



NEW ZEALAND COUNCIL OF TRADE UNIONS  
*Te Kauae Kaimahi*

by

**New Zealand Council of Trade Unions  
Te Kauae Kaimahi**

Submission on

**Business Case – Consultation Document  
National Infrastructure Platform**

**Health Benefits Limited**

6 November 2014

## **Summary of NZCTU Recommendations:**

- We urge caution in moving too fast in finalising models for change as further analysis of operational design, impact, implementation and costs are still required.
- There is an absence of financial information on costs and savings. Please provide information on the cost benefit analysis validating the financial case for change. Without this information we are unable to provide an informed submission on the NIP Business Case.
- Cost benefit analysis of other options such as the cost of upgrading the current facilities and platforms (status quo), and other data centre configurations (4 and 8 data centres) should be disclosed.
- All processes undertaken by HBL must be accountable and transparent, consultation must be genuine and Unions must have access to all information including decision-making and evaluative processes.
- Any proposal must be considered carefully in relation to:
  - Terms and conditions of current collective employment agreements and consultation processes
  - Maintaining good pay and employment conditions
  - Patient safety, quality of care and delivery of services
  - Impact of job losses in smaller communities
  - Maintaining business continuity and ensuring a smooth transition
  - Maintaining privacy and security of private and confidential information
- We urge DHBs to manage change through redeployment and attrition to retain staff wherever possible within DHBs. Workers who are directly affected should be given priority for new jobs that may arise and opportunities for up-skilling and training.
- Affected workers who transfer to a new employer (if services are outsourced) should maintain their current terms and conditions with the new employer.
- Analysis be undertaken on developing a relocation package that will help retain skills and incentivise workers to relocate for jobs if this is proposed.
- DHBs must inform local Union organisers as early as possible of communications to affected members so as to ensure union support is readily available if there is a new employer or role change.

- HBL and DHBs should maintain good change processes, genuine consultation, regular communications, and sensitivity towards workers who may be feeling unsettled, under-valued and vulnerable in their jobs during times of change and uncertainty.
- There must be assurances that savings in the health sector achieved through the NIP programme will remain with and be reinvested in the health sector.
- We seek assurances that funding from DHB funding streams is not relied upon to meet NIP project costs and that all relevant information is made available as early possible.
- Any proposal for national standards, policies and procurement model should carefully consider potential impacts of international agreements to which New Zealand is a party and contractual arrangements with the service provider.
- Clarification of the term of the contract if NIP services are outsourced is needed.
- A robust risk analysis must be undertaken which identifies potential risks, mitigation of those risks and contingency plans for any proposal before it is finalised. There should be union input into this process.
- Ownership of patient data, application support, retention of local IT expertise and data infrastructure (where appropriate) should remain within DHBs.
- There needs to be clarification of training plans and requirements, who will it impact (DHB and non-DHB staff) and how will it be delivered.
- Clarification of future workforce implications and potential role changes downstream that could arise as a result of the completion of the implementation phase must be undertaken.
- NIP services including service desk functions should be maintained, resourced and delivered in New Zealand.
- The legal, employment and cost implications for buying-out current contracts must be fully identified as well identification of risks for the sector of a national outsourced model that might not be reversible in future if problems arise.
- The development of any proposal must have reference to good employer obligations in Key Performance Indicators. We also recommend that benefits for workers and health services arising from any proposal are clearly outlined.

- Patient information must be protected first and foremost - this protection must not be undermined or devalued in pursuit of efficiencies and cost savings.
- The public must have trust and confidence in a safe, secure and reliable infrastructure and service capable of supporting health sector systems.
- A detailed implementation plan be developed including consideration of future workforce and employment implications, implementation costs (and how this will be met), roll-out, training and contingency plans.
- Any IT system and national platform must be secure and the rights and obligations of all parties clearly identified.
- Alternative options be explored for back-up systems, including who would be involved, how this would work in practice and risks identified.
- Contingency plans must ensure patient information can be accessed in a timely and responsive manner in the event of server failure, accident or natural disaster.
- A detailed evaluation programme examining the implementation phase, effectiveness of the changes and experiences of users be built into the agreed model from the start of the change process including input from staff e.g. satisfaction surveys.
- Clarification of the Integrator role (HBL), how the role will work in practice, duration of the role and interface with all parties including Unions, DHBs, DHB Shared Services, preferred service provider and key partners.
- An on-going tripartite Governance Board should monitor and have input into the management of any contract where services are outsourced.
- HBL, DHBs and Unions continue to engage as part of the governance and consultation structure. Union representatives must be part of a structured and participatory process for governance to ensure solutions are fit for purpose, business continuity and patient safety are maintained.
- Regular and clear communications from HBL to staff and the sector on processes, programme development, implementation and next steps.
- Continued engagement with forums such as the National Bipartite Action Group (NBAG) and Health Sector Relationship Agreement (HSRA) on programme development, status, communications and future issues.

## Introduction

- 1.1 The New Zealand Council of Trade Unions - Te Kauae Kaimahi (CTU) is the internationally recognised trade union body in New Zealand. The CTU represents 37 affiliated Unions with a membership of over 330,000 workers.
- 1.2 The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.
- 1.3 The CTU has an active role in health sector forums including the Health Sector Relationship Agreement (HSRA) and the National Bi-Partite Action Group (NBAG). The CTU and health sector affiliated Unions have been engaging with Health Benefits Limited (HBL) on work programmes, the development of Employment Protection Processes and the Change and Communications Framework (CCF) which has been agreed to by District Health Boards (DHBs) and Unions.
- 1.4 The health sector employs more than 100,000 people and has a strongly unionised workforce ranging from doctors, nurses and allied health professionals to ICT, clerical, cleaning, trades people, kitchen, store and laundry workers.
- 1.5 The CTU welcomes the opportunity to submit on the proposal outlined in the Business Case for the National Infrastructure Platform and support comments from the Public Service Association (PSA) contained in this submission regarding employment impact of the proposal.

## 2. **Business Case – National Infrastructure Platform programme: Comments from the PSA**

- 2.1 We have discussed this response with the NZ Public Service Association: Te Pūkenga Here Tikanga Mahi (the PSA) who have 7 members whose jobs are directly affected by this proposal. The PSA supports and endorses this submission, and wishes to make the following comments on behalf of their members, focussing on the employment impact of the proposals:
  - It should be a principle of the change process that redundancy is an option of last resort and all avenues should be explored to enable retention of current IT staff in DHBs
  - There must be careful consideration to changes regarding:
    - Terms and conditions of current collective employment agreements and the Code of Good Faith for the Public Health Sector

- A commitment to maintaining good pay and employment conditions and that this will be a key criterion
  - The employer in a centralised model must be clear, as well as its role and relationship with DHBs and unions
  - The change proposal must be consistent with and have reference to good employer obligations
  - There must be sufficient local presence of IT workers at DHBs as well as the data centre facilities, so that patient safety, quality of care and delivery of services are not adversely affected. Confidence in the system must be maintained.
- 2.2 The PSA expects that there will be early and full engagement with the union and affected members. We have based our response on the recommended approach outlined in the Business Case, this does not exclude our interests in exploring other options.

**Business Case – National Infrastructure Platform programme:  
CTU response**

- 2.3 There could be benefits for the health sector in having common, standards based, information systems operating on a co-ordinated National Infrastructure Platform (NIP) and data consolidation programme. However, the financial case for change validating the proposal is absent from the Business Case consultation document.
- 2.4 Greater investment in quality infrastructure to underpin the longevity and sustainability of Information Technology (IT) and other support services in the health sector is required regardless of the approach undertaken to improve the NIP and we encourage a strong public sector role in terms of design and delivery of services.
- 2.5 The proposed changes outlined in the Business Case will directly affect members of the PSA who currently work in the IT area of DHBs and are identified as falling within scope of the proposed changes.
- 2.6 It is of significant concern that we have no information on the implementation and transition costs and expected savings to validate the case for change. We have been told that this information cannot be disclosed due to commercial sensitivity.
- 2.7 Commercial sensitivity as a reason for withholding relevant information during a significant change management process should not prevent access or our right to relevant information that would otherwise inform decision making and contribute to meaningful consultation. Information on anticipated implementation costs and savings should be disclosed as per any change management process. Please provide this information as without this we are unable to provide an informed submission on the NIP Business Case.

- 2.8 There are a number of risks and areas that lack clarity including operational design, implementation design and costs, projected savings, risk management, contingency plans and specifics on how the model will work in practice. Clarification on these issues and further information is necessary for HBL to undertake adequate consultation on this proposal. We recommend further analysis and transparency of information before a decision is made on a final approach.

### **3. Issues**

#### *Employment Protection and Change Management*

- 3.1 The proposal outlined in the NIP Business Case will have a direct impact on IT workers in the sector (approximately 32 FTEs) who fall within scope of the proposed changes including PSA members. The Business Case consultation document identifies that not all DHBs will have affected staff, however, there are a number of smaller DHBs where there are directly affected staff.
- 3.2 Proposed changes outlined in the NIP Business Case will be unsettling and disruptive for affected workers and impact of job losses will be felt strongly, particularly in smaller communities where the DHB is a major employer. News of proposed changes, decisions and impact on jobs will be particularly unsettling over the Christmas Holiday period for affected staff and their families.
- 3.3 The CTU urges DHBs to manage change through redeployment and attrition to retain staff wherever possible within DHBs and every avenue should be explored to enable the retention of all current DHB staff working in the IT area. During the change management process, DHBs are obligated to consider all redeployment opportunities and available roles for an affected worker.
- 3.4 The CTU recommends that workers who are directly affected should be given priority for new jobs that may arise and opportunities for up-skilling and training. This is important in retaining skills, knowledge and experience of staff for the IT area of the health sector.
- 3.5 Affected workers who transfer to any new employer should maintain their current terms and conditions with the new employer. HBL and the DHBs must observe workers' contractual entitlements to consultation and change process.
- 3.6 Communication and lead in time for change is critical for workers particularly if there are decisions to be made that affect not only jobs but also personal and family circumstances. It is unclear if relocation will be proposed for some jobs, in any case, relocation is likely to have a major effect for affected staff who have dependents and those with established commitments to their communities. We recommend analysis be undertaken on developing a relocation package that will

help retain skills and incentivise workers to relocate for jobs if this is proposed. Unions for affected workers are willing to assist and provide input into a relocation package which is fair and reasonable for workers and DHBs.

- 3.7 It is unclear when affected workers will receive letters notifying them of whether they have been confirmed in a job, will be redeployed or affected by redundancy. The CTU urge DHBs to inform local Union organisers as early as possible of communications to affected members on their employment status so as to ensure union support is readily available.
- 3.8 We are concerned that during times of change there may be “flight risk” where experienced IT staff may leave due to job insecurity and uncertainty. This issue has already arisen in respect of other HBL programmes which poses a great risk to the sector as well as workforce implications. It is vital that during the change and transition process, directly and indirectly staff as well as Unions and DHBs are kept up to date through regular communications on implementation progress, roll out and issues that arise.
- 3.9 At a time when there is so much organisational change and increasing uncertainty regarding job security at a national, regional and local level in the sector, we urge HBL and DHBs to maintain good change processes, genuine consultation, regular communications, and sensitivity towards the many workers who may be feeling unsettled, under-valued and vulnerable in their jobs.

#### *Cost-benefit Analysis*

- 3.10 The absence of information on implementation costs including planning, upgrades, ongoing and resourcing costs, or estimated savings is of considerable concern to the CTU.
- 3.11 Financial information on costs and savings has not been provided due to commercial sensitivity. We were not told at the start of the change management process (CCF) that we would not be allowed access to financial information due to commercial sensitivity. This information should be provided as per employer obligations during change management and consultation process.
- 3.12 Without this information we cannot provide an informed submission as it is unclear what the real cost savings will be when offset against implementation and project costs. This comes on the back of issues which have arisen in respect of planning and implementation processes undertaken for other HBL programmes such as the Finance Procurement and Supply Chain programme (FPSC).
- 3.13 We are concerned that without a full understanding of the current state, implementation challenges and costs, the sector risks developing

infrastructure solutions which are costly, not fit for purpose, affect timely access to information, privacy and security considerations, business continuity and adverse effects on the integrity of the health system.

- 3.14 We believe the NIP programme needs to be carefully considered, planned and costed and all relevant information made transparent to Unions, workers and DHBs. In New Zealand, there have been several examples of State Sector agencies undertaking IT initiatives (most recently Novopay) which have been poorly planned, managed and implemented resulting in excessive costs which were unnecessary, avoidable and ultimately resulting in project failures or significant re-planning.
- 3.15 The CTU considers it is likely there will be many hidden costs (such as implementation, resourcing, upgrades and infrastructure costs) associated with the recommended way forward as has been the case with similar large scale IT-related projects in the State Sector. We are concerned that without transparency and information on costings and savings we will not be in a position to know the true scale of the financial impact of the NIP programme. We request access to information that validates the financial case for the NIP proposal including planning and implementation costs and projected savings.
- 3.16 We understand that the cost of Business Case development is to be met by DHBs as well as planning and implementation costs. The CTU is concerned at DHB's liability for these costs and impact on DHB annual planning processes and delivery of health services particularly in light of high expenditure and costs being incurred as part of other HBL programmes.
- 3.17 Demand on IT infrastructure will require increasing levels of investment by DHBs. Furthermore, DHBs will also have to meet infrastructure upgrade and costs for cables and connectivity between local hospitals within DHB areas. There are no costings available for any infrastructure upgrade or implementation costs that DHBs will incur. This risks adding further financial pressures to DHBs if this is not known, or costed appropriately and will inevitably have an adverse effect on funding for service delivery and workforce implications.
- 3.18 Similarly, it is unclear as to whether DHBs will also have to contribute towards the development or upgrade of NIP data centres including the two national data centres. It may be that the preferred service provider will be footing the costs for the two main data centres as it will be owned and managed by them but this is unclear. We seek assurances that funding from DHB funding streams is not relied upon to meet these costs and that all relevant information is made available as early as possible.

- 3.19 We are concerned about the lack of transparency, lack of access to information and opportunity to scrutinise decisions which could have a significant impact on the sector. Processes undertaken by HBL must be open, accountable and transparent. Transparency should not be undermined in pursuit of commercial interests and cost savings. We are concerned that nationally outsourcing provision of public services and infrastructure will encourage a commercial profit-driven approach.
- 3.20 It is important to understand how the savings information has been sourced, implementation and transitional costs identified and risks or changes to services they will entail. There is a high chance that contribution to savings will be minimal and outweighed by project costs if they are not adequately identified and validated.
- 3.21 We note the absence of information on benefits for workers in both a qualitative and quantitative way. Consideration of the impact and benefits for workers is an important step in creating an effective proposal and ensuring buy-in from the workforce.
- 3.22 Finally, the Business Case consultation document does not state where the cost savings are likely to go, how the savings will be accounted, distributed and by whom, and whether health sector funding will be affected by any savings incurred. The lack of transparency is a major concern to the CTU, concerns which were also raised by the Auditor General in 2013 regarding the lack of transparency around information and HBL processes, *“The associated work programme will mean significant change for the sector and on-going risk, including risks to the maintenance of service delivery and the delivery of planned savings and efficiencies...I will continue to watch that the reporting of savings is transparent and reflects actual savings.”* (Health Sector: Results of 2011/12 audits, Auditor General report, 16 April 2013).
- 3.23 There must be assurances that savings can be validated and funding in the health sector will not be reduced due to savings that may be achieved through the NIP Business Case or even worse adds financial pressures if costs escalate affecting service delivery and impact on the workforce. Savings achieved through the NIP programme must remain with and be reinvested in the health sector.
- 3.24 Further information is required and analysis disclosed before a well-informed decision can be made particularly given the high project costs.

#### *Business Case - Proposed model*

- 3.25 The Business Case provides a high level overview of the preferred national outsourced approach but lacks specifics on how the recommended option would work in practice, including how the preferred service provider integrates into DHB processes and

operations. We are concerned as to how this might affect service delivery and patient care and safety during the transition process and future state. We recommend a robust and detailed analysis of all implementation issues and costs by each DHB. We urge caution in moving too fast as this will produce an ill-informed plan and risks increased cost pressures, change management and communication challenges and low sector buy-in.

- 3.26 The NIP programme is complex and is an area which is foreign to many people due to its technical nature. This is a risk as it makes it easier to push through a proposal which is not clear or understood by the workforce or the sector and poses implications for service delivery and costs. A simplified (plain English) breakdown of the technical information on how a national outsourced approach would work in practice, anticipated costs and responsibilities of various parties needs to be undertaken so there is a degree of assurance about the programme and benefits it can deliver financially and for health services.
- 3.27 We support the proposal for patient data and application support to remain with and managed by DHBs and the proposal for some infrastructure (residual servers) to remain with DHBs although the proposal indicates this has yet to be clarified with the preferred service provider. We reiterate the importance of DHB ownership of patient and hospital information, although we hold concerns about private and confidential information held by another facility (third party) and the risks of data mining as has been the case previously in New Zealand and internationally.
- 3.28 Although there are benefits for rationalisation and developing national standards and processes under the NIP programme, it is unclear as to who would be involved in the development of any national standards and policies. The CTU recommends union input into the development and implementation of national standards, processes and any procurement processes. This will help ensure solutions are fit for purpose, patient safety and security of information maintained and business continuity.
- 3.29 The proposal indicates Oracle will be a part of the National Utility Services (NUS) framework. The FPSC programme also has Oracle as part of its solution. It is unclear as to whether there is crossover between the NIP and FPSC programmes regarding Oracle but we would expect there to be collaboration on both programmes if there is cross over and sharing of learnings including challenges from the FPSC implementation and planning experience.
- 3.30 In addition, the Business Case consultation document indicates that should a DHB take up one of the NUS offerings the appropriate consultation activity would be undertaken before the decision is made (i.e. NUS offerings are made on optional basis to DHBs). Does this

mean that further change management processes would be initiated for this process? If so, we would be concerned if workers in the IT area of DHBs were further affected and jobs put at risk by downstream effects of this proposal.

- 3.31 The Business Case consultation document indicates there will be a NIP service desk. It is unclear where the service desk would be located, that is, in New Zealand or overseas? We would be concerned if the service desk is outside of New Zealand as responsiveness and knowledge of the local sector may not be as well understood. There are aspects of the NIP service desk that have yet to be clarified including non-portal services. We strongly recommend maintaining a NIP service desk function in New Zealand and clarifying the functions of the NIP service desk and its role.
- 3.32 Further clarification is required of who will receive training and for what parts of the operating model (including NUS framework). The proposal indicates the service provider will provide the training but it is unclear as to whether the training will only be for workers who have transitioned to the new service provider or if it will also include any IT workers based at DHBs. We recommend further clarification of training requirements, who will it be targeted for and how it will be delivered.
- 3.33 Any proposal to outsource the provision of IT services and infrastructure in the health sector must be met by a credible, capable, experienced and reliable service provider who is a demonstrated good employer and expert in their field. IBM has been selected as the preferred service provider, however, the proposal indicates IBM has formed a group called "Team IBM" which includes other providers for infrastructure support such as Computer Concepts Ltd, FX Networks Ltd and Racemi. Little is known of these key partners in the proposal, their capability or relationships between the different parties with HBL and DHBs in terms of accountabilities and responsibilities or whether the work will be done in New Zealand or overseas. We would be seriously concerned if any work as part of NIP services were done outside of New Zealand.
- 3.34 The Business Case consultation document indicates the preferred service provider has two data centre locations (Auckland and Christchurch). However, the data centre in Christchurch is operated by CCL. CCL proved to be a reliable and resilient service provider during the Christchurch earthquake and is a proven New Zealand company in the IT area. It is unclear if CCL will be continuing services for the South Island long-term under the proposal or if IBM will be taking over the South Island services or if it will be building a new data centre in Christchurch. The relationship between CCL and IBM is unclear.
- 3.35 The Business Case consultation document is silent on the term of a contract – in the Indicative Case for Change (2013) it had been indicated to be approximately 12 years. We seek clarification on the

term of the contract. Long term contracts increase the risk that the contract will need to be renegotiated during its span. The provisions of international agreements such as the Trans-Pacific Partnership Agreement (TPPA) may affect the ability of the government to change or modify the contract. The impact on the contract of a TPPA being signed by the New Zealand Government needs to be considered.

- 3.36 The Business Case consultation document suggests the recommended end state of two data centres would be a centre based in the North Island (Auckland) and the second in the South Island (Christchurch). The proposal for two main data centres presents a number of risks and more information should have been made available on the cost-benefit analysis of options to assist in understanding the financial case for change to two data centres. We recommend the cost benefit analysis for other options such as the cost of upgrading current facilities and infrastructure and other configuration options (4 and 8 data centres) be disclosed.
- 3.37 The Business Case consultation document indicates a transition phase for reducing the current 40 data centres to the recommended two centres over a period of three years. Depending on the length of the contract which we are unclear about, we believe there are additional risks regarding long term contracts e.g. changing technologies, market dynamics, bankruptcy (provider), changes in needs, changes in the international and political landscape, ownership of equipment and infrastructure (outside of DHB hands) and natural disasters (such as earthquakes) to consider.
- 3.38 The recommended approach must take into account geographical and challenging areas and in particular the capability of New Zealand's broadband infrastructure which is unlikely to be as strong or reliable in remoter locations. Any proposal must be resilient and ensure contingency plans are in place for situations that may arise with infrastructure. For example, if a cable were to be cut accidentally by machinery (as has happened in the past with gas and power lines and most recently in the South Island by a farmer cutting a cable which affected internet services) – how would the system ensure information was accessible in a timely and responsive manner for health services? Infrastructure upgrades and ongoing costs for hospitals in geographically challenging areas must be taken into consideration in the planning and implementation process particularly where DHBs are likely to meet the costs as this could be high for some DHBs.
- 3.39 The Business Case consultation document indicates that the two data centres will be back-up for each other, that is, if one centre failed the second data centre would be the back-up. It is unclear for what duration of time the primary or secondary data centres will be able to provide back-up or if the Christchurch data centre would have the capacity to handle data storage for the Auckland data centre which

would service more DHBs and therefore the volume of information in the North Island is likely to be bigger than that of the South Island.

- 3.40 There are considerable risks with the proposed back-up system particularly if both data centres were affected by disaster or another event such as power outage at the same time. For example, Auckland has experienced major power failures and Christchurch has experienced a significant earthquake within the last five years. If this had occurred simultaneously and adequate back-up systems were not in place there would be major consequences for health services.
- 3.41 It could be argued that the chances of an event affecting both data centres are slim but we consider the proposed back-up system as a major risk. We recommend alternative options be explored for how the two data centres can be backed-up without reliance on the primary and secondary centres, who would be involved and how this would work in practice. We need to have confidence this is a secure, robust and resilient plan.
- 3.42 The Business Case consultation document states that the two data centres will undergo regular failover testing. The testing process will need to be carefully planned and managed if testing were to occur regularly as patient safety and services cannot be compromised. We recommend further analysis, careful planning and risk impact of the scheduled replication and testing of the data centres with each DHB.
- 3.43 Safeguards should be explored as part of the Business Case development including risk mitigation for disaster recovery, termination of contract (if contract falls over), governance, health and safety, industrial relations, privacy and confidentiality, access to patient information in a timely manner, data protection, system and platform capability risks. Safeguards which in effect insure against change can also be costly. A robust risk analysis must be undertaken which identifies potential risks, risk mitigation, costs and a contingency plan for the options. The Business Case did not go into detail on a risk analysis or risk management plan. We recommend union input into the development of safeguards and risk management.
- 3.44 We are also concerned about the extent of costs for the buy-out of any current contracts and/or how these contracts would be managed under a national outsourcing approach or the NUS. Similarly, there is little information on whether a national outsourcing approach under a single provider could be reversed in future years if there were problems or whether the DHB sector would be in a position to undertake NIP services as the equipment and data storage facilities would be owned by third parties. We recommend further work is conducted on the legal, employment and cost implications for buying-out current contracts, and identification of risks for the sector of a national outsourced model that might not be reversible.

- 3.45 Accountability is affected where private sector involvement increases in the delivery of public services and infrastructure. The Business Case consultation document does not detail accountability mechanisms and we are concerned about the impact on transparency if the recommended approach is undertaken. For example, public spending is more difficult to scrutinise as private sector providers are not covered by information requests. Increased private sector involvement in the delivery of public services will undermine the links between clinical and support services.
- 3.46 The proposal indicates an Integrator role (HBL) for overseeing delivery of NIP services, identify benefits and undertake contract management. The Integrator's role in daily operations is proposed to be minimal, limited to assisting with strategy, escalation and resolution of issues. However, how this role will work in practice for all parties, the rights and obligations of HBL in relation to contracted parties (and vice versa), communication process between parties, accountabilities, the duration of the Integrator and future role remains unclear. To avoid confusion, potential conflict and managing expectations we recommend further clarification of the Integrator role, certainty around duration of the role and interface with all parties including Unions.
- 3.47 Given the scale and complexity of changes proposed, it is vital to have input from workers on the future state, operating model and union representation on advisory groups and governance structures. This will assist in identifying whether the proposal is working well, fit for purpose, and ensure transparency of information and decisions. The CTU recommends an on-going tripartite governance structure to monitor, provide input into contract management and oversight of the recommended approach - over and above the transition/ implementation phase.

#### *New service provider and future workforce implications*

- 3.48 The Business Case indicates that the impact of any change is likely to have a direct effect on staff associated with data centre and IT infrastructure operation, support and maintenance. Regardless of the approach taken for the NIP programme, there should be a local presence of IT support workers at DHBs as well as data centre facilities.
- 3.49 We are concerned that in future, and after the transition process is completed, a number of activities will no longer need to be completed by DHBs which will have further impact on jobs. It is unclear if this includes the current affected jobs or downstream impact. Furthermore jobs could also be affected by DHBs taking up NUS offerings. Workers' contractual entitlements to consultation and change process must be observed by DHBs and HBL and Unions involved in any change management process. We request clarification of future workforce

implications and potential role changes that could arise as a result of the implementation phase.

- 3.50 It is of concern if a national single provider outsourced approach is progressed, this could result in a monopoly and dominance over the local market by the preferred service provider (IBM). We hold serious concerns regarding the nature of work if a national outsourcing approach were to lead to more contractors and an increase in insecure employment. Similarly changes must not lead to a deterioration in pay and conditions for workers. We recommend that a commitment to maintaining existing pay and employment conditions should be a key criterion of any proposal if any services are outsourced.
- 3.51 We note the lack of reference to Key Performance Indicators (KPIs) and good employer obligations in the Business Case. Further information is required on the proposal's benefits for workers and (KPIs) around good employer obligations for any new employer/s. Any new employer must be subject to good employer obligations including acting in good faith with workers and Unions; being a fair and reasonable employer; and providing a safe and healthy work environment. We recommend KPIs on good employer obligations be included in any proposal if outsourcing services to a new employer.
- 3.52 Any recommendation with the aim to outsource will have a significant effect on smaller DHBs as a result of the change process and job losses in smaller communities. The CTU encourages HBL to consider the effect job losses will have on smaller communities as the impact of job losses will be felt more widely and have a direct impact on people and the local economy.

#### *Access and information security*

- 3.53 We are concerned about potential issues associated with access, confidentiality and privacy surrounding the centralisation of patient information. These concerns are heightened given the number of privacy breaches due to IT failures by State Sector agencies over the past few years (e.g. ACC, MSD, MoH, EQC, NZ Post). People's private information must be protected first and foremost - protection must not be undermined or devalued in pursuit of efficiencies and cost savings.
- 3.54 Although it has been reiterated by HBL that the data storage and system will be secure and difficult to compromise, people with the right IT skills and knowledge can still "hack" into systems. The system cannot be compromised and there must be consequences for the service provider as per the contractual arrangement if there is a breach of system security.
- 3.55 The Business Case or any proposal must ensure that the public have trust and confidence in a safe, secure and reliable platform and

infrastructure capable of supporting health sector systems. We strongly urge caution in moving too fast in order to ensure any IT system and national platform is secure and the rights and obligations of all parties to the recommended way forward clearly identified - particularly where the rights of patient/consumer may become compromised.

- 3.56 It has been raised in different forums that an aspect of the NIP programme for future development could be greater emphasis on information sharing and data matching across DHBs and government agencies. The Privacy Act 1993 makes specific considerations for information that is shared and data matching across agencies. Although there are merits to global access to information there are also a number of issues that could arise as to how this information is managed, accessed and distributed if requested between DHBs and by other agencies. We urge caution, careful planning and consultation with Unions if this proposal was explored in future.

### *Implementation*

- 3.57 The implementation plan has been signalled to be rolled out over three years. There will be significant changes that will require careful management in terms of continuity of services across the sector. The rollout is not set as it is subject to changes and will be reviewed continually to ensure it is robust through the transition period. Whilst we consider this as a sensible approach, extended timeframes and continued changes can create further uncertainty amongst affected staff. We urge regular communications to staff and input from Unions during ongoing reviews and before commencement of transition process.
- 3.58 A detailed implementation plan with input from Unions should be developed including consideration of issues such as workforce and employment implications, roll-out, training and contingency plans. Given the potential for significant changes arising from the NIP programme, we cannot afford to have services shut down due to poor planning and risk management. As part of the planning it is vital that implementation costs be identified and this information shared with Unions and DHBs.

### *Evaluation*

- 3.59 The CCF indicates there will be an evaluation review of the post-implementation phase. The NIP Business Case consultation document lacks detail on evaluation programmes. Given the significance of the changes, the CTU recommends a detailed evaluation programme examining the implementation phase, effectiveness of the changes and experiences of users be built into the agreed model from the start of the change process. This should include input from staff and staff

satisfaction surveys incorporated in the evaluation and continuous improvement process.

#### **4. Consultation and Process Going Forward**

- 4.1 We urge caution in rushing implementation of the NIP programme. There are many areas of the proposal lacking detail and certainty including specifics of the proposal, how the model will work in practice and a full cost benefit analysis. Without this information the proposal risks making ill-informed and poorly developed solutions.
- 4.2 The consultation process must be genuine and Unions have access to all available information including financial, decision-making and evaluation processes. Without this information it is difficult for Unions to provide well-informed and quality responses to any proposal.
- 4.3 Given the complex and significant nature of the proposed changes and number of organisations involved, the CTU strongly recommends continued involvement of forums such as the National BAG and HSRA for communications and discussing issues in future. The open lines of communication assist in information sharing, dialogue and building confidence in workers, the wider health sector and public on the credibility of proposed changes.

#### **5. Conclusion**

- 5.1 The Business Case consultation document focuses heavily on what the proposal can achieve and what it involves but lacks sufficient information on cost benefit analyses and how the proposal will work in practice.
- 5.2 The absence of any financial information on costs and projected savings to validate the case for change is of considerable concern to the CTU. Without this information it is difficult for Unions to provide well-informed and quality responses to the proposal outlined in the Business Case consultation document.
- 5.3 The proposal for the National Infrastructure Platform programme is complex and will require careful management and planning in terms of employment protection and support for affected staff over a long transition timeframe. We reiterate our concerns around ensuring business continuity through change, clarification of relationships and responsibilities between the proposed parties, robust risk analysis, identifying appropriate measures for contingency and back-up plans, and maintaining privacy and security of information stored with a third party.
- 5.4 The CTU urges caution in moving too fast in finalising models for change as further analysis is still required before a final approach is

agreed upon and most importantly, information on the cost-benefit analysis shared to validate the case for change.

- 5.5 The CTU welcomes further opportunities to work with HBL on the National Infrastructure Platform programme including representation on advisory groups in the Governance Framework and discussions with union members who could be directly and indirectly affected by any change to the current system.