or a need for centralised coordination. The target state will aim to unlock potential savings and efficiencies through sharing common assets across agencies as well as system assets to be used across the system.

	Agency 1	Agency 2	Agency 3	Agency n
 Service Delivery	Web Portal	Web Portal	Web Portal	Web Portal
	Contact Centre / Help Desk	Contact Centre / Help Desk	Contact Centre / Help Desk	Contact Centre / Help Desk
	CRM	CRM	CRM	CRM
	Collection and Payments	Collection and Payments	Collection and Payments	Collection and Payments
 Information & Data Services	APIs and Data Exchange	APIs and Data Exchange	APIs and Data Exchange	APIs and Data Exchange
	Business Intelligence	Business Intelligence	Business Intelligence	Business Intelligence
	Data Warehouse	Data Warehouse	Data Warehouse	Data Warehouse
	Enterprise Content Management	Enterprise Content Management	Enterprise Content Management	Enterprise Content Management
 Corporate	FMIS	FMIS	FMIS	FMIS
	HRIS	HRIS	HRIS	HRIS
	Payroll	Payroll	Payroll	Payroll
	ERP	ERP	ERP	ERP
 Digital Foundations	End user devices	End user devices	End user devices	End user devices
	Network	Network	Network	Network
	ICT Management	ICT Management	ICT Management	ICT Management
	Security Systems	Security Systems	Security Systems	Security Systems

9(2)(ba)(i)

5. Benefits Model

Benefits Model Overview

System consolidation in the future state presents a strong opportunity for savings, based on the levels of projected spending and investment.

Key criteria for benefits model – Cost savings across government are predicated on several criteria:

Clustering to reduce duplication of technology systems and workforce – Defining clusters is not in scope for this work, and the clusters used to inform the modelling are based on the 15 sector groups provided in the current state datasets provided by DIA.

Increased standardisation and sharing of technology solutions – Driven by GCDO mandate

Centralisation of procurement – As well as rationalisation of suppliers driven through GCDO mandates

Optimisation of investment intentions – To reflect the interim digital state changes, including deferral of investment where clustering will consolidate platforms

Multiple scenarios tested for benefits model

The pace of delivery / deployment of investment to implement clustering is tied to realisation of benefits. If the transition takes longer, benefits will be delayed. To illustrate this, we have provided three separate scenarios:

5 years

To full implementation and benefits realisation

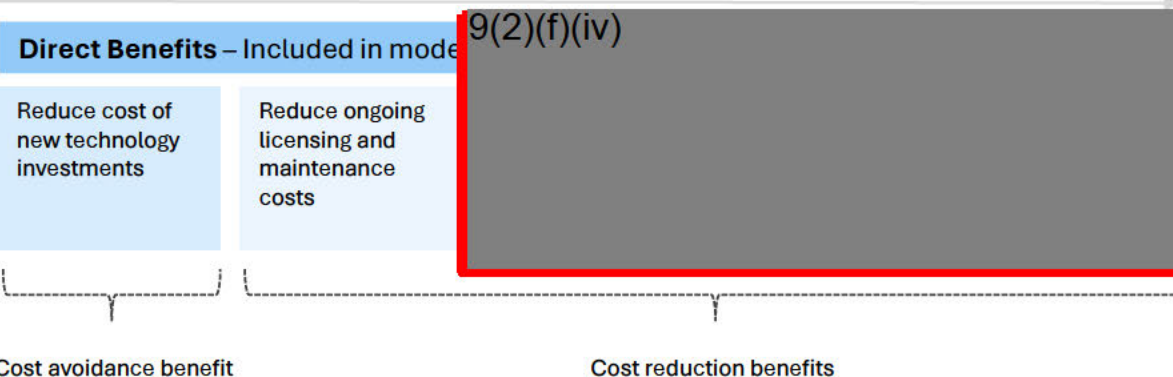
7 years

To full implementation and benefits realisation

10 years

To full implementation and benefits realisation

Types of Benefits



Economic / Achievable Benefits – Not modelled

Economic Growth

Reduced Effort and Time to Access Government Services

Improved customer experience and satisfaction

Better engagement and opportunities for private sector

Increased participation and uptake of services (e.g. voting)

N.B. For our approach for benefits and ROI modelling, please refer to **Appendix A6**.

The indicative size of the opportunity over 5 years*

System and workforce consolidation in the future state presents a strong opportunity for savings when valuing the size of the benefits.

Direct Benefits

*N.B. For the approach to benefits modelling, please refer to **Appendix A6**.*

\$3.8 – 5.9B

Gross total savings in the first 5 years*.

\$0.8 – 1.2B

Reduction in ongoing OPEX over 5 years

Cost reduction – ongoing operating cost savings

Driven by reductions to baseline funding across all agencies. Achieved by:

- Licensing and system consolidation
- Clustering implemented, historic systems removed.

\$1.0 – 1.8B

Reduction in workforce costs over 5 years

Cost reduction – ongoing workforce savings

Driven by reductions to baseline funding across all agencies. Achieved by:

- Agency consolidation or shared services model
- Operating model optimisation
- Accelerated AI process efficiency gains.

\$2.0 – 2.9B

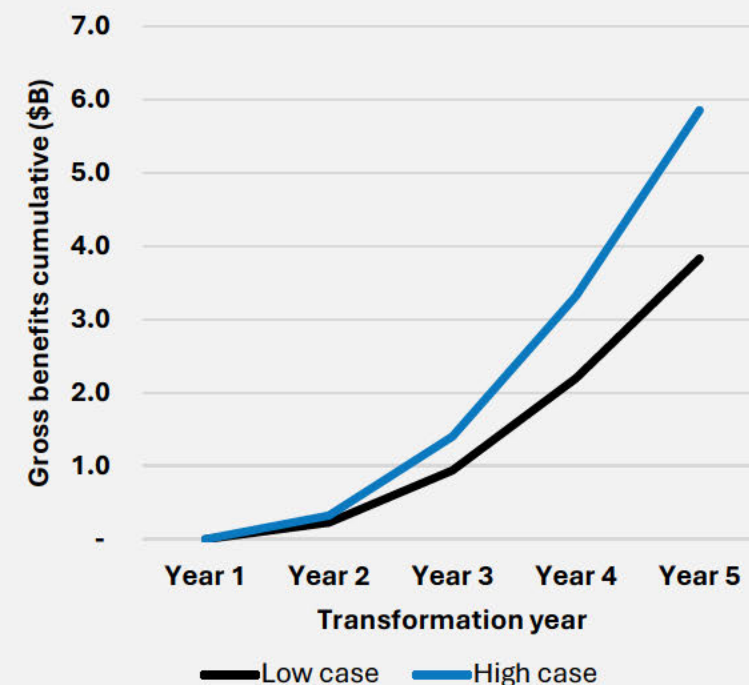
Reduction in OPEX & CAPEX investment over 5 years

Avoided cost – reductions to future investments

Driven by the reprioritisation and discontinuation of current and projected future capital investments. Achieved by:

- Clustering implemented, historic systems removed.
- More effective procurement and implementation of technology and better benefits realisation

Indicative gross cumulative savings based on a 5 year implementation scenario*



*based on 5yr timeframe to full benefits

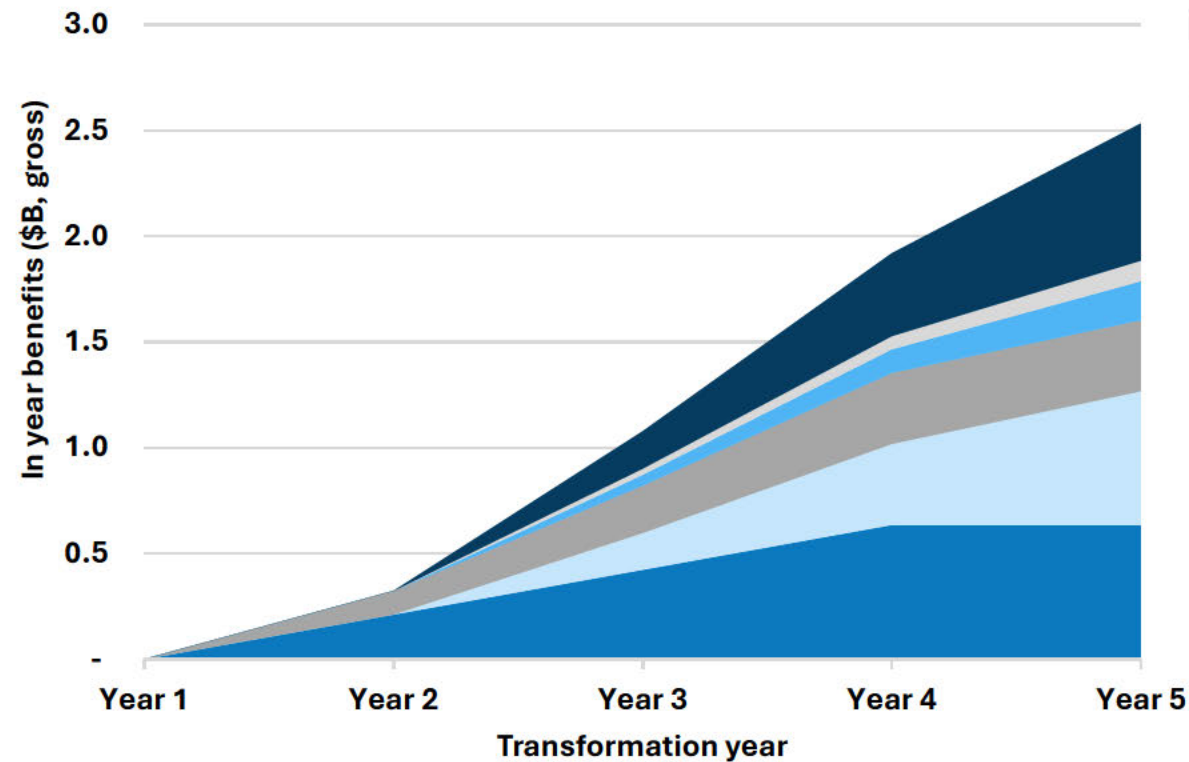
Economic / Achievable benefits

Out of scope

The size of the annual opportunity over 5 years

System consolidation in the future state presents a strong opportunity for savings when valuing the size of the benefits.

Gross high case in-year savings by benefit over 5 years



\$1.6 to 2.5B gross annual savings in Future State

Post 5 year implementation

- Projected total personnel costs (back office transactional)
- Projected total personnel costs (front office)
- Projected total personnel costs (technology)
- Projected total CAPEX investment (reduced size / buyer-power)
- Projected total OPEX ongoing
- Projected total OPEX investment (reduced size / buyer power)

The Cost of Delay

We have scenario tested a 5, 7 and 10 year implementation period on the following pages to illustrate further the potential costs of delaying implementation.

Speed of delivery creates value

Immediate action maximises the value of this change. Every year of delay potentially leaves billions in value on the table.

Data Sources – inputs used for savings calculations

Clean Anonymised Current State and Investment Intention Data (2024) provided by DIA*	PSC - Workforce costs - ICT Professionals and Technicians Group	PSC - Workforce costs - Sum of Information professionals, Legal HR and Finance, Clerical and Administrative workers groups.	PSC - Workforce costs – Call Centre Group.
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* datasets covering current ICT/Digital cost base are known to be understated

Decisive, accelerated delivery maximises the benefits profile

Time to achieve full annual savings	5Y Cumulative Savings	7Y Cumulative Savings	10Y Cumulative Savings
5 years	Low: \$3.8B High: \$5.9B	Low: \$7.4B High: \$11.4B	Low: \$13.6B High: \$21.2B
7 years	Low: \$2.2B High: \$3.4B	Low: \$5.4B High: \$8.4B	Low: \$11.7B High: \$18.2B
10 years	Low: \$1.3B High: \$2.2B	Low: \$3.5B High: \$5.4B	Low: \$9.0B High: \$14.0B

Speed of delivery creates value

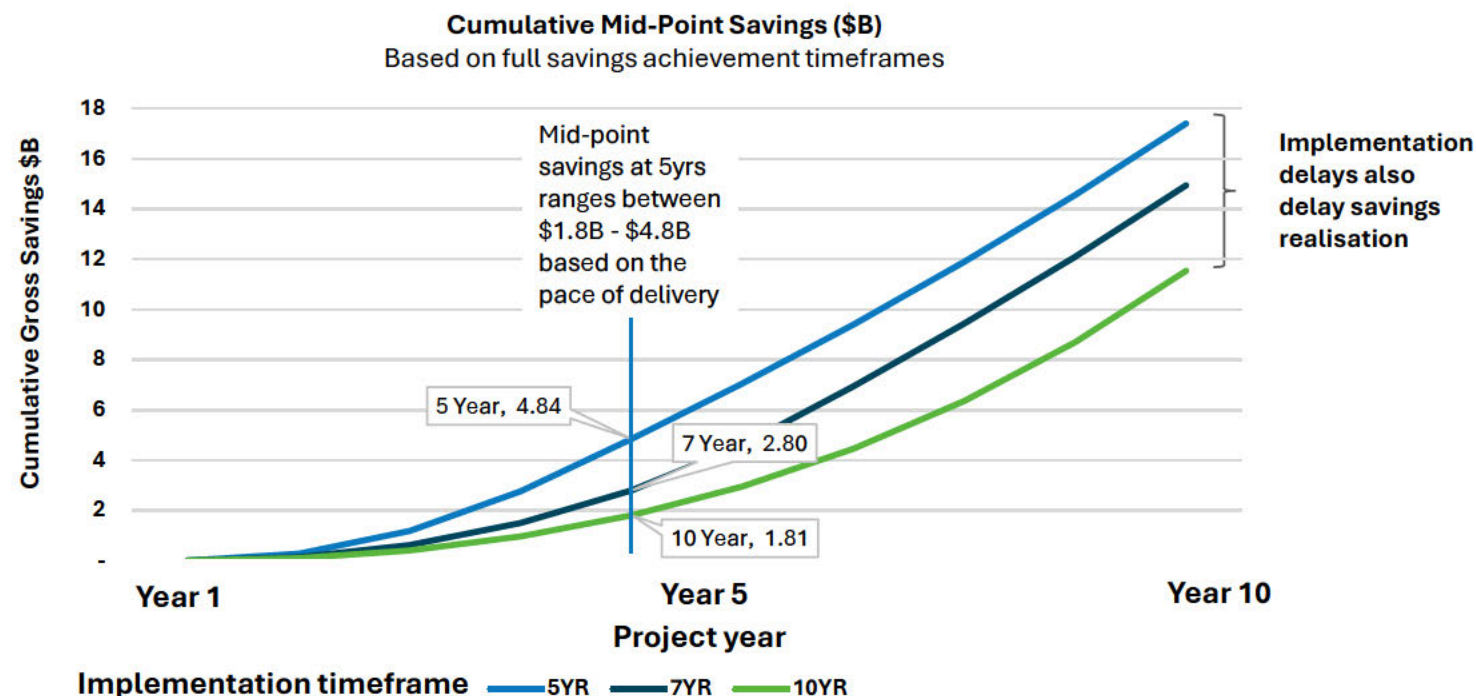
Immediate action maximises the value of this change. Every year of delay potentially leaves billions in value on the table.

Benefits realisation curve – key assumptions drive timing for benefits realisation

Early savings start in year 2 against investments and ramp up progressively until fully realised

Workforce and systems savings start from year 3 and ramp up progressively until fully realised

Decisive, accelerated delivery maximises the savings profile



By year 10...

- The **5Y** implementation has accumulated **\$17.4B**
- The **7Y** implementation has accumulated **\$14.9B**
- The **10Y** implementation has accumulated **\$11.5B**

Mobilising now and delivering fast creates the strongest return. Each year of delay reduces the total benefit profile by locking in costs that would not exist in the target state. To maximise value, implementation must begin now.

Basis of estimating cashable benefits (5 years)

The table below provides a summary of the input data used to estimation a range of cashable benefits across the five benefit areas: this indicates a conservative estimate of **gross five year savings of between \$3.8b and \$5.9b over 5 years***.

Cashable benefit	Counterfactual measurement metric	Counterfactual data source	Projected spend Y1 to Y5	Benefits start date	Full benefits realised	Assumed savings achieved with consolidation	Assumed gross benefit over first 5 years*
Reduce cost of new technology investments	Projected total OPEX investment	Clean Anonymised Investment Data provided by DIA	\$9.0b	Y2	Y4	25-35%	\$1.4b to \$1.9b One-off
	Projected total CAPEX		\$5.6b	Y2	Y4	20-30%	\$0.7b to \$1b One-off
Reduce ongoing licensing and maintenance costs (OPEX)	Projected total OPEX ongoing	Clean Anonymised Current State Data provided by DIA	\$7.6b	Y3	Y5	25-35%	\$0.8b to \$1.2b Ongoing

9(2)(f)(iv)

*based on 5yr timeframe to full benefits

Model Settings, Parameters, and Benchmarks

Our assumptions have been devolved from a variety of sources. On an international stage, our savings assumptions are widely aligned to those seen with digitisation programmes. While the values noted below may seem aggressive we also need to take into account that the level of duplication* in New Zealand appears higher than in other jurisdictions that have undertaken similar exercises.

The following **system-wide settings have been assumed**:

46 agencies rationalised into 15 clusters	One ‘commodity’ platform per cluster (HRIS, FMIS, ERP, etc.)	50% reduction for centralised systems (servers, storage, EUC, etc.)	Cluster-by-cluster assessment for other architectural categories	Full roadmap execution and investment capital availability
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9(2)(f)(iv)

* NZ Initiative Report - Unscrambling Government. “Compared with similar nations, New Zealand has 55% more budget-holding ministers, over three times the number of portfolios and more than one and a half times as many departments.”
 47

Key Principles and Limitations

Based on the data available to us to perform the benefits and value case exercises, we have identified any limitations and based our modelling on the following principles.

1 Estimates are reliant on 2024 survey data

Survey data is declared in expected spend brackets, so numbers are indicative. Where required, we have applied a midpoint to each bracket to estimate actual spend. The data was collected in 2024 and therefore does not include additional investments or investment intentions that have been identified since then. The data is therefore significantly understated.

2 Dataset is not representative of the entire Public Sector

The data collected in the 2024 survey does not cover 100% of the public service as not all agencies and crown agents provided responses to the survey. As the data has been anonymised, we do not know who the respondents are or what percentage of the public service the data covers. Once again, this means the data is significantly understated.

3 Agencies' data are clustered based on 15 pre-existing categories

To understand the effects of rationalisation through agency clustering, we have used the clusters / sectors provided in the DIA current state dataset, noting that designing the target state clusters was not in scope for this piece of work. Using these 15 clusters, we have provided an indicative view of the opportunities for system rationalisation and cost out, noting that these may differ to the clusters that are constructed in the future.

4 Top-down approach using anonymised data

The data we have used for this exercise was anonymised. We have taken a top-down approach, along with some bottom-up based on agency clusters and technology architecture categories. This modelling is high-level and based on a limited data set. It is intended to be indicative only and to be used as a starting point for further analysis. We recommend DIA perform further analysis following this work with the original, non-anonymised data to provide more robust insights.

5 Conservative approach to estimating indicative cost savings

As a first iteration, we have taken a conservative approach to estimating savings and have provided low and high estimates. As we continue to refine and iterate, there are options to make the numbers more aggressive, or less so.

6 Use of primary architecture categories

We have used the primary architecture categories to understand the technology landscape today and how this may be reduced in the future. However, this figure may undersell the total number of systems as some systems have more than one use.

7 Assumptions for savings on ongoing OPEX

Savings rates for ongoing OPEX and technology personnel spend are driven by system count, overlaid with DIA SME expertise. The ongoing OPEX data is estimated based on broad ranges provided by agencies and is understood to only cover 3rd party support and licensing costs. Therefore, it is likely an under-estimate of total ongoing OPEX.

8 Assumptions for savings on personnel spend

Secondary FTE spend relating to back office transactional activities and front office support have an assumed savings rate applied based on DIA SME insight, we have applied a higher rate for directly impacted technology staff. Personnel savings are dependent on organisational structure design and thus are estimates until a workforce structure is established to support the technological architecture.

9 Assumptions for savings around Investment Intentions

To understand how we can reduce future spend based on investment intentions, we have assumed that we can apply a lesser savings rate for investment intentions that are funded and in flight based on a renegotiation principle. For all other investment intentions, unfunded and/or in the planning or intentions phase, a higher savings rate has been applied.

Assumptions core to this analysis

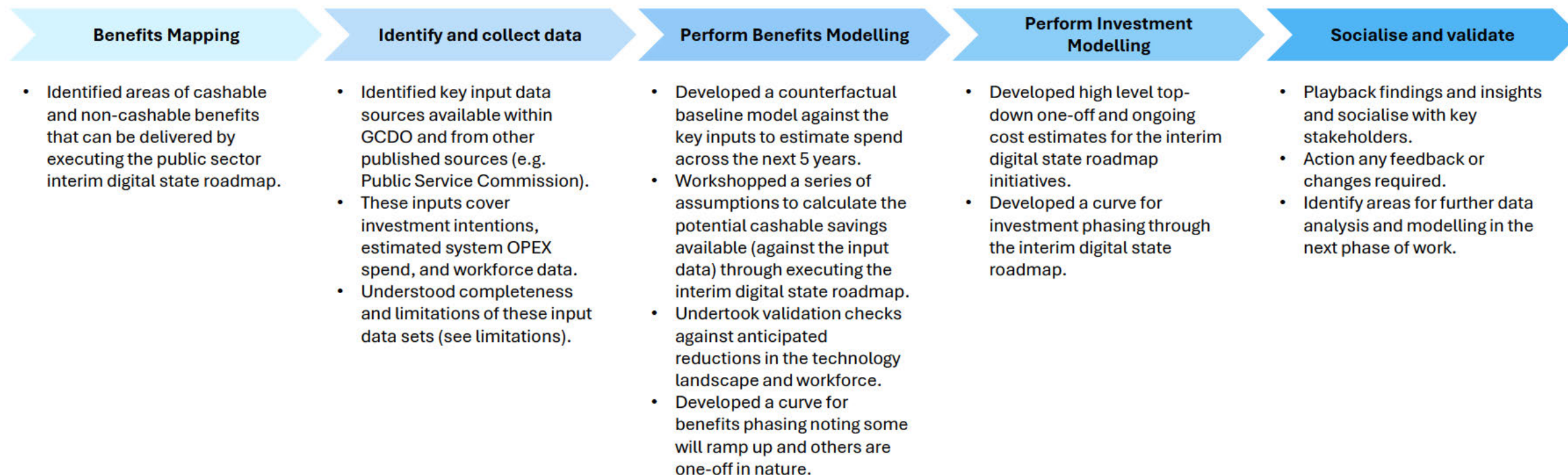
In order to build a picture of current state, future state and how systems reductions will impact costs, we have utilised provided data, recent trends, initial analysis and workshopped assumptions.

9(2)(f)(iv)



A6. Benefits Model: High level Approach

We have taken a collaborative approach with the DIA project team to provide a view of the opportunities for benefits realisation and return on investment in the digital target state.



Key Input data



Current State Data 2024

The current state data is an anonymised dataset from DIA containing the current state systems landscape collected through a survey.



Investment Intentions 2024

The investment intentions data is an anonymised dataset from DIA containing the intentions for future investments that agencies have, collected through a survey.



PSC Workforce Data 2024

The PSC Workforce data is a publicly available dataset containing information around the public sector workforce. This has been used to inform savings related to FTE reductions.



Internal Affairs
Te Tari Taiwhenua

Government Chief Digital Officer

**Te Kāwanatanga
o Aotearoa**
New Zealand Government



Te Tari Taiwhenua
Internal Affairs

Te Kāwanatanga o Aotearoa
New Zealand Government

Government Interim Digital Target State

Executive Overview

Some information in this document has been removed as it is out of scope.

Today: The case for change

We are fragmented, our digital footprint is too big, and our citizens take the hit in service experiences. With over \$13 billion of further spend on the horizon, we can't afford to continue with this pattern.

The government has laid out three clear priorities:



Get the government's books back in order



Improve public service efficiency and performance



Increase productivity and drive economic growth

At an agency level, significant progress has been made across multiple aspects of digital capability...

Operating within a distributed model has enabled a high level of digital maturity across many public sector agencies.

100k+

People have used Identity check to apply for / access services

272

AI use cases reported by 70 agencies in 2025

\$500m

Administrative savings through IR's transformation

99%

Of IR transactions are digital

However, we are seeing consistent challenges...



Budget pressures

We are under pressure to create a **more efficient government**.



Uneven adoption of digital

Uneven use of digital, data and AI has created isolated **"digital islands"**.



High compliance costs

This adds **complexity**, wasting **time**, and **frustrates** customers.



Fragmenting systems

Agency silos fragment systems and data. People pay the price.



Unaffordable Spend

Without tackling root causes, **this growth will remain unsustainable**.

And have a unique opportunity deliver system-wide change.

We are setting an ambitious direction of travel and target state. New Zealanders want to interact with their government in the same **seamless, modern, and efficient** way they interact with their bank, utility, or service provider. People want government services that are **more connected and efficient**, with their tax dollars spent wisely – making it **easier for individuals and businesses to navigate government**.

We are tackling core issues across...

Customers	Agencies	The System of Government
- Fragmented services: rigid, rules-based, process-driven "The customer must come to us" - High transaction costs - Repetition: data, authentication, validation.	- No clear, central direction - Digital is aligned to agency priorities - This has created complexity and duplication \$13.5B of new spend on the horizon – unaffordable	- Not enabled for service orchestration - Difficult and expensive for the market to work with - Data is not set up to enable us - Six-figure costs to deploy new services

The Opportunity: Initiatives and investments

There is a \$3.8B – \$5.9B opportunity available over the next five years from a reorganisation of how government does digital.

What the interim design looks to achieve			The possible savings	
Change that Sticks Clear and high impact interventions – clustering, system assets, and IT-as-a-Service for small agencies.	Investing to Save Digital Public Infrastructure is a core investment to build a more efficient government – AI, digital identity, data exchange, and other key enablers.	A Fix to Fragmentation Shared rails while government rationalises tech, and uplifts channels – tech is shared and built for reuse, processes and architecture are standardised.	Using the 2024 investment intentions and digital operating expenditure, we estimate:	
			\$3.8B - \$5.9B	Gross total savings in the first five years (5Y implementation)
			\$1.6B - \$2.5B	Gross annual savings in the future state (5 year implementation)
			The challenge is to deliver on the vision in a pragmatic way – focusing on enablement over ownership and operating as a single system.	

Out of scope



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New Zealand Government

New Zealand's Interim Digital Target State

23 October 2025

Architecting this Change (high level view)

Building the foundations for transformative long-term change, to modernise service experiences.

Services wrap around our customers

People and organisations interacting with New Zealand government services manage their personal identity data in a secure digital wallet, held on their device. With the customer's permission, government accesses only the data that is necessary, wrapping services around the user through a "life event" format.

Modern and central digital access

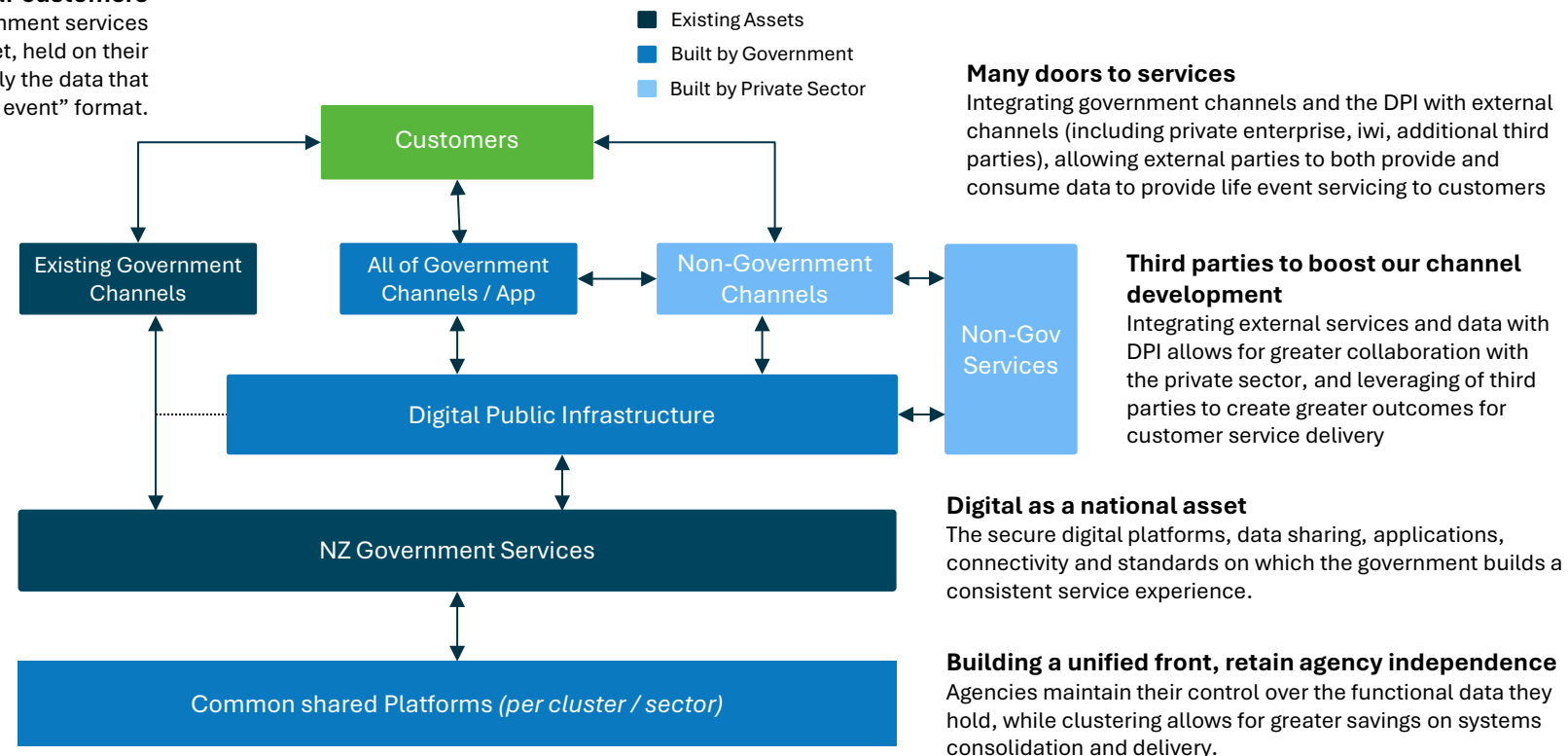
The new, digital front doors into government. Including an app and website, government services can be determined, requested and provisioned through a single channel.

Maintaining what works for customers

The interim state allows for existing channels from agencies to be maintained for customers. If an agency isn't yet part of our digital model, customers' access to their services is unaffected.

Clustering and rationalisation

Consolidating down back-end platforms to best suit the agencies that rely on them, while continuing to support and integrate with existing monolithic and necessary systems to keep providing quality government services to customers.



Our design relies on a **set of core assumptions**:

- Agencies will be clustered based on common service outcomes. These will form the basis for platform sharing and deduplication
- Clustering will be executed progressively over the interim state – specialised agencies may not be included in a cluster immediately
- Existing agency-specific core technologies will sit within agencies, who will be required to 'surface' data for orchestration and service delivery in the DPI layer
- Physical channels will sit external to this architecture, however carry the same 'front door' principle as the Government Digital Channels
- Core service data will remain held by agencies, with DPI data being held centrally by government, and customer identity data being decentralised and stored on-device per customer
- Third parties are willing and able to participate in integrating their services to customer service clusters, and to the DPI layer
- Data sharing between agencies and the AoG DPI layer will be streamlined to enable effective agency-to-agency data sharing.

Speed of Delivery Creates Value

Immediate action maximises the value of this change. Every year of delay potentially leaves billions in value on the table.

Data Sources – inputs used for savings calculations

Clean Anonymised Current State Data provided by DIA	PSC - Workforce costs - ICT Professionals and Technicians Group	PSC - Workforce costs - Sum of Information professionals, Legal HR and Finance, Clerical and Administrative workers groups.	PSC - Workforce costs – Call Centre Group.
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Decisive, accelerated delivery maximises the benefits profile

Time to achieve full annual savings	5Y Cumulative Savings	7Y Cumulative Savings	10Y Cumulative Savings
5 years	Low: \$3.8B High: \$5.9B	Low: \$7.4B High: \$11.4B	Low: \$13.6B High: \$21.2B
7 years	Low: \$2.2B High: \$3.4B	Low: \$5.4B High: \$8.4B	Low: \$11.7B High: \$18.2B
10 years	Low: \$1.3B High: \$2.2B	Low: \$3.5B High: \$5.4B	Low: \$9.0B High: \$14.0B

Critical Preconditions

+ legislation, + ministerial mandate, + cultural shift

Lasting benefit will rely on early decisions, bold reform, and investment where needed.

1. Preconditions: this work will not succeed without:

Agency Clustering	Mandates & Governance	Capability Uplift	Ecosystem Buy-In
This is the foundation of the cost benefits that free up capital for investing in digital. More aggressive clustering (i.e. fewer clusters) will create more significant cost benefits.	Ministerial and Chief Executive delivery aligned to the vision. This must happen fast – benefits are predicated on the Public Service moving in unison. Legislation changes are likely to be required to implement the vision.	A non-negotiable to deliver this change and manage BAU going forward. GCDO need to quickly build capability across reporting, delivery management, architecture, procurement, and other critical areas to the future state. This will require cultural shifts.	The benefits timeline is only possible with ‘all hands on deck’. This includes both Public and Private sectors, stakeholders and NZ citizens.

2. Clear decisions are needed:

- 1 What clustering looks like**
Benefits depend heavily on this, modelling is based on 15 sectors/clusters in data collected by DIA
- 2 How this delivery will be mobilised**
The cost of delay is significant.
- 3 The plan to clear blockers**
Policy and legislative limitations must be removed – initiatives like clustering and digital identity rely on this.
- 4 Who is responsible for what?**
The division of labour for delivery between public vs. private, how oversight and governance will be structured, agency vs. central remit, etc.

3. The benefits of this change depend on preconditions being met:

Cost savings of ~ \$1.6B – \$2.5B /yr available following full implementation*			Non-Cashable Benefits			
\$0.7B - \$1.0B /yr Reducing investment intentions	\$0.4B - \$0.6B /yr Reduce licensing & maintenance costs	9(2)(f)(iv)	Non-cashable, but critical:			
			Economic Growth	Time Saved	Policy	Service Uplift

*based on 5yr timeframe to full benefits

Savings depend on agency clustering. Achieving full implementation will follow clustering timeframe.

Non-cashable benefits depend on digital investment (e.g. Digital Public Infrastructure)

Benefits: Settings, Parameters, and Benchmarks

Our assumptions have been devolved from a variety of sources. On an international stage, our savings assumptions are widely aligned to those seen with digitisation programmes. While the values noted below may seem aggressive we also need to take into account that the level of duplication* in New Zealand appears higher than in other jurisdictions that have undertaken similar exercises.

The following **system-wide settings** have been assumed:

46 agencies rationalised into 15 clusters	One ‘commodity’ platform per cluster (HRIS, FMIS, ERP, etc.)	50% reduction for centralised systems (servers, storage, EUC, etc.)	Cluster-by-cluster assessment for other architectural categories	Full roadmap execution and investment capital availability
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To yield the following **financial interventions, parameters and benchmarks**:

9(2)(f)(iv)

* NZ Initiative Report - Unscrambling Government. “Compared with similar nations, New Zealand has 55% more budget-holding ministers, over three times the number of portfolios and more than one and a half times as many departments.”

Benefits: Key Principles and Limitations

Based on the data available to us to perform the benefits and value case exercises, we have identified any limitations and made a set of principles below.

1 Estimates are reliant on 2024 survey data

Survey data is declared in expected spend brackets, so numbers are indicative. Where required, we have applied a midpoint to each bracket to estimate actual spend. The data was collected in 2024 and therefore does not include additional investments or investment intentions that have been identified since then. The data is therefore significantly understated.

2 Dataset is not representative of the entire Public Sector

The data collected in the 2024 survey does not cover 100% of the public service as not all agencies and crown agents provided responses to the survey. As the data has been anonymised, we do not know who the respondents are or what percentage of the public service the data covers. Once again, this means the data is significantly understated.

3 Agencies' data are clustered based on 15 pre-existing categories

To understand the effects of rationalisation through agency clustering, we have used the clusters / sectors provided in the DIA current state dataset, noting that designing the target state clusters was not in scope for this piece of work. Using these 15 clusters, we have provided an indicative view of the opportunities for system rationalisation and cost out, noting that these may differ to the clusters that are constructed in the future.

4 Top-down approach using anonymised data

The data we have used for this exercise was anonymised. We have taken a top-down approach, along with some bottom-up based on agency clusters and technology architecture categories. This modelling is high-level and based on a limited data set. It is intended to be indicative only and to be used as a starting point for further analysis. We recommend DIA perform further analysis following this work with the original, non-anonymised data to provide more robust insights.

5 Conservative approach to estimating indicative cost savings

As a first iteration, we have taken a conservative approach to estimating savings and have provided low and high estimates. As we continue to refine and iterate, there are options to make the numbers more aggressive, or less so.

6 Use of primary architecture categories

We have used the primary architecture categories to understand the technology landscape today and how this may be reduced in the future. However, this figure may undersell the total number of systems as some systems have more than one use.

7 Assumptions for savings on ongoing OPEX

Savings rates for ongoing OPEX and technology personnel spend are driven by system count, overlaid with DIA SME expertise. The ongoing OPEX data is estimated based on broad ranges provided by agencies and is understood to only cover 3rd party support and licensing costs. Therefore, it is likely an under-estimate of total ongoing OPEX.

8 Assumptions for savings on personnel spend

Secondary FTE spend relating to back office transactional activities and front office support have an assumed savings rate applied based on DIA SME insight, we have applied a higher rate for directly impacted technology staff. Personnel savings are dependent on organisational structure design and thus are estimates until a workforce structure is established to support the technological architecture.

9 Assumptions for savings around Investment Intentions

To understand how we can reduce future spend based on investment intentions, we have assumed that we can apply a lesser savings rate for investment intentions that are funded and in flight based on a renegotiation principle. For all other investment intentions, unfunded and/or in the planning or intentions phase, a higher savings rate has been applied.

Digitising Government aide memoire

Hon Judith Collins KC MP
Minister for Digitising Government

Title: Talking points to support you at ECO on 10 December
Date: 4 December 2025

Executive Summary

You intend to take the joint Public Service Commission (PSC)/Digitising Government paper *Driving down the cost of digital in government – Implementation* to Cabinet’s Economic Policy Committee (ECO) on 10 December. This paper reports back on the paper approved by Cabinet in August 2025 [*Driving down the cost of digital in government*, CAB-25-MIN-0286 refers]. This aide memoire has been developed with the PSC and provides you with suggested talking points to support you to present the paper at ECO (attached as Appendix A). The Ministerial feedback table is attached as Appendix C.

This aide memoire also provides you with suggested talking points to support you to comment on the Minister of Transport’s paper *Progress on the Land Transport Rules Reform Programme* (attached as Appendix B). This paper, which we understand is also scheduled to be presented at ECO on 10 December, connects strongly to your priority of advancing a digital identity ecosystem through the issuance of digital driver licence.

Action sought	Timeframe
Note the contents of this aide memoire.	10 December 2025

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Myles Ward	Deputy Government Chief Digital Officer	9(2)(a) privacy	✓
Tessa Houghton	Principal Advisor to the Deputy Secretary	9(2)(a) privacy	

Return electronic document to	Tessa.houghton@dia.govt.nz
Hukatai document reference	Link
Ministerial database reference	DG202510357



Myles Ward
Deputy Government Chief Digital Officer

Purpose

1. This aide memoire provides you with suggested talking points to support you to:
 - 1.1 take the joint PSC/Digitising Government paper *Driving down the cost of digital in government – Implementation* to Cabinet's Economic Policy Committee (ECO) on 10 December (attached as **Appendix A**).
 - 1.2 comment on the Minister of Transport's paper *Progress on the Land Transport Rules Reform Programme*, which we understand is also scheduled to be presented at ECO on 10 December (attached as **Appendix B**).
2. Ministerial feedback on the PSC/Digitising Government Cabinet paper and responses are also attached as **Appendix C**.
3. The aide memoire has been developed with and reviewed by PSC. Advice on the Minister of Transport's paper is from the GCDO (not joint with PSC).

Background

4. On 25 August 2025, Cabinet confirmed the joint Digitising Government - Public Service Commission Cabinet paper *Driving down the cost of digital in government* [CAB-5-MIN-0286 refers] and agreed to centralise government digital investment and procurement decision-making and oversight under the GCDO.
5. This represents a significant paradigm shift for New Zealand's approach to digital government. Implementation will require concerted effort over several years and continued evolution as technologies and contexts change. It signals a fundamental and enduring change in the way the Public Service works.
6. As a first step, Cabinet invited you to report back to Cabinet in December 2025 [ECO-25-MIN-0132 refers] with (bolding ours):
 - a three-year programme with deliverables and targets
 - key principles for digital procurement
 - an implementation plan for the phased centralisation and streamlining of digital investment and procurement.
7. The paper lodged on 4 December 2025 and which you intend to take to ECO on 10 December (*Driving down the cost of digital in government – Implementation*) addresses these recommendations.

Driving down the cost of digital in government

Three-year work programme with deliverables and targets

Target State

8. The initial Digital Government Target State (Target State) is at the core of the three-year work programme, deliverables and targets presented in this paper. The Target State establishes a common direction and architectural framework that guides agencies to simplify and streamline government's digital footprint.
9. The GCDO has led the development of the Target State, with the support of the Public Service Commission (PSC) and pro bono support from PwC and Deloitte. Agency engagement and input into the Target State's development has been comprehensive,

spanning agency CEs, digital Deputy Secretaries, Chief Digital/Information Officers, and Enterprise Architects. Strong support has been received from all these groups.

10. An External Reference Group has also provided input into and strong support for the proposed direction of travel. The members of this group include ex-Government Chief Digital Officers from Singapore, Estonia and the UK and CEs from the NZ private sector.
11. The Target State is underpinned by a detailed mathematical model to forecast Return on Investment (ROI). This model draws on the considerable digital investment intentions data held by the GCDO and has been well socialised with the Treasury.
12. The establishment of agency digital clusters is fundamental to realising the Target State and savings. These clusters will be logical groupings of agencies that share different categories of ICT platforms and systems, rather than each having their own. 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.
13. Work on modelling potential savings from the creation of a Ministry for Cities, Regions and Environment has served as a 'test case' and reinforced the opportunities for significant savings through the implementation of agency digital clusters.
14. The GCDO and PSC will be responsible for directing the establishment of agency digital clusters, with the ongoing support of the Treasury and Ministers.

Deliverables

15. The paper outlines key work programme deliverables between now and June 2028. Key deliverables include:
 - the launch of the Government App, with new capabilities and key government services added over time;
 - aligning government's digital investment towards the Target State and working to implement agency digital clusters; and
 - the operationalisation of three joined-up tailored government digital services.

Targets

16. The paper sets out four ambitious, system-level targets:
 - 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.¹
17. Achieving these targets will demonstrate that meaningful changes are being made to how the Public Service operates to drive down the cost of digital in government and put more money back in taxpayer's pockets; and New Zealanders are benefiting from more efficient and customer-centric government service delivery.

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.

Principles for digital investment and procurement

18. The paper sets out twelve Principles for Digital Investment and Procurement (Principles) that align with the direction established by the Target State and work programme, and which agencies are required to follow. The Principles include all the points specified for inclusion in Recommendation 7 of the August Cabinet paper. In some cases, these points form part of a larger Principle.

Implementation plan

19. The GCDO has agreed with the Treasury (who requested the inclusion into August's Cabinet paper of a recommendation on the need for an Implementation Plan) that the Implementation Plan will be an iterative, evolving document developed in alignment with the requirements of a Programme Business Case. Programme Business Cases often take up to eighteen months to develop, in contrast to the two months since the Cabinet paper in August 2025.
20. The initial overview of the Implementation Plan included in the Cabinet paper is a summary of work done to date and a starting point not an end point. A more detailed working document underpins this overview.

Strengthening institutional arrangements for digital delivery

21. The paper also proposes machinery of government changes to ensure this work is centrally-located with senior leadership. The paper proposes that a new Functional Chief Executive (FCE): Digital Government be appointed to lead a new Government Digital Delivery Agency. The FCE will be the GCDO and would be for a five-year period, after which the role would be reviewed and further decisions taken about leadership of this function.
22. 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.
23. The paper seeks 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 you and the Minister of Finance.
24. Agencies plan to meet transfer costs through reprioritising existing funding and require the ability to utilise any departmental underspends from 2025/26 to meet the change management costs.
25. The paper also seeks to disestablish the Digital Executive Board as it does not fit well with the new FCE and Agency.

Progress on the Land Transport Rules Reform Programme (digital driver licence)

26. The Minister of Transport intends to take the paper *Progress on the Land Transport Rules Reform Programme* to ECO on 10 December.
27. The Department of Internal Affairs (DIA) has been working closely with the New Zealand Transport Agency (NZTA) over the past twelve months on the development of a digital driver licence. We consider the issuance of a digital driver licence a priority for a functioning digital identity environment and for digitising government.
28. Cabinet agreed earlier this year to amend the Land Transport Act to enable modernisation of a number of transport regulatory systems including the driver licencing system to enable the issuance of the digital driver licence. The Bill is currently at Select Committee and is expected to be passed early in 2026.
29. This Cabinet paper seeks agreement to delegate authority for the Minister of Transport to take policy decisions and issue drafting instructions for the secondary legislation (driver licence rule) necessary to give effect to the service modernisation and issuance of digital driver licences.
30. Consultation on rule amendments relating to digital driver licences is expected in March 2026, with the new rule in place by mid-2026. The paper notes that a national rollout of the digital driver licence could be possible in the second half of 2026, presuming the regulatory changes are in effect, NZTA systems are ready, and Austroads' solution is available in time. This is indicated in the deliverables section of your paper *Driving down the cost of digital in government – implementation*.
31. The GCDO is strongly supportive of the direction set out in the paper and the overall work NZTA is undertaking to digitise the driver licencing process, including the digitisation of the driver licence.

Hon Judith Collins KC MP

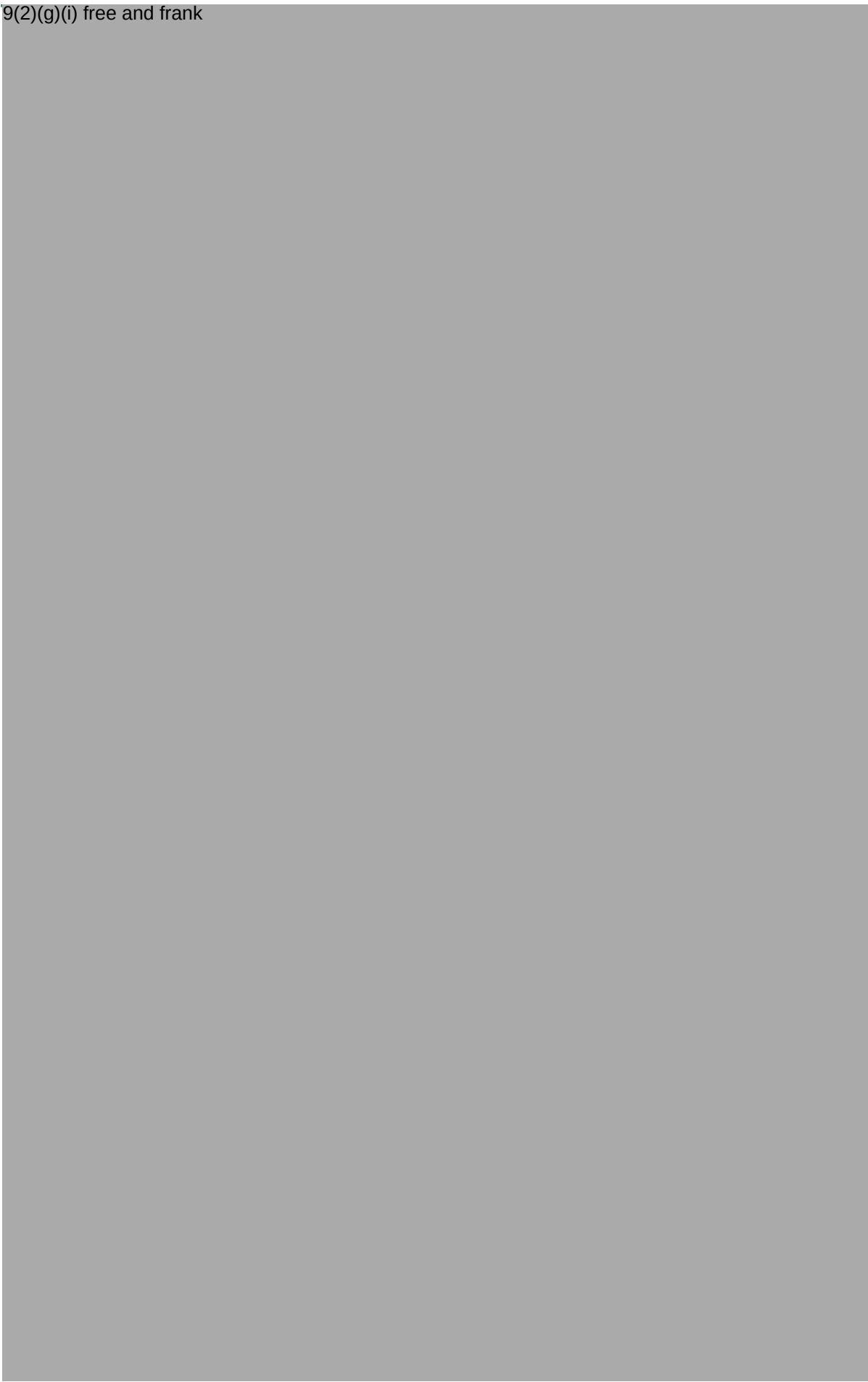
Minister for Digitising Government

_____/_____/_____

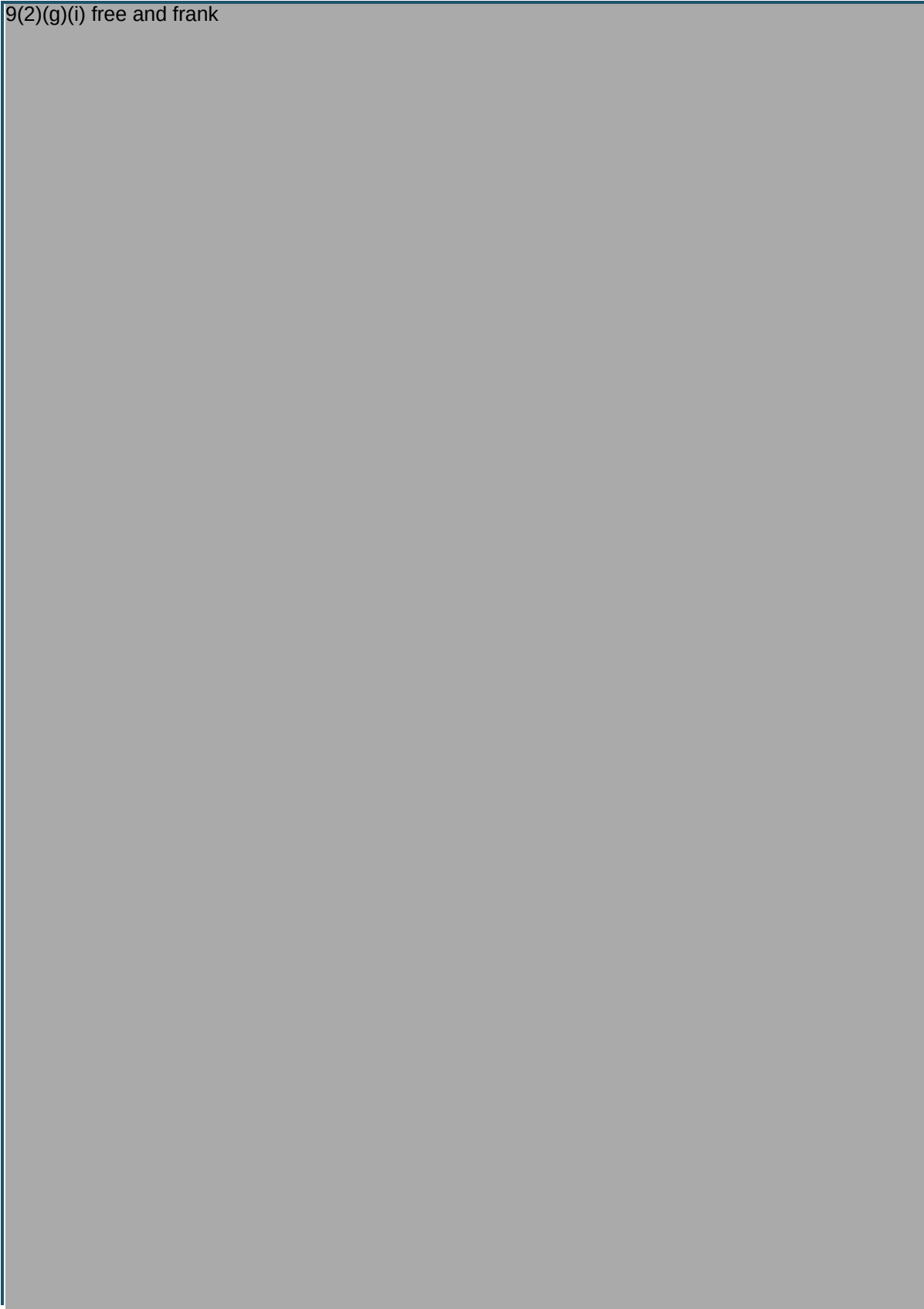
Appendix A: Suggested talking points for *Driving down the cost of digital in government – Implementation*

Topic	Talking points
9(2)(g)(i) free and frank	

9(2)(g)(i) free and frank



9(2)(g)(i) free and frank



Appendix B: Suggested talking points for *Progress on the Land Transport Rules Reform Programme*

Talking points

9(2)(g)(i) free and frank



Appendix C: Appendix C: Ministerial feedback on *Driving down the cost of digital in government – Implementation*



Digitising Government briefing

Hon Judith Collins KC MP
Minister for Digitising Government

Title: Driving down the cost of digital in government: Draft Cabinet paper for December report back

Date: 6 November 2025

This paper provides you with a draft Cabinet paper to support you to meet the requirements of the December report back set in the paper endorsed by Cabinet in August 2025 [*Driving down the cost of digital in government*, CAB-5-MIN-0286 refers]. The paper is a joint Digitising Government (DG) and Public Service Commission (PSC) paper.

The paper provides:

- a high-level overview of a system-wide three-year work programme with targets and deliverables, which will drive progress towards the interim three-year Digital Government Target State developed by the GCDO;
- principles for digital investment and procurement; and
- a high-level overview of the Implementation Plan for the phased centralisation and streamlining of digital investment and procurement.

This briefing provides you with a timeline to take this paper to Cabinet’s Economic Policy Committee on 10 December 2025. To maintain this timeline, DG/PSC officials would like to discuss the draft Cabinet paper with you at the DG officials meeting on Tuesday 11 November 2025.

Agree to discuss the draft Cabinet paper with GCDO and PSC officials 11 November 2025 at the Digitising Government Officials meeting on 11 November.

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Paul James	Government Chief Digital Officer, Secretary DIA	9(2)(a) privacy	✓
Myles Ward	Deputy Government Chief Digital Officer, Deputy Secretary Digital Services	9(2)(a) privacy	

Return electronic document to	Tessa.Houghton@dia.govt.nz
Hukatai reference	Link
Ministerial database reference	DG202510002

Purpose

1. This briefing provides you with a joint Digitising Government - Public Service Commission Cabinet paper for your feedback. The paper and work underpinning it fulfils the report back requirements set in the paper *Driving down the cost of digital in government*, confirmed by Cabinet in August 2025.

Background

Driving down the cost of digital in government – August paper and key recommendations

2. On 25 August 2025, Cabinet confirmed the joint Digitising Government - Public Service Commission Cabinet paper *Driving down the cost of digital in government* [CAB-5-MIN-0286 refers] and agreed to centralise government digital investment and procurement decision-making and oversight under the GCDO.
3. This represents a significant paradigm shift for New Zealand's approach to digital government. Implementation will require concerted effort over several years and continued evolution as technologies and contexts change. It signals a fundamental and enduring change in the way the Public Service works.
4. As a first step, Cabinet invited you to report back to Cabinet in December 2025 [ECO-25-MIN-0132 refers] with:
 - 4.1 “**key principles** for digital procurement that include developing a single view of customer across the public sector, the use of prototyping, agile and modular development, and use of the Cloud wherever practical and lowest cost” (*Recommendation 7*)
 - 4.2 “**a three-year programme with deliverables and targets**” (*Recommendation 7*)
 - 4.3 “**a detailed implementation plan**, to be developed by the GCDO and supported by Central Agencies and the NZ Government procurement Lead, and that GCDO will seek independent assurance of this plan and consult with agencies as required on the phased centralisation and streamlining of digital investment and procurement...” (*Recommendation 8 – see further detail in sub-recommendations in ECO-25-MIN-0132*)

This draft Cabinet paper addresses the key recommendations from August's paper

Three-year work programme with deliverables and targets

Target State

5. The interim three-year Digital Government Target State (Target State) is at the core of the three-year work programme, deliverables and targets. The Target State establishes a common direction and architectural framework that guides agencies to simply, align and strengthen government's digital landscape. The paper's body and Appendix One provides a high-level overview of the Target State and opportunities for Return on Investment (ROI).
6. The GCDO has led the development of the Target State, with the support of the Public Service Commission (PSC) and pro bono support from PwC and Deloitte. There has been considerable and comprehensive agency engagement and input into the Target State, spanning agency CEs, digital Deputy Secretaries, Chief Digital/Information

Officers, and Enterprise Architects. Strong support has been received from all these groups.

7. An External Reference Group has also provided input into and strong support for the proposed direction of travel. The members of this group include ex-Government Chief Digital Officers from Singapore, Estonia and the UK and CEs from the NZ private sector.
8. The Target State is underpinned by a detailed mathematical model to forecast Return on Investment (ROI). This model draws on the considerable digital investment intentions data held by the GCDO and has been well socialised with the Treasury. The GCDO's recent work with PSC on the case for consolidating the Ministry for the Environment, the Ministry of Transport, the Ministry of Housing and Urban Development, and Local Government Policy (from DIA) has tested and confirmed the validity of the model. This 'test case' has reinforced the opportunities for significant savings through the implementation of agency digital clusters.
9. The establishment of agency digital clusters is fundamental to realising the Target State and savings. These clusters will see agencies group together to share ICT/digital systems and functions (but does not require agencies to merge fully). We recommend that you seek Cabinet's endorsement of the Target State, including the establishment of agency digital clusters (as per Recommendation 1 in the draft paper). The GCDO and PSC would then be responsible for directing the establishment of agency digital clusters, with the ongoing support of Ministers.

Targets

10. Three clear, ambitious system-level targets are detailed in the Cabinet paper. These Targets will drive focus on reducing costs, the delivery of services through the Government App, and the issuing of digital identity credentials.
11. The paper sets your expectation that by June 2028, there will be:
 - a 15 per cent reduction in government's digital investment intentions pipeline;¹
 - four million digital identity credentials issued; and
 - two million downloads of the Government App.

Deliverables

12. Key work programme deliverables are outlined at the bottom of Appendix One. These deliverables span both GCDO and agency activities. While not all planned deliverables are reflected in the Cabinet paper due to space constraints, we have focused on reflecting the most important, high-impact areas of activity.
13. The content of the FY2025/2026 and FY 2026/27 work programme years are more detailed than the FY 2027/28 year. This will enable us to remain agile and continue to develop and iterate the work programme as new opportunities emerge.
14. The FY 2027/28 work programme outlines the ambition to deliver significant, multi-year deliverables, including the operationalisation of three new joined-up services delivered through an ecosystem of public and private service providers. Planning and development of these services will happen over the initial two years of the work programme, supported by smaller/incremental deliverables during this period. More

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.

detailed planning will be undertaken to confirm the specific scope and sequencing of activities.

Principles for digital investment and procurement

15. The paper provides eleven Principles for Digital Investment and Procurement (Principles) that align with the direction established by the Target State and work programme, and which agencies are required to follow. These Principles have been developed with input from Deloitte and the Deputy Secretaries for digital from key agencies (the Ministry for Social Development, the Ministry of Education, Health NZ, ACC).
16. The Principles include all the points specified for inclusion in Recommendation 7 of the August Cabinet paper. In some cases, these points form part of a larger Principle.
17. We recommend that you ask Cabinet to note (rather than endorse) these Principles. As Minister for Digitising Government, we consider that you have the necessary authority to approve them. Once the paper has been approved by Cabinet, we will publish these Principles on digital.govt.nz.

Implementation plan

18. Recommendation 8 in the August paper (detailing the Implementation Plan) was requested by the Treasury. It reflects Treasury's understanding of our work and the direction of travel at that point in time. We have worked closely with the Treasury over the last few months to ensure that they understand the Target State and direction of travel in much more detail, and that we are not currently seeking additional funding.
19. Through ongoing engagement with the Treasury, it has been agreed that the Implementation Plan will be an iterative, evolving document developed in alignment with the requirements of a Programme Business Case. Programme Business Cases often take up to eighteen months to develop, in contrast to the two months since the Cabinet paper in August 2025. The initial view of the Implementation Plan is therefore a starting point not an end point.
20. The Cabinet paper provides a high-level overview of this initial version. A more detailed working document underpins this overview. This has not been included in the Cabinet paper due to space constraints. We intend to consult with the Treasury and NZ Government Procurement Lead on the development of the Implementation Plan in the week commencing 10 November. This will ensure that the Treasury is comfortable that their areas of interest are being addressed. We will continue to work with the Treasury as the Plan is developed further.
21. As noted in our briefing to you on 10 October [*Joint DG/PSC Cabinet paper update 10 October 2025*] and clarification to your Office on 16 October, the GCDO is currently working through the system level shifts and functional changes to its capability and services to drive progress towards the Target State and the ambition of August's Cabinet paper. Capability and service shifts will comprise a set of targeted changes to the GCDO's structure and operating model to incrementally implement mandate changes and system level responsibilities. We will evolve some of our existing services/functions (which may be maintained or adapted as needed) and developing new services/functions where existing funding permits.
22. The GCDO will initially reprioritising its existing baseline funding towards the evolving service shifts. It is anticipated that organisational change will be required in 2026 to

enable the enduring delivery of these new services. This change will be conducted by the GCDO through standard government change management processes.

Next steps

23. We are targeting the timeline below to support you to take the paper to Cabinet's Economic Policy Committee (ECO) on 10 December. We have previously shared this with your office.

6 Nov	Draft Cabinet paper to Minister for Digitising Government for feedback
w/c 10 Nov	GCDO consultation with the Treasury and NZ Government Procurement lead on Implementation Plan
11 Nov	Paper discussed with DG and PSC Officials at DG Officials meeting
13 Nov	Updated paper in weekend bag
17 Nov	Approval to begin agency consultation
17 - 20 Nov	Agency consultation (see information below) (18 November: DG Officials meeting)
24 Nov	Updated paper to Minister to seek approval to begin Ministerial consultation
22 Nov - 1 Dec	Ministerial consultation
2 Dec	Updated paper to Minister
3 Dec	Approval to lodge received from Minister
4 Dec	Paper lodged in CabNet Aide memoire to Minister with Talking Points to support presentation of paper to ECO
10 Dec	Minister takes paper to ECO
15 Dec	Cabinet confirms paper

24. To maintain this timeline, GCDO and PSC officials would like to discuss the draft Cabinet paper with you at the DG officials meeting on Tuesday 11 November 2025.

Agency consultation

25. We intend to hold meetings with agency CEs and Deputy Secretaries in the week commencing 17 November, to support agency consultation on the paper. The Public Service Commissioner will lead these meetings and will be clear that all agency feedback should be provided through these sessions, with any email feedback to reflect this feedback.

Section 107 direction

26. In August, Cabinet also noted that a section 107 direction under the Crown Entities Acts 2004 will be required to give effect to decisions in respect of Crown Entities, and that the Minister for Digitising Government will address this in the December 2025 report back [ECO-25-MIN-0132, Recommendation 9 refers].

27. As noted in our-10 October briefing [*Joint DG/PSC Cabinet paper update 10 October 2025*], the section 107 direction to formally extend the new approach to Crown entities will reflect upcoming Cabinet decisions. As provided for under section 107 of the Crown Entities Act 2004, we will undertake preliminary consultation with Crown entities in early 2026. This will inform advice to Cabinet on the proposed scope of the direction and support the subsequent formal consultation process.
28. We are signalling through our engagements with Crown Entities that a section 107 directive is under active consideration, and that Crown entities will be expected to align with that direction. Given the large number of Crown Entities and finite resourcing, GCDO will focus effort on areas of greatest opportunity. Further work is required to identify which Crown entities are likely to deliver the highest net benefit. We will provide advice on scope alongside a draft Cabinet paper seeking agreement to begin consultation early next year.

Financial implications

29. As noted earlier in the briefing, we are not seeking additional funding at this point in time. We are focused on accelerating priority initiatives within existing system settings and funding envelopes. While future investment will be necessary to fully realise the benefits of the Target State, current efforts are concentrated on leveraging existing baselines, reducing investment intentions within existing settings, and utilising in-flight business cases to maximise momentum and minimise duplication.
30. We expect to bring Business Cases for investment to Budget 2027 and may seek a modest targeted investment ahead of Budget 2027. We will keep you fully informed as we progress these plans. All Business Cases will be in line with the goal of delivering system savings and a strong return on investment.

Recommendations

- | | |
|---|---------------|
| 31. We recommend that you agree to provide feedback on the draft Cabinet paper and discuss it with GCDO and PSC officials at the Digitising Government Officials meeting on Tuesday 11 November. | Yes/No |
|---|---------------|

Myles Ward
Deputy Government Chief Digital Officer

Hon Judith Collins KC MP
Minister for Digitising Government

____/____/____

Appendix A: Draft Cabinet paper

Joint DG/PSC Cabinet paper update 10 October 2025

- On 25 August 2025 Cabinet approved the joint Digitising Government/Public Service Commission Cabinet paper *Driving down the cost of digital in government*.
- The Cabinet paper invited the Minister for Digitising Government to report back to Cabinet in December 2025 with:
 - Key principles for digital procurement (see Rec 7)
 - A 3-year interim Digital Government Target State and 3-year programme with deliverables and targets (see paper body and Rec 7)
 - A detailed implementation plan (see Rec 8)
- The paper also:
 - Noted that a section 107 direction under the Crown Entities Act 2004 is required to give effect to the new direction for Crown Entities (see Rec 9)
- This document provides you with a progress update and detail on these workstreams and how they connect. The narrative of the Cabinet paper itself will be high level and be focused on outcomes, particularly savings and return on investment.

Digital Government Target State and 3-year programme of targets and deliverables

- The Target State defines the direction of travel for technology and is fundamental to reducing the cost of digital across government.
- A key enabler of this is agency clustering, which allows agencies to operate in a more coordinated and efficient way. Clustering supports the utilisation of shared digital assets, reduces duplication of systems and capability, and enables smarter investment in common platforms and services.
- A high-level view of the architectural plan for the Target State is included in slide 1 of the slide pack.
- Digital Public Infrastructure (DPI) is key part of this approach and will provide the foundational platforms and capabilities that agencies can build on. DPI enables the use of shared assets, supports interoperability, and reduces duplication across systems and services. It allows agencies to focus on delivering better outcomes for New Zealanders, while benefiting from common standards, scalable platforms, and more efficient investment.
- We have approximately 46 Public Service and non-Public Service agencies and many more Crown Entities. Many of these are very small/subscale, and all currently have their own ICT function. This is inefficient and drives up cost.
- By enabling agencies to work in clusters, we can consolidate government's digital footprint, reducing cost and improving service integration. Clustering allows agencies

to share digital systems and workforce capability, significantly lowering the overall spend on digital across government.

- Our current analysis indicates that approximately 15 agency clusters would strike the right balance between cost efficiency and resilience. This approach avoids single points of failure and ensures continuity and security across critical systems.
- This premise is strongly connected to the work PSC/Sir Brian Roche is leading on implementing a new Public Service operating model.
- Clustering does not require agencies to be formally merged at the organizational level. In some cases this may be the case – such as in the proposed merger of the Ministry for the Environment, the Ministry of Housing and Urban Development, the Ministry of Transport, and the Local Government functions of the Department of Internal Affairs – but full mergers are not required for agencies to share digital functions.
- Draft modelling of this approach – and the commensurate Return on Investment (ROI) of implementing clusters – is presented in slides 3 and 4 of the slide pack tabled at DG officials meeting on 9 October 2025.
- Slide 2 of the slide pack provides key shifts we will see in digital service delivery and potential tranches of new digital services that will arise from implementing the Target State. These tranches are not confirmed however there is strong support from CEs on this direction of travel.
- The 3-year programme of deliverables and targets will arise from the Target State and implementation plan. While it is still being finalised, it will likely include (but not limited to) the following examples:
 - A specified number of agency digital clusters being implemented over the next 3-5 years and the ROI expected.
 - The sequenced consolidation of the technology footprint that will occur in line with the delivery of agreed clusters, including back-office consolidations.
 - A road map for the delivery of Digital Public Infrastructure components, which will also identify any preconditions for delivery.
 - A road map of services to be onboarded onto the Government App.
 - Agencies under a certain size no longer having their own ICT/digital function by a certain date (instead, they will need to move to receive their digital/ICT services from a larger agency and/or in a cluster – much as the Ministry of Ethnic Communities and now NEMA receive ICT/digital services from DIA).

Principles for digital investment and procurement

- These will cover both investment and procurement and will be aligned with the Target State and implementation plan.

- Agencies will be required to align their digital investment and procurement with these principles, which we will publish on digital.govt.nz once they are confirmed.
- These principles will be similar to the UK's Technology Code of Practice but reflect our priorities and direction, including those priorities specified in Rec 7.

Implementation plan for centralisation of digital investment and procurement decision making

- The Target State will define WHAT we are aiming for, and the implementation plan will provide details of HOW we will drive agencies towards executing the delivery of the Target State and the preconditions required.
- The plan will detail how the GCDO's digital investment oversight and procurement services (and services delivered by the Treasury and others) will evolve to drive delivery of the Target State and deliver on the ambition of August's Cabinet paper.
- Examples of new GCDO services are likely to include:
 - the collection of more detailed annual investment intentions data and digital investment plans from agencies
 - new reporting and investment interventions to align agency investment planning towards the Target State;
 - new approaches to aggregating procurement to drive economies of scale.
- This 'services view' will determine what can be delivered from GCDO's existing baseline vs. capabilities that will need building out over time. We are not intending to ask for additional funding in December but will signal future requests.
- The plan will also:
 - indicate how the GCDO will work with Treasury and MBIE to shift the Investment Management and procurement systems to incentivise agencies to do things differently, e.g. through making smaller, more modular investments and reusing existing digital assets rather than buying new.
 - define the system governance required to drive agency alignment with the Target State, including the role of CE performance management and dual key reporting lines for agency/cluster digital leads.
 - Address the other points noted in Rec 8 of the August Cabinet paper.

Engagement

- The GCDO and Sir Brian Roche are meeting regularly to discuss and develop the work underpinning the Cabinet paper and align agencies towards this new direction.
- The GCDO has been leading weekly meetings with three tiers of agency digital leaders:
 - Tiers 2s/DCEs/Deputy Secretaries responsible for agency digital functions

- agency Chief Information/Digital officers (usually Tier 4)
 - agency Enterprise Architects.
- The GCDO and Sir Brian are also leading 3-weekly meetings with:
 - Agency Chief Executives
 - An External Reference Group comprised of former government digital leads from Singapore, Estonia and the UK, and private sector leaders from New Zealand.
- There is strong support for our direction from CEs and the other agency groups. The External Reference Group also support our direction of travel.
- The Treasury are members of the various agency reference groups. We are also meeting regularly with Treasury to discuss and develop the implementation plan.
- Central Agencies and System Leads are also members of the reference groups, and we are also meeting with these agencies individually.
- We are also engaging with many other agencies individually to discuss how their investment planning can be aligned with the Target State, including through our feedback on agency investment/business cases. We are seeing good responses to our feedback, with agencies beginning to align their investment plans with our direction.

External assurance

- External assurance has been built into this work since it commenced.
- GCDO is receiving pro bono support from PwC and Deloitte on the development of the Target State. This engagement began in August and is ongoing.
- We have also engaged Deloitte in support of the development and oversight of the Implementation plan for the centralisation of decision-making for digital investment and procurement.
- The External Reference Group (ERG) is providing a further external view across this work from an international and private sector perspective.

Section 107 direction

- The Section 107 direction (to formally extend the new direction to Crown Entities) will need to reflect and build on what is agreed to by Cabinet in December. We intend to progress this work in early 2026 through a separate Cabinet paper.
- We are setting a clear expectation through our engagements that Crown Entities must align with the new direction.
- Given the large number of Crown Entities and finite capacity/resourcing, GCDO will need to ensure that our resources are focused on the areas of greatest opportunity. This analysis and detail will be included in the s107 direction presented to Cabinet for agreement to begin consultation.



Internal Affairs
Te Tari Taiwhenua

Te Kāwanatanga o Aotearoa
New Zealand Government

Government Interim Digital Target State

DG Officials

9 October 2025

Out of scope

Out of scope

The indicative size of the opportunity over 5 years*

System and workforce consolidation in the future state presents a strong opportunity for savings when valuing the size of the benefits.

\$3.8 – 5.9B

Gross total savings in the first 5 years*.

\$0.8 – 1.2B

Reduction in ongoing OPEX over 5 years

Cost reduction – ongoing operating cost savings

Driven by reductions to baseline funding across all agencies. Achieved by:

- Licensing and system consolidation
- Clustering implemented, historic systems removed.

\$1.0 – 1.8B

Reduction in workforce costs over 5 years

Cost reduction – ongoing workforce savings

Driven by reductions to baseline funding across all agencies. Achieved by:

- Agency consolidation or shared services model
- Operating model optimisation
- Accelerated AI process efficiency gains.

\$2.0 – 2.9B

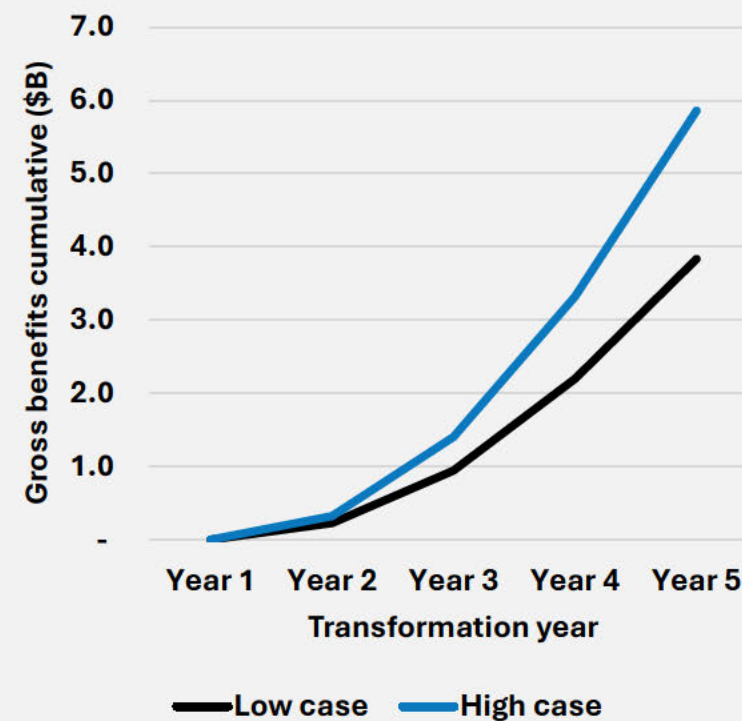
Reduction in OPEX & CAPEX investment over 5 years

Avoided cost – reductions to future investments

Driven by the reprioritisation and discontinuation of current and projected future capital investments. Achieved by:

- Clustering implemented, historic systems removed.
- More effective procurement and implementation of technology and better benefits realisation

Indicative gross cumulative savings
based on a 5 year implementation scenario*



*based on 5yr timeframe to full benefits

