



COVERSHEET

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| Minister | Hon Dr David Clark | Portfolio | Digital Economy and Communications |
| Title of Cabinet paper | Approval of the Digital Strategy for Aotearoa and its first Action Plan, and establishment of an interdepartmental Digital Executive Board | Date to be published | 16 September 2022 |

List of documents that have been proactively released

| Date | Title | Author |
|--------------|--|---|
| June 2022 | Approval of the Digital Strategy for Aotearoa and its first Action Plan, and establishment of an interdepartmental Digital Executive Board | Office of the Minister for the Digital Economy and Communications |
| 29 June 2022 | Digital Strategy for Aotearoa and its First Action Plan, and Establishment of an Interdepartmental Digital Executive Board (DEV-22-MIN-0152) | 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 Constitutional conventions, Free and frank opinions, and Confidential information entrusted to the Government.

In Confidence

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

Approval of the Digital Strategy for Aotearoa and its first Action Plan, and establishment of an interdepartmental Digital Executive Board

Proposal

- 1 This paper seeks agreement to approve and publicly release the Digital Strategy for Aotearoa and its first Action Plan. It also proposes that Cabinet agrees to establish an interdepartmental executive board under the Public Service Act 2020 to oversee and coordinate delivery of portfolio priorities, including the Digital Strategy.


Relation to government priorities

- 2 The Digital Strategy for Aotearoa (the Strategy) supports the Government's overarching priorities to accelerate our economic recovery and lay the foundations for a better future. It also proposes a vision and plan to help speed up growth in jobs and incomes in the digital technology sector, as outlined in the Speech from the Throne.
- 3 The Strategy will support our transition to a sustainable, high-productivity and low emissions economy by encouraging the creation and adoption of digital technologies that will improve productivity in a way in which reduces our carbon footprint. It will better enable New Zealand to respond to the future of work and make it easier for our businesses to participate effectively in the global digital market, thereby enhancing the resilience and wellbeing of all New Zealanders. It will build a digital nation that is inclusive and trusted, and lay a strong foundation where all New Zealand communities can benefit from the digital world. It is consistent with our focus on wellbeing and taking a broad view of success, with its focus on strengthening trust and inclusion alongside growth.

Executive Summary

- 4 Like other countries around the world, digital technologies have permeated almost every facet of Aotearoa New Zealand's economy and society, offering significant opportunities for innovation, stronger productivity and improved services. COVID-19 has further accelerated the uptake of these technologies and has highlighted how they can provide resilience to shocks and enhance business and government operations. COVID has also shown the effects of digital exclusion on the lives, livelihoods and wellbeing of some New Zealanders. We need to maintain momentum in an inclusive way to help lift our future prosperity, and position New Zealand to reap the benefits of digital and data-driven technologies while also anticipating and mitigating risks.
- 5 The Digital Strategy for Aotearoa sets out a vision of "Aotearoa New Zealand's people, communities, economy and environment are flourishing and prosperous in the digital era". This is built on three themes – Mahi Tika (Trust), Mahi Tahī (Inclusion)

and Mahi Ake (Growth) – each of which has a goal and related measures that will steer our work ahead to realise the Strategy’s vision. The Strategy is accompanied by an Action Plan, to be refreshed on an annual basis, that highlights specific work we are progressing that will contribute to achieving the Strategy’s vision. The first Action Plan has a five-year time horizon and incorporates a mix of current initiatives and new activity that has been enabled by Budget 2022 funding, including for example, additional funding for rural connectivity, and selected workstreams of the Digital Technologies Industry Transformation Plan (ITP).

- 6 The Strategy has benefited from strong public engagement, with stakeholders and communities across Aotearoa recognising the wide potential for leveraging digital and data-driven technologies in their sectors, entities, communities and organisations. It has also benefited from effective cross-agency and cross-portfolio cooperation, including through the Digital Ministers Group. This provides a solid basis for the ongoing system-wide coordination and leadership across government agencies that will be needed around digital-related work to drive progress in achieving the Strategy’s goals.
- 7 I am seeking agreement from Cabinet to publicly release the Strategy and its first Action Plan (attached). I anticipate launching the Strategy in mid-late Q3, pending finalisation of accessible versions, and am working with officials to identify an appropriate public launch opportunity.
- 8 I am also seeking agreement from Cabinet to establish an interdepartmental Digital Executive Board under the Public Service Act 2020 to provide a dedicated forum for stronger and more enduring coordination and alignment of the Government’s digital programme. I am currently supported in my Digital Economy and Communications portfolio by multiple government agencies, each with their own areas of focus and priorities. While these agencies have made good progress in working together since the portfolio was established, I lack a single body to own and drive delivery of priorities within my portfolio, including the Strategy. The remit of the Digital Executive Board, which will provide a single point of accountability, will comprise the Department of Internal Affairs; Ministry of Business, Innovation and Employment; Department of the Prime Minister and Cabinet; and Statistics New Zealand. The Board will include an independent advisor.
- 9 The release of the Strategy is just the beginning of our journey. Following the launch, I will continue to engage with Aotearoa New Zealand communities to maintain momentum in implementing the Strategy and delivering on our goals. But in addition, to reach success, it is critical that the government invests sufficient resources over time in building our digital and data-driven future. **Free and frank opinions**

Ongoing commitment across
government is essential if we are to meet the expectations we have built and enable all New Zealand communities to thrive in the digital era.

Background

- 10 In November 2020, the Prime Minister outlined her intentions for the newly created Digital Economy and Communications portfolio. Her vision was one of opportunity – for digital technologies to help us to respond to COVID-19 and position ourselves for the future. The Prime Minister described my Ministerial delegation as supporting the rollout of new technology across New Zealand, pulling together disparate strands of work such as the digital divide, rural access to digital technologies and digitisation of the public service, and creating a digital strategy for Aotearoa.¹
- 11 In 2021 I formed a Digital Ministers Group to lead the development of a Digital Strategy for Aotearoa and to reinforce a more joined-up and proactive approach to New Zealand’s digital transformation.² We met on seven occasions, most recently to consider a full draft of the Strategy and discuss the contributions that different portfolios could make to its implementation. I subsequently welcomed written comments from the Group on the final draft Strategy and its Action Plan. The participation of ministerial colleagues has provided a solid basis for the ongoing coordination across government agencies that will be needed for digital-related work.
- 12 The Strategy benefited from strong public engagement, where we observed consensus on the need for clear implementation plans and further investment to achieve the Strategy’s goals. In October 2021 we published a discussion document “*Towards a Digital Strategy for Aotearoa*” seeking input on vision, goals, results and priorities for action.³ Due to COVID-19, engagement was predominantly online and virtual. Over six weeks we held 10 virtual hui, including 2 with iwi leaders and Māori innovators engaged with kaupapa Māori and digital technology; took written submissions by email and post; and received many ideas submitted via an online collaboration tool. We published a “*Summary of Public Engagement*” in mid-April⁴ and I’m pleased that the Strategy reflects many of the ideas and recommendations received from individuals, iwi, industry, community organisations and academics.
- 13 As part of the engagement efforts, we have consulted with the Data Iwi Leaders Group (Data ILG), who are working with Statistics NZ on the co-design of a Māori data governance model. Digital and data-driven technologies can contribute to increased Māori wellbeing and economic development but also pose specific challenges, including around data governance that respects iwi and Māori interests. I look forward to ongoing engagement with the Data ILG as we implement the Strategy and Action Plan.
- 14 The Digital Council for Aotearoa⁵ also made a significant contribution. The Council is an independent group of experts initially convened by Hon Kris Faafoi in his former

¹ [Speech to Business NZ on Govt priorities.pdf \(beehive.govt.nz\)](#) (5 November 2020)

² The core members of this Group are Ministers for Digital Economy and Communications, Economic and Regional Development, Finance and Statistics. A wider set of Ministers were also alerted to the Group and contributed to relevant topics, including Education and Associate Education; Foreign Affairs; Internal Affairs; Justice; Māori Crown Relations; Public Service; Research, Science and Innovation; Seniors; Trade and Export Growth; and the Minister responsible for the Government Communications Security Bureau (GCSB) and New Zealand Security Intelligence Service (NZSIS).

³ <https://www.digital.govt.nz/dmsdocument/193~towards-a-digital-strategy-for-aotearoa/html>

⁴ <https://www.digital.govt.nz/dmsdocument/229~towards-a-digital-strategy-for-aotearoa-summary-of-public-engagement/html>

⁵ <https://digitalcouncil.govt.nz/about-us/terms-of-reference/>

role as Minister for Government Digital Services. The Council has provided valuable insights into how we can maximise the societal benefits of digital and data-driven technologies.

The Digital Strategy for Aotearoa

- 15 The Strategy is a national plan covering work led or commissioned by the government to enable organisations, businesses and communities to contribute to and thrive in the digital era.⁶ Digital technologies are a powerful enabler, able to drive innovation and productivity across all sectors, facilitate better education and health services, contribute to tackling challenges such as climate and energy, and support social interaction and cultural expression. The Strategy intends to cover the range of tools available to the government and the wider public sector, from infrastructure provision to regulation to service delivery, to help seize these opportunities while addressing associated challenges. It has a timeframe to 2032 and will be a critical building block for achieving the government’s top-level priorities of economic recovery and a better future, contributing to stronger sustainability, productivity, jobs and wellbeing, and participation in the global marketplace.



- 16 The overarching vision of the Strategy is “Aotearoa New Zealand’s people, communities, economy and environment are flourishing and prosperous in the digital era”.⁷ It is structured around 3 themes – Mahi Tika (Trust), Mahi Tahī (Inclusion), and Mahi Ake (Growth) – each of which has a goal and related measures that steer our work ahead to realise the Strategy’s vision (see Table 1 below). There is a strong complementarity between the themes, and we need all elements to achieve our vision. For instance, having a more diverse range of people developing technology can not only lead to people trusting that technology more but also potentially higher innovation. In the same way, actions to support one theme may benefit another – provision of reliable, resilient and secure communications infrastructure, for example, is important for building trust, increasing inclusion and boosting growth. That said, there will be times when we must make policy trade-offs. This underscores the importance of us maintaining the cross-government coordination that has already served us well in developing the Strategy and which can underpin stronger system-wide coordination and leadership across government to drive progress in achieving the Strategy’s goals.

Table 1: Digital Strategy for Aotearoa – themes, goals and measures

| Mahi Tika (Trust)  | |
|--|--|
| Doing what’s right for a world-leading digital future | |
| Goals | <ul style="list-style-type: none"> ▪ New Zealanders feel safe and empowered in online environments ▪ Organisations design and use digital technologies and data in fair, culturally appropriate, trustworthy ways ▪ Our digital and data infrastructures are fit-for-purpose and secure |

⁶ It does not focus on how individual government agencies themselves use digital technologies and data for their operations.

⁷ The term digital refers here to computer hardware and software, the infrastructure that supports it, and the data that is integral to these systems.

| | |
|--|--|
| Measures of success | <ul style="list-style-type: none"> ▪ The economic impacts of cyber-incidents in New Zealand are lower than in comparable nations ▪ All New Zealanders are able to use verified digital identity should they choose to ▪ All New Zealanders feel safe and supported online |
| Mahi Tahī (Inclusion) | |
| Making sure everyone is empowered to equitably participate in our digital society  | |
| Goals | <ul style="list-style-type: none"> ▪ All New Zealanders have the tools, skills and confidence to participate in an increasingly digital society ▪ Digital infrastructure, content and services meet peoples' diverse needs |
| Measures of success | <ul style="list-style-type: none"> ▪ All New Zealanders have the tools, skills and confidence to do all they want online ▪ High-speed internet is available to all New Zealanders ▪ All New Zealanders can afford a quality internet connection and internet enabled device |
| Mahi Ake (Growth) | |
| Launching New Zealand into a more prosperous digital-driven future  | |
| Goals | <ul style="list-style-type: none"> ▪ Our businesses and organisations innovate and increase productivity using digital technologies and data ▪ We have a thriving, fast growing and inclusive tech sector |
| Measures of success | <ul style="list-style-type: none"> ▪ Digital and ICT exports are on track to becoming New Zealand's leading export earner ▪ All New Zealand businesses are born digital, and supported to adopt the digital tools that work for them ▪ The digital sector employs more than 10% of the New Zealand workforce in high value jobs |

22 Our ambition for the Strategy is reflected in its measures of success. Coordinated by Statistics NZ, all agencies involved in the development of the Strategy and Action Plan will over the course of the next 12-18 months progressively establish and deliver the data to track our progress. A first progress report will be prepared for mid-2023. The challenge here is two-fold. First, as was highlighted in the recent OECD Economic Survey of New Zealand⁸, compared to our peers we have many gaps in our data and indicators to benchmark digital transformation. Improving this is critical to better understand our progress and impact, and to inform our decision-making about planning and priorities. Second, while many factors are beyond our control, the extent of our investment in policy actions will influence how quickly we achieve our measures of success. I will return to this issue further below.

23 Cutting across all the measures is the need to realise the aspirations for our nation's tāngata whenua and Te Tiriti o Waitangi / Treaty of Waitangi partners in the digital

⁸ Yashiro, N., D. Carey and A. Purwin (2022), "Boosting productivity by unleashing digitalisation", in *OECD Economic Surveys: New Zealand 2022*, OECD Publishing, Paris, <https://doi.org/10.1787/17d99626-en>

era, both collectively and as individuals. Working towards a thriving, equitable digital future for Aotearoa provides an unprecedented opportunity. We heard four core themes or calls from Māori during the engagement process – rangatahi are the future in technology, genuine collaboration on the vision and actions, strengthening cultural identity and wellbeing, and ‘by Māori, for Māori’ approaches drive change. We will make sure that we give effect to Te Tiriti o Waitangi / the Treaty of Waitangi and its principles, including through participation in decision-making, co-design and co-governance opportunities, and funding for Māori-led approaches.

The Strategy’s first Action Plan

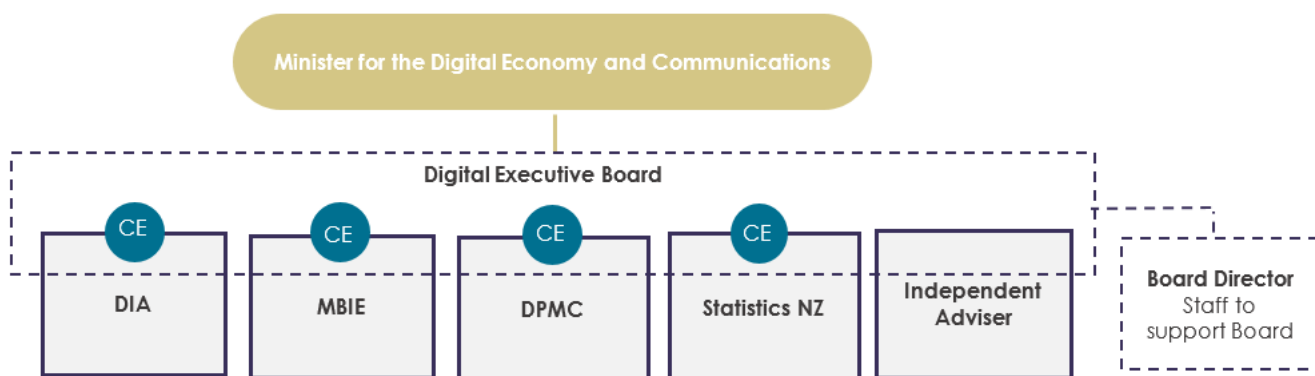
- 24 The Action Plan accompanying the Strategy aims to provide a living roadmap for implementation. It is a short, public facing document, with a five-year time horizon that will be refreshed annually with the engagement of stakeholders to ensure our efforts are targeted at the highest priorities. The Plan briefly describes a selection of immediate initiatives that will advance the Strategy, noting their objectives, actions and the responsible agency. It also looks ahead, signposting issues that we know we must tackle in the near future and describing some initial steps we will take to scope them. The Action Plan is not designed as an exhaustive list of initiatives, but instead tries to highlight the key areas where the government is putting its efforts.
- 25 This first Plan sets out in practical terms a selection of initiatives we are undertaking that will help advance the Strategy to mid-2027. It includes 11 flagship initiatives, such as *Digital Boost*, which offers training and support to small businesses to help them improve their digital skills, *Improving Rural Connectivity*, which will strengthen inclusion by improving connectivity in the most under-served regions, the *Digital Technologies Industry Transformation Plan*, which is rolling out a “New Zealand Tech Story” and advancing support for the software-as-a-service (SaaS) sector, and *Accelerating Māori Innovation*, which this year will map the Māori-in-tech ecosystem. It also includes a selection of other initiatives, including several that seek to increase digital inclusion, such as developing Pacific Community Digital Hubs to support improved digital access and skills growth, and supporting digital literacy training for seniors to give them more confidence to engage online.
- 26 Looking ahead, this first Action Plan also identifies data ethics and AI, cyber security, the development of a multi-year cross-agency Digital Inclusion Plan, and digital twins as important areas where there is a need for work. These areas currently have no dedicated resources; the Plan therefore sets out ideas for groundwork that we will or could do now, to set ourselves up for future initiatives.

Creation of an interdepartmental Digital Executive Board

- 27 As Minister for the Digital Economy and Communications, I am supported by multiple government agencies, each with their own areas of focus and priorities:
- 27.1 The Department of Internal Affairs (whose Chief Executive is also the Government Chief Digital Officer) has a focus on driving digital transformation across the public service.

- 27.2 The Ministry of Business, Innovation and Employment has a focus on the digital economy, regulating the ICT sector, and building communications infrastructure.
- 27.3 The Department of the Prime Minister and Cabinet provides strategic and policy advice on cyber security.
- 27.4 Statistics New Zealand (whose Chief Executive is also the Government Chief Data Steward) has a focus on the safe and ethical use of government held data, including setting the strategic direction for new and emerging uses of data. The Government Chief Data Steward also has a key role in defining how we measure the New Zealand digital economy.
- 28 Successful implementation of the Digital Strategy for Aotearoa will rely on these agencies working together to achieve the Strategy's goals and drive implementation of the related Action Plan.
- 29 At present there are no formal mechanisms within the Digital Economy and Communications portfolio for aligning digital activities and resolving digital issues that do not sit clearly within the accountabilities of a specific agency. Individual departments can provide separate streams of advice to the Minister on matters affecting the digital system as a whole.
- 30 To resolve this, I propose to establish an interdepartmental Digital Executive Board under the Public Service Act 2020 to provide a dedicated forum for stronger and more enduring coordination and alignment of the Government's digital programme. The Digital Executive Board would provide a single point of accountability for:
- 30.1 Leading and driving implementation of the Digital Strategy for Aotearoa, including progress reporting.
- 30.2 Taking a systems level view by aligning and coordinating strategic, policy, planning and budgeting activities for the departments that support the Digital Economy and Communications portfolio.
- 30.3 Supporting and assigning these departments to undertake priority work and cross-agency initiatives in the digital area.
- 31 Other structural options under the Public Service Act to strengthen the alignment of the digital programme were assessed but were considered to be less suited to resolve the issues. In particular, maintaining the status quo would not provide sufficient accountability for cross-agency work or oversight of the system, while establishing an Interdepartmental Venture overseen by a CE Board would entail higher costs and a lengthier design phase and would be separated from the sector expertise of member agencies.
- 32 Like a public service department, an interdepartmental executive board is an administrative unit of the Crown and part of the public service. The board is established by Order in Council under the Public Service Act and is able to employ staff and administer appropriations under the Public Finance Act 1989.

- 33 I propose that the remit of the Board should comprise the Department of Internal Affairs; Ministry of Business, Innovation and Employment; Department of the Prime Minister and Cabinet; and Statistics New Zealand.
- 34 The membership of the Board (including the Chair) will be designated by the Public Service Commissioner from the remit of the Board, in accordance with the Public Service Act. The Commissioner has signalled that he intends to appoint the Chief Executive of Statistics NZ as the inaugural Chair, and has also indicated that he intends to appoint an independent advisor to the Board. The independent advisor would bring knowledge of both digital transformation and government process and would support the Board and agencies to deliver on Ministerial priorities. The independent advisor would not have decision-making authority on the Board. The Board will reflect on its activities after one year of operation; this will be an opportunity to revisit membership to ensure the Board remains effective.
- 35 The Order in Council establishing a board also identifies a servicing department, which will provide the Board with corporate and administrative support. I propose that the servicing department be the Department of Internal Affairs.
- 36 Board members are jointly responsible to an appropriate Minister for performance of the Board’s functions. Based on the Prime Minister’s ministerial portfolio allocations, the appropriate Minister for the Board is the Minister for the Digital Economy and Communications.
- 37 A cross-agency unit hosted in the Department of Internal Affairs will provide support and advice to the Board. To ensure the unit has the right required skills and expertise, its staff will be largely drawn from the agencies within the Board’s remit. The Board will appoint a Director to lead the work, and seconded staff will report to that Director.



Scope and work programme

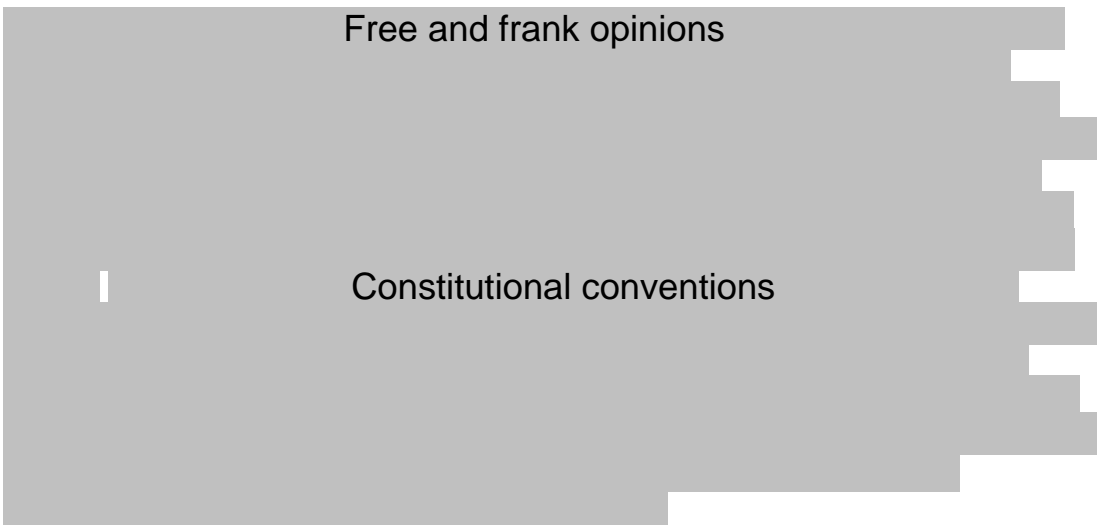
- 38 The Digital Executive Board will be responsible for leading and driving implementation of the Digital Strategy for Aotearoa and its associated Action Plan. Once established, the Board will consider arrangements for working level participation from member agencies as well as other interested agencies, to support effective implementation of the Strategy. It will also consider wider digital and data system governance and the expected interaction between the Board and other cross-

agency digital and data initiatives. While the Board cannot direct agencies outside its remit, I expect that it will have an influential voice across the system to promote greater alignment in support of the Strategy's vision.

- 39 Individual member agencies will retain sole accountability for how they deliver services and specific functions of their respective agencies. For example, the Ministry of Business, Innovation and Employment remains accountable for regulating the ICT sector and overseeing the rollout of fast broadband initiatives. Individual agencies will also continue to be responsible for the fiscal management and financial sustainability of their agency.
- 40 The initial work programme for the Board will include:
 - 40.1 Develop a Rural Connectivity Improvement Programme
 - 40.2 Develop a multi-year and multi-agency work programme to tackle the digital divide
 - 40.3 Scope work on data ethics and artificial intelligence, and digital twins
 - 40.4 Develop options to uplift cyber security, in partnership with other portfolio areas outside of the DEC portfolio (including Government Communications Security Bureau, Police, and National Security and Intelligence)
 - 40.5 Establish the Digital Identity Trust Framework in legislation
 - 40.6 Develop a set of measures to measure the digital economy.

Ensuring sufficient investment for the future

41 Budget 22 has delivered some ^{Free and frank opinions} funding for initiatives to advance the Strategy, notably for improving rural connectivity and enhancing our cyber security capability. This is a good start and provides some positive signals to our stakeholders that the government is playing its part to achieve the vision for the Strategy.

42 **Free and frank opinions**

Constitutional conventions

43 The efforts being made by New Zealand's OECD peers to speed their own digital transformation underscores the importance of digital and data-driven technologies and

therefore of our Strategy. It also underscores the risk of being left behind if we do not act. Already prior to the COVID-19 crisis, 34 OECD countries had a national digital strategy to enhance policy coordination and to push key priorities including enhancing digital government, developing telecommunications infrastructure, and fostering innovation in digital technologies.⁹ Close to home, last year Australia’s Department of Prime Minister and Cabinet led development of a Digital Economy Strategy to help underpin their economic recovery from COVID-19. Related budget measures in 2021-22 totalled AUD 1.2 billion, spanning initiatives from enabling a next-wave My Health Record to investing in a next generation emerging technology graduates programme.¹⁰

- 44 While private sector innovation and investment are fundamental to seizing the opportunities of digital and data-driven technologies, to enable all New Zealand communities to thrive in the digital era it is also critical that the government invests sufficient resources over time in building our digital future. The Strategy has been a cross-portfolio effort, reflecting the relevance of digital and data-driven technologies to much of our work and thematic priorities. It contributes to the government’s overarching priorities to accelerate our economic recovery and lay the foundations for a better future, and will support our transition to a sustainable, high-productivity and low emissions economy by encouraging the creation and adoption of digital and data-driven technologies that will improve productivity. It will also help build a more inclusive Aotearoa where all people have the possibility to participate in and benefit from an increasingly digital society. I will engage across portfolios to identify high-priority areas where we can make faster progress towards the Strategy’s vision.

Next steps

- 45 The Strategy and Action Plan will be publicly launched in mid-late Q3, pending finalisation of accessible versions and identification of an appropriate public launch opportunity. I recommend that Cabinet agree to delegate authority to me to make minor changes to the attached Strategy and Action Plan, if required and in the spirit of my intentions as outlined in this paper, prior to the public launch.
- 46 Throughout the engagement on the Strategy, I heard from people across the country about how we can realise a thriving, prosperous digital future for Aotearoa New Zealand. Following the launch of the Strategy, I propose that we as government commit to a regular multi-stakeholder conversation on progress and next steps on our Strategy. This could take the form of an annual forum on different topics preceded by a hui with iwi and Māori innovators in the digital space. I propose that a first forum is held towards the end of 2022, allowing us to embed the work programme and continue momentum in the design and delivery of specific initiatives with key stakeholders. Given the dynamic nature of digital and data-driven technologies and the opportunities and issues they will present, I see this kind of regular informed dialogue as essential to help us gain system-wide insights and adapt our Strategy as appropriate. In addition to the forum, I propose to continue to engage with stakeholders throughout the year as opportunities and needs arise, including regular engagement with the Data ILG.

⁹ See OECD Digital Economy Outlook 2020, <https://doi.org/10.1787/bb167041-en>

¹⁰ See <https://digitaleconomy.pmc.gov.au/strategy/key-investments>

47 I propose to return to this Committee in approximately one year with a progress report on implementation of the Strategy and its first Action Plan. As well as my proposal to establish an interdepartmental Digital Executive Board, I also propose to continue the Digital Ministers Group, which has proven a valuable space for cross-portfolio information sharing and collaboration on this shared policy priority and will be a key channel for coordination and discussion of priorities and resources for implementing the Strategy.

48 The following table sets out some key milestones in the Strategy’s implementation over the coming year:

| Milestone/Activity | Timeframe (calendar year) |
|---|---------------------------|
| Public launch of the Strategy and Action Plan | Mid-late Q3 2022 |
| Public launch of the Digital Technologies Industry Transformation Plan | Q3 2022 |
| Establishment of the interdepartmental Digital Executive Board via Order in Council | Q3 2022 |
| Multi-stakeholder forum | Q4 2022 |
| Budget 2023 decisions | Q1 2023 |
| First progress monitoring report provided to Ministers | June/July 2023 |
| Review of interdepartmental Digital Executive Board | Q3 2023 |

Financial Implications

49 The interdepartmental Digital Executive Board will require a small amount of dedicated resource to support it with coordination and advisory activities, including a senior leader in a Director role and a secretariat. These will be hosted by the Department of Internal Affairs. The costs associated with the Board will be funded through fiscally neutral baseline adjustments from member agencies into an existing appropriation within Vote Internal Affairs, Government Digital Services MCA, category *‘Government Digital Strategy, System Investment and Leadership’*.

50 There are no direct financial implications resulting from Cabinet decisions in this paper related to the attached Strategy and Action Plan. The Action Plan sets out initiatives that already have resourcing available and describes in broad terms areas for future work that would merit further consideration. Future new initiatives that align with the direction of the Strategy, and related financial implications, would be discussed with Cabinet through a separate process and subject to the standard Budget requirements.

51 However, as described earlier, some of the priority areas referenced in the Strategy will require significant new investment if we are to realise the vision of the Strategy and deliver on the public’s expectations. **Constitutional conventions**

Constitutional conventions

- 52 The Strategy and Action Plan references, for example, the development of a multi-year, cross-agency Digital Inclusion Action plan to close the digital divide. Currently around one in five New Zealanders cannot or do not wish to interact online, with higher risk for Māori, Pacific Peoples, seniors, migrant and disabled peoples. The Strategy also highlights the need for developing better tools and metrics for measuring the digital economy, an area where we are significantly behind our peers in our ability to pinpoint areas of opportunity and concern, design well-crafted policies and measure our policy success. These are important areas that merit ongoing commitment and investment.

Legislative Implications

- 53 The establishment of an interdepartmental executive board requires an Order in Council. The Minister for the Public Service will issue drafting instructions to establish an interdepartmental executive board that will be named the Digital Executive Board. The Board will come into legal existence when it appears in Schedule 2, Part 3 of the Public Service Act 2020; this is likely to be in Q3, 2022.
- 54 There are no direct legislative implications resulting from the decisions set out in this Cabinet paper related to the attached Digital Strategy for Aotearoa and Action Plan.

Impact Analysis

Regulatory Impact Statement

- 55 A Regulatory Impact Analysis is not required for this paper. Proposals to establish an interdepartmental executive board involve adjusting internal governance arrangements and are expected to have no or minor impacts on businesses, individuals or not-for-profit entities.

Climate Implications of Policy Assessment

- 56 A Climate Implications of Policy Assessment (CIPA) is not required for this paper. CIPAs may be carried out as relevant for specific policy initiatives that are advanced in support of the Digital Strategy for Aotearoa. While digital and data-driven technologies can generate negative environmental impacts, they also offer important opportunities to support New Zealand's transition to a low emissions economy. The importance of innovation and technology to lower emissions and improve living standards is recognised in Aotearoa New Zealand's first emissions reductions plan published in May this year.

Population Implications

- 57 The Strategy's 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. They also include difficulties in accessing key services, including health, which are increasingly being delivered digitally.

- 58 Evidence suggests the return on investment in digital inclusion is significant and would also complement Government’s efforts to address challenges these groups 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. 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 Strategy specifically identifies improving Māori outcomes as an objective, and we expect benefits arising from the Strategy to include driving greater success for the Māori economy, increased digital skills and related increases in pay and prospects for Māori workers.
- 59 In addition, the *Food & Fibre Sector’s Fit for a Better World* strategy has identified improved digital connectivity as a key enabler for the goals for productivity, sustainability, and inclusivity. Improved rural connectivity a key enabler for the Agritech ITP, the Forestry ITP, the Food & Beverage ITP, and the Fisheries ITP. Work with our digital technologies sector through its ITP 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

- 60 There are no direct human rights implications resulting from the decisions set out in this Cabinet paper, or the attached Strategy and Action Plan. However, we would expect the Strategy and its implementation, including continued progress in closing the digital divide, to support human rights, given its focus on all New Zealanders participating in, contributing to, and benefiting from the application of digital technologies. Along these lines, the government’s response to Recommendation 11 of the Human Rights Commission’s 2022 Inquiry into the Support of Disabled People and Whānau During Omicron¹¹, noted the work underway to develop a Digital Inclusion Action Plan as part of implementing the Strategy and highlighted the engagement with people with disabilities that took place as part of the Strategy development process.
- 61 The actions to deliver the Strategy will be designed to be consistent with the New Zealand Bill of Rights Act 1990, Human Rights Act 1993, and Privacy Act 2020. We will also monitor relevant international discussions related to human rights in the

¹¹ The Inquiry recommended that “All government agencies explore the impacts and possible solutions to the digital divide in Aotearoa, including its impacts on disabled people and their whanau” (Recommendation 11, see <https://www.hrc.co.nz/news/inquiry-finds-omicron-response-put-disabled-people-risk/>).

Consultation

- 62 The following agencies were involved in the development of this Cabinet paper: Ministry of Business, Innovation and Employment (MBIE), the Department of Internal Affairs (DIA), Statistics NZ, Ministry of Foreign Affairs and Trade (MFAT), National Cyber Policy Office (NCPO), and the Public Service Commission (PSC).
- 63 The following ministries and agencies have been consulted: ACC, Callaghan Innovation, DIA, Infrastructure Commission, Inland Revenue, Land Information NZ, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry for Social Development, Ministry for Women, MBIE, Ministry of Education, Ministry of Ethnic Communities, MFAT, Ministry of Health, Ministry of Housing and Urban Development, Ministry of Justice, Ministry of Transport, NCPO, New Zealand Trade and Enterprise, Office for Disability Issues, Office for Seniors, Office of the Privacy Commissioner, PSC, Reserve Bank of New Zealand, Social Wellbeing Agency, Statistics NZ, Te Arawhiti / Office for Māori Crown Relations, Tertiary Education Commission, Te Puni Kōkiri, Treasury, and Waka Kotahi NZ Transport Agency.
- 64 The Privacy Commissioner noted a desire to see greater recognition of the central role privacy will play in underpinning Mahi Tika – Trust, and that maintaining high standards of privacy is a critical enabler for the Digital Strategy as a whole.
- 65 The Department of the Prime Minister and Cabinet (Policy Advisory Group) was informed about this paper.

Communications

- 66 I propose to publicly release the Digital Strategy for Aotearoa and its Action Plan in mid-late Q3, pending identification of an appropriate public launch opportunity. The documents themselves will be hosted on digital.govt.nz and will be available in te reo and in accessible formats. Copies of the Strategy will be sent to the organisations and individuals who made submissions during the public engagement process and to those who have expressed an ongoing interest in the Strategy's implementation.

Proactive Release

- 67 I intend to release this Cabinet paper proactively within 30 days of Cabinet decisions having been made, with any redactions in line with the provisions of the Official Information Act 1982.

Recommendations

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

- 1 note that in November 2020, the Prime Minister outlined her intentions for the newly created Digital Economy and Communications portfolio, including the creation of a digital strategy for Aotearoa;

The Digital Strategy for Aotearoa and its first Action Plan

- 2 agree that the attached Digital Strategy for Aotearoa and its Action Plan are released to support our transition to a sustainable, high-productivity and low emissions economy by encouraging the creation and adoption of digital and data-driven technologies;
- 3 agree that the Minister for the Digital Economy and Communications be delegated authority to make minor changes to the Digital Strategy for Aotearoa and its Action Plan prior to their public release;

Creation of an interdepartmental Digital Executive Board

- 4 note that the Digital Economy and Communications portfolio is supported by multiple government agencies, each with their own areas of focus and priorities;
- 5 agree to establish an interdepartmental executive board under the Public Service Act 2020 to lead and drive implementation of the Digital Strategy for Aotearoa and its associated Action Plan;
- 6 agree that the interdepartmental executive board will be named the Digital Executive Board, and that the remit of the Board will comprise the Department of Internal Affairs; Ministry of Business, Innovation and Employment; Department of the Prime Minister and Cabinet; and Statistics New Zealand;
- 7 agree that the Board will be accountable for:
 - 7.1 leading and driving implementation of the Digital Strategy for Aotearoa, including progress reporting
 - 7.2 taking a systems level view by aligning and co-ordinating strategic, policy, planning and budgeting activities for the departments that support the Digital Economy and Communications portfolio
 - 7.3 supporting and assigning these departments to undertake priority work and cross-agency initiatives in the digital area;
- 8 note that the Public Service Commissioner will designate the membership of the Board from within the Board's remit, including the chair, in accordance with the Public Service Act;
- 9 note that the Public Service Commissioner intends to appoint an independent advisor with knowledge of digital transformation and government process to the Board, as provided for under the Public Service Act, to support the Board and agencies to deliver on Ministerial priorities;

- 10 note the independent advisor to the Board would not have decision-making authority on the Board;
- 11 note that, based on the Prime Minister's ministerial portfolio allocations, the appropriate Minister for the Board is the Minister for the Digital Economy and Communications, to whom the members of the Board will be jointly responsible;
- 12 note that the costs of the Board will be funded through fiscally neutral baseline adjustments from member agencies into an appropriation within Vote Internal Affairs titled '*Government Digital Strategy, System Investment and Leadership*';
- 13 invite the Minister for the Public Service to instruct Parliamentary Counsel Office to draft an Order in Council to establish the Digital Executive Board, with the Department of Internal Affairs as its servicing department, by adding an item to Part 3 of Schedule 2 of the Public Service Act 2020 and Schedule 1B of the Ombudsmen Act 1975;

Ensuring sufficient investment for the future

- 14  Constitutional conventions

Next steps

- 15 note that the Digital Strategy for Aotearoa will need to evolve over time as new issues emerge and that the Minister for the Digital Economy and Communications proposes to continue stakeholder engagement, including through convening a first annual multi-stakeholder forum towards the end of 2022;
- 16 agree to the continuation of the Digital Ministers Group, to be convened by the Minister for the Digital Economy and Communications as a key channel for coordination and discussion of priorities and resources for implementing the Strategy;
- 17 invite the Minister for the Digital Economy and Communications on behalf of Digital Ministers to report back to this Committee in approximately one year with an update on the progress that has been made on implementing the Strategy and its contribution to advancing the government's priorities for a high wage, low emissions economy.

Authorised for lodgement

Hon Dr David Clark

Minister for the Digital Economy and Communications

Annex 1: Digital Strategy for Aotearoa

Constitutional conventions

Annex 2: Action Plan for the Digital Strategy for Aotearoa

Constitutional conventions