

The Treasury

Budget 2013 Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Treasury Report: DIA Four Year Plan – igovt and R10 funding pressures

Date:	15 January 2013	Report No:	T2012/3225
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Note the identified funding pressures for Result 10 and igovt. Discuss the funding pressures with the Minister of Internal Affairs in early 2013.	31 January 2013.

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
[3]			
Jolanda Meijer	Manager	[3]	✓

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
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Enclosure: No

Treasury Report: DIA Four Year Plan – igovt and R10 funding pressures

Executive Summary

The Department of Internal Affairs (DIA) has submitted its Four Year Plan (4YP). We considered the draft plan to be comprehensive and detailed, clearly setting out the upfront challenges and trade-offs associated with delivery of the strategic direction. The plan is strong in addressing short term issues, but lacked a similar level of detail in managing the outyears. The plan includes some reprioritisation and efficiency savings which have been redirected to higher priorities and to offset cost pressures.

DIA identified two key funding pressures of note which are not yet resolved and require attention:

1. igovt services, and
2. support for Result 10.

The igovt service provides a single logon service and an identity verification service. DIA considers the services important to advancing the Result 10 objective of increasing uptake of digital services. [6]

DIA is the lead agency for Result 10 and has encompassed this in their 4YP. The agencies involved in Result 10 are working up agreed priority activities for 2013/14. To support the programme of work they are working on a club funded arrangement, but this is yet to be agreed. If the agencies are unable to agree the planned club funding (a total of \$3.5 million) solution, this is also likely to lead to a request for new funding.

We understand the Minister of Internal Affairs will request a bilateral with you in early 2013 to discuss the funding pressures.

Recommended Action

We recommend that you:

- a **note** that DIA has submitted its Four Year Plan in which they have identified two key funding pressures, igovt and Result 10
- b [6]
- c [6]
- d **note** DIA is preparing a Cabinet paper on the future of igovt to be submitted in February/March 2013 [6]

- e **note** that agencies in Result 10 are developing a club funded approach to supporting their work programme, but if it cannot be agreed may result in DIA requesting new funding to support the programme, and
- f **discuss** DIA's funding pressures (igovt and Result 10) with the Minister of Internal Affairs in early 2013.

Jolanda Meijer
Manager

Hon Bill English
Minister of Finance

Treasury Report: DIA Four Year Plan – igovt and R10 funding pressures

Purpose of Report

1. This report provides you with:
 - a) an update on the Department of Internal Affairs' Four Year Plan and identifies its funding pressures around igovt and Result 10
 - b) an overview of the igovt key facts and funding history
 - c) recent development and reviews in respect of igovt, and
 - d) comment on the future of igovt.

Background

Context: DIA Four Year Plan

2. The Department of Internal Affairs (DIA) submitted its draft Four Year Plan (4YP) in November 2012. Our assessment of the draft is that it provides a good sense of the strategic direction for the organisation and its key priorities and focus over the medium term. The 4YP outlines a strong credible strategy that addresses the short term issues and pressures. It does however lack similar detail and strength in managing the outyears. The plan includes some reprioritisation and efficiency savings which have been redirected to higher priorities (e.g. Result10 (R10) and Better Local Government programme) and to offset cost pressures.
3. The DIA 4YP outlines the medium term intentions which include R10 and igovt, both of which create funding pressures for DIA.
4. R10 core team activity is unfunded from 2013/14. DIA is currently seeking to arrange 'club funding' from the agencies¹ it is working with to deliver R10. This approach, if successful, will achieve a pragmatic solution to progressing R10 activity. We understand DIA is looking to secure the input of all benefiting agencies in the next two to three months. If this approach is unsuccessful, DIA has signalled it may need to seek new funding from Budget 2013 to support the programme. The Treasury supports the 'club funding' approach and is supporting DIA to outline clear deliverables for 2013/14.
5. [6], [10]
6. [6], [10]

¹ Ministry of Social Development, Inland Revenue, New Zealand Police, New Zealand Transport Authority, Ministry of Business, Innovation and Employment, New Zealand Customs Service and Department of Conservation.

Igovt Key Facts

7. The igovt services can be broken into two components: the igovt logon and igovt identify verification service (IVS).
8. The igovt logon is designed to allow people to use the same logon to access multiple online services and provides a high level of security. The igovt logon is not reliant on the IVS being in place, it is able to function on its own.
9. The IVS is used in conjunction with the logon service (i.e. the IVS requires the logon in order to operate), and provides individuals with the option of an easy and secure way to verify their identities via the internet. (Note: The IVS will be delivered through RealMe in partnership with New Zealand Post from 1 July 2013 [EGI Min(11)14/7].)

History

10. The igovt proposal was developed in the early 2000s and was intended to pay for itself in time. The table below provides a summary of the key milestones in the development of the igovt services to date:

Date	Key Milestones
July 2004	All of Government Authentication Programme established, lead by SSC.
May 2005	The Government Logon Service (now the igovt logon) commenced.
October 2007	Release of Expression of Interest for the Identity Verification Service.
2007	Igovt logon operational.
July 2008	Service Delivery Function (Government Technology Services) moved from the SSC to DIA. ICT leadership function (GCIO) remains with SSC. [POL(08)231]
September 2010	GCIO, including all of government ICT moved to DIA. SSC no longer holds any ICT responsibilities. [EGI(10)226]
From July 2013	The IVS delivered through RealMe in partnership with New Zealand Post. [EGI Min(11)14/7]

11. [6], [10]

12. [6], [10]

13. [6], [10]

14. [6], [10]

[6], [10]

Future of igovt services

Options going forward...

15. In recent months DIA has been considering the future of igovt. To inform this work DIA has contracted Deloitte Touche Tohmatsu Limited (Deloitte) to provide a review of the forecast costs in outyears as well as validating current costs of igovt services. DIA has also received the initial findings from Independent Quality Assurance New Zealand (IQANZ) on the benefits of the logon service. This work was qualitative and considered agencies' experience of integrating and consuming the logon service and whether they believed there have been benefits from doing so.
16. [7]
17. [7]
18. [7],[9]
19. [7],[9]
20. To support further investment in the igovt services we suggest there needs to be clarity about the benefits, costs and future use in light of R10. It is timely to review the services and consider the future arrangements. We support the work DIA is undertaking in this regard, in particular efforts to clearly setting out the value proposition and tangible benefits of the future of igovt services and in doing so making a clear case for continued investment.
21. DIA considers that the igovt services are an important all-of-government ICT infrastructure. The main benefits of igovt services are outlined below:
 - Enabling joint and integrated service delivery across government by encouraging the delivery of services along functional lines rather than organisational silos;

- Reducing cost to government of implementing and running online services requiring logon systems and identity verification by avoiding duplicate investment;
 - Reducing transaction costs for government agencies for services requiring identity verification;
 - Improving user experience for individuals by allowing them to access services where and when they choose; and
 - Protecting New Zealanders' identity in the online environment, reducing the incidence and impact of identity crime, and providing an all-of-government solution that addresses users' concerns for their privacy.
22. DIA have also advised that the igovt services are critical tools for moving government services to the digital environment. DIA is also ensuring that the delivery of the igovt services is aligned with Government's broader ICT strategy and R10.
23. DIA has advised that in relation to the igovt logon there are significant benefits at an all-of-government level but it is difficult to price the tangible benefits. [7]
[10]
24. [9]
25. [7]

Funding Options	Explanation
1. [6]	
2. [6], [10]	

Funding Options	Explanation
3. [6], [9]	the achievement of R10.
4. [6], [9]	
5. [6], [9]	

26. [7],[10]

27. Treasury is working with DIA to develop a funding framework for upcoming cross-government ICT initiatives, so that there is a clear and consistent approach to funding all-of-government ICT initiatives. [6], [10]

28. [6],[10]

Next Steps

29. Treasury will continue engaging with and supporting DIA's work on the future of igovt and R10 developments.

30. We support the proposal from DIA suggesting you meet with the Minister of Internal Affairs to discuss further investment in the igovt services and the DIA 4YP more generally.
31. With regard to the igovt funding pressure and the work being carried out we suggest it may be useful to discuss his views on the following points:
 - a. The long term vision for igovt and if this is different to the recent past.
 - b. Why some agencies are not using the logon and what could be done to change this.
 - c. Progress on developing the Cabinet paper setting out the value proposition of igovt and future funding requirements.

[6],[10]