Meeting minutes

Digital Economy and Digital Inclusion Ministerial Advisory Group meeting

Date and time of meeting	31 July 2018, 9:00 am - 4:00 pm
Location	Te Puni Kōkiri, 143 Lambton Quay, Wellington
Attendees - members	Potaua Biasiny-Tule, Jordan Carter, Amber Craig, Kaila Colbin, Cathy Hardinge, Robyn Kamira, Brenda Leeuwenberg, Victoria MacLennan, Rohan MacMahon, Gregory Morgan, Chris O'Connell, Damon Odey, Michael Taitoko
Attendees - other	Officials - Kim Connolly-Stone (MBIE), Graeme Osborne (DIA), Bridget Beale (MBIE), Abbe Marks (MBIE), Lucy Power (MBIE), Secretariat (DIA and MBIE) Minister – Hon Clare Curran Speakers – Judy Kavanagh, Inquiry Director, Paul Conway, Director (Productivity Commission); Richard Walley (MBIE); Keith Taylor (IRD); Ruth Fischer-Smith, Policy Manager, Jane Kennedy, General Manager Commercial Strategy and Delivery (DIA).
Apologies	David Moskovitz
Chair	Frances Valintine

Item

Introductions and apologies

The Chair, Frances Valintine, welcomed the members of the Group and officials, and noted that David Moskovitz was not able to attend the meeting and that Rohan MacMahon was joining by phone. She then invited members to update the Group on any activities they had taken part in. These included:

- six members of the Group presenting on a panel at the NZ Tech AGM;
- Chris attending a WISPA event;
- Mike's involvement in GovTech (which he would expand on in his session later in the day);
- the Digital Inclusion sub-group taking part in engagement sessions with stakeholders and DIA; and
- Robyn presented on marae connectivity at the TUANZ and ITx conferences focussing on rural connectivity.

Frances suggested that the Group may want to identify other events (similar to the NZ Tech AGM) that provide the members with an opportunity to meet and engage with relevant stakeholder groups.

Kaila then gave the Group a brief rundown on the Polis platform and results that the sub-groups would use to refine their optimal future statements in the breakout session.

Sub-group breakout session

The Group split into their sub-groups and discussed their Polis survey results, and re-examined their optimal future state statements (statements). The sub-groups then revised their statements in view of the Polis feedback, and also reflected on the use of Polis as a tool and any learnings they could take forward in using it again.

Sub-group report back

Each of the sub-groups reported back to the wider Group on their current position.

Digital Technology Sector: This sub-group had found through their consultation/engagement with a number of agencies that there was a lack of consistency in language when referring to ICT and its contribution to GDP – this mirrored the various names that the sub-group had been referred to (eg ICT Sector, Growing Tech Business) so they have decided on a confirmed sub-group name of Digital Technology Sector. The sub-group decided they would provide recommendations to the Minister on establishing a consistent definition and set of terminology for the digital technology sector.

They identified three areas that they will focus on:

- Maori and regional economy (incl T^3W + ETP for digital technology sector);
- GovTech (incl procurement + GovTech accelerator + Global GovTech fund + Service Innovation lab); and
- Skills & capability (incl scale-up skills, future workforce).

They have also identified some future recommendations to make to the Minister on the areas above. The Digital Technology Sector group asked if any of the other sub-groups had looked into issues of digital identity. A couple had done some high level talking, but nothing in depth. Frances Valintine let the Group know that the secretariat were preparing a register of activities the different sub-groups were undertaking to assist in their visibility, and suggested digital identity be included.

Digital Accessibility: In reviewing their Polis feedback, this sub-group found that there was a significant call for a reduction in jargon from their statement. In response to this feedback, the sub-group revised their statement to "New Zealanders have ubiquitous access everywhere, at a steady state that suits their needs." They also have a wide consultation planned which involves agencies and industry to develop a plan to move forward. They also discussed an upcoming workshop with MBIE's ICT Policy and Programmes team to work on the policy framework around marae connectivity, and talked about the Regional Connectivity Summit where the move from competition to collaboration is on the agenda.

Digital Inclusion: The sub-group reported that the Blueprint work is well underway, and the first draft of the Blueprint is with the Minister to get her feedback. They had also recently attended a workshop facilitated by DIA with stakeholders. The sub-group felt the Polis feedback validated that they are reasonably on the right track, and included some good ideas that DIA will weave into the next draft of the Blueprint. Their next focus is interventions, and as the final Blueprint is not due until November, the next activity is to

work with the digitally disadvantaged groups identified in the Blueprint on this. They confirmed with the wider Group that have requested a co-design approach, and that this work will need to be progressed through the Service Innovation Lab. The sub-group welcomes further feedback from the Group on the draft Blueprint prepared by officials.

Adaptation: The sub-group talked through their Polis feedback and got to a statement they are happy with, which they shared on Slack. They identified their next steps, which include a pilot project testing the procurement process in partnership with Vic from the Digital Technology Sector sub-group. They also made a recommendation that the Service Innovation Lab is well-funded and their mandate expanded. The sub-group are working using a process of tackling small pieces of work, like procurement and agile budgeting, and continuously putting it out. They also found the successful use of Polis to be a win for sub-group. When talking about the culture change required for adapting to disruption, it was noted that the number of innovation hubs now operating throughout the country are the start of the change, then changes to procurement thinking will flow as the mind-set has changed.

SME: The sub-group completed an environment scan of small businesses and government agencies. They were engaging with a Statistics NZ domain plan to measure the impact of uptake of digital technology and felt it would be helpful if other groups look at domain plan as it is quite wide-ranging. The sub-group were focussed on a gap analysis of the domain plan, and then prioritising which gaps should be addressed. The sub-group also had a number of upcoming engagements with firms like MYOB and also with Ministers Nash and Curran. They were completing a discussion document on Google docs and would report back following their meeting with Ministers.

Productivity Commission presentation/talk

Paul Conway spoke about the 'big picture' for productivity in New Zealand. He noted there was a similarity in task between the Commission and the DEDIMAG, so he was keen for engagement with the Group throughout the inquiry into *Technological change, disruption and the future of work*. Paul also spoke about new technology having a fundamental role to play, and that New Zealand's firms are not that good at adopting technology compared to international firms. Kaila asked a question around New Zealand's job dispersion and its effect on productivity – does the number of jobs in tourism, for example, limit productivity growth? Paul answered that while this is a valid point, there is still opportunity for industries like tourism to become more productive through improved use of technology.

Judy spoke about some recent Inquiries the Commission has completed. She said that State Sector productivity is a large contributor, so their *Measuring and improving state sector productivity* inquiry is important. It identified that diffusion of successful innovations across sectors was lacking. Judy believes that the Productivity Commission is a place to get the message out so that there is greater diffusion.

The Inquiry into *Technological change, disruption and the future of work* has been delayed due to a new joint Inquiry by the New Zealand and Australian Productivity Commissions into *Growing the Digital Economy and Maximising Opportunities for SMEs*. This means the Inquiry wont commence until 2019, and will involve a number of short reports over time, rather than one report at the end of the Inquiry. The Productivity Commission is keen to stay involved with the Group. The Group will provide the Productivity Commission visibility of

their reach with stakeholders, which could be useful for the Commission's engagement process.

The Group agreed that DEDIMAG, the new Chief Technology Officer (once appointed), and the Productivity Commission should meet for a workshop in the future to discuss the Commission's Inquiry in more detail.

R&D tax incentives

This was a roundtable session with speakers Richard Walley (MBIE) and Keith Taylor (IR) leading the discussion. They thanked the Group for their note to Minister Curran, and thought it was good to see engagement in this area. They outlined the rationale for using an R&D tax incentive scheme as a way to promote the growth of knowledge, and highlighted that New Zealand has low levels of R&D outlay by businesses compared to other small advanced economies. They were clear that this instrument is solely about increasing R&D and then knowledge.

They acknowledged the Group's point that R&D intensive start-ups may not benefit from the proposed tax scheme when they are in 'pre-profit' stage, and let the Group know that it had been heard loud and clear in consultation with others. They pointed to their discussion document which recognises this point, and that they plan to consider a solution in the next round of R&D policy changes, set for 2020. Losses are a complex area, and they had visited Norway, Australia and UK and seen interesting models.

The Group spoke about the definition of R&D and how that could affect firms in the digital technology sector. Richard felt that continuous engagement would be important as it remains a work in progress – especially in regards to the second tranche of legislation which will address loss refunds and is scheduled for 2020. Officials will keep the Group updated with documentation.

GovTech update

Mike reported back to the Group on his recent involvement in discussions around GovTech and a global GovTech fund (the fund). This represented two opportunities - the fund itself, and the relationship with the Dutch Government. The Group felt they should stay involved in the discussion and recommended further due diligence and support for officials and the Minister for a tightened up business case. They felt it important that the opportunity provided by a relationship with the Dutch Government did not fall by the wayside, and that they could potentially improve the visibility of the opportunity.

PGF feedback

Kim thanked the Group for their help in developing guidance for digital enablement applications to the Provincial Growth Fund (PGF). This advice has already been used for a one-pager which has been published with other PGF fact sheets. The fact sheets will be used at PGF roadshows that will be held in the regions from the end of August. It was noted that the group was also working with MBIE on more expansive guidance (due mid-August) that can be built on over time. Members were reminded to let MBIE know if they were involved in any PGF applications, so that this could be noted on the register of interests.

Platform discussion

The Chair provided some background information on the idea behind the platform – a one-stop shop for improved visibility of information on Government's digital initiatives. Ruth and Jane from DIA then led a discussion with the Group to explore the problem to be solved, and the key audience for a platform. The Group felt the issue was about people knowing what information is available and where it can be found. As the Group had already discussed a standalone website for them, this was identified as a potential early solution. MBIE will have resource available, in the form a community manager, who can assist in establishing and maintaining a website for the Group and the CTO. The Group can then populate the website with information/reports they are aware of through their Slack channels, and could possibly embed Polis for consultation. This would assist the CTO when they are appointed, and could be built on in the future.

Wrap-up and reports back to Minister

The Chair provided a summary of the day so far for the Minister, and invited sub-groups to report back on their current progress.

Cathy spoke about the Blueprint and the role of Government as a service provider vs leader in the area. The Digital Inclusion sub-group will provide advice on what leadership looks like, and organised a Zoom call with those interested following a Slack conversation. The Minister was interested in the Blueprint identifying what is missing, what can be built up and what measurements are needed.

Vic reported back for the Digital Technology sub-group and spoke about their three focus areas: Maori and regional economy; GovTech; and skills & capability. They will also provide a one page recommendation on language change which encompasses 4 definitions. The Minister encouraged the Group to not be limited by silos in government when providing their advice.

Kaila reported back for the Adaption sub-group and agreed with the recommendations put forward by the Digital Technology sub-group. The Adaption sub-group will provide a memo on procurement for innovation, and highlighted a possibility to use this approach with a current project to test it. The Minister spoke about the marketplace being developed for Government ICT procurement and asked officials to provide a briefing on the marketplace to the Group. The Minister also said she supported the co-design approach recommended.

Rohan reported back for the SME sub-group and spoke about their environment scan of touch points with government, which confirms there is a lack of coordination. He also spoke about the Stats NZ domain plan, and getting the rest of the Group to feed in as it is broader than SME's, and that Stats would like group to prioritise their wishlist. The sub-group are talking to XERO and MYOB, and using their Polis feedback. They have a meeting with Minister Nash and Curran, and could influence the digital toolkit. The Minister said she wanted to develop a horizontal, across government approach to digital - eg. education, small business, and saw this as an adding value exercise of the group. And that the digital economy isn't a thing on its own - think about where to next when advice is at that level.

Mike reported back on the GovTech seed fund. He saw two opportunities - the fund itself, and the relationship with the Dutch government. The Group wants to stay involved and recommend further due diligence is worthwhile in this space. They would like to find a way

to support officials and the Minister, and make sure the relationship with Dutch government doesn't fall by the wayside. The Minister has begun socialising this internally and there is a willingness to discuss.

The Chair reported back on the discussion with the Productivity Commission, noting there is a slow-down due to a new joint Australian inquiry, but the Group will stay involved. She also reported back on the R&D talk, noting the longer horizon for small businesses.

The Chair reported back on the Platform in terms of what do we need immediately? This would include feeds from the 5 sub-groups and provide a 'home' for the Group and CTO. The Minister identified this as a priority and the Chair will work with officials to provide a project timeline.

The Minister let the Group know that the CTO appointment is at the end of the process, and that she would report back to Group on how it went, and how it will be announced.

Actions

Item	Action	Owner	Due date
1.	Identify opportunities to talk to the public about their work (e.g. the recent NZTech AGM)	DEDIMAG - all	
2.	Create Google Doc Work Register for DEDIMAG	Secretariat	
3.	Put Digital Inclusion Blueprint in Google Doc to get feedback from the group	Digital Inclusion officials	
4.	Provide link to Productivity Commission's State Sector Productivity Report and Paul's report and presentation on productivity	Secretariat	
5.	Prepare short summary document of DEDIMAG members' reach into different communities to support Productivity Commission in future engagement	Secretariat	
6.	Provide full briefing to DEDIMAG on the Digital Market Place	DIA officials	
7.	Develop website with curated information and links to reports and research relevant to the work of the DEDIMAG and the CTO	DIA and MBIE officials	
8.	Begin process of hiring a Community Manager to support the DEDIMAG and CTO	MBIE	
9.	Set up meeting on GovTech with Minister Curran and Minister for Economic Development and maybe Mike.	Secretariat	

Item	Action	Owner	Due date
10.	Group to provide final PGF digital enablement guidance to Minister	Group	End of August