



Cabinet Government Administration and Expenditure Review Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Te Pae Tawhiti Transformation Programme: Business Case for Investment in the Ministry of Social Development's Future

Portfolio **Social Development and Employment**

On 5 May 2022, the Cabinet Government Administration and Expenditure Review Committee (GOV):

- 1 **noted** that on 11 November 2021, the GOV agreed to proceed with the development of a programme business case for transforming the Ministry of Social Development's (MSD) operating model [GOV-21-MIN-0039];
- 2 **noted** that Te Pae Tawhiti Transformation Programme (the Programme) aims to transform MSD's service model into one that will better understand, connect to, deliver for, and support clients, their whānau, and communities;
- 3 **noted** that, through an extensive process of analysis and engagement, MSD developed four short-list options for transformation and used these to develop a preferred way forward;
- 4 **agreed** that Option 3: Transform – which encompasses redesigning MSD's operating model to support fully integrated services, with a tiered approach, supported by redesigned business processes and renewed technology platforms – is the preferred way forward;
- 5 **noted** that there is scope in the preferred option for decisions to be made on the pace of rollout, sequencing, and the extent of digital transformation, and that further thinking on this will be undertaken in the first detailed business case, with corresponding decisions for Cabinet;
- 6 **noted** that MSD does not have the required capacity or capability internally, and will therefore need to go to market to supplement its own expertise;
- 7 **noted** that the estimated cost of implementation is s 9(2)(f)(iv) [REDACTED];
- 8 **noted** that the cost of maintaining MSD systems and existing process is estimated at s 9(2)(f)(v) [REDACTED];
- 9 **noted** that MSD will deliver change early and incrementally, enabling change adaptation and choices for the government as delivery progresses;

- 10 **noted** that MSD has put in place arrangements for good governance, benefits realisation, risk management and assurance processes for the Programme;
- 11 **noted** that MSD will have limited capacity to take on new work during the Programme, due to the significant impact of transformation on its current work programme;
- 12 **noted** that MSD has submitted a Budget 2022 bid for funding to proceed with the detailed design of the projects planned for the first few years of the Programme;
- 13 **invited** the Minister for Social Development and Employment to report back to GOV in early 2023 with a Detailed Business Case to:
- 13.1 **s 9(2)(f)(iv)** [REDACTED]
- 13.2 **s 9(2)(f)(iv)** [REDACTED]
- 13.3 demonstrate that MSD has the capability and capacity to deliver the projects in the Detailed Business Case, and can manage co-existence and risks satisfactorily;
- 13.4 provide Ministers with options on the pace of rollout and the extent of digital transformation;
- 13.5 detail the systems and customer benefits that will occur as a result of the changes;
- 14 **noted** that the projects that the first Detailed Business Case will explore are those that lay the foundations for digital services and case management change, including:
- 14.1 creating a modern digital experience for clients;
- 14.2 enabling New Zealanders to access digital employment services;
- 14.3 the development of new case management practices fundamental to the Future Service Model;
- 14.4 significant improvements in contract management to allow more efficient and effective partnering;
- 15 **s 9(2)(f)(iv)** [REDACTED]

Rebecca Davies
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Chris Hipkins
Hon David Parker
Hon Stuart Nash
Hon Jan Tinetti
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Meka Whaitiri

Officials present from:

Office of the Prime Minister
Officials Committee for GOV