



COVERSHEET

Minister	Hon Dr David Clark	Portfolio	Digital Economy and Communications
Title of Cabinet paper	Releasing the Draft Digital Technologies Industry Transformation Plan	Date to be published	28 February 2022

List of documents that have been proactively released

Date	Title	Author
December 2021	Releasing the Draft Digital Technologies Industry Transformation Plan	Office of the Minister of the Digital Economy and Communications
8 December 2021	Releasing the Draft Digital Technologies Industry Transformation Plan DEV-21-MIN-0261	Cabinet Office

Information redacted

YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of providing confidential advice to Government.

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Office of the Minister for the Digital Economy and Communications
Office of the Minister for Economic and Regional Development

Chair, Cabinet Economic Development Committee

Releasing the draft Digital Technologies Industry Transformation Plan

Proposal

- 1 This paper seeks agreement to release the draft Digital Technologies Industry Transformation Plan (ITP), which has been co-designed with industry based on extensive stakeholder engagement over the past two years.
- 2 Following feedback on the draft ITP and its draft action plan, we intend to come back to Cabinet for approval to release a final Digital Technologies ITP in 2022. Confidential advice to G

Relation to government priorities

- 3 The Digital Technologies ITP supports the government's overarching priorities to accelerate our economic recovery and to lay the foundations for a better future. ITPs are a key delivery tool within our renewed Industry Strategy, which aims to take a more active approach to growing innovative industries, and shifting the focus of certain sectors from volume to value. [DEV-19-MIN-0006 refers] This ITP supports our ongoing efforts toward accelerating the economic recovery and rebuild from COVID-19 towards the goal of advancing a high wage, low emissions economy [DEV-21-MIN-022 refers].
- 4 The Speech from the Throne included reference to our “work with the technology sector, including through the Digital Technologies Industry Transformation Plan, to help speed growth in jobs and incomes in that important sector”.
- 5 This ITP also supports our efforts to ensure a just transition to a low emissions economy, by growing a key sector that has a lower emissions footprint and enables other sectors of the economy to lower their emissions profile and environmental impact through the adoption of technology.

Executive Summary

- 6 Industry Transformation Plans are in development across seven key sectors of our economy.¹ The digital technologies sector was selected for an ITP not only because of its innate growth potential, but also because of the broader role it can play across our economy [DEV-19-MIN-0139 refers]. While this ITP focuses squarely on the digital technologies sector, we anticipate substantial economic and social spillover

¹ Cabinet recently considered CPC paper *Industry Transformation Plans: Purpose, Potential and Progress* which updated Ministers on the ITP work programme

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benefits, given the potential for digital technologies to improve productivity, enable access to global markets, environmental sustainability and social interactions.

- 7 While the sector has continued to grow over recent years, even through recent lockdowns, there are a number of barriers that are constraining it from reaching its full potential. These include steady and predictable access to skills that will support businesses to grow and supply into global markets; how New Zealand businesses can supply their services into the government sector which is the biggest single purchaser of ICT products and services in New Zealand; how to ensure a more diverse representation of New Zealanders is welcomed into the sector to succeed; and provision of advice and guidance that is applicable to a digital technologies business looking to expand.
- 8 In light of the ITP principle of partnership, the Ministry of Business, Innovation and Employment (MBIE) has been working closely with the sector since late 2019. This partnership has sought to dig into the specific barriers to future growth – but taking a longer term perspective towards transformational change. Engagement with the sector has led to an agreed vision for the sector, and a focus on three strategic elements that will both address long-standing barriers, but also take advantage of opportunities for New Zealand’s future economy.

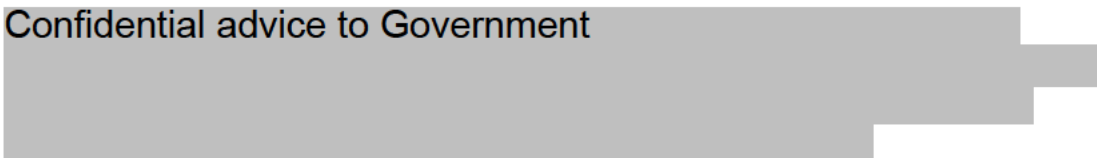
VISION	<i>The world looks to Aotearoa New Zealand as a leader in ethical, innovative, inclusive and sustainable Digital Technologies. These Technologies enable our economy to prosper, help our businesses to grow stronger and compete internationally, and contribute to the wellbeing of all New Zealanders</i>		
STRATEGIC FRAMING	Accelerated Growth	Strong Foundations	Māori Participation

- 9 Accelerated Growth: The ITP has pinpointed two future growth engines for attention that will create high-value jobs for all New Zealanders and generate strong export growth over coming years:
 - 9.1 Exports – Software as a Service (SaaS) and Interactive Media are both subsectors that have grown rapidly over recent years in New Zealand, are highly scalable, and are projected to experience sustained global growth over the next decade and more. These sub-sectors also create high-value jobs in New Zealand.
 - 9.2 Artificial Intelligence (AI) – A considered and co-ordinated approach to the greater uptake of AI, will provide a platform for enhanced growth over the medium-term.
- 10 Strong Foundations: The ITP has focused on core foundational areas: to grow the supply of technical and experienced management skills, and enable the workforce to become more diverse and inclusive; the procurement role of government; efforts to grow the use of data for supporting innovation; and access to capital.
- 11 Māori Participation: The ITP must also work to empower Māori to become greater participants in the sector, recognising that only 4% of the sector’s current workforce is Māori.

12 A draft action plan is included in the ITP (refer **Appendix One**). An allocation of \$5 million in Budget 2020 has enabled several initiatives to get underway, based on industry priorities. This includes:

- The development of a New Zealand Tech & Innovation Story to start to shift global perceptions regarding our technology and innovation capabilities
- The creation of a new SaaS Community to provide a learning and support network for growing SaaS founders and leaders, and accelerate the sharing of experience and learnings
- The completion of a Digital Skills Plan to significantly increase the pipeline of skills for the sector and improve matching between the education system and employment
- The development of a draft AI Strategy and early work on a potential new Centre of Data Ethics and AI that will build support and guidance around the use and ethical management of AI and data across the public and private sectors
- Commencement of initiatives to improve the visibility of, and connections within, the Māori Tech Ecosystem
- Investigation of support mechanisms for the Interactive Media sector.

13 Confidential advice to Government



14 We are pleased that this draft ITP reflects a consistent and high degree of engagement from the sector on key opportunities and barriers, particularly in the area of skills, which has highlighted the need for well-organised collaboration over the coming years.

15 Border closures due to COVID-19 have presented significant challenges for the sector, given its reliance on immigration. The Minister for the Digital Economy and Communications is working with the Minister of Immigration on a class exception to allow international workers with targeted skillsets and experience into New Zealand. Reflecting industry acceptance of the need to invest in domestic skills, the Digital Skills and Talent Plan includes various actions to develop a workforce that is diverse and emphasises the need to grow people early in their careers. The Plan will require a partnership approach, with our education system, led by the Ministry of Education and the Tertiary Education Commission, playing an active role.

16 We understand that the role of government as a purchaser is a point of frustration, with many New Zealand businesses in the sector believing our procurement practices are applied inconsistently, lack transparency and do not offer adequate support to local firms. While New Zealand's government procurement system is well regarded by international standards, improvements are necessary to contribute to the aspirations of the sector. The ITP is seeking to identify some quick wins, while also developing a longer term focus on improving procurement outcomes for the sector and New Zealanders more broadly. Our focus here is consistent with the current work being led by the Minister for Economic and Regional Development on refreshing strategic priorities for government procurement [DEV-21-MIN-0224 refers].

- 17 We propose to release the draft ITP (refer **Appendix Two**) for feedback over early 2022. This follows recent engagement around the proposed Digital Strategy for Aotearoa (DSA), led by the Minister for the Digital Economy and Communications. This ITP is a core action in the proposed Growth pillar of the DSA.
- 18 Wider consultation on the ITP will allow us to refine the projects in the draft action plan and develop appropriate measures and evaluation arrangements for specific initiatives. A final list of initiatives and actions will then form the basis of a final Digital Technologies ITP, which we intend to bring to Cabinet for approval in the first half of 2022.

Background

- 19 Cabinet agreed in May 2019 that the digital technologies sector would be one of the first ITPs to be developed in partnership with industry. Work on this got underway in September 2019, led by the Ministry of Business, Innovation and Employment (MBIE), with NZ Tech, representing around 70% of the sector, assuming the lead role for industry. Reflecting the collaborative approach, a number of other stakeholder bodies, such as IT Professionals, the New Zealand Game Developers Association, the AI Forum and NZRise, have worked alongside NZTech and MBIE. There has also been extensive involvement from industry leaders and entrepreneurs keen to contribute to the ITP process.
- 20 The digital technologies sector was selected because of its role in supporting New Zealand's transition to a higher value, lower emissions, and internationally connected economy with a more diversified export base. These attributes mean it is important to our Emissions Reduction Plan in enabling economic growth with a lower emissions profile. It is a sector with significant opportunities to develop and scale up export focused businesses in specific high-value areas such as Software as a Service (SaaS) and Interactive Media (e.g. online games).
- 21 A strong digital technologies sector in New Zealand will also provide important spill-over benefits to other sectors of the economy, as businesses across the economy are able to use its products and services. This is vital given our ongoing productivity challenges, our need to use technology to meet our emission reduction goals, and in how we support the wider economic recovery from the COVID-19 global pandemic.

Defining the digital technologies sector has some challenges

- 22 Measurement of the digital economy is still maturing across OECD countries. As such, defining the sector has proved difficult – the boundaries are not yet in place to provide visibility of the full scope of digital activity, which is embedded in many parts of the economy. For the purposes of this ITP we have opted to define the sector as: data processing services; computer system design; and software publishing.
- 23 On this basis, in 2019, the sector **contributed over \$6 billion toward GDP, employed around 38,000 people and had more than 13,000 firms.**
- 24 Confidential advice to Government

Confidential advice to Government

- 25 There is a global shift towards the measurement of the digital economy in national statistics due to the role the digital economy has in everyday life; its potential to transform jobs; and to capture the value of innovation in digital technologies. This initiative would see New Zealand keep pace with countries like Australia, Singapore, and the United Kingdom, where there is significant work underway to better define and measure the digital sector.

ITP has an agreed long-term vision

- 26 Early work on the ITP created a shared draft vision for the role of the sector in our future economy:

The world looks to Aotearoa New Zealand as a leader in ethical, innovative, inclusive and sustainable Digital Technologies. These Technologies enable our economy to prosper, help our businesses to grow stronger and compete internationally, and contribute to the wellbeing of all New Zealanders.

- 27 This vision aligns with the proposed vision of the Digital Strategy for Aotearoa which is being tested with New Zealanders currently.² The ITP provides a work programme that will ensure that New Zealand can leverage digital technologies for long term economic growth and higher value jobs for all New Zealanders.

The draft ITP uses a strategic framing to help prioritise its action plan

- 28 Early workshops with industry confirmed the ITP should not attempt to solve “everything at once”. The draft ITP therefore has three strategic priorities:

STRATEGIC FRAMING	Accelerated Growth	Strong Foundations	Māori Participation
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- 29 **Accelerated Growth:** The subsectors of Software as a Service (SaaS) and Interactive Media are a focal point for the ITP, given their potential for rapid and immediate growth in “weightless” exports and high-value jobs. Over the longer term, additional export and domestic growth will be facilitated by greater adoption of Artificial Intelligence (AI).
- 30 While AI has the potential to drive innovation across multiple industries, it also brings risks that need to be managed through an explicit social license, underpinned by ethical standards. With a highly trusted government, a collaborative culture, high education standards and a commitment to biculturalism that respects different worldviews, New Zealand is well positioned to ensure this happens.

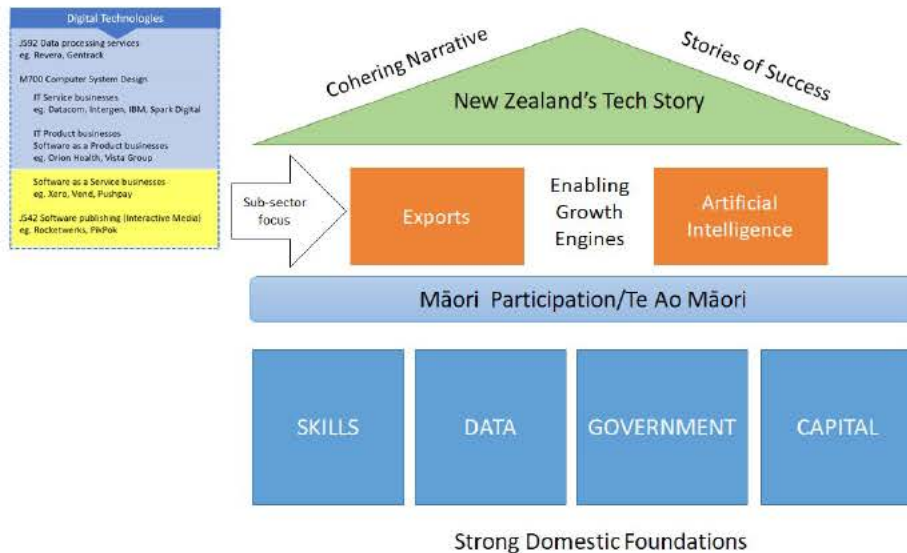
² The proposed vision of the Digital Strategy for Aotearoa is “enabling all of Aotearoa New Zealand to flourish and prosper in the digital world”.

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- 31 **Strong Foundations:** Alongside these growth engines, the ITP includes a focus on strengthening the foundations for the sector. This includes skills, the role of government procurement, use of data and access to investment capital.
- 32 **Māori Participation:** We also support a dedicated focus on building participation in the sector by Māori. Currently representing only 4% of the sector’s workforce, dedicated action is needed to build on this and ensure Māori are empowered to participate in the workforce and as business leaders. In addition, there is significant potential for a te ao Māori approach to technology to be a differentiator in global markets, bringing diversity of thought, indigenous values, ways of being and a creative and entrepreneurial mind-set.

Initial and Proposed Work

- 33 This framing is supported by several workstreams, set up for the purpose of developing a detailed action plan.



- 34 The \$5 million allocated to this ITP from the ITP appropriation in Budget 2020, has enabled several initiatives to be progressed (summarised in the “Initial Work” columns below).

35 **Confidential advice to Government**

[Redacted content]

- 36 The objective of the **Exports** workstream is to grow export revenue and high-value jobs by increasing the number of globally successful New Zealand digital technologies exporters, with a focus on the intellectual property producing business models of SaaS and Interactive Media. This workstream will be delivered collaboratively by Callaghan Innovation and NZTE.

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Initial Work	Proposed Work
<p>Interviews of sector leaders in SaaS on critical success factors. Callaghan Innovation has received first-year funding to create a new SaaS community. The goal of this is to build a connected environment that enables entrepreneurs and executives to learn from one another and from experts, advancing knowledge and networks.</p> <p>Report prepared on possible support mechanisms for the Interactive Media sector.</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p> <p>[Redacted]</p>

37 The objective of the **Skills** workstream is to ensure the sector can attract the skills that it needs to grow, at all levels, and that it is creating high quality jobs and careers for all New Zealanders, including in those groups currently under-represented.

Initial Work	Proposed Work
<p>Support for NZTech to prepare the Digital Skills for our Digital Future report (released in January 2021) and for IT Professionals to chair and oversee the creation of a Digital Skills and Talent Plan. Completed Plan recommends actions to significantly increase the pipeline of skills for the sector, and improve matching between the education system and employment (discussed further below).</p> <p>Work on a potential class exception to allow international workers with needed skills and experience entry into New Zealand.</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p> <p>[Redacted]</p>

38 The objective of the **Data** workstream is to have all sectors of the economy gain a greater understanding and appreciation of the economic value of data, leading to increased adoption and use of data driven technologies, including AI, with flow-on benefits in terms of reduced emissions and greater productivity.

Initial Work	Proposed Work
<p>The i4 Accelerator programme was launched in August 2021, following government support. The project involves a Data Driven Innovation education pilot designed to help organisations unlock the value of their data and better collaborate with the digital technologies sector.</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p> <p>[Redacted]</p>

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- 39 The objective of the **Government** workstream is to make changes to the government procurement process that assist in achieving the transformational goals of the sector and ensure it is well regarded domestically and internationally for supporting innovation and the ingenuity of tech companies. This work is consistent with existing work underway within the procurement system to make it deliver more value to New Zealand, deliver on government priorities; and be fair and transparent.

Initial Work	Proposed Work
Workshops and discussions with industry to identify key concerns and where meaningful change can be made to procurement processes across the government system.	Confidential advice to Government [Redacted]
Datacom released an Agile Playbook on Procurement to help government businesses use agile processes when procuring.	

- 40 The objective of the **Artificial Intelligence** workstream is to develop a national strategy, centring on the ethical use of AI, and put in place appropriate institutions that enable New Zealand to adopt AI safely, protect New Zealanders from AI risks and supports sector transformation that contributes to domestic and export growth over the longer term.

Initial Work	Proposed Work
The development of a draft AI Strategy and early work on a potential Centre for AI to coalesce support and guidance around the use and ethical management of AI across the economy.	Confidential advice to Government [Redacted]

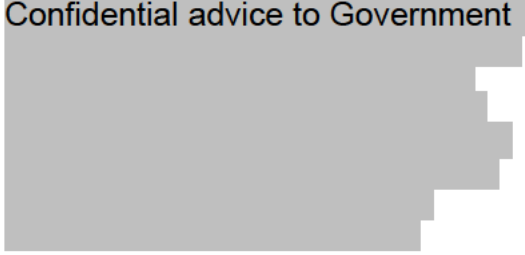

- 41 The objective of the **Māori** workstream is to empower Māori to increase their participation in the sector, as business owners, entrepreneurs and in the workforce.

Initial Work	Proposed Work
Various interviews and workshops to better understand the views and experiences of Māori in the sector.	Confidential advice to Government [Redacted]
The scoping of initiatives to improve the visibility of, and connections within, the Māori Tech Ecosystem.	

- 42 The objective of the **Tech Story** workstream is to improve international perceptions of the sector and attract both local and international investment and talent, by crafting

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and promoting a compelling and consistent story that confirms New Zealand’s world-class tech and innovation capabilities.

Initial Work	Proposed Work
Support for NZTech to lead development of a New Zealand Tech & Innovation Story, a marketing campaign designed to shift global perceptions around our technology and innovation capabilities. The establishment stage of the project, which has involved extensive industry consultation, is near complete.	Confidential advice to Government  

- 43 The draft ITP does not include a dedicated workstream for capital. Engagement with the sector highlighted that access to capital is a less significant issue than it was two to three years ago. Our efforts to enhance the venture capital market through the creation and focus of New Zealand Capital Growth Partners, and NZTE’s Investment team is making a difference. The work of the ITP will link into these areas as needed.

These initiatives and actions complement a Digital Strategy Aotearoa

- 44 This ITP complements the recently released discussion document, *Towards a Digital Strategy for Aotearoa*. A Digital Strategy for Aotearoa (DSA) will ensure New Zealand can take advantage of the social and economic benefits associated with digital technologies, while actively managing associated risks. The Strategy has the themes of Trust (Mahi Tika), Inclusion (Mahi Tahī) and Growth (Mahi Ake).
- 45 This ITP is a key initiative under the Growth theme, alongside other important initiatives such as our Digital Boost programme. Engagement around the DSA is highlighting that these initiatives, while important, will not capture the full growth potential of digital technologies over time. Our Manifesto commitment to develop a Digital Enablement Strategy as part of the Small Business portfolio will be relevant. The Minister for the Digital Economy and Communications will also be reporting back to the Digital Ministers Group before the end of the year on the key messages received via the DSA engagement phase. This will include ideas around how we should realise the full breadth of growth opportunities in coming years.

Key Emerging Themes

- 46 There are a number of important themes and issues that have emerged from the work undertaken to produce the draft ITP and its action plan.

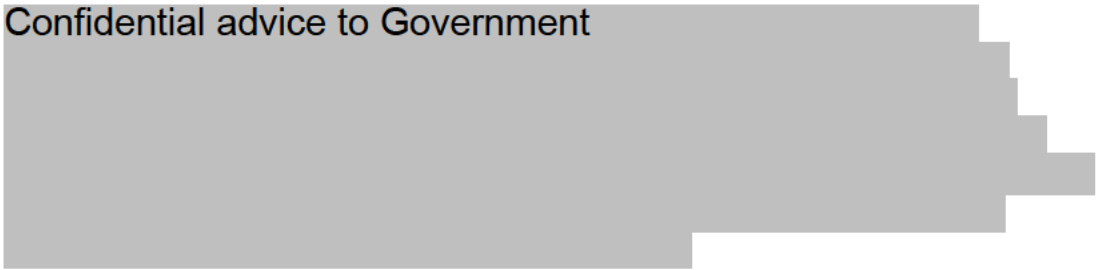
Though transformation of the sector will be growth driven, success is contingent on having people with the right skills

- 47 The digital technologies sector is already highly dynamic, with strong organic growth. Cloud-based services, 5G, Internet of Things, blockchain and AI have maintained their growth trajectory despite the disruptions and uncertainties arising from COVID-

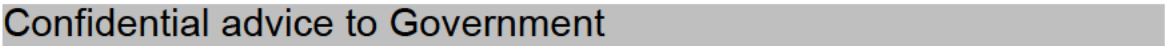
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19. The sector is also a source of high-value jobs and its product is “weightless”, in the sense that output can often be scaled up without the use of additional natural resources, or placing goods on a ship or plane to reach their customers. In some instances, this can be achieved with a “keyboard and good internet connection”.
- 48 The sector also has capacity to create jobs at many different skills levels: from short courses for school leavers or people displaced from other sectors, right through to post graduate degrees. Workers can also operate remotely with ease, providing regional economic growth opportunities across New Zealand.
- 49 Talent, the right person for the job, remains the key to achieving the ITP vision. Implementation of the Digital Skills Plan will be a critical action requiring a balanced approach, with industry investing in domestic skills development, government supporting initiatives and helping to drive change, with the education sector driving the longer-term transformation.
- 50 The Digital Skills Plan notes that there are long-standing skills gaps in the digital technologies sector, and that there are issues around how the supply of skills out of the education system is matched with demand for specific roles. Immigration has in the past filled over 50% of new roles in the sector, while graduates have struggled to gain employment. Border closures have reinforced the need for the sector to invest in the domestic workforce that feeds back into a balanced pipeline of talent.
- 51 The Plan includes 10 action areas that respond to the current state of the sector’s workforce (e.g. the mismatch issue, lack of diversity) and the roles of industry (e.g. improving culture to encourage diversity, investing in internships and apprenticeships) and government (e.g. aligning the education system towards work-ready graduates).
- 52 As a large employer of digital and ICT skills in departments and across DHBs, the government can support the growth of skills and talent, increase diversity in the workforce and manage labour market challenges that impact it and the private sector. Examples include the GovTechTalent digital graduate programme and a new Elevating Aotearoa’s Future programme intended to increase representation of Māori and Pacific peoples into IT and digital careers.
- 53 We intend to work with the Minister and Associate Minister of Education to ensure that government is playing its part in this critical transformational role.

54 Confidential advice to Government




Confidential advice to Government



- 55 Industry engagement on this ITP has been positive and sustained over two years. As with other ITPs, the partnership process has highlighted the potential to build new

collaborative relationships – both formal and informal – within the sector and between industry, government, Māori, academia and regional development agencies. Confidential advice



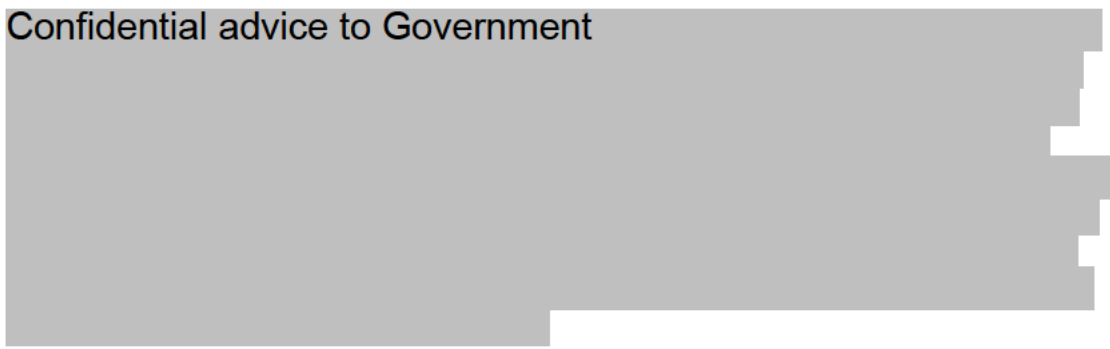
- 56 Several workstreams have demonstrated the type of collaborative and coordinated approach that is now needed to develop and implement effective industry policy in an increasingly complex economic environment. This ITP is an opportunity for our government to translate the momentum and goodwill generated from the work conducted so far, into concrete actions that achieve accelerated growth, new high-value jobs and various spill-overs benefits, including assisting with reduced carbon emissions.

Government needs to play an active role

- 57 The government must play an active role in the transformation process, especially in terms of the education system and immigration settings. The Minister for the Digital Economy and Communications is working with the Minister of Immigration on a class exception to allow international workers with targeted skillsets and experience to enter New Zealand.

- 58 A further lever is procurement. In the ICT sector, the government is responsible for purchasing approximately 30% of the sector's services. How it goes about its procurement, including how it involves New Zealand firms, has significant implications for the sector. Procurement will also play an increasingly important role in advancing Māori business interests in the digital sector.

- 59 Procurement practices have been a point of frustration, with many businesses in the sector viewing them as being applied inconsistently, lacking in transparency and not adequately supporting domestic businesses. The ITP is seeking to identify some quick wins, as well as improving outcomes for the sector and New Zealanders more broadly, over the longer term.

- 60 Confidential advice to Government
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There is an opportunity to bolster the natural link between Māori and digital technologies

- 61 The process of developing a draft ITP has highlighted areas where Māori participation can and must be improved.

- 62 Māori are already leading world-class enterprises in the digital technologies sector, often drawing on indigenous values, with high emphasis on creative expression. However, overall representation in the sector’s workforce is persistently low. The sector provides attractive growth opportunities for a young, tech savvy Māori population and locational flexibility, which supports regional iwi development.
- 63 Given the role of digital technologies in our future economy, and the relatively low participation rate in the sector, the ITP has dedicated a specific focus on supporting Māori success in this industry. The immediate actions are focusing on shining a stronger light on initiatives that are working to empower Māori in tech, recognising that a “by Māori, for Māori” approach is most appropriate. The goal is to increase the number of Māori enterprises and to increase the workforce participation rates towards the population levels.

A new Tech Story will provide a unifying common purpose for the sector, both overseas and domestically

- 64 We agree with the industry’s view that New Zealand’s global reputation for innovative digital solutions and ethical application of technologies is not widely told or understood, inside and outside of New Zealand.
- 65 With the establish stage of the Tech Story project nearing completion, engagement with the sector has generated considerable interest. These comment from industry executives are typical:

We now live in a different world. One where everything is changing and that creates opportunity. Being involved in developing New Zealand's Tech Story narrative has been an engaging, collaborative process. I feel excited for the future of New Zealand’s tech companies and the potential is huge if we can adapt and learn.

Having an inspirational pitch about why New Zealand tech is worth considering and investing in or working with, is priceless ... not just for its ability to cut through the noise of so many around the world looking for talent and capital, but also for ensuring our values align, which is critical for amplifying our outcomes and progress.

- 66 We believe The Tech Story can be a source of common purpose and messaging within the digital technologies community. With firms and individuals keen to embrace a single story that can be used both overseas and domestically, the sector can aim to complement the message delivered to the world via existing country marketing campaigns, such as “100% Pure New Zealand” and “Made with Care”.
- 67 Importantly, this “story” will also increase awareness within New Zealand (e.g. at schools and in families and whānau) of the potential for the digital technologies sector to provide rewarding and vibrant career opportunities. As noted above, this may warrant the development of a domestic version of the Tech Story.

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- 68 Work is underway between NZTech, NZ Story and NZTE to ensure that the Tech Story is framed and delivered to be coherent and supportive of the wider New Zealand Story as well as any other sector stories to be developed as part of other ITPs.

Implementation

69 MBIE will continue working with other agencies such as NZTE, Callaghan Innovation, DIA, StatsNZ, MOE and TEC on the implementation of the various workstream initiatives. Confidential advice to Government

70 Confidential advice to Government

Financial Implications

71 Confidential advice to Government

Legislative Implications

72 There are no legislative implications of releasing the draft ITP for consultation.

Impact Analysis

Regulatory Impact Statement

73 There are no regulatory changes proposed in this paper.

Climate Implications

74 Support for the sector will have positive climate impacts, given the potential for digital technologies to improve productivity and environmental management.

Population Implications

75 Empowering Māori to realise aspirations within the digital technologies sector is a key objective of the ITP. While there are a number of strong Māori businesses and entrepreneurs in the sector, Māori are generally under-represented. The Digital Skills and Talent Plan includes specific recommendations around building the diversity of the workforce, including Māori, Pacific Peoples, people with disabilities, and women. Confidential advice to Government

Human Rights

76 There are no specific human rights implications arising from this paper.

Consultation

77 The following agencies and groups have been consulted: Department of Internal Affairs; Stats NZ; Callaghan Innovation; New Zealand Trade and Enterprise; Ministry

of Education; Tertiary Education Commission; Te Puni Kokiri; The Treasury; LINZ; Ministry of Transport; Ministry of Foreign Affairs and Trade.

- 78 The ITP Reference Group has provided feedback on the draft ITP which has been incorporated into the version attached to this paper. The group includes representatives from IT Professionals, New Zealand Game Developers Association, the AI Forum, NZRise, TUANZ, Smart Cities Council, WeCreate, InternetNZ, and several regional development agencies.

Communications

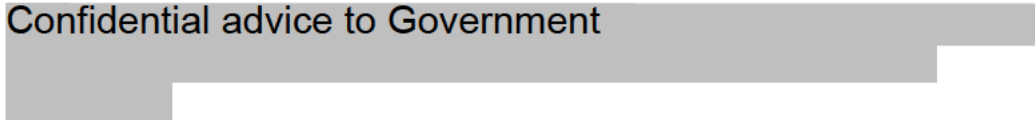
- 79 The Minister for the Digital Economy and Communications intends to release this draft ITP at an event hosted by the industry early in 2022. We propose to share the ITP with the Reference Group referred to above following Cabinet's consideration, given their close involvement to date.
- 80 The draft ITP will be available on the website www.digitaltechitp.nz. The release will be followed up with targeted engagement, with all stakeholders and the general public free to provide feedback on the document via email.

Proactive Release

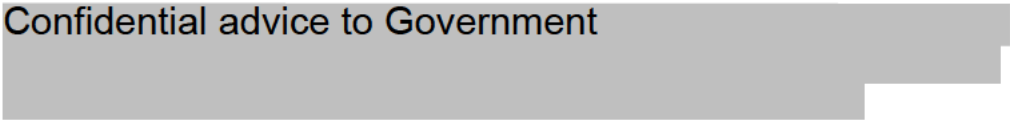
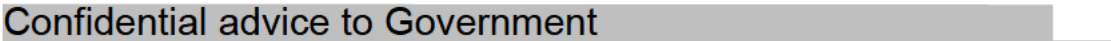
- 81 We intend to release this Cabinet paper proactively based on current content, subject to appropriate OIA redactions, such as Budget sensitive material.

Recommendations

The Minister for the Digital Economy and Communications and the Minister for Economic and Regional Development recommend that the Committee:

- 1 **Note** that as part of the government's Industry Strategy, Cabinet agreed in 2019 that an Industry Transformation Plan for the Digital Technologies sector be advanced.
- 2 **Note** that MBIE has worked closely with NZTech and a number of other key stakeholders, to develop a draft Digital Technologies ITP, a shared vision and a strategic framing, based on activity across seven workstreams.
- 3 **Note** that the draft ITP includes a draft action plan that has been co-created with the industry to support accelerated growth in digital exports, new high-value jobs and various spill-overs benefits, including meeting emission reduction goals and enhancing productivity.
- 4 **Note** that an allocation of funding in Budget 2020 has enabled initial progress on several key projects, including a Software-as-a-Service (SaaS) community, completion of a Digital Skills and Talent Plan, work on draft AI Strategy and potential Centre for AI, and development of a New Zealand Tech Story.
- 5 **Confidential advice to Government**


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- 6 **Note** that MBIE will be working with education agencies and industry to implement agreed actions from the Digital Skills and Talent Plan and will return to this Committee if any policy or funding decisions are required.
- 7 **Note** that the Minister for Digital Economy and Communications is working with the Minister of Immigration on a border class exception for targeted skilled digital sector workers to enter New Zealand in 2022 to support the sector's growth.
- 8 **Confidential advice to Government**

- 9 **Note** that the draft ITP complements the emerging Digital Strategy for Aotearoa and is a key contributor to the Growth (Mahi Ake) pillar.
- 10 **Agree** to release the draft Digital Technologies Industry Transformation Plan for feedback via the ITP's website.
- 11 **Confidential advice to Government**


Authorised for lodgement

Hon Dr David Clark
**Minister for the Digital Economy and
Communications**

Hon Stuart Nash
**Minister for Economic and Regional
Development**

Appendices

Appendix One:

Draft Digital Technologies Industry Transformation Plan