



MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	Report back to Delivery Governance Board – 3644 Biometrics Capability Upgrade
Meeting date	11 th April 2023
Approved by	Richard Owen
Endorsed by	N/A
Presenters	Robyn Moriarty – General Manager Partnerships & Programmes S 9(2)(a) – BCU Project Manager

Item purpose and summary

At the March DGB the project was requested to report back to DGB to provide an overview of project status, risk mitigation, and plan to green

Recommendations

It is recommended that the Board / Committee:

- **Note** the
- **Approve** the

Current Status

1. Current state including change request history
 - a) The project is in delivery mode and is due to enter System Integration Testing.
 - b) Current project budget – CR 4 (include WOLC) is \$31,933,858, Go Live 31st August 2023
 - c) Steering committee governance structure and project manager changed in January 2023.

2. The reasons why the project is red

- a) The project has missed major internal milestones and has been experiencing delivery slippage since the last Change Request, CR4, November 2022.
- b) Recent analysis of current and future growth to Biographic Identity information is indicating associated licencing costs will likely have a major impact to the WOLC.
- c) Concern that Security Testing currently being completed will indicate medium to high vulnerabilities that will need to be resolved.
- d) Project deviation from standard MBIE project delivery approach is adding quality and timeline risks to the project.

3. The materiality of the issue(s)

- a) Loss of key resources and IP has led to gaps in the understanding of project scope to be scheduled and delivered.
- b) Security vulnerabilities identified by the vendor has required a phase security testing approach to be adopted which is adding risk and delivery slippage to the project.
- c) s 9(2)(b)(ii) [REDACTED]
- d) Technical delays to SIT Data Migration has cause delivery slippage to SIT testing commencing.
- e) Data migration taking longer than expected is driving the project critical path with associated rework, quality, and delivery risks.

4. The materiality of your project being at risk

- a) Agreed Go Live milestone being missed.
- b) Additional WOLC identified may lead to a budget revision.
- c) Delayed timelines will probably lead to a revised Go Live during the peak Immigration business window.

5. Potential system, financial. Security and reputational risks

- a) Compression of the project schedule to meet the Go Live date may lead to reduced solution quality and delivery timeline risk.
- b) Potential WOLC increases may require Cabinet Approval.
- c) Due to public visibility of the project, changes to project cost and timelines may hurt MBIE's reputation.

Plan to Green

- WOLC costs
 - Unfinalised SoWs and commercial agreements with NEC are raising concerns that the WOLC and project costs may lead to the project exceeding the agreed budget
 - Of particular concern are NEC licences associated with production face image storage, last week the project and immigration identified that face images will exceed 9 million, this has increased since the project was first initiated and a review of production data last year

- Immigration Identity are currently investigating options to S 6(a), this investigation may lead to a reduction that doesn't impact WOLC, however this is unlikely to reduce future licensing cost as the volume of face images grows over the next five years.
- CR4, 30th of August 2023, Go Live
 - NEC and MBIE are reviewing changes to the project schedule timeline resulting from long NEC data migration durations evidenced during the SIT data migration.
 - Based on the duration to complete NEC data migration through UAT, pre-production, production environments, and infrastructure builds needing to support Data migration a revised Go Live date for the project would be the 6th of November 2023.
 - The MBIE project has been working with NEC to identify where the schedule can be fast-tracked, compressed, or re-sequenced.
 - The project and steering committee the modified schedule and are concerned that bring the timeline back to the 30th of August 2023, a new CR is likely to be raised with a revised Go Live date
- Part B Design needs to be finalised to de-risk rework and quality risks through upper environments.
- Security testing, in progress, needs to be completed to identify Security Vulnerabilities.
- Identify the risk thresholds DDI/Immigration will accept to deliver the project this year.
- The project has bi-weekly Joint Steering Committee meetings with NEC, off week Steering Committee meetings MBIE. Daily stand ups with all vendors to track work in progress. Weekly meetings with the Immigration business team to progress updates, highlight concerns, and to work collectively on any blockers. MBIE and NEC project managers meet four times a week to review the project schedule, discuss project risks and issues as they arise. The project is also running daily stand ups for security testing to review progress and work on any blockers impacting security testing.

Next steps

1. Confirm Immigration Go Live face image requirements and estimation of face image growth over the first 5 years after Go Live.
2. Engage NEC to identify if NEC will reduce licencing fees associated with face image growth.
3. Engage finance to calculate WOLC costs based on Go Live and Immigration face image growth.
4. Finalise all outstanding commercial contracts with NEC to understand project cost impacts.
5. Obtain agreement from NEC that Part B design approval must be prioritised.
6. Complete and present to DGB the project security risk profile
7. Complete and present to DGB a new CR with a revised Go Live Date.

Background

A project to significantly upgrade the biometrics matching software that is the source of identify information for all non-New Zealanders. Out-dated, complex, and inflexible software will be updated so that it is fit for purpose, secure and reduces ongoing costs.

An upgrade to the biometrics matching software and algorithm to provide improved matching rates incl. consolidation of the full identity and s 6(a) into a single output. Quality checks and correction of problematic fingerprints. Simplify technology by depreciating Daon and functions from s . Rationalisation of support from a dual provider to a single provider model. Replacement of In Person enrolment used by a variety of business users incl. those from Border, Refugee and Compliance. IPE is used to capture "identities", Face, Fingerprints, for recording and matching purposes in the INZ Systems

Financial Implications

Business Group	Immigration
Funding Cost Centre	2146
Appropriation	Digital & Programmes – Immigration New Zealand
Funding source (i.e. Crown or 3 rd Party)	Crown

Funding Information		FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total
Previously Approved Funding (CR4)	Capex	1,385,585	6,022,500	1,691,150	9,474,404	2,714,376	\$21,288,015
	Opex		744,220	1,454,390	1,911,039	601,734	\$4,711,383
Funding requested in this Submission (Indicative CR5)	Capex				-1,301,167	1,301,167	
	Opex				-431,558	0	
Estimated Project Costs	Capex	1,385,585	6,022,500	1,691,150	8,173,237	4,015,543	\$21,288,015
	Opex		744,220	1,454,390	1,411,039	1,001,734	\$4,711,383

	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Total
Estimated Ongoing ICT Operating Costs (excluding depreciation & capital charge)	1,590,000	2,720,000	2,140,000	1,720,000	1,720,000	720,000	\$10,610,000

	Whole of Life Costs <i>(Delivery and Ongoing discounted costs - excluding depreciation and capital charge)</i>										
	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	Total
Whole of Life Costs	1,385,586	6,766,720	2,967,490	8,590,885	5,211,749	2,154,495	1,599,132	1,212,532	1,143,898	451,737	\$ 31,484,225

Consultation

Group	Name	Engagement
Immigration	Richard Owen	Provided for review, feedback provided
DDI	s 9(2)(a)	Provided for review
DDI	Robyn Moriarty	Provided for review
DDI Finance	s 9(2)(a)	Production Project finance status
DDI PMO	s 9(2)(a)	Provided guidance on memo structure and content

Previous governance engagement/decisions

Date	Committee	Outcome / Decision
11 April 2023	DGB	Decision to be recorded following direction of the board
21 Sep 2022	ICDC	Change Request - Approved
12 Sep 2022	DGB	Change Request - Endorsed
30 Apr 2022	SLT	Investment Bid - Approved in Principle

30 Apr 2022	ICDC	Rephasing - Approved in Principle
1 Dec 2021	ICDC	Change Request – Approved
27 Oct 2021	ICDC	Memo to Board - Noted
27 Sep 2021	ICDC	Change Request – Endorsed
21 Jul 2021	INZ BCB	Change Request – Endorsed
16 Jun 2021	SLT	Investment Bid – Approved in Principle
9 Apr 2021	EPMO	Memo to Board - Approved
9 Sep 2020	INZ BCB	Change Request - Approved
27 Aug 2020	ICDC	Memo to Board - Approved
8 Jul 2020	INZ BCB	Change Request - Endorsed
10 Jun 2020	INZ BCB	Change Request - Endorsed
13 May 2020	INZ BCB	Change Request - Approved
13 May 2020	INZ BCB	Change Request - Approved
22 Aug 2019	ICDC	Business Case - Approved
12 Aug 2019	INZ BCB	Business Case - Endorsed



MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	3644 – Biometric Capability Update (BCU) Report Back
Meeting date	14 August 2023
Approved by	Richard Owen, General Manager – Immigration Risk & Border
Endorsed by	Robyn Moriarty, General Manager Partnerships & Programmes, DDI
Presenter	Richard Owen, General Manager – Immigration Risk & Border S 9(2)(a)

Item purpose and summary

The purpose of this memo is to report back to the Delivery Governance Board (DGB) on the 3644 – Biometric Capability Update (BCU) project as requested by DGB at the 10 July 2023 meeting. At this meeting the board requested an update on the estimated CAPEX and OPEX costs to complete the project, projected Go Live date and the impact of this on the Whole of Life Costs (WOLC).

The project team have reviewed the effort to implement the Biometric Solution into Production. This includes estimate of work to complete from Vendors and MBIE staff, along with any changes to ongoing support and maintenance fees. The new estimate to complete has an impact on the WOLC which currently exceeds \$35m.

This memo details the information of these estimates and the steps the project has undertaken to try and reduce the WOLC below \$35m by considering Service Equivalence, which is still to be validated by Finance Business Partners.

The project team are seeking guidance from DGB Chair and Deputy Chair on how the memo is to be presented to DGB on 14th August.

Recommendations

It is recommended that the Board:

- **Note** the report back memo.

Background

1. Current Status

- The project is Red as it has exceeded the three-week tolerance for schedule. The project team is working on a Go to Green Plan.
- The project is currently in the delivery phase and system cut-over has started in the System Integration (SIT) Testing Environment. Functional Testing is due to commence mid-August 2023.
- The updated project schedule is projecting a Go Live in late February/ early March 2024, with the Project Closure Report in June 2024. This allows time for the Project to complete decommissioning activities and provide post Go-Live support.

2. Project Financials

- a) The below table shows a summary of Change Requests since the project was established in August 2019.

CR Summary	Business Case	CR1	CR 2	CR 3	CR 4	CR5	Total cost
Date Approved	22 Aug 2019	13 May 2020	8 July 2020	27 Sep 2021	21 Sep 2022	21 July 2023	
OPEX	\$46,272	\$0	\$0	\$0	\$4,665,111	\$4,531 -\$378,261	\$4,337,653
CAPEX	\$10,458,858	\$831,705	\$5,785,749	\$5,075,674	-\$863,971	\$506,929	\$21,794,944
Reason	N/A	Transfer of Capex from: 3315 – Photo Quality Checker 3303 – Windows OS and SQL Database	Merge of BCU and IPE into a single project.	Additional funding required for additional scope, design challenges and change in approach	Reallocation of Capex to OPEX due to new treasury guidelines.	Implementation delays due to design, security and resourcing constraints.	
Project End Date	30 Sep 2020	N/A	May 2021	31 Aug 2022	31 Nov 2023	28 Feb 2024	
Time extension	N/A	N/A	8 months	15 months	15 months	3 months	

b) With a new projected Go Live date of late February / early March 2024, to complete the project, additional funding and time will be required. The project team are working through these estimates and have looked at the financial impact to the project based on different criteria.

- i Additional time/cost for MBIE staff to due to delayed Go Live date.
- ii Required changes that have not been forecasted previously but the cost to complete has been validated by the project team and commitments to vendors given.
- iii Required changes that have not been forecasted but the cost to complete has **not** been validated by the project team. These costs have not committed to by the project and there is potential to negotiate.
- iv Allowance for changes not yet identified or previously forecasted, but due to complexity of the project could eventuate. These unknowns will be reviewed as the project completes the functional and non-functional testing in SIT.

The overview of the cost of the criteria above is summarised in the tables below, and additional detail can be found in Appendix A.

i) Additional Cost for MBIE Staff

Funding Type	Estimated additional Funding Required
OPEX	\$420,210
CAPEX	\$786,284

ii) Required changes that have not been previously forecasted and the cost **has** been validated by the project team and commitments given. The total is \$654,471 CAPEX and \$1,104,000 OPEX.

Items	Vendors	Cost	Funding Type	Previously Estimated
Unplanned activities	Argonaut	s 9(2)(b)(ii)	CAPEX	N
Product Assessment of IDme & BIZOps time for ITMS	Datacom			
Management Overhead due to change in Go Live	DXC			
Agreed change in Scope & IPE Hardware	NEC			

SIT Delays Additional Work and extension of project	One NZ Theta			
Usage costs for UAT, Pre-Production & Production	Datacom	s 9(2)(b)(ii)	OPEX	N

- iii) Required changes that have not been forecasted but the cost to complete has **not** been validated by the project team. These have costs are not committed and there is potential to negotiate with the vendor. The total is \$2,994,423 CAPEX and \$140,400 OPEX.

Items	Vendors	Cost	Funding Type	Previously Estimated
IPE Hardware (Laptops, Tablets & Scanners)	Datacom	s 9(2)(b)(ii)	CAPEX	N
Additional Support due to change in Go Live	InTech			
Change in Go Live, Reports, Data Dictionary, NIST Changes (See Appendix A)	NEC			
Penetration Testing for workflow and testing of previously fixed issues	Quantum			
Key Management & Subscription	Theta			
Reporting to support OIA Reporting	MBIE Internal EDW Team			
Build of Pre-Production and Production Environments	Datacom	s 9(2)(b)(ii)	CAPEX	Y
Decommissioning activities & Disaster Recovery Testing	Datacom	s 9(2)(b)(ii)	OPEX	N
Disaster Recovery Testing	NEC			

- iv) Allowance for changes not yet identified or previously forecasted, but due to complexity of the project could eventuate. These unknowns will be reviewed as the project completed the functional and non-functional testing in SIT. The total estimated at this stage is \$600,000 CAPEX.

These numbers have been estimated on the vendors involvement in the project to date and the work allocated.

Items	Vendors	Cost	Funding Type	Previously Estimated
Additional work in Pre-prod & prod	Argonaut	s 9(2)(b)(ii)	CAPEX	N
Additional work required due to change in Go Live data	Datacom			
Fix of Bad data & Additional data migration support	DXC			
Addition Penetration Testing in Pre-Production	Quantum			
Additional Work & change in Go Live data	Theta			
Additional Work & change in Go Live data	One NZ			

c) Whole of Life Costs (WOLC)

The project team are working with s 9(2)(a), Head of Finance Business Partners, and the allocated project Finance Business Partners to review the WOLC based on an assessment of "Service Equivalence" for all capabilities provided by the project.

As the project is updating an existing capability/existing Service provided to INZ front-line staff, the ongoing support and licences may not need to be included in the WOLC calculation (Service Equivalence applies the incremental difference of 'like for like' costs in the WOLC calculation). At this stage, the Finance Business Partners have agreed that Biometric Servers can be included as Service Equivalence and are reviewing the other capabilities to see if these can be included.

In CR05, the estimated WOLC was \$31,949,202. As the project is projecting additional CAPEX and OPEX, this will increase the WOLC cost. The WOLC is now estimated at \$41,750,830, this includes the Service Equivalence of the Biometric Servers.

If the project can consider Service Equivalence for Biometric Solution Licencing & Datacom support, along with the previously agreed Biometric Servers, the WOLC estimate would be \$32,898,867.

The table below shows the ongoing operation supports costs and which are being considered for Service Equivalence.

Items	Cost Description	Current (per annum)	Future (per annum)	Considered for Service Equivalence	Comments
1	Biometric solution licensing (Daon vs NEC)	s 9(2)(b)(ii)		Y	To be considered for Service Equivalence. Variance of s 9(2)(b)(ii) per annum would be considered for WOLC. Note – NEC Contract still under negotiation.
2	Related licenses (eg Inrule) for Biometric Solution	s 9(2)(b)(ii)		N	Mixture of current licensing gets replaced by single NEC licenses Not included for Service Equivalence. These licenses are not required in the new solution.
3	Datacom Support for Biometric Solution	s 9(2)(b)(ii)		Y	To be considered for Service Equivalence. Variance of s 9(2)(b)(ii) per annum would be considered for WOLC. Final Support SOW to be provided.

Items	Cost Description	Current (per annum)	Future (per annum)	Considered for Service Equivalence	Comments
4	Biometric Servers	s 9(2)(b)(ii)		Y	This has been agreed as Service Equivalence by Finance Business Partners and the variance of s 9(2)(b)(ii) per annum and has been accounted for in s 9(2)(b)(ii) WOLC costs above). Covers all environments (SIT, UAT, Pre-Prod & Prod)
5	NEC IPE Support		s 9(2)(b)(ii)	N	3 rd Level support. Contract still under negotiation. Included in WOLC but not included for Service Equivalence
6	NEC BCU Support		s 9(2)(b)(ii)	N	3 rd Level support. Contract still under negotiation. Included in WOLC but not included for Service Equivalence

Note: These are costs per annum for 5 years.

3) Next Steps

The project needs to commence system integration testing of the functional and non-functional requirements. This will allow the team to understand how the solution is meeting the needs of the business and if any other changes are required. This time will allow team to complete further due diligence with the vendors on the outstanding tasks to complete activities in the lead up to Go Live.

The project team propose an update to DGB in September 2023 with our progress.

Appendix A – Breakdown of costs per vendors/tasks for the criteria identified.

The tables below show the breakdown by vendor and tasks for the 3 different criteria identified.

Required changes that have not been previously forecasted but the cost has been validated by the project team.

Item	Vendor	Cost	Funding Type	Previously Estimated
Additional unplanned project activities (last 19 months)	Argonaut	s 9(2)(b)(ii)	CAPEX	N
Product assessment of IDme v2.0 for Datacom to propose a package of application support services that is suitable for the IDme v2.0 product	Datacom		CAPEX	N
BiZOps time required for ITMS Work in SIT	Datacom		CAPEX	N
Usage costs for UAT, Pre-Production & Production	Datacom		OPEX	N
Management Overhead (1 Jul 2023 – 29 Feb 2024) due to change in Go Live dates	DXC		CAPEX	N
Agreed change in Scope (CR's 23,28,47,58, 59,82,81 & 93)	NEC		CAPEX	N
IPE Hardware & Warranty	NEC		CAPEX	N
Additional Work & extension of Go Live timeframes	One NZ		CAPEX	N
SIT Delays	Theta		CAPEX	N

Required changes that have not been forecasted and the cost to complete has **not** been validated by the project team.

Item	Vendor	Cost	Funding Type	Previously Estimated
Decommissioning activities of old servers after Go Live of new system	Datacom	s 9(2)(b)(ii)	OPEX	N
Disaster Recovery Testing	Datacom		OPEX	N
IPE Hardware (Laptops, tablets, Scanners etc)	Datacom		CAPEX	N
Build of Pre-Production Environment	Datacom		CAPEX	Y
Build of Production environments	Datacom		CAPEX	Y
Additional work relating to Demographic Data Migration, Migration Transition, Data Correction.	DXC		CAPEX	N
Additional support due to change in dates.	InTech		CAPEX	N
Change in Go Live Dates	NEC		CAPEX	N
Disaster Recovery Testing	NEC		OPEX	N

Creation of 'Mother of All' Reports (CR100)	NEC	s 9(2)(b)(ii)		CAPEX	N
Data Mapping	NEC			CAPEX	N
Change in JWT Authorisation Token	NEC			CAPEX	N
Morning Report	NEC			CAPEX	N
Monitoring & Alerting Consultation (Due to new SIEM solution)	NEC			CAPEX	N
Manual transaction resolution	NEC			CAPEX	N
NIST Changes (Type 10 & 14) – CR110 & CR111	NEC			CAPEX	N
Penetration Testing in SIT for - Workflow and security issues found to date	Quantum			CAPEX	N
Key Management & Subscription (Required change identified in Part B Endorsement)	Theta			CAPEX	N
Reporting to support OIA Reporting	MBIE Internal			CAPEX	N

Allowance for changes not yet identified or previously forecasted, but due to complexity of the project could eventuate. These unknowns will be reviewed as the project completed the functional and non-functional testing in SIT.

The estimates for vendor costs are based on their involvement in the project to date and potential impact of further delays.

Item	Vendor	Cost	Funding Type	
Additional Work for UAT/Pre-Prod and Prod	Argonaut	s 9(2)(b)(ii)	CAPEX	N
Datacom Squad – Additional work for UAT	Datacom		CAPEX	N
Changes required for Go Live weekend to allow processing of visa's while system is in cut over mode	DXC		CAPEX	N
Additional Data Migration activities for UAT/Pre-Prod & Production	DXC		CAPEX	N
Additional Work & Remediation identified during functional and penetration testing	NEC		CAPEX	N
Additional Penetration Testing post SIT for remediation Testing	Quantum (TBC)		CAPEX	N
Additional Work & extension of Go Live timeframes	Theta		CAPEX	N
Additional Work & extension of Go Live timeframes	One NZ		CAPEX	N

MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	3644 – Biometric Capability Update (BCU) Report Back
Meeting date	11 September 2023
Approved by	Richard Owen, General Manager – Immigration Risk & Border
Endorsed by	Robyn Moriarty, General Manager Partnerships & Programmes, DDI
Presenter	Richard Owen, General Manager – Immigration Risk & Border s 9(2)(a)

Item purpose and summary

The purpose of this memo is to report back to the Delivery Governance Board (DGB) on the 3644 – Biometric Capability Update (BCU) project as requested by DGB at the 11 August 2023 meeting. At this meeting the board requested the following updates:

1. DGB 162 - report back on what the project will look like in hibernation mode
2. DGB 163 - an overview of the project in terms of the risks, challenges, and level of confidence, and clarity on a path forward.

Recommendations

It is recommended that the Board:

- **Note** the report back memo.
- **Approve** option 4, to continue System Integration Testing to ensure the NEC solution is fit for purpose before progressing the project into any of the other MBIE environments.

Background

Current Status

1. The overall project status is Red as it has exceeded the three-week tolerance for schedule and is forecasting to exceed the approved funding for FY23/24.
2. The project is in the delivery phase. The cut over into the System Integration Testing (SIT) Environment took six weeks longer than planned and Functional Testing is due to commence in September 2023 (previously planned for August 2023).
3. The project schedule in Change Request 5 estimated a Go Live in November 2023 with the Project Closure Report in February 2024. At the August DGB, the project team verbally discussed that the Go Live date was more likely to be March 2024, with the Project Closure Report in June 2024. This date is now at risk due to the number of complex issues found in the cut-over activities in the SIT environment which both the MBIE team and vendors are trying to remediate, along with trying to complete data migration into the User Acceptance Testing environment.
4. The project has requested additional funding five times via Change Requests (CRs) during the life of the project. These CRs were due to unforeseen complexity in initial scoping and technical challenges. These have caused delays and increased project costs. These CRs include:
 - a) The initial specifications in the BCU Business Case (2019) did not anticipate the level of complexity of configuration.
 - b) Early testing and details from an s 6(c) identified weaknesses in the security in the platform. Additional work needed to be completed by NEC to address these and these remediations will be tested in SIT.
 - c) Several variations from vendors have been received due to the change in timeframes in the project.
 - d) MBIE staff costs have also increased due to the delays in the project.
5. The project is at risk if we continue with the current plan of implementing the solution in multiple environments at once. It was previously thought to be a way to speed up the project, however, it has slowed progress due to vendors' lack of resource availability, inhibiting their ability to complete multiple activities in different environments.
6. A 'Go to Green' plan, discussed at DGB in August 2023, highlighted that the project would likely exceed the WOLC of \$35m. DGB recommended that we sought Cabinet approval to go above this threshold. The MBIE Policy team started to prepare a Cabinet paper, however, the Minister of Immigration did not agree to it being submitted to Cabinet prior to the General Election in October 2023.
7. The Master Services Agreement (MSA) with NEC is due to expire in June 2024. s 9(2)(b)(ii)

8. This paper details four options on how the project could progress before a paper could be presented to Cabinet in late November 2023 to seek approval of the whole of life costs exceeding the \$35m threshold for Cabinet approval.

Project Financials

9. The below table shows a summary of CRs since the project was established in August 2019.

CR Summary	Business Case	CR1	CR 2	CR 3	CR 4	CR5	Total cost
Date Approved	22 Aug 2019	13 May 2020	8 July 2020	27 Sep 2021	21 Sep 2022	21 July 2023	
OPEX	\$46,272	\$0	\$0	\$0	\$4,665,111	\$4,531 -\$378,261	\$4,337,653
CAPEX	\$10,458,858	\$831,705	\$5,785,749	\$5,075,674	-\$863,971	\$506,929	\$21,794,944
Reason	N/A	Transfer of Capex from: 3315 – Photo Quality Checker 3303 – Windows OS and SQL Database	Merge of BCU and IPE into a single project	Additional funding required for additional scope, design challenges and change in approach	Reallocation of CAPEX to OPEX due to new treasury guidelines	Implementation delays due to design, security, and resourcing constraints	
Project End Date	30 Sep 2020	N/A	May 2021	31 Aug 2022	31 Nov 2023	28 Feb 2024	
Time extension	N/A	N/A	8 months	15 months	15 months	3 months	

10. The project has a total spend of **\$21,072,419** to the end of July 23: \$17,027,175 CAPEX and \$4,045,245 OPEX.

Funding Type	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24 (end of July 23)	TOTAL
OPEX	\$0	\$744,220	\$1,454,390	\$1,707,808	\$138,827	\$4,045,245
CAPEX	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$234,879	\$17,027,175

Options

11. The project has discussed options on how to proceed, noting that the project cannot go above a \$35m whole of life cost. WOLC also includes the five years of support and maintenance required when the system is in Production.

12. The tables below summarise each option:

a. Option One - Stop the project – Not recommended

13. Stop any further work on the BCU project, advise vendors of this decision and roll back or decommission environments. Establish a new project to look for alternative solutions such as upgrading the existing algorithms and platforms, proceeding with a re-architectural solution, or going to market for a new solution.

14. s 9(2)(b)(ii)

15. s 9(2)(h) . A case could be made from these vendors to recoup any and all amounts still on the SoW. A case could be argued by these vendors that resources have been allocated to the project, something MBIE has recently seen with a vendor on a different engagement.

16. s 9(2)(b)(ii), s 9(2)(g)(i)

Pros	Cons	Impact on Project Cost	Impact on WOLC	Impact on resourcing	Vendor Impact
No more uncertainty with the project costs and schedule. Opportunity to see alternative solutions in the Market since 2019. Minimises the risk of further regrettable spend.	s 9(2)(b)(ii) Reputation loss for MBIE s 9(2)(b)(ii) Continued reliance on dated identity system/algorithms, impacting INZ operations, until a new solution is implemented. Project wind down cost would still be incurred.	Worst case scenario based on committed SoWs, the CAPEX write off is \$24.5m. This includes costs to date (\$17m) and potential vendor payments due to fixed price engagements (\$6m) and T&M Engagements (\$1.5m).	N/A	MBIE staff reallocated to other projects. Contractors to be reallocated or contracts ended. The INZ business would lose the team who has significant IP in this area.	The following vendors have Fixed Price signed SoWs on the project (CAPEX). s 9(2)(b)(ii) The following vendors have Fixed Price signed SoWs on the project (OPEX). s 9(2)(b)(ii) There are 14 signed Time & Material SoWs across six vendors. The total amount owing on these SoWs is \$1.5m as of end July 2023.

b. Option Two - Hibernate the project – Not recommended

17. Pause the whole project until the business can present a paper to Cabinet (earliest end of November 2023) detailing the status of the project, estimate to complete and the impact to the WOLC.
18. Contractually, the key vendors (NEC, DXC and Argonaut) are per agreed milestones. These vendors may argue the delay to the project in any way (such as hibernating the project for a set period) would require compensation for them. This is to maintain any infrastructure and platforms that need to remain in place and the associated staff to facilitate this. NEC has indicated that if the project is delayed past November 2023, they would raise a change request of between \$350k - \$750k a month. This

[COMMERCIAL IN-CONFIDENCE]

is to cover the cost of keeping staff assigned to the project, maintaining environments and the cost of lost opportunities as a result. s 9(2)(b)(ii)

Pros	Cons	Impact on Project Cost	Impact on WOLC	Impact on resourcing	Vendor Impact
Cabinet to decide if MBIE should continue with the project with WOLC estimated to be over \$35m. This will stop any further spend on CAPEX and OPEX until a decision is made.	The costs to complete would still be unknown as the project would not have completed SIT to identify what issues may arise. s 9(2)(b)(ii) Project pause and restart costs would likely be significant. Loss of IP, both within the project team and wider vendor teams.	There would be a month of project activity to document BCU IP, roll back code in the SIT and UAT environments.	WOLC would not reliably be able to be determined due to the level of uncertainty until SIT is completed.	MBIE staff reallocated to other projects. Contractors to be reallocated or contracts ended. Possibility that the core team would not be available when project commences again, losing valuable IP.	The following vendors have Fixed Price signed SoWs on the project (CAPEX). s 9(2)(b)(ii) The following vendors have Fixed Price signed SoWs on the project (OPEX). s 9(2)(b)(ii) There are 14 signed Time & Material SoWs across six vendors. The total amount owing on these SoWs is \$1.5m as of end July 2023.

c. Option Three – Continue “As is”- Not recommended

- Continue with the current implementation plan. Commence testing in the SIT environment, deploying to UAT and establishing the Pre-production and Production environments. A CR would be required to continue with this option and would be requesting an additional \$8m-10m CAPEX and \$3m-4m OPEX. The confidence in these estimates is low as testing has not commenced in SIT, which could lead to further cost and time increases. The new timeframe in the CR would be updated with a date in 2024. This would be determined after the quality of the solution is known and the funding discussion has taken place with Cabinet. This option assumes a paper would be presented to Cabinet in November to ensure MBIE can exceed WOLC of \$35m. Even though the project would continue, INZ business would not be able to sign any support, maintenance or license agreements until the paper has been to Cabinet.

20. NEC has indicated that if the project is delayed past November 2023, they would raise a change request of between \$350k - \$750k a month. This is to cover the cost of keeping staff assigned to the project, maintaining environments and the cost of lost opportunities as a result. s 9(2)(b)(ii)

21. From a legal standing this does not change any of the commercial arrangements in place. But, as the project is forecasting not to be implemented until end of March 2024, NEC may issue MBIE with a change request for each month's delay past November 2023. s 9(2)(b)(ii)

Pros	Cons	Impact on Project Cost	Impact on WOLC	Impact on resourcing	Vendor Impact
Vendors would remain with their current SoW commitments.	The cost to complete the project is unknown as SIT has not been completed. Risk of additional change requests to complete project activities. Ongoing support costs cannot be signed until Cabinet approval has been granted as this will take WOLC above \$35m.	CR6 would be presented to November DGB requesting additional CAPEX and OPEX for FY23/24 and potentially FY24/25. The project would continue to discover unknowns and further CRs for time and extension to Go Live date are possible.	The business would not be able to agree to any ongoing support costs with Vendors until after the Cabinet paper and approval to operate above \$35m granted. The Finance team is reviewing the ongoing support and maintenance costs to see if only the incremental difference between the old and new agreements would be included in WOLC. This would lower the WOLC if this could be considered.	None – project team would remain in place today.	Vendors would continue with their signed SoWs and submit variations if changes to scope and timeframes were identified. The business would not be able to sign any support contracts with any vendors, including NEC or Datacom, until the WOLC had been discussed with Cabinet.

d. Option Four – Focus on testing the solution in SIT – Recommended option.

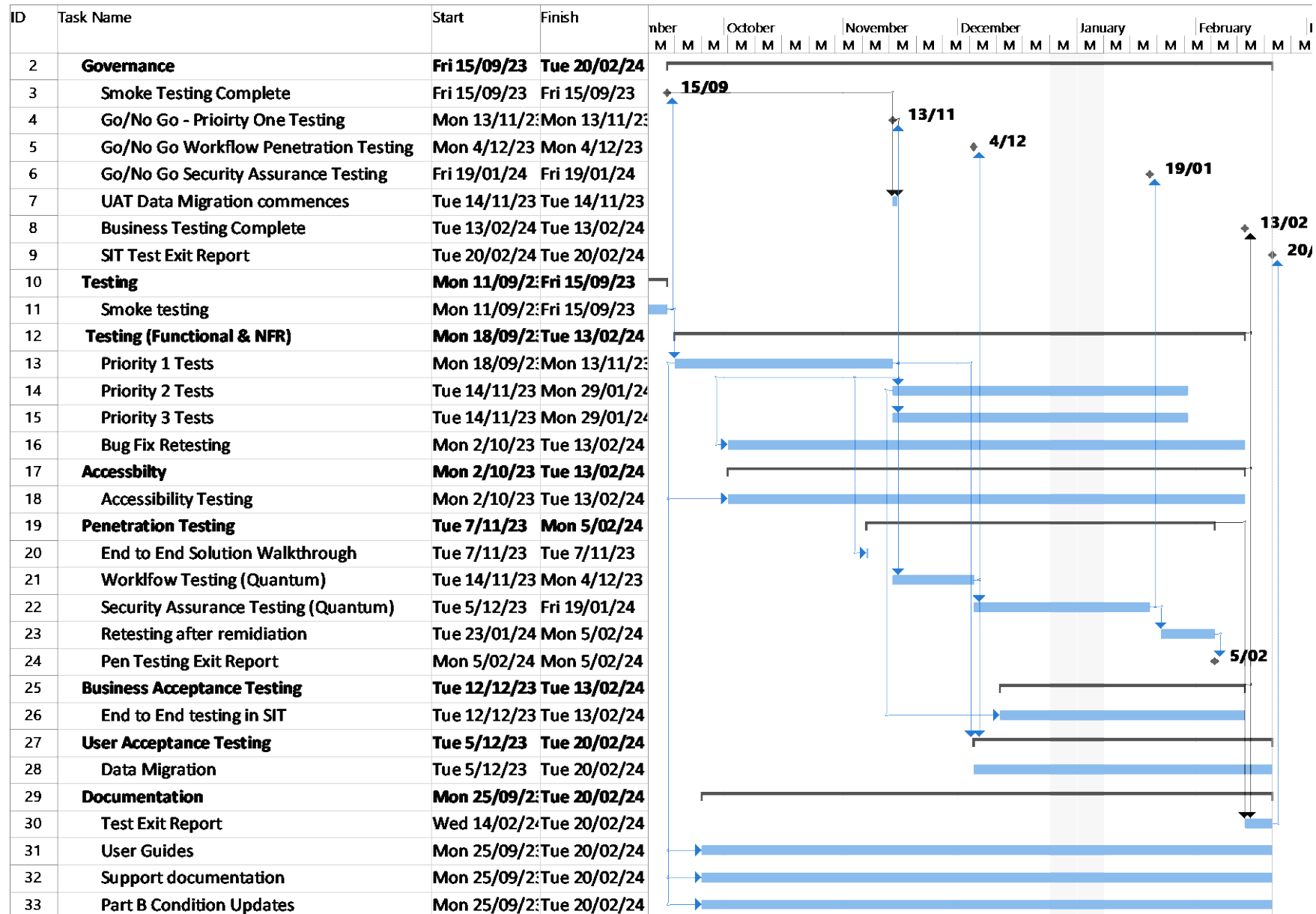
22. This is the recommended option and will re-focus the project to complete the SIT Phase. This phase will ensure the solution is fit for purpose and that the security concerns have been remediated. The business will be able to review the solution to ensure it meets its needs before the solution is deployed into other MBIE environments. CR6 will be presented at the October 2023 DGB meeting to request the additional funds to complete SIT only. The CR will request approx. \$3.8m CAPEX and \$900k OPEX which is still within the \$35m Cabinet threshold given no ongoing contractual commitments will be signed until approval to go over the threshold is obtained. This phase will not include biometric matching threshold testing, reporting, monitoring & alerting, security information and event management (SIEM) or load testing. A Cabinet paper would be submitted in November 2023, seeking approval to go above the current \$35m WOLC cap.
23. MBIE would not commit to any further phases of project delivery in this option or sign any new SoWs for Pre-Production or Production environments. When SIT has been completed and MBIE is confident that the solution meets the business needs, additional funding will be sought to move into the User Acceptance Testing (UAT) phase so that load testing is completed. Upon successful completion of this testing, the project will be able to provide the DGB with a cost to complete and a Go Live date.
24. This SIT phase is estimated to take six months and the schedule can be reviewed in Appendix A. There will be Go/No decisions on the SIT phase as it progresses, so that the project can be stopped if testing shows that the solution is not fit for purpose.
25. These milestones are estimated as:
- Priority One functional testing scripts complete – Mid November 2023
 - Business Workflow and API Penetration Testing Complete – Early December 2023
 - Security Assurance Testing (Control Validation Assessment) – Mid January 2024.
26. The project will update the DGB on the progress of these key milestones. If the first two milestones indicate that the solution is fit for purpose and workflow is secure, the project will ask the DGB for approval to commence the data migration phase in the UAT environment. This needs to be completed before Load testing can commence.
27. s 9(2)(h) s 9(2)(b)(ii)
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Pros	Cons	Impact on Project Cost	Impact on WOLC	Impact on resourcing	Vendor Impact
Project team and vendors to focus on one activity and ensure NEC product meets the business needs before incurring further potential regrettable expenditure. Allows time for the project to understand the changes required to enable the system to be productionised, along with the effort (both time and cost) to do this. Allows the business team to continue reviews of commercial agreements.	Key vendors with milestone payments will not be paid in the timeframes and some may walk away from the engagement. If this occurs, the project may have to stop as per option 1. This would result in write off of CAPEX and the establishment of a new project. Continued reliance on dated and inefficient identity system/algorithms, impacting INZ operations, until the new solution is implemented.	CR6 would be presented to the October DGB requesting additional CAPEX and OPEX in FY 23/24. This request is to complete the SIT testing phase up until end of Dec 2023 but does not include the costs to deploy. The approach is to complete testing sequentially rather than in parallel. This will increase the overall cost to deliver the project, but the business will have high confidence that the solution will work.	The WOLC would be an estimate at this time, but the project team would be able to confirm WOLC with improved confidence, based on the output of the SIT phase.	Minimal impact on MBIE project resourcing. Potential to save: 1 FTE Solution Architect 0.5 FTE Security Architect 1 FTE Release Manager 0.5 FTE Project Manager The vendors may reallocate resources to other projects as future work is delayed.	Project would not be able to commit to the following SoWs or contracts: NEC NEC has a key milestone on entry into the UAT environment. MBIE may need to look at paying this invoice early in two stages. 50% on entry into SIT and 50% on SIT test exit report. Support, End User Licensing Agreement (EULA) and Maintenance Agreements could not be signed until WOLC had been discussed with Cabinet. No further CRs could be signed (this includes changes to reports and design changes). Datacom The project would ask Datacom to shut down UAT environment (removing a cost of S 9(2)(b)(ii) for use). The project would not sign the contracts for Pre-Prod or Production environments at this stage even though Datacom secured additional capacity at their cost. One off cost for build of Pre-

Pros	Cons	Impact on Project Cost	Impact on WOLC	Impact on resourcing	Vendor Impact
					Prod & Prod of § 9(2)(b)(iii) would be delayed along with § 9(2)(b)(ii) Datacom is to procure the IPE hardware to roll out to production. This would be put on hold until Pre-prod § 9(2)(b)(ii) Reporting and SIEM integration would be put on hold. § 9(2)(b)(ii) DXC DXC has a CR in the pipeline § 9(2)(b)(iii) for additional time for all environments. The project would request a CR just for the SIT components. InTech InTech has submitted a CR § 9(2)(b)(iii) to the project for additional work that has been completed in SIT and an estimate to complete activities in other MBIE environments. The project would request a CR just for the SIT components. NEC The project would not sign any new CRs during the SIT phase. Estimate of known CRs to date is approx.

Pros	Cons	Impact on Project Cost	Impact on WOLC	Impact on resourcing	Vendor Impact
					s 9(2)(b)(ii) of th . New items could be found in SIT. Quantum The project would request Quantum to complete Penetration Testing in SIT to ensure NEC & Datacoms solutions are secure. Theta s 9(2)(b)(ii) CR has been submitted to update s 9(2)(b)(ii) The project team would delay this until UAT testing. One NZ One NZ has submitted a CR s 9(2)(b)(ii) to the project for additional work that has been completed in SIT and an estimate to complete activities in other MBIE environments. The project would request a CR just for the SIT components.

Appendix A – Option 4 SIT Testing Schedule





MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	Report back to Delivery Governance Board – 3644 Biometrics Capability Upgrade – Progress against IQA recommendations
Meeting date	12 th June 2023
Approved by	Richard Owen, General Manager Verification and Compliance & (Acting) General Manager Border & Visa Operations, INZ
Endorsed by	N/A
Presenters	s 9(2)(a)

Item purpose and summary

This memo provides a response to the following DGB action: Provide an update on the Biometric Capability Upgrade (BCU) projects progress implementing the IQA recommendations from October 2022.

Recommendations

It is recommended that the Board / Committee:

- **Note** the report back memo.

Current Status

An Independent Quality Assurance (IQA) assessment was completed in October 2022. To inform the IQA assessment, interviews were completed with senior stakeholders, staff from the primary vendor, and the project delivery team to provide an informed assessment for the recommendations presented in the IQA report.

The report recommended twenty-three actions the project should implement to improve project delivery and to realise the project objectives. Twenty-one of these recommendations have been completed with two remaining in-progress. Please refer to appendix I for the detailed overview of recommendations and resolution steps.

Completed Actions

Area	Number Completed
Governance	3
Resource Management	3
Schedule Management	5
Vendor Management	3
Change Management	2
Project Documentation	1
Benefit Realisation	1
Scope Management	2
Quality Management	1
Total	21

In Progress Actions

Area	Number Open	Planned Completion
Design	Finalise the Part B Designs	21 st July 23
Benefit Realisation	Re-confirm the benefits and develop the Benefits Realisation Plan	28 th July 23

Background

Due to the Biometrics Capability Upgrade project experiencing challenges progressing project delivery, the PSG requested an external project review to provide recommendations on how to remediate project delivery issues. This review was accepted by the PSG on the 19th October 2022. The PSG and BCU project team has been actioning the recommendations since that date. The review of IQA recommendations and required actions has been a standing agenda item at the fortnightly project steering committee meetings since October 22.

At the time of this update, all but two of the recommendations have been actioned.

Consultation

Group	Name	Engagement
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Immigration	Richard Owen	Provided for review
DDI	Robyn Moriarty	Provided for review

Previous governance engagement/decisions

Date	Committee	Outcome / Decision
12 th June 2023	DGB	Report back provided for noting
11 th April 2023	DGB	Report back provided for noting
21 st September 2022	ICDC	Change Request - Approved
12 th September 2022	DGB	Change Request - Endorsed
30 th April 2022	SLT	Investment Bid - Approved in Principle
30 th April 2022	ICDC	Rephasing - Approved in Principle
1 st December 2021	ICDC	Change Request – Approved
27 th October 2021	ICDC	Memo to Board - Noted
27 th September 2021	ICDC	Change Request – Endorsed
21 st July 2021	INZ BCB	Change Request – Endorsed
16 th June 2021	SLT	Investment Bid – Approved in Principle
9 th April 2021	EPMO	Memo to Board - Approved
9 th September 2020	INZ BCB	Change Request - Approved
27 th August 2020	ICDC	Memo to Board - Approved
8 th July 2020	INZ BCB	Change Request - Endorsed
10 th June 2020	INZ BCB	Change Request - Endorsed
13 th May 2020	INZ BCB	Change Request - Approved
13 th May 2020	INZ BCB	Change Request - Approved
22 nd August 2019	ICDC	Business Case - Approved

12 th August 2019	INZ BCB	Business Case - Endorsed
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Appendix I

In progress IQA recommendations

ID	Recommendation	Actions	Planned Date
1.17	Finalise the Part B Designs	Part B design is scheduled to be presented to DRB in August. NEC and MBIE are working closely to expedite completion of the Part B design	21 st -July 23
1.23	Re-confirm the benefits and develop the Benefits Realisation Plan	The project has received updated production volumes and will update benefits based on this new information including the delta with Daon based on organic growth in volumes. Due to the longevity and scope adjustments of the project, this activity will require extensive analysis and input from the business.	28 th July 23

Closed IQA recommendations

ID	Recommendation	Resolution	Closed
1.1	Clarify the decision making and decision-making path	PSG TOR updated 13/12/22 to reflect change to the PSG structure and responsibilities, weekly and daily meeting cadence has been established to ensure risks, issues, and decisions are socialised between the Business Owner, Business System Owner, and project manager	13 th December 22
1.2	Appoint a full time Business Owner	S 9(2)(a) has been appointed to the Business Owner Role. Project PMs and Change Manager meet with S 9(2)(a) weekly, PMs meet with the Business System Owner daily	15 th November 22
1.3	Strengthen project status reporting	NEC and MBIE has developed a shared high level integrated schedule to track project progress and highlight where the project in on track and at risk of delivering to the agreed timelines. NEC and MBIE project managers meet twice a week to align status reports where there is shared progress and concerns	31 st March 23
1.4	Include the non-product delivery components in the integrated schedule	The master schedule has been updated to include non-technical activities and milestones	30 th November 22
1.5	Gain commitment for the integrated schedule as the one version of delivery truth	The project has in place a fully integrated delivery schedule through to production go-live for detailed tracking. A high-level schedule is shared during the weekly all vendors meeting to ensure wider visibility and alignment of vendor resources	15 th November 22

ID	Recommendation	Resolution	Closed
1.6	Ensure there are dedicated resources assigned to the delivery	The MBIE project has onboarded an additional 2.5 FTEs Solution Architects to support Part B design completion	1 st March 23
1.7	Ensure there are appropriate peer to peer discussions occurring	Weekly vendor PM meetings, daily technical resolution meetings with all vendors, NEC and MBIE has established collaborative approach and conduct regular meetings, Solution Architects have better coordination and attend daily technical meetings. MBIE and NEC PMs have four regular meetings per week	30 th November 22
1.8	Develop the integrated resource plan	Both MBIE and NEC has reviewed resource plans with each organisation recruiting to meeting resource gaps, NEC has increased availability of critical NEC America resources	7 th April 23
1.9	Confirm the MBIE Lead Architect	s 9(2)(a) transitioned to the Lead Solution Architect role	19 th October 22
1.10	Finalise the communications and change management plans	The Change Plan was approved 28 th March 23	28 th March 23
1.11	Agree the shared registers	NEC and MBIE share visibility of their internal Risk / Issues registers and conduct regular meeting to review for alignment	30 th November 22
1.12	Gain written commitment from all parties for the new delivery plan	A Memo outlining new approved milestone dates presented to PSG and was agreed to and signed off by both NEC and MBIE stakeholders	18 th October 22
1.13	Bring all parties together for a re-launch	NEC and MBIE have participated in joint informal team building gathering, MBIE and NEC Steering Committee members have conducted separate project goal and expectation workshops. The combined Steering Committee agreed that these activities have resolved the concerns raised as part of the report and that a formal combined Hui was not required	31 st March 23
1.14	Baseline the Functional Requirements, including the reporting requirements	Baseline BCU Idme and IPE requirements completed and approved, updates are being managed through an agreed review process.	31 st March 23
1.15	Determine the treatment of any unmet requirements	Unmet Requirements have been compiled and socialised with the business owner; a walkthrough review is scheduled the week ending 2 nd June 23	29 th May 23
1.16	Re-schedule the end-to-end showcase	The 3rd business solution Showcase has been delivered to business stakeholders. Additional showcase sessions are planned for different interest groups during SIT testing.	29 th November 22
1.18	Finalise the Data Migration Plans and timings Ensure visibility and transparency of data migration activities	Data Migration Plan approved by MBIE, bulk migration of data completed following the process and validation steps outlined within the plan	3 rd February 23
1.19	Complete the NEC test traceability matrix	NEC has provided an update Requirement Traceability Matrix which has been accepted as part of the Test Exit Report	24 th February 23
1.20	Ensure the defect severity definitions are clear across all parties prior to SIT entry	Approved Tests Plans include a concise and agreed definition of severity levels.	15 th November 22
1.21	Determine whether SIT testing can begin prior to completion of the migration activity	The project confirmed that SIT testing could not start before the completion of data migration	18 th November 23
1.22	Review and refresh the training material	High level learning design approved; Learning Needs Analysis completed.	14 th April 23

MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	3644 – Biometric Capability Update (BCU) Report Back
Meeting date	19 February 2024
Approved by	Richard Owen, General Manager – Immigration Risk & Border
Endorsed by	Aaron Toatelegese, General Manager – Partnerships & Programmes
Presenter	Richard Owen, General Manager – Immigration Risk & Border s 9(2)(a) Michael Alp, Chief Operations Officer – Corporate Services

Item purpose and summary

The purpose of this memo is to report back to the Delivery Governance Board (DGB) on the 3644 – Biometric Capability Update (BCU) project as requested by DGB at the 11 November 2023 meeting.

The memo details the status of the system integration testing (SIT), progress on the commercials and the proposal to proceed into User Acceptance Testing (UAT).

The paper also provides details on the high-level implementation plan, additional funding required and an overview of Governance gates the project needs to complete for these to be approved.

Recommendations

It is recommended that the Board:

- **Note** the report back memo and the update to progress on delivery which includes an updated integrated delivery plan and a proposed Go-Live date.
- s 9(2)(h)
- **Note** that the project will have a requirement for additional funding and this will be requested as part of the next Change Request.
- **Note** the Change Request will be submitted to April DGB and will increase the overall delivery costs and will take into account a number of costs that would be BAU costs, but delays to delivery require the project to fund. Milestones will also require rebase lining.
- **Note** the intention to remove the In Person Enrolment (IPE) scope from the BCU project.

- **Note** the current approach to address WOLC thresholds through the Cabinet papers scheduled to be presented in March and June 2024 although these are dependent on agreement from the Minister of Immigration.
- **Note** the activities that were completed to inform the technical solution is still fit for purpose and alternatives technical options were explored.
- **Note** the engagement with the business for both readiness and change activities that includes activities to reduce work in progress prior to Go-Live and users to be exposed to the solution.
- **Note** the project will still be required to manage current risks and issues including that continued funding is not approved.
- **Approve** the BCU project to continue focusing on Systems Integration Testing while allowing some pre-requisites for UAT to commence to preserve the delivery timeline but before a formal Change Request can be presented.
- **Approve** the BCU project to continue operating outside its approved tolerance until the Change Request is submitted to the April governance round.

Background

Current Status

1. The project is Red as it has exceeded the three-week tolerance for schedule and budget. The project team is working on a Go to Green Plan as SIT progresses.
2. The project received approval at the November 2023 Delivery Governance Board meeting to continue to operate out of tolerance until an informed Change Request could be submitted.
3. The project is in the delivery phase and is executing Priority One (P1) test scripts in the SIT environment. These scripts were due to be completed on 23rd February but has been delayed by a week until the 29th February due to bug fixes not arriving in a timely manner and system outages in the environment. Currently 64% of P1 test cases have been executed.
4. Security Testing commenced on 12th February 2024 and is due to end 6th March 2024 which will provide another level of assurance of delivery success.
5. The updated project schedule is projecting a Go Live date of 29th October 2024 with the Project Closure Report in January 2025. This allows time for the Project to complete decommissioning activities and provide early life support. This date also takes into account the busy holiday period and the additional pressure on the Immigration system if go live is any later. This is the Labour Weekend period which will allow an additional day for cutover.

Progress of System Integration Testing (SIT)

6. SIT testing is progressing and the project has completed 64% of Priority 1 Test cases.
7. PrivSec Consulting has commenced executing on an MBIE agreed security testing program of BCU and IPE applications and is due to complete 6th March. PrivSec Consulting will provide a verbal update at the end of February with key findings.
8. MBIE Security team is completing the Security Audit Validation which will highlight any areas of concern that will need to be addressed before moving through the upper environments.

9. SIT testing is currently behind schedule by 6 days due to delays in the number of defects being resolved by NEC and the solution still experiencing severity 1 defects across other vendors. An escalation process has been established which is being used to resolve this.
10. SIT testing has been focusing on the execution of Priority 1 test cases and will also involve a level of security testing over the coming weeks and to ensure the project can turn its focus to UAT. Priority 2 and 3 test cases will still be required to be executed and the reality is that both SIT and UAT testing will be required to run in parallel for a period of time to ensure the delivery plan can be maintained. Any decision to limit testing of lower priority test cases may have a negative impact on the customer outcomes and require an ongoing improvement programme likely to be discussed as part of a commercial Services Agreement.
11. Escalations to NEC have been around the velocity of defect remediations provided in the fortnightly release cycle. Expectations of 15 defects per release have not been met recently and MBIE will require an increase over future releases to ensure we can maintain the critical path.
12. NEC will provide release 1.0.11 on the 15th February which contains 17 Priority 1 test case defects, 9 NEC System Testing defects and a Change Request implementation. The next release from NEC (1.0.12) is scheduled for 29 February and MBIE would expect this to contain greater than 15 defects.
13. DXC contains the next highest number of defects (16) but have a higher release schedule and understanding of MBIE environments.
14. As at 13th February the project has 3 critical defects (One each for NEC, DXC and MBIE) which are requiring management oversight to resolve and inhibit the running of some Priority Test cases.

High Level Project Plan

15. The Draft High-Level plan (Appendix A) has been circulated to all vendors. MBIE are asking for feedback on the plan and requesting if the change in Go-Live date will have any impact on their commercial agreements with MBIE along with confirmation that all vendors can achieve the dates. Feedback is to be provided back to MBIE by 16th February 2024.
16. The plan has been created jointly between the NEC and MBIE Project Managers and noted at the Project Steering Group on 30th January.
17. Entry and Exit Criteria of the solution moving between MBIE environments has been shared with Vendors. If entry or exit criteria are not met within the required timeframes or the business chose not to accept a failed exit report the Go-Live date may be impacted.
18. The integrated programme schedule includes a number of pre-requisites and dependencies and although the focus has been on SIT activities, this cannot be at the detriment of Go-Live especially if delaying activities would add additional cost and delivery duration until formalised governance decisions can be made. As part of additional oversight, support has been provided for commercial and delivery activities. This additional support has provided a point of escalation to allow decisions to be made quickly including
 - a) Project Sponsor and DepSec approval to progress Commercial variations to avoid protracted commercial negotiations in the form of disputes
 - b) Rapid approval of Change Requests that are required for the delivery of the solution
 - c) Minor work to enable the User Acceptance Testing (UAT) environment to be re-established in order to enable the data migration and ingestion to be completed by NEC. Deferral of establishment would have added four weeks effort post SIT.

- d) Progression of BAU licensing costs to the next tier of Face Images as a one of cost as the next tier of stored images is met. This ultimately drives down the individual image costs.

BCU commercial discussion with NEC and Whole of Life Costs (WOLC)

s 9(2)(b)(ii)

[REDACTED]

Financial Update

- 25. The project is forecasting that the total cost to deliver BCU and IPE is \$47m based on the new proposed Go-Live dates. This does not include Ongoing Support and Maintenance costs but does include the Band B to Band C license cost, IPE SoW costs, T&M SoW for NEC, MBIE delivery resources, environment running costs and approved Change Requests for other vendors.

26. As commercial arrangements are finalised the project has forecasted committed spend to \$41.6m in MBIE resources, signed SOWs and environment costs which also includes circa \$7.1m of costs associated with the IPE solution.
27. Actual project expenditure since inception through to the end of January 2024 is currently \$24.5m including CAPEX & OPEX
28. The estimate to complete the project has been separated into three categories:
- a) Committed – SoW that have been signed,
 - b) Uncommitted – Work that is required for Go-Live but SOW or Change Requests yet to be signed and this includes significant environment costs and costs that were originally considered BAU but will be shifted to the project due to delays; and
 - c) Contingency – To cater for an unknown activity required for Go-Live that have not been estimated for.
29. The following table shows the project estimates in these categories:

	CAPEX	OPEX	TOTAL
Prior Year Actual spend (2019/20 to 2022/23)	\$ 16,789,296	\$ 3,906,418	\$ 20,695,713
Current Year-to-Date Spend (Jul 23 to Jan23)	\$ 3,152,603	\$ 628,289	\$ 3,780,892
Committed (Feb 23 to Jan 25)	\$ 7,212,624	\$ 5,030,966	\$ 12,243,590
Soon to be committed (IPE SOW)		\$ 1,765,688	\$ 1,765,688
Uncommitted (Feb 23 to Jan 25)	\$ 2,454,946	\$ 120,400	\$ 2,575,346
MBIE Resources (Feb 23 to Jan 25)	\$ 4,667,128	\$ 406,560	\$ 5,073,688
Contingency (Feb 23 to Jan 25)	\$ 1,080,000	\$ -	\$ 1,080,000
TOTAL	\$ 35,356,597	\$ 11,858,321	\$ 47,214,917

30. As of end of January 2024, the project has forecasted a committed future spend of \$41.6m which includes, spend to date, signed SOW for work yet to be delivered and MBIE resources required to complete delivery.
31. Change Request 6 will be submitted to DGB in April 2024 requesting the new CAPEX and OPEX funding required, along with indication of the ongoing support and maintenance costs. Appendix B shows the summary of Change Requests approved through the project and the estimated funding to be requested in Change Request 6.
32. The project has always been aware of the Whole of Life Cost (WOLC) exceeding the Cabinet threshold of \$35m. To date actual WOLC is around \$24.5m but as commercial arrangements are agreed and signed with a commitment to incur a future cost, this threshold will likely be exceeded in future months. In order to ensure only the true costs of delivering the BCU solution are taken into effect, the IPE deliverables which were never part of the original BCU business case, will be recommended to be removed from the BCU project through a reduction in scope via Change Request 6.
33. If the separation of IPE is approved, a new project code will be established and actual and reasonable costs associated with the IPE solution and ongoing costs will be moved across to this new project code. IPE still has a dependency on the BCU project from a technical perspective and will be required to Go-Live at the same time, but the delivery can be separated from a cost perspective, business impacts and focus of the BCU project team.
34. As part of the WOLC conversation, the project has been engaging with Immigration Policy regarding the fiscal sustainability and cost pressure work as any approved Change Request will need to be funded from Immigration and MBIE Capital. Policy direction to the Minister of Immigration will provide options to shift funding sources between Crown, Levy and Fees and current advice has been to not to put up a separate paper for BCU cost pressures, but to include any additional funding

requirements in the suite of Immigration pressures. The current timing for these papers is for a March Cabinet paper on Fee and Levy review seeking agreement to use levy funding to address 23/24 BCU cost pressures. A later June Cabinet paper on final fee and levy rates and to seek agreement to extend WOLC taking into account adjusted rates to factor in ongoing BCU costs. Final dates are dependent on the approval of the Minister of Immigration and her timing to take papers to Cabinet.

35. The Finance Business Partnering team are also providing additional support to ensure alignment with Cabinet Papers, MBIE internal project prioritisation activities and forecasting impacts for MBU/OBU. The project finance reporting spreadsheet has also been shared with finance to ensure all costs are captured and can be validated as delivery costs increase towards the WOLC threshold. This will include working with Treasury were required.
36. A significant cost which was expected to be funded by the IGMS operating budget can now not be met due to other competing costs. This is the cost associated with operating all environments for an extended period of time. This will include SIT, UAT, PreProduction and Production and costs will start to climb as the vast amounts of data transition through these environments and the number of servers exceeds 80.
37. The EULA commercials provide the construct for the licensing tiers for Face Images. As these continue to grow due to the legislative requirement to hold biometric/biographic for a period exceeding 25 years, the EULA provides for progression through tiers which each tier providing for a one-off cost which allows for a volume discount. Effectively the more you consume, the cheaper each stored image becomes. MBIE are currently at Band C and will likely require an upgrade to Band D prior to Go Live. This was initially planned to happen after the project had completed but the delays means that the project will need to fund these costs.

Key risk and issues

38. s 9(2)(h)

40. The defect turnaround from NEC is slower than MBIE requires to meet the key milestone dates on the critical path. This has been raised during the Project Steering meetings but MBIE are yet to see an increase in the number of defects resolved or an increased in their release cycle (currently fortnightly).

41. The Master Service Agreement (MSA) expires in June 2024. MBIE proposed that the MSA is extending without changing any of the terms and conditions that were signed in 2019. This is yet to be agreed between parties and past history has demonstrated that commercial documents of this nature take months to review and agree.

42. s 9(2)(b)(ii)

43. The Minister of Immigration has received various levels of information including the strategic importance that the BCU project delivers in terms of protecting the integrity of the Immigration system, meeting our international obligations, s 6(a) and managing risk. The BCU capability is also a dependent component to allow further efficiency gains to be made within application processing. There is a risk that the ongoing financial requirements for the delivery of the BCU project are not supported by the Minister or Cabinet given the focus on fiscal sustainability.

44. Should Governance, SLT or Government decide to not approve requests for additional funding to complete the BCU project in its current scope, the project will be required to make a number of decisions that will have implications across MBIE. Stopping the project or pursuing alternative technical solutions will trigger significant

claims from NEC for payment under the existing commercial arrangements while still requiring an alternative solution to the aging infrastructure and systems. If the current asset is not realised then an impairment will be required to the value of WIP while still requiring a replacement solution to be identified and implemented over an extended period of time. Completing the BCU project is also a dependency in the ultimate decommission of the IGMS system.

Technical Assurance

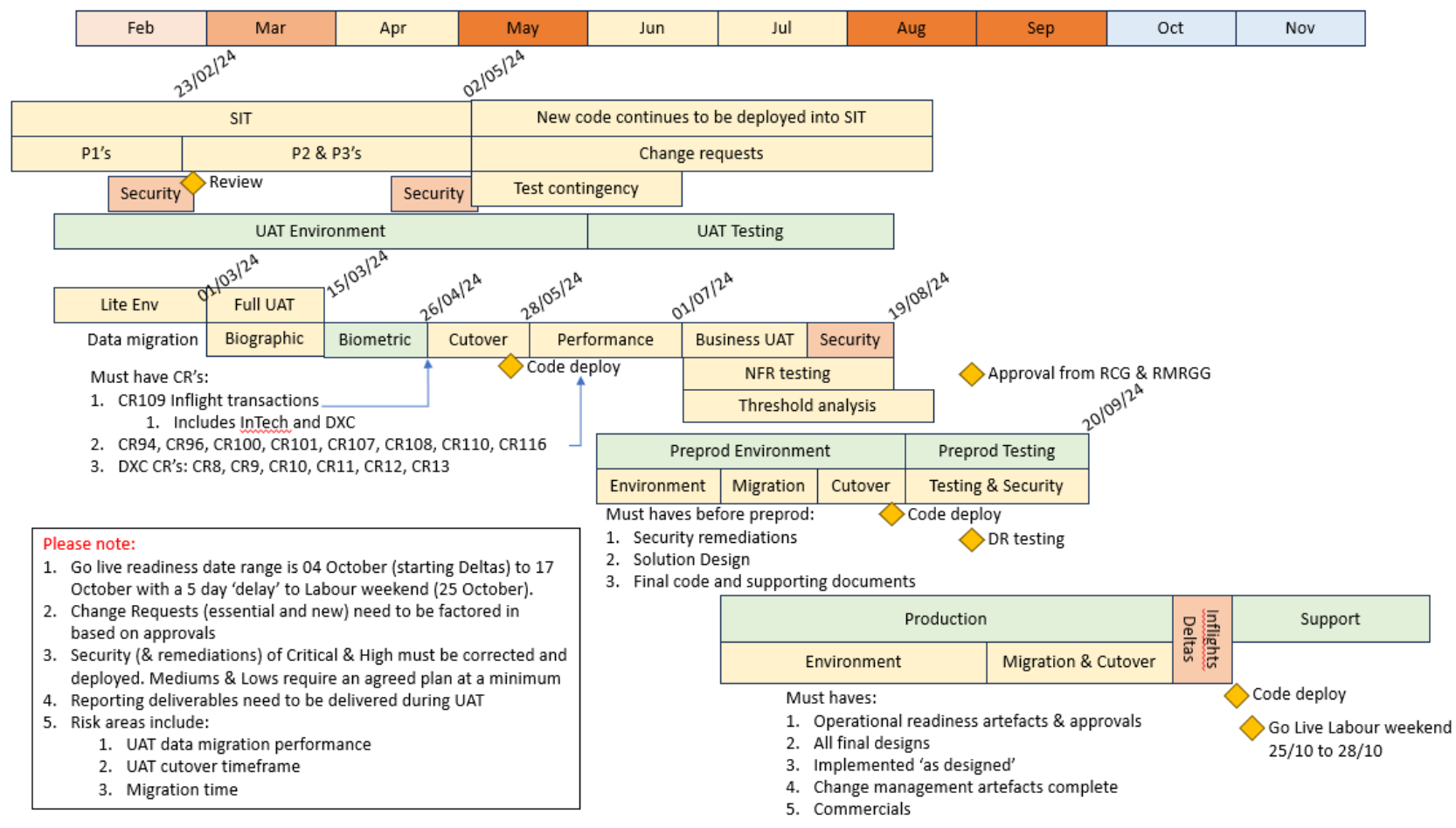
45. During the projects initial pause relating to delivery and financials thresholds, a piece of work was commissioned by a MBIE technical resource with no history or involvement in the BCU project. The scope of the review was to review the direction taken and viability of the technical solution alongside investigating alternatives should MBIE disengage the prime vendor. The review also did not take into account the commercial realities of disengagement or the financial implications of such a decision.
46. The MBIE resource was able to directly engage key vendors to review the solution and work without prejudice on costings and options.
47. The review concluded that a level of customisation had been made to aspects of the product and that workflow capabilities had exceeded the core products capability and if MBIE was starting again, workflow capability would be provided by an external solution.
48. The review also highlighted that the core product was well regarded in the market place from an industry perspective and used by other Government departments and organisations. The identity engine is market leading and considered best in class and fit for purpose and components from NEC would still be required in any alternative solution. Proceeding with the delivery with a focus on SIT was the right technical option to enable an informed decision to be made.
49. Two alternative options were also explored which still required NEC components, still required up to 35 weeks of delivery effort and the solutions did not progress MBIE towards their strategic outcomes relating to decommissioning all components of the legacy system.
50. The detailed review document can be made available on request if required.

Business Engagement

51. The project governance group has been asked to support more engagement with the business to ensure familiarity with the end product and to support a successful transition.
52. The Business Owner now attends all Steering Groups and attends weekly meeting relating to Change Requests and the impact on the business if not approved. Business Owner is also engaged to discuss workarounds and alternatives where required.
53. The Identity team are also working through the implications of current inflight work volumes and any complexity during migration and transition to the new system. Plans to reduce the work in progress will be made available closer to production migration.
54. A number of change activities were also paused last year and an initial meeting has been held with the Immigration Business Change Team to recommence change activities with impacted stakeholders. Part of this engagement is to rebuild the trust with stakeholders given the stop/start nature of delivery prior to the holiday period.

Appendix A – High Level Plan

Below details the high-level activities required for a Go Live in October 2024.



Appendix B – Summary of approved and future Change Requests since August 2019.

CR Summary	Business Case	CR1	CR 2	CR 3	CR 4	CR5	CR6 (proposed)	Total cost
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Date Approved	22 Aug 2019	13 May 2020	8 July 2020	27 Sep 2021	21 Sep 2022	21 July 2023	April 2024 (TBC)	
OPEX	\$46,272	\$0	\$0	\$0	\$4,665,111	\$4,531 -\$378,261	\$3,107,672 FY23/24 \$4,164,206 FY24/25	\$11,607,531
CAPEX	\$10,458,858	\$831,705	\$5,785,749	\$5,075,674	-\$863,971	\$506,929	\$6,298,858 FY23/24 \$7,322,120 FY24/25	\$35,415,922
Reason	N/A	Transfer of Capex from: 3315 – Photo Quality Checker 3303 – Windows OS and SQL Database	Merge of BCU and IPE into a single project.	Additional funding required for additional scope, design challenges and change in approach	Reallocation of Capex to OPEX due to new treasury guidelines.	Implementation delays due to design, security and resourcing constraints.	Implementation delays. Commercial agreements not forecasted (Licence and IPE SoW)	
Project End Date	30 Sep 2020	N/A	May 2021	31 Aug 2022	31 Nov 2023	28 Feb 2024	31 Jan 2025	
Time extension	N/A	N/A	8 months	15 months	15 months	3 months	12 months	

MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	3644 – Biometric Capability Update (BCU) Report Back
Meeting date	18 March 2024
Approved by	Richard Owen, General Manager – Immigration Risk & Border
Endorsed by	Aaron Toatelegese, General Manager – Partnerships & Programmes
Presenter	Richard Owen, General Manager – Immigration Risk & Border s 9(2)(a) Michael Alp, Chief Operations Officer – Corporate Services

Item purpose and summary

The purpose of this memo is to report back to the Delivery Governance Board (DGB) on the 3644 – Biometric Capability Update (BCU) project as requested by DGB at the 19 March 2024 meeting.

The memo details the status of the system integration testing (SIT), progress on the commercials and Cabinet Paper and the proposal to proceed into User Acceptance Testing (UAT).

Recommendations

It is recommended that the Board:

- **Note** the report back memo and the update to progress on delivery which includes an updated integrated delivery plan and a proposed Go-Live date.
- **Note** the Addendum for the Cabinet paper requesting approval to exceed Whole of Life Costs (WoLC) of \$35 million.
- s 9(2)(b)(ii)
- **Note** that the project will have a requirement for additional funding which will be requested as part of the next Change Request.
- **Note** the Change Request will be submitted to April / May DGB (after approval from Cabinet) and will increase the overall delivery costs and will split out the In Person Enrolment (IPE) delivery into its own project. The CR will update the benefits and rebaseline the project milestones

- **Note** the current approach to address WOLC thresholds through the Cabinet papers scheduled to be presented in March 2024.
- **Note** the project will still be required to manage current risks and issues including that continued funding is not approved.
- **Approve** the BCU project to continue focusing on Systems Integration Testing while allowing some pre-requisites for UAT to commence to preserve the delivery timeline but before a formal Change Request can be presented.
- **Approve** the BCU project to continue operating outside its approved tolerance until the Change Request is submitted and approved by DGB & FICC.

Background

Current Status

1. The project is Red as it has exceeded the three-week tolerance for schedule and budget. The project team is working on a Go to Green Plan as SIT progresses.
2. The project received approval at the November 2023 Delivery Governance Board meeting to continue to operate out of tolerance until an informed Change Request could be submitted.
3. The project is in the delivery phase and is executing Priority One (P1) test scripts in the SIT environment. These scripts were due to be completed on 23rd February but has been delayed by three weeks until the week commencing 18th March due to bug fixes not arriving in a timely manner and system outages in the environment. Currently 78% of P1 test cases have been executed.
4. Security Testing commenced on 12th February 2024 and was due to end 6th March 2024, this has been delayed due to information from the lead vendor not arriving in a timely manner. The project are looking at what the impact to the project is.
5. The updated project schedule is projecting a Go Live date of 29th October 2024 with the Project Closure Report in January 2025. This allows time for the Project to complete decommissioning activities and provide early life support. This date takes into account the busy holiday period and the additional pressure on the Immigration system if go live is any later. This is the Labour Weekend period which will allow an additional day for cutover.

Progress of System Integration Testing (SIT)

6. SIT testing is progressing and the project has completed 64% of Priority 1 Test cases.
7. PrivSec Consulting has commenced executing on an MBIE agreed security testing program of BCU and IPE applications and is due to complete 6th March. PrivSec Consulting will provide a verbal update at the end of February with key findings.
8. MBIE Security team is completing the Security Audit Validation which will highlight any areas of concern that will need to be addressed before moving through the upper environments.
9. SIT testing is currently behind schedule by 6 days due to delays in the number of defects being resolved by NEC and the solution still experiencing severity 1 defects across other vendors. An escalation process has been established which is being used to resolve this.

10. SIT testing has been focusing on the execution of Priority 1 test cases and will also involve a level of security testing over the coming weeks and to ensure the project can turn its focus to UAT. Priority 2 and 3 test cases will still be required to be executed and the reality is that both SIT and UAT testing will be required to run in parallel for a period of time to ensure the delivery plan can be maintained. Any decision to limit testing of lower priority test cases may have a negative impact on the customer outcomes and require an ongoing improvement programme likely to be discussed as part of a commercial Services Agreement.
11. s 9(2)(b)(ii)
12. NEC will provide release 1.0.11 on the 15th February which contains 17 Priority 1 test case defects, 9 NEC System Testing defects and a Change Request implementation. The next release from NEC (1.0.12) is scheduled for 29 February and MBIE would expect this to contain greater than 15 defects.
13. s 9(2)(b)(ii)

High Level Project Plan

15. The Draft High-Level plan (Appendix A) has been circulated to all vendors. MBIE are asking for feedback on the plan and requesting if the change in Go-Live date will have any impact on their commercial agreements with MBIE along with confirmation that all vendors can achieved the dates. Feedback is to be provided back to MBIE by 16th February 2024.
16. The plan has been created jointly between the NEC and MBIE Project Managers and noted at the Project Steering Group on 30th January.
17. Entry and Exit Criteria of the solution moving between MBIE environments has been shared with Vendors. If entry or exit criteria are not met within the required timeframes or the business chose not to accept a failed exit report the Go-Live date may be impacted.
18. The integrated programme schedule includes a number of pre-requisites and dependencies and although the focus has been on SIT activities, this cannot be at the detriment of Go-Live especially if delaying activities would add additional cost and delivery duration until formalised governance decisions can be made. As part of additional oversight, support has been provided for commercial and delivery activities. This additional support has provided a point of escalation to allow decisions to be made quickly including:
 - a) s 9(2)(j)
 - b) Rapid approval of Change Requests that are required for the delivery of the solution,
 - c) Minor work to enable the User Acceptance Testing (UAT) environment to be re-established in order to enable the data migration and ingestion to be completed by NEC. Deferral of establishment would have added four weeks effort post SIT; and
 - d) Progression of BAU licensing costs to the next tier of Face Images as a one of cost as the next tier of stored images is met. This ultimately drives down the individual image costs.

19. s 9(2)(b)(ii)

Financial Update

25. The project is forecasting that the total cost to deliver BCU and IPE is \$47m based on the new proposed Go-Live dates. This does not include Ongoing Support and Maintenance costs but does include the Band B to Band C license cost, IPE SoW costs, T&M SoW for NEC, MBIE delivery resources, environment running costs and approved Change Requests for other vendors.
26. As commercial arrangements are finalised the project has forecasted committed spend to \$41.6m in MBIE resources, signed SOWs and environment costs which also includes circa \$7.1m of costs associated with the IPE solution.
27. Actual project expenditure since inception through to the end of January 2024 is currently \$24.5m including CAPEX & OPEX
28. The estimate to complete the project has been separated into three categories:
 - a) Committed – SoW that have been signed, this includes significant environment costs and costs that were originally considered BAU but will be shifted to the project due to delays,

b) Uncommitted – Work that is required for Go-Live but SOW or Change Requests are yet to be signed; and

c) Contingency – To cater for an unknown activity required for Go-Live that have not been estimated for.

29. The following table shows the project estimates in these categories:

	CAPEX	OPEX	TOTAL
Prior Year Actual spend (2019/20 to 2022/23)	\$ 16,789,296	\$ 3,906,418	\$ 20,695,713
Current Year-to-Date Spend (Jul 23 to Jan23)	\$ 3,152,603	\$ 628,289	\$ 3,780,892
Committed (Feb 23 to Jan 25)	\$ 7,212,624	\$ 5,030,966	\$ 12,243,590
Soon to be committed (IPE SOW)		\$ 1,765,688	\$ 1,765,688
Uncommitted (Feb 23 to Jan 25)	\$ 2,454,946	\$ 120,400	\$ 2,575,346
MBIE Resources (Feb 23 to Jan 25)	\$ 4,667,128	\$ 406,560	\$ 5,073,688
Contingency (Feb 23 to Jan 25)	\$ 1,080,000	\$ -	\$ 1,080,000
TOTAL	\$ 35,356,597	\$ 11,858,321	\$ 47,214,917

30. As of end of January 2024, the project has forecasted a committed future spend of \$41.6m which includes, spend to date, signed SOW for work yet to be delivered and MBIE resources required to complete delivery.
31. Change Request 6 will be submitted to DGB in April 2024 requesting the new CAPEX and OPEX funding required, along with indication of the ongoing support and maintenance costs. Appendix B shows the summary of Change Requests approved through the project and the estimated funding to be requested in Change Request 6.
32. The project has always been aware of the Whole of Life Cost (WOLC) exceeding the Cabinet threshold of \$35m. To date actual WOLC is around \$24.5m but as commercial arrangements are agreed and signed with a commitment to incur a future cost, this threshold will likely be exceeded in future months. In order to ensure only the true costs of delivering the BCU solution are taken into effect, the IPE deliverables which were never part of the original BCU business case, will be recommended to be removed from the BCU project through a reduction in scope via Change Request 6.
33. If the separation of IPE is approved, a new project code will be established, and actual and reasonable costs associated with the IPE solution and ongoing costs will be moved across to this new project code. IPE still has a dependency on the BCU project from a technical perspective and will be required to Go-Live at the same time, but the delivery can be separated from a cost perspective, business impacts and focus of the BCU project team.
34. As part of the WOLC conversation, the project has been engaging with Immigration Policy regarding the fiscal sustainability and cost pressure work as any approved Change Request will need to be funded from Immigration and MBIE Capital. Policy direction to the Minister of Immigration will provide options to shift funding sources between Crown, Levy and Fees and current advice has been to not to put up a separate paper for BCU cost pressures, but to include any additional funding

requirements in the suite of Immigration pressures. The current timing for these papers is for a March Cabinet paper on Fee and Levy review seeking agreement to use levy funding to address 23/24 BCU cost pressures. A later June Cabinet paper on final fee and levy rates and to seek agreement to extend WOLC taking into account adjusted rates to factor in ongoing BCU costs. Final dates are dependent on the approval of the Minister of Immigration and her timing to take papers to Cabinet.

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Key risk and issues

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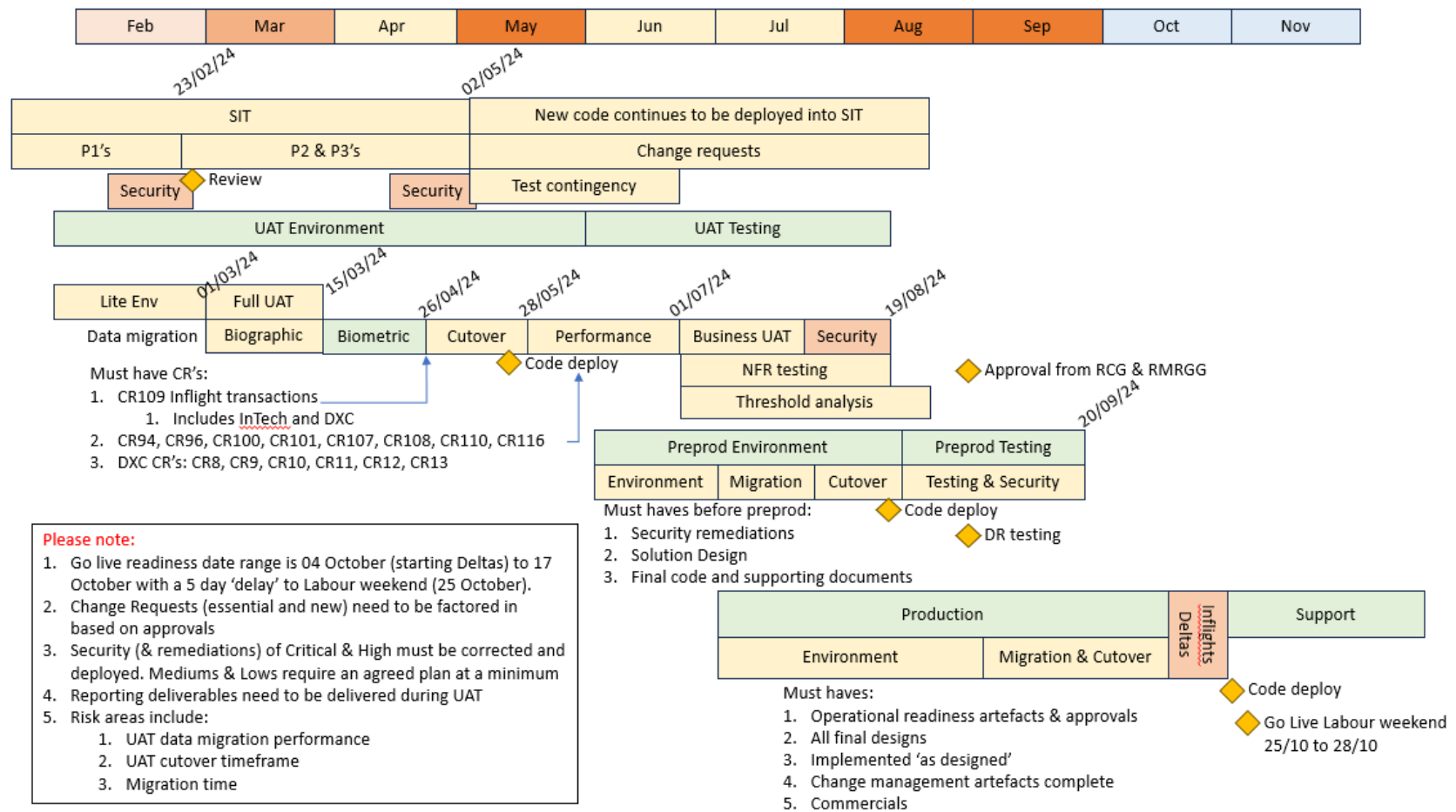
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Appendix A – High Level Plan

Below details the high-level activities required for a Go Live in October 2024.

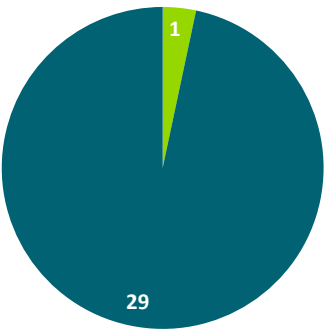


Appendix B – Summary of approved and future Change Requests since August 2019.

CR Summary	Business Case	CR1	CR 2	CR 3	CR 4	CR5	CR6 (proposed)	Total cost
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OPEX	\$46,272	\$0	\$0	\$0	\$4,665,111	\$4,531 -\$378,261	\$3,107,672 FY23/24 \$4,164,206 FY24/25	\$11,607,531
CAPEX	\$10,458,858	\$831,705	\$5,785,749	\$5,075,674	-\$863,971	\$506,929	\$6,298,858 FY23/24 \$7,322,120 FY24/25	\$35,415,922
Reason	N/A	Transfer of Capex from: 3315 – Photo Quality Checker 3303 – Windows OS and SQL Database	Merge of BCU and IPE into a single project.	Additional funding required for additional scope, design challenges and change in approach	Reallocation of Capex to OPEX due to new treasury guidelines.	Implementation delays due to design, security and resourcing constraints.	Implementation delays. Commercial agreements not forecasted (Licence and IPE SoW)	
Project End Date	30 Sep 2020	N/A	May 2021	31 Aug 2022	31 Nov 2023	28 Feb 2024	31 Jan 2025	
Time extension	N/A	N/A	8 months	15 months	15 months	3 months	12 months	

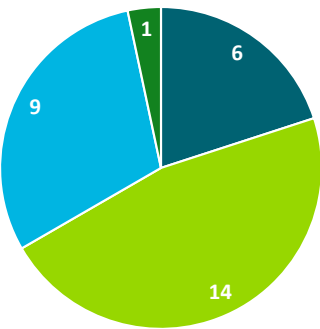
3644 BIOMETRIC CAPABILITY UPDATE - Very High and High Risks as at 15 May 2024

Inherent Risks (30)



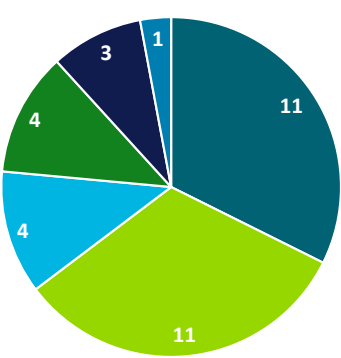
Very high High

Controlled Risks (30)



High Medium Low Very Low

Consequence Category



- Schedule
- Financial
- People, Safety and Security
- Legal and Compliance
- Scope
- Benefits, Outputs and Outcomes

Note: Risk count will not be equal to number of risks as more than one category can be allocated to one risk. Some risks have no category applied.

Code	Project	Risk	Date Raised	Owner	Inherent	Controlled	Target	Consequence Category	Consequence Category 2	Consequence Category 3
3644 Biometric Capability Update		5 Week Xmas stand down	6/07/2020 2:03	s 9(2)(a)	Very High	Low	Not Selected	Schedule		
3644 Biometric Capability Update		CR03 Not approved	19/05/2021 12:00		High	High	Medium	Schedule		
3644 Biometric Capability Update		Project Schedule unable to be realised	2/06/2021 0:19		High	High	Medium	Schedule		
3644 Biometric Capability Update		Insufficient approved funding to deliver the project	21/12/2021 3:00	s 9(2)(b)(ii)	High	High	High	Financial		
3644 Biometric Capability Update										
3644 Biometric Capability Update										
3644 Biometric Capability Update		Flight risk of Contract Testers	17/02/2023 4:35	s 9(2)(b)(ii)	High	High	Medium	People, Safety and Security		
3644 Biometric Capability Update		Key Architecture Resource engagement	31/05/2020 22:54		High	Medium	Very Low	Financial		
3644 Biometric Capability Update		IPE - NEC may not able to provide a mobile solution compatible with th	9/06/2020 1:38		High	Medium	Not Selected	Scope		
3644 Biometric Capability Update		Migration Process	23/06/2020 12:00	s 9(2)(b)(ii)	High	Medium	Medium	Schedule		
3644 Biometric Capability Update		Data Consistency Updates Reporting	12/07/2020 20:40		High	Medium	Not Selected	Schedule		
3644 Biometric Capability Update			10/08/2020 22:31							
3644 Biometric Capability Update			26/01/2021 2:50	s 9(2)(b)(ii)	High	Medium	Not Selected	Scope		
3644 Biometric Capability Update		Variations to Fixed Price Contracts	9/03/2021 11:00		High	Medium	Medium	Financial		
3644 Biometric Capability Update		NEC Delivery	28/06/2022 4:11		High	Medium	High	Financial		
3644 Biometric Capability Update				s 6(c)						
3644 Biometric Capability Update										
3644 Biometric Capability Update										
3644 Biometric Capability Update		Severity and volume of defects	1/11/2023 11:00	s 9(2)(b)(ii)	High	Medium	Medium	Benefits, Outputs and Outcomes		
3644 Biometric Capability Update		No commercials in place for non performance of lead vendor	28/04/2024 12:00		High	Medium	Medium	Legal and Compliance		
3644 Biometric Capability Update		Business Training may need to increase depending on number of Work	5/05/2024 12:00		High	Medium	Medium	Schedule	Financial	
3644 Biometric Capability Update		All vendors need to work together and Schedule accordingly	11/07/2019 12:00	s 9(2)(b)(ii)	High	Low	High	Reputation and Trust	Scope	Schedule
3644 Biometric Capability Update		New Timeframe and Funding approval	9/06/2020 0:04		High	Low	Very Low	Financial		
3644 Biometric Capability Update										
3644 Biometric Capability Update		Go live delayed by Longer than planned Bulk Data Migration	14/09/2022 12:00	s 9(2)(b)(ii)	High	Low	Very Low	Schedule		
3644 Biometric Capability Update		Project stopped before Go-Live	29/03/2023 11:00		High	Low	Low	Financial	Legal and Compliance	
3644 Biometric Capability Update		WOLC increases due to licensing volumes	29/03/2023 11:00		High	Low	Low	Financial		
3644 Biometric Capability Update			27/04/2023 12:00	s 9(2)(b)(ii)	High	Low	Low	Legal and Compliance		
3644 Biometric Capability Update		Concurrent implementation	27/04/2023 12:00		High	Low	Low	Schedule		
3644 Biometric Capability Update		Vendor Access Constrained	28/11/2019 11:00		High	Very Low	Very Low	Schedule		

Total risks:	30
Inherent	
Very high	1
High	29
Controlled	
High	6
Medium	14
Low	9
Very Low	1
Consequence Category	
Schedule	11
Financial	11
People, Safety and Security	4
Legal and Compliance	4
Scope	3
Benefits, Outputs and Outcomes	1

MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	3644 – Biometric Capability Update (BCU) Report Back.
Meeting date	20 May 2024
Approved by	Michael Alp, General Manager – Immigration Risk & Border (Acting)
Endorsed by	s 9(2)(a)
Presenter	Michael Alp, General Manager – Immigration Risk & Border (Acting)

Item purpose and summary
The purpose of this memo is to report back to the Delivery Governance Board (DGB) on the 3644 Biometric Capability Update (BCU) project as requested by DGB at the 15 April 2024 The memo provides: 1. Current Status 2. Update on Financials 3. Update on Minister correspondence and Cabinet Paper 4. Update on Critical Path 5. Update on Change Management 6. Updated Risk Register

Recommendations

It is recommended that the Board:

- **Note** the updated information contained within this report back memo.
- **Note** the IQA report commissioned by the project has been completed and approved by the Project Sponsor. The IQA rating shows that the successful delivery of the project is recorded as “Possible” with management interventions. A full copy of the report will be provided to the Board and progress on recommendations will be provided in the next monthly update.
- **Note** this report back provides updates on the BCU project only. In Person Enrolment is now being delivered by Project 3586
- **Note** that the timelines for seeking Cabinet approval to increase the WOLC are still under discussion given that testing is still ongoing and not scheduled to complete until July 2024.
- **Note** the project continues to operate outside of its approved tolerances (including financials) until CR6 can be endorsed by FIC which is scheduled later this month.
- **Note** the delivery cost (including previous financial years) are currently sitting at \$23.1m and will remain under the Cabinet \$35m threshold until September 2024 when support and maintenance commercials will be required to be executed to enable Go Live.
- **Note** the long-term continuation of the project will be subject to Cabinet approval if required, given the direct impact on the WoLC should the current Go Live date not be able to be met.
- **Approve** the BCU project to continue focusing on critical paths activities that includes a key focus on Systems Integration Testing, and the cutover processes into the User Acceptance Test (UAT) environment.
- **Endorse** the BCU project to continue operating outside its approved tolerances until CR6 is endorsed by FIC and the timings for the submission of the Cabinet paper are agreed with Immigration Policy and the Ministers Office. Delivery milestones within Project Online will be updated to ensure accurate reporting.

Background

Current Status (as of 13 May 2024)

1. The project is Red as it has exceeded the three-week tolerance for schedule and budget. Change Request 6 was submitted to DGB on 15th April 2024 and the additional funding and time to deliver was endorsed subject to Cabinet approval which was originally scheduled in June 2024 alongside the Immigration Fees & Levy paper. The change request is being presented to FIC on 29th May 2024 for endorsement noting that the final project cost may not be finalised until Cabinet approval.
2. DGB approved on 15th April 2024 that the BCU project should return to its original scope and the In Person Enrolment (IPE) deliverables would be delivered as part of its original project. Project code 3586 was reopened, and costs associated with the IPE solution and ongoing costs will be moved across to this new project code. IPE still has a dependency on the BCU project from a technical perspective and will be required to Go-Live at the same time, but the delivery can be separated from a cost perspective, business impacts and focus of the BCU project team.

3. While the project waits for Cabinet approval for the increase to the threshold of Whole of Life Cost (WoLC), the project received approval at the November 2023 and February 2024 Delivery Governance Board meetings to continue to operate out of tolerance until this approval came through to meet the proposed go live date in October 2024.
4. The project is in the delivery phase and is executing Priority One (P1) test scripts in the System Integration Test (SIT) environment. These scripts were due to be completed on 23rd February but have been delayed until the week commencing 20th May 2024 due to bug fixes not arriving in a timely manner by the lead vendor and the open critical bug. Currently 96% of P1 test cases have been executed.
5. The Critical 1 bug in SIT is assigned to our lead vendor, has been preventing P1 test scripts from being run. Release 1.0.16 is due on 16 May 2024 to fix this issue which will allow further P1 test scripts to be run.
6. While the P1 test scripts have been blocked, the focus has been completing Priority 2 (P2) test scripts which are 54% complete. The aim is for all test scripts in SIT to be completed by 8 July 2024 (original planned date was 2 May 2024).
7. s 9(2)(b)(ii)
8. The project has completed the new Treasury Risk Profile Assessment (RPA) which has been endorsed by the Project Sponsor, Business Owner and MBIE PMO. The rating of the project remains at Medium. The updated RPA will be sent to Treasury, with the offer to meet with their team to walk through the document and MBIE's responses.
9. s 6(c) The lead vendor has provided dates on when these will be addressed. Ideally, they need to be addressed prior to commencing User Acceptance Test environment due to production data being used however it has been confirmed that this will not be possible. These risks need to be accepted by the business to enable to project to continue.
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11. The current delivery costs incurred during the BCU project lifecycle is currently sitting at \$23.1m and is expected to remain under the Cabinet threshold of \$35m until September 2024 when commercial arrangements for the support and maintenance will need to be executed. Should the project need to continue beyond the expected Go Live date on October 2024, this is ultimately a decision for Cabinet as the WoLC will have exceeded the approved threshold and will require approval via a Cabinet paper.
12. An Independent Quality Assurance Review (IQA) has taken place and the recommendations have been presented to the Project Steering Group (Appendix A). MBIE also commissioned a separate review (EY) for the benefit of the Minister to provide independent assurance and the Ministers office have received this report. The IQA recommendations will be worked through and implemented as required via a dedicated resource.
13. The Chief Executive was also briefed on the high-level findings from the EY report which highlighted that SIT exit was still a critical milestone to support the proposed Go Live date in October 2024. The project is working with Immigration Policy to ensure the timing of the Cabinet paper seeking an increase to the WoLC contains the most up to date financial information (including any additional contingency) to support the Minister in taking this paper to Cabinet..

Financials

14. Change Request 6 requested additional funding to complete the BCU project. The table below details the funding that has been requested over the previous FYs, the new funding endorsed at DGB on 15/04/2024; and contingency that was allocated.

Funding Information – BCU		FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY24/25	Total
Previously Approved: Business Case & CR 1-6	Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$8,701,526	\$4,335,347	\$29,826,169
	Opex	\$0	\$0	\$433,159	\$1,707,808	\$1,327,331	\$1,539,898	\$5,008,196
Contingency included in CR6	Capex	\$0	\$0	\$0	\$0	\$894,906	\$2,611,005	\$3,505,911
	Opex	\$0	\$0	\$0	\$0	\$312,190	\$3,369,120	\$3,681,310
TOTAL	Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$9,596,432	\$6,946,352	\$33,332,080
	Opex	\$0	\$0	\$433,159	\$298,128	\$1,639,521	\$4,909,018	\$7,279,826

15. Some of the contingency has already been allocated as new requests are received by the project, including unplanned IQAs. Below is a summary of how much contingency has been allocated by Capex and Opex. The use of contingency is monitored by the Project Sponsor.

	FY 23/24	FY24/25
CAPEX	\$894,906	\$2,611,005
Lead Vendor T&M	-\$306,000	-\$510,000
PrivSec Variation 1	-\$14,324	
Additional Resources	-\$126,684	-\$60,588
Contingency Remaining	\$447,898	\$2,040,417

	FY 23/24	FY24/25
OPEX	\$312,190	\$3,369,120
Buddle Findlay	s 9(2)(b)(ii)	
Contingency Remaining	\$248,440	\$3,262,870

16. The actuals to the end of April 2024 are:

	Prior Years Actual Spend FY19/20 - FY22/23	Current FY Spend Jul 23 - May 24	Forecast to Complete	Contingency (FY23/24 & 24/25)	Total
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Capex	\$16,789,296	\$5,018,057	\$8,018,816	\$3,505,911	\$33,332,080
Opex	\$731,287	\$559,065	\$2,308,164	\$3,681,310	\$7,279,826
Current Delivery Costs (WoL)		\$23,097,705			

Whole of Life Costs (WoLC)

17. CR06 signalled that BCU total project delivery cost was \$40,611,906 which is broken down as follows:

- Total Project Capex \$33,332,080
- Total Project Opex \$7,279,826

The WoLC is \$39,867,762.

18. The IQA in May 2024, contained a recommendation 3.7 – *Review the contingency allowed for in CR06*. This will be reviewed prior to the Cabinet paper submission as additional Capex and Opex will increase the WoLC above the \$40 million.

Minister correspondence and Cabinet Paper

19. The Minister of Immigration has received several briefing papers providing high level updates on the project and discussions regarding the approach for seeking approval from Cabinet for any increases to the WOLC above the existing approvals. EY have held an initial meeting with the Minister and have completed their interviews and draft report and are scheduled to present their findings to the Minister on 14 May 2024.
20. The Minister also receives regular BCU Project updates highlighting activities completed during the previous period and any immediate issues and risks via the weekly report process. The weekly updates are approved by the Project Sponsor.
21. Immigration Policy have prepared a draft Cabinet paper to seek approval to increase the WOLC costs. This paper is due to go out for consultation and was scheduled to go to Cabinet the first week of July alongside the Immigration Fees & Levies paper.
22. Given the final costs are yet to be confirmed (implications of any delays to go live), Immigration Policy are working through these implications and the current impacts on the Fees & Levies paper. There is a chance that these two papers will be presented to Cabinet separately which would delay any approvals for the increased WOLC costs.
23. The Project Sponsor has also committed to providing more fulsome updates to the Minister on a monthly basis through an Aide Memoir

Critical Path

24. The high level Plan with critical milestones was jointly created between the lead vendor and MBIE Project Managers and noted at the Project Steering Group on 30th January 2024. It was circulated to all vendors in February 2024 along with the MBIE's Entry and Exit Acceptance criteria.

25. The critical path is dependent on testing being completed in SIT. The project is running tasks in parallel to try and keep other critical path items on track. This includes the cutover activities in the User Acceptance Test (UAT) environment and establishing the Pre Production environment amongst other key activities. These have commenced in parallel in order to keep the project moving forward and manage any contingency.
26. The project 's critical milestones are documented and tracked at the Project Steering Group (Appendix B)
27. The project has missed several key milestones during the System Integration Testing phase and the recent IQA has recommended the following:
 - 3.2 Gain commitment from all vendors for the updated delivery plan.
 - 3.3 Update the MBIE and Lead Vendor Project Status Report Milestones to reflect the current delivery path milestones.
 - Ensure start/end baseline, forecast and actual dates are shown in the MBIE status report
 - Ensure continued PSG commitment and oversight of delivery and achievement of the milestones.

These actions are to be completed by the end of May 2024 and an update on these actions will be provided in the report back to DGB in June 2024.

Change Management

28. An INZ Business Change resource has been reallocated back to BCU Project, from mid- April 2024. Communications and Learning resources have been re-engaged and the project team are working closely with them to ensure common understanding of key milestones and activities.
29. The Internal and External Communications plans are being updated and the timeline of Communications activities is being developed for re-approval by the business This is in line with IQA recommendation 3.12 below which is due to be resolved by end of May 2024.
 - 3.12 Update and finalise the internal and external Communication Plans
 - Update and finalise the Change Management Plan
 - Commence change activities
30. The Change workstream is meeting with impacted business units to socialise the known details of the service outage associated with the BCU Go Live. This is to validate and expand business impacts and understand the workarounds required for the Go Live weekend. These will be tested in the cutover to UAT and Pre-Production by the project team which will also include resources from the business. There will be a dedicated Communications plan and resource for all cutover communications that are provided to the business.
31. The change workstream has engaged MBIE's Transition Planning who will help manage the cutover and system outage. Planning is underway and will continue as the impacts and business workarounds are better understood.
32. A dedicated Change Navigator site has been created for the cutover activities. This is currently being populated with impacts, workarounds, key activities, and stakeholders.
33. User manuals are being updated which will inform any changes to the Standard Operating Procedures (SOP) as well as information needed to develop the learning material. The aim is for a draft of these documents to be completed prior to Business Acceptance Testing in the User Acceptance Test (UAT) environment.
34. A request to reinstate the training resource commissioned prior to the project pause has been made and agreed in principle. This allows the Learning Needs Assessment and High-level learning Design (approved by the Business Owner in 2023) to be being reviewed and previous planning reviewed and updated.
35. A number of business staff (key learners) have had early system access during SIT to assist with familiarisation activities.

36. The BCU project has noticed an increase in business engagement over the past several weeks as the Business Owner provides email updates internally and the BCU project is gaining visibility through increased communications and lifting the priority of the BCU project.

Risk & Issues Register

37. The project records its risk and issues in Project Service online (POL). An extract of the registers is in Appendix C

38. The key risks and issues being faced by the project are:

- a) s 9(2)(b)(ii) [REDACTED]
- b) MBIE test script execution is slower than planned, this is due to several factor as defects have blocked certain scripts from being run and the test team having to retesting of fixed items. The project has engaged three new testers to help speed up the execution of these scripts to meet the end of SIT timeframes at the end of June 2024.
- c) s 9(2)(h) [REDACTED]
- d) The project is outside of agreed tolerance for time and budget. Although the DGB has provided direction to continue the project there is a risk that the Cabinet may not approve the increase in threshold for WoLC. s 9(2)(b)(ii) [REDACTED]
- e) [REDACTED]
- f) Security testing was completed in SIT in March 2024. Several critical and high defects were identified which need to be resolved by our lead vendor. Ideally these would have been addressed before deploying the code into the UAT environment however it has been advised that this cannot be achieved in the timeframe. A memo to the Deputy Secretary of Immigration will be provided so they can acknowledge the risk and agree that the project can continue. Please note that the current production environment also contains high risk items. There is a risk that the lead vendor does not meet the new deadlines of fixing these prior to entry into the Pre-Production environment which could result in delays to the project Go Live.
- g) Due to length of the time the project has been in progress there is a risk of losing key resources either due to resignations, contracts ending or restructure occurring within MBIE. The BCU Leadership is reviewing this on a regular basis to ensure cover is in place if this were to occur. They are also looking at where our vendors may be able to step in to fill gaps if needed.

Appendix A – IQA Recommendations

The approved IQA recommendation document can be found in makos 6(c)

ID	Recommendation	Priority / Owner
Governance and Reporting		
3.1	Increase senior INZ involvement	Critical INZ Sponsor End May 2024
3.2	Gain commitment from all vendors for the updated delivery plan	Critical INZ Sponsor End May 2024
3.3	Update the MBIE and Lead Vendor Project Status Report Milestones to reflect the current delivery path milestones - Ensure start/end baseline, forecast and actual dates are shown in the MBIE status report - Ensure continued PSG commitment and oversight of delivery and achievement of the milestones	Critical Delivery Lead Immediately
Delivery and Management Controls		
3.4	Finalise the BCU Alerting and Monitoring Requirements	High Delivery Lead End May 2024
3.5	Consolidate project documents where possible	High INZ Sponsor Immediately
3.6	Agree and align the delivery milestones, and dates, and baseline the schedule	Critical Delivery Lead Immediately
3.7	Review the contingency allowed for in CR06	High INZ Sponsor

ID	Recommendation	Priority / Owner
		End May 2024
3.8	Increase the MBIE Test Analysts and free up the non-test resources Review the need to a Release Manager or Test Manager	Critical INZ Sponsor Immediately
3.9	Review appropriate contract renewals	Critical INZ Sponsor End May 2024
3.10	Increase Bus SME involvement Ensure business as usual is maintained	Critical INZ Sponsor End May 2024
3.11	Review and advance other key deliverables needed for Go Live to support MVP	Critical Delivery Lead End May 2024 onwards
3.12	Update and finalise the Internal and External Communications Plans - Update and finalise the Change Management Plan - Commence change activities	High Communications Lead Change Lead End May 2024
Testing and Validations		
3.13	Re-iterate the SIT exit criteria to all parties Confirm the plans to complete the P4 test scripts	Critical Test Manager Immediately
3.14	Confirm the SIT completion date	Critical Delivery Lead Test Manager

ID	Recommendation	Priority / Owner
		Immediately
3.15	Significantly increase defect resolution cadence Ensure there is business agreement of defect resolution and SIT exit	Critical Delivery Lead Test Manager Mid-May 2024
3.16	Do an end to end demo for the business users	Critical Test Manager End June 2024
Contractual Arrangements		
3.17	Tightly manage the change requests	High INZ Sponsor
3.18	Determine the ongoing continuous improvement approach and whether any adjustment is needed to CR06	High INZ Sponsor End June 2024
Benefits Management		
3.19	Finalise the benefits and approved the Benefits Realisation Plan.	High Delivery Lead End May 2024

Appendix B – Key Milestones & Dates

Please note the baseline dates were taken from the plan that was circulated to all vendors in January 2024 when the Gio Live was pencilled for 18 Nov 2024. The Go Live date was move to 24 Oct 2024 to allow the project to take advantage of the Labour Day Public Holiday. The milestone dates will be reissued to all vendors as per a recommendation from the IQA.

Milestone	Forecasted Date	Baseline Date	Group	RAG
P1 Test Scripts complete in SIT	24/05/2024	23/02/2024	SIT	96%
P2 Test scripts complete in SIT	08/07/2024	15/03/2024	SIT	54%
P3 Test scripts complete in SIT	08/07/2024	16/04/2024	SIT	27%
SIT Test Exit Report approved (SIT complete)	12/07/2024	02/05/2024	SIT	0%
SIT Security Testing Complete	12/04/2024	29/03/2024	SIT	100%
UAT Environment Build Complete	5/04/2024	5/02/2024	UAT	100%
UAT Cutover Commences	02/05/2024	02/05/2024	UAT	20%
UAT Cutover Completes	31/05/2024	28/05/2024	UAT	0%
Performance Test Plan approved	31/05/2024	30/04/2024	UAT	50%
Performance Testing Commences	10/06/2024	11/06/2024	UAT	
Performance Testing Completes	10/07/2024	10/07/2024	UAT	
Business User Acceptance Testing Commences	12/07/2024	06/08/2024	UAT	
Business User Acceptance Testing Completes	13/08/2024	10/09/2024	UAT	
UAT Test Exit Report approved	16/08/2024	24/09/2024	UAT	
Security Testing in SIT/UAT Complete	08/07/2024	08/07/2024	UAT	
Pre-Prod Environment Build Complete	23/07/2024	05/08/2024	PreProd	
Pre-Prod Cutover Commences	5/08/2024	19/08/2024	PreProd	
Pre-Prod Cutover Completes	19/08/2024	12/09/2024	PreProd	
Pre-Prod Test Exit Report approved	20/09/2024	13/10/2024	PreProd	
Pre-Prod Security Testing Complete	20/09/2024	30/09/2024	PreProd	
Risk Monitoring Review Governance Group Approval	16/09/2024	16/09/2024	System Readiness	
Disaster Recovery Test Plan scope approved	15/07/2024	15/07/2024	System Readiness	
Disaster Recovery Test Commences	08/10/2024	28/10/2024	System Readiness	
Disaster Recovery Test Completes	18/10/2024	05/11/2024	System Readiness	

Milestone	Forecasted Date	Baseline Date	Group	RAG
Production Environment Build Complete	27/08/2024	09/09/2024	System Readiness	
Production Initial Data Migration Complete	08/10/2024	25/10/2024	System Readiness	
Operation Readiness Review Complete	22/10/2024	13/11/2024	System Readiness	
Security Accreditation and Certification Approved	03/10/2024	11/11/2024	System Readiness	
Go/No Go Decision	18/10/2024	14/11/2024	Governance	
Go Live Cutover Commences	25/10/2024	15/11/2024	Governance	
Go Live Cutover Completes	29/10/2024	18/11/2024	Governance	
Lead Vendor MSA Negotiated	2/09/2024	2/09/2024	Commercial	
Lead Vendor Support SOWs Negotiated	16/09/2024	16/09/2024	Commercial	
Lead Vendor EULA Negotiated	16/09/2024	16/09/2024	Commercial	
Commercial Memo to MBIE CE	30/09/2024	30/09/2024	Commercial	
Commercial Support SOW (All vendors) completed	16/09/2024	16/09/2024	Commercial	
Communications Plan approved	4/06/2024	4/06/2024	Comms & Engagement	
Phase One Comms - Announce delivered	31/05/2024	31/05/2024	Comms & Engagement	
Phase Two Comms - Update delivered	31/08/2024	31/08/2024	Comms & Engagement	50%
Phase Three Comms - Prepare/Learning delivered	2/09/2024	2/09/2024	Comms & Engagement	
Phase Four Comms - Go Live delivered	29/11/2024	29/11/2024	Comms & Engagement	
Updated Internal Comms Plan Approved	4/06/2024	4/06/2024	Comms & Engagement	80%
Updated External Comms Plan Approved	4/06/2024	4/06/2024	Comms & Engagement	80%
Business Change Plan Approved	4/06/2024	4/06/2024	Comms & Engagement	80%
Training Plan approved	26/08/2024	14/08/2024	Learning	
Learning Delivery Schedule Complete	7/09/2024	7/09/2024	Learning	
Learning Development Complete	11/10/2024	11/10/2024	Learning	
Draft SOPs ready for Business Acceptance Testing in UAT	4/07/2024	4/07/2024	Learning	80%
SOPs and User Guides ready for learning delivery	11/10/2024	11/10/2024	Learning	70%
Train the trainer completed	18/10/2024	18/10/2024	Learning	
SOPs published	29/10/2024	29/10/2024	Learning	
System Outage Action plan complete	7/08/2024	7/08/2024	Business Readiness	

Milestone	Forecasted Date	Baseline Date	Group	RAG
System Outage Comms plan complete	7/08/2024	7/08/2024	Business Readiness	
Go Live and Early Life Support Plan Complete	27/09/2024	27/09/2024	Business Readiness	
Business Training completed	24/10/2024	24/10/2024	Business Readiness	

APPENDIX C –Open Project Risks and Issues

Open project risks and issues have been extracted from Project Online and located S 6(c)



MEMO TO THE DELIVERY GOVERNANCE BOARD

Subject	3644 – Biometric Capability Update (BCU) Report Back.
Meeting date	15 July 2024
Approved by	Michael Alp, General Manager – Immigration Risk & Border (Acting)
Endorsed by	s 9(2)(a)
Presenter	Michael Alp, General Manager – Immigration Risk & Border (Acting)

Item purpose and summary

The purpose of this memo is to report back to the Delivery Governance Board (DGB) on the 3644 Biometric Capability Update (BCU) project as requested by DGB at the 17 June 2024

The memo provides:

1. Current Status – Open Defects, Commercials
2. Update on Financials
3. Update on Minister correspondence and Cabinet Paper
4. Update on Critical Path
5. Update on Change Management
6. Updated Risk Register

The project is not seeing any recommendations in this update.

Current Status

Current Status (as of 21 June 2024)

1. The project remains at Red as it has exceeded the three-week tolerance for schedule and budget. Change Request 6 was endorsed at DGB on 15th April 2024 and FIC on 22nd May 2024.
2. The project is still in System Integration Testing (SIT) and work is still progressing complete all Priority 1, 2 and 3 test scripts by 8th July 2024. Additional testers have been onboarded to the project to assist however progress is still slow due to the number of defects in the environment which block scripts from being run and testers being allocated to cutover tasks in the User Acceptance Test (UAT) environment.
3. As of 21 June, there are 218 open defects:
 - a) 0 x Critical
 - b) 82 x High
 - c) 102 x Medium
 - d) 33 x Low
4. s 9(2)(b)(ii)
[REDACTED]
5. The business has been working closely with the project team reviewing the defects and have identified where workarounds can put in place if they are not fixed by the vendor before Go Live. This has reduced the number of defects that are required to be fixed before Go Live but there is still an issue that these will not be fixed before the Production release candidate is needed. The number of defects required to be addressed before the code freeze is:
 - a) 54 functional defects (only 8 have been allocated a release date)
 - b) 6 high security vulnerabilities (no confirmed release date known)
6. New high defects are still be raised weekly that increase the number of must have defects and it is anticipated that new defects will be found during performance, non-functional and business acceptance testing.
7. s 9(2)(b)(ii)
[REDACTED]
8. If the number does not increase, the project is estimating that we will not a release candidate in place for Go Live until Mid-September 2024 (this assumes no more defects are found) which is unacceptable as does not allow enough time to complete regression testing, Operational Readiness Activities or Penetration Testing before the Go Live date of 29th October.
9. DGB approved on 15th April 2024 that the BCU project should return to its original scope and the In Person Enrolment (IPE) deliverables would be delivered as part of its original project. Project code 3586 was reopened, and costs associated with the IPE solution and ongoing costs will be moved across to this new project code. IPE

still has a dependency on the BCU project from a technical perspective and will be required to Go-Live at the same time, but the delivery can be separated from a cost perspective, business impacts and focus of the BCU project team.

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Previously Approved: Business Case & CR 1-6	Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$8,701,526	\$4,335,347	\$29,826,169
	Opex	\$0	\$0	\$433,159	\$1,707,808	\$1,327,331	\$1,539,898	\$5,008,196
Contingency included in CR6	Capex	\$0	\$0	\$0	\$0	\$894,906	\$2,611,005	\$3,505,911
	Opex	\$0	\$0	\$0	\$0	\$312,190	\$3,369,120	\$3,681,310
TOTAL	Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$9,596,432	\$6,946,352	\$33,332,080
	Opex	\$0	\$0	\$433,159	\$298,128	\$1,639,521	\$4,909,018	\$7,279,826

22. Some of the contingency has already been allocated as new requests are received by the project, including unplanned IQAs. Below is a summary of how much contingency has been allocated by Capex and Opex. The use of contingency is monitored by the Project Sponsor.

	FY 23/24	FY24/25
CAPEX	\$894,906	\$2,611,005
Lead Vendor T&M	-\$306,000	-\$510,000
PrivSec Variation 1	-\$14,324	
Additional Resources	-\$126,684	-\$60,588
Contingency Remaining	\$447,898	\$2,040,417

	FY 23/24	FY24/25
OPEX	\$312,190	\$3,369,120
Buddle Findlay	s 9(2)(b)(ii)	
Contingency Remaining	\$248,440	\$3,262,870

23. The actuals to the end of April 2024 are:

	Prior Years Actual Spend FY19/20 - FY22/23	Current FY Spend Jul 23 - May 24	Forecast to Complete	Contingency (FY23/24 & 24/25)	Total
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Capex	\$16,789,296	\$5,018,057	\$8,018,816	\$3,505,911	\$33,332,080
Opex	\$731,287	\$559,065	\$2,308,164	\$3,681,310	\$7,279,826
Current Delivery Costs (WoL)		\$23,097,705			

Whole of Life Costs (WoLC)

24. CR06 signalled that BCU total project delivery cost was \$40,611,906 which is broken down as follows:

- Total Project Capex \$33,332,080
- Total Project Opex \$7,279,826

The WoLC is \$39,867,762.

25. The IQA in May 2024, contained a recommendation 3.7 – *Review the contingency allowed for in CR06*. This will be reviewed prior to the Cabinet paper submission as additional Capex and Opex will increase the WoLC above the \$40 million.

Minister correspondence and Cabinet Paper

26. The Minister of Immigration has received several briefing papers providing high level updates on the project and discussions regarding the approach for seeking approval from Cabinet for any increases to the WOLC above the existing approvals. EY have held an initial meeting with the Minister and have completed their interviews and draft report and are scheduled to present their findings to the Minister on 14 May 2024.
27. The Minister also receives regular BCU Project updates highlighting activities completed during the previous period and any immediate issues and risks via the weekly report process. The weekly updates are approved by the Project Sponsor.
28. Immigration Policy have prepared a draft Cabinet paper to seek approval to increase the WOLC costs. This paper is due to go out for consultation and was scheduled to go to Cabinet the first week of July alongside the Immigration Fees & Levies paper.
29. Given the final costs are yet to be confirmed (implications of any delays to go live), Immigration Policy are working through these implications and the current impacts on the Fees & Levies paper. There is a chance that these two papers will be presented to Cabinet separately which would delay any approvals for the increased WOLC costs.
30. The Project Sponsor has also committed to providing more fulsome updates to the Minister on a monthly basis through an Aide Memoir

Critical Path

31. The high level Plan with critical milestones was jointly created between the lead vendor and MBIE Project Managers and noted at the Project Steering Group on 30th January 2024. It was circulated to all vendors in February 2024 along with the MBIE's Entry and Exit Acceptance criteria.

32. The critical path is dependent on testing being completed in SIT. The project is running tasks in parallel to try and keep other critical path items on track. This includes the cutover activities in the User Acceptance Test (UAT) environment and establishing the Pre Production environment amongst other key activities. These have commenced in parallel in order to keep the project moving forward and manage any contingency.
33. The project 's critical milestones are documented and tracked at the Project Steering Group (Appendix B)
34. The project has missed several key milestones during the System Integration Testing phase and the recent IQA has recommended the following:
- 3.2 Gain commitment from all vendors for the updated delivery plan.
 - 3.3 Update the MBIE and Lead Vendor Project Status Report Milestones to reflect the current delivery path milestones.
 - Ensure start/end baseline, forecast and actual dates are shown in the MBIE status report
 - Ensure continued PSG commitment and oversight of delivery and achievement of the milestones.

These actions are to be completed by the end of May 2024 and an update on these actions will be provided in the report back to DGB in June 2024.

Change Management

35. An INZ Business Change resource has been reallocated back to BCU Project, from mid- April 2024. Communications and Learning resources have been re-engaged and the project team are working closely with them to ensure common understanding of key milestones and activities.
36. The Internal and External Communications plans are being updated and the timeline of Communications activities is being developed for re-approval by the business This is in line with IQA recommendation 3.12 below which is due to be resolved by end of May 2024.
- 3.12 Update and finalise the internal and external Communication Plans
 - Update and finalise the Change Management Plan
 - Commence change activities
37. The Change workstream is meeting with impacted business units to socialise the known details of the service outage associated with the BCU Go Live. This is to validate and expand business impacts and understand the workarounds required for the Go Live weekend. These will be tested in the cutover to UAT and Pre-Production by the project team which will also include resources from the business. There will be a dedicated Communications plan and resource for all cutover communications that are provided to the business.
38. The change workstream has engaged MBIE's Transition Planning who will help manage the cutover and system outage. Planning is underway and will continue as the impacts and business workarounds are better understood.
39. A dedicated Change Navigator site has been created for the cutover activities. This is currently being populated with impacts, workarounds, key activities, and stakeholders.
40. User manuals are being updated which will inform any changes to the Standard Operating Procedures (SOP) as well as information needed to develop the learning material. The aim is for a draft of these documents to be completed prior to Business Acceptance Testing in the User Acceptance Test (UAT) environment.
41. A request to reinstate the training resource commissioned prior to the project pause has been made and agreed in principle. This allows the Learning Needs Assessment and High-level learning Design (approved by the Business Owner in 2023) to be being reviewed and previous planning reviewed and updated.
42. A number of business staff (key learners) have had early system access during SIT to assist with familiarisation activities.

43. The BCU project has noticed an increase in business engagement over the past several weeks as the Business Owner provides email updates internally and the BCU project is gaining visibility through increased communications and lifting the priority of the BCU project.

Risk & Issues Register

44. The project records its risk and issues in Project Service online (POL). An extract of the registers is in Appendix C

45. The key risks and issues being faced by the project are:

- a) s 9(2)(b)(ii) [REDACTED]
- b) MBIE test script execution is slower than planned, this is due to several factor as defects have blocked certain scripts from being run and the test team having to retesting of fixed items. The project has engaged three new testers to help speed up the execution of these scripts to meet the end of SIT timeframes at the end of June 2024.
- c) s 9(2)(h) [REDACTED]
- d) The project is outside of agreed tolerance for time and budget. Although the DGB has provided direction to continue the project there is a risk that the Cabinet may not approve the increase in threshold for WoLC. If this does occur, the project will need to stop which trigger significant claims from the lead vendor. If the current asset is not realised, then an impairment will be required to the value of WIP while still requiring a replacement solution to be identified and implemented over an extended period of time. Completing the BCU project is also a dependency in the ultimate decommission of the IGMS system.
- e) Due to the dispute between the lead vendor and MBIE in November 2023, several commercial compromises were made. This has introduced some risk relating to the levers that MBIE has available to it when the lead vendor fails to deliver to MBIEs Entry or Exit Criteria. This risk has been discussed at length with the Project Sponsor, DepSec Immigration and supported by external legal advice. It has been noted that payment is made without the product being fully functional or guaranteed to be working prior to the proposed Go Live Date in October 2024.
- f) Security testing was completed in SIT in March 2024. Several critical and high defects were identified which need to be resolved by our lead vendor. Ideally these would have been addressed before deploying the code into the UAT environment however it has been advised that this cannot be achieved in the timeframe. A memo to the Deputy Secretary of Immigration will be provided so they can acknowledge the risk and agree that the project can continue. Please note that the current production environment also contains high risk items. There is a risk that the lead vendor does not meet the new deadlines of fixing these prior to entry into the Pre-Production environment which could result in delays to the project Go Live.
- g) Due to length of the time the project has been in progress there is a risk of losing key resources either due to resignations, contracts ending or restructure occurring within MBIE. The BCU Leadership is reviewing this on a regular basis to ensure cover is in place if this were to occur. They are also looking at where our vendors may be able to step in to fill gaps if needed.

Appendix A – IQA Recommendations

The approved IQA recommendation document can be found in mako - [Document Overview: INZ BCU Project IQA Report v1.0 FINAL.pdf \(wd.govt.nz\)](#)

ID	Recommendation	Priority / Owner
Governance and Reporting		
3.1	Increase senior INZ involvement	Critical INZ Sponsor End May 2024
3.2	Gain commitment from all vendors for the updated delivery plan	Critical INZ Sponsor End May 2024
3.3	Update the MBIE and Lead Vendor Project Status Report Milestones to reflect the current delivery path milestones - Ensure start/end baseline, forecast and actual dates are shown in the MBIE status report - Ensure continued PSG commitment and oversight of delivery and achievement of the milestones	Critical Delivery Lead Immediately
Delivery and Management Controls		
3.4	Finalise the BCU Alerting and Monitoring Requirements	High Delivery Lead End May 2024
3.5	Consolidate project documents where possible	High INZ Sponsor Immediately
3.6	Agree and align the delivery milestones, and dates, and baseline the schedule	Critical Delivery Lead Immediately
3.7	Review the contingency allowed for in CR06	High INZ Sponsor

ID	Recommendation	Priority / Owner
		End May 2024
3.8	Increase the MBIE Test Analysts and free up the non-test resources Review the need to a Release Manager or Test Manager	Critical INZ Sponsor Immediately
3.9	Review appropriate contract renewals	Critical INZ Sponsor End May 2024
3.10	Increase Bus SME involvement Ensure business as usual is maintained	Critical INZ Sponsor End May 2024
3.11	Review and advance other key deliverables needed for Go Live to support MVP	Critical Delivery Lead End May 2024 onwards
3.12	Update and finalise the Internal and External Communications Plans - Update and finalise the Change Management Plan - Commence change activities	High Communications Lead Change Lead End May 2024
Testing and Validations		
3.13	Re-iterate the SIT exit criteria to all parties Confirm the plans to complete the P4 test scripts	Critical Test Manager Immediately
3.14	Confirm the SIT completion date	Critical Delivery Lead Test Manager

ID	Recommendation	Priority / Owner
		Immediately
3.15	Significantly increase defect resolution cadence Ensure there is business agreement of defect resolution and SIT exit	Critical Delivery Lead Test Manager Mid-May 2024
3.16	Do an end to end demo for the business users	Critical Test Manager End June 2024
Contractual Arrangements		
3.17	Tightly manage the change requests	High INZ Sponsor
3.18	Determine the ongoing continuous improvement approach and whether any adjustment is needed to CR06	High INZ Sponsor End June 2024
Benefits Management		
3.19	Finalise the benefits and approved the Benefits Realisation Plan.	High Delivery Lead End May 2024

Appendix B – Key Milestones & Dates

Please note the baseline dates were taken from the plan that was circulated to all vendors in January 2024 when the Gio Live was pencilled for 18 Nov 2024. The Go Live date was move to 24 Oct 2024 to allow the project to take advantage of the Labour Day Public Holiday. The milestone dates will be reissued to all vendors as per a recommendation from the IQA.

Milestone	Forecasted Date	Baseline Date	Group	RAG
P1 Test Scripts complete in SIT	24/05/2024	23/02/2024	SIT	96%
P2 Test scripts complete in SIT	08/07/2024	15/03/2024	SIT	54%
P3 Test scripts complete in SIT	08/07/2024	16/04/2024	SIT	27%
SIT Test Exit Report approved (SIT complete)	12/07/2024	02/05/2024	SIT	0%
SIT Security Testing Complete	12/04/2024	29/03/2024	SIT	100%
UAT Environment Build Complete	5/04/2024	5/02/2024	UAT	100%
UAT Cutover Commences	02/05/2024	02/05/2024	UAT	20%
UAT Cutover Completes	31/05/2024	28/05/2024	UAT	0%
Performance Test Plan approved	31/05/2024	30/04/2024	UAT	50%
Performance Testing Commences	10/06/2024	11/06/2024	UAT	
Performance Testing Completes	10/07/2024	10/07/2024	UAT	
Business User Acceptance Testing Commences	12/07/2024	06/08/2024	UAT	
Business User Acceptance Testing Completes	13/08/2024	10/09/2024	UAT	
UAT Test Exit Report approved	16/08/2024	24/09/2024	UAT	
Security Testing in SIT/UAT Complete	08/07/2024	08/07/2024	UAT	
Pre-Prod Environment Build Complete	23/07/2024	05/08/2024	PreProd	
Pre-Prod Cutover Commences	5/08/2024	19/08/2024	PreProd	
Pre-Prod Cutover Completes	19/08/2024	12/09/2024	PreProd	
Pre-Prod Test Exit Report approved	20/09/2024	13/10/2024	PreProd	
Pre-Prod Security Testing Complete	20/09/2024	30/09/2024	PreProd	
Risk Monitoring Review Governance Group Approval	16/09/2024	16/09/2024	System Readiness	
Disaster Recovery Test Plan scope approved	15/07/2024	15/07/2024	System Readiness	
Disaster Recovery Test Commences	08/10/2024	28/10/2024	System Readiness	
Disaster Recovery Test Completes	18/10/2024	05/11/2024	System Readiness	

Milestone	Forecasted Date	Baseline Date	Group	RAG
Production Environment Build Complete	27/08/2024	09/09/2024	System Readiness	
Production Initial Data Migration Complete	08/10/2024	25/10/2024	System Readiness	
Operation Readiness Review Complete	22/10/2024	13/11/2024	System Readiness	
Security Accreditation and Certification Approved	03/10/2024	11/11/2024	System Readiness	
Go/No Go Decision	18/10/2024	14/11/2024	Governance	
Go Live Cutover Commences	25/10/2024	15/11/2024	Governance	
Go Live Cutover Completes	29/10/2024	18/11/2024	Governance	
Lead Vendor MSA Negotiated	2/09/2024	2/09/2024	Commercial	
Lead Vendor Support SOWs Negotiated	16/09/2024	16/09/2024	Commercial	
Lead Vendor EULA Negotiated	16/09/2024	16/09/2024	Commercial	
Commercial Memo to MBIE CE	30/09/2024	30/09/2024	Commercial	
Commercial Support SOW (All vendors) completed	16/09/2024	16/09/2024	Commercial	
Communications Plan approved	4/06/2024	4/06/2024	Comms & Engagement	
Phase One Comms - Announce delivered	31/05/2024	31/05/2024	Comms & Engagement	
Phase Two Comms - Update delivered	31/08/2024	31/08/2024	Comms & Engagement	50%
Phase Three Comms - Prepare/Learning delivered	2/09/2024	2/09/2024	Comms & Engagement	
Phase Four Comms - Go Live delivered	29/11/2024	29/11/2024	Comms & Engagement	
Updated Internal Comms Plan Approved	4/06/2024	4/06/2024	Comms & Engagement	80%
Updated External Comms Plan Approved	4/06/2024	4/06/2024	Comms & Engagement	80%
Business Change Plan Approved	4/06/2024	4/06/2024	Comms & Engagement	80%
Training Plan approved	26/08/2024	14/08/2024	Learning	
Learning Delivery Schedule Complete	7/09/2024	7/09/2024	Learning	
Learning Development Complete	11/10/2024	11/10/2024	Learning	
Draft SOPs ready for Business Acceptance Testing in UAT	4/07/2024	4/07/2024	Learning	80%
SOPs and User Guides ready for learning delivery	11/10/2024	11/10/2024	Learning	70%
Train the trainer completed	18/10/2024	18/10/2024	Learning	
SOPs published	29/10/2024	29/10/2024	Learning	
System Outage Action plan complete	7/08/2024	7/08/2024	Business Readiness	

Milestone	Forecasted Date	Baseline Date	Group	RAG
System Outage Comms plan complete	7/08/2024	7/08/2024	Business Readiness	
Go Live and Early Life Support Plan Complete	27/09/2024	27/09/2024	Business Readiness	
Business Training completed	24/10/2024	24/10/2024	Business Readiness	

APPENDIX C –Open Project Risks and Issues

Open project risks and issues have been extracted from Project Online and located S 6(c)

BCU Verbal Update for DGB

19 August 2024

Headline updates since last month

- Project continues to push forward towards the implementation date with key focus on a usable MVP from a business perspective.
- Although SIT exit has not been formally completed the focus is on releases that resolve defects required for go live and 25 were delivered at the start of August via release 1.0.22
- There are currently 47 NEC severity 2 defects outstanding, and agreement has been reached with NEC to have a major release (combining two releases) on the 29 August with an expectation on NEC to deliver 45 defects in this release. Monitoring is in place to assess actual defects included on a weekly basis.
- A successful release from a quality perspective will allow an informed decision to be made regarding the MVP and subsequent go live date with high probability that a final smaller release will be required mid-September to be tagged as the Release Candidate. This is based on track record to date by lead vendor and likelihood of several new defects been raised.
- The Release Candidate (code freeze) will be used to undertake final BAT, Performance and Cyber testing.
- Risk profile continues to remain elevated as competing activities outside defect remediation draw on the same resources. This includes environment set ups, service transition, commercial negotiation and final penetration testing.
- Processes have been implemented to ensure control is maintained on commissioning activities to ensure the correct sequencing is occurring.
- Sequencing activities are also complex around balancing environment establishment (which will incur significant cost) vs decision to go live
- Some changes have also been made to governance structures (including membership) to free up resource demands and delivery focus
- MBIE has also offered assistance to NEC for test resource which has been accepted.

s 9(2)(j)

- Business engagement remains strong and the Business Owner has been released to focus on readiness activities 100%.
- Feedback from the business users has been positive but until defect remediation takes place it is difficult to have a full end to end run through without blockages.
- Some alternative scenario planning (deferral to next year) has also commenced to assess the impacts of delays including financial, commercial and associated risks.
- Additional support has been secured to cover for the loss of the former Project Manager.
- At the end of July 2024 WOLC was reporting at \$26.2m (\$24.7m CAPEX/\$1.5 OPEX) and ongoing conversations with the ministers office regarding the timing and approach for any Cabinet approvals that may be required.
- Continued weekly executive meetings between NEC, MBIE and the external QA provider to support delivery.
- Team moral is positive and is being monitored, as competing pressures increase.

BCU Verbal Update for DGB

16 September 2024

Headline updates since last month

- Unfortunately a number of challenges have surfaced over the last four weeks which has pushed the delivery of the project this side of Christmas to be nearly impossible based on the current cadence and the delivery of the MVP
- Defects continue to be raised at volumes that erode the benefits of the fortnightly release cycle which will require additional releases to remediate and without a stable release candidate it is difficult to complete all go live activities to the required standard.
- The Major Release which was scheduled to have 45 defect remediations only contained 31 and the subsequent release has been deferred by a week.
- Several Executive interventions have been held to explore actions that can break the defect/remediation cycle including direct contact with NECAM and to understand the source of defects (majority are contained within the Workflow requirements and are not considered edge cases but data integrity issues)
- Risk profile continues to increase as compressed and concurrent dependent activities are all appearing on the critical path and required duration exceeds available time before go live.
- A major workflow remediation (updating workflow to reflect the design) will require significant regression testing. Given the issues experienced to date within the workflow component, this carries significant additional risk.
- A go/no go decision is scheduled the end of this week (20 September) and a number of replanning sessions have started to understand the implications at all levels.
- Both teams and vendors are still well engaged with escalations and opportunities to try new approaches to increase cadence of remediation being explored at all levels.
- Minster remains well informed and EY will provide their final insights verbally this week which will most likely reflect the themes in this update.
- At the end of August 2024 Delivery costs were reporting at \$27.6m (\$26.0m CAPEX/\$1.6 OPEX)
- Scenario forecasts have been drafted and a deferred go live to early next year (likely March/April) show that completion within the approved WOLC is still possible (but close) and this has been incorporated into commercial approaches. Commercial are committed to be finalised by the end of September 2024.
- Putting aside the delivery challenges, the business remains well engaged and go/no go decision framework and supporting evidence has been drafted and will continue to be updated. MVP business requirements and workarounds have been discussed at GM level to ensure alignment.
- Engagement with Datacom on activities and actions that can minimise cost of environments (BAU cost) as a result of any deferral decision.
- Business feedback on the product remains extremely positive and the team are looking forward to receiving the new product.
- Finally any deferral decision will see the project team continue through to late November/early December before reducing resources over the holiday period. Work effort in the New Year does depend on the data migration and final Operational Readiness activities completed to the required level.

BCU Verbal Update for DGB

18 October 2024

Headline updates since last month

Solution

- October or a November 2024 go live was not achievable. A candidate solution will be available at the end of Nov 24. MBIE executives have agreed to postpone the delivery of the project until the first half of next year.
- Replanning has been completed and a CR is being prepared for Nov's DRB to formalise.
- Project now Amber, with caution
- New go-live date options have been proposed to the MBIE BCU executive members, with a recommended option to transition from 5-7 April, with a reserve date at the end of April 25.
- Formal announcement of a new-go live date will not be made until Nov when confidence of achieving the revised go-live date is known. Vendors have been advised in confidence.
- A major workflow resolution is arriving on 24 Oct that will require significant regression testing and may have a significant impact on defect numbers. MBIE assisting NEC with a tester and BA
- Defect release numbers have remained sub-optimal.
- Several Executive interactions continue including inclusion of the NECAM executive to ensure there is continued focus to deliver all defects by the end of November 24.
- Media interview undertaken by Sponsor (Michael Alp) – resulting in an article <https://www.rnz.co.nz/news/national/530221/warnings-before-key-immigration-system-pushed-back-until-next-year>
- Minster continues to be informed, including a revised go-live timeframe and EY provided their final insights that reflected the outcome of a deferred go-live decision
- At the end of September 2024 Delivery costs were reporting at \$28.0m (\$26.4m CAPEX/\$1.6 OPEX). Cost containment activities continue to be explored including a fixed price delivery option from NEC on the remaining defects.
- Completion within the approved WOLC is still possible (however very close) based on an April 25 transition date and is dependent on a solution being confirmed by the end of 2024 and commercials agreed.
- Engagement with all vendors continues on activities that can minimise cost of environments (datacom) (BAU cost) and the extension of the project.
- Commercials are slower than required and escalated at exec meetings – pricing not discussed yet and creates further risk
- The business remains engaged and feedback on the product remains positive

Non-Solution Delivery

- Pre-production cutover including roll back and data migration has almost been completed (Production go-live 'dress rehearsal' - positive and learnings)
- Performance and BAT testing commences at the end of October 24
- Security testing continues to the end of Oct 24
- Override rules and Fingerprint and face thresholds are almost completed
- Transition of Head of Portfolio delivery responsibility for BCU from S to S 9(2)(a) over the next few weeks. S 9(2)(a) to assume overall delivery responsibility

BCU Verbal Update for DGB

18 November 2024

Headline updates since last month

Solution

- A candidate solution is estimated to be available mid Dec (was end Nov 24). Residual defects are expected and testing will spill over to Jan 25.
- The major workflow resolution planned for 24 Oct, arrived a week late, had some initial defects that were fixed, and testing is almost complete – about a 20 % error rate.
- A combined release is expected on 21 Nov. This will reduce defects to around 12-15 and a reserve release date of 5 Dec will be required, and most a further release on 12 Dec.
- Security testing complete (2nd round) – core defects being triaged to determine what can be implemented prior to go live, or after with mitigation.
- New go-live date options have been agreed by Carolyn to transition from 5-7 April, with a reserve date at the end of April 25.
- Formal announcement of a new-go live date will not be made until Dec now when confidence of achieving the revised go-live date is known.
- Pre-prod cutover/rollback and data migration test completed – lessons and timings established.
- BAT testing re-commencing (expected to be run 2-3 times, completing in Jan 25)
- Project remains Amber, with caution
- MBIE assisting NEC with a tester on site.

Non-Solution

- MBIE/NEC Executive interactions and joint Governance continue, as are minster updates.
- No media interest in the reporting month
- At the end of September 2024, delivery costs were reporting at \$29.2m (\$27.5m CAPEX/\$1.7 OPEX).
- WOLC under \$35m is on track based on an April 25 transition date
- Commercials are slower than required and escalated at exec meetings.
- CR is being prepared for December's DRB to formalise the new go-live date.
- Override rules and Fingerprint and face thresholds expected to be completed and signed out by the end of the calendar year.
- Project team remains positive and has re-located into Pastoral house.

BCU Verbal Update for DGB

16 December 2024

Headline updates since last month

Solution

- A candidate solution that was expected to be available mid Dec (was end Nov 24) is now end January 25 after testing. Defects have reduced - sub (TBC ...15) – this is positive
- Another combined release was received on 12 December. Next is 16 January 2025
- Formal announcement of a new-go live date will not be made until Jan 25 when confidence of achieving the revised go-live date is known (completion of SIT testing).
- Go-live for April 25 is still the objective
- BAT testing continues, positive, completing in Jan 25.
- S 6(c) [REDACTED]
[REDACTED] Final security testing round scheduled for Feb 2025.
- A Security advisory memo has been prepared for the INZ Business owners to outline the risks, controls and approach to remediation.
- Project remains Amber, with caution.

Non-Solution

- MBIE/NEC Executive interactions and joint Governance continue, as are Minister updates.
- No media interest in the reporting month
- At the end of November 2024, delivery costs were \$30m (\$28.3m CAPEX/\$1.7 OPEX).
- Estimated Project delivery expenditure \$34,325,714.
- WOLC under \$35m is on track based on an April 25 transition date.
- Commercials are much slower than required and escalated at exec meetings.
- CR 6.1 provided to the DRB to formalise the new go-live date and separate the IPE and BCU projects
- Override rules and Fingerprint and face taking longer than expected, however will be completed prior to going live.
- Preparations for commencing remediation of 'fast followers' in progress – circa Feb 25 - May
- Project team remains positive and are looking forward to the xmas break.

Biometric Capability Update (BCU) and in person Enrolment (IPE) Verbal Update for DGB

17 February 2025 - Headline updates since last month

Solution Delivery

BCU

- A candidate solution that was expected to be available mid Dec (was end Nov 24, then end Jan 25) is now mid-March 25 after testing. Defects reducing, although slowly.
- Final significant releases are expected on 13 and 27 February.
- Options are being explored to manage quality assurance risk mitigation, that may range from enhanced regression testing to production pilot testing to detect unknown defects
- Formal announcement of a new-go live date will not be made until late Feb/early March 25 when confidence of achieving a revised go-live date is known (completion of SIT testing).
- Go-live for April 25 is still the objective – (however late April) and is at high risk
- Final BAT testing scheduled for March 25.
- s 6(c) [REDACTED]. Final security testing round scheduled for March 2025.
- A Security advisory memo has been presented to the INZ Business owners that outlines the current state risks, controls and approach to remediation.
- Project remains Amber, with caution as having a working solution with essential (must have) defects remediated is critical to achieving an MVP solution.

IPE

- Delivery progressing well with no significant issues.

Non-Solution

- MBIE/NEC Executive interactions and joint Governance and reporting continue. Although extensive interaction, slow progress and MBIE needs to work through given the long term strategic partnership. The project is doing everything it can to maintain delivery.
- Ministerial updates are provided each week and an aide memoir providing an update will be issued to the Immigration Minister circa late feb.
- Michal Alp has concluded as project Sponsor and Richard Owen has reassumed as BCU Sponsor. Michael will continue leading the commercial activities.
- Finance
 - BCU
 - End of January 2024, delivery costs were \$31.0 M (\$29.2m CAPEX/\$1.8 OPEX).
 - Est. total Project costs \$33 M & WOLC \$34 M based on an April 25 capitalisation date.
 - IPE
 - End of January 2024, delivery costs were \$7 M (\$2.5m CAPEX/\$4.5 OPEX).
 - Est. total Project costs \$8.5 M and WOLC \$10 M.
- Commercials are much slower than required and continued escalated at exec meetings with MBIE's chief executive and DCE Corporate and Digital Shared Services actively involved.
- NEC/MBIE executive meeting held on 10 Jan 2025 to progress the MSA and some advancement has been made since that meeting, albeit slow.
- NEC Support SOW is also advancing, again, slow in progress
- Datacom Support SoW also in progress
- Override rules and Fingerprint and face taking longer than expected – circa April.
- Preparations for commencing remediation of 'fast followers' in progress – circa Mar – May 25 TBC
- No media interest in the reporting month(s)
- Project team had a relaxing break over Xmas.

Biometric Capability Update (BCU) and in person Enrolment (IPE) Verbal Update for DGB

17 April 2025 - Headline updates since last month

Solution Delivery

BCU

- A candidate solution that was expected to be available mid-April (was end Nov 24, then end Jan 25, then Mid-March) is now late April 25 after SIT testing. Defects still reducing, although slowly.
- Options are being explored to manage quality assurance risk mitigation, that may include an elongated enhanced regression testing phase to detect unknown defects
- Formal announcement of a new-go live date will not be made until confidence of achieving a revised go-live date is known (completion of SIT testing).
- Final BAT testing scheduled to commence late May 25.
- Go-live is most likely late June (TBC)
- s 6(c)
Final security testing round scheduled for May 2025. Mitigations to reduce likely hood are being actively explored.
- Project is Red, as having a working solution with essential (must have) defects remediated is critical to achieving an MVP solution (along with commercials completed).

IPE

- Delivery progressing well with no significant issues.

Non-Solution

- MBIE/NEC Executive interactions and joint Governance and reporting continue. Although extensive interaction, slow progress is being made. The project is undertaking everything it can to maintain delivery.
- An external review of specific BCU project functions has been requested by MBIE's chief executive. s 9(2)(a) from EY has been engaged.
- Ministerial updates are provided each week and an aide memoir providing an update will most likely be issued to the Immigration Minister circa end-April.
- Budget/Finance as at end March 2025
 - **BCU**
 - Delivery costs were \$31.6 M (\$29.7m CAPEX/\$1.9m OPEX).
 - Est. total Project costs \$33.4 M & WOLC \$34.5 M based on a May 25 capitalisation date.
 - **IPE**
 - Delivery costs were \$7.7 M (\$2.7m CAPEX/\$5m OPEX).
 - Est. total Project costs \$8.6 M and WOLC \$10 M.
- Commercials are much slower than required and continued escalated at exec meetings with MBIE's chief executive and DCE Corporate and Digital Shared Services actively involved.
- The Master Services Agreement was agreed in the reporting month. Approval will be undertaken after the support SoW has been agreed.
- NEC Support SOW is advancing, however, slow in progress.
- Datacom Support SoW's also in progress – no issue
- Preparations for the remediation of 'fast followers' in progress – circa June to August 25 + (TBC)
- Funding for the 25/26 FY for the BCU Value Stream s 6(c)
Approach/options for contractor tenure (2 year + engagements) for participating in the 'BCU value stream' to be confirmed
- No media interest in the reporting month(s) – however interest is expected soon.

Biometric Capability Update (BCU) and in person Enrolment (IPE) Verbal Update for DGB

19 May 2025 - Headline updates since last month

Solution Delivery

BCU

- SIT testing is progressing with almost all 'must have' (MVP) defects resolved. Approximately 8-10 remain
- Regression testing has 'soft started' and is expected to commence fully from 14 May, subject to essential workflow defects being resolved. Completion of regression testing is forecast for early June.
- Formal announcement of a new-go live date will not be made until confidence of achieving a revised go-live date is known (completion of SIT testing and partial regression testing).
- Final BAT testing scheduled to commence late May 25.
- Go-live is most likely July (TBC)
- Security risks (high) activities to reduce the risk of being compromised will be addressed by a 'Walled Garden' approach that will harden the environment without the need for direct changes s 6(c) A Design is almost complete, and implementation will commence immediately upon agreement of the Design (end May) using a phased approach
- Final security testing round scheduled for early July 2025.
- Project is Red, as having a working solution with essential (must have) defects remediated is critical to achieving an MVP solution (along with commercials completed).
- s 9(2)(b)(ii) is presenting some risk and has been escalated at an executive level to resolve.
- Completion of Override functionality has also been escalated to resolve, although significant progress has been made, business mitigation options at go-live may need to be considered if not completed, or partially completed.

IPE

- Delivery progressing well with no significant issues.

Non-Solution

- MBIE/NEC Executive interactions and joint Governance and reporting continue.
- Regular (twice weekly) Internal executive meetings and reporting on BCU status in place
- Ministerial updates are provided each week and will be increased to a more detailed format shortly.
- An Aide memoir providing a status update was issued to the Minister Of Immigration on 9 May.
- An external review of specific BCU project functions that was requested by MBIE's chief executive has been completed and the report has been provided to the BCU executive members. Actions to address findings are already underway.
- Implementation planning has commenced, and EY has also been engaged to provide implementation planning assistance up to go-live
- Budget/Finance as at end April 2025:
 - BCU
 - Delivery costs were \$32.0m (\$30.2m CAPEX/\$1.8m OPEX).
 - Est. total Project costs \$32.6 M & WOLC \$34.5 M based on a May 25 capitalisation date.
 - IPE
 - Delivery costs were \$7.9 M (\$2.9m CAPEX/\$5.03m OPEX).
 - Est. total Project costs \$8.6 M and WOLC \$10 M.
- Commercials are still much slower than required and continued escalated at exec meetings with MBIE's chief executive and DCE Corporate and Digital Shared Services actively involved.

In - Confidence

- The Master Services Agreement has been agreed, however not executed and the BCU support SoW negotiations continue.
- Datacom Support SoW's also in progress – no issue
- Preparations for the remediation of 'fast followers' in progress – circa August to September 25 + continue.
- Funding for the 25/26 FY for the BCU Value Stream s 6(c) [REDACTED]
[REDACTED]
- No media interest in the reporting month(s) – however interest is expected soon.



MEMO

DATE	25 June 2025
TO	Alison McDonald, Deputy Secretary Immigration, Immigration New Zealand Richard Griffiths – Deputy Secretary Corporate and Digital Shared Services
FROM	s 9(2)(a)
ENDORSED BY	s 9(2)(a) Richard Owen, General Manager Immigration Risk and Border, Immigration New Zealand s 9(2)(a)
REVIEWED BY	s 9(2)(a)
SUBJECT	CAPITALISATION OF THE BIOMETRIC CAPABILITY UPDATE PROJECT

PURPOSE

This memo seeks approval to capitalise the Biometric Capability Update (BCU – IDme 2) Project.

BACKGROUND

The Biometric Capability Update (BCU) Project was designed to upgrade INZ's biometric identity system (IDme) by replacing outdated software, removing the Daon middleware, and consolidating biometric systems.

BCU supports future initiatives including ETA, Automated Decision Assist, and Biometric Enrolment, while also reducing operational costs, as the new system will be more scalable, flexible, and easier to support, providing a modern, future-proof platform for INZ's identity management needs.

This is a core capability for INZ's future protection in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly diverse and sophisticated, and this upgraded capability is crucial to achieving that future.



SOLUTION

The decision to capitalise is based on the completion of an end-to-end solution that provides new business value to Immigration New Zealand, and border security for the New Zealand public.

There will be continual support by Corporate and Digital Shared Services to improve the quality of the solution into the future.

FINANCIAL INFORMATION

The breakdown by funding year for BCU is detailed below:

Operating costs (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & out years	Total
Project Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$7,897,440	\$5,912,760	\$30,599,496
Project Opex	\$0	\$0	\$433,159	\$298,128	\$732,692	\$770,144	\$2,234,123
Total Project Delivery	\$1,385,585	\$6,022,500	\$2,124,309	\$7,988,189	\$8,630,132	\$6,682,904	\$32,833,619
Operating costs						\$10,000,000	\$10,000,000
Depreciation						\$30,599,496	\$30,599,496
Capital Charge	\$69,279	\$370,404	\$454,962	\$839,465	\$1,234,337	\$5,388,496	\$8,356,943

These transactions have been reviewed by s 9(2)(a) Finance Business Partner for the BCU Project.

BCU will be capitalised for \$30.6m, and depreciated over it's useful life of 5 years.

Existing IDme1 Solution

The existing IDme solution that will be replaced by BCU (IDme 2) will be decommissioned approximately 2 months after BCU is implemented in production.



RECOMMENDATIONS

It is recommended that you:

- a) **Approve** the capitalisation of the BCU project.

Approved

s 9(2)(a)

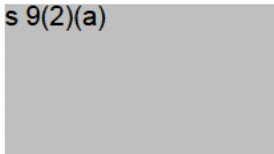


27/06/2025

Alison McDonald
Deputy Chief Executive -
Immigration, Immigration New Zealand

Date

s 9(2)(a)



27/06/2025

Richard Griffiths
Deputy Secretary, Corporate and Digital
Shared Services,

Date



MEMO

DATE 25 September 2025

TO Carolyn Tremain, Chief Executive, MBIE

CC Richard Owen, BCU Project Sponsor and GM Immigration Risk and Border

PREPARED BY s 9(2)(a)

REVIEWED BY s 9(2)(a)

SUBJECT BIOMETRIC CAPABILITY UPDATE AND IN PERSON ENROLMENT PROJECTS

PURPOSE

This memo provides an outline of the financial status for the Biometric Capability Update (BCU), In Person Enrolment (IPE), and the BCU Value Stream projects as at 22 September 2025.

BACKGROUND

The BCU Project was designed to upgrade INZ's biometric identity system (IDME) by replacing outdated software, removing the Daon middleware, and consolidating biometric systems. In addition, a further initiative ('In Person Enrolment') will replace and modernise existing laptop and Biometric capturing functions.

Both the BCU and IPE Projects will support future initiatives including ETA, Automated Decision Assist, and Biometric Enrolment. The new system will be more scalable, flexible, and easier to support, providing a modern, future-proof platform for INZ's identity management needs.

The BCU project has evolved over a number of years with the original scope focusing on upgrading the existing biometric algorithm in the current IDME solution. Overtime, the addition of a Workflow solution was introduced to improve efficiency, along with upgrading the in-Person Enrolment infrastructure. Covid also resulted in additional delays. The additional activities have resulted in additional time to complete the project along with an increase in budget.

The BCU project ceased incurring costs as of 30 June 2025 once a core working solution was accepted by the business owner.

From 1 July 2025 a project was initiated to optimise performance of the solution, include enhancements and implement the solution into production. This project is known as the 'BCU Value Stream'.

Recently, the movement to the Cloud Data Platform (CDP) from the Enterprise Data Warehouse (EDW) was added to the Value Stream project to advance the future objective of moving BCU to the CDP. s 9(2)(b)(ii)



costs; however, this investment would have been required by INZ at some point in the near future as part of the overall movement of all MBIE data solutions from EDW to CDP. The enterprise and longer-term benefits of moving from EDW to CDP include:

- Scalability: CDP scales automatically with data volume and query complexity, which is ideal for identity data that is expected to grow constantly and rapidly
- Faster performance: Cloud-native tools tend to outperform traditional EDWs in handling large-scale identity resolution, graph analytics, and real-time data enrichment
- s 9(2)(b)(ii) [REDACTED]
- Facilitation of data sharing and integrating: INZ could benefit from being able to match against identities stored in the Companies Office (CO), for example if the CO moves into the cloud
- Cost efficient: is more economical than maintaining on-prem infrastructure (EDW).
- Cybersecurity compliance: large cloud providers aim for and transparently meet global standards (e.g., ISO, SOC, GDPR), which simplifies regulatory alignment and compliance across the entire Ministry.

This memo provides the financial position of IPE, BCU and the Value Stream projects.

DRAFT



FINANCIAL INFORMATION

BCU

The project budget for BCU is \$34.4 M with a spend of \$34.4 M.

No further costs are being attributed to BCU.

The breakdown by funding year for BCU is detailed below:

Operating costs (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/2026 & out years	Total
Project Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$7,897,440	\$6,775,789	\$94,899*	\$31,557,424
Project Opex	\$0	\$0	\$433,159	\$298,128	\$732,692	\$666,236	- \$1687	\$2,128,528
Total Project Delivery	\$1,385,585	\$6,022,500	\$2,124,309	\$7,988,189	\$8,630,132	\$8,175,000	\$397,908	\$33,685,952
Operating costs							\$1,000,000	\$10,000,000**
Depreciation							\$6,311,485	\$31,557,424
Capital Charge							\$1,577,871	\$4,733,613

* FY25/26 Capex spend relates to final payment of invoices not spent beyond 30 June

s 9(2)(b)(ii)



IPE

The project budget for IPE is \$8.465 M with a current spend of \$8.443 M.

The breakdown by funding year for IPE is detailed below:

Operating costs (\$m)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/2026 & out years	Total
Project Capex	\$0	\$0	\$0	\$573,265	\$2,360,700	\$96,759	\$3,030,724
Project Opex	\$744,220	\$1,021,231	\$1,409,680	\$348,512	\$1,911,030	\$207	\$5,434,880
Total Project Delivery	\$744,220	\$1,021,230	\$1,409,680	\$921,777	\$4,271,730	\$96,966	\$8,465,604
Operating costs						\$500,000	\$5,000,000*
Depreciation						\$606,145	\$3,030,724
Capital Charge						\$151,536	\$454,608

s 9(2)(b)(ii)

Value Stream Project

The project budget for the Value Stream is \$5.78 M with a current spend of \$1.41M.

The breakdown by funding year for the Value Stream is detailed below:

Operating costs (\$m)	2025/2026 (Approved Funding)	Additional Forecast	Total
Project Capex	\$0		\$0
Project Opex	\$5,780,000	\$1.86 m*	\$7,640,000
Total Project Delivery	\$5,780,000		\$7,640,000
Operating costs	-		-
Depreciation	-		-
Capital Charge	-		-

s 9(2)(b)(ii)

The overall requirement for seeking additional funding from ISSG, or any other funding mechanism, will be considered at a later date as the project progresses.



These transactions have been verified by s 9(2)(a), Finance Business Partner for the BCU and IPE Projects.

Recent Financial Decisions made:

CHANGE REQUEST 6.1

Change Request 6.1 was approved in December 2024 to split IPE and BCU as separate projects.



3644 BCU Change
Request 06.1 Playbo



3644 BCU Change
Request 06.1 A3.ppt

CAPITILISATION OF BCU

The BCU project was capitalised in June 2025.



Memo - BCU
Capitalising RG sig.<

VALUE STREAM – ISGG REQUEST

A request for funding the Value Stream project was approved by ISGG in June 2025.



ISGG BCU funding
request FY25.26.pdf

RECOMMENDATIONS

It is recommended that you:

- a) **Note:** The financial status of the BCU, IPE and Value Stream projects.

Noted

Carolyn Tremain
Chief Executive of MBIE

Date



DRAFT



MEMO

DATE	9 December, 2025
TO	Suzanne Stew, Secretary for Business, Innovation & Employment, and Chief Executive (Acting)
FROM	Richard Griffiths, Deputy Secretary Corporate and Digital Shared Services Alison McDonald, Deputy Secretary, Immigration New Zealand
PREPARED BY	s 9(2)(a) or
CC	Richard Owen, General Manager, Immigration Risk and Border
SUBJECT	BIOMETRIC CAPABILITY UPDATE (BCU) PROJECT STATUS & NEXT STEPS

Purpose

The purpose of this memo is to outline the status of the BCU project since being paused on 11 November 2025, the options considered, and a recommended approach going forward.

Executive Summary

The BCU project commenced in 2019 and was unable to achieve a planned go-live window of November 2025. A Minimum Viable Product (MVP) level of readiness was not achieved, with ongoing defects remaining across a range of 'must have' features. There are also remaining defects that relate to security issues with a rating of 'high'.

The project's six-year duration, s 9(2)(b)(ii)

s 9(2)(b)(ii)

The benefits of upgrading the current biometric algorithms will also be considered.

Sensitive

In parallel to the project closure and upgrade activities, it is recommended that alternative identity management solution options are investigated through to the end of March 2026 as follows:

- Facial Recognition as a Service (FRaaS).
This solution leverages DIA's Syndicated FRaaS solution.
- NEC Cloud solution - Identity Cloud Services (ICS).
ICS is NEC's new cloud solution which NEC have advised is currently in use in other jurisdictions.
- Other options will also be explored, where available i.e. emerging government identity management services

If the NEC ICS solution appears feasible, then a subsequent procurement exercise may need to be conducted due to the requirement under the Government Procurement Rules to openly advertise procurements >\$100,000. It would allow MBIE to also assess solutions from other suppliers and ensure that we are getting the best solution that meets INZ's requirements. A clear rationale and mandate would be required if an option other than the FRaaS solution was being considered.

A summary of the options outlined in this memo is provided under 'Appendix A – Options and Next Steps'.

RECOMMENDATIONS

I i rec mme d d you:

) **Note** h u f e BCU pr j ct.

Noted

b) **Note** h t h u i no r dy o g live, nor d we h v c nfid nc n
lu on ngr m died t p re dine wi in re n m fr me nd
cost.

Noted

c) re t d c nu BCU project and mp ir e e up to \$31.6 M.

Agree / Disagree

d) e curre S m n Work wt NEC will b rm n ed for BCU.

Agree / Disagree

e) **Agree** ha MB E will u 'T rm a for c nv c ' no fic i n NEC.

Agree / Disagree

f) **Agree** p ym n \$472,670 xclud ng GST NEC for T me nd M er
S rvce for he mon October (\$285,000) and November 2025 (\$187,670).

Agree / Disagree

g) **Note** h NEC prop ch r e MBIE \$30 k p r mon for T m nd M ri l
Serv c fr m D c m er 2025 ward, d MB E xp ct NEC o c nu ch r ng ng
un th N c f Term na n peri d f 20 wr kn day c mp d.

Noted

s 6(c)

~~Disagree~~

i) **Note** a e curr t Dm p tform n u upp rt d t nd n ed t e
upgr ded en ure upp rt nd c mpli n per wh n w u ion
determined.

Noted

s 9(2)(b)(ii)

Agree / Disagree

k) **Note** t ri fing will pr v d d h Mni r mm gr inform ng er of
the outcome of your decision on BCU and options considered in making that decision.

s 9(2)(a)

Noted

Suzanne Stew

S cr tary for Bu e , Innovation & Employment, and C ief Execu ve (Ac g)
M n try of Bu n n ov t a d Emp yme t

10 December 2025

Status of the BCU Project

The Biometric Capability Update (BCU) Project was initiated in 2019 to upgrade INZ's biometric identity system (IDme) by:

- replacing outdated software and algorithms
- removing the Daon middleware
- simplifying the data model
- providing tools to manage fingerprint quality, and
- expanding the capacity of the solution.

IDme manages identity information for Immigration New Zealand (INZ). The solution includes the capture, searching, matching, resolution and linking of biographic and biometric (face and fingerprint) information, as well as integration with other systems. IDme is a core capability for INZ's future protection in an environment where identity fraud and other sources of harm are prevalent and increasingly diverse and sophisticated.

The BCU project was designed to future-proof the IDme platform for INZ's identity management needs, support future initiatives, and reduce operational costs. This would be achieved by making the existing system more scalable, flexible, and easier to support.

The incumbent provider of the biometric algorithms, NEC, was engaged to initially upgrade the face and fingerprint matching algorithms, provide tools to manage the quality of fingerprint images, and interface these products into the existing IDme solution. This subsequently expanded to include building a workflow solution. Multiple other providers have been involved in BCU as providers of integrated systems or components, including Datacom, DXC, One New Zealand, Theta, Argonaut and Intech.

Throughout its lifecycle, the project has undergone substantial changes and encountered significant delivery challenges. A number of Independent Quality Assurance reviews have been undertaken and have consistently highlighted delivery issues. In late 2023, MBIE paused the project s 9(2)(b)(ii) however the project was re-commenced in early 2024. A new approach of achieving a Minimum Viable Product (MVP) was agreed with NEC, deferring functionality in an attempt to accelerate go-live timeframes. Multiple independent project reviews have been completed since the initial pause, however implementation of the recommendations had minimal impact to the project's progress.

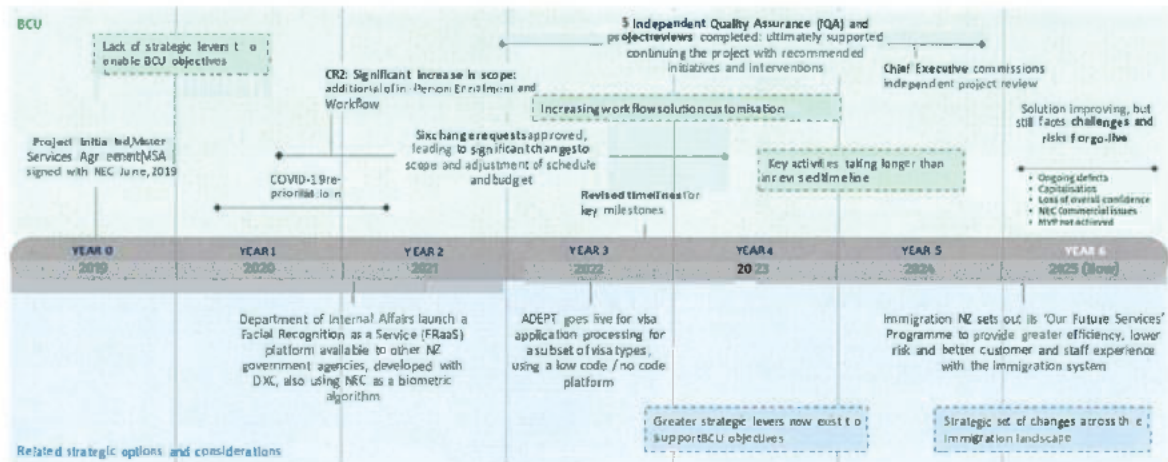
The project completed the core workflow transaction functions and algorithm functionality in June 2025 (this did not include completing the end-to-end solution). s 9(2)(b)(ii)

The project was Capitalised in June 2025 at \$31.6 M on the basis that a core workflow solution could transact end to end data. This did not include an overall working or a performant solution. The Whole of Life Cost (WOLC) is \$34.8 M, and \$33.7 M has been expended on the project.

Refer to 'Appendix B: BCU Financial Status' for more detail.

Timeline of Major Project Changes

The following timeline displays the major activities or events over the duration of the project.



Solution Readiness

The BCU solution was planned to go live this year, with the latest implementation window of November 2025. November 2025 was not possible as testing demonstrated that the solution was not able to achieve a Minimum Viable Product (MVP) level of readiness. After recent software releases from NEC, ongoing defects remain across a range of 'must have' and 'critical' features. Most of these issues relate to the workflow functionality that has been developed. NEC believe they have delivered a production ready version of the solution. MBIE disagrees with that position as 'must have' defects remain.

The achievement of an MVP was also predicated on defects that were classified as 'fast followers' being resolved after going live, with some being very important to the business operations. These 'fast followers' were a compromise by MBIE in an attempt to allow NEC to achieve an MVP, however s 9(2)(b)(ii)

in a timely manner, without significant cost to MBIE is low, based on the cadence and quality of defect resolution experienced over the last 24 months.

s 9(2)(b)(ii)

MBIE planned to address these security issues via the implementation of a cyber 'walled garden', at MBIE's investment and responsibility for ongoing operational support.

External technical advice was sought in November 2025 from EY on the overall readiness to go live, and from Deloitte specifically on the cloud data solution. Both parties confirmed that go-

live was not possible at that time as the BCU solution and the supporting cloud data environment were not ready. The main findings from the reviews included the following:

- s 9(2)(b)(ii)
- Production support was unlikely to be ready.
- s 9(2)(b)(ii)
- The potential roll back option was limited and untested.
- Incomplete or inadequate security mitigations across both the BCU solution and the supporting cloud data platform.

After considering the advice provided and assessing the risk of implementing during the peak visa processing season, the decision was taken not to proceed with going live. As a result, the project was formally paused on 11 November 2025, and all supplier activities were suspended.

COMMERCIAL STATUS WITH NEC

s 9(2)(b)(ii)

Discontinuation of the BCU Project is Recommended

The project's unusually long six-year duration, the introduction of new viable alternative Identity Management solutions over time, s 9(2)(a)

Any progress of the project in an attempt to go-live s 9(2)(b)(ii) and incur further significant cost. MBIE has attempted on a number of occasions to remedy project delivery issues including:

- sought external assistance (Independent Quality Assurance and guidance),
- substantial MBIE and NEC executive involvement to advance commercial negotiations, that have not progressed to s 9(2)(b)(ii)
- previously paused the project and subsequently reset, with all attempts being futile with making progress,
- conceded functionality (fast followers) to potentially achieve various 'go-live' dates to allow NEC to deliver the MVP solution,
- deferred resolving high security defects by MBIE's investment in a cyber walled garden solution to allow NEC to focus on functionality defect remediation.

s 9(2)(b)(ii)

As time has progressed, new alternative solutions for improving INZ's identity management have become available, providing standardised, out-of-the-box services that align with MBIE's strategic digital road map and adhere to the Government's new digital standards.

In consideration of the various factors outlined above, the recommendation is to:

- s 9(2)(j) [REDACTED]
- impair the capitalised amount of up to \$31.6 M; and
- explore alternative identity management system options.

Payment of NEC Invoices

NEC has charged MBIE for Time and Material Services since January 2024 for product development. s 9(2)(b)(ii) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Existing Identity Management System (IDme) - Upgrade

s 6(c) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

With the ongoing delay of any replacement identity management solution, and one that may not be introduced for at least another two years (minimum), the existing IDme system requires a 'refresh'. s 6(c) [REDACTED] as a risk mitigation while replacement identity management solution options are being explored. This refresh work includes upgrades to operating systems, SQL and Oracle, licencing and support extensions etc.

This cost for the refreshment is estimated at s 9(2)(b)(ii) [REDACTED]

Options for Next Steps

There are two options to consider on the basis that the BCU project is terminated:

Option A—Refresh the current IDme solution;

- s 9(2)(j) [REDACTED]
- Impair the BCU projects (cost of up to \$31.6 M capex plus termination costs).
- Refresh (upgrade) the current IDme solution so that it is supported and compliant for at least 3 years minimum (implementation is s 9(2)(b)(ii) [REDACTED])

- Assess the viability of upgrading the biometric matching algorithms (cost TBD).

Option B (Recommended option) – Option A deliverables and assess alternative options:

- Undertake the upgrade activities from option A.
- Run a parallel discovery phase until the end of March 2026 to analyse the suitability of the existing business requirements, and assess the feasibility of moving to an alternative identity management solution as follows:
 1. DIA's syndicated Facial Recognition as a Service (FRaaS) solution
 2. NEC's Identity Cloud Services (ICS) solution (or potentially another vendor solution, if MBIE decides to go to market through a procurement process).
 3. Explore other alternative pathways i.e. emerging Government Identity Management solution options
- Implementation activities are not included in any of these options, and will be proposed at the conclusion of the assessment of the alternative options.

Recommended Next Steps:

In consideration of the various factors outlined above, **the recommendation is option B**. This includes:

- discontinuing the BCU project,
- upgrading the existing IDme solution, and
- exploring alternative identity management system options.

If the BCU project is approved to be discontinued, the following four workstreams will commence in parallel.

1) Discontinue the BCU project.

Deliverables included in closing the BCU project are as follows:

- s 9(2)(j)
- Commence disengagement services with BCU (costs are unknown and will be subject to MBIE executive commercial decisions with NEC).
- Impair \$31.6 M of capex plus termination costs for the BCU project.
- Rolling back the test environments.
- Project closure documentation.

It is expected that these activities will be completed by March 2026.

2) Upgrade the existing IDme solution.

Deliverables included in upgrading the existing IDme solution are as follows:

- Upgrading the infrastructure, operating environments, SQL and Oracle to a supported version.
- Updating licensing and certificates for the entire system.
- Up-to-date support arrangements for the required components.

It is expected that these activities will be completed by the end of 2026 s 9(2)(b)(ii) MBIE will also assess the benefits of updating the NEC algorithms during the update activities.

3) Analyse the feasibility of implementing DIA's FRaaS Solution.

Deliverables included in the feasibility analysis of FRaaS are as follows:

- Engagement with DIA Passports to overview and assess the solution.
- Providing a High-level Architecture/Solution Design.
- Providing a High-level Business Requirements/traceability.
- Providing a project budget/financial model and funding source.
- Providing an implementation plan.
- Commercial contracts agreed.

s 9(2)(b)(ii)

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Ministerial Interaction

The Minister of Immigration has been regularly informed of the project's progress and a briefing will be provided informing the Minister of MBIE's recommendation to discontinue the project, the go forward options considered, and the recommended option.

Appendix B: BCU Financial Status

The breakdown by funding year for BCU is detailed below:

Operating costs (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & out years	Total
Project Capex	\$1,385,585	\$6,022,500	\$1,691,150	\$7,690,061	\$7,897,440	\$6,870,837	\$31,557,573
Project Opex	\$0	\$0	\$433,159	\$298,128	\$732,692	\$664,834	\$2,128,814
Total Project Delivery	\$1,385,585	\$6,022,500	\$2,124,309	\$7,988,189	\$8,630,132	\$7,535,671	\$33,686,387
Operating costs						\$10,000,000	\$10,000,000
Depreciation						\$31,557,573	\$31,557,573
Capital Charge	\$69,279	\$370,404	\$454,962	\$839,465	\$1,234,337	\$5,388,496	\$8,356,943

Treatment of BCU costs

If MBIE moves to a new identity management solution, then treatment of the BCU capitalised amount of up to \$31.6 M will be impaired and the Immigration appropriation would be impacted at the time of write off to the capitalised value. The value may also be disclosed in MBIE's annual report.

There may be some 'reuse' potential of part of the capitalised amount that relates to business requirements, change management, technical design collateral etc. This could be deducted from the \$31.6 M Capital cost, with the 'reuse' component transferred to the new solution. The estimated value of this component may be between \$2 M - \$3 M. More work is required to determine the specific value as the various options are investigated.

