



Cabinet Social Wellbeing Committee

Summary

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Data and Digital Infrastructure and Capability: Enabling Health System Transformation

Portfolio Health

Improving data and digital capability is a key enabler of health system reform. This paper seeks approval of the **attached** detailed business case to progress, and draw down funding for, three health data and digital initiatives:

- Tranche one of Hira (**paragraphs 32 - 37**), 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 (**paragraphs 38 – 41**);
- A portfolio of capability uplift initiatives to deliver an appropriate foundational standard of digital capability to underpin the health system and subsequent transformation (**paragraphs 42 – 46**).

Budget 2021 established a tagged contingency of \$400 million over five years to enable investment in data and digital infrastructure and capability. 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 Minister of Health is seeking agreement to draw down \$145.5 million of funding to progress this tranche of work on Hira, and that joint Ministers (the Ministers of Finance and Health) be authorised to approve access to \$25.2 million of the tagged contingency for any unforeseen additional costs associated with the Hira programme if necessary.

Agreement is also sought to commence delivery of the cyber security roadmap (**Appendix 4**) 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. Approval to allocate \$10 million of already prioritised capital funding in the Health Capital Envelope 2020-2025 MYA appropriation to support implementation of the cyber security roadmap is also sought. If agreed, implementation of the Hira and cyber security roadmap initiatives can begin immediately.

The Minister of Health recommends that the Committee:

- 1 note that in April 2021, Cabinet agreed:
 - 1.1 to establish a tagged contingency of \$400 million over the forecast period to enable investment in data and digital infrastructure and capability that is needed to implement health sector reforms and improve health system performance;

1.2 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;

[CAB-21-MIN-0116.14]

- 2 agree that the proposed investment and governance frameworks set out in the submission under SWC-21-SUB-0158 meet the requirements to approve-drawdown of funding from the tagged contingency outlined in paragraph 1 above;
- 3 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 District Health Boards and primary and community service providers from the tagged contingency;
- 4 note that the highest priority initiatives include:
- 4.1 Hira: which will, through improved access to, and use of, secure and trusted data and digital services across the health system, improve ways of working for our workforce; and empower people and whānau to manage their health, well-being, and independence;
 - 4.2 Cyber security: which has been identified as an initiative to proceed under urgency to enable immediate remediation of sector cyber security risk;
 - 4.3 Capability uplift: a portfolio of ten 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 which will reduce risk, begin to address historic under investment and enable health system reform;
 - 4.3.1 interoperability;
 - 4.3.2 cloud desktop;
 - 4.3.3 advanced analytics;
 - 4.3.4 national identity and access management;
 - 4.3.5 data sovereignty principles and guidelines (including Māori data sovereignty);
 - 4.3.6 online Booking services;
 - 4.3.7 a commercial/ procurement assessment and framework;
 - 4.3.8 connectivity and collaboration;
 - 4.3.9 care pathways (including referrals management);
 - 4.3.10 hybrid cloud platform services;

Hira tranche one

- 5 note that in March 2021, the Cabinet Government Administration and Expenditure Review Committee approved the Hira programme business case and invited the Minister of Health to report back seeking approval of the Hira tranche one business case [GOV-21-MIN-0008];

- 6 note that the detailed business case for tranche one of Hira has been completed, including completion of all quality assurance steps;
- 7 note that the expected cost of tranche one of Hira tranche one is \$337.7 million over ten years;
- 8 approve the detailed business case for tranche one of Hira, attached under SWC-21-SUB-0158;

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 |
| Vote Health | | | | | |
| Minister of Health | | | | | |
| Departmental Output Expense: | | | | | |
| Health Sector Information Systems (funded by revenue Crown) | 40.6 | 54.5 | 71.5 | 28.2 | 25.9 |
| Total Operating | 40.6 | 54.5 | 71.5 | 28.2 | 25.9 |
| Non-Departmental Capital Expenditure: | | | | | |
| Health Capital Envelope 2020-2025 (MYA) | | 159.9 | | | - |
| Total Capital | | 159.9 | | | - |

- 10 note that the indicative spending profile for the multi-year drawdown described in paragraph 9 above is as follows:

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

- 11 agree that the 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.
- 12 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;
- 13 agree that the changes to appropriations in paragraph 9 above be charged against the tagged contingency established in Budget 2021 for the Data and Digital Infrastructure and

Capability – Enabling Health System Transformation initiative with a corresponding impact on the operating balance and net core Crown debt [CAB-21-MIN-0116.14, Initiative 13164].

- 14 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;
- 15 note that for any projects with whole of life costs exceeding the \$15 million threshold, the Ministry of Health will seek the necessary approvals under CO (19) 6;

Cyber security

- 16 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, and that the cyber security roadmap describes a good practice cyber security target state across hospital, primary and community services aligned to system reform;
- 17 note that the Ministry of Health will engage the Government Chief Information Security Officer 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;
- 18 agree to the implementation of the cyber security roadmap attached under SWC-21-SUB-0158;
- 19 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

- 20 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, and 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;
- 21 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.

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