

Health Digital Investment Plan – supporting financial information

October 2025

Funding summary

The balanced approach to delivering the Health Digital Investment Plan (HDIP) gradually replaces legacy systems with targeted modernisation and stabilisation of most systems. It is expected to be achieved through a combination of baseline, additional Crown funding, and alternative funding and commercial arrangements. Adopting alternative funding and commercial arrangements (e.g. managed services, Public Private Partnerships) enables the acceleration of some modernisation initiatives. The timeline slides highlight the initiatives where alternative arrangements will be explored.

This 3-year Rolling Plan focuses on the investments that have been prioritised using a set of investment principles. Investment cases will be developed to confirm the value for money, affordability and achievability of the initiative.

Indicative cost of the 10-year Digital Investment Plan – breakdown by focus area

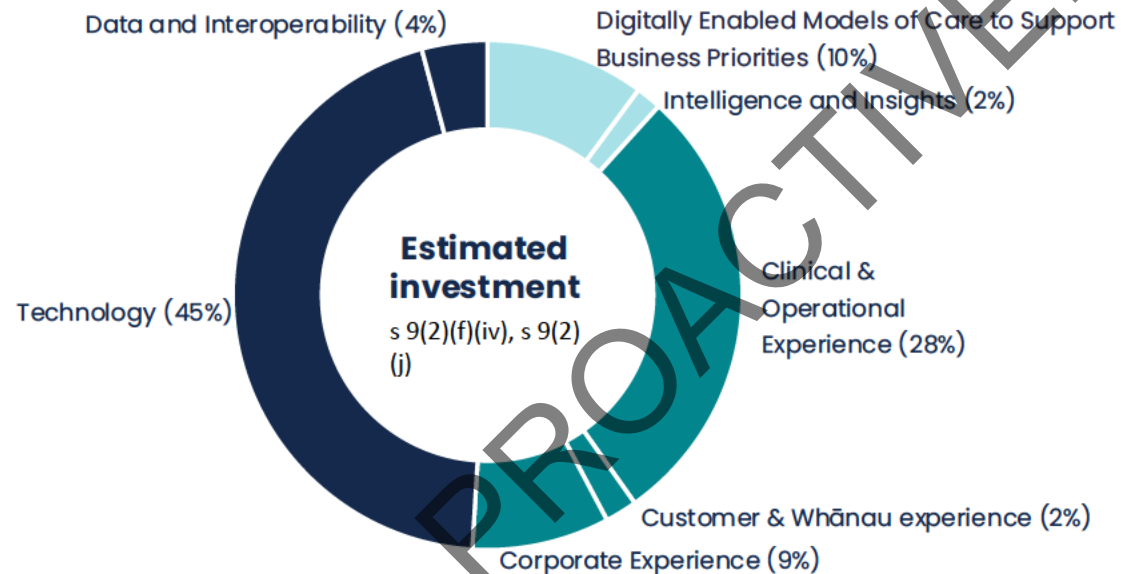
The indicative costs are in addition to Health NZ's baseline funding for digital services. They include one-off (capex/opex) and ongoing operational costs for the investment. The costs do not reflect any expected financial benefits.

As investment cases are developed, the costs will be validated along with the benefits.

10 year investment profile (\$M)

The cost profile is subject to change as commercial and funding arrangements are determined.



s 9(2)(f)(iv), s 9(2)(j)



PROACTIVELY RELEASED

We will use the benefits in the HDIP to show the progress made by the programmes

The success of the HDIP will be measured against the following quantifiable benefits. We will use the KPIs to show demonstratable progress over the life of the 3-Year Rolling Plan.

| Category | Benefit | Potential KPIs |
|--|---|--|
|  Health | Health and Population Outcomes Improved health outcomes through enhanced care coordination, evidence-based decision-making, and comprehensive population health insights, enabling coordinated care delivery, and new models of care. | <ul style="list-style-type: none"> Clinical incidents Wait times for care (minutes/days) Readmission rates Preventive screening uptake Use of digital self-management tools |
| | Core Business Efficiency Improved core business efficiency through optimised processes and reduced operational overhead including the optimisation of our workforce. | <ul style="list-style-type: none"> System uptime Services delivered digitally Average wait time for care Process efficiency |
| | Enhance Sustainability Improved long-term sustainability through reduced costs, optimised resource allocation, and resilient system design | <ul style="list-style-type: none"> Operational costs Savings from digital efficiencies Savings reinvested |
|  Operational | Care Team Experience Enhanced care team experience through streamlined workflows and integrated digital tools | <ul style="list-style-type: none"> Staff using tools at full scope User satisfaction with digital systems Time to implement |
| | Stable Resilient Infrastructure Reliable, stable digital infrastructure ensuring consistent system performance and uninterrupted healthcare service delivery. | <ul style="list-style-type: none"> System scalability capacity Modern technology stack coverage Digital integration speed |
| | Digital Foundation Readiness Enhanced future readiness through robust digital foundations that provide scalable platforms and adaptable infrastructure | <ul style="list-style-type: none"> Systems interoperable Processes automated Decisions using real-time data Digital patient interactions |

DRAFT – IN CONFIDENCE

The costs and benefits of the priority investments will be confirmed through investment cases

The following table breaks down the estimated costs of the priority investments. Some investments require financial commitment beyond the first three years in order to roll out the full digital capability. The costs are in addition to Health NZ's baseline. They are high-level and may range from minus 25% through to plus 50%. The investment case process will provide more accurate costing, which will also reflect any impact of alternative funding or commercial arrangements, and financial benefits. This table does not include the initiatives that start in year 4 and beyond.

s 9(2)(f)(iv), s 9(2)(j)

PROACTIVELY RELEASED

Additional investment is required to deliver the initiatives in the HDIP that have not been prioritised in the first 3 years

There are initiatives within the prioritised programmes that start outside the three years of this rolling plan. The cost of these is highlighted in the table below. Alongside these initiatives are other initiatives that have not been prioritised but are still required to deliver the objectives of the HDIP. Some of these initiatives may be funded through baseline or through contributions from other business areas. The rolling plan will be regularly reviewed and adjusted based on Health NZ's priorities. Note: the costs below are in addition to Health NZ's baseline. They are high-level and may range from minus 25% through to plus 50%.

s 9(2)(f)(iv), s 9(2)(j)

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The scale of investment requires us to consider alternative funding and commercial arrangements

Achieving our vision requires significant investment beyond our current digital services funding. There are a number of choices in how Health NZ funds the digital investment, including reprioritisation of baseline, adjustments to the capex/opex funding profile of investments, alternative financing and new Crown funding. To improve the affordability and deliverability of this plan, we will evaluate innovative and alternative funding and commercial arrangements, including strategic partnerships. These arrangements may enable us to accelerate investment and our progression to becoming a digitally enabled health service.

Alternative commercial arrangements allow for options in cost profiles



Managed Service

Health NZ consumes a commodity service operated by an external party to achieve a specific capability or outcome. Health NZ does not have any strategic oversight or control over the service.

Examples could include payroll, testing, network services, core infrastructure services and cybersecurity operations.



Outsource

Health NZ contracts an external party to perform specific Health NZ digital and data functions and services. Operational responsibility for the delivery of the functions or services resides with the external party, while Health NZ retains strategic oversight and control.

Variations include Outcome-Based Contracts (OBC) and Risk/Reward Sharing.

Examples include future application development and management, patient portals and consumer health applications, AI in diagnostics, remote patient monitoring.



Public Private Partnership (PPP)

Health NZ partners with a private sector organisation(s) where private parties finance, build and maintain public infrastructure, often delivering services.

Variations of PPP include Design, Build, Finance (DBF); Design, Build, Finance, Maintain (DBFM); and Design Build, Finance, Operate, Maintain (DBFOM).

Examples include telehealth platforms and portals incl. Whakarongorau, future National Interoperability Platform.



Joint Venture (JV)

Health NZ enters into a business arrangement with one or more parties (government and private) to form a new entity together.

JVs create shared ownership entities with both parties having a direct stake in operations and outcomes.

Examples include HealthOne, and future innovation and emerging technologies, generative AI for clinical / admin support.

To deliver the HDIP, we must modernise how we deliver digital services

To deliver the vision in the HDIP, Digital Services within Health NZ must transform their own internal operations. To do this we have identified strategies that we will adopt to modernise our own performance, productivity, and apply modern digital delivery methods.

Strategic Partnerships

We will shift from being a simple buyer of technology to a strategic partner, leveraging industry expertise to increase our capacity and accelerate delivery.

We will engage with **Strategic Partners and Industry Partners** to drive better outcomes, access specialised skills, and global expertise. This allows us to de-risk complex projects and enables our internal workforce to focus on high-value activities like enterprise architecture, clinical engagement, and strategic planning.

Simplification

A key driver of internal productivity will be a deliberate move away from managing thousands of fragmented systems to focusing on fewer, better, national platforms.

We will proactively reduce the unwarranted complexity in our technology environment by **standardising on national platforms** for core clinical, corporate, and data services. **Reducing the current landscape** of over 6,000 applications will lower our internal operational overhead, simplify support, reduce security risks, and free up our technical teams to focus on innovation rather than maintaining legacy systems.

Iterative Delivery

To overcome a history of largely waterfall and slower methods of project delivery, we will fundamentally shift to a modern, iterative approach.

This centres on **incremental development and delivery**, focusing on smaller packages of work that can be released to the frontline more quickly. By embracing DevOps practices and processes for continuous integration and delivery, we can transition to an iterative model that delivers improvements regularly, reduces the risk of large-scale failures, and ensures technology evolves with clinical needs.

AI Automation

We will use the technologies we are promoting to run our own services more efficiently, moving from a reactive to a proactive and predictive operational model.

We will **automate high-value, repeatable processes**, starting with tasks like staff onboarding. The Service Desk will be enhanced with AI and generative AI assistance to provide faster resolutions. We will establish a Digital Operations Centre with proactive monitoring and implement "next generation observability and self-healing" capabilities to **detect and fix issues** before they impact clinicians.

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The Centre for Digital Modernisation of Health will be established to enable HDIP delivery

The Centre for Digital Modernisation of Health (the Centre) supports and enables the successful delivery of the HDIP

The Centre will be a central function to provide a consistent, portfolio-wide approach to the delivery of the HDIP. It will operate as a blended team of Health NZ staff and specialist resources, focused on achieving value for patients, clinicians, Health NZ and the community.

The key objectives of the Centre are to:

- Ensure alignment between programme delivery and the HDIP's strategic goals.
- Drive a consistent and efficient delivery pace across all programmes.
- Improve delivery capability within Health NZ through shared learnings and expertise.
- Provide clear visibility of progress, risks, and dependencies across the entire portfolio.

The Centre will perform core functions that provide portfolio-level strategy, design, governance, and support to all programmes.

Strategic Portfolio Office

The engine room of the Centre. It is responsible for the integrated management of the portfolio, ensuring that all programmes are planned, executed, and monitored consistently.

Run Ahead

Forward-looking, responsible for identifying and assessing opportunities to apply new technologies and innovative delivery models to improve health services.

Digital Academy

Focuses on building the digital capability and literacy of the Health NZ workforce to support the transformation.

Change Management

Provides frameworks and support to help ensure new solutions are adopted successfully and sustainably.

Solution Design

Ensures that the technology solutions delivered by programmes are well-designed, cohesive, and align with Health NZ's enterprise architecture standards.