

New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Governance and Administration Committee
Komiti Whiriwhiri Take Whakahaerenga

54th Parliament
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Whole of government direction to centralise digital investment and procurement decision making

Presented to the House of Representatives
by Hon Jan Tinetti, Chairperson

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Whole of government direction to centralise digital investment and procurement decision making

Recommendation

The Governance and Administration Committee has considered a whole of government direction to centralise digital investment and procurement decision making, and recommends that the House take note of its report.

About whole of government directions

Under section 107 of the Crown Entities Act 2004, the Minister for the Public Service and Digitising Government and the Minister of Finance may jointly direct Crown entities to support a whole of government approach on a particular issue. Whole of government directions must aim to do one or more of the following things:

- improve public services (directly or indirectly)
- secure economies or efficiencies
- develop expertise and capability
- ensure business continuity
- manage risks to the Government's financial position.[1]

Previous whole of government directions have involved the implementation of the Carbon Neutral Government Programme and of the New Zealand Business Number.

Whole of government directions must be presented to the House before they come into force. Directions come into force 15 sitting days after they are presented to the House, unless the House resolves to disapply the direction.[2] Once presented to the House, directions stand referred to the Governance and Administration Committee. They must be reported to the House within 12 sitting days after presentation.

The whole of government direction was presented to the House of Representatives on 17 August 2026, and was referred to us for consideration.[3] We received a written submission from the Government Digital Delivery Agency (GDDA).

Background

Digital investment

We were told that digital investment is fragmented across government, with duplication, and limited coordination and prioritisation. The Government considers that stronger system

1 Crown Entities Act 2004, section 107(1).

2 Crown Entities Act 2004, sections 108(2)(b) and 109.

3 The direction is on the Parliament website.

leadership and a more coordinated approach are needed to lift performance, rationalise the pipeline for digital investment, and strengthen strategic procurement.

Digital Government Target State

To address these matters, Cabinet endorsed the Digital Government Target State in 2025.[4] The Target State sets the direction for improved government digital services. It includes digital strategy, architecture, investment, procurement, and service delivery. The Government Chief Digital Officer (GCDO) will lead the government's decision making about digital investment and procurement. Cabinet decided that Public Service agencies' investment, procurement, and delivery must align with the Target State.[5]

To apply Cabinet's decisions about the Target State to Crown entities, the Minister for the Public Service and Digitising Government and the Minister of Finance issued a whole of government direction.

Consultation

The GDDA informed us that the Crown entities that would be affected by the direction were consulted from 8 April to 14 May 2026. Of the 22 Crown entities consulted, 21 made submissions. The Minister for the Public Service and Digitising Government and the Minister of Finance considered the feedback. We were told that the final direction includes changes made in accordance with the feedback.

Whole of government direction to centralise digital investment and procurement decision making

The GDDA told us that the purpose of the direction is to improve public services, secure economies or efficiencies, and manage risks to the Government's financial position. The direction would apply to 22 specific Crown entities which all deal with significant regulatory or system risk. Each of these entities also operates with one or more of the following:

- significant scale or revenue
- significant digital assets
- a high rate of contact with or use by the public.

We note that the direction would apply to an entity's digital investment, procurement, and delivery, and to its use of digital products or services, regardless of how the activity is funded. Some of the main requirements that the direction would impose on those Crown entities are:

- ensuring that all digital investment, procurement, and delivery, and the use of any digital product or service contribute to achieving the Target State
- procuring or using digital products and services in the All of Government Digital Portfolio, where they substantially meet the entity's requirements

[4] More information about the Digital Government Target State is available on the NZ Digital government website.

[5] The ICT Functional Leadership Direction (2014) addressed similar issues. The 2026 Direction will replace it. More information is available in the submission of the Government Digital Delivery Agency.

- using an investment, procurement, or delivery pathway as determined by the GCDO
- endeavouring to agree a time frame with the GCDO for investment planning, procurement, or the use of a relevant process, product, or service
- providing regular reports to the GCDO at intervals or times determined by the GCDO, describing how the entity is meeting or planning to meet the alignment requirements in the direction
- collaborating with the GCDO and other parties to support system outcomes.

The direction allows for policy changes to be made swiftly. The Minister for the Public Service and Digitising Government and the Minister of Finance will set policies under the direction. Where it is reasonable and practical to do so, the GCDO will consult affected parties about the proposed policy. The GCDO will then issue a standard or circular about the policy. Standards and circulars will be published online and entities will be notified.

Before the direction comes into force on 1 November 2026, the Minister for the Public Service and Digitising Government and the Minister of Finance will set the roles and responsibilities of stakeholders in the digital investment lifecycle and all the funding pathways. The Ministers will also clarify the decision-making and escalation process under the direction. Crown entities will be consulted. The policy for these matters will be in a GCDO circular.

Commencement

The direction will be implemented in phases over two years from 2 November 2026.

- **Phase 1:** the direction applies from 2 November 2026 to 8 specific entities
- **Phase 2:** the direction applies from 1 November 2027 to the 14 remaining entities.[6]

Comment

We support the proposed whole of government direction.

[6] The particular entities are listed in the schedules of the direction.

Appendix

Committee procedure

The whole of government direction was referred to us on 17 August 2026. We met between 17 August and 16 September 2026 to consider it. We received a written submission from the Government Digital Delivery Agency.

Committee members

Hon Jan Tinetti
Tim Costley
Mike Davidson
Andy Foster
Hon Melissa Lee
Hon Dr Shane Reti
Lemauga Lydia Sosene

Related resources

The whole of government direction to centralise digital investment and procurement decision making is on the Parliament website.

The documents we received as evidence for this inquiry are on the Parliament website.