



COVERSHEET

Minister	Hon David Clark	Portfolio	Digital Economy and Communications
Title of Cabinet paper	Releasing a Discussion Document for a Digital Strategy for Aotearoa	Date to be published	6 May 2022

List of documents that have been proactively released

Date	Title	Author
September 2901	Releasing a Discussion Document for a Digital Strategy for Aotearoa	Office of the Minister of the Digital Economy and Communications
23 September 2021	A Digital Strategy for Aotearoa: Release of Discussion Document GOV-21-MIN-0033 Minute	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of confidential advice to Government and commercial information.

In Confidence

Office of the Minister for the Digital Economy and Communications
Chair Cabinet Economic Development Committee

Releasing a Discussion Document for a Digital Strategy for Aotearoa

Proposal

- 1 This paper seeks agreement to release a discussion document titled *Towards a Digital Strategy for Aotearoa*.

Relation to government priorities

- 2 A Digital Strategy for Aotearoa (the Strategy) supports the Government's overarching priorities to accelerate our economic recovery and to lay the foundations for a better future. The Strategy will also propose a vision and plan to help speed growth in jobs and incomes in the technology sector, as outlined in the Speech from the Throne.
- 3 The Strategy will better enable New Zealand to respond to the future of work and will support our transition to a low emissions economy by encouraging the creation and adoption of digital technologies that will improve productivity, make it easier for New Zealand businesses to participate effectively in the global digital market, enhance resilience and strengthen the wellbeing of all New Zealanders. Furthermore, by building a digital nation that is both inclusive and trusted, we will lay a strong foundation where all New Zealanders are able to benefit from the digital world.

Executive Summary

- 4 While they have been present and evolving over recent decades, digital technologies are now playing an increasing role throughout all aspects of our society and economy. As the Government, it is critical that we ensure New Zealand is well positioned to reap the full benefits of digital technology, while anticipating and mitigating risks.
- 5 As the Minister for the Digital Economy and Communications, I formed a Digital Ministers Group earlier this year to lead the development of a Digital Strategy for Aotearoa (the Strategy).
- 6 This Strategy will demonstrate our ambition for a digital Aotearoa, improve coordination across government agencies of existing digital-related work and will help to form connections and a cohesive narrative around this collective work. It will help to identify New Zealand's strengths and weaknesses in the digital world and where greater focus is required from government and non-government groups.
- 7 A Digital Strategy for Aotearoa can support our work to strengthen the Māori–Crown relationship. The Strategy will provide an opportunity for us to ensure that Māori are both digitally included and empowered to steer the direction of change for digital growth in New Zealand. Effective and meaningful engagement with Māori as we

progress the development of the Strategy, and its evolution over time, will be crucial to our success in this.

- 8 I propose that we release the attached discussion document – titled Towards a Digital Strategy for Aotearoa – as a means of starting a conversation with New Zealanders on the potential of digital technology and the role that a Digital Strategy for Aotearoa can play.
- 9 The discussion document proposes an overarching vision statement for the Strategy of: *Enabling all of Aotearoa New Zealand to flourish and prosper in a digital world.*
- 10 To support this proposed vision, three key themes of Mahi Tika (Trust), Mahi Tahī (Inclusion), and Mahi Ake (Growth) are presented. I see the Strategy will need to set out:
- 10.1 some of the key global digital and societal trends and what opportunities and challenges these create for New Zealand;
 - 10.2 the Government’s vision for what a world class Digital Aotearoa would look like;
 - 10.3 a range of important work underway across agencies supporting New Zealand’s digital transformation; and
 - 10.4 key priority areas where greater effort will be needed.
- 11 I am seeking agreement from Cabinet to release Towards a Digital Strategy for Aotearoa (attached) for a six-week public consultation process. This consultation will seek feedback from people and organisations on the proposed framework, vision, priority areas, and measures set out in the attached discussion document.
- 12 Following this public consultation, I will report back to Cabinet by the end of 2021 on the feedback that was received, seeking your agreement to publish the final Digital Strategy.
- 13 The Strategy will only be the starting point for ongoing work and collaboration between government, Māori, industry, education and civil society. Confidential advice to Government
Confidential advice to Government

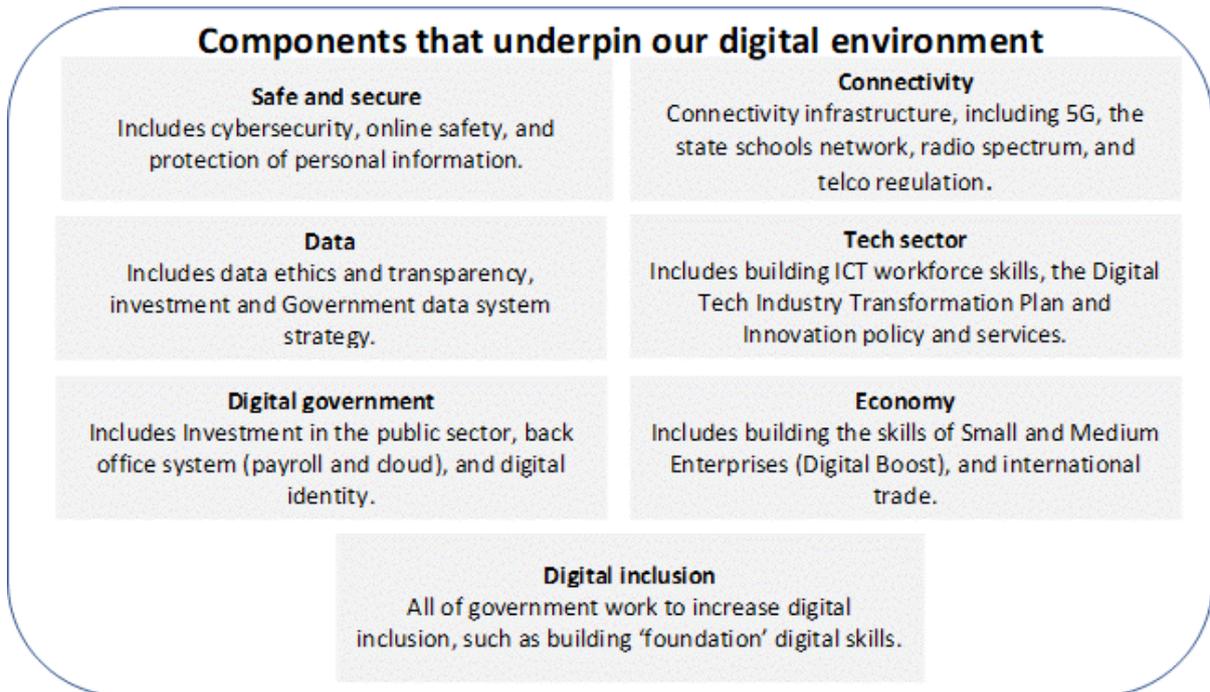
Background

- 14 Last year’s COVID-19 lockdowns have proven the potential for New Zealanders to adopt digital solutions that facilitate learning, working and doing business in the face of a global pandemic. Our accelerated digital transformation presents a timely opportunity to position New Zealand for a successful digital future.
- 15 In November 2020, the Prime Minister outlined her intentions for the newly consolidated Digital Economy and Communications portfolio as “supporting the rollout of new technology across New Zealand and creating a digital strategy for Aotearoa”.¹ The portfolio would also bring together several currently separated strands of work, such as

¹ <https://www.beehive.govt.nz/speech/small-business-support-and-jobs-top-priorities>

the digital divide, issues around rural access to digital technologies and the digitisation of the public service.

- 16 As the Minister for the Digital Economy and Communications, I have formed a Digital Ministers Group to lead the development of a Digital Strategy for Aotearoa that will help ensure we take a more joined up and proactive approach to building a world class digital nation.²
- 17 Our digital work programme is progressing across a range of different domain areas, which collectively underpin our digital environment for all activity in New Zealand.



- 18 The attached discussion document titled *Towards a Digital Strategy for Aotearoa* has been developed with the Government’s overarching objectives in mind. In light of the COVID-19 pandemic, it proposes to accelerate our economic recovery through supporting innovation and growth within the technology sector. The discussion document also positions the digital sector as an opportunity to help lay the foundations for a lower emissions economy through weightless exports. The building of digital skills and growing digital jobs will be key to adjusting to the future of work as we offset the decline of emissions-intensive industries.
- 19 Work by overseas governments to advance their own digital economies as part of their COVID-19 recovery plans also make the development of New Zealand’s strategy particularly pressing. Singapore has ambitions to be a ‘Smart Nation’ through accelerating the process of integrating technology to improve lives. In May, the Australian Federal Government launched their Digital Economy Strategy, backed by a \$1.2 billion package in their most recent Federal Budget. This included a 30 per cent Digital Games Tax offset to enable Australia to gain a greater share in the global

² Members of this Group include Ministers of Finance; Digital Economy and Communications; Economic and Regional Development; Associate Statistics; Foreign Affairs; Research, Science and Innovation; Education; Public Service; Justice; Māori Crown Relations; Associate Education; Trade and Export Growth; and the Minister responsible for the GCSB and NZSIS;

game development market. If New Zealand is to maximise its share in the global digital economy, it is important that we move quickly in this fast-paced technological environment.

- 20 This year I have been meeting with a number of groups and individuals, including the Data Iwi Leaders Group, and industry leaders, including NZTech to discuss the challenges and opportunities in the digital sector. These discussions have informed my thinking around both the need and potential of a Digital Strategy for Aotearoa.
- 21 I seek Cabinet's agreement to release the attached discussion document – Towards a Digital Strategy for Aotearoa – publicly to attract feedback and input into the framing and content of the Strategy. This will help to shape the Strategy document which I intend to bring back to this Committee by the end of 2021.

Purpose of a Digital Strategy for Aotearoa

- 22 Digital technologies underpin our economy and are driving changes across society that impact on all New Zealanders. As digital technologies rapidly emerge and evolve, we have to be well positioned and prepared to take advantage of the opportunities and manage the risks that are associated with rapid change.
- 23 The Government has an important role in helping to set a vision for New Zealand as a world class digital nation, and defining our plan for how to get there. The Digital Strategy for Aotearoa will be a key tool to achieve this.
- 24 The Digital Strategy will:
- 24.1 demonstrate our ambition for a digital Aotearoa and form a cohesive narrative around the work and direction of New Zealand's progress as a digital nation
 - 24.2 enable government to identify areas where we have particular advantages (e.g. tech sector, trusted brand) and address opportunities for improvement (e.g. barriers to digital inclusion faced by Māori, Pacific peoples, disabled people, rural communities, and others)
 - 24.3 set goals for Aotearoa New Zealand that would establish us as a world-class digital nation
 - 24.4 help to better coordinate the existing digital work that is going on across government
 - 24.5 identify measures to help track New Zealand's progress towards becoming a world class digital nation
 - 24.6 assist in forming connections between different agencies that are advancing their own missions in the digital space.
- 25 During my time in the portfolio, I have heard from the technology sector that government has the potential to be more agile and coordinated, and clearer in its overall vision and priorities for digital. While an articulation of government's combined digital work programme should not be the overarching role of the Strategy, it forms an important part of my intention to better coordinate the existing digital

work across government and to encourage government agencies to work more closely when it comes to our digital goals.

Strengthening the Māori–Crown relationship

- 26 The Digital Strategy for Aotearoa should also support our work to strengthen the Māori–Crown relationship. Work towards a digital Aotearoa needs to support the aspirations and culture of Māori in a digital world, both collectively and individually. Digital and technology is weaved through iwi, hapū and whānau and Māori community development.
- 27 Māori and iwi are already utilising digital technologies to support entrepreneurship and business growth. Improving access to these technologies increases the scope for Māori to take advantage of what they have to offer and to strengthen and diversify the Māori economy even further. To foster strong levels of trust and confidence, we must strengthen the way te ao Māori needs and interests are reflected in data and digital technology. I note that our work to grow New Zealand’s domestic cloud capacity will help support trust and confidence in data sovereignty – as an example of one area of importance to Māori.
- 28 The Digital Strategy will provide an opportunity for us to ensure that Māori are both digitally included and empowered to steer the direction of change for digital growth in New Zealand. Furthermore, Mātauranga Māori is not currently reflected in our digital landscape at scale, even though it has potential to differentiate New Zealand in the global market, bringing diversity of thought and approach.

The discussion document will test a proposed framework for the Digital Strategy for Aotearoa

I propose an overarching vision for New Zealand

- 29 I propose in the attached discussion document that the overarching vision and objective of the Digital Strategy should be: *Enabling all of Aotearoa New Zealand to flourish and prosper in a digital world.*
- 30 This reflects the potential of digital to improve lives, from an economic, social and cultural perspective. This version takes an expansive view, but should include emphasis on how digital supports the key shifts in our economy- from helping us adapt and thrive in the future of work; to enabling our industries to lower their emissions, participate effectively in the global digital market and become more productive. The vision also stresses the need for us to ensure that this benefits all of our population groups, however young or old, wherever they live in New Zealand, and whatever ethnicity they hold.

The themes of Trust, Inclusion and Growth are a starting point for organising our Digital Strategy

- 31 I propose in the discussion document that the Digital Strategy should be structured around the three key themes of Mahi Tika (Trust), Mahi Tahī, (Inclusion) and Mahi Ake (Growth), and that we set an aspirational goal for what success looks like for each of these areas:

Theme	Aspiration
Mahi Tika (Trust)	Building the right foundations so that Aotearoa New Zealand can lead the world.

31.1 In order for New Zealanders to use digital technologies in ways that improve their lives, they first need to have trust and confidence in the way that digital technologies are created, used and governed in New Zealand. Creating a trustworthy digital environment will serve as the foundation that enables digital inclusion across New Zealand, and to ensure that the advantages of digital can be realised for societal and economic benefit. A highly trustworthy environment can also differentiate New Zealand businesses that are selling digital products and services domestically and to the world.

Theme	Aspiration
Mahi Tahi (Inclusion)	Making sure all New Zealanders can ride the digital wave.

31.2 In an increasingly digital world, digital inclusion has become essential for participation in our modern society and economy. This has very real implications for future social and economic disparities in New Zealand. Currently, it is estimated that 1 in 5 New Zealanders experience digital exclusion.³ This Digital Strategy must support an acceleration of work to reduce this figure and ensure that all New Zealanders have what they need to participate in, contribute to, and benefit from the digital world.

Theme	Aspiration
Mahi Ake (Growth)	Leveraging what makes New Zealand unique.

31.3 New Zealand has the potential to become one of the most digitally enabled economies in the world. The tech sector has grown 30 per cent faster than the economy overall.⁴ Our vibrant and fast growing tech sector creates high value jobs and exports “weightless”, low-emissions services and products to the world. Targeted support that leverages existing strengths in the tech sector has the potential to further grow the sector. The wider economy also stands to benefit by adopting digital technologies to improve productivity and expand markets from a domestic base, towards a large global pool of potential consumers. This offers the opportunity to reduce the historical barriers to New Zealand’s growth of small scale and distance from major markets.

Overview of the Digital Strategy’s structure and contents

32 The attached discussion document, leading into the Digital Strategy itself, will be the basis for a more joined-up system across our digital activity. This will be both

³ Internet Service Provider Survey

⁴ The economy (including price increases) increased on average 5.8% annually from 2015-2020, and tech sector estimated value added (including price increases) increased at 7.69% annually; or 30% faster. Estimated value added is used as a proxy for GDP due to data availability. These values are estimates, not official statistics.

internally across different agencies and ministries within government, as well as in greater connection and partnership activity between government and industry, Māori and civil society.

- 33 The discussion document therefore includes an overview of some of the current work programme across the government system. It also proposes some possible priority areas, where I see the biggest opportunities for agencies to support a step-change for the prosperity of all New Zealanders. In some instances, these priority areas involve the continued support or acceleration of existing programmes. The discussion document will seek feedback on these areas from different stakeholders and community groups.
- 34 Framed around the three key Themes of Mahi Tika, Mahi Tahī, and Mahi Ake, the attached draft discussion document, Towards a Digital Strategy for Aotearoa, sets out:
- 34.1 A high level context of the opportunities and challenges of digital.
 - 34.2 The **Government's vision** for what a world class Digital Aotearoa would look like, including proposed goals for each theme, along with a data-centric view of where New Zealand is currently on its journey of digital transformation.
 - 34.3 The range of important **work underway across agencies** supporting New Zealand's digital transformation, including:
 - 34.3.1 Implementation of Ultra-Fast Broadband, the Rural Broadband Initiative, and the Mobile Blackspot Fund
 - 34.3.2 The Digital Boost programme targeting small businesses
 - 34.3.3 Implementing New Zealand's Cyber Security Strategy
 - 34.3.4 Delivering digital skills training to individuals and whānau through our work with community education partners
 - 34.3.5 Developing the Digital Technologies Industry Transformation Plan in partnership with the tech sector.
 - 34.4 **Key priority areas** where greater effort will be needed, including:
 - 34.4.1 Continuing to support businesses to adopt digital tools and processes through Digital Boost, using the additional \$44 million recently allocated within Budget 2021.
 - 34.4.2 Work towards holistic, scalable, and sustainable solutions for digital inclusion.
 - 34.4.3 Resourcing the implementation of the agreed actions within the Digital Technologies Industry Transformation Plan (noting that I intend to present a draft ITP to this Committee in coming weeks).
 - 34.4.4 Initiatives to ensure the ethical adoption of emerging technologies, such as Artificial Intelligence.

34.5 Questions to prompt feedback from all New Zealanders to help inform the Digital Strategy.

35 Confidential advice to Government

36 Implementing agreed priority focus areas across the Digital Strategy will be a combination of advancing existing work programmes, as well as resourcing new priority areas. Confidential advice to Government

37 The Digital Strategy, once released, will contribute to **wider Government priorities** including our transition to a low emissions economy (implementing the Climate Change Commission's emissions budgets); responding to the Trade For All Advisory Board's report provided to government early 2020; progressing the Future of Work Tripartite Forum as a partnership between Government, business and unions to discuss future of work issues, and identify ways of maximising opportunities and managing risks associated with the changing nature of work. Digital technologies are one of the strong drivers of this change, and as such, the Forum has taken an interest in it.

Measuring progress towards becoming a flourishing and prosperous digital nation

38 To ensure impact, it is also important that our Digital Strategy includes specific measures that can be tracked to determine how well New Zealand is progressing toward its vision. These measures will enable us to hold ourselves to account for the success of our work.

39 Officials have selected different measures for each of the three themes that will anchor our Strategy. These measures, an initial outline of which is included in the discussion document, will collectively serve as a proxy for our progress in building a flourishing digital nation.

40 Measurement of the digital economy is easier said than done, and in many cases, measures are imperfect. New Zealand is not alone in this situation, with most countries grappling with questions on how to best measure the value of digital across the economy. StatsNZ is leading work to improve our measurement framework, and as this progresses we will adopt new measures in our Strategy as appropriate.

Proposed public consultation process

41 Public consultation will provide an opportunity for us to test the priority areas that are outlined in the discussion document and to seek feedback from stakeholders. I intend for the Digital Strategy to be an agile and living document that is receptive to feedback and provides the basis for ongoing work that addresses New Zealand's digital needs.

- 42 I seek your agreement to engage publicly on the attached draft discussion document, Towards a Digital Strategy for Aotearoa. I propose a six week period for public engagement, starting later in September, which will include:
- 42.1 Creation of an online web-portal where people can read the discussion document, learn about what is proposed and submit comments
 - 42.2 Promotion of the web-portal engagement process through a range of cross-agency website and social media channels to inform people about how they can “have their say” on the Strategy
 - 42.3 Regional meetings with the members of the public to ensure views are included from a range of New Zealanders including people who leading digital innovation as well as those who are digitally excluded
 - 42.4 Targeted discussions with key “hard to reach” stakeholder groups who may not be likely to access the discussion document via the online web-portal.
- 43 I recommend that Cabinet agree to delegate authority to myself to make minor changes to the attached discussion document, in the spirit of my intentions as outlined in this paper, if required, prior to its public release.
- 44 I will consider all feedback received through the engagement process, and intend to provide a summary of this feedback, along with a final Digital Strategy, to Cabinet in late 2021 seeking agreement to publicly launch this Strategy.

Our Digital Strategy for Aotearoa will evolve over time

- 45 I consider that the release of our Digital Strategy would only be the starting point for ongoing work and collaboration between government, Māori, industry and civil society. This ongoing dialogue and engagement would continue to advance the mission proposed in the Strategy.

46 Confidential advice to Government

47

48 Confidential advice to Government

Financial Implications

- 49 There are no direct financial implications resulting from the decisions set out in this Cabinet paper, or the attached discussion document Towards a Digital Strategy for Aotearoa. Future new initiatives that align with the direction of the Digital Strategy, and related financial implications, would be discussed with Cabinet through a separate process and subject to the standard Budget requirements.
- 50 The discussion document references possible new initiatives which, if agreed, will require additional resource. Commercial Information [REDACTED]
- 51 I will provide more details on these resourcing needs when I bring the final Strategy document to Cabinet later in the year, and I will be testing proposals over the coming months with the Digital Ministers Group as they are developed.

Legislative Implications

- 52 There are no direct legislative implications resulting from the decisions set out in this Cabinet paper, or the attached discussion document Towards a Digital Strategy for Aotearoa.

Impact Analysis

Regulatory Impact Statement

- 53 A Regulatory Impact Analysis is not required for this paper.

Climate Implications of Policy Assessment

- 54 A Climate Implications of Policy Assessment is not required, however greater uptake of digital technologies will support New Zealand's transition to a low emissions economy.

Population Implications

- 55 The proposed Strategy vision foreshadows a state where *all* New Zealanders participate in, contribute to, and benefit from the opportunities digital offers. However, some groups are currently less able to seize these opportunities. For example, groups such as Māori, Pacific peoples, disabled people, older people, people living in rural communities and families with children living in low socioeconomic communities, people who are unemployed or underemployed, and offenders and ex-offenders are all more likely to be at risk of or experience digital exclusion and its consequences. These consequences include social isolation, and being less able to contribute to and benefit from economic opportunities, including in the workplace.
- 56 Evidence suggests the return on investment in digital inclusion is significant and would also complement Government's efforts to address challenges these group face in other areas, including by improving digital skills to reduce isolation, and improving skills that support access to jobs with good pay and prospects.

- 57 For example, MOTU's 2020 research 'Digital Inclusion and Wellbeing in New Zealand shows digital exclusion is worse for Māori when compared with the wider population. Māori students (85%) lag behind Pakeha (91%) students' internet access at home. The discussion document specifically identifies improving Māori outcomes as an objective, and we would expect benefits arising from the Strategy to include the success of the Māori economy, increased digital skills and related increases in pay and prospects for Māori workers.
- 58 Work with our digital technologies sector through the Industry Transformation Plan is also looking at how government and industry can work together to build the diversity of the sector workforce, and encourage more Māori and Pacific peoples to advance career pathways that draw on digital skills.

Human Rights

- 59 There are no direct human rights implications resulting from the decisions set out in this Cabinet paper, or the attached Digital Strategy for Aotearoa consultation document. However, we would expect the Strategy to support human rights, given its focus on all New Zealanders participating in, contributing to, and benefiting from the application of digital technologies. The actions to deliver the Strategy and work programme will be designed to be consistent with the New Zealand Bill of Rights Act 1990, Human Rights Act 1993, and Privacy Act 2020.

Consultation

- 60 The following agencies were involved in the development of this paper: Ministry of Business, Innovation and Employment, the Department of Internal Affairs, StatsNZ, and the National Cyber Policy Office.
- 61 The following agencies were consulted in preparing this paper: Accident Compensation Corporation; Callaghan Innovation; Government Communications Security Bureau; Ministry of Foreign Affairs & Trade; Kainga Ora; Ministry for Pacific Peoples; Ministry for Primary Industries; Ministry of Education; Te Puni Kokiri; Ministry of Social Development; Ministry of Transport; Customs; New Zealand Trade and Enterprise; Public Service Commission; Te Arawhiti; Tertiary Education Commission; The Treasury; Land Information New Zealand; Ministry of Justice; Waka Kotahi; Ministry of Health.
- 62 DPMC was informed about this paper.

Communications

- 63 As noted above, I propose that the attached discussion document is released later in September for a 6 week period of engagement with the general public and a wide range of industry, interest and community groups. I am proposing to host sessions in different regions over these weeks. The document will be hosted on digital.govt.nz and New Zealanders will be able to contribute their thoughts and feedback via an online collaboration tool. I am also working with the Minister for Small Business to profile the role of a Digital Strategy for Aotearoa at a Digital Boost Alliance event, hosted by TUANZ, and to be held in Wellington on 15 September 2021.

Proactive Release

- 64 I intend to release this Cabinet paper proactively in whole subject to OIA redactions for Budget sensitive material.

Recommendations

The Minister for the Digital Economy and Communications recommends that the Committee:

- 1 **Note** that digital technologies are playing an increasing role throughout all aspects of our society, and our recent experience through COVID-19 has emphasised the scale and pace of this trend.
- 2 **Agree** that as digital technologies rapidly emerge and evolve, New Zealand must be well positioned and prepared to take advantage of the opportunities and manage the risks that are associated with rapid change.
- 3 **Agree** that in an increasingly digital world, digital inclusion has become essential for participation in our modern society and economy.
- 4 **Note** that a Digital Ministers Group has been formed comprising the Ministers of Finance; Digital Economy and Communications; Economic and Regional Development; Associate Statistics; Foreign Affairs; Research, Science and Innovation; Education; Public Service; Justice; Māori Crown Relations; Associate Education; Trade and Export Growth; and the Minister responsible for the GCSB and NZSIS; with the task of leading the development of a Digital Strategy for Aotearoa.
- 5 **Agree** that the attached discussion document titled *Towards a Digital Strategy for Aotearoa* is released to support engagement with New Zealanders on the opportunities and challenges related to digital technology, the existing work underway across government and the priority areas for future focus.
- 6 **Agree** that the proposed vision for a Digital Strategy for Aotearoa is *Enabling all of Aotearoa New Zealand to flourish and prosper in a digital world*.
- 7 **Agree** that the proposed key themes for the Digital Strategy be Mahi Tika (Trust); Mahi Tahī (Inclusion); and Mahi Ake (Growth).
- 8 **Invite** the Minister for the Digital Economy and Communications to report back to this Committee with a Digital Strategy for Aotearoa that responds to feedback from the public engagement.
- 9 **Agree** that the Digital Strategy must include a strong focus on how digital can support the realisation of the aspirations of Māori and how the Crown and Māori can work together in this area.
- 10 **Agree** that the Minister for the Digital Economy and Communications be delegated authority to make minor changes to the discussion document prior to its public release.
- 11 **Note** that the Digital Strategy for Aotearoa will need to evolve over time as new issues emerge, and that I propose to convene a multi-stakeholder forum to continue a

conversation to ensure that the Strategy can be refreshed in a collaborative and timely manner as appropriate.

12 Confidential advice to Government

Authorised for lodgement

Hon Dr David Clark

Minister for the Digital Economy and Communications