



COVERSHEET

Minister	Hon Erica Stanford	Portfolio	Immigration
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October 2024	Gateway Review Report – Our Future Services Programme	MBIE
February 2025	Our Future Services: Detailed Business Case – Modernising the immigration system end-to-end	Office of the Minister of Immigration
11 February 2025	Our Future Services: Detailed Business Case – Modernising the immigration system end-to-end	Cabinet Office
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17 February 2025	Our Future Services: Detailed Business Case – Modernising the immigration system end-to-end	Cabinet Office
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February 2025	Our Future Services: Detailed Business Case	MBIE

Information redacted

YES

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 reasons of security and international relations; free and frank opinions; commercial information and confidential advice to government.

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In Confidence

Office of the Minister of Immigration

Cabinet Expenditure and Regulatory Review Committee

Delivering a modern immigration system through the Our Future Services programme

Proposal

- This paper provides the case to accelerate the development of a digitally enabled immigration system service model. This will put all visa products on a single submission and processing platform, decommission old technology systems, and enhance immigration risk management practices. It will deliver a smaller, more cost-effective immigration system that is more productive, more effective at managing immigration risk, and provides a better experience for customers and staff.
- The paper seeks agreement for a detailed business case to be presented to Cabinet in February 2025, subject to Gateway review of the business case.

Relation to government priorities

- This proposal relates directly to three core Government priorities: rebuilding the economy, delivering better public services, and supporting the Government's Fiscal Sustainability Programme.
- The proposed programme will deliver a future service model that addresses the enduring barriers faced in delivering an efficient, customer-centric immigration service that appropriately manages risk to protect New Zealand's borders. This will in turn optimise immigration's contribution to the economy. Government commitments, including those agreed through the National ACT Coalition agreement and the National New Zealand First Coalition agreement, will be delivered by this proposal.

Executive Summary

- Over the past five years the immigration system has been undergoing change to create a modern and efficient digital service that better manages risk and offers services that immigration customers want. At the current pace, this change will continue for the next 12 years, with the level of risk and costs of maintaining legacy systems carried throughout this time. This is too slow. I want to accelerate the efficiencies in the system in order to get a smaller, more cost-effective immigration system sooner.
- MBIE officials have developed a programme Our Future Services that looks to accelerate the development of this change, while ensuring that greater benefits are provided for the government and immigration customers.
- In developing this programme, officials have looked into three options (on top of the status quo of delivery over 12 years). I have concluded that the best option for government and customers is one that delivers the change we need the fastest, along with the earliest payback on investment.
- 8 The indicative preferred option (Option 4) will deliver a smaller and more efficient immigration system that better manages growing immigration risk and will lift customer satisfaction. The programme will be delivered over seven years (with

- checkpoints at 1.5 and 3.5 years) and deliver the most monetary benefits for government and experience benefits for customers.
- The programme is estimated to cost \$343m¹ over eight years (24/25 to 31/32) and deliver approximately \$452m over eight years in monetisable benefits. It will deliver ongoing annual net savings of \$80m (plus inflation) following delivery of the programme in year 8 (from FY31/32).

10	Free and frank opinions

I am asking for agreement for a detailed business case to be presented to Cabinet in February 2025 for endorsement, subject to Gateway review of the business case.

Background

- The immigration system makes a vital contribution to New Zealand's economy, workforce and community, as well as supporting the security and integrity of our borders. This requires carefully balancing the roles of facilitation and protection, ensuring that customers can easily navigate the immigration system and follow the rules, while immigration harm is predicted, identified, prevented and managed.
- The immigration system does not meet the expectations of Ministers, customers and stakeholders with regard to being a modern, efficient, customer-centric system, which uses technology to deliver a streamlined experience and manage risk.

The Our Future Services work programme will tackle the enduring challenges the immigration system is facing

- Visa processing is largely manual, with limited capacity to interact digitally with applicants, react quickly to new and emerging risks or use data-driven insights to improve efficiency and risk management. The Independent Rapid Review of MBIE for Budget 2024 highlighted that the agency needs to focus on achieving technological efficiencies to deliver modern public services that provide the fiscal savings we want.
- 15 The immigration system faces a number of challenges, including:
 - 15.1 *Inefficient visa processing*: Reliance on multiple online systems and paper applications causes processing inefficiencies. 65% of visa products are still on old technology and around 160,000 paper applications are received each year. Increased volumes can only be managed by increasing staff capacity or accepting slower processing times.
 - 15.2 Reactive and unsophisticated risk management: The immigration system does not have a single view of risk and lacks the tools and capabilities to predict and respond to risk. The types of data collected and methods of collection are limited, reducing the efficacy and accuracy of how immigration risk is identified, mitigated and managed. This reduces our ability to deal with migrant exploitation and national security risks quickly and effectively.

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¹ All figures noted in this paper are nominal value plus inflation unless specified.

- 15.3 Increasing risk of technology and service failure: The immigration system relies on legacy platforms that are at the end-of-life stage, carry significant risk and require high ongoing maintenance costs. Over the next 13 years, MBIE officials estimate that \$224 million (including inflation) will need to be invested to maintain legacy visa processing and submission systems. It also takes far too long to implement any policy changes we make.
- 15.4 Poor customer and user experience: The immigration system lacks online services that enable customers to self-serve. Complex processes and unclear guidance make it challenging for customers to know what to do, resulting in large volumes of calls to the Customer Service Centre and incomplete applications that significantly impact visa processing productivity.

The necessary foundations are in place to deliver a new service model

- Tangible improvements to the immigration system to address these challenges have been implemented on a small scale. However, MBIE lacks the capacity to scale up and deliver at the pace necessary to effectively manage growing immigration risk and avoid significant costs in maintaining legacy infrastructure.
- Investment now to accelerate the achievements already underway, will reduce risk, save money, and deliver additional benefits faster. It will also put the immigration system in a better position to take advantage of evolving technologies, such as artificial intelligence, at an appropriate time.
- Over the past five years the immigration system has implemented the core foundations of a new service delivery model. These include:
 - 18.1 a cloud-based platform for visa submission and processing –Advanced Digital Employer-led Processing and Targeting (ADEPT)
 - 18.2 a cloud-based business rules engine that provides rules-based risk assessment
 - 18.3 a risk analytics platform to predict the likelihood an application presents minimal immigration risk
 - 18.4 a customer-centric approach.
- In 2020, Cabinet agreed to a funding proposal put forward in the Automated Decision Assist (ADA) business case. [CAB 20-MIN-0324] The investment enabled the implementation of the first phase of work to future proof the immigration system by creating a more modern digital submission channel and laying the foundation for the eventual replacement of legacy systems.
- On 31 January 2022, the ADEPT platform launched with 22 visitor visa products. Only some visa products were in scope of the ADA project. The business case stated that further investment would be required for subsequent phases to implement additional visa products and services onto the platform and connect a mobile solution for improved capture of passport information.
- The Resident Visa 2021 (RV21) was introduced in two phases, with the second phase launched on ADEPT in March 2022, with automation for lodgement and some mandatory checks enabling efficient processing. 80% of RV21 applications were processed within 15 months, three months faster than the processing goal set.

- At the end of January 2024, the Permanent Resident Visa (PRV) launched in ADEPT, removing paper applications and automating some processing tasks. This has enabled a productivity increase in the number of visa decisions made per day per immigration officer (from around 5 a day at end 2023 to over 20 in July/August 2024) and a reduction in the median processing time from 14 days (January 2024) to 4 days (August 2024).
- Improvements to visa processing efficiency would be even greater if end-to-end automation was introduced for some visa products. This is not currently possible as it requires the risk analytics platform to be connected to ADEPT.

Accelerating the pace of change will deliver greater benefits for government and customers

- The proposed Our Future Services work programme is a continuation of the work outlined in the previous section. It moves from the previous government's piecemeal approach to investment in the immigration system and brings together a number of interconnected workstreams to address the enduring problems, implement a modernised service model, and fully realise the associated benefits.
- 25 The work programme has the following objectives:
 - 25.1 Create a unified immigration system technology eco-system by:
 - 25.1.1 consolidating visa submission and processing applications into a single platform (ADEPT)
 - 25.1.2 decommissioning legacy visa processing systems to minimise risk of system outages and improve agility.
 - 25.2 Implement new risk capabilities and strengthen processes and frameworks to better understand, mitigate and manage immigration risk, by:
 - 25.2.1 connecting the risk analytics platform to ADEPT to better inform risk identification and management, and enable end-to-end automation across select visa products
 - 25.2.2 strengthening identity management through introducing e-chip passport reader and real-time identity liveliness checks
 - 25.2.3 implementing tools that connect real-time data from different sources to provide proactive risk identification capabilities.
 - 25.3 Develop and deliver an immigration system that is easy to understand, interact and comply with, by:
 - 25.3.1 re-designing visa products as they are built onto ADEPT, including form design, to facilitate more decision-ready applications
 - 25.3.2 enhancing the ADEPT platform with self-service capabilities, such as accessing status updates or travel movements.
- I expect to realise the following outcomes through the work programme:
 - 26.1 *improved efficiency of services* improving productivity and reducing costs through a single digital submission and processing channel and automation

- 26.2 *improved identification and management of immigration risk* implementing smart systems to help predict, identify, mitigate and manage risk sooner
- 26.3 improved systems agility to address changes in context increasing ability to respond to change quickly, including policy implementation and critical business change
- 26.4 *improved experience for customers and staff* designing with customers in mind to provide more self-service options and ensure they are well informed about what they need to do.
- 27 My officials estimate that the programme will deliver approximately \$452m in monetisable benefits incrementally over the life of the programme. These will be achieved through:
 - 27.1 a reduction of FTE visa processing requirements (ie. expected \$344m savings Confidential advice to Government over 8 years resulting from automation)
 - a reduction in postage and storage costs (ie. \$3m over 8 years due to removing paper applications)
 - 27.3 improvements in customer satisfaction and reduced demand for customer support (ie. expected \$19m savings Confidential advice to Government over 8 years resulting from reduced call volumes)
 - 27.4 decommissioning of legacy platforms (ie. expected \$86m savings in licensing and maintenance costs over 8 years).
- 28 See Appendix One: Summary of programme objectives and outcomes for more detail.

A preferred way forward has been identified to deliver a future service model

- MBIE officials have identified four investment options, which build in scale of investment, acceleration of delivery and improvement in quality of outcomes.
- The financial analysis for each option is outlined below. Dollar values in this table have been discounted at 6% to take the time value of money into account.

	Option one: Migrate products, legacy systems remain, no risk improvements (status quo)	Option two: Migrate products, decommission legacy systems, no risk improvements (do minimum)	Option three: Accelerated approach to migration and decommissioning, no risk improvements	Option four: Creating efficiencies by modernising our end-to-end service model (preferred)
Delivery Timeframe (Years)	12	12.5	7	7
Whole of Life Costs (\$m)	(214)	(175)	(232)	(290)
Cost-Benefit Breakdown				
Present Value of Benefits (\$m)	218	283	398	511
Present Value of Costs (\$m)	(214)	(175)	(232)	(290)
Benefit Cost Ratio	1.02	1.61	1.72	1.76
Net Present Value (NPV, \$m)	4	107	166	221
NPV Rank (out of 4)	4	3	2	1
Investment returns				
Pay back period (Years)	N/A	5.46	5.92	6.02
Annual net positive return	N/A	Year 5	Year 4	Year 4

- Option 2 migrating products and decommissioning legacy systems provides a 'do minimum' option. This would remove the reliance on legacy systems and deliver all products onto a single platform. It continues to migrate products within current resource capacity and decommissions legacy systems as visa products are built onto ADEPT (over 12.5 years). It does not include improvements to current risk management approaches, such as connecting the risk analytics platform to strengthen the ability to proactively adjust risk controls/settings and enable end-to-end automation for selected visa products to deliver additional processing efficiencies. It will also have limited impact on customer and user experience as it does not include the redesign of visa products or delivery of self-service enhancements in ADEPT.
- Option 3 this is the same as Option 2 but would deliver faster (over 7 years). It also includes some minor enhancements to ADEPT to improve customer experience.
- Option 4 modernising the end-to-end service model has been identified as the preferred way forward. I agree that it is the best option, as it will deliver on all the objectives set out earlier and reap benefits for longer. The other options either take longer to realise the benefits (and forgo their impacts in the medium term) or do not meet some of the objectives (for example, risk management).
- Option 4 requires the highest up-front investment. However, it produces the highest net present value of \$221m over 13 years. Given the scale of benefits it is likely to yield, I consider it delivers the best value for money and delivers the required level of change to meet all investment objectives. While there are options open to us to scale down the ambition of the work, I note that such scaling will result in corresponding loss in benefits realised.
- I also note that the proposed approach will be mostly funded from third party funding (from immigration fees and levies). I expect that while there may be some fiscal impact depending on the phasing of the funding and the level of funding accessible through the immigration memorandum account and hypothecation impacts. Any such fiscal impact will be temporary as the programme will generate net savings over time (as outlined in the Financial Implications section below).

Implementation

- Should the Committee agree with the objectives and potential of the programme, I will report back in February 2025 (subject to Gateway review of the business case) with a proposal to invest in the Our Future Services programme. My proposal will be supported by a business case, which is currently under development.
- The Treasury Investment Panel has completed an assessment of the risk profile for the programme and has rated it as 'high'. The 'high' rating is based primarily on the level of interface complexity, the need to migrate multiple products onto one platform as well as decommissioning old systems.
- In agreement with Treasury, as it is a continuation of work already started, the programme is moving directly to a detailed business case. The following quality assurance processes have been undertaken on the business case:
 - an independent quality assurance review across the business case this showed that it is robust and appropriately focused on costs and benefits.

- a quantitative risk assessment on the programme costs in progress with the final outcome report due on 18 October 2024.
- A Gateway review, focused on the strategic assessment and a review of the delivery strategy is being undertaken from 21 to 25 October 2024. Feedback from the review will be used to inform the detailed business case.
- Based on Cabinet endorsement of a detailed business case, the Our Future Services programme would work to have the necessary increased capacity in place by May/June 2025 to accelerate delivery. Delivery would continue at the current pace until this date.
- Change is proposed to be implemented over three phases. Dividing the programme into smaller components of work establishes clear check points to monitor progress, validate and/or reset initial assumptions, and evaluate delivery success. Although each phase is interdependent of the others, the three phases allow for structured points to decide whether to proceed to the next phase or not.
- Each phase will deliver productivity and efficiency improvements as follows:

Phase	Time period	Monetary benefit
Phase one – 31 visa products delivered, risk analytics platform connected, some pre-	February 2025 –	\$3m
requisite decommissioning activities completed.	June 2026	
Phase two – A further 111 products delivered, one platform decommissioned, core risk	July 2026 - June	\$79m
capabilities implemented, including analytic model to inform risk.	2028	
Phase three – Remaining 75 visa products delivered, all decommissioning completed.	July 2028 -	\$263m
	October 2031	
One year post delivery	July 2031 -	\$80m
	June 2032	

- These phases build on the existing work to deliver visa products onto ADEPT, such as the recent build of PRV and Transit visas. Through the work to date, MBIE has demonstrated successful delivery, which provides confidence that these phases are achievable and will deliver the required benefits within the proposed timeframes.
- Implementation of the programme would occur over six workstreams encompassing ADEPT platform optimisation, building of visa products in ADEPT, legacy system decommissioning, enabling foundations to support the future immigration service model, supporting strategies, and developing the workforce of the future.
- Governance structures have been developed to manage the level of change required including setting up a Programme Board, which will include external advice.

 Assurance elements will be undertaken throughout the programme, including independent quality assurance and Gateway reviews.

Cost-of-living Implications

There are no cost-of-living implications arising from this proposal.

Financial Implications

The programme is estimated to cost a total of \$343 million over eight years (24/25 to 31/32), and I expect it to be funded through a combination of:

- 47.1 MBIE capital funding from the capital investment plan
- 47.2 immigration third party revenue (fee and levy) through investing in the programme, the fees memorandum account is projected to go into deficit in FY25/26 and projected to trend upward from FY27/28 because of forecast benefits. The Levy hypothecation will have a slower return to surplus but will rebalance at the end of FY32/33 (five years later than the 2024 fee and levy review has accounted for). This will have a marginal impact on OBEGAL (an additional \$58.6m over eight years).
- 47.3 realising monetary benefits comprising FTE reductions in visa processing and the Customer Service Centre and decommissioning legacy systems (as outlined at 27).
- The investment is forecast to start generating benefits from year 2 and benefits generated will exceed costs from year 4.
- Following delivery (from FY31/32), the programme will reduce annual ongoing immigration system expenditure by an estimated \$80m plus annual inflation. There is potential for these savings to be reinvested into other initiatives within the immigration system, or to enable fees and levies to be reduced.

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Legislative, Regulatory and Climate Impacts

57 There are no legislative, regulatory or climate impacts arising from the proposals in this paper.

Population and Human Rights Implications

There are no population or human rights implications arising from the proposal.

Use of external Resources

No external resources were used in developing this paper. External resources will be used as part of the quantitative risk assessment and any additional independent quality assurance reviews for the development of the business case.

Consultation

The Treasury, Government Chief Digital Officer (GCDO), New Zealand Security Intelligence Service, Department of Prime Minister and Cabinet, and New Zealand Customs Service were consulted on the proposals in this paper.

Communications

There is no publicity or media release associated with this paper.

Proactive Release

This paper will be proactively released at the same time the Cabinet paper that presents the detailed business case is proactively released.

Recommendations

The Minister of Immigration recommends that the Committee:

- note that Our Future Services is a continuation of a previous business case and investment to future proof the immigration system by improving visa processing efficiency and risk management ability, specifically the Automated Decision Assist business case agreed to by Cabinet in July 2020 [CAB 20-MIN-0324]
- 2 note the enduring challenges the immigration system faces inefficient visa processing, increasing risk of technology and service failure, reactive and unsophisticated risk management, and poor customer and user experience
- note the possibilities to address these challenges through modernising the immigration system by:
 - 3.1 creating a unified immigration system technology eco-system that consolidates visa submission and processing into a single platform and decommissions visa processing legacy systems
 - 3.2 implementing new risk capabilities and strengthening our processes and frameworks to better understand, mitigate and manage immigration risk
 - 3.3 developing and delivering an immigration system that is easy to understand, interact and comply with
- 4 note that three investment options (on top of the status quo delivery over 12 years) have been identified that build in scale of investment, accelerate in delivery and improve in quality of outcomes
- note that *Option 4 modernising the end-to-end service model* is the indicative preferred option, subject to a detailed business case, as it will deliver all the intended benefits and the total monetary benefits generated will exceed the costs from year four of the programme
- 6 note that progressing Option 4 has an estimated cost of \$343 million which will be funded through immigration third party revenue, MBIE capital funding and realising monetary benefits

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- invite the Minister of Immigration to report back with a detailed business case for Cabinet's approval in February 2025, subject to Gateway review of the business case
- note that, subject to Cabinet's agreement to a finalised business case, the Our Future Services work programme will accelerate in delivery from May/June 2025.

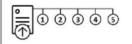
Hon Erica Stanford

Minister of Immigration

Appendix One: Summary of programme objectives and outcomes

Inefficient visa processing

Reliance on multiple online systems and paper applications causes processing inefficiencies. A significant amount of processing work can only be done manually and increased volumes can only be managed with more staff or accepting slower processing times.



Where we are today

Visa applications are split across five submission channels (ADEPT, paper, Plone, IGMS, Online Services)



Of application volume is received outside of ADEPT and processed using multiple systems

Paper applications received each year (approx)

Investment objectives

future service model.

Create a unified INZ technology eco-system

Consolidate our submission and processing

which is fit for purpose and enables our

applications into a single platform

Benefits

Reduced manual effort

Reduction in licencing

and maintenance cost.

for visa processing

and support.

Future state - Measuring our success

Improved efficiency of services

A single submission and processing channel will improve efficiency and enable cost savings across the immigration system. Adopting a digitally-enabled approach and leveraging automation capabilities will further improve our productivity.







Reduction in call End-to-end automation will volumes and emails be implemented for five low risk, low complex visa products Government

informed by analytical mode



Non-complex applications ncrease in the number

Complex applications

of decisions per day

Increasing risk of technology and service failure

Legacy platforms are at the end-of-life stage, carry significant risk and require high ongoing maintenance costs. It is complex and expensive to implement critical business enhancements and policy change, or to adjust as context or priorities change.



Over the next 13 years we will need to invest \$224m (including inflation) to maintain legacy systems

33 tech risks (Q)

We carry an average of 33 tech

affecting visa settings usually

take three months

3 months

Decommission legacy systems to minimise risk of system outages and improve agility.

Policy and critical business change implementation agility.

Level of technology system risk.

Improved systems agility

Decommissioning legacy systems and moving to a single cloud-based system (ADEPT) will enable faster and more effective responses as demands on the immigration system change. A more flexible approach to service delivery will be unlocked to remove reliance on increasing frontline staff to respond to changes in volumes or priority.

\$86m savings

From licensing and maintenance An enhanced visa processing costs through decommissioning model allocates work based on legacy systems and scaling back staff capacity and capability. rather than the platforms the

Faster change delivery due to a consolidated technology landscape and enhancements to ADEPT

Reactive and unsophisticated risk management

The immigration system does not have a single view of risk advice and lacks the tools and capabilities to proactively predict and respond to risk. The types of data collected and methods of collection are limited, reducing the efficacy and accuracy of how immigration risk is identified, mitigated and managed.





Of customers are not declaring the same information on their application as is found on their passport (estimate)

'Risk rules are blunt and



Data is not connected across systems and the risk analytics platform is not connected to ADEPT

Implement new risk capabilities and strengthen our processes and frameworks to better understand, mitigate and manage immigration risk. The level of immigration harm prevented earlier.

Ratio of harm prevented before visa applicants arrive in NZ to harm occurring after visa applicants have arrived.

Ability to identify and respond to new and emerging risks.

Improved identification and management of risk

New capability will enable an intelligence-led visa processing model that is supported by enhanced data analytics and better data connections across the immigration system. This will enable better prediction and mitigation of risk, based on agreed data formatting, well-integrated intelligence and outcomes.

staff are trained to operate





Development of an Immigration Enhanced identity capabilities,

liveliness checks



Decision intelligence capability such as eChip passport reader and that integrates existing and enhanced data-rich technologies with human judgement

Poor customer and user experience

There is a lack of fit-for-purpose online services that enable customers to self-serve. Complex processes and unclear guidance make it challenging for customers to know what to do, resulting in incomplete applications that significantly impact visa processing productivity.

64% of

: 82% of work student visas: and visitor visas

in 30 days. : in 20 days. Timeliness of decisions

Of calls to the contact centre are for updates on their application status

Multiple knowledge tools and information sources for frontline staff

Develop and deliver an immigration system that is easy to understand, interact and comply with.

A single platform for all visa products.

Increase in customer satisfaction.

Employee experience with systems and processes.

Improved experience for customers and staff

A service design approach will ensure customers are put at the centre of the design and delivery of immigration services. Ensuring both customers and staff have access to the right information at the right time will drive productivity benefits and reduce pressure across the immigration system.

10% improvement in customer satisfaction

86-89% of customers will be satisfied with the overall experience of applying for a visa



Improvements to the self-service An accurate and searchable portal enabling customers to manage their application with



knowledge base supporting quality decision-making in a timely manner