MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

24 July 2026

Privacy of

DOIA-REQ-0033363

Tēnā koe Priva,

Thank you for your email of 21 May 2026 to the Ministry of Business, Innovation and Employment (MBIE) requesting, under the Official Information Act 1982 (the Act), the following:

> *All documents and communications relating to the Biometric Capability Upgrade.*
> *Including contracts, internal communications, ministerial briefings, budget documents, resourcing.*

On 22 June 2026, we advised you that we were refusing your request for ***all*** documents and communications relating to the Biometric Capability Upgrade (BCU) project under section 18(f) of the Act as the information cannot be made available without substantial collation and research. This task would remove MBIE staff from their core duties and therefore the greater public interest would not be served.

However, as discussed, MBIE is currently reviewing approximately 400 documents submitted to Greg James as part of the independent review into the BCU project, with a view to releasing them to you as they are finalised.

The first tranche of information being released is attached as Appendices A and B. The documents included in this release are listed in the table below. These documents relate to advice provided to the Minister of Immigration regarding the BCU project, between January and April 2024.

Table of documents released

Appendix A:

#	Date	Description / Title	Withholding grounds
1	21 February 2024	2324-0026 Weekly Report to the Minister and Associate Ministers of Immigration	9(2)(a), 9(2)(g)(ii), Out of Scope
2	4 March 2024	2324-1491 BRIEFING - Immigration fee and levy review: proposed rates and draft Cabinet paper	9(2)(a), 9(2)(g)(i), 9(2)(g)(ii), 9(2)(h)
3	19 March 2024	2324-2658 Biometric Capability Update project - Proposed approach to increasing Whole of Life Cost	6(c), 9(2)(a), 9(2)(b)(ii), 9(2)(g)(ii)
4	28 March 2024	2324-2793 Aide Memoire – Further information on the Biometric Capability Update project and proposed increase to Whole of Life Cost	9(2)(a), 9(2)(b)(ii), 9(2)(g)(ii)
5	27 October 2022	2022 BCU Independent Quality Assurance Review Report	6(c), 9(2)(a), 9(2)(b)(ii)

6	10 October 2023	2023 BCU Independent Quality Assurance Review Report	6(c), 9(2)(a), 9(2)(b)(ii)
7	12 July 2023	2223-4450 Immigration New Zealand's Biometric Capability Update	9(2)(a), 9(2)(g)(i)
6	26 April 2024	MEMO – Biometric Capability Update – Timeline of advice to Minister of Immigration	
7	30 April 2024	Letter from Carolyn Tremain to Minister Stanford	

Appendix B:

#	Date	Description / Title	Withholding grounds
8	30 April 2024	Letter from Carolyn Tremain to Minister Stanford and Table of Contents. *Please note the table of contents lists the documents contained in Appendix B.*	6(a), 6(c), 9(2)(a), 9(2)(b)(ii), 9(2)(g)(i), 9(2)(g)(ii), 9(2)(h), Out of Scope

As noted in the tables above, some information has been withheld under the following sections of the Act:

- 6(a) the making available of the information would be likely to prejudice the security of defence of New Zealand or the international relations of the Government of New Zealand.
- 6(c) the making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial;
- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
- 9(2)(b)(ii), to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty;
- 9(2)(g)(ii) to maintain the effective conduct of public affairs through the protection of such Ministers, members of organisations, officers, and employees from improper pressure or harassment; and
- 9(2)(h), to maintain legal professional privilege.

MBIE does not consider that the withholding of this information is outweighed by public interest considerations in making the information available.

Information unrelated to BCU has been marked as out of scope, and pages redacted in full have been removed from the appendices. I have also excluded duplicate copies of briefings.

Given the considerable public interest in matters relating to BCU, MBIE has decided to publish this response and the information released in response to your request. Any personal details relating to you will be withheld when publishing the response.

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

If you wish to discuss any aspect of your request or this response, please contact media@mbie.govt.nz

Nāku noa, nā

Stephen Vaughan
Acting Associate Deputy Secretary
Immigration New Zealand
Ministry of Business, Innovation & Employment

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Weekly Report to the Minister of Immigration and Associate Ministers of Immigration

For the period from 15 February to 21 February 2024

Date:	21 February 2024	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	2324-0026

	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	Discuss at the next immigration officials' meeting	N/A
Hon Chris Penk Associate Minister of Immigration	Note the contents of this report	N/A
Hon Casey Costello Associate Minister of Immigration	Note the contents of this report	N/A

Name	Position	Telephone
Stephen Vaughan	Chief Operating Officer Immigration	Section 9(2)(g)(ii)
Alison McDonald	Deputy Secretary, Immigration	
Nic Blakeley	Deputy Secretary, Labour, Science and Enterprise	
Suzanne Stew	Deputy Secretary, Te Whakatairanga Service Delivery	

Section 9(2)(a)

Stephen Vaughan
Chief Operating Officer Immigration
Immigration New Zealand
Ministry of Business, Innovation and Employment

Out of Scope [redacted]

[redacted]

[redacted]

[redacted]

Out of Scope [redacted]

Out of Scope [redacted]

3.8. Biometric capability upgrade

Background

The Biometric Capability Upgrade (BCU) project aims to deliver a significant upgrade of INZ's identity management, capture, and matching solution, which is used as the authoritative source of identities for non-New Zealanders, both within INZ and across government.

When completed, the upgrade will improve efficiency through higher levels of automation and will lower the number of cases that require manual intervention to resolve; this will have a positive impact

Out of Scope [redacted]

on visa processing times. It will also deliver upgraded equipment used by front line staff for enrolment (capture) of biometrics, including for offshore refugee missions.

The project will deliver core capability for New Zealand's future protection in an environment where identity fraud, criminal activity and other sources of harm are prevalent, and increasingly sophisticated. The updated capability is crucial to risk mitigation and meeting INZ's future business needs.

The BCU is a multi-year, technically complex project, involving multiple IT systems, products and vendors, as well as very large volumes of biometric and biographical data.

A Cabinet-set funding threshold of $35M for the project Whole of Life Cost (WoLC) has previously been approved by Ministers.

Current situation

The project is in the delivery phase and is executing Priority One (P1) test scripts in the System Integration Testing (SIT) environment with 69 percent of P1 test cases successfully completed. These scripts were due to be completed on 23 February 2024 although are now slightly delayed until 7 March 2024.

The updated project schedule is currently projecting a probable Go Live date of 29 October 2024 with the Project Closure Report due in January 2025. These dates will solidify as further testing progresses. These probable dates also take into account the busy holiday period and the additional pressure on the Immigration system if go live is any later and is also across the long Labour Weekend period which will allow an additional day for successful project deployment.

There is the possibility that the BCU Project will exceed its current authorised spending limit. This will become more certain as further testing is carried out and completed. If this becomes the case, any additional finances required (via fees) would require consideration alongside the upcoming fees and levies review. If additional funding is required, we would keep you appraised of progress and present a more detailed update and business case alongside the Fees and Levy paper to Cabinet in April 2024 to confirm the importance of the project, the new probable Go Live date, an update on the Whole of Life Costs (WOLC) and likely additional funding (via fees) required to complete the project successfully which would ultimately require Cabinet approval.

Richard Owen
General Manager
Immigration Risk and Border

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Immigration fee and levy review: proposed rates and draft Cabinet paper

Date:	4 March 2024	**Priority:**	Medium
Security classification:	Budget - Sensitive	**Tracking number:**	2324-1491

Action sought		
	Action sought	**Deadline**
Hon Erica Stanford **Minister of Immigration**	**Indicate** your preferred option for inclusion in the Cabinet paper, for setting fees and levies **Indicate** your preferred option for repurposing the Crown funded tagged operating contingency to address Crown funded cost pressures **Provide** feedback on the attached draft Cabinet paper	7 March 2024

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Jivan Grewal	General Manager, Employment, Skills and Immigration Policy	Section 9(2)(g)(ii)	✓
s9(2)(a)	s9(2)(a)	Section 9(2)(g)(ii)	
s9(2)(a)	s9(2)(a)	Section 9(2)(g)(ii)	

The following departments/agencies have been consulted
The Treasury.

Minister's office to complete:

☐ Approved ☐ Declined

☐ Noted ☐ Needs change

☐ Seen ☐ Overtaken by Events

☐ See Minister's Notes ☐ Withdrawn

Comments

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Immigration fee and levy review: proposed rates and draft Cabinet paper

Date:	4 March 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-1491

Purpose

The purpose of this briefing is to provide you with:

- proposed fee and levy rates to achieve sustainable funding and fully recover costs, and
- a draft Cabinet paper, for your feedback, on the fee and levy review and using levy and Crown funding to address immediate cost pressures.

Executive summary

Out of Scope

Out of Scope [redacted]

A draft Cabinet paper is attached for your feedback

The attached Cabinet paper seeks Cabinet agreement to the proposed fee and levy rates, undertaking targeted consultation and managing immediate immigration system cost pressures. We seek your feedback on the paper. In order to meet the timeframes for introduction of the updated fees and levies, this paper will need to be circulated for Ministerial consultation between 8-18 March 2024 and the paper considered by Cabinet Economic Policy Committee on 27 March.

Recommended actions

Out of scope [redacted]

Out of Scope [redacted]

[redacted]

Upcoming policy changes and investment proposals

27. Policy work on AEWV settings is underway, which includes reviewing fee rates to ensure charges reflect the level of assessment required. Our proposed approach is to incorporate adjusted AEWV rates as part of our final advice to Cabinet in June 2024. The future AEWV rates will not be part of the targeted consultation material.

28. In our earlier modelling we provisioned for costs including the Biometric Capability Upgrade (BCU), Out of Scope [redacted] [2324-1069 briefing refers]. The proposed rates include Out of Scope [redacted] and some BCU costs only to not pre-empt Cabinet policy and investment decisions.

29. MBIE is preparing two business cases on ICT investment as follows:

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[5] A ballot is open to citizens from: Kiribati (75 places), Tuvalu (75 places), Tonga (250 places) and Fiji (250 places).

[6] There are 1,100 places each year and a further 550 extra places each year until 2026.

a. ADEPT: to migrate all visa products to the ADEPT platform (a single channel for the submission and processing of visa applications) and decommission legacy systems

b. BCU: to continue the upgrade of New Zealand's biometric platform to improve the accuracy of identity matching and better manage immigration and national security risk. Continuing the upgrade requires Cabinet authority to exceed the Whole-of-Life-Costs (currently $35 million).[7]

30. Depending on Cabinet's decisions on the BCU and ADEPT business cases, subsequent changes to fee and levy rates may be required to fund these investments. During targeted consultation we will signal that this work is underway.

Out of Scope [redacted]

Out of scope [redacted]

[redacted]

[7] As set out in Cabinet Office Circular (CO) (23) 9: Investment Management and Asset Performance in Departments and Other Entities.

Out of scope [redacted]

We have prepared a draft Cabinet paper

Out of Scope

Next steps and timeframes for the Cabinet paper

51. The timeframes for the Cabinet paper are set out below. The proposal is for the paper to be considered by the Cabinet Economic Policy Committee (ECO) on 27 March, which allows sufficient time for stakeholder consultation ahead of final advice in June 2024.

52. We understand that the Minister for Tourism and Hospitality will be proposing a review of International Visitor Conservation and Tourism Levy (IVL) rate at ECO on 20 March 2024. You will be sent the draft Cabinet paper and Discussion Document for comment over the next two weeks. The IVL is currently set at $35 and the revenue is split across the tourism and conservation portfolios. Cabinet will be asked to seek agreement to targeted consultation on the two options for a potential rate increase ($50 and $70).

53. We recommend looking for opportunity to align timeframes, including stakeholder consultation, with the immigration fee and levy review. MBIE Immigration and Tourism officials will continue to work closely on these reviews.

Table 3: Fee and Levy Review Cabinet paper timelines

Date	Milestone
4 March 2024	Draft paper provided to the Minister of Immigration
7 March 2024	Updated paper provided to the Minister of Immigration
8 – 18 March -	Ministerial and departmental consultation
19 March 2024	Final Cabinet paper provided to Minister of Immigration
21 March 2024	Lodge Cabinet paper (by 10am)
27 March 2024	ECO consideration
2 April 2024	Cabinet consideration
April	Targeted consultation with key stakeholders

Annexes

Annex One: Draft Cabinet paper

Out of Scope

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Biometric Capability Update project – proposed approach to increasing Whole of Life Cost

Date:	19 March 2024	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	2324-2658

Action sought

	Action sought	Deadline
Hon Erica Stanford **Minister of Immigration**	**Indicate** your preferred approach to seeking Cabinet agreement to increase the Whole of Life Cost for the Biometric Capability update project	21 March 2024

Contact for telephone discussion (if required)

Name	Position	Telephone		1st contact
Jivan Grewal	General Manager, Employment, Skills, and Immigration Policy	Section 9(2)(g)(ii)		✓
Section 9(2)(g)(ii)	s9(2)(a)	s9(2)(a)		

The following departments/agencies have been consulted
The Treasury has been consulted on the proposal to seek an increase to the Whole of Life Cost.

Minister's office to complete:

☐ Approved
☐ Noted
☐ Seen
☐ See Minister's Notes
☐ Declined
☐ Needs change
☐ Overtaken by Events
☐ Withdrawn

Comments

BRIEFING

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Biometric Capability Update project – proposed approach to increasing Whole of Life Cost

Date:	19 March 2024	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	2324-2658

Purpose

To seek your direction on a proposed approach to increasing the Whole of Life Cost for Immigration New Zealand's Biometric Capability Update project.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a **Note** that MBIE's current identity management, capture, and matching solution is outdated, overly complex, inflexible, and often requires manual intervention, and a Biometric Capability Update project is underway to address these issues.

Noted

b **Note** that the Biometric Capability Update project currently has a Whole of Life Cost threshold of $35 million.

Noted

c **Note** that unforeseen cost increases, such as the COVID-19 pandemic, delays, and increased complexity identified during system testing, have led to the projected cost of the project to increase to $39.9 million, thereby requiring Cabinet approval to continue.

Need more information → need to understand the detail of increased costs.

Noted

d **Note** that additional Crown funding is not required; the project is funded through immigration fees and levies.

Noted

e **Indicate** your preferred approach to seeking Cabinet agreement to increase the Whole of Life Cost for the Biometric Capability Update project (details set out in **Annex One**):

EITHER

i. **Option 1**: Seek agreement through the upcoming Immigration Fee and Levy Review (approval for targeted consultation) Cabinet paper **(recommended)**

Agree / Disagree

OR

ii. **Option 2**: Seek agreement via a separate Cabinet process (before the confirmation of fee and levy charges in June/July).

~~*Agree / Disagree*~~

discuss at officials meeting 25 March.

Section 9(2)(a)

Jivan Grewal PP
General Manager, Employment, Skills, and Immigration Policy
Labour, Science, and Enterprise, MBIE

19 / 03 / 2024

E Stanford.
Hon Erica Stanford
Minister of Immigration

24 / 3 / 24

The Biometric Capability Update

1. The Biometric Capability Update (BCU) is a project to deliver a significant upgrade of Immigration New Zealand's (INZ's) identity management, capture, and matching solution. Updating INZ's capability is crucial to risk mitigation, managing identity fraud, minimising harm and allowing MBIE to better manage immigration risk, meet national security requirements and international partner agreements.

2. The previous Minister of Immigration set the Whole of Life Cost (WOLC) of the project at $35 million, which is the threshold set by the previous Cabinet for individual ministerial approval [as per Cabinet Office Circular *CO (23) 9: Investment Management and Asset Performance in Departments and Other Entities*].

3. The BCU project is well progressed in its final year, however, project costs have increased due to:

   a. the COVID-19 pandemic delaying the project significantly, as MBIE had to reprioritise resources to support the Government's response

   b. unforeseen complexity in the initial scoping and technical challenges which led to significant changes from the original specifications to ensure that the update can work within the wider immigration ICT platform, and

   c. all-of-government cyber security guidelines have evolved over the term of the project and MBIE has had to adapt the solution to meet these new standards, requiring additional time and funding.

4. MBIE estimates that the project will cost $39.98 million to deliver, exceeding the current WOLC by up to $5 million. Cabinet agreement is therefore required to increase the WOLC and authorise the additional expenditure. Additional Crown funding is not required; the project is funded through immigration fees and levies.

5. The addendum, attached to this briefing as **Annex One**, sets out the case for increasing the WOLC from $35 million to $40 million. It outlines the:

   a. drivers of the increased costs

   b. rationale for continuing the project

   c. risks if the project were to be prematurely ceased, and

   d. processes MBIE has put in place to ensure costs do not rise in future.

Options for seeking Cabinet agreement to increasing WOLC

6. You are intending to shortly take a paper to Cabinet on the immigration fee and levy review. The paper seeks Cabinet's agreement to undertake targeted consultation on the proposed rates, and to address immediate immigration system cost pressures.

7. You could use this paper to seek Cabinet's agreement to increase the WOLC of the BCU project. This is our recommended approach for efficiency, and also because the paper is already seeking Cabinet agreement on other immigration system cost pressures.

8. Pending your agreement to this approach, the following text could be added to the Cabinet paper 'managing immediate cost pressures facing the immigration system' section of the paper (with corresponding changes to the purpose and recommendations section):

After paragraph 53:

*Additional **fee and levy funding** is also required to complete the project to upgrade New Zealand's biometric information management software The upgrade is required to improve the accuracy of biometric matching and reduce the need for manual intervention.* 6(c) of the OIA [redacted] *As a result, MBIE will be able to better manage immigration risk, meet national security requirements and international partner agreements.*

Additional funding is required to due to unforeseen complexity in the initial scoping, technical challenges during the build and security vulnerabilities that needed to be addressed before the project could proceed. The project was also impacted by the Covid-19 response as resources were moved to support new initiatives to keep New Zealand safe.

After paragraph 60:

Cost pressures proposal 3: increase the authorised Whole of Life Cost of the Biometric Capability Update project

I seek Cabinet's approval to increase the Whole of Life Costs of the Biometric Capability Update project from the previously Cabinet-set threshold of $35 million to up to $40 million. This increase will allow the continuation of the project to upgrade New Zealand's biometric information management software, which will improve the accuracy of biometric matching and reduce the need for manual intervention.

As per Cabinet Office Circular CO (23) 9, as the Minister of Immigration I have the authority to approve a project's Whole of Life Cost up to $35 million. However, as the BCU project's Whole of Life Cost is now estimated to be $40 million, I am seeking Cabinet authority to increase the current spend limit.

This project is funded through immigration fees and levies and the increased costs can be met within MBIE baselines, and therefore does not require any additional Crown funding.

Annex Five provides further detail on the drivers of increased costs and the expected benefits of delivering the upgrade to New Zealand's biometric information management software.

9. An alternative approach would be to seek Cabinet agreement to increasing WOLC via a separate Cabinet process (but before the confirmation of fee and levy charges in June/July).

10. We seek your direction on this matter before the immigration fee and levy Cabinet paper is lodged, proposed to be this coming Thursday morning, 21 March 2024.

Annexes

Annex One: Addendum on Biometric Capability Update

Annex One: Addendum on Biometric Capability Update

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IN-CONFIDENCE

3644 Biometric Capability Update (BCU)

Update

Document Control

Version history

Date	Version	Author	Description of change
01/03/2024	0.1	BCU Project Manager	Create first draft
04/03/2024	0.2	BCU Project Manager	Amendments to document
06/03/2024	0.3	BCU Project Manager	Feedback from internal MBIE review
15/03/2024	0.4	BCU Project Manager	Additional Feedback from internal MBIE review

Endorsed by

Name	Role	Date	Signature
Richard Owen	General Manager, Immigration Risk and Border		
Richard Griffiths	Deputy Secretary Corporate Services, Finance & Enablement		
Alison McDonald	Deputy Secretary, Immigration NZ		
Greg Patchell	Deputy Secretary, Digital, Data and Insights		

Reviewed by

Name	Role	Date	Signature
s9(2)(a)			
Aaron Toatelegese	General Manager Partnerships & Programmes		
Michael Alp	Chief Operations Officer		

Contents

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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1 Executive Summary

1.1 Introduction

The Biometrics Capability Update (BCU) is a project to deliver a significant upgrade of Immigration New Zealand's (INZ's) identity management, capture, and matching solution. The updated capability is crucial to risk mitigation, managing identity fraud, minimising harm and meeting INZ's future business needs. It will also assist with expediting visa application processing, improving the customer experience, and an anticipated reduction in manual identity resolution.

Funding for the project is now estimated to breach its Cabinet-approved Whole of Life Cost (WoLC) of $35 million; this addendum seeks approval to raise the WoLC from $35 million to $40 million.

Costs for the project are funded through immigration fees and levies, and therefore no further Crown funding will be required to meet these higher costs.

1.2 Background to the BCU

Identity resolution is a core component of INZ's processing of visa and New Zealand electronic Travel Authority (NZeTA) applications, ensuring only bona fide customers can travel to New Zealand. INZ's identity holdings are also critical in supporting New Zealand's data sharing arrangements with other Migration 5 (M5) countries. As above, the BCU project aims to deliver a significant upgrade to INZ's identity management system.

The project is a multi-year, technically complex project, involving multiple IT systems, products, and vendors, as well as very large volumes of biometric and biographic data.

The project is needed to improve the level and sophistication of automated match/no match results of identities by INZ. This will improve the overall quality of the matching of identity information for non-New Zealanders (thereby reducing harm and minimising risk) whilst reducing the level of manual resolution of identities by INZ staff, speeding up visa and travel authority application processing to improve the customer experience.

The current system for biometric matching and management engine is out-dated, unnecessarily complex, inflexible, and no longer deemed fit for purpose for the current, let alone the future, needs of INZ. s6(a) and s6(c) [redacted]

BCU has been designed to address the business needs by upgrading the versions of biometric matching and management platforms, rationalising and simplifying the platform to reduce ongoing costs and improving the flexibility and usability of the system in the process.

The project is not making fundamental changes to the way INZ collects identity data, the type of data collected or how the data is processed and managed. Core business processes will remain the same and be undertaken by the same INZ staff more efficiently.

The main objective of the investment is to deliver a significant upgrade to INZ's identity management, capture and matching solution. The BCU project will provide:

- Improved match results with an updated biometric matching algorithm and software.
- Removal of redundant middleware.
- Remove technical and support complexity.

- Provide better quality data.
- Onshore support from the lead vendor.
- A support model that aligns to INZ's current and future business needs.

1.3 Problem and opportunity statement

The following issues have been identified with the current Biometric system:

- The current system is unable to meet capacity, capability and resource demands for new initiatives or legislative changes.

s6(a) and s6(c)

[redacted]

The original Business Case and subsequent Change Requests (CRs) approved the following capital investment, operating expenditure, and WoLC. This also include the funding required to complete the project (in green).

Date	Document	Capex	Opex	Total Project Costs	Project Cost Increase	WOLC	Comments
Aug 2019	Business Case	$10.46m	$0.05m	$10.51m		$19.49m	Original Business Case
May 2020	CR1	$12.21m	$0.05m	$12.25m	$1.75m	$22.83m	Change in scope, budget and duration. Photo quality checker was added to scope.
Jul 2020	CR2	$17.08m	$0.05m	$17.12m	$4.87m	$30.75m	Change in scope, benefits, budget and duration. In person enrolment integration was added to scope
July 2021	CR3	$22.15m	$0.05m	$22.20m	$5.08m	$30.42m	Change in scope, benefits, budget and duration due to Increase in technical complexity

Date	Document	Capex	Opex	Total Project Costs	Project Cost Increase	WOLC	Comments
Aug 2022	CR4	$21.29m	$4.71m	$26.0m	$31.93m	$31.93m	Change in benefits, budget and duration as lead vendor was not going to meet one of their critical milestones
Jun 2023	CR5	$21.9m	$4.34m	$26.13m	$31.95m	$31.95m	Change in benefits, budget and duration as Data Migration had taken longer than planned.
April 2024	CR6	$33.33m	$7.28m	$40.61m	$8.66m	$39.98m	Change in benefits, budget and duration due to the number of defects found and infrastructure issues slowing the project.

BCU is upgrading the current Identity System which went into production in 2016, which had a capital cost $53 million ($67m inflation adjusted) compared with $33 million for the replacement solution. The current system is starting to attract extended support costs of $0.5 million and means that we are unable to focus on improving the overall Identity System, as the current focus is on keeping the aging system operating.

1.4 High-level business outcomes

The following high-level business outcomes are linked to the delivery of the updated solution:

- A modern, fully supported system, with NZ based lead vendor support and maintenance capability.
- A system that can meet INZ's future business needs and aligns to INZ's "Striking the Balance" strategy and its vision of being a trusted world-class immigration service.
- Greater efficiencies in processing high volumes of identity resolution work, in time reducing staffing costs.
- Improvement in the quality of matching capability due to an increase in automated matching using a more sophisticated up to date algorithm matching technology.
- The target is a reduction of 5 to 10 Full Time Employees (FTE), a saving of between $2.5 -$5 million over 5 years. This is based on the assumption that Identity Resolution volumes remain static or reduce in comparison to the baseline of 2024 volumes.
- Strengthened decision making on visa and New Zealand Electronic Travel Authority (NZeTA) applications by INZ, as all available data on applicants is made available to decision makers.
- The implementation of the updated system will allow INZ to see a reduction in legacy platform risks.

To achieve these high-level outcomes and to meet the changing needs of INZ, the outdated Biometric system needs to be updated with a modern service. This will deliver the following benefits:

- A biometric system that can be fully supported and can manage future data volumes.
- A biometric system that enables INZ to meet current and future expectations from our M5 partners in relation to data sharing arrangements.
- Reduction in time and cost to implement future configuration changes and updates, as the INZ Identity Services team will be able to make its own changes to these rather than outsourcing to a vendor.
- Reduction in the number of identity fraud cases each year and increased ability to minimise risk and immigration harm.
- Reduction in the number of manual identity resolution tasks that need to be completed by Identity Services staff.
- Enhanced quality and accuracy of biometric data captured and stored in INZ's systems.
- Faster visa and NZeTA processing times through enhanced rates of automated resolution of identities, improving outcomes for customers.
- Reduced risk of identity fraud and/or risk of bad actors being able to travel to New Zealand (which negatively impact our economy, infrastructure and services, and creates immigration harm).
- INZ will be using a biometric algorithm that meets international standards and best practice.

2 Current State

The project has been in progress since August 2019, when the initial Business case was approved to update the biometric matching and management platforms.

The BCU project is well progressed however project costs and delays have increased due to the following:

- Unforeseen complexity in the initial scoping and technical challenges which led to significant configuration changes from the original specifications to ensure that the update can work within the wider immigration platform.
- s9(2)(b)(ii)
- Cyber security guidelines have evolved over the term of the project and MBIE has had to adapt the solution to meet these new standards, requiring additional time and funding
- The Covid-19 pandemic delayed the project as MBIE had to reprioritise resources; and
- Implementation and testing activities taking longer than planned due to infrastructure issues and the number of defects found.

These challenges are being overcome and the project has progressed significantly.

During the project, alternatives to the current delivery have been considered and discounted. These included:

1. Stopping the project and continuing with the current solution – this was not a feasible option as the current s9(2)(b)(ii)
s9(2)(b)(ii)
2. Stopping the project and establishing a new project to upgrade only the algorithm of the current solution – this was not feasible as it only partially meets the requirements and does

not align to INZ's future roadmap and strategy. It would also result in sunk costs and additional funding being sought to establish the new project.

If the project was stopped, the potential financial penalties in relation to vendors is estimated to be approximately $12 million. Potential liability and exposure to costs from vendors, including the key vendor, could include costs for the deliverables as per agreed milestones in relevant vendor MSA termination clauses. The key vendor may also try and claim for all losses (included sunk losses). This key vendor has indicated the sunk cost to be up to $4 million, in addition to the $12 million above.

In addition, the estimated impairment of Work in Progress (WIP), if the project was stopped, is estimated to be $22 million.

The BCU Go Live date is planned for Quarter 2 FY 24/25 and MBIE has sought assurance from all vendors involved in the project that they can meet this date, subject to the successful completion of SIT and UAT testing.

3 Project Assurance

The project has the following governance arrangements in place:

- A Project Steering Group (PSG) which meets weekly; and
- A Delivery Governance Board (DGB) which meets monthly.

The members of the PSG include:

Name	Substantive Role	Project Role
Richard Owen	General Manager, Immigration risk and Border	Project Sponsor
s9(2)(a) [redacted]	[redacted]	Business Owner
Michael Alp	Chief Operating officer	Commercial Oversight
s9(2)(a) [redacted]	[redacted]	Lead Vendor representative
[redacted]	[redacted]	Programme Manager

In addition, all governance documentation is subject to the standard MBIE governance processes.

The DGB governs all projects and programmes that are on the approved investment plan. The board is governed by Senior Leaders and chaired by a Deputy Secretary from within MBIE.

The project has undertaken three Independent Quality Assurance (IQA) reviews, the last one being in September 2023. The latest IQA confirmed the project approach was sound and robust, the build is achievable, and the risk management practice is effective. The project has implemented the IQA recommendations and continually looks for opportunities to improve.

To manage any further increase in costs, the Project Steering Committee is actively managing all Change Requests and only approving those that are critical for Go Live. They are actively engaged on reviewing schedule progress weekly, along with monitoring defect resolution timeframes. The project is providing regular updates to the MBIE Delivery Governance Board on progress against schedule and costs.

4 Financial Case

The project will require capital expenditure of $33.33 million, operating expenditure of $7.28 million, and a $4 million contingency in line with projects of a low to medium risk.

Funding for the on-going operating costs and depreciation has been included in the upcoming Fee and Levy review and can be managed within Immigration New Zealand's baseline.

MBIE is not seeking any additional Crown funding to complete the BCU project, instead, it seeks Cabinet *endorsement* to fund the remainder of the project from immigration fees and levies. MBIE is required to seek the financial authority of Cabinet to continue with the project as the current approval of $35 million WoLC is likely to be exceeded. To complete the project, the financial authority needs to be revised up to a WoLC of $40 million.

Financial risks on any potential out year costs are being managed through agreed commercial arrangements with the lead vendor, so future costs are well understood and pre-determined.

The breakdown by year of the funding is detailed below:

Operating costs ($m)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & out years	Total
Project Costs	$1,385,585	$6,022,500	$2,124,309	$7,988,189	$12,735,953	$10,355,371	**$40,611,906**
Operating costs						$10,000,000	**$10,000,000**
Depreciation						$33,332,080	**$33,332,080**
Capital Charge	$69,279	$370,404	$454,961	$839,464	$1,319,286	$5,833,114	**$8,886,510**

The forecast expenditure of the project (by year) is illustrated in the table below:

Financial Summary	Financial Years						
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	Total
Capital expenditure	$1,385,585	$6,022,500	$1,691,150	$7,690,061	$9,596,432	$6,946,352	**$33,332,080**
Operating expenditure			$433,159	$298,128	$3,139,521	$3,409,018	**$7,279,826**
Total Project Delivery Expenditure	**$1,385,585**	**$6,022,500**	**$2,124,309**	**$7,988,189**	**$12,735,953**	**$10,355,371**	**$40,611,906**
Ongoing Cost *(Excl. Depreciation)*						$10,000,000	**$10,000,000**
Whole of Life costs*							**$39,975,367**

* *Delivery Cost + Ongoing Cost, excluding Depreciation, 6% discount rate*

5 Benefits

The project will deliver benefits to two broad areas: agency and government.

There are limited benefits that can be clearly quantified due to the focus being on reducing the risk of security issues that are non-quantifiable, but serious security exposure would have wide reaching impacts for New Zealand in terms of economic impact, safely of New Zealanders, international reputation and social cohesion. One benefit that can be quantified is the target reduction of FTE, a saving of between $2.5 -$5 million over 5 years.

Agency benefits

- **Reduce risks to New Zealand** – The project will facilitate the protection of the border by enabling high quality decisions and will allow automated decision making. The product will allow early detection of high-risk applicants and suspected identity fraud. Risks will be significantly reduced by using the world's top ranking matching algorithms. INZ will have assurance of high-quality data delivered by an increase in face images used in matching and a higher quality check of fingerprints.
- **Remove complexity** - By simplifying the support model.
- **Assurance of quality biometrics** – Implementation of a biometric matching solution provided by a Global Tier 1 biometric provider to provide capability to quality check and correct fingerprints. This will reduce the number of manual resolutions.
- **Encourage reuse and consistency** - Allow different channels to use a single biometric matching service.
- **Simplify technology and improve performance** - Consolidation of the biometric populations and the replacement of the middleware with NEC software, enhances functionality and simplifies the system and the vendor mix responsible for support.

Government benefits

This project will achieve the following benefits for the New Zealand government:

- **Reduce the risk of illegal migrants entering New Zealand** - By detecting bad actors at the application stage, visas will not be issued. The risk to INZ, and cost incurred facilitating departures is reduced.
- **Cross agency initiatives** – Provide the path to simplify working with other agencies (e.g. NZ Customs with the Biometric at the Border) by delivering a single biometric matching service consumable by different channels.
- **Support economic growth of the country** – Through greater confidence in biometric matching, leading to automated processing and a reduction of processing time for visa applicants (e.g. tourists, international students and skilled labour).

Updated overall costs

This table has been completed based on several assumptions and estimates because of the embedded nature of middleware solution in the core INZ systems. Engagement with the Middleware vendor to derive a cost breakdown was unsuccessful in 2019 when the cost benefit was documented. Consequently, we are presenting an analysis of "Required Maintenance cost of Retaining the Current Solution" against the Recommended Option.

	Status Quo: Maintenance Costs of Retaining Current Solution	Cost of New BCU system
Project Capital Costs	$52,759,572 (FY2015/16)	$33,332,080 (FY2024/25)
Operating Costs	Section 9(2)(b)(ii)	
Cost of Identity Volume step increases		
Whole of life costs (Project Delivery Capex + Opex + Ongoing Cost)	>$50 million	Up to $40 million
Impairment of BCU if project stopped	$22 million	N/A

Section 9(2)(b)(ii)

If the BCU project is stopped there would be a $22 million impairment to recognise for Work in Progress for the capital spend to date.

6 Risks

The approval to continue funding the BCU project would reduce INZ's current risk profile as the new system would be resilient, fully supported, manage future data volumes, and use a more up to date biometric algorithm.

INZ would see a reduction in time and cost to implement future configuration changes. INZ will be able to undertake some configuration changes in house, therefore being able to react quickly to legislative changes.

INZ would see a reduction in the number of identity fraud cases each year and the increased ability to minimise risk and immigration harm. INZ will see faster visa and NZeTA processing times through enhanced rates of automated resolution of identities, improving outcomes for customers.

If the BCU project is not progressed, INZ would need to continue working with the current legacy platforms, s6(a) and s6(c) [redacted] INZ would be unable to meet any new legislation requirements, as well as any changes required to current and future business needs.

s6(a) and s6(c) [redacted] with an increase in support and maintenance costs. This will lead to a greater reliance on manual resolution of identities (meaning reliance on staff) and no efficiency gains. It would result in visa/NZeTA processing times taking longer and a decrease in customer satisfaction.

Closing the project will result in sunk costs of approximately $25+ million dollars, leaving INZ no further ahead than when the project started in 2019.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

AIDE MEMOIRE

Further information on the Biometric Capability Update project and proposed increase to Whole of Life Cost

Date:	28 March 2024	**Priority:**	Medium
Security classification:	Sensitive	**Tracking number:**	2324-2793

Information for Ministers
Hon Erica Stanford **Minister of Immigration**

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Michael Alp	Chief Operating Officer, Corporate Services	Section 9(2)(g)(ii)	✓
s9(2)(a)	Head of Digital and Programmes, Corporate and Policy		

The following departments/agencies have been consulted

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

AIDE MEMOIRE

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Further information on the Biometric Capability Update project and proposed increase to Whole of Life Cost

Date:	27 March 2024	**Priority:**	Medium
Security classification:	Sensitive	**Tracking number:**	2324-2793

Purpose

This briefing provides you with further information on the Biometric Capability Update project and proposed increase to Whole of Life Cost [briefing 2324-2658 refers]. Officials will be available to discuss this paper and the wider project at your next officials meeting on 2 April 2024.

Section 9(2)(a)

Michael Alp, Chief Operating Officer, MBIE
28 March 2023

Background

1. The Biometric Capability Update (BCU) is a project to deliver a significant upgrade of Immigration New Zealand's (INZ's) identity management, capture, and matching solution. Updating INZ's capability here is crucial to allowing MBIE to better manage fraud and immigration risk, meet national security requirements and international partner agreements.

2. The current system was operationalised in 2016 with a capital cost of $53 million.

3. INZ continues to carry security exposures due to a legacy platform component not being compatible with a core MBIE security software.

4. The current solution lacked sufficient capacity and flexibly to support other initiatives such as NZeTA, Biometric Enrolment, and Automated Decision Assist without each of those projects undertaking independent development to meet their needs. The core IDme biometric matching and management engine is out-dated, unnecessarily complex and inflexible.

5. In addition to the technical components of the project, the following benefits will also be achieved:

   - **Reduce the risk of illegal migrants entering New Zealand** - By detecting non-genuine applicants at the application stage, visas will not be issued, which in turn will reduce that fraudulent arrivals and the cost incurred facilitating departures is reduced.
   - **Cross agency initiatives** – Provide the path to simplify working with other agencies (e.g. NZ Customs with the Biometric at the Border) by delivering a single biometric matching service consumable by different channels.
   - **Facilitate administrative efficiency and improved processing time** – Through greater confidence in biometric matching, leading to automated processing and a reduction of processing time for visa applicants (e.g. tourists, international students and skilled labour).

History of the project

6. Identity resolution is a core component of INZ's processing of visa and NZeTA travel authority applications, ensuring only bona fide customers can travel to New Zealand. INZ's identity holdings are also critical in supporting New Zealand's data sharing arrangements with other Migration 5 (M5) countries and is the authoritative source for non-New Zealander identity used by DIA, NZ Police and Ministry of Health.

7. The current system is unable to meet deal with the significant volumes it has had to process. It also remains limited in its ability to accommodate new initiatives or legislative changes. This has a corresponding impact on application processing timeframes during periods of high demand or broader system change.

8. The project has been in progress since August 2019, when the initial Business case was approved to update the biometric matching and management platforms components.

9. The original IDme platform went live during 2016 as part of a larger Immigration NZ transformation programme (Vision2015) however the core components provided by NEC and Daon were sourced in 2012. At the time of the BCU Business case approval these components were 6 years old and s6(a) and s6(c) during 2020.

10. The BCU project was commenced in 2019 to provide the appropriate lead in times to provide the future upgraded capacity and to take advantage of technology changes in line with normal ongoing support and maintenance activities.

11. The existing IDme platform will be fully depreciated during the next financial year.

12. The BCU project is now well progressed however project costs and delays have significantly increased since the original business case due to the following:

- The initial scoping underestimated the requirements of the project. This together with technical challenges led to a full rescope of the project (from being an upgrade of the old system to the implementation of a new system). This allowed for significant changes from the original specifications to ensure that the initiative could work within the wider immigration platform.
- Resourcing constraints due to the highly technical skills required (for the vendors and MBIE) for biometric and biographic activities including testing and assurance of matching processes. This resulted in delays to the project. [Due to the nature of MBIE’s contractual obligations, however, we continued to be liable for a level of fixed costs, which had the effect of pushing the overall costs of the project up].
- Migration of large amounts of data through testing environments, beyond what was initially forecast, which had a cost and timing impact.
- Strengthening Cyber security requirements. The security certification and accreditation Section 9(2)(b)(ii) [redacted].
- The Covid-19 pandemic delayed the project as MBIE had to reprioritise resources on it. As noted, MBIE continued to have ongoing fixed liabilities through this.
- High turnover of Project Management and support staff throughout the whole programme, which reduced the expected rate of efficiency of the project.

These challenges are being overcome and the project has progressed significantly.

13. The BCU Go Live date is planned for Quarter 2 2024/25 and MBIE has sought assurance from all vendors involved in the project that they can meet this date subject to the successful completion of System Integration (system integration testing (SIT) – testing to ensure that the new system works within the MBIE environment) and User Acceptance Testing (user acceptance testing (UAT) – testing in the “real world” by future users).

14. The proposed Go Live date is based on the critical path activities been completed and approved by the business as part of Go Live activities. Any decision to defer Go Live for a material amount of time (for whatever reason) will raise the risk profile during the peak holiday period and would not be supported. Deferral of Go Live post the holiday period would have an additional cost impact.

Increases to the Whole of Life Costs

15. The original Business Case and subsequent Change Requests (CRs) approved the following capital investment, operating expenditure, and Whole of Life Costs (WoLC) (including additional costs sought to complete project)

Date	Capex	Opex	Total Project Costs	Project Cost Increase	WOLC	Comments
Aug 2019	$10.46m	$0.05m	$10.51m		$19.49m	Original Business Case
May 2020	$12.21m	$0.05m	$12.25m	$1.75m	$22.83m	Change in scope, budget and duration. Photo quality checker was added to scope.
Jul 2020	$17.08m	$0.05m	$17.12m	$4.87m	$30.75m	Change in scope, benefits, budget and duration. In Person enrolment integration was added to scope
July 2021	$22.15m	$0.05m	$22.20m	$5.08m	$30.42m	Change in scope, benefits, budget and duration due to Increase in technical complexity
Jul 2023	$21.9m	$4.34m	$26.13m	$4.58m	$35m	Change in benefits, budget and duration as Data Migration had taken longer than planned.
April 2024	$33.02m	$6.98m	$40m	$5m	$40m	Change in benefits, budget and duration due to the number of defects found and infrastructure issues slowing the project.

16. MBIE has reviewed all its commercial arrangements with its key vendors on the project and was able to renegotiate a number of costs that it was liable for out of the project. This reduced vendor costs by approximately $3 million.

17. MBIE estimates that the project will cost $40 million to deliver, exceeding the current WOLC by up to $5 million. This increase includes a contingency of $4 million. Cabinet agreement is therefore required to increase the WOLC and authorise the additional expenditure. Additional Crown funding is not required; the project is funded through immigration fees and levies.

18. MBIE forecasts it will exceed to approved $35 million amount in September 2024 and therefore requires Cabinet approval for the additional amount as soon as reasonably practicable.

Cost of stopping the project now

19. MBIE would need to recognise an impairment cost of $31 million if the project was stopped now and this would be recorded in the 2023 financial year. s9(2)(b)(ii) [redacted]

Governance and assurance

Independent Quality Assurance reviews have been completed

20. During the project lifecycle several independent assurance activities have been undertaken including an Independent Quality Assurance (IQA), through David Williams IQA, process and a technical evaluation of the solution. The latest IQA was issued in October 2023 as part of the delivery phase in order to

- Provide an independent view of the effectiveness of the project planning and delivery phases with specific focus on what went well, areas for improvement, and how the projects current state.

- Provide the Sponsor, Project Steering Group and Delivery Governance Board assurance that the project is well positioned to deliver expected outcomes within time and budget, and to the expected level of quality.

- Identify any strengths and possible areas for improvement and highlight learnings and lessons so they can be incorporated into future projects.

21. The IQA findings highlighted that the proposed implementation date would not be met, and successful delivery of the change was “Unlikely”.

22. The IQA made 18 remediation actions. These are summarised in the table below:

1. Governance

- Update terms of reference and membership.
- Have MBIE only Project Steering Group meetings.
- Update project milestones.
- Gain senior leadership support.

2. Delivery and Management Controls

- Review and update risks and issues.
- Review and update internal communications plan.
- Review and update external communications plan

3. Re-planning and Delivery

- Complete the replanning and gain vendor acceptance.
- Confirm remaining delivery budget.
- Confirm the continuation tolerances and criteria.
- Confirm the day 1 must haves and align go/no go.
- Look for ways to manage parallels to gain time.
- Capture the SIT deployment issues.
- Determine alternate options.

4. Testing and validation

- Look for ways to reduce the testing timeframes.

5. Contractual Arrangements

- Statements of work, milestone payments and costs.
- Support arrangements.

6. Benefits Management • Consolidate and finalise the benefits.

23. All these actions have been agreed to by MBIE. Remediation is underway and monitored by the Delivery Governance Board with the majority completed last calendar year which has enabled to project to move forward to System Integration Testing (SIT) and Cyber Assurance before proceeding to User Acceptance Testing.

24. A Go Live IQA Report will be commissioned and MBIE will use the same organisation and reviewer that was used for the October 2023 review.

Governance

25. Governance for this project is being overseen by two additional groups. The first is a senior Steering Group which is made up of three MBIE General Managers and senior project staff, along with senior project staff from NEC as well as their Biometrics General Manager (for Australia and New Zealand), as well as NEC's Country Manager.

26. The second governance group is MBIE's Digital Governance Board which meets monthly. This group is made up of two Deputy Secretaries and five MBIE General Managers and several senior technical staff. Project delivery and financial tracking are required to be reported on to this governance group including any escalation items. The system is still tracking to the revised agreed plan with the vendors to go live in early November 2024.

27. The project has a Business Owner and Project Sponsor as the Senior Responsible Officer. These roles ensure the project is delivering to the business requirements and have accountability for benefit realisation and accepting the delivered platform post go live.

28. Several levels of project governance are in place that include project team stand ups, vendor alignment and a project steering committee that includes the key delivery partner and senior managers. Escalation channels have also been established both for the key delivery partner and senior management.

Approach to managing further increases to costs

29. The majority of cost pressure comes in the form of delivery delays as vendors raise change requests to cover resourcing requirements for an extended period of time.

30. In order to manage further cost increases MBIE has proactively worked with the key vendor to remove any commercial uncertainty and sought confirmation from all other vendors regarding implementation timeframes. Cost confidence continues to increase as over 80% of priority 1 and 2 test cases have now been executed. The contingency sought will cover any costs that are required to be remediated any system defects uncovered during SIT.

31. The project has also proactively engaged Cyber resources to ensure advanced security assurance and penetration testing can be undertaken early to minimise any potential vulnerabilities.

32. Finance Business Partners have oversight of project costs and validate the monthly forecasts for accuracy and have provided inputs for ongoing costs including out years and their impact on the Immigration NZ fee and levy review.

Next steps

33. The project is focused on the completion of priority 1 and 2 test scripts for System Integration Testing as this provides the baseline and assurance of a fit for purpose system. Once Governance approval is obtained the establishment and completion of User Acceptance Testing environments (including performance testing) is required, data migration, final defect remediation and security certification and accreditation.

34. Business readiness activities and operational team involvement are also starting to increase to ensure change impact activities are completed to support Go Live.

35. The project also needs to complete commercial arrangements with vendors for post go-live support and maintenance agreements, operational readiness activities including communication and change plans, business readiness and operating procedures, contingency plans and go-live approval. These items are well progressed and are on track for completion prior to 30 June 2024.

9(2)(h) [redacted]

From: 9 [redacted]@parliament.govt.nz>
Sent: Thursday, March 28, 2024 1:36 PM
To: Kara Isaac <Kara.Isaac@parliament.govt.nz>
Subject: FW: 2324-2793 Further information on the Biometric Capability Update project and proposed increase to Whole of Life Cost [IN-CONFIDENCE]

Ngā mihi

9(2)(a) [redacted]

Private Secretary | Office of Hon Erica Stanford

Minister of Education

Minister of Immigration

9(2)(a) [redacted]

Email: 9(2)(a) [redacted]@parliament.govt.nz Website: [http://www.beehive,govt.nz/]www.Beehive.govt.nz

Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

From: Michael Alp <Michael.Alp@mbie.govt.nz>
Sent: Thursday, March 28, 2024 1:34 PM
To: 9 [redacted]@parliament.govt.nz>; 9(2)(a), [redacted]@mbie.govt.nz>; 9(2)(a) [redacted]@parliament.govt.nz>
Cc: Libby Gerard <Libby.Gerard2@mbie.govt.nz>; s9(2)(g)(ii) [redacted]@mbie.govt.nz>; s9(2)(g)(ii) [redacted]@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; s9(2)(g)(ii) [redacted]@mbie.govt.nz>; Nic Blakeley <Nic.Blakeley@mbie.govt.nz>; s9(2)(g)(ii) [redacted]@mbie.govt.nz>
Subject: RE: 2324-2793 Further information on the Biometric Capability Update project and proposed increase to Whole of Life Cost [IN-CONFIDENCE]

Hi 9(2) [redacted] the full IQA's attached. Thanks, Michael.

Ngā mihi

Michael Alp *He/Him*

CHIEF OPERATING OFFICER, CORPORATE SERVICES

Ministry of Business, Innovation & Employment

michael.alp@mbie.govt.nz | Section 9(2)(g)(ii)

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NZBN 9429000106078

MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

BIOMETRIC CAPABILITY UPDATE (BCU) PROJECT

INDEPENDENT QUALITY ASSURANCE REVIEW REPORT

In Confidence

Document Control

Document Information

Document Name	MBIE_BCU Project IQA Report
Contact	David Williams, Director – DW Consulting Limited
Status	FINAL

Document History

Author	Description of Change	Date	Version
David Williams	Initial draft Management of internal peer reviewer	3 October 2022	0.1
David Williams	For management comment Updated from factual accuracy	13 October 2022	0.2
David Williams	Final	27 October 2022	1.0

Distribution Control

Person	Role	Date	Version
s9(2)(a)	Project Director	6 October 2022	0.1
	Project Manager	6 October 2022	0.1
	Principal Assurance Advisor	6 October 2022	0.1
	INZ SRO	13 October 2022	0.2
Robyn Moriarty	DDI SRO	13 October 2022	0.2
s9(2)(a)	Project Director	13 October 2022	0.2
	Project Manager	13 October 2022	0.2
	Principal Assurance Advisor	13 October 2022	0.2
	INZ SRO	27 October 2022	1.0
Robyn Moriarty	DDI SRO	27 October 2022	1.0
s9(2)(a)	Project Director	27 October 2022	1.0
	Project Manager	27 October 2022	1.0
	Principal Assurance Advisor	27 October 2022	1.0

Contents

EXECUTIVE SUMMARY

DELIVERY CONFIDENCE ASSESSMENT RATING

Possible
Successful delivery of the change appears possible. However, issues exist in key areas that require management attention in order to achieve the next key milestone. Issues appear to be resolvable at this stage if addressed promptly. There is confidence the project will deliver to the newly agreed timeframes, and we are pleased to see the strong focus on the collaborative approach being taken across the delivery partners. Delivery success however will require firm commitment from all parties to achieving the agreed timeframes, and this includes ensuring there is an ongoing culture of trust and transparency. The Project Steering Group is pivotal to delivery success, and must hold itself, and its individual members, to account for meeting the agreed re-planned milestones, with clear transparency and visibility of the agreed milestones in the project status reporting.

*See **Appendix B** – Delivery Confidence Rating for a full description of the delivery confidence assessment ratings*

REVIEW OBJECTIVES

The Ministry of Business, Innovation and Employment (MBIE) engaged David Williams Consulting to provide an Independent Quality Assurance (IQA) Review of the Biometric Capability Update (BCU) Project. This report details the findings of the review, and the recommendations aligned to the agreed objectives and scope.

*See **Appendix A** for the detailed Terms of Reference agreed for this engagement.*

The key objectives of the BCU Project IQA Review were to:

- Provide an independent view of the effectiveness of the project planning and implementation phases with specific focus on what went well, areas for improvement, and how the project arrived at its current state.
- Provide the Sponsor and Project Steering Committee assurance that the project is well positioned to deliver expected outcomes within time and budget, and to the expected level of quality.
- Identify any strengths and possible areas for improvement and highlight learnings/lessons so they can be incorporated into future projects.

Key Messages

- The BCU Project has been in flight since business case completion in 2019, and there have been significant time delays and financial impacts for all parties through its delivery life. There has been a historically Section 9(2)(b)(ii) [redacted], and these have all contributed to the current delivery position. There is now clear evidence these aspects are much improved, and we are pleased to see the renewed energy and focus shown across all parties, along with a constructive collaborative approach to complete delivery of the project by December 2023.
- Re-planning has occurred, and MBIE and NEC have committed to some key milestones working around the NEC advised delivery dates, and we understand these are referenced in PSG Minutes. There is confidence that the project can deliver to the newly agreed implementation timeframes, and further work is underway to finalise the detailed delivery plan. A key success will be entry into SIT scheduled for 17 October, with commitment given by NEC to achieve this.
- Further delay is no longer an option, and delivery success will require a firm commitment from all parties, underpinned by a strong and ongoing culture of trust and transparency. Gaining written commitment

from all major delivery partners for the updated delivery plan, will formalise this commitment to meeting the agreed delivery milestones. We have recommended the project re-launches itself and this will demonstrate both the commitment from senior leaders and set expectations around the culture and delivery.

- The Project Steering Group (PSG) must play a fundamental role in holding itself, and its members to delivery account. Strengthening the project status report with the detailed baselined delivery milestones and forecast dates will provide the appropriate transparency and visibility of the milestone progress.
- There are a number of recommendations contained in this report intended to strengthen the project, and its delivery. We have also included some key lessons and the ongoing future learnings/considerations that apply. Whilst it is important to reflect on these, the focus must remain firmly on project completion.

INTRODUCTION

BACKGROUND

The scope of the BCU Project is to deliver an upgrade to the biometrics management software and algorithms to provide improved matching rates, maintain security and supportability, and improve total cost of ownership. It also includes replacement of In-Person Enrolment used by a variety of INZ business functions including Border, Refugee and Compliance.

REVIEW APPROACH

The approach taken included a review of key project documents, and one-on-one discussion with a range of key stakeholders involved in oversight and delivery, to obtain their views of the project. Our review of the provided documentation, and discussion with key stakeholder took place between 16 and 28 September 2022, and reflects the status of the project at that time.

*See **Appendix A** for a full list of the documents reviewed and the key stakeholders we met with*

DETAILED FINDINGS AND RECOMMENDATIONS

Based on the detailed findings in this report, the following recommendations should be addressed as a matter of noted priority. The recommendations are broken into key review areas.

GOVERNANCE AND MANAGEMENT

Findings

Governance

- Governance is provided by the Project Steering Group (PSG) and supported by a quality Terms of Reference (ToR v5.0 12/9/2022). Membership includes the joint MBIE Sponsors, NEC Sponsor, MBIE Business Owner, NEC Delivery Owner, System Business Owner and Product Owner (Senior User). Attendees include the MBIE and NEC Project Managers, who provide progress updates through the provided project status reports. The PSG currently meets fortnightly, and this is appropriate given the project is focused on delivering to a re-based plan.
- The ToR details both the collective and individual role and responsibilities of the PSG and its members, however there are examples of decisions being made at the governance level, that have come as a surprise at the delivery level, and this requires clarity as to the visibility and the decision making path. Further clarity is required as to the decisions that are made by the Sponsor(s) vs. the day to day decision making of the Business Owner.
- There has been a recent step change in the governance arrangements, in that the NEC members attend (most of) the full duration of the PSG meetings, and this has created an environment of collaboration and working together to achieve the desired outcomes. We support this approach.
- The three (INZ, DDI, NEC) Sponsors are noted in the ToR as having accountability for success or failure of the project, and this is appropriate. Having continued strong and effective governance oversight is a key success factor in holding each other to account for the delivery of the project, as per the agreed plan and within the agreed timeframes.
- The Business Owner role is key to the day to day decision making, but has a current full time BAU role, including acting in a General manager's role. This does not allow for the necessary time to fulfil the responsibilities of this role. The role of the Product Owner and crossover of responsibilities with the Business Owner, also requires some clarity.

Reporting

- Regular, quality project status reporting is provided by both MBIE and NEC Project Managers and forms the basis of PSG updates. The MBIE Status Report (5/9/2022) notes the overall status as red, with completion at 68%. The NEC Status Report however (2/9/2022) notes the overall status as green (BCU) and amber (IPE). The differences appear to relate to the pending change request (CR04) to seek approval to re-baseline the delivery schedule. We understand the CR has now been approved. Whilst both status reports contain milestone information, they differ in detail in regard to the key milestones. We'd expect these key milestones to be clearly and consistently detailed in all status reporting, along with the baseline (CR04), actual and forecast dates for the whole of life of the project.

Recommendations

ID	Recommendation	Priority / Owner
1.1	**Clarify the decision making and decision making path** The ToR details the individual role and responsibilities, and decision making of the PSG members, and attendees. The joint Sponsor(s) are the primary decision makers; however the Business Owner plays a key role in the day to day decision making, on behalf of the joint Sponsor(s). Similarly, the	High MBIE Sponsor(s) End November 2022

ID	Recommendation	Priority / Owner
	Project Managers typically have visibility and appropriate discussion at the delivery level, prior to decision making occurring at the governance level. There are examples of decisions being made at the governance level, that have come as a surprise at the delivery level, and this requires further clarity. The PSG must agree the visibility of decision-making and the decision- making path. This includes agreeing the day to day decision making of the Business Owner, who works closely alongside the MBIE Project Manager. As with all decision making, we'd expect there to be the appropriate discussion at the delivery level (between the Project Managers, with key involvement of the Business Owner), before decisions are agreed at the governance level. This will allow options to be understood, along with an agreed recommendation, prior to PSG and/or Business Owner decision making.	
1.2	**Appoint a full time Business Owner** The Business Owner role typically deals with the day to day decision making, but has a current full time BAU role, including acting in a General manager's role. This does not allow for the necessary time to fulfil the responsibilities of this role. In addition, the Product Owner (Senior User) is a member of the PSG and has been tasked with oversight of the change management and training aspects. And again, has a current full time BAU role. The Business Owner plays a key role in project success and works closely alongside the (MBIE) Project Manager to make the day to day decisions. Typically the Business Owner also plays a key role in the communications and change management aspects, ensuring the necessary training is completed appropriately and the solution is ready for handover into BAU. We recommend a full time Business Owner is appointed and agreement reached at the PSG as to their role, responsibility and day to day decision making. This includes how the oversight responsibility of change management and training can be combined into a single, full-time Business Owner's role.	High MBIE Sponsor(s) End November 2022
1.3	**Strengthen project status reporting** The two project status reports contain milestone information; however they differ in detail. Whilst this is somewhat understandable, there should be better alignment of the key combined milestones (e.g. deployment into SIT, completion of SIT, Completion of UAT, Go Live) in the least. We also note the NEC status report contains more detail in regard to % complete, original date and target date, whereas the MBIE report simply contains a revised delivery date. Both status reports require strengthening to align key milestones (in addition to their own unique milestones). A new delivery plan has been agreed, and a detailed integrated project schedule has been developed. We have made a recommendation (*recommendation 1.12*) that written commitment is gained for the delivery	Critical MBIE and NEC Project Manager(s) End November 2022