

Recommendations

ID	Recommendation	Priority / Owner
2.15	Look for ways to reduce the testing timeframes where appropriate System testing has been completed within the NEC test environment, and test exit reports have been completed. We also understand NEC provided test case and traceability back to the business requirements. There were various views expressed in regard to the 'functional' testing, and that this work was being repeated by MBIE within SIT. The test plans clearly state NEC would focus on 'functional' testing, and MBIE on 'workflows, configuration and data type'. There are some 5,500 test scripts that will be completed by the MBIE test team, although the testing of the workflows will cover many test scripts. 12 weeks (3 months) had initially been allowed for SIT, and 8 weeks for UAT. The test scripts are being currently peer reviewed and time estimates are also being put against the test scripts. This has resulted in SIT testing now being estimated at between 18-12 weeks (5 months). Whilst we understand MBIE's desire to complete detailed testing, using their own end to end workflows, within their own test environment, it must take into account the functional testing that has been completed and determine any areas a 'lighter' test touch may apply. For example, the business requirement that have been met through 'configuration' vs. 'customisation'. Similarly the testing in the NEC environment used 'stubs' to mimic integrations, and this requires 'detailed' testing.	High Test Manager Business Owner Ongoing

CONTRACTUAL ARRANGEMENTS

Findings

- A MSA between NEC-MBIE (270619) is in place, and we understand there are plans to extend the term, as it expires in 2025. This activity should only occur once project continuation has been agreed.
- Statements of Work (SOW) are in place for the various vendors (e.g. NEC, Datacom, Theta, DXC, Argonaut). There have been a number of variations (CRs) for additional funding, to the SOW(s) due to delays.
- We understand the NEC SOW(s) are being reviewed and updated, and this is in part due to some missing components, and to further clarify the milestone payment criteria. Typically milestone payments are made once the solution had been tested and accepted within the customers environment, rather than the vendor having software ready to deploy to SIT.
- 9(2)(b)(ii) of the OIA [REDACTED] and we'd have expected these to have already been included in the existing SOW costing. Some of these CR's are for sizeable amounts (i.e. hundreds of thousands of dollars), and this is of concern. Also of concern is we understand NEC have indicated they will charge between \$350k -750k per month if the project Go Live is delayed beyond November 2023, to retain resources and keep environments running. Any variations to the NEC SOW(s) must also take into account any expectation around the remaining delivery work, and expected NEC costs, and this is a key input into project continuation.
- We understand a number of issues were discovered from the vulnerability testing carried out, and the majority of these have now been resolved. we understand there is a memo that provides confirmation of the resolution, and this is being added to the support agreement SOW, which appropriate.

- Ongoing work is underway for the support costs, with the tier 2 application support moving to Datacom. Despite a desire for a Commercial off the Shelf (COTS) approach, much of the solution has been highly customised, and this will likely have an impact on the support arrangements.

Recommendations

ID	Recommendation	Priority / Owner
2.16	Re-confirm the remaining SOW milestones and payment criteria Re-confirm the remaining delivery and expected costs Include the security vulnerability aspects SOW(s) are in place with NEC, and whilst we did not review in detail, or talk to anyone in the commercial or legal teams, we understand they are being reviewed and updated. We understand this is in part due to some missing components, and to further clarify the milestone payment criteria. For example milestone M04: Delivery of NECs BCU software phase 1 SIT states 'The BCU NEC SIT software Deliverables have been delivered to the Ministry and have passed the relevant tests set out in the NEC test Plan, as evidenced by the Test Exit Report with achievement of this Milestone to be assessed in accordance with clause 7.3(b)'. The milestones are not clear, and in the case of SIT acceptance and payment, we would have expected this to occur once the solution had been tested and accepted within the MBIE SIT environment, rather than NEC having software ready to deploy to SIT. 9(2)(b)(ii) of the OIA Whilst some of the CRs appear valid (e.g. CR100 MBIE Updated Reporting Requirements), others do not, and we'd have expected these to have already been included in the existing SOW costing (e.g. CR101 Sizing work for Data Dictionary, CR108 T&M for consulting Alert and Monitoring). We understand MBIE has agreed to \$220,150 worth of CR's to date (signed and paid), and there are some \$580,000 worth of CRs under review (noting some of the costs are MBIE's estimates at this stage). Also of concern is we understand NEC have indicated they will charge between \$350k -750k per month if the project Go Live is delayed beyond November 2023, to retain resources and keep environments running. Using an estimate of \$400k/month this will total \$2.8m for a 7 month period December 2023-June 2024. We question why resources could not be re-deployed until such time they are needed (i.e. the amount of work is still the same, just the timeframes have extended), which is a common model for global operating companies, such as NEC. It is unclear what is needed to keep environments running. Any variations to the NEC SOW(s) must also take into account any expectation around the remaining delivery work and expected NEC costs, and this is a key input into project continuation. Any variations to the SOW must also take into account any expectation around the remaining delivery work and expected costs, and we would not expect to see an ongoing cycle of CRs that we see today. We understand some 9(2)(b)(ii) of the OIA testing carried out, and the majority of these have now been resolved. We	High Commercial and Legal Teams Project Manager End November 2023

ID	Recommendation	Priority / Owner
	understand there is a memo that provides confirmation of the resolution of the issues, and commitments to advise 9(2)(b)(ii) of the OIA [REDACTED]. We further understand this is being added to the MSA, and this is appropriate.	
2.17	Confirm the support arrangements We understand the support arrangements have changed, and Datacom will now provide the application (tier 2) support, as well as some reporting, alerting and monitoring. We see a SOW in place – Product Assessment to Support IDme SOW (v2.0 31 July 2023) and also a SOW for alerting and monitoring, and reporting. We understand ongoing discussion are underway with NEC to formalise the support arrangements. We further understand there has been a change in volumes for the face templates, due to the project taking so long. The 9(2)(b)(ii) of the OIA [REDACTED] The BCU solution is a bespoke solution, and NEC may need to do significant work to complete a ‘unique’ release for MBIE. MBIE may also need to complete detailed testing and this will incur internal test team costs. The must be a consideration in the Support Agreement SOW, and we have noted the support costs are a consideration for project continuation.	High Commercial and Legal Teams Project Manager End November 2023

BENEFITS MANAGEMENT

Findings

- Benefits are captured in the original Business Cases (2019), along with alignment to the desired outcomes. Benefits include improvements in 9(2)(b)(ii) of the OIA [REDACTED], and improved supportability.
- A Benefits Management Plan (version 02. 13/09/2023) has been drafted, and includes a benefits summary, benefits table, benefits schedule, and benefits owner. The benefits table includes a long list of benefits, and requires further consolidation. Similarly, the benefit targets require further work to detail the ongoing improvements.
- The project must confirm to the PSG of any instances where any of the benefits will not be met.

Recommendations

ID	Recommendation	Priority / Owner
2.18	Consolidate and finalise the benefits Update the target measures Confirm where the business case benefits won't be met A Benefits Management Plan (version 02. 13/09/2023) has been drafted, and includes a benefits summary, benefits table, benefits schedule and benefits owner. The benefits table includes a long list of benefits, and includes the original business case benefits, the change to benefits as a results of approved CRs, and some new benefits. This list is long and some further work is required to consolidate the list of benefits – we understand this work is underway.	High Business Owner Project Manager Business Analyst End November 2023

ID	Recommendation	Priority / Owner
	The benefits table (4. Benefits Table) includes baseline and target measures, along with timeframes. There are examples where the timeframe is simply shown as '5 years' – for example, the 'increase in identity fraud found' shows an improvement from 6(c) of the OIA We'd expect there to be a gradual improvement across the five year period shown, and this will provide an indication as to whether the benefit is on track to achieve the target measure within the five year period. As part of updating the benefits, the project must advise any instances where any of the benefits will not be met – for example where the cost savings will not be realised. We'd expect the project to confirm this to the PSG (full voting members only) and any other relevant bodies.	

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PREVIOUS IQA RECOMMENDATIONS

The below section details the recommendations made in previous IQA review in September 2022, and the current status.

ID	Recommendation	Status	Project comment
1.1	Clarify the decision making and decision making path	Closed	
1.2	Appoint a full time Business Owner	Not completed	Both a Business Owner and Technical Business Owner are actively engaged with the project. There are in place weekly check-in sessions with the Business Owner where progress and issues are discussed and direction given. There are daily check-in sessions with the Technical Business Owner where issues/ blockers from the technical aspect are discussed and direction given. Outside of these sessions both the Technical and Business owner are available for further engagement. At this point there is no necessity to increase Business Owner input.
1.3	Strengthen project status reporting	Closed	
1.4	Include the non-product delivery components in the integrated schedule	Closed	
1.5	Gain commitment for the integrated schedule as the one version of delivery truth	Closed	
1.6	Ensure there are dedicated resources assigned to the delivery	Closed	
1.7	Ensure there are appropriate peer to peer discussions occurring	Closed	
1.8	Develop the integrated resource plan	Closed	
1.9	Confirm the MBIE Lead Architect	Closed	
1.10	Finalise the communications and change management plans	Closed	
1.11	Agree the shared registers	Closed	
1.12	Gain written commitment from all parties for the new delivery plan	Closed	
1.13	Bring all parties together for a re-launch	Not completed	28/02/23 - Steering Group members made the decision not to go ahead with this recommendation
1.14	Baseline the Functional Requirements, including the reporting requirements	Closed	BCU IDme requirements including reporting currently in review with NEC. Final IPE functional requirements document is being updated.
1.15	Determine the treatment of any unmet requirements	Open	MBIE project Manager to confirm correct audience and organise a workshop before the end of April. Unmet requirements will be identified during SIT testing, which is due to complete by end November 2023.

1.16	Re-schedule the end to end showcase	Closed	
1.17	Finalise the Part B Designs	Closed	Finalised Part B scheduled to be presented to DRB 31/7/23. Endorsed by DRB on 04/08 with 7 conditions that need to be met prior to Go Live.
1.18	Finalise the Data Migration Plans and timings Ensure visibility and transparency of data migration activities	Closed	DM planning is complete. Bulk migration to SIT in progress. Timing tbc on completion.
1.19	Complete the NEC test traceability matrix	Closed	Prior to full SIT Entry. Incomplete draft received.
1.20	Ensure the defect severity definitions are clear across all parties prior to SIT entry	Closed	
1.21	Determine whether SIT can begin prior to completion of the migration activity	Closed	
1.22	Review and refresh the training material	Closed	Key learning activities scheduled and in progress. Current state Learn@MBIE and SOPS analysed, resourced and updates in progress. Learning Needs Analysis completed. High level learning design approved. Planning and set up for learning development has started.
1.23	Re-confirm the benefits and develop the Benefits Realisation Plan	Open	The project has received update production volumes and will update benefits based on this new information. 18/08: Benefits are currently being reviewed with the business; changes will be captured in CR06.

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REVIEW SIGN OFF

MANAGEMENT COMMENT

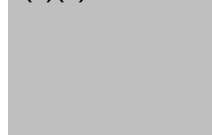
Thank you to David Williams for this comprehensive IQA and the suite of recommendations provided.

It is important to note that the IQA has assessed the likelihood of delivery by November 2023 as “Unlikely”. This has already been preceded by Project Steering Group discussions acknowledging this and noting that a more likely go-live date for the BCU project would be Q1 or Q2 of the 2024 calendar year – which will involve significant re-baselining of the project plan, stage-gates and milestones in agreement with NEC as our key supplier. However, as the IQA has noted, this continues to not be without its challenges. Successful SIT testing is a pre-requisite to proceeding further with this important project.

I fully support and agree with the recommendations made and will proceed with responding to these with haste so as to ensure the BCU project is as well placed as possible to deliver against its original intent.

SIGNOFF

9(2)(a) of the OIA

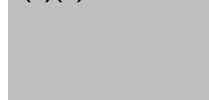


10 October 2023

Richard Owen
INZ BCU Sponsor
Ministry Business, Innovation and Employment

[date]

9(2)(a) of the OIA



10 October 2023

David Williams
Engagement Lead
DW Consulting Limited

[date]

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APPENDIX A – REVIEW TERMS OF REFERENCE

SCOPE

- Assessment of the project governance and management environment and structures, including roles, responsibilities, capability, capacity, approach, processes, standards, and controls that were used to support the project planning and delivery.
- Understanding the factors that contributed to the project delays, and what factors could have been managed better to support effective re-planning and delivery scheduling of the project implementation.
- Whether the process used to develop the time and cost estimates for the project were appropriate and aligned with good industry practice, and MBIE project management/planning standards.
- Whether the process used to complete the requirements and traceability to the design was appropriate.
- Whether qualified oversight over the suppliers' design(s) has been robust and appropriate for the scale and significance of the project.
- Whether the solution delivery processes used were appropriate and align/ support MBIE project management processes/expectations.
- Whether the processes used to complete the testing were appropriate, and cover all the requirements.
- Standard project management controls and the degree to which they were employed during the planning phase and support the remaining delivery:
 - Scope definition and management
 - Schedule and dependency management
 - Financial management, including the cost estimation
 - Resource and contract management
 - Commercial arrangements with suppliers
 - Risk and issue management
 - Stakeholder engagement and communication
 - Quality management
- A review of recommendation made in the previous IQA review (September 2022), noting the recommendations that were completed, in progress or to be started.
- Identification of what is going well and areas of opportunity for improvement over the remainder of the project lifecycle.

Scope Exclusions

The scope of this review excludes the following:

- Review of any other project or business system.
- Detailed review of the RFP processes or contractual arrangements.
- In depth quantitative review and assessment of cost estimates and financial business benefits.
- Detailed review of the suppliers' design(s) and their appropriateness.

DOCUMENTS REVIEWED

 2023-08-04 - MBIE Governance report.docx	 BCU Completion of SIT and Revised UAT Requirements SoW.pdf
 2023-09-01 - MBIE Governance report.docx	 BCU EULA v0.4(MBIE review 7th Aug).docx
 3644 BCU MBIE Project Status Report - 20230804.docx	 CR23_2023-08-03-16-06-40.pdf
 3644 BCU MBIE Project Status Report - 20230901 .docx	 CR28_2023-08-03-16-10-37.pdf
 20230808 BCU Project Steering Group Minutes .docx	 CR47_2023-08-03-16-05-02.pdf
 20230808 BCU Steering Group Meeting Agenda.docx	 CR58_2023-08-03-16-04-02.pdf
 20230905 BCU Steering Group Meeting Agenda.docx	 CR59_2023-08-03-16-03-13.pdf
 20230908 BCU Project Steering Group Minutes.docx	 CR82_2023-08-03-16-02-25.pdf
 BCU Steering Group TOR v7.0.docx	 CR91_2023-08-03-16-01-33.pdf
 BCU Steering Group TOR v7.1-Draft.pptx	 CR93_2023-08-03-15-59-59.pdf
 Recommendations Action Tracking - as at 01SEP23.xlsx	 CR102_Theta Interface JWT Authorisation_2023-07-25T19_56_33.1167940Z (1) -
 Recommendations Action Tracking - as at 04AUG23.xlsx	 Datacom Product assessment to support IDME v2.0 SOW_signed.pdf
 Report back Memo to DGB 3644 BCU 2023-09-11 SUBMITTED.docx	 FCC Check - BCU Integration - SIT Entry Delays SoW v1.0.pdf
 3644 Biometric Capability Upgrade ICDC Memo.docx	 ITMS K46248 RHEL UAT Servers - approval memo_Signed.pdf
 Item # 3644 Biometric Capability Upgrade Change Request 05.pptx	 MBIE 109 - BCU API Re-trigger Remediation CR2.pdf
 MBIE BCU NEC Change Requests.xlsx	 MBIE 148 - MBIE 109 BCU Project Extension.pdf
 3644 BCU Project.pdf	 MSA between NEC-MBIE-270619.pdf
 3644 BCU SIT 22 Sep 2022.pdf	 NEC CR104 - Transfer of IPE Hardware_signed.pdf
 BCU Project Schedule DRAFT - as at 15SEP23.mpp	 Project SoW - BCU Alerting and Monitoring v02.pdf
 MBIE BCU High Level Schedule - Steering Committee - Baselined 20230424	 SOW Variation-1 Datacom BCU Delivery -Final v2.pdf
 MBIE High Level Schedule - Steering Committee 20230418.pdf	 WI-12762 - BCU Migration Additions_SOW COUNTERSIGNED.pdf
 SIT Testing Schedule.pdf	 WI-12784 - BCU SIT Testing Staff Augmentation_SOW COUNTERSIGNED.pdf
 2022-12-05 INTERNAL Biometric Capability Update communications plan.	 WI-12864 - BCU Overhead_SOW.pdf
 2023-01-04 EXTERNAL Biometric Capability Update communications plan.	 WR1021 MBIE BCU SIT UAT Prod Build and Testing v2 (6.6).pdf
 3644 - Master BCU Business Change Management Plan.docx	 BCU Project Resources - Contract End dates.xlsx
 BCU Alerting and monitoring requirements V1.0 APPROVED.docx	 BCU Project Issues Extract - 20230914.pdf
 BCU Traceability Matrix - Requirement to TestCase (1).csv	 PSR028-RiskSchedule 13 Sep 2023.pdf
 MBIE_IPE_Requirements_Traceability_Matrix.xlsx	 3644 SIT Testing Plan.pdf
 Morning report requirements V1.0 Approved.docx	 BCU Test Plan_2.2. IBW.csv
 NEC BCU Business Requirements v1.6 APPROVED .docx	 BCU Test Plan_DB14 - Create Visa Application.csv
 BCU Application Solution-Design-Part B.docx	 MBIE BCU- Defect Management Process (1).docx
 BCU Infrastructure - SIT Solution Design Part B_v4.10.docx	 MBIE BCU Non Functional Test Plan.docx
 ICT-Solution-Design-Part B 09052023 - Security.docx	 MBIE Biometric Capability Update Test Plan.docx
 Reveal Wireframes Dashboard - Analysis - Verify - Results-updated-04-07-20	 MBIE Biometric Capability Update Test Strategy_Final.docx
 BCU RAID Register - as at 15SEP23.xlsx	 NEC IPE Test Plan v1.6.docx
 Lessons Learned Extract from ADO 20230914.xlsx	 NEC MBIE IDme (BCU) Test Summary Report - V2.2 final.docx
 BCU SIT CUTOVER Implementation Plan - (v. 62) 20230915.docx	 NEC MBIE IPE Test Summary Report_v1.0 Final1.docx
 3644 Biometric Capability Update - Project Finance Template - MASTER Y1	
 BCU Benefits-Realisation-Plan-DRAFT.docx	

PEOPLE INTERVIEWED

Our thanks go to the following stakeholders who contributed to this review.

Name	Project Role
9(2)(a) of the OIA	MBIE Project Manager(s)
	MBIE Business System Owner
	MBIE Business Owner
	MBIE Solution Architect
	MBIE Cyber Security Portfolio Lead
	MBIE Test Manger/former Test Manager
	Lead Architect
	Business Analyst(s)
	NEC Project Manager(s)
	MBIE Head of Digital Delivery
	NEC Delivery Owner
Robyn Moriarty	DDI Sponsor
Richard Owen	INZ Sponsor

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APPENDIX B – DELIVERY CONFIDENCE RATINGS

This review uses the Government Chief Digital Officer (GCDO) Delivery Confidence Ratings that aligns with the Office of Government Commerce (OGC) Gateway© Delivery Confidence Assessment, a recognised good practice standard.

Delivery Confidence Rating	Description
Highly Likely	Successful delivery of the change appears highly likely and there are no major outstanding issues that significantly threaten achievement of the next key milestone.
Likely	Successful delivery of the change appears likely. Attention will be needed to ensure that risks do not materialise into issues threatening achievement of the next key milestone.
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.
Unlikely	Successful delivery of the change appears unlikely with major risks or issues in key areas that require urgent management attention. Achievement of the next key milestone is in doubt.
Highly Unlikely	Successful delivery of the change appears to be highly unlikely due to significant issues which do not appear to be resolvable at this stage. The schedule may need to be re-baselined or overall viability of the investment re-assessed

Excerpt from 2324-1101 Briefing *Immigration system operating environment* 4 December 2023

Biometric Capability Update (BCU) project

47. The BCU project will deliver a significant update to the existing INZ biometrics 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 update will improve efficiency through higher levels of automation and lower the number of cases which need manual intervention to resolve which will have a positive impact in visa processing. It is also providing upgraded equipment to be used by front line staff for enrolment (capture of biometrics) including for offshore refugee missions.
48. The project is under some cost pressure due to the complexity of the system and options for its completion are currently being considered. You will be briefed separately on next steps for the project shortly.

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Excerpt from 2324-0026 Immigration Weekly Report 21 February 2024

3.6. 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 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 apprised 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

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

Noted

- i. **Note** that MBIE is preparing business cases for ADEPT and the Biometric Capability Upgrade, and that if agreed by Cabinet, these investments would require further adjustments to the fee and levy rates at the next review

Noted

28. In our earlier modelling we provisioned for costs including the Biometric Capability Upgrade (BCU), Out of scope [2324-1069 briefing refers]. The proposed rates include Out of scope 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:

- 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

- 33 The first business case is focused on INZ's future services model, including the migration of all visa products to the ADEPT platform (a single channel for the submission and processing of visa applications) and decommissioning of legacy systems. The second business case relates to upgrading New Zealand's biometric information management software capability to improve the accuracy of biometric matching and reduce the need for manual intervention. This update supports better managing immigration risk, meeting national security requirements and international partner agreements.

From: 9(2)(a) of the OIA [REDACTED]@mbie.govt.nz>
Sent: Monday, April 15, 2024 3:16 PM
To: 9(2)(a) [REDACTED]@mbie.govt.nz>
Subject: FW: Cabinet Paper [IN-CONFIDENCE]

From: Greg Patchell <Greg.Patchell@mbie.govt.nz>
Sent: Tuesday, March 5, 2024 9:03 AM
To: 9(2)(a) of the OIA [REDACTED]@mbie.govt.nz>
Cc: 9(2)(a) of the OIA [REDACTED]@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA [REDACTED]@mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>; Michael Alp <Michael.Alp@mbie.govt.nz>
Subject: RE: Cabinet Paper [IN-CONFIDENCE]

Hi 9(2)(a) of the OIA [REDACTED]

Thanks for the info.

It would be good to chat about this briefly.

The reference to BCU is useful however the context is unfortunately not quite right yet and it would be great to adjust things a little.

The BCU project is well in flight – indeed has been underway for several years (Covid etc didn't help). In short the project is likely to need to exceed the current spending limit of an all-of-life total of \$35m. This means that the Minister needs to seek and attain agreement from Cabinet to spend higher than that limit even though it is third part funded. The overall funding is not an issue as the fee and levy work you have done accounts for the expected and ongoing costs of BCU in the overall plan... it is in effect a technical delegation issue we need to address.

Carolyn and I spoke to the Mol last week about this and her preference was to address the approval to an all of life cos over \$35m in the same cabinet paper... ie the one you have written. Noting this is third party funded, the project is ongoing and we anticipate delivery this year and we anticipate the need to access a contingency spend that will push all of life costs over the previously agreed \$35m.

So that is slightly different to the current draft and it would be good to be able to adjust things. The final number should be available by tomorrow morning – to the extent we can. At this stage of delivery it is always hard to be precise because testing does surface things (which is sort of the point), however we don't want to get to a place where we hit that delegated limit and everything must stop – as that will cost more.

Please let me know when you are free to talk.

Ngā mihi,
 Greg

Greg Patchell

Deputy Secretary – Digital, Data & Insights
Chief Security Officer

Ministry of Business, Innovation & Employment | Hīkina Whakatutuki

greg.patchell@mbie.govt.nz | Telephone: +64 4 896 5171
15 Stout Street, PO Box 1473, Wellington 6140, New Zealand
NZBN 9429000106078

From: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>
Sent: Monday, March 4, 2024 6:03 PM
To: Greg Patchell <Greg.Patchell@mbie.govt.nz>
Cc: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>
Subject: RE: Cabinet Paper [IN-CONFIDENCE]

Kia ora Greg,

I understand that you are interested to see the draft Cabinet paper underway, that includes reference to BCU. Attached is the Cabinet paper, and below are the relevant paras (see paras 32 and 33).

MBIE is also in the process of developing two business cases related to investments to enable a more efficient and effective visa processing system. Proposals are expected to be considered by Cabinet in mid- 2024. If agreed by Cabinet, funding these investments will require subsequent changes to fee and levy rates.

The first business case is focused on INZ's future services model, including the migration of all visa products to the ADEPT platform (a single channel for the submission and processing of visa applications) and decommissioning of legacy systems. The second business case relates to upgrading New Zealand's biometric information management software capability to improve the accuracy of biometric matching and reduce the need for manual intervention. This update supports better managing immigration risk, meeting national security requirements and international partner agreements.

This draft paper was sent to the Minister today, and we are meeting with her to discuss on Wednesday.

Ngā mihi,

9(2)(a) <[REDACTED]>
MANAGER | KAIWHAKAHAERE

Immigration Border and Funding Policy

Ministry of Business, Innovation & Employment | Hīkina Whakatutuki

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Please note: I work a 9 day fortnight, and only work every second Friday.



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

From: Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>

Sent: Monday, March 4, 2024 5:33 PM

To: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>

Cc: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>

Subject: RE: Cabinet Paper [IN-CONFIDENCE]

Hiya – 9(2)(a) of the OIA will be in touch soon with more feedback, from my quick skim – I wasn't too worried about the length. The bigger issue for me was that the benefits weren't clearly articulated and the increase in costs also not explained (ie. what led to them). I suspect those two bits will be key.

Cheers

Jivan Grewal

9(2)(a) of the OIA

From: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>

Sent: Monday, March 4, 2024 5:08 PM

To: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>

Cc: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>

Subject: Cabinet Paper

Importance: High

9(2)(a) of the OIA

Greg Patchell wants to see the cabinet paper which includes the two paragraphs on BCU, can you please send him a copy.

Jivan

Is the Addendum we are writing for the Minister or for Cabinet? Is the length and setup of the document looking ok?

Ngā mihi,

9(2)

(a)

Head of Digital and Programmes – Immigration

Partnerships & Programmes

Digital, Data and Insights

Ministry of Business, Innovation & Employment

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NZBN 9429000106078

From: Jivan Grewal
Sent: Tuesday, 19 March 2024 6:16 PM
To: Greg Patchell; Alison McDonald; Nic Blakeley; Carolyn Tremain
Cc: 9(2)(a) of the OIA 9(2)(a) of the OIA
Subject: FW: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost [IN-CONFIDENCE]
Attachments: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.pdf; 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.docx; Annex one 2324-2658.docx

Hi folks

Just a quick update on the extension of the WOLC for BCU. We've updated the addendum outlining the case for the increase and sent it to the Minister.

I also spoke to Kara this evening, and she noted that the Minister was not expecting this and doesn't want to add it into the Cabinet paper. I didn't get the sense that she didn't support the proposal – but rather that she didn't want to spring this on her colleagues given that it wasn't in the version she circulated for consultation.

I have also since realised that we have some time up our sleeves (as Cabinet won't need to approve this until they make definitive decisions on the fees and levies), so we have the option of doing this a bit later. The Minister wants to talk about this on Monday (I think mainly around the process, but it may stray into the content too).

Anyway, happy to chat further.

Cheers

Jivan Grewal
 9(2)(a) of the OIA

From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Tuesday, March 19, 2024 4:30 PM
To: 9(2)(a) of the OIA @parliament.govt.nz>; 9(2)(a) of the OIA @parliament.govt.nz>; 9(2)(a) of the OIA @parliament.govt.nz
Cc: 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>; Nic Blakeley <Nic.Blakeley@mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Subject: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost [IN-CONFIDENCE]

Kia ora,

Please see attached 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.

Ngā mihi
 9(2)(a)

PA to Libby Gerard | Manager (Border and Funding) Immigration Policy
 PA to Polly Vowles | Manager (Skills and Residence) Immigration Policy
 PA to Sam Foley | Manager (International and Humanitarian) Immigration Policy
 Employment, Skills & Immigration Policy Branch, LSE
 Ministry of Business, Innovation & Employment

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BRIEFING

Document 15

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	04 896 5999	9(2)(a) of the OIA	✓
9(2)(a)	Policy Advisor, Immigration (Border and Funding) Policy	9(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

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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

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. *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).

9(2)(a) of the OIA

Agree / Disagree

Jivan Grewal

General Manager, Employment, Skills, and Immigration Policy

Labour, Science, and Enterprise, MBIE

19 / 03 / 2024

Hon Erica Stanford

Minister of Immigration

..... / /

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, 6(a) of the OIA. As a result, MBIE will be able to better manage immigration risk, meet national security requirements and international partner agreements.*

Additional funding is required 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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3644 Biometric Capability Update (BCU)

Update

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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
9(2)(a) of the OIA			
Aaron Toatelegese	General Manager Partnerships & Programmes		
Michael Alp	Chief Operations Officer		

Contents

1	Executive Summary.....	4
1.1	Introduction	4
1.2	Background to the BCU	4
1.3	Problem and opportunity statement.....	5
1.4	High-level business outcomes.....	6
2	Current State	7
3	Project Assurance	8
4	Financial Case	9
5	Benefits	10
	Agency benefits	10
	Government benefits	10
	Updated overall costs.....	11
6	Risks.....	11

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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. 6(c) of the OIA, 6(a) of the OIA

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.

b(a) of the OIA, b(c) of the OIA

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.
- 9(2)(b)(ii) of the OIA [REDACTED]
- 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 6(c) of the OIA, 6(a) of the OIA [REDACTED].
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)	National Manager, Identity	Business Owner
Michael Alp	Chief Operating officer	Commercial Oversight
9(2)(a)	Head of Biometrics & Innovation NZ	Lead Vendor representative
9(2)(a)	Head of Digital & Programmes Corporate, Immigration	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, safety 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	9(2)(b)(ii) of the OIA	
Cost of Identity Volume step increases	9(2)(b)(ii) of the OIA	
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

9(2)(b)(ii) of the OIA

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, 6(c) of the OIA, 6(a) of the OIA INZ would be unable to meet any new legislation requirements, as well as any changes required to current and future business needs.

6(c) of the OIA, 6(a) of the OIA 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.

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AIDE MEMOIRE

Document 18

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	9(2)(a) of the OIA	✓
9(2)(a)	Head of Digital and Programmes, Corporate and Policy	9(2)(a) of the OIA	

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments

AIDE MEMOIRE

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.

9(2)(a) of the OIA

Michael Alp, Chief Operating Officer, MBIE
28 March 2023

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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 flexibility 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 6(c) of the OIA, 6(a) of the OIA 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

9(2)(b)(ii) of the OIA

- 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. 9(2)(b)(ii)

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.

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Doc #	Date (s)	Action/Event	Page Numbers
13.1	4 March 2024 9:15am	RE: BCU discussion [UNCLASSIFIED] Att: 3644 Biometric Capability Update (BCU) Business Case.docx	1-22
13.2	4 March 2024 2:58pm	FW: 3644 Biometric Capability Update (BCU Update.docx [UNCLASSIFIED] Att: 3644 Biometric Capability Update (BCU Update.docx	23-31
13.3	6 March 2024 2:37pm	RE: BCU Addendum [IN-CONFIDENCE] Att: 3644 Biometric Capability Update (BCU Update) v0.22 (LG).docx	32-44
13.4	6 March 2024 6:13pm	BCU Addendum - Working Draft Att: 3644 Biometric Capability Update (BCU Update) 20240306.docx	45-56
13.5	7 March 2024 1:27pm	3644 Biometric Capability Update (BCU Update) for Cabinet 20240306.docx Att: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240306.docx	57-70
13.6	18 March 2024 8:29am	RE: BCU Addendum for Cabinet - Editorial Review	71-73
13.7	18 March 2024 2:29am	RE: BCU Addendum for Cabinet - Editorial Review Att: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240315 MA comments.docx	74-88
13.8	18 March 2024 2:57pm	RE: BCU Addendum for Cabinet - Editorial Review [UNCLASSIFIED] Att: LH Updates - 3644 Biometric Capability Update (BCU Update) for Cabinet 20240315.docx	89-105
13.9	18 March 2024 3:26pm	RE: BCU Addendum for Cabinet - Editorial Review	106-107
13.10	18 March 2024 5:07pm	RE: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240318.docx [UNCLASSIFIED]	108-109
13.11	19 March 2024 9:17am	RE: BCU Addendum for Cabinet - Editorial Review [IN-CONFIDENCE]	110-111
13.12	19 March 2024 6:17pm	FW: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost [IN-CONFIDENCE] Att: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.pdf; 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.docx; Annex one 2324-2658.docx	112-130

From: 9(2)(a) of the OIA
Sent: Monday, 4 March 2024 9:15 AM
To: 9(2)(a) of the OIA
Subject: RE: BCU discussion [UNCLASSIFIED]
Attachments: 3644 Biometric Capability Update (BCU) Business Case.docx

Follow Up Flag: Follow up
Flag Status: Completed

Hi 9(2)(a) of the OIA

Thanks for this. I used the original business case to make a more cut down version of a 20 page one that followed Treasury's Better Business Case headings but the BCU LT say that this is too long and want a 2-3 page document.

Do any of you have any contacts at Treasury? Or know someone that does?

Here's my 20 page document that I have been working on 😊

9(2)(a) of the OIA

From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Monday, March 4, 2024 9:12 AM
To: 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Subject: RE: BCU discussion [UNCLASSIFIED]

Mōrena 9(2)(a) of the OIA

Here's the original business case for the BCU, it's quite long at 86 pages, and that reflects the complexity, scale, and cost of the project: [Biometric Capability Update Business Case.docx](#)

My advice would be to urgently get in contact with Treasury, as it will ultimately be them accepting or rejecting the case, and they are the experts when it comes to this stuff. They will have templates and will be able to advise further as to the form and amount of detail that should be in it.

Ngā mihi,

9(2)(a) of the OIA

From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Monday, March 4, 2024 7:48 AM
To: 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Subject: RE: BCU discussion [UNCLASSIFIED]

Hi All

Hope you had a good weekend. The BCU LT want to know if you have access to a Business Case that has been submitted previously that we could possibly use as a template.

I reached out to 9(2)(a) of the OIA on Friday and have used the Tenancy Bond Business Case as a base but the BCU LT thinks this is too long and want something which is 2-3 pages. Do you have anything we could reuse?

Thanks in advance

9(2)(a) of the

-----Original Appointment-----

From: 9(2)(a) of the OIA <[9\(2\)\(a\)@mbie.govt.nz](mailto:9(2)(a)@mbie.govt.nz)>

Sent: Thursday, February 29, 2024 10:17 AM

To: 9(2)(a) of the OIA

Subject: BCU discussion [UNCLASSIFIED]

When: Thursday, 29 February 2024 2:30 pm-3:00 pm (UTC+12:00) Auckland, Wellington.

Where: Microsoft Teams Meeting

Microsoft Teams meeting

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**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



IN-CONFIDENCE

3644 Biometric Capability Update (BCU)

Business Case

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Document Control

Version history

Date	Version	Author	Description of change
01/03/2024	0.1	BCU Project Manager	Create first draft

Endorsed by

The following people have endorsed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA			
Richard Owen	General Manager, Immigration Risk and Border		
Alison McDonald	Deputy Secretary, Immigration NZ		
Greg Patchell	Deputy Secretary, Digital, Data and Insights		

Reviewed by

The following people have reviewed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA	Business Owner		
9(2)(a) of the OIA	System Owner		

Governance approvals

The following MBIE Governance groups have endorsed this document:

Name	Decision	Date
Delivery Governance Board	Endorsed	



Name	Decision	Date
Finance, Investment and Change Committee	Approved	

Purpose of the Document

This is a mandatory supporting document for a business case on a medium to high complexity project. This project has been assessed a medium complexity.

Each MBIE project must complete a project complexity assessment which is determined by the following factors:

- Customer Impact
- Funding required
- Change Leadership
- MBIE's Delivery experience from similar projects
- Project duration
- Number and availability of resources required for project team
- Technology complexity
- Dependencies on other projects
- Legislative requirements
- Strategic Alignment
- Operational Sustainability
- Impact on Operational staff
- Business change impact
- Cross agency collaboration

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Contents

1	Executive Summary.....	6
1.1	Introduction	6
1.2	Strategic Case.....	6
1.3	Economic Case	7
1.4	Commercial Case.....	8
1.5	Financial Case.....	8
1.6	Management Case	8
1.7	Next Steps	8
2	Introduction	9
3	Strategic Case - making the case for change.....	9
3.1	Organisational overview	9
3.2	Alignment to strategic intentions	9
3.3	The case for change	10
3.3.1	Problem and opportunity statement.....	10
3.3.2	High-level business outcomes.....	10
3.3.3	Scope and services	10
3.3.4	Main benefits	11
3.3.5	Key risks.....	11
3.3.6	Dependencies and assumptions	12
4	Economic Case – exploring the preferred way forward and preferred option.....	13
4.1	Critical success factors	13
4.2	The Preferred way forward.....	14
4.3	Options assessment	14
5	Outline Commercial Case	16
5.1	Procurement summary	16
6	Outline Financial Case.....	16
6.1	Financial costing model.....	16
7	Outline Management Case	18
7.1	Project governance arrangements.....	18
7.2	Project management arrangements	18
7.3	Project roles	18



7.4	Scope and key deliverables	18
7.4.1	Scope	18
7.4.2	Indicative project deliverables	19
7.5	Timeline and key milestones	19
7.6	Change management arrangements	19
7.7	Stakeholder Engagement and Communications	19
7.8	Benefits management	20
7.9	Assurance	20

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1 Executive Summary

1.1 Introduction

Biometric information are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for INZ in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers a significant upgrade of Immigration New Zealand's (INZ's) identity management, capture, and matching solution. The updated capability is crucial to risk mitigation 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.

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 of automated match/no match results of identities by INZ. This will reduce the level of manual resolution of identities by INZ staff, speeding up visa and travel authority application processing.

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. 6(c) of the OIA, 6(a) of the OIA

The Biometric Capability Update 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 cost and improving the flexibility and utility 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 in a more efficiently.

The project will deliver:

- A supported and maintainable solution which aligns to the INZ Asset Management Plan.
- A secure system, addressing concerns which present in the current solution.
- Alignment with INZ's Future State Reference Architecture, including improved future flexibility and reduced integration cost.

1.2 Strategic Case

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 (Daon).
- Remove technical and support complexity.
- Provide better quality data and align with the user of the Photo Quality Check service
- Onshore support from lead vendor



- A support model that aligns to INZ's business needs
- A more flexible solution to enable new business requirements to be met.

6(a) of the OIA, 6(c) of the OIA

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

1.3 Economic Case

The following short-listed options have been considered to determine the option most likely to optimise value for money, usability, and supportability.

- **Option 0:** Stop the project and continue with the existing system (do nothing)
- **Option 1:** Continue the update current solution with NEC's biometric solution (preferred).
- **Option 2:** Stop the project and establish a new project to upgrade only the algorithm of the current solution.

The preferred option (option 1) proposed in this business case is to continue with the update to the current solution with NEC's core biometric solution. This option is still the preferred option as it:

- Meets INZ's growth needs as volumes are increasing.
- Aligns to MBIE's standard operating systems and databases
- Reduces complexity and streamlines support as only two vendors are required.
- Improves matching results as INZ will have a more up to date algorithm
- Aligns to INZ's future architecture roadmap
- Uses world leading solution
- Provides quality biometrics

The option to stop the project and continue with the existing system (do nothing) is not feasible as the 6(c) of the OIA, 6(a) of the OIA [REDACTED] The project would also have sunk costs.

The option to stop the project and create a new project to update the core of the current solution is not feasible as it only partially meets the requirements and does not align to INZs future roadmap. The project would also have sunk costs and additional funding would be required to establish the new project.



1.4 Commercial Case

The project has complied with the MBIE Sourcing and Contract Policy.

NEC is an existing vendor to INZ and a Master Services Agreement was put in place in 2019 which is soon to be renewed.

An exemption from the requirement to undertake an open tender was approved by MBIE Procurement to enable the direct use of NEC as an existing supplier, updating the software and algorithms to provide an updated solution that NEC will support.

1.5 Financial Case

Funding for this project and for the operational support to update the immigration system was approved in 2019. This identified funding of \$10 million of capital and fifty thousand dollars of operating funding.

During the project, change requests have been approved which have increased the funding to \$22 million of capital and \$4.4 million of operating funding, with a whole of life cost (WOLC) at \$32 million. Additional funding is required to complete the testing and implementation phase of the project, taking the project to \$33.6 million of capital and \$8.5 million of operating funding, with a WOLC cost of \$?? million.

Commented [GC1]: This needs to be checked with 9(2)(a).

One of these change requests was to include the scope of the In Person Enrolment (IPE) project. This project has since been excluded from the BCU scope and is an independent project being delivered alongside BCU.

The project has previously presented papers to the Minister of Immigration and Minister of Finance, along with updates to Treasury and Cabinet to increase the WOLC.

The system update needs to continue to enable the delivery of much needed improvements, improve data quality, and support outcomes across the wider INZ business units.

The funding required to continue the project is achievable within the fees and levy review taking place in 2024.

1.6 Management Case

The project is using MBIE's project management methodology which is consistent with industry standard. A steering group is in place along with monthly report backs to MBIE's Delivery Governance Board (DGB).

1.7 Next Steps

This business case is seeking formal approval to allow the project to continue with the upgrade of the preferred option and agree the additional funding required to complete the project.



2 Introduction

The *Ministry of Business, Innovation and Employment* (MBIE) is seeking to continue the update of the Biometric solution to enable it to be a fit-for-purpose solution.

This business case seeks approval to continue with the Biometric Capability Update project and approval to additional funding, from INZ's fees and levies account to complete the project. This will allow MBIE to continue with NEC to progress the test and deployment of the updated system.

The purpose of this business case is to:

- **confirm** the strategic context and fit of the investment;
- **confirm** the case for change and the need for continued investment;
- **present** the strategies and plans that will see the successful delivery of the solution, optimum benefit realisation and return on investment;
- **enable** decision makers to make informed decisions with respect to providing approval to commit funds; and
- **seek** approval from MBIE's responsible Minister of this business case.

A business case will be presented to MBIE's governance forums for approval in April 2024. This will include the detailed plan and costs for the remainder project.

3 Strategic Case - making the case for change

The Strategic Case summarises the strategic context for the investment proposal and makes the robust case for change. It demonstrates alignment of the investment with wider national or sectoral priorities and goals, policy decisions, other multi-agency projects (if relevant) and with the MBIE's strategic intentions.

3.1 Organisational overview

Immigration New Zealand (INZ) leads and administers the operational arm of the immigration system and makes it simple for others to understand. INZ's core role is to:

- Grant visas to people whom Aotearoa New Zealand needs to work, visit, study, or settle here
- Ensure that people crossing the border and staying in Aotearoa New Zealand are entitled to do so
- Help migrants and refugees to make Aotearoa New Zealand their home
- Play our part in the global immigration system, together with our border partners to keep Aotearoa New Zealand safe.

INZ branches and teams are focused on delivering this core role and rely on centres of expertise from across our organisation to deliver immigration services, alongside a network of government and international partners.

3.2 Alignment to strategic intentions

The key strategic intentions for this project are to support and align with INZ's "Striking the Balance" business strategy and INZ's Digital Strategy.



The Striking the Balance Strategy was launched in October 2018 and can be summarised in the aspiration statement: *As trusted stewards of the immigration system, we facilitate and protect New Zealand's interests.* The BCU project aspires to champion INZ's "Striking the Balance strategy". The customer and stakeholders are at the centre.

- Risk and vulnerability are identified and managed early
- Migrants are facilitated to come to New Zealand
- Minimise harm
- INZ works cross-agency
- INZs people are supported to be successful.

3.3 The case for change

b(c) of the OIA, b(a) of the OIA

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

3.3.2 High-level business outcomes

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

- A modern, fully supported system, will local resources.
- Improvement in quality of matches services due to an increase in automated matching.

To achieve these high-level outcomes and to meet the changing needs of INZ, this necessitates the update of the current outdated ICT system with a modern service. The update will deliver the following benefits:

- A biometric system that can be fully supported and can manage future data volumes (we have reached out to other M5 countries with a series of questions to understand each of their own Biometrics capabilities and set up)
- Reduction in time and cost to implement 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
- Reduction in the number of manual identity resolution tasks that need to be completed by Identity Services staff.

3.3.3 Scope and services

In scope	Scope exclusions
Update of the Biometric system includes:	Update of the Biometric system excludes:



In scope	Scope exclusions
• Upgrade or biometric algorithm and software • Removal of redundant middleware • Migration and re-templating of biometrics • Simplified support model • Consolidation of identity populations • Improved quality of biometric data	• In Person Enrolment equipment and integration with the BCU solution
Decommission legacy technology.	
Change management for internal users and external stakeholders to ensure that they have appropriate support to work with the new system.	

3.3.4 Main benefits

The project Benefits are outlined in the table below.

Benefit #	Benefit Type	Benefit Name	Benefit Description
1	Reduced Risk	Improved Supportability	Solution is supported and legacy layers have been decommissioned.
2	Improved flexibility and scalability	Technology ease and adaptability to changes	User interface to enable configuration changes such as changing the amount of resolution work peer reviewed and changes to matching thresholds.
3	Business risk reduction	Risk reduction	Improvements to biometric matching algorithms increasing automation, and improvements to biographic matching rules, will support identity resolvers seeing the cases they need to look at.
4	Improved efficiency	Efficiency	Improved biometric algorithms will reduce the number of manual resolutions and automation of linking multiple matches will reduce manual work.

3.3.5 Key risks

An initial risk assessment has been carried out and the following key risks have been identified. A more fulsome summary of risks associated with the project is included at Appendix A.



Risk	Consequence (H/M/L)	Likelihood (H/M/L)	Comments and Risk Management Strategies
IF vendors are unable to agree a satisfactory RACI for implementation of the technology components THEN the upgrade may take longer to be completed.	H	M	Work closely with all vendors and establish a clear RACI
IF sufficient funding is not available to complete THEN the project may need to be stopped.	H	M	Close management of the project to avoid scope creep, identify and eliminate inefficiencies. Report to MBIE Delivery Governance Board (DGB), Finance, Investment and Change Committee (FICC) on project financials.
IF commercial agreements with vendors result in unresolved commercial issues THEN it may prevent progression of the project.	M	L	Work early and closely with vendors to iron out potential commercial roadblocks.

3.3.6 Dependencies and assumptions

The following dependencies have been identified:

#	Description	Impact	Date needed
1	The In Person Enrolment (IPE) project is dependent on the BCU project and needs to be implemented in the same Go Live window.	The new system assumes that the In Person Enrolment equipment is in place. If not, the business will be unable to complete identity activities requiring images or fingerprints	29 October 2024.



The following assumptions have been made:

#	Description	Validation date
1	The additional costs (funded by the INZ Fees and Levies) will be approved to enable a Go Live in October 2024	April 2024

4 Economic Case – exploring the preferred way forward and preferred option

The purpose of the economic dimension of the business case is to identify the proposal that delivers best public value to society including wider social and environmental effects. It demonstrated that options have been considered and provides rationale for the recommended option.

4.1 Critical success factors

The BCU project will deliver a modern, stable, and well supported technology system that supports INZ meet their business strategy.

The Critical Success Factors (CSFs) for the project are listed below:

Key Critical Success Factors	Description – how well the option supports the CSFs
Strategic fit and business needs	1. meets the agreed investment objectives, related business needs, and requirements. 2. fits with other strategies, programmes, and projects.
Potential value-for-money and public value	1. optimises value-for-money (the optimal mix of benefits, costs, and risks). 2. optimises public value when Wellbeing benefits are considered.
Supplier capacity and capability	1. matches the ability of the supplier to deliver the required services. 2. is likely to result in a sustainable arrangement that optimises value-for-money over the term of the contract.
Potential affordability	1. can be met from available funding. 2. matches other funding constraints.
Potential achievability	1. is likely to be delivered given the organisation's ability to respond to the changes required. 2. matches the level of available skills required for successful delivery.



4.2 The Preferred way forward

The preferred way forward is to continue the update of the Biometric solution alongside updating the operating and service delivery models.

4.3 Options assessment

The following options were considered during the process of determining the preferred way forward (the Recommended Option):

- **Option 0:** Stop the project and continue with the existing system (do nothing)
- **Option 1:** Continue the update current solution with NEC's biometric solution (preferred).
- **Option 2:** Stop the project and establish a new project to upgrade only the algorithm of the current solution.

These options are described in further detail in the tables below. Option 1 (to continue to update the current solution) is the only option assessed as providing the required investment outcomes. Option 0 is carried forward as the baseline comparator.

Option 0 (status quo)	Do nothing (retained as a baseline comparator)
Summary	The Biometric system is based on legacy technology that is 6(c) of the OIA, 6(c) of the OIA. The system requires the manual resolution due to low numbers that can automated. This is time consuming and resource intensive. By stopping the current project there will be sunk costs.
Option 1 (Recommended)	Continue the update of the existing Biometric system
Summary	The Biometric System is 6(a) of the OIA, 6(c) of the OIA. The project is in the delivery phase and is now in undertaking System Integration Testing with a Go Live date planned for October 2024.
Costs	Capex: \$33.6 million Opex: \$8.4 million
Advantages	The project and resources are already underway and commercial agreements are in place with key vendors.
Disadvantage	The update needs to be delivered in its entirety and Go Live has to be all or nothing. Until System Integration Testing has completed there is an uncertainty of delivery timeframes and costs due to defects that could be found.
Conclusion	This option best meets the agreed investment objectives and critical success factors for the project. The updated system will mitigate the 6(a) of the OIA, 6(c) of the OIA and deliver much needed technology improvements and improve the quality of the data.

Commented [GC2]: To be confirmed with 9(2)(a) c



Option 2	Stop the project and establish a new project to upgrade only the core
Summary	This option was considered and discounted as it does not meet all the business requirements and does not align to INZ business strategy and does not align to INZ architectural goals. By stopping the current project there will be sunk costs and new funding required to just upgrade the core.

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5 Outline Commercial Case

The purpose of the commercial dimension of the business case is to demonstrate that the preferred option will result in a viable procurement. It explains the procurement process and the contract arrangements for the products, services or resourcing required.

5.1 Procurement summary

The project has complied with the MBIE Sourcing and Contract Policy.

NEC is an existing vendor to INZ and a Master Services Agreement was put in place in 2019, which is soon to be renewed.

An exemption from the requirement to undertake an open tender was approved by MBIE Procurement to enable the direct use of NEC as an existing supplier, updating the software and algorithms to provide an updated solution that NEC will support.

NEC was selected due to:

- The technical fit to the business requirements
- They are Tier 1 global supplier in Biometric solutions
- Ranked #1 in the world by NIST
- Able to provide local support in Wellington

A Statement of Work (SoW) has been agreed with NEC to deliver the update along with other SoWs with other vendors to delivery interfaces and environment required.

6 Outline Financial Case

The purpose of the financial dimension of the business case is to demonstrate the affordability and funding of the preferred option. It summarises the project costs and financial commitments, ongoing whole of life costs, where this funding will be sourced from and any financial benefits and efficiencies.

During the project, change requests have been approved which have increased the funding to \$22 million of capital and \$4.4 million of operating funding, with a whole of life cost (WOLC) at \$32 million. Additional funding is required to complete the testing and implementation phase of the project, taking the project to \$33.6 million of capital and \$8.5 million of operating funding, with a WOLC cost of \$?? million.

To complete the project, additional funding is required which will take the whole of life cost over \$35m. The project requires an additional (TBC)

6.1 Financial costing model

The breakdown by year of the funding is detailed below:

Commented [GC3]: This needs to be checked with 9(2)(a) 0

Commented [GC4]: To be reviewed by 9(2)(a) 0



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	\$13,563,940		\$ 42,193,845
Operating costs							
Depreciation							
Capital Charge							
Total Operating							
Capital costs (\$m)	19/20	20/21	21/22	22/23	23/24		Total
System Build							
Total Capital							

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

Financial Summary	Financial Years						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
Capital expenditure	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$9,841,816	\$7,047,440	\$33,678,552
Operating expenditure	\$0	\$0	\$433,159	\$298,128	\$3,722,124	\$4,061,882	\$8,515,293
Total Project Delivery Expenditure	\$1,385,585	\$6,022,500	\$2,124,309	\$7,988,189	\$13,563,940	\$11,109,322	\$42,193,845
Ongoing Cost (Excl. Depreciation)							
Whole of Life costs (Delivery Cost + Ongoing Cost excl. depreciation)							



7 Outline Management Case

The purpose of the management case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the initiative, including feedback into the organisation's strategic planning cycle.

7.1 Project governance arrangements

The project has the following governance arrangements in place:

- A Project steering group which meets weekly.
- A Delivery Governance Board which meets monthly.

In addition, all governance documentation is subject to the standard MBIE governance processes and will be submitted to the following groups:

- Delivery Governance Board for endorsement.
- Finance, Investment and Change Committee for approval.

7.2 Project management arrangements

The project will be managed using MBIE project delivery methodology. The engagement with the technology supplier, NEC will be managed as a waterfall approach.

7.3 Project roles

Name	Substantive Role	Project Role
Richard Owen	General Manager, Immigration risk and Border	Project Sponsor
9(2)(a) of the OIA		Business Owner
9(2)(a) of the OIA		System Owner
9(2)(a) of the OIA		Programme Manager
9(2)(a) of the OIA		Project Manager

7.4 Scope and key deliverables

7.4.1 Scope

In scope	Scope exclusions
Update of the Biometric system includes: • Upgrade or biometric algorithm and software • Removal of redundant middleware • Migration and re-templating of biometrics • Simplified support model	Update of the Biometric system excludes: • In Person Enrolment equipment and integration with the BCU solution



In scope	Scope exclusions
- Consolidation of identity populations - Improved quality of biometric data	
Decommission legacy technology.	
Change management for internal users and external stakeholders to ensure that they have appropriate support to work with the new system	

7.4.2 Indicative project deliverables

Note that the full project plan is still to be developed and will be described in the Implementation Business Case.

#	Key Deliverables	Description
1.	An updated system deployed.	An updated system will be delivered as a 'big-bang' deployment.
2.	Implementation of the updated operating model to support the updated system.	Change management to ensure the updated Operating model is adopted by all internal stakeholders.
3.	Decommissioning of old servers	Servers no longer required after the updated system has been deployed will be decommissioned.

7.5 Timeline and key milestones

The project has been running since 2019 and is planning to Go Live in October 2024.

Key Milestones	Date
User Acceptance Testing Complete	
Pre Production testing Complete	
Go Live	29 October 2024
Project closure	31 January 2025

7.6 Change management arrangements

A business impact assessment has been completed and used to develop the change management plan and approach using the PROSCI change management methodology. Full details of the change management activities required are in the Change Management Plan.

7.7 Stakeholder Engagement and Communications



Stakeholder engagement is critical to the customer-focus ethos of the project. Comprehensive details on the Stakeholder Engagement and Communications approach can be found in the Stakeholder Analysis and Planning document and in the Engagement and Communications Plan.

The strategy, framework, and plan for dealing with stakeholder engagement and communications can be summarised as follows:

- Identification of internal and external stakeholders.
- Assessment of stakeholders' influence, impact and expectations which determines how to engage with them and how frequently to engage with them.
- Tracking engagement and updating the analysis as needed.

7.8 Benefits management

The benefits from this project have been identified and captured. The resulting Benefits Map represents the key 'benefits themes':

- 1) Reduced risk
- 2) Improved flexibility and scalability
- 3) Improved quality
- 4) Improved supportability

A Benefits Realisation Plan has been developed.

7.9 Assurance

The strategy, framework and plan for dealing with assurance is to follow the 3 lines of defence approach.

1. First line of defence: Project Controls.
These are the day-to-day project management processes and controls used to manage and monitor risks and performance as well as ensure adherence to agreed standards, frameworks, policies, processes, and the achievement of objectives.
2. Second line of defence: Project Governance.
In addition to regular reporting to steering groups, the project will be subject to monthly internal governance oversight.
3. Third line of defence: Project Assurance.
Independent Quality Assurance (IQA) has already taken place to ensure the project approach is sound and robust, the build is achievable, and risk management practice is effective.

From: Jivan Grewal
Sent: Monday, 4 March 2024 2:58 PM
To: 9(2)(a) of the OIA
Subject: FW: 3644 Biometric Capability Update (BCU Update.docx [UNCLASSIFIED]
Attachments: 3644 Biometric Capability Update (BCU Update.docx

FYI – I haven't read. I'll ask 9(2)(a) of the OIA to test with you guys directly. Should I send him to you or 9(2)(a) of the OIA

Jivan Grewal
 9(2)(a) of the OIA

From: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>
Sent: Monday, March 4, 2024 1:56 PM
To: Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>
Subject: FW: 3644 Biometric Capability Update (BCU Update.docx [UNCLASSIFIED]

Jivan

We have cut down our document for Cabinet to 9 pages, still more to remove/polish.

Is this the type of thing you had envisaged?

Thanks
 9(2)(a) of the OIA

From: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>
Sent: Monday, March 4, 2024 1:47 PM
To: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>
Subject: 3644 Biometric Capability Update (BCU Update.docx [UNCLASSIFIED]



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



IN-CONFIDENCE

3644 Biometric Capability Update (BCU)

Update

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Document Control

Version history

Date	Version	Author	Description of change
01/03/2024	0.1	BCU Project Manager	Create first draft

Endorsed by

The following people have endorsed this document:

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

Reviewed by

The following people have reviewed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA			
Aaron Toategese			
Michael Alp			



Contents

1	Executive Summary	4
1.1	Introduction	4
1.2	Strategic Case	Error! Bookmark not defined.
1.3	Financial Case	5
2	Introduction	6
3	Case for change	6
3.1	Problem and opportunity statement	6
3.2	High-level business outcomes	6
3.2.1	Main benefits	7
4	Financial Case	7
4.1	Financial costing model	7

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1 Executive Summary

1.1 Introduction

Biometric information are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for INZ in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers a significant upgrade of Immigration New Zealand's (INZ's) identity management, capture, and matching solution. The updated capability is crucial to risk mitigation 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.

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 of automated match/no match results of identities by INZ. This will reduce the level of manual resolution of identities by INZ staff, speeding up visa and travel authority application processing.

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. 6(c) of the OIA, 6(a) of the OIA

The Biometric Capability Update 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 cost and improving the flexibility and utility 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 in a more efficiently.

The project will deliver:

- A supported and maintainable solution which aligns to the INZ Asset Management Plan.
- A secure system, addressing concerns which present in the current solution.
- Alignment with INZ's Future State Reference Architecture, including improved future flexibility and reduced integration cost.

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 (Daon).
- Remove technical and support complexity.
- Provide better quality data and align with the user of the Photo Quality Check service
- Onshore support from lead vendor



- A support model that aligns to INZ's business needs
- A more flexible solution to enable new business requirements to be met.

6(a) of the OIA, 6(c) of the OIA

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

1.2 Financial

Funding for this project and for the operational support to update the immigration system was approved in 2019. This identified funding of \$10 million of capital and fifty thousand dollars of operating funding.

During the project, change requests have been approved which have increased the funding to \$22 million of capital and \$4.4 million of operating funding, with a whole of life cost (WOLC) at \$32 million. Additional funding is required to complete the testing and implementation phase of the project, taking the project to \$33.6 million of capital and \$8.5 million of operating funding, with a WOLC cost of \$?? million.

Commented [GC1]: This needs to be checked with 9(2)(a).

One of these change requests was to include the scope of the In Person Enrolment (IPE) project. This project has since been excluded from the BCU scope and is an independent project being delivered alongside BCU.

The project has previously presented papers to the Minister of Immigration and Minister of Finance, along with updates to Treasury and Cabinet to increase the WOLC.

The system update needs to continue to enable the delivery of much needed improvements, improve data quality, and support outcomes across the wider INZ business units.

The funding required to continue the project is achievable within the fees and levy review taking place in 2024.



2 Introduction

The *Ministry of Business, Innovation and Employment* (MBIE) is seeking to continue the update of the Biometric solution to enable it to be a fit-for-purpose solution.

This business case seeks approval to continue with the Biometric Capability Update project and approval to additional funding, from INZs fees and levies account to complete the project. This will allow MBIE to continue with NEC to progress the test and deployment of the updated system.

The purpose of this business case is to:

- **confirm** the strategic context and fit of the investment;
- **confirm** the case for change and the need for continued investment;
- **present** the strategies and plans that will see the successful delivery of the solution, optimum benefit realisation and return on investment;
- **enable** decision makers to make informed decisions with respect to providing approval to commit funds; and
- **seek** approval from MBIE's responsible Minister of this business case.

A business case will be presented to MBIE's governance forums for approval in April 2024. This will include the detailed plan and costs for the remainder project.

3 Case for change

6(c) of the OIA, 6(a) of the OIA

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

3.2 High-level business outcomes

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

- A modern, fully supported system, will local resources.
- Improvement in quality of matches services due to an increase in automated matching.

To achieve these high-level outcomes and to meet the changing needs of INZ, this necessitates the update of the current outdated ICT system with a modern service. The update will deliver the following benefits:

- A biometric system that can be fully supported and can manage future data volumes (we have reached out to other M5 countries with a series of questions to understand each of their own Biometrics capabilities and set up)
- Reduction in time and cost to implement 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
- Reduction in the number of manual identity resolution tasks that need to be completed by Identity Services staff.

3.2.1 Main benefits

The project Benefits are outlined in the table below.

Benefit #	Benefit Type	Benefit Name	Benefit Description
1	Reduced Risk	Improved Supportability	Solution is supported and legacy layers have been decommissioned.
2	Improved flexibility and scalability	Technology ease and adaptability to changes	User interface to enable configuration changes such as changing the amount of resolution work peer reviewed and changes to matching thresholds.
3	Business risk reduction	Risk reduction	Improvements to biometric matching algorithms increasing automation, and improvements to biographic matching rules, will support identity resolvers seeing the cases they need to look at.
4	Improved efficiency	Efficiency	Improved biometric algorithms will reduce the number of manual resolutions and automation of linking multiple matches will reduce manual work.

4 Financial Case

The purpose of the financial dimension of the business case is to demonstrate the affordability and funding of the preferred option. It summarises the project costs and financial commitments, ongoing whole of life costs, where this funding will be sourced from and any financial benefits and efficiencies.

During the project, change requests have been approved which have increased the funding to \$22 million of capital and \$4.4 million of operating funding, with a whole of life cost (WOLC) at \$32 million. Additional funding is required to complete the testing and implementation phase of the project, taking the project to \$33.6 million of capital and \$8.5 million of operating funding, with a WOLC cost of \$?? million.

To complete the project, additional funding is required which will take the whole of life cost over \$35m. The project requires an additional (TBC

Commented [GC2]: This needs to be checked with 9(2)(a).

4.1 Financial costing model

The breakdown by year of the funding is detailed below:

Commented [GC3]: To be reviewed by 9(2)(a).



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	\$13,563,940		\$ 42,193,845
Operating costs							
Depreciation							
Capital Charge							
Total Operating							
Capital costs (\$m)	19/20	20/21	21/22	22/23	23/24		Total
System Build							
Total Capital							

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

Financial Summary	Financial Years						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
Capital expenditure	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$9,841,816	\$7,047,440	\$33,678,552
Operating expenditure	\$0	\$0	\$433,159	\$298,128	\$3,722,124	\$4,061,882	\$8,515,293
Total Project Delivery Expenditure	\$1,385,585	\$6,022,500	\$2,124,309	\$7,988,189	\$13,563,940	\$11,109,322	\$42,193,845
Ongoing Cost (Excl. Depreciation)							
Whole of Life costs (Delivery Cost + Ongoing Cost excl. depreciation)							

From: 9(2)(a) of the OIA
Sent: Wednesday, 6 March 2024 2:37 PM
To: 9(2)(a) of the OIA
Cc: 9(2)(a) of the OIA Jivan Grewal
Subject: RE: BCU Addendum [IN-CONFIDENCE]
Attachments: 3644 Biometric Capability Update (BCU Update) v0.22 (LG).docx

Hi 9(2)(a) of the OIA

I can see the hard work that has gone into this, and it is great to see the costs in there. I've edited the document directly (in tracked-changes) and added in comments so it is hopefully clear what additional work is required.

Content feedback:

- **There is still no content on the update costs vs benefit analysis of the project as a whole, explicitly taking into account the additional spend.** As the costs have increased, you need to present the updated comparison of cost-benefit.
- For the above I have added in the content required to compare the costs of the status quo vs the BCU, **you need to update the \$ figures and updated assumptions behind these.** I have used the figures you have provided to update the cost profile of BCU, the project team needs to provide the updated costs associated with the status quo – as this includes possible financial penalties from the supplier of breaking the contract.
- I have also added in the content required on setting out the benefits, **you need to update the \$ figures and updated assumptions behind these.** You don't need to include all this content, but we should be able to quantify the benefits to MBIE due to reduction in time and cost of processing.
- There is still no discussion of risk or management from here. This is the second increase in WOLC sought – **Cabinet will need reassurance about what is in place to ensure it doesn't increase again.**

Editorial things:

- I think you should keep the up-front sections to demonstrate the update has been endorsed and signed off by the appropriate oversight within MBIE. Which links to my final point above.

I'm free from 4-4.30pm if you'd like to discuss?

Ngā mihi,

9(2)(a) of the OIA

Ministry of Business, Innovation & Employment | Hīkina Whakatutuki

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From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Wednesday, March 6, 2024 7:52 AM
To: 9(2)(a) of the OIA @mbie.govt.nz>
Cc: 9(2)(a) of the OIA @mbie.govt.nz>
Subject: BCU Addendum

Morning 9(2)(a) of the OIA

I've included a clean copy of the document for your information, we will be looking at making further amendments this morning.

Ngā mihi,

9(2)

(a)

[REDACTED]

Head of Digital and Programmes – Immigration

Partnerships & Programmes

Digital, Data and Insights

Ministry of Business, Innovation & Employment

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**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



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3644 Biometric Capability Update (BCU)

Update

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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

Endorsed by

The following people have endorsed this document:

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

The following people have reviewed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA			
Aaron Toategese	General Manager Partnerships & Programmes		
Michael Alp	Chief Operations Officer		



Contents

1	Executive Summary	4
1.1	Introduction	4
2	Case for change	Error! Bookmark not defined.5
2.1	Problem and opportunity statement	5
2.2	High-level business outcomes.....	5
2.2.1	Main benefits	Error! Bookmark not defined.6
3	Current State	6
4	Financial Case	7
4.1	Financial costing model.....	Error! Bookmark not defined.7

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1 Executive Summary

1.1 Introduction

Biometrics are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for Immigration New Zealand (INZ) in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers 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. 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.

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. 6(c) of the OIA, 6(a) of the OIA

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

Commented [LG1]: This section should also set out the original budget, original cost/benefit analysis, and previous increases to WOLC. Majority of this can be found in the original BC, so can just be copy+paste.



1.2 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.
- 6(a) of the OIA, 6(c) of the OIA
[Redacted]
[Redacted]
- [Redacted]
[Redacted]
- [Redacted]
[Redacted]
- [Redacted]
[Redacted]
- [Redacted]
[Redacted]
- [Redacted]
[Redacted]
- [Redacted]
[Redacted]

1.3 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.
- Strengthened decision making on visa and NZeTA applications by INZ, as all available data on applicants is made available to decision makers.
- New Zealand's economic growth is strengthened through greater confidence in biometric matching, leading to automated processing and a reduction in processing time for visa and travel authority applicants (e.g. tourists, international students and skilled labour).

To achieve these high-level outcomes and to meet the changing needs of INZ, this necessitates the update of the current outdated Biometric system with a modern service. The update 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:

- 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.
- 9(2)(b)(ii) of the OIA
- Evolving, and increasingly complex, cyber security standards and requirements the system needs to meet;
- The Covid-19 pandemic and the associated pivoting of business priorities; and
- Implementation and testing taking longer than planned due to infrastructure issues and the number of defects found.

These challenges have now primarily been overcome and project is currently as far forward as it has ever been.

Testing is now underway in MBIE's System Integration Testing (SIT) environment and is due to be completed in May 2024. The project has completed 78% of Priority 1 Test cases and we have started to address Security testing, which is being run in parallel to ensure any potential security defects are addressed in a timely manner.

MBIE has planned for the outlying stages of the project, following successful completion of SIT testing. This will see the project next moving into the User Acceptance Testing phase, where the system will be thoroughly tested, before transition to pre-production, then production, environments prior to project Go Live.

The BCU Go Live date is planned for 29 October 2024 and MBIE has sought assurance from all vendors involved in the project that they can meet this date.

Commented [LG2]: Can you set out the alternatives that were considered? We need to show that we have actively managed the increase in costs and considered other options as well.



The project is currently approaching our agreed Joint Minister approval of a Whole of Life Cost of up to \$35 million and we are now looking to gain Cabinet approval on the investment decision for a whole of life cost up to \$40 million, to complete the current Biometrics Capability Upgrade.

3 Financial Case

The project will require capital expenditure of \$33.3 million, operating expenditure of \$7.3 million, and includes a \$2 million contingency in line with projects of a low to medium risk.

Commented [LG3]: This contingency seems low. The original Business case had a contingency of 15% - this would be \$6 million.

MBIE is required to seek the financial authority of Cabinet to continue with the project as the current approval of \$35 million is likely to be exceeded. To complete the project, the financial authority needs to be revised Up to a WoLC of \$40 million.

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 and does not require any Crown funding.

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						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
Capital expenditure	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$9,596,432	\$7,946,432	\$33,332,080
Operating expenditure	\$0	\$0	\$433,159	\$298,128	\$3,139,521	\$3,409,018	\$7,279,826

Commented [LG4]: This seems to have an additional number - surely you don't mean \$300m??



Financial Summary	Financial Years						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
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 (Delivery Cost + Ongoing Cost excl. Depreciation, 6% discount rate)							\$39,975,367

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.

4

4 Updated costs and benefits

4.1 Overall benefits

This is a maintenance project and cost neutral, there will be no tangible financial benefits delivered. However, this project will deliver benefits to three broad areas: agency, government and economics.

1) 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 algorithm. 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 removing the Daon solution and simplifying the support model.
- Assurance of quality biometrics – Implementation of a biometric matching solution provided by a Global Tier 1 biometric provider's COTS tool that provides 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.

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- Simplify technology and improve performance - Consolidation of the biometric populations and the replacement of the Daon middleware with NEC software, enhances functionality and simplifies the system and the vendor mix responsible for support.

2) 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 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).

3) Economic benefits

This project is expected to have a positive impact on ongoing cost, as described in the table below:

9(2)(b)(ii) of the OIA

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Assumptions as per the notes above:



Note 1: The Depreciation cost is included for completeness, noting that depreciation is not a cost saving

9(2)(b)(ii) of the OIA

Note 3: The cost of infrastructure will reduce when the number of IDme servers is reduced from 104 to 40.

Note 4: Efficiency Savings notes and caveats:

- Includes efficiency savings due to not needing to hire 10 FTE's. This funding has been transferred from ETA to Identity Services.
- The growth factor has been estimated at 12%. However indications are that this is conservative when considering the exponential growth that has occurred in face matching over recent years.
- Assumptions deriving efficiency savings can be found in section: **Error! Reference source not found.** **Cost assumptions and constraints** (Page **Error! Bookmark not defined.** 64).

Note 5: The cost of illegal migrants to New Zealand is based on the following:

- "Improved approach to C&E - Quantifying the benefits report - October 2018" estimated a cost to the New Zealand government of \$27,000 each year per adult in the country illegally. This is based on the cost to the healthcare, education, judicial and tax systems.
- Based on analysis from the Identity team IDme is failing to detect ~43 dual identity cases per year. This failure has an estimated cost of \$27,000 per adult and costs New Zealand \$1,161,000 per annum.
- There will be a nine-fold reduction¹ in IDme's face false negative rate, achieved by upgrading to new NEC algorithm.

Note that as these savings are to New Zealand, rather than Immigration and therefore the numbers above have not been included in the financial benefits.

4.2 Value for Money Cost Benefit Analysis of the Options

This table has been completed based on a number of assumptions and estimates because of the embedded nature of Daon's solution in the core INZ systems. 9(2)(b)(ii) of the OIA

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	BCU: Recommended Option
Appraisal Period (years)	5 Years	5 Years

¹ NIST Nov '18 report: "At FPIR = 0.01, the best improvement over NEC in 2014 is a nine-fold reduction in FNIR using the Microsoft 4 algorithm"

Commented [LG5]: This is from the original Business case. It needs to be updated to reflect current understanding of benefits so this can be compared with costs. It can also be simplified as needed if there are areas that are no longer relevant.

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Commented [LG6]: This is also from the original Business Case and needs to be included and updated. I've updated the 'recommended option' based on the updated costs you have set out above. Additional context needs to be provided on the cost of the status quo about the penalties that we will incur (i.e. increased costs!) of not progressing the project at this time.

Commented [LG7]: I've updated this column, based on the information you have provided above.

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	Status Quo: Maintenance Costs of Retaining Current Solution	BCU: Recommended Option	Commented [LG7]: I've updated this column, based on the information you have provided above.
Capital Costs	9(2)(b)(ii) of the OIA		Formatted Table
Operating Costs	9(2)(b)(ii) of the OIA		Formatted: Highlight
Ongoing Cost	\$12,137,637 (excluding Depreciation)	\$10,000,000 (excluding Depreciation)	Formatted: Highlight
Whole of life costs (Project Delivery Capex + Opex + Ongoing Cost)	\$25,623,020	\$50,611,906	Commented [LG9]: Note that this is not just 'whole of life project costs' but whole of life including Project Delivery Capex + Opex + Ongoing Cost
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5 Risks

Commented [LG10]: This section provides the opportunity to set out (1) how risks may be accounted for in future if this funding is approved and (2) the risk of not progressing with BCU.

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From: 9(2)(a) of the OIA
Sent: Wednesday, 6 March 2024 6:13 PM
To: Alison McDonald; Richard Griffiths; Greg Patchell; Richard Owen
Cc: Aaron Toatelegese; 9(2)(a) of the OIA
Subject: BCU Addendum - Working Draft
Attachments: 3644 Biometric Capability Update (BCU Update) 20240306.docx

Follow Up Flag: Follow up
Flag Status: Completed

All

Please find attached a working draft of the BCU Addendum that we will be looking to submit with the Fees and Levy Cabinet paper. This addendum has taken on valuable policy feedback and will still require an agreement on the allocation of finances.

We now require your feedback, so that we can start to finalise the addendum as soon as possible. We aiming to submit this by midday.

Ngā mihi,

9(2)(a) of the OIA

9(2)(a)

Head of Digital and Programmes – Immigration

Partnerships & Programmes

Digital, Data and Insights

Ministry of Business, Innovation & Employment

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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

Endorsed by

The following people have endorsed this document:

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

The following people have reviewed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA			
Aaron Toatelegese	General Manager Partnerships & Programmes		
Michael Alp	Chief Operations Officer		



Contents

1	Executive Summary.....	4
1.1	Introduction	4
1.2	Problem and opportunity statement.....	5
1.3	High-level business outcomes.....	6
2	Current State	6
3	Financial Case	8
4	Updated costs and benefits.....	9
4.1	Overall benefits.....	9
	Agency benefits	9
	Government benefits	10
4.2	Value for Money Cost Benefit Analysis of the Options.....	10
5	Risks.....	11



1 Executive Summary

1.1 Introduction

Biometrics are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for Immigration New Zealand (INZ) in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers 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. 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.

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. 6(c) of the OIA, 6(a) of the OIA

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

1.2 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.
- 6(a) of the OIA, 6(c) of the OIA

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

Date	Document	Capex	Opex	Total Project Costs	Project Cost Increase	WOLC
Aug 2019	Business Case	\$10.46m	\$0.05m	\$10.51m		\$19.49m
May 2020	CR1	\$12.21m	\$0.05m	\$12.25m	\$1.75m	\$22.83m
Jul 2020	CR2	\$17.08m	\$0.05m	\$17.12m	\$4.87m	\$30.75m
July 2021	CR3	\$22.15m	\$0.05m	\$22.20m	\$5.08m	\$30.42m
Aug 2022	CR4	\$21.29m	\$4.71m	\$26.0m	\$31.93m	\$31.93m
Jun 2023	CR5	\$21.9m	\$4.34m	\$26.13m	\$31.95m	\$31.95m
April 2024	CR6	\$33.33m	\$7.28m	\$40.61m	\$8.66m	\$39.98m

BCU is upgrading the current Identity System which went into production in 2016, which had a capital cost \$53m (\$67m inflation adjusted) vs \$33m for the replacement solution. The current system is starting to attract extended support costs and the focus is moving from improving the overall Identity System to keeping an aging system operating.

1.3 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 and a reduction in costs associated with the upkeep of older systems.
- New Zealand's economic growth is strengthened through greater confidence in biometric matching, leading to automated processing and a reduction in processing time for visa and travel authority applicants (e.g. tourists, international students and skilled labour).

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.
- 9(2)(b)(ii) of the OIA [REDACTED]
- 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 pivot on its business priorities; 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 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 6(c) of the OIA, 6(a) of the OIA [REDACTED]
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 INZs future roadmap and strategy. It would also result in sunk costs and additional funding being sought to establish the new project.

Testing is now underway in MBIE's System Integration Testing (SIT) environment and is due to be completed in May 2024 before commencing User Acceptance Testing (UAT). The project has completed 78% of Priority 1 Test cases and we have started to address Security testing, which is being run in parallel to ensure any potential security defects are addressed in a timely manner. This will allow us to transition from SIT to UAT, pre-production, then production, prior to project Go Live.

The BCU Go Live date is planned for 29 October 2024 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.

2.1 Project assurance

The project has the following governance arrangements in place:

- A Project Steering Group (PSG) which meet 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
9(2)(a) of the OIA		Business Sponsor
Michael Alp	Chief Operating officer	Commercial Oversight
9(2)(a) of the OIA		Lead Vendor representative
9(2)(a) of the OIA		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 in September 2023. The latest IQA ensured the project approach was sound and robust, the build is achievable, and the risk management practice is effective.

3 Financial Case

The project will require capital expenditure of \$33.33 million, operating expenditure of \$7.28 million, and includes a \$3 million contingency in line with projects of a low to medium risk.

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.

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 and does not require any Crown funding.

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 (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & out years	Total
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						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
Capital expenditure	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$9,596,432	\$7,946,432	\$33,332,080
Operating expenditure	\$0	\$0	\$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 (Delivery Cost + Ongoing Cost excl. Depreciation, 6% discount rate)							\$39,975,367

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.

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.

4 Updated costs and benefits

4.1 Overall benefits

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

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 algorithm. 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 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).

4.2 Value for Money Cost Benefit Analysis

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 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	BCU: Continue with Project
Project Capital Costs	9(2)(b)(ii) of the OIA	
Project Operating Costs		
Ongoing Cost	\$12,137,637 / year (FY23/24)	\$14,373,151 / year (\$2 million incremental)



	Status Quo: Maintenance Costs of Retaining Current Solution	BCU: Continue with Project
Whole of life costs (Project Delivery Capex + Opex + Ongoing Cost)	>\$50 million	\$39,975,367

5 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, 6(c) of the OIA, 6(a) of the OIA INZ would be unable to meet any new legislation requirements, as well as any changes required to current and future business needs.

6(a) of the OIA, 6(c) of the OIA 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.

From: 9(2)(a) of the OIA
Sent: Thursday, 7 March 2024 1:27 PM
To: 9(2)(a) of the OIA
Cc: 9(2)(a) of the OIA; Jivan Grewal; Richard Owen; 9(2)(a) of the OIA; 9(2)(a) of the OIA
Subject: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240306.docx
Attachments: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240306.docx

Follow Up Flag: Follow up
Flag Status: Completed

Hi 9(2)(a) of the O

Thank you for your feedback on the paper and the time you provided yesterday to provide clarity.

Attached is an updated BCU paper - this incorporates your feedback along with comments received from Richard Griffiths this morning.

I understand the paper is still being reviewed by others from the LT but thought I would provide the most recent copy in case it is required.

Please let me know if there is anything else needed and I will let you know if any other changes have been requested after we have heard back from others.

Thanks

9(2)(a) of the

9(2)(a) of the OIA

PROJECT MANAGER

Project Capability, Partnership & Programmes, Digital, Data & Insights

Ministry of Business, Innovation & Employment, Hikina Whakatutuki

Phone: 9(2)(a) of the OIA



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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

Endorsed by

The following people have endorsed this document:

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

The following people have reviewed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA			
Aaron Toatelegese	General Manager Partnerships & Programmes		
Michael Alp	Chief Operations Officer		



Contents

1	Executive Summary.....	4
1.1	Introduction	4
1.2	Problem and opportunity statement.....	<u>54</u>
1.3	High-level business outcomes.....	<u>85</u>
2	Current State	<u>86</u>
3	Financial Case	<u>108</u>
4	Updated costs and benefits.....	<u>119</u>
4.1	Overall benefits.....	<u>119</u>
	Agency benefits	<u>119</u>
	Government benefits	<u>1240</u>
4.2	Value for Money Cost Benefit Analysis of the Options.....	<u>1240</u>
5	Risks.....	<u>1344</u>

1 Executive Summary

1.1 Introduction

Biometrics are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for Immigration New Zealand (INZ) in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers 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. 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.

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. 6(c) of the OIA, 6(a) of the OIA

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

1.2 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.
- 6(a) of the OIA, 6(c) of the OIA

- 6(a) of the OIA, 6(c) of the OIA
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

The original Business Case and subsequent Change Requests approved the following capital investment, operating expenditure, and Whole of Life Costs (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
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 \$53m (\$67m inflation adjusted) vs \$33m for the replacement solution. The current system is starting to attract extended support costs and the focus is moving from improving the overall Identity System to keeping an aging system operating.



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1.3 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 and a reduction in costs associated with the upkeep of older systems.
- New Zealand's economic growth is strengthened through greater confidence in biometric matching, leading to automated processing and a reduction in processing time for visa and travel authority applicants (e.g. tourists, international students and skilled labour).

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.
- 9(2)(b)(ii) of the OIA [REDACTED]
- 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 on its; 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 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 6(c) of the OIA, 6(a) of the OIA [REDACTED]
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 INZs future roadmap and strategy. It would also result in sunk costs and additional funding being sought to establish the new project.

Testing is now underway in MBIE's System Integration Testing (SIT) environment and is due to be completed in May 2024 before commencing User Acceptance Testing (UAT). The project has completed 78% of Priority 1 Test cases and we have started to address Security testing, which is being run in parallel to ensure any potential security defects are addressed in a timely manner. This will allow us to transition from SIT to UAT, pre-production, then production, prior to project Go Live.

The BCU Go Live date is planned for 29 October 2024 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.

2.1 Project assurance

The project has the following governance arrangements in place:

- A Project Steering Group (PSG) which meet 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
9(2)(a) of the OIA		Business Sponsor
Michael Alp	Chief Operating officer	Commercial Oversight
9(2)(a) of the OIA		Lead Vendor representative
9(2)(a) of the OIA		Programme Manager

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

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The project will require capital expenditure of \$33.33 million, operating expenditure of \$7.28 million, and includes a \$3 million contingency in line with projects of a low to medium risk.

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From: Alison McDonald <Alison.McDonald3@mbie.govt.nz>
Sent: Monday, March 18, 2024 8:29 AM
To: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; Michael Alp <Michael.Alp@mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>; Richard Griffiths <Richard.Griffiths@mbie.govt.nz>; Greg Patchell <Greg.Patchell@mbie.govt.nz>; Aaron Toatelegese <Aaron.Toatelegese2@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>
Cc: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>
Subject: RE: BCU Addendum for Cabinet - Editorial Review

Kia roa koutou

I tautoko Michael's comments so grateful if your team could work their drafting magic @Jivan Grewal

Ngā mihi

9(2)(a) of the OIA <[REDACTED]>

Alison McDonald OBE (she/her)
DEPUTY SECRETARY – IMMIGRATION | Mana Hautu Rōpū Manene

Immigration New Zealand | Rōpū Manene
Ministry of Business, Innovation & Employment | Hīkina Whakatutuki



From: 9(2)(a) of the OIA @mbie.govt.nz

Sent: Monday, March 18, 2024 7:52 AM

To: Michael Alp <Michael.Alp@mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>; Richard Griffiths <Richard.Griffiths@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; Greg Patchell <Greg.Patchell@mbie.govt.nz>; Aaron Toatelegese <Aaron.Toatelegese2@mbie.govt.nz>

Cc: 9(2)(a) of the OIA @mbie.govt.nz; 9(2)(a) of the OIA @mbie.govt.nz; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz

Subject: RE: BCU Addendum for Cabinet - Editorial Review

Great feedback Michael, we will have a chat with policy to see what can be streamlined.

Regards

9(2)(a) of the OIA

From: Michael Alp <Michael.Alp@mbie.govt.nz>

Sent: Sunday, March 17, 2024 5:44 PM

To: 9(2)(a) of the OIA @mbie.govt.nz; Richard Owen <Richard.Owen@mbie.govt.nz>; Richard Griffiths <Richard.Griffiths@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; Greg Patchell <Greg.Patchell@mbie.govt.nz>; Aaron Toatelegese <Aaron.Toatelegese2@mbie.govt.nz>

Cc: 9(2)(a) of the OIA @mbie.govt.nz; 9(2)(a) of the OIA @mbie.govt.nz; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz

Subject: RE: BCU Addendum for Cabinet - Editorial Review

Thanks 9(2)(a) of the OIA and team. Whilst I am not an endorser of this, as a reviewer my comments are:

- 1) I think the paper is too long even if it is an addendum. Whilst this is a critical project, the addendum covers off more information that is needed particularly around the background and the benefits. I would suggest trying to cut by at least 50% if possible.
- 2) On the financials, I would suggest that in addition to the commentary on the contingencies, that the contingencies also get split out in the tables as well.
- 3) Whilst the funding source has been briefly discussed in the paper, I suggest strengthening the wording even further on this. This is consistent with the informal discussion I had with Treasury a couple of weeks ago.
- 4) Given my comments in (1) above, the Minister does need to know the appropriate level of detail, particularly around returning back to the original set up of these being set up as individual projects and that they both will be funded through the memo account / third party and no additional crown funding required – in line with point (3) above, and therefore my view is that you would be better to shorten the Cabinet paper, but prepare a good briefing for the Minister, and then also have a more substantive internal document breaking down the detail which can be sent to the Business Owner and Sponsor. I think the above should therefore ensure that audience has an appropriate level of information whilst also having all information fully documented.

Thanks again team and I appreciate the large amount of time and thought that has been put into this. Thanks, Michael.

Ngā mihi

Michael Alp *He/Him*

CHIEF OPERATING OFFICER, CORPORATE SERVICES
Ministry of Business, Innovation & Employment

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Subject: BCU Addendum for Cabinet - Editorial Review

All

Please find attached the final version of our draft addendum for your editorial review. Once, you are happy with the content could you please add your e-signature onto Page 2.

Please note that we are currently looking to submit this on Monday 18th March 2024 and therefore we will be looking for feedback on Monday by 10am.

9(2)(a) of the OIA – As Richard may not have the opportunity to review/sign we may need you to p.p. on his behalf.

Many thanks for your assistance.

9(2)

(a)

Head of Digital and Programmes – Immigration

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Cc: 9(2)(a) of the OIA; Jivan Grewal; 9(2)(a) of the OIA
Subject: RE: BCU Addendum for Cabinet - Editorial Review
Attachments: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240315 MA comments.docx

Follow Up Flag: Follow up
Flag Status: Completed

Hi all,

Further to my previous comments, I have taken the liberty of pairing back the draft addendum as per the attached. You will see I have proposed to make a significant amount of cut backs in the document and have reordered some points.

The balance in this however, is ensuring that Minister Stanford receives a more detailed briefing (but still at an Exec Summary level) so she is able to talk her colleagues through any component.

Again, this is in my capacity as a reviewer and accept that the endorsers / approvers will need to land a view.

Ngā mihi

Michael Alp *He/Him*

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Head of Digital and Programmes – Immigration

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Style Definition: List Paragraph,Bullets,List Paragraph numbered,List Paragraph1,List Bullet indent,Body,Level 3,Rec para,List 1,Other List,FooterText,numbered,Paragraphe de liste1,Bulletr List Paragraph,列出段落,列出段落 1,Listeafsnit1,Parágrafo da Lista1,List Paragraph2,lp1: Bulleted + Level: 1 + Aligned at: 0.63 cm + Indent at: 1.27 cm

3644 Biometric Capability Update (BCU)

Update

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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

The following people have endorsed this document:

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

The following people have reviewed this document:

Name	Role	Date	Signature
9(2)(a) of the OIA			
Aaron Toatelegese	General Manager Partnerships & Programmes		



Michael Alp	Chief Operations Officer		
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Contents

1	Executive Summary.....	4
1.1	Introduction	4
1.2	Problem and opportunity statement.....	5
1.3	High-level business outcomes.....	7
2	Current State	7
3	Project Assurance	8
4	Financial Case	9
5	Benefits.....	10
	Agency benefits	11
	Government benefits	11
	Value for Money Cost Benefit Analysis	11
6	Risks.....	12

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1 Executive Summary

1.1 Introduction

Biometrics are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for Immigration New Zealand (INZ) in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers 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. 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.

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

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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.

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

- Reduce the risk of illegal migrants entering New Zealand - By detecting 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).

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. 6(c) of the OIA, 6(a) of the OIA

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.

1.2 Problem and opportunity statementChange Request History

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.
- 6(a) of the OIA, 6(c) of the OIA
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The original Business Case and subsequent Change Requests (CRs) approved the following capital investment, operating expenditure, and Whole of Life Costs (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
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.



1.3 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.
- 9(2)(b)(ii) of the OIA
- Strengthening Cyber security requirements 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 on its; 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 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 6(c) of the OIA, 6(a) of the OIA
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 were stopped is estimated to be \$22 million.

The BCU Go Live date is planned for Quarter 2 2024 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 meet 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
9(2)(a) of the OIA		Business Owner
Michael Alp	Chief Operating officer	Commercial Oversight
9(2)(a) of the OIA		Lead Vendor representative
9(2)(a) of the OIA		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 in September 2023. The latest IQA ensured 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.

4.3 Financial Case

The project will require capital expenditure of \$33.33 million, operating expenditure of \$7.28 million, and includes 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 and does not require any Crown funding.

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.

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 and does not require any Crown funding.



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

Commented [MA1]: Update table to split out contingency amount please

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

Financial Summary	Financial Year						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
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	\$0	\$0	\$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 (Delivery Cost + Ongoing Cost excl. Depreciation, 6% discount rate)							\$39,975,367

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.

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.

54 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, safety 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 algorithm. 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 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).

Value for Money Cost Benefit Analysis

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 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	9(2)(b)(ii) of the OIA	
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

9(2)(b)(ii) of the OIA

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, 6(c) of the OIA, 6(a) of the OIA. INZ would be unable to meet any new legislation requirements, as well as any changes required to current and future business needs.

6(c) of the OIA, 6(a) of the OIA 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.

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From: 9(2)(a) of the OIA
Sent: Monday, 18 March 2024 2:57 PM
To: 9(2)(a) of the OIA 9(2)(a) of the OIA
Cc: 9(2)(a) of the OIA
Subject: RE: BCU Addendum for Cabinet - Editorial Review [UNCLASSIFIED]
Attachments: LH Updates - 3644 Biometric Capability Update (BCU Update) for Cabinet 20240315.docx

Kia ora koutou,

Thanks so much for sending that through. Please see attached Policy's latest version of the BCU addendum – we've formatted it and some tweaks in line with Allison's and Jivan's direction for critical cuts only. It will need some numbers added in from 9(2)(a) of the OIA. We've also cross-checked this against previous feedback received from 9(2)(a) of the OIA.

Moving forward, the Minister has asked for an updated Cabinet paper so we will be sending that to her office by tomorrow morning, could we get a clean proof-read version by first thing tomorrow? Happy to meet to discuss if required.

As an aside, who is leading the engagement with the Minister's office, and when would that briefing take place?

Thanks so much.

Ngā mihi nui,

9(2)(a) of the OIA

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Subject: FW: BCU Addendum for Cabinet - Editorial Review [UNCLASSIFIED]

Hi 9(2)(a) of the OIA

This just in from Michael.

9(2)(a) of the OIA

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Sent: Monday, March 18, 2024 2:29 PM
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Cc: 9(2)(a) of the OIA <9(2)(a) of the OIA@mbie.govt.nz>; 9(2)(a) of the OIA <9(2)(a) of the OIA@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA <9(2)(a) of the OIA@mbie.govt.nz>
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The balance in this however, is ensuring that Minister Stanford receives a more detailed briefing (but still at an Exec Summary level) so she is able to talk her colleagues through any component.

Again, this is in my capacity as a reviewer and accept that the endorsers / approvers will need to land a view.

Ngā mihi

Michael Alp *He/Him*

CHIEF OPERATING OFFICER, CORPORATE SERVICES
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Sent: Friday, March 15, 2024 2:45 PM

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Subject: BCU Addendum for Cabinet - Editorial Review

All

Please find attached the final version of our draft addendum for your editorial review. Once, you are happy with the content could you please add your e-signature onto Page 2.

Please note that we are currently looking to submit this on Monday 18th March 2024 and therefore we will be looking for feedback on Monday by 10am.

9(2)(a) of the OIA – As Richard may not have the opportunity to review/sign we may need you to p.p. on his behalf.

Many thanks for your assistance.

9(2)
(a)

Head of Digital and Programmes – Immigration

Partnerships & Programmes

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**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



IN-CONFIDENCE

Style Definition: List Paragraph,Bullets,List Paragraph numbered,List Paragraph1,List Bullet indent,Body,Level 3,Rec para,List 1,Other List,FooterText,numbered,Paragraphe de liste1,Bulletr List Paragraph,列出段落,列出段落 1,Listeafsnit1,Parágrafo da Lista1,List Paragraph2,lp1: Space Before: 2 pt, After: 8 pt, Bulleted + Level: 1 + Aligned at: 0.63 cm + Indent at: 1.27 cm

3644 Biometric Capability Update (BCU)

Update

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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

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Endorsed by

The following people have endorsed this document:

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		

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Reviewed by

The following people have reviewed this document:

Name	Role	Date	Signature
Paula	Head of Digital & Programmes - Immigration NZ		

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Name	Role	Date	Signature
	General Manager Partnerships & Programmes		
	Chief Operations Officer		

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Contents

1	Executive Summary	54
1.1	Introduction	54
1.2	Problem and opportunity statement.....	65
1.3	High-level business outcomes.....	7
2	Current State	87
3	Project Assurance	98
4	Financial Case	109
5	Benefits	1210
	Agency benefits	1211
	Government benefits	1311
	Value for Money Cost Benefit Analysis	1311
6	Risks	1412

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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

Biometrics are measurable physical characteristics that are unique to an individual. Accurate biometrics is a core capability for Immigration New Zealand (INZ) in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border crossings are expected to exceed pre-COVID-19 pandemic levels.

The Biometric Capability Update (BCU) project delivers 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. 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. 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. 6(c) of the OIA, 6(a) of the OIA

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.

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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.

1.21.3 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.
- 6(a) of the OIA, 6(c) of the OIA
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

The original Business Case and subsequent Change Requests (CRs) approved the following capital investment, operating expenditure, and ~~Whole of Life Costs (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.

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Date	Document	Capex	Opex	Total Project Costs	Project Cost Increase	WOLC	Comments
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
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.

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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.

1.3.1.4 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.

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- 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.

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- 9(2)(b)(ii) of the OIA
- 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 ~~on its~~; 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 6(c) of the OIA, 6(a) of the OIA
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 ~~asere~~ stopped, is estimated to be \$22 million.

The BCU Go Live date is planned for Quarter 2 2024 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.

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The members of the PSG include:

Name	Substantive Role	Project Role
Richard Owen	General Manager, Immigration risk and Border	Project Sponsor
9(2)(a) of the OIA		Business Owner
Michael Alp	Chief Operating officer	Commercial Oversight
9(2)(a) of the OIA		Lead Vendor representative
9(2)(a) of the OIA		Programme Manager

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

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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.

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The project has undertaken three Independent Quality Assurance (IQA) reviews, the last one being in September 2023. The latest IQA ~~ensur~~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.

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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 includes a \$4 million contingency in line with projects of a low to medium risk.

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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.

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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.



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. Additional and does not require any Crown funding is not required.

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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:

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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

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

Financial Summary	Financial Years						Total
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	
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	\$0	\$0	\$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	\$40,611,909
Ongoing Cost (Excl. Depreciation)						\$10,000,000	\$10,000,000
Whole of Life costs* (Delivery Cost + Ongoing Cost excl. Depreciation, 6% discount rate)							\$39,975,366

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

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.

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.

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, safety 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).

Value for Money Cost Benefit Analysis 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	9(2)(b)(ii) of the OIA	
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

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9(2)(b)(ii) of the OIA

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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, 6(c) of the OIA, 6(a) of the OIA. INZ would be unable to meet any new legislation requirements, as well as any changes required to current and future business needs.

6(c) of the OIA, 6(a) of the OIA 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.

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From: 9(2)(a) of the OIA
Sent: Monday, March 18, 2024 3:26 PM
To: Michael Alp <Michael.Alp@mbie.govt.nz>
Cc: 9(2)(a) of the OIA <[9\(2\)\(a\) of the OIA@mbie.govt.nz](mailto:9(2)(a) of the OIA@mbie.govt.nz)>; 9(2)(a) of the OIA <[9\(2\)\(a\) of the OIA@mbie.govt.nz](mailto:9(2)(a) of the OIA@mbie.govt.nz)>
Subject: RE: BCU Addendum for Cabinet - Editorial Review

Many thanks Michael

Unfortunately, policy want to send it to the Ministers office for review, so we don't have time.

We can pick up your changes when we have had some feedback and have had time to write an exec paper.

Regards

9(2)(a) of the

From: Michael Alp <Michael.Alp@mbie.govt.nz>
Sent: Monday, March 18, 2024 2:29 PM
To: 9(2)(a) of the OIA <[9\(2\)\(a\) of the OIA@mbie.govt.nz](mailto:9(2)(a) of the OIA@mbie.govt.nz)>; Richard Owen <Richard.Owen@mbie.govt.nz>; Richard Griffiths <Richard.Griffiths@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; Greg Patchell <Greg.Patchell@mbie.govt.nz>; Aaron Toatelegese <Aaron.Toatelegese2@mbie.govt.nz>
Cc: 9(2)(a) of the OIA <[9\(2\)\(a\) of the OIA@mbie.govt.nz](mailto:9(2)(a) of the OIA@mbie.govt.nz)>; 9(2)(a) of the OIA <[9\(2\)\(a\) of the OIA@mbie.govt.nz](mailto:9(2)(a) of the OIA@mbie.govt.nz)>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA <[9\(2\)\(a\) of the OIA@mbie.govt.nz](mailto:9(2)(a) of the OIA@mbie.govt.nz)>
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Again, this is in my capacity as a reviewer and accept that the endorsers / approvers will need to land a view.

Ngā mihi

Michael Alp *He/Him*

CHIEF OPERATING OFFICER, CORPORATE SERVICES
Ministry of Business, Innovation & Employment

michael.alp@mbie.govt.nz | Mobile: 9(2)(a) of the OIA

Level 18, 25 The Terrace, Wellington | PO Box 1473, Wellington 6140, New Zealand

NZBN 9429000106078

From: 9(2)(a) of the OIA [@mbie.govt.nz](mailto:9(2)(a)@mbie.govt.nz)

Sent: Friday, March 15, 2024 2:45 PM

To: Richard Owen <Richard.Owen@mbie.govt.nz>; Richard Griffiths <Richard.Griffiths@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; Greg Patchell <Greg.Patchell@mbie.govt.nz>; Aaron Toatelegese <Aaron.Toatelegese2@mbie.govt.nz>; Michael Alp <Michael.Alp@mbie.govt.nz>

Cc: 9(2)(a) of the OIA [mbie.govt.nz](mailto:9(2)(a)@mbie.govt.nz); 9(2)(a) of the OIA [@mbie.govt.nz](mailto:9(2)(a)@mbie.govt.nz); Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA [@mbie.govt.nz](mailto:9(2)(a)@mbie.govt.nz)

Subject: BCU Addendum for Cabinet - Editorial Review

All

Please find attached the final version of our draft addendum for your editorial review. Once, you are happy with the content could you please add your e-signature onto Page 2.

Please note that we are currently looking to submit this on Monday 18th March 2024 and therefore we will be looking for feedback on Monday by 10am.

Matt – As Richard may not have the opportunity to review/sign we may need you to p.p. on his behalf.

Many thanks for your assistance.

9(2)
(a)

Head of Digital and Programmes – Immigration

Partnerships & Programmes

Digital, Data and Insights

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Level 5, 110 Featherston St, Wellington 6011 | P O Box 1473, Wellington 6140, New

NZBN 9429000106078

From: 9(2)(a) of the OIA
Sent: Monday, 18 March 2024 5:07 PM
To: 9(2)(a) of the OIA
Cc: 9(2)(a) of the OIA
Subject: RE: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240318.docx [UNCLASSIFIED]

Thanks so much for approving 9(2)(a) of the OIA. Would you be able to square away approval from the other endorsers (Richard Owen/his stand-in 9(2)(a) of the OIA, Richard Griffiths, Alison McDonald, and Greg Patchell)?

Thanks!
 Liam

From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Monday, March 18, 2024 4:59 PM
To: 9(2)(a) of the OIA @mbie.govt.nz>
Cc: s9(2)(a) @mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>
Subject: Re: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240318.docx [UNCLASSIFIED]

H 9(2)(a) of the OIA

Yes I approve the submission.

My diary is pretty full but will look for a spare slot.

Thanks

9(2)(a) of the OIA

From: s9(2)(a) @mbie.govt.nz>
Sent: Monday, March 18, 2024 4:43:06 PM
To: 9(2)(a) of the OIA @mbie.govt.nz>
Cc: s9(2)(a) @mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>; Stacey O'Dowd s9(2)(a) @mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>
Subject: RE: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240318.docx [UNCLASSIFIED]

Kia ora 9(2)(a) of the OIA

Following on from this we just need an email confirmation from you that you approve the addendum ([Document Overview: Biometric Capability Update \(BCU Update\) addendum for Cabinet.docx \(wd.govt.nz\)](#)) being added to the Cabinet paper. Could you confirm that please?

Also, if your diary allows, it would be great for a call between yourself and policy to square everything away.

Ngā mihi nui,

9(2)(a) of the OIA

From: 9(2)(a) of the OIA
Sent: Monday, March 18, 2024 3:43 PM
To: 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Subject: RE: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240318.docx [UNCLASSIFIED]

That's great, thanks so much for all your work on this 9(2)(a) of the OIA

I have saved this into MAKO for when we attach it to the Cabinet paper so we can maintain version consistency:
[Document Overview: Biometric Capability Update \(BCU Update\) addendum for Cabinet.docx \(wd.govt.nz\)](#)

From: 9(2)(a) of the OIA @mbie.govt.nz>

Sent: Monday, March 18, 2024 3:39 PM

To: 9(2)(a) of the OIA @mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>

Subject: 3644 Biometric Capability Update (BCU Update) for Cabinet 20240318.docx [UNCLASSIFIED]

Hi

I accepted all of your changes and did some small tweaks with spaces after commas which are hard to spot with track changes on.

One thing I did change is in yellow – as this then we know if we are talking FY or calendar quarters.

The BCU Go Live date is planned for Quarter 2 FY24/25 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.

Cheers

9(2)(a) of the

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From: Jivan Grewal
Sent: Tuesday, 19 March 2024 9:17 AM
To: Michael Alp; 9(2)(a) of the OIA; Richard Owen; Richard Griffiths; Alison McDonald; Greg Patchell; Aaron Toatelegese
Cc: 9(2)(a) of the OIA
Subject: RE: BCU Addendum for Cabinet - Editorial Review [IN-CONFIDENCE]

Thanks for this Michael. Apologies I wasn't here for the last couple of days.

I understand that we're trying to make some edits to this. I'll follow up with the team on the timeframes and progress. Very quickly though (and just having read the latest changes), I would suggest that we don't remove too much detail. This will be looked at by agencies as well (especially treasury), and I would be wary of making it too high level.

In any event, I'll see where the team has gotten to and come back to you.

Cheers

Jivan Grewal
 9(2)(a) of the OIA

From: Michael Alp <Michael.Alp@mbie.govt.nz>
Sent: Monday, March 18, 2024 2:29 PM
To: 9(2)(a) of the OIA @mbie.govt.nz; Richard Owen <Richard.Owen@mbie.govt.nz>; Richard Griffiths <Richard.Griffiths@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; Greg Patchell <Greg.Patchell@mbie.govt.nz>; Aaron Toatelegese <Aaron.Toatelegese2@mbie.govt.nz>
Cc: 9(2)(a) of the OIA @mbie.govt.nz; 9(2)(a) of the OIA @mbie.govt.nz; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz
Subject: RE: BCU Addendum for Cabinet - Editorial Review

Hi all,

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Ngā mihi

Michael Alp *He/Him*
 CHIEF OPERATING OFFICER, CORPORATE SERVICES
 Ministry of Business, Innovation & Employment

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 Level 18, 25 The Terrace, Wellington | PO Box 1473, Wellington 6140, New Zealand

From: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>

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Cc: 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA <[REDACTED]@mbie.govt.nz>

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All

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Please note that we are currently looking to submit this on Monday 18th March 2024 and therefore we will be looking for feedback on Monday by 10am.

9(2)(a) of the OIA – As Richard may not have the opportunity to review/sign we may need you to p.p. on his behalf.

Many thanks for your assistance.

9(2)

(a)

[REDACTED]

Head of Digital and Programmes – Immigration

Partnerships & Programmes

Digital, Data and Insights

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From: Jivan Grewal
Sent: Tuesday, 19 March 2024 6:16 PM
To: Greg Patchell; Alison McDonald; Nic Blakeley; Carolyn Tremain
Cc: 9(2)(a) of the OIA, 9(2)(a) of the OIA
Subject: FW: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost [IN-CONFIDENCE]
Attachments: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.pdf; 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.docx; Annex one 2324-2658.docx

Hi folks

Just a quick update on the extension of the WOLC for BCU. We've updated the addendum outlining the case for the increase and sent it to the Minister.

I also spoke to Kara this evening, and she noted that the Minister was not expecting this and doesn't want to add it into the Cabinet paper. I didn't get the sense that she didn't support the proposal – but rather that she didn't want to spring this on her colleagues given that it wasn't in the version she circulated for consultation.

I have also since realised that we have some time up our sleeves (as Cabinet won't need to approve this until they make definitive decisions on the fees and levies), so we have the option of doing this a bit later. The Minister wants to talk about this on Monday (I think mainly around the process, but it may stray into the content too).

Anyway, happy to chat further.

Cheers

Jivan Grewal
 9(2)(g)(ii) of the OIA

From: 9(2)(a) of the OIA <[redacted]@mbie.govt.nz>
Sent: Tuesday, March 19, 2024 4:30 PM
To: 9(2)(a) of the OIA <[redacted]@parliament.govt.nz>; 9(2)(a) of the OIA <[redacted]@parliament.govt.nz>; 9(2)(a) of the OIA <[redacted]@parliament.govt.nz>
Cc: 9(2)(a) of the OIA <[redacted]@mbie.govt.nz>; 9(2)(a) of the OIA <[redacted]@mbie.govt.nz>; 9(2)(a) of the OIA <[redacted]@mbie.govt.nz>; Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; 9(2)(a) of the OIA <[redacted]@mbie.govt.nz>; Nic Blakeley <Nic.Blakeley@mbie.govt.nz>; 9(2)(a) of the OIA <[redacted]@mbie.govt.nz>
Subject: 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost [IN-CONFIDENCE]

Kia ora,

Please see attached 2324-2658 Biometric Capability Update – proposed approach to increasing Whole of Life Cost.

Ngā mihi
 9(2)(a)

PA to Libby Gerard | Manager (Border and Funding) Immigration Policy
 PA to Polly Vowles | Manager (Skills and Residence) Immigration Policy
 PA to Sam Foley | Manager (International and Humanitarian) Immigration Policy
 Employment, Skills & Immigration Policy Branch, LSE
 Ministry of Business, Innovation & Employment

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BRIEFING

13.12

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	04 896 5999	9(2)(a) of the OIA	✓
9(2)(a)	Policy Advisor, Immigration (Border and Funding) Policy	04 901 1415		

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

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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

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. *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*

9(2)(a) of the OIA

Jivan Grewal

General Manager, Employment, Skills, and Immigration Policy

Labour, Science, and Enterprise, MBIE

19 / 03 / 2024

Hon Erica Stanford

Minister of Immigration

..... / /

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, 6(a) of the OIA. As a result, MBIE will be able to better manage immigration risk, meet national security requirements and international partner agreements.*

Additional funding is required 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

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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
9(2)(a) of the OIA			
Aaron Toatelegese	General Manager Partnerships & Programmes		
Michael Alp	Chief Operations Officer		

Contents

1	Executive Summary.....	4
1.1	Introduction	4
1.2	Background to the BCU	4
1.3	Problem and opportunity statement.....	5
1.4	High-level business outcomes.....	6
2	Current State	7
3	Project Assurance	8
4	Financial Case	9
5	Benefits	10
	Agency benefits	10
	Government benefits	10
	Updated overall costs.....	11
6	Risks.....	11

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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. 6(c) of the OIA, 6(a) of the OIA

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.

b(a) of the OIA, b(c) of the OIA

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.
- 9(2)(b)(ii) of the OIA [REDACTED]
- 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 6(c) of the OIA, 6(a) of the OIA [REDACTED]
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
9(2)(a) of the OIA		Business Owner
Michael Alp	Chief Operating officer	Commercial Oversight
9(2)(a) of the OIA		Lead Vendor representative
9(2)(a) of the OIA		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, safety 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	9(2)(b)(ii) of the OIA	
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

9(2)(b)(ii) of the OIA

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, 6(c) of the OIA, 6(a) of the OIA INZ would be unable to meet any new legislation requirements, as well as any changes required to current and future business needs.

6(c) of the OIA, 6(a) of the OIA 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.

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