

# Governance Arrangements for New Zealand Public Service E-government Transformational Initiatives.

State Services Commission, New Zealand

This article outlines the governance models New Zealand Public Service agencies have adopted to manage 'transformational' cross-agency e-government initiatives.

## Introduction

The necessity of and tools for managing organisational governance have come a long way since the early 1990s when the Cadbury Report<sup>1</sup> was published. More recently, focus has shifted from financial governance to governance over information technologies with methodologies<sup>2</sup> *being developed to assist management to discharge their responsibilities*. This shift emphasises the increasing importance of information technology for modern organisational performance and the necessity to ensure its optimum ongoing deployment. Arguably, the necessity and tools for intra-agency information management technology governance is now well established.

What is less well established are models for the governance of information management and communication enabled services that span organisational boundaries - the realm of 'transformed government'.

Countries that have moved along the e-government sophistication scale<sup>3</sup> from static web presence, through interaction to transaction, are confronted with the dilemma of how to manage services or service bundles that require the involvement of multiple agencies for their delivery. Along with citizen-facing services, there is also the matter of how common business process applications or shared services should be governed.

New Zealand has a decentralised public service model where considerable autonomy rests with individual agencies. According to a recent OECD report, New Zealand, "pursues what one might call *laissez-faire centralisation*. Matters perceived as 'common, generic or foundational to all agencies' (such as interoperability standards) are done in a uniform manner, but agency business is decentralised".<sup>4</sup> The State Services Commission (SSC) is responsible for the stewardship of the E-government Strategy, the E-government Interoperability Framework standards and the development of 'foundation' services.

However, the SSC has no direct authority over how agencies implement the New Zealand E-government Strategy in terms of service or channel configuration. The SSC has provided strategic direction in these areas by developing a six point strategy for the New Zealand Public Services. The strategy provides a unified view of how people, technology and services will be utilised to develop, "A system of world class professional State Services serving the government of the day and meeting the needs of New Zealanders."<sup>5</sup> The six goals focus on the State Sector being the 'Employer of Choice', and the development of 'Excellent State servants', 'Networked State Services', 'Coordinated State agencies', 'Accessible State Services', and 'Trusted State Services'.

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<sup>1</sup> Cadbury, Adrian. 1992. *Report of the Committee on the Financial Aspects of Corporate Governance*. Great Britain. Burgess Science Press.

<sup>2</sup> CoBIT (Control Objectives for Information and related Technology), TOGAF (The Open Group Architecture Framework), ISO17799

<sup>3</sup> Christopher Baum and Andrea Di Maio, *Gartner's Four Phases of E-Government Model*, 21 November 2000.

<sup>4</sup> OECD. *E-government for Better Government*. 2005. OECD.

<sup>5</sup> <http://www.ssc.govt.nz/display/document.asp?DocID=5270>

### **‘Shared Services’ governance**

The SSC is managing two major ‘foundation’ e-government projects, the development of a common authentication service – the Government Logon Service (GLS) and a shared government network – the Government Shared Network (GSN). The GLS will provide a common logon service for those people using government services over the Internet. It will allow people to more conveniently access government online services by using the same logon, if they wish. The GSN will enable government agencies to share information with each other at higher speeds, more securely and more cost effectively, to enhance the delivery of services to the New Zealand public.<sup>6</sup>

In order to guide the development of the GLS and other related authentication services, a project steering committee was established. Membership consisted of Chief Executives from agencies involved in the development and implementation of the GLS. The inclusion of the top executives from participating agencies was seen as crucial to achieve the organisational commitment necessary to incorporate a common service into individual core agency online service delivery processes and functions.

Similarly, a steering committee was established to oversee the development of the GSN. This development was more a ‘back office’ or ‘support service’ function and as a consequence, it was considered that greater technical expertise was required. As a result, the members of the GSN Steering Committee are mainly Chief Information Officers drawn from early GSN adopters although it is chaired by an agency Chief Executive. The GSN Steering Committee also has external industry membership.

As these services move from development into production, responsibility will be transferred from the project teams to the All-of-Government Operations Group within SSC. This group will have ongoing operational responsibility for the services. Similarly, governance responsibility will move from the project steering committees to an All-of-Government Operations Advisory Board. Members of this Board will be drawn from government agencies but the Board will also have external industry expertise. The role of the Board will be to provide advice on the strategy and direction of the Operations, including advice on business models, as well as championing collective leadership and commitment to all-of-government operations.

While the two services differ - the GLS being an application and the GSN being a set of information technology network services - the basic business model is similar to that of a conventional supplier/customer arrangement. However, a major divergence from this business model is the common ownership of the services by agencies, by virtue of their relationship to the government – the owner of the services. Rather than acting as customer focus group, as would be the case in a private enterprise model, the Advisory Board is more aligned with the Board of Directors in a private enterprise model. The collaborative nature of e-government transformational services and Government’s oversight of the agencies involved, results in the requirement for the Advisory Board to influence SSC’s decision-making to a far greater extent than would be the case for a similar arrangement in the private sector.

The provision of the services themselves is governed by a variety of legal instruments dependent upon the legal relationship between SSC and the agencies using the services. Service Level Agreements, standard for such service provision, are used to document the quality aspects of the services.

This arrangement for ‘shared services’ is relatively straightforward in terms of governance, funding and accountability issues. Roles and responsibilities are clear. When agencies collaborate to provide an integrated service to a customer, the situation becomes far less clear.

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<sup>6</sup> See <http://www.e.govt.nz/> for further details.

### **Integrated Services governance**

The first type of online transaction service developed in the e-government maturity model involves only one agency delivering a service to multiple customers. There is no necessity for any agency collaboration for the service delivery to occur. For many instances of service delivery, this case may be the most appropriate as the additional costs inherent with integration with other services, particularly within other agencies, outweigh the net advantages.

Integrated online services emerge as the move towards transformational government is made. With integrated services, the customer is presented with a seamless front end to a service or set of services where multiple steps are required to complete the service task. Integrated services - in this context - is also taken to mean that these steps are undertaken by different agencies. An integrated service involves multiple agencies delivering 'connected' services as illustrated below.

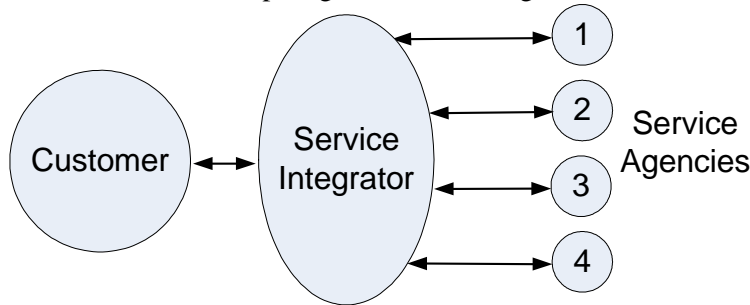


Figure 1: Integrated service model

Integration may occur at the presentation layer, that is, service steps are presented as a logical task unit. This is the common model for portals that group services by 'life events', roles or activities.

It is only when integration occurs at the actual service level that cross-agency governance issues become significant. The major characteristic that defines integrated transactions is the persistence of information from one step to another. This feature immediately introduces a raft of complexity. Who now 'owns' the service? Who manages the standards required for interoperability? Who manages the change control and how is the service funded? Who is accountable in the case of service failure?

### **New Zealand's initial steps towards integrated online services**

In line with its public service management approach, New Zealand's approach to service integration has been to encourage service agencies to look for opportunities to integrate services so that customers receive better value. The rationale and general direction for such initiatives is documented in the E-government Strategy<sup>7</sup>. Standards support is also provided for such initiatives by the provision of a well developed E-government Interoperability Framework (e-GIF) that develops and prescribes standards for agencies to use when exchanging data and connecting together electronically.<sup>8</sup>

Two examples of where this has occurred are between the tax collection agency, Inland Revenue Department and the Company Registration Group within the Ministry of Economic Development; and between the Customs Department and the Ministry of Agriculture and Forestry. These examples have been documented and published on the SSC website.<sup>9</sup>

### **Towards the future**

Integrated services involve a matrix of processes that cut across the governance autonomy of each agency. Canada has addressed the issue by developing 'Service Canada' as the service integrator,

<sup>7</sup> <http://www.e.govt.nz/about-egovt/strategy>

<sup>8</sup> <http://www.e.govt.nz/standards/e-gif>

<sup>9</sup> <http://www.e.govt.nz/resources/research/case-studies/>

with the Australian 'Centrelink' undertaking a similar role. Both of these initiatives involve the management of multiple services and have been driven from the centre. New Zealand has chosen not to implement a separate centralised service integrator such as Service Canada or Centrelink.

As the New Zealand examples to date involve the collaboration of only two agencies, the governance structures for the ongoing operations have been managed via memoranda of understanding between the agencies concerned. This is considered appropriate for such point-to-point initiatives. However, it is anticipated that more of these initiatives will emerge as agencies reach the limit of making single step, single agency transactions available online.

One of the lessons highlighted in e-government reviews is that 'one size does not fit all.' As the recent OECD report notes,

In the pursuit of e-government, countries' understandings of what needs to be done – and how to do it – is constantly changing. There is no one clear path to better government, or how to implement e-government, but global imperatives are leading to convergence in terms of the challenges to be faced.<sup>10</sup>

New Zealand acknowledges these challenges and intends to use the umbrella of the State Sector Development Goals to develop service and channel configurations that will help achieve these goals and fit with our public management philosophies.

New Zealand is currently revising its E-government Strategy. Among the key issues being considered are the funding, governance and accountability models required to support the ongoing transformation of New Zealand's government services. The models adopted will support agencies operating in a devolved, decentralised public management environment to deliver integrated services that provide real value to New Zealand's citizens and other recipients of government services.

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<sup>10</sup> OECD, op cit., p15