Aide-Mémoire

Health New Zealand
Te Whatu Ora

Health NZ Change - Impact of Data and Digital Proposals

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To:	Hon Simeon Brown, Minister of Health		
From:	Fiona McCarthy, Interim Chief Human Resource Officer		
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Consulted	n/a		

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Attachments
Appendix 1: FTE Table Impacts

Purpose

1. This paper responds to your request for information about the Health New Zealand | Te Whatu Ora (Health NZ) data and digital change proposals and the impact on frontline services. This paper has been developed by the Digital Services function.

Background to the consultation

2. Consultation with Digital Services staff ran from 27 November 2024 to 31 January 2025, and 6,448 pieces of feedback were received through the online consultation tool. There was also extensive engagement with Digital Services staff, including engagement on cost savings initiatives, a process that is still open and ongoing.

3. There has also been extensive consultation with clinical groups across all districts and Health NZ's Clinical Quality and Safety Committee (CQASC), which confirms Digital Services support to the frontline and ensures priority is placed on critical clinical systems.

Summary of proposals and future state shift

4. Following the merging of the technology teams and leadership into a single national function in 2023 the proposed structure was designed to further align and optimise technology and teams. It proposes to establish nationally led, consistent technologies and ways of working (accelerating delivery of Health NZ priorities and realising further process and cost efficiencies) to support regionally coordinated and locally delivered services.

Consultation feedback and assessment of impacts on frontline

5. Significant feedback was received on the change proposal, and a service impact assessment was undertaken in partnership with CQASC to understand the clinical implications of the proposed change.

6. The substantive feedback themes and proposed responses are:

   a) Strengthening regional support structures with additional roles reporting to the Director Digital for each region, accountable for senior level engagement and for the performance of Digital Services in delivering operational digital services. These roles manage change aligned to an agreed delivery roadmap specific to each region. Digital services staff located in districts will operate as a virtual regional team and align service and change delivery to regional needs.

   b) Development of national Service Portfolios to support greater strategic alignment, resource optimisation, and collaboration across service and stakeholder groups.

   c) Consolidating applications and products teams across Digital Services to better align capabilities and approaches.

   d) Retention of more operational support and standard change roles and targeted funding for transition in response to the findings of the End User Impact of Digital Change Impact Assessments and identified mitigations.

   e) Adding funded roles to provide dedicated support to strategic project transitions

into business as usual, namely HSAAP and National Public Health Service.

7. Based on feedback, the gross reduction in people is likely to be significantly less than proposed, as outlined below.

FTEs impacted by the proposals

8. Appendix 1 shows the FTE impacts by tables of the original and revised proposals. The original proposal had the following net reduction excluding vacancies:

   a) Digital Services started with 2,405 positions including 467 vacancies at the start of the change process. The number employed was approximately 1,938.

   b) The proposal transferred 225 positions to other functions.

   c) The proposed final structure of 1,285 positions meant a net reduction of 428 positions (excluding vacancies, establishing new positions, and transfers).

9. Based on changes to the existing workforce due to resignations, voluntary redundancy, and early exits, the new change impact is as follows:

   a) The proposed final structure has 1,460 positions, an increase from the 1,285 positions originally proposed: 22 positions in response to consultation feedback, 79 positions as service impact mitigations, and 74 funded roles to provide dedicated support to strategic project transitions into business as usual.

   b) Digital Services currently has 1,481 permanent employed people excluding data services, contractors, fixed term employees and vacancies. At the time of implementation (targeting 1 July 2025), the impact of expected departures, means we will have 1,443 permanent employed people.

   c) The proposed structure of 1,460 positions means **17 more positions than permanent employed people** (net of vacancies and transfers) at 1 July 2025.

   d) To achieve this change and the new structures that are required, we will still be disestablishing 617 positions (with people in them) and establishing 651 roles that are redeployment opportunities for those that are disestablished.

10. There are **160 re-consults** needed for people where the impact is now different to that described in the change proposal and where we are legally obliged to do so. The intent is to reconsult with these individuals at the same time as we release a final decision document as there are redeployment opportunities.

11. The new structure could be in place on 1 July if we were able to commence implementation and the EOI process at end April. Please note that this is unlikely given the current PSA legal proceedings and the requirements to await a determination from the ERA which is not expected until end May 2025.

Assurance relating to 'no frontline impact'

12. The revised proposal has been designed in a way that does not increase existing risks on the frontline. Both digital service change and clinical/business change will be delivered and aligned to ensure that transition risks are mitigated.

13. We have undertaken a service prioritisation exercise as part of the service impact assessment work for clinical systems. This work was completed in conjunction with CQASC.

14. To achieve this, we've prioritised services with critical clinical risks (i.e., risk of patient harm or death) with a view to safeguarding and stabilising (and where possible improving) these services and support arrangements. This will be balanced through a trade-off of reduced service and support levels for non-critical frontline and corporate services, necessary given the reduced size of the Digital workforce and the flow on impacts.

15. The current fragility of our digital ecosystem (i.e., end-of-life / out-of-support services) means that we impact frontline services now through service incidents and outages. For example, in February 2025 there were 74 major incidents reported (of which 50 impacted category 1 and 2 applications). This change is not designed to mitigate these underlying technology issues. Accordingly, the risk of frontline service impacts and outages will remain.

Relationship of data and digital projects/programmes to this change process

16. The 2024/25 Data & Digital Capital Plan is a standard annual process and is independent of the current Data & Digital change proposal. It is a collaborative effort with Health NZ clinical and business leads with the aim of prioritising digital projects that support and align to organisational and government priorities, including Health Targets.

17. The Capital Plan is a 'living document', subject to change depending on clinical and business priorities and funding. In the 2024/25 Data & Digital Capital Plan, 136 projects were either stopped or deferred because of lower relative priority or poor cost/benefit ratios (note: these are not as a result of the change proposal). This is in the context of 732 digital projects either already completed or in progress this financial year.

18. Decisions were based on mitigation of risk to critical systems, including cyber risk, clinical efficiency and safety, and cost-benefit. It is important to note that 'stop/defer' decisions do not introduce new clinical risks. Health NZ continues to work closely with clinical and operational stakeholders across the regions and clinical services to assess emergent risk and demand and, where necessary, reassess 'stop/defer' decisions.

Appendix 1: FTE Impact Tables

Table 1 – FTE impacts from original proposal

Current structure	Current FTE	Significantly Impacted	Impacted	No Impact	Transferring out	Proposed future structure	New roles	Proposed Future FTE
						Regional Directors	4	4
Strategy & Investment	72	39	8	0	0	Strategy & Partnerships	35	54
Clinical Informatics	55	36	3	3	0	Digital Clinical Leadership	8	12
Integration & Delivery	854	574	101	6	19	Digital Delivery	142	162
DES	832	534	127	26	33	Digital Operations	551	786
SDC	268	136	24	35	0	Products and Channels	70	149
Cyber	97	0	8	72	0	Cyber	1	80
Business Services	52	6	7	27	0	Business Services	10	37
Data Services	173				173			
Office of the Chief Digital Officer	2	1		1		Chief Information Technology Officer	1	1
Total	2405	1326	278	170	225		822	1285
	This includes 467 vacancies					The proposed structure represents a -47% reduction in roles		

Table 2 – FTE impacts from revised proposal

Current structure	Establishment Positions as 27 Nov 25	Significantly Impacted (Positions)	Significantly Impacted (People)	Disestablished, Provisional Redeployment (People)	Impacted (Positions)	No Impact (Positions)	Transferring out (Positions)	Confirmed Structure	Available Roles	Positions
Strategy & Investment	72	68	34	2	2		0	Digital - Regions	12	12
Clinical Informatics	55	47	24	4	3		1	Digital Health Strategy & Design	48	56
Integration & Delivery	854	545	221	229	49	3	27	Clinical Informatics	5	9
DES	832	485	256	185	112	15	32	Digital Delivery	139	226
SDC	268	179	70	27	42	24	2	Digital Operations	252	551
Cyber Security	97	16	0		8	71		Digital Applications & Products	178	486
Business Services	52	26	11		8	18		Cyber Security	4	80
Data Services	173	0	0				173	Business Services	12	39
Office of the Chief Digital Officer	2	2	1					Chief Information Technology Officer	1	1
Total	2405	1815	617	447	224	131	235		651	1460
	Includes 678 vacancies	Includes 404 vacancies prior to 1 July+ 354 current vacancies					includes pre-consult transfers to Data Services			