

Establishing the Chief Technology Officer role

Proposal

1. This paper seeks agreement to the initial steps required to start driving a forward-looking digital agenda that will create a cross-government response to the opportunities and challenges stemming from digital technologies. The need for a joined up approach by government, and a Chief Technology Officer to support achievement of this, was identified in Labour's Future of Work report.
2. This paper proposes that the Chief Technology Officer (CTO) role be established as a broadly mandated independent advisor, in the form of a one-person Ministerial advisory group¹, which:
 - 2.1 will attract the kind of high profile person who is able to engage directly with Ministers, chief executives, and other stakeholders across New Zealand;
 - 2.2 is able to work collaboratively with government to instigate, frame, and drive New Zealand's digital agenda; and
 - 2.3 provides a level of independent challenge to government and other stakeholders.
3. The CTO would have a broad mandate to serve as both a challenge to, and advisor for, the New Zealand government as it responds to the challenges and opportunities of our rapidly evolving digital world.
4. I see the first task for the CTO as providing leadership in the development of a Digital Strategy for New Zealand. This will call for a collaborative way of working across government, working with Ministers and officials, and strong input and engagement from citizens and interest groups.
5. I propose to come back to Cabinet early in the New Year about the process I intend to follow to develop this Strategy.
6. Subject to Cabinet agreement, I intend to announce the establishment of the role and to open the appointment process prior to 22 December 2017. This will allow me to announce the appointment of the successful candidate at the D5 (Digital 5) 2018 Ministerial Summit to be held in New Zealand from February 20-21 2018.

¹ A Ministerial advisory group is appointed by a Minister or Ministers. These groups are not employees of government departments and can operate with the level of independence specified in their terms of reference.

Background

7. Digital technologies are evolving at an increasing pace. They are already disrupting many aspects of our society, creating new ways of learning, new forms of personal expression, and changing who we consider to be part of our 'community'. They are also impacting on the economy, changing the way products and services are created and delivered and how markets are defined.
8. While technological innovation and disruption is nothing new, the increasing pace of change and the pervasive nature of disruptive digital technologies will create significant opportunities for New Zealand, as well as bring some challenges. It is therefore important for government to understand and respond, and also to support New Zealand to respond, to this change so that these opportunities are realised and the challenges are managed as they arise.
9. It is difficult to predict exactly what technological change and digital disruption will mean for New Zealand. While change will be driven to a large extent by non-government parties (businesses, consumers, and communities), government has a key role to play in shaping the direction through how it responds to disruptive digital technologies in terms of policy and regulatory changes, and in how it chooses to make use of these technologies within the public sector.
10. A more active and coordinated government response would allow New Zealand to realise greater potential from disruptive digital technologies for economic productivity, social prosperity, to improve the services provided by government, and to increase the efficiency and effectiveness with which government functions.
11. A CTO role would help strengthen government's role by providing independent and expert advice to Ministers and senior leaders on digital issues.
12. In the Labour Party Information and Communications Technology Policy we proposed the establishment of a CTO for New Zealand. The need for such a role had been publicly raised earlier this year, including in a manifesto from the technology sector calling for a new CTO role and a Ministry for the Future to consider the implications of technological change across social, economic, educational and all other areas of policy, and to ensure a whole-of-government approach is taken to tackling the challenges of the future.
13. Both the earlier proposals and our policy centred on the idea that technology is evolving and disrupting at such a pace that government needs to be far more agile and proactive in how it responds, and in how it supports New Zealand to respond.
14. Our digital policy directions, and the role of the CTO, are now being set out in more detail.
15. The CTO will be operating within a broad context, including across both of my portfolio responsibilities (Broadcasting, Communications and Digital Media, and Government Digital Services), and other key portfolios (such as the Economic Development and Education portfolios). There are also implications for open government from digital technologies.
16. In particular, we have signalled the need for action in the following areas:
 - 16.1 achieving digital equality;
 - 16.2 protecting citizens' rights online; and
 - 16.3 building a connected nation.

17. We have also outlined a range of more specific priorities that include: the development of a national Digital Strategy for a connected New Zealand that will pave the way for a stronger society, economy and government; the creation of a blueprint for achieving digital inclusion to achieve digital equality across all divides by 2020; an ambition to significantly grow our ICT sector so that it becomes our second largest contributor to GDP by 2025; and, more generally, the need for government to be more flexible and adaptive to technological change and its impacts. We envisage that the CTO would have a key role to play in supporting the achievement of these aims.

Context for the CTO role

18. My recommendations for how the CTO role is established reflect several key assumptions about the context in which the CTO role needs to work.
19. Firstly, in view of the breadth of impact that digital technology has, and will have, on New Zealand, there will be a need to secure input from a wide variety of expertise and perspectives both outside and inside government. I am looking to establish a series of advisory groups on specific issues related to digital, and envisage these will be a conduit, along with the CTO, for public engagement.
20. Secondly, the wide implications for the economy, society, and government of digital technology mean that all Ministers have an interest. This paper proposes that we consider further how we involve Ministers whose portfolios are most relevant to framing and driving New Zealand's Digital Strategy in overseeing the CTO's work.
21. Thirdly, the CTO role needs to be strongly connected to, and supported by, the Public Service departments with major policy or operational roles in digital technology and its wider implications.

Options for the CTO role

22. I have considered three options for the structure of this role. The first two employ the Ministerial advisory group model, which is a highly flexible one. The CTO would operate as a one-person group, following the broad model currently employed for the Prime Minister's Chief Science Advisor.
23. **Option 1** would establish a one-person Ministerial advisory group with a narrowly prescribed role. This would be responsible for advising Government on digital strategy and the implications for New Zealand of technological change.
24. This option would set the CTO up as a traditional 'advisory' role. However, this is too narrow for our purposes. We want a more active CTO than this. We are seeking someone who can both advise us on digital strategy and bring their reputation and high level of expertise to bear on building understanding across industry and community, stimulate debate, and get things moving in the right direction.
25. **Option 2** would establish the CTO as a one-person Ministerial advisory group but would broaden the terms of reference. This option would allow the CTO to stimulate public discussion, challenge government and other stakeholders, and act with government and others as an instigator of change.
26. **Option 3** would set up the role within the Public Service. Though it is technically possible for a Public Service position to be framed with a level of autonomy, it would not be perceived as independent of government, as the primary role of the Public Service is to advise government and implement government policy.

27. My preferred option is Option 2.
28. I recommend that a joint appointment by the Prime Minister and me would be consistent with our manifesto policy. As noted above, I am keen to explore how other Ministers with an interest in digital strategy for New Zealand are able to be engaged with the work of the CTO.
29. I consider that the role, as set out in the attached draft terms of reference (**Annex One**), will give us the energetic and impactful approach that we are seeking. I consider that Option 2 will enable the establishment of a CTO which:
 - 29.1 is most likely to attract the kind of high profile person who is able to engage directly with Ministers, chief executives, and other stakeholders across New Zealand;
 - 29.2 is able to work with government to instigate, frame, and help drive digital strategy for New Zealand; and
 - 29.3 provides a level of independent challenge to government and other stakeholders.
30. The terms of reference specify that within this broad mandate, the CTO will regularly agree a work programme with the Ministers to which they are responsible. This will allow me to consult with other, relevant Ministers, to ensure alignment between the work of the CTO and the government more broadly.
31. It will be a challenge to find an individual who has the profile, expertise, and skill in multiple stakeholder engagement that will be needed to make a success of the role. However, there is a high level of awareness amongst stakeholders of our intention to establish a CTO and we have had expressions of interest.
32. A further period for advertising and applications will add to this and need not be extended given the current level of awareness. Depending on the applicant pool, an option may be to make an interim appointment for the establishment phase of the role.

Ministerial interaction with the CTO

33. The CTO's remit, including digital technology and potentially the full range of implications of digital technology for New Zealand, will span a wide range of issues. These may include diverse areas such as workforce disruption, new regulatory and business models, cybersecurity, and the impact of global corporations on our domestic industries and markets.
34. This breadth of impact means that getting traction on a Digital Strategy for New Zealand will require the involvement of a wide range of Ministerial portfolios. The levers to drive change are largely located in other portfolios, such as Economic Development, Statistics or Education, and the involvement and engagement of other Ministers and their agencies will be critical to the CTO's success.
35. I would like to explore with Ministerial colleagues how best to ensure relevant Ministers are involved in the development and implementation of the strategy. One option is the establishment of a Ministers Group for Digital and Data issues. However, I intend to wait to decide whether to progress such a proposal until after the Prime Minister has taken decisions on Cabinet Committee structures, and other arrangements for collaborative Ministerial working.

36. I would also envisage that – as a system resource working across relevant portfolios – the CTO will be available to advise individual Ministers on digital matters in their portfolios, where this would be useful.

Appointment and accountability of the role

37. A Ministerial advisory group is appointed by a Minister or Ministers and accountable according to its terms of reference. A joint appointment by the Prime Minister and me would be consistent with our manifesto policy.

Relationship to the Public Service and location of the role

38. The CTO role needs to be strongly connected to, and supported by, the Public Service departments with major policy or operational roles in digital technology and its wider implications.
39. I recommend that there is a direct relationship between the CTO and the chief executives of the relevant departments – those whose Ministers are involved in the policy direction, and whose assistance may be required in order to give effect to the Digital Strategy for New Zealand. Of particular relevance to the work of the CTO are two cross-system leadership roles held by chief executives (the Government Chief Data Steward and the Government Chief Digital Officer) and the chief executive of the Ministry of Business Innovation and Employment. All three are members of the existing Digital Government Leaders Group, convened by the Government Chief Digital Officer. I propose that this be the point of contact between the CTO and the Public Service, though I note that its scope and attendees may need amendment.
40. Consideration also needs to be given to the physical location of the role. While it is not necessary for the CTO to be located alongside a department or other agency, this may be desirable for efficiency. This would ensure that the CTO has appropriate administrative support, and access to a major department with related policy and operational responsibilities.
41. I propose to work with the Prime Minister, the Minister of State Services and the Ministers with responsibility for the relevant departments (being the Ministers for Economic Development and Internal Affairs) on the practicalities of where the CTO should receive support.

Resourcing

42. Resourcing will be needed for:
- 42.1 secretariat support;
 - 42.2 the operations of the CTO in terms of its stakeholder engagement work; and
 - 42.3 remuneration of the CTO.
43. The CTO position itself will need to be appropriately remunerated. Ministerial Advisory Groups are covered by the Cabinet Fees Framework and I will discuss with the Minister of State Services the appropriate placement of the role within the levels of the framework.
44. We have several options for supporting the CTO role.

45. **Option 1:** This option would support the CTO through reprioritisation of departmental activities. This assumes a full-time position occupied by an industry leader (i.e. an ICT executive with the appropriate mana). Costs include salary (estimated at \$400,000), expenses and travel (estimated at \$100,000) and secretariat support.² Secretariat support is based on providing resources of one FTE each from the GCDO and MBIE.
46. **Option 2:** This option would see funding provided by the private sector for this role. This would reduce the costs to government to secretariat support and incidental expenses associated with meetings, travel, etc. There are risks associated with this approach that would need to be explored in further detail.
47. My preference is Option 1 because it removes the risk of conflict of interest, and perception of conflict of interest, associated with private sector funding.
48. Over the longer term the implications for the work of departments arising from the formulation and implementation of our Digital Strategy for New Zealand will need to be met either from further budget bids or from reprioritisation within existing departmental baselines.

Appointment process

49. I propose that, following decisions on the matters in this paper, Cabinet authorise me to:
 - 49.1 make any necessary changes or additions to the draft terms of reference (attached);
 - 49.2 work with the Department of Internal Affairs and the Ministry of Business Innovation and Employment to publicise the role and appointment process, and to make other arrangements for the hosting and remuneration of the CTO role; and
 - 49.3 make the appointment in consultation with the Prime Minister, and announce this at the Ministerial summit in February 2018.

Consultation

50. This paper has been developed by the Department of Internal Affairs; the Ministry of Business, Innovation and Employment and the State Services Commission. The following agencies have been consulted on this paper: the Treasury; and the Department of Prime Minister and Cabinet. Statistics New Zealand has been informed.

Legislative, human rights and gender implications

51. The proposals in this paper do not have legislative, human rights or gender implications.

Timing and publicity

52. I intend to announce detail of the decisions in this paper before 22 December 2017, and the appointment of the CTO at the D5 (Digital 5) 2018 Ministerial Summit on 20-21 February 2018.

² Expenses are based on hosting national and international meetings, accommodation and entertainment. Travel costs based on flights/taxis/vehicle (national) for up to 18 meetings with the advisory groups and adhoc meetings.

Recommendations

53. The Minister for Government Digital Services and Minister of Broadcasting, Communications and Digital Media recommends that the Cabinet Appointments and Honours Committee:
1. **note** our commitment to establishing a Chief Technology Officer role and ensuring a joined up response by government to realising the benefits for New Zealand from digital technologies;
 2. **note** that officials have advised on various options for configuring the role;
 3. **agree** that the preferred option is a one-person Ministerial advisory group with a broad terms of reference allowing the CTO to stimulate public discussion, challenge government and other stakeholders, and act with government and others as an instigator of change;
 4. **agree** that the CTO be appointed by, and accountable to, the Prime Minister and the Ministers of Government Digital Services and Broadcasting, Communications and Digital Media;
 5. **note** it will be a challenge to find a person for a role of this size and complexity and that an interim appointment may be made initially;

Ministerial interaction with developing a joined up digital strategy and the CTO

6. **note** that to achieve a joined up response by government to digital technologies, I intend to develop a Digital Strategy for New Zealand;
7. **invite** the Minister for Government Digital Services and Minister of Broadcasting, Communications and Digital Media to report back to Cabinet in the first quarter of 2018 on the intended process for development of a Digital Strategy for New Zealand;
8. **note** that engagement and support from a range of Ministerial portfolios will be needed to frame and implement a Digital Strategy for New Zealand and that further consideration will be given to the appropriate arrangements once the Prime Minister has taken decisions on Cabinet Committee structures, and other formal arrangements for Ministerial collaboration;

Relationship to the Public Service and location of the role

9. **note** the desirability of locating the office of the CTO alongside a department for effectiveness and efficiency reasons;
10. **agree** that the Minister for Government Digital Services, and Broadcasting, Communications and Digital Media, should consult with the Prime Minister, Minister of State Services, and the Ministers with relevant departmental responsibilities (being the Ministers of Economic Development and Internal Affairs) to determine the placement of the CTO's office;

Funding the position

11. **note** that funding for the operations of the CTO role is dependent on policy decisions around the nature of the role and final costings;
12. **note** the CTO will be funded from existing baselines through 30 June 2018 with further funding subject to reprioritisation, or a budget bid;

13. **authorise** the Minister of Government Digital Services Minister of Broadcasting, Communications and Digital Media and the Minister of Finance to make fiscally neutral changes to appropriations to give effect to the establishment of the CTO role;

Appointment process

14. **invite** the Minister for Government Digital Services and Minister of Broadcasting, Communications and Digital Media to:
 - 14.1 make any necessary changes or additions to the draft terms of reference (attached);
 - 14.2 work with the Department of Internal Affairs and the Ministry of Business Innovation and Employment to publicise the role and appointment process, and to make arrangements for the hosting and remuneration of the CTO role;
15. **invite** the Minister for Government Digital Services and Broadcasting, Communications and Digital Media to:
 - 15.1 finalise the draft Terms of Reference, in consultation with the Prime Minister; and
 - 15.2 release and advertise the CTO position, and in consultation with the Prime Minister, make an appointment to the role ahead of the D5 (Digital 5) Ministerial Summit on 20-21 February 2018.

Authorised for lodgement

Hon Clare Curran

Minister for Government Digital Services and Minister of Broadcasting, Communications and Digital Media