

In Confidence

Office of the Minister of Health

Cabinet Economic Policy Committee

Health Digital Investment Plan to put patients first

Proposal

- 1 This paper seeks agreement in principle to the Health Digital Investment Plan (the HDIP) – a key step in modernising New Zealand’s healthcare system. The HDIP outlines a pathway for transitioning from the current fragmented and under-resourced digital health landscape to a connected, and intelligent digital ecosystem that puts patients first. It is about leveraging data, technology, and innovation to deliver access to timely, quality healthcare to every New Zealander.

Relation to government priorities

- 2 The HDIP directly supports our Government’s focus on putting patients first, including improving access, timeliness, and quality of healthcare. It underpins our Government’s health priorities and targets by unlocking digital tools that smooth patient journeys, improve access to healthcare, and reduce inefficiencies across the system.
- 3 Every dollar that is invested will focus on improving outcomes for patients or addressing critical service need, with individual investments prioritised based on their contribution to achieving our Government’s five health targets. This ensures digital funding is directed toward delivering a healthcare system that is designed around patients, powered by technology, and focused on delivering better public services.

Executive summary

- 4 I am seeking Cabinet’s in-principle agreement to the HDIP (subject to approval of subsequent business cases and Budget processes), as set out in **Appendix 1**.
- 5 The HDIP outlines a strategic pathway for Health New Zealand (Health NZ) to transition to a modern, connected, and resilient digital ecosystem capable of delivering integrated, patient-centred healthcare that puts patients first.

- 6 s 9(2)(b)(ii); s 9(2)(f)(iv); s 9(2)(g)(i)

- 7 Health NZ will seek my approval for an Implementation Plan for the HDIP in early 2026. This will ensure deliverability, robust oversight, and confirm Health NZ’s capacity to execute the HDIP.
- 8 As a first stage to support the implementation of the HDIP, Health NZ will establish a Centre for Digital Modernisation of Health (the Centre). The Centre will ensure that Health NZ has the capacity and capability to progress business cases for the required investments – every dollar focused on improving patient outcomes or addressing critical service need. The Centre will also allow Health NZ to consider alternate financing options to bring forward digital investment and accelerate the delivery of timely, quality healthcare.
- 9 To strengthen New Zealand’s health system, future investment is also required to modernise the Ministry of Health’s (the Ministry) regulatory systems, reduce operational risk, and support effective regulatory oversight.

Background

State of digital infrastructure in health

10 Health NZ’s digital infrastructure is fragmented, outdated, and increasingly unsustainable. The health system includes over 6,000 separate applications, many of which depend on ageing hardware and unsupported software. To put this into perspective, across Health NZ’s 91,071 employees (as at June 2025), this equates to one system for every 15 Health NZ staff members (including non-clinical staff). Despite rising maintenance costs, the risk of system failure continues to grow, posing a direct threat to safe, reliable, and efficient healthcare delivery.



6,000

There are 6,000 system applications in use across Health NZ



91,071

The total Health NZ workforce includes 91,071 employees.



1:15

Equates to one system for every 15 Health NZ staff members.

11 This is the result of years of underinvestment and reactive, locally led initiatives that prioritised quick fixes over long-term solutions. Prior investments were often scoped narrowly, leading to inconsistent platforms, duplication, and limited national integration across the health system. This results in clinicians spending their time navigating disconnected systems, instead of being able to deliver healthcare to patients.

s 9(2)(b)(ii)

s 9(2)(b)(ii)

- 13 Most of this baseline funding (approximately 90 percent) was spent on operational costs and the lifecycle management of existing systems, rather than on building new capability.
- 14 The cost of this underinvestment over many years falls on patients as well as clinicians. Delays in accessing critical health information, duplication of tests and effort, and limited support for virtual or community-based healthcare have become a daily reality for patients accessing healthcare in New Zealand. The current infrastructure cannot reliably support the scale or flexibility required to meet population needs or deliver on our Government's priorities.

10-year plan for capital investment

- 15 Investment in digital infrastructure is essential to our Government's focus on moving towards a healthcare system that puts patients first, unlocking improved health outcomes for all New Zealanders. Health NZ and the broader health system face substantial digital infrastructure challenges that constrain the ability to deliver access to timely, quality healthcare.
- 16 In April 2022, Cabinet directed Health NZ to deliver an improved, nationally planned approach to health infrastructure, including a 10-year plan for capital investment [SWC-22-MIN-0063]. This plan will prioritise and integrate built, digital and health technologies investments to support the Government's decision-making, informed by an assessment of market capacity to deliver.
- 17 The 10-year plan for capital investment will be underpinned by Health NZ's Health Infrastructure Plan (for physical infrastructure) and the HDIP. The HDIP sets out a pathway to transition from the current high-risk environment to a modern, connected and intelligent digital health ecosystem.
- 18 In March 2025, Cabinet:
- 18.1 agreed in principle to the Health Infrastructure Plan, with the commitment of all funds being subject to relevant business case approval and internal and external Budget decisions; and
- 18.2 invited the Minister of Health to present the HDIP to Cabinet by the end of 2025 [CAB-25-MIN-0051].
- 19 I am seeking Cabinet's in-principle agreement to the HDIP (subject to subsequent business case and Budget processes) attached as **Appendix 1**.

Developing the Health Digital Investment Plan

- 20 The HDIP is a 10-year investment plan that outlines a strategic pathway for Health NZ to transition to a modern, connected, and resilient digital ecosystem capable of delivering integrated, patient-centred healthcare that puts patients first.
- 21 The HDIP defines the digital capabilities required to support future models of healthcare, the timing and prioritisation of these investments and the planning approach needed to ensure delivery remains responsive to changing needs and emerging opportunities.
- 22 s 9(2)(b)(ii) This indicative cost is in addition to Health NZ’s current baseline funding for digital services. This represents a significant but essential investment in modernising healthcare delivery, moving from an inefficient system to one that leverages modern digital tools to deliver better healthcare or respond to critical service need.
- 23 The HDIP comprises approximately 120 investments structured across three overlapping horizons of development. Each horizon builds on previous investments to ensure continuity of progress.
- 23.1 Horizon One (2026/27 and 2027/28) will focus on stabilising the system, addressing critical vulnerabilities, and shoring up critical infrastructure that currently risks increasing wait times for patients, among other things. Alongside this, Health NZ will begin to modernise through investing in core digital foundations, essential clinical systems, and workforce capability to unlock immediate improvements in healthcare.
- 23.2 Horizon Two (2028/29 to 2030/31) will systematically modernise and consolidate Health NZ’s core platforms, moving towards a truly connected national system where patient information flows seamlessly between providers, eliminating duplication and delays.
- 23.3 Horizon Three (2031/32 to 2035/36) will digitally enable new models of healthcare and innovation, supporting improved clinical and consumer outcomes at scale. This involves leveraging data and intelligent systems to deliver personalised healthcare that meets patients’ needs.
- 24 These outcomes are closely aligned with the Government Policy Statement on Health 2024-2027 and our Government’s five health targets, supporting their achievement through targeted digital investment. Every dollar will focus on delivering measurable improvements in patient outcomes or addressing critical service need. Health NZ will use a range of measurement tools to monitor progress, ensuring the strategy remains responsive to sector changes, organisational shifts, and emerging trends.
- 25 The HDIP has been designed to remain adaptable. Early investments are clearly defined, while later phases will be shaped by further planning, market engagement, and alignment with evolving service needs. This flexibility ensures Health NZ can respond to emerging information systems and technologies - such as blockchain and artificial intelligence - and changing population demands while maintaining alignment with government priorities and, most importantly, patients’ needs.

26 As a result, the HDIP incorporates a detailed three-year Rolling Plan setting out these early investments and their funding profiles, intending to be updated on a regular basis to allow greater visibility on immediate and priority investments. The first Rolling Plan incorporates a majority of investments in Horizon One and some in Horizon Two.

27 Health NZ will seek my approval for an Implementation Plan for the HDIP in early 2026. This Implementation Plan will need to assure myself and Ministers on the deliverability, oversight and Health NZ's capacity to execute the HDIP and deliver better outcomes for patients.

28 I expect the Implementation Plan to detail the proposed prioritisation and sequencing of investments for the three-year Rolling Plan, the allocation of funding against those priorities, and detailed milestones and decision points that can be monitored against. The milestones will reflect the elements required for successful delivery of projects and reporting against these milestones will identify where interventions are necessary.

Delivery of the Health Digital Investment Plan

29 In advance of preparing this Implementation Plan, Health NZ is preparing to establish a Centre for Digital Modernisation of Health. The creation of the Centre is critical for the success of the HDIP. The Centre will undertake the design, planning and development of business cases and provide capability in innovation, including AI and digital delivery, to support future delivery. This means faster, smarter solutions that help deliver access to timely, quality healthcare for all New Zealanders.

30 The establishment of the Centre will provide Health NZ the opportunity to access global expertise that does not exist in New Zealand and will enable Health NZ to build the internal capability to deliver the HDIP. This will be incorporated into the Implementation Plan for the HDIP.

31 s 9(2)(b)(ii); s 9(2)(f)(iv); s 9(2)(j)

32 s 9(2)(f)(iv)

33 I will ensure that appropriate assurance processes are in place to support the delivery of the HDIP.

Relationship of Health Digital Investment Plan to other capital investment and planning

- 34 The HDIP is closely aligned with the Health NZ National Clinical Service and Campus Plan, which sets out a national vision for shifting healthcare closer to homes and communities.
- 35 The HDIP will be integrated with the Health Infrastructure Plan in the future, enabling co-ordinated sequencing and prioritisation of both physical and digital investments to optimise value and manage budgetary constraints.
- 36 Currently, capital investment in physical infrastructure significantly outweighs investment in digital capability. Rebalancing this investment profile is essential to deliver digitally enabled models of healthcare that cannot be supported by physical infrastructure alone. Without modern digital systems, even the best-equipped buildings cannot deliver the seamless, efficient healthcare that patients deserve.
- 37 These trade-offs are being considered as part of the development of Health NZ's integrated 10-year capital investment plan. Health NZ is currently progressing this work and is expected to provide an update to me, including a timeline, by March 2026.
- 38 While addressing digital infrastructure is critical, it is not the only investment required to strengthen New Zealand's health system. The Ministry's role as a regulator encompasses a range of regulatory regimes including radiation safety, health service provider certification, medicines and vaping.
- 39 To perform these functions a large number of health practitioners engage with the Ministry's regulatory systems. The current systems carry operational risk from outdated systems and are highly inefficient to engage with from a clinician's perspective. Thousands of interactions with health regulatory systems each year can be improved to increase productivity across the system. The Ministry will develop business cases to improve these systems for later Budgets.

Three-year Rolling Plan for the Health Digital Investment Plan

- 40 Health NZ have developed the first three-year Rolling Plan (incorporated as part of the HDIP, titled Investment Pipeline), representing the proposed investments for 2026-2028 (Horizon One and part of Horizon Two).

- 41 9(2)(b)(ii)

s 9(2)(b)(ii)

42 Each investment area consists of a set of smaller investments that are designed to deliver benefits when implemented cohesively. Digital investment requires early commitment to foundational digital infrastructure, such as modern platforms, robust capabilities, and connected systems that enable the delivery of future capabilities and benefits. The value of the programme will be realised through the combined delivery of these investments over time. More detailed benefits of the nine investment areas are outlined in **Appendix 1**.

43 For example, Diagnostics (Radiology) comprises six smaller investments, four of which commence in Horizon One. These initiatives will culminate in the development of a national radiology and pathology results repository, alongside a National Radiology Information System. Together, these will form a centralised digital platform for managing, storing, and sharing radiological data across healthcare providers. This integrated system will put patients first by reducing delays, minimising repeat scans, and enhancing efficiency and data accessibility nationwide.

44 The three-year Rolling Plan will be reviewed annually to address changes in government priorities and enable reprioritisation as needed. Each iteration of the three-year Rolling Plan will validate cost estimates, refine investment timing, and support staged implementation.

45 Detailed costings of the investments will be refined through the business case process. This process will also assess the impact of alternative funding arrangements, commercial partnerships, and potential financial benefits, exploring innovative approaches to accelerate delivery and unlock benefits for patients, faster. Early costings are provided in **Appendix 2**.

Assurance of the Health Digital Investment Plan

46 The delivery of the HDIP carries several operational and strategic risks. Health NZ has identified these risks and will manage them through a structured programme approach, including governance, phased implementation, and ongoing monitoring.

47 Further detail on the risks identified, the role of mitigations, and how these will be progressed will be outlined in the Implementation Plan for the HDIP.

Future updates

- 48 The Ministry will report on assurance processes to myself and the Minister of Finance by January 2026.
- 49 Health NZ will seek my approval for the Implementation Plan for the HDIP in early 2026.
- 50 By March 2026, Health NZ will provide me with an update on its integrated 10-year capital investment plan, including the expected timeline for delivery.
- 51 The three-year Rolling Plan will be reviewed annually to reflect changes in government priorities and enable reprioritisation as required.
- 52 9(2)(f)(iv)

Cost-of-living implications

- 53 There are no cost-of-living implications associated with the proposals in this paper.

Financial implications

- 54 There are no direct financial implications from this paper as the commitment of all funds remain subject to relevant business case approval and internal and external Budget decisions.
- 55 The indicative cost of the 10-year HDIP is estimated at s 9(2)(b)(ii) This indicative cost:
 - 55.1 is in addition to Health NZ's current baseline funding for digital services.
 - 55.2 includes one-off and ongoing operational costs for the HDIP investments.
 - 55.3 does not account for direct financial benefits that may result from these investments.
 - 55.4 is a high-level projection and may vary by –25 percent to +50 percent, depending on investment choices and cost uncertainties.
 - 55.5 does not include inflation, capital charge and depreciation or the total cost of business change management.
- 56 Delivering the HDIP will require a significant uplift in funding and implementation capability. Health NZ intends to pursue a mix of baseline uplift, new Crown investment, and private-sector co-investment. Funding mechanisms under consideration include managed services, outsourcing, Public Private Partnerships, and joint ventures.
- 57 Health NZ will engage the market through a structured process, including market testing and formal procurement. This will assess appetite for co-investment and delivery partnerships. Risks associated with private-sector involvement, such as supplier dependency and market concentration, will be mitigated through competitive procurement and strategic oversight.

Legislative implications

58 There are no legislative implications.

Population implications

59 The HDIP will enable all New Zealanders to access healthcare closer to home through virtual services, integrated digital tools, and improved data sharing. By leveraging technology to meet patients where they are, we can deliver a healthcare system that truly puts patients first. Digital investment will unlock access to modern healthcare services across the country, reducing wait times and ensuring every New Zealander has access to timely, quality healthcare.

Human rights

60 There are no human rights implications.

Use of external resources

61 While no external resources were used in the development of this paper, the development of the HDIP used previous information (including financial benchmarking) developed with the assistance of Ernst and Young. Recently, further assistance from 3Plus consulting has been provided in the refinement of supporting material, including the financial model.

Consultation

62 The Treasury, Health NZ, the Government Chief Digital Officer and the Department of the Prime Minister and Cabinet were consulted.

Government Chief Digital Officer comment

63 The HDIP represents a significant opportunity to reshape digital health delivery in New Zealand. With targeted refinements, it can serve as a model for system-wide transformation that is scalable, sustainable, and aligned with whole-of-government digital strategy.

Communications

64 My office will prepare communications to support an announcement in consultation with the Minister of Finance, including publication of the HDIP.

Proactive release

65 I propose the proactive release of this paper within 30 business days of decisions being confirmed by Cabinet. Any redactions will be made in accordance with the Official Information Act 1982.

Recommendations

The Minister of Health recommends that the Committee:

- 1 **note** Cabinet invited the Minister of Health to present the Health Digital Investment Plan to Cabinet by the end of 2025 [CAB-25-MIN-0051], as part of the Government's focus on putting patients first;
- 2 **note** the Health Digital Investment Plan is a key component of Health New Zealand's 10-year capital investment plan, which is currently under development and will cover built and digital infrastructure and health technologies;
- 3 **note** that publication of the Health Digital Investment Plan is an action in the Government's Q4 Action Plan for New Zealand (1 October 2025 – 31 December 2025);
- 4 **note** agreement in principle to the Health Digital Investment Plan is not an agreement to fund the proposed investments, which will be subject to separate Cabinet business case approval and Budget processes;
- 5 **agree in principle** to the Health Digital Investment Plan (Appendix 1) with the commitment of all funds being subject to relevant business case approval and internal and external Budget decisions;
- 6 **agree** to publish the Health Digital Investment Plan (Appendix 1);
- 7 **authorise** the Minister of Health to make further editorial changes to the Health Digital Investment Plan (Appendix 1) as required prior to publishing;
- 8 **note** Health NZ will provide an implementation plan for approval to the Minister of Health in early 2026;
- 9 **note** Health NZ will establish a Centre for Digital Modernisation of Health to support the implementation of the Health Digital Investment Plan, including consideration of potential private funding approaches.
- 10 **note** appropriate assurance processes will be put in place to support the delivery of the Health Digital Investment Plan.

Hon Simeon Brown
Minister of Health

Appendix 1: Health Digital Investment Plan

PROACTIVELY RELEASED

Appendix 2: Health Digital Investment Plan –supporting financial information

PROACTIVELY RELEASED