

**Budget Sensitive**

Office of the Minister of Health

Chair, Cabinet Government Administration and Expenditure Review Committee

**DATA AND DIGITAL INFRASTRUCTURE AND CAPABILITY – ENABLING HEALTH SYSTEM TRANSFORMATION**

**Proposal**

- 1 This paper seeks agreement to progress, and draw down funding for, three health data and digital initiatives:
  - Tranche one of Hira, which will establish the foundations for a digitally enabled health and disability system (health system) to enable better access to comprehensive patient health information.
  - Cyber security risk remediation activities to secure clinical operations and protect health data.
  - A portfolio of capability uplift initiatives to deliver an appropriate foundational standard of digital capability to underpin the health system and subsequent transformation.

**Relation to government priorities**

- 2 These health data and digital initiatives will be key enablers of reform of the health system, contributing to Government’s commitment of better and more equitable outcomes for all New Zealanders and shift the balance from the treatment of illness towards health and wellbeing.

**Executive Summary**

- 3 As part of health system reform, Government has committed to a coherent and ambitious digital strategy with increased and more strategic investment; strong digital capability in the Ministry, Health NZ, and the Māori Health Authority; substantial improvement in scope, quality and management of data; and enhanced digital leadership, capacity and literacy in the workforce [CAB-21-SUB-0092 refers].
- 4 Improving data and digital capability is a key enabler of health system reform. Our health system suffers from low digital maturity, variation in digital capability, siloed approaches to digital investment and a lack of strategic focus. There has been chronic underinvestment in data and digital infrastructure in the health system for many years resulting in considerable inefficiency and workforce frustration, significant and immediate operational and security risks and poor consumer experience. Significant investment is needed to support digital capability at the heart of our future system.
- 5 Budget 2021 established a tagged contingency of \$400 million over the forecast period, to enable investment in data and digital infrastructure and capability (including Hira, the national health information platform) that is needed to implement health system reforms and improve health system performance [CAB-21-MIN-0116.14]. It was agreed that allocation of this contingency funding would be subject

## BUDGET SENSITIVE

to Cabinet agreement to health data and digital investment principles, guidance, and processes for investment approval.

- 6 Hira is a critical enabler of health system reform including the locality prototypes being led by the Transition Unit. Hira will support the system to address the equity gap to contribute to improved Māori health outcomes, promote efficient and effective care, and empower people and whānau to better manage their own health and wellbeing. It will enable organisations to work together to share information so that people do not have to repeat personal details multiple times, and those who need information have access to it. It will enable clinicians to work more efficiently and harness digital technologies to improve services.
- 7 Hira addresses four key concerns:
  - 7.1 Consumers cannot engage effectively with their own health care, contributing to unmanageable demand on health services.
  - 7.2 Information does not adequately support decision making, adversely impacting individual, organisation, and system level planning.
  - 7.3 Barriers to collaboration across the health, wider Government and private sectors are hindering innovation in the delivery and management of health care.
  - 7.4 The lack of integrated information across the system is driving unnecessary rework and duplication for service users and health care staff.
- 8 Hira tranche one will not address all the issues related to the sharing of information and the empowerment of people to manage their own health, but it is a vital first step. I am seeking approval of the detailed business case for Hira tranche one that will allow the next phase of work to begin.
- 9 Hira will proactively engage with the sector to leverage and align current and future investment. It recognises that the sector will not, in all cases, be able to fully fund the changes required to adopt Hira services. Hira has budget provision for sector change and adoption. Through co-design and sector engagement, Hira will determine what investment is needed in the sector and the communities they serve. The Hira tranche 1 cost includes s 9(2)(j) for change and adoption, specifically to support the sector to uptake Hira services. In planning the tranche, the Hira programme has undertaken initial analysis of what investment is needed and where, to enable adoption and maximisation of benefits
- 10 Globally, healthcare is one of the sectors most threatened by increasingly sophisticated cyber-attacks. Cyber security is a matter of increasing urgency as highlighted by the significant disruption and risks resulting from the recent Waikato District Health Board cyber incident. The threat landscape and malicious activity is growing with attacks becoming more prevalent on government and businesses across New Zealand. An assessment has shown our hospital, primary and community services, and the Ministry, are not sufficiently resilient to attack, and this situation will worsen as New Zealanders, enabled by system reform, become more reliant on digital health information. A cyber security roadmap has been developed including key implementation activities required to remediate the most serious risks quickly

## BUDGET SENSITIVE

while establishing the foundations that will lessen the risk of attack, lessen the severity of any attack, and reassure the public their information is safe. There is an opportunity to leverage the national Microsoft Health agreement being established to deliver value for money and implement new capabilities immediately.

- 11 I am seeking Cabinet agreement to commence delivery of the cyber security roadmap to remediate significant cyber security risk across the sector, while noting that further funding will be required in future to sustain the cyber security capabilities ongoing.
- 12 Governance and investment frameworks have been developed by the Ministry of Health (the Ministry) to allow decision making that continually balances system reform with operational risk and capability uplift. Rather than funding drawdown based on traditional business cases and monolithic projects a Digital Strategic Oversight Group, including representatives from health sector (including the interim Māori Health Authority) and wider government leadership, is proposed to reduce investment approval delays and ensure strategic oversight and active assurance of a portfolio of investments, recognising that digital investments typically commit operating funding over multiple years. A balanced portfolio approach and prioritisation will consider the need to keep systems running while enabling system reform as well as considering the achievability of delivery.
- 13 The focus is on iterative delivery of smaller investments, ensuring that each initiative has appropriate governance and assurance structures in place to ensure that delivery can be implemented at pace, value released iteratively while also providing flexibility to meet what will be an evolving set of needs as the system reforms take place. I am seeking your agreement to the investment principles, guidance and processes defined in the investment and governance frameworks to enable the contingency funding to be drawn down.
- 14 The investment framework has already been applied to identify two immediate priorities for investment from the tagged contingency, Hira and cyber security, and ten further capability uplift priorities to be further developed into a range of investment cases. Prioritisation has focused on identifying scalable solutions that will deliver value quickly and improve system resilience. If these initiatives are delayed the digital shift enabling health system reform will be compromised; immediate operational risks, particularly cyber security, will worsen; and opportunities to deliver immediate value will be lost.
- 15 The other identified capability uplift priority areas for investment will enable a minimum standard of data and digital capability. These areas are all considered non-regrettable (meaning the work needs to be done regardless of future direction or changes), strategically aligned to enable health system reform, and will begin to address historic underinvestment and remediate immediate risk.
- 16 I am seeking Cabinet agreement to draw down \$374.8 to support delivery of the Hira and cyber security initiatives and to authorise the Director General of Health, transitioning to the Health New Zealand Board, to prioritise and allocate remaining available funding for capability uplift initiatives, for any projects with whole of life costs less than \$15 million, based on the use of the investment framework and advice from the Digital Strategic Oversight Group.

## BUDGET SENSITIVE

- 17 I am also seeking approval to the allocation of \$10 million of already prioritised capital funding in the Health Capital Envelope 2020-2025 MYA appropriation to support implementation of the cyber security roadmap.
- 18 If Cabinet agrees to the recommendations above, implementation of the Hira and cyber security roadmap initiatives by the Ministry can begin immediately.
- 19 Reporting of the overall portfolio performance and value delivery across the tagged contingency will be provided quarterly to the Ministers of Health and Finance, with an annual report back to Cabinet. This will provide visibility and transparency of investment decisions, and a clear mechanism for Ministers to provide direction as required.

### **Background**

- 20 On 25 March 2021, the Cabinet Government Administration and Expenditure Review Committee agreed [CAB-21-MIN-0088 refers] to endorse the Hira programme business case and invited the Minister of Health to report back to the Cabinet Government Administration and Expenditure Review Committee seeking approval of the Hira tranche one detailed business case. It was noted that the programme will improve access to and use of secure and trusted data and digital services across the health sector and broader government.
- 21 Budget 2021 established a tagged contingency of \$400 million over the forecast period. The tagged contingency is an amalgam of two initiatives submitted in the Budget 2021 process, 'Hira' and 'Investment in Foundational Data and Digital Infrastructure and Capability' which together sought \$820 million over the forecast period but were scaled back to \$400 million during the Budget process.
- 22 The purpose of this contingency is to enable investment in data and digital infrastructure and capability, including Hira, that is needed to implement health system reforms and improve health system performance. Prioritisation will take into account the need to keep systems running while enabling system reform, as well as considering the achievability of delivery. The purpose of system reform is to drive transformation and this activity is fundamental to that. The governance and investment frameworks will allow decision making that continually balances system reform with operational risk and capability uplift.
- 23 In establishing the contingency, Cabinet noted that it provided the initial tranche of funding for this initiative and that further funding would be requested in future Budgets. Further investment will be required to continue to build a more cohesive and technology enabled healthcare system. The Ministry, working closely with the DHBs and the Transition Unit, are preparing a further budget bid for capability uplift funding (subject to invitation from the Minister of Finance) for Budget 2022 onwards.



## Analysis

### Data and digital investment principles, guidance and processes

- 24 It was agreed that allocation of the tagged contingency funding would be subject to Cabinet agreement of health data and digital investment principles, guidance, and processes for investment approval.
- 25 Officials have now provided me with advice on these which are provided in full at Appendix One. The investment models have been established to support investment decisions and delivery across the digital portfolio. In summary, the main points are:
- The investment framework and supporting governance framework leverages international best practice on contemporary portfolio management that provide a robust basis for decision making and a balanced digital investment portfolio.
  - A strategic portfolio approach will enable the achievement of digital objectives that support the health system reform.
  - The investment framework looks at the alignment of potential initiatives to the digital health vision, strategic priorities and value streams.
  - Investment principles and drivers are used to guide decision making, along with consideration of feasibility, business impact, risk, and enabling policy.
  - A supporting governance framework ensures that each prioritised initiative has appropriate governance and assurance structures in place while providing flexibility to ensure the delivery can be implemented at pace.
  - The approach can respond to the changing context across the health system and ensure there is a coordinated, consistent approach to engagement with Māori, stakeholders, and communities on the initiatives.
  - An active assurance approach will be applied to provide visibility of key portfolio performance data and regular reporting to Joint Ministers to show progress against value delivered and the mitigation of delivery risk. This will provide visibility and transparency of investment decisions and a clear mechanism for Ministers to provide direction as required.
- 26 The investment framework has been developed to prioritise investment in data and digital infrastructure and capability, overseen by appropriate governance. A digital investment portfolio will be established using a strategic approach to setting priorities and making investment decisions. This allows for integrated decision making against a common vision, principles and strategic objectives.
- 27 As part of the governance framework, a Digital Strategic Oversight Group, is proposed to ensure strategic oversight of the proposed investments. This group will include representatives from the Ministry, the interim Māori Health Authority executive, health sector leadership, Treasury, Digital Public Service, Government Chief Information Security Officer, Government Chief Data Steward, the Transition Unit, and other key stakeholders. Decision making for individual initiatives will be made by the Director General on advice from the Digital Strategic Oversight Group,

## BUDGET SENSITIVE

with a clear assurance process in place and regular reporting to the Director General and Ministers on those investments.

- 28 The Transition Unit and Ministry Health Infrastructure Unit have been engaged in the development of the data and digital investment and governance frameworks to ensure alignment with other health investment settings and framework development, such as the New Zealand Health Plan.
- 29 Guided by the investment framework, the Ministry has worked with District Health Board (DHB) Chief Information Officers and engaged the health sector to evaluate digital maturity and then identify and prioritise investments. This process has informed the proposals in this paper.
- 30 I am seeking Cabinet's agreement to these proposed investment principles, guidance and processes. This will enable draw-down of the tagged contingency, to fund progression of Hira, cyber security and capability uplift initiatives. Further information on these work streams is in the following sections.
- 31 The investment framework has already been applied to identify two immediate priorities for investment from the tagged contingency: Hira and Cyber security. Ten further capability uplift priorities have been identified to be further developed into a range of investment cases.

### **Progressing the detailed business case for Hira tranche one**

- 32 The Hira programme will modernise the experience for consumers and the health and disability workforce through a range of digital services that enable better access to health information; improve ways of working for our workforce; and empower people and whānau to manage their health, well-being, and independence. Hira is a critical enabler of health system reform including the locality prototypes being led by the Transition Unit.
- 33 Hira is being progressed through a series of implementation tranches, to establish the foundations for a digitally enabled health system by 2026 and during that time improving ways of working for our workforce; and empowering people and whānau to manage their health, well-being, and independence.
- 34 In March 2021, the Cabinet Government Administration and Expenditure Review Committee endorsed the Hira programme business case and invited me as Minister of Health to report back to the Cabinet Government Administration and Expenditure Review Committee seeking approval of the Hira tranche one business case [CAB-21-MIN-0088 refers].
- 35 The tranche one detailed business case has now been completed and is attached at Appendix Two. The key features of the business case are:
  - Hira tranche one will enable all New Zealanders, and their health providers, to access their own information including, but not limited to, viewing and updating relevant demographic information such as contact and iwi details; viewing medicines prescribed and dispensed; viewing entitlements starting with

## BUDGET SENSITIVE

Community Services Card (CSC) eligibility information; and viewing immunisations and laboratory results, and other summary health data.

- Hira tranche one will release foundational technology enablers, such as digital identity and a succession of digital services that can be used by multiple websites and apps which are available today or will emerge over time.
  - The sector, and digital innovators in the market, will be empowered to design and contribute digital services that increase access to information, improve equity, and empower consumers and whānau to better manage their health and wellbeing.
  - Hira tranche one is both achievable within the planned timeframe and will deliver real benefits. Services and value will be delivered iteratively as early as possible.
- 36 Hira outcomes will be delivered via a co-design model that allows for responsiveness to identified and emerging needs. As part of this model benefits will be identified through the process and associated reporting will include tracking against the lead indicators and key milestones for tranche one projects. Assurance activity will be aligned to deliverables to enable on-off ramp decisions based on value.
- 37 I am recommending that cabinet approves the detailed business case attached and agree to draw down \$145.5 million of funding to progress this tranche of work on Hira. I recommend that joint Ministers (the Ministers of Finance and Health) control access to the \$25.2 million contingency funding for the programme.

### **Implementing the cyber security roadmap**

- 38 The cyber security roadmap describes a good practice target state for cyber security across the health system. It outlines the key implementation activities required to transition to the target, remediating the most serious risks quickly while establishing the foundations to iteratively improve workforce, process and technology capabilities. This will lessen the risk of attack, lessen the severity of any attack, and reassure the public their information is safe. More detailed information on the roadmap is provided at Appendix Four.
- 39 The roadmap has been developed in alignment with all of government work on New Zealand's cyber security, but I propose to accelerate it, to urgently remediate critical risks and support system reform. The Ministry will work closely with the GCISO on the further development and implementation of cybersecurity Roadmap. The Ministry will continue to work closely with the Department of the Prime Minister and Cabinet (National Cyber Policy Office), Digital Public Service branch of Department of Internal Affairs and the Transition Unit to ensure alignment and potential benefit for the wider Public Service from the implementation of the cybersecurity roadmap proposed in this paper.
- 40 The roadmap has been phased in recognition of the prioritised actions across people, process, and technology, which in turn drives the necessary investment profile and timing. Note that investment decisions made in each year of the roadmap will require multiyear commitments. The absence of multi-year funding for these activities will prevent the required commitments being made, constraining roadmap delivery and reduce opportunity to mitigate risk.

## BUDGET SENSITIVE

- 41 I am seeking Cabinet agreement to draw down funding from the tagged contingency in order to commence delivery of the cyber security roadmap to remediate significant cyber security risk across the sector, while noting that further funding will be required in future. I am also seeking approval to the allocation of \$10 million of already prioritised capital funding in the Health Capital Envelope 2020-2025 MYA appropriation for the implementation of the cyber security roadmap.

### **Progressing the portfolio of capability uplift investments**

- 42 A portfolio of 10 further priority areas for capability uplift investment has been identified to remediate aging technology assets and digital capability deficits and support implementation of the Data and Information Strategy for Health. The Ministry worked with the DHB Chief Information Officers to identify and assess the priority areas for capability uplift investment. These areas are considered non-regrettable (meaning the work needs to be done regardless of future direction or changes), strategically aligned to enable health system reform, and will begin to address historic underinvestment. The 10 priority areas are as follows, with further information provided at Appendix Three:

- a. Interoperability
- b. Cloud desktop
- c. Advanced analytics
- d. National identity and access management
- e. Data sovereignty principles and guidelines (including Māori data sovereignty)
- f. Online Booking services
- g. A commercial/ procurement assessment and framework
- h. Connectivity and collaboration
- i. Care pathways (including referrals management)
- j. Hybrid cloud platform services.

- 43 The Data and Information Strategy for Health is focused on improving the way we collect, manage, use and share data and information and is aligned with the strategic priorities in the investment framework. Delivery of the strategy will be advanced through implementation of Hira tranche one and the capability uplift priorities of interoperability, advanced analytics and Māori data sovereignty.

- 44 All capability uplift investment priorities consider the needs of DHBs and primary and community service providers and include technology, optimisation of processes and improved workforce capacity, digital literacy and skills.

- 45 I am seeking Cabinet agreement to draw down the full tagged contingency to support delivery of the Hira, cyber security and capability uplift initiatives except for \$25.2 million which will be retained in the contingency.

- 46 I am also seeking Cabinet agreement to authorise the Director General of Health, transitioning to the Health New Zealand Board, to prioritise and allocate remaining



## BUDGET SENSITIVE

available funding for capability uplift initiatives from the drawn-down contingency funds, for any projects with whole of life costs less than \$15 million. This is in line with the Cabinet Officer circular CO (19) 6 ‘Investment Management and Asset Performance in the State Services’, and the digital portfolio investment and governance frameworks. For any projects with whole of life costs exceeding the \$15 million threshold, the Ministry will seek the necessary approvals under CO (19) 6.

### Implementation

- 47 The next steps in delivering the required data and digital infrastructure and capabilities include:
  - 47.1 Commence implementation of tranche one of the Hira programme by focusing on:
    - 47.1.1 Recruitment of programme leadership team and resources
    - 47.1.2 Procurement of technology toolsets to support development of platforms
    - 47.1.3 Creating a marketplace to enable consumption of Hira products and services.
  - 47.2 Establish delivery governance and commence immediate implementation of the cyber security roadmap actions and investments.
  - 47.3 Establish governance for the portfolio of data and digital infrastructure and capability investments and digital portfolio assurance to provide visibility of key portfolio performance data and quarterly reporting to Joint Ministers as per the governance framework.
  - 47.4 Confirm the ‘start now’ capability uplift initiatives by October 2021 and commence implementation planning and delivery.
  - 47.5 Report to Joint Ministers quarterly, and an annual report back to Cabinet, on progress on the portfolio of data and digital infrastructure and capability investments; and delivery progress on Hira tranche one and the cyber security roadmap.
- 48 Additionally, preparation of Budget 22 investment bids for the signalled additional data and digital capability investments will be completed in line with Treasury processes, and will be subject to invitation from the Minister of Finance.
- 49 Commence active assurance via regular reporting of the overall portfolio performance and value delivery to the Ministers of Health and Finance. This will provide visibility and transparency of investment decisions, and a clear mechanism for Ministers to provide direction as required.

## BUDGET SENSITIVE

### Financial Implications

- 50 The following tagged contingency was established for the Data and Digital Infrastructure and Capability – Enabling Health System Transformation initiative in Budget 2021 (CAB-21-MIN-0116.14, initiative no. 13164 refers):

## BUDGET SENSITIVE

**Table 1: Tagged Contingency**

\$millions	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 & outyears
Operating Contingency	45.000	60.000	75.000	50.000	50.000	50.000
Capital Contingency	52.500	37.500	32.500	32.500	15.000	-
Total	97.500	97.500	107.500	82.500	65.000	50.000

- 51 Note the \$400 million over the forecast period includes four years of the operating contingency to 2024/25 and all five years of the capital contingency.
- 52 I am seeking agreement to draw-down funding from the tagged contingency for the Data and Digital Infrastructure and Capability – Enabling Health System Transformation initiative in Budget 2021 to implement tranche one of the Hira programme (excluding the contingency funding identified in the attached business case which will remain in the tagged contingency), the operating costs of the cyber security roadmap, and the capability uplift initiatives.
- 53 The remaining contingency funds will used to cover any unforeseen additional costs associated with the Hira programme should this become necessary. It is requested you authorise the Minister of Health and the Minister of Finance to drawdown the remaining contingency subject to confirmation of the additional costs being incurred.
- 54 A further \$25.2 million of the tagged contingency will used to cover any unforeseen additional costs associated with the Hira programme should this become necessary. It is requested you authorise the Minister of Health and the Minister of Finance to draw down this funding subject to officials providing information on forecast additional costs to support any additional drawdown requests.
- 55 Tranche one of the Hira programme has an expected 10-year cost of \$337.7 million, including annual operating costs of approximately \$25-30 million in 2025/26 and beyond. The cybersecurity initiative also has outyear operating costs. The outyear operating contingency has been earmarked for these costs, although the funding is not requested to be appropriated now.
- 56 From 2027/28 onwards, the combined projected cost of Hira tranche one and the cybersecurity initiative exceed the available operating contingency by around \$1.5-5 million annually. Addressing this shortfall will require either additional funding, reprioritisation within baselines, or a reduction in future costs to fit within the available funding.
- 57 The proposed allocation of the contingency is as follows:.

## BUDGET SENSITIVE

**Table 2: Allocation of tagged contingency:**

		Smillions				
	Initiative	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Operating</b>	Hira – tranche one	22.900	29.500	22.600	20.100	0
	Cyber Security Roadmap	17.700	24.200	24.200	24.200	24.200
	Capability Uplift	0	0.800	24.600	4.000	1.700
<b>Operating to be appropriated</b>		<b>40.600</b>	<b>54.500</b>	<b>71.500</b>	<b>48.300</b>	<b>25.9</b>
	Remaining contingency	4.400	5.500	3.500	1.700	24.100
<b>Total Operating</b>		<b>45.000</b>	<b>60.000</b>	<b>75.000</b>	<b>50.000</b>	<b>50.000</b>
<b>Capital</b>	Hira – tranche one	18.4	21.2	10.8	-	-
	Cyber Security Roadmap	-	-	-	-	-
	Capability Uplift	30.4	12.00	19.6	32.500	15.000
<b>Capital to be appropriated</b>		<b>48.800</b>	<b>33.200</b>	<b>30.400</b>	<b>32.500</b>	<b>15.000</b>
	Remaining capital contingency	3.700	4.300	2.100	-	-
<b>Total Capital</b>		<b>52.500</b>	<b>37.500</b>	<b>32.500</b>	<b>32.500</b>	<b>15.000</b>

58 I am also seeking agreement to draw-down \$10 million of capital funding that has been prioritised in the Health Capital Envelope 2020-2025 MYA appropriation for cyber security investment to fund the capital aspects of this initiative.

**Table 3: Allocation of B20 Health Capital Envelope funds**

Capital to be drawn down	2021/22	2022/23	2023/24	2024/25	2025/26
Cyber security roadmap	2.53	7.47		-	-

### Legislative Implications

59 The proposals in this paper do not have legislative implications.

### Regulatory Impact Statement

60 The proposals in this paper do not require a Regulatory Impact Statement.

### Climate Implications of Policy Assessment

61 The programme could positively impact environmental sustainability in a number of ways including by:

- digitally enabling new models of care
- providing data to support improved decision making and process optimisation
- leveraging new technologies to reduce waste and streamline processes.

### Population Implications

62 The proposals in this paper, especially the ongoing development of Hira, will improve access to health services and health information, so has the potential to improve outcomes for groups facing health inequities, particularly Māori, Pacific peoples and disabled people.



**BUDGET SENSITIVE**

- 63 Hira is a vital first step to empower consumers and whānau to manage their own health. It will provide access to important health information as well as provide the ability for consumers to update and contribute information, and information about their own health service experience. It will also target equity of access to digital health services for those who do not currently have access.
- 64 Since the completion of the programme business case, the Ministry has commenced establishment of a Te Tiriti Partnership Group to sit alongside the Governance Board. This group will be active partners in decision making and planning, provide advice and guidance to the programme, provide critical insights and cross-sector linkages, design equity solutions in partnership with Hira, and hold the programme to account for addressing equity issues for Māori. Membership of this group includes community groups, whānau and hapū. This is a significant departure from historic Māori engagement approaches and reflects Hira’s commitment to enabling improved equity.

**Human Rights**

- 65 The proposals in this paper are consistent with both the New Zealand Bill of Rights Act 1990 and Human Rights Act 1993.

**Consultation**

- 66 This Cabinet Paper was consulted with the Office of the Privacy Commissioner, the Treasury, the Department of the Prime Minister and Cabinet and the Department of Internal Affairs (including the Government Chief Digital Officer) and the Ministry of Business, Innovation and Employment.

s 9(2)(g)(i)

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

█ s 9(2)(g)(i) █  
█  
█  
█  
█  
█

**Other consultation**

- 72 Ongoing engagement with the Department of Internal Affairs has been undertaken across all aspects of the cabinet paper and they support the portfolio approach outlined and note the alignment of the cyber security roadmap with the ‘all of government’ work on cyber security.
- 73 The Government Chief Information Security Officer (GCISO) at the GCSB notes that the cyber security issues associated with a data and digital transformation of this size are complex. The GCISO is pleased to see that the work to date has drawn on the New Zealand Information Security Manual (NZISM) and advice from the National Cyber Security Centre. To date, the GCISO have not been engaged in the work to prepare with the Cyber Security Roadmap but are committed to working with, and supporting, the Ministry of Health to further develop and implement this.
- 74 The Ministry has worked closely with the Transition Unit on the data and digital changes needed to enable system reform and the proposed investments are fundamental to the key digital shift that is required to underpin the development of the NZ Health Plan. The Transition Unit supports the digital investment portfolio approach proposed and notes that it is consistent with advice from the Transition Unit. Tranche one of the Hira programme will be a key enabler for the locality prototypes and will be delivered in partnership with the Transition Unit.
- 75 The Privacy Commissioner notes that there is considerable sensitivity attached to IT initiatives in the health sector that propose to make health data more accessible. It is noted that privacy impact assessments were conducted during the business case development, with more planned at all stages of the development and commissioning process. He expects that the Ministry will continue to engage with him throughout the delivery process.

**Proactive Release**

- 76 I intend to release the paper subject to redactions as appropriate under the Official Information Act 1982 within 30 business days of final Cabinet approval.

**Recommendations**

The Minister of Health recommends that the Committee:

*Contingency and related guidance and processes*

- 1 **Note** that on 19 April 2021, Cabinet agreed [CAB-21-MIN-0116.14 refers] to establish a tagged contingency of \$400 million over the forecast period to enable

## BUDGET SENSITIVE

investment in data and digital infrastructure and capability that is needed to implement health sector reforms and improve health system performance.

- 2 **Note** that Cabinet also agreed that the allocation of funding from this tagged contingency was subject to Cabinet's approval of health data and digital investment principles, guidance, and processes for investment approval.
- 3 **Agree** the proposed investment and governance frameworks for the portfolio as having the prerequisite investment principles, guidance and processes for drawing down funding from the tagged contingency.
- 4 **Note** that the Ministry of Health engaged the sector to identify and prioritise the key capability uplift initiatives based on current digital maturity and assessed against the framework to identify the highest priorities for investment across DHBs and primary and community service providers from the tagged contingency.
- 5 **Note** that the highest priority initiatives include:
  - 5.1 Hira: which will, through improved access to and use of secure and trusted data and digital services across the health system, improving ways of working for our workforce; and empowering people and whānau to manage their health, well-being, and independence.
  - 5.2 Cyber security: has been identified as an initiative to proceed under urgency to enable immediate remediation of sector cyber security risk.
  - 5.3 Capability uplift: a portfolio of 10 priority areas investing in data and digital infrastructure and capability for a range of health provider organisations to support a foundational standard of data and digital capability. This will reduce risk, begin to address historic under investment and enable health system reform.
    - a) Interoperability
    - b) Cloud desktop
    - c) Advanced analytics
    - d) National identity and access management
    - e) Data sovereignty principles and guidelines (including Māori data sovereignty)
    - f) Online Booking services
    - g) A commercial/ procurement assessment and framework
    - h) Connectivity and collaboration
    - i) Care pathways (including referrals management)
    - j) Hybrid cloud platform services.

### *Hira tranche one*

- 6 **Note** that, in line with CAB-21-MIN-0088, the detailed business case for tranche one of Hira has been completed, including completion of all quality assurance steps.

**BUDGET SENSITIVE**

- 7 **Note** that the expected cost of tranche one of Hira tranche 1 is \$337.7 million over ten years.
- 8 **Agree** the attached detailed business case for tranche one of Hira.

*Financial drawdown*

- 9 **Approve** the following changes to appropriations, to support implementation of tranche one of Hira, cyber security and the capability uplift initiatives, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Vote Health Minister of Health</b>					
<b>Departmental Output Expense:</b>					
Health Sector Information Systems (funded by revenue Crown)	40.6	54.5	71.5	28.2	25.9
<b>Total Operating</b>	40.6	54.5	71.5	28.2	25.9
<b>Non-Departmental Capital Expenditure:</b>	159.9				-
Health Capital Envelope 2020-2025 (MYA)					
<b>Total Capital</b>	159.9				-

- 10 **Note** that the indicative spending profile for the multi-year drawdown described in recommendation [9] above is as follows:

	\$m – increase/(decrease)				2025/26 & outyears
	2021/22	2022/23	2023/24	2024/25	
<b>Indicative annual spending profile</b>	48.800	33.200	30.400	47.500	-

- 11 **Agree** that the proposed changes to the appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.



## BUDGET SENSITIVE

- 12 **Note** the Minister of Finance and the Minister of Health will control access to access to the \$25.2 million contingency funding for the Hira programme.
- 13 **Authorise** the Minister of Finance and Minister of Health to draw down the remaining capital and operating contingency of \$25.2 million subject to officials providing information on forecast additional costs to support any additional drawdown requests.
- 14 **Agree** that the changes to appropriations referred to in recommendation 9 above will be charged against the tagged contingency established in Budget 2021 [CAB-21-MIN-0116.14 refers] for the Data and Digital Infrastructure and Capability – Enabling Health System Transformation initiative (initiative no. 13164 refers) with a corresponding impact on the operating balance and net core Crown debt.
- 15 **Authorise** the Director General of Health, transitioning to the Health New Zealand Board, to allocate funding for the capability uplift initiatives from the funds drawn down in recommendation 9 above for any projects with whole of life costs less than \$15 million in line with CO (19) 6 ‘Investment Management and Asset Performance in the State Services’ and the digital portfolio investment and governance frameworks.
- 16 **Note** that for any projects with whole of life costs exceeding the \$15 million threshold, the Ministry will seek the necessary approvals under CO (19) 6.

### *Cyber security*

- 17 **Note** the need to begin delivery of the cyber security roadmap under urgency due to the current level of risk in the sector and the impact on system reform. The cyber security roadmap describes a good practice cyber security target state across hospital, primary and community services aligned to system reform.
- 18 **Note** that the Ministry of Health will engage the GCISO at GCSB to further develop and implement the cybersecurity Roadmap and will continue to work closely with the Department of the Prime Minister and Cabinet (National Cyber Policy Office), Digital Public Service branch of Department of Internal Affairs and the Transition Unit to ensure alignment and potential benefit for the wider Public Service from the implementation of the cybersecurity roadmap proposed in this paper.
- 19 **Agree** to the implementation of the cyber security roadmap.
- 20 **Approve** the allocation of \$10 million of already prioritised capital funding in the Health Capital Envelope 2020-2025 MYA appropriation in existing Vote Health baselines for the implementation of the cyber security roadmap.

### *Further investment and reporting*

- 21 **Note** that further investment and an increase in ongoing operating funding will be required to continue to build a more cohesive and technology enabled healthcare system. Subject to the invitation of the Minister of Finance, a further budget bid will be prepared for capability uplift funding over and above that sought for the required cybersecurity investment for Budget 2022 onwards.

**BUDGET SENSITIVE**

- 22 **Direct** the Ministry of Health to monitor key portfolio performance and assurance data, and provide a quarterly update on the overall portfolio of investment to the Ministers of Finance and Health, and an annual report back to Cabinet. Ministers will use this process to provide investment direction as necessary.

Authorised for lodgement

Hon Andrew Little

Minister of Health